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Upholding the Promise *Supporting Veterans and Military Personnel in the Next Four Years*

By Phillip Carter



**Center for a
New American
Security**
Fifth Anniversary

About the Report

“Upholding the Promise” is a product of the Military, Veterans and Society Program at the Center for a New American Security (CNAS). Through research, analysis, dialogue and outreach, this program explores the effects of military service upon current and former service members and their families, and the ways in which the nation can best support those who serve.

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Cover Image

Soldiers, sailors, Airmen and Marines raise their right hands and swear allegiance to the United States during a naturalization ceremony at the White House, April 23, 2010.

(TODD LOPEZ/U.S.Army)

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UPHOLDING THE PROMISE: SUPPORTING VETERANS AND MILITARY PERSONNEL IN THE NEXT FOUR YEARS

By Phillip Carter

N O V E M B E R 2 0 1 2

Upholding the Promise

Supporting Veterans and Military Personnel in the Next Four Years



I. EXECUTIVE SUMMARY

By Phillip Carter

After more than a decade of war, the nation will face an array of hard choices about how to best uphold its promise to the veterans and military community. Now that President Obama has been re-elected, his new administration will need to tackle crisis issues like military suicides, and longer-term challenges such as maintaining public support for veterans programs after the wars in Iraq and Afghanistan are over. These choices will be made more difficult by significant downward pressure on spending, requiring the administration to make hard choices with profound implications for the men and women who serve us in uniform, and those who came before them, as well as for our national security.

Major shifts in the veterans and military population will shape these choices. The active and reserve force has carried the burden of war for 11 years, and is now both more experienced and more stressed. The number of veterans is declining, from 22 million today to approximately 14 million in 2036. The veteran population is changing significantly from previous generations, becoming more diverse in racial and gender terms. It will also include approximately 2.5 million post-9/11 combat veterans of Iraq, Afghanistan and other theaters.

To better serve veterans and the military community, the second Obama administration should prioritize three areas.

First, there are urgent issues facing this community which must be addressed in ways that exceed the work done during the past four years, because veterans and military personnel continue to suffer:

- Military suicides, which caused more deaths among service members in 2012 than combat action in Afghanistan.
- Combat stress, which affects one in five Iraq and Afghanistan veterans.
- Veteran homelessness, which remains too high at 67,495 veterans on the streets.

Admiral Michael Mullen, former Chairman of the Joint Chiefs of Staff, has spoken frequently and eloquently about the civilian “sea of goodwill” towards the veterans and military community. However, as the wars fade, the potential exists for this sea to become an ocean of apathy.

- Veteran unemployment, which has decreased in recent years, but among post-9/11 veterans remains stubbornly elevated at 10 percent.

Second, the next Obama administration must make substantially more progress in improving key aspects of the federal government’s service to the veterans and military community. Primary among these, the next Obama team must arrest and reverse the growth of the claims backlog at the Department of Veterans Affairs (VA), where 66 percent of claims have been pending for more than 125 days. In addition, the Department of Defense (DOD) and VA must improve access to services and benefits, which in many ways is inextricably linked with the claims backlog. DOD, VA and other agencies must also improve their coordination and interoperability to better allocate resources and fill gaps.

Third, the next administration must do these things in a different political and operational environment, with the wars receding from public consciousness. Admiral Michael Mullen, former

Chairman of the Joint Chiefs of Staff, has spoken frequently and eloquently about the civilian “sea of goodwill” towards the veterans and military community. However, as the wars fade, the potential exists for this sea to become an ocean of apathy. In its second term, the Obama administration must continue and expand efforts like Joining Forces and other initiatives that bridge the civil-military divide. At the same time, as the veterans population continues to change, the next administration must plan for the long-term future of this community, and develop a sustainable strategy for serving veterans and military families that will endure for decades to come.

America’s obligations to its veterans and military community will continue long after the current wars end. This report recommends a deliberate, consultative, inclusive policymaking process that will help the next Obama administration to identify key issues in this area, and engage partners in developing and implementing sustainable policies to serve this community as well as it has served us.

II. INTRODUCTION

During the past 11 years of war, the U.S. government has spent more than \$2 trillion on military personnel and veterans.¹ This figure represents the true total cost of recruiting, training, health care, support and payroll for America's military family – the 2.5 million Americans who serve in uniform today, and the 22 million veterans who have served before them.² It includes both the amounts spent by the Department of Defense (DOD) and the Department of Veterans Affairs (VA), as well as smaller amounts spent by other federal agencies, state and local agencies, and community organizations. This is the human cost of national security, and the amount is likely to rise as the nation continues to uphold its promise to veterans for decades to come.³

This tremendous amount of national treasure has supported the nation's military during its longest wars, and the nation's veterans community during a time of tremendous change. However, the Iraq war has ended, and the Afghanistan war has entered its final phase, with its end planned for 2014. The country is entering an age of fiscal austerity where the political tolerance for government spending beyond America's means appears to be waning, especially given that the national debt now totals more than \$16 trillion. The second Obama administration will be faced with hard choices about funding for veterans and military personnel, and its decisions will profoundly impact America's veterans and military community. These choices could also have a broader effect on U.S. national security, affecting recruiting, retention and readiness, as well as the aggregate amount of money available for other military priorities such as procurement and operations. This report examines the issues affecting the veterans and military community and recommends to the next Obama team a deliberate approach to engagement and policymaking that serves this community as well as they have served the nation.

III. BACKGROUND

The next Obama administration must consider the complex fiscal, demographic and combat-related factors that distinguish U.S. military service during the past decade, and are affecting the broader veterans population as well. These factors include many long-term trends which, if not planned for, could create gaps in the nation's support to its veterans and military community.

The Fiscal Picture

Between 2002 and 2012, the cost of military personnel (measured in constant dollars)⁴ increased by 46 percent, even as the total number of military personnel remained relatively constant. In Fiscal Year (FY) 2002, the DOD budgeted \$108.8 billion (in 2012 dollars) for personnel costs,⁵ and \$22 billion for the defense health program.⁶ Eleven years later, in FY 2012, DOD budgeted \$158.5 billion for direct personnel costs, including \$147.2 billion in base appropriations⁷ and \$11.3 billion in war-related appropriations for overseas contingency operations.⁸ The Pentagon budgeted an additional \$33.7 billion for the defense health program in FY 2012, including approximately \$1.2 billion related to overseas contingency operations.

During the same period, VA funding (measured in constant dollars) rose 95 percent. In 2002, the VA budgeted \$64.9 billion (in 2012 dollars) for all of its operations, including \$28.8 billion for health programs and \$36.4 billion for benefits programs. In FY 2012, the VA's budget totaled \$127 billion for its operations, including \$65.7 billion for veterans benefits programs, \$54 billion for veterans health programs, and the remainder split among agency information technology, construction, benefits administration and other agency functions.

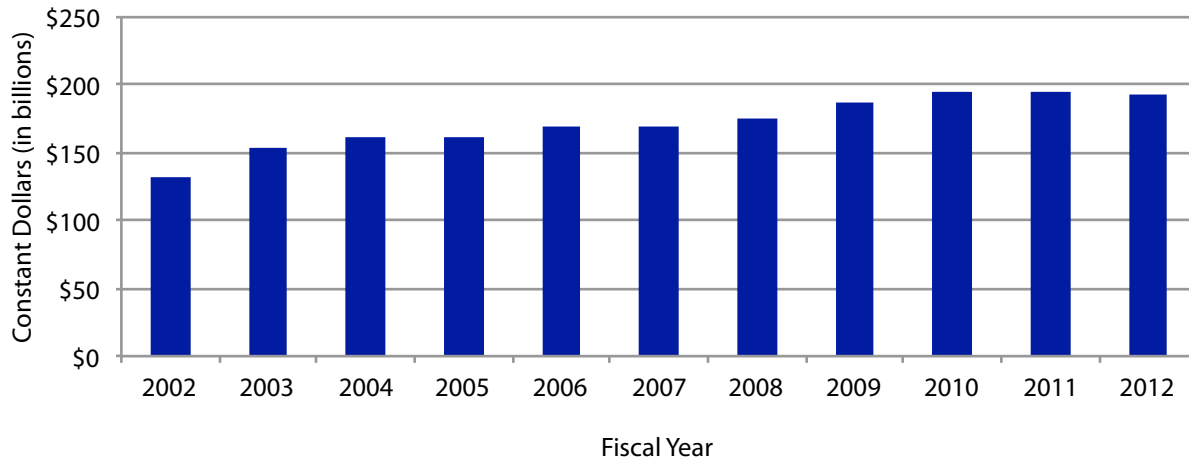
During this time, the end strengths of the Army and Marine Corps both grew by 17 percent.⁹ In addition to the increased size of the ground forces, the Pentagon has relied heavily on reservists

during the past 11 years of war, mobilizing 857,669 individual reservists (some for multiple tours) since 9/11.¹⁰ Concurrently, military pay and benefits have increased steadily during this period, making each individual service member more costly. Even with the Iraq war over, and the U.S. presence in Afghanistan winding down, the Pentagon projects that it will not reduce the force below pre-9/11 levels until 2017 (or beyond).¹¹

Budget increases at the VA reflect a number of factors, including the rising cost of medical care nationwide, a surge in demand for VA services and claims for disability payments and new benefits, such as the post-9/11 G.I. Bill, which accounted for \$8.1 billion in VA spending in 2011 alone.¹² The surge in demand for VA services has come both from older veterans,¹³ including those with new eligibility for claims because of VA policy changes,¹⁴ and from younger veterans, whose claims for VA benefits and demand for VA services have exceeded expectations (both in numbers and complexity), and have steadily risen since the start of the wars.¹⁵

Going forward, considerable fiscal uncertainty looms for the Pentagon, which could have significant impact on veterans and military personnel. First, it is unclear how DOD would be affected by sequestration if the \$500 billion in automatic defense cuts occur as currently scheduled on January 2, 2013. President Barack Obama notified Congress in July 2012 that he was exempting military personnel accounts from sequestration, although it currently appears that other accounts such as operations and maintenance will be subject to sequestration if it occurs.¹⁶ Accordingly, military personnel may see their pay and benefits protected from cuts if sequestration goes into effect, but could see significant cuts in support programs funded through other accounts. Military personnel may also be affected by the end of combat operations in Afghanistan since some of these funds from supplemental appropriations tied to this war went to support military personnel and their families.

FIGURE 1: DEPARTMENT OF DEFENSE BUDGET FOR MILITARY PERSONNEL, FISCAL YEARS 2002-2012



Note: For the purpose of this report, personnel costs are equal to the sum of the total DOD Military Personnel Account and the Defense Health Program. Amounts are in terms of budget authority and are inflation adjusted to be in FY 2012 dollar terms. Inflation calculations were made using the historical tables from the Office of Management and Budget.

Source: Budget data from FY 2005 - FY 2013 National Defense Budget Estimates.

Unlike the budget for DOD, the VA budget will likely remain steady during the next few years. Because the VA is exempt from the FY 2013 sequestration cuts, its programs will not be affected by the cuts that will affect most other agencies if Congress and the president fail to reach a deal by the January 2013 deadline.¹⁷ Second, the VA benefits from “advance appropriations,” under which some of its operations (primarily medical benefits and services) are funded two years at a time by Congress, which reduces the uncertainty in the VA budget cycle. Further, the majority of VA spending goes directly to veterans via benefits payments which are fixed as a matter of law and agency regulations.

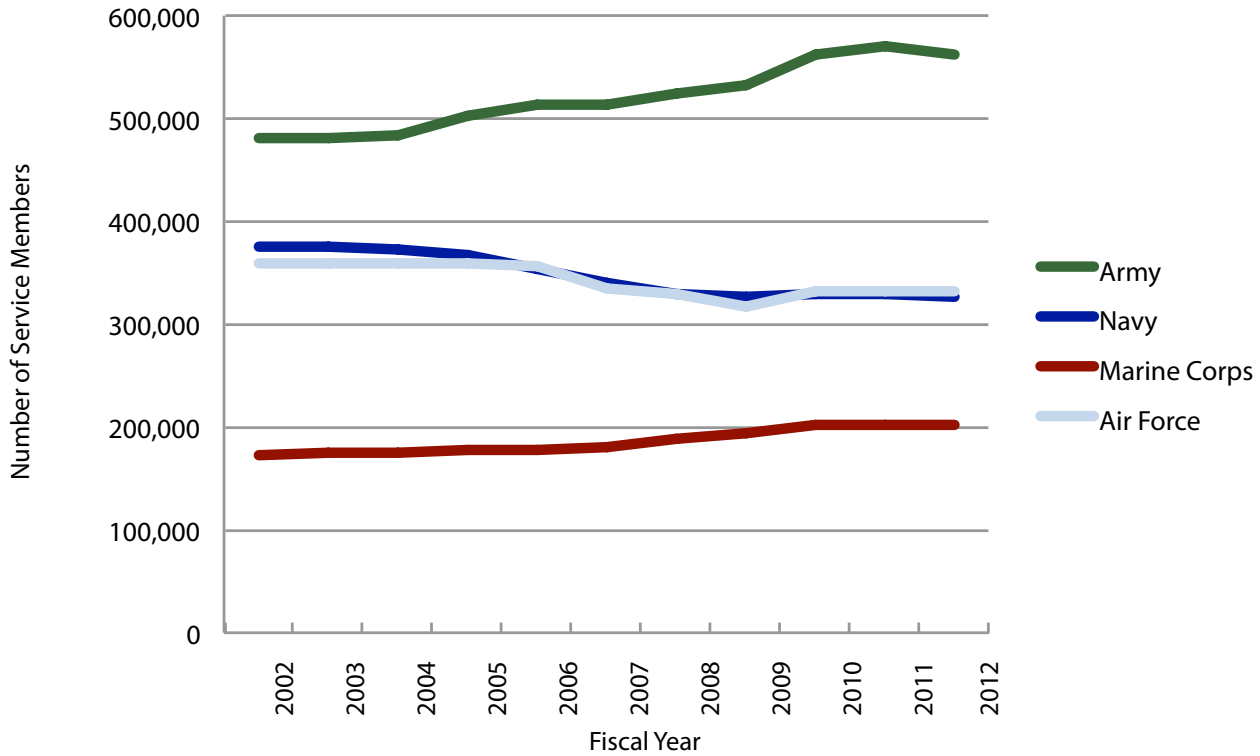
The Military Since 9/11

The U.S. military managed the manpower needs of the Iraq and Afghanistan wars by stretching its existing force to meet an unprecedented schedule of multiple, extended deployments, adding tens of thousands of new troops and reservists at times, and relying heavily on contractors for as much as half

of its force in Iraq and Afghanistan.¹⁸ Despite the length and intensity of the post-9/11 wars, neither the nation nor the military fully mobilized for these conflicts. The military did not quickly increase its end strength, mobilize its entire reserves or turn to conscription to build or sustain the forces it sent to Iraq and Afghanistan. Eventually, Congress did increase the end strength of the Army and Marine Corps by tens of thousands of personnel, but these increases did not reach their peak until 2010, long after the decisive moments in Iraq and in the middle of the surge in Afghanistan. Although the military experienced considerable turnover during this time, the overall force levels remained largely constant, as shown in Figures 2 and 3.

As of July 31, 2012, the U.S. military had deployed 2,453,036 individual service members for overseas contingency operations since 9/11, primarily to Iraq and Afghanistan, but also to places such as the Philippines, Guantanamo Bay and the Horn of Africa.¹⁹ Although this number roughly equals the total size of the active and reserve military, it does not

FIGURE 2: ACTIVE COMPONENT END STRENGTH, FISCAL YEAR 2002-2012



Source: These figures are based on the authorized end strength of each service as set by Congress in the National Defense Authorization Act for that particular fiscal year.

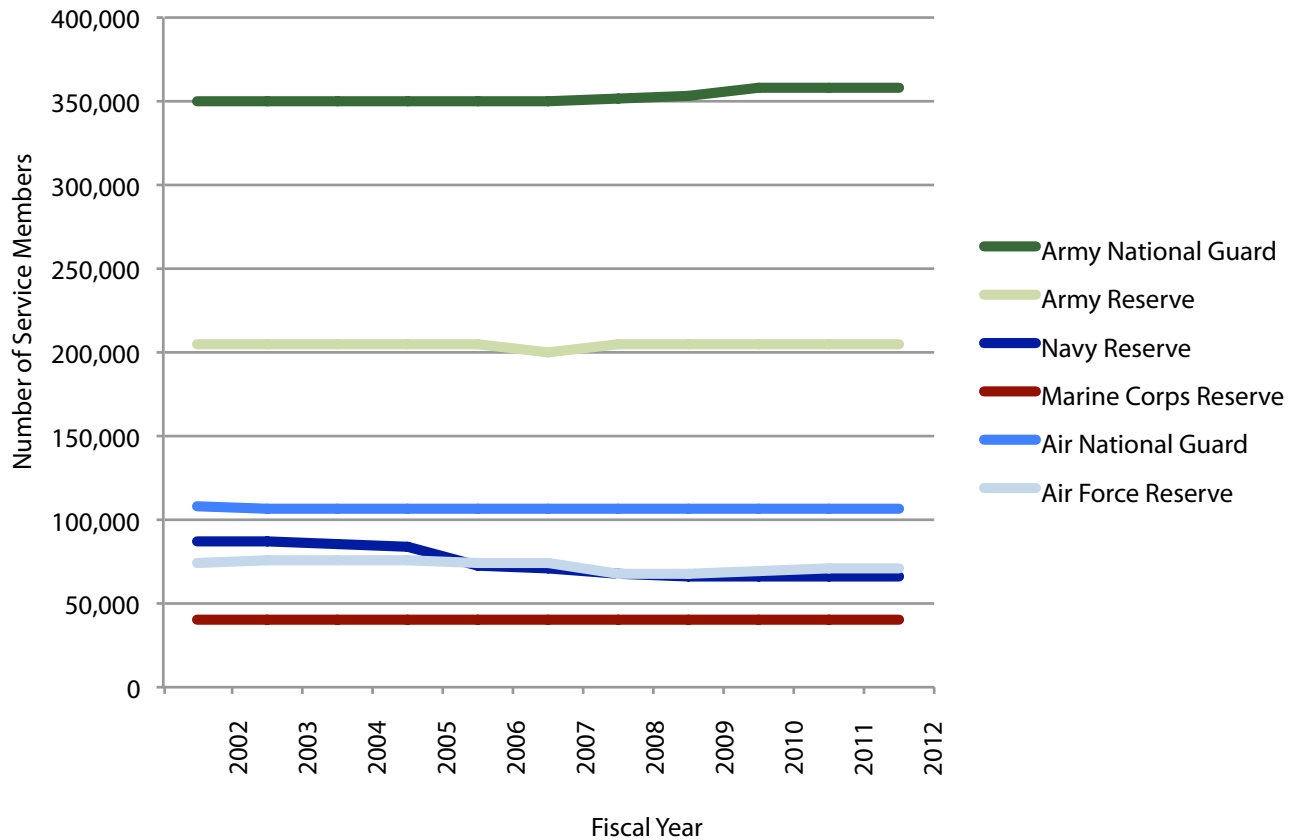
mean that every member of the military has deployed once. The burden of these deployments has not been spread evenly across the force, with approximately 57 percent of current military personnel having deployed at least once, all while the military continued to recruit new troops and discharge old ones.²⁰

Veterans Since 9/11

The U.S. veterans population has also changed considerably in the past 11 years, becoming older, more diverse and more diffuse. The total number of U.S. veterans continued to steadily decline over this period. The decennial census counted 28.5 million veterans living in the United States in 1980; 27.5 million veterans in 1990; and 26.4 million in 2000.²¹ In 2010, the VA projected that the veterans population had shrunk to 22.7 million.²² Much of this decline is due to the aging of the U.S.

veterans population. In 2000, the average veteran was 57 years old; in 2009, the VA estimated the average veteran to be 62 years old.²³ The majority of veterans served prior to 1973, when conscription filled the military with millions of draft-aged men. Based on the makeup of today’s military and its actuarial data about today’s veterans population, the VA projects that the number of veterans will steadily decline to approximately 14 million in 2036.²⁴ The number of Latino, African-American and Asian veterans is increasing substantially, reflecting the military’s prominent role in providing equal employment opportunity and a pathway to citizenship.²⁵ Today’s veterans population also includes more women; more than 400,000 women have served since 9/11, more than all of the female veteran cohorts since World War II combined.²⁶

FIGURE 3: RESERVE COMPONENT END STRENGTH, FISCAL YEAR 2002 - 2012



Source: These figures are based on the authorized end strength of each service as set by Congress in the National Defense Authorization Act for that particular fiscal year.

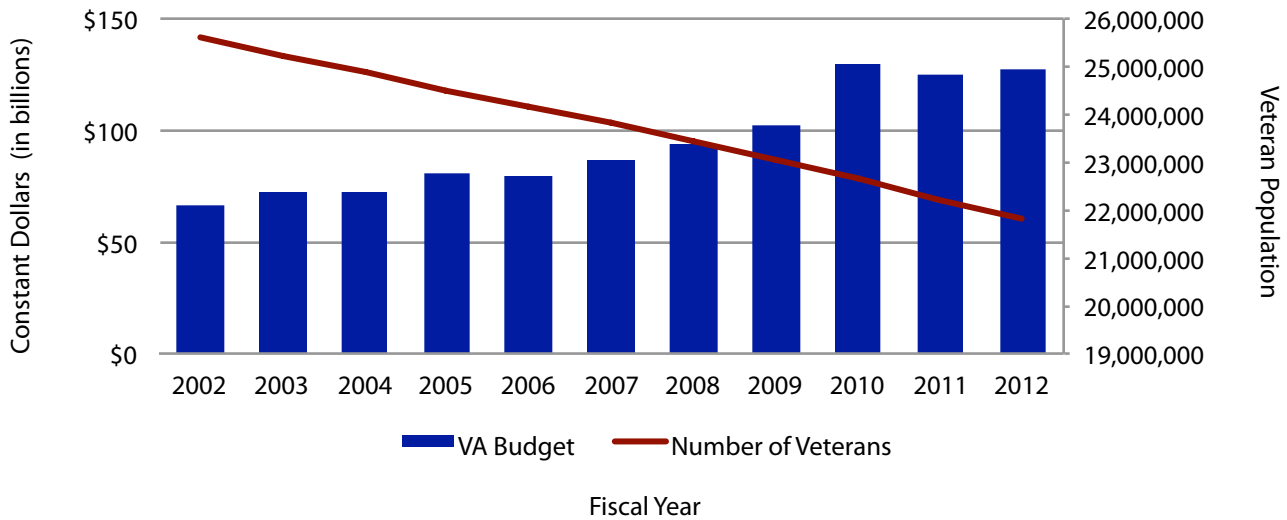
The Operational Environment’s Effects on Veterans

Those who have served since 9/11 represent a new kind of American veteran; their experiences of war, and both the challenges and opportunities they face moving forward, are in many ways unique. This requires a new approach to veterans policy.

The combat operations of the past 11 years – including combat operations in cities, mountains, wetlands and other terrain; convoy operations threatened by improvised explosive devices (IEDs); difficult counterinsurgency operations among civilians and combatants of shifting loyalties; sustained operations on forward operating

bases²⁷ vulnerable to mortar fire and suicide attack; and support operations to all of the above – have combined to create a unique experience for Iraq and Afghanistan veterans. IEDs, the signature weapon of U.S. enemies in Iraq and Afghanistan, have produced tens of thousands of casualties, ranging from obvious wounds such as traumatic amputation from shrapnel to hidden wounds such as traumatic brain injury caused by concussive blasts. Many of those wounded might have died in previous wars, but due to a combination of better body armor, rapid evacuation and state-of-the-art military medicine, they now survive.²⁸ The decisions to fight these wars with a relatively small active and reserve force, and

FIGURE 4: DEPARTMENT OF VETERANS AFFAIRS BUDGET AND THE VETERAN POPULATION, FISCAL YEAR 2002-2012



Note: Amounts are in terms of budget authority and are inflation adjusted to be in FY 2012 dollar terms. Inflation calculations were made using the historical tables from the Office of Management and Budget.

Source: Budget data from Department of Veterans Affairs FY 2013 Annual Budget Submission. Population data from National Center for Veterans Analysis and Statistics, Veteran Population Model (VetPop2007).

to utilize a unit rotation model rather than the individual rotation system used in Vietnam, have led to multiple combat deployments for many troops, particularly within the Army and Marine Corps and the special operations community (although the unit rotation model has arguably produced benefits too, such as greater unit cohesion and effectiveness in combat). Today’s military includes more married personnel and parents than during previous conflicts. Today’s combat veterans also enjoyed greater connectivity with their loved ones while deployed than ever before, thanks to ubiquitous internet connections in Iraq and Afghanistan which facilitated near-constant contact via email, phone and videoconferencing programs like Skype. However, the strain of these deployments, and military service generally, has also taken a toll on military families and children.²⁹ Deployment stress has affected many veterans as well, with some studies indicating that as many as 20 percent of Iraq and

Afghanistan veterans redeployed with symptoms of post-traumatic stress disorder (PTSD) or major depression.³⁰

These trends are translating into historic numbers of new veterans seeking VA support.³¹ Of the 1,478,370 veterans of Iraq and Afghanistan who have been discharged by the military to date, 54 percent have utilized VA health care since 2002, and of these veterans, 62 percent have utilized such care in the past year, far higher than historical rates of VA health care utilization by veterans.³² The two most common diagnoses among post-9/11 VA patients were musculoskeletal system connective tissue disease (57 percent) and mental disorder (54 percent).³³ In addition to these high utilization rates, post-9/11 veterans are submitting claims which are considerably more complex than previous generations, including twice as many issues per claim as the generation of Vietnam veterans.³⁴

IV. ISSUES FACING THE SECOND OBAMA ADMINISTRATION

The past 11 years of conflict and change have created profound stress for America's veterans and military communities alike, as well as the agencies and organizations that serve them or have equities in their wellness. The most pressing of these issues fall into three categories: immediate challenges that must be addressed to alleviate suffering; operational improvements to the way the U.S. government serves the veterans and military community; and strategic issues the nation must grapple with during the next Obama administration and beyond. This report cannot recommend solutions to all of these issues; instead, it suggests a policy framework that will enable the new Obama team to comprehensively address these challenges.

Immediate Challenges

President Obama will need to address many urgent issues facing the military and veterans community. While most veterans reintegrate successfully after service, and many thrive, some do not. Some veterans are suffering greatly – and in some cases, dying – and the next administration has a duty to do all it reasonably can to address their urgent needs.

SUICIDES

The number of military community suicides continues to grow; the next administration must do more to halt and reverse this trend. In 2012, more active duty and reserve service members have killed themselves than have been killed in combat action in Afghanistan, with at least 341 potential suicides among active and reserve personnel from all four services.³⁵ Overall, 18 veterans die by suicide every day.³⁶ One recent study found that veteran status nearly doubles a person's overall risk for suicide, and that the suicide rate among 17 to 24-year-old veterans is nearly four times greater than their civilian peers.³⁷ Suicides have claimed nearly as many U.S. military lives since 9/11 as improvised explosive devices, with approximately 3,100 deaths from IEDs,

and at least 3,000 military suicides.³⁸ Despite the fact that all four services, the Pentagon and the VA have made this issue a priority, the numbers of military suicides continue to grow.

As CNAS' October 2011 policy brief on military suicides³⁹ made clear, there is no simple, single solution to military suicides. Each case involves different factors, and although there are important common attributes, the diversity of individual suicides defies the approach embraced by the Pentagon and VA to date. We still know too little about what causes suicides, and specifically about what causes suicides within the military and veterans population, to know how best to stop it.

The VA and DOD must therefore invest more in research to better understand the causes of suicide and the relationships between suicide and service, and to develop a base of data to support evidence-based actions to combat suicide among all veterans. In the active military, where the problem seems most acute, senior military and civilian leaders must also increase their personal involvement with this issue, commensurate with the toll suicides are taking on the force. This emphasis should increase as the military transitions to a peacetime force, and from fighting the current war to preparing for the next one. In years to come, the military must treat individual service member mental health as a critical component of readiness that is just as important as the readiness of its major weapons systems.

COMBAT STRESS

Approximately one in five Iraq and Afghanistan veterans come home with symptoms associated with combat stress; the same number report experiencing a possible traumatic brain injury during their combat tours.⁴⁰ There is broad, quiet consensus regarding the likely links between combat stress and traumatic brain injury, and also consensus among military leaders, clinicians and researchers that the subject requires a great deal

more study.⁴¹ Of the 834,463 Iraq and Afghanistan veterans seen by the VA since 2002, 444,505 (53.2 percent) have been diagnosed with mental health issues including PTSD, depression and substance abuse. Of these, 239,094 (53.8 percent) have been diagnosed with PTSD, the single largest mental health diagnosis.⁴² While these veterans specifically may not be a representative sample of all post-9/11 veterans, it is nevertheless significant that such large numbers demonstrate sustained mental health symptoms, and are now seeking VA care for these invisible wounds of war in numbers not seen since the Vietnam War.

Both DOD and the VA have spent billions of dollars on research, improved facilities and additional staff to treat mental health issues among veterans and military personnel. DOD has worked hard to reduce the stigma associated with combat stress, including requiring mandatory post-deployment mental health screenings and adjusting the military security clearance process so that troops who seek counseling for combat stress are not penalized. The services have also implemented better screening processes during recruitment, and new wellness systems like “Comprehensive Soldier Fitness,” to improve the overall mental health of the force. And DOD recently launched a \$100 million research effort, together with the VA, to fund two new academic consortia aimed at better understanding and treating PTSD and traumatic brain injury.⁴³ All of these measures have helped the force weather the past 11 years of conflict, and in many ways grow more resilient. And yet the military continues to struggle here, initially in recognizing the magnitude of the post-9/11 mental health concerns among personnel, and then in deploying its vast resources adequately or effectively in response.

The VA’s response has largely built upon its post-Vietnam era framework, from which the diagnosis of PTSD was developed. VA clinicians then led the way with group therapy, storefront clinics known

as Vet Centers and peer counselors to reach a generation struggling with combat stress.⁴⁴ Today, however, despite its vast resources, like DOD, the VA struggles to serve all of the veterans seeking treatment for mental health issues. This is partly due to the claims backlog, discussed more fully below. Veterans with claims pending may not be able to access care until the VA decides they have a service-connected mental health issue requiring treatment. Yet, for many claimants, the wait for adjudication can be more than a year.⁴⁵ Veterans must also deal with appointment wait times that can, depending on the facility, stretch into weeks or months. Although the VA has worked hard to further open its Vet Centers and community-based outpatient clinics, and develop approaches like telemedicine, veterans still face a shortfall of mental health capacity at the VA. These delays can have a human cost; in some tragic cases, such as that of Marine Corporal Clay Hunt, veterans have taken their own lives while waiting for benefits or services from the VA.⁴⁶

The next Obama administration must do more to deliver care where it may not be reaching the individuals in need. Even with the largest budgets in history, the Army has less than its full complement of authorized psychiatrists, psychologists, and social workers and behavioral health nurses, and 16 of the VA’s 23 regions do not have enough mental health clinicians.⁴⁷ DOD and the VA must address these shortfalls, hiring more clinicians where possible, and working with the private sector to fill gaps in the network of mental health services for veterans and military personnel. The services must also continue to fight the stigma associated with combat stress, and mental health treatment more broadly, to encourage veterans and military personnel to get the help they need. The services should also refine their wellness programs as the military transitions to peacetime over the next five years, and integrate its wellness programs into all aspects of training and military life, from boot

camp to discharge. Finally, the military should emphasize mental health fitness and readiness as much as other forms of personnel readiness, such as weapons qualification or dental care, and hold leaders at all levels accountable for the mental health and readiness of their troops.

VETERAN HOMELESSNESS

Veterans are dramatically overrepresented in the homeless population. After decades of effort by the VA, other federal agencies, and state, local and community organizations to address veteran homelessness, VA Secretary Eric Shinseki set a goal in 2009 of ending veteran homelessness within five years. The 2009 national Annual Homeless Assessment Report counted 643,067 homeless people living on America's streets; of these, the VA estimated there were 107,000 homeless veterans on any given night.⁴⁸ During the most recent "point in time" headcount in 2011, the VA counted 67,495 homeless veterans using a revamped methodology for counting, 12 percent less than the previous year.⁴⁹ Based on these numbers, the VA has made progress toward its goal. However, much more remains to be done, and community leaders and advocates generally agree that the remaining homeless veterans will be the most difficult population to help. In many cases, these chronically homeless veterans have been on the streets for more than six months, and also suffer from substance abuse, mental health problems or other severe difficulties. These veterans can only get off the streets with a comprehensive approach that includes case management, supportive housing, substance abuse treatment and employment assistance.

Going forward, the VA should continue its successful programs, including the Housing and Urban Development – Veterans Affairs Supportive Housing (HUD-VASH voucher) rental assistance and case management program it runs in partnership with the Department of Housing and Urban Development, the Supportive Services for Veteran

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Families (SSVF) program and the "grants and per diem" program it runs in partnership with numerous community organizations that serve homeless veterans. However, the VA should study the relative efficacy of these programs to determine patterns of success, and reinforce the most successful ones. Current VA programs, such as HUD-VASH vouchers, tend to help those most able to help themselves – the veterans who are most able to apply for assistance or get off the streets with minimal government help. To end veteran homelessness, the VA must make substantially more progress in reducing the number of chronically homeless veterans, something which can only be done by specifically targeting this population and with comprehensive programs that combine case management, housing, treatment and employment, to help the neediest veterans get off the streets and on with their lives.

VETERAN EMPLOYMENT

According to the Department of Labor's Bureau of Labor Statistics, the current unemployment rate for all veterans is 6.3 percent, and 10 percent for post-9/11 veterans. These rates are down significantly from 7.7 percent and 12.1 percent at the same time last year.⁵⁰ The unemployment rate for

all veterans is lower than the national average, but the unemployment rate for newer veterans is much higher. Service members and veterans express great concern over these statistics. They report continuing difficulty with translating their skills and experience to the civilian job market, and difficulty with various stigmas in the civilian labor market regarding military service.⁵¹ However, it is unclear to what extent this disparity reflects normal difficulties associated with transition from military to civilian life, and disparities in qualifications between veterans and those who stayed behind to work in the labor force.

For the past four years, the Obama administration has taken a number of steps to combat veteran unemployment. The most significant of these have been the tax credits for employers who hire veterans, and an aggressive push to hire more veterans for the federal workforce. Relatedly, the government's aggressive use of contracting preferences for veteran-owned small businesses has arguably benefited veteran employees, to the extent that veteran business owners are more likely to hire veterans.⁵² The administration has also partnered with the private sector in its Joining Forces initiative to get pledges from private companies to hire veterans, an effort which thus far has produced pledges to hire 135,000 veterans and military spouses.⁵³ And DOD recently announced a major new transition program designed to assist separating troops with their reintegration into civilian society.⁵⁴ The next Obama administration must continue these efforts, particularly as the war in Afghanistan winds down and national attention shifts away from veterans issues. And, should DOD implement the cuts in military end strength now being contemplated, the president should develop a strategy to address the transition of these hundreds of thousands of troops into the civilian economy.

Operational and Management Issues

Beyond these immediate challenges, the second Obama administration should also address several

operational issues, to improve the myriad ways the government cares for and provides services to America's veterans and military community.

DEPLOYMENT TEMPO

Many of the struggles faced by veterans and military personnel over the past 11 years are rooted in the strains on the force created by the wars in Iraq and Afghanistan. Multiple combat deployments, with little time for rest between, have created enormous strain within the force. At the height of the wars in Iraq and Afghanistan, the ratio of deployed time to home time for many ground combat units fell to 1:1. Even more severe ratios emerged in specialty units such as those in the special operations community, where service members deployed more frequently (but for shorter deployments) than their counterparts elsewhere in the force. The unit rotational model created problems, too. As individual soldiers moved between units, their tours and individual dwell time were not always aligned with that of their new units.

With the end of the war in Iraq, and the reduction of forces in Afghanistan to 68,000 service members as of this writing, the deployment demands on the U.S. military have gone down significantly since 2009. Consequently, for the majority of the military, deployment tempo has abated somewhat since the height of the wars. Nonetheless, it remains a significant issue for the Army and Marine Corps, especially the light infantry formations that continue to conduct combat operations in Afghanistan. The issue also remains of particular concern to the special operations community, which represents approximately 4 percent of the active military but will likely shoulder a disproportionate portion of the force's future combat deployments.

In the short term, the next administration should monitor the military's deployment tempo, focusing particularly on the parts of the force (such as special operations) that will continue to deploy abroad after the U.S. role in Afghanistan winds

down. If dwell time falls back to the levels seen at the height of the Iraq and Afghanistan wars, the next administration should increase the size of the military instead of stretching existing military personnel past their breaking point. In the long term, however, the next administration must ensure the military is adequately sized for the demands placed upon it. It must heed the advice given by then-General, now-VA Secretary Eric Shinseki, in his retirement speech, when he warned the nation to “beware a 12-division strategy for a 10-division army.”⁵⁵ Excessively high deployment tempo and inadequate dwell time indicate that a too-small force is being asked to do too much, with the end result being more strain on the men and women being asked to carry this heavy burden. The next administration should use the opportunity presented by the Quadrennial Defense Review to examine the current size of the force and its relationship to projected missions beyond Iraq and Afghanistan, and adjust the force where necessary to align the nation’s military ends, ways and means. Solving this problem on the front end will do a great deal to lessen the strain on the force, and ultimately ease the burden of DOD and VA, which must care for those who bear this strain.

CLAIMS BACKLOG

The enormous backlog of claims awaiting adjudication by the VA is tarnishing the VA’s brand in the eyes of veterans, who see this backlog as a tangible expression of the government’s disdain for them as well as the obstacle blocking their path to VA care and benefits.⁵⁶ As of October 15, 2012, there were 895,401 claims awaiting adjudication by the VA, of which 591,708 (66.1 percent) had been pending for more than 125 days.⁵⁷ These statistics reflect a staggering claims backlog that has grown steadily since 9/11. In January 2004, the first period for which the VA published detailed claims figures, the VA had only 354,409 claims in its backlog, with only 88,287 (24.9 percent) pending longer than 180 days, the VA’s timely adjudication goal at that time.⁵⁸

Older veterans from the World War II, Korea, Cold War, and Vietnam generations are filing more claims as they age, and for increasingly severe disabilities. These veterans account for the vast majority of the veterans population, as well as the vast majority of claims payments. Policy changes such as the presumptive service connection for Agent Orange-related ailments and new regulations for Gulf War-related ailments are also contributing to new claims being filed.⁵⁹

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The VA is also seeing a wave of claims from younger veterans, including many claims of increasing complexity that include higher than average numbers of claimed disabilities. Nearly half of Iraq and Afghanistan veterans are filing claims with the VA, with each claiming eight to nine separate disabilities on average, as compared to two to four ailments per veteran on average for older veterans.⁶⁰ These reflect the fact that, according to one DOD study, one in five post-9/11 combat veterans have sustained some degree of wound, injury or illness during their service.⁶¹

Taken together, these trends are contributing to an explosion of claims. Between 2008 and 2011, the number of claims filed increased 48 percent, from 888,000 to 1.3 million annually.⁶² Although the VA has poured resources into the claims adjudication system, it has not kept pace with the numbers of new claims being filed, and so the backlog has grown. The problem is likely to grow worse, because these trends will likely continue into the foreseeable future, and new policy changes may increase the number of veterans filing claims.⁶³ These adjudications have enormous fiscal consequences; payments to veterans range from \$127 per month for a 10 percent disability rating to \$2,769 for a 100 percent disability rating.

Veterans, particularly those waiting for claims to be adjudicated, see the backlog as a growing sign of the VA's dysfunction and inability to deliver timely benefits. Veterans advocates, including veterans service organizations like the American Legion and Disabled American Veterans,⁶⁴ also condemn the backlog, but some also express concern that fixing it too hastily may result in reductions in accuracy, increases in appeals or sacrifices elsewhere that could hurt veterans.⁶⁵ Agency leaders at DOD and the VA see the backlog as a result of increased demand on their systems, and generally advocate eliminating the backlog by hiring more claims personnel, improving computing and processing systems, and improving agency operations generally, instead of more revolutionary approaches to eliminating the backlog.⁶⁶ Political leaders differ on their degree of concern over the backlog. Although some members of Congress have sharply criticized the VA's leadership for failing to reduce the backlog,⁶⁷ Congressional oversight has not reduced the backlog either.

It is clear that the VA's operational improvements alone will neither bear fruit soon enough nor suffice in the long run. Over the past decade, the VA's benefits workforce has grown 80 percent, from 13,500 full-time equivalent employees to 20,000 in 2012,⁶⁸ and has invested billions of dollars in

infrastructure enhancements, with no reduction in the claims backlog. The next administration must do more to arrest the growth of backlogged claims and reduce the backlog in terms of absolute numbers and average wait times – even as the number of claims filed continues to rise. Doing so will require continued emphasis from VA and DOD senior leaders, continued pressure and oversight from Congress, a combination of the current operational improvements and newer innovations like the I-LAB concept⁶⁹ and utilization of the VA's new disability questionnaires, and positive engagement with veterans service organizations and other stakeholders who help veterans navigate the claims process. The VA must fix this issue, because it is damaging veterans' perceptions of the VA and faith in its ability to deliver services.

ACCESS TO CARE

By law, every veteran who serves honorably in the armed forces for the period of his or her enlistment is eligible for veterans benefits, including access to the VA's top-notch hospital system and community-based outpatient clinics. However, because the VA does not have the resources to treat *every* eligible veteran, even with the largest VA budget in history, it uses a priority system to determine which veterans can access its excellent health care system, based on a veteran's disabilities, medical needs and income. The dividing line between the two lowest priority groups, 7 and 8, is a "means test" that allocates care to the neediest of veterans.⁷⁰ Since 2003, VA health care has been effectively closed to veterans whose incomes exceed the means test if they do not have a service-connected disability. Because the VA remains unable to treat all eligible veterans, it will likely continue to use the priority group system to ration medical care to those veterans the VA deems most deserving of care, and continue to exclude low-priority veterans from its system.

In addition to problems of rationing, the VA must innovate new ways to deliver care to a smaller, more

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diffuse veterans population. Although some veterans and former military personnel cluster around military bases, the majority of veterans do not, and many do not reside near one of the VA's major hospitals. Over the past decade, the VA has worked to improve access to care for rural veterans and others, but this remains a major issue for the veterans community. This issue will likely become more significant during the next 10 to 20 years, as the veterans population shrinks and diffuses further. Over the next several years, the VA should redouble its efforts to serve veterans who do not live near its facilities, including approaches such as telemedicine and the use of public-private partnerships to extend the VA network to provide care in places where the VA does not have a physical presence.

IMPROVING THE INTERAGENCY SYSTEM FOR VETERANS AND MILITARY PERSONNEL

The broad interagency structure serving veterans and military personnel must continue to become both more efficient and effective, through better coordination, more interoperability and potential realignment

of agency functions. Within this system, DOD has responsibility for active and reserve military personnel (and to some extent, their families); the VA cares for discharged military personnel; the Labor Department addresses issues of veterans employment; and the Department of Health and Human Services works with the VA to coordinate Medicare for veterans. Other agencies play a part too, such as the Justice Department enforcing statutes like the Servicemembers' Civil Relief Act. The White House coordinates these efforts through the budget processes run by the Office of Management and Budget and the policy processes led by the Domestic Policy Council and National Security Council.

However, the interagency system for veterans and military personnel pales in comparison to that which exists for other aspects of national security policy, with few permanent structures to coordinate policy and activity across departments. This is a significant gap, particularly given the size of the budgets involved in this area: the U.S. military spends a plurality of its budget on military personnel and related costs, and the requested FY 2013 VA budget (\$140 billion) is larger than that of the State Department, the U.S. Agency for International Development and the intelligence community combined.⁷¹ Recent interagency efforts, such as the White House's Joining Forces initiative and President Obama's August 2012 executive order regarding military mental health issues,⁷² have helped build the interagency policy community in this area. But there are still gaps that present opportunities for increased efficiency and effectiveness. For example, the Corporation for National and Community Service, with over 80,000 AmeriCorps members and 350,000 Senior Corps volunteers nation-wide, has been directed by Congress to work with the VA to provide services to veterans and military families under the auspices of the 2009 Serve America Act.⁷³ However, a coordinated interagency effort could better direct these resources to the places where the need is most acute, allowing the veterans and military community to potentially leverage tens

Although other parts of the national security community have gone through successive waves of major reorganization, the veterans and military manpower agencies have not evolved to the same degree.

of thousands of community volunteers. The next administration should invest additional resources to strengthen and institutionalize interagency policy-making and cooperation in this space, in order to effectively allocate resources and to better coordinate agency activities to eliminate gaps or redundancies.

The next Obama administration should also continue efforts to make these agencies more interoperable. Each federal agency serving veterans and military personnel uses its own system to collect, store and use data, and these systems often do not mesh neatly with each other. These interoperability problems create friction for veterans and agencies alike, including poor outcomes for individual veterans and service members, and waste critical agency resources that could be better spent elsewhere. The two best examples of this are the joint DOD-VA medical evaluation processes and the proposed joint DOD-VA virtual lifetime electronic record. Both programs have enormous potential; if successful, these programs would lay the foundation for the seamless transition of services from DOD to the VA as personnel leave the service. Unfortunately, both programs have been plagued by problems of design, execution and oversight.⁷⁴ The next administration must make interoperability a priority, particularly for programs such as transition assistance, which cut across agency lines.

Finally, the next Obama team should consider whether it has the proper agency structure in place to meet the needs of veterans and military personnel. A wide array of federal agencies support this community, and their work is complimented by a rich patchwork of public and private actors at the state, local and community level. However, the allocation of responsibilities among these agencies and organizations reflects history and funding more than system logic. It is not clear, for instance, why the Department of Labor runs veterans employment programs, instead of having those programs concentrated in the VA. Similarly, it is unclear why DOD retains responsibility for military retirees' health care, instead of having that mission pass to the VA, as well. Although other parts of the national security community have gone through successive waves of major reorganization,⁷⁵ the veterans and military manpower agencies have not evolved to the same degree, which harms the efficiency and effectiveness of the entire structure serving this community. The next administration should develop a 21st century structure for the veterans and military community, one which rationalizes both the horizontal division of labor among federal agencies and the vertical division of labor among the federal government and state, local and community organizations.

Strategic and Policy Issues

In addition to these near term issues, the next Obama administration will need to grapple with strategic questions about the sustainability of veterans and military personnel programs, civil-military relations and how to plan for the future veterans population.

SUSTAINING THE NATIONAL COMMITMENT TO VETERANS AND MILITARY PERSONNEL

Throughout the past 11 years of war, public support for the military, and for veterans who have left the service, has remained extremely high. This widespread support has translated into a nearly limitless (and politically untouchable) expansion

Veterans Benefits Throughout American History

America's national obligation to veterans and military personnel has evolved considerably since the nation's founding, often during or after each major period of conflict.⁷⁸ For much of the 18th and 19th century, the federal government paid only meager pensions to disabled and destitute veterans, and sometimes to their widows or dependents as well. During and after the Civil War, veterans benefits expanded greatly to cover service in peacetime as well as wartime, provide greater pension benefits and to include benefits such as burial and land grants. After World War I, Congress created the Veterans Bureau (which eventually became the VA) to bring together a number of different veterans programs, which had grown to include vocational retraining, medical care, housing, compensation and pension programs. During and immediately after World War

II, veterans programs expanded even further, with educational benefits, unemployment benefits and home loan guarantees, in addition to the existing disability compensation and pension systems. The modern social contract between America and its veterans emerged during this time, resulting from a confluence of factors including the massive number of wartime and peacetime veterans, the existence of a large standing peacetime military (manned with conscription), a relatively wealthy federal government and a national political attitude that favored giving benefits to veterans.⁷⁹

At the end of the Vietnam War, President Richard Nixon ended conscription and launched the all-volunteer force. This marked a dramatic paradigm shift from a conscripted force in which veterans benefits were earned through service to a recruited force in

which benefits would now be used as a way to attract and retain service members.⁸⁰ Military pay and benefits evolved to enable the military to compete for talent with the private sector and retain personnel for longer periods of service. Benefits such as the G.I. Bill became part of the enlistment package offered by recruiters, with eligibility tailored to meet the government's recruiting requirements, instead of being available to all veterans. The military changed too, evolving into a more professionalized, longer serving, better educated and older force, and one in which 55 percent of the force is married, and 40 percent have two or more children.⁸¹ However, despite these changes in the military, the VA's benefits and services systems remained largely the same, continuing to reflect the policies and principles adopted after World War II.

of programs for veterans and military personnel. More dollars are being spent per veteran now than ever before. Notwithstanding this broad popular support, however, there is now bipartisan concern over whether the current system of pay, benefits and services for veterans and military personnel is sustainable.⁷⁶ On the military side, personnel costs are the fastest growing segment of the Pentagon budget, squeezing out other segments such as procurement of new weapons systems, and operations and maintenance. By 2014, the costs of military benefits, such as retirement pay, post-service medical care for retirees (Tricare for Life), G.I. Bill benefits, and housing benefits will overtake direct

personnel costs for the active force, meaning that the Pentagon will spend more on former troops than on current ones.⁷⁷ Similarly, the VA's spending will continue to grow at a record pace if the current trends for claims and medical utilization continue. Taken together, the costs of recruiting, training, paying, supporting and caring for military personnel and veterans are rapidly becoming the largest part of the nation's national security budget, even as the numbers of troops on active duty and veterans in society decline. These concerns about sustaining the national social contract with veterans and military personnel will only grow as the nation moves into an era of fiscal austerity. The

next Obama administration will need to grapple with the question of whether and how to sustain these commitments, and rationalize them in the broader context of the national security budget and other demands on the national treasury.

ADDRESSING THE CIVIL-MILITARY DIVIDE

The number of veterans in America is declining in absolute numbers and as a percentage of the population. Across the nation, the numbers of veterans serving in leadership positions in Congress, the judiciary and the executive ranks of business are declining, too. Although the burden of military service during the past 11 years has been heavy, it has not been borne by a broad cross-section of society. Fewer Americans have a personal connection to the military than at any time since World War II. Society has not been asked to contribute in any significant way – greater taxes, conservation, or public service in other forms – to the recent war efforts. Indeed, America’s engagement with its veterans often seems to be limited to handshakes and yellow ribbons.⁸² These gestures are appreciated, and are a welcome change from the treatment that greeted the Vietnam generation.⁸³ And yet, despite these gestures, veterans today still struggle in society, impeded at times by stigmas related to their service and societal perceptions of veterans as damaged, fragile, volatile or different. The military has grown increasingly insular since conscription ended, setting itself apart from society through geography and culture.

Within this field, the largest question for the veterans and military community is what will happen after 2014, when the Afghanistan war ends and the post-9/11 wars begin to fade from public consciousness. Admiral Michael Mullen, former Chairman of the Joint Chiefs of Staff, spoke frequently and eloquently about the civilian “sea of goodwill” towards the veterans and military community.⁸⁴ However, as the wars grow more distant, this sea could become an ocean of apathy. As previously noted by CNAS experts

and others, the implications for national security and social welfare alike are enormous. The next Obama administration must work hard to ensure public attention remains fixed on the issues facing the veterans and military community. In doing so, it should leverage proven partners in the field, such as the U.S. Chamber of Commerce, which currently supports the White House’s Joining Forces initiative, and federal agencies like the Corporation for National and Community Service, which currently fields AmeriCorps members across the country to support veterans and military families.⁸⁵ In many ways, the hardest and most costly work of caring for veterans lies ahead, in the decades when today’s veterans age, and increasingly rely on the VA and other agencies for support. If this nation is to uphold its promise to today’s veterans in decades to come, the next administration will need to build public support for veterans that lasts after the trumpets of war fade.

PLANNING FOR FUTURE GENERATIONS OF VETERANS

A tectonic shift is underway in the American veterans community as the largest veterans cohorts in American history grows smaller. If current trends continue, the VA’s actuarial data predicts that the veterans population will steadily decline from 22 million today to 14 million in 2036, at which point the youngest Vietnam veterans will be 82 years old and the youngest veterans of Iraq and Afghanistan will be in their early 50s. The future veterans population will also have a vastly different character – it will be even more diverse in terms of racial, ethnicity and gender, as well as more geographically dispersed. If current utilization statistics are any guide, veterans of the current wars will rely more heavily on the VA than previous cohorts, filing more claims for benefits and utilizing more VA services over their lifetimes.

The next administration must help the VA and other federal agencies prepare for this future

reality. The VA's policy office already does extensive planning in this area, leveraging the rich data held by the VA about its current population. And the VA has some initiatives underway, like its Strategic Capital Investment Planning process, which are designed to align agency resources to meet future challenges. However, these efforts should expand in scale and scope and including other agencies and partners as well. Based on the predicted veterans population changes over the next generation, the VA must prepare to change along with the changing veterans population, on a scale as significant as the change which followed World War II. Given the numbers of veterans, and the tremendous size of the VA budget, the next administration should make this planning a priority. It should work with the veterans and military community to develop a long-term strategic plan to align ends, ways and means in ways that will continue to serve future generations of veterans.

V. BUILDING A POLICY COMMUNITY TO SUPPORT VETERANS AND MILITARY PERSONNEL

In addition to the specific recommendations outlined above, the next administration must also embrace an inclusive, strategic policymaking approach that transcends existing agencies and structures. This approach includes defining the community in sufficiently broad terms that include issues which cut across agencies; engaging key stakeholders at all levels of government, and in the private sector; building a community of practice for veterans and military personnel issues; and considering specific policymaking tools which have helped other agencies anticipate and plan for future complexity.

Defining the Community

Because so many of the issues affecting this community transcend current agency boundaries, the next administration must define the veterans and military community broadly, to facilitate an approach that can leverage the expertise, resources and capabilities of all parts of the government to address the pressing issues described above. To take one example, military suicides are a problem for active duty service members, reservists, veterans, as well as their families, communities, employers and others. Although individual agencies may focus on a particular subset of this community, the administration should visualize it broadly, so as to find common solutions and build coordinated strategies in ways that cut across existing bureaucratic lines. In an age of fiscal austerity, the second Obama administration will likely be forced to seek efficiencies across these agencies, instead of replicating functions and capabilities within both DOD and VA because they serve different populations.

This report defines the community to include active duty personnel, active reservists and members of the ready reserve and veterans. However, the next Obama administration will likely face a series of questions about whether to include others

in this population. Growing attention has focused on military families over the past 11 years, including most significantly First Lady Michelle Obama's engagement with military family issues. Given the large numbers of active and reserve military personnel with families today (as compared to previous generations of military personnel), the next Obama administration should continue to include military families in its strategy for serving the veterans and military community.

Beyond those who actually serve in uniform and their families, the next administration should also engage a broader community of interest with equities in these issues. It would be impossible to list all of the groups with a stake in veterans and military personnel issues, but four types of groups are particularly important. First, the nation's veterans organizations, including both the Congressionally-chartered organizations like the American Legion, and newer groups like Iraq and Afghanistan Veterans of America, must be involved in creating future policy for veterans and military personnel. Second, state and local agencies, as well as community organizations, contribute a great deal to veterans and military personnel; any policymaking efforts in this space should include them to the maximum extent possible. Third, civilian businesses, particularly those with employees serving in the reserves or large veteran workforces, also have a stake in these issues, and should be included in discussions and policymaking in this field. Last, the next administration should engage the other government agencies that deploy personnel into harm's way, so these agencies can provide the appropriate support to their people who serve as part of the nation's "whole of government" approach to war in the 21st century.

Building a Policy Support Network

In addition to defining the community it will serve, the second Obama administration should also expand the community of policymaking and practice that supports the veterans and military

The next administration should develop a more robust community of policymaking and practice to support the VA – the nation’s second largest agency with a requested FY 2013 budget of \$140 billion, a workforce of 320,000 federal employees and responsibility for 22 million veterans.

community. DOD and the VA robustly collaborate with a number of partners now, including the veterans service organizations, service organizations and many others. In addition, DOD maintains a sizable intellectual base of federally-funded research and development centers like the RAND Corporation and Institute for Defense Analyses. The VA, by contrast, officially supports just one (although it does fund studies from some others). Similarly, DOD’s senior leadership relies on a robust network of advisory committees like the Defense Policy Board, Defense Science Board and Defense Business Board, to provide strategic advice and counsel. The VA lacks such a policymaking community; it does not benefit from an intellectual support base comparable to that enjoyed by DOD, despite its massive size and scope of responsibility.⁸⁶ Such a community provides valuable human capital for DOD and its agencies, including analysts at all levels and senior civilian leaders. It also provides DOD with deep research and analysis capability that it cannot efficiently or effectively maintain internally. The VA would benefit greatly from this kind of support.

The next administration should develop a more robust community of policymaking and practice to support the VA – the nation’s second largest agency with a requested FY 2013 budget of \$140 billion, a workforce of 320,000 federal employees and responsibility for 22 million veterans. It should begin by expanding and re-launching the federal advisory committees serving the VA, and determining whether additional ones (such as the advisory committee on the Iraq and Afghanistan wars, shelved in 2009) should be established. In addition, as a CNAS expert suggested in a November 2010 policy brief,⁸⁷ the next administration should strongly consider creating high-level advisory boards for the VA, analogous to the Defense Policy Board, that can provide policymaking support, advice and counsel, as well as greater engagement with the veterans and military community.

The VA should also continue to catalyze academic and policy research in this field by funding research centers that can support the agency and the broader veterans and military community. Two academic centers – Syracuse University’s Institute for Veterans and Military Families, and the University of Southern California’s Center for Innovation and Research on Veterans & Military Families – have been established in the past five years and are now generating a tremendous amount of expertise and capability. These centers should be harnessed and supported by the next administration, and developed into an intellectual base that can support the veterans and military community in decades to come.

VI. CONCLUSION

After each era of conflict, the nation has paused to assess the state of its support for its veterans and military personnel. Following World War II, a commission led by retired General Omar Bradley (who would go on to lead the department that is now the VA) wrote:

The state of veterans' affairs in the United States is on the whole good. After many years of trial and error this country has developed reasonably successful methods for meeting the needs of its veterans. . . . The veterans' programs, however, are not perfect. Much remains to be done by way of improvements along forward-looking and constructive lines. The dominant problems are the carryover from past decades of a backward-looking pension philosophy and our failure to adjust the existing veterans' programs to fundamental changes in our society.⁸⁸

Just as it has throughout its history, the nation has asked a great deal of its veterans and military personnel during the past 11 years of war. America's obligation to veterans and the broader military community will continue after the current wars end, and in many ways become more costly as this generation of veterans comes home, transitions into civilian society and relies more upon the support provided through DOD, VA and other agencies. Even after the wars in Iraq and Afghanistan recede from memory, the next administration must maintain public attention on the issues facing the veterans and military community and political support for their solutions. To do this, President Obama must continue to exercise personal leadership on these issues, emphasizing the nation's obligation to serve its veterans as well as they have served us. And the second Obama administration must build an enduring policy community and infrastructure to support the veterans and military community over the next four years and beyond.

ENDNOTES

1. This paper focuses on two distinct but overlapping communities: veterans and military personnel. We use the term “veteran” as it is defined in federal law to include all persons who have served on active duty (even if only for training) in the U.S. armed forces, and were either discharged or reached the end of their first term of enlistment. 38 U.S.C. § 101, “Definitions.” This report uses the terms “military personnel” or “servicemembers” to include individuals currently serving as part of the active or reserve components of the armed forces. These communities overlap, both because many active and reserve component servicemembers qualify as veterans, and because the substantive issues shared by these populations overlap. Therefore, this report focuses on the issues affecting both the veterans and military personnel communities, although it may speak precisely to one or more parts of this population at times.
2. Under the leadership of GEN Martin Dempsey, the Joint Chiefs of Staff has adopted the phrase “military family” to refer to the “men and women in uniform, the family members who stand and serve with them, veterans of every generation, and the loved ones of our fallen.” See Department of Defense, Office of the Joint Chiefs of Staff, *Chairman’s Strategic Direction to the Joint Force* (February 6, 2012), 11, http://www.jcs.mil/content/files/2012-02/021312101535_CJCS_Strategic_Direction_to_the_Joint_Force_-_13_Feb_2012.pdf.
3. See Joseph E. Stiglitz and Linda J. Bilmes, “Estimating the costs of war: Methodological issues, with applications to Iraq and Afghanistan,” in *The Oxford Handbook of the Economics of Peace and Conflict*, eds. Michelle R. Garfinkel and Stergios Skaperdas (Oxford: Oxford University Press, 2012), 275-317.
4. The figures provided herein have been adjusted into 2012 dollars, using the tables provided by the Office of Management and Budget for analysis of agency budgets. See Office of Management and Budget, *Fiscal Year 2013 Historical Tables* (2012), Table 10.1.
5. Department of Defense, *Military Personnel Programs (M-1)* (August 23, 2001), http://comptroller.defense.gov/defbudget/Docs/fy2002_m1.pdf. This category of costs includes basic pay, special pays, allowances, leave accruals and other costs for active, reserve personnel and retirees. Importantly, however, this budget category does not include a number of items which fall in the operations and maintenance (O&M) or capital budgets, including but not limited to spending on military base housing, family programs, training and education, and other personnel-centric costs. For analytical purposes, however, this report uses the personnel costs and health costs for illustrative purposes, because of the difficulty in disaggregating the other costs from the O&M budget, and the author’s sense that DOD’s other spending on personnel is roughly proportional to what it spends on pay, benefits and health care.
6. Department of Defense, Office of the Under Secretary of Defense, *National Defense Budget Estimates for FY 2005* (March 2004), Table 6-6.
7. “Base appropriations,” also known as “regular appropriations,” include the funding given by Congress in annual appropriation acts for continued operation of federal departments, agencies, and various government activities. It is often contrasted with “supplemental appropriations,” which are used by Congress to give funds “in cases where the need for funds is too urgent to be postponed until enactment of the regular appropriation bill.” See Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP (September 2005), <http://www.gao.gov/new.items/d05734sp.pdf>.
8. Department of Defense, Office of the Under Secretary of Defense, *National Defense Budget Estimates for FY 2013* (March 2012), Table 6-6.
9. This calculation is based on authorized end strength figures for the Army and Marine Corps as set by Congress in the National Defense Authorization Acts for FY 2002 and FY 2012. Note, however, that these active duty figures do not include “active guard and reserve” service members who serve full-time as part of the National Guard and reserve component force structure.
10. Data is current through September 25, 2012. See Office of the Secretary of Defense, Assistant Secretary of Defense for Reserve Affairs, “Command Brief,” slide 21.
11. Department of Defense, *FY 2013 Defense Budget Overview* (February 2012), 4-13, http://comptroller.defense.gov/defbudget/fy2013/FY2013_Budget_Request_Overview_Book.pdf.
12. Department of Veterans Affairs, *Annual Benefits Report* (2011), 42, http://www.va.gov/REPORTS/abr/2011_abr.pdf.
13. See Department of Veterans Affairs, *Annual Benefits Report*, 11. Notably, veterans under the age of 35 accounted for only 21 percent of new veterans receiving service-connected disability payments in 2011; 25.6 percent went to veterans from the ages 35 to 55, and 53.2 percent went to veterans over the age of 55. Likewise, in 2011, veterans under 35 accounted for only 7.5 percent of the total number of veterans receiving service-connected disability compensation, with veterans over the age of 55 accounting for 67.8 percent of all veterans receiving disability compensation.
14. For example, over the past 20 years, the VA has created a number of presumptions of service connection for ailments relating to environmental conditions during America’s recent wars. These have included new presumptions for Vietnam veterans suffering from ailments relating to Agent Orange and presumptions for veterans suffering from ailments relating to service in Southwest Asia. These presumptions assist veterans in connecting their military service with their ailments, which helps veterans overcome evidentiary requirements that might otherwise present significant challenges during the claims adjudication process.
15. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, “Selected Veterans Health Administration Characteristics: FY2002 to FY2011,” http://www.va.gov/vetdata/docs/Utilization/VHAStats_2011FINAL.xls.
16. See Jeremy Herb, “Obama exempts all military personnel from sequestration cuts,” Defcon blog at thehill.com, July 31, 2012, <http://thehill.com/blogs/defcon-hill/budget-appropriations/241409-obama-exempts-military-personnel-from-sequester>.

17. See Karen Spar, "Budget 'Sequestration' and Selected Program Exemptions and Special Rules," R42050 (Congressional Research Service, October 2, 2012), <http://www.fas.org/sgp/crs/misc/R42050.pdf>. Although President Obama exempted military personnel and VA budgets from sequestration, he did not spare other government agencies that support veterans – perhaps most notably the Department of Labor's Veterans Employment and Training Services, the office responsible for carrying out the employment-related aspects of the Transition Assistance Program (soon to be Transition GPS). See Executive Office of the President of the United States, "Letter from Office of Management and Budget Director Jeffrey D. Zients to President of the Senate Joseph R. Biden, Jr.," (July 31, 2012), <http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/military-personnel-letter-biden.pdf>; and Executive Office of the President of the United States, *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2013* (August 20, 2012), http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/sequestration/sequestration_update_august2012.pdf.

18. See Richard Fontaine and John Nagl, "Contractors in American Conflicts: Adapting to a New Reality" (Center for a New American Security, December 2009), http://www.cnas.org/files/documents/publications/ContractorConflicts_FontaineNagl_Dec2009_workingpaper_1.pdf.

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Department of the Navy, Suicide Data, as of October 15, 2012; Mark Walker, "Two Marine suicides reported in September," *North County Times*, October 3, 2012, http://www.nctimes.com/news/local/military/military-two-marine-suicides-reported-in-september/article_0ec2a2f6-4115-5418-9ad3-a8b82f288e6a.html; and Patricia Kime, "Army faces highest monthly total of suicides," *Army Times*, August 16, 2012, <http://www.armytimes.com/news/2012/08/military-army-faces-highest-monthly-total-of-suicides-081612/>. These numbers reflect both the confirmed suicides, and those being investigated by the services as potential suicides.

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53. Readers should note that CNAS has participated actively in the Joining Forces initiative, including the campaign to encourage private companies to hire veterans.

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59. See W. Scott Gould, Deputy Secretary of Veterans Affairs, testimony to the Veterans' Affairs Committee, U.S. House of Representatives, September 20, 2012; and James Dao, "Veterans Wait for Benefits as Claims Pile Up," *The New York Times*, Sept. 27, 2012.

60. Marilynn Marchione, "Almost half of new vets seek disability," *Associated Press*, May 27, 2012.

61. The types and severity of the injuries varied, ranging from worsened health to life-threatening combat injuries. Nearly 18 percent of service members reported that their health worsened during deployment, with 55 percent of those personnel referred for follow-up care. Another 3 percent were wounded in combat – 2.5 percent sustained a non-serious, combat injury; 0.2 percent suffered a serious, life-altering injury; and 0.1 percent sustained a life-threatening combat injury. Approximately 0.4 percent died from combat injuries. As these figures show, nearly all deployment-related injuries fell into the self-reported “worsened health” category, with more serious injuries comprising only a small portion of the total. Department of Defense, *Eleventh Quadrennial Review of Military Compensation* (June 2012), 87-125, [http://militarypay.defense.gov/reports/qrmc/11th_QRMC_Main_Report_\(290pp\)_Linked.pdf](http://militarypay.defense.gov/reports/qrmc/11th_QRMC_Main_Report_(290pp)_Linked.pdf).

62. Gould, testimony to Veterans’ Affairs Committee.

63. An example is the new “Transition Goals-Plan-Success” or “Transition GPS” program, which is predicted to dramatically increase VA utilization rates by new veterans because it encourages separating troops to file claims and seek VA benefits as they leave the service. See Office of the Press Secretary, The White House, “Fact Sheet: President Obama’s Work to Honor our Military Families and Veterans” (July 23, 2012), <http://www.whitehouse.gov/the-press-office/2012/07/23/fact-sheet-president-obama-s-work-honor-our-military-families-and-vetera>; and David Vergun, “Officials Improve Process for Transition to Civilian Life,” *Army News Service*, October 22, 2012, <http://www.defense.gov/news/newsarticle.aspx?id=118290>.

64. Veterans service organizations (VSOs) play an important role in the VA claims system, serving as advocates and representatives for veterans during the claims process. By law, veterans may not be represented by lawyers in the process. However they may be represented by counselors working for VSOs. VSOs such as the American Legion, Disabled American Veterans, Veterans of Foreign Wars and others provide free representation to veterans in this process, assisting them with the preparation, submission and management of their claims. For a list of such Congressionally-charted VSOs, see <http://veterans.house.gov/citizens/resources>.

65. See Tom Tarantino, “For the Record: A Dose of Reality About Solving the VA Disability Backlog,” *huffingtonpost.com*, June 28, 2012, http://www.huffingtonpost.com/tom-tarantino/solving-va-disability-backlog_b_1635571.html. Barry Jesinoski, executive director of Disabled American Veterans, recently called the VA’s efforts “commendable,” but added that “[t]he VA has a long way to go.” See Marchione, “Almost half of new vets seek disability.” See also “The Independent Budget: A comprehensive budget & policy document created by veterans for veterans for the Department of Veterans Affairs” (2012), 27, http://www.independentbudget.org/2013/IB_2013.pdf. This document states “certainly the elimination of the ‘backlog’ will be a welcome milestone; however, eliminating the backlog is not necessarily the same goal as reforming the claims-processing system, nor does it guarantee that veterans are better served. To achieve real success, the VBA must focus on creating a veterans’ benefits claims-processing system designed to get each claim done right the first time.”

66. Compare Gould testimony, *supra*, with Linda J. Bilmes, Harvard University Professor, testimony to the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans’ Affairs, U.S. House of Representatives, February 14, 2008. Bilmes advocated for a paradigm shift

in VA claims, in which the VA would immediately grant all claims upon submission, and then retroactively review, adjust and audit claims for accuracy and appropriateness within a period of months or years, similar to the way the Internal Revenue Service approves most tax returns and then audits some for compliance. Such an approach could reduce the claims backlog rapidly. However, agency leaders said it may not be appropriate to pursue such a model for VA claims, in part because it does not provide a bona fide individual decision on claims, and also because other legal benefits such as contracting and hiring preferences rely on the VA’s adjudication of “service disabled veteran” status.

67. See James Dao, “Backlog of Disability Claims for Veterans Sends Democrat on a Tear,” *At War* blog on *nytimes.com*, June 20, 2012, <http://atwar.blogs.nytimes.com/2012/06/20/backlog-of-disability-claims-for-veterans-sends-democrat-on-a-tear/>. Dao describes how Rep. Bob Filner (D-Calif.) criticized VA officials at a hearing.

68. “The Independent Budget: A comprehensive budget & policy document created by veterans for veterans for the Department of Veterans Affairs,” 26.

69. The I-LAB model was first developed and prototyped at the VA’s Indianapolis Regional Office. It is a new end-to-end operating model for claims processing, which uses segmentation of claims, triage and a more experienced staff to achieve significant improvements in claims adjudication timelines and accuracy. As summarized in the Independent Budget report: “The I-LAB operates along three separate tracks: Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two contentions, or other simple claims. The Special Ops lane is for more difficult claims, such as those with eight or more contentions, long-standing pending claims, complex conditions, such as traumatic brain injury and special monthly compensation, and other claims requiring extensive time and expertise. The Core lane is for the balance of claims with between three and seven contentions, claims for individual unemployability, original mental health conditions, and others. The VBA has seen some early indications that productivity could increase through the use of the new segmentation strategy at the I-LAB; however, it may still be too soon to judge whether such results would be reproduced if applied nationally.” See *Ibid.*, 29.

70. In 2011, the VA’s geographical means test set the income threshold for a single veteran of Priority Group 8 living in Washington at \$52,085. The threshold is higher for veterans with dependants. For information about the VA income threshold by state, year and priority group, see <http://www.va.gov/healthbenefits/resources/gmt/index.asp>.

71. See Department of Veterans Affairs, *FY 2013 Annual Budget Submission* (2012), 1B-1, http://www.va.gov/budget/docs/summary/Fy2013_Volume_I-Summary_Volume.pdf; and Executive Office of the President of the United States, *Budget of the United States Government, Fiscal Year 2013* (2012), <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>.

72. See Executive Order 13625, *Improving Access to Mental Health Services for Veterans, Service Members, and Military Families* (August 31, 2012), <http://www.gpo.gov/fdsys/pkg/FR-2012-09-05/pdf/2012-22062.pdf>.

73. Corporation for National and Community Service, “National Service Agency Recognized at Joining Forces Anniversary for Commitment to Engaging

and Serving Veterans,” April 11, 2012, http://www.nationalservice.gov/about/newsroom/releases_detail.asp?tbl_pr_id=2092.

74. See Government Accountability Office, *Improved Monitoring Needed to Better Track and Manage Performance*, GAO-12-676 (August 28, 2012), <http://www.gao.gov/assets/650/647591.pdf>; Office of Senator Carl Levin, “Murray, Levin Call on VA, DOD to Work Together to Improve DOD and VA’s Integrated Disability Evaluation System,” October 5, 2012, <http://www.levin.senate.gov/newsroom/press/release/veterans-murray-levin-call-on-va-dod-to-work-together-to-improve-dod-and-vas-integrated-disability-evaluation-system-;TomPhilpott,“IntegratedVA-DODhealthrecordatleast5yearsaway,”TacomaNews-Tribune, August 11, 2012, http://www.thenewstribune.com/2012/07/28/2230915/integrated-va--DOD-health-record.htmlDOD-health-record.html>; and Jared Serbu, “Faster VA-DOD disability evaluations still far off,” Federal News Radio, May 18, 2011, <http://www.federalnewsradio.com/697/2388113/Faster-VA--DOD-disability-evaluations-still-far-offDOD-disability-evaluations-still-far-off>.

75. See Public Law 80-253, *National Security Act of 1947*, July 26, 1947; Public Law 99-433, *Goldwater-Nichols Department of Defense Reorganization Act of 1986*, October 1, 1986; Public Law 107-296, *Homeland Security Act of 2002*, November 25, 2002; and Public Law 108-458, *Intelligence Reform and Terrorism Prevention Act of 2004*, December 17, 2004.

76. See Mackenzie Eaglen, “U.S. Defense Spending: The Mismatch Between Plans and Resources” No. 2418 (Heritage Foundation, June 7, 2010), http://thf_media.s3.amazonaws.com/2010/pdf/bg2418.pdf; and Miriam Pemberton, Lawrence Korb, et al., “Rebalancing Our National Security: The Benefits of Implementing a Unified Security Budget” (Center for American Progress, October 2012), <http://www.americanprogress.org/wp-content/uploads/2012/10/UnifiedSecurityBudget.pdf>.

77. Pete Domenici, Dan Glickman, James Jones, et al., “Indefensible: The Sequester’s Mechanics and Adverse Effects on National and Economic Security” (Bipartisan Policy Center, June 2012), 19, <http://bipartisanpolicy.org/sites/default/files/BPC%20Sequester%20Paper.pdf>.

78. See James Wright, *Those Who Have Borne the Battle: A History of America’s Wars and Those Who Fought Them* (New York: Public Affairs Publishing, 2012); and Richard Severo and Lewis Milford, *The Wages of War: When America’s Soldiers Came Home – From Valley Forge to Vietnam* (New York: Simon & Schuster, 1989).

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85. See Corporation for National and Community Service, “The Corporation for National & Community Service, Points of Light, ITT Exelis and 55 Organizations Join Forces to Launch a National Initiative to Help Returning Veterans Succeed,” October 9, 2012, http://www.americorps.gov/about/newsroom/releases_detail.asp?tbl_pr_id=2123.

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87. See Nancy Berglass, “America’s Duty: The Imperative of a New Approach to Warrior and Veterans Care” (Center for a New American Security, November 2010), http://www.cnas.org/files/documents/publications/CNAS_AmericasDuty_Berglass_0.pdf.

88. President’s Commission on Veterans’ Pensions, *Veterans’ Benefits in the United States*, 3.

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