



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 22, 2008
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 1315 - Veterans Benefits Enhancement Act of 2007

(Senator Akaka (D) HI)

The Administration recognizes and appreciates the many important contributions made by veterans and believes that fair and equitable compensation is owed for their service and sacrifice. S. 1315 would make a number of changes to veterans programs related to, among other things, various insurance programs, Filipino WWII veterans, and Veterans' Court administration and procedures. The Administration has supported appropriate expansion of benefits for veterans, including Filipino veterans. In 2003, the President signed a bill that increased disability compensation, survivor benefits, and burial benefits for certain Filipino veterans living in the United States. However, the Administration has concerns with S. 1315 because it would increase benefits for Filipino veterans who reside in the Philippines to a much higher level relative to benefits provided to veterans who reside in the United States.

S. 1315 would provide annual pension benefits for Filipino veterans living in the Philippines of \$4,500 for married veterans and \$3,600 for single veterans. Given that the average annual family income in the Philippines is \$2,864, these Filipino veterans would have a relative benefit much greater than the average veteran pensioner living in the United States, who receives about 30 percent of the average U.S. family income as a pension. The bill also would increase the disability compensation rate and burial allowance paid to Filipino veterans living in the Philippines from 50 percent on the dollar to 100 percent, which is equivalent to the rate paid all veterans living in the United States. The bill would eliminate the ability to differentiate between the standards of living in the United States and the Philippines. In addition to the benefit expansions, S. 1315 also would entitle all Filipino veterans living in the Philippines access to the Manila VA outpatient clinic, doubling the eligible population and straining the clinic's capabilities and quality of care. These expanded benefits would increase mandatory spending by \$2.1 billion over 10 years.

The Administration also has serious concerns about certain insurance provisions in S. 1315, including a provision that would shift the cost of administering the Service Disabled Veterans' Insurance program from the General Operating Fund to the Veterans Insurance and Indemnities Fund. To ensure transparency, the cost of administering these entitlements should be separate and distinct from the cost of the entitlements themselves. Furthermore, supplementing a discretionary appropriation with mandatory receipts is not an acceptable budgeting practice. The bill also would more than double the maximum amount of Veterans Mortgage Life Insurance (VMLI) and create a new life insurance product for veterans who are under 65 years old and have a service-connected disability. The Administration believes the current range of life insurance benefits, which includes Veterans Group Life Insurance, Service-Disabled Veterans Insurance, and VMLI, provides an appropriate level of insurance. These provisions would

increase mandatory spending by \$382 million over 10 years.

The Administration notes that the bill includes an Administration proposal to ensure consistency in determining special monthly pension benefits. The Administration believes, however, that the savings from this proposal would be better spent on priorities identified in the President's Budget to increase direct care and support to wounded, ill, and injured veterans.

* * * * *