WATSON INSTITUTE
INTERNATIONAL & PUBLIC AFFAIRS
BROWN UNIVERSITY

20 YEARS OF WAR
A COSTS OF WAR RESEARCH SERIES

BOSTON UNIVERSITY The Frederick S. Pardee Center for the Study of the Longer-Range Future

The Long-Term Costs of United States Care for Veterans of the Afghanistan and Iraq Wars

Linda J. Bilmes[1]

August 18, 2021

Summary

Between 2001 and 2050, the total costs of caring for veterans of the post-9/11 wars are estimated to reach between $2.2 and $2.5 trillion. This includes the amount already paid in disability and related benefits and medical care, as well as the projected future cost of lifetime disability benefits and health care for those who have served in the military during these wars.[2] This estimate is double the author's previous projections in 2011 and 2013.[3] Several factors account for this dramatic increase. These include: extraordinarily high rates of disabilities among this cohort of veterans, greater outreach by the federal government to inform veterans of their eligibility for benefits, more generous eligibility and benefit compensation, as well as more advanced and expensive medical care, and substantial investment by the Department of Veterans Affairs (VA) to process and administer claims and benefit programs and deliver health care. Federal expenditures to care for veterans doubled from 2.4 percent of the U.S. budget in FY 2001 to 4.9 percent in FY 2020, even as the total number of living veterans from all U.S. wars declined from 25.3 million to 18.5 million.

Yet the majority of the costs associated with caring for post-9/11 veterans has not yet been paid and will continue to accrue long into the future. As in earlier U.S. wars, the costs of care and benefits for post-9/11 veterans will not reach their peak until

---

[1] Dr. Linda J. Bilmes is the Daniel Patrick Moynihan Chair in Public Policy and Public Finance at the Harvard Kennedy School, Harvard University and is the US member of the United Nations Committee of Experts on Public Administration. She co-authored (with Joseph E. Stiglitz) *The Three Trillion Dollar War: The True Cost of the Iraq Conflict* (2008) and previous studies (in 2007, 2011 and 2013) estimating the cost of providing disability compensation and medical benefits to veterans of the post-9/11 wars. She is the daughter of a World War II veteran.

[2] These estimates are based on the number of Post-9/11 veterans in the actuarial tables produced by the Department of Veterans Affairs (VA) Veterans Population ("VetPop") division and veteran statistics compiled by the Bureau of Labor Statistics, US department of Labor. The estimates include service members who have served in the post-9/11 conflict and been discharged as well as those who have been deployed to the conflicts and are still serving in the military.

[3] Bilmes, L. (2011). *Current and Projected Future Costs of Caring for Veterans of the Iraq and Afghanistan Wars*. Watson Institute for International and Public Affairs, Brown University.
Bilmes, L. (2013). *The financial legacy of Iraq and Afghanistan: How wartime spending decisions will constrain future national security budgets* (Faculty research working paper series/John F. Kennedy School of Government, Harvard University 13-006). Cambridge, Mass,: Harvard University, John F. Kennedy School of Government.

decades after the conflict, as veterans' needs increase with age.[4] This time around, veterans' costs will be much steeper. More than 40 percent of the troops who have served in Iraq, Afghanistan and related locations have already been approved to receive lifetime disability benefits.[5]

This paper provides evidence of the strain that veterans have borne during this conflict. These young men and women have served longer tours of duty, been exposed to more raw combat, and suffered much higher rates of disability, than during any previous U.S. war. The author warns that the United States risks defaulting on our financial obligations to this generation of veterans; one solution would be to create a Veterans Trust Fund to track and set aside funds for these commitments. Additionally, the federal government can make simple changes that would significantly reduce the burden on troops as they transition to veteran status; for example: to automatically enroll all veterans in VA healthcare within 60 days of discharge from active duty.

Introduction

The biggest single long-term cost of the post-9/11 wars will be providing benefits and medical care to the men and women who served in Iraq, Afghanistan and related theatres since 2001, and their dependents.[6] The budgetary cost of these commitments is projected to reach from $2.2 to $2.5 trillion through 2050. These expenditures are already "baked" into the system, in accordance with the benefits that the U.S. government has promised to this generation of veterans.

The high cost of providing medical care, disability and other benefits to post-9/11 veterans reflects the intensity of what has transpired over the past two decades. Compared to those who served in earlier wars, the post-9/11 troops experienced more frequent and longer deployments, higher levels of exposure to combat, higher rates of survival from injuries, higher incidence of serious disability, and more complex medical treatments.[7] Veterans of these conflicts have had access to a broader range of government benefits, improved systems for submitting and appealing disability and healthcare claims, and expanded post-military transition services such as re-entry and

---

[4] Edwards, R. D. (2014). U.S. war costs: Two parts temporary, one part permanent. *Journal of Public Economics*, *113*, 54–66.

[5] Bureau of Labor Statistics. (March 18, 2021). *Employment Situation of Veterans 2020* (No. USDL-21-0438). US Department of Labor BLS.

[6] The post-9/11 conflicts described in this paper include DoD activities in support of Operation Enduring Freedom, Operation Iraq Freedom, Operation New Dawn, Operation Inherent Resolve, and Operation Freedom's Sentinel. According to the Bureau of Labor Statistics (March 2021), there are 4.5 million veterans who served in the US military from September 2001 through August, 2020. Of these, 1.9 million served directly in Iraq and Afghanistan, and roughly another 1 million who served in support capacities related to post-9/11 operations, including deployments in Kuwait, Bahrain, Qatar, Djibouti, Turkey, United Arab Emirates, Germany, Saudi Arabia, Pakistan, Oman, Kyrgyzstan, Turkmenistan, the Gulf of Aden, the Gulf of Oman, the Red Sea, Syria and other locations; and/or or in the continental US, Puerto Rico and other geographies (DMDC DoD Personnel, Workforce Reports, 2008-2021).

[7] Vespa, J. E. (2020). *Those Who Served: America's Veterans From World War II to the War on Terror* (No. ACS-43). United States Census

employment training. The VA healthcare system has expanded its geographical presence into community-based clinics and improved services for women veterans, who constituted nearly 17 percent of the post-9/11 military. The VA has invested heavily in technology, personnel and initiatives to administer care and process claims and benefits for the current veteran population.

Due to improved medical care during their tours of duty, troops serving in the Iraq and Afghanistan conflicts were able to survive injuries that would have been fatal in previous wars.[8] Although this cohort makes up only 24 percent of all living veterans, it accounts for *more than half* of the severely disabled veteran population in America. Over one million post-9/11 veterans have significant disabilities.[9]

This paper updates projections calculated in 2011 and 2013. The costs projected here are $1 trillion higher than earlier estimates for three main reasons.

First, the number of post-9/11 veterans with disabilities, especially significant and multiple disabilities, is far higher than originally projected. According to the Bureau of Labor Statistics (BLS), over 40 percent of those who have served in the post-9/11 era have already been certified as having a "service-connected disability,"[10] compared to fewer than 25 percent of veterans from World War II, Korea, Vietnam and the first Gulf War. More than 20 percent of all post-9/11 era veterans have serious disabilities that the VA rates at a level of 60 percent or higher, compared with fewer than 10 percent of veterans from previous US wars.[11] These disabilities typically involve a combination of physical and mental health conditions. Because veterans with approved disabilities are entitled to receive lifetime disability compensation, health care and other benefits, the high level of disabilities among this group of former service members incurs very high long-term costs.

Second, the U.S. government, including the VA and other agencies, have ramped up their levels of responsiveness throughout the past 20 years. These efforts include expanding the geographical footprint of VA health care, hiring thousands of additional medical and support personnel, expanding clinical specialties in areas such as women's health, traumatic brain injury and post-traumatic stress disorders (PTSD), investing in IT and managerial systems to administer the vast array of programs, benefits and educational opportunities provided, and increasing the number and value of benefits available. These initiatives have increased satisfaction among veterans using the

[8] See Jeffrey T. Howard, Russ S. Kotwal, and Caryn A. Stern. (March 27 2019). "Use of Combat Casualty Care Data to Assess the US Military Trauma System During the Afghanistan and Iraq Conflicts, 2001-2017," *JAMA Surgery*, https://jamanetwork.com/journals/jamasurgery/article-abstract/2729451.
[9] Bureau of Labor Statistics, March 2021, Table 7.
[10] After a service member is discharged from the military, they may file claims for benefits and other compensation for disabling conditions incurred or aggravated during their service period. The VA evaluates these claims and assigns each veteran a disability rating score on a scale of 0 to 100%, based on the severity of the conditions. If the veteran has multiple conditions and disability ratings, the VA calculates a combined disability rating. The combined percentage rating for "service-connected disability" determines the amount of disability compensation the veteran is entitled to receive each month. Veterans may continue to file updated claims over time as conditions worsen, or as new conditions arise that were aggravated by their service. There is no statute of limitations on the timeline or number of claims a veteran may file. Over time, the percentage rating for service-connectivity tends to increase for most service-connected veterans.
[11] Bureau of Labor Statistics 2021.

system. For example, the VA's 2020 customer feedback survey, based on a survey of more than four million medical outpatients, found that satisfaction increased from 82 percent in 2013 to over 90 percent in 2020.[12]

Third, in part due to the strain of the wars, but also due to the efforts of the VA and other government agencies (as well as external factors such as the increase in the cost of healthcare insurance in the private sector), [13] a higher percentage of post-9/11 veterans are seeking medical care through the VA, and seeking government benefits generally, than previous veterans. This includes filing more disability claims for a bigger number of clinical conditions, utilizing VA health services to a greater extent, appealing decisions on claims that are denied, and participating in education and transition programs.[14]

Largely as a result of these circumstances, federal expenditures to care for veterans doubled from 2.4 percent of the U.S. budget in FY 2001 to 4.9 percent in FY 2020, even as the total number of living veterans from all U.S. wars declined from 25.3 million to 18.5 million.[15] Between 2001 and 2020 the inflation-adjusted budget of the U.S. Department of Veterans Affairs (VA) grew from $61 billion to over $240 billion,[16] and the VA workforce increased from 219,000 to over 400,000 employees nationwide.[17] Since 2017, the VA budget has risen by one-third and the Department has hired more than 50,000 new full-time equivalents (FTE).[18]

This paper draws on primary sources including data released from 2017-2020 by the Department of Veterans Affairs (VA 2020), the Census Bureau (2020) and the Department of Defense (DOD), reports by the Bureau of Labor Statistics (BLS, 2021) and the VA's projections of the post-9/11 veteran population, referred to as "VetPop." Based on the volume of outstanding and accrued disability claims, current patterns of claims and medical care utilization, and the VA's projections of the veteran population through 2048, the total costs— including VA healthcare costs, VA disability benefits, pensions and other compensation and benefits (such as housing, insurance, adaptive services and home care assistance), Social Security Disability Insurance benefits, transition assistance and VA administrative costs— are estimated to reach between $2.2 and $2.5 trillion for the period of 2001 to 2050 (see Table 1).[19]

---

[12] VA Office of Public and Intergovernmental Affairs, Veterans Signals Survey Results, April 30, 2020 and April 16, 2014.

[13] Including the Department of Labor Veterans Employment and Training Service and the Small Business Administration's Office of Veterans Business Development.

[14] See Bilmes, 2013.

[15] The number of veterans in the population from 25.3 million on September 11, 2001 to 18.5 million in 2020, as veterans from World War II and Korea have passed on. See Bureau of Labor Statistics 2021; Vespa 2020.

[16] Panangala, S. V., Salazar, H. M., & Sussman, J. S. (2020). *Department of Veterans Affairs FY2021 Appropriations* (No. R46459). CRS; US Dept of Veterans Affairs. (2020). *President's Budget Request VA Rollout FY 2021*.

[17] The VA is now the third-largest federal employer, after the US Department of Defense and the Post Office. See US Department of Veterans Affairs 2020.

[18] US Department of Veterans Affairs 2020..

[19] Estimates are calculated in FY 2020 dollars, assuming the veterans benefits and SSDI receive annual cost-of-living-adjustments (COLAs) at the rate of inflation. Increases above the rate of inflation are not included.

Table 1. Estimated Budgetary Costs for Post-9/11 Veterans Care, FY2001-2050 (in billions)

Projected Expenditures		
	2011/2013 Projections (adjusted to $2021)	Current Projections for costs 2001-2050($ billions)
Veterans Medical	420	853-903
Veterans Disability and Benefits	645	1,228-1,497
VA Administration	86	100-106
Social Security Disability	52	50-69
Total $	$1,203	$2,231-$2,575

Twenty years after the US invasion of Afghanistan, the U.S. is decreasing its engagement in the region with a goal of withdrawing almost entirely from Afghanistan, Iraq and the immediate vicinity. As this occurs, it is important to take stock of the budgetary legacy of these operations and the implications for U.S. veterans.

The post-9/11 wars constituted the first major test of the All-Volunteer Force (AVF). Only one-half of one percent of the U.S. population served in the military. On September 11, 2001, roughly one in every four American men were military veterans,[20] but over the past two decades, the number of veterans in the population has declined to fewer than one in eight men. Barring another war, this number will continue to decline. The Census Bureau projects that the number of veterans will decline to just 1 in 14 men by 2040.[21] By 2050, when the costs of providing medical care and benefits for veterans of the post-9/11 wars reach their peak, few Americans alive will have direct relatives who were involved in these conflicts. If the nation faces budgetary pressures for other reasons, there may be a risk that we fail to pay the obligations. To avoid this outcome, this paper urges the U.S. to establish a national Veterans Trust fund.

Cost Estimates

This study provides a conservative estimate of the long-term costs associated with this population of veterans. It does not include the economic costs of loss or reduction to the labor force due to disability for veterans and caregivers; the costs of state and local programs to assist post-9/11 veterans; or the budgetary costs associated with providing health care to personnel who have served in the post-9/11 conflict, but remain in the military and receive care through the DOD's TRICARE program.[22] It does not include medical benefits for thousands of military contractors who have been injured during the conflict and whose medical bills may be paid in part by Medicaid, Medicare or other government-subsidized systems through the Defense Base Act and Department of Labor. It does not include a number of legislative proposals, currently before Congress, that would increase long-term costs such as automatic enrollment of

[20] Bureau of Labor Statistics 2021; Vespa 2020.
[21] Vespa 2020.
[22] Some of these costs have been estimated; See Bilmes 2013.

newly-discharged service members in VA health care and expanded dental care.[23] Accordingly, the budgetary costs presented here should be considered a conservative estimate of the total costs of war associated with individuals who participated in these conflicts.

The paper focuses on the budgetary costs of four elements of federal expenditures for post-9/11 veterans:

I. Veterans Disability Compensation and Benefits
II. Veterans' Healthcare System Costs
III. Social Security Disability Insurance
IV. Administrative Costs associated with the Delivery of Care and Benefits

Veterans Compensation and Benefits: Over 40 Percent of Post-9/11 Veterans are Entitled to Lifetime Disability Payments – and This Number Will Increase.

From 2001 through 2021, 4.59 million men and women served in the U.S. military and were discharged as veterans.[24] These post-9/11 veterans, (referred to as "Gulf War 2 veterans" in BLS reports), constitute 24 percent of the 18.5 million total living veterans in 2021.[25]

All post-9/11 veterans are entitled to receive free medical care provided by the VA for at least five years. The majority use these VA services for some or all of their healthcare needs; for example, 59 percent of all post-9/11 veterans utilized VA health care from FY 2002 to FY 2014.[26] Veterans whose have suffered injuries or illnesses that have been certified by the VA as "service-connected" or meet certain other criteria such as low income, and some of their dependents, will be eligible to continue receiving free or subsidized healthcare treatment for the rest of their lives.[27] The median age of post-9/11 veterans is 36.6 years old.[28]

As of 2021, some 40 percent of post-9/11 veterans had been granted a lifetime service-connected disability by the VA, based on the clinical severity of conditions they sustained or that worsened during their period of service.[29] Most of these individuals are entitled to receive lifetime cash compensation and other benefits for physical and/or mental disabilities incurred or exacerbated during their wartime service. The

---

[23] S 1863 (Moran) would automatically enroll all Veterans within 60 days of discharge from active duty. HR 914 (Brownley) would expand dental coverage for Veterans.

[24] Not all of these individuals served in Iraq, Afghanistan or related support operations. Based on BLS surveys, analysis of Defense Manpower (DMDC) deployment reports, and Congressional Research Service reports (Belasco, 2014), it is reasonable to estimate that between 1.9 and 3.0 million served directly "in theater" or indirectly "in-theater support" operations related to the post-9/11 wars. The cost projections in this paper are calculated based on the specific number of veterans with disability ratings and VA actuarial tables, rather than overall percentages.

[25] Bureau of Labor Statistics, March 2021.

[26] Epidemiology Program, Post-Deployment Health Group, Office of Public Health, Veterans Health Administration, Department of Veterans Affairs. (2014). *Analysis of VA Health Care Utilization among Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) Veterans Cumulative from 1st Qtr FY 2002 through 2nd Qtr FY 2014*. Washington DC.

[27] https://www.va.gov/health-care/eligibility/

[28] Bureau of Labor Statistics, March 2021

[29] Bureau of Labor Statistics 2021; Vespa 2020.

number who have been grievously injured includes more than one million that the VA has rated seriously disabled.[30]

This number will increase over the next decade, as those who are still serving in the military will be discharged and become eligible to apply for veteran's benefits. Since the disability system is set up to accommodate growth in disability ratings, it is likely that veterans who are service-connected at lower levels, for example, 10-20 percent service-connected, may apply for higher levels of benefits as the conditions they acquired during service worsen, or as new ones develop over time.

Similarly, many veterans who are currently rated 30-60 percent disabled will be entitled to higher levels of disability benefits, and veterans will continue to climb the disability scale if they develop new or worse conditions as a result of their service. For example, the military used open-air burn pits as part of its waste disposal protocol in Iraq and Afghanistan in the post-9/11 era, which emitted toxic smoke and chemicals. Many U.S. military veterans suffered short-term health effects, such as respiratory ailments and eye and skin irritation, but there is mounting evidence linking burn pit exposure to long-term deterioration of lung and cardiovascular health, which has been reported in medical journals.[31] The VA has recently fast-tracked the process for veterans who served since 1990 and were exposed to theses hazard to apply for compensation.[32] Once this relationship is established fully, it is likely that troops who were exposed to burn pit emissions will qualify for substantial disability compensation.

The percentages of post-9/11 service members who have obtained medical care from the VA systems, and who have claimed benefits from the VA are higher than amongst veterans of previous wars.[33] According to the Bureau of Labor Statistics (BLS), 24 percent of veterans from previous U.S. wars have a disability compared with 40 percent of post-9/11 veterans (see table 2).[34]

In particular, post-9/11 veterans are more likely to have suffered a very severe disability (with a rating of 70 percent or higher) than previous groups of veterans. According to an analysis by the Census bureau, troops who served in the post-9/11 era had a 43 percent overall likelihood of having a disability compared with a 27 percent likelihood of disability for Gulf War Veterans and 16 percent for Vietnam veterans, even controlling for demographic and social characteristics of veterans that could account for differences in reporting the disabilities.[35]

---

[30] Over 1 million veterans are rated at 60% of higher disability, with 600,000 at 70% or higher See BLS, 2021; Vespa 2020.

[31] Coughlin, S. S., & Szema, A. (2019). Burn Pits Exposure and Chronic Respiratory Illnesses among Iraq and Afghanistan Veterans. *Journal of environment and health sciences*, *5*(1), 13–14.

[32] https://www.military.com/daily-news/2021/08/02/some-veterans-exposed-toxics-burn-pits-have-compensation-fast-tracked-va.html

[33] Vespa 2020.

[34] This finding is partially due to the higher fatality rates among troops in previous wars. The post-9/11 conflict has made it possible for injured troops to be evacuated from the field more quickly, and to receive state-of-the-art medical treatment more quickly, and to survive and recover from injuries and diseases. BLS refers to post-9/11 veterans as "Gulf War era II" veterans. See Bureau of Labor Statistics 2021.

[35] Vespa 2020.

Table 2: Disability Ratings for Veterans of Post-9/11 Era compared with Previous Wars (thousands)

	Number of living Veterans	With Disability	Less than 30% disability rating	30-50% disability rating	60% or higher disability rating
All veterans	18417	4747 (25.8%)	1392	1077	2278
Post-9/11 and Gulf War II	4590	1843 (40.2%)	385	375	1083
WWII, Korea and Vietnam	6776	1622 (23.9%)	571	345	706

Source: Bureau of Labor Statistics, March 2021[36]

These high rates of disability claims among recent veterans may be attributed to the strains of the recent conflicts. Post-9/11 veterans have been deployed and exposed to combat at much higher levels than previous generations of veterans.[37] Over 77 percent of post-9/11 veterans were deployed to war theatres at least once, compared to 58 percent of pre-9/11 veterans, and 58 percent of post-9/11 veterans served in a combat zone, versus 31 percent of veterans from previous wars.[38] Nearly half of post-9/11 veterans report having a "traumatic or distressing" experience, compared to one-quarter of previous veterans, and more than one-third of the current veterans sought help for their conditions, compared with only 10 percent of earlier veterans.[39]

This differential in combat exposure is due in part to the unprecedented reliance on private contractors during the Iraq and Afghanistan operations, where the U.S. military employed private contractors for virtually every aspect of war operations. The ratio of contractors to military personnel was 1:1 in Iraq and 2.5:1 in Afghanistan, compared with 1:55 in the Gulf War, 1:5 in Vietnam, 1:4 in Korea, 1:7 in World War I, 1:24 in World War II, and 1:15 in the Civil War.[40] There was no clear demarcation of which services required full-time military personnel, so the Pentagon was able to substitute contractors for a wide range of support activities that had been performed by the military in previous wars, such as construction, driving, cooking, guarding facilities and repairing equipment.[41]

---

[36] Small numbers of veterans who have a disability rating, but did not report the percentage disabled, have been allocated proportionately to the other categories. Based on BLS Employment Data for 2020.
[37] Parker, K., Igielnik, R., Barroso, A., & Cilluffo, A. (2019). *The American Veteran Experience and the Post-9/11 Generation* (p. 38). Pew Research.
[38] Parker et al., 2019.
[39] Parker et al., 2019.
[40] McFate, S. (2016, August 12). America's addiction to mercenaries. *The Atlantic*; Peters, H. M., Plagakis, S., & Kapp, L. (2019). *Department of Defense contractor and troop levels in Iraq and Afghanistan: 2007-2018* (CRS Report for Congress No. R44116). Washington, DC: Congressional Research Service.
[41] Contractors also sustained high injuries during the conflict; see https://watson.brown.edu/costsofwar/costs/human/military; and The Growth of the "Camo Economy" and the Commercialization of the Post-9/11 Wars, Heidi Peltier, Boston University June 30, 2020; and Department of Labor Defense Base Act case summary, 2001-2020, https://www.dol.gov/agencies/owcp/dlhwc/dbaallnation

Disability Benefit Claims Exceptionally High and Rising

The VA oversees a disability program that seeks to compensate veterans for medical conditions or injuries that are "incurred or aggravated" during active service in the military (although not necessarily while performing military duties).[42] Payments are intended to offset the earnings lost as a result of those conditions; however, the compensation is not means-tested and most working-age veterans who receive disability benefits continue to work. Payments are made through the Veterans Benefits Administration (VBA) in the form of monthly annuities and typically continue for the remainder of the veteran's lifetime.[43]

The number of veterans who are granted VA disability benefits exceeds the military's category of "wounded in action" by a significant margin. As of May 2021, the Department of Defense (DOD) reported that 7,057 US servicemen and women had been killed, and 53,252 had been wounded in action in operations related to the post-9/11 conflict.[44] These statistics bear very little connection to the number of disability claims filed during the period. The number of post-9/11 veterans with a *service-connected disability* is approximately 1.8 million as shown in Table 2.[45] According to BLS figures, this includes more than one million veterans with a 60 percent or higher disability rating; 375,000 with a rating of 30 to 50 percent; and the remainder with a lower rating.[46] Those with ratings of 10-60 percent include many individuals who were treated in military clinics and facilities for injuries, infections, diseases, mental health issues and other conditions during their years of training and service. In most cases, these individuals were treated returned to serve out their military service before being discharged.

The evidence from previous wars shows that the cost of paying disability benefits and providing medical care for war veterans rises for several decades and peaks 30-40 years or more after a conflict.[47] The costs rise dramatically over time as veterans get older and their medical needs and levels of disability increase. The projections in this paper expect that the number of veterans eligible for disability benefits will rise from 40 percent of the post-9/11 population to 54 percent over the next 30 years, based on historical precedent and the rate at which new claims are being filed and appealed.

Disability compensation includes cash payments based on a veteran's disability rating, marital status and number of dependents. For example, a veteran with a 70 percent or higher rating is entitled *on average* to a monthly allowance of $2039 (single),

---

[42] Bass, E., & Golding, H. (2014). *Veterans' Disability Compensation: Trends and Policy Options* (CBO Studies No. Pub. No. 4617). Congressional Budget Office.
[43] A plaque adorning the central office of the VA quotes President Abraham Lincoln's Second Inaugural Address: "To care for him who shall have borne the battle and for his widow, and his orphan."
[44] US Department of Defense. (2021). *Casualty Status Report* [Including Operation Iraq Freedom, Operation New Dawn, Operation Enduring Freedom, Operation Inherent Resolve, and Operation Freedom's Sentinel.]. Washington DC.
[45] Vespa 2020.
[46] Service-connected disabilities are rated on a non-monotonic scale from 0% to 100%, in 10% increments, using a VA's Schedule for Rating Disabilities (VASRD).
[47] Bilmes 2013; Edwards 2014.

$2300 (married) and $2410 (married with one dependent child).[48] These veterans typically suffer from multiple disabling conditions, including musculoskeletal disorders, serious health conditions such as loss of eyesight, hearing, limbs or fine motor skills, as well as mental health conditions. The amounts are typically adjusted annually for cost-of-living.[49] There is no limit on the number or statute of limitations regarding how many disability applications a veteran may file. Veterans rated 50% or higher are entitled to VA health care for the rest of their lives. This provides an incentive for veterans to file additional claims, often for increased ratings or new conditions, to secure a higher rating that guarantees health benefits.

Individuals with service-connected disability scores of 70 percent or higher are considered seriously disabled, and in some cases, they may be eligible to receive Social Security Disability compensation in addition to VA disability payments.

Those with any serious disabling condition (typically rated above 40 percent) may also be eligible for services including vocational rehabilitation, housing grants and benefits, structural alterations to housing, adaptive equipment, home loans, clothing allowances, life insurance and other benefits. In addition, family caregivers of veterans with a serious disability may qualify for benefits or reimbursement. Veterans who are rated 100% disabled are entitled to additional family benefits, for example their children are eligible for education reimbursement, up to $46,728 per child, which is retroactive, thus covering children who already attended or completed college.

Since 2000, the *overall* trend has been that more veterans have been awarded disability benefits. In 2000, 9 percent of all living veterans received disability payments; by 2013 this percentage had risen to 16 percent and the dollar amount of the payments had increased by 60 percent. By 2018, over 26 percent of all veterans were collecting disability stipends, including at least 40 percent of post-9/11 veterans.[50] Today the number of veterans with disabilities from the post-9/11 era is larger than any other group (see Table 3).

[48] VA 2020 Benefits Tables. The averages noted here are calculated by taking the number of veterans in each disability rating and the disability compensation for each category, *adjusted* for actual number of post-9/11 vets married and with children and other dependents, in order to produce the composite of what the *actual average payment* is to the cohort.

[49] Unlike Social Security, veterans' allowances do not automatically receive COLA adjustments, but Congress typically provides COLAs in accordance with the adjustment applied to Social Security.

[50] Bureau of Labor Statistics 2021; Salazar, H. M., Collins, B., & Perl, L. (2020). Benefits for service-disabled veterans. In *Benefits for service-disabled veterans* (CRS Report No. R44837; p. 14). Washington, D.C.]: Congressional Research Service.

Table 3: Percentage of Post-9/11 Veterans with Disabilities Compared to Previous Eras

	Percentage of Veterans with Service-connected Disability[51]	Total Unique Veterans of the Period with Disabilities
Post-9/11	40%	1.8 million
Gulf War I	25%	754,000
Previous Wars	13%	528,000

In addition, veterans from Iraq and Afghanistan are *applying* for VA benefits at much higher rates than in previous wars. Since 2013, the Veterans Benefits Agency (VBA) has processed over 1.4 million disability compensation and pension claims per year, driven in part by a surge in claims from post-9/11 veterans.[52]

The two components (requiring health care and applying for disability status) are interrelated, because many veterans need to visit VA medical practitioners in order to secure authorization for disability benefits. Hence, veterans are using VA health care not only for immediate medical reasons but also in order for their conditions to be evaluated by doctors for the purpose of applying for benefits. Thus, medical system usage is high compared to newly discharged troops in previous wars, as the result of several factors, including a) higher survival rates for seriously wounded troops; b) higher incidence of PTSD and other mental health ailments; c) greater numbers of veterans who are willing to seek treatment and apply for benefits for mental health problems; d) more generous medical benefits, more presumptive conditions (cancers and other diseases resulting from exposure), and higher benefits in some categories.[53]

One of the primary reasons for the rising disability claims and associated health care usage is the high incidence of PTSD and other "invisible wounds of war" among the post-9/11 cohort, of whom 36 percent has a PTSD diagnosis.[54] The VA has increased spending on mental health care throughout the post-9/11 era. Since 2015, mental health has comprised some 12 percent of all Veterans Health Administration (VHA) spending,[55] and about 20 percent of the VA medical budget.[56]

---

[51] Post-9/11 Veterans include 19% who reported a disability rating of less than 30% and 54% reported a disability rating of 60% or higher in August 2020.

[52] See VA Budget Fast Facts, 2014-2020. The growth in claims, combined with the approval process that distributes claims processing throughout 56 VA regional offices has led to a secondary surge in veterans appealing the results of their disability claim decisions. The Veterans Board of Appeals is adjudicating over 95,000 appeals per year.

[53] The level of evidence required to claim benefits is lower for "presumptive" conditions. For "non-presumptive" conditions, a veteran must provide medical evidence to establish a specific connection between service and specific disease, whereas "presumptive" conditions require only evidence that the veteran served in specific conflict and time period. So for example, if a veteran was deployed to Vietnam during the war, exposure to Agent Orange is a "presumptive" condition. Many diseases are presumptive for veterans who were deployed to the Gulf or Afghanistan, including long-term health effects associated with brucellosis, campylobacter jejuni, Q fever, malaria, mycobacterium tuberculosis, Shigella, leishmaniasis and West Nile virus.

[54] Parker et al., 2019.

[55] Carter, P., Dempsey, J., Kidder, K., & Schafer, A. (2015). *Passing the Baton: A Bipartisan 2016 Agenda for the Veteran and Military Community*. Center for a New American Security.

[56] VA Budgets.

Studies have documented that PTSD sufferers are at higher risk for heart disease, rheumatoid arthritis, heart failure, bronchitis, asthma, liver and peripheral arterial disease. These sufferers are 200 percent more likely to be diagnosed with a disease within five years of returning from deployment than those without PTSD. Veterans with PTSD utilized non-mental health care services such as primary care, ancillary services, diagnostic tests and procedures, emergency services and hospitalizations at 71-170 percent higher rates than those without PTSD. In addition, studies have shown that traumatic brain injury, which is estimated to affect some 20 percent of Iraq and Afghanistan veterans (often in conjunction with PTSD), places sufferers at higher risk for lifelong medical problems, such as seizures, decline in neurocognitive functioning, dementia and chronic diseases.[57]

Consequently, most post-9/11 claims are complex, with veterans applying for disability compensation for an average of 6.2 unique disabling conditions per claim.[58] This means that in most cases, veterans file claims for several different problems, often including respiratory problems, musculoskeletal, skin disorders and mental health conditions.

The high claims activity is also related to better outreach and capacity at the VA; greater availability of information about care options on the Internet and through veteran's service organizations; and other factors. The VA has expanded numerous programs to enable more veterans to claim related conditions, liberalized the PTSD stressor definition, increased some categories of benefits and outreach, established or expanded programs to serve female veterans, and set up walk-in clinics and other facilities.

Additionally, the VA has partnered with Veterans Service Organizations (VSOs) during recent years. Some VSOs have provided trained support teams at locations where service members are discharged, to assist these individuals in filing for disability benefits correctly (including help with identifying conditions and filling in forms), transitioning to veteran status, and gaining quicker access to VA health care. The result is that post-9/11 veterans often file more applications for a greater number of conditions sooner than did previous generations.

The methodology used for projecting long-term disability claims for post-9/11 uses the VA's demographic tool to estimate the number of post-9/11 veterans between 2020 and 2050,[59] based on the average duration of service and discharge rates. Using the current distribution of service-connected percentages across the cohort, the average rates of payments are based on the VA's published rates of disability compensation for

---

[57] Hoge, C. W., Marmar, C. R., Lesikar, S., Guevara, R., Lange, J., Brundage, J., … Orman, D. T. (2002). Mental disorders among US military personnel in the 1990s: Association with high levels of health care utilization and early military attrition. *American Journal Of Psychiatry*, *159*, 1576–1583.; see also work from the Veterans Health Research Institute.

[58] Bass & Golding 2014.

[59] The VA's Center for Veterans Analysis and Statistics produces an actuarial model of demographic projections for the veterans' population through 2048. This tool projects 4.8 million veterans of the post-9/11 period through 2048. https://www.va.gov/vetdata/veteran_population.asp; U.S. Department of Veterans Affairs. (2021). *2018 Veteran Population* [General Information]. Office of Policy and Planning: National Center for Veterans Analysis and Statistics.

each level. The levels are based on the current age and marital status of post-9/11 veterans (45 percent of whom are single, 20 percent married no children, and 35 percent married with at least one child). Veterans in the 70 percent or higher percentages are assumed to be entitled to a small stipend for aid and attendance and other benefits, such as housing, vehicle and clothing adaptation.

Based on this data, the projected future cost of VA *disability* compensation (not including medical costs or VA administration) to post-9/11 veterans is between $1.2 trillion and $1.5 trillion through 2050.[60]

This figure is consistent with the liability figures produced in federal government audits. The Government Accountability Office (GAO) produces consolidated financial statements including estimates of Federal Employee and Veterans Benefits Payable. In the consolidated financial statements for FY 2019, the GAO audit found that federal liability for *all* veterans' disability compensation and burial benefits (this means all disability and burial benefits due to all living veterans from all eras) payable as of September 2019 were $3.13 trillion, plus $105.9 billion in veterans' education and training benefits,[61] and $206 billion in veterans' housing loan guarantees.[62] This amount is roughly double the GAO's estimate for such benefits in 2013, which was $1.53 trillion, reflecting the enormous growth in claims and disability awards during the past eight years of the conflict.[63]

This estimate reflects the GAO's assessment of what the US government owes to all current veterans for disability and burial benefits, which are considered "mandatory" funding in the budget because they are authorized through statute. The GAO estimate does not include the disability compensation liability for those who may still be serving and have not yet filed claims, or who will file claims in the future.

Importantly, the GAO does not maintain an estimate of future medical costs, which are *discretionary* expenditures. Since these funds are authorized by Congress on an annual basis, the government does not recognize these healthcare costs as a long-term financial liability.

Social Security Disability Cost Projections

In addition to the benefits described above, veterans who can no longer work at all may apply for Social Security Disability Insurance (SSDI) benefits, concurrent with VA disability benefits. This program currently provides benefits to 8.2 million disabled Americans and 1.5 million dependent spouses and children. The number of veterans who are eligible for both VA and SSDI has been increasing over time, although it is still a

[60] The projection range is fairly narrow because it is straightforward to estimate payment for claims already approved.
[61] Note 12, Federal Employee and Veterans Benefits Payable, FY 2019 Consolidated Financial Statements of the US Government, p.99., GAO-20-315R, February 27, 2020.
[62] Note 4, Direct Loans and Loan Guarantees Receivable, Net and Loan Guarantees Liability, FY 2020 and FY 2019 Consolidated Financial Statements of the U.S. Government, p.86.
[63] Note 15., Federal Employee and Veterans Benefits Payable, FY 2011 Financial Report of the US Government, p. 93.

small percentage.[64] To qualify for SSDI, individuals (including veterans) must provide evidence of a severely work-limiting medical condition that is expected to last "at least one year or result in death."[65] Therefore, the veterans most likely to meet these criteria are those with a greater than 70 percent disability rating from the VA.

The Social Security Administration (SSA) automatically identifies most veterans that meet the VA's 100 percent permanent and total disability compensation rating, which is a stringent requirement. Such individuals may qualify for modest SSDI benefits ($1256 per month on average) if they meet minimum requirements for previous work and income.[66] To estimate the number of veterans who are likely to qualify for this benefit, the author used data from the VA and Bureau of Labor Statistics,[67] and projected that 40 percent of veterans rated 100 percent disabled would eventually receive SSDI, in addition to 18 percent of those rated 80-90 percent.[68] This percentage may gradually increase as veterans become older and are more likely to become unable to work. To date, the uptake of SSDI among veterans has been slower than previously estimated, so the model does not include any growth beyond the current rate. Veterans who are provided this benefit are likely to suffer from multiple disabling conditions, for example, amputation, impairment of sight or hearing, musculoskeletal disorders and/or mental health trauma. The projected cost of this benefit to post-9/11 veterans through 2050 is $50 -$69 billion, depending on the level of uptake of this cohort.

Medical Cost Projections: High Costs for Treating a Complex Set of Post-9/11 Conditions

The VA operates a vast medical system that includes 145 hospitals, 1231 outpatient facilities, 300 veteran community-based centers, and 56 regional offices.[69] In 2020, there were more than nine million veterans and dependents enrolled in the VA healthcare system.[70]

Since 2001, the VA healthcare system has undergone major upgrades. The Department has invested in programs related specifically to Vietnam Veterans, such as treating Agent Orange exposure, and in illnesses prevalent among first Gulf War Veterans, as well as expanding services related to women's health, mental health, and polytrauma, community-based walk-in clinics, facilities maintenance and enhancements, programs to address homelessness, suicide prevention, rural access, telehealth, pharmaceutical services, physical rehabilitation, prosthetics, and rehabilitation for amputees and others with serious injuries. Most of these areas are highly relevant to those who served in the post-9/11 conflicts. In addition, the VA

[64] Wilmoth, J. M., London, A. S., & Heflin, C. M. (2013). The Use of VA Disability Benefits and Social Security Disability Insurance Among Veterans. *Center for Retirement Research at Boston College*.
[65] Wilmoth 2013.
[66] Center on Budget and Policy Priorities, Chart Book: Social Security Disability Insurance, February 2021.
[67] Bureau of Labor Statistics 2021.
[68] Roughly one-third of all applicants for SSDI are approved, based on meeting the criteria for having worked 1/4 of their adult lives and disability status.
[69] US Department of Veterans Affairs Statistics at a Glance, National Center for Veterans Analysis and Statistics, October 2017.
[70] Vespa 2020.

implemented the "Choice" program to enable more veterans to seek private sector care in the event of long waiting times within the VA.[71]

These improvements at the VA have likely contributed to the increased demand for VA healthcare services, especially for post-9/11 veterans. Between 2002 and 2014, 59 percent of all post-9/11 veterans obtained health care through the VA.[72] At the same time, for service members on active duty, participation in the DoD's TRICARE system increased significantly,[73] and utilization of services rose by 40 percent, in part due to the lower cost of TRICARE compared with market healthcare insurance.[74] It is likely that higher demand for VA health care resulted from some combination of VA's own expansion and improvements, the needs of returning veterans, and the cost differential between the VA system (which is largely free or heavily subsidized for veterans and dependents) and the cost of market insurance.

Additionally, it is important to note that although 40 percent of post-9/11 veterans are now "service-connected" for disabilities, the *majority* of recent veterans, nearly 60 percent, are not receiving disability benefits. But most of these veterans, and their dependents, qualify for subsidized or free medical care through the excellent VA healthcare system. Considering the VA's expertise in medical specialties particularly relevant to veterans, it is likely that most post-9/11 veterans will continue to rely on the VA for at least some of their care in the future.

Consequently, the total number of veterans enrolled in VA health care grew from 4.9 million in FY 2000 (18.5 percent of all veterans) to 9.2 million in FY 2020 (49 percent of all veterans). Since 2019, more than seven million veterans and their dependents have been seeking medical care through the VA system each year. At least 40 percent of post-9/11 veterans are utilizing the VA healthcare system for at least some of their medical needs, the second highest cohort of any era after the Vietnam era veterans, who would be expected to use the system heavily due to their age bracket.[75]

There are various programs for dependents and survivors of veterans, which have expanded rapidly during the post-9/11 era. For example, spouses or children of veterans who have a permanent disability, or are deceased, may qualify for the VA's Civilian Health and Medical Program (CHAMPVA). Enrollment in this program has increased from 96,000 in FY 2001 to 560,100 in FY 2020, of whom 75 percent are utilizing VA services in any given year. Expenditures for this program have increased from $145 million to $1.74 billion in this time period.[76]

Like veterans' benefits, federal spending for VA healthcare programs has increased rapidly in recent years. It increased 13 percent between FY 2020 and FY 2021

[71] The Choice program allows veterans to obtain VA-related health care from civilian providers under certain circumstances, such as travel distance from provider and/or length of time to schedule an appointment. All veterans living in Alaska and Hawaii and many veterans in rural areas are eligible.
[72] Epidemiology Program, Veterans Health Administration 2014.
[73] TRICARE is the DoD's health care system for active duty military and their families, and for retired military.
[74] Shelton, H. H., Levin, P. L., & Ondra, S. (2015). *Reforming the Military Health System*. Center for A New American Security. See also Bilmes, 2013.
[75] Vespa 2020.
[76] Panangala 2021.

and is projected to reach $115 billion in the FY 2023 budget.[77] About 86 percent of the VA's discretionary outlays are devoted to veterans' health care.

Based on current utilization rates, patient and dependent enrollment, and projected numbers of veterans in the Vet Pop tables, and a conservative estimate of average medical spending per post-9/11 veteran, the projected cost of providing medical care to this cohort is in the range of $850 to $903 billion through 2050. It is complicated to project medical costs because healthcare spending depends not only on the behavior of veterans (including enrollment rates, utilization of services and incidence of medical needs), but also on exogenous factors such as healthcare inflation and the number of services offered by the VA and private providers under the Choice Program. Thus, these estimates should be viewed as a conservative base, assuming that 40 percent of post-9/11 veterans continue to use the VA as a main source of medical care for themselves and certain dependents. These estimates also assume that Congress will continue to appropriate discretionary funding for VA medical facilities and community support centers and will invest in the systems needed to integrate the Choice program into the VA system.[78] This estimate does not include any provision for facilities construction, or President Biden's proposal in 2021 to invest $18 billion in infrastructure spending to reconstruct VA hospitals and make other investments in VA facilities.[79]

VA Administrative and Other Government Budgetary Costs

In addition to the direct cost of benefits and medical care, there are substantial costs related to efforts to address the burgeoning claims and healthcare needs of the post-9/11 veteran population. Although many of these initiatives benefit all veterans, a great deal of the current administrative spending is related to the high number of disability claims and healthcare needs that characterize this cohort.

Congress enacted the Post-9/11 Veterans Educational Assistance Act of 2008 (known as the "Post-9/11 GI Bill"). This law provides substantial education benefits for those who served on active duty since September 11, 2001. The response to this bill has been impressive. Consequently, in each year since 2013 the VA has been administering *four to five million* education claims in addition to disability and other benefit claims.[80](The costs of administering these claims are included in this section, but not the cost of the education benefits themselves, which are considered a net investment in the US economy).[81]

---

[77] This reflects the President's FY'2023 budget request and FY 2022 spending. Veterans Health Authority budget is partially offset by approximately $4 billion in collections, co-pays and other fees for service.
[78] Health care inflation has increased at a long-term rate of 5.25%, higher than the CPI. The VA is currently attempting to adapt private providers systems to correspond with the VA medical records system to accommodate the Choice program.
[79] Beynon, S. (2021, March 31). Biden's $2 Trillion Infrastructure Plan Includes Big Upgrades for Aging VA Hospitals. *Military.Com*.
[80] The VA processed between 4.2 and 4.8 million claims in FY 2013, 2014, 2015, 2016, 2017, 2018, and 2019. Claims in FY 2020 were 3.8 million.
[81] See discussion in Stiglitz, J. E., & Bilmes, L. J. (2012). Estimating the costs of war: Methodological issues, with applications to Iraq and Afghanistan. In M. R. Garfinkel & S. Skaperdas (Eds.), *The Oxford handbook of the economics of peace and conflict* (pp. 275–315). New York, NY: Oxford University Press.

Since 2001, the VA has spent at least $83 billion on expediting claims processing, setting up new systems to process education claims and payments, creating electronic patient medical records, attempting to harmonize DoD and VA medical records, as well as numerous initiatives in systems development, IT interfaces, cybersecurity and developing technical infrastructure. For example, from 2008 to 2017, the VA spent at least $10 billion attempting to modernize its health records system "VistA" to be compatible with the systems used by the military healthcare system and private civilian healthcare providers. In 2017, after years of failed attempts, the VA decided to abandon the effort and to purchase the same commercial system (Cerner Millennium) that DoD had selected in 2015. The current transition, which requires that the VA migrate VistA to the DoD system (which is also involved in its own modernization effort) is scheduled to be rolled out through 2028 and cost at least $16 billion.[82]

The Department has hired thousands of additional staff and spent billions of dollars on contract support to reconfigure or replace legacy systems, resolve technical defects, modernize and consolidate systems, migrate data to the cloud, as well as overhauling its healthcare logistics and supply chains.[83] The VA is also investing heavily in its financial management systems, including replacing the Department's legacy accounting and acquisitions systems.

Additionally, the VA works with other agencies to support veterans' programs throughout government. For example, the Veterans Employment and Training Service (VETS) at the Department of Labor coordinates with the VA and DoD to provide employment assistance to disabled veterans (through the Disabled Veterans Outreach Program) and administers other employment transition programs for newly discharged service members. The VETS agency, with a budget exceeding $300 million in FY 2021, has grown by 50 percent over the past decade.[84]

It is difficult to imagine that any of these managerial costs or related programs will be discontinued in the next decade. Assuming the VA continues to fund only the projects currently underway, this author has projected the total administrative and support costs related to post-9/11 veterans will be at least $106 billion. If the VA continues to invest in new upgrades, initiatives and issues that have not yet been addressed (for example, the rising appeals of disability decisions by post 9/11 veterans, and increasing cooperation with non-VA healthcare providers in the Choice program), it is likely that the VA will continue to have high indirect costs. However, it is also possible that the VA will face pressures to curtail its growth in spending that is not directly related to benefits and medical care. Hence, the projection is $100 to 106 billion.

Conclusions

The analysis presented in this paper shows that regardless of whether the US withdraws its troops from Afghanistan by September 2021 as planned, and shortly

[82] FY 2009 VA Budget, FY2012 VA Budget, FY 2017 VA Budget, FY 2021 VA Budget Request,
[83] FY 2021 President's Budget Request.
[84] US Department of Labor FY 2021 Budget Submission, VETS (Veterans Employment and Training Services).

withdraws US service members from Iraq,[85] the US government will continue to pay trillions of dollars stemming from the Iraq and Afghanistan conflicts for decades to come. The conflict may fade from the news media, but it will not fade from the national balance sheet. Even excluding state and local costs, educational expenditures, and economic costs, and using conservative assumptions, US taxpayers will pay at least $2 trillion dollars to provide benefits and medical care to the post-9/11 veterans, and quite possibly as much as $2.5 trillion.

The study raises three major concerns.

First is the question of whether Americans will continue to honor the financial promises we have made to this generation of veterans, given that the proportion of veterans in the general population is actually decreasing over time. In 2001, as a legacy of the second World War, 25 percent of men in the United States were veterans.[86] Today this number has fallen by half. Barring another war, the Census projects that number will fall to about 1 in 14 by 2040, of whom the vast majority will be veterans who served in the post-9/11 wars and the Gulf War.

President Abraham Lincoln famously pledged to "care for him who shall have borne the battle, and for his widow, and his orphan."[87] Today we have no credible plan to make good on this promise. The men and women who entered the military did so with the understanding that the U.S. would be contractually and morally obligated to provide certain benefits following their service. But there is a possibility that veterans' needs will not be funded adequately.

Because the VA budget includes a "mandatory" portion (in the form of disability benefits), its disability budget will continue to grow automatically as claims rise. But there are always political pressures to cut unfunded entitlements. However, veterans' benefits should not be considered as entitlements, but rather as "deferred compensation"—payments for services already rendered by defending and fighting for the country.

Recent veterans may wonder whether the U.S. will renege on its commitments once the veteran population declines in size and political strength or in the event of future financial strains on the U.S. economy. Postponing this discussion may eventually put veterans' funding in competition with all the other future claims on federal tax dollars—including paying back the trillions of dollars of debt we incurred to finance the wars in the first place.

This worry is especially relevant for the future funding of veterans' medical care, which is determined entirely based on discretionary budget appropriations. The U.S.

---

[85] Arraf, J., & Schmitt, E. (2021, July 24). *U.S. to Announce Troop Drawdown from Iraq, but little is expected to change.* The New York Times. https://www.nytimes.com/2021/07/24/world/middleeast/iraq-biden-us-forces.html.

[86] As Vespa points out, the imprint of World War II, when 37% of American men were veterans, was still visible in 2000. The majority have died since then and as of 2018, the median age of surviving second World War II veterans was 93, the median age of Korean War veterans was 86, and Vietnam veterans was 71.

[87] *The Origin of the VA Motto* - Veterans Affairs. (n.d.). https://www.va.gov/opa/publications/celebrate/vamotto.pdf.

financial statements explain that "in addition to healthcare benefits for civilian and military retirees and their dependents, the VA also provides medical care to veterans on an 'as available' basis, subject to the limits of annual appropriations…." As the population of veterans declines, Congress may face increasing pressure to divert a greater percentage of veterans' medical care from the VA to the private sector, regardless of the preferences or health consequences for veterans.

Moreover, for most service members leaving the military, there is an unnecessary amount of paperwork and delay to get them connected to the array of veteran's services, for which they may be eligible. One straightforward improvement would be to automatically enroll all veterans in the VA shortly after discharge. (Veterans could "opt-out" if they did not wish to continue). This would expedite a Veteran's access to VA care and make it easier for the VA to obtain medical records and other information needed from DoD to assist in providing care.

Second, this analysis shows that the government's estimates of the financial cost of the post-9/11 wars vastly underestimate the total costs of war. Every war has a long 'tail' of costs, including the costs of replenishing military hardware and readiness. Above all there is a high and inevitable cost of caring for those who served. But Congressional appropriations for war do not make provision for this expense.

The solution is to establish a Veterans Trust Fund that will provide funding to pay claims as they come due. We already have more than 100 such funds, including Social Security, Medicare (Hospital Insurance Trust Fund), the Unemployment Trust Fund, the federal government employee retirement trust fund, the Highway Trust Fund, and the military retirement fund (for those who serve in the military for at least 20 years). Although all tax dollars are fungible, the merit of establishing a trust fund for veterans, however, is that it creates an awareness of the magnitude of the funding challenge ahead.

For the past 20 years, we have ignored the fiscal toll of the wars in Iraq and Afghanistan. Previous wars—from the War of 1812 through World War I and right up to the first Gulf War—were all accompanied by higher taxes. By contrast, tax rates were cut in 2001 and again in 2003; nearly all Americans now pay lower taxes than they did before we invaded Afghanistan and Iraq. Instead, we borrowed the money needed to run these wars, shifting the full cost to the next generation.

A Veterans Trust Fund would only begin the process of setting aside money for the long-term costs of war, but it would establish the right framework. It would also begin to introduce better financial management into the system.

Finally, this paper reminds us of the raw toll of this conflict. Millions of Americans who fought over the past two decades in Iraq and Afghanistan have returned home with disabilities, many of them severe. As the U.S. tries to close this chapter in its military history, an entire generation of veterans and families will not be able to do so. The cost of these wars in blood, toil and treasure will endure for the next half-century.