

Overview

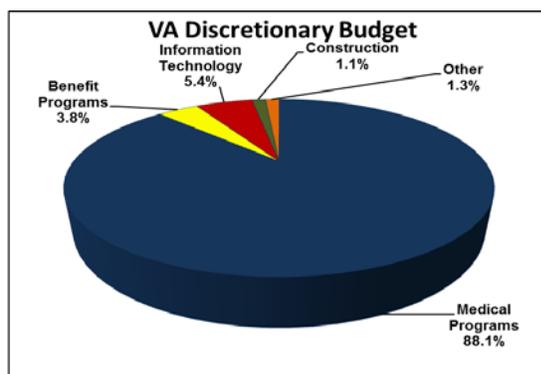
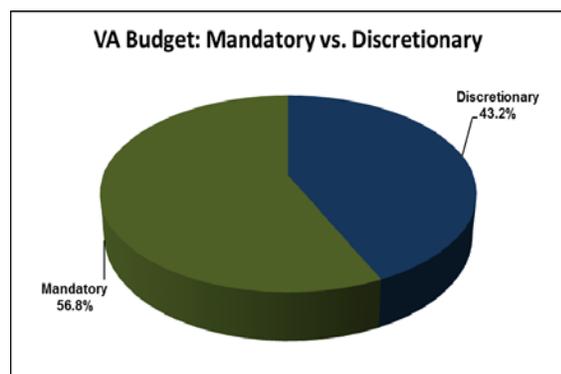
The 2017 Budget and 2018 Advance Appropriations (AA) requests for the Department of Veterans Affairs (VA) fulfill the President’s promise to provide America’s Veterans, their families, and Survivors the care and benefits they have earned through their service. The 2017 request for discretionary funding totals \$78.7 billion (including collections); the mandatory funding request is \$103.6 billion, of which \$102.5 billion was previously provided via a 2017 Advance Appropriation. The 2017 request will support 366,544 Full-time Equivalent (FTE) employees. In addition, the 2018 AA request includes:

- \$66.4 billion in discretionary funding for Medical Care; and
- \$103.9 billion in mandatory funding for Veterans benefits programs (Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities accounts).

The 2017 request will provide the necessary resources to meet VA’s obligation to provide timely, quality health care and benefits to Veterans. It will allow VA to operate the largest integrated health care system in the country, delivering health care to approximately 9.2 million enrolled Veterans. Funding will provide for:

- A disability compensation benefits program for 4.4 million Veterans and 405,000 Survivors;
- A pension benefits program for 297,000 Veterans and 210,000 Survivors;
- The nation’s tenth largest life insurance program, covering both active duty Service members and enrolled Veterans;
- An education assistance program serving nearly 1.1 million students;
- Vocational rehabilitation and employment benefits for nearly 141,000 Veterans;
- A home mortgage program with a portfolio of over two million active loans guaranteed by VA; and
- The largest national cemetery system that leads the Nation as a high-performing organization, with projections to inter 132,093 Veterans and family members in 2017.

**Department of Veterans Affairs
Discretionary and Mandatory Funding**



As of September 30, 2015, there were an estimated 22 million Veterans living in the United States and its territories and other locations. In addition to these Veterans, up to 25.7 million family members and dependents may be eligible for benefits from VA. The resources requested in this budget will allow VA to deliver on the Nation’s promise to Veterans through investments in personnel, efficient business practices, and technology. VA will continue to work with its Federal, state, and local partners, including Veterans Service Organizations (VSO).

VA Staffing

Each day, more than 360,000 VA employees come to work for America’s Veterans. These employees have a close connection with Veterans – over 32 percent are Veterans themselves. With this request and the resources provided by the Veterans Access, Choice, and Accountability Act of 2014 (the Choice Act), VA will see an increase of over 16,740 FTE in 2017 above the 2016 estimated level to expand access to health care and improve benefits delivery. This includes new FTE in the Veterans Benefits Administration (VBA) to improve the timeliness of non-rating claims, additional FTE in the Board of Veterans’ Appeals (BVA) to address the appeals backlog, and more clinical FTE in the Veterans Health Administration (VHA), including physicians, nurses, and scheduling clerks.

Department of Veterans Affairs Full-Time Equivalent Employees By Administration and Office

	2015 Actual	2016 Estimate	2017 Request
Veterans Health Administration *	298,546	311,232	326,415
Veterans Benefits Administration	21,522	21,871	22,171
National Cemetery Administration	1,730	1,789	1,809
Office of Information Technology	7,309	7,631	8,334
General Administration	2,586	3,048	3,153
Board of Veterans' Appeals	646	680	922
Office of the Inspector General	676	721	821
Supply Funds	1,048	1,120	1,150
Franchise Funds	1,217	1,708	1,769
Total Veterans Affairs	335,280	349,800	366,544

Note: Total VA employees include actual and planned hires under the Choice Act.

* VHA FTE includes Medical Care, Medical Research, Veterans Choice Act, Canteen, Joint DoD-VA Medical Facility Demonstration Fund, and DoD-VA Health Care Sharing Incentive Fund.

MyVA Transformation

MyVA puts Veterans in control of how, when, and where they wish to be served. It is a catalyst to make VA a world-class service provider – a framework for modernizing VA’s culture, processes, and capabilities to put the needs, expectations, and interests of Veterans and their families first. A Veteran walking into any VA facility should have a consistent, high-quality experience. To accomplish this, the Department has developed five strategies that are fundamental to the transformation in VA:

- Improving the Veterans’ experience. At a minimum, every contact between Veterans and VA should be predictable, consistent, and easy. However, under MyVA, the Department is working to make each touch point exceptional.
- Improving the employee experience. VA employees are the face of VA. They provide the care, information, and access to benefits Veterans and their dependents have earned. They serve with distinction every day.
- Achieving support services excellence will let employees and leaders focus on assisting Veterans, rather than worry about back office issues.
- Establishing a culture of continuous performance improvement will apply lean strategies to help employees examine their processes in new ways and build a culture of continuous improvement.
- Enhancing strategic partnerships will allow the Department to extend the reach of services available for Veterans and their families.

To aid in the transforming of VA’s culture, processes and capabilities, the Veterans Experience Office (VEO) was created with the mission of building trusted, lifelong relationships with Veterans, their families and supporters.

VEO will have three primary roles:

- Represent the voice and perspective of Veterans and their families in VA departmental governance.
- Design, implement and manage a portfolio of enterprise-level, customer-centric projects that will simplify customers’ interactions with VA and help Veterans understand and access care and benefits provided by VA and their local communities.
- Support VA “mission owners” – those leaders responsible for delivering, day-in and day-out, VA care, services, and products to Veterans – in meeting their goals for improving customer experience.

VA Strategic Goals

The investments requested in the 2017 Budget are essential to meet VA's mission to ensure Veterans have timely access to care and receive the best care and benefits possible. To track progress in meeting the needs of the Veteran – and to inform budget needs – VA uses its 2014 - 2020 Strategic Plan and Agency Priority Goals (APG).

Strategic Goal 1: Empower Veterans to Improve their Well Being

Strategic Goal 2: Enhance and Develop Trusted Partnerships

Strategic Goal 3: Manage and Improve VA Operations to Deliver Seamless and Integrated Support

The following examples show how VA is working to meet its Strategic Goals (SG):

Strategic Goal 1: Empower Veterans to Improve their Well Being. The following accomplishments are in support of SG 1:

- In 2015, VA has placed an estimated 64,902 Veterans in permanent housing, including moves into HUD–Veterans Affairs Supportive Housing (HUD-VASH)¹ Program, rapid rehousing placements through Supportive Services for Veteran Families (SSVF)² program, and moves from VA residential treatment programs into permanent housing. VA has also moved 87 percent of unsheltered Veterans out of unsheltered status within 30 days of engagement.
- VA has improved Veteran economic security through the VetSuccess On Campus (VSOC)³ program, which helps Veterans succeed with on-campus assistance and counseling. There are currently 74 VSOC counselors at 147 campuses, with the potential to support a population of nearly 137,758 Veterans, Service members, and eligible dependents. VSOC counselors provide support in transition to campus life and work with Veterans to enable their education and employment success.
- VA established the MyVA Veterans Experience (VE) Office⁴ in order to streamline VA presence and increase customer satisfaction through improvements in systems and processes. The VE office is currently working to improve services provided through VA's call centers with the goal of establishing a single point-of-contact phone number for all Veterans.

¹ <http://www.va.gov/homeless/hud-vash.asp>

² <http://www.va.gov/homeless/ssvf.asp>

³ <https://www.ebenefits.va.gov/ebenefits/vsoc-fact-sheet>

⁴ <https://myva.va.gov/>

Strategic Goal 2: Enhance and Develop Trusted Partnerships. Following are examples of SG 2-related work:

- The Veterans' health and benefits portal, eBenefits, added 1,021,538 million individual accounts in 2015 and now has a total of 5,160,568 million enrolled, reaching the established 2015 target nearly two months ahead of schedule. Also, VA provides support to the Department of Defense (DoD) for the Integrated Disability Evaluation System (IDES) at 118 sites, with responsibility for completing 4 Core Process Steps within a goal of 100 days. As of September 30, 2015, VA was at 91 days and meeting the 100 day goal.
- VA has executed seventeen (17) active public-private partnerships, including those with Bob Woodruff, LinkedIn, and Coursera. Twenty-eight (28) additional local and national partnerships are currently in development, including partnerships that involve joint outreach and advocacy efforts, hiring/training commitments, enhancements to the VA's Veterans Employment Center (VEC), entrepreneurship cultivation, accelerated learning programs, cooperation with local communities, and other employment-related initiatives.

Strategic Goal 3: Manage and Improve VA Operations to Deliver Seamless and Integrated Support. Work to advance SG 3 in 2015 included:

- VA established the MyVA Employee Experience (EE) priority with the goal of improving the employee experience through a collaborative, inclusive experience that inspires and empowers all VA employees to deliver world-class customer service while demonstrating a sense of pride and achieving their full potential.
- To improve employee leadership training and engagement, VA launched the Virtual Aspiring Leaders⁵ pilot program in November 2014 for employees levels GS-9 through GS-13, with a total of 151 participants. This online leadership development program helps develop the leadership skills of high-performing VA employees. It is meant to augment the Leadership VA program which had 76 fellows who graduated in September 2015.
- VA launched IT initiatives that center on improving Veteran outcomes. For example, Veterans can now access 7 new mobile apps⁶: Move Coach Mobile, Exposure Ed, Mobile Blue Button, Summary of Care, Launchpad, Airborne Hazards and Open Burn Pit Registry. Veterans using MyHealthVet (MHV) can now receive appointment email reminders; view the last 45 days of shipped VA prescriptions, to include actual pill images; and receive email notifications when their VA prescriptions are shipped.

⁵ <http://mycareeratva.va.gov/library/leadership-va/leadership-development-programs/valp>

⁶ <https://mobile.va.gov/appstore/all>

- VA stood up the MyVA Regionalization priority that creates an integrated plan for regionalization that will align VA’s disparate organizational boundaries into a single regional framework to enhance internal coordination.

Through a collaborative, analytic process, VA has established the following four new APGs for 2016 - 2017, which will help inform our allocation resources to improve Veteran outcomes:

Agency Priority Goal 1: Improve Veterans Experience with VA
Agency Priority Goal 2: Improve VA’s Employee Experience
Agency Priority Goal 3: Improve Access to Health Care as Experienced by the Veteran
Agency Priority Goal 4: Improve Dependency Claims Processing

To meet the APGs, VA is doing the following:

APG 1: Improve Veterans Experience with VA. VA offers a wide array of services and benefits to Veterans and eligible dependents; however, the experience is disjointed and inconsistent. There are hundreds of phone numbers and thousands of websites, each operating independently under different standards. The situation for facilities is no better. Veterans deserve better, as do VA staff, who care deeply about delivering the best possible outcome for Veterans.

The Veterans’ Experience team is leading a powerful new effort to improve customer experiences across VA. Its goal is fostering the delivery of effective and easy customer experiences in which Veterans feel valued. VA is achieving this the same way the world’s most successful companies do: by listening to our customers –Veterans, their families, and supporters – when they describe how they want things to work. Equally important, VA is listening to our employees about obstacles to excellence on-the-job. Employee empowerment is an essential part of the equation. This is a user-centered design putting Veterans and the employees who serve them, front and center.

Goal

Fulfilling our country’s commitment to Veterans, VA will deliver effective and easy customer experiences in which Veterans feel valued.

By September 30, 2017, reach 90 percent agreement with the statement “I trust VA to fulfill our country’s commitment to Veterans.”

APG 2: Improve VA’s Employee Experience. Leader and managerial actions can help boost job satisfaction and ultimately improve business outcomes. Strong leaders are important to creating a positive organizational climate. Employees who are regularly engaged with their leaders are more innovative than others, more likely to want to remain with their employer, absent less often, enjoy greater levels of personal well-being, and perceive their workload to be more sustainable than others. Our customer, the Veteran, will likely enjoy a higher level of satisfaction with VA services as a result of an improved employee experience.

VA is committed to creating a work environment which provides all employees with a more consistent, positive employee experience, which ultimately improves the Veteran's experience with our organization. Studies indicate that employees who are satisfied with leadership behaviors provide a higher level of positive responses on employee surveys.

Goal

Improve VA's employee experience by developing engaged leaders at all levels, who inspire and empower all VA employees to deliver a seamless, integrated, and responsive VA customer service experience. Success by September 30, 2017 will be measured by a 3 percent or more increase in the "percent positive" responses by VA employees (over VA's 2015 baseline) to the following statements:

- 1) My supervisor provides me with constructive suggestions to improve my job performance.
- 2) In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.
- 3) Employees have a feeling of personal empowerment with respect to work processes.
- 4) I feel encouraged to come up with new and better ways of doing things.
- 5) How satisfied are you with the information you receive from management on what's going on in your organization?
- 6) My organization's leaders maintain high standards of honesty and integrity.

APG 3: Improve Access to Health Care as Experienced by the Veteran. VA has experienced unprecedented growth in demand for its services as a result of better recognition of service-connected conditions; innovative and favorable clinical offerings for complex and costly health conditions; and the growing needs of an aging Veteran population. VA is also embedded within the larger U.S. health system, which is similarly experiencing increased demand for services and shortages of key clinical professions due to advances in technology and the aging of the population⁷.

In 2015, a congressionally-mandated Independent Assessment of VA Health Care Capabilities⁸ as well as an Institute of Medicine report⁹ highlighted that VA access, while meeting timeliness standards *on average*, still had unacceptable levels of variation by site for specific services. These independent reviews are candid in stating that highly specialized services required by Veterans are frequently not available in their communities even from private sector providers.

⁷ Rosenthal E. Long waits for doctors' appointments have become the norm. New York Times July 5, 2014.

⁸ www.va.gov/opa/choiceact/factsheets_and_details.asp

⁹ Institute of Medicine, Transforming Health Care Scheduling and Access. Washington: National Academies Press, 2015.

Those independent reports interviewed many of U.S. medicine's thought leaders, and these experts highlighted the critical importance of addressing access challenges by taking a systems approach, and recommended strategies such as modeling system supply and demand relationships, exploring design and policy changes, and creating a culture of service excellence that empowers the front line to experiment, identify limitations, and learn from trials.

Goal

By September 30, 2017, Veterans will experience significant improvement in the ability of VA to provide appointments for needed care.

APG 4: Improve Dependency Claims Processing. It is VA's mission and responsibility to ensure benefits and services Veterans have earned are accurately accounted for and provided within a reasonable period of time. Since 2009, VA's Agency Priority Goal (APG) for improving access to benefits was focused on eliminating the backlog of disability claims, defined as the number of rating-related claims pending more than 125 days. VA has made dramatic progress in reducing the backlog, improving timeliness of decisions, and reducing the overall pending inventory of disability rating claims – while at the same time improving the quality of its decisions. To achieve these service improvements, VA defined the requirement, transformed claims processing through implementation of streamlined processes and systems, and accordingly focused resources on achieving the goal.

In addition to maintaining the progress made in timely adjudication of disability claims, VA will now add the additional focus on non-disability claims. Veterans who are awarded disability compensation at the 30-percent level or higher are entitled to additional compensation for their eligible dependents. Approximately 70 percent of the 4.1 million Veterans currently receiving compensation are eligible for this additional benefit – nearly 45 percent more than those eligible for the same benefits just five years ago. As the status of these Veterans' dependents change (through marriage, divorce, death, birth or adoption of children, step-children, and school attendance for children over 18 years of age), adjustments must be made to Veterans' compensation awards. With VA's record-levels of production of disability rating decisions (almost 1.4 million disability claims completed in 2015), more and more Veterans continue to be added to the compensation rolls. The result was an inventory at the end of 2015 of almost 227,000 pending dependency claims that have been waiting, on average, nearly a year.

Ensuring that Veterans receive timely and accurate claim decisions is paramount. As VA continues to improve timeliness of disability claims decisions, VA will also focus on the dependency claims that are the direct result of the dramatic increase in completed disability rating decisions and growth in the number of Veterans receiving compensation at the higher disability evaluation levels.

Goal

Improve access to benefits and the customer experience for Veterans who are entitled to additional benefits for their dependents. By September 30, 2017, VA will reduce the overall inventory of dependency claims to 100,000 (a 56 percent improvement as compared to the 2015 baseline); and improve the average days to complete (ADC) for dependency claims from 221 days in 2015 to 125 days in 2017, a 43 percent improvement.

Business Process Improvements

The 2017 Budget proposes reforms and new business practices to make VA more efficient and effective, and improve services to Veterans. They include:

- **Modernization of VA's Financial Management System.** VA has launched a multi-year effort to replace the outdated, 30-year-old core Financial Management System (FMS). VA is working with the Department of Treasury to pursue a shared service provider that will leverage existing infrastructure across government to support VA's financial needs. The end result will be a twenty-first century system that significantly improves the accuracy and transparency of VA's financial management. The 2017 Budget includes \$52 million for FMS modernization (\$44 million for IT and \$8 million for General Administration).
- **Simplified Appeals Initiative.** VA's appeals system is complicated and ineffective, and Veterans wait too long for a final resolution of their appeal. On average, Veterans are waiting about 5 years for an adjudication of an appeal, with thousands waiting much longer. The 2017 Budget proposes a Simplified Appeals Process – legislation and resources (i.e., people, process, and technology) – that would provide Veterans with a simple, fair, and streamlined appeals process, in which they would receive a final appeals decision within 365 days from filing of an appeal by 2021. The 2017 Budget requests \$156.1 million and 922 FTE for the Board of Veterans Appeals, an increase of \$46.2 million and 242 FTE above the 2016 enacted level. This is a down payment on a long-term, sustainable plan to provide the best services to Veterans.
- **Centralized Mail, the National Work Queue, and the Veterans Claims Intake Program (VCIP)** are being implemented in VBA to increase the accuracy and efficiency of claims processing. The 2017 Budget provides \$172.9 million for these activities, which will expedite claims processing, streamline processes for receiving digital records, and increase electronic processing capabilities.
- **Telehealth.** Telehealth funding supports the critical clinical, technological, and administrative infrastructure necessary for VA to successfully deliver virtual medical care to Veterans safely and cost-effectively. The 2017 Budget provides \$1.2 billion for telehealth.

- **Geographic Information System.** The 2017 Budget for the National Cemetery Administration (NCA) supports the use of a Geographic Information System (GIS) that will ensure the accuracy and accountability of remains within the Department's national cemeteries. GIS will help visitors with gravesite location and provide family members the confidence that all gravesites are cared for with the highest respect and dignity.

Investments in Information Technology

The 2017 Budget continues VA's investment in technology to improve the lives of Veterans. IT investments will enhance the systems that manage Veterans' health information and process benefits claims. As shown in the table below, this includes requested investments in Information Security (\$370.1 million); the Veterans Health Information Systems and Technology Architecture (VistA) (\$259.9 million); investments to Improve Veterans Experience (\$171.3 million); and the Veterans Benefits Management System (VBMS) (\$143.0 million).

Department of Veterans Affairs Top IT Investments Supporting Care and Benefits for Veterans (Obligations - \$ in millions)

	2015 Actual	2016 Estimate	2017 Request
Information Security	209.7	180.3	370.1
VistA Evolution/Interoperability and VLER Health	327.0	232.6	259.9
Improve Veterans Experience	147.0	181.8	171.3
Veterans Benefits Management Systems	147.0	253.0	143.0
Virtual Lifetime Electronic Record (VLER)	10.1	0	0
VA Research Support	0	12.3	15.1
Other IT Development	67.8	155.2	198.8
IT Infrastructure (Hardware and Networks)	2,257.1	2,512.9	2,534.4

Note: Funding represents Development and Sustainment obligations by the Office of Information and Technology. It does not include any program funds that may also be supporting ongoing program management of the activity.

The Veterans Choice Act

On August 7, 2014, the President signed into law the Veterans Access, Choice, and Accountability Act of 2014. The Choice Act provides vital resources to increase Veterans' access to medical care while building infrastructure to ensure VA has the staff, facilities, and necessary support for a strong VA health care system. The Choice Act provides \$5 billion in mandatory funding for VA to hire physicians and other medical personnel and improve VA's physical infrastructure. The Act also provides \$10 billion in mandatory funding to establish a temporary program ("Veterans Choice Program") improving Veterans' access to health care by allowing eligible Veterans who meet certain wait-time or distance standards to use health care providers outside of the VA system. The Veterans Choice Program may provide a measure of short-term relief from the pressure of escalating health care requirements as some Veterans who would otherwise receive care in the VA health care system instead choose to participate in the new program, while also providing eligible Veterans with quick access to non-VA care.

**Department of Veterans Affairs
Veterans Choice Act Program Activity ¹**

(Obligations - \$ in 000s)

	2015 Actual	2016 Estimate	2017 Estimate	Total
Section 801				
Medical Services	609,715	1,415,001	821,597	2,846,313
Medical Support and Compliance	412	19,778	16,262	36,452
Medical Facilities	545,461	877,910	15,512	1,438,883
Subtotal	1,155,588	2,312,689	853,371	4,321,648
Information Technology	53,566	308,934	0	362,500
Minor Construction	97,522	102,500	115,830	315,852
Section 801 Total	1,306,676	2,724,123	969,201	5,000,000
Section 802				
Veterans Choice Act -Administration	322,057	100,000	158,441	580,498
Veterans Choice Act - Program	412,872	1,531,264	4,661,378	6,605,514
Information Technology Support	17,757	49,743	0	67,500
Emergency Hepatitis C	407,661	0	0	407,661
Emergency Care in the Community	2,338,827	0	0	2,338,827
Section 802 Total	3,499,174	1,681,007	4,819,819	10,000,000

Note 1: After the end of fiscal year 2015, external auditors advised VA to adjust its obligations downward by \$1.7 billion for obligations which were either not closed or completely documented. Accordingly, VA made the adjustment, not reflected above, but will reverse it in 2016 to verify the accuracy of the audit estimates and recommendation.

In 2017, VA will use the Choice Act funds in concert with annual appropriations to meet VA staffing and infrastructure needs and expand non-VA care to Veterans who are eligible for the Veterans Choice Program based on either: (1) distance to a VA facility; or (2) their wait time to see a VA medical professional. Specifically, VHA plans to spend \$1.4 billion in 2016, and \$853.4 million in 2017, to support the more than 9,700 new medical care staff hired through Choice Act resources, including those to administer the Veterans Choice Program. These staff include primary care, specialty care, and mental health care providers.

In addition to staffing, a key part of the Veterans Choice Act funding is allocated to improving VA facilities. Of these funds:

- \$283.7 million will be for medical facility leases in 2016;
- Nearly \$444.2 million will provide physical improvements for VA facilities through Non-Recurring Maintenance funds in 2016;
- \$102.5 million will support Minor Construction projects in 2016 and \$115.8 million in 2017, which will enhance Veterans access and improve patient privacy; and
- \$131.8 million will fund Legionella prevention and control improvements in 2016.

VA will also use \$362.5 million of Veterans Choice Act funds for IT improvements, including \$225.2 million for IT infrastructure and \$136.9 million for IT development the Medical Appointment Scheduling System, and other IT development.

The following pages outline VA's 2017 budget request by appropriation account.

*Department of Veterans Affairs
Budget Authority, 2015-2017*

<i>Budget Authority (dollars in thousands)</i>			
BA/Fund Account	2015	2016	2017
	Actual	Enacted	Request
Federal funds:			
Benefit programs:			
Disability Compensation			
Disability Compensation	\$73,364,345	\$70,906,319	\$79,770,017
Total Disability Compensation	73,364,345	70,906,319	79,770,017
Burial Mandatory Benefits	210,423	220,424	225,525
Pensions Mandatory Benefits	5,496,232	5,738,802	6,087,586
<i>Economic Recovery Act (non-add)</i>			
Subtotal, Compensation and Pension	79,071,000	76,865,545	86,083,128
Education Mandatory Benefits	13,838,679	12,941,285	14,875,646
Vocational rehabilitation and employment Mandatory Benefits	1,158,457	1,372,073	1,465,182
Vocational rehabilitation loan subsidy (non-add)	7	31	36
Subtotal, Readjustment Benefits	14,997,136	14,313,358	16,340,828
Insurance Mandatory Benefits	63,257	77,160	108,525
Housing Mandatory Benefits	459,807	509,008	0
Housing Program Original Loan Subsidy	404,521	345,814	584,088
Non-Appropriated Accounts			
Vocational Rehabilitation Upward Reestimate	113	78	0
Native American Veteran Housing	1,092	673	0
Housing Benefit Program fund Liquidating	-12,837	-11,971	-10,519
Trust Funds	908,687	846,812	756,558
General Post Fund	23,447	24,200	25,100
Proprietary receipts	-492,005	-574,137	-256,459
Intragovernmental transactions	-133	-110	-90
Total Benefits Mandatory	95,424,085	92,396,430	103,631,159
Veterans Health Administration (VHA):			
Medical and Prosthetic Research	588,513	630,735	663,366
Medical Programs:			
Medical Services 1/	45,041,948	49,721,986	45,039,208
Medical Care Collections Fund (MCCF)	3,422,806	3,515,171	3,558,307
Total Medical Services with MCCF	48,464,754	53,237,157	48,597,515
Community Care	0	0	7,496,181
Medical Support and Compliance 1/	5,788,131	6,116,595	6,495,794
Medical Facilities 1/	4,620,775	4,983,497	5,685,380
DoD-VA Health Care Sharing Incentive Fund	15,000	0	30,000
Joint DoD-VA Medical Facility Demonstration Fund	376,376	387,908	397,106
Medical Care Collections Fund (MCCF)	22,330	22,102	22,316
Total Demonstration Fund with MCCF	398,706	410,010	419,422
Total Medical Programs with MCCF	59,287,366	64,747,259	68,724,292
Total Medical Programs without MCCF	55,842,230	61,209,986	65,143,669
Total VHA with MCCF	59,875,879	65,377,994	69,387,658
Total VHA without MCCF	56,430,743	61,840,721	65,807,035
National Cemeteries Administration	256,630	271,220	286,193
Department Administration:			
General Administration	320,015	336,659	417,959
Board of Veterans' Appeals	99,180	109,884	156,096
<i>Credit Reform - General Counsel (non-add)</i>	5,458	5,473	5,620
VBA-GOE	2,531,900	2,707,734	2,826,161
<i>Credit Reform - VBA (non-add)</i>	138,115	139,758	170,188
Subtotal, GOE	2,951,095	3,154,277	3,400,216
Filipino Veterans Equity Compensation Fund	0	0	0
Office of Inspector General	126,686	136,766	160,106
Construction Major	692,000	1,282,851	528,110
Construction Minor	492,200	406,200	372,069
Grants for State Extended Care	90,000	120,000	80,000
Grants for State Cemeteries	46,000	46,000	45,000
Credit Reform	161,089	166,090	200,444
Information Technology 2/	3,895,070	4,126,205	4,270,958
Franchise Fund	-36,030	0	0
Total Departmental Administration	8,418,110	9,438,389	9,056,903
Total Budget Authority	\$163,974,704	\$167,484,033	\$182,361,913
Total Mandatory	\$95,424,085	\$92,396,430	\$103,631,159
Total Discretionary without MCCF	\$65,105,483	\$71,550,330	\$75,150,131
Total Discretionary with MCCF	\$68,550,619	\$75,087,603	\$78,730,754

⁽¹⁾2017 amounts do not include mandatory legislative proposals

1/ Amounts are post-transfer to the two joint VA-DOD accounts.

2/ Amount is post-transfer to the Joint DoD-VA Medical Facility Demonstration Fund.

***Veterans Health Administration
Medical Care***

Budget Authority - \$ in 000s

	2015 Enacted	2016 Estimate	2017 Request	2018 Request
Medical Services	45,195,886	49,972,360	52,751,993	44,886,554
Medical Community Care				9,409,118
Medical Support and Compliance	5,874,091	6,144,000	6,524,000	6,654,480
Medical Facilities	4,737,000	5,020,132	5,723,000	5,434,880
Medical Care Collections Fund	3,422,806	3,515,171	3,558,307	3,627,255
TOTAL	59,229,783	64,651,663	68,557,300	70,012,287

Note: Excludes Veterans Choice Act funding. Includes all rescissions. Excludes transfers to the two joint Department of Defense (DoD)-VA health care accounts.

In 2017, VA will expand Veteran access to medical care by increasing medical and clinical staff, improving its facilities, and expanding care provided in the community. The 2017 Budget requests \$68.6 billion for Veterans' medical care, an increase of \$3.9 billion (6 percent) above the 2016 level. The 2017 Budget requests an additional \$1.7 billion above the previously enacted 2017 AA. The 2017 request will support 313,249 medical care FTE, an increase of 10,420 FTE (3.4 percent) above the 2016 level.

FTE

	2015 Enacted	2016 Estimate	2017 Request	2018 Request
Medical Services	216,337	227,358	236,520	223,016
Medical Support and Compliance	49,479	51,250	52,520	52,350
Medical Facilities	23,644	24,221	24,209	24,209
TOTAL	289,460	302,829	313,249	299,575

Note: FTE include staff funded through Section 801 of the Choice Act.

VHA provides a broad range of primary care, specialty care, and related medical and social services. To meet the needs of our currently growing population of enrolled Veterans, including a larger number of women and rural Veterans, VHA is transforming the way it delivers health care. VA estimates it will serve 7.0 million patients in 2017 and 7.1 million in 2018.

Veteran Patient Workload

	2015 Actual	2016 Estimate	2017 Request	2018 Request
Number of Patients	6,741,870	6,874,349	6,993,288	7,104,918
Number of Veterans Enrolled in VA Health care	8,965,923	9,124,712	9,247,803	9,345,912
Number of Inpatient -Treated	890,015	884,954	878,003	871,683
Number of Outpatient Visits	101,604,000	106,759,000	115,119,000	106,824,000

**Department of Veterans Affairs
Medical Care Facilities**

	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate
Veteran Integrated Service Networks (VISNs)	21	21	18	18
VA Hospitals	144	144	144	144
Community Living Centers	135	136	136	138
Residential Rehabilitation Care Facilities	113	116	120	120
VA Medical Center-Based Outpatient Care *	167	168	168	168
Health Care Centers	14	20	20	20
Community-Based Outpatient Clinics	755	763	766	766
Other Outpatient Service Sites	280	268	268	268
Vet Centers	300	300	300	300
Mobile Vet Centers	80	80	80	80

*This category includes all VA Hospitals, plus free-standing Community Living Centers and Residential Rehabilitation Care facilities that also provide outpatient care.

Modeling Health Care Needs

VHA uses the Enrollee Health Care Projection Model (EHCPM), an actuarial model, to support formulation of the majority of the VA health care budget; to conduct strategic and capital planning; and to assess the impact of potential policies and changes in a highly dynamic health care environment.

The EHPCM projects enrollment, utilization, and expenditures for the enrolled Veteran population for 90 categories of health care services 20 years into the future. First, VA uses the Model to determine how many Veterans will be enrolled in VA health care each year and their age, gender, priority, and geographic location. Next, VA uses the Model to project the total health care services needed by those enrollees and then estimates the portion of that care that those enrollees will demand from VA. Finally, total health care expenditures are developed by multiplying the expected VA utilization by the anticipated cost per service.

The EHPCM takes into account the majority of health care services that have been provided to Veterans, including separate calculations for Long-Term Services and Supports. Activities and programs whose resource levels are not projected by the EHPCM¹⁰ are called “non-modeled,” and can change from year to year. For example, if there are new services that VA is providing to Veterans that were not included in the historical data, those amounts are provided as part of the “non-modeled” request. In other cases, the Administration may alter particular programs from

¹⁰ VA also utilizes the Civilian Health and Medical Program Veterans Administration (CHAMPVA) actuarial model to project costs for the CHAMPVA program for eligible dependents.

their model-estimated amounts for policy reasons. These two amounts (modeled and non-modeled) make up the total VA Medical Care request.

Change from 2017 Advance Appropriation (AA) and Revised 2017 Request

VA's EHPCM supports over 90 percent of VA's Medical Care request and has been extensively validated. However, health care is an evolving industry, and unknown or unpredictable costs, and growing medical equipment costs, lead VA to request additional funds above the level of funding originally requested to cover these costs. Factors contributing to these additional costs include higher-than-planned participation in the Caregivers program; new costly, but effective, Hepatitis C treatments; increased costs of Long-Term Services and Supports, reflecting trends in the most recent actual data and the continued investment into non-institutional settings; increased facility activation costs as a result of improvements in the construction timeline; and growing medical equipment costs.

The 2017 Budget requests an additional \$1.73 billion above the 2017 AA provided in the 2016 enacted appropriation act. The additional costs are attributable to the following:

Veterans Medical Care: Funding Changes for 2017 (Obligations - \$ in 000s)

	2017 Advance Appropriation	Revised 2017 Estimate	Difference
Requirements			
Health Care Services Medical Care	56,318,523	56,963,083	644,560
<i>Ending Veterans Homelessness (non add)</i>	<i>1,393,000</i>	<i>1,591,365</i>	<i>198,365</i>
Veterans Choice Act, Section 801	0	853,371	853,371
Veterans Choice Act, Section 802	3,567,467	4,819,819	1,252,352
Veterans Choice Program Cost Shift	-733,000	0	733,000
Long Term Services and Supports	7,875,662	8,587,920	712,258
Other Health Care Programs	2,994,704	2,937,234	-57,470
VA Legislative Proposals	49,390	56,037	6,647
Prior Year Recoveries	736,500	0	-736,500
Total Obligations	70,809,246	74,217,464	3,408,218
Funding Availability			
Advance Appropriation	63,271,000	63,271,000	0
Transfers	-280,675	-282,430	-1,755
<i>Ending Veterans Homelessness (non add)</i>	<i>1,393,000</i>	<i>1,591,365</i>	<i>198,365</i>
Medical Care Collections Fund	3,299,954	3,558,307	258,353
Reimbursements	215,000	184,404	-30,596
Change in Unobligated Balance	0	85,000	85,000
Veterans Choice Act, Section 801	0	853,371	853,371
Veterans Choice Act, Section 802	3,567,467	4,189,819	1,252,352
Prior Year Recoveries	736,500	0	-736,500
Total Funding Availability	70,809,246	72,489,471	1,680,225
Annual Appropriation Adjustment		1,727,993	1,727,993

Medical Care Areas of Focus

The 2017 Budget and 2018 AA continue to place emphasis on many different areas critical to the health care of Veterans. There have been many emerging areas of need that VA must respond to. For example, there is an ever-growing population of women Service members leaving the military and coming into the VA’s care. There are also a large number of individuals choosing to care for their loved ones through VHA’s Caregivers program. The majority of these services are projected by the EHPCM; however, certain programs, such as readjustment counseling, state-based long-term services and support programs, and recently-enacted programs are part of the non-modeled request.

The following table lists modeled and non-modeled Medical Care obligations by program in 2017 and 2018.

2017 Revised Estimate and 2018 Advance Appropriation						
Obligations - Model and Non-Model						
Includes Veterans Choice Act						
(dollars in thousands)						
Description	2017 Revised Estimate			2018 Advance Appropriation		
	Model	Non-Model	Total	Model	Non-Model	Total
Health Care Services.....	\$60,946,564	\$1,689,709	\$62,636,273	\$58,975,692	(\$1,442,799)	\$57,532,893
<i>Non-Add Included Above:</i>						
Non Recurring Maintenance.....	\$0	\$1,072,985	\$1,072,985	\$0	\$600,000	\$600,000
Non Veterans.....	\$0	\$400,385	\$400,385	\$0	\$409,021	\$409,021
Long-Term Care.....	\$7,251,642	\$1,336,278	\$8,587,920	\$7,664,333	\$1,460,132	\$9,124,465
<i>Non-Add Included Above:</i>						
State Home Programs.....	\$0	\$1,336,278	\$1,336,278	\$0	\$1,460,132	\$1,460,132
Other Health Care Programs:						
CHAMPVA.....	\$1,715,000	\$115,368	\$1,830,368	\$1,850,000	\$121,700	\$1,971,700
Foreign Medical Program (includes Foreign C&P Exams).....	\$0	\$31,280	\$31,280	\$0	\$34,151	\$34,151
Spina Bifida Program.....	\$0	\$58,026	\$58,026	\$0	\$57,601	\$57,601
Children of Women Vietnam Veterans.....	\$0	\$200	\$200	\$0	\$200	\$200
Caregivers (Title 1).....	\$0	\$724,628	\$724,628	\$0	\$839,828	\$839,828
Indian Health Service (PL 111-148).....	\$0	\$28,062	\$28,062	\$0	\$29,358	\$29,358
Camp Lejeune - Veterans.....	\$11,347	\$0	\$11,347	\$11,794	\$0	\$11,794
Camp Lejeune - Family.....	\$0	\$9,840	\$9,840	\$0	\$8,050	\$8,050
Readjustment Counseling.....	\$0	\$243,483	\$243,483	\$0	\$243,483	\$243,483
VA Legislative Proposals.....	\$0	\$56,037	\$56,037	\$0	\$57,997	\$57,997
Obligations [Grand Total].....	\$69,924,553	\$4,292,911	\$74,217,464	\$68,501,819	\$1,409,701	\$69,911,520

The following table outlines some of the key areas of VA care and descriptions of these major programs. These are but a few of the critical areas that VHA works in; others include special work for the military personnel who served in the Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), Operation New Dawn (OND), and Operation Inherent Resolve (OIR) conflicts, and treatment of traumatic brain injuries and spinal cord injuries.

**Veteran Medical Care: Key Focus Areas
(Obligations - \$ in millions)**

	2015 Actual	2016 Estimate	2017 Request	2018 Request
Caregivers	454	622	725	840
Hepatitis C (New Drug Treatments)	1,218	1,500	1,500	600
Women Veterans (Gender-Specific Care)	439	475	515	557
Mental Health	6,851	7,484	7,832	7,997
Telehealth	1,051	1,114	1,171	1,226
Rural Health Initiative	219	270	250	250
Homeless Programs	1,507	1,477	1,591	1,122
Activations	558	598	836	498

Caregivers. VHA provides support to those individuals that act as a Caregiver for a Veteran. There are several support and service options for the Caregiver. For example, the Caregiver Support Line – 1-855-260-3274 – is available to: respond to inquiries about Caregiver services, as well as serve as a resource and referral center for Caregivers, Veterans and others seeking Caregiver information; provide referrals to local VA Medical Center Caregiver Support Coordinators and VA/community resources; and provide emotional support.

The Program of Comprehensive Assistance for Family Caregivers, established in PL 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, has allowed VA to provide additional supports and services to Caregivers of eligible Veterans injured in the line of duty on or after September 11, 2001. Eligible Veterans include those who sustained a serious injury – including traumatic brain injury, psychological trauma, or other mental disorder – incurred or aggravated in the line of duty, on or after September 11, 2001. Services for this group of Caregivers include: monthly stipend travel expenses (including lodging and per diem while accompanying Veterans undergoing care); access to health care insurance (if the Caregiver is not already entitled to care or services under a health care plan); mental health services and counseling; and Caregiver training. In 2015, 24,771 Primary Family Caregivers were approved for the program with 5,772 Primary Family Caregivers who did not previously have insurance receiving coverage under VA’s Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). The 2017 Budget requests \$725 million for the Caregivers program to support over 36,644 Caregivers, up from about 30,644 in 2016. Funding requirements for Caregivers are driven by an increase in the eligible Veteran population, with Caregiver enrollment increasing by an average of about 400 each month.

Hepatitis C. In 2014, VA began a ground-breaking system of care for Veterans with the Hepatitis C Virus (HCV). The Food and Drug Administration approved two new, highly-effective drugs – Sofosbuvir and Simeprevir – that will change the lives of Veterans infected with Hepatitis C. Prior to the introduction of the new high-cost treatment therapies in the VA system in January 2014, the treatments for Hepatitis C were often ineffective and presented considerable side effects. By contrast, the new treatment options are considerably more effective at curing patients with HCV, present significantly fewer side effects than earlier options, and are much simpler to administer. Cure of HCV significantly decreases the risk of progression of the

disease to cirrhosis, liver failure, liver cancer, and death. VA wants to ensure that all Veterans who are eligible for the new drugs, based on their clinician's recommendation, receive the medication. As happens with new medical advances, the new drugs are expensive even though VA has successfully worked with the manufacturers to receive the best price possible. VA estimates the drugs will cost \$1.5 billion in 2016 and \$1.5 billion in 2017, providing over 29,700 treatments in 2016 and over 35,000 treatments in 2017.

Women Veterans. In 2015, Women Veterans comprised nearly 15 percent of active duty military forces and 19 percent of National Guard and Reserves. The growing number of Women Veterans means that VA must provide services and infrastructure suited to gender-specific needs. Some of these services include maternity and gynecology care as well as ensuring privacy and consideration of gender-specific conditions and disorders. VA is anticipating and preparing not only for the increase in the number of women Veterans but also for the accompanying complexity and longevity of their treatment needs. Security and privacy for women Veterans is a high priority for VA. VA is training providers and other clinical staff, enhancing facilities to meet the needs of women Veterans, and reaching out to inform women Veterans about VA services. VA is redesigning women's health care delivery with models of care that ensure women receive equitable, timely, high-quality primary health care from a single primary care provider and team, thereby decreasing fragmentation and improving quality of care for women Veterans. The 2017 Budget requests \$515 million for gender-specific Women Veterans' health care, an increase of 8.5 percent above the 2016 level.

Mental Health. Mental health services available to Veterans range from treatment of a variety of common mental health conditions in primary care to more intensive interventions in specialty mental health programs for more severe and persisting mental health conditions. In 2015, with resources totaling \$6.9 billion, VA provided specialized mental health treatment to more than 1.4 million Veterans and completed hiring initiatives that increased the mental health workforce by more than 1,600 new clinical providers and over 960 Peer Specialists and Peer Support Apprentices. VHA dedicates all the resources necessary to provide care for Veterans with a broad range of conditions such as depression, anxiety, Post-Traumatic Stress Disorder (PTSD), and psychosis. VA provides services through several means, such as: mental health professionals embedded in Patient Aligned Care Teams (PACTs) to help assessment of patients along with primary care doctors and medical staff; intensive recovery-oriented individual and group treatments; and inpatient care for the most serious cases of suicidal or homicidal patients or patients with acute psychosis. VA also specializes in care for Veterans suffering from PTSD and substance use disorders and mental health services for Women and older Veterans. In addition to a great expansion in the available of on-line information, Veterans can call the Crisis Line when any type of help is needed – 1-800-273-8255. The 2017 Budget requests \$7.8 billion for Veterans mental health services, an increase of 4.6 percent above the 2016 level.

Telehealth. Telehealth delivers health care services remotely to patients and VA is using virtual care more frequently to reach rural Veterans. In 2015, with resources totaling \$1.05 billion, VHA Telehealth Services provided more than 2 million consultations to over 677,000 Veterans, 45 percent of whom were in rural areas. In 2017, VA expects to deliver telehealth-based services to nearly 762,000 Veterans. Telehealth improves access to care by increasing the ways Veterans can receive medical advice, reducing the time and cost to travel to receive care, and increasing

the probability that Veterans in a remote location can receive care. Some examples of telehealth include: Tele-Intensive Care, TeleAudiology, TelePathology, Teleradiology and TeleMental Health. The 2017 Budget requests \$1.2 billion for Telehealth, an increase of 5.1 percent above the 2016 level.

Rural Health. As a complement to telehealth, VA is committed to improving the care and access for Veterans in geographically rural areas. Projects funded through the VHA Office of Rural Health (ORH) include home-based primary care, training and education of medical residents in rural clinical setting, equipment for rural Community Based Outpatient Clinics (CBOCs), transportation of rural Veterans, and home-based therapies. Through these and other rural health initiatives, ORH has addressed the unique needs of over three million enrolled Veterans living in rural and highly rural areas, which make up approximately 33 percent of all Veteran enrollees. The 2017 Budget requests \$250 million for rural health projects.

Homeless Programs. VHA continues to work with its interagency partners to end Veteran homelessness. This multi-year program has seen great success – reducing Veterans’ homeless from 74,770 in 2010 to less than 48,000 as of the last official “Point in Time” Count in January 2015. This is over a 36 percent decline in five years. In 2015, over 64,902 homeless or at-risk Veterans (including formerly homeless Veterans) accessed services and nearly 36,000 Veterans and their family members were prevented from becoming homeless. In 2017, VA will continue to focus on prevention and treatment services. This involves providing a comprehensive continuum of care that addresses the psychosocial factors surrounding homelessness while building the capacity of available residential, rehabilitative, transitional, and permanent housing supply. VHA continues to work closely with the Department of Housing and Urban Development and other Federal and State agencies, VSOs, national advocacy groups, and community-based providers. The request for 2017 of \$1.6 billion is based on a comprehensive analysis that provided VA with the information on what type of resources is most needed and where they are needed across the country.

*Medical Community Care***Budget Authority - \$ in 000s**

	2015 Enacted	2016 Estimate	2017 Request	2018 Request
Medical Service Transfer			7,246,181	
Advance Appropriation				9,409,118
Veterans Choice Funding (Section 802)			4,661,378	
Medical Care Collections Fund			250,000	250,000
TOTAL			12,152,559	9,659,118

In 2017, VA plans to spend \$12.2 billion from various sources to support medical care for Veterans delivered in non-VA settings (called Care in the Community). VA is seeking authority to transfer funds from existing accounts for the initial funding of this account in 2017, with Advance Appropriation requested for 2018. In 2015, VA paid \$10.5 billion for this type of Care in the Community.

Description:

VA is proposing creation of a new Medical Community Care appropriations account to consolidate all community care programs under a single appropriation for both Veterans and other beneficiaries. This appropriation supports non-VA Hospital Care and Medical Services to eligible Veterans through contracts or agreements with certain eligible entities, as well as pays for care for other eligible beneficiaries.

VA believes that using one fund for all community care aligns with VA's vision for the future of health care delivery, which aims to provide Veterans and beneficiaries the best care wherever they seek it, both inside and outside VA. This new account will provide transparency and clear funding accountability for care delivered in the community for Veterans and eligible dependents. It would enable VA to streamline the authorization process to deliver care to Veterans. In addition, the Budget requests authority to receive advance appropriations for the Medical Care Community account and to deposit medical care collections in the account.

In addition to the new account for Medical Community Care, VA will pursue legislative and management improvements that will provide a simplified program that is easy to understand and administer and that meets the needs of Veterans, employees, and community providers. These improvements include delivering personalized, proactive, and patient-driven health care; using metrics and data analytics to drive improvement; using innovative technologies and care models to optimize health outcomes; and maintaining a high-performing network to deliver Care in the Community.

***Veterans Health Administration
Medical and Prosthetic Research***

**Budget Authority
(\$ in 000s)**

	2015 Actual	2016 Estimate	2017 Request
Research Appropriation	588,513	630,735	663,366
Medical Care Support	519,393	536,125	563,861
Federal and Non-Federal Resources	563,384	685,000	685,000
Reimbursements	32,751	40,000	40,000
TOTAL	1,704,041	1,891,860	1,952,227

FTE

FTE	2015 Actual	2016 Estimate	2017 Request
TOTAL	3,521	3,551	3,606

To provide Veterans with the best technological and medical solutions to their health care needs, VA's robust team of researchers continuously strives to find breakthroughs that will materially improve the lives of Veterans and others. The VA Research and Development (R&D) program plays a key role in advancing the health and care of Veterans and is uniquely positioned to continue to lead a national transformation of American health care. The 2017 Budget requests an appropriation of \$663.4 million for Medical Research, an increase of \$32.6 million (5.2 percent) above the 2016 appropriation of \$630.7 million.

Because more than 60 percent of VA researchers are also clinicians who take care of patients, VA is uniquely positioned to move scientific discovery from investigators' laboratories to patients' care. The VA research program plays a critical role in attracting and retaining top-quality physicians in VA. A program evaluation conducted by Abt Associates found that 79 percent of VA clinicians cited the research program as a factor in coming to VA, while over 90 percent cited it as a reason for staying.

The VA Office of Research and Development (ORD) consists of four main research services that together address the full spectrum of Veterans' health needs. The four services are: Biomedical Laboratory; Clinical Science; Health Services; and Rehabilitation.

VA works to support the needs of Veterans returning from deployment as well as in the later years of their lives. VA will support a wide array of research and development in engineering and technology to improve the lives of Veterans with disabilities. Work includes both prosthetic systems that replace lost limbs and those that activate residual or paralyzed nerves, muscles, and limbs. A comprehensive research program supports VA's commitment to the health and care of the increasing number of Veterans. Recent areas of inquiry include the Million Veteran Program (MVP), a groundbreaking genomic research program, seeks to collect samples and general health information from one million Veterans. MVP will use genetic analysis to show how to improve treatments by understanding individual patients, thus improving care for Veterans and the

Nation. Research to benefit Gulf War Veterans will also remain a priority for VA in 2017. VA supports a range of studies on post-deployment mental health concerns such as PTSD, depression, anxiety, substance abuse, and suicide. These are but a few of the areas that VA will be engaged in over 2017. Other areas include work on chronic diseases, reproductive health, and preventative care to ensure continued high-quality care for Veterans as they age. VA will build on these studies to advance the President's Precision Medicine initiative in 2017 and 2018. VA Research works to identify and evaluate innovative strategies that can improve access and quality, especially for those Veterans' that may face barriers to such care, for example, rural Veterans.

In 2017, VA is prioritizing its research portfolio towards precision medicine, including a substantial \$50 million investment in genomic sequencing on Veterans enrolled in MVP. This genomic sequencing initiative is not a project, per se, and as a result it is not reflected in the following Designated Research Areas (DRAs) table. Thus, most DRAs show a minor decrease from 2016 levels, as some additional program resources are directed towards precision medicine. Projected spending and number of projects for every DRA are above 2015 levels.

The VA cancer research portfolio has one of the largest investments in resources, with close to 250 active projects and \$59.5 million allocated in 2017, and is targeted towards understanding and preventing cancers prevalent in the Veteran population. Topics being investigated in the portfolio range from the basic biology and genetic underpinning in laboratory based research to large definitive clinical trials of treatments and approaches to advance care. Discoveries improve Veterans' lives as well as the general population.

The following table details the major focus areas of Medical Research in 2017. DRAs represent areas of particular importance to our Veteran patient population. Research projects that span multiple areas may be counted in several categories. Thus, amounts depicted within this table total to more than the VA research appropriation and accurately reflect amounts by DRAs.

Appropriations by Designated Research Areas					
(dollars in thousands)					
Description	2015 Actual	2016		2017 Request	2016-2017 Inc/Dec
		Budget Estimate	Current Estimate		
Acute & Traumatic Injury.....	\$20,298	\$21,313	\$21,313	\$21,313	\$0
Aging.....	\$146,856	\$154,199	\$154,199	\$150,344	(\$3,855)
Autoimmune, Allergic & Hematopoietic Disorders.....	\$27,699	\$29,084	\$29,084	\$28,357	(\$727)
Cancer.....	\$52,120	\$57,783	\$57,783	\$59,500	\$1,717
CNS Injury & Associated Disorders.....	\$89,041	\$93,493	\$93,493	\$91,156	(\$2,337)
Degenerative Diseases of Bones & Joints.....	\$30,242	\$31,754	\$31,754	\$30,960	(\$794)
Dementia & Neuronal Degeneration.....	\$24,838	\$26,080	\$26,080	\$25,428	(\$652)
Diabetes & Major Complications.....	\$35,009	\$36,759	\$36,759	\$35,840	(\$919)
Digestive Diseases.....	\$20,680	\$21,714	\$21,714	\$21,171	(\$543)
Emerging Pathogens/Bio-Terrorism.....	\$959	\$1,007	\$1,007	\$982	(\$25)
Gulf War Veterans Illness.....	\$10,500	\$15,000	\$12,500	\$12,188	(\$313)
Health Systems.....	\$62,467	\$72,667	\$72,667	\$70,850	(\$1,817)
Heart Disease/Cardiovascular Health.....	\$62,322	\$65,438	\$65,438	\$63,802	(\$1,636)
Infectious Diseases.....	\$33,042	\$34,694	\$34,694	\$33,827	(\$867)
Kidney Disorders.....	\$20,914	\$21,960	\$21,960	\$21,411	(\$549)
Lung Disorders.....	\$26,990	\$28,340	\$28,340	\$27,632	(\$709)
Mental Illness.....	\$110,310	\$115,826	\$115,826	\$115,826	\$0
Military Occupations & Environ. Exposures.....	\$14,045	\$16,633	\$16,633	\$16,217	(\$416)
Other Chronic Diseases.....	\$4,883	\$5,127	\$5,127	\$4,999	(\$128)
Prosthetics.....	\$15,075	\$15,829	\$15,829	\$15,433	(\$396)
Sensory Loss.....	\$17,085	\$17,939	\$17,939	\$17,491	(\$448)
Special Populations.....	\$19,588	\$20,567	\$20,567	\$20,053	(\$514)
Substance Abuse.....	\$29,405	\$30,875	\$30,875	\$30,103	(\$772)

Veterans Benefits Administration

**Budget Authority
(\$ in thousands)**

	2015 Actuals	2016 Estimate	2017 Request
Compensation and Pensions	\$79,071,000	\$76,865,545	\$86,083,128
Readjustment Benefits	\$14,997,136	\$14,313,357	\$16,340,828
Vocational Rehabilitation Loan Program*	\$481	\$477	\$425
Post-Vietnam Era Veterans' Education Account	\$0	\$0	\$0
Veterans Housing Program*	\$849,993	\$841,319	\$571,981
Native American Veterans Housing Loan Program*	\$2,222	\$1,807	\$1,163
Insurance Benefits	\$63,257	\$77,160	\$108,525
VA Wide Offsets	\$439,996	\$296,765	\$525,109
Subtotal, Mandatory**	\$95,424,085	\$92,396,430	\$103,631,159
Discretionary – General Operating Expenses	\$2,531,899	\$2,707,734	\$2,826,160
Total	\$97,955,984	\$95,104,164	\$106,457,319

*2015 and 2016 include upward re-estimates. The 2017 request does not include any re-estimates, which are calculated at the end of the fiscal year.

**Includes credit reform administration costs but does not reflect scoring impacts of mandatory trust funds, proprietary receipts, or intragovernmental transactions.

The 2017 Budget requests \$2.83 billion for VBA General Operating Expenses (GOE), an increase of \$118.4 million (4.4 percent) above the 2016 enacted level. The request will support 22,171 FTE, an increase of 300 FTE above 2016.

FTE

FTE	2015 Actual	2016 Estimate	2017 Request
Discretionary – General Operating Expenses	21,522	21,871	22,171

VBA has been successfully reaching more and more beneficiaries through the administration of claims processing and other activities. VBA has been working to reduce the time any Veteran needs to wait to get a claim adjudicated and ensure when that occurs that it is done fairly and correctly. The following chart shows the historical and projected growth across the VBA's primary lines of business.

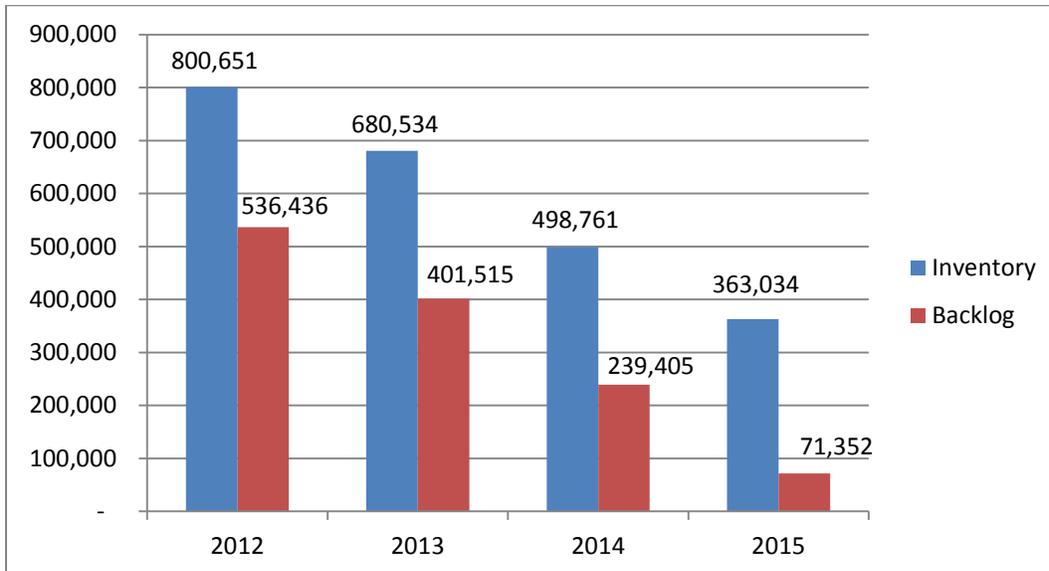
Number of Beneficiaries

	2015 Actual	2016 Estimate	2017 Request
Compensation Beneficiaries	4,449,448	4,641,415	4,833,379
Pensions Beneficiaries	506,307	503,390	506,699
Education Program Trainees	1,019,191	1,063,110	1,082,328
Vocational Rehabilitation and Employment Beneficiaries	131,647	135,120	140,704
New Housing Loans	614,514	541,865	429,079
Insured Persons	6,473,869	6,553,040	6,479,349

Disability Compensation Claims Backlog

Due to VBA's aggressive efforts toward bringing down the backlog, VBA completed a record-breaking 1.39 million claims in 2015 and reduced the claims backlog by 88 percent from a peak of 611,000 claims in March 2013 to 75,480 on December 31, 2015. This means that VBA has reduced the number of Veterans waiting longer than 125 days for claims decisions by 88 percent, and, in 2015, Veterans waited, on average, 189 fewer days for a claim decision than Veterans in 2013. In 2016, VBA will continue its efforts to eliminate the backlog.

Department of Veterans Affairs Disability Claims Inventory and Backlog (End of Year)



Payments to Veterans and Beneficiaries

The amount of benefits payments is increasing year over year, and 2017 is expected to follow this trend. This is a result of the success of adjudicating claims faster.

Veterans Benefits: Claims Payments
(\$ in 000s)

	2015 Actuals	2016 Estimate	2017 Request
Compensation	\$70,332,409	\$75,340,540	\$79,677,123
Pensions	\$5,496,232	\$5,738,802	\$6,087,586
Education Benefits	\$12,626,793	\$13,699,309	\$14,385,080
Vocational Rehabilitation and Employment	\$1,143,656	\$1,354,665	\$1,447,263
Total	\$89,599,090	\$96,133,316	\$101,597,052

Claims Quality

Just as important as the number of claims processed is the quality of the claim adjudication. In addition to increased production, claims processing accuracy improved from 84 percent in June 2011 to 90 percent in 2015. When measuring accuracy at the issue level within a claim, accuracy is now at 96 percent. VA is reviewing its claims processing accuracy metrics and goals to ensure that VA continues to drive decisions of the highest quality. VA plans to engage its VSO partners and other stakeholders as more information becomes available.

Additional Investments in 2017

Personnel. While overtime has proven to be a successful surge strategy to meet the goal of reducing the backlog, it is unsustainable as a long-term performance management solution. In addition, with the increased processing of disability claims, there has been a downstream effect on non-rating claims and appeals work. Therefore, VA is seeking increased staff – primarily to meet the needs of other benefits areas that have not been highlighted as VA has worked to bring the disability claims backlog down.

To ensure all aspects of the claims process is improved for Veterans, VA is requesting funding to hire additional claims processors to address these specific workload increases. VA is requesting \$54 million to fund 300 non-rating claims processors and fund critical claims processing support activities. With the additional employees, VA will realize improved non-rating workload completed to current timeliness standards and provide flexibility for addressing appeals and rating workload.

National Work Queue (NWQ). VBA distributes claims electronically from a centralized queue to Regional Offices (RO) that have additional capacity using the electronic NWQ, a national workload management strategy. With all claims placed in the electronic NWQ, Veterans' claims will be automatically directed across all ROs to efficiently match claim demand with available expertise and processing capacity regardless of RO jurisdiction, delivering benefits to Veterans more quickly and accurately. In 2017, VA is requesting \$3.3 million to provide the requisite funding to resource and support 13 employees to manage the NWQ across the VBA enterprise.

Centralized Mail. Centralized mail consolidates inbound paper mail from VBA's ROs to a centralized intake site. This initiative expands VBA's capabilities for scanning and conversion of claims evidence, increases electronic processing capabilities, and assists in converting 100 percent of received source materials to an electronic format. In 2015, VBA completed deployment of centralized inbound mail all 14 ROs. The 2017 budget request of \$26.7 million provides resources to sustain operations at all ROs and positions VBA to expand centralized mail operations to other lines of business and centralize outbound correspondence to Veterans.

VBA Transformation

Along with the new investments in 2017, VBA is continuing the largest transformation in its history, creating a Veteran-centric service organization in which VBA engages Service members from the time they enter service, throughout life, to the final tribute when their service is memorialized. VBA is adapting to new realities, leveraging new technologies, and better serving a changing population of Veterans with renewed commitment. This will ensure a total lifelong engagement with Service members, Veterans, their families, and Survivors. VBA's transformation includes people, process, and technology initiatives to transform the way benefits and services are delivered to Veterans, their families, and Survivors for generations to come. VBA will foster technological innovations that increase Veteran access to information and continue to evolve its electronic claims processing environment to provide first-rate and timely benefits to beneficiaries with greater efficiency.

People. VBA employees – over 50 percent of whom are Veterans – are leading advocates for Veterans, Service members, their families, and Survivors. VBA provides customized, modular training to strengthen the expertise of its workforce and increase proficiency while emphasizing accountability, quality, and productivity through new national training programs and standards. VBA's people initiatives improve how the staff is organized and trained and include, but are not limited to, intake processing centers, segmented lanes, cross-functional teams, Challenge training, skills certification, and Quality Review Teams (QRTs).

Processes. VBA's process initiatives streamline business processes and create efficiencies in claims processing. Process initiatives include, but are not limited to Fully Developed Claims (FDC), Disability Benefits Questionnaires (DBQs), Rules-based Calculators, Rules-Based Processing System, Appeals Design Team Simplified Notification Letters, Rater Decision Support Tools, and Gold Standard Service Treatment Records. VBA uses "design teams" to support business-process transformation. Using design teams, VBA conducts rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a design team is to implement, execute, and measure an improved facet of our organizational model with a mindset toward increasing the productivity of employees and greater transparency for Veterans regarding their claim status.

Technology. A digital and electronic operating environment allows greater exchange of information and increased transparency to VBA's clients, workforce, and partners. Increased use of state-of-the-art technology plays a major role in enabling VBA to redirect capacity to better serve Veterans and their families. As explained by the examples below, VBA's technology initiatives are key elements of VBA's business operating model and include, but are not limited

to VBMS; Veterans Experience Office (VEO); Veterans Claims Intake Program (VCIP); Post-9/11 GI Bill automated processing, and Virtual Lifetime Electronic Record. VBA's strategy includes active stakeholder participation and Veterans Service Organizations (VSOs), State Departments of Veterans Affairs, County Veterans Service Officers, and DoD) to provide electronic files and FDCs submitted on-line using the filing application in eBenefits and the Stakeholder Enterprise Portal (SEP). VBA continues to aggressively promote the value of eBenefits and the ease of enrolling Veterans who want to engage VA on-line at the time of their choosing.

Technology Investments

Veterans Benefits Management System (VBMS). VBMS, as VBA's key business transformation initiative, provides a paperless claims-processing environment and improved business processes to provide Veterans and their dependents with timely, high-quality decisions. National deployment of VBMS was completed in June 2013 and provides access to over 28,000 end users. VBMS allows VBA to centrally manage the claims workload at the national level and direct cases electronically across its network of ROs to more efficiently match claims demand with available processing capacity. As of 2015, 99.8 percent of VA's disability claims inventory was processed electronically. VBA will invest \$37.4 million from base resources to allow VBMS to assist VA in going beyond eliminating the existing claims backlog by providing additional system capabilities to support the integrated claims processing solutions identified in the VA 2014-2020 Strategic Plan.

Veterans Claims Intake Program (VCIP). VCIP streamlines processes for receiving digital records and data into VBMS and other VBA systems, transitioning VBA from a paper-based claims environment to a digital operating environment. It scans paper claims, converts them into digital format, and extracts important data for input into electronic folders. By the end of 2017, VCIP will have converted and uploaded more than 2.5 billion images from paper since July 2012. In addition to supporting scanning operations for incoming claims, VBA will invest \$142.9 million to allow the digital intake of military, income, medical, and employment records from other federal agencies and private providers to be expanded from 2016. This will broaden electronic evidence exchange for processing all types of claims more accurately and more rapidly by building additional interfaces for Official Military Personnel Folders (OMPF) from DoD and interfaces with health networks, hospitals, and private clinicians.

Veterans Experience Office (VEO) (previously Veterans Relationship Management (VRM)). The VEO initiative will continue its work to help facilitate an increasingly more Veteran-centric digital operating environment. VEO will deliver a scalable, enterprise-wide, services-based technology environment that will be the foundation for how Veterans are served and how benefits and services are delivered. This new model will provide VA an integrated services delivery platform with the approach of placing the Veteran at the center of the service with all business requirements and design being driven from the Veteran perspective. VBA's will invest \$14 million in 2017 to support ongoing operations and continued efforts to pilot and deploy new solutions for VBA mobile applications that expand access to self-service tools and benefits/services information in VBA portal environments; develop new service features in the

Stakeholder Enterprise Portal for medical providers, loan officers, fiduciaries, and funeral directors; and integrate VetSuccess with Career Center for Veterans enabling to search for jobs posted by unique employers targeting Veterans.

National Cemetery Administration

**Budget Authority
(\$ in 000s)**

	2015 Enacted	2016 Estimate	2017 Request
Operations and Maintenance	256,630	271,220	286,193
Major Construction	10,000	155,764	137,000
Minor Construction	51,212	69,050	56,890
Grants for Construction of Veterans Cemeteries	46,000	46,000	45,000
Facilities Operation Fund *	104	90	90
National Cemetery Gift Fund *	117	160	160
Compensation and Pensions: (Headstones and Markers; Graveliners; Outer Burial Receptacles; Caskets and Urns)	80,743	94,921	94,547
TOTAL	444,806	637,205	619,880

* Facilities Operation Fund and Gift Fund are not appropriated funds

The 2017 Budget requests \$286.2 million for NCA operations, an increase of \$15 million (5.5 percent) over 2016. The Budget will support 1,809 FTE for NCA.

FTE

	2015 Actual	2016 Estimate	2017 Request
Operations and Maintenance Appropriation	1,730	1,789	1,809
TOTAL	1,730	1,789	1,809

VA honors Veterans and their family members with final resting places in National shrines with lasting tributes that commemorate their service and sacrifice to our Nation. Fulfilling its mission, NCA interred 130,424 Veterans and eligible family members in 2015. In 2017, NCA will provide perpetual care for the following assets:

NCA Assets in 2017

National Cemeteries	Soldiers' Lots and Monument Sites
134	33

Veteran and Eligible Family Burials Provided

	2015 Actual	2016 Estimate	2017 Request
Interments	130,424	132,622	132,093

Highlights of the 2017 Request for NCA

Discretionary Funds

- 49.0 percent of the total National Cemetery Administration's (NCA) budget is for the operation and maintenance of VA's national cemeteries.
- 27.1 percent of the NCA budget is for the construction and renovation of VA's national cemeteries and facilities.
- 7.7 percent of the total resources under NCA are available for grants to states and tribal organizations for Veterans cemeteries.

Mandatory Funds

- 3.2 percent of the total funding is available for Graveliners, Outer Burial Receptacles (OBRs), Caskets and Urns.
- 13.0 percent of the total is for Headstones and Markers

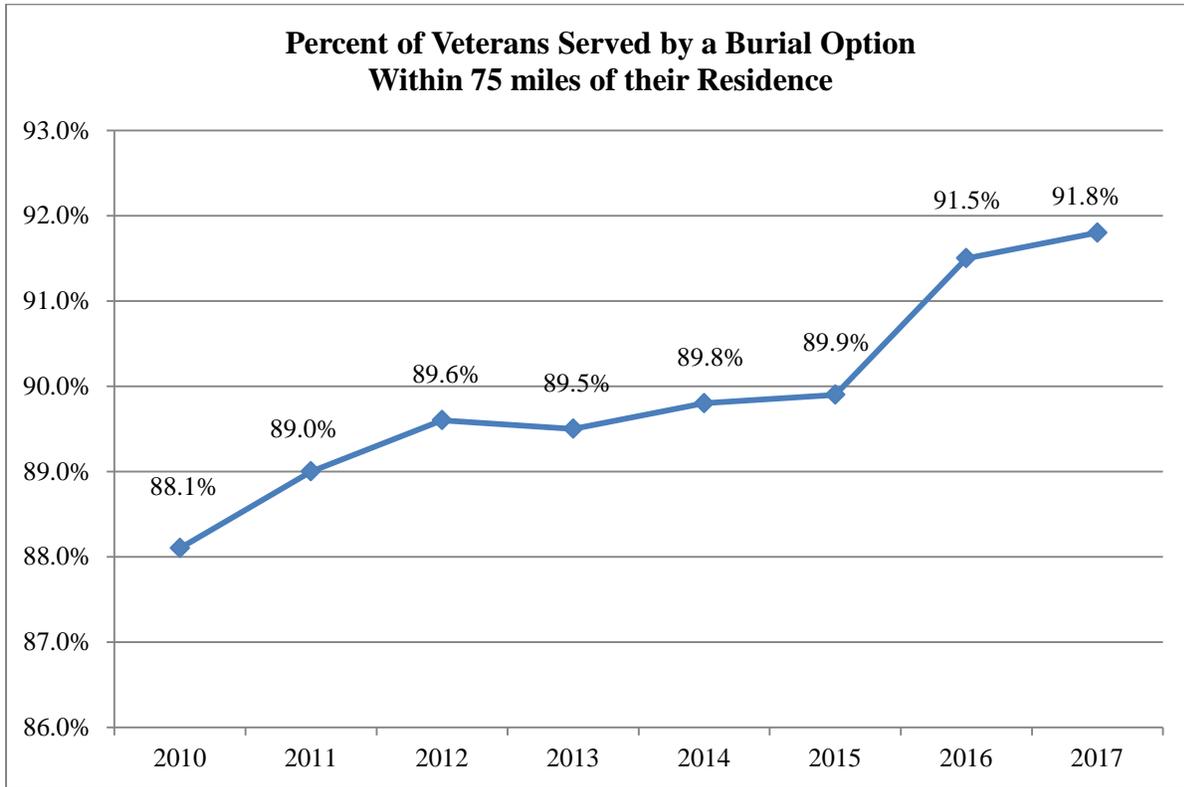
Accomplishments

- As a result of the recent expansion and the opening of new state Veterans cemeteries, the percentage of Veterans served by a burial option within 75 miles of their residence has increased steadily from 83.4 percent in 2007 to 89.8 percent in 2015. In 2017, the percentage is expected to increase to 91.8 percent.
- VA introduced new burial policies in the 2011 Budget that will result in the opening of five new national cemeteries that will provide an additional 550,000 Veterans access to a burial option. As a result, VA is in the process of designing and constructing three out of the five new cemeteries and is beginning design of the remaining two. VA will also improve access through the construction of columbarium-only satellite cemeteries in densely populated urban areas and establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. VA has established one rural cemetery and is in the process of acquiring land for seven additional sites.

Expected Results

The 2017 Budget request will support the following results:

- NCA will increase its service level to provide 91.8 percent of America's Veterans with a burial option within 75 miles of their residence
- 97 percent surveyed will rate the quality of service of NCA as excellent.
- 95 percent of graves in national cemeteries will be marked within 60 days of interment.
- 80 percent of applications for headstones and markers will be processed within 20 days for the graves of Veterans who are not buried in national cemeteries.
- 99 percent surveyed will rate national cemetery appearance as excellent.



Board of Veterans' Appeals

Budget Authority

(\$ in 000s)

	2015 Enacted	2016 Estimate	2017 Request
BVA Budget Authority	99,180	109,884	156,096

FTE

	2015 Actual	2016 Estimate	2017 Request
BVA FTE	646	680	922

Mission

The Board of Veterans' Appeals (Board) is the component of the Department of Veterans Affairs (VA) responsible for making final decisions on behalf of the Secretary for the thousands of claims for Veterans' benefits that are presented to the Board for appellate review. Despite the dynamic environment in which the Board has operated since the advent of judicial review, the mission has remained relatively unchanged. The Board conducts hearings and issues decisions for Veterans and other appellants in compliance with the requirements of law.

The Need for Reform

The present legal framework for the VA appeals process is complex, inefficient, and confusing, and Veterans are waiting too long for final resolution of an appeal. For those appeals that reached the Board, on average, Veterans were waiting at least five years for an appeals decision, with thousands of Veterans waiting much longer. The status quo isn't acceptable for Veterans or for tax payers.

The increase in Veterans filing appeals is a function of the number of claims decisions made throughout VA. As VA has increased claims decision output over the past 5 years, appeals volume has proportionately grown.

In 2015, the Board served 55,713 Veterans, surpassing the 2014 number of Veterans served. The Board set this new all-time high while maintaining a quality rate of 93.98 percent, exceeding the Board's longstanding goal of 92 percent. The Board also conducted 12,738 hearings with Veterans, which represents a 17 percent increase over the number of hearings conducted in 2014. However, despite the Board's increased productivity, pending inventory is expected to increase due to increases in incoming workload and an appeals system that is encumbered by antiquated laws that do not serve Veterans well.

Without fundamental legislative reform and additional resources, VA projects that the number of pending appeals will soar to more than 2.2 million by the end of 2027. Absent significant reform, this workload would require significant resources but would not generate improvements

in the time Veterans wait for appeals decisions. The appeals process must be modernized to put the needs, expectations, and interests of Veterans first.

Simplified Appeals Process

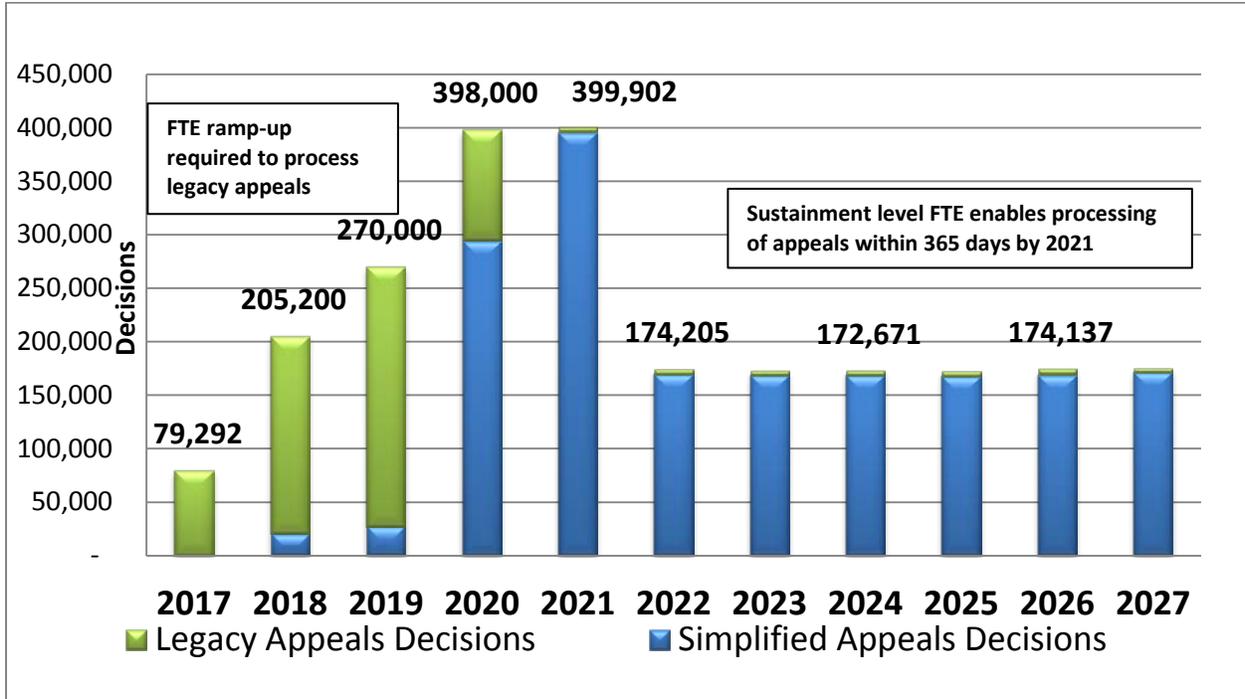
The 2017 Budget proposes a Simplified Appeals Process – legislation, resources, and technology – that will provide Veterans with a straightforward, fair, and streamlined appeals process in which they will receive a final decision within 365 days from filing an appeal by 2021. Under Simplified Appeals all Veterans’ rights are preserved. If a Veteran disagrees with any or all of the appeals decision, he or she will always have the option of filing a new claim for the same benefit once the appeal is resolved.

In 2017, the Budget requests \$156.1 million and 922 FTE for BVA, an increase of \$46.2 million and 242 FTE above the 2016 enacted level. This request represents the initial implementation of a long-term sustainable plan to provide the best services to Veterans and best policy option to taxpayers. Without legislative reform, VA will need to continue to make substantial resource investments in the current, inefficient process set forth in law.

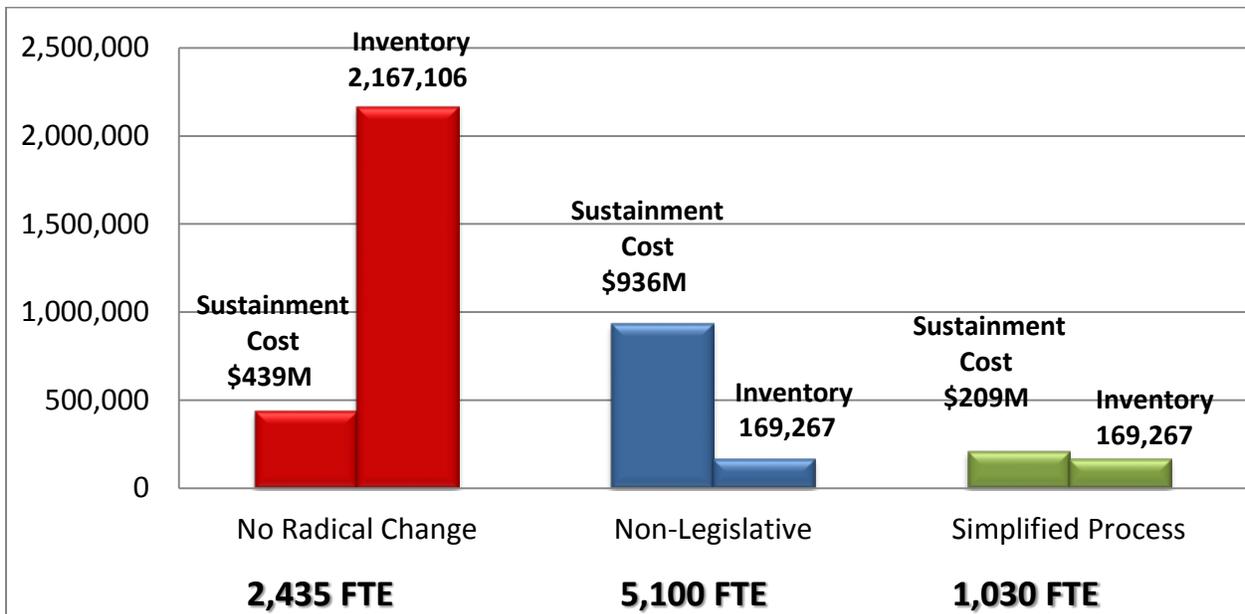
In order to address the current legacy appeals in the system, the Board will require FTE increases in the short term to resolve the nearly 440,000 pending appeals. However, by 2022, VA would be able to reduce appeals FTE to a sustainment level that is less than the current level and, Department-wide, about 4,000 fewer FTE than would be required to address this workload with FTE resources alone.

Below are several charts that show the transition to a simplified appeals system and impact of reform on inventory and costs.

Department of Veterans Affairs Transition to a Simplified Appeals Process: Ramp-Up and Long-Term Sustainment



Simplified Appeals Initiative Impact on BVA Inventory and Annual Sustainment Costs by 2027



Office of Information and Technology

**Budget Authority
(\$ in 000s)**

	2015 Enacted	2016 Estimate	2017 Request
Development	548,127	504,743	471,269
Sustainment	2,316,217	2,512,863	2,534,442
Pay and Administration	1,039,000	1,115,757	1,272,548
TOTAL	3,903,344	4,133,363	4,278,259

FTE

	2015 Actual	2016 Estimate	2017 Request
TOTAL	7,309	7,7631	8,334 1/

Note: FTE includes Veterans Choice Act personnel.
1/ Includes realignment of 599 FTE

Information technology is critical to VA’s success. A continued increase in investment in IT development and support is essential for VA to continue to deliver medical care and benefits to Veterans. VA needs to modernize the electronic health records of Veterans, deploy state-of-the-art technology for medical staff in rural communities, and support electronic benefits claims processing, to name a few critical areas. In 2017, VA is proposing to transfer 599 staff (FTE) from the VA Enterprise Operations Franchise Fund (EOFF) to the Office of Information Technology (OIT). The EOFF has been responsible for centralized computer center operations and is better aligned under OIT. The funding for this portion of the Franchise Fund was already fully funded under the IT appropriation and therefore the impact of the realignment is budget neutral.

Accomplishments

In 2015, VA’s Office of Information and Technology had many successes:

- VBMS conducted 14 software releases (three major and 11 minor releases, and software patches) and on-boarded five new stakeholders. VBMS conducted 13 requirements rotations (resulting in over 380 requirements artifacts) and 12 design sessions. During the 14 weeks of User Acceptance Testing (UAT), VBMS executed 1,991 test runs.
- The National Telehealth programs served more than 677,000 Veterans. That total represents approximately 11 percent of the Veteran population receiving VA health care, and accounted for more than 2 million telehealth visits. Of that number, approximately 55 percent were Veterans living in rural areas with limited access to VA healthcare.

- VistA Evolution development completed for eHMP 1.1 (Basic Viewer)
 - Development initiated for eHMP v1.2.: enhanced viewer with condition-based analysis and user-defined workspaces; provides longitudinal view of full patient record including all VA VistA data, DoD data and available community partner data; also includes text search, multiple charts and graphs and significantly enhanced auditability.

2017 Investments

The 2017 Budget prioritizes funding for projects that have quantifiable Veteran-centered outcomes. Major IT initiatives include:

- The requested \$370.1 million for Information Security will support the maintenance of the implementation of cyber security requirements which will evolve the VA cyber posture improving service delivery and collaboration and risk awareness, while improving the security and resiliency of the underlying VA infrastructure facilitating enhanced visibility, access and functionality across the spectrum of VA services for the Veteran.
- The requested \$259.9 million for Vista Evolution, Interoperability and VLER Health including \$80.7 million for development and \$179.2 million in sustainment. Funding in 2017 will contribute to deliver prioritized high value aspects of seamless electronic sharing of interoperable health care data with DoD and community partners through implementation of interoperability standards.
- The requested \$143 million for the Veterans Benefits Management System (VBMS) consists of \$75 million in development and \$68 million in sustainment funds.
- The requested \$171.3 million for the Improve Veterans Experience million will deliver and execute an enterprise-wide scalable, commoditized, Veteran-centric, services-based technology environment that will be the foundation for how Veterans are served and how benefits and services are delivered. This new model will provide VA not only an integrated services delivery platform with the approach of placing the Veteran at the center, but will provide best-in-class and industry standard customer service with clear satisfaction and delivery measures.
- The requested \$50 million to launch a new Data Management program to use data as a strategic resource. Under this program, VA will inventory its data collection activities with the objective of requesting data from the Veteran only once, and dispose of expired information in a secure and timely way. These two aspects will reduce VA costs for data storage and support safeguards for Veterans' information.
- The request of \$44.3 million for the modernization of the Department of Veterans Affairs core accounting system which is a crucial backbone application for the agency. All

aspects of agency operations depend on proper budgeting, execution of funds, payment of bills, financial reporting, and other functions performed by the core accounting system. These services are critical for VA to service Veterans effectively. They allow facilities to manage a budget, for hospitals to function, for VA suppliers to be paid, for benefits to be managed, and for cemeteries to operate. The current system in use at VA is 30 years old and clearly not sustainable long term. The Financial Management System Modernization (FMS) effort first and foremost will improve the Veterans Experience by ensuring that these essential functions continue into the future.

- The requested \$2.5 billion for Sustainment will support the replacement of the oldest hardware that has exceeded its useful lifespan and support server/storage virtualization. Also, the funds will extend the number of national licensing and Enterprise Licensing Agreements.

Construction

Budget Authority (\$ in 000s)

	2015 Actual	2016 Enacted	2017 Request
Major Construction	692,800 ¹	1,283,200 ²	528,110
Minor Construction	492,200	406,200	372,069
Grants for State Extended Care Facilities	90,000	120,000	80,000
Grants for State Veterans Cemeteries	46,000	46,000	45,000
TOTAL	1,321,000	1,855,400	1,025,179

1/ Reflects only appropriated transfers into account (does not include \$20 million from Supply Fund for Denver transfer)

2/ Reflects transfer of \$39 million from Medical Services for Denver (does not reflect unobligated balances transfers)

The Strategic Capital Investment Planning (SCIP) process has served as the basis for prioritizing projects and making VA capital investment funding decisions. Projects requested will correct critical seismic and safety deficiencies, improve access, and address other performance gap issues at VA facilities.

VA's capital requirements are primarily driven by the needs of Veterans to access care in safe, secure, and modern facilities. VA's construction budget demonstrates VA's commitment to address critical major construction projects that directly affect patient safety and reflects VA's promise to provide safe, secure, sustainable and accessible facilities for Veterans. The 2017 budget supports seismic corrections and needed structural improvements, as well as the initial development of two new cemeteries and other gravesite expansions.

The 2017 budget request includes the following major construction projects:

- Seismic and life safety corrections, and clinical expansion in Reno, NV
- Completion of Seismic Corrections, and a Mental Health Unit and Community Living Center in Long Beach, CA
- New National Cemeteries in Western New York and in Southern Colorado
- Gravesite expansion projects in Jacksonville, FL and Lake Worth, FL

*General Administration***Budget Authority**
(\$ in 000s)

	2015 Enacted	2016 Estimate	2017 Request
Office of the Secretary	10,022	10,498	11,589
Office of General Counsel	80,243	92,178	94,317
Office of Management	44,052	44,535	57,729
Office of Human Resources and Administration	61,939	63,555	67,887
Office of Enterprise Integration	24,990	24,743	27,967
Office of Operations, Security and Preparedness	17,884	18,907	20,534
Office of Public Affairs	22,264	21,026	10,736
Office of Government Relations	5,962	7,889	9,208
Office of Acquisition, Logistics & Construction	53,789	53,328	45,424
Veterans Experience Office	72,568
Transfer	-1,300
TOTAL	320,015	336,659	417,959

FTE

	2015 Actual	2016 Estimate	2017 Request
Office of the Secretary	91	88	96
Office of General Counsel	713	756	747
Office of Management	257	268	295
Office of Human Resources and Administration	783	893	903
Office of Enterprise Integration	111	340	132
Office of Operations, Security and Preparedness	106	140	163
Office of Public Affairs	78	77	66
Office of Government Relations	42	55	63
Office of Acquisition, Logistics and Construction	405	418	484
Veterans Experience Office	204
TOTAL	2,586	3,035	3,153

Through the General Administration account, VA Staff Offices provide support for critical operations such as security and emergency preparedness; acquisitions and construction management; legal counsel; financial, budget, and asset management; and legislative review and support to members of Congress and VA's oversight committees. The General Administration account also supports human resources management, project management, corporate-level analysis, public relations and outreach, as well as executive level direction to the Department.

In order to implement initiatives aimed at improving Department level management and oversight, and improving services to Veterans, the 2017 Budget requests \$418 million for General Administration, an increase of \$81.3 million over 2016.

MyVA is the initiative that is transforming VA's past way of doing business to one that puts the Veterans in control of how, when, and where they wish to be served. To help accomplish this mission, the Department established a new Veterans Experience Office (VEO) in 2016 under the Office of Enterprise Integration using reimbursements from VA's Administrations. In 2017, the Department is requesting direct appropriations to permanently stand up this office. VEO will represent the voice and perspective of the Veteran in all Department governance and work to develop customer centric programs that will simplify Veterans interactions with VA and help them and their families better understand the services available.

VEO is establishing five Veterans Experience District Offices to provide support to all VA field facilities in carrying out MyVA. These District Offices will work within their own regions to analyze input from Veterans, feedback from front-line employees, industry best practices and VA lessons learned to make recommendations and improve the Veteran experience.

In the 2017 Budget, key initiatives in General Administration include:

- \$72.6 million for the new Veteran Experience Office, as described above.
- \$8.0 million for business requirements to support the modernization of VA's core Financial Management System (FMS). VA has launched a multi-year effort to replace the Department's 30-year old core Financial System. The end result will be a twenty-first century system that significantly improves the accuracy and transparency of VA's financial management.
- \$2.1 million for programs aimed at reducing improper payments.
- \$1.4 million to implement the DATA Act requirements to improve the accuracy and transparency of all data reported throughout the Department.

*Office of Inspector General***Budget Authority**
(\$ in 000s)

	2015 Enacted	2016 Enacted	2017 Request
Budget Authority	126,686	136,766	160,106

FTE

	2015 Actual	2016 Enacted	2017 Request
FTE	676	721	821

Over the past year, OIG identified \$2.2 billion in actual and potential monetary benefits, and issued 390 audits, health care inspections, contract reviews, evaluations, and administrative investigative reports. OIG operations provided a return on investment of \$20 in monetary benefits for each \$1 of OIG resources expended. The 2017 Budget supports an expansion initiative for 100 additional FTE at new and existing locations nationwide and ensures that OIG can fulfill its statutory mission to identify waste, fraud, or abuse and make recommendations that help VA provide care and benefits to a growing cohort of veterans with increasingly complex needs.