



Our Mission



Lincoln's Charge, 1865 ~

“To care for him who shall have borne the battle, and for his widow and his orphan.”



Today ~ To care for those “who shall have borne the battle, and for” their families and their survivors.

... the best, most inspiring mission and the greatest clients of any benefits or health care system in the world

DEPARTMENT OF VETERANS AFFAIRS



FY 2017 PRESIDENT'S BUDGET REQUEST

February 9, 2016



VA 2017 Budget Request Supports the President's Vision



- The Nation's commitment to Veterans and their families remains strong
 - The 2017 Budget for Veterans' benefits and services is a strong request in a tight fiscal environment
 - As in prior years, the President continues to support the funding increases needed to meet the Nation's obligations to our Veterans
- The VA budget request for 2017 is \$182.3 billion:
 - Mandatory \$ 103.6 billion
 - Discretionary(w/ collections) \$ 78.7 billion



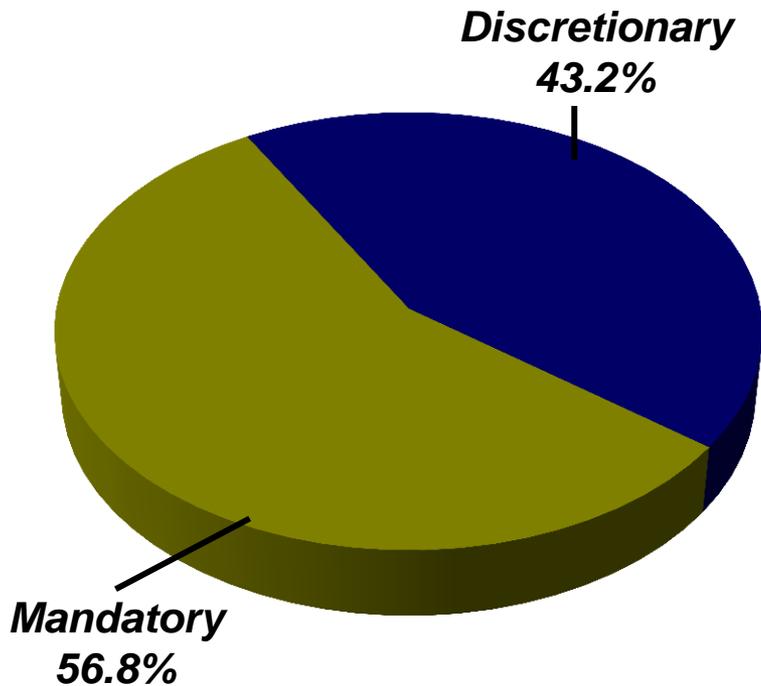
Total VA funding has grown by nearly 86% since 2009



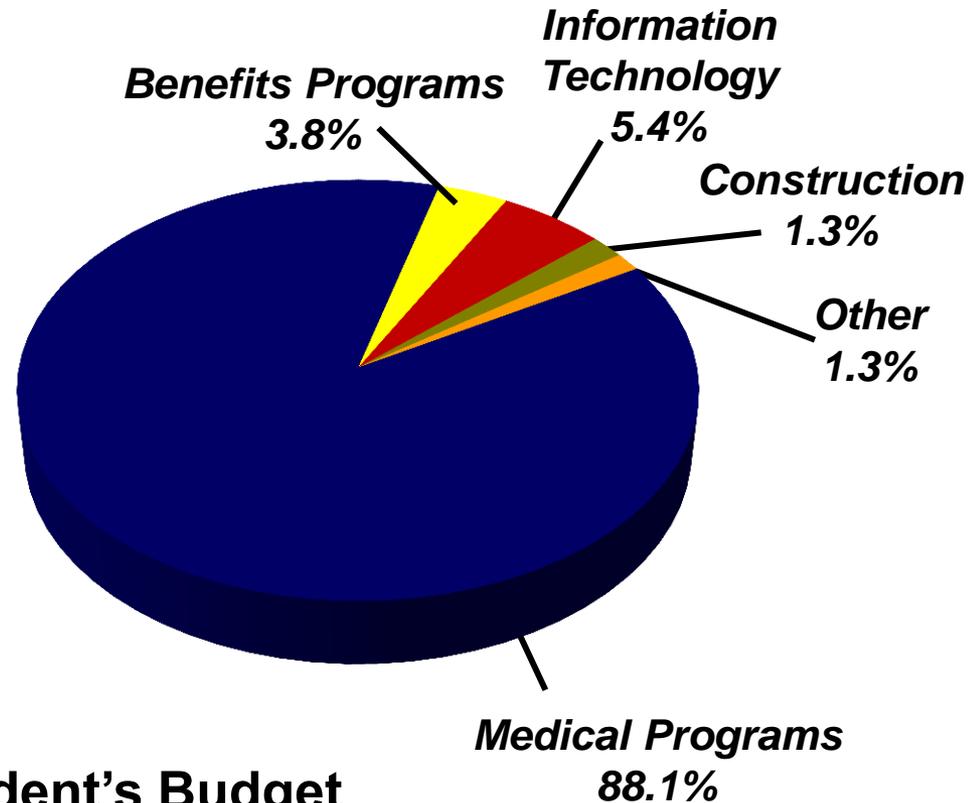
2017 VA Budget Request



Mandatory & Discretionary Accounts



Discretionary Accounts



2017 President's Budget
\$182.3 Billion

(includes collections - \$3.6B)

Mandatory: \$103.6 B

Discretionary: \$78.7 B



2017 and 2018 Budget Request



2017 Discretionary Budget

- The 2017 Discretionary budget (with collections) requests an increase of \$3.6 billion (4.9 percent) over the 2016 enacted level

(\$ in billions)

2009	2010	2011	2012	2013	2014	2015	2016	2017
50.6	55.9	59.1	61.3	64.3	66.5	68.5	75.1	78.7

2017 “Second Bite”

- The budget requests a \$1.7 billion increase above the 2017 Advance Appropriation for Medical Care (the “second bite”); will fund additional access, Hepatitis C at \$1.5 billion, Care in the Community, infrastructure, leasing, and Caregivers

2018 Advance Appropriations (AA)

- The request for Discretionary Medical Care AA of \$66.4 billion is \$1.4 billion (2.1 percent) above the 2017 request
- The request for Mandatory Benefits AA of \$103.9 billion is an increase of \$1.4 billion (1.4 percent) above the 2017 request

The President’s Discretionary and Mandatory requested budgets reflect expanding service needs for Veterans and their families



2017 Budget Request

(\$ in millions)



	2015 Actuals	2016 Enacted	2017 Request	Change 2016 v 2017	
				\$	%
Medical Services	45,196	49,972	52,752	2,780	5.6%
Medical Support & Compliance	5,874	6,144	6,524	380	6.2%
Medical Facilities (Includes NRM)	4,737	5,020	5,723	703	14.0%
Medical Care Appropriations¹	55,807	61,136	64,999	3,863	6.3%
Medical Care Collections Fund (MCCF)	3,423	3,515	3,558	43	1.2%
Total, Medical Care with Collections	59,230	64,651	68,557	3,906	6.0%
Medical Research	589	631	663	33	5.2%
Veterans Benefits Administration	2,532	2,708	2,826	118	4.4%
General Administration	321	337	418	81	24.1%
Board of Veterans' Appeals	99	110	156	46	42.1%
National Cemetery Administration	257	271	286	15	5.5%
Construction-Major	562	1,244	528	-716	-57.5%
Construction - Minor	495	406	372	-34	-8.4%
Grants for State Extended Care Facilities	90	120	80	-40	-33.3%
Grants for Veterans Cemeteries	46	46	45	-1	-2.2%
Information Technology	3,902	4,133	4,278	145	3.5%
Inspector General	127	137	160	23	17.1%
Loan Administration Funds	161	166	200	34	20.7%
DoD Transfers to Joint Accounts	138	136	139	3	2.0%
Joint Incentive Fund Rescission		-30			
Total Discretionary Funding without MCCF	65,126	71,551	75,151	3,601	5.0%
Total Discretionary Funding with MCCF	68,549	75,066	78,709	3,644	4.9%
Total Mandatory Funding	95,424	92,396	103,631	11,235	12.2%
Total VA with MCCF	163,973	167,462	182,340	14,879	8.9%

¹ 'Medical Care Appropriations do not include actual or anticipated transfer to the Joint DoD-VA Healthcare Accounts
Excludes Veterans Choice Act funding of \$15 billion in 2014

The President's 2017 Budget requests significant increases in funding for Medical Care, the Board of Veterans' Appeals, and Mandatory Benefits Programs, compared to the 2016 enacted appropriations



Total Full-Time Equivalent (FTE)



	FY 2015	FY 2016	FY 2017	Change 2016 v 2017	
	Actuals	Enacted	PB	FTE	%
Medical Services*	216,337	227,358	236,520	9,162	4.0%
Medical Support & Compliance	49,479	51,052	52,350	1,298	2.5%
Medical Facilities	23,644	23,656	24,209	553	2.3%
Other (DoD-VA Fund Accounts)	2,184	2,224	2,229	5	0.2%
Canteen Service	3,351	3,351	3,351	0	0.0%
Veterans Choice Act Sec. 802	30	40	40	0	0.0%
Subtotal Medical Care	295,025	307,681	318,699	11,018	3.6%
Medical Research	3,521	3,551	3,606	55	1.5%
National Cemetery Administration	1,730	1,789	1,809	20	1.1%
Information Technology	7,309	7,631	8,334	703	9.2%
Veterans Benefits Administration	21,522	21,871	22,171	300	1.4%
General Administration	2,586	3,048	3,153	105	3.4%
Board of Veterans' Appeals	646	680	922	242	35.6%
Inspector General	676	721	821	100	13.9%
Franchise Fund	1,217	1,708	1,769	61	3.6%
Supply Fund	1,048	1,120	1,150	30	2.7%
Total FTE	335,280	349,800	362,434	12,634	3.6%

* Medical Care FTEs Include Section 801 Veterans Choice Act FTEs

The 2017 Budget increases FTE by 12,634 (3.6 percent) over 2016. Large FTE increases are requested for Medical Care and the Board of Veterans' Appeals



What We Are Buying in 2017



The budget request provides Veterans high quality benefits and services:

- **Veterans Health Administration (VHA)**
 - Nearly 7.0 million unique patients to be treated
 - 115 million outpatient visits
 - Expansion of medical facilities through leasing
- **Veterans Benefits Administration (VBA)**
 - About 5.3 million Veterans and Survivors will receive disability compensation or pension benefits
 - Nearly 1.2 million Service members, Veterans, Survivors, and beneficiaries will receive education or vocational rehabilitation benefits and services
 - 141,000 Service members and Veterans will be provided Vocational Rehabilitation and Employment services
 - 1.4 million disability and pension claims will be processed, a 3 percent increase over 2016
- **National Cemetery Administration (NCA)**
 - Greater access will be provided by funding for new national cemeteries in 2017 in western New York and southern Colorado, and cemetery expansions in Jacksonville, Florida and South Florida
 - Nearly 132,100 Veterans and eligible family members will be interred in VA national cemeteries

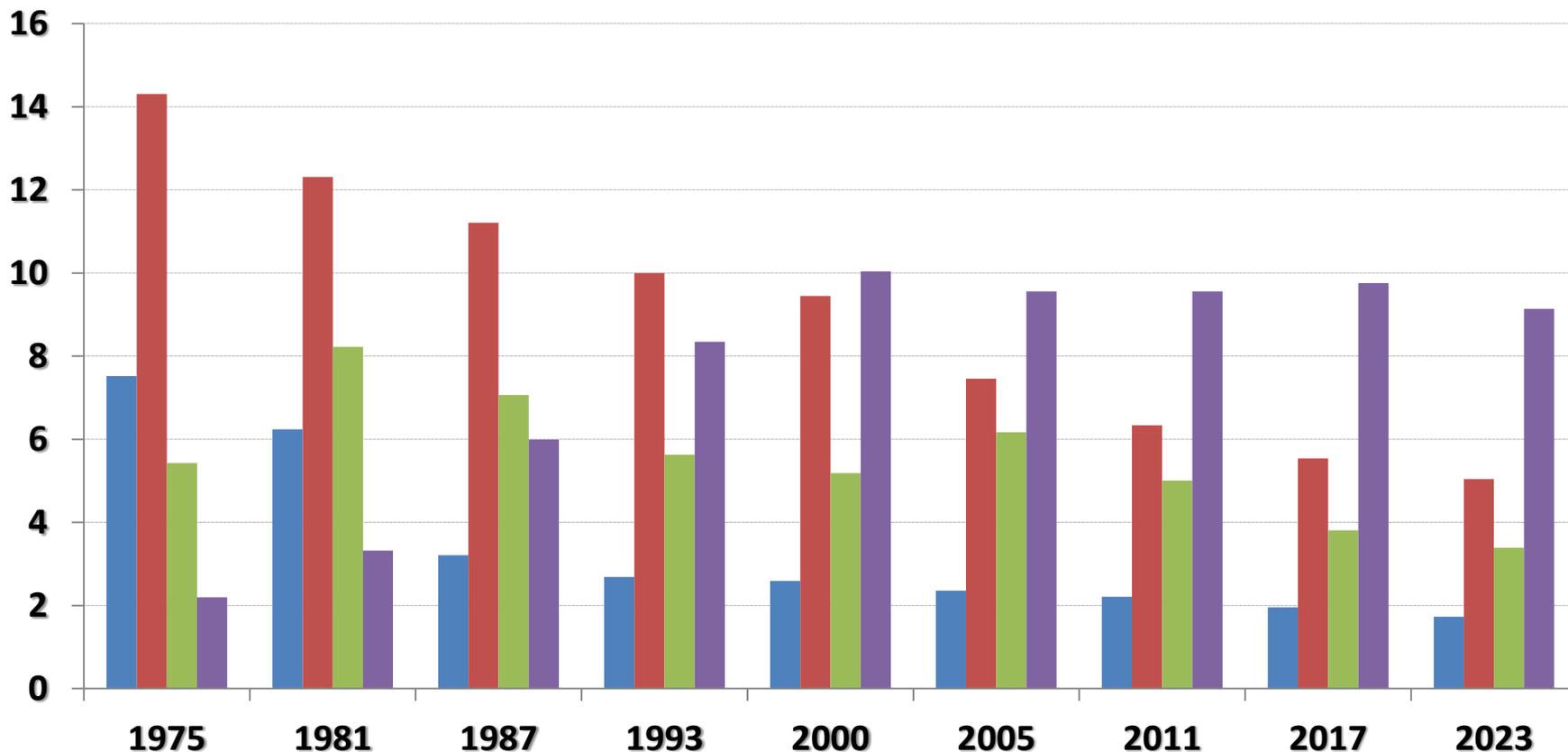


Our Veterans -- Our Clients



In 2017, we will continue to service the millions of Veterans enrolled in VA health care to include the 90-year-old Veterans of WW II, 80-year-old Veterans of Korea, 60-year-old Veterans of Vietnam and the Cold War, 40-year-old Veterans of the Persian Gulf, and 20-year-old Veterans of Iraq and Afghanistan

■ <35 ■ 35-54 ■ 55-64 ■ 65+



Department of Veterans Affairs



Veterans Who Use VA Medical System

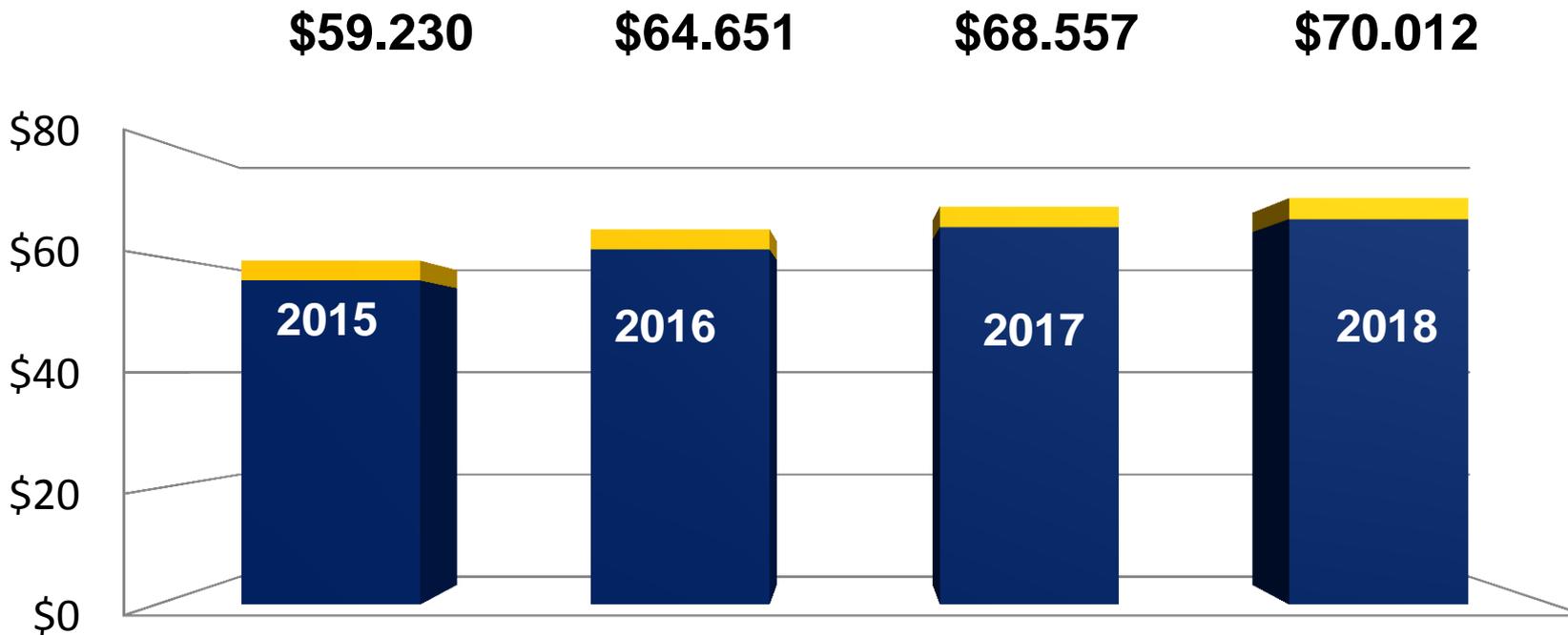


- **Since 2009, the total number of unique Veteran patients who use VA's healthcare system has increased almost 22 percent to nearly 7 million in 2017**
 - **Priority 1-6 Veterans (service-related disabilities, low-income, POWs, Purple Heart recipients) are up over 31 percent**
 - **Priority 7-8 Veterans (income, location determinants) are down by over 12 percent**
 - **Operation Enduring Freedom, Iraqi Freedom, and New Dawn Veterans services are up 177 percent**



Medical Care Budget

(\$ in billions)



	2015	2016	2017	2018
■ Collections	\$3.423	\$3.515	\$3.558	\$3.627
■ Appropriations	\$55.807	\$61.136	\$64.999	\$66.385

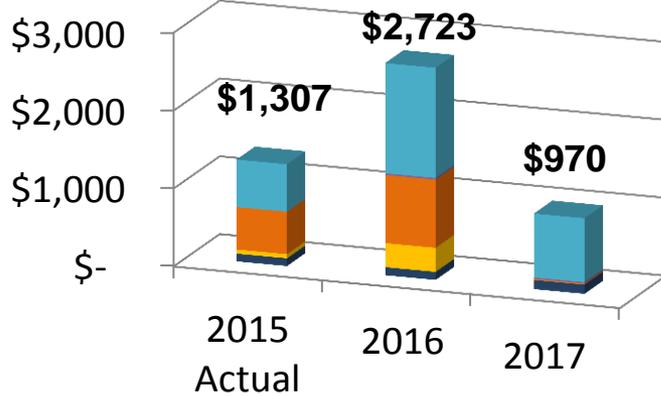
- *Medical Care is 87 percent of VA's discretionary budget*
- *The 2017 budget request is \$3.9 billion (6.3 percent) over 2016*



Veterans Choice Act

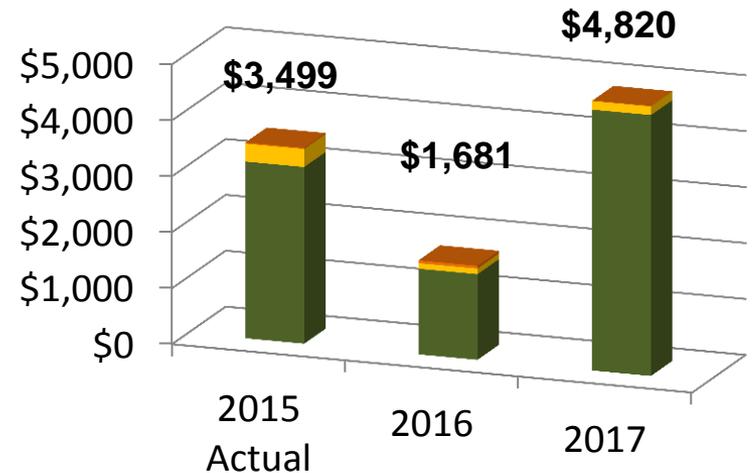
2016 and 2017 Funding Plan

Veterans Access – Section 801 \$5B
(\$ in millions)



	2015 Actual	2016	2017
■ Staffing	\$610	\$1,415	\$822
■ Other Med	\$-	\$20	\$16
■ Facilities	\$545	\$876	\$16
■ IT	\$54	\$309	\$-
■ Const	\$98	\$103	\$116

Veterans Choice Program – Section 802 \$10B
(\$ in millions)



	2015 Actual	2016	2017
■ IT Support	\$18	\$50	\$0
■ Admin Supt	\$322	\$100	\$158
■ Fee Care	\$3,159	\$1,531	\$4,661

Veterans Choice Act funding boosts near-term access and allows VA to increase future health care service capabilities



Access to Health Care



- **Technology:**
 - **Telehealth:** \$1.2 billion to deliver medical care via telehealth, which helps monitor chronic health care needs, especially in remote locations
 - **VistA Evolution:** \$260 million to enhance our Electronic Healthcare Record (EHR), including interoperability and VLER Health
 - **Data Management:** \$50 million to use data as a strategic resource
 - **Information Security:** \$370 million to protect Veterans' information
- **Programs:**
 - **Women-specific medical care** -- \$515 million
 - **Mental health care** -- \$7.8 billion
 - **Care in the Community**, including rural areas -- \$7.5 billion, Veterans Choice Act funding is estimated at \$4.7 billion -- totaling \$12.2B
- **Infrastructure:**
 - Activation of new and enhanced health care facilities -- \$836 million to for identified requirements

Technology, Programs, Infrastructure



Medical and Prosthetic Research Budgetary Resources



(\$ in millions)

- **FY 2017 appropriation request is \$663 million - nearly \$33 million (5.2 percent) over the enacted FY 2016 appropriation**
 - VA also receives \$1.3 billion in federal and private grants and other support which increases the total funding for research to \$1.9 billion
- **Funding supports research for over 3,600 projects:**
 - Traumatic Brain Injury and Central Nervous System injuries - \$91.2 million
 - Cancer Research - \$59.5 million
 - Dementia and Neurological Degeneration - \$25.4 million
 - Heart Disease/Cardiovascular Health - \$63.8 million
 - Mental Illness - \$115.8 million
 - Substance Abuse - \$30.1 million
 - Diabetes and Major Complications - \$35.8 million



Veterans Homelessness Program



- **In 2017, VA is investing \$1.6 billion in programs to assist Veterans who are currently homeless and to prevent at-risk Veterans from becoming homeless**
- **Funding provided for specific programs that reduce and prevent Veteran homelessness, to include:**
 - \$496 million for Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) for case management and supportive services - an increase of 45% from 2014
 - \$371 million for health treatment
 - \$300 million for Supportive Services for Veteran Families (SSVF)
 - \$247 million for Grant and Per Diem program, including program liaisons
 - \$75 million for job training
 - \$122 million for other homeless Veterans programs



Progress in Reducing the Disabilities Claims Backlog



VA DISABILITY CLAIMS BACKLOG

VA



U.S. Department of Veterans Affairs
Veterans Benefits Administration

VA's Inventory of Claims
Pending over 125 Days

PEAK: 611,000

March 2013

Transformation launches

VA Secretary adds 3 conditions associated with Agent Orange

On December 31, the disability claims backlog was **75,480** - an 88% reduction from its peak.

6 YEARS IN A ROW

Over **1 MILLION** claims processed each year -

Setting new record each year

1.4 million claims processed in FY 2015

75,480
December 2015

100,000

Still more to do...

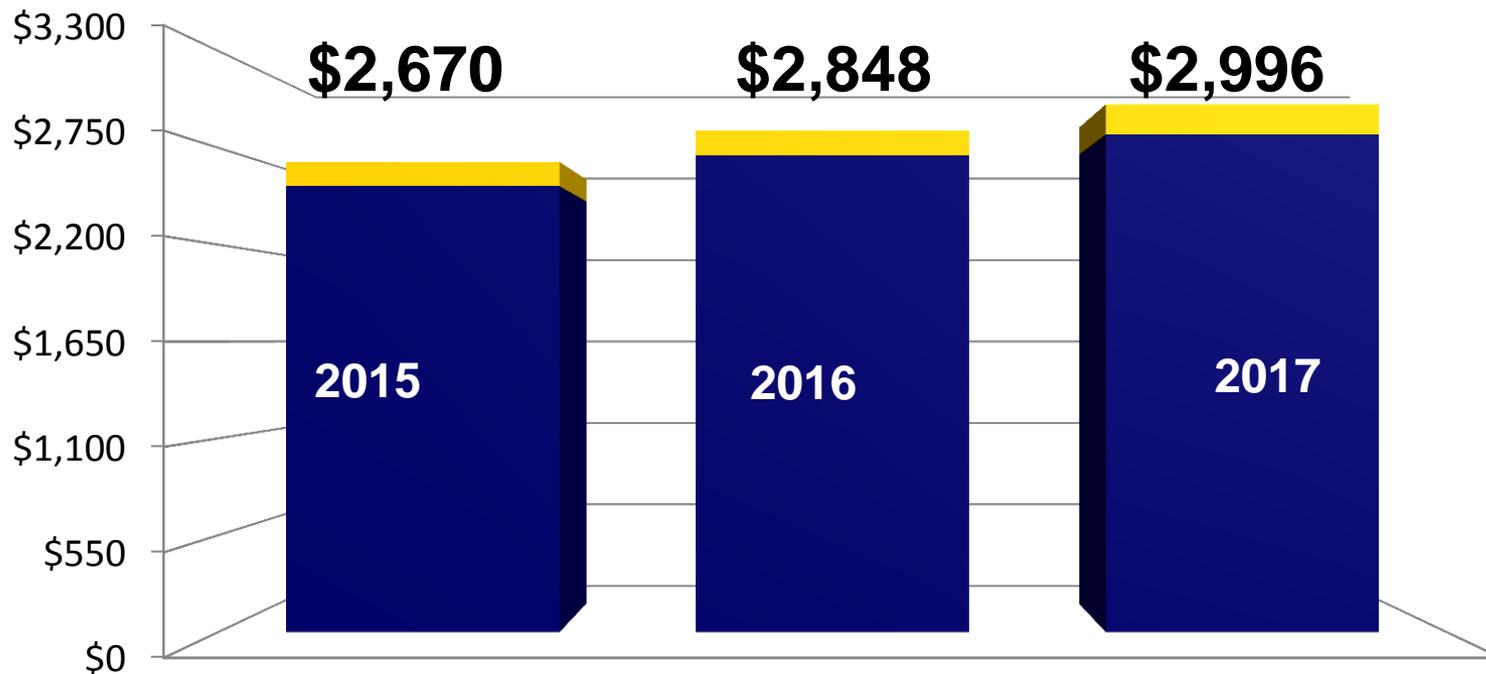
JAN 10 APR 10 JUL 10 OCT 10 JAN 11 APR 11 JUL 11 OCT 11 JAN 12 APR 12 JUL 12 OCT 12 JAN 13 APR 13 JUL 13 OCT 13 JAN 14 APR 14 JUL 14 OCT 14 JAN 15 APR 15 JUL 15 OCT 15 DEC 15



Veterans Benefits Administration Discretionary Budget



(\$ in millions)



	2015	2016	2017
■ Housing Loans and Insurance	\$138	\$140	\$170
■ General Operating Expenses	\$2,532	\$2,708	\$2,826

- **2017 request is \$148 million (5.2 percent) over 2016**
- **Budget provides additional resources for non-rating claims and claims processing support**



VBA Mandatory 2017 Budget and 2018 Advance Appropriations

(\$ in millions)



	2016	2017	2018
<i>Mandatory Advance Appropriations</i>	Enacted	Request	Request
Compensation and Pensions	76,866	86,083	90,119
Readjustment Benefits	14,313	16,341	13,709
Insurance	77	92	108
Insurance "Second Bite"	0	17	0
Total, Mandatory AA	91,256	102,533	103,936

- ***This is the first year for a “second bite” for VBA’s Mandatory AAs – a \$17 million increase above the enacted 2017 AA***
- ***The 2018 AA request is \$1.4 billion above the 2017 request***
- ***Any AA funds not needed in 2018, will be available in 2019***



Strengthening Veterans' Benefits Programs



In addition to continued focus on disability claims backlog, VBA will also focus on other critical workload needs:

- **Appeals:** Improving timeliness of decisions by VBA
- **Non-Rating Workload:** Adding 300 claims processors to improve timeliness of non-rating claims
- **Veterans Benefits Management System:** \$180.4 million (includes \$143 million in IT and \$37.4 million in VBA)
- **Veteran Claims Intake Program (VCIP):** \$142.9 million to convert paper documents into eFolders – our scanning effort

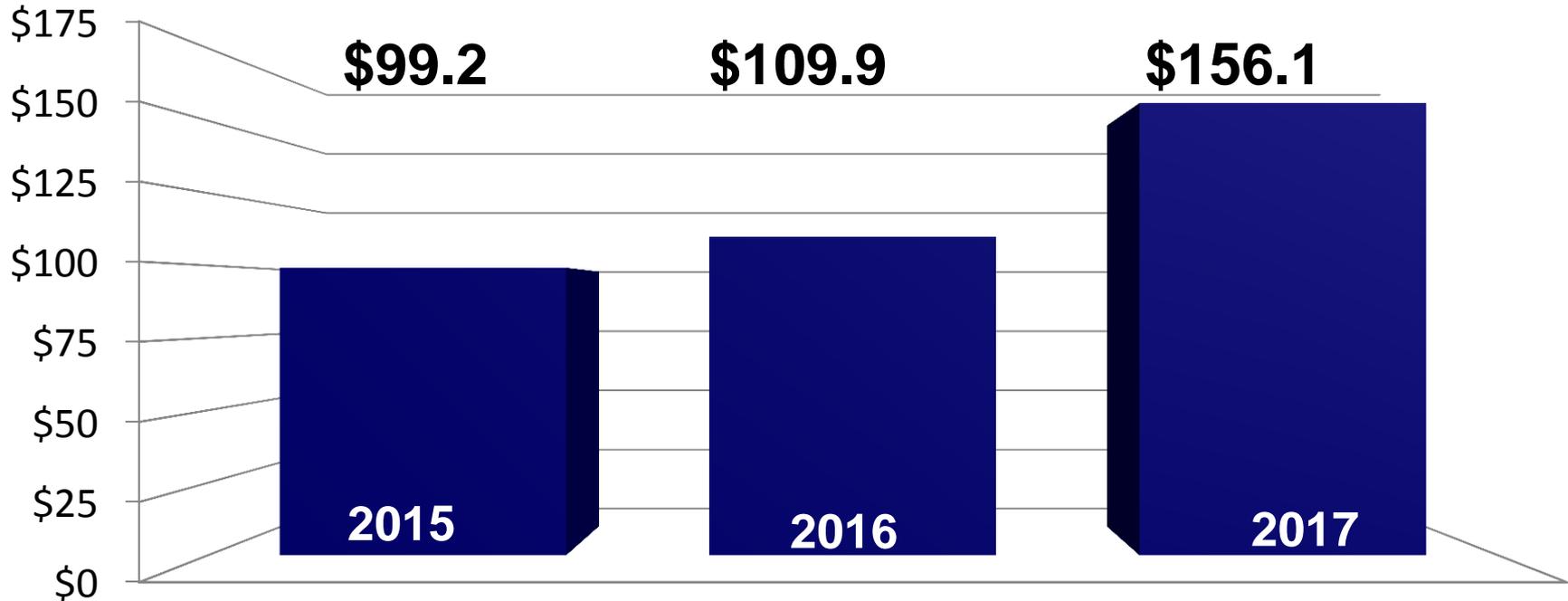
People, Processes, Technology



Board of Veterans' Appeals Budget



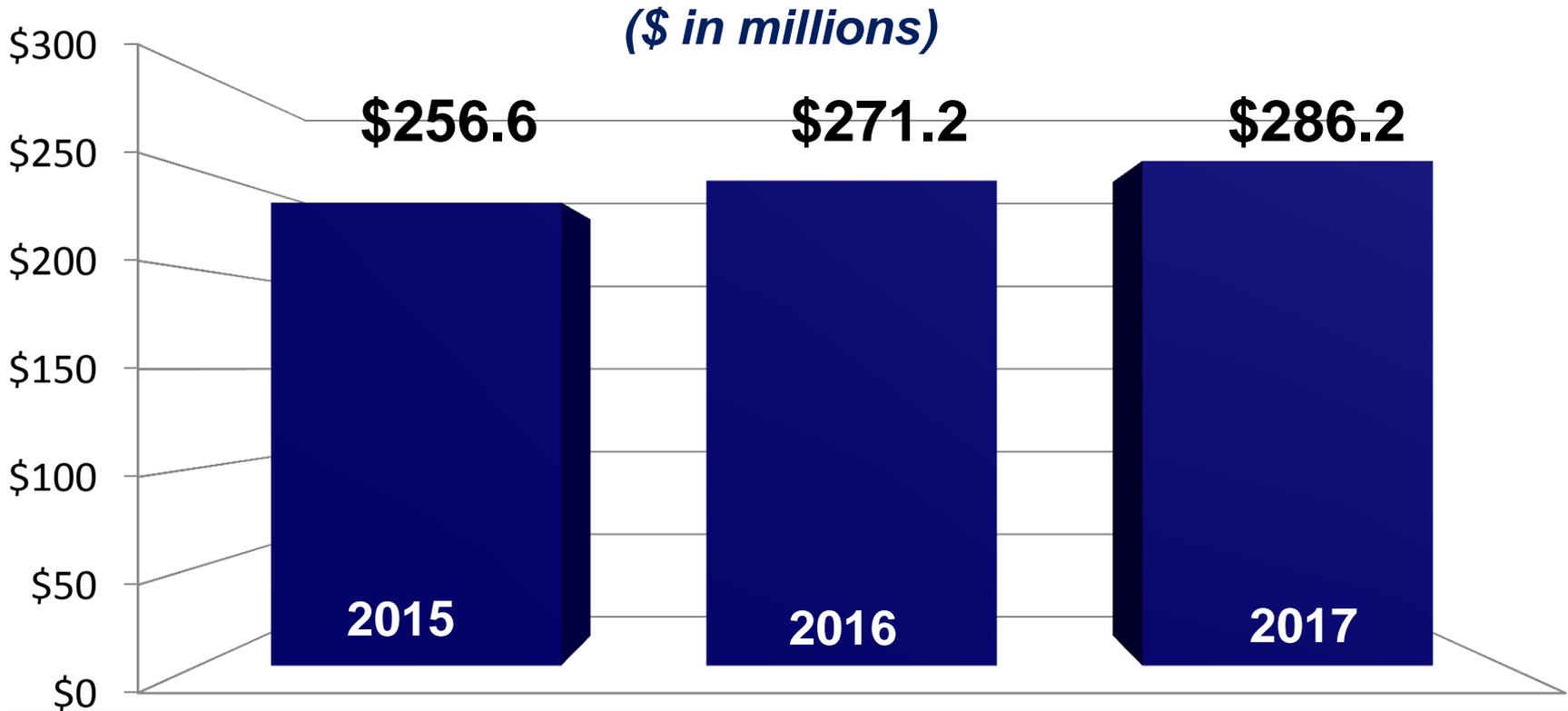
(\$ in millions)



- ***Budget proposes legislation to simplify the appeals process***
- ***An increase of \$46.2 million (42 percent) and 242 FTE over 2016 as a down payment on a long-term, sustainable plan to provide Veterans with timely decisions***
- ***Veterans will receive a final appeals decision within one year by 2021***
- ***Veterans would retain right to file a new claim***



National Cemetery Administration Budget

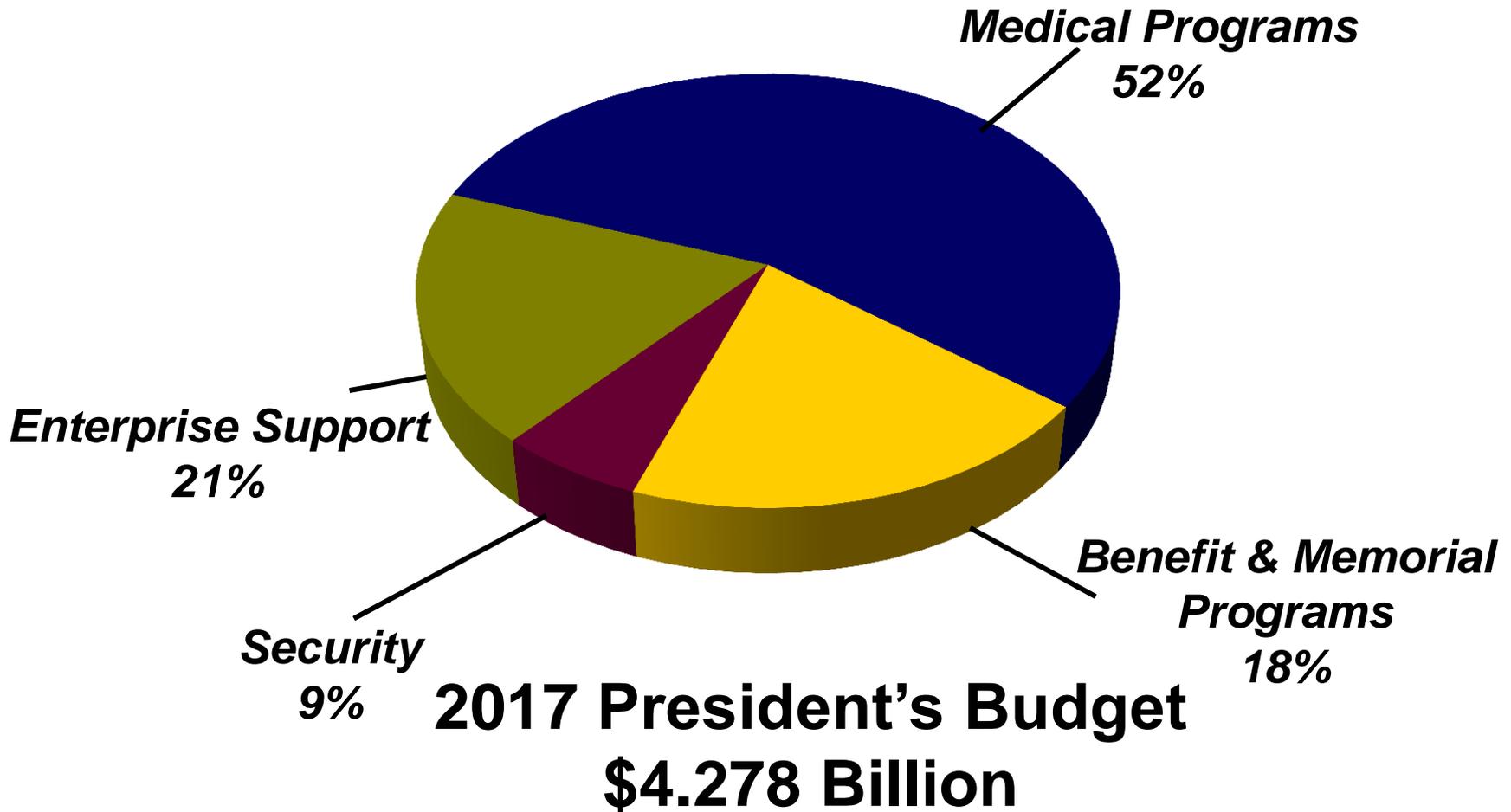


Request is \$15 million (5.5 percent) above the 2016 enacted level:

- \$6.3 million for increased workload and cemetery requirements***
- \$6.7 million for initiatives to improve cemetery operations***
- \$2.0 million for the National Shrine Program***



Information Technology 2017 Budget Request

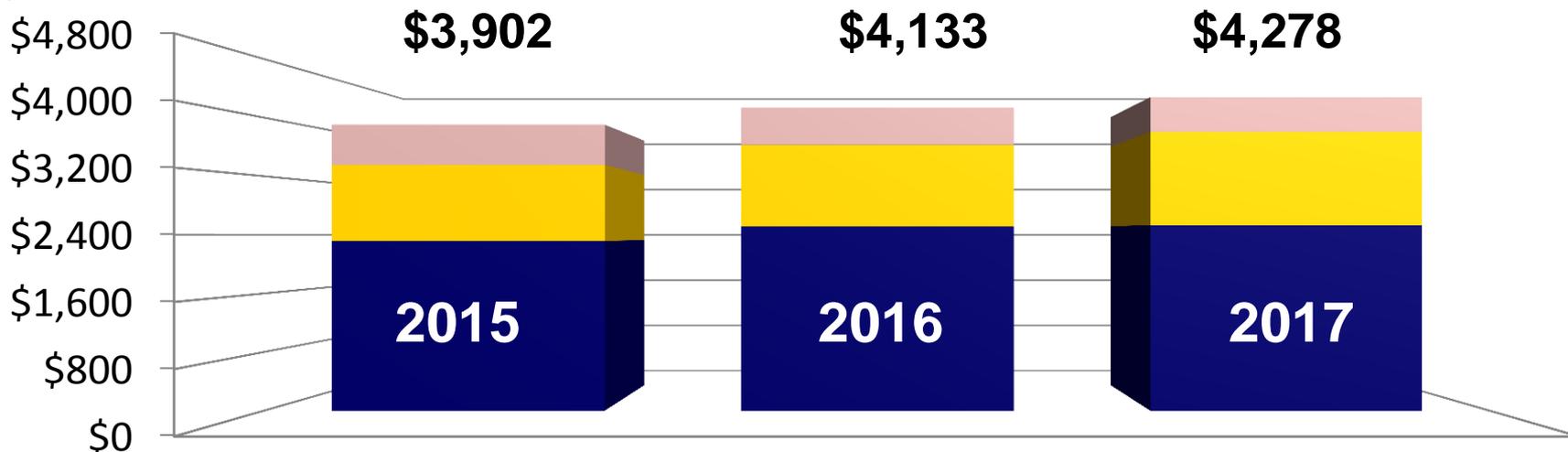


79% of VA's IT resources directly supports delivery of Veterans' medical services and benefits



Information Technology Budget

(\$ in millions)



	2015	2016	2017
■ New Development	\$548	\$505	\$471
■ Pay/Administration	\$1,039	\$1,116	\$1,273
■ Operations & Maintenance	\$2,316	\$2,513	\$2,534

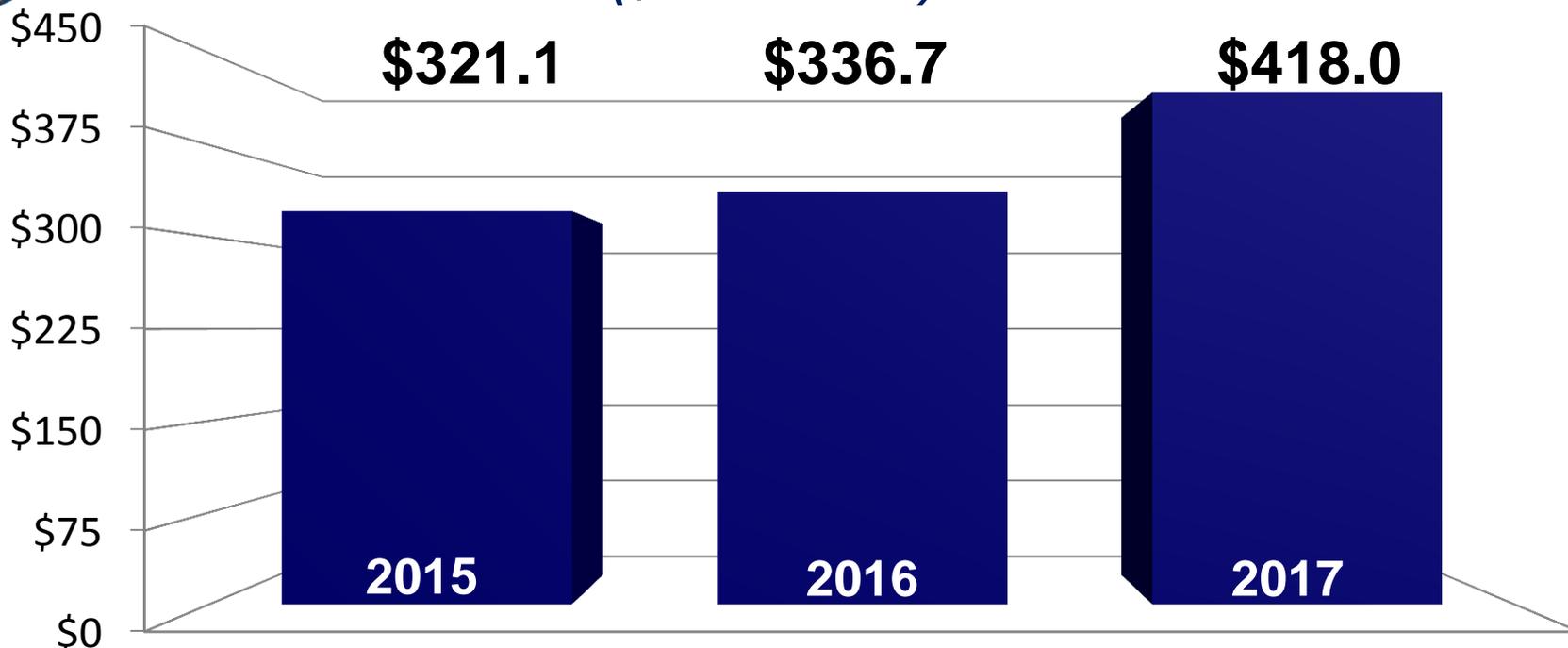
- Budget strengthens Information Security (\$370 M), an increase of 105 percent over 2016; supports FMS Modernization (\$44 M), Electronic Health Record (\$260 M), and Veterans Benefits Management System (\$143 M)**
- Also supports Improve Veterans Experience initiative (\$171 M)**



General Administration Budget



(\$ in millions)



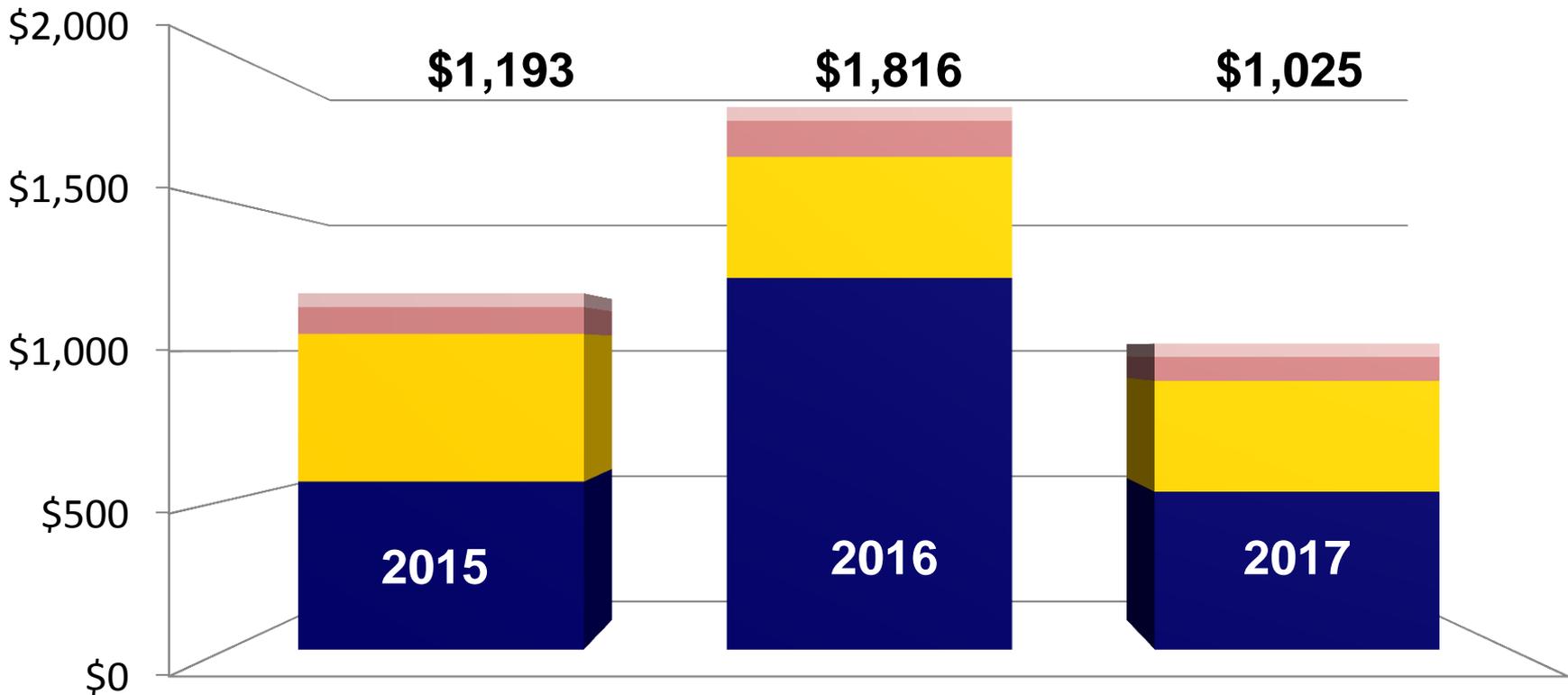
2017 Request is \$81.3 million above 2016 enacted level:

- **\$72.6 million for a new Veterans Experience Office (VEO) to lead MyVA transformation**
- **\$8.0 million for plan to modernize VA's 30-year-old legacy financial management system**
- **\$3.5 million to reduce improper payments and improve data accuracy and transparency**



Capital Program Budget

(\$ in millions)



	2015	2016	2017
■ Cemetery Grants	\$46	\$46	\$45
■ Extended Care Grants	\$90	\$120	\$80
■ Minor Construction	\$495	\$406	\$372
■ Major Construction	\$562	\$1,244	\$528



Major Construction Projects In 2017 Budget Request (\$ in millions)



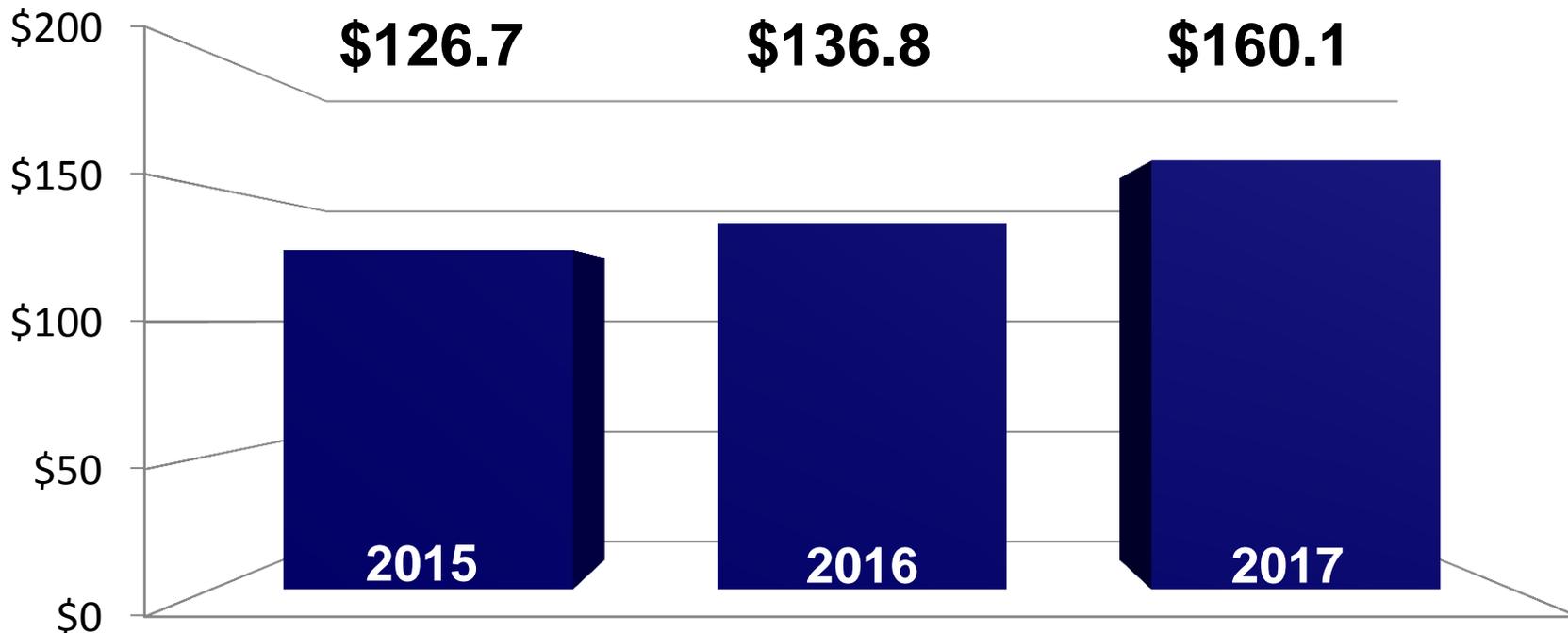
Location	Description	Request
Long Beach, CA	Seismic Corrections – Mental Health and Community Living Center	\$30.2
Reno, NV	Upgrade B1 Seismic, Life Safety, Utility Correction and Expand Clinical Services	\$192.4
Elmira, NY	New National Cemetery – Western New York	\$36.0
Las Animas, CO	New National Cemetery – Southern Colorado	\$36.0
Jacksonville, FL	Jacksonville National Cemetery – Gravesite Expansion	\$24.0
South Florida, FL	South Florida National Cemetery – Gravesite Expansion & Cemetery Improvements	\$31.0
Major Construction Support	Advance Planning and Design, Resident Engineer and Contracting Officer support, US Army Corps fees, hazardous waste, etc.	\$178.5
Total Request		\$528.1



Inspector General Budget



(\$ in millions)



2017 Budget requests an additional \$23.3 million above 2016 for increased oversight of VA programs

- Budget will support an additional 100 FTE at both current and new locations nationwide to assist in identifying waste, fraud and abuse, and making recommendations to improve services***
- Budget will 'right size' OIG staffing to oversee a growing VA budget and an increasing number of Veterans' programs***



Proposed Legislation



The 2017 President's Budget includes proposed legislative changes that will benefit Veterans and greatly assist VA operations, effectiveness, and stewardship of resources:

- **Over 100 legislative proposals in the 2017 Budget – over 40 new for this year**
- **Legislative Proposal Priorities:**
 - General Transfer Authority for VA Accounts
 - Consolidation of Care in the Community
 - BVA Appeals Process Changes: Closing the Record; transferring appellate jurisdiction to the Board following Notice of Disagreement; and elimination of optional Board hearings
 - Legislation to authorize two FY 2017 major construction projects – Reno and Long Beach – and six replacement major medical facility leases
- **FY 2016 Budget proposals not yet enacted but remain priorities:**
 - Provider Agreement Authority
 - Appointment and Compensation Changes for Medical Center Directors and Network Directors
 - Flexible 80-hour pay period for Physicians and Physician Assistants
 - Legislation to allow enhanced use leases (EUL) to implement the Master Plan for the West LA campus
 - Authorization of 8 FY 2016 major construction projects and 18 major medical leases submitted in VA's FY 2015 and 2016 requests
 - Legislation expanding the definition of "Medical Facilities" in support of the development of joint Federal medical facilities
 - Legislation to modify VA's EUL authority to broaden re-use possibilities and further benefit Veterans and VA's mission
 - Numerous other proposals that address access, hiring, and staffing shortages



MyVA

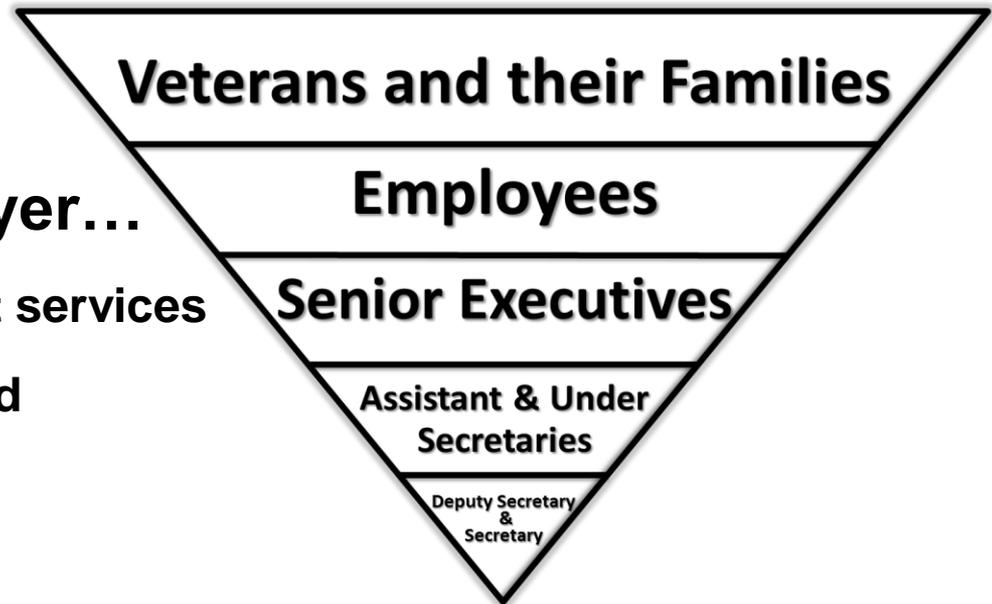


Providing Veterans . . .

- Easier **Access** to their benefits and greater **Trust** in their VA
- **Employees Empowered by Leaders** who take action to solve problems
- An **Organizational Culture** that places the Veteran's needs first

While providing the tax payer...

- Value from more efficient support services
- A Respected and Principles-based Federal Agency



...sustaining a “momentum of improvements” across the VA



Conclusion

- The 2017 President's Budget request for VA is a strong request in a tight fiscal environment
 - The 2017 Discretionary budget request is an increase of \$3.6 billion (4.9 percent) above the 2016 enacted appropriation
 - 2018 Medical Care AA requests \$1.4 billion (2.1 percent) above the 2017 Budget request
 - 2018 Mandatory Benefits AA requests \$103.9 billion to fully support Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities programs
- We will continue the largest Department-wide transformation in VA's history through MyVA, which is changing VA's culture, processes, and capabilities to put the needs, expectations, and interests of Veterans first

Working together we can ensure Veterans and their families receive the very best in care and services -- that they have both earned and deserve



Questions?