

DEPARTMENT OF VETERANS AFFAIRS



FY 2018 PRESIDENT'S BUDGET REQUEST

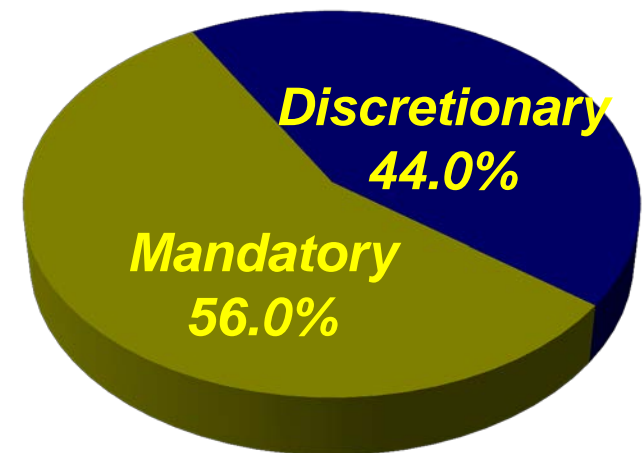
May 23, 2017



VA 2018 Budget Request Supports the President's Vision



- The Nation's commitment to Veterans and their families remains strong
 - The 2018 Budget for Veterans' benefits and services is a strong request in a tight fiscal environment
 - The President supports the funding increases needed to meet the Nation's obligations to our Veterans
- The VA budget request for 2018 is \$186.5 billion:
 - Mandatory \$ 104.3 billion
 - Discretionary_(w/ collections) \$ 82.1 billion



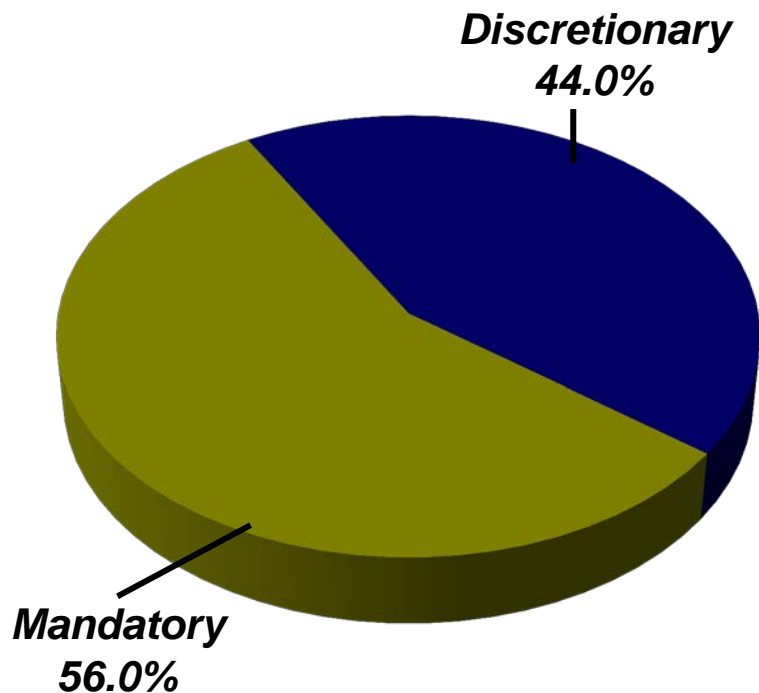
Total 2018 budget is an increase of \$6.4 billion over 2017



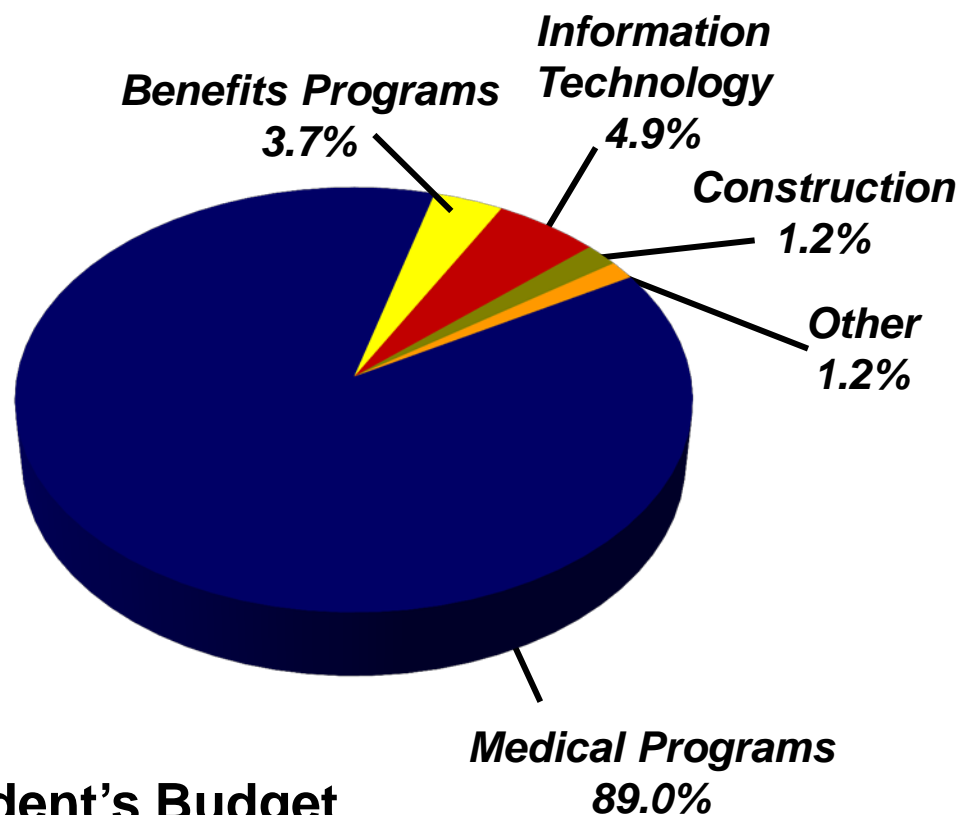
2018 VA Budget Request



Mandatory & Discretionary Accounts



Discretionary Accounts



2018 President's Budget
\$186.5 Billion

(includes collections - \$3.3B)

Mandatory: \$104.3 B

Discretionary: \$82.1 B

Department of Veterans Affairs



2018 and 2019 Budget Request



2018 Discretionary Budget (with Collections)

- Requests an increase of \$4.3 billion (5.5 percent) over the 2017 enacted level

2018 “Second Bite”

- Requests a \$2.65 billion increase above the 2018 Advance Appropriation for Medical Care (the “second bite”)
 - Improves access and meets the projected demand for VA-provided services, including community care. Provides increases for non-recurring maintenance (+\$1.3 billion, \$1.9 billion total), activations (+\$364 million, \$862 million total). Also funds additional leasing needs.
- Requests mandatory funding of \$2.9 billion for continuation of the Choice Program

2019 Advance Appropriations (AA)

- Requests discretionary Medical Care AA of \$70.7 billion and \$1.7 billion (2.4 percent) above the 2018 request
- Requests mandatory funding of \$3.5 billion for continuation of the Choice Program
- Requests mandatory Veterans benefits AA budget of \$107.7 billion

President’s Budget request reflects his commitment to expanding services to Veterans and their families



2018 Budget Request

(\$ in millions)



	2016	2017	2018	Change 2017 v 2018	
	Actual	Enacted	Request	\$	%
Medical Services	49,913	45,372	45,918	547	1.2%
Medical Community Care	0	7,246	9,663	2,417	33.4%
Medical Support & Compliance	6,059	6,498	6,939	441	6.8%
Medical Facilities (Includes NRM)	4,708	5,313	6,515	1,202	22.6%
Medical Care Appropriations	60,680	64,429	69,035	4,606	7.1%
Collections	3,503	3,322	3,271	-51	-1.5%
Total, Medical Care with Collections	64,183	67,750	72,306	4,556	6.7%
Medical Research	611	673	640	-33	-5.0%
Veterans Benefits Administration	2,704	2,844	2,844	0	0.0%
General Administration	333	345	347	2	0.4%
Board of Veterans' Appeals	110	156	156	0	0.0%
National Cemetery Administration	271	286	306	20	7.0%
Construction-Major	1,221	528	512	-16	-3.0%
Construction - Minor	321	372	343	-29	-7.9%
Grants for State Extended Care Facilities	140	90	90	0	0.0%
Grants for Veterans Cemeteries	46	45	45	0	0.0%
Information Technology	4,058	4,270	4,056	-215	-5.0%
Inspector General	137	160	160	0	0.0%
Loan Administration Funds	166	200	180	-20	-10.1%
DoD Transfers for Joint Accounts	135	135	131	-4	-3.0%
Joint Incentive Fund Rescission	-30	-40			
Subtotal Discretionary without MCCF	70,902	74,494	78,844	4,350	5.8%
Total Discretionary Funding	74,406	77,815	82,115	4,299	5.5%
Total Mandatory Funding	92,520	102,213	104,347	2,134	2.1%
Total VA with MCCF	166,926	180,028	186,461	6,433	3.6%

2018 President's Budget requests additional funding over 2017 for increased access to Medical Care and NCA services

Department of Veterans Affairs



Total Full-Time Equivalent (FTE)



	FY 2016	FY 2017	FY 2018	Change 2017 v 2018	
	Actual	Estimate	Request	FTE	%
Medical Services*	224,893	230,885	236,597	5,712	2.5%
Medical Support & Compliance	50,554	52,222	53,099	877	1.7%
Medical Facilities	23,924	24,743	25,189	446	1.8%
Other (DoD-VA Fund Accounts)	2,038	2,172	2,172	0	0.0%
Canteen Service	3,410	3,450	3,500	50	1.4%
Veterans Choice Program	58	131	131	0	0.0%
Subtotal Medical Care	304,877	313,603	320,688	7,085	2.3%
Medical Research	3,138	3,200	3,155	-45	-1.4%
National Cemetery Administration	1,814	1,851	1,881	30	1.6%
Information Technology	7,387	7,906	7,899	-7	-0.1%
Veterans Benefits Administration	21,558	22,721	22,721	0	0.0%
General Administration	2,559	2,644	3,016	372	14.1%
Board of Veterans' Appeals	660	886	1,050	164	18.5%
Inspector General	706	773	820	47	6.1%
Franchise Fund	1,397	1,628	1,754	126	7.7%
Supply Fund	1,045	1,150	1,150	0	0.0%
Total FTE	345,141	356,362	364,134	7,772	2.2%

* Medical Care FTEs Include Section 801 Veterans Choice Act FTEs

Budget request supports an FTE increase of 7,772 (2.2 percent) over the 2017 estimate, with the majority being for Medical Care



What We Are Buying in 2018



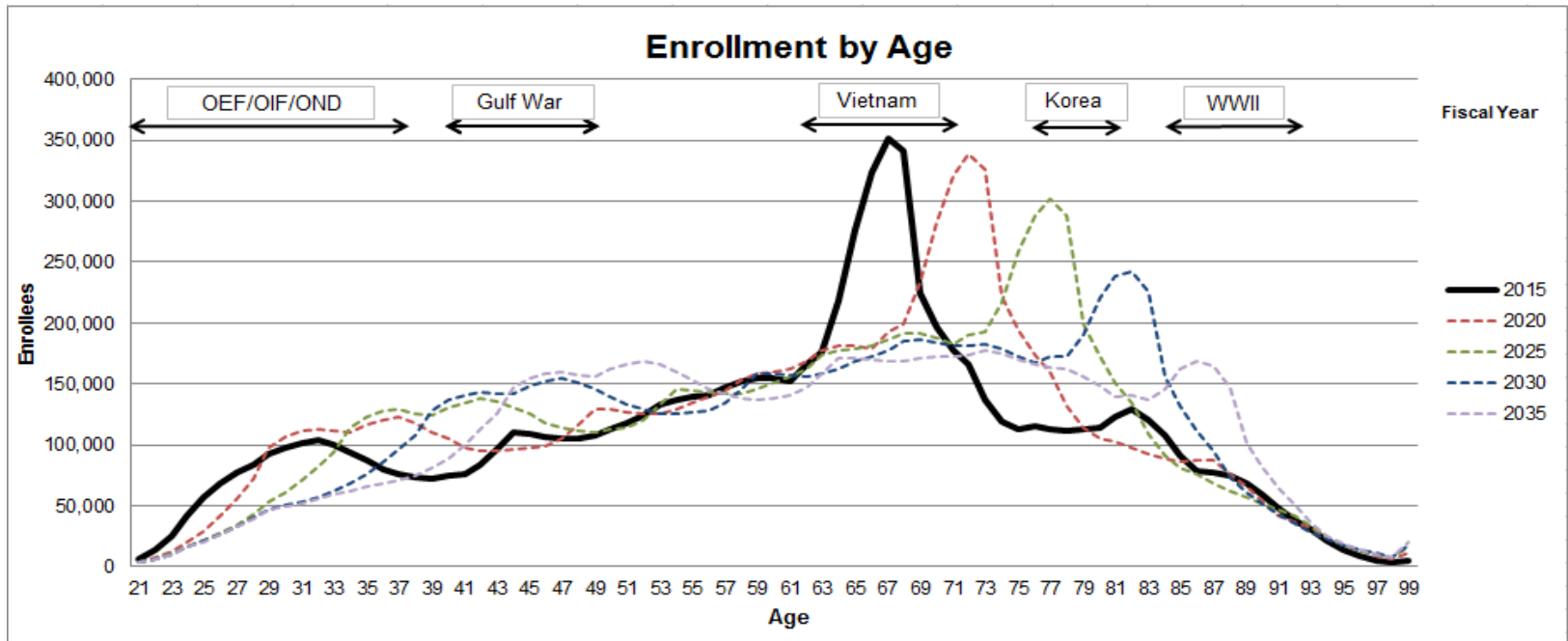
The budget request provides Veterans high quality benefits and services:

- **Veterans Health Administration (VHA)**
 - Provides health care to over 7.0 million unique patients, up from 6.9 million in 2017
 - Supports 114 million total outpatient visits compared to 110 million projected in 2017
 - Expands medical facilities through leasing and improves current infrastructure through non-recurring maintenance
- **Veterans Benefits Administration (VBA)**
 - Provides about 5.5 million Veterans and Survivors with disability compensation or pension benefits, over 180,000 more than in 2017
 - Provides education benefits and services to nearly 1.0 million Service members, Veterans, Survivors, and beneficiaries
 - Provides 145,000 Service members and Veterans with Vocational Rehabilitation and Employment services
 - Supports processing of 1.4 million disability compensation and pension claims - continues the increase in annual claims being processed for Veterans
- **National Cemetery Administration (NCA)**
 - Provides greater access by funding the expansion of six existing cemeteries in 2018: Calverton, NY; Sacramento, CA; Bushnell, FL; Phoenix, AZ; Bridgeville, PA; and Elwood, IL
 - Supports interment of nearly 133,600 Veterans and eligible family members in VA national cemeteries

Department of Veterans Affairs



Projected Enrollment by Age



2016 VA Enrollee Health Care Projection Model

- The large cohort of Vietnam-era enrollees are reaching Medicare eligibility
- The number of 85-year-old enrollees will almost double over the next 20 years

Note: The period of service cohorts in these charts are defined by enrollee age in 2015 because enrollee level data on period of service is not available for all enrollees.

Note: An enrollee may be in the age range for the cohort and not have served in the conflict, and the cohorts are not mutually exclusive.



Veterans Who Use VA Health Care System

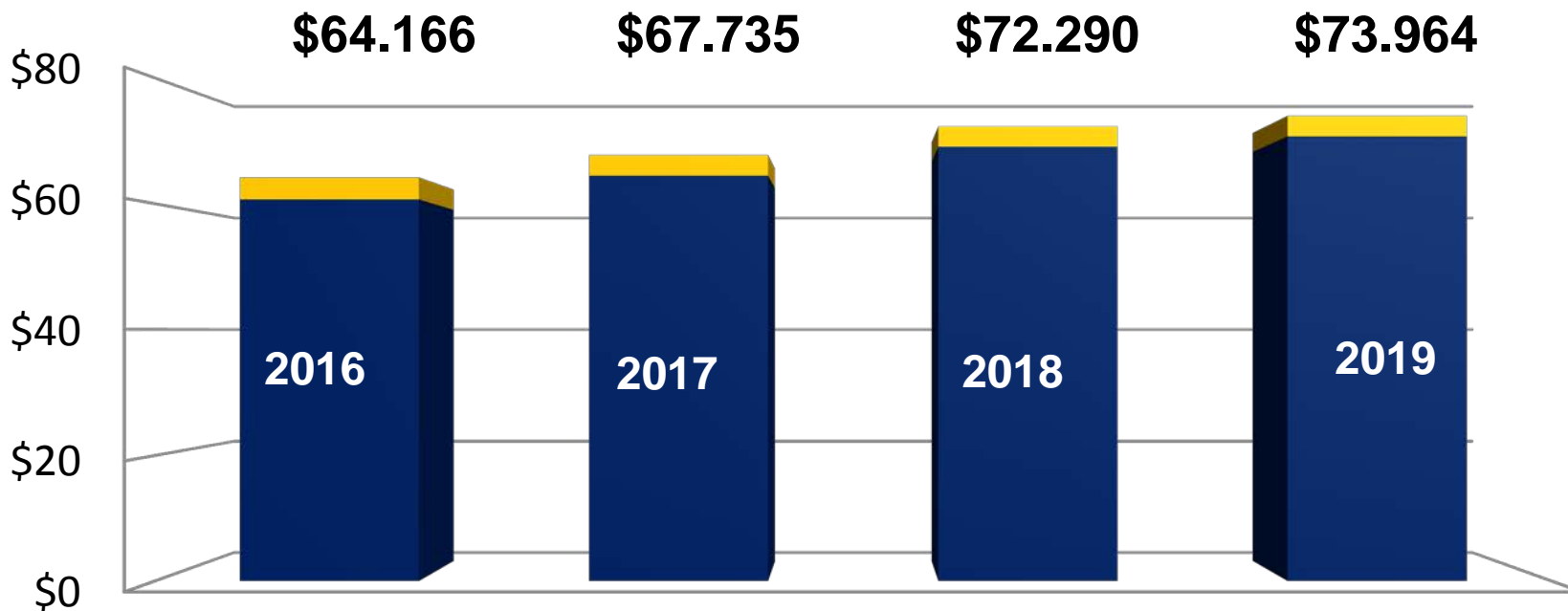


- **Total number of unique Veteran patients who use VA's health care system continues to increase - over 7 million in 2018**
 - **Veterans with service-related disabilities, low-income, POWs, Purple Heart recipients continue in an upward trend year-over-year**
 - **Operation Enduring Freedom, Iraqi Freedom, New Dawn, and Operation Inherent Resolve, Veterans and services are up 215 percent from 2010**



Medical Care Budget

(\$ in billions)



	2016	2017	2018	2019
■ Collections	\$3.486	\$3.306	\$3.255	\$3.265
■ Appropriations	\$60.680	\$64.429	\$69.035	\$70.699

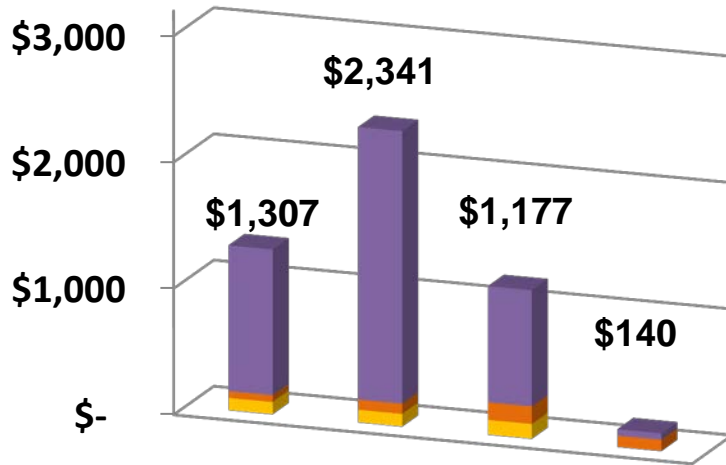
- *Medical Care is 89 percent of VA's discretionary budget*
- *The 2018 budget request is \$4.6 billion (7.1 percent) over 2017*



Veterans Choice Program Funding

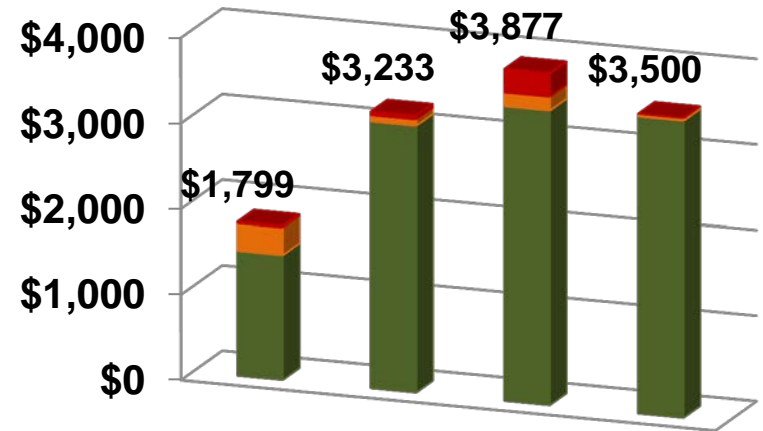


Veterans Access – Section 801
(\$ in millions, obligations)



	2015 Actual	2016 Actual	2017	2018
Medical	\$1,155	\$2,159	\$920	\$50
IT	\$54	\$81	\$139	\$90
Const	\$98	\$101	\$118	\$-

Veterans Choice Program – Section 802 and New Funding
(\$ in millions, obligations)



	2015 Actual	2016 Actual	2017	2018
IT Support	\$18	\$44	\$275	0
Admin Supt	\$322	\$73	\$161	\$31
Comm Care	\$1,459	\$3,116	\$3,441	\$3,469

Budget requests \$2.9 billion in new mandatory funding and \$626 million in carryover for \$3.5 billion in 2018 and \$3.5 billion in 2019 for the Choice Program for Community Care



Improving Access to Health Care



- **Technology:**
 - **Electronic Health Record:** \$60 million to improve health information
 - **FMS Modernization:** \$83 million to modernize finance and procurement systems
 - **Information Security:** \$340 million to protect Veterans' information
- **Programs:**
 - **Gender-specific medical care for women** -- \$505 million, \$34 million over 2017
 - **Mental health care** -- \$8.4 billion, \$472 million over 2017
 - **Community Care**
 - \$9.7 billion in discretionary funding
 - \$2.9 billion in new mandatory Veterans Choice Program funding, plus carryover of \$626 million
 - \$13.2 billion for total Community Care program in 2018
- **Infrastructure:**
 - \$954 million to fund more than 2,000 medical leases to provide care and services to Veterans
 - Activation of new and enhanced health care facilities -- \$862 million
 - Authorization of 27 major medical leases would make possible 2.3 million square feet and support 3.2 million annual clinic visits

- ***VA will have more than 9.3 million Veterans enrolled in 2018***
- ***Focus on patient experience: respect, timeliness, and quality of care***



Medical and Prosthetic Research Budgetary Resources

(\$ in millions)



- **2018 budget appropriation request of \$640 million** coupled with \$1.1 billion in federal and private grants and other support, total funding for research program is \$1.8 billion
- **Funding supports research for over 2,132 projects:**
 - Traumatic Brain Injury and Central Nervous System injuries - \$104 million
 - Cancer Research - \$58.8 million
 - Dementia and Neurological Degeneration - \$30.6 million
 - Heart Disease/Cardiovascular Health - \$69.8 million
 - Mental Illness - \$115.8 million
 - Substance Abuse - \$30.1 million
 - Diabetes and Major Complications - \$35.2 million

VA will focus on critical areas including Pain Management/Opioid Addiction, Mental Health/Suicide and the Million Veteran Program



Veterans Homelessness Program



- **In 2018, VA is investing \$1.7 billion in programs to assist homeless Veterans and prevent at-risk Veterans from becoming homeless**
- **Funding provided for specific programs that reduce and prevent Veteran homelessness, to include:**
 - \$543 million for Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) for case management and supportive services to support about 93,000 vouchers
 - \$452 million for health treatment
 - \$320 million for Supportive Services for Veteran Families (SSVF)
 - \$257.5 million for Grant and Per Diem program, including program liaisons
 - \$75 million for job training
 - \$81 million for other homeless Veterans programs

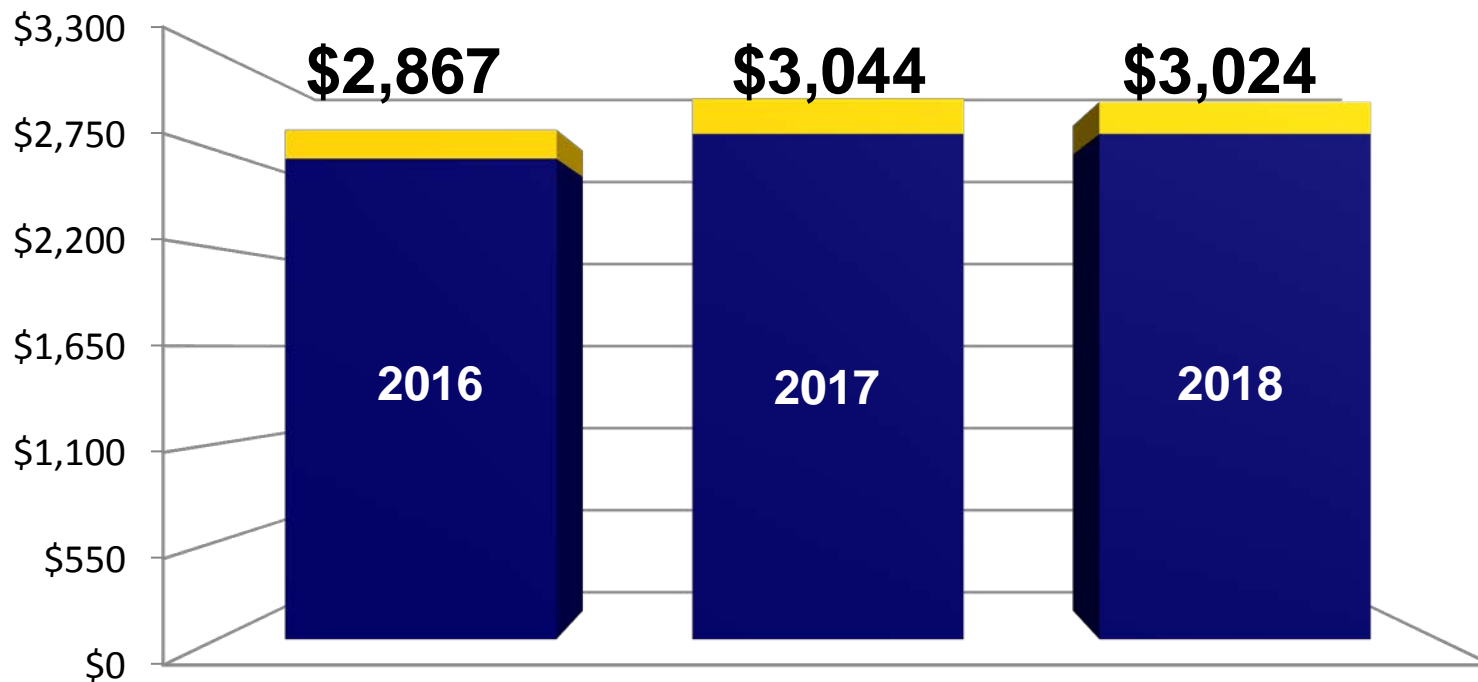
Since 2010, the number of Veterans experiencing homelessness declined by nearly 50% - focus shifts to homelessness prevention



Veterans Benefits Administration Discretionary Budget



(\$ in millions)



	2016	2017	2018
■ Housing Loans and Insurance	\$163	\$200	\$180
■ General Operating Expenses	\$2,704	\$2,844	\$2,844

- **2018 Housing request is in line with program needs prior to 2017**
- **2018 GOE request is equal to the 2017 enacted budget**

Department of Veterans Affairs



VBA Mandatory 2018 Budget

(\$ in millions)



	2016	2017	2018
Mandatory Advanced Appropriations	<i>Actuals</i>	<i>Enacted</i>	<i>Request</i>
Compensation and Pensions	\$76,866	\$86,083	\$86,895
Readjustment Benefits	\$14,313	\$16,341	\$13,667
Insurance	\$77	\$92	\$108
Insurance "Second Bite"	N/A	\$17	\$12
Total, Mandatory AA	\$91,256	\$102,533	\$100,681

- **Mandatory "second bite" in 2018 is \$12 million above the enacted 2018 AA**



Strengthening Veterans' Benefits Programs



In addition to a continued focus on reducing the disability claims backlog, VBA will focus on other critical workload needs including:

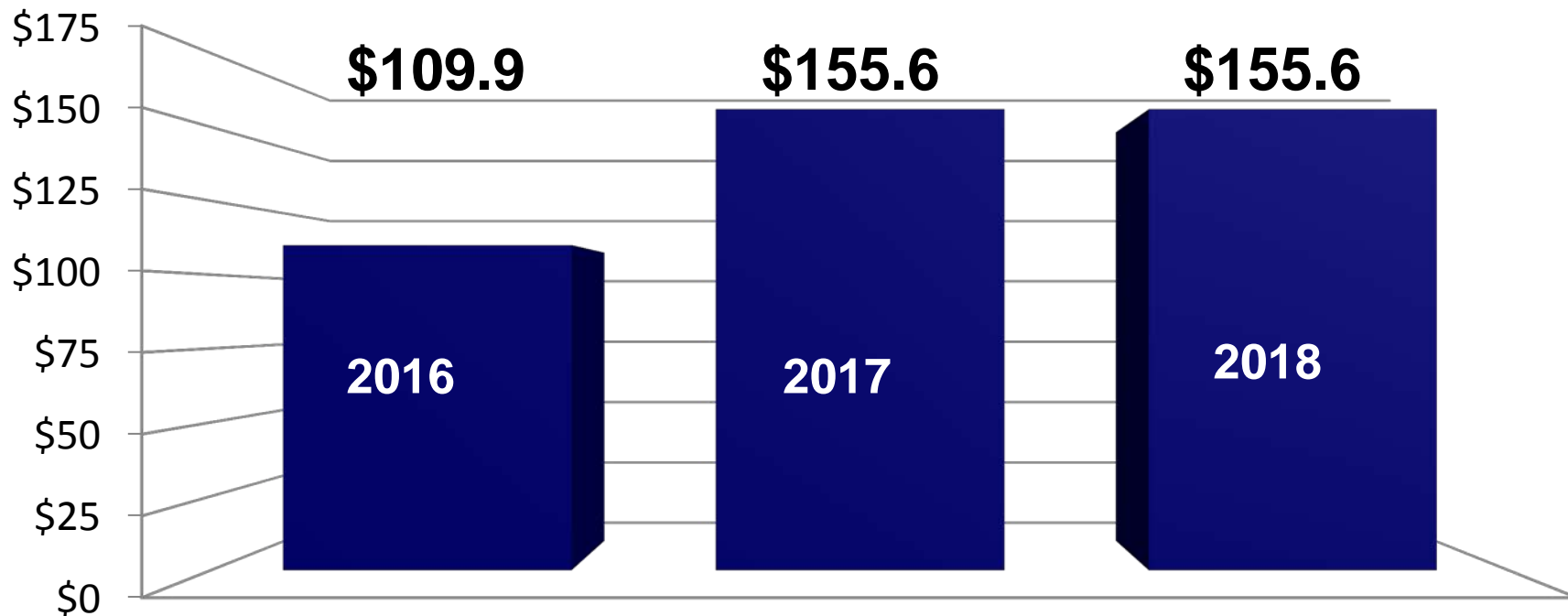
- **Appeals:** Improving timeliness and accuracy of decisions by VBA through a new Simplified Appeals Process (SAP)
- **National Call Centers (NCCs):** As of April, speed to answer calls is 25 seconds, down from a FYTD February average of 1 minute and 47 seconds
- **Non-Rating Claims:** Focusing on decreasing both inventory and the time it takes to process non-rating claims
- **Veteran Claims Intake Program (VCIP):** \$115.4 million to continue the scanning effort of converting paper documents into eFolders within the Veterans Benefits Management System.

Reflects VBA's commitment to improving the Veterans Experience!



Board of Veterans' Appeals Budget

(\$ in millions)



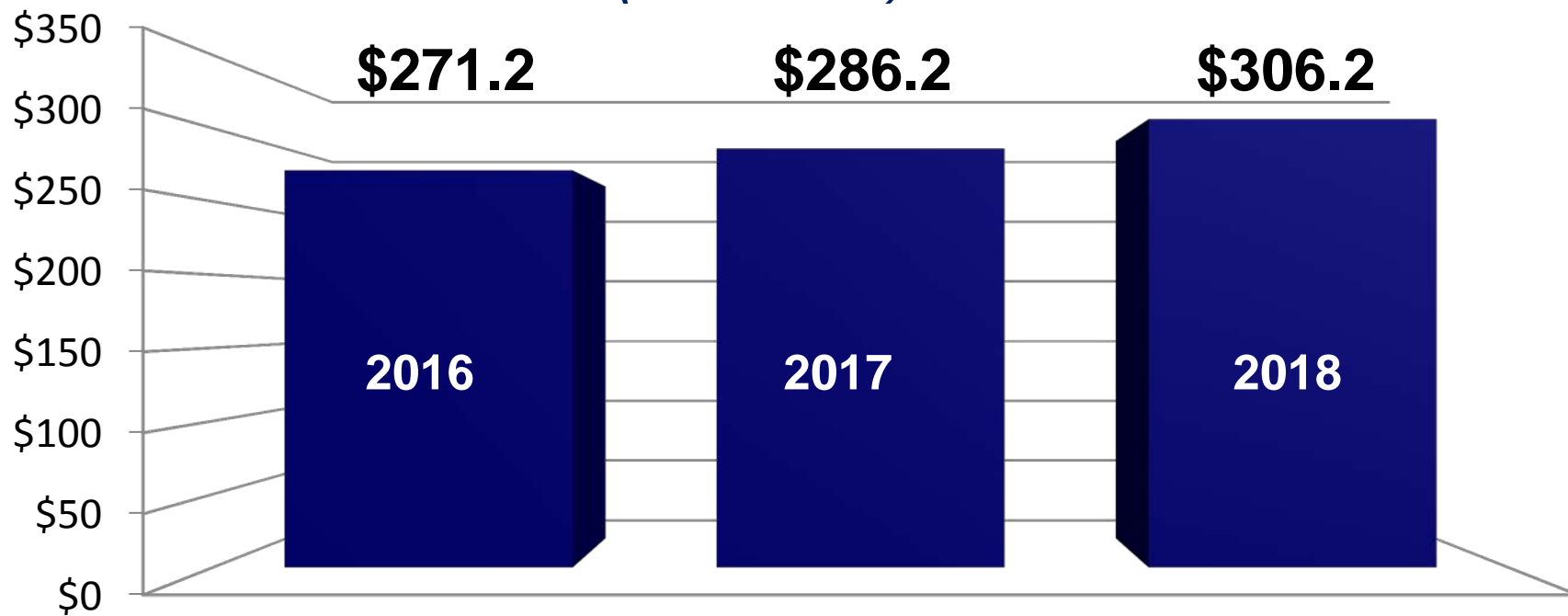
- ***Budget again proposes legislation to reform the appeals process***
- ***Request of \$155.6 million is the same level of funding as the 2017 enacted budget***
- ***Requested funds will support FTE increases to provide Veterans with timely and fair decisions***



National Cemetery Administration Budget



(\$ in millions)



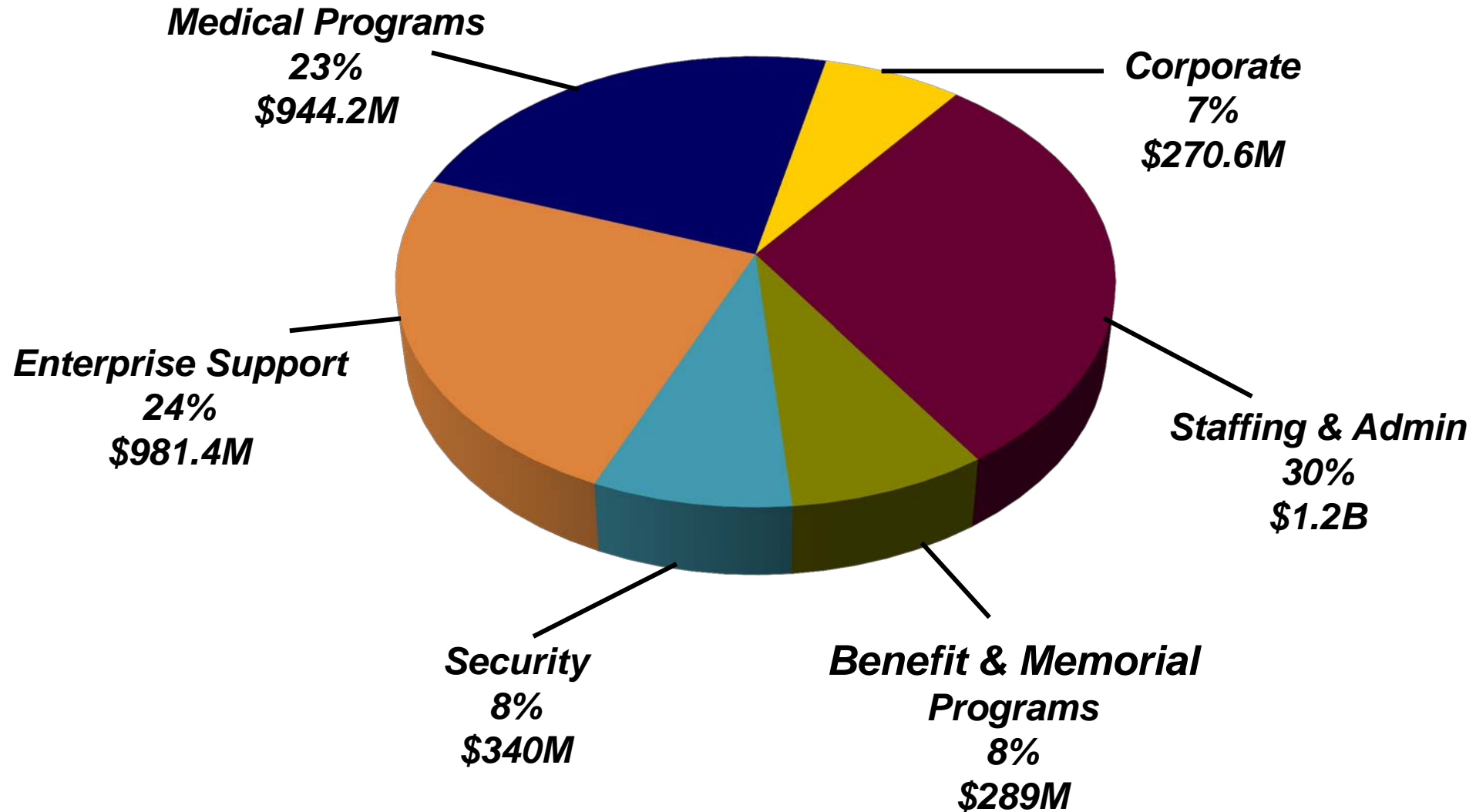
Request is \$20 million (7.0 percent) above the 2017 enacted level

- Supports 30 additional FTE to meet expanding cemetery operations***
- Supports initial activation of three new cemeteries (Pikes Peak, CO; Western NY; and Indianapolis, IN)***
- Enhances funding towards the National Shrine program by \$2.5 million***
- Supports facilities repairs and initiatives to improve service***

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Information Technology 2018 Budget Request \$4.056 Billion

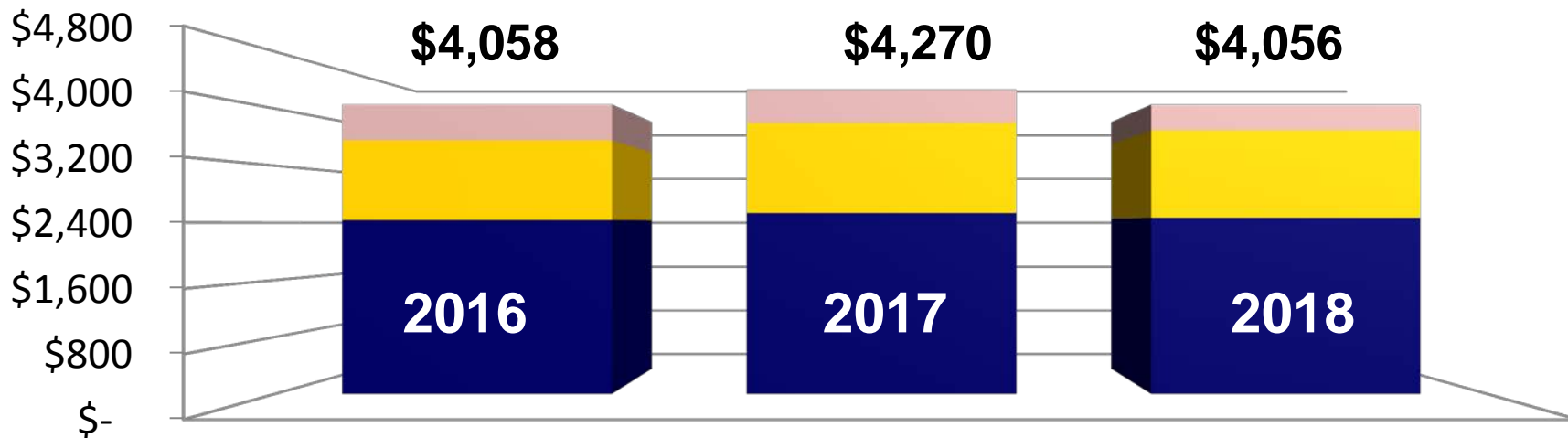


Department of Veterans Affairs



Information Technology Budget

(\$ in millions)



	2016	2017	2018
New Development	\$505	\$471	\$359
Pay/Administration	\$1,116	\$1,265	\$1,230
Operations & Maintenance	\$2,437	\$2,534	\$2,467

Development funding allocation focuses on key programs:

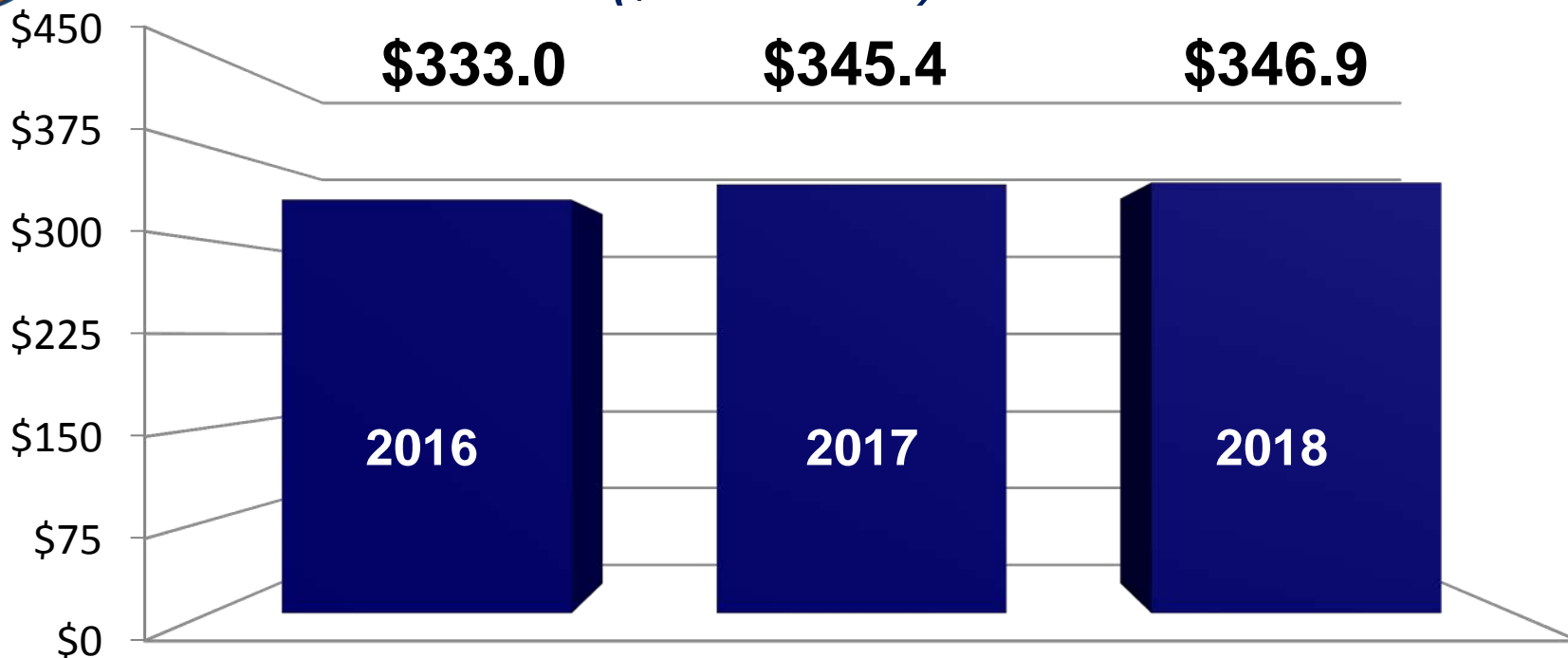
- *Information Security (\$340 M)*
- *Electronic Health Record (\$60.3 M)*
- *FMS Modernization (\$83 M)*
- *Benefits Delivery Network (\$32.4 M)*
- *Burial Operations Support System (\$21M)*



General Administration Budget



(\$ in millions)



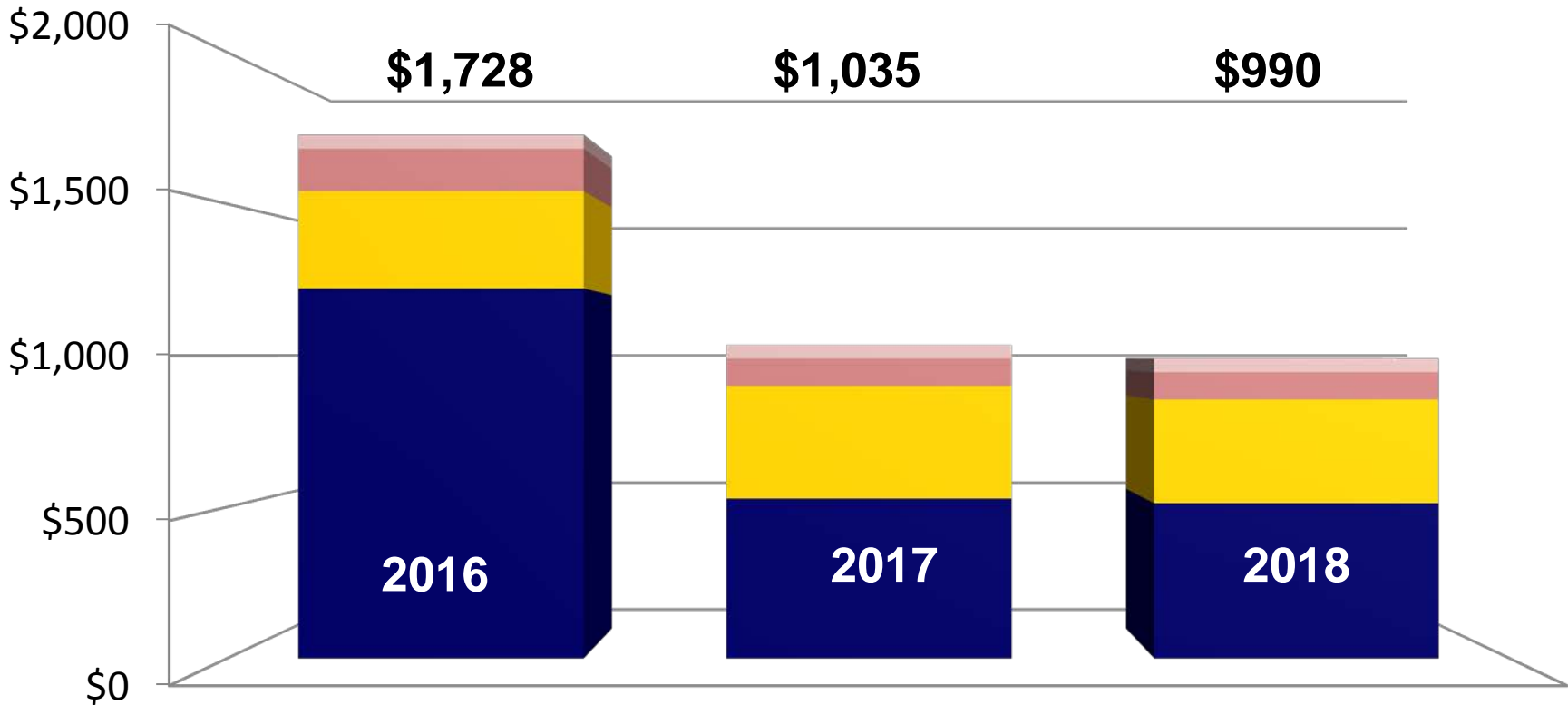
2018 Request is \$1.5 million above 2017 enacted budget level:

- **Equal to 2017 enacted budget and \$1.5 million realigned from OI&T to fund Spectrum management oversight which strengthens National Security and Emergency Preparedness Communications**
- **Budget supports a new Office of Accountability and Whistleblower Protection**



Capital Program Budget

(\$ in millions)



	2016	2017	2018
■ Cemetery Grants	\$46	\$45	\$45
■ Extended Care Grants	\$140	\$90	\$90
■ Minor Construction	\$321	\$372	\$343
■ Major Construction	\$1,221	\$528	\$512



Major Construction Projects in 2018 Budget Request (\$ in millions)



Location	Description	Request
Livermore, CA	New Outpatient Clinic as part of Realignment and Closure of the Livermore Campus	\$117.3
Sacramento, CA	Gravesite Expansion	\$35.0
Bushnell, FL	Gravesite Expansion & Cemetery Improvements	\$51.5
Elwood, IL	Gravesite Expansion – Phase 3	\$35.0
Calverton, NY	Gravesite Expansion	\$50.0
Phoenix, AZ	Gravesite Expansion	\$31.9
Bridgeville, PA	Gravesite Expansion – Phase 3	\$39.0
Major Construction Support	Advance Planning and Design, Resident Engineer and Contracting Officer support, US Army Corps fees, NCA land acquisition, etc.	\$152.7
Total Request		\$512.4



Proposed Legislation



Budget request includes legislative proposals that will benefit Veterans, assist VA operations and effectiveness, and promote stewardship of resources:

- **82 legislative proposals are submitted in the 2018 Budget**
- **VA Legislative Priorities:**
 - Appeals Modernization, to improve timeliness, simplify the process, and make the system work for Veterans
 - Strengthen VA purchased care authorities (provider agreements)
 - Enhance ability to recruit and retain medical center and network directors
 - Align employee awards to enhance recruitment and retention
 - VA telehealth national expansion
 - General Transfer Authority between discretionary budget accounts to allow VA to readily adjust resources to the highest priority items
 - Increase Minor construction project threshold from \$10 to \$20 million
 - Authority to expand VA's current Enhanced-Use Lease authority beyond Supportive Housing
 - VA is seeking modification to Title 38 to eliminate statutory impediments to acquiring joint facility projects with DoD and other Federal agencies.
 - Smoke-free Environment



Conclusion

- The 2018 President's Budget request for VA is a strong request in a tight fiscal environment
 - The 2018 Discretionary budget request is an increase of \$4.3 billion (5.5 percent) above the 2017 enacted appropriation
 - 2019 Medical Care AA requests \$1.7 billion (2.4 percent) above the 2018 Budget request
 - 2019 Mandatory Benefits AA requests \$107.7 billion to fully support Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities programs
- In 2018, Department-wide transformation will continue with changing VA's culture, processes, and capabilities to put the needs, expectations, and interests of Veterans first

Rebuilding Trust with Veterans
Commitment – Access – Modernization – Efficiency



Questions?