

DEPARTMENT OF VETERANS AFFAIRS



FY 2019 PRESIDENT'S BUDGET REQUEST

February 12, 2018

VA



U.S. Department
of Veterans Affairs

FY 2019 VA Budget Request

The FY 2019 Budget demonstrates the Administration's ongoing commitment to providing Veterans more efficient, timely, and quality services.

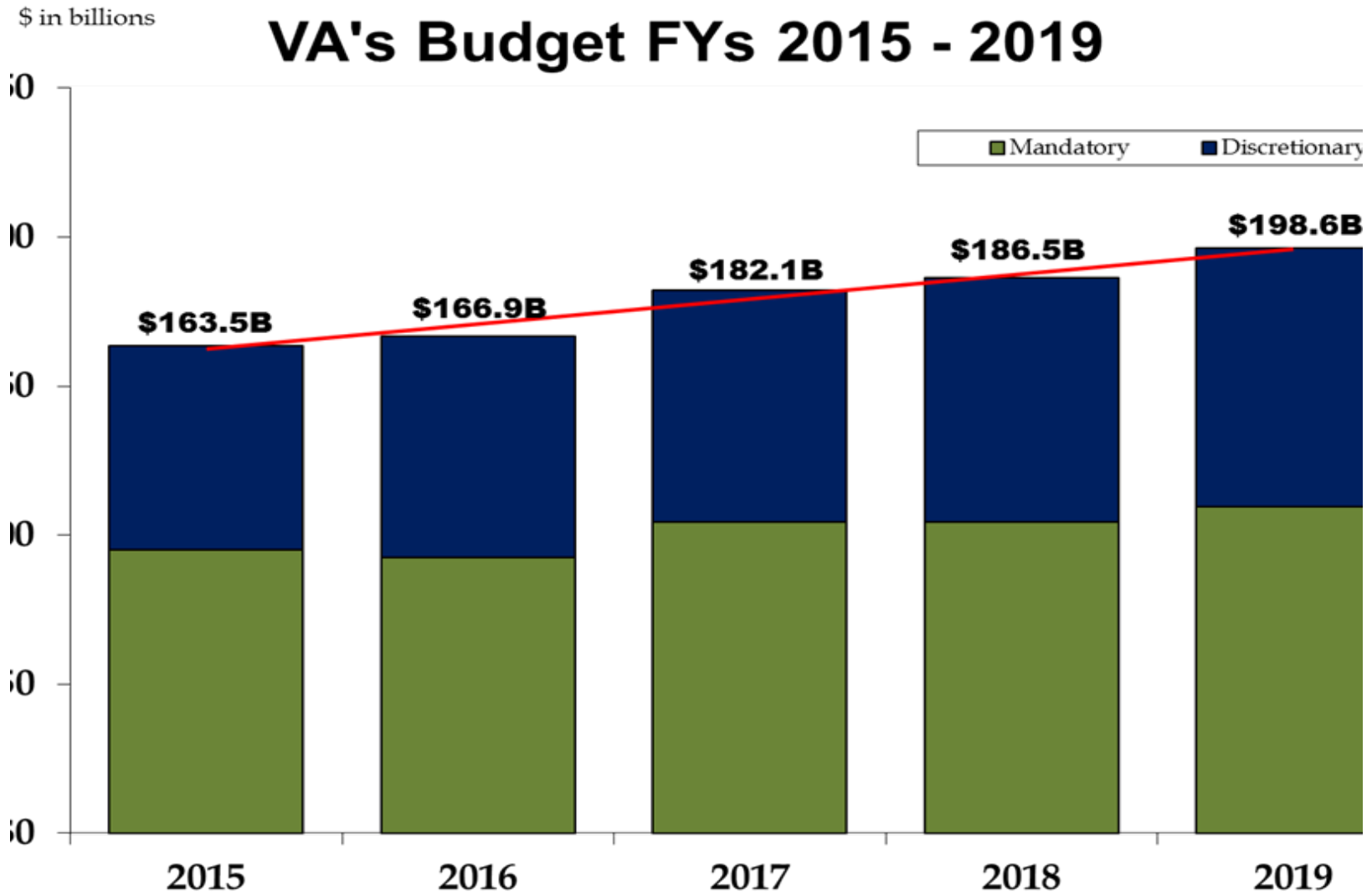
- A strong budget that reflects the President's commitment to Veterans
- Reflects critical prioritization of our needs
- Incorporates internal offsets, reforms, and efficiencies

The FY 2019 VA Budget Request is:

- Mandatory: \$109.7 billion, +\$5.3 billion or 5.1 percent above the 2018 Budget.
- Discretionary: \$88.9 billion (including medical collections), +\$6.8 billion or 8.3 percent above the 2018 Budget.

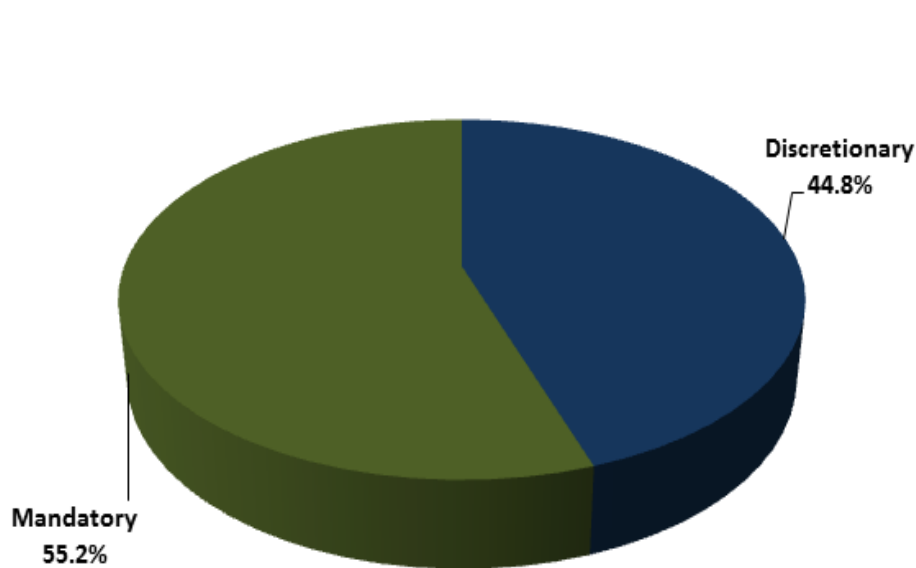
The FY 2019 VA Budget is \$198.6 billion, +\$12.1 billion above 2018.

VA's Budget Over Past Five Years

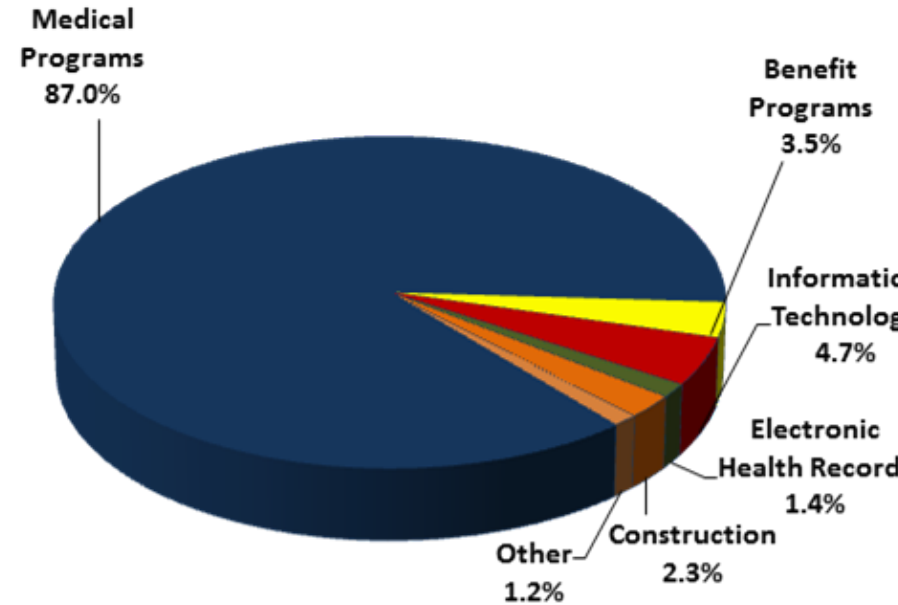


2019 VA Budget Request

Mandatory & Discretionary Accounts



Discretionary Accounts



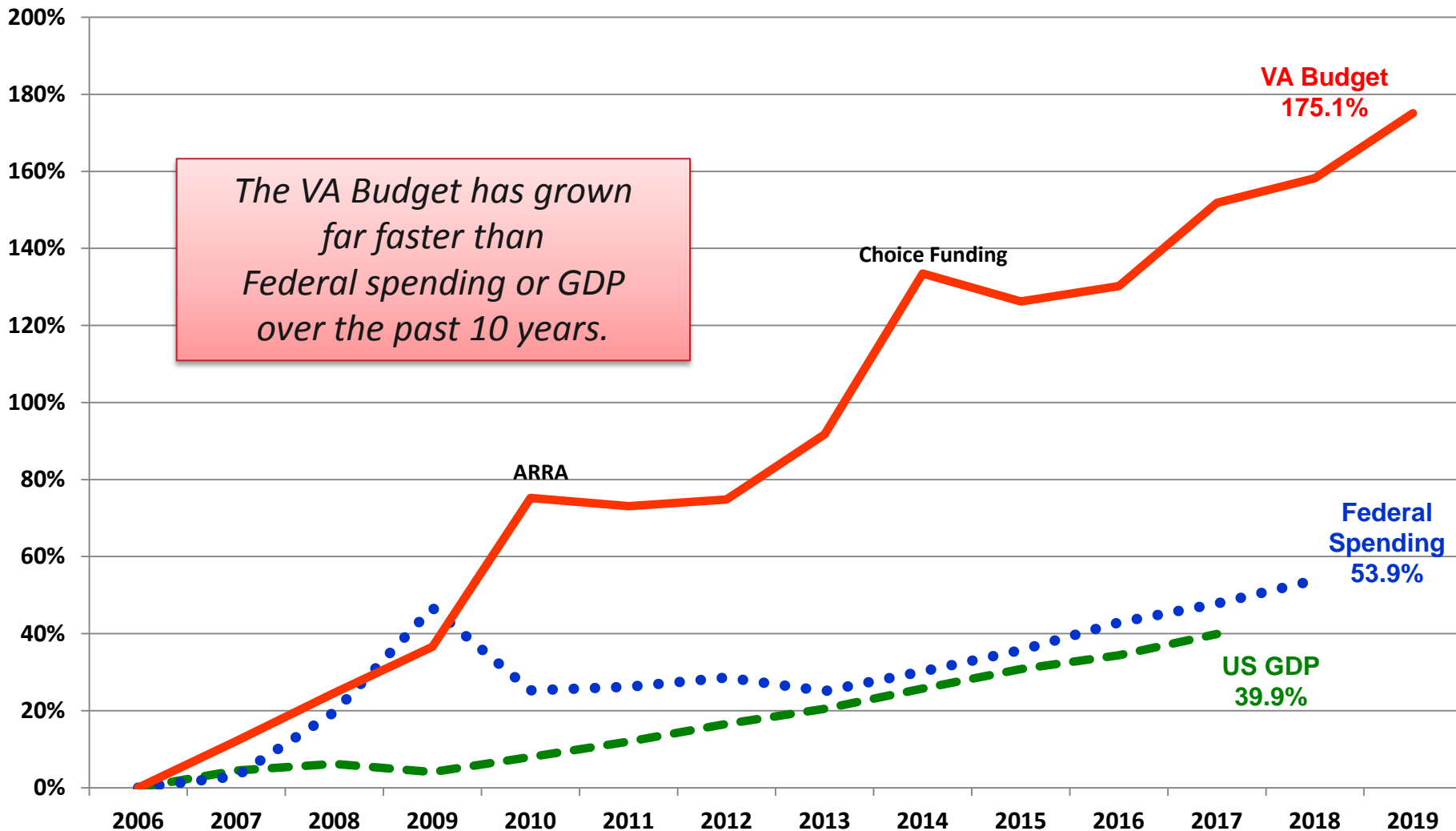
2019 President's Budget
\$198.6 Billion

(includes collections - \$3.4B)

Mandatory: \$109.7 B Discretionary: \$88.9 B

VA Funding Trend

Cumulative Growth 2006-2019



Total Full-Time Equivalents (FTE)

	2017	2018	2019	Change 2018 v 2019	
	Actual	Request	Request	FTE	%
Medical Services*	229,633	234,454	240,246	5,792	2.5%
Medical Support & Compliance	50,939	51,097	51,097	0	0.0%
Medical Facilities	24,151	24,378	24,378	0	0.0%
Other (DoD-VA Fund Accounts)	2,096	2,172	2,172	0	0.0%
Canteen Service	3,455	3,586	3,586	0	0.0%
Veterans Choice Program	159	0	0	0	0.0%
Subtotal Medical Care	310,433	315,687	321,479	5,792	1.8%
Medical Research	3,071	3,249	3,214	-35	-1.1%
National Cemetery Administration	1,847	1,923	1,941	18	0.9%
Information Technology	7,241	7,889	8,138	249	3.2%
Veterans Benefits Administration	22,408	22,812	23,692	880	3.9%
General Administration	2,524	2,937	3,035	98	3.3%
Board of Veterans' Appeals	840	1,105	1,025	-80	-7.2%
Inspector General	745	855	827	-28	-3.3%
Franchise Fund	1,314	1,750	1,849	99	5.7%
Supply Fund	1,145	1,150	1,150	0	0.0%
General Post Fund	8	8	8	0	0.0%
Total FTE	351,576	359,365	366,358	6,993	1.9%

* Medical Care FTEs Include Section 801 Veterans Choice Act FTEs

The FY 2019 Budget supports 366,358 FTE, + 6,993 above 2018, to expand access to health care and improve benefits delivery.

FY 2020 Advance Appropriation

VHA Medical Care

- The Budget's request for the FY 2020 Medical Care Advance Appropriation (AA) is \$79.1 billion, including collections, +\$2.6 billion, or 3.4 percent above the 2019 Budget Request.
- Within the FY 2020 Medical Care AA funding level, the Budget provides \$14.7 billion for the entire Community Care Program in FY 2020, including CARE, funding this program within the discretionary advance request for the first time since implementation of the Choice Program.

VBA Benefits

- The FY 2020 Advance Appropriation for the mandatory Veterans Benefits programs (Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities accounts) is \$121.3 billion, 12.2 billion, or 11.2 percent above the FY 2019 level.

The Budget's 2020 Advance Appropriation request reflects the President's steadfast commitment to Veterans and their families.

Secretarial Priorities: Prevent Veteran Suicide

- Provides **\$8.6 billion**, +\$468 million above 2018, for mental health services.
 - Funds over 18.9 million mental health outpatient visits, an increase of nearly 162,000 visits over the 2018 estimate.
- Expands Veteran access to mental healthcare during the critical one-year period following the transition from uniformed service to civilian life, consistent with Executive Order.
- Invests **\$1.8 billion** to reduce and prevent Veteran homelessness.
- Invests **\$190 million** for suicide prevention outreach.
- Includes **\$20 million** for new IT mental health applications that support suicide prevention.

Secretarial Priorities: Provide Greater Choice for Veterans

- Veteran CARE: Seeks enactment of the Administration's CARE legislation to improve Veterans' health outcomes and experience, and maximize the quality, efficiency, and fiscal sustainability of VA's medical care program.
- Rapid Appeals Modernization Program: Provides eligible Veterans who have pending disability compensation appeals with greater choice to participate in a new and more expedient appeals resolution process.
- Reasonable Burial Access: Increases Veterans' burial options through gravesite expansion projects, construction of new cemeteries, and the Veterans Cemetery Grant Program.

Secretarial Priorities: Modernize our System

- **\$1.2 billion** for a new electronic health records system
- **\$1.8 billion** for construction projects to modernize and improve our aging infrastructure and prioritize seismic projects
- **\$122 million** for Financial Management Business Transformation (FMBT).
- **\$381 million** for new IT development to replace certain mission critical legacy systems.

Secretarial Priorities: Focus Resources More Efficiently

- Prioritizes foundational services while better and more smartly utilizing the private sector.
- Holds leaders and employees accountable for poor performance and misconduct.
 - Over the past eight months, VA's new Office of Accountability and Whistleblower Protection has removed more than 1,300 staff and placed almost 500 staff on suspension.
- Expands the *STOP FWA* initiative, using best practices from the private and public sectors to reduce fraud, waste, and abuse.

Secretarial Priorities: Improve Timeliness of Services

- Expands the Decision Ready Claims (DRC) initiative, which will allow VBA to process supplemental disability compensation claims much faster.
- Hires 225 additional fiduciary staff to ensure timely initial appointments and follow-up examinations for Veterans who are unable to manage their VA benefits.
- Expands VBA's Appeals Management Office by 605 FTE, an increase of 40 percent.
- Provides the Board of Veterans' Appeals with \$174.7 million, \$19.1 million or 12.3 percent above the 2018 Budget, to implement appeals reform and reduce the pending caseload.
- Continue to make strides on reducing the Electronic Wait List. VHA has reduced the Electronic Wait List from 56,271 entries to 22,829 entries, a 63 percent reduction between June 2014 and December 2017.

Veterans Community Care Funding

Funding Source	2017 Actual	2018 Current Estimate	2019 Budget	2020 Advance Appropriation
Medical Services & Community Care Appropriation, Discretionary	7.246	9.663	8.885	14.420
Veterans Choice Program, Mandatory	2.100	2.100		NA
Veterans Choice Program, Discretionary			1.900	NA
Medical Care Collections	1.250	0.256	0.251	0.266
Other (Transfers, Unobligated Balances, & Recoveries)	2.958	1.010	1.379	-0.027
Total Obligations	13.554	13.029	12.415	14.659
Effect of One-time Change in timing of Obligations	NA	NA	1.800	NA
Total Program Level for Community Care	\$13.554	\$13.029	\$14.215	\$14.659

- The FY 2019 Budget continues the Administration's commitment for Community Care and includes \$14.2 billion, nine percent above 2018 in total programmatic resources after adjusting for the impact of the change in timing of obligations.
- The FY 2020 Advance Appropriations furthers this commitment by including \$14.6 billion, an increase of 3.1 percent above the FY 2019 Budget.
- The Budget also merges the Medical Community Care with the Medical Services appropriation to improve the efficiency of healthcare delivery and program execution.

Veterans Homelessness Program

- The FY 2019 Budget invests \$1.8 billion, +\$26 million above the 2018 Budget to assist homeless Veterans and prevent at-risk Veterans from becoming homeless.
- The Budget supports the following programs to reduce and prevent Veteran homelessness:
 - \$550 million for Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) for case management and supportive services to support about 93,000 vouchers;
 - \$498 million for Transitional Housing (e.g., Grant and Per Diem program);
 - \$320 million for Supportive Services for Veteran Families (SSVF);
 - \$249 million for health treatment;
 - \$75 million for job training; and
 - \$62 million for other homeless Veterans programs

Since 2010, the number of Veterans experiencing homelessness has declined by nearly 50 percent.

Electronic Health Records

(\$ in Thousands)

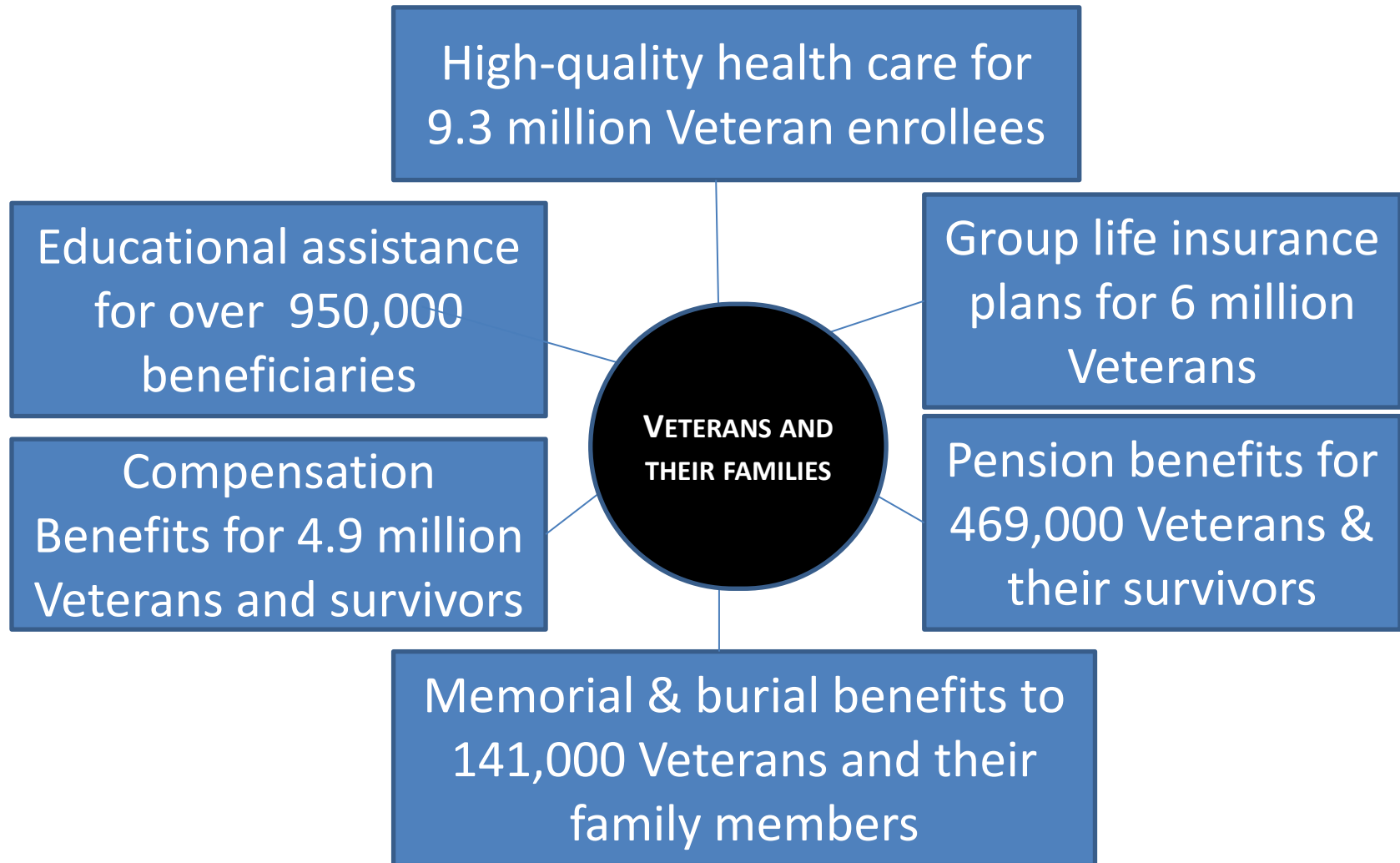
	2019 Request
EHR Contract	675,000
Program Management	120,000
Infrastructure Support	412,000
TOTAL	1,207,000

* In 2018, VA proposes to transfer \$782 million from VHA and OIT, pending establishment of the Veterans Electronic Health Record account.

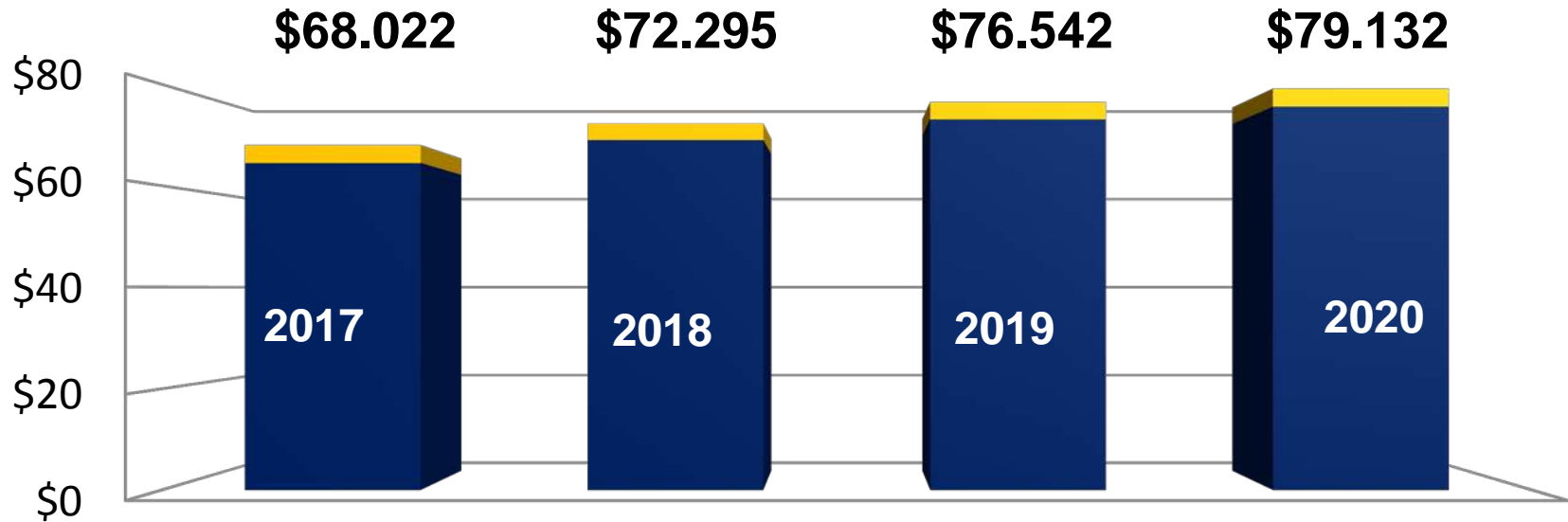
The Budget Requests \$1.2 billion to continue modernization of VA's electronic health records system.

Additional Detail

What does our Budget buy?



Medical Care Budget



	2017	2018	2019	2020
■ Collections	\$3.543	\$3.260	\$3.443	\$3.581
■ Appropriations	\$64.479	\$69.035	\$73.099	\$75.551

Medical Care is 89 percent of VA's discretionary budget and the FY 2019 Budget Request is +\$4.1 billion, 5.9 percent above 2018.

VHA: Other FY 2019 Budget Highlights

- ***Opioid Treatment and Pain Management Safety.*** The FY 2019 Budget includes \$382 million, +\$15 million above the FY 2018 estimate to reduce over-reliance on opioid analgesics for pain management and to promote safe and effective use of opioid therapy when clinically indicated.
- ***Caregivers.*** The FY 2019 Budget requests \$510 million, +\$7 million above the FY 2018 estimate to support over 27,000 Caregivers.
- ***Women Veterans.*** The FY 2019 Budget requests \$511 million, +\$28 million above the FY 2018 estimate for gender-specific women Veterans' health care.

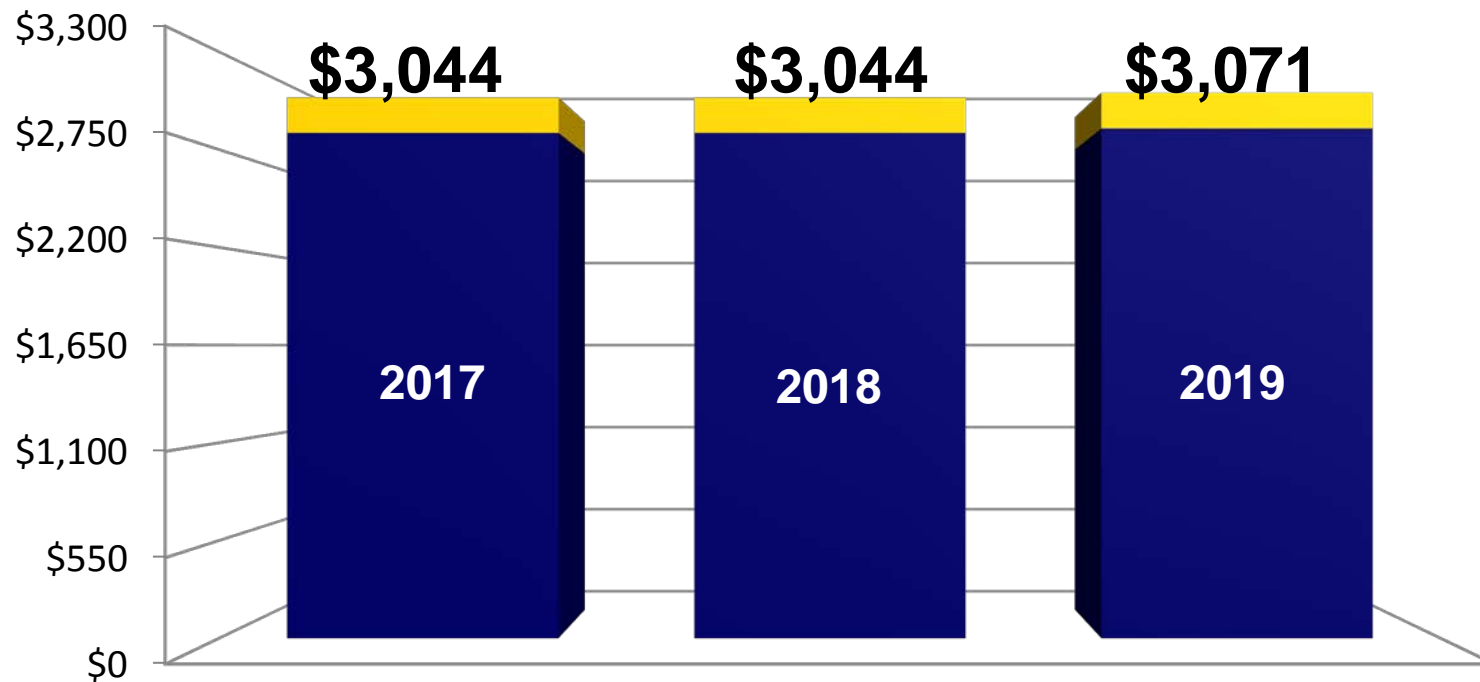
Medical and Prosthetic Research

- The FY 2019 Budget includes \$727 million for research, +87 million above the 2018 Budget.
 - Coupled with an additional \$1.1 billion in other federal and private grants and other support, total funding in support of Veteran research is \$1.9 billion.
- The Budget includes \$27 million to collaborate with the DOE through an inter-agency agreement to leverage DOE's next generation artificial intelligence, big data, and high-performance computing technologies.
- Funding supports research for an estimated 2,200 projects, including:
 - Central Nervous System Injury & Associated Disorders: \$107 million
 - Cancer Research: \$62 million
 - Mental Illness: \$122 million
 - Prosthetics: \$20 million
 - Substance Abuse: \$39 million

VA will focus on critical areas including mental health, pain management, prosthetics, and the Million Veteran Program

Veterans Benefits Administration Discretionary Budget

(\$ in millions)



	2017	2018	2019
■ Loan Administration	\$200	\$200	\$202
■ General Operating Expenses	\$2,844	\$2,844	\$2,869

The FY 2019 VBA GOE Budget is 0.9 percent above the 2018 estimate



U.S. Department of Veterans Affairs

Veterans Mandatory Benefits

(\$ in millions)

<i>Mandatory Advance Appropriations</i>	2017 Actual	2018 Request	2019 Request
Compensation and Pensions	86,083	90,119	95,768
Comp and Pen "Second Bite"	0	0	1,410
Readjustment Benefits	16,341	13,709	11,832
Insurance	109	120	106
Total, Mandatory AA	102,533	103,948	109,116

The Budget enables the Veterans Benefits Administration to process:

- 1.3 million Veteran disability compensation rating claims;
- 4.5 million education claims; and
- 2.9 million home loan guarantees for borrowers.

The benefits "Second Bite" in 2019 is \$109 billion, +\$ 1.4 billion above the requested 2019 Advance Appropriation in mandatory funding.

Strengthening Veterans' Benefits Programs

Appeals

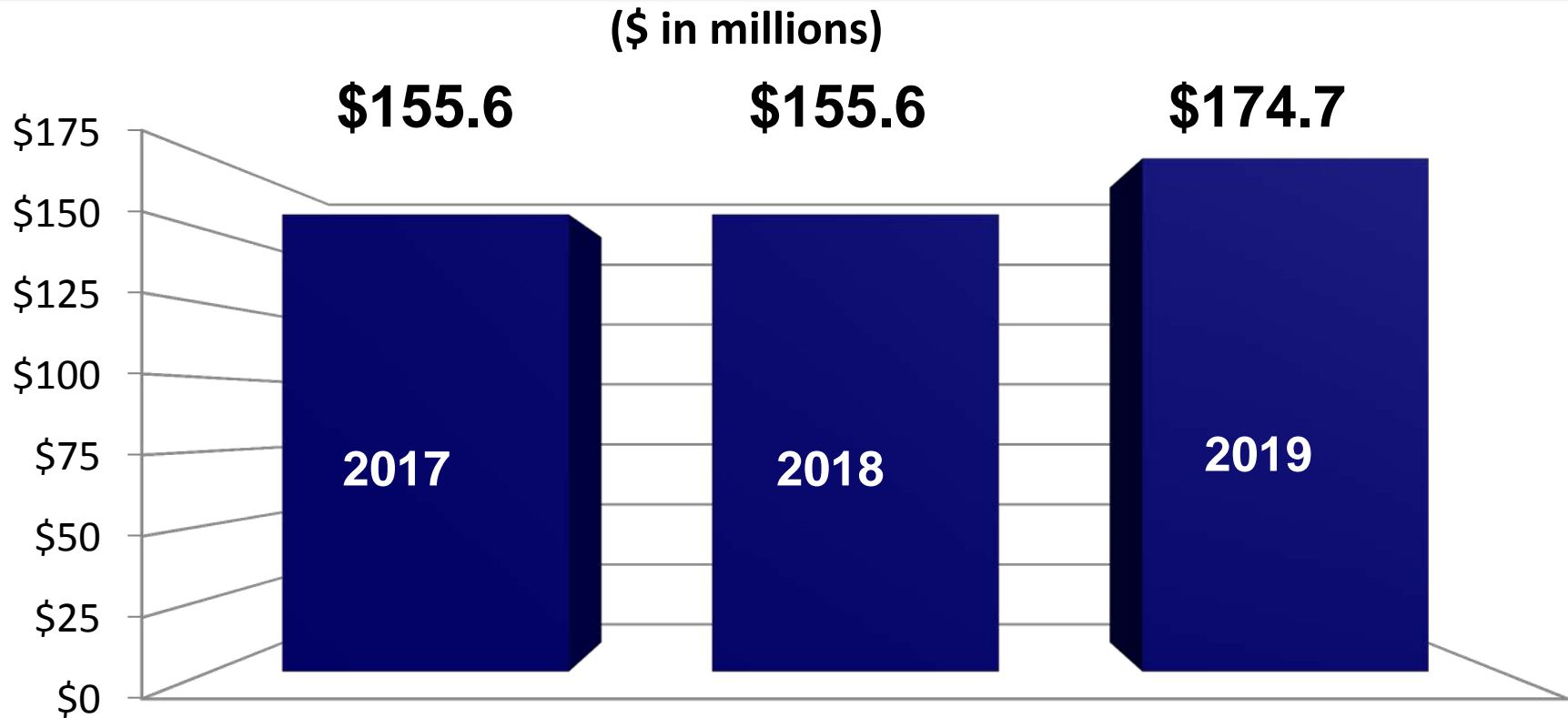
- In 2019, VBA will add an additional 605 FTE dedicated to review appealed disability claims and will expand the Decision Ready Claims initiative to complete 25 percent, or nearly 300,000 disability compensation claims.
- The Budget also includes \$74 million for VBA's Appeals Management Office to hire 605 FTE, an increase of 40 percent, to implement reforms.

Fiduciary

- Hires an additional 225 Fiduciary employees to ensure VA's most vulnerable Veterans receive appropriate care and protection.

The Budget supports implementation of the Veterans Appeals Improvement and Modernization Act of 2017 and the Forever GI Bill.

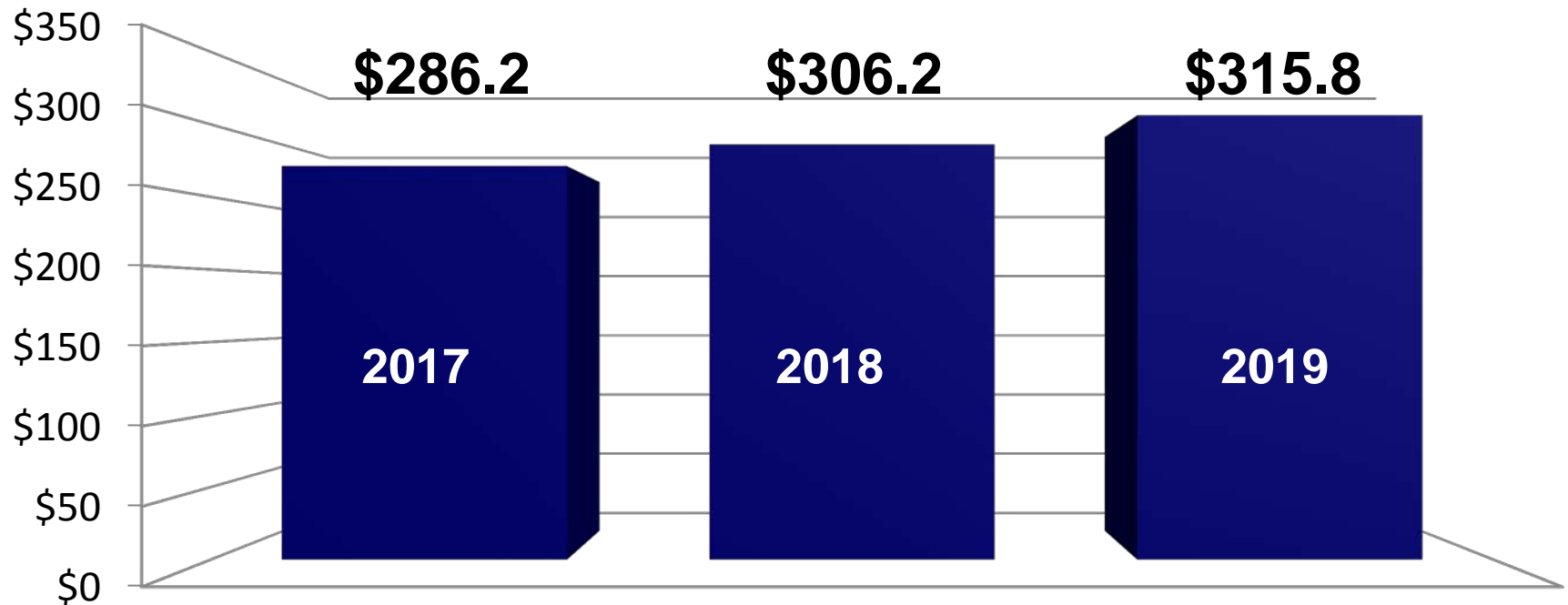
Board of Veterans' Appeals Budget



- In 2019, the Board will implement a more understandable, efficient claims appeals process with opportunities for early resolution.*
- The increase of \$19.1 million in 2019 will allow the Board to implement the new appeals system and reduce the pending inventory of appeals.*

National Cemetery Administration Budget

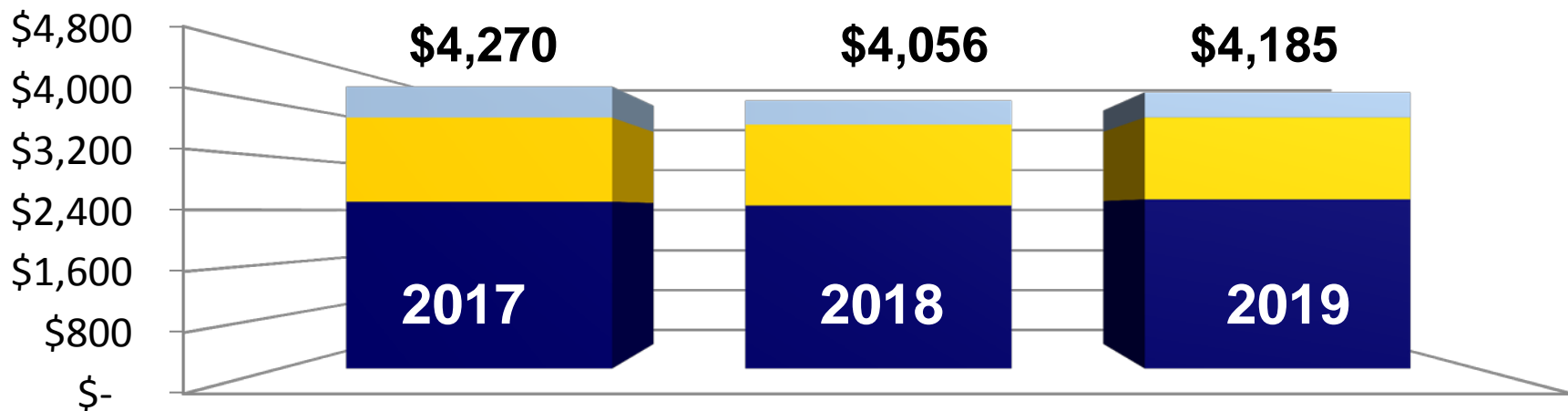
(\$ in millions)



The Budget supports an additional 18 FTE for initial activation of nine new cemeteries, increases funding to maintain 139 National cemeteries and 33 Soldiers' Lots and Monuments, and continues implementation of the Geographic Information System to ensure complete and accurate accounting of all remains.

Information Technology Budget

(\$ in millions)

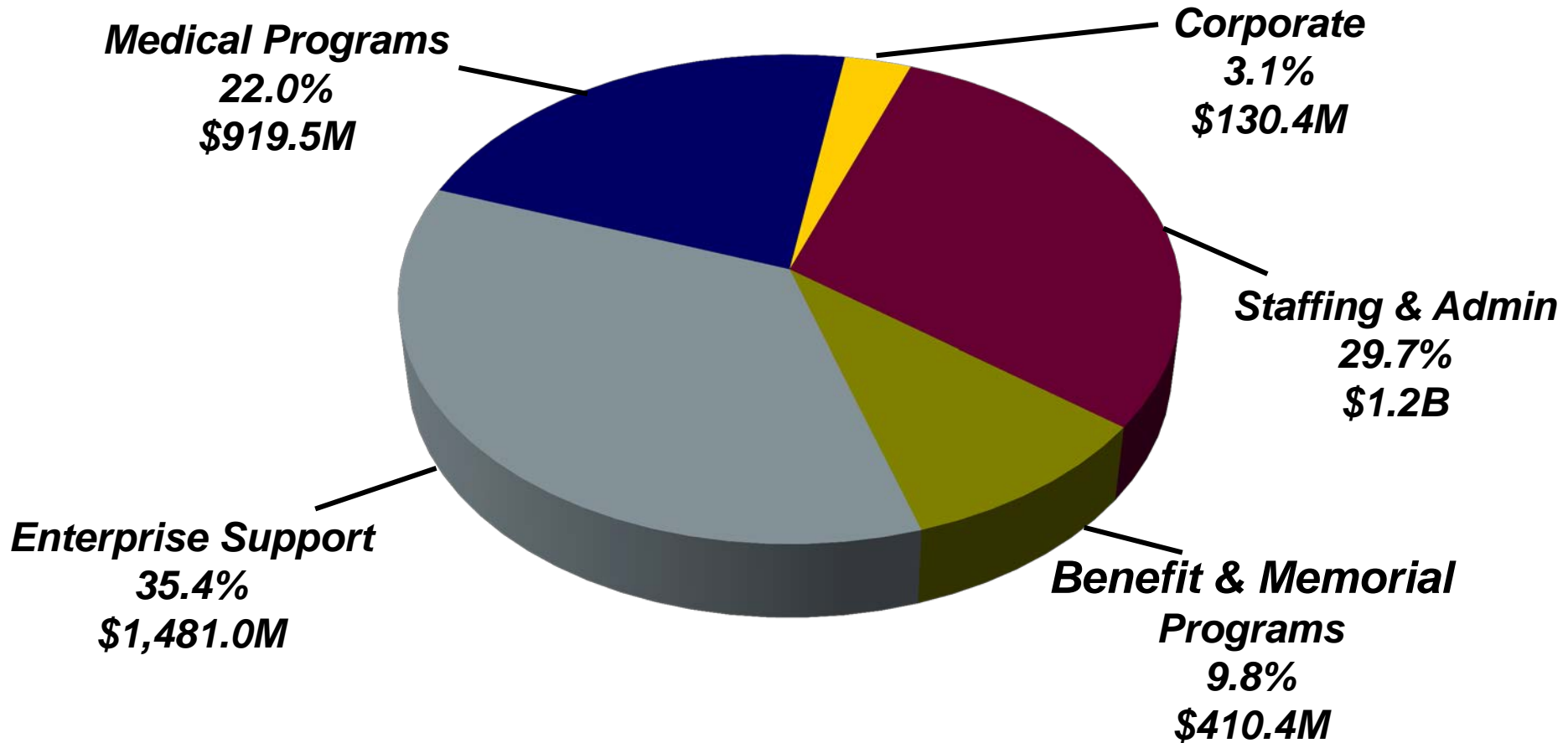


	2017	2018	2019
■ New Development	\$471	\$359	\$381
■ Pay/Administration	\$1,273	\$1,230	\$1,243
■ Operations & Maintenance	\$2,526	\$2,467	\$2,561

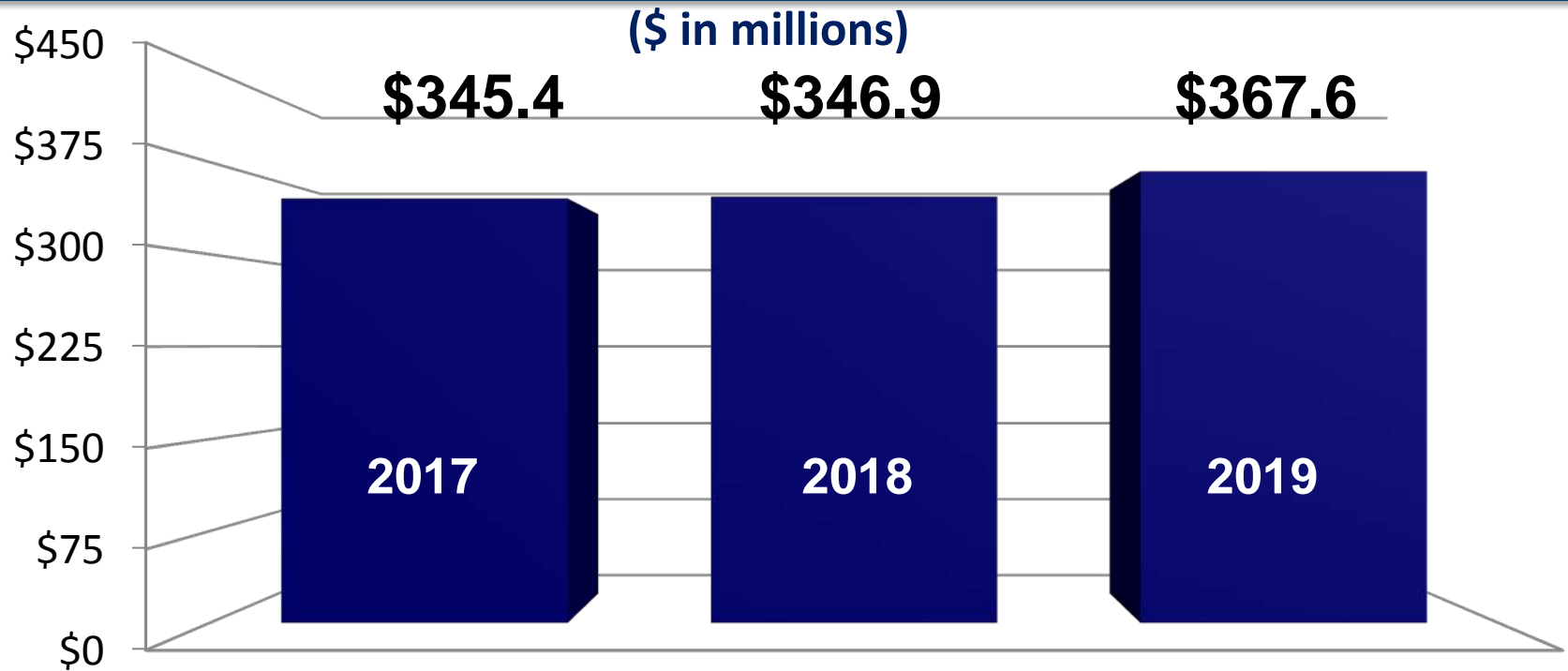
Development funding allocation focuses on key programs: Replacing Benefits Delivery Network (\$79.5M); Financial Management System Modernization (\$65.9 M); and Burial Operations Support System (\$18.8M)

Information Technology Budget

*The FY 2019 Budget Request for IT is \$4.185 Billion;
+\$129 million above the FY 2018 Budget.*



General Administration Budget



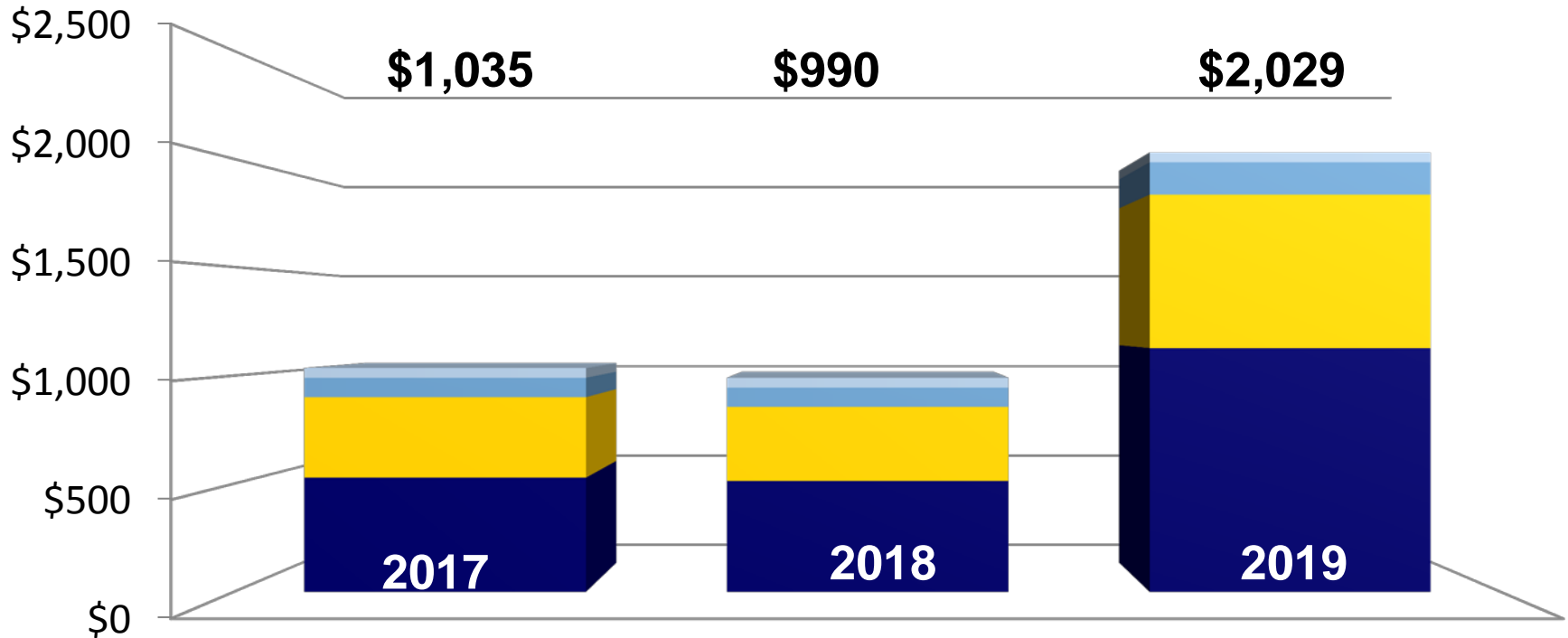
The Budget includes \$367.6 million, +20.7 million above 2018 level for the following activities:

- Additional General Counsel staff for appeals and accountability workload***
- Expanded security investigations and emergency response staff User training for VA's new Financial Management Systems***
- New Manpower Office***

The Budget also realigns \$1.7 million from the Administrations to support consolidation of functions in response to modernization initiatives.

Capital Program Budget

(\$ in millions)



	2017	2018	2019
■ Cemetery Grants	\$45	\$45	\$45
■ Extended Care Grants	\$90	\$90	\$150
■ Minor Construction	\$372	\$343	\$707
■ Major Construction	\$528	\$512	\$1,127

Major Construction Projects

(\$ in millions)

Location	Description	Request
St. Louis (JB), MO	Medical Facility Improvements and Cemetery Expansion	\$34.4
Canandaigua, NY	CLC Construction & Domiciliary Renovation	\$190.0
Dallas, TX	Spinal Cord Injury Center	\$135.7
North Chicago, IL	Renovate Building 4	\$6.0
Oklahoma City, OK	New Surgical Intensive Care Unit	\$10.8
Rittman, OH	Ohio Western Reserve NC – Gravesite Expansion, Phase 3	\$29.0
Holly, MI	Great Lakes NC – Gravesite Expansion, Phase 2	\$35.2
Mims, FL	Cape Canaveral Reserve NC – Gravesite Expansion, Phase 2	\$38.0
Seismic Initiative	Address critical safety issues throughout the system	\$400.0
Major Construction Support	Advance Planning and Design, staff support, US Army Corps fees, NCA land acquisition, etc.	\$248.4
Total Request		\$1,127.5

Proposed Legislation

The 2019 Budget includes 88 legislative proposals that will benefit Veterans, streamline operations and effectiveness, and promote stewardship of resources.

Notable Priorities include:

- Realigning and enhancing VA's Community Care programs (CARE legislation)
- General Transfer Authority between discretionary budget accounts
- Strengthen VA purchased care authorities (provider agreements)
- Align employee awards to enhance recruitment and retention
- VA telehealth national expansion
- Expand VA's current Enhanced-Use Lease authority beyond supportive housing
- Increase Minor Construction project threshold from \$10 to \$20 million
- Approve preparatory courses for licensing and certification exams under GI Bill benefits
- Eliminate certain provisions that limit the amount of Specially Adapted Housing benefits that can pay for construction of an adapted home

Conclusion

- The FY 2019 President's Budget is a strong request in a tight fiscal environment.
 - The 2019 discretionary budget request of \$88.9 billion is an increase of \$6.8 billion (8.3 percent) above the 2018 Budget.
 - The 2019 Advance Appropriation requests demonstrate the Administration's continued commitment to Veterans' health care and benefits.
- In 2019, VA will continue to implement reforms that modernize our culture, processes, and capabilities, and that put the needs, expectations, and interests of Veterans first.

***VA is Rebuilding Trust with Veterans Every Day
Commitment – Access – Modernization – Efficiency***

2019 Budget Request

(\$ in millions)

	2017 <i>Actual</i>	2018 <i>Request</i>	2019 <i>Request</i>	<i>Change 2018 v 2019</i>	
				\$	%
Medical Services	45,422	45,918	58,046	2,464	4.4%
Medical Community Care	7,246	9,663	0		
Veterans Choice Fund			1,900		
Medical Support & Compliance	6,498	6,939	7,239	300	4.3%
Medical Facilities (Includes NRM)	5,313	6,515	5,914	-600	-9.2%
Medical Care Appropriations	64,479	69,035	73,099	4,064	5.9%
Collections	3,543	3,260	3,443	184	5.6%
Total, Medical Care with Collections	68,022	72,295	76,542	4,248	5.9%
Medical Research	673	640	727	87	13.7%
Electronic Health Records	0	0	1,207	1,207	
Veterans Benefits Administration	2,844	2,844	2,869	25	0.9%
General Administration	345	347	368	21	6.0%
Board of Veterans' Appeals	156	156	175	19	12.3%
National Cemetery Administration	286	306	316	10	3.1%
Construction-Major	305	512	1,127	615	120.0%
Construction - Minor	372	343	707	364	106.3%
Grants for State Extended Care Facilities	90	90	150	60	66.7%
Grants for Veterans Cemeteries	45	45	45	0	0.0%
Information Technology	4,270	4,056	4,185	129	3.2%
Inspector General	160	160	172	12	7.8%
Loan Administration Funds	200	180	202	22	12.2%
DoD Transfers for Joint Accounts	135	131	128	-3	-2.3%
Joint Incentive Fund Rescission	-40				
Subtotal Discretionary without MCCF	74,321	78,844	85,477	6,633	8.4%
Total Discretionary Funding	77,864	82,104	88,920	6,817	8.3%
Total Mandatory Funding	104,313	104,347	109,652	5,305	5.1%
Total VA with MCCF	182,177	186,450	198,572	12,122	6.5%
Total VA without MCCF	178,634	183,191	195,129	11,938	6.5%

