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
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

- Mandatory: 56.8%
- Discretionary: 43.2%

Discretionary Accounts

- Benefits Programs: 3.8%
- Information Technology: 5.4%
- Construction: 1.3%
- Other: 1.3%
- Medical Programs: 88.1%

2017 President’s Budget

$182.3 Billion
(includes collections - $3.6B)

Mandatory: $103.6 B  Discretionary: $78.7 B
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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50.6</td>
<td>55.9</td>
<td>59.1</td>
<td>61.3</td>
<td>64.3</td>
<td>66.5</td>
<td>68.5</td>
<td>75.1</td>
<td>78.7</td>
</tr>
</tbody>
</table>

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
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.

### 2017 Budget Request ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2015 Actuals</th>
<th>2016 Enacted</th>
<th>2017 Request</th>
<th>Change 2016 v 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Services</strong></td>
<td>45,196</td>
<td>49,972</td>
<td>52,752</td>
<td>2,780</td>
</tr>
<tr>
<td><strong>Medical Support &amp; Compliance</strong></td>
<td>5,874</td>
<td>6,144</td>
<td>6,524</td>
<td>380</td>
</tr>
<tr>
<td><strong>Medical Facilities (Includes NRM)</strong></td>
<td>4,737</td>
<td>5,020</td>
<td>5,723</td>
<td>703</td>
</tr>
<tr>
<td><strong>Medical Care Appropriations</strong> /1</td>
<td>55,807</td>
<td>61,136</td>
<td>64,999</td>
<td>3,863</td>
</tr>
<tr>
<td><strong>Medical Care Collections Fund (MCCF)</strong></td>
<td>3,423</td>
<td>3,515</td>
<td>3,558</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total, Medical Care with Collections</strong></td>
<td>59,230</td>
<td>64,651</td>
<td>68,557</td>
<td>3,906</td>
</tr>
<tr>
<td><strong>Veterans Benefits Administration</strong></td>
<td>2,532</td>
<td>2,708</td>
<td>2,826</td>
<td>118</td>
</tr>
<tr>
<td><strong>General Administration</strong></td>
<td>321</td>
<td>337</td>
<td>418</td>
<td>81</td>
</tr>
<tr>
<td><strong>Board of Veterans’ Appeals</strong></td>
<td>99</td>
<td>110</td>
<td>156</td>
<td>46</td>
</tr>
<tr>
<td><strong>National Cemetery Administration</strong></td>
<td>257</td>
<td>271</td>
<td>286</td>
<td>15</td>
</tr>
<tr>
<td><strong>Construction-Major</strong></td>
<td>562</td>
<td>1,244</td>
<td>528</td>
<td>-716</td>
</tr>
<tr>
<td><strong>Construction - Minor</strong></td>
<td>495</td>
<td>406</td>
<td>372</td>
<td>-34</td>
</tr>
<tr>
<td><strong>Grants for State Extended Care Facilities</strong></td>
<td>90</td>
<td>120</td>
<td>80</td>
<td>-40</td>
</tr>
<tr>
<td><strong>Grants for Veterans Cemeteries</strong></td>
<td>46</td>
<td>46</td>
<td>45</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td>3,902</td>
<td>4,133</td>
<td>4,278</td>
<td>145</td>
</tr>
<tr>
<td><strong>Inspector General</strong></td>
<td>127</td>
<td>137</td>
<td>160</td>
<td>23</td>
</tr>
<tr>
<td><strong>Loan Administration Funds</strong></td>
<td>161</td>
<td>166</td>
<td>200</td>
<td>34</td>
</tr>
<tr>
<td><strong>DoD Transfers to Joint Accounts</strong></td>
<td>138</td>
<td>136</td>
<td>139</td>
<td>3</td>
</tr>
<tr>
<td><strong>Joint Incentive Fund Rescission</strong></td>
<td>-30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Discretionary Funding without MCCF</strong></td>
<td>65,126</td>
<td>71,551</td>
<td>75,151</td>
<td>3,601</td>
</tr>
<tr>
<td><strong>Total Discretionary Funding with MCCF</strong></td>
<td>68,549</td>
<td>75,066</td>
<td>78,709</td>
<td>3,644</td>
</tr>
<tr>
<td><strong>Total Mandatory Funding</strong></td>
<td>95,424</td>
<td>92,396</td>
<td>103,631</td>
<td>11,235</td>
</tr>
<tr>
<td><strong>Total VA with MCCF</strong></td>
<td>163,973</td>
<td>167,462</td>
<td>182,340</td>
<td>14,879</td>
</tr>
</tbody>
</table>

/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
# Total Full-Time Equivalents (FTE)

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

*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
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.
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)

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collections</td>
<td>$3.423</td>
<td>$3.515</td>
<td>$3.558</td>
<td>$3.627</td>
</tr>
<tr>
<td>Appropriations</td>
<td>$55.807</td>
<td>$61.136</td>
<td>$64.999</td>
<td>$66.385</td>
</tr>
</tbody>
</table>
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’s Inventory of Claims Pending over 125 Days

PEAK: 611,000 March 2013

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

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

Still more to do...

Transformation launches

VA Secretary adds 3 conditions associated with Agent Orange
Veterans Benefits Administration Discretionary Budget

($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing Loans and Insurance</th>
<th>General Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$138</td>
<td>$2,532</td>
</tr>
<tr>
<td>2016</td>
<td>$140</td>
<td>$2,708</td>
</tr>
<tr>
<td>2017</td>
<td>$170</td>
<td>$2,826</td>
</tr>
</tbody>
</table>

- 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)

<table>
<thead>
<tr>
<th>Mandatory Advance Appropriations</th>
<th>2016 Enacted</th>
<th>2017 Request</th>
<th>2018 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Pensions</td>
<td>76,866</td>
<td>86,083</td>
<td>90,119</td>
</tr>
<tr>
<td>Readjustment Benefits</td>
<td>14,313</td>
<td>16,341</td>
<td>13,709</td>
</tr>
<tr>
<td>Insurance</td>
<td>77</td>
<td>92</td>
<td>108</td>
</tr>
<tr>
<td>Insurance &quot;Second Bite&quot;</td>
<td>0</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total, Mandatory AA</strong></td>
<td><strong>91,256</strong></td>
<td><strong>102,533</strong></td>
<td><strong>103,936</strong></td>
</tr>
</tbody>
</table>

- **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**
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
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
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

2017 President’s Budget
$4.278 Billion

Medical Programs 52%
Benefit & Memorial Programs 18%
Enterprise Support 21%
Security 9%

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)
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)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cemetery Grants</td>
<td>$46</td>
<td>$46</td>
<td>$45</td>
</tr>
<tr>
<td>Extended Care Grants</td>
<td>$90</td>
<td>$120</td>
<td>$80</td>
</tr>
<tr>
<td>Minor Construction</td>
<td>$495</td>
<td>$406</td>
<td>$372</td>
</tr>
<tr>
<td>Major Construction</td>
<td>$562</td>
<td>$1,244</td>
<td>$528</td>
</tr>
</tbody>
</table>

2015: $1,193
2016: $1,816
2017: $1,025
## Major Construction Projects
### In 2017 Budget Request

($ in millions)

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