

THE INDEPENDENT BUDGET

Fiscal Years 2021 and 2022
For the Department of Veterans Affairs



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INTRODUCTION

For more than 30 years, the co-authors of *The Independent Budget*—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars of the United States (VFW)—have presented our budget and policy recommendations to Congress and the Administration. Our recommendations are meant to inform Congress and the Administration of the needs of our members and all veterans, and to offer substantive solutions to address the many health care and benefits challenges they face. This budget report serves as our benchmark for properly funding the Department of Veterans Affairs (VA) to ensure the delivery of timely, quality health care and accurate and appropriate benefits.

The Independent Budget veterans service organizations (IBVSOs) recognize that Congress and the Administration continue to face immense pressure to reduce federal spending. However, we believe that the ever-growing demand for health care and benefits, particularly with more health care being provided in the community purchased by VA, certainly validates the continued need for sufficient funding. We understand that VA has fared better than most federal agencies in budget proposals and appropriations, but the real measure should be how well the funding matches the demand for veterans' benefits and services.

We appreciate that Congress remains committed to doing the right thing and has continued to provide increases in appropriations dollars. However, the serious access problems in the health care system identified in 2014 and the enactment of the VA MISSION Act of 2018, Public Law (P.L.) 115-182—to provide greater access to community care through an integrated, high performing network as well as improve and expand other VA programs and services—has created a financial obligation that, absent sufficient resources to fully and faithfully enact P.L. 115-182, could erode efforts to effectively and efficiently modernize the VA health care system.

We recognize Congress provided VA a generous budget for fiscal years (FYs) 2020 and 2021 in light of other federal departments and agencies and federal budget caps. We also recognize VA's budget request has been insufficient for VA clinicians and employees on the front lines to successfully execute new and mounting requirements to improve the lives of our nation's ill and injured veterans, their families and survivors.

In releasing this report on our projections for VA's funding needs across all programs, we are attempting to produce an honest assessment of need that is not subject to the politics of federal budget development and negotiations that inevitably have led to continuous funding deficits. Our budget recommendation includes funding for all discretionary programs for FY 2021, advance appropriations recommendations for VA medical care accounts for FY 2022, and funding recommendations with justification on what we view to be critical modernization efforts.

As Congress regains its ability to set federal budget caps next year and begins the fiscal 2022 budget and appropriations process, it is imperative VA's budget continues to be a high priority. Such a priority must include vigorous oversight to ensure there is an accurate assessment of needs and that the agency fully and faithfully implements needed reforms.

With current funding reflecting a growing portion of potential costs VA could incur if more veterans enroll and seek benefits and services, we hope that the House and Senate Committees on Veterans' Affairs as well as the Military Construction and Veterans' Affairs Appropriations Subcommittees will be guided by these estimates in making their decisions to ensure sufficient, timely, and predictable funding for VA.

SUMMARY OF BUDGET RECOMMENDATIONS

VA Accounts for FY 2021 and FY 2022 Advance Appropriations

	FY 2020*	FY 2021	FY 2021	FY 2021	FY 2022	FY 2022
	Appropriation	Adv Approp	Appropriation	Rev. Request	Adv Approp	Adv Approp
			IB	Administration	IB	Administration
Veterans Health Administration (VHA)						
Medical Services	51,411,165	56,158,015	64,439,070	56,655,483	65,797,993	58,897,219
Medical Support and Compliance	7,337,956	7,914,191	8,151,085	8,214,191	8,301,053	8,403,117
Medical Facilities	6,141,880	6,433,265	7,614,248	6,583,265	7,842,703	6,734,680
<i>Medical Care Collections (VA Medical Care)</i>	<i>3,465,927</i>	<i>3,577,134</i>		<i>3,743,504</i>		<i>3,790,816</i>
Subtotal, VA Medical Care	68,356,928	74,082,605	80,204,403	75,196,443	81,941,749	77,825,832
Medical Community Care	15,279,799	17,131,179	18,179,948**	18,511,979	18,706,193	20,148,244**
VACAA (Sec. 802)*	615,000			1,100,000		
<i>Medical Care Collections (Community Care)</i>	<i>446,243</i>	<i>537,442</i>		<i>784,446</i>		<i>895,302</i>
Subtotal, Medical Community Care	16,341,042	17,668,621	18,179,948	20,396,425	18,706,193	21,043,546
Total, Medical Care Budget Authority	84,697,970	91,751,226	98,384,351	95,592,868	100,647,942	98,869,378
Medical and Prosthetic Research	800,000		860,000	787,000		
Total, Veterans Health Administration	85,497,970		99,244,351	96,379,868		
General Operating Expenses						
Veterans Benefits Administration	3,125,000		3,226,562	3,207,000		
General Administration	355,911		371,373	413,000		
Board of Veterans Appeals	182,000		217,833	198,000		
Total, General Operating Expenses	3,662,911		3,815,768	3,818,000		
Departmental Admin and Misc. Programs						
Information Technology	4,371,615		4,620,233	4,912,000		
IT Modernization	1,500,000		2,480,000	2,627,000		
National Cemetery Administration	329,000		336,332	360,000		
Office of Inspector General	210,000		215,802	228,000		
Total, Dept. Admin. and Misc. Programs	6,410,615		7,652,367	8,127,000		
Construction Programs						
Construction, Major	1,235,200		2,700,000	1,373,000		
Construction, Minor	398,800		760,000	400,000		
<i>Research Infrastructure</i>			99,544			
Grants for State Extended Care Facilities	90,000		250,000	90,000		
Grants for State Vets Cemeteries	45,000		69,000	45,000		
Total, Construction Programs	1,769,000		3,878,544	1,908,000		
Other Discretionary	202,023		202,210	206,021		
Total, Budget Authority	97,542,519		114,793,240	110,438,889		

* - Section 802 of Public Law 113-146, the Veterans Access, Choice, and Accountability Act of 2014 (VACAA) established the Veterans Choice Fund for purposes of operating the Veterans Choice Program.

** - Does not include any funds from Section 802 VACAA based on Public Law 116-94, the Further Consolidated Appropriations Act, 2020.

SUMMARY OF BUDGET RECOMMENDATIONS

VETERANS HEALTH ADMINISTRATION

Total Medical Care

FY 2021 IB Recommendation	\$98.38	B
FY 2021 Advance Appropriation	\$87.64	B
Medical Care Collections	\$4.11	B
Total, FY 2021 Advance Appropriation	\$91.75	B
FY 2020 Appropriation	\$80.17	B
Medical Care Collections	\$3.73	B
Total, FY 2020 Appropriation	\$83.90	B
FY 2022 IB Advance Appropriations	\$100.65	B
FY 2022 Admin. Adv. Approp. Request	\$94.18	B
Medical Care Collections	\$4.69	B
Total, FY 2022 Administration Advance	\$98.87	B

Implementing the VA MISSION Act of 2018 during FY 2021 will require more resources than have been provided through regular appropriations and is considered a significant driver increasing medical care appropriation needs of the VA for FYs 2021 and 2022. The law, which changed how veterans access medical care furnished by VA as well as how VA purchases health services for veterans from community providers, is projected to increase veterans' enrollment in the VA health care system, and increase veterans' utilization and reliance on VA as a direct provider of care. The budgetary impact is likely to increase VA's exposure to the same spending pressures as those seen in the private sector.

According to VA, estimated spending in FY 2014 for purchased care was \$5.6 billion, which will grow to \$15.7 billion in FY 2020. This represents an increase of 180 percent in nominal dollars. Community care funding is taking up a greater portion of VA's total medical care budget, increasing from approximately 10 percent in FY 2014 to 19 percent in FY 2020.

The Independent Budget recommendation for the Veterans Health Administration (VHA) reflects necessary adjustment to the baseline for all Medical Care program funding in the preceding fiscal year as well as full and faithful implementation of the VA MISSION Act of 2018.

We assume the Veterans Community Care Program, the new Urgent Care benefit, and the associated

provider networks are robust enough to meet all prior workload and referral patterns while continuing to improve veterans' access to care, particularly in rural and remote areas. We also assume in FY 2020 implementation of the first phase of expansion for the Comprehensive Caregiver Support Program, and appreciable progress toward addressing the more than 40,000 vacancies with the new and expanded recruiting and retaining authorities in the VA MISSION Act of 2018.

Accordingly, for FY 2021, *The Independent Budget* recommends approximately \$98.4 billion in total medical care funding and approximately \$100.6 billion for FY 2022.

Medical Services

Appropriations for FY 2021

FY 2021 IB Recommendation	\$64.44	B
FY 2021 Revised Admin. Request	\$56.66	B
Medical Care Collections	\$3.74	B
Total, FY 2021 Rev. Admin. Request	\$60.40	B
FY 2021 Advance Appropriation	\$56.16	B
Medical Care Collections	\$3.58	B
Total, FY 2021 Advance Appropriation	\$59.74	B
FY 2020 Appropriation	\$51.41	B
Medical Care Collections	\$3.47	B
Total, FY 2020 Appropriation	\$54.88	B

For FY 2021, *The Independent Budget* recommends \$64.4 billion for Medical Services.

This recommendation is a reflection of multiple components including the following recommendations:

Current Services Estimate	\$61,345,493
Increase in Patient Workload	\$990,663
Subtotal FY 2021 Medical Services	\$62,336,156
Additional Medical Care Program Cost	\$2,102,914
Total FY 2021 Medical Services	\$64,439,070

The current services estimate reflects the impact of projected uncontrollable inflation on the cost to provide services to veterans currently using the system. This estimate also assumes at baseline the 3.1 percent increase for pay and benefits across

the board for all VA employees in FY 2020, which Congress enacted in December 2019.

Our estimate of growth in patient workload reverses VA's assumption of a reduction in total unique veterans and is based on a projected increase of over 65,000 new unique patients. These patients include Priority Group 1–8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately \$991 million.

The Independent Budget believes that there are additional projected medical program funding needs for VA. Those costs total nearly \$2.1 billion. Specifically, we believe there is a real need for funding to: provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's Prosthetics and Sensory Aids Service); funding to expand and improve services for women veterans; support renewed authority for reproductive services, to include in vitro fertilization (IVF); continue the eligibility expansion for VA's comprehensive caregiver support services to severely injured veterans of all eras; and to close the gap in reported vacancies across VHA.

Prosthetics and Sensory Aids

The number of service members returning home with combat blast injuries sustained due to high-energy improvised explosive devices requiring traumatic bilateral upper and lower extremity amputations remains high. VA must be ready to meet the prosthetic needs of today's and future veterans. To meet this increased need, *The Independent Budget* recommends the prosthetic budget be increased \$328 million. This increase in prosthetic funding is in line with increases in expenditures from FY 2019 to FY 2020 and the expected continued growth in expenditures for FY 2021.

Women Veterans

The Medical Services' advanced appropriation for FY 2021 includes \$590 million designated for gender-specific health care for women veterans. VA recently elevated the Women's Health Care Program office to report to the Deputy Undersecretary for Health. The Department must continue to improve the delivery of health services for women who served by creating

and staffing a Women's Health Program (modeled on VA's Post-Deployment Health Program) at each VA medical center. The program should have dedicated staff to include: a medical director; at least one primary care team that includes: doctors, nurses, and behavioral health staff consisting of a peer support specialist and social worker; and appropriate administrative clinical support, in addition to care coordinators for the significant amount of gender-specific care that must be referred to community providers (i.e., maternity care, IVF, and sometimes primary gender-specific services, breast care, osteoporosis, and cervical cancer screening and treatment).

In addition to the advanced appropriations, we recommend Congress provide \$200 million in each of the next two fiscal years (FY 2021 and FY 2022) earmarked to: hire the appropriate number of staff to create Women's Health Programs at each medical center; continue to train designated women's health providers (conduct mini residencies—including a specific women's health mini residency training program on-site for rural communities); and hire additional staff to account for attrition in staff serving women veterans.

VA should hire and provide specialized training for at least one women veterans peer support specialist at each medical center to assist with more complex patients and suicide prevention efforts in high-risk women veterans. Each VISN should also include a full-time Lead Women Veterans Program Manager. VA must continue its Stand Up to Stop Harassment campaign in VA medical centers and ensure that adequate funding is available to promote and educate VA stakeholders to achieve the necessary cultural changes to create a welcoming and safe environment within VA for all veterans regardless of gender, minority and ethnicity status, era of service, age, combat status, discharge status, sexual orientation, or gender identity.

Finally, additional resources are needed to fund expansion of successful and ongoing pilot programs, including women's-only therapeutic nature retreats and childcare pilots. As the VA expands its programming for women veterans, continues to

expand community care options, conducts research, and develops women veteran specific pilot programs, it is essential that the needs and accessibility of women veterans with catastrophic illnesses and injuries be included.

Reproductive Services (to Include IVF)

Congress should continue to authorize appropriations to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans who are unable to conceive children. The VA provided reproductive services to as few as 500 veterans and their spouses in FY 2019, and projects serving less than 500 families in FY 2020. These services are not directly funded and we recommend approximately \$20 million to cover the cost of reproductive services in FY 2021.

Extending Eligibility for Comprehensive Caregiver Supports

The VA MISSION Act of 2018 requires implementing a phased eligibility expansion of VA's Family Caregiver Support Program to severely injured veterans of all eras. The funding level is based on the Congressional Budget Office estimate for preparing the program, including increased staffing and the beginning of the first phase as reflected in our recommendation of \$779 million for FY 2021 and \$1.4 billion for FY 2022.

Outpatient Primary Care and Mental Health Vacancies

Section 505 of the VA MISSION Act of 2018 requires VA to make information regarding vacancies, accessions and separation actions, new hires, and personnel encumbering positions publicly available; requires an Inspector General review on a semi-annual basis; and, requires VA to report to Congress annually on the steps VA is taking to achieve full staffing capacity, including the amount of additional funds necessary to enable VA to reach full staffing capacity.

According to VA, VHA's annual turnover rate for full-time and part-time employees was 9.4 percent in FY 2018, which compares favorably with the health care industry, including for those occupations identified as mission critical. However, in FY 2017, VHA's annual turnover rate for full-time and part-time employees

was 9.1 percent and an average turnover rate of 8.96 percent from FY 2014-2016.

The Independent Budget recommends \$776 million for FY 2021 to close the reported vacancies for both outpatient mental health and Patient Aligned Care Team (PACT) by 10 percent. PACT is a customized patient-centered medical home model of care VHA has adopted and branded, which includes Primary Care Providers (physicians, advanced practice nurses, and physician assistants), Registered Nurses, Clinical Associates (licensed practical nurses, licensed vocational nurses), medical assistants and health technicians, and clerical associates. We did not account for the extended PACT team staff including clinical pharmacists, primary care mental health integration (psychologists, licensed clinical social workers), and dietitians. For mental health services, we used VA's staffing guideline for every 1,000 mental health patients, which includes approximately five Licensed Independent Providers, an administrative clerical support, and a non-Licensed Independent Provider.

Long-Term Services and Supports (LTSS)

In light of congressional instructions to balance available resources between institutional and noninstitutional care by providing veterans greater access to home and community-based care, *The Independent Budget* recommends no increase for FY 2021-2022. We estimate this will likely yield a commensurate decrease in demand for higher cost institutional care and allow VA to meet an overall increase in LTSS as is being achieved by the states with their balancing of spending initiatives.

Congress must consider that VA's LTSS program serves 6 percent of VA's patient population that it is estimated consumes 32 percent of its medical resources, and that such spending improves veterans' quality of life and helps VA avoid furnishing more costly care. That is, any reduction in LTSS effort and quality of care will likely divert such veterans to seek care in more costly inpatient settings.

Medical Services

Advance Appropriations for FY 2022

FY 2022 IB Recommendation	\$65.80	B
FY 2022 Administration Request	\$58.90	B
Medical Care Collections	\$3.79	B
Total	\$62.69	B

The *Independent Budget* once again offers baseline projections for funding through advance appropriations for the Medical Care accounts for FY 2021. While the enactment of advance appropriations for VA medical care in 2009 helped to improve the predictability of funding requested by the Administration and approved by Congress, we have become increasingly concerned that sufficient corrections have not been made in recent years to adjust for new, unexpected demand for care.

We have serious concerns that the Administration is continuing a detrimental practice of requesting a significantly underestimated level of advance appropriations in light of mounting requirements. This trend cannot be allowed to continue, particularly as Congress looks for ways to reduce discretionary spending, even when those reductions cannot be justified.

Moreover, we urge against acting on VA’s previous proposal to merge programs and resources of the Choice program and Medical Community Care program into the Medical Services Account. For FY 2022, *The Independent Budget* recommends approximately \$65.8 billion for Medical Services, not including the Medical Community Care recommendation of \$18.7 billion. Our Medical Services level includes the following recommendations:

Current Services Estimate	\$62,436,008
Increase in Patient Workload	\$642,399
Subtotal FY 2022 Medical Services	\$63,078,407
Additional Medical Care Program Cost	\$2,719,586
Total FY 2022 Medical Services	\$65,797,993

Our estimate of growth in patient workload is based on a projected increase of more than 34,000 new patients. These new unique patients include Priority Group 1–8 veterans and covered non-veterans. We estimate the cost of these new patients to be approximately \$642 million. Because of insufficient data, this recommendation does not reflect the assumption that more veterans will be accessing the system as VA expands its capacity and services or that reliance rates will increase as veterans examine their health care options as a part of the Veterans Community Care Program. These liabilities must be monitored and appropriately addressed as the data becomes available.

As previously discussed, the IBVSOs believe that there are additional medical program funding needs for VA in FY 2022. To meet the increase in demand for prosthetics, *The Independent Budget* recommends an additional \$335 million, reflecting the ever-growing cost of more advanced prosthetics being prescribed for seriously disabled veterans. We recommend continued investment of over \$20.6 million to support extension of the authority to provide reproductive services to the most catastrophically disabled veterans, \$335 million for prosthetics and sensory aids, \$1.38 billion to continue improvements and eligibility expansion efforts of VA’s Family Caregiver Support Program, and \$784 million to continue closing the vacancy gap for primary and mental health care.

Medical Support and Compliance

FY 2021 IB Recommendation	\$8.15	B
FY 2021 Revised Admin. Request	\$8.21	B
FY 2021 Advance Appropriations	\$7.91	B
FY 2022 IB Adv. Approp. Rec.	\$8.30	B
FY 2022 Admin. Adv. Approp. Request	\$8.40	B

For Medical Support and Compliance, *The Independent Budget* recommends \$8.15 billion for FY 2021. Our projected increase reflects growth in current services based on the impact of inflation on the FY 2020 appropriated level. Additionally, for FY 2022, *The Independent Budget* recommends \$8.3 billion for Medical Support and Compliance.

SUMMARY OF BUDGET RECOMMENDATIONS

We urge VA and Congress to address the growing resource needs under this account to support the increased workload under Medical Community Care as care coordination and collaboration efforts expand to achieve the high performing integrated health care networks contemplated under the VA MISSION Act of 2018.

Medical Facilities		
FY 2021 IB Recommendation	\$7.61	B
FY 2021 Revised Admin. Request	\$6.58	B
FY 2021 Advance Appropriations	\$6.43	B
FY 2022 IB Advance Appropriations Recommendation	\$7.84	B
FY 2022 Admin. Adv. Approp. Request	\$6.73	B

For Medical Facilities, *The Independent Budget* recommends \$76.1 billion for FY 2021, which includes nearly \$1 billion for Non-Recurring Maintenance (NRM) and leases, and funding to address VA research NRM needs. VA uses major and minor leases in lieu of facility construction to address access needs and space gaps to quickly respond to health care advances, and adopt changing technology in order to provide state-of-the-art health care to veterans when a lease is better aligned with the Department's overall capital strategy.

The NRM program is VA's primary means of addressing its most pressing infrastructure needs as identified by Facility Condition Assessments, which is an alternative method to address construction needs. These assessments are performed at each facility every three years, and highlight a building's most pressing and mission critical repair and maintenance needs.

VA also needs to prioritize NRM representing critical deficiencies which directly affect patient safety on a daily basis, such as the need for heating and cooling systems repairs, or generator upgrades, which may not immediately stand out as critical, but failures of these systems could lead to life-safety issues. Additionally, deferring regular maintenance issues and upgrades is typically not prudent as this often exacerbates problems which necessitates more costly future remedies.

For FY 2022, *The Independent Budget* recommends approximately \$7.84 billion for Medical Facilities.

Medical Community Care		
FY 2021 IB Recommendation	\$18.18	B
FY 2021 Advance Appropriation	\$17.13	B
Medical Care Collections	\$0.54	B
Total, FY 2021 Advance Appropriation	\$17.67	B
FY 2020 Appropriation	\$15.28	B
Medical Care Collections	\$0.43	B
Total, FY 2020 Appropriation	\$15.71	B
FY 2022 IB Advance Appropriations	\$18.71	B
FY 2022 Admin. Adv. Approp. Request	\$20.15	B
Medical Care Collections	\$0.90	B
Total, FY 2022 Administration Advance	\$21.04	B

For Medical Community Care, *The Independent Budget* recommends \$18.18 billion for FY 2021, which includes the growth in current demand. Resource needs may increase pending additional proposals from VA and Congress that would modify the scope of the Veterans Community Care Program, Emergency, and Urgent Care benefits.

Medical and Prosthetic Research		
FY 2021 IB Recommendation	\$860	M
FY 2021 Administration Request	\$787	M
FY 2020 Appropriations	\$800	M

The VA Medical and Prosthetic Research program is widely acknowledged as a success, with direct and significant contributions to improved care for veterans and an elevated standard of care for all Americans. This research program is also an important tool in VA's recruitment and retention of health care professionals and clinician-scientists to serve our nation's veterans. Fostering a spirit of research and innovation within the VA medical care system, the VA research program ensures that veterans are provided state-of-the-art medical care.

Investing Taxpayers' Dollars Wisely

Despite documented success of VA investigators across many fields, the amount of appropriated funding for VA research since FY 2010 has lagged

behind annual biomedical research inflation rates as estimated by the Department of Commerce, Bureau of Economic Analysis, and the National Institutes of Health. To avoid a stagnant overall purchasing power and for VA research to maintain current research efforts, the Medical and Prosthetic Research appropriation should be increased to \$860 million in FY 2021.

Numerous meritorious proposals for new VA research cannot be funded without an infusion of additional funding for this vital program. Research awards decline as a function of budgetary stagnation, so VA may resort to terminating ongoing research projects or not funding new ones; thereby, losing the value of these scientists’ work, as well as their clinical presence in VA health care. When denied research funding, many of them simply choose to leave the VA.

Emerging Research Needs

In addition to covering uncontrollable inflation, the IBVSOs believe Congress should expand research on emerging conditions prevalent among newer veterans, as well as continuing VA’s inquiries in chronic conditions of aging veterans from previous wartime periods. For example, additional funding will help VA support areas that remain critically underfunded, including:

- Post-deployment mental health concerns, such as PTSD, depression, anxiety, and suicide.
- New engineering and technological methods to improve the lives of veterans with prosthetic systems or to activate paralyzed nerves, muscles, and limbs.
- Identify new treatments for progressive neurodegenerative conditions.
- Chronic pain abatement through alternatives to opioids such as new, safer medications and nonprescription strategies.
- The gender-specific health care needs of the VA’s growing population of women veterans.

- Studies dedicated to understanding chronic multi-symptom illnesses among Gulf War veterans and the long-term health effects of exposures to potentially hazardous substances.
- Innovative health services strategies, such as telehealth and self-directed care, that lead to accessible, high-quality, cost-effective care for all veterans.
- Leverage the only known integrated and comprehensive caregiver support program in the U.S. to help inform policy makers and other health systems looking to support informal caregivers.

GENERAL OPERATING EXPENSES (GOE)
Veterans Benefits Administration

FY 2021 IB Recommendation	\$3.23	B
FY 2021 Administration Request	\$3.21	B
FY 2020 Appropriations	\$3.13	B

The Veterans Benefits Administration (VBA) account is comprised of six primary divisions. These include: Compensation; Pension; Education; Vocational Rehabilitation and Employment; Housing; and Insurance.

For FY 2021, *The Independent Budget* recommends approximately \$3.23 billion for all VBA operations, an increase of approximately \$101 million over the estimated FY 2020 appropriations level, which reflects maintaining current services with increases for inflation and federal pay raises.

In February 2019, the Veterans Appeals Improvement and Modernization Act (AMA), P.L. 115–55, took full effect, making significant changes in how veterans appeal VBA claims decisions, both within VBA and at the Board of Veterans’ Appeals (BVA). In FY 2019, VBA added an additional 605 full-time employment (FTE) within VBA to specifically address the implementation of AMA as well as the implementation of the Blue Water Navy Vietnam Veterans Act (P.L. 116-23). Therefore, for FY 2021, *The Independent Budget* is not recommending any FTE increases for VBA.

SUMMARY OF BUDGET RECOMMENDATIONS

However, *The Independent Budget* is making recommendations for additional IT funding for both VBA and BVA, which is included in the FY 2021 IT budget recommendations.

VR&E Program

The Vocational Rehabilitation and Employment (VR&E) program, also known as the VetSuccess on Campus program, provides critical counseling and other adjunct services necessary to enable service-disabled veterans to overcome barriers as they prepare for, find, and maintain gainful employment. VR&E offers services on five tracks: re-employment, rapid access to employment, self-employment, employment through long-term services, and independent living.

An extension for the delivery of VR&E assistance at a key transition point for veterans is the VetSuccess on Campus program, deployed at 104 university and college campuses. Additional VR&E services are provided at 71 select military installations for active duty service members undergoing medical separations through the Department of Defense and VA's joint Integrated Disability Evaluation System (IDES).

In 2016, Congress enacted legislation (P.L. 114-223) that included a provision recognizing the need to provide a sufficient client-to-counselor ratio to appropriately align veterans' demand for VR&E services. Section 254 of that law authorized the VA Secretary to use appropriated funds to ensure the ratio of veterans to Vocational Rehabilitation Counselors (VRCs) does not exceed 125 veterans to one FTE equivalent. However, the VA needs to switch reporting requirements from national to regional reporting to better identify where the majority of resources are being utilized and allow for better allocation of such resources.

VR&E was authorized to hire an additional 174 FTEs in FY 2019 and implemented work force increases and tech modernization. In order to ensure the 1 to 125 ratio is maintained nationally and even within each VA regional office or region, for FY 2021, *The Independent Budget* recommends \$17.2 million for 156 FTE for VR&E, 87 percent of which are VRCs. As

recently reported, VRCs can spend 60 percent of their time with administrative functions; thus, necessitating the addition of administrative staff. Congress needs to closely assess how VR&E is implementing this workforce increase and carefully review the Administration's FY 2021 budget for VR&E when it is presented.

General Administration	
FY 2021 IB Recommendation	\$371 M
FY 2021 Administration Request	\$413 M
FY 2020 Appropriations	\$356 M

The VA General Administration account is comprised of 10 primary divisions. These include: the Office of the Secretary; the Office of the General Counsel; the Office of Management; the Office of Human Resources and Administration; the Office of Enterprise Integration; the Office of Operations, Security and Preparedness; the Office of Public Affairs; the Office of Congressional and Legislative Affairs; the Office of Acquisition, Logistics, and Construction; and the Veterans Experience Office. For FY 2021, *The Independent Budget* recommends approximately \$371 million, an increase of nearly \$35.5 million over the FY 2020 estimated level. This increase primarily reflects an increase in current services based on the impact of the recent pay increase and uncontrollable inflation across all of the General Administration accounts.

Board of Veterans' Appeals	
FY 2021 IB Recommendation	\$218 M
FY 2021 Administration Request	\$198 M
FY 2020 Appropriations	\$182 M

For FY 2021, *The Independent Budget* recommends approximately \$218 million for the Board of Veterans' Appeals (BVA), an increase of approximately \$36 million over the estimated FY 2020 appropriations level, which reflects funding for current services with increases for inflation and federal pay raises and an additional 100 FTE.

As previously mentioned, the Appeals Modernization Act (AMA) took effect in February 2019, making significant changes in how veterans appeal claims,

decisions both within VBA Regional Offices and to the Board. There are currently 17,000 pending AMA hearings with the Board and 59,000 pending legacy hearings, for a total of 66,000 pending hearings. As the number of backlog hearings has not drastically been reduced and many of the legacy hearings have been pending for years, we are recommending an increase of 100 FTE for the Board to address the 66,000 pending hearings.

DEPARTMENT ADMINISTRATION AND MISCELLANEOUS PROGRAMS

Information Technology

FY 2021 IB Recommendation	\$4.62	B
<i>EHR Modernization</i>	\$2.48	B
Total	\$7.10	B
FY 2021 Administration Request	\$4.91	B
<i>EHR Modernization</i>	\$2.63	B
Total	\$7.54	B
FY 2020 Appropriations	\$4.37	B
<i>EHR Modernization</i>	\$1.50	B
Total	\$5.87	B

VA relies extensively on information technology to meet day-to-day operational needs. At Congress’s direction over a decade ago, VA centralized all information technology budget authority, management, and development under a chief information officer (CIO). It is now one of the few agencies of its size with a CIO that has complete IT authority affecting the entire organization. Centralization mandated fiscal discipline, security, standardization, and interoperability. Yet little oversight, if any, has been conducted of this organization since centralization and its performance in supporting VA’s statutory missions, including benefits and health care delivery, research, and education and training of health professions. For several years, the VA has indicated the development of IT applications remains under VA’s three separate administrations—VBA, VHA, and the National Cemetery Administration (NCA)—however, the development funding has been in decline over the last five years. In nominal dollars since 2014, total development funding has been reduced by over 40 percent while the overall funding has increased by 6 percent.

Innovations in VA medical care are being hampered by the lack of appropriations for the development and modernization of IT applications. In today’s world, IT development funding in medical research is critical. For example, FY 2017 was the last year funds were appropriated to meet the IT needs of VA’s medical research program, which accounted for three percent of the total development funds. Over half was spent on IT development to support the Million Veteran Program by establishing an IT infrastructure and database for providing results of genomic discoveries and analysis to health care providers, along with clinical decision support, reducing testing, and introducing precision therapy. VA has neither requested nor has Congress provided IT development funding for VA health research.

For more than 30 years, VA has successfully developed, tested, and implemented a world-class comprehensive, integrated electronic health record (EHR) system—VistA. The current version of this EHR system continues to be a trailblazer in health care delivery and population health management compared to other commercial off-the-shelf products, despite years of underfunding to implement VA innovations supporting care decisions and continuous improvement at both the individual and population levels.

For FY 2021, the IBVSOs recommend approximately \$4.3 billion for the administration of the VA’s IT program to meet the need to sustain VistA for an estimated 7–10 years after initial operating capabilities are attained at initial sites for replacing VistA. Significant resources have already been invested in VA’s IT programs in recent years, and we believe proper allocation of existing resources will allow VA to fulfill its statutory missions while modernizing its systems.

IT Development Funding

Overall funding for development of IT programs has decreased from \$650 million in FY 2014 to \$381 million in FY 2019, which represents a 41 percent reduction in non-inflationary dollars. IT development has been reduced to supporting mission critical areas and divestiture of legacy systems—a myopic approach to VA’s innovative environment with many reformation efforts underway.

Over the past several years, both VBA and BVA have developed and implemented new IT systems to support the transformations, including the Veterans Benefits Management System (VBMS), National Work Queue (NWQ), Case Flow, and eBenefits. Unfortunately, VBA and BVA must compete with other offices and agencies within VA for the limited IT funding available each year, delaying development and deployment of critical IT systems and programming. As a result, critical IT systems are rarely fully developed before business process changes are implemented. Instead, they are phased in over several years, forcing VBA and BVA to rely on an inconsistent mix of old and new IT systems, as well as an endless stream of suboptimal “work around” solutions. While it may be understandable from a purely budgetary view to stretch out development and deployment of new IT systems, it is a failure from a functional perspective. In order to achieve the full gains in both productivity and quality possible during claims and appeals modernization, *The Independent Budget* recommends that Congress provide VBA and BVA with project management ownership and full funding upfront to develop new IT systems as follows:

VA Education Services—A consistent thorn in VA’s side is the lagging IT infrastructure requiring business lines to create and perform work-arounds. For example, VA’s Education Services (VA ES) suffers from errors like the Basic Allowance for Housing (BAH) implementation. Significant disruptions in veterans’ lives could have been avoided, or at least minimized, with modern IT systems. VA ES is currently working with a legacy IT system called the Business Decision Network that is decades old and desperately needs upgrading. In order for VA ES to adequately perform its roles of implementing and maintaining the current system, and be ready and able to adapt any new upcoming changes, upgrades to the IT system must be made. *The Independent Budget* recommends \$150 million, of which \$65 million would be provided to VA ES and the remaining \$85 million to OIT, to develop an IT system capable of handling today’s difficult tasks, and tomorrow’s upcoming changes.

Case Flow—The Board uses several IT platforms such as VBMS, Veterans Appeals Control and Locator System (VACOLS), and Case Flow. However, VACOLS is the legacy program for tracking and maintaining appeals within the Board. Case Flow is currently used to manage all Board requested hearings, as well as the pilot program for virtual hearings, and thus is an integral part of their daily functioning. Case Flow was created to replace VACOLS; however, as Case Flow has many functionalities yet to be implemented, both systems must be used by the Board, which greatly reduces their efficiency. VACOLS allows the Board to store data, specifically their decisions on each case. Case Flow was not designed for data storage; however, if it retains the functionality of VACOLS, it will be a better IT platform to phase out VACOLS.

Currently, VA has made some great innovations to allow veterans to submit Notice of Disagreements and requests for Higher Level Review directly on VA.gov. This advance needs to be considered in the IT portion for future development of these types of initiatives. *The Independent Budget* recommends an increase of IT funding for Case Flow of \$15 million for FY 2021.

Deploying Cerner Millennium Scheduling—Vista’s outdated scheduling module significantly contributed to the 2014 VA access to care crisis. Even with ongoing enhancements, VA medical facilities experience challenges providing health care services in a timely manner. When veterans face wait-times at VA medical facilities, they may be able to receive services from VA’s community care programs.

Commercial off-the-shelf products such as the VA Medical Appointment Scheduling System, based on Epic’s Cadence software, was implemented under budget and enabled VA to complete more appointments, reduce wait times, improve scheduling productivity, and conformed to provisions of the VA MISSION Act of 2018.¹ It was reported this project could have been rolled out system-wide in under two years, at half the project’s original budget. In February 2019, VA committed to deploying Cerner Millennium Scheduling module in a separate sequence from

¹Improvements with total completed appointments have increased by 10 percent; wait-time metrics have decreased by 7 percent, behavioral health and primary care experienced 18- and 30-percent improvements, respectively. VA staff saw increases in productivity and reductions in the time spent on scheduling between 30 and 50 percent.

EHRM and immediately after EHRM goes live in March 2020 at VA’s initial operating capability (IOC) sites in the Pacific Northwest.

It has been six years since scheduling problems came to light and in FY 2020, *The Independent Budget* recommended funding to address this critical need yet no appropriations were requested by the Administration nor provided by Congress. For FY 2021, we recommend \$180 million to support the accelerated deployment Cerner Millennium Scheduling module, which according to VA, will yield almost immediate and tangible returns on investment.

Electronic Health Care Record Modernization

Congress provided VA in FY 2020 \$1.5 billion available for three years, which is \$103 million less than VA’s request. For FY 2021, *The Independent Budget* recommends \$2.48 billion for electronic health care record (EHR) modernization, including additional funds to deploy Cerner Millennium Scheduling, based on VA’s deployment schedule, estimating FY 2021 resource needs must address the completion of initial operating capability sites and deployment throughout the remainder of VISN 20 and 22, and initiating deployment in VISN 21.

National Cemetery Administration	
FY 2021 IB Recommendation	\$336 M
FY 2021 Administration Request	\$360 M
FY 2020 Appropriations	\$329 M

The IBVSOs recommend a \$7-million-dollar increase in appropriations for the National Cemetery Administration (NCA) to account for its obligation to manage 139 National Cemeteries, provide perpetual care for 4.7 million veterans, service members, and family members in over 3.74 million gravesites, and meet its strategic effort to offer all veterans burial options within 75 miles of their home. Due to a continued increase in demand for burial space which is not expected to peak until 2022, NCA continues to expand and improve the national cemetery system, to include a plan to open five new burial sites in FY 2020 and plans to open six more in the near future. NCA has also inherited 11 Army post cemeteries which

it must perpetually maintain. Additionally, NCA has undertaken the task of creating a digital memorial page for each veteran interred in a VA national cemetery as part of the Veterans Legacy Memorial. This much needed expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by NCA to more than 4 million by 2021. The IBVSOs strongly believe that VA national cemeteries must honor the service of veterans and fully support NCA’s National Shrine initiative, which ensures our nation’s veterans have a final resting place deserving of their sacrifice to our nation. The IBVSOs also support NCA’s Veterans Legacy Program (VLP), which helps educate America’s youth about the history of national cemeteries and the veterans they honor. Recently enacted Public Law 116-107, which authorizes NCA to provide grants as part of VLP, may enable VA to significantly expand VLP and ensure more veterans can have their stories preserved in perpetuity.

Office of the Inspector General	
FY 2021 IB Recommendation	\$216 M
FY 2021 Administration Request	\$228 M
FY 2020 Appropriations	\$210 M

The IBVSOs recommend funding the Office of Inspector General (OIG) approximately \$216 million, based on current services for FY 2020 to meet its continued work requirements.

CONSTRUCTION PROGRAMS
Major Construction

FY 2021 IB Recommendation	\$2.70 B
FY 2021 Administration Request	\$1.37 B
FY 2020 Appropriations	\$1.24 B

In major construction last year, VA requested significantly less money for its major construction projects. Moreover, we understand VA cannot perform anywhere near \$5-\$6 billion dollars of work annually to close the gap on VA’s \$56-\$65 billion 10-year infrastructure backlog. *The Independent Budget* recommends a portion of the resources requested by VA and appropriated by Congress each

year go towards improving VA’s internal capacity of employees and contractors to oversee the massive VA infrastructure backlog. Until such capabilities are achieved, only a fraction of the work that is desperately needed can be performed. Accordingly, we recommend a significant staffing increase in VA’s construction office in order to begin to address the growing backlog. It is time for the infrastructure projects that have been in limbo for years or that present a safety risk to veterans and employees to be put on a course to completion within the next five years.

To accomplish this, the IBVSOs recommend that Congress appropriate \$1.7 billion for FY 2021 to fund either the next phase or fund through completion all existing projects, and begin advance planning and design development on all major construction projects that are the highest ranked on VA’s priority list.

Additionally, there are almost \$7 billion in outstanding seismic corrections on VA’s priority lists. These are potential life-safety issues that cannot be overlooked. VA’s past budget request was only \$400 million to begin these corrections. At that level of funding, it would take almost 18 years to complete this task. The IBVSOs recommend making these corrections as quickly as possible in order to mitigate the potential life-safety risks. We recommend Congress appropriate \$1 billion annually to remedy the seismic deficiencies as quickly as possible.

Research Infrastructure

State-of-the-art research requires an investment not only in state-of-the-art technology and equipment, but also in facilities. For decades, VA construction and maintenance appropriations have failed to provide the resources VA needs to replace, maintain, or upgrade its aging research facilities. The impact of this funding shortage was observed in a congressionally mandated report published in 2012 that found a clear need for research infrastructure improvements system-wide. VA recently completed Phase II of the assessment, and preliminary findings show that while certain projects identified in the 2012 report have received funding, few facilities have seen significant improvement.

The report also shows a total cost of \$99.5 million in Priority 1 deficiencies. These deficiencies were identified by VA as having an immediate need for correction within 1-year, such as correcting life-safety hazards, returning components to normal service or operation, stopping accelerated deterioration, and replacing items that are at or beyond their life cycle. The total cost to correct Priority 1-5 deficiencies is estimated at \$207.1 million. Accordingly, *The Independent Budget* recommends a minimum of \$99.5 million for FY 2021 to correct all Priority 1 deficiencies.

Minor Construction	
FY 2021 IB Recommendation	\$760 M
FY 2021 Administration Request	\$400 M
FY 2020 Appropriations	\$399 M

VA’s 2020 budget request of \$399 million was far below previous years, and nowhere near enough to keep pace with the growing infrastructure backlog. To ensure that VA funding keeps pace with all current and future minor construction needs, the IBVSOs recommend that Congress appropriate \$760 million for minor construction projects. It is important to invest heavily in minor construction because these are the types of projects that can be completed faster and have a more immediate impact on services for veterans. Previously, these changes fell under facilities similar to Non-Recurring Maintenance, but the IBVSOs recommend these specific modifications be under a different authority to ensure their priority.

Grants for State Extended Care Facilities	
FY 2021 IB Recommendation	\$250 M
FY 2021 Administration Request	\$90 M
FY 2020 Appropriations	\$90 M

Grants for state extended care facilities, commonly known as state home construction grants, are a critical element of federal support for state veterans’ homes. The state veterans’ home program is a very successful federal-state partnership, in which VA and states share the cost of constructing and operating nursing homes and domiciliaries for America’s veterans. State veterans’ homes provide more than 30,000 nursing home and domiciliary care beds for

veterans, their spouses, and Gold Star parents of deceased veterans. Overall, state veterans’ homes provide over 50 percent of the total VA-supported long-term institutional care beds while receiving less than 25 percent of VA’s nursing home care budget. VA’s basic per diem payment for skilled nursing care in state veterans’ homes is significantly less than the average daily cost in VA’s own long-term care facilities. This basic per diem agreement with VA paid to state veterans’ homes covers approximately 30 percent of the cost of care, with states responsible for the balance, utilizing both state funding and other sources.

In addition to per diem support, VA helps cover the cost of construction, rehabilitation, and repair of state veterans’ homes, providing up to 65 percent of the cost with the state providing at least 35 percent. VA maintains a prioritized list of construction projects proposed by state veterans’ homes based on specific criteria, with life and safety threats in the highest priority group. Projects that have secured the necessary state matching funds are included in VA’s Priority List Group 1 and are eligible for federal funding. Those that have not yet received assurances of state matching funding are put on the list among Priority Groups 2–8.

The FY 2019 VA State Home Construction Grants Priority List included 81 pending grant requests, with a total federal matching requirement of almost \$1.2 billion. Among those were 47 Priority List Group 1 projects that had already secured state matching funding, with a total federal share of approximately \$250 million. For the FY 2020 budget, VA requested \$150 million, which would have funded approximately 60 percent of the pending Priority Group 1 grant requests; however, Congress ultimately appropriated only \$90 million, which allowed VA to fund just 14 of the pending grant requests.

Although VA has not yet released the FY 2020 Priority Group List, as a result of more states providing new matching funding, the Priority Group 1 List is expected to grow to more than double from last year, almost \$500 million or more. Furthermore, there is an estimated \$700 million in Priority Groups 2 to 8 grant requests awaiting state matching funds before they

move to Priority Group 1. With VA continuing to scale back the number of veterans served in its own nursing homes (Community Living Centers), it is imperative that Congress significantly increase funding for the state veterans’ home program.

For FY 2021, *The Independent Budget* recommends \$250 million for grants for state extended care facilities to fund approximately half of the federal share of projects on the FY 2020 VA State Home Construction Grants Priority List for Group 1, those that have already secured their required state matching funds.

Grants for State Veterans’ Cemeteries	
FY 2021 IB Recommendation	\$69 M
FY 2021 Administration Request	\$45 M
FY 2020 Appropriations	\$45 M

The State Cemetery Grant Program allows states to expand veteran burial options by raising half the funds needed to build and begin operation of state veterans’ cemeteries. NCA provides the remaining funding for construction and operational funds, as well as cemetery design assistance. NCA currently supports 115 grant-funded cemeteries.

For FY 2020, NCA has a list of 103 applications for grants from cemeteries for a total of \$287 million. Before NCA can provide a grant, the cemetery must secure legislative authority and adequate appropriations from its state, territorial, or tribal government. Forty-seven applications had met the funds and legislation requirement, which total \$144 million. Of those applications, 22 were considered top priority for a total of \$69 million. The IBVSOs estimate demand for Grants for State Veterans Cemeteries for 2021 to be consistent with demand from 2020. To ensure NCA is able to accommodate additional projects in FY 2021 in tribal, rural, and urban areas, Congress must appropriate \$69 million.

AUTHORS

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For more than 30 years, *The Independent Budget* veterans service organizations (IBVSOs)—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA), and the Veterans of Foreign Wars of the United States (VFW)—have worked to develop and present concrete recommendations to ensure that the Department of Veterans Affairs remains fully-funded and capable of carrying out its mission to serve veterans and their families both now and in the future. Throughout the year, the IBVSOs work together to promote their shared recommendation, while each organization also works independently to identify and address legislative and policy issues that affect the organizations’ members and the broader veterans’ community.

DAV (Disabled American Veterans)

DAV empowers veterans to lead high-quality lives with respect and dignity. It is dedicated to a single purpose: fulfilling our promises to the men and women who served. DAV does this by ensuring that veterans and their families can access the full range of benefits available to them; fighting for the interests of America’s injured heroes on Capitol Hill; linking veterans and their families to employment resources; and educating the public about the great sacrifices and needs of veterans transitioning back to civilian life. DAV, a non-profit organization with more than one million members, was founded in 1920 and chartered by the U. S. Congress in 1932. Learn more at www.dav.org.

Paralyzed Veterans of America (PVA)

Paralyzed Veterans of America (PVA), founded in 1946, is the only congressionally chartered veterans service organization dedicated solely for the benefit and representation of veterans with spinal cord injury or disease. For more than 70 years, the organization has ensured that veterans receive the benefits earned through their service to our nation; monitored their care in VA spinal cord injury centers; and funded research and education in the search for a cure and improved care for individuals with paralysis.

As a life-long partner and advocate for veterans and all people with disabilities, PVA also develops training and career services, works to ensure accessibility in public buildings and spaces, and provides health and rehabilitation opportunities through sports and recreation. With more than 70 offices and 33 chapters, PVA serves veterans, their families, and their caregivers in all 50 states, the District of Columbia, and Puerto Rico. Learn more at www.pva.org.

Veterans of Foreign Wars of The United States (VFW)

The Veterans of Foreign Wars of the U.S. (VFW) is the nation’s largest and oldest major war veterans’ organization. Founded in 1899, the congressionally-chartered VFW is comprised entirely of eligible veterans and military service members from the active, Guard and Reserve forces. With more than 1.6 million VFW and Auxiliary members located in 6,200 Posts worldwide, the nonprofit veterans’ service organization is proud to proclaim “NO ONE DOES MORE FOR VETERANS” than the VFW, which is dedicated to veterans’ service, legislative advocacy, and military and community service programs. For more information or to join, visit our website at www.vfw.org.



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