



**THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON**

March 21, 2023

The Honorable Rosa L. DeLauro
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative DeLauro:

Thank you for your January 19, 2023, letter to the Department of Veterans Affairs (VA) regarding the reported proposal to cap fiscal year (FY) 2024 discretionary funding at the FY 2022 enacted level. I appreciate the opportunity to respond.

President Biden's FY 2024 Budget lays out a detailed plan to invest in America, continue to lower costs for families, protect and strengthen Social Security and Medicare, and reduce the deficit.

Cuts such as those under consideration by Congressional Republicans would negatively impact a broad spectrum of society by eroding public safety, education and more, and would damage VA's ability to provide Veterans with the world-class care they have earned and deserve. Research, staffing in medical facilities, benefit offices and cemeteries, grant delivery, claims adjudication and physical and technical infrastructure upgrades would all be significantly impacted. The effects of these reductions on Veterans, their families, caregivers and survivors would be severe, and inflict unnecessary hardship.

At the request of the Office of Management and Budget (OMB), we analyzed the following budget scenarios:

1. The impact of holding the VA FY 2024 appropriation equal to the FY 2022 appropriation.
2. The impact of reducing the VA FY 2024 appropriation by 22%, relative to the FY 2023 levels. This is the percentage cut that would be required to bring overall discretionary funding closer to FY 2022 levels, assuming that defense funding would not have to absorb any cuts.

Holding VA to the enacted FY 2022 discretionary funding level in FY 2024 would negatively impact Veterans across the country, potentially underfunding VA by at least \$26.7 billion. Alternatively, if VA's appropriation was reduced by 22%, relative to FY 2023 levels, it would drive a shortfall of \$29.7 billion. Both scenarios are unacceptable

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and would dramatically impact medical care accounts and limit our ability to deliver the care and benefits that Veterans have earned and deserve. Below are examples of the impact of budget reductions of the magnitude being contemplated, and though the differences between the two scenarios evaluated are small – both scenarios will have an outsized, negative impact on our ability to serve Veterans.

Reducing Veterans' Access to Care

The Veterans Health Administration (VHA) provided care to 6.2 million Veteran patients at 125 million visits in FY 2022. VA estimates that we will need to provide 16.7% more care in FY 2024 than in FY 2022 (as measured in global relative value units). The President's Budget in FY 2024 will support approximately 139 million outpatient visits. If held to the FY 2022 funding level, VA might only be able to support 126 million outpatient visits, a reduction of 13 million visits, or 9%.

Cutting Staff and Longer Wait Times for Benefits

The Veterans Benefits Administration (VBA) discretionary budget funds the workforce devoted to processing Veterans' benefits claims and providing other services to Veterans. Under Congressional Republicans' plans, VBA would face at least a \$409 million shortfall. Because VBA's budget primarily funds staff, this shortfall would require a reduction in force of 1,178 staff and limits our ability to fully fund annual pay increases for existing employees and non-pay inflation for essential discretionary resources. In addition, VBA would delay improvements to compensation and pension processing. These efforts are transforming the claims process through automation and optimization to deliver fast, accurate and consistent claim decisions for Veterans. As a result of both impacts to staff and processes, the backlog of claims would grow, and Veterans could wait longer to receive benefits they have earned. Furthermore, VBA would be unable to fully comply with the law to implement the Veterans Transition Assistance Grant Program, as required by the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315).

The Board of Veterans Appeals (Board) would face up to a \$57 million shortfall, resulting in approximately 25,000 fewer decisions and a reduction of 300 staff in FY 2024. This would exacerbate the already increasing number of Veterans awaiting decisions on their appeals for VA benefits. The Board would be unable to serve the expected increase in Veteran appeals from recent enactment of the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022 (P.L. 117-168).

Setting Back IT Security and Support for Telehealth

VA's Office of Information and Technology (OIT) would face up to a \$345 million shortfall under proposed plans by Congressional Republicans. This shortfall would force

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OIT to reduce staff by at least 250 employees. OIT would be forced to further delay and degrade the implementation of key initiatives such as accelerated benefits claims processing, Zero Trust Architecture, Veteran data protection, modernization of aging information technology (IT) infrastructure and reduction of technical debt. Such a funding shortfall would also restrict OIT's ability to deploy remote access and telehealth services to meet increased demand from Veterans and health care providers, particularly impacting Veterans in rural areas. OIT would be unable to rapidly respond to emergencies and conduct incident resolution and the shortfall would negatively impact OIT's ability to maintain high availability of critical IT systems used in VA medical centers nationwide. Systems impacted include the whole range of health delivery support projects. For example, the planned improvements to Outbound eRX, which will help VA transmit and receive prescription information from community pharmacies, could stop and planned enhancements and maintenance for Home Telehealth Reporting, which is estimated to directly impact and improve care for 71,000 Veterans, could be delayed.

Reducing Support for National Cemeteries

The National Cemetery Administration (NCA) would face up to a \$36 million shortfall. NCA could not fund workload increases at existing cemeteries, could not reach full operating capacity at newly opened cemeteries and would potentially delay the opening of 5 new cemeteries already under construction, which will serve nearly 1.6 million Veterans and eligible family members. NCA could be forced to eliminate 64 positions, which would reduce operational activities in national cemeteries. NCA would also decrease funding for projects to maintain cemeteries as national shrines, which is required by law, and to address a backlog of infrastructure repairs. This level of reduction would be devastating to Veterans' families and endanger the high-quality services NCA provides, as evidenced by ranking first overall for the seventh consecutive time by the American Customer Satisfaction Index.

Deteriorating VA Infrastructure

VA's physical infrastructure continues to require significant investment to enable VA to provide Veterans with the world-class health care and benefits they deserve. Under FY 2022 discretionary funding levels, VA's Major Construction account would have up to a \$565 million shortfall. Furthermore, the Minor Construction account would have a shortfall of up to \$162 million, which would result in delays in future construction and operating cost increases for projects across the country – along with increased operational risk. Projects currently in design, such as those for new bed towers, replacement medical centers and mental health buildings, and expansions for cemeteries would be postponed to future budget years. These delays could result in adverse impacts to health care for Veterans, burials and critical IT improvements and would also eliminate Electric Vehicle Supply Equipment for NCA and VBA.

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VA's State Home Construction Grant Program, which provides grant funding to States to construct, renovate or repair State-owned and operated nursing homes, domiciliaries and adult day health care facilities, would be reduced by up to \$100 million. The current backlog of grant projects eligible for support of approximately \$1.4 billion would grow even more, resulting in these critical facilities taking longer to construct and repair, thus degrading access for Veterans.

VA's mission is to care for Veterans, their families, caregivers and survivors. That mission must be funded to meet all requirements to continue successfully delivering health care and benefits. We look forward to continuing to work with Congress to ensure that the FY 2024 President's Budget is enacted.

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Denis McDonough". The signature is stylized with a large initial "D" and a long horizontal stroke.

Denis McDonough