



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

September 11, 2024

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

Dear Representative DeLauro:

I am providing a description of the impacts of a 6-month continuing resolution (CR) for the Department of Veterans Affairs (VA). I appreciate the opportunity to share my views on a 6-month CR, VA's unfunded anomalies, and the difficulties it would impose on VA's ability to provide Veterans, their families, caregivers, and survivors the best health care in the world, the benefits they have earned, and a dignified final resting place that honors their service and sacrifice.

As you know, VA is currently delivering more health care and benefits to more Veterans than ever before, which is largely a result of the historic Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxins (PACT) Act and our efforts to reach out to Veterans proactively and bring them to VA. We also made millions of Veterans eligible for [health care](#) and [benefits](#) under the PACT Act up to 8 years earlier than called for by the law, because it would have been unacceptable for these heroes to wait any longer. These efforts to bring Veterans to VA have exceeded even our most ambitious projections and continue to help us deliver life-changing results for Veterans, their families, caregivers, and survivors. Key results for Veterans include:

- **More Veterans are trusting VA:** Veteran trust in VA has reached an [all-time high of 80.4%](#) — up from 55% when the survey began in 2016. For outpatient care, Veteran trust has reached 92% — also an all-time record.
- **More Veterans are enrolling in VA health care:** More than 410,000 Veterans have enrolled in VA care over the last 365 days, the most since 2017. In total, since the PACT Act was passed, nearly 740,000 Veterans have enrolled in VA health care, which represents a more than 33% increase in Veterans enrolling compared to an equivalent period before the legislation was signed.
- **More Veterans are using VA health care:** VA is on pace to deliver approximately 127 million health care appointments in 2024, surpassing last year's all-time record of 120 million appointments. This is partly a result of VA expanding access to VA care for these Veterans and decreasing [wait times](#) by offering more night clinics, weekend clinics, and appointment slots.

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- **More Veterans are receiving disability compensation benefits than ever before:** This fiscal year, VA has granted benefits to 1.1 million Veterans and their survivors, an all-time record, with 2 months remaining in the fiscal year. In total, VA has awarded \$154 billion in benefits, including \$142 billion in compensation and pension benefits, to Veterans and survivors this year. To reach this milestone, VA has processed more than 2.3 million claims in 2024 — another [all-time record](#), on pace to surpass last year's record by more than 27%. The grant rate for these claims is 64.6%, and the average overall disability rating granted to Veterans this year to-date is 70%, equating to over \$20,000 per year in disability compensation. In total, 6.7 million Veterans are receiving compensation and pension benefits. This is up from 6.3 million last year.
- **More Veterans are applying for VA benefits than ever before:** Thanks to the [largest outreach campaign in VA history](#), Veterans and survivors are applying for their earned benefits at record rates. Over the past 2 fiscal years, VA has received 4,414,334 claims for disability compensation benefits (including 1,774,158 claims with PACT Act conditions) — 29.8% more than the 2 fiscal years prior.
- **More Veterans are using GI bill and job training benefits:** In 2023, VA provided GI Bill education benefits to more than 850,000 Veterans and beneficiaries. VA expects this number to increase to 940,000 in 2024.
- **When Veterans apply for benefits, they are more likely to have their claims granted:** Whenever a Veteran applies for benefits, our goal is to work with the Veteran to gather the medical evidence to get to yes. Due to this approach, we have been able to grant benefits for 65% of claims in Fiscal Year (FY) 2024, including 75% of PACT Act-related claims, which is a sharp increase from previous years.
- **VA care is outperforming non-VA care:** A [systematic review of studies](#) about VA health care concluded that VA health care is consistently as good as — or better than — non-VA health care. VA has also outperformed the private sector on Centers for Medicare & Medicaid Services star ratings and Nationwide patient satisfaction surveys.

In order to continue delivering health care and benefits for Veterans at these rates, VA requires receiving the funds needed for the entirety of FY 2025. The most significant challenge VA would face under a 6-month CR is in delivering the highest quality health care to Veterans. The Administration has requested a funding anomaly of \$12 billion for VA to be appropriated to the Cost of War Toxic Exposures Fund to cover a 2025 potential shortfall in medical care funding. This mandatory funding respects the discretionary funding caps put in place by the Fiscal Responsibility Act but would enable the VA to maintain medical care operations for Veterans through 2025.

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Without the anomaly and under a 6-month CR, VA may need to begin addressing any potential shortfall as early as the first quarter of FY 2025 – and the agency would be forced to make difficult tradeoffs in its efforts to preserve quality Veteran care. VA would make every effort to minimize impacts to the provision of health care but will need to adjust operations to remain within the current budget. Specifically, VA would need to undertake reductions in overall staffing levels including administrative support for clinical staff that may impact access to care for Veterans across clinical programs and risk clinician burnout; the Veteran experience may be impacted on responsiveness and services across many different functional areas, to include medical care scheduling and coordination, connecting homeless Veterans to permanent housing, caregiver support, and other programs; the reductions VA would need to undertake in overall staffing levels would affect hospital maintenance and upgrades; and VA may need to scale-back outreach efforts to Veterans, which VA has been conducting at levels that are unprecedented to inform Veterans of new benefits and health care enrollment opportunities under the PACT Act.

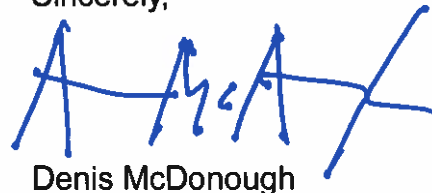
Funding for VA's Major Construction appropriation would also be significantly reduced from the 2025 President's Budget level under a 6-month CR. VA's projected space needs continue to grow, and our owned infrastructure is aged, deteriorating, and does not meet modern health care requirements. VA's 2025 Budget requested \$1.2 billion above the 2024 enacted level to address these problems. Under a 6-month CR, VA would be unable to execute work that is dependent on the FY 2025 appropriation and authorization bills, adding escalation and delay costs and increasing the cost of construction.

The impacts of a 6-month CR are widespread and affect all aspects of VA care, benefits, support, and infrastructure. Amid the largest expansion of Veterans' care and benefits in a generation, the reductions in funding resulting from a 6-month CR would greatly impact VA's ability to serve Veterans.

A copy of this letter is being sent to the other Chairs and Ranking Members of the House and Senate Committees on Appropriations.

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in blue ink, appearing to read "AMC", followed by a long horizontal line that extends to the right and then curves upwards.

Denis McDonough

Enclosure

Department of Veterans Affairs
Impact of a FY 2025 6-Month Continuing Resolution

We expect Congress to work in a bipartisan fashion to pass a fiscal year (FY) 2025 full-year appropriations Act. Failure to reach an agreement on FY 2025 appropriations and avoid an extended Continuing Resolution (CR) for FY 2025 would have a significant negative impact on the Department of Veterans Affairs (VA). Specifically, a FY 2025 6-month CR without any anomalies and certain other assumptions would have a negative impact on VA's discretionary budget compared to the FY 2025 President's Budget (PB).

The Veterans Health Administration (VHA) is facing a potential funding shortfall of \$12 billion for FY 2025; under a 6-month CR without any anomalies, Veteran health care would be significantly impeded. Significant infrastructure requirements would be delayed as VA would be unable to start Major Construction and Minor Construction projects. The most significant impacts are as follows:

Discretionary Impacts

- **VHA:** Absent fully addressing a shortfall in funding for medical care, VHA would be forced to make difficult tradeoffs in its efforts to preserve quality Veteran care. VA would need to undertake reductions in overall staffing levels that may impact access to care for Veterans across clinical programs. Veteran experience may be impacted across many different functional areas, including medical care scheduling and coordination, connecting homeless Veterans to permanent housing, caregiver support, and other programs. VA may need to scale-back outreach efforts to Veterans, which VA has been conducting at unprecedented levels to inform Veterans of new benefits and health care enrollment opportunities under the bipartisan Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act. In addition, absent an anomaly to extend the authorization of the Joint Department of Defense (DoD)-VA Medical Facility Demonstration Fund (the Fund), under a CR, the Captain James A. Lovell Federal Health Care Center in North Chicago may experience additional administrative burden after the authorization expires.
- **Veterans Benefits Administration (VBA):** VBA's General Operating Expenses budget would be \$166 million below the 2025 PB. VBA would be forced to reduce planned overtime for claims processing, which would delay benefits for Veterans and their families. The CR would also delay planned activities to expand the auditing of Artificial Intelligence systems to ensure robust, reliable, repeatable, and standardized evaluations. It would also delay first quarter contract funding for the Digital GI Bill modernization effort, which would impact program support. The Loan Administration's discretionary budget would be \$6 million below the 2025 PB. VBA Loan Guaranty would be forced to reduce modernization that impacts information technology and data needs for the program. In addition, not receiving the full budgetary request would put the Veteran Servicing Purchase (or VASP) program that will help thousands of Veterans remain in their homes at risk.

- **National Cemetery Administration (NCA):** NCA's budget would be \$15 million below the 2025 PB. NCA would postpone hiring 41 cemetery staff planned to be added in 2025, which are required to meet increased workload at existing cemeteries. NCA would also delay awarding or decrease the scope of some service contracts such as those to maintain cemetery grounds and the appearance of gravesites. Additionally, NCA would significantly reduce funding for non-recurring maintenance projects to maintain cemeteries as national shrines and repair cemetery facilities.
- **Major Construction:** Major Construction's budget would be \$1.2 billion below the 2025 PB. Seismic line item will be funded at \$110 million due to the FY 2024 language vice no funding requested in FY 2025. Any delay in Major Construction funding will limit the ability of VA to execute any work dependent on the FY 2025 appropriation and authorization bills, adding escalation and delay costs and driving up the cost of construction.
- **Electronic Health Record Modernization (EHRM):** EHRM's budget would be \$20 million below the 2025 PB. This reduction would impact the EHRM Integration Office's operations support (which includes help desk, release management, testing, end user training, Veteran portal, and application management services), hosting of EHRM data, maintenance of forward deployed servers at live sites and associated Veterans Integrated Service Networks, continued data syndication, and licensing and hardware renewals.

These funding levels reflect the difference between the FY 2025 PB request and the CR level, with certain assumptions. Assumptions do include rescissions of unobligated balances as applicable under a 6-month CR. Anticipated carryover from FY 2024 is excluded from these calculations.