



CONCERNED
VETERANS
FOR AMERICA

MEMORANDUM

FROM: Dan Caldwell, Policy Director, Concerned Veterans for America

DATE: June 1, 2017

RE: Proposed VA Budget for FY2018

Under President Obama, the overall budget for the Department of Veterans Affairs (VA) [increased by 84 percent](#) – and yet, this massive increase did not produce better results for veterans who use the VA. Instead, [benefit application backlogs](#), [deadly waitlist scandals](#), and gross [mismanagement of resources](#) defined the VA during the Obama administration.

While containing a few positive reform items, the [recently-proposed VA budget for FY2018](#) largely continues this pattern of substantially increasing the VA's funding without much consideration to the changing veteran demographics or real-life implications for veterans who use the VA. This budget would also do little to help Secretary Shulkin achieve his [vision of a more efficient, cost-effective VA](#) – instead, it would take the VA further in the opposite direction.

In particular, the following line items in the budget are of concern and should face scrutiny from Congress:

- **\$800 million for construction, despite ongoing problems with the VA's construction programs and a clear lack of oversight.** [The VA has long struggled to properly manage its major construction programs.](#) Just last year, the VA reported that \$26 million is spent on operating and maintaining 370 vacant buildings and 770 underutilized buildings. To make matters worse, a recent [Government Accountability Office \(GAO\) report](#) found the VA has several “deficiencies” in their efforts to facilitate realignment with medical facilities and services – which, if left unaddressed, will be an even more significant issue as the veteran population continues to decline.
- **\$6.5 billion for existing medical facility leases, maintenance, and other costs – a \$1.2 billion increase from FY2017.** The proposed budget would increase spending related to medical facility maintenance and operations from \$5.3 billion to \$6.5 billion even though the VA is sending more patients to private providers and plans to increase its reliance on providers outside of the VA's traditional brick-and-mortar-health care system. As House Veterans Affairs Committee (HVAC) Chairman Rep. Phil Roe (R-TN) said during a recent [House Veterans Affairs Committee hearing](#): “throwing money at a problem rarely makes it go away.” With \$26 million already being spent on vacant or underutilized buildings, this funding increase for facilities is illogical and only perpetuates reckless spending.
- **Increases in VA staff by nearly 8,000 full-time employees – which would make the VA bigger than the active duty Marine Corps, Air Force, and Navy.** The VA's

proposed budget would add nearly 8,000 additional full-time employees to the VA's payroll – many of whom would be administrative staff, not directly supporting medical services. Again, Chairman Roe hit the nail on the head when he [expressed his concern](#) that “increasing VA's bottom line year after year results in more bureaucracy but seldom results in better service for our veterans.” As the VA relies more on private providers for the provision of medical care, this increase in administrative staff adds more red tape and will not improve the clinical needs veterans deserve.

Despite the problems with the proposed budget, a few positive aspects of the plan should be acknowledged. They include:

- **Long-term funding for veterans health care choice.** While the current Veterans Choice Program is a flawed, temporary program, the VA is currently working on a long-term health care reform plan that will hopefully give veterans true health care choice. It is therefore commendable that the Trump administration recognizes that choice should be a part of any long-term VA reforms and is proposing long-term funding for veterans health care choice.
- **Reforms to the individual unemployability benefit.** The proposed budget also proposes reforms to the VA's [individual unemployability benefit](#), which could save taxpayers upwards of \$3 billion a year. The individual unemployability benefit was designed to help veterans whose service-connected disabilities prevented them from obtaining gainful employment. However, the number of veterans who receive individual unemployability has exploded in recent years, and there are [questions about whether the benefit properly incentivizes certain veterans to retrain and seek gainful employment and if it and other disability benefits are truly improving the well-being of disabled veterans](#). Reforms to this program will allow more funds to be set aside for veterans' health care and ensure these benefits programs are running as efficiently as possible.
- **Increased staffing for the Board of Veterans Appeals (BVA) using existing funds.** The disability claims appeals backlog has grown significantly in the past few years – leaving some veterans waiting upwards of five years, if not longer, to have their disability claims resolved. This budget would add staff to the BVA using existing funds to help reduce the backlog.

These reforms in the FY2018 budget proposal should be retained in the budget Congress ultimately puts forward for the VA. However, Congress should not accept the remainder of the proposed budget simply because of these positive reforms. Instead, we recommend that Congress aggressively seek out more savings within the VA's budget – especially in its construction, medical facility operations, personnel, and medical compliance accounts.

Cutting waste and passing systemic reform is what will make the VA more efficient and effective in delivering our veterans the care they have earned. Throwing more money at the current system is not the answer.