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Summary

The Department of Veterans Affairs (VA) provides a range of benefits and services to veterans and eligible dependents who meet certain criteria as authorized by law. These benefits include medical care, disability compensation and pensions, education, vocational rehabilitation and employment services, assistance to homeless veterans, home loan guarantees, administration of life insurance and traumatic injury protection insurance for servicemembers, and death benefits that cover burial expenses. The VA is funded through the Military Construction, Veterans Affairs, and Related Agencies (MILCON-VA) appropriations bill.

On May 23, 2017, the President submitted his budget request to Congress for FY2018 and for the advance appropriations accounts for FY2019. The President's FY2018 budget request for the VA is \$182.66 billion. Compared with the FY2017-enacted amount of \$176.94 billion, this would be a 3.23% (or \$5.72 billion) increase. The FY2018-requested amount includes \$103.95 billion in mandatory budget authority and \$78.71 billion in discretionary budget authority. For the Veterans Benefits Administration (VBA), the President's budget request includes \$106.97 billion for FY2018. For the Veterans Health Administration (VHA) the President's budget request includes \$69.67 billion for FY2018, without collections. Compared with the FY2017-enacted amount of \$65.32 billion, this would be a 6.66% increase, and the amount includes additional funding of \$2.65 billion over the FY2018 advance appropriations of \$66.39 billion provided in P.L. 114-223.

Although the Veterans Choice Program (VCP) is not part of the annual appropriations for the VA health care programs, the President is requesting \$2.9 billion in mandatory funding for FY2018 and \$3.5 billion for FY2019 to continue the program. In the meantime, P.L. 115-46 provided \$2.1 billion in mandatory appropriations in 2017 for the Veterans Choice Fund (which funds VCP), and in 2018, P.L. 115-96 provided another \$2.1 billion in mandatory appropriations. In total, Congress has provided \$14.2 billion in mandatory appropriations for VCP since the program was established on August 7, 2014, including the initial \$10 billion in mandatory funding provided through 2017 in P.L. 113-146, as amended.

On September 14, 2017, the House passed its version of the FY2018 MILCON-VA appropriations bill (Division K—Military Construction, Veterans Affairs, and Related Agencies Appropriations, bill, 2018 in H.R. 3354). The House-passed measure (H.R. 3354) provides \$182.28 billion for the VA. This amount includes \$103.95 billion in mandatory funding and \$78.33 billion in discretionary funding. For the VBA, the House-passed measure provides \$107.03 billion. A majority of this funding is for mandatory benefits such as disability compensation, readjustment benefits, and veterans insurance programs. For VHA, the House-passed bill provides \$69.74 billion (without collections) for FY2018. This amount includes \$66.39 billion provided as advance appropriations in P.L. 114-223 for FY2018 for the four accounts—medical services, medical community care, medical support and compliance, and medical facilities—and \$2.65 billion in additional funding for FY2018 for those same four accounts. The total VHA amount also includes \$698.23 million for the medical and prosthetic research account.

On July 13, 2017, the Senate Appropriations Committee reported its version of the FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130). The committee-reported version would provide \$182.37 billion for the VA for FY2018. This amount includes \$103.95 billion in mandatory funding and \$78.42 billion in discretionary funding. For the VBA, the Senate-reported bill recommends \$107.04 billion for FY2018. For VHA, the committee recommends \$70.09 billion (without collections) for FY2018. This amount includes \$66.39 billion provided as advance appropriations in P.L. 114-223 for FY2018 for the four accounts—medical services, medical community care, medical support and compliance, and medical facilities—and \$2.98

billion in additional funding for FY2018 for those same four accounts. The total VHA amount also includes \$722.26 million for the medical and prosthetic research account.

Since none of the 12 regular appropriations bills were enacted prior to the start of FY2018 (October 1, 2017), Congress passed and the President signed into law several continuing resolutions (CRs) (P.L. 115-56, P.L. 115-90, P.L. 115-96, and P.L. 115-120). The Bipartisan Budget Act of 2018 (P.L. 115-123) funds some VA accounts for FY2018 through March 23, 2018, at the FY2017 level and provides \$93.5 million in supplemental appropriations for the VA for expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, among other things.

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Introduction

This report focuses on FY2018 appropriations and FY2019 advance appropriations for the Department of Veterans Affairs (VA). Generally, the VA is funded through the Military Construction, Veterans Affairs, and Related Agencies (MILCON-VA) Appropriations Act.

This report begins by providing a brief overview of the VA. Then it describes the VA budget and advance appropriations. Although not part of annual appropriations, the report also discusses recent funding developments regarding the Veterans Choice Program (VCP), as that program plays an integral role in the delivery of health care to veterans through private community providers. The report then describes the President's budget request for FY2018 appropriations and advance appropriations for FY2019, along with congressional action. The report provides funding levels for the accounts as passed by the House and recommended by the Senate Appropriations Committee; it does not provide funding levels at the subaccount, program, or activity levels.

Department of Veterans Affairs Overview

The history of the present-day Department of Veterans Affairs (VA) can be traced back to July 21, 1930, when President Hoover issued Executive Order 5398, creating an independent federal agency known as the Veterans Administration by consolidating many separate veterans programs.¹ On October 25, 1988, President Reagan signed legislation (P.L. 100-527) creating a new federal cabinet-level Department of Veterans Affairs to replace the Veterans Administration, effective March 15, 1989.

The VA provides a range of benefits and services to veterans and eligible dependents who meet certain criteria as authorized by law. These benefits include medical care, disability compensation and pensions, education, vocational rehabilitation and employment services, assistance to homeless veterans, home loan guarantees, administration of life insurance and traumatic injury protection insurance for servicemembers, and death benefits that cover burial expenses.²

The VA carries out its programs nationwide through three administrations and the Board of Veterans Appeals (BVA).³ The Veterans Benefits Administration (VBA) is responsible for, among other things, providing compensation, pensions, education assistance, and vocational rehabilitation and employment services.⁴ The National Cemetery Administration (NCA) is responsible for maintaining national veterans cemeteries; providing grants to states for

¹ In the 1920s, three federal agencies, the Veterans Bureau, the Bureau of Pensions in the Department of the Interior, and the National Home for Disabled Volunteer Soldiers, administered various benefits for the nation's veterans.

² In general, payments of benefits made to, or on account of, a beneficiary under any law administered by the VA are exempt from federal taxation. Furthermore, benefits are exempt, in most cases, from "attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary" (38 U.S.C. §5301(a)(1)).

³ The BVA is part of the Department of Veterans Affairs, located in Washington, DC, and makes the final determination on an appeal within the VA. The BVA reviews all appeals for entitlement to veterans' benefits, including claims for service connection, increased disability ratings, pension, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, dependency and indemnity compensation, health care services, and fiduciary matters.

⁴ For more information, see CRS Report R44837, *Benefits for Service-Disabled Veterans*.

establishing, expanding, or improving state veterans cemeteries; and providing headstones and markers for the graves of eligible persons, among other things.⁵

The Veterans Health Administration (VHA) is responsible for providing health care and social support services to eligible veterans; conducting medical and prosthetic research; training health care professionals; serving as a contingency backup to the Department of Defense (DOD) medical system during a national security emergency; and providing support to the National Disaster Medical System and the Department of Health and Human Services (HHS), as necessary.⁶ The VHA is primarily a direct service provider of primary care, specialized care, and related medical services to veterans through the nation's largest integrated health care system. When needed, VHA pays for veterans' care delivered in the private sector (care in the community).⁷ Inpatient and outpatient care are also provided in the private sector to eligible dependents of veterans under the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).⁸

The VA Budget

The VA budget includes both mandatory⁹ and discretionary funding.¹⁰ Mandatory accounts fund disability compensation for veterans, the survivor's Dependency and Indemnity Compensation (DIC) program, pensions, vocational rehabilitation and employment, education, life insurance, housing, clothing allowances, and burial benefits (such as burial allowances, grave liners, outer burial receptacles, and headstones and markers), among other benefits and services. Discretionary accounts fund medical care, medical research, construction programs, information technology, the Office of Inspector General, BVA, and general operating expenses, among other things. These accounts are further supplemented by revolving funds, such as the Canteen Service Revolving Fund and the Pershing Hall Revolving Fund; trust funds, such as the Department of Veterans Affairs Cemetery Gift Fund and the General Post Fund; and special funds, such as the Medical Care Collections Fund; and the Capital Asset Fund.¹¹ **Figure 1** shows a breakdown of the FY2017-enacted amounts for major programs by mandatory and discretionary spending. Approximately 58% of VA's annual appropriations for FY2017 funded mandatory veterans benefits, and approximately 37% funded health care programs.

⁵ For more information, see CRS Report R41386, *Veterans' Benefits: Burial Benefits and National Cemeteries*.

⁶ 38 U.S.C. §§7301; 7302; 7303; 8111A; 1785.

⁷ 38 U.S.C. §§1701 note; 1703; 1725; 1728; 7409; 8111; 8153.

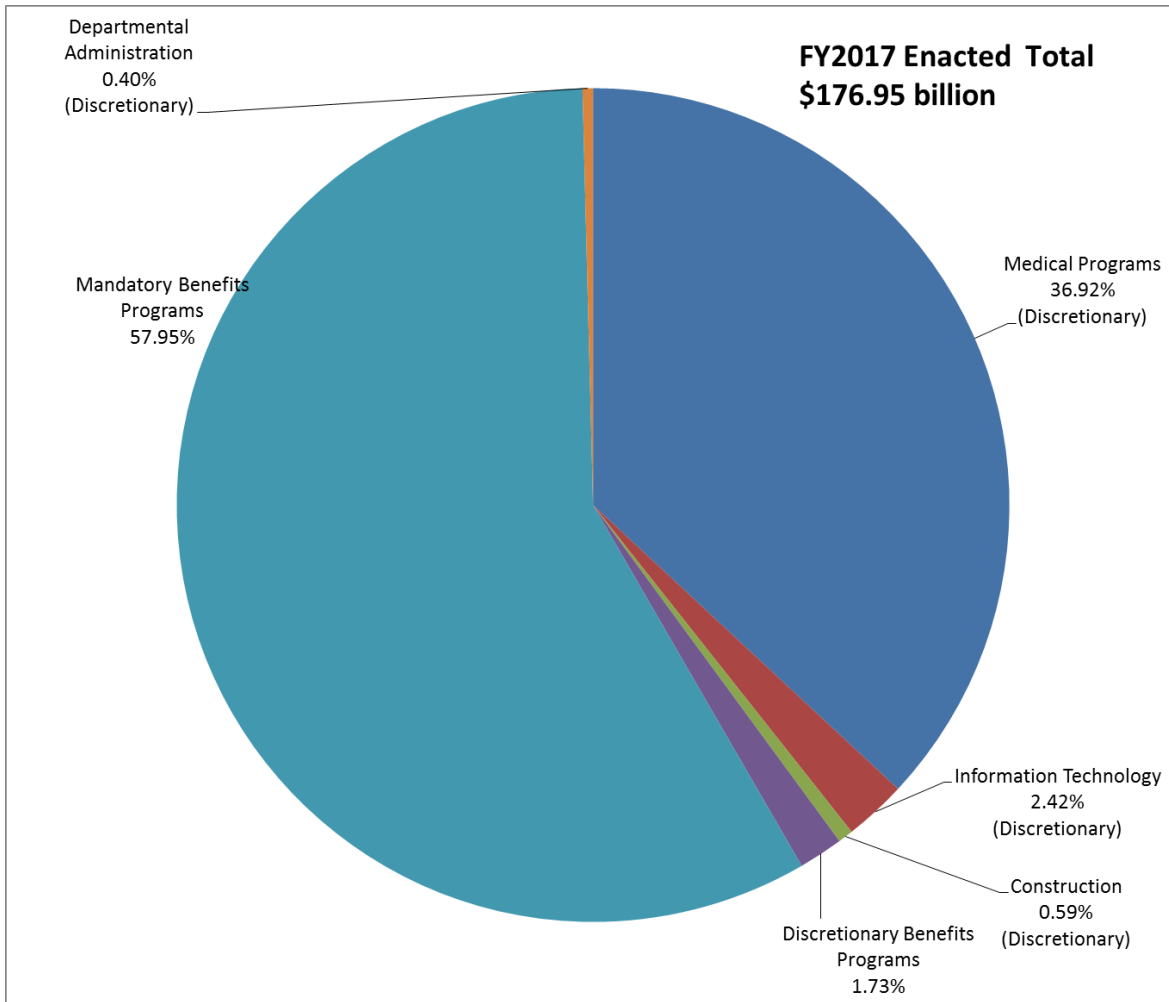
⁸ For more information, see CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*.

⁹ Mandatory programs funded through the annual appropriations process are commonly referred to as *appropriated entitlements*. In general, appropriators have little control over the amounts provided for appropriated entitlements; rather, the authorizing statute establishes the program parameters (e.g., eligibility rules, benefit levels) that entitle certain recipients to payments. If Congress does not appropriate the money necessary to meet these commitments, entitled recipients (e.g., individuals, states, or other entities) may have legal recourse. For an overview of mandatory spending, see CRS Report R44763, *Present Trends and the Evolution of Mandatory Spending*.

¹⁰ Funding for discretionary programs is provided and controlled through the annual appropriations process. For more information, see CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*.

¹¹ For more details about these funds, see Department of Veterans Affairs, *FY2016 Congressional Budget Submission*, Supplemental Information and Appendices, vol. 1 of 4, February 2015, pp. Appendix 117-Appendix 126. For definitions about "revolving funds," "trust funds," and "special funds," see Executive Office of the President, Office of Management and Budget (OMB), OMB Circular No. A-11, *Section 20- Terms and Concepts*, 2017, available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/assets/a11_current_year/a11_2017/s20.pdf.

Figure I. FY2017-Enacted VA Mandatory and Discretionary Funding



Source: Prepared by the Congressional Research Service based on tables contained in U.S. Congress, House Committee on Appropriations, *Military Construction, Veterans Affairs, and Related Agencies*, report to accompany H.R. 2998, 114th Cong., 1st sess., June 22, 2017, H.Rept. 115-188 (Washington: GPO, 2017).

Notes: Mandatory benefit programs include disability compensation, burial mandatory benefits, pensions, education, vocational rehabilitation, insurance and indemnities, and housing programs. Discretionary programs include medical programs, information technology, construction, grants to state veterans homes, grants to state veterans cemeteries, administration of veterans benefits, board of veterans appeals and the Office of the Inspector General, and general departmental administration. The above enacted amount does not include mandatory funding provided by the Veterans Access, Choice, and Accountability Act of 2014 (P.L. 113-146, as amended) and the VA Choice and Quality Employment Act of 2017 (P.L. 115-46). Totals may not add due to rounding.

Advance Appropriations¹²

In 2009, Congress enacted the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81), authorizing advance appropriations for three of the four VHA accounts: medical services, medical support and compliance, and medical facilities.¹³ In 2014, Congress passed the Consolidated and Further Continuing Appropriations Act, 2015 (H.R. 83; P.L. 113-235), which amended 38 U.S.C §117 and included three more accounts to the advance appropriations list of accounts. This act authorizes advance appropriations for three mandatory VA benefits programs within the Veterans Benefits Administration: compensation and pensions, readjustment benefits, and veterans insurance and indemnities. Beginning with the FY2016 Military Construction and Veterans Affairs, and Related Agencies Appropriations Act (MILCON-VA; P.L. 114-113), those accounts received advance appropriations for the first time in FY2017, in addition to the three VHA accounts already authorized to receive advance appropriations.

Section 4003 of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) required the establishment of a separate new account for medical community care, beginning with the FY2017 appropriations cycle. The Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016 (P.L. 114-315) authorized advanced appropriations for the medical community care account. The FY2017 MILCON-VA Act (Division A of P.L. 114-223) funded the FY2017 requirements for the new medical community care account by rescinding from the 2017 advance appropriation amounts in the medical services account enacted in the Consolidated Appropriations Act, 2016 (P.L. 114-113), and reappropriating those funds. The act also provides advance appropriations for FY2018 to the new medical community care account.

Congress has authorized (P.L. 111-81; P.L. 113-235; and P.L. 114-315) advance appropriations of new budget authority for these VBA and VHA accounts to prevent potential delays in the delivery of care and benefits to veterans that may arise in the event of a funding lapse.

Under present budget scoring guidelines, advance appropriations are scored as new budget authority in the fiscal year in which they become available for obligation, not in the fiscal year the appropriations are enacted and required to be accommodated within the statutory spending caps for that year.¹⁴ Therefore, throughout the funding tables in this report, advance appropriations numbers are shown under the label “memorandum” and in the corresponding fiscal year column. For example, FY2018 advance appropriations provided in the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act (P.L. 114-223) are not shown under the FY2017 column but appear in the FY2018 column under the label “memorandum.” Similarly, FY2019 advance

¹² In general, an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the appropriations act is passed (“budget year”). However, some types of appropriations do not follow this pattern; among them are advance appropriations. An advance appropriation means appropriation of new budget authority that becomes available one or more fiscal years beyond the fiscal year for which the appropriations act was passed (i.e., beyond the budget year). For more information on advance appropriations, see CRS Report R43482, *Advance Appropriations, Forward Funding, and Advance Funding: Concepts, Practice, and Budget Process Considerations*.

¹³ Codified at 38 U.S.C. §117.

¹⁴ Executive Office of the President, Office of Management and Budget (OMB), OMB Circular No. A-11, *Section 20-Terms and Concepts*, 2017, p. 16, available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/assets/a11_current_year/a11_2017/s20.pdf; also see OMB Circular No. A-11, *Appendix A -Scorekeeping Guidelines*, 2017, p. 2, available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/assets/a11_current_year/a11_2017/app_a.pdf.

appropriations provided in the House-passed FY2018 MILCON-VA bill (Division K of H.R. 3354—Make America Secure and Prosperous Appropriations Act, 2018) and the Senate-reported FY2018 MILCON-VA bill (S. 1557; S.Rept. 115-130) are not shown in the FY2018 column but appear in the FY2019 column under the label “memorandum.”

The Veterans Access, Choice, and Accountability Act of 2014 (Choice Act)

In response to the crisis of access to medical care at many VA hospitals and clinics across the country reported in 2014,¹⁵ Congress passed the Veterans Access, Choice, and Accountability Act of 2014 (P.L. 113-146, as amended by P.L. 113-175, P.L. 113-235, P.L. 114-19, P.L. 114-41, and P.L. 115-26). On August 7, 2014, President Obama signed the bill into law. The act, as amended, makes a number of changes to programs and policies of the VHA that aim to increase access and lower wait times for veterans who seek care at VA facilities.

Among other things, the act established a new program (the Veterans Choice Program) to allow the VA to authorize care for veterans outside the VA health care system if they meet certain criteria.¹⁶ The act also provided mandatory funding for the Veterans Choice Program (VCP), by establishing the Veterans Choice Fund (Section 802 (a) of P.L. 113-146 as amended) and appropriating a total of \$10 billion over three years. The original sunset date for the VCP was August 7, 2017. In addition, Section 801(a) of the Choice Act (P.L. 113-146; 38 U.S.C. §1701 note) provided an additional mandatory funding of \$5 billion to increase veterans’ access to health care by hiring more physicians and staff, and to improve VA’s capital infrastructure and support information technology (IT) infrastructure. These Section 801(a) funds would remain available until expended.

Two subsequent laws have affected the duration of the VCP, as well as the availability and amount of the appropriations in the Veterans Choice Fund. First, it was estimated around January 2017 that not all the funds in the Veterans Choice Fund would be exhausted by August 7, 2017. In response, on April 19, 2017, President Trump signed into law P.L. 115-26 (an act to amend the Veterans Access, Choice, and Accountability Act of 2014 to modify the termination date for the Veterans Choice Program, and for other purposes; unofficially known as the as the Veterans Choice Program Improvement Act). The act eliminated the sunset date of the VCP and allowed any unobligated funds in the Veterans Choice Fund to be used until expended. However, in mid-June 2017, the VA notified Congress that due to an increased authorization of appointments, there had been a higher rate of usage of VCP funds such that all funds would likely be obligated by August 15, 2017, and the VCP would not be able to continue past that time. According to the VA, at least \$3.5 billion in new mandatory budget authority would be needed to continue the VCP through FY2018. As a result, on August 12, 2017, the VA Choice and Quality Employment Act of 2017 (P.L. 115-46) was signed into law. This act authorized and appropriated \$2.1 billion for the Veterans Choice Fund (§802 (a), P.L. 113-146; 38 U.S.C. §1701 note). These funds were to remain available until expended.

¹⁵ See “Administrative Summaries of Investigation Regarding Wait Time” published, by state, at <https://www.va.gov/oig/publications/administrative-summaries-of-investigation.asp>.

¹⁶ For a section-by-section description of all the provisions in the act, see CRS Report R43704, *Veterans Access, Choice, and Accountability Act of 2014 (H.R. 3230; P.L. 113-146)*. For details pertaining to implementation of the Veterans Choice Program, see CRS Report R44562, *The Veterans Choice Program (VCP): Program Implementation*.

On December 20, 2017, the VA published a notice in the *Federal Register* stating that funds for the Veterans Choice Fund would be exhausted between January 2, 2018, and January 16, 2018.¹⁷ In response, Congress appropriated (§4001 of P.L. 115-96) another \$2.1 billion to remain available until expended. In February, the Secretary of Veterans Affairs stated that these funds would remain available for obligation until May 2018.¹⁸ **Table 1** provides current funding levels for the Veterans Choice Fund. The Choice Act mandatory funds are not part of the regular annual appropriations provided in the House-passed FY2018 MILCON-VA bill (Division K of H.R. 3354, Make America Secure and Prosperous Appropriations Act, 2018) and the Senate-reported FY2018 MILCON-VA bill (S. 1557; S.Rept. 115-130). Therefore, those funds are *not* shown in **Table 3** and **Table 4** of this report. Currently, congressional veterans’ affairs committees are considering several legislative proposals to replace VCP with a streamlined community care program.

Table 1. Funding for the Veterans Choice Fund (§802 (a), P.L. 113-146)
(\$ in Thousands)

Veterans Choice Fund As of February 22, 2018				
Program	Budgeted	Obligated	Expended	Unobligated
Section 802 Implementation	\$313,416	\$293,383	\$286,882	\$20,034
Section 802 Medical Care	\$11,229,022	\$9,090,575	\$7,531,210	\$2,138,448
PL 114-41 §4004(a)(2), Surface Transportation & Veterans Healthcare Choice Improvement Act, enacted on 07/31/2015 (Emergency Hepatitis C) ^a	\$395,761	\$395,671	\$395,671	\$90
PL 114-41 §4004(a)(2), Surface Transportation & Veterans Healthcare Choice Improvement Act, enacted on 07/31/2015 (Emergency Care in the Community) ^b	\$1,949,000	\$1,922,936	\$1,908,768	\$26,064
Section 802 Information Technology (IT) Development	\$265,409	\$235,046	\$79,941	\$30,363
Section 802 Information Technology (IT) Sustainment	\$46,137	\$35,203	\$26,422	\$10,934
Section 802 Information Technology (IT) Administration	\$1,254	\$1,254	\$1,254	\$0
Total	\$14,200,000	\$11,974,067	\$10,230,150	\$2,225,933

Source: Table prepared by CRS based on information from the Department of Veterans Affairs, Veterans Health Administration, Office of Finance.

Notes: Numbers may not add to totals due to rounding.

- a. On July 31, 2015, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) was enacted into law. Among other things, P.L. 114-41 made modifications to the Veterans Access, Choice, and Accountability Act of 2014 (P.L. 113-46 as amended) and authorized not more than \$3.3 billion from the Veterans Choice Fund to be transferred to other discretionary medical care accounts for Care in the Community and to replenish those accounts for expenses incurred on or after May 1, 2015.

¹⁷ Department of Veterans Affairs, “Publication of the Date on Which All Amounts Deposited in the Veterans Choice Fund Will Be Exhausted,” 82 *Federal Register* 60470-60471, December 20, 2017.

¹⁸ U.S. Congress, House Committee on Veterans’ Affairs, *U.S. Department of Veterans Affairs Budget Request for FY2019*, 115th Cong., 2nd sess., February 15, 2018.

Of this amount, no more than \$500 million was for pharmaceutical expenses relating to the treatment of Hepatitis C. This transfer authority ended on October 1, 2015.

- b. On July 31, 2015, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) was enacted into law. Among other things, P.L. 114-41 made modifications to the Veterans Access, Choice, and Accountability Act of 2014 (P.L. 113-46 as amended) and authorized not more than \$3.3 billion from the Veterans Choice Fund to be transferred to other discretionary medical care accounts for Care in the Community and to replenish those accounts for expenses incurred on or after May 1, 2015. Of this amount, no more than \$500 million was for pharmaceutical expenses relating to the treatment of Hepatitis C. This transfer authority ended on October 1, 2015.

The President's Budget Request for FY2018 and Advance Appropriations for FY2019 and Congressional Action

The President's Request

On May 23, 2017, the President submitted his budget request to Congress for FY2018 and for the advance appropriations accounts for FY2019. The President's FY2018 budget request for the VA is \$182.66 billion. Compared with the FY2017-enacted amount of \$176.94 billion, this is a 3.23% (or \$5.72 billion) increase. The FY2018-requested amount includes \$103.95 billion in mandatory budget authority and \$78.71 billion in discretionary budget authority (see **Table 3**).

For the Veterans Benefits Administration (VBA), the President's budget request includes \$106.97 billion for FY2018. This amount includes funding for veterans entitlement programs such as compensation and pensions, readjustment benefits, insurance and indemnities, veterans housing programs, and vocational rehabilitation programs. In addition, this amount includes \$2.84 billion in general operating expenses needed to administer the entitlement programs. The Administration's budget request of \$106.97 billion for FY2018 also includes \$12.44 million for veterans insurance and indemnities over the FY2018 advance appropriations of \$107.90 million provided in the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act (P.L. 114-223) (see **Table 4**).

For the Veterans Health Administration (VHA), the President is requesting \$69.68 billion for FY2018, without collections (see **Table 4**). Compared with the FY2017-enacted amount of \$65.32 billion, this is a 6.66% increase, and it includes additional funding of \$2.65 billion over the FY2018 advance appropriations of \$66.39 billion provided in P.L. 114-223 for the four medical care accounts (medical services, medical community care, medical support and compliance, and medical facilities).

The President is also requesting \$2.9 billion in mandatory funding for FY2018 and \$3.5 billion for FY2019 to continue the VCP (not reflected in the tables below). These amounts are in addition to the discretionary funding for veterans' medical care accounts. The President is proposing to offset the cost of the VCP extension by terminating Individual Unemployment (IU) benefits when a veteran first becomes eligible for Social Security benefits.¹⁹ Veterans would,

¹⁹ Generally, veterans are entitled to disability compensation based on conditions incurred or aggravated during military service. In addition to these disability compensation payments, under current regulations at 38 CFR §4.16, a veteran with one disability rated at least 60% or two or more disabilities with at least one disability rated at least 40% and a combined rating of at least 70% may have his or her disability rating increased to 100% if it is determined that the (continued...)

however, continue to receive their basic disability compensation benefits. IU benefits would continue for veterans who are ineligible for Social Security retirement benefits. In addition, the Administration is proposing a cost of living adjustment (COLA) round-down (rounding down to the nearest dollar) for service-connected disability compensation, dependency, and indemnity compensation (DIC) for 10 years.

The Administration is also requesting \$4.06 billion for VA's information and technology programs. This is a 5.21% decrease over the FY2017-enacted amount of \$4.28 billion. Furthermore, the FY2018 budget request for construction programs, including construction of major and minor projects, and grants for state veterans homes and state veterans cemeteries, is \$990 million, a 4.36% decrease compared with the FY2017 amount of \$1.04 billion.

Lastly, as required by P.L. 111-81, P.L. 113-235, and P.L. 114-315, the President's budget requests advance appropriations for VA in an amount of \$178.41 billion. Of this amount, \$107.7 billion would be for mandatory veterans benefits accounts, and \$70.69 billion would be for discretionary health care accounts (see **Table 3** and **Table 4**).

House and Senate Action

This section of the report provides an overview of the House and Senate Action on the FY2018 Military Construction, Veterans Affairs, and Related Agencies (MILCON-VA) Appropriations bill. It begins with House Appropriations Committee consideration in June 2017, followed by the House passage of the measure on September 14, 2017. It then discusses Senate Appropriations Committee consideration in July 2017 and concludes with a discussion of the Continuing Appropriations for FY2018.

House Action

On June 22, 2017, the House Appropriations Committee reported its version of the FY2018 MILCON-VA Appropriations bill (H.R. 2998; H.Rept. 115-188). For the purposes of House floor consideration, provisions from this bill were then added to H.R. 3219, which also included three other full-year FY2018 appropriations bills (Defense, Energy and Water, and Legislative Branch) and was titled Make America Secure Appropriations Act for FY2018. The House passed H.R. 3219 as amended on July 27, 2017. Following this, the text of H.R. 3219 was added to the text of H.R. 3354, which included eight other full-year FY2018 appropriations bills,²⁰ and was titled Make America Secure and Prosperous Appropriations Act, 2018. The discussion below reflects the appropriations in Division K—Military Construction, Veterans Affairs, and Related Agencies Appropriations bill, 2018 contained in H.R. 3354 and which was passed by the House on September 14, 2017.

The House-passed measure (Division K of H.R. 3354) provides \$182.28 billion for the VA. This includes \$103.95 billion in mandatory funding and \$78.33 billion in discretionary funding (see **Table 3**). Compared with the FY2017-enacted amount for VA of \$176.94 billion, Division K of

(...continued)

veteran is unable to maintain substantially gainful employment because of his or her disabilities (referred to as Individual Unemployability or IU). Veterans receiving IU payments would receive compensation at the 100% disability rating even if their assigned disability rating is lower.

²⁰ Interior and Environment; Agriculture and Rural Development; Commerce, Justice, Science; Financial Services and General Government; Homeland Security; Labor, Health and Human Services, and Education; State and Foreign Operations; and Transportation, Housing and Urban Development.

H.R. 3354 provides a 3.02% increase for VA for FY2018. When compared with the President's request of \$182.66 billion for FY2018, the House-passed measure is a 0.21% decrease. Some of this decrease could be attributed to the administrative rescissions included in the bill (\$471.16 million).

Veterans Benefits Administration (VBA)

For the VBA, the House-passed measure provides \$107.03 billion. A majority of this funding will be for mandatory benefits such as disability compensation, readjustment benefits, and veterans insurance programs. Compared with the FY2017-enacted amount of \$105.59 billion, Division K of H.R. 3354 provides a 1.36% increase; compared with the President's budget request of \$106.97 billion, the House-passed version provides \$55 million above the request. This funding increase could be attributed to increased funding for the general operating expenses related to the administration of veterans entitlement programs. According to the committee report accompanying the FY2018 MILCON-VA Appropriations bill (H.Rept. 115-188), the additional funds are provided to "restore some of the decrease proposed in the budget for the Veterans Claims Intake Program (VCIP) to scan paper claims and convert them into digital format ... [and] use a portion of the additional funding to finance overtime payments if that becomes necessary to manage disability claims and appeals backlogs."²¹ The House-passed bill also provides advance appropriations for FY2019 totaling \$107.71 billion for disability compensation, readjustment benefits, and veterans insurance programs.

National Cemetery Administration (NCA)

For the NCA, the House-passed FY2018 MILCON-VA Appropriations bill (Division K of H.R. 3354) provides \$306.19 million, which is the same as the Administration's request and a 6.99% increase over the FY2017-enacted amount of \$286.19 million (see **Table 4**).

Veterans Health Administration (VHA)

The House-passed bill provides \$69.74 billion (without collections) for the VHA for FY2018 (see **Table 4**). This amount includes \$66.39 billion provided as advance appropriations in P.L. 114-223 for FY2018 for the four accounts—medical services, medical community care, medical support and compliance, and medical facilities—and \$2.65 billion in additional funding for FY2018 for those same four accounts. The total VHA amount also includes \$698.23 million for the medical and prosthetic research account. Funding for the medical and prosthetic research account is \$22.86 million above the FY2017-enacted amount of \$675.37 million and \$58.23 million above the President's request of \$640.00 million. The House-passed FY2018 MILCON-VA Appropriations bill (Division K of H.R. 3354) provides \$70.70 billion in advance appropriations for FY2019 for the four VHA accounts—medical services, medical community care, medical support and compliance, and medical facilities.

The House Appropriations Committee does not address the President's proposal of \$2.9 billion in mandatory funding for the continuation of the VCP in FY2018 and \$3.5 billion in mandatory funding for VCP in FY2019.²² According to the committee report (H.Rept. 115-188):

²¹ U.S. Congress, House Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Bill, 2018*, report to accompany H.R. 2998, 115th Cong., 1st sess., June 22, 2017, H.Rept. 115-188 (Washington: GPO, 2017), p. 40.

²² On August 12, 2017, President Trump signed into law the VA Choice and Quality Employment Act of 2017 (P.L. (continued...))

As the Choice program reaches the end of its mandatory funding in 2018, the authorizing committees are considering legislation to consolidate VA's traditional community care programs with a successor program to the original Choice program. The Administration has proposed to finance the successor Choice program as a mandatory program, funded with policy changes that would reduce mandatory VA benefits. Regardless of whether or not the mandatory successor program is established, the efforts to consolidate VA's multiple community care programs are important.²³

Furthermore, the committee report highlights various issues with the current VCP, including issues with third-party network administrators (e.g., poor performance), delays in referrals, travel burdens for aging veterans, and delays in paying private providers.²⁴

Fertility Treatment and Adoption Reimbursement

Section 239 of the House-passed FY2018 MILCON-VA Appropriations bill (Division K of H.R. 3354) would allow the VHA to use FY2018 funds and FY2019 advance appropriations to provide fertility counseling and treatment, using assisted reproductive technology, and to provide adoption reimbursement to certain veterans and their spouses. Generally, eligible veterans would have a service-connected disability that results in their inability to procreate without the use of fertility treatment.

Information Technology

For VA information technology systems, the House-passed FY2018 MILCON-VA Appropriations bill (Division K of H.R. 3354) provides \$4.13 billion (see **Table 4**). Compared with the Administration's request of \$4.06 billion, this is a \$77.5 million increase above the President's request. The committee report accompanying the FY2018 MILCON-VA Appropriations bill (H.Rept. 115-188) continues to highlight issues with VA's electronic health record modernization and sharing of health information with the Department of Defense (DOD). In addition, the committee has expressed concerns with the VA's June 2017 decision to abandon its Veterans Information Systems and Technology Architecture (VistA) electronic health record and to adopt the same commercial electronic health record that DOD is currently deploying in phases at its military treatment facilities, Military Health System (MHS) Genesis, developed by Cerner Corporation. Furthermore, the FY2018 MILCON-VA Appropriations bill (H.R. 3354) includes both bill language and administrative provisions restricting funding until the department provides detailed project information to the appropriations committees:

After multiple false starts with plans for a unified DOD–VA system and then a stand-alone VA VistA record modernization, VA has now decided to acquire by sole source contract the same EHR [Electronic Health Record] being developed for DOD—the Military Health System (MHS) Genesis record. VA will need to add functionality specific to the VA mission. The Committee is pleased with the decision to pursue a single EHR, which its Members have advocated for years. However, the Committee is concerned about the implications of this detour on the completion time for the project

(...continued)

115-46), which authorized and appropriated \$2.1 billion for the Veterans Choice Fund (§802 (a) of P.L. 113-146; 38 U.S.C. §1701 note). These funds would remain available until expended.

²³ U.S. Congress, House Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Bill, 2018*, report to accompany H.R. 2998, 115th Cong., 1st sess., June 22, 2017, H.Rept. 115-188 (Washington: GPO, 2017), p. 62.

²⁴ *Ibid.*, pp. 62-63.

(previously promised for 2018), its cost, the ability to meet the growing need for interoperability with non-VA community providers, and the usability of the VistA modernization products already completed.

Given the substantial uncertainty at the time of Committee markup about the design of the new EHR, the Committee feels it is necessary to include bill language fencing 75 percent of funding provided for the development of the record until VA provides requested information listed in the bill language. The language requires VA to provide: a detailed explanation of the solicitation; an explanation of how the new record will replicate the DOD record with enhanced functionality for interoperability with DOD and private community providers; a strategic plan with timelines and performance milestones, a master schedule and annual and lifecycle cost estimates; and information on the plan for transition from VistA to MHS Genesis, including how current EHR functionality and interoperability with DOD will be maintained. An administrative provision similarly restricts 75 percent of the funding for development of the EHR that is provided by the Veterans Health Administration from either the Medical Services or the Medical Support and Compliance account until similar information is provided to the Committee.²⁵

Construction Programs

For the VA's construction programs—construction, major projects; construction, minor projects; grants for construction of state extended care facilities; and grants for construction of state veterans cemeteries—the FY2018 MILCON-VA Appropriations bill (H.R. 3354) provides \$888.10 million (see **Table 4**). This amount is a 10.29% decrease from the President's request of \$990.00 million and a 14.2% decrease from the FY2017-enacted amount of \$1.04 billion. The committee continues to emphasize public-private partnerships to address VA's construction funding requirements:

Committee is pleased that VA has begun a program of pilot projects to construct needed VA facilities by developing partnerships with private funders who may contribute land, facilities or financing. The Committee hopes that the track record of the pilot projects currently underway will provide strong proof of concept so that VA is granted more general authority to address its facility needs through cost-sharing with the private sector.²⁶

Senate Appropriations Committee Action

On July 13, 2017, the Senate Appropriations Committee reported its version of the FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130). The committee-reported version would provide \$182.37 billion for the VA for FY2018 (see **Table 3**). This amount includes \$103.95 billion in mandatory benefits and \$78.42 billion in discretionary funding. Compared with the FY2017-enacted amount of \$176.94 billion, the committee-approved amount is a 3.07% increase. Compared with the President's request for FY2018 of \$182.66 billion, this amount is a 0.16% decrease. Some of this decrease could be attributed to the administrative rescissions included in the committee-reported bill (\$796 million).

Veterans Benefits Administration (VBA)

For the VBA, the Senate committee-reported bill would provide \$107.04 billion. A majority of this funding will be for mandatory benefits such as disability compensation, readjustment

²⁵ Ibid., pp. 75-76.

²⁶ Ibid., p. 80.

benefits, and veterans insurance programs. Compared with the FY2017-enacted amount of \$105.59 billion, the total funding amount recommended for VBA for FY2018 is a 1.37% increase; compared with the President's request of \$106.97 billion, it is a 0.06% increase. Additionally, the amount provided by the committee includes \$2.91 billion in general operating expenses for VBA, which is \$66 million above the President's request. This additional amount is provided for hiring additional claims processing staff, as well as increasing staff for the Vocational Rehabilitation and Employment Program. Furthermore, it is provided to fund overtime pay and to fund the Veterans Claims Intake Program (VCIP), which scans and converts paper files into digital records.²⁷ The FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130) also provides advance appropriations for FY2019 totaling \$107.71 billion for disability compensation, readjustment benefits, and veterans insurance programs.

National Cemetery Administration (NCA)

For the NCA, the Senate committee-reported version of the FY2018 MILCON-VA Appropriations bill recommends \$306.19 million for FY2018 (see **Table 4**). This amount is an increase of 6.99% over the FY2017-enacted amount of \$2816.19 million and same as the Administration's request.

Veterans Health Administration (VHA)

The FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130), as reported, recommends \$70.09 billion (without collections) for the VHA for FY2018 (see **Table 4**). This amount includes \$66.39 billion provided as advance appropriations in P.L. 114-223 for FY2018 for the four accounts—medical services, medical community care, medical support and compliance, and medical facilities—and \$2.98 billion in additional funding for FY2018 for those same four accounts. The total VHA amount also includes \$722.26 million for the medical and prosthetic research account. The Senate committee-reported funding for the medical and prosthetic research account is 6.94% above the FY2017-enacted amount of \$675.37 million, and 12.85% above the President's request of \$640.00 million. The Senate Appropriations Committee-reported FY2018 MILCON-VA Appropriations bill recommends \$70.70 billion in advance appropriations for FY2019 for the four VHA accounts—medical services, medical community care, medical support and compliance, and medical facilities (see **Table 4**).

The Senate Appropriations Committee does not address the President's proposal of \$2.9 billion in mandatory funding for the continuation of the VCP in FY2018 and \$3.5 billion in mandatory funding for VCP in FY2019. The committee report (S.Rept. 115-130) states the following:

The Department is directed to continue efforts to consolidate all types of community care available to veterans within one program in the Medical Community Care account. The Committee recognizes that the Committees on Veterans Affairs of both Houses of Congress have jurisdiction over the authorization of the consolidation, as well as the current Choice Program, which has been funded with mandatory appropriations. Once the latest round of funding available for the Choice Program has been expended, the functions of the Choice Program should be merged with the functions that are currently funded by and provided for under the Medical Community Care account, and that the consolidated program should be funded by this Committee. The Committee is aware that this would significantly increase discretionary spending for community care. The

²⁷ U.S. Congress, Senate Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Bill, 2018*, report to accompany S. 1557, 115th Cong., 1st sess., July 13, 2017, S.Rept. 115-130 (Washington: GPO, 2017), p. 37.

Committee would like to work with all interested parties within the Congress and the Administration to increase the discretionary spending limits to accommodate such increased future costs for a consolidated community care program. At the same time, the Committee directs the Department to maintain intense focus on responsibly providing care under the Choice Program, while working diligently to build the successor program and enable the consolidation of all community care under one account that would be funded by annual appropriations.²⁸

Fertility Treatment and Adoption Reimbursement

Section 249 of S. 1557, as reported, includes an administrative provision that would allow VHA to use FY2018 funds and FY2019 advance appropriations to provide fertility counseling and treatment, using assisted reproductive technology, and to provide adoption reimbursement to certain veterans and their spouses. Generally, eligible veterans would have a service-connected disability that results in their inability to procreate without the use of fertility treatment.

Mental and Behavioral Services for Veterans with Other than Honorable Discharges

Section 264 of the committee-reported FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130) would amend Title 38 U.S.C. and include a new provision that would make certain veterans with other than honorable discharges eligible for VA mental and behavioral health care. To be eligible, a veteran is required to meet two general criteria:

- A veteran must have served on active duty in the military for a period of more than 180 days, and deployed to a theater of combat operations, in support of a contingency operation, or in an area at a time during which hostilities were occurring, and the deployment must be for a period of more than 30 days; and the veteran must have been diagnosed with a mental health condition by a licensed mental health care provider *before* committing an offense that would have resulted in a discharge or separation that would be categorized as “conditions other than honorable.” Those with a *dishonorable discharge* or a *discharge by court-martial* would not be eligible for mental health care services from the VA.
- A veteran must have served on active duty in the military for a period of more than 180 days, and deployed to a theater of combat operations, in support of a contingency operation, or in an area at a time during which hostilities were occurring, and the deployment must be for a period of more than 30 days; and the veteran must also have been diagnosed with a mental health condition by a licensed mental health care provider *after* committing an offense that would result in a discharge or separation that would be categorized as “conditions other than honorable” but before the expiration of a five-year period beginning on the date of enactment or the date on which the veteran was discharged (whichever occurs later). Those with a *dishonorable discharge* or a *discharge by court-martial* would not be eligible for mental health care services from the VA.

²⁸ Ibid., p. 68.

Medical Marijuana

Section 265 of the Senate committee-reported FY2018 MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130) includes a provision that would allow VA physicians to discuss therapeutic use of marijuana with veteran patients in states where medical marijuana use is legal, and would prohibit the denial of VA health care services to veterans participating in such state medical marijuana programs.

Information Technology

The Senate committee reported bill recommends \$4.06 billion for VA information technology systems for FY2018. Compared to the FY2017 enacted amount of \$4.28 billion, this is a 5.21% decrease and the same as the Administration's request (see **Table 4**). The Senate Appropriations Committee, while acknowledging that a seamless transmission of health information between DOD and VA is vital, expresses concerns about the current status of health record interoperability between DOD and the VA health care system. The committee report (S.Rept. 115-130) states the following:

Although VA and [DOD] have certified interoperability, there are more developed goals that can be realized. While several applications exist to facilitate health data access for clinicians, more must be done to ensure that the most relevant data is accessible in a user friendly format to facilitate efficient clinical encounters. Both Departments must remain committed to working towards assuring continued VA and [DOD] interoperability as each Department adopts its new electronic health record system. The Committee directs VA and [DOD] to establish clear and agreed-upon metrics and goals for interoperability, to establish clear timeframes for meeting those goals, to ensure clinician feedback is sought and considered as the respective electronic medical record systems are modernized, and to update the VA/[DOD] Interagency Program Office guidance to reflect agreed-upon metrics and goals. The need for well-functioning, up-to-date electronic health record technology is absolutely critical as VA plans for a shift to a model of care that greatly expands its use of care in the community.²⁹

Construction Programs

For the VA's construction programs, the FY2018 committee-reported MILCON-VA Appropriations bill (S. 1557; S.Rept. 115-130) recommends \$1.01 billion (see **Table 4**). This amount includes funding for the construction of major and minor projects, grants for the construction of state extended care facilities, and grants for the construction of state veterans cemeteries. Compared with the FY2017-enacted amount of \$1.04 billion, this is a 2.43% decrease. Compared with the President's request of \$990.0 million, it is a 2.02% increase. The committee directs the VA to align more of its construction planning, practices, and procedures with DOD processes.³⁰

Continuing Appropriations for FY2018³¹

Since none of the 12 regular appropriations bills were enacted prior to the start of FY2018 (October 1, 2017), Congress passed and the President signed several continuing resolutions (CRs)

²⁹ Ibid., p. 79.

³⁰ Ibid., pp. 81-82.

³¹ For more information on the FY2018 continuing resolution, see CRS Report R44978, *Overview of Continuing Appropriations for FY2018 (P.L. 115-56)*.

into law (P.L. 115-56, P.L. 115-90, P.L. 115-96, and P.L. 115-120). The recent Bipartisan Budget Act (Division B of P.L. 115-123) would fund some accounts of the VA for FY2018, through March 23, 2018, through a formula based on the FY2017 level of appropriations provided in the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 minus an across-the-board reduction of 0.6791%.³² Both the FY2017 funding in the Medical Community Care account, and the additional \$50 million provided for the Medical Services account in FY2017,³³ funding which is available until September 30, 2018, would not be included in the funding rate of operations under the CR for FY2018. Those accounts that receive (included in P.L. 114-223) discretionary advance appropriations for FY2018—(1) medical services, (2) medical community care, (3) medical support and compliance, and (4) medical facilities—are subjected to the across-the-board reduction in the CR. The other mandatory accounts that receive advance appropriations for FY2018—(1) compensation and pensions, (2) readjustment benefits, and (3) insurance and indemnities—are not subject to the across-the-board reduction in the CR.

Bipartisan Budget Act of 2018 (P.L. 115-123)

On February 9, 2018, President Trump signed into law the Bipartisan Budget Act of 2018. Division B of this act contained supplemental appropriations for disaster relief related to the consequences of hurricanes Harvey, Irma, and Maria.³⁴ The VA received a total of \$93.48 million for costs related to travel of VHA employees; “contracts that were necessary to maintain operations (for example, lodging for volunteers, prescription medications, transportation for home-based primary care patients); and various supplies that were purchased for operations (e.g., medications, medical supplies; food, water, fuel, cots, generators)”;³⁵ repairs and replacement of VA buildings; and clean-up related to hurricane damage, among other things. **Table 2** provides funding levels for VA accounts that received supplemental appropriations for disaster relief. It should be noted that these amounts are not reflected in **Table 3** and **Table 4**. Once final FY2018 appropriations are enacted, these amounts will be incorporated and reflected in the final totals for the accounts in those tables.

Table 2. VA Hurricane Supplemental, FY2018

\$ in Thousands

Account	Request	House (H.R. 4667)	Senate (H.R. 1892)	Enacted (P.L. 115-123)
Medical services	\$11,075	\$11,075	\$11,075	\$11,075
Medical support and compliance	\$3,209	\$3,209	\$3,209	\$3,209
Medical facilities	\$75,108	\$75,108	\$75,108	\$75,108

³² For the VA, the formula for the CR appropriations is based on the funding provided in Division A of the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act; P.L. 114-223.

³³ See the Military Construction and Veterans Affairs—Additional Appropriations Act, 2017 (Division L of P.L. 115-31).

³⁴ For more information on disaster supplemental appropriations, see CRS Report R45084, *2017 Disaster Supplemental Appropriations: Overview*.

³⁵ Executive Office of the President, Office of Management and Budget, *Letter from Mick Mulvaney, Director, Office of Management and Budget, to The Honorable Paul D. Ryan, Speaker of the House of Representatives, November 17, 2017*, pp 62-63.

Account	Request	House (H.R. 4667)	Senate (H.R. 1892)	Enacted (P.L. 115-123)
Construction, minor projects	\$4,088	\$4,088	\$4,088	\$4,088
Total	\$93,480	\$93,480	\$93,480	\$93,480

Source: Table prepared by CRS based on Executive Office of the President, Office of Management and Budget, Letter from Mick Mulvaney, Director, Office of Management and Budget, to The Honorable Paul D. Ryan, Speaker of the House of Representatives, November 17, 2017, and P.L. 115-123.

Table 3.VA FY2017-2018 Mandatory and Discretionary Appropriations and FY2019 Advance Appropriations

(\$ in Thousands)

	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Total Department of Veterans Affairs	\$176,941,336	—	\$182,661,467	—	\$182,277,135	—	\$182,366,088	—
Total Mandatory	\$102,532,481	—	\$103,948,435	—	\$103,948,435	—	\$103,948,996	—
Total Discretionary	\$74,408,855	—	\$78,713,032	—	\$78,328,700	—	\$78,417,092	—
Memorandum								
Advance Appropriations Veterans Benefits Administration (VBA) ^b	—	\$103,935,996	—	\$107,709,727	—	\$107,709,727	—	\$107,710,000
Advance Appropriations Veterans Health Administration (VHA) ^c	—	\$66,385,032	—	\$70,699,313	—	\$70,699,313	—	\$70,700,000
Total Advance Appropriations	—	\$170,321,028	—	\$178,409,040	—	\$178,409,040	—	\$178,410,000

Source: Table prepared by the Congressional Research Service, based on funding tables in U.S. Congress, House Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018*, report to accompany H.R. 2998, 115th Cong., 1st sess., June 22, 2017, H.Rept. 115-188 (Washington: GPO, 2017). U.S. Congress, Senate Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018*, report to accompany S. 1557, 115th Cong., 1st sess., July 13, 2017, S.Rept. 115-130 (Washington: GPO, 2017); and Consideration of the bill, H.R. 3354, *Congressional Record*, daily edition, vol. 163 (September 6, 2017), pp. H6826-H6830.

- a. The text from H.R. 2998 (Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018) was included in H.R. 3219 (Make America Secure Appropriations Act, 2017), as amended and passed by the House on July 27, 2017. The text of H.R. 3219 was then included in H.R. 3354 (Make America Secure and Prosperous Appropriations Act, 2018), as amended, and passed by the House on September 14, 2017.

- b. As authorized in P.L. 113-235, beginning with FY2017, certain VBA accounts receive advance appropriations, as provided in the Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2016 (Division J of the Consolidated Appropriations Act, 2016, P.L. 114-113). Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 (Division A of the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act, P.L. 114-223) provides advance appropriations for FY2018. Similarly, Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018 (H.R. 3354 and S. 1557) would provide advance appropriations for FY2019 the three VBA accounts
- c. The Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) authorized advance appropriations for the three VHA accounts beginning with the FY2010 appropriations cycle; the Consolidated Appropriations Act, 2010 (P.L. 111-117), provided advance appropriations for FY2011. Subsequently, each successive appropriation act has provided advance appropriations for the three VHA accounts. The Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016 (P.L. 114-315) authorized advance appropriations for the Medical Community Care account (which was established by the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015; P.L. 114-41) beginning with the FY2017 appropriations cycle. P.L. 114-223 provides advance appropriations for this account for FY2018. Similarly, Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018 (H.R. 3354 and S. 1557) would provide advance appropriations for FY2019 for the four VHA accounts.

Table 4.VA FY2017-FY2018 Appropriations and FY2019 Advance Appropriations

(\$ in Thousands)

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Veterans Benefits Administration (VBA)								
Compensation and pensions	\$86,083,128	—	\$90,119,449	—	\$90,119,449	—	\$90,119,449	—
Readjustment benefits	\$16,340,828	—	\$13,708,648	—	\$13,708,648	—	\$13,708,648	—
Insurance and indemnities	\$91,920	—	\$107,899	—	\$107,899	—	\$107,899	—
Over FY2017 advance appropriations	\$16,605	—	—	—	—	—	—	—
Over FY2018 advance appropriations	—	—	\$12,439	—	\$12,439	—	\$13,000	—
Housing programs administrative expenses	\$198,856	—	\$178,626	—	\$178,626	—	\$178,626	—
Vocational rehabilitation loan program	\$36	—	\$30	—	\$30	—	\$30	—

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Vocational rehabilitation loan administrative expenses	\$389	—	\$395	—	\$395	—	\$395	—
Native American housing loan program	\$1,163	—	\$1,163	—	\$1,163	—	\$1,163	—
General operating expenses, VBA	\$2,856,160	—	\$2,844,000	—	\$2,899,000	—	\$2,910,000	—
<i>Total, VBA</i>	<i>\$105,589,085</i>	—	<i>\$106,972,649</i>	—	<i>\$107,027,649</i>	—	<i>\$107,039,210</i>	—
National Cemetery Administration (NCA)								
<i>Total, NCA</i>	<i>\$286,193</i>	—	<i>\$306,193</i>	—	<i>\$306,193</i>	—	<i>\$306,193</i>	—
Veterans Health Administration (VHA)								
Medical services	\$51,673,000	—	\$44,886,554	—	\$44,886,554	—	\$44,886,554	—
<i>Additional funding over FY2017 advance appropriations</i>	<i>1,078,993</i>	—	—	—	—	—	—	—

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
<i>Additional funding over FY2018 advance appropriations</i>	—	—	\$1,031,808		\$1,033,808		\$1,923,000	
<i>Additional funding in Division L of P.L. 115-31</i>	\$50,000	—	—	—	—	—	—	—
Medical community care (rescinded from medical services)	(\$7,246,181)	—	—	—	—	—	—	—
Subtotal medical services	\$45,555,812	—	\$45,918,362	—	\$45,920,362	—	\$46,809,554	—
Medical community care	\$7,246,181	—	\$9,409,118	—	\$9,409,118	—	\$9,409,118	—
<i>Additional funding over FY2018 advance appropriations</i>	—	—	\$254,000	—	\$254,000	—	\$254,000	—
Subtotal medical community care	\$7,246,181	—	\$9,663,118	—	\$9,663,118	—	\$9,663,118	—
Medical support and compliance	\$6,524,000	—	\$6,654,480	—	\$6,654,480	—	\$6,654,480	—

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
<i>Additional funding over FY2018 advance appropriations</i>	—	—	\$284,397	—	\$284,397	—	\$100,000	—
Subtotal medical support and compliance	\$6,524,000	—	\$6,938,877	—	\$6,938,877	—	\$6,754,480	—
Medical facilities	\$5,074,000	—	\$5,434,880	—	\$5,434,880	—	\$5,434,880	—
<i>Additional funding over FY2017 advance appropriations</i>	\$247,668	—	—	—	—	—	—	—
<i>Additional funding over FY2018 advance appropriations</i>	—	—	1,079,795	—	1,079,795	—	707,000	—
Subtotal medical facilities	\$5,321,668	—	\$6,514,675	—	\$6,514,675	—	\$6,141,880	—
Medical and prosthetic research	\$675,366	—	\$640,000	—	\$698,228	—	\$722,262	—
Total, VHA (without collections)	\$65,323,027	—	\$69,675,032	—	\$69,735,260	—	\$70,091,294	—
Medical Care Collection Fund (MCCF)	\$2,637,000	—	\$2,507,000	—	\$2,507,000	—	\$2,507,000	—

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Total, VHA (with collections)	\$67,960,027	—	\$72,182,032	—	\$72,242,260	—	\$72,598,294	—
Departmental Administration		—		—		—		—
General Administration	\$345,391	—	\$346,891	—	\$341,891	—	\$329,891	—
Board of Veterans Appeals	\$156,096	—	\$155,596	—	\$156,096	—	\$166,000	—
Information technology	\$4,278,259	—	\$4,055,500	—	\$4,133,000	—	\$4,055,500	—
Inspector General	\$160,106	—	\$159,606	—	\$160,106	—	\$164,000	—
Construction, major projects	\$528,110	—	\$512,430	—	\$410,530	—	\$512,430	—
Construction, minor projects	\$372,069	—	\$342,570	—	\$342,570	—	\$342,570	—
Grants for state extended care facilities	\$90,000	—	\$90,000	—	\$90,000	—	\$110,000	—
Grants for state veterans cemeteries	\$45,000	—	\$45,000	—	\$45,000	—	\$45,000	—
Total, Departmental Administration	\$5,975,031	—	\$5,707,593	—	\$5,679,193	—	\$5,725,391	—

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Administrative rescissions and reductions	(\$232,000)	—	—	—	(471,160)	—	(\$796,000)	—
Total, Department of Veterans Affairs (without collections)	\$176,941,336	—	\$182,661,467	—	\$182,277,135	—	\$182,366,088	—
Memorandum: Advance Appropriations								
Compensation and pensions	—	\$90,119,449	—	\$95,768,462	—	\$95,768,462	—	\$95,769,000
Readjustment benefits	—	\$13,708,648	—	\$11,832,175	—	\$11,832,175	—	\$11,832,000
Insurance and indemnities	—	\$107,899	—	\$109,090	—	\$109,090	—	\$109,000
Total VBA	—	\$103,935,996	—	\$107,709,727	—	\$107,709,727	—	\$107,710,000
Medical services	—	\$44,886,554	—	\$49,161,165	—	\$49,161,165	—	\$49,161,000
Medical community care	—	\$9,409,118	—	\$8,384,704	—	\$8,384,704	—	\$8,385,000
Medical support and compliance	—	\$6,654,480	—	\$7,239,156	—	\$7,239,156	—	\$7,239,000
Medical facilities	—	\$5,434,880	—	\$5,914,288	—	\$5,914,288	—	\$5,915,000
Total VHA	—	\$66,385,032	—	\$70,699,313	—	\$70,699,313	—	\$70,700,000

Program	Enacted (P.L. 114-223; P.L. 115-31)		President's Request		House-Passed (H.R. 3354) ^a		Senate Committee Reported (S. 1557; S.Rept. 115-130)	
	FY2017	FY2018	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Total, VA advance appropriations	—	\$170,321,028	—	\$178,409,040	—	\$178,409,040	—	\$178,410,000

Sources: Table prepared by the Congressional Research Service, based on funding tables in U.S. Congress, House Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018*, report to accompany H.R. 2998, 115th Cong., 1st sess., June 22, 2017, H.Rept. 115-188 (Washington: GPO, 2017). U.S. Congress, Senate Committee on Appropriations, *Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018*, report to accompany S. 1557, 115th Cong., 1st sess., July 13, 2017, S.Rept. 115-130 (Washington: GPO, 2017); and Consideration of the bill, H.R. 3354, *Congressional Record*, daily edition, vol. 163 (September 6, 2017), pp. H6826-H6830.

- a. The text from H.R. 2998 (Military Construction, Veterans Affairs, And Related Agencies Appropriations Act, 2018) was included in H.R. 3219 (Make America Secure Appropriations Act, 2017), as amended and passed by the House on July 27, 2017. The text of H.R. 3219 was then included in H.R. 3354 (Make America Secure and Prosperous Appropriations Act, 2018), as amended, and passed by the House on September 14, 2017.

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