

November 6, 2017

The Honorable David J. Shulkin, M.D.
Secretary
Department of Veterans Affairs
810 Vermont Avenue, Northwest
Washington, District of Columbia 20420

Dear Mr. Secretary:

As Members of the Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, we write to express our serious concern over the Department's plan to convert a portion of Specific Purpose funds to General Purpose funds and request that you do not move forward with this action.

This action would be a fundamental change to the manner in which Medical Care funding is allocated to the field, and while we support the stated intention to give more local flexibility to Veterans Integrated Service Network (VISN) and Medical Center Directors to shift funding among programs and services, we are concerned about potential impacts to critical veterans' programs. We understand medical care is dynamic and requires flexibility in order to maximize resources, but as the Subcommittee responsible for budgetary oversight of the Department, we believe more information is needed before VA moves forward realigning almost \$1 billion.

The Subcommittee relies on the information contained in the Congressional Justifications accompanying the Department's annual budget proposals to make informed decisions about the allocation of resources for programmatic services, particularly those not driven by the actuary model. For instance, the Department typically adjusts its advance appropriation estimates in the normal budget cycle for several programmatic functions such as homeless veterans' prevention programs. These updated estimates provide the data needed for Congress to determine what annual appropriation adjustment is needed. Many of these programs are funded through the Specific Purpose allocation. Without any mechanism in place to transparently track specific obligations at the field level, the Subcommittee would have little to no visibility on whether funds were executed as intended or diverted to meet an unforeseen need.

Furthermore, the shift of Specific Purpose funds could have tremendous unintended consequences. For example, successful programs such as HUD/VASH rely on trained caseworkers, yet many of the funding lines proposed to move to General Purpose funding include staffing for this critical program. Similarly, we are unaware of the impacts this shift might have on other high priority programs such as mental health initiatives and suicide prevention. While we agree that funds supporting staffing for ongoing programs should be built into underlying budgets, the short timeline within which VISNs and program offices would have to make these changes may lead to impacts being felt by veterans attempting to be served by these programs.

As previously stated, the Subcommittee understands the need for flexibility and through the annual Appropriations bill, and the Department is provided tremendous flexibility among its four Medical Care accounts. This includes transfer authority among the four accounts (including below the threshold transfers not subject to traditional Subcommittee review), and more recently the authority to transfer funding from almost any discretionary account into the Medical Services account. In addition, the Subcommittee has refrained from providing line item appropriations for medical care except in the most emergent of circumstances, instead choosing to give the Department large lump sum appropriations into the Medical Care accounts. This type of flexibility is unique to VA and, to an extent, is based on prior levels of transparency about how this money is spent.

We strongly urge you to pause this action in order for Congress and VA stakeholders to better understand the intention, consequences, and implementation of this new policy. This information should include the types of programs designated as “Secretarial priorities” which will be the recipient of the five percent funding shift from each VISN. Further, we urge you to develop a funding allocation plan and submit it to the Subcommittee so that we may make a more informed decision as to how we appropriate funding for these programs in the future.

Sincerely,

Jerry Moran
Chairman
Subcommittee on
Military Construction,
Veterans Affairs and Related Agencies
Committee on Appropriations

Brian Schatz
Ranking Member
Subcommittee on
Military Construction,
Veterans Affairs and Related Agencies
Committee on Appropriations