

Department of Veterans Affairs

Update on FY 2024 VBA Mandatory Funding budget execution and VHA budget execution

October 28, 2024

VA is providing more health care and more benefits to more Veterans than ever before – exceeding even our most aggressive projections – as outlined in our announcement from this Tuesday. Key impacts for Veterans include:

- **More Veterans are enrolling in VA health care:** In total, since the PACT Act was passed, more than 796,000 Veterans have enrolled in VA health care, which represents a nearly 37% increase in Veterans enrolling compared to an equivalent period before the legislation was signed. Additionally, 913,459 Veterans have upgraded their priority groups, making them eligible for world-class care with fewer copays.
- **More Veterans are using VA health care:** VA has delivered approximately 127.5 million health care appointments in 2024 (on track for 130 million when all appointments are counted), surpassing last year's record of 120 million appointments.
- **More Veterans are receiving disability compensation and pension benefits:** VA delivered \$187 billion in benefits (including \$173 billion in compensation and pension benefits) to 6.7 million Veterans and survivors this year — all of which are all time records. VA also processed 2,517,519 disability benefit claims, a 27% increase over last year's all-time record.
- **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.
- **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 necessary to get to yes. Due to this approach, we have been able to grant benefits for 65% of claims in 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 (CMS) star ratings and nationwide patient satisfaction surveys two years in a row. Nearly 70% of VA hospitals received 4 or 5 stars in the CMS star ratings, compared to only 41% of non-VA hospitals.

As we continue to close out the fiscal year, we wanted to provide you with an update on our budget execution in FY 2024.

VBA funding

- VBA carried over approximately \$5.1 billion from FY 2024 to FY 2025, including the supplemental funding appropriated by Congress in September.
 - For the Compensation and Pension (C&P) account, \$4.4 billion was carried over, which is 2.5% of the FY 2024 obligations of \$177.9 billion. Without \$2.3 billion in supplemental funding, C&P carryover would have been \$2.1 billion, or 1.2% of total obligations.
 - For the Readjustment Benefits (RB) account, \$689 million was carried over, which is 4.8% of FY 2024 obligations of \$14.4 billion. Without the supplemental funding, RB would have only carried over \$92 million, or 0.6% of total FY 2024 obligations.
- This is less than a third of the \$17 billion we carried over in FY 2023 and FY 2024 in C&P alone.
- This carry-over amount also means that we did not use the \$2.833 billion in supplemental funding provided by Congress last month to address FY 2024 requirements.
- While the supplemental funding was not immediately utilized, it was critical that we had this funding on hand – because if we had even been \$1 short on September 20th, we could not certify our payment files and more than 7 million Veterans and survivors would have had delays in their disability compensation, pension, and education benefits on October 1st.
- Those Veterans and survivors rely on those monthly payments, and any delay could have been devastating for them and their families – and that was not a risk that we were willing to take.
- As Under Secretary for Benefits (USB), Joshua Jacobs said in his testimony to Congress in September, this request was a conservative estimate to avoid a worst-case scenario – and we are deeply appreciative of Congress for providing these timely funds and ensuring that Veterans and survivors would not have any risk of delayed benefit.
 - ***Background quote from USB:*** “These funding estimates are conservative to ensure sufficient funding is available to get through the fiscal year and deliver on the promise to provide veterans their earned benefits on time.... We were not willing to take the risk of potential delays in payments that veterans and their families have earned and deserved, which is why we elevated this risk as soon as we validated the potential need.”
- This funding will now be used in the first month of FY 2025, and it will go directly to providing benefits for Veterans and their families – as we continue to deliver more benefits to more Veterans than ever before.
- VBA will provide a more detailed spending analysis as soon as possible.

VHA funding

- For VHA, preliminary findings show that we obligated approximately \$139 billion in FY 2024 – meaning that carry over from 2024 into 2025 is approximately what we anticipated in the FY 2025 budget.
- The reason we obligated more closely to the 2024 estimate in the FY 2025 budget than anticipated was due to several factors. The cost of our workforce was lower than expected, we limited purchases of new equipment compared to what had been anticipated, and community care only grew at the rate anticipated by the FY 2025 budget request. We also obligated more in FY 2024 than projected in the FY 2025 budget in supplies and materials for drugs/medicines and prosthetics.
- While these changes are a result of our efforts to manage the budget and resources responsibly, many are not sustainable in the long run.
- For example, VA cannot continue to delay medical equipment purchases year over year – and as we briefed Congress last year, we need to strategically hire approximately 5,000 additional employees in high growth areas such as mental health.
- That's why, as requested by the Administration last fiscal year, we still need a funding anomaly by the end of this calendar year to ensure that we are able to continue to provide Veterans with the world-class care and benefits they deserve through FY 2025.
- We are gathering information to close out the books for FY 2024, as we do at the end of every fiscal year, and we will come back to you with more information as soon as possible.

Conclusion

- As we did throughout the course of last year, we will provide you with regular updates on our financial execution every step of the way.
- Most importantly, we will continue to reach out to Veterans to bring them to VA – because Veterans who come to VA are proven to do better – and we will not rest until every Veteran is getting the care and benefits they deserve.
- Thank you for all of your support, and for providing us with the necessary funding to deliver for Veterans at record rates.