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April 22, 2022

The Honorable Denis McDonough Secretary U.S. Department of Veterans Affairs 810 Vermont Avenue, NW Washington, DC 20420

Dear Secretary McDonough:

Making sure veterans receive the highest quality health care and timely benefits is a sacred obligation. Members of Congress in both parties have long demonstrated a commitment to prioritizing the Department of Veterans Affairs (VA) budget; a request has rarely, if ever, been refused.

VA has requested \$301.4 billion total for fiscal year 2023, including the largest ever discretionary increase of \$22.1 billion, or nearly 19 percent. That is on top of the \$17.08 billion appropriated in the American Rescue Plan. The discretionary increases that Congress approved for fiscal years 2021 and 2022 were also historically large, at 12.9 percent and 9.6 percent, respectively. The fiscal year 2021 increase came on top of \$19.6 billion of CARES Act supplemental appropriations.

Altogether, this represents an unprecedented spending surge, and it seems to outstrip any measure of veteran demand. The information in VA's own budget materials does not support the magnitude of discretionary increase being requested. The number of patients is increasing by less than one percent, appointment volumes are increasing by eight percent, and VA estimates health care inflation at three-and-a-half percent. VA continues to justify its discretionary requests based on a surge in health care demand which had been deferred due to the pandemic. However, according to VA's budget materials, this dynamic only accounts for \$1.3 billion of increased costs this year and \$5.6 billion next year. This is far below the \$22.1 billion discretionary increase being requested.

Justification for this level of increase and the VA budget's recent rate of growth, which is on track to reach a half-trillion dollars in a mere five years, is unclear. I believe prioritizing VA relative to other non-defense discretionary programs is reasonable, and it has produced some degree of fiscal responsibility in the past while never failing to meet VA's needs.

However, the Office of Management and Budget and VA have proposed removing the VA Medical Care accounts from non-defense discretionary spending and structuring them as a new budget category. While I have many questions about this proposal's implementation and implications, my concern is that it would put such growth on autopilot, similar to mandatory spending. In doing so, it would undermine oversight and accountability.

I believe you share my concern, and I would appreciate your help answering a question I posed at last year's budget hearing: at what point does VA become adequately funded? What does adequate funding look like, how will we know when we get there, and—once we do—what continued level of growth is reasonable and sustainable? Until these foundational questions are resolved, I think it would be unwise to consider a structural budgetary change such as what is being proposed.

Sincerely,

Mike Bost

Ranking Member