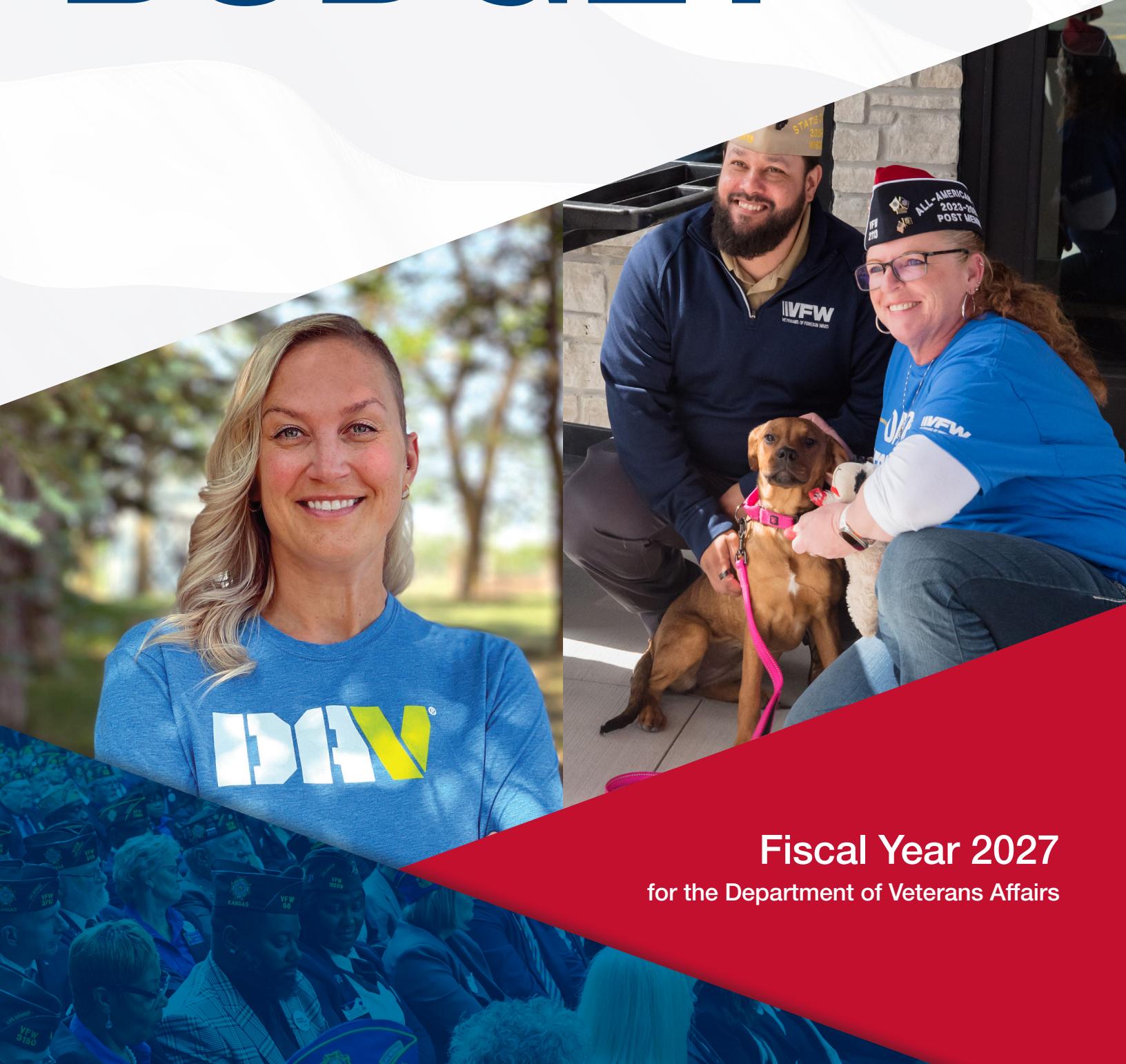


# VETERANS INDEPENDENT BUDGET



**Fiscal Year 2027**

for the Department of Veterans Affairs



# VETERANS INDEPENDENT **BUDGET**

**Fiscal Year 2027**  
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# Acknowledgments

## DAV (Disabled American Veterans)

DAV (Disabled American Veterans) is a nonprofit, congressionally chartered and VA-accredited veterans service organization dedicated to ensuring our promise is kept to America's veterans. DAV does this by helping veterans and their families access the full range of benefits available to them, fighting for the interests of America's injured heroes on Capitol Hill, providing employment resources to veterans and their families, offering programs and services to empower them, and educating the public about the great sacrifices and needs of veterans transitioning back to civilian life. DAV was founded in 1920 and has nearly 1 million members. For more information or to join, visit [dav.org](http://dav.org).

## Veterans of Foreign Wars of the United States (VFW)

The Veterans of Foreign Wars of the United States (VFW) is the nation's largest and oldest major war veterans organization. Founded in 1899, the congressionally chartered VFW is composed entirely of eligible veterans and active-duty service members from the active, Guard, and Reserve forces. With more than 1.3 million VFW and Auxiliary members located in more than 5,500 posts worldwide, the nonprofit veterans service organization is proud to proclaim, "NO ONE DOES MORE FOR VETERANS" than the VFW, which is dedicated to veterans service, legislative advocacy, and military and community service programs. For more information or to join, visit our website at [vfw.org](http://vfw.org).

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# Introduction

For nearly four decades, DAV (Disabled American Veterans), the Veterans of Foreign Wars of the United States (VFW), and other veterans service organizations have collaborated to make independent budget recommendations annually for the Department of Veterans Affairs (VA). Unlike budget and appropriations proposals from VA and Congress—which have to balance competing interests of the entire federal government—the Veterans Independent Budget produced by DAV and VFW for fiscal year (FY) 2027 is based solely on the actual, documented, and justified needs of America's veterans and their families, caregivers, and survivors.

Our recommendations for FY 2027 include appropriations levels to fully support projected demand for VA services and benefits, as well as additional funding necessary to implement critical policy improvements and program expansions. Our FY 2027 budget recommendations follow several years of substantial changes coupled with budgetary unpredictability at the department, exemplified by Congress' failure to enact VA appropriations bills before the start of FY 2025 and FY 2026.

In FY 2025, following a series of short-term continuing resolutions (CRs) to keep the government open, Congress approved and the President signed a full-year CR that provided VA with essentially the same funding levels it received in FY 2024, far below what was necessary to meet the full and true demand for care and benefits. The funding shortfall compounded challenges VA faced throughout 2025 due to incentivized and sometimes coerced attrition that may have reduced staffing by up to 30,000 full-time employees (FTE) by year's end.

At the start of FY 2026, Congress and the Administration were unable to enact a short-term CR, leading to the longest federal government shutdown in history. Ultimately, the law ending the shutdown (temporarily through January 31, 2026) included a full-year advance appropriation for VA; however, because it was predicated on the inadequate FY 2025 baseline, which was effectively the same as FY 2024, the FY 2026 appropriation will not be sufficient to meet the full and true demand for care and benefits. Then, in December 2025, VA announced a major reorganization of the Veterans Health Administration (VHA).

Looking ahead to FY 2027, the demand for VA health care will continue to rise as the number of veterans coming to

and relying on VA increases, in part due to the eligibility expansions in the Honoring our PACT Act of 2022 and an increasingly aging veteran population. As a result of reconciliation legislation enacted last year, we also expect a significant number of veterans will turn to VA as health care coverage from Medicaid and the Affordable Care Act (ACA) becomes more unpredictable. Unfortunately, VA currently does not have the capacity to meet this rising demand due to a decades-long failure to adequately fund infrastructure, technology, and staffing. Unacceptable wait times across the VA health care system and increased usage of community care are evidence that there exists unmet and suppressed demand for care from VA.

While there always has and always will be a need for a robust community care program, we believe VA must remain the primary provider and coordinator of veterans health care. As such, it is imperative that VA budgets begin to honestly reflect the significant need for long-term investments in staffing, infrastructure, and technology. Our recommendations also call on VA and Congress to dramatically increase funding for veterans' long-term care, dental care, breakthrough drugs and therapies, and urgent and emergency care services throughout the VA health care system.

The number of veterans, family members, and survivors receiving benefits from the Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and other VA programs will continue to rise, still driven by the eligibility expansions included in the PACT Act. While VBA's disability compensation backlog began to fall in 2025 thanks to staffing increases in 2023 and 2024, it remains imperative that VBA and NCA maintain sufficient capacity and implement improvements focused on meeting veterans' needs and preferences.

One final note: Since passage of the PACT Act in 2022, VA receives funding from multiple sources, including annual and advance discretionary appropriations, the mandatory Toxic Exposure Fund (TEF), the Medical Care Collections Fund (MCCF), and other sources that vary from year to year. However, since the 2027 budget focuses on total resource requirements for VA programs, services, and benefits, it does not include specific recommendations for funding levels from each funding source.

# Veterans Independent Budget

## Fiscal Year 2027 Recommendation

### Summary Table

(in thousands)	FY 2024 Total Resources Enacted	FY 2025 Total Resources Enacted	FY 2026 Total Resources Enacted	FY 2027 Total Resources Recommended
<b>Veterans Health Administration (VHA)</b>				
Medical Services	78,544,000	81,013,000	94,520,000	116,403,000
MCCF for Medical Services	3,078,000	3,511,000	3,069,000	<b>Note 1</b>
<b>Subtotal, VA Medical Services (w/MCCF)</b>	<b>81,622,000</b>	<b>84,524,000</b>	<b>97,589,000</b>	<b>116,403,000</b>
Medical Support and Compliance	11,600,000	11,719,000	12,490,000	12,837,000
Medical Facilities	9,049,000	9,548,000	9,846,000	15,810,000
<b>Subtotal, VA Medical Care</b>	<b>102,272,000</b>	<b>105,791,000</b>	<b>119,925,000</b>	<b>145,051,000</b>
Medical Community Care	37,082,000	38,249,000	48,030,000	46,427,000
MCCF for Community Care	935,000	878,000	1,511,000	<b>Note 1</b>
<b>Subtotal, Medical Community Care</b>	<b>38,017,000</b>	<b>39,127,000</b>	<b>49,541,000</b>	<b>46,427,000</b>
<b>Total Medical Care</b>	<b>140,289,000</b>	<b>144,918,000</b>	<b>169,466,000</b>	<b>191,477,000</b>
Medical and Prosthetic Research	989,000	994,000	945,000	1,455,000
<b>Total Veterans Health Administration</b>	<b>141,278,000</b>	<b>145,912,000</b>	<b>170,411,000</b>	<b>192,932,000</b>
<b>VBA, NCA, and Other VA Programs and Offices</b>				
Veterans Benefits Administration	5,638,000	5,325,000	5,282,000	6,223,000
Board of Veterans Appeals	276,000	277,000	280,000	285,000
National Cemetery Administration	480,000	480,000	499,000	602,000
General Administration	560,000	468,000	429,000	458,000
Office of Inspector General	296,000	296,000	296,000	328,000
Information Technology	7,629,000	7,591,000	6,910,000	7,324,000
Electronic Health Records Modernization	874,000	1,322,000	3,400,000	5,442,000
<b>Construction Programs</b>				
Major Construction	1,376,000	961,000	1,394,000	3,631,000
Minor Construction	873,000	1,012,000	1,250,000	5,114,000
State Home Construction Grants	171,000	171,000	275,000	600,000
State Cemetery Construction Grants	60,000	60,000	150,000	75,000
<b>Total Construction Programs</b>	<b>2,480,000</b>	<b>2,204,000</b>	<b>3,069,000</b>	<b>9,420,000</b>
Other Discretionary Loan Programs	320,000	320,000	348,000	354,000
<b>Total Budget Authority</b>	<b>160,009,000</b>	<b>164,373,000</b>	<b>191,104,000</b>	<b>223,370,000</b>

*Note 1: The Veterans Independent Budget does NOT make recommendations for MCCF, only total resources needed.*

# Veterans Health Administration

## Total Medical Care

The Veterans Health Administration (VHA) operates the largest integrated health care system in the United States and is expected to have more than 9.2 million enrollees and 7.5 million unique users in fiscal year (FY) 2026. VHA will provide comprehensive medical and mental health care through approximately 170 medical centers, 1,200 outpatient clinics, and 400 Vet Centers. VHA is projected to provide veterans with over 162 million outpatient visits in FY 2027, a record number that is still far short of meeting the actual and suppressed demand for care. Although the number of living veterans is declining, enrollment in the Department of Veterans Affairs (VA) health care system continues to slowly rise. More important, however, is the number of unique veteran users, which continues to rise, along with their utilization and reliance on VA for their care, both of which are projected to increase in the foreseeable future.

For FY 2027, we recommend approximately \$191.5 billion in total medical care resources for VHA, an increase of approximately \$22.1 billion, or 13%, over FY 2026. This funding covers medical care provided directly through VA facilities (Medical Services) and care provided through contracted community providers (Medical Community Care), as well as VHA management and administration (Medical Support and Compliance) and the operation and maintenance of VHA health care facilities (Medical Facilities).

The FY 2027 recommendations reflect an increased funding baseline for all medical care programs due to medical inflation and a 1% federal pay raise. It also covers increased workload that results from having more unique veteran users with greater utilization and reliance on VA. In addition, the FY 2027 recommendation includes significant investments in VA's health care capacity and commitment to meeting the full spectrum of veterans' medical needs, including long-term care, dental care, and urgent and emergency care services. Our recommendations also reflect an increased capacity for VA-provided direct care and a commensurate reduction in reliance on community care, as VA expands and maximizes its internal capacity to provide care.

## Medical Services

VA Medical Services primarily cover the cost of VA direct care provided through its hospitals, clinics, and other facilities, including virtual care. In FY 2027, we estimate there will be an additional 188,000 unique users and a 2% increase in veterans' utilization and reliance on VA health care, in part fueled by veterans who will lose eligibility for Medicaid, ACA coverage, or employer health care due to economic uncertainty. To meet the increased demand and reduce VHA's

overreliance on community care providers, we call on VHA to aggressively fill clinical and support vacancies, which VA reported were about 40,000 at the end of 2025.

For FY 2027, we recommend approximately \$116.5 billion in total resources for VA Medical Services, an increase of approximately \$18.9 billion, or 19.4%, over FY 2026. This increase in part addresses the suppressed demand for care resulting from VHA's flatline budget in FY 2025, as well as significant plus-ups to address critical unmet needs for long-term care, dental care, and urgent and emergency care. It also includes a major increase in VHA pharmaceutical spending to provide veterans with the latest breakthrough drugs and therapies.

This funding level also includes a number of significant VHA programmatic expansions as detailed in the following plus-ups.

### Long-Term Services and Supports (+\$2.5 billion)

VA's long-term care and home and community-based services are critical for supporting aging veterans and those with service-connected disabilities, allowing them to receive care at home or in homelike settings while reducing reliance on institutional care. With an aging veteran population driving increased demand for care and expanded eligibility under the PACT Act, VA's funding for long-term care over the past decade has been woefully inadequate to meet veterans' projected needs, and we recommend an additional \$2.5 billion in FY 2027.

### Pharmacy (+\$1.45 billion)

Although VA has established policies to ensure appropriate prescribing and formulary use, it has not consistently adhered to its formulary management requirements. This issue is particularly evident in community care, where prescriptions account for a small share of total volume but a disproportionate share of expenditures. While VA has implemented routine updates and adjusted administrative costs for community care pharmacies, it has not provided adequate transparency to demonstrate improved compliance or effective cost containment. In addition, VA must have additional resources to provide veterans with the latest breakthrough drugs and therapies, such as GLP-1 medications, that have the potential to dramatically improve their well-being. Our recommendations stress that, without enhanced formulary oversight and financial controls, current funding levels will remain insufficient. Therefore, we recommend increasing VHA's pharmacy budget by at least 10% over the projected FY 2026 level of \$14.5 billion. This \$1.45 billion increase is needed to close funding gaps

that hinder VHA's ability to provide consistent access to medications, improve formulary oversight, and strengthen financial controls.

### **Clinical Social Workers (+3,000 FTE, +\$473 million)**

To address staffing shortages and high caseloads exacerbated by the PACT Act and rising mental health and care coordination needs, we recommend adding 3,000 FTE to lower social workers' average caseload and strengthen veteran support.

### **Dental Care for All Disabled Veterans (+\$300 million)**

Dental care is essential to veterans' overall health, yet less than 25% of all enrolled veterans are eligible for VA dental services. We recommend providing all disabled veterans with access to comprehensive dental care. Since there is currently a shortage of dental professionals and treatment space in VHA, we recommend a plus-up of \$300 million in FY 2027 to expand dental services inside VA, as well as a \$300 million plus-up in the Medical Community Care account. In addition, we recommend an increase of \$75 million in the Minor Construction account to expand dental treatment space.

### **Emergency and Urgent Care Capacity (+\$350 million)**

To address rising demand and inflation-driven costs for acute and urgent care, we recommend an additional \$350 million to expand VA's emergency and urgent care services, including telehealth-enabled urgent care centers nationwide.

### **Mental Health Care and Suicide Prevention (+\$200 million)**

Despite VA's concerted efforts to reduce veteran suicide, the number of veteran suicides has not declined and in fact is slowly increasing. Since the enactment of the PACT Act, there has been an 8.7% growth in veterans enrolling in VHA mental health services, creating pressure to deliver timely care to all veterans seeking support. To meet this rising demand within a competitive medical market, we recommend adding 1,000 mental health personnel at a cost of approximately \$160 million for FY 2027, plus an additional \$40 million for outreach, research, and targeted efforts for rural veterans. VA must maintain competitive salaries, promote hybrid work environments, and aggressively recruit providers across all VA medical centers and Community-Based Outpatient Clinics (CBOCs) to ensure sufficient mental health staffing.

### **Women Veterans Health Care (+\$100 million)**

In FY 2026, the population of women veterans enrolled in VA health care grew to more than 1 million, requiring significant investment to ensure access to high-quality, gender-specific health care services. Critical needs include recruiting and training specialized clinical providers, particularly

gynecologists and women's primary care providers for rural communities, as well as expanding peer specialists, care navigators, and maternity care coordinators. We recommend an additional \$100 million in FY 2027 to expand and improve VA's capacity to address women veterans' health care needs.

- Additional Women Veterans Plus-Ups:** We also recommend \$25 million for Non-Recurring Maintenance (NRM) in the Medical Facilities account and \$25 million in Minor Construction for repairs and modifications to women's health clinics. The budget further recommends a plus-up of \$5 million for the Women's Health Research Network, which is included in Medical and Prosthetic Research. In addition, we recommend a plus-up of \$5 million for the Center for Women Veterans to expand and sustain critical outreach efforts, which is included in the General Administration account.

### **Homeless Veterans Programs (+\$50 million)**

In FY 2025, VA permanently housed 50,000 previously homeless veterans and offered a variety of assistance, including the Supportive Services for Veteran Families program. For FY 2027, we recommend an additional \$50 million to address the critical need for affordable housing with special adaptations for veterans with severe injuries, as housing vouchers do not cover modification costs that directly affect these veterans' quality of life.

### **VA's Transportation Program (+\$18 million)**

To improve access and efficiency for veterans using the Beneficiary Travel program, we recommend an additional \$18 million to reinstate at least one fully functioning kiosk at every VA health care facility and CBOC.



## Medical Support and Compliance

VA's Medical Support and Compliance account covers VHA's management and administration of the VA health care system, including Veterans Integrated Service Network (VISN) offices and VHA Central Office programs. While VA has announced a major VHA reorganization plan that could significantly impact the VISNs, until details are released and available, we are unable to assess whether it would increase or decrease the need for resources in the future.

For FY 2027, we recommend approximately \$12.8 billion in total resources for Medical Support and Compliance, an increase of approximately \$350 million, or 2.8%, over FY 2026. The recommended increase primarily reflects growth in current services based on the impact of inflation and a federal pay raise.

## Medical Facilities

VA's Medical Facilities account covers the cost of operating and maintaining VHA's capital infrastructure, including NRM and medical leases. For FY 2027, we recommend approximately \$15.8 billion in total resources for Medical Facilities, an increase of approximately \$6 billion, or 60%, over FY 2026. The vast majority of this increase is required to address a rapidly rising backlog of unfunded NRM projects throughout VA health care facilities. According to VA's most recent Strategic Capital Investment Planning estimates, there is a need for approximately \$83.6 billion over the next 10 years to fund all necessary NRM projects, or an average of \$8.4 billion per year. Since VA requested just \$3 billion for NRM in its FY 2027 advance appropriation request, we recommend increasing the base level of funding by another \$5.6 billion for NRM in FY 2027. In addition, our recommendations include the following plus-up:

- **NRM for Women Veterans Health Care Modifications**  
(+\$25 million)

## Medical Community Care

VA's Medical Community Care programs are designed to supplement care that would otherwise be provided by VA clinicians in VA facilities with adequate capacity and in circumstances when veterans would be required to wait too long or travel too far or when it is in the veteran's best medical interest. The enacted FY 2026 appropriation increased Medical Community Care to almost \$50 billion, a 27% jump that is more than twice the rate of increase provided to direct VA Medical Care. While we strongly support a robust community care program, our

recommendations believe that some of this increased funding would be better used to provide direct care in VA facilities. We continue to hear from veterans that they want VA to remain the primary provider and coordinator of care whenever and wherever feasible. Unfortunately, over the past decade, VA has failed to properly invest in infrastructure, technology, and staffing to increase its internal capacity, leading to an overreliance on purchasing non-VA care. As discussed in other sections of this document, we are calling for increased investment to expand VA's internal capacity, thereby allowing community care programs to revert to a smaller, more appropriate portion of VA's overall health care delivery strategy.

For FY 2027, we recommend approximately \$46.4 billion in total resources for Medical Community Care, a decrease of approximately \$3.1 billion, or 6.3%, below FY 2026. This decrease reflects rising health care costs due to inflation and a workload reduction based on our proposed investments in VA's internal capacity to meet rising demand for care. With both VA and Congress proposing major VHA reorganizations and with a new community care contract being considered, now is the time to rebalance how and where care is delivered to veterans, particularly for those who prefer VA for all or most of their care. This funding recommendation also includes the following plus-up:

- **Expand Dental Care to All Enrolled Disabled Veterans**  
(+\$300 million)

## Medical and Prosthetic Research

VA's Medical and Prosthetic Research program drives innovations that improve veterans' health and advance health care nationwide. For FY 2027, we recommend approximately \$1.45 billion in total resources, an increase of approximately \$510 million, or 54%, over FY 2026. With overall federal support for medical research declining, this increase is necessary to retain top scientists, maintain a high-caliber research portfolio, and support cutting-edge technology. This funding level will support an expansion of clinical trials, research on veterans' health disparities, and mental health initiatives while ensuring VA continues to lead in high-impact, multisite research to meet evolving veteran needs. This funding level includes a plus-up of \$5 million for the Women's Health Research Network. In addition, we recommend a plus-up of \$35 million in the IT account to modernize IT systems for data handling, compliance, and enterprise-wide business functions that support research efficiency and nationwide clinical trials.

- **Women's Health Research Network** (+\$5 million)



# VBA, NCA, and Other VA Programs and Offices

## Veterans Benefits Administration

The Veterans Benefits Administration (VBA) consists of seven primary service lines: Compensation, Pension and Fiduciary, Insurance, Education, Home Loan Guaranty, Veteran Readiness and Employment, and Transition and Economic Development. Since implementation of the PACT Act, more than a million veterans have applied for new or increased benefits for themselves and their families, leading to increased workload for VBA and, most notably, a rising backlog of claims for disability compensation. In fiscal year (FY) 2025, VBA was finally able to begin reducing that backlog, thanks to aggressive hiring and training of new claims processors that took place in 2023 and 2024. However, it is imperative that VBA continue to maintain this enhanced workforce capacity until new technologies and artificial intelligence (AI)-enhanced processes are able to significantly increase productivity in the future.

For FY 2027, we recommend approximately \$6.2 billion in total resources, an increase of approximately \$940 million, or 18%, over FY 2026. This increase reflects the continued

high volume of claims for all VA benefits, rising inflation, and a federal pay raise. It also includes the following plus-ups:

### Claims Processing (+\$300 million)

In January 2026, there were almost 575,000 pending claims for disability compensation and pension, of which about 100,000 were pending more than 125 days and considered part of the backlog. To maintain the momentum of the past year in production and quality while reducing the backlog and claims processing times, we recommend a plus-up of \$300 million to sustain VBA capacity for claims processing, including overtime pay and hiring, as necessary.

### Transition Assistance (+\$32 million)

To support implementation of the Department of Veterans Affairs' Transition Assistance Program (TAP) 6.0 and fulfill new commitments under the May 2025 Department of Defense (DOD)-Department of Veterans Affairs (VA) Memorandum of Understanding, we recommend approximately \$32 million to expand VA transition staffing;

increase in-person engagement at TAP locations; and enable early enrollment, warm handoffs, and continuity of care for transitioning service members and their families.

### **Expanded Education Benefits After Rudisill Decision (+\$500 million)**

The Supreme Court's Rudisill v. McDonough ruling allows veterans to combine Montgomery and Post-9/11 GI Bill benefits up to 48 months. We recommend \$500 million in additional funding for VA to better address the significant increase in claim reprocessing demands that currently totals more than 1 million claims.

### **Digital GI Bill (+\$150 million)**

To build on the Digital GI Bill's progress and keep it on track for full implementation by mid-2026, we recommend an additional \$150 million for operations, including development and claims processing to guarantee a streamlined, efficient experience for veterans and their families.

### **Veteran Readiness and Employment Program (+\$15 million)**

In recent years, an increasing number of veterans with employment handicaps have sought services from the Veteran Readiness and Employment (VR&E) program. To hire sufficient vocational counselors to maintain a caseload in line

with the 1-to-125 ratio set by Congress and to invest in a new cadre of employees, we recommend a plus-up of \$15 million in FY 2027.

### **VBA IT and AI**

To modernize operations, improve efficiency, and support expanded claims processing, we recommend \$75 million in the Information Technology (IT) account for technology, including AI initiatives.

### **Board of Veterans' Appeals**

The Board of Veterans' Appeals conducts hearings and decides appeals for veterans seeking to obtain the benefits they are entitled to receive. In FY 2025, the Board decided approximately 125,000 appeals, reflecting continued growth in output and the impact of hiring additional attorneys and support staff. For FY 2027, we recommend approximately \$285 million in total resources, an increase of approximately \$5 million, or 1.8%, over FY 2026. We also recommend a plus-up of \$30 million in the IT account for technology development to modernize case management and support timely decisions.

### **National Cemetery Administration**

The National Cemetery Administration (NCA) oversees the operation and maintenance of VA national cemeteries and



provides headstones, markers, medallions, and certificates for eligible veterans. NCA is expected to inter more than 135,000 veterans and family members in FY 2026. For FY 2027, we recommend approximately \$602 million in total resources, an increase of approximately \$104 million, or 21%, over FY 2026, which includes the following plus-ups:

- **Cemetery Expansion and Maintenance (+\$75 million)**
- **National Shrine Initiative and Legacy Memorial (+\$20 million)**

## General Administration

VA's General Administration account covers systemwide functions, including the offices of the Secretary, General Counsel, Management, Human Resources, Enterprise Integration, Public, Congressional and Legislative Affairs, the Veterans Experience Office, and other offices and functions. For FY 2027, we recommend approximately \$458 million in total resources, an increase of approximately \$29 million, or 6.8%, over FY 2026. This total includes the following plus-ups:

### Office of General Counsel to Combat Claims Sharks (+\$7 million)

Since the passage of the PACT Act, there has been a proliferation of predatory and unaccredited agents, colloquially known as "claims sharks," who are charging veterans for claims assistance, which is an illegal practice. The Accreditation, Discipline, and Fees (ADF) Office in VA's Office of General Counsel (OGC) has limited staff to review and approve new accreditations while simultaneously monitoring the more than 13,000 current accreditations. Although ADF staffing has reached record levels, the office still takes a year or more to review and process claims agent accreditation requests. Accordingly, OGC needs a significant boost in funding and full-time employees (FTE) to process new accreditations in a timely manner and to monitor and ensure enforcement against bad actors. For FY 2027, we recommend an increase of 50 FTE, which would require an additional \$7 million.

### Center for Minority and Underserved Veterans and the Center for Women Veterans (+\$10 million) and (+\$5 million)

Respectively, to expand outreach and awareness of programs targeted to underserved veteran populations.

## Office of the Inspector General

The Office of Inspector General (OIG) performs audits, inspections, investigations, and reviews to improve VA program and service efficiency, effectiveness, and integrity. For FY 2027, we recommend approximately \$328 million in

total resources, an increase of approximately \$32 million, or 10.8%, over FY 2026. Given the volume and significance of changes enacted and undertaken over the past year — including contracting and staffing reductions and the upcoming Veterans Health Administration reorganization — our recommendations include an increase of 200 FTE to expand the OIG's capacity to ensure compliance and integrity of VA's operations and finances. Historically, investments in the OIG's capacity have resulted in savings from reductions in fraud, waste, and abuse in VA programs, effectively paying for the increases.

## Office of Information Technology

VA's Office of Information Technology is tasked with maintaining all IT systems across the entire department, as well as developing new IT products and systems to make VA a more efficient and effective organization. We believe VA should be aggressively assessing how new AI systems can increase efficiency while simultaneously developing and implementing processes with safeguards to ensure that VA retains personnel with critical expertise and decision-making authority for the long term. For FY 2027, we recommend approximately \$7.3 billion in total resources, an increase of approximately \$414 million, or 6%, over FY 2026. This total includes the following plus-ups:

- **Medical Research (+\$35 million)**
- **Digital GI Bill (+\$150 million)**
- **VBA IT (+\$75 million)**
- **IT at the Board (+\$30 million)**

## Veterans Electronic Health Record Modernization

VA's resumption of a market-based deployment strategy for its electronic health record (EHR) system modernization is central to transforming how the department delivers health care. Successful implementation of this enterprise-wide EHR is essential to standardize care across facilities, strengthen interoperability with DOD and community partners, foster innovation, and improve provider and veteran experiences. VA has identified 13 medical centers scheduled to go live in FY 2026, including four sites in Michigan and nine additional facilities in Indiana, Kentucky, Ohio, and Alaska, and Congress appropriated \$3.4 billion in FY 2026 to support this rollout schedule. For FY 2027, VA is expected to accelerate the deployment by going live in up to 26 additional sites, which will require a significant increase in funding to support these EHR transitions as well as infrastructure readiness projects. For FY 2027, we recommend approximately \$5.4 billion in total resources, an increase of approximately \$2 billion, or 60%, over FY 2026.

# Construction Programs

## Total Infrastructure Budget

The Department of Veterans Affairs (VA) owns and maintains more than 6,250 buildings that contain almost 160 million square feet on approximately 40,000 acres. Almost 90% of the buildings and 98% of the square footage is operated by the Veterans Health Administration to provide medical care, which includes 170 medical centers whose average age is about 60 years old. VA's Strategic Capital Investment Planning (SCIP) process is used to estimate the full cost of sustaining this infrastructure over a 10-year horizon — primarily through major construction, minor construction, and Non-Recurring Maintenance projects. In fiscal year (FY) 2016, the 10-year SCIP estimate for these three accounts was just over 40 billion; now, in FY 2026, the SCIP estimate has risen more than 400% to over \$170 billion. Yet, year-after-year, VA requests, and Congress provides, only a small fraction of the actual need and VA's infrastructure deficit continues to rise, threatening the long-term viability of the VA health care system. We call on Congress, VA, and the Administration to begin seriously funding infrastructure to ensure veterans continue to have timely and convenient access to their earned care and benefits.

## Major Construction

VA's Major Construction account funds projects expected to cost more than \$30 million, the vast majority of which are medical facility renovations, replacements, and new hospital construction. The latest 10-year SCIP estimate was approximately \$34.8 billion, which equates to an average of approximately \$3.5 billion per year. For FY 2027, we recommend approximately \$3.6 billion in total resources, which includes a baseline of \$3.5 billion and the following plus-ups:

### Construction Management (+\$47 million)

Add 350 FTE to oversee the planning and management of an expanded portfolio of construction projects.

- **Address Critical Deficiencies in VA Research Facilities (+\$100 million)**



## Minor Construction

VA's Minor Construction account covers projects estimated to cost \$30 million or less, primarily focused on renovating, expanding, and modernizing VA facilities. The latest 10-year SCIP estimate was approximately \$50.1 billion, which equates to an average of approximately \$5 billion per year. For FY 2027, we recommend approximately \$5.1 billion in total resources, which includes a baseline of \$5 billion and the following plus-ups:

- **Dental Care Capacity Expansion (+\$75 million)**
- **Improvements to Women Veterans Health Clinics (+\$25 million)**

## State Home Construction Grants

The State Home Construction Grant program is a partnership in which VA provides up to 65% of the cost of construction, rehabilitation, and repair of State Veterans Homes, with states required to provide at least 35% in matching funds. VA's most recent State Home Construction Grants Priority List for FY 2025 included 80 Priority Group 1 projects that already have state matching funds, with a total federal share of approximately \$1.2 billion. For FY 2027, we recommend an appropriation of at least \$600 million to cover at least 50% of the anticipated backlog of federal matching funding.

## State Cemetery Construction Grants

The State Cemeteries Construction Grant program is a cost-effective partnership between the federal government and state, tribal, and territorial governments that helps the National Cemetery Administration provide veterans with burial options within 75 miles of their homes. For FY 2027, we recommend an appropriation of \$75 million to address rising construction costs and ensure timely cemetery development that helps maintain veterans' access nationwide.

## Other Discretionary Programs

Other VA discretionary programs include the Veterans Housing Benefit Program Fund, the Vocational Rehabilitation Loans Program, and the Native American Veterans Housing Loan Program. For FY 2027, we recommend approximately \$354 million in total resources for these other discretionary programs, an increase of approximately \$6 million, or 1.8%, over FY 2026. The recommended increase primarily reflects the impact of inflation and a federal pay raise.





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