



November 2022

VETERANS AFFAIRS

Projection, Use, and Oversight of COVID- 19 Relief Funding

GAO Highlights

Highlights of [GAO-23-105730](#), a report to congressional committees

Why GAO Did This Study

As of September 26, 2022, VA reported 766,537 cumulative cases of COVID-19 among veterans and 22,990 deaths. The CARES Act, FFCRA, and ARPA included supplemental funds to VA for COVID-19 relief, most of which were for providing health care.

To provide oversight of VA's spending of this supplemental funding, Congress passed, and the President signed into law, the VA Transparency & Trust Act of 2021. The Act included a provision for GAO to review supplemental VA funding for COVID-19. This report describes 1) information used to determine the amount of requested COVID-19 supplemental funding; 2) how VA used supplemental funds for the pandemic; and 3) actions VA took in response to challenges related to the projection, use, and oversight of COVID-19 supplemental funds.

GAO reviewed VA data on obligations, expenditures, and spend plans for COVID-19 supplemental funding, as well as documentation on supplemental funding processes, and guidance on the use of these funds. GAO interviewed VA officials including officials from six Veterans Integrated Services Networks to gain insights into their roles in the projection, use, and oversight of supplemental funding. These six networks were selected based on geographic diversity and a range of funding levels.

VA reviewed a draft of this report and provided technical comments, which were incorporated as appropriate.

View [GAO-23-105730](#). For more information, contact Sharon M. Silas at (202) 512-7114 or Silass@gao.gov.

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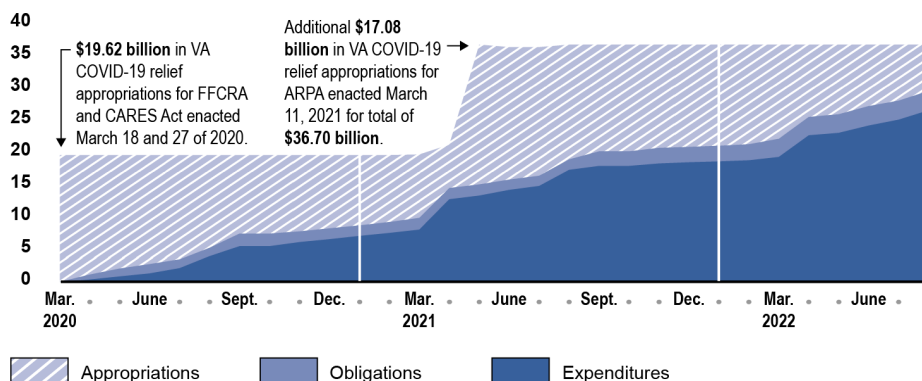
Projection, Use, and Oversight of COVID-19 Relief Funding

What GAO Found

The Department of Veterans Affairs (VA) received approximately \$36.70 billion in supplemental funding outside of its annual appropriation from three COVID-19 relief laws between 2020 and 2021: the CARES Act; the Families First Coronavirus Response Act (FFCRA); and the American Rescue Plan Act of 2021 (ARPA). As of August 23, 2022, VA had obligated approximately 99 percent of its funds from the CARES Act and FFCRA and 56.9 percent of funds from ARPA.

Department of Veterans Affairs' (VA) COVID-19 Supplemental Funding and Reported Obligations and Expenditures through August 2022

Dollars in billions



Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-23-105730

Note: An obligation is a definite commitment that creates a legal liability to pay and an expenditure is the actual spending of money.

To determine the amount of COVID-19 supplemental funds to request from Congress, VA relied on assumptions based on information from public health sources and pre-pandemic data. As the pandemic progressed, VA transferred CARES Act funds within the department to respond to changing circumstances related to the pandemic. Further, it relied on data such as medical facilities' caseloads during COVID-19 peaks to inform its request for ARPA funding.

VA used FFCRA and CARES Act funds to finance key areas such as community care, information technology efforts, and education system modernization. It continued to sustain these priorities with ARPA funds. VA is developing plans to continue to finance key areas once the current funding sources are exhausted.

VA took actions to address challenges related to the projection, use, and oversight of COVID-19 supplemental funds. For example:

- VA requested and received congressional approval for greater flexibility in the permitted use of funds to accommodate changing needs;
- VA established a governance council to review proposed information technology investments; and
- to address confusion among VA staff, VA's Office of Finance developed guidance documents on the use of supplemental funds.

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Abbreviations

ARPA	American Rescue Plan Act of 2021
CFO	Chief Financial Officer
FFCRA	Families First Coronavirus Response Act
IT	information technology
OIT	Office of Information Technology
OMB	Office of Management and Budget
PPE	personal protective equipment
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

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November 29, 2022

The Honorable Jon Tester
Chairman
The Honorable Jerry Moran
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Mark Takano
Chairman
The Honorable Mike Bost
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) operates one of the largest health care systems in the United States. It is charged with providing health care services to the nation's eligible veterans and their beneficiaries through the Veterans Health Administration (VHA). VHA, like the U.S. health care system in general, has adapted its clinical operations to respond to the COVID-19 pandemic. As of September 26, 2022, VA reported 766,537 cumulative veteran cases of COVID-19 and 22,990 deaths from the disease.

In addition to health care services, VA provides other services and benefits through its components.¹ For example, the Veterans Benefits Administration (VBA) provides compensation and pension, education, and other benefits to veterans. Operations for some of these activities were affected by COVID-19, such as medical exams required for certain benefit programs. In addition, the Office of Information Technology (OIT) provides information technology (IT) tools and services VA-wide. During the pandemic, it assisted VA components with transitions to telehealth and telework.

¹For purposes of this report, we define a component to include both department-wide offices, such as the Office of Information Technology (OIT), and the administrations that implement benefit programs.

To respond to the COVID-19 pandemic, VA received COVID-19 supplemental funding—additional funding outside its annual appropriations act—from three sources:

1. the CARES Act;
2. the Families First Coronavirus Response Act (FFCRA); and
3. the American Rescue Plan Act of 2021 (ARPA).²

In March 2020, VA received \$19.62 billion in COVID-19 supplemental funding from the CARES Act and FFCRA.³ In March of the following year, VA received an additional \$17.08 billion in supplemental funding from ARPA. While the majority of these funds are to provide health care services, these funds also support information technology systems, administration of veterans' benefits, general VA administration, and oversight of VA's response to COVID-19 by the VA Office of Inspector General.

To provide oversight of VA's spending of this supplemental funding from the CARES Act, FFCRA, and ARPA, Congress passed, and the President signed into law, the VA Transparency & Trust Act of 2021.⁴ In addition to

²CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020); Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020); American Rescue Plan Act of 2021, Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-17 (2021). An appropriation provides budget authority to incur obligations and to make payments for specified purposes. Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act. We will be referring to the supplemental appropriations enacted in the CARES Act, FFCRA, and ARPA as supplemental funding in this report. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 1, 2005).

³The FFCRA funds were available for COVID-19-related items and services, and the CARES Act funds were available to prevent, prepare for, and respond to COVID-19.

⁴VA Transparency & Trust Act of 2021, Pub. L. No. 117-63, § 2(c), 135 Stat. 1484, 1485 (2021).

requirements for VA, this act included a provision for us to review obligations and expenditures of the supplemental funds.⁵

In this report, we

1. describe information VA used to determine the amount of COVID-19 supplemental funding it requested from Congress;
2. describe how VA used COVID-19 supplemental funding; and
3. describe actions VA has taken in response to challenges related to the projection, use, and oversight of COVID-19 supplemental funds.

To describe information VA used to determine the amount of COVID-19 supplemental funding it requested from Congress, we reviewed VA's financial policy that included information on supplemental funding procedures.⁶ We also reviewed supplemental funding requests, including documentation from VHA, VBA, and OIT describing estimates that support supplemental funding requests for the CARES Act and ARPA.⁷ These documents provided insight into VA's need for and planned use of the CARES Act supplemental funding request and subsequent ARPA supplemental funding request.

To describe how VA used supplemental funds, we reviewed spend plans for CARES Act, FFCRA, and ARPA funds and VA bi-weekly reports on allocations, obligations, expenditures, and transfers of CARES Act funds between VA components. We reviewed VA data on monthly allocations,

⁵The act also includes requirements for VA to provide a detailed plan to congressional committees outlining its intent for obligating and expending funds covered by the act, including a justification for each type of obligation. Additionally, the act requires VA to submit reports to congressional committees every 14 days (bi-weekly) detailing its obligations, expenditures, and planned uses of the funds, as well as justification for any deviation from the plan. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States whereas an expenditure is the actual spending of money. See [GAO-05-734SP](#).

⁶See Department of Veterans Affairs, *Various Appropriations Law Related Topics. Volume II. Chapter 7*. (Washington, D.C.: Aug. 29, 2014). Supplemental funding procedures reviewed in VA's financial policy included emergencies that may affect the safety of human life, the protection of property, or the immediate welfare of individuals, as prescribed by law.

⁷According to VA officials, the \$60 million in COVID-19 relief funding provided under the FFCRA did not require a supplemental funding request.

obligations, and expenditures of CARES Act, FFCRA, and ARPA funds through July 2022. We also reviewed VA data on the allocation of funds to components within VA. To provide detailed information on VHA, VBA, and OIT activities, we reviewed VA data on actual obligations for CARES Act, FFCRA, and ARPA funds, as of July 2022 and planned obligations through fiscal year 2023. Additionally, we reviewed information from the federal spending database, www.usaspending.gov, on VA's use of COVID-19 supplemental funds.⁸ We assessed the reliability of VA data on allocations, obligations, and expenditures by examining the data for errors, outliers, and omissions and reviewing different VA data sources to ensure data consistency. We also interviewed VA officials who are knowledgeable about these data to identify any data limitations.⁹ As a result of these steps, we determined that the data were sufficiently reliable for the purpose of describing funding allocations, actual and planned obligations, and expenditures.

To describe how VA addressed challenges related to the projection of need for, use, and oversight of funds for the COVID-19 pandemic, we reviewed VA documentation, including an OIT lessons-learned review, VHA financial policies, and guidance developed by VHA's Office of Finance that provided answers to staff questions related to COVID-19 supplemental funds. We also interviewed officials from six of VHA's 18 Veterans Integrated Service Networks (VISN), which are responsible for

⁸The publicly available website, www.usaspending.gov, is developed and operated by the Department of the Treasury and includes detailed data on federal spending, including obligations across the federal government.

⁹VA's Financial Management System is VA's primary mechanism to track and monitor the use of all funds, including the COVID-19 supplemental funding, to help ensure that VA's obligations and expenditures stay within authorized budget limits. In VA's Agency Financial Report for fiscal year 2021, the auditors reported a material weakness in its financial system and reporting because, among other things, the Financial Management System, has limited functionality to meet VA's current financial management and reporting needs and VA continues to record a large number of journal entries in order to produce a set of auditable financial statements. According to VA officials, VA has implemented workarounds to ensure some expenditures are populated with object classification codes and reviewed the data to identify outliers. See U.S. Department of Veterans Affairs, *Agency Financial Report, Fiscal Year 2021*. (Washington, D.C.: Nov. 15, 2021).

In the course of our work, we spoke with VA officials within the VA Office of Budget to understand Financial Management System limitations related to the allocation, obligation, and expenditure data needed for our review. Officials noted that aggregate data from the Financial Management System are reliable and that detailed data on activities funded using supplemental funds may be subject to manual adjustments to ensure the data are accurate. Officials reviewed the data and identified any outliers before providing us the data.

overseeing VA medical facilities within their networks. To select the six VISNs, we first identified the allocated amount of supplemental funding that each VISN received from VHA as of September 2021. We then selected three VISNs from among those with higher allocations, and three from among those with lower allocations, while also ensuring geographic diversity by considering the region of the country in which each VISN is located.

For all objectives, we interviewed VA officials, including officials from the VA Office of Budget, which manages the department's budget, VHA, VBA, and OIT. Within VHA, we interviewed officials from the Office of the Chief Financial Officer, which is responsible for all VHA financial management and accounting operations and the Office of Community Care, which, at the time, oversaw health care services delivered by non-VA providers to veterans and eligible beneficiaries.¹⁰ To examine how VHA will continue to finance key areas, we interviewed VHA's Office of Enrollment and Forecasting—which is responsible for developing projections from the Enrollee Health Care Projection Model and annually updating the assumptions that affect those projections—about processes to account for VHA's COVID-19 response in VA's budget justifications to support the annual presidential budget requests.¹¹

We conducted this performance audit from January 2022 to November 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

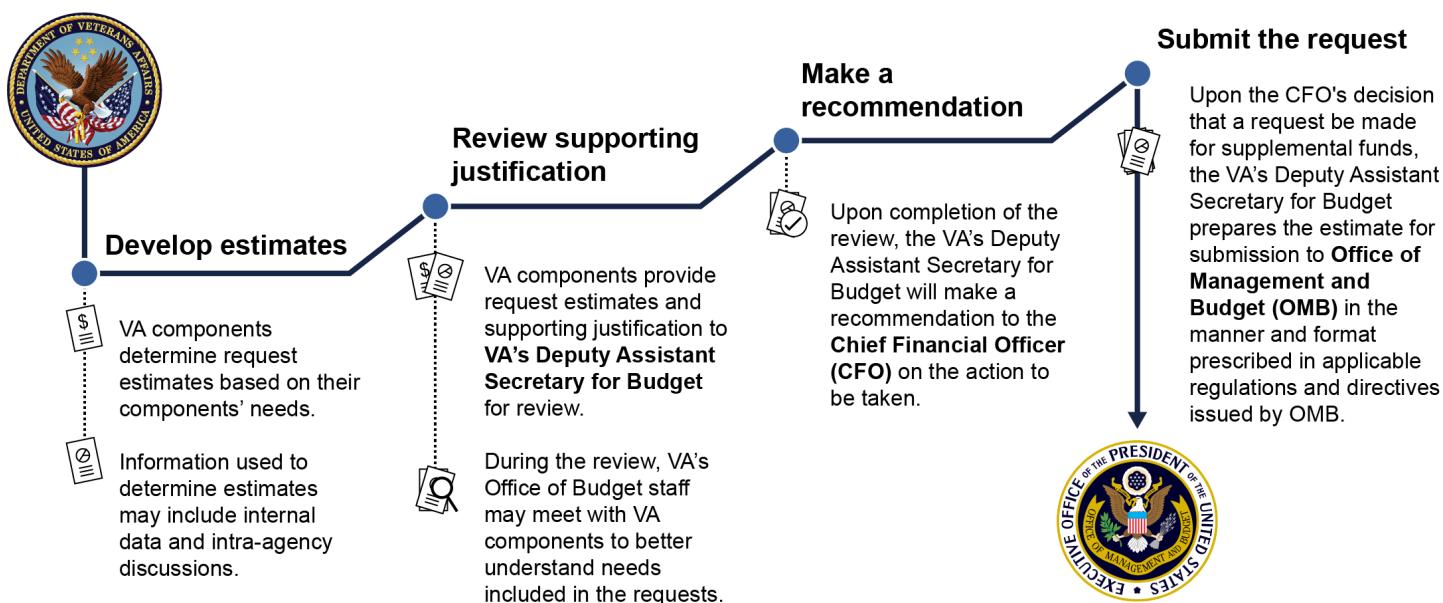
¹⁰In May 2022, the Office of Community Care merged with the Office of Veterans Access to Care to create the Office of Integrated Veteran Access.

¹¹The Enrollee Health Care Projection Model is an actuarial model VA uses to estimate approximately 90 percent of its health care budget and is also used to separately estimate the resources needed to purchase care veterans receive in the community. These estimates inform the annual President's budget request for VA health care services—a request for appropriations for the following 2 fiscal years.

Background

Each year, VA submits a budget justification to Congress to support the President's budget request for annual appropriations. According to VA's financial policy, the department will consider requesting supplemental funding under certain circumstances, such as to address public health emergencies or natural disasters.¹² To request these funds, VA's Office of Budget works with VA components and VA's Chief Financial Officer to submit a request to the Office of Management and Budget. (See fig. 1.)

Figure 1: Department of Veterans Affairs' (VA) Process for Requesting Supplemental Funds



Source: GAO analysis of VA financial policy and information. | GAO-23-105730

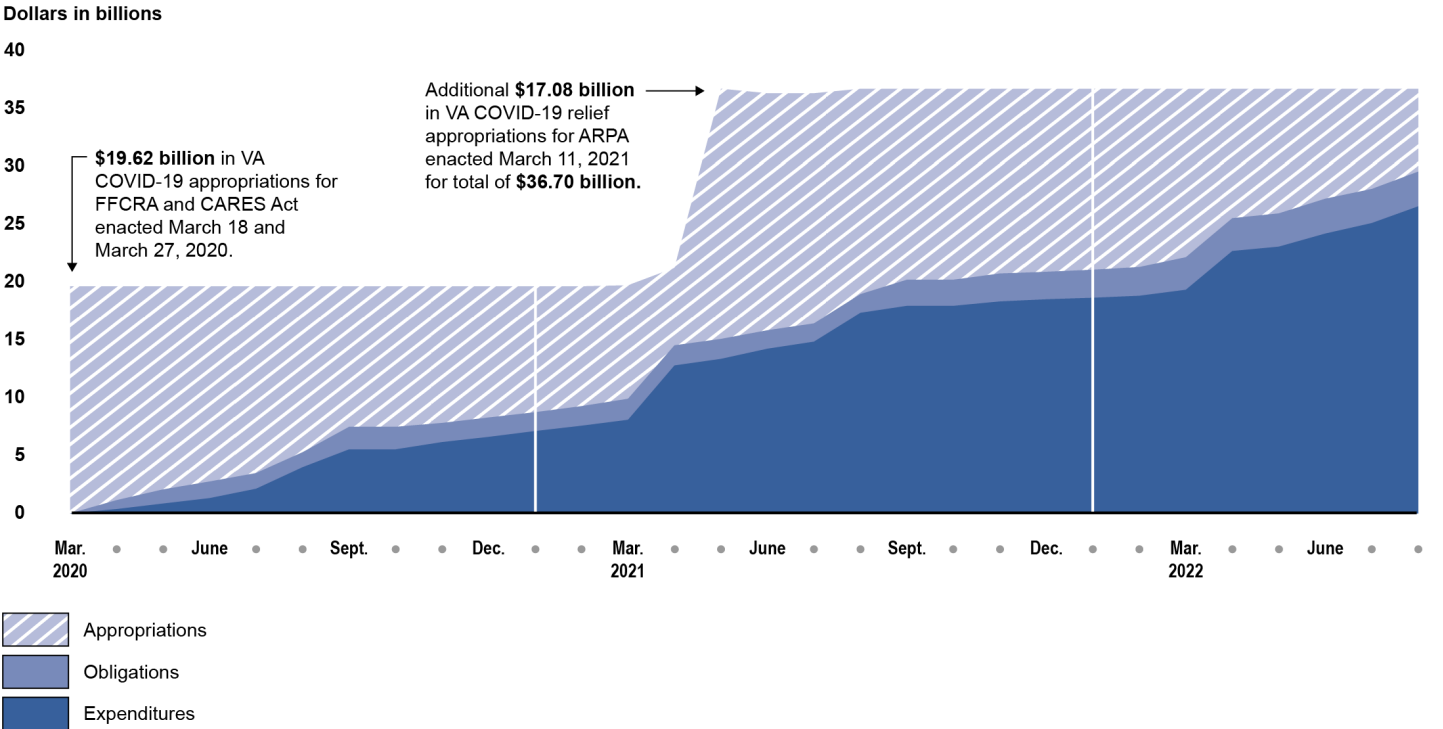
Notes: Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act. For this report, supplemental funding includes supplemental appropriations enacted in the CARES Act, Families First Coronavirus Response Act (FFCRA), and the American Rescue Plan Act of 2021 (ARPA).

VA received approximately \$36.70 billion in supplemental funding from the CARES Act, FFCRA, and ARPA between 2020 and 2021 for COVID-19-related relief. As of August 23, 2022, VA obligated almost all of its

¹²See Department of Veterans Affairs, *Various Appropriations Law Related Topics. Volume II. Chapter 7.* (Washington, D.C.: Aug. 29, 2014). Emergencies include circumstances that may affect the safety of human life, the protection of property, or the immediate welfare of individuals, as prescribed by law. According to VA officials, in response to the COVID-19 pandemic, the VA's Office of Budget were involved in the CARES Act supplemental funding request by initiating a data call for funding requirements across VA. The Office of Budget used the initial estimates to coordinate funding needs.

funds (98.9 percent) from the CARES Act and (99.9 percent) from FFCRA and approximately 56.9 percent of funds from ARPA. (See fig. 2.)

Figure 2: Department of Veterans Affairs' (VA) COVID-19 Supplemental Funding and Reported Obligations and Expenditures through August 2022

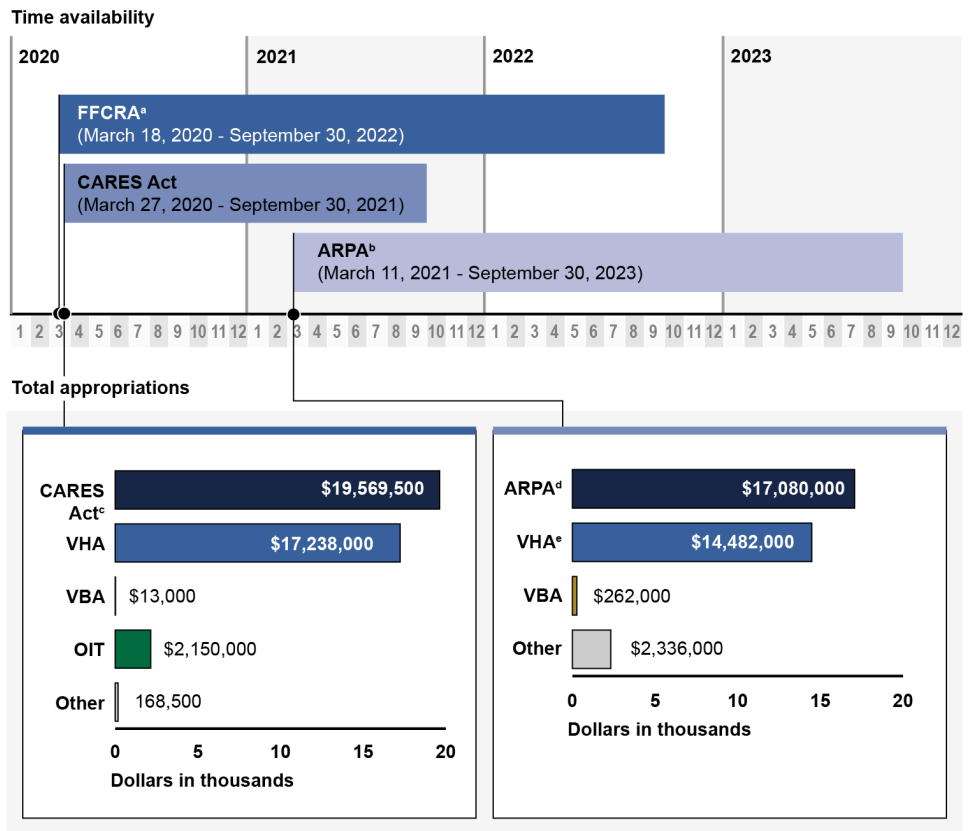


Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-23-105730

Notes: Supplemental appropriations are provided in an act appropriating funds in addition to those already enacted in an annual appropriation act. For this report, supplemental funding includes supplemental appropriations enacted in the CARES Act, Families First Coronavirus Response Act (FFCRA), and the American Rescue Plan Act of 2021 (ARPA). An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money.

The funds appropriated to VA and its components from the CARES Act, FFCRA, and ARPA have different periods of availability. (See fig. 3.)

Figure 3: Time Availability for CARES Act, FFCRA, and ARPA Appropriations as of August, 2022



Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-23-105730

Note: CARES Act supplemental funding refers to the initial amounts appropriated by Congress in March of 2020 prior to account transfers. Subsequent transfers between VA accounts occurred through August, 2021. These transfers reduced the total appropriation for the Veterans Health Administration (VHA) to \$16.69 billion and increased the Veterans Benefits Administration (VBA) to \$351.00 million and the Office of Information Technology (OIT) to \$2.19 billion.

^aThe Families First Coronavirus Response Act (FFCRA) supplemental funding to VA totaled \$60,000,000, and it was provided to VHA. This subset of funds is available through September 30, 2022.

^bWhile most of the American Rescue Plan Act of 2021 (ARPA) funds are available until September 2023, different sections of ARPA have various periods of availability. For example, Section 8003 (Funding for Supply Chain Modernization), part of Section 8004 (Funding for State Homes), and Section 8008 (Emergency Department of Veterans Affairs Employee Leave Fund) are available through fiscal year 2022, while Section 8001 (Funding for Claims and Appeals Processing) and Section 8002 (Funding Availability for Medical Care and Health Needs) are available through fiscal year 2023. The funds in the remaining sections are available until expended.

^cVA's CARES Act supplemental funding also includes funds to the following accounts: State Home Construction Grants (\$150,000,000), General Administration (\$6,000,000), and the Office of Inspector General (\$12,500,000). The funds for the Office of Inspector General are available until expended.

^dVA's \$17.08 billion in ARPA funds includes the funds identified for VHA and VBA, as well as funds for the following activities: supply chain modernization (\$100,000,000), state homes (\$750,000,000),

the Office of Inspector General (\$10,000,000), COVID-19 Veteran Rapid Retraining Assistance Program (\$386,000,000), copayments and cost sharing for medical services, community care, and care collection funds (\$1,000,000,000), and Emergency Department of Veterans Affairs Employee Leave Fund (\$80,000,000).

^eOf the \$14.482 billion in supplemental funding appropriated for medical care and health needs, no more than \$4 billion is to be used for community care purposes under 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5). In addition to medical needs, \$1 billion in ARPA funds were provided to VA for copayments and cost sharing as well as \$750 million for funding of state homes. Depending on the activity, COVID-19 supplemental funds from ARPA may be available to cover the impacts of delays in care due to the COVID-19 pandemic; sustainment of CARES Act supported staffing, and service-level expansions, including in the areas such as VA homelessness programs and telehealth; and medical services to veterans, including medical facility improvements, research, and administrative expenses. See H. Rep. No. 117-7, at 533-34 (2021).

The CARES Act provided authority for VHA to transfer funds among four of its appropriation accounts through September 30, 2021.¹³ The Continuing Appropriations Act, 2021, and Other Extensions Act, enacted in October 2020 allowed VHA to transfer funds to VA components outside of its accounts.¹⁴ In total, VHA transferred \$6.44 billion initially appropriated for VA medical care to other accounts within and outside of VHA through September 30, 2021.¹⁵

See appendix I for more information about CARES Act and FFCRA appropriations, transfers, obligations, and expenditures. See appendix II for more information on ARPA allocations, obligations, and expenditures.

¹³Pub. L. No. 116-136, div. B, tit. X, § 20001, 134 Stat. 281, 585 (2020). Under the CARES Act, VHA received the authority to transfer funds among four of its appropriation accounts for amounts of 2 percent or less of the total amount appropriated under the CARES Act and to request approval from Congress for transfers in excess of 2 percent of the appropriations. VHA is funded through several appropriation accounts with the following general purposes: Medical Services, which funds clinical operations in VA medical centers; Medical Community Care, which funds claims for non-VA provided medical care; Medical Support and Compliance, which generally funds medical facility administration; and Medical Facilities, which generally funds facility-related costs including maintenance, leases, and energy costs. The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of ARPA.

¹⁴Subsequent appropriations acts included additional authority to transfer certain CARES Act funding outside of VHA. Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 134 Stat. 1182, 1689-1691 (2020).

¹⁵Of the \$6.44 billion in transfers, \$5.89 billion was transferred to different appropriation accounts within VHA. VA accounts outside of VHA received the remaining transferred funds, including VBA, OIT, Canteen Services, the National Cemetery Administration, James A. Lovell Federal Health Care Center, and the Board of Veterans' Appeal. For the purposes of this report, we refer to these as VA components.

VA Initially Determined COVID-19 Funding Needs Using Limited Available Data, but Later Considered Additional Information

In March 2020, VA determined the amount of COVID-19 supplemental funding to request from Congress through the CARES Act based on (1) the limited information about the pandemic available from public health sources, and (2) existing data on VA medical care and IT services. As the pandemic continued, VA used additional information to determine the amount of COVID-19 supplemental funding that would be needed to sustain these services once CARES Act funds were expended.

CARES Act. VA officials told us that at the start of the pandemic, VA determined that additional funding would be needed for the pandemic response. However, when determining the amount of funding to request through the CARES Act, little information was known about the timeline and the magnitude of the pandemic. According to VA officials, VA's Office of Budget worked with each component within VA to understand their needs in responding to the pandemic. Such needs included the expected number of COVID-19 patients and the amount of personal protective equipment (PPE) for VA staff. To determine these needs, VA components relied on assumptions based on available information from public health sources, and existing data on medical care and IT services. VA officials noted the following information and assumptions, by VA component:

- **VHA CARES Act funding request:** To inform its initial estimate of funding needs in March 2020, VHA relied on the limited information available at the time from public health sources, such as reported COVID-19 cases in China and the cruise industry's early experiences with COVID-19, according to officials.

After considering this information, VHA based its initial estimated funding needs on the assumptions that over the course of 12 months its level of emergency care would double, 20 percent of its patients would be infected, and 12 percent of the infected patients would need to be hospitalized for an average of 7 days. In addition, VHA considered the need for security measures at its facilities, ventilators, PPE, staff overtime, and the level of care at VA medical facilities and in the community. For staffing considerations specifically, VHA officials stated that VHA used its managerial cost accounting system. This financial system generated cost estimates of (1) VA hospital stays and health care encounters, and (2) additional staff and overtime needed during the early stages of the pandemic.

- **VBA CARES Act funding request.** Officials told us they determined VBA's request for CARES Act funds based on expenses associated with transitioning employees not already teleworking into the telework environment, including the purchase of supplies such as replacement

monitors for existing employees. For employees that continued to report to the office, the request included costs for a bulk acquisition of PPE and for deep cleaning workspaces. According to VBA officials, this request was based on an assumption that the pandemic response would last 6 months.

- **OIT CARES Act funding request.** According to officials, OIT put together a team to review information from VA components, such as VHA, VBA, and the Office of Emergency Management to determine what was required for OIT to support these entities during the COVID-19 pandemic. This team reviewed requirements such as tele-service expansion, telecommunication, veteran-facing applications (e.g., VA.gov), and staffing. OIT discussed projections such as the number of staff teleworking and the number of patients who would use telehealth services to estimate IT services and hardware needed for the transition, such as the number of devices and the amount of bandwidth.

For example, OIT based initial funding estimates

- for mobile applications used for veteran telehealth services, such as VA Video Connect, on the assumption that for every 2 months the use of telehealth care services would double and, as a result, OIT system usage would also double.
- to support telehealth applications, on its need to increase bandwidth, and specifically based its funding estimates on the assumption that VA would be adding roughly 30,000 telehealth sessions a day based on an increase of 170,000 remote users for a total of 210,000 remote users per day.
- for staffing considerations to support VA, VBA, and VHA during the pandemic, on the assumption that for the 12 months following its estimate, OIT would spend \$1 million per month for subject matter experts to provide IT support, infrastructure buildouts, and remote work efforts.

Transfer of CARES Act funds. VA officials told us that as the pandemic continued, it was apparent VA would have to transfer funding appropriated in the CARES Act between its appropriation accounts to respond to changing circumstances related to COVID-19.¹⁶ Furthermore, VA officials told us that during the pandemic there was a decrease in services provided at VA medical facilities. For example, ventilators were

¹⁶The CARES Act provided authority for VHA to transfer funds among four of its appropriation accounts through September 30, 2021.

in high demand during the beginning of the pandemic, but as the pandemic continued, demand for ventilators abated.

In addition, early in the pandemic VHA allocated funds to the production of COVID-19 educational pamphlets and communication tools. However, officials told us that as fewer veterans were accessing VA medical facilities in person, VHA did not need to print as many of these materials. Instead, VHA could deliver much of the necessary information through less costly methods such as texting. In total, changing conditions prompted VHA to transfer \$6.44 billion from its account for medical services to other appropriations accounts.

Over the same period of time, VHA observed an increase in the demand for community care health services from non-VA providers, which are primarily funded through the Medical Community Care appropriation account. Of the \$6.44 billion transferred from VHA's account for medical services, roughly 85 percent went to its Medical Community Care account to fund services delivered by community providers, including emergency room and urgent care. According to VHA officials, VHA had already been experiencing an increase in community care, separate from the pandemic, and continued to experience increases in community care during the pandemic. According to VA officials, community care increased for reasons such as providers in the community reopening during the pandemic faster than VA medical facilities, and increased demand for community care based on health care providers and veterans' desire to reduce COVID-19 transmission.¹⁷

VBA officials told us that in addition to the \$13 million originally requested through the CARES Act, it received a transfer of \$338 million from VHA's Medical Services appropriation account to address unforeseen

¹⁷VHA officials told us it is challenging to determine if COVID-19, eligibility changes from the VA MISSION Act of 2018 (VA MISSION Act), or both are responsible for increases in community care inpatient services. VHA is continuing to examine this issue. The VA MISSION Act established the VA's Community Care program that was implemented in June 2019. The Community Care program expanded certain veterans' eligibility to receive care from approved community providers and assigned responsibility to VA for ensuring that veterans' appointments are scheduled in a timely manner, among other things. VA MISSION Act of 2018, Pub. L. No. 115-182, tit. I, § 101, 132 Stat. 1393, 1395-1404 (2018).

circumstances.¹⁸ Specifically, the National Personnel Records Centers and National Archives and Records Administration closed during the pandemic, which disrupted VBA's access to federal records that it needed for evidence when adjudicating disability and compensation claims.¹⁹ To compensate for this lack of access, VBA required additional funding to pay staff overtime to retrieve records, as well as establish the capability to scan paper records onsite and convert files to be uploaded into a database. This database allowed VBA to access these records internally in order to continue to process benefit claims. According to VBA officials, the additional funding also helped support changes to VBA digital education systems that were necessary due to of the COVID-19-driven shift to distance learning.

ARPA. VA officials told us that in January 2021, it had a much clearer understanding of needs based on months of experience with the pandemic and data such as medical facilities' caseloads during COVID-19 peaks. Therefore, VA relied on this additional information to inform its requests for additional funding—subsequently enacted through ARPA—to cover COVID-19 related needs through September 2023. Specifically, VA agencies determined their funding requests in the following ways:

- **VHA ARPA funding request.** Officials explained that as the pandemic continued, the focus shifted from responding to the pandemic to planning for how to sustain needed programs and making changes in health care services as a result of the pandemic. VHA officials told us that they based the ARPA request on information such as COVID-19 transmission levels and historical data on VA's response to COVID-19, indicating increases in telehealth and community care services among veterans.
- **VBA ARPA funding request.** Officials told us that they requested ARPA funding for staff overtime to continue its efforts to reduce the backlog of disability and compensation claims and to increase its scanning of paper records into VBA's database, due to the closure of

¹⁸VBA received a total of \$338 million, transferred from VHA Medical Services, as authorized by the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 134 Stat. 1182, 1689-1690 (2020).

¹⁹The National Personnel Records Centers is an operation of the National Archives and Records Administration that functions as a central repository of personnel-related records for both the military and civil services of the United States government. The National Personnel Records Centers located in St. Louis, Missouri stores medical treatment records of retirees from all services, as well as records for dependent and other persons treated at naval medical facilities.

the National Personnel Records Centers and National Archives and Records Administration federal records centers.

- **OIT ARPA funding request.** Officials told us that when requesting ARPA funding, VA's enhanced understanding of changes to veteran health care delivery allowed it to better determine VA's IT funding needs. OIT officials told us they extrapolated data on the activities financed during the CARES Act to forecast the amount of funds needed to sustain VHA IT services. For example, OIT used ARPA funding to continue to provide critical program and technical support (e.g., security, software quality assurance testing) for software services that aid in the transfer of data between community care network providers and VA. That critical program and technical support included transferring data on COVID-19 vaccinations at community providers to VA's Electronic Health Record system.²⁰

Future funding. VHA, VBA, and OIT officials told us they plan to develop estimates for future budget requests based on how VA's health care services are changing as a result of the pandemic. Officials from VHA's Office of Enrollment and Forecasting told us that starting in the summer of 2020, VHA began developing estimates for future budget requests that incorporated the impact of the COVID-19 pandemic on VHA services. These estimates took into account COVID-19-specific assumptions such as amounts of deferred and returning care, the economic recession in 2020, and rising health care costs. VA officials told us that they incorporated some of these impacts from the pandemic into the fiscal year 2022 President's budget.

In addition, VHA used a modeling approach for the fiscal year 2023 President's budget request that included both pre-pandemic and

²⁰The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of ARPA. OIT was reallocated \$1.24 billion in ARPA section 8002 funds to provide sustainment support for VHA IT projects that were initiated due to the COVID-19 pandemic and originally funded under the CARES Act. In July 2022, VHA reallocated an additional \$196.16 million for information technology needs, for a total of \$1.43 billion. VA's COVID-19 response introduced new IT requirements and taxed pre-COVID infrastructure capacity. According to VA, it now supports a capability level that its base appropriation cannot fully sustain at a "new normal" operating level. These investments comprise both direct support of medical care activities and enterprise-level investments that benefit VHA as well as the rest of the Department, according to officials.

pandemic workload data.²¹ VHA officials also told us that they are examining how to incorporate changes in telehealth services, as a result of the pandemic, in both its budget projections and resource allocation model. We plan to assess these efforts as part of our ongoing work.²²

VA Used Supplemental Funds to Address Several Key Areas

Key areas VA funded through the CARES Act

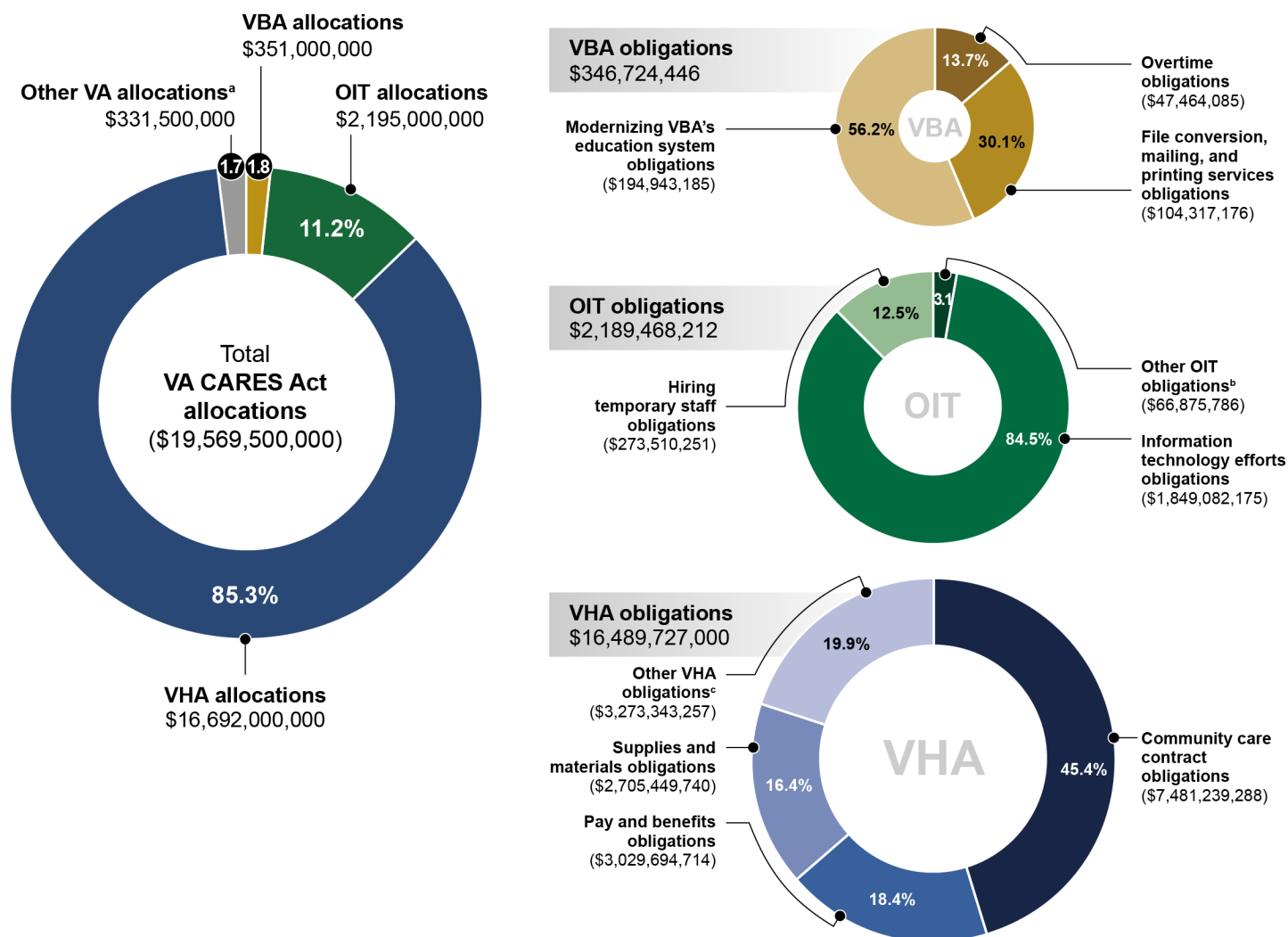
VHA, VBA, and OIT received the majority (98.3 percent) of VA's CARES Act funds and used their funds for key areas including VHA community care, VHA pay and benefits, VHA supplies and materials, and information technology efforts.²³ As of July 31, 2022, VA obligated 98.9 percent of its CARES Act funds and expended 95.0 percent of the allocated funds. (See fig. 4.)

²¹Actuaries from Milliman, the actuarial consultant that helps VA with the Enrollee Health Care Projection Model, told us that the hybrid modeling approach included 2019, 2020, and 2021 workload data in an attempt to remove short-term COVID impacts from long-term projections. The model uses fiscal year 2019 as the base year, since it was the last full pre-pandemic year, and uses high-level data from both fiscal year 2020 and fiscal year 2021. The Office of Enrollment and Forecasting's primary analysis involved comparing actual workload during the pandemic to pre-pandemic expectations of normal workload for fiscal year 2020. The gap in expectations was attributed to the effects of COVID-19.

²²The VA Transparency & Trust Act of 2021 includes a provision for us to issue a final report pertaining to VA's COVID-19 supplemental funds by September 30, 2024. Pub. L. No. 117-63, § 2(c)(2), 135 Stat. 1484, 1485 (2021).

²³In addition to VHA, VBA, and OIT, VA allocated CARES Act funds for Canteen Services (\$140,000,000), the James A. Lovell Federal Health Care Center (\$10,000,000), State Home Construction Grants (\$150,000,000), the National Cemetery Administration (\$12,000,000), General Administration (\$6,000,000), Board of Veterans' Appeals (\$1,000,000), and the Office of Inspector General (\$12,500,000). In March 2020, the FFCRA appropriated \$60 million to VA to carry out health services consisting of COVID-19 testing and related visits. Of this amount, \$30 million was for VHA medical services and \$30 million was for community care services.

Figure 4: VA Allocations and Obligations by VA Component for CARES Act Funding as of July 2022



Source: GAO analysis of the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), and Office of Information Technology (OIT) data. | GAO-23-105730

Note: Figure not to scale and totals may not add due to rounding. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received whereas an expenditure is the actual spending of money.

^aOther Department of Veterans Affairs (VA) allocations' includes allocations to the following components: Canteen Services (\$140,000,000), James A. Lovell Federal Health Care Center (\$10,000,000), National Cemetery Administration (\$12,000,000), State Home Construction Grants (\$150,000,000), General Administration (\$6,000,000), Board of Veterans' Appeals (\$1,000,000), and the Office of Inspector General (\$12,500,000).

^bOther OIT obligations" includes development of new or expanded IT capabilities, such as the ability to engage with VA through electronic outreach and communications.

^cOther VHA obligations includes activities such as contracts for nursing services and medical specialists, equipment such as ventilators, and grants and subsidies to support homeless veterans.

VHA CARES Act obligations. VA data show that of VHA's \$16.69 billion allocation from the CARES Act funding, VHA obligated \$16.48 billion (98.8 percent) as of July 31, 2022.²⁴ VHA allocated this funding across its medical facilities based on information such as bed capacity, workload data, and the costs of facility updates related to COVID-19. VHA made adjustments throughout the pandemic based on what areas needed funding.²⁵ According to VHA data, of the \$16.48 billion obligated in total, \$13.21 billion (80.1 percent) was obligated to key areas including paying claims for community care contracts, pay and benefits, and supplies and materials.²⁶

- **Community care contracts.** VA data show that VHA obligated \$7.48 billion (45.4 percent) to pay community care claims for veterans to receive care at non-VA facilities throughout the country.²⁷ VHA used

²⁴The CARES Act appropriated \$17.23 billion to VHA. VA subsequently transferred \$546.00 million within VHA to other VA accounts to respond to changing circumstances related to COVID-19. VHA allocation with transfers was \$16.69 billion.

²⁵Most funding for VHA health care is allocated to the VISNs and local VA medical centers for use. Each year, VHA allocates about two-thirds of funds for general patient care using two main allocation models. The first model, Veterans Equitable Resource Allocation, allocates general purpose funds to each VISN and a second model—the Medical Center Allocation System—then allocates these funds to the medical centers that report to each VISN. These models are based on patient workload—that is, the number and type of veterans served and the complexity of care provided. VHA allocates its remaining one-third of funds—known as specific purpose funds—to program offices that manage various, specific programs, such as community care and prosthetics. Program offices, in turn, allocate these funds directly to medical facilities using different methodologies, including a workload-based model for community care. For more information on VHA's process for allocating funds, see GAO, *Veterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding*, [GAO-19-670](#) (Washington, D.C.: Sept. 23, 2019).

²⁶In addition to these key areas, VHA obligated \$975.46 million (5.9 percent) for non-community care contracts to obtain nurses or medical specialists or to provide additional resources to VA medical facilities, \$928.64 million (5.6 percent) to grants and subsidies to support homeless veterans, \$897.26 million (5.4 percent) for ventilators and necessary equipment, and \$471.96 million (2.9 percent) was obligated to other needs, such as printing, land and structures, State Veterans Homes, rent, travel, and transportation of supplies.

²⁷VA allocated \$7.60 billion to the Medical Community Care appropriation account and of that amount, \$7.48 billion was obligated for Community Care Network contracts. The Community Care Network is comprised of five regional networks that serve as the primary contract vehicle for VA to provide care to veterans from community providers. The Community Care Network covers all U.S. states and territories and relies on third party administrators to develop and administer regional networks of high-performing licensed health care providers to veterans.

these funds to support an increased demand for emergency room and urgent care during the pandemic.

- **Pay and benefits.** VA data show that VHA obligated \$3.02 billion (18.4 percent) for pay and benefits for health care providers to help VHA address staffing challenges during the COVID-19 pandemic. Challenges included needing additional employees to support underserved medical facilities and additional housekeepers, administrative support, and facilities staff.
- **Supplies and materials.** VA data show that VHA obligated \$2.70 billion (16.4 percent) for drugs and other medicines; medical supplies including hospital, surgical, laboratory, and morgue supplies; and PPE. For example, one VISN official said that their VISN used the funds for ventilators, PPE, and cleaning supplies, while an official from another VISN said that they used the funds for beds and furniture.²⁸

VBA CARES Act obligations. VA data show VA allocated \$351.00 million from the CARES Act funding to VBA, of which VBA obligated \$346.72 million (98.8 percent), as of July 31, 2022.²⁹ Almost the entire amount allocated to VBA was obligated to key areas including:

- **Modernizing VBA's education service systems.** VA data show that VBA's largest obligation (\$194.94 million or 56.2 percent) went to support changes to the VBA's digital education systems used by veterans and beneficiaries, made necessary as a result of the COVID-19 shift to distance learning.³⁰
- **File conversion, mailing, and printing services.** VA data show that VBA obligated about \$104.31 million (30.1 percent) for file conversion, mailing, and printing services. According to VA's data, these funds

²⁸For more information on VA's procurement of supplies and materials see GAO, *VA COVID-19 Procurements: Pandemic Underscores Urgent Need to Modernize Supply Chain*, [GAO-21-280](#) (Washington, D.C.: June 15, 2021).

²⁹The CARES Act appropriated \$13.00 million to VBA. Pursuant to sections 514 and 515 of the Consolidated Appropriations Act, 2021, VA transferred \$338.00 million from VHA's Medical Services account to VBA's General Operating Expenses account for a total allocation of \$351.00 million. See Pub. L. No. 116-136, 134 Stat. 281, 582 (2020); Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 134 Stat. 1182, 1689-1690 (2020).

³⁰The pandemic highlighted the shortcomings in the VBA education service systems. CARES Act funding was obligated for the Digital GI Bill—an effort to improve education benefits and customer service delivery to GI Bill beneficiaries and modernize claims processing and customer service for external partners. VBA officials indicated that CARES Act funding allowed VBA to start the Digital GI Bill modernization earlier than anticipated.

helped start the implementation of VBA's plan to proactively convert files and scan more than 15 million personnel records at the National Personnel Records Centers and National Archives and Records Administration when these facilities shut down during the pandemic.

- **Staff overtime.** VA data show that VBA obligated \$47.46 million (13.7 percent) to staff overtime to process a backlog of disability and compensation claims. According to VBA officials, COVID-19 disrupted VBA's access to the evidence required to adjudicate disability and compensation claims causing the number of pending disability examinations to increase. VBA officials told us the CARES Act funding allowed VBA to reduce—from 264,000 in October 2021 to less than 165,000 in August 2022—the number of claims pending by more than 125 days.³¹

OIT CARES Act obligations. VA data show that it allocated OIT \$2.19 billion from the CARES Act funding, nearly all of which was obligated as of July 31, 2022.³² Of the amount allocated to OIT, \$2.12 billion was obligated to key areas including:

- **IT efforts.** VA data show OIT obligated \$1.84 billion (84.5 percent) to sustain its information technology efforts. Some of these efforts included provisioning laptops, cell phones, and other devices to support expanded telework and telehealth during the pandemic. OIT also strengthened its infrastructure and supporting systems to handle increased demand and bandwidth requirements.
- **Hiring temporary staff.** VA data show OIT obligated \$273.51 million (12.5 percent) to hire temporary staff to support COVID-19 efforts. For example, these new staff configured and provisioned desktops,

³¹According to VBA officials, in addition to the closure of the National Personnel Records Centers and National Archives and Records Administration facilities during the COVID-19 pandemic, several other factors contributed to the claims processing backlog, such as the processing of new disability claims presumptively linked to Agent Orange and airborne hazards. Prior to the pandemic, VBA's number of claims pending by more than 125 days was 70,814.

³²Pursuant to section 515 of the Consolidated Appropriations Act, 2021 VA transferred \$45.00 million from VHA's Medical Services account to VA's Information Technology Systems account for a total allocation of \$2.19 billion CARES Act funding for OIT. Pub. L. No. 116-260, div. J, tit. V, § 515, 134 Stat. 1182, 1690 (2020).

laptops, and printers and provided technical support for on-site and remote users.³³

Key areas funded through ARPA

Our analysis of VA data shows that as of July 31, 2022, VA obligated \$8.63 billion (50.8 percent) and expended \$6.45 billion (38.0 percent) of the \$17.08 billion in ARPA COVID-19 supplemental funds.

VHA ARPA obligations. Unlike the CARES Act funding, the supplemental appropriations VHA received under ARPA were not limited to the response to COVID-19 and, thus, were available for a broader array of activities.³⁴ This flexibility and ARPA's multi-year period of availability enabled VHA to prioritize using CARES Act funds—available through September 30, 2021—and FFCRA funds—available through September 30, 2022—as well as its annual fiscal year 2021 and 2022 appropriations, before using its ARPA funds.³⁵ As a result, VHA did not incur most ARPA obligations until January 2022. VHA intends to expend all ARPA funds by September 30, 2023.

According to VA data, VA allocated \$14.48 billion to VHA for medical care and health needs, of which VHA obligated \$7.37 billion (50.9 percent) as of July 31, 2022.³⁶ According to VHA officials, VHA has used or intends to use its ARPA funds to finance similar areas as it did with the CARES Act funds and to sustain existing VHA programs. The key areas VHA funded

³³In addition to IT efforts and hiring temporary staff, OIT obligated \$66.87 million to development efforts such as supporting the ability for veterans to engage with VA through electronic outreach and communications.

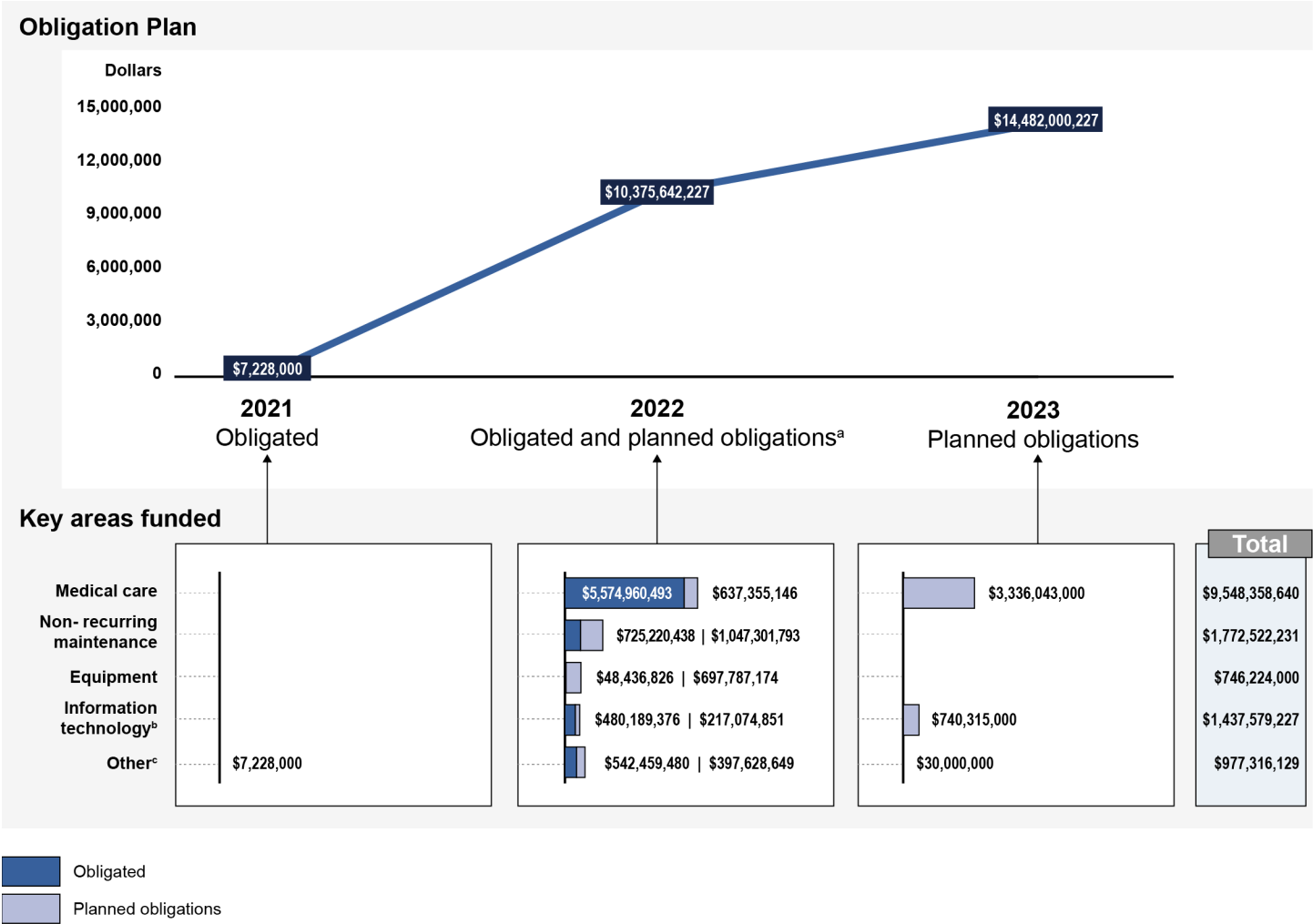
³⁴Section 8002 of the American Rescue Plan Act of 2021 appropriated \$14.48 billion for allocation under chapters 17, 20, 73, and 81 of 38 U.S.C., and of that amount, VA can spend up to \$4.0 billion for health care through the Veterans Community Care program for purposes under 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5).

³⁵A total of \$1.89 billion in ARPA funds provided to VA under section 8004 (funding for State Homes), Section 8005 (funding for the Office of Inspector General), section 8006 (Veteran Rapid Retraining Assistance Program), and section 8007 (prohibition on Copayments and Cost Sharing) are available until expended. Further, when ARPA was enacted in March 2021, VA FFCRA funds were available until September 2022 and CARES Act funds available until September 2021.

³⁶Section 8002 of ARPA appropriated \$14.48 billion to VHA for medical care and health care needs. Not included are VHA's ARPA appropriations under section 8004 (State Homes) and section 8007 (Copayments and Cost Sharing), totaling an additional \$1.75 billion.

with its ARPA allocation include medical care, non-recurring maintenance, equipment, and information technology.³⁷ (See fig. 5.)

Figure 5: VHA American Rescue Plan Act of 2021 Actual and Planned Obligations by Areas Funded, Fiscal Years 2021 to 2023, as of July 2022



Source: GAO analysis of Veterans Health Administration (VHA) data. | GAO-23-105730

³⁷According to VA officials, OIT requested \$1.70 billion in ARPA funds in the President’s budget and the Office of Management and Budget did not approve this request. Instead, VHA initially reallocated \$1.24 billion of its \$14.48 billion appropriation to information technology needs related to the pandemic and in July 2022, VHA reallocated an additional \$196.16 million for information technology needs, for a total of \$1.43 billion.

Note: Figure not to scale and totals may not add due to rounding. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money. The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of the American Rescue Plan Act of 2021.

^aActual obligations are as of July 2022 and the remaining amounts are planned obligations through fiscal year 2022.

^bVHA initially reallocated \$1.24 billion of its \$14.48 billion appropriation to information technology needs related to the pandemic. In July 2022, VHA reallocated an additional \$196.16 million for information technology needs, for a total of \$1.43 billion.

^cIncludes obligations to sustain homelessness programs, the new Regional Readiness Centers initiative, a new suicide prevention grant program, and research projects to better understand and respond to the pandemic.

- **Medical care.** According to VA data, through fiscal year 2023 VHA plans to obligate the largest share of its ARPA allocation, \$9.54 billion or 65.9 percent, for veteran medical care in both VA medical facilities and in the community.³⁸ VHA anticipates increased needs for care due to COVID-19 related care deferrals and a greater reliance on VA care due to economic impacts from the pandemic.
- **Non-recurring maintenance.** According to VA data, through fiscal year 2023, VHA plans to obligate \$1.77 billion (12.2 percent) to facility enhancements to better prepare VHA to deliver care in a pandemic or post-pandemic environment. This includes upgrades to ventilation systems and other projects to prevent pandemic contagion.
- **Equipment.** According to VA data, through fiscal year 2023, VHA plans to obligate \$746.22 million (5.2 percent) for purchasing critical high-cost medical equipment upgrades, such as Magnetic Resonance Imaging, Computerized Tomography scanners, and Positron Emission Tomography scanners.
- **Information technology.** According to VA data, VHA reallocated \$1.43 billion (9.9 percent) from VHA to OIT, to support information technology needs.³⁹ According to OIT officials, these efforts include

³⁸Medical care obligations are funded with VHA's five appropriations accounts: Veterans Medical Care and Health Fund, Medical Services, Medical Support and Compliance, Medical Facilities, and Medical Community Care. The Veterans Medical Care and Health Fund was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of ARPA.

³⁹VHA reallocated \$1.43 billion of its appropriations under Section 8002 of ARPA for information technology. In addition, VA allocated \$23.89 million (with rescissions) in appropriations under section 8003 to OIT to fund supply chain modernizations. As of July 31, 2022, \$7.18 million of this allocation has been obligated.

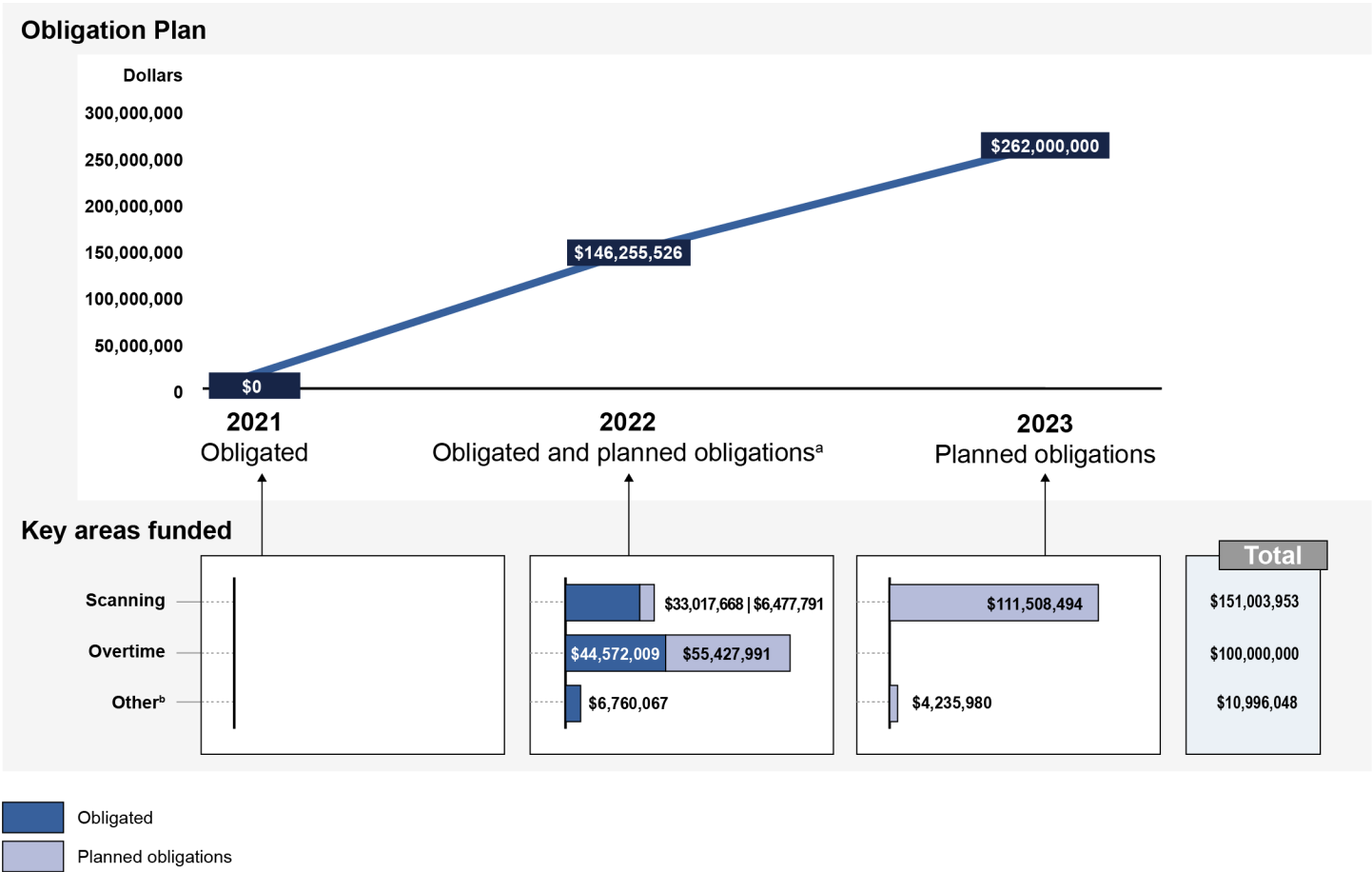
sustaining new systems created with CARES Act funding to support VA's COVID-19 response.

VBA ARPA obligations. According to VA data, VA allocated \$262.00 million in ARPA funds to VBA, of which \$59.29 million was obligated as of July 31, 2022.⁴⁰ VBA plans to obligate \$251.00 million (95.8 percent) of its ARPA funds for key areas including scanning and overtime to continue to reduce the disability and compensation claims backlog.⁴¹ VBA intends to obligate all of its ARPA funds by September 2023. (See fig. 6.)

⁴⁰These funds were provided under section 8001 of ARPA. A total of \$262.00 million was allocated for VBA general operating expenses and \$10.00 million is for the Board of Veterans' Appeals. Section 8006 of ARPA appropriated an additional \$386.00 million to VBA for their Veteran Rapid Retraining Assistance Program. This program is intended to provide education assistance to veterans who are unemployed due to the covered public health emergency and are not eligible for certain other veteran education programs. As of July 31, 2022, \$160.28 million of this allocation has been obligated. VBA intends to obligate all of their ARPA funds by September 2023.

⁴¹VBA plans to obligate the remaining \$10.99 million (4.2 percent) of its ARPA funds for enhanced claims processing.

Figure 6: VBA American Rescue Plan Act of 2021 Actual and Planned Obligations by Areas Funded, Fiscal Years 2021 to 2023, as of July 2022



Source: GAO analysis of Veterans Benefits Administration (VBA) data. | GAO-23-105730

Note: Figure not to scale and totals may not add due to rounding. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money. These funds were provided under section 8001 of the American Rescue Plan Act of 2021 (ARPA) to VBA's General Operating Expenses appropriation account. This amount does not include the \$10.00 million allocated to Board of Veterans' Appeals from section 8001 of ARPA.

^aActual obligations are as of July 2022 and the remaining amounts are planned obligations through fiscal year 2022.

^bOther includes enhanced claims processing.

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- **Scanning.** According to VA data, VBA plans to obligate \$151.00 million (57.6 percent) of its ARPA allocation for increased scanning efforts at the National Personnel Records Centers and National Archives and Records Administration facilities to continue to bring personnel records into VBA.
 - **Overtime.** According to VA data, VBA plans to obligate \$100.00 million (38.2 percent) of its ARPA allocation for additional overtime to continue to address the disability and compensation claims backlog that accrued during the COVID-19 pandemic due to the shutdown of required in-person disability examinations and inability to access records housed in the National Personnel Records Centers and National Archives and Records Administration facilities.
-

VA Took Actions in Response to Projection, Use, and Oversight Challenges

VA officials from the VA Office of Budget, VHA, VBA, OIT, and six selected VISNs described several actions to address challenges related to the projection, use, and oversight of COVID-19 supplemental funds. Specifically, these actions included the following:

Requested flexibility in the permitted use of funds. As described previously in this report, VA was provided transfer authority and made multiple transfers of CARES Act funds to accommodate changing needs. These changing needs were the result of circumstances such as increases in veteran use of community care, rather than using health care services provided at VHA facilities. VHA officials told us that making transfers was challenging due to the labor-intensive manual work required to identify and perform adjustments in VA's antiquated financial systems.⁴²

To allow for greater flexibility, VA made suggestions to provide flexibility in the permitted use of ARPA funds as part of its technical assistance to Congress. Additionally, VHA was more general in its identification of needs when requesting ARPA funds, rather than specifying particular needs as it did for its CARES Act funding request. According to VA officials, this provided VHA with the flexibility to change which health care needs it focused on as the circumstances of the pandemic shifted.

⁴²VA is in the process of updating the financial systems throughout the agency. The VA Office of Inspector General previously reported problems with VHA's reliance on several accounting subsystems for payroll and purchase card transactions that require VHA staff to perform a significant amount of manual work to identify and perform adjustments so that the COVID-19 obligations and expenditures are captured in VA's reporting.

Gathered information to better inform supplemental funding requests.

VA officials told us that there was little information available at the start of the pandemic to inform the CARES Act supplemental funding request and that they gathered information on the impacts of the pandemic to better inform subsequent supplemental funding requests. For example, to inform VA's request for ARPA funds, officials from VA's Office of Budget said that in the year between the CARES Act and ARPA requests, the Office of Budget gathered information such as 1) caseload data during COVID-19 peaks, 2) the pandemic-related needs of the various VA components, and 3) the use of pandemic funds, such as for increased telework and changes to the delivery of healthcare and benefits.

Coordinated among offices. VA officials told us that adapting to the effects of the pandemic reinforced the need for coordination, which was important for supporting the department's overall response throughout the pandemic. For example, OIT coordinated with VHA to support veterans' increased use of telehealth during the pandemic and coordinated with VBA to help modernize education services. As another example, some VISN officials we interviewed told us that their VISNs coordinated with VA medical facilities to reallocate funds and resources among facilities based on changing workload due to COVID-19 cases.

Reduced reliance on third-party organizations. The pandemic caused the National Archives and Records Administration and other federal records facilities to close, which contributed to a backlog in VBA's processing of disability and compensation claims. To address this challenge, VBA made organizational changes to scan and convert files to upload these records internally to its claims database. According to VBA officials, the Office of Business Integration led efforts to employ a VA contractor team at the National Archives and Records Administration's National Personnel Records Center in St. Louis, Missouri to extract, scan, and upload records for all veterans. Additionally, VBA officials told us this effort will save retrieval time and speed future processing for veterans who have never filed VA claims for disability compensation. VBA officials also told us that as a result of this organizational change, VBA has become less reliant on third party organizations for the records it uses in its claims processing.

Created financial guidance. In response to confusion concerning the use of COVID-19 supplemental funds from VISN and VA medical facility staff, VHA's Office of Finance developed guidance documents that provided staff answers from VHA's Office of Finance on questions related

to COVID-19 supplemental funds. These questions covered topics such as determining reasonable uses of these funds and how to input costs in VA's accounting system.

For example, VISN officials told us that during the early stages of the pandemic, some administrative staff were moved to entrance gates to screen employees and veterans for COVID-19. Since the accounting system did not allow for their time to be recorded as both clinical and administrative work, VHA's financial guidance clarified that this COVID-19 screening should not be recorded as clinical work, and that VA medical facilities could continue to record these employees' salaries under the administrative account. According to VISN officials, the VHA guidance was helpful as it provided consistent information across VISNs and a clear understanding of what was an appropriate use of COVID-19 supplemental funds. VISN officials also told us that the VISNs and VA medical facilities relied heavily on these documents to inform purchasing decisions.

Developed VA-wide oversight mechanisms. To help address challenges related to the completeness and accuracy of reported COVID-19 supplemental funding data, in May 2022, VA created a new chapter in its financial policy with guidance on the oversight of supplemental funds.⁴³ This chapter also addresses topics such as ensuring that reported obligation and expenditure data related to any supplemental appropriation is complete and accurate by maintaining regular, systematic oversight over such funds. According to VA officials, this chapter highlights the importance of coordination and oversight of supplemental funds and outlines responsibilities of specific VA components. For example, the chapter specifies that VA's Office of Management is responsible for establishing and coordinating national workgroups for overseeing the use

⁴³See Department of Veterans Affairs Office of Inspector General, *Veterans Health Administration: Review of VHA's Financial Oversight of COVID-19 Supplemental Funds*, VA OIG 20-02967-121, (Washington, D.C: June 10, 2021), which recommended that the VA Deputy Undersecretary for Health coordinate with VA's Office of Management to 1) implement internal control procedures to ensure the completeness and accuracy of the data in VA's reports to the Office of Management and Budget and to Congress and 2) execute data validation procedures to make certain that reports to the Office of Management and Budget and to Congress can be traced back efficiently to the source transactions. The Office of Inspector General report notes that the Acting Undersecretary for Health concurred in principle with one recommendation and agreed with the second without qualifier.

of supplemental appropriations and consolidating administration-level spend plans for how to use supplemental funding.⁴⁴

Established an information technology governance council. As part of a lessons learned review, OIT identified challenges related to predicting costs for information technology and recommended that OIT establish a governance council to review proposed obligations of supplemental funds related to information technology.⁴⁵ OIT established this governance council in March 2020, and officials told us that it allowed flexibility in VA's COVID-19 response while maintaining controls and oversight over the obligation and expenditure of supplemental funds. For example, once COVID-19 supplemental funds were allocated to OIT, its governance council reviewed justifications for proposed obligations. After this review, the governance council made a final decision on whether or not to provide funding based on the justification provided. OIT officials told us having a governance council was important because it provided oversight of the cost projections and use of COVID-19 supplemental funds. OIT officials said that in a future public health emergency, OIT is likely to establish a governance council tasked with adapting to the financial needs of the emergency response, and with providing oversight.

Agency Comments

We provided a copy of this draft report to VA for review and comment. VA provided us with technical comments, which we incorporated as appropriate.

⁴⁴See Department of Veterans Affairs, *Appropriations, Funds and Related Information: Supplemental Appropriations Oversight. Volume II. Chapter 11*. (Washington, D.C.: May 11, 2022).

⁴⁵OIT identified and documented lessons learned in a review of its response to the first 3 months (March 2020 through June 2020) of the COVID-19 pandemic. As of August 2022, OIT is still in the process of implementing its remaining recommended actions such as establishing a financial emergency preparedness plan, conducting planning exercises to help mitigate VA and OIT resource shortages during emergencies, and memorializing the process to develop a funding dashboard.

We are sending copies of this report to the Secretary of Veterans Affairs and appropriate congressional committees. The report is also available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff has any questions regarding this report, please contact me at (202) 512-7114 or silass@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Sharon Silas", with a stylized, cursive script.

Sharon M. Silas
Director, Health Care

Appendix I: VA COVID-19 Supplemental Funding from the CARES Act and Families First Coronavirus Response Act (FFCRA)

The Veterans Health Administration (VHA), the Office of Information Technology (OIT), and the Veterans Benefits Administration (VBA)—the three Department of Veterans Affairs' (VA) components that received the majority of VA's supplemental funding under the CARES Act and FFCRA—were responsible for 98.3 percent of the total \$19.41 billion in obligations of this funding. Together, all VA components expended over 96 percent of this obligated CARES and FFCRA funding as of August 23, 2022.¹

VA has the authority to transfer funds between its appropriation accounts under certain circumstances.² In response to the changing program needs during the COVID-19 pandemic, VHA transferred over \$6.44 billion from its Medical Services account to other VHA accounts, including Medical Community Care, Medical Support and Compliance, and Medical Facilities, as well as to the VBA and other VA components.³ See table 1 for more information about CARES Act and FFCRA appropriations, transfers, net appropriations, obligations, expenditures, and the percent of net appropriations expended.

¹CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020); Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020). An appropriation provides budget authority to incur obligations and to make payments for specified purposes. Supplemental appropriations are funds enacted in an act appropriating funds in addition to those already enacted in an annual appropriation act. We will be referring to the supplemental appropriations enacted in the CARES Act, FFCRA, and the American Rescue Plan Act of 2021 (ARPA) as supplemental funding in this report. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 1, 2005).

²Under the CARES Act, VHA received the authority to transfer funds among its four appropriation accounts for amounts of 2 percent or less of the amounts appropriated to each account under the CARES Act and to request approval from Congress for transfers in excess of 2 percent of the appropriations. Subsequent appropriations acts included additional authority to transfer CARES Act funding outside of VHA. Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 134 Stat. 1182, 1689-1691 (2020).

³VHA is funded through several appropriation accounts with the following general purposes: Medical Services, which funds clinical operations in VA medical centers; Medical Community Care, which funds claims for non-VA provided medical care; Medical Support and Compliance, which generally funds medical facility administration; and Medical Facilities, which generally funds facility-related costs including maintenance, leases, and energy costs. A new appropriation account—Veterans Medical Care and Health Fund—was created for the deposit and disbursement of funds for medical care and health care needs provided under section 8002 of ARPA.

Appendix I: VA COVID-19 Supplemental
Funding from the CARES Act and Families
First Coronavirus Response Act (FFCRA)

Table 1: Department of Veterans Affairs (VA) Reported Appropriations, Transfers, Net Appropriations, Obligations, and Expenditures of Supplemental Funding for CARES Act and FFCRA, as of August 23, 2022

VA component or account	Appropriation amount (\$ in thousands)	Amount transferred (\$ in thousands) ^a	Net appropriations (\$ in thousands)	Total obligations (\$ in thousands)	Total expenditures (\$ in thousands)	Percent of net appropriations expended
CARES Act Supplemental Funding^b						
Medical Services	14,432,000	(6,441,000)	7,991,000	\$ 7,826,546	7,590,240	95.0
Medical Community Care	2,100,000	5,500,000	7,600,000	7,600,000	7,600,000	100.0
Medical Support and Compliance	100,000	255,000	355,000	329,969	319,740	90.1
Medical Facilities	606,000	140,000	746,000	742,046	624,673	83.7
Total Veterans Health Administration medical care	17,238,000	(546,000)	16,692,000	16,498,561	16,134,653	96.7
Canteen Service Revolving Fund	0	140,000	140,000	140,000	140,000	100.0
James A. Lovell Federal Health Care Center	0	10,000	10,000	10,000	10,000	100.0
Information Technology Service	2,150,000	45,000	2,195,000	2,188,671	2,070,720	94.3
Veterans Benefits Administration ^c	13,000	338,000	351,000	339,689	248,318	70.7
National Cemetery Administration	0	12,000	12,000	11,413	8,844	73.7
State Home Construction Grants	150,000	0	150,000	150,000	16,249	10.8
General Administration	6,000	0	6,000	5,992	5,936	98.9
Board of Veterans' Appeals	0	1,000	1,000	1,000	974	97.4
Office of Inspector General	12,500	0	12,500	12,500	12,477	99.8

**Appendix I: VA COVID-19 Supplemental
Funding from the CARES Act and Families
First Coronavirus Response Act (FFCRA)**

VA component or account	Appropriation amount (\$ in thousands)	Amount transferred (\$ in thousands) ^a	Net appropriations (\$ in thousands)	Total obligations (\$ in thousands)	Total expenditures (\$ in thousands)	Percent of net appropriations expended
VA Total CARES Act Funds	19,569,500	0	19,569,500	19,357,826	18,648,172	95.3
Families First Coronavirus Response Act (FFCRA)^d						
Medical Services	30,000	0	30,000	30,000	30,000	100.0
Medical Community Care	30,000	0	30,000	30,000	30,000	100.0
VA Total FFCRA Act Funds	60,000	0	60,000	60,000	60,000	100.0
Total, VA FFCRA and CARES Act Supplemental Funding	19,629,500	6441,000	19,629,500	19,417,826	18,708,172	95.3

Source: GAO analysis of VA data, CARES Act, Families First Coronavirus Response Act. | GAO-23-105730

^aAs of August 23, 2022, VA has transferred \$6.44 billion from the Medical Services account to other VA accounts based on authority provided in the CARES Act, Pub. L. No. 116-136, div. B, tit. X, § 20001, 134 Stat. 281, 585 (2020), the Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020), or the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514-515, 134 Stat. at 1689-91.

^bCARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020).

^cThe Veterans Benefits Administration (VBA) received supplemental funding in its General Operating Expenses appropriation account.

^dFamilies First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020).

Appendix II: VA COVID-19 Supplemental Funding from the American Rescue Plan Act of 2021

The Department of Veterans Affairs (VA) received additional COVID-19 supplemental funds totaling \$17.08 billion from the American Rescue Plan Act of 2021 (ARPA).¹ As with CARES Act and Families First Coronavirus Response Act (FFCRA) supplemental funds, VA allocated most of the funds to the Veterans Health Administration (VHA) in the amount of \$14.48 billion.² Depending on the appropriation, VA can obligate ARPA supplemental funds through 2023.³ Together, VA components obligated 57.2 percent and expended 44.0 percent of funds as of August 23, 2022. See table 2 for the net allocations (including rescissions), obligations, expenditures, and percent of net allocations expended for ARPA as of August 23, 2022.

Table 2. Department of Veterans Affairs (VA) Reported Net Allocations, Obligations, and Expenditures of Supplemental Funding Provided by the American Rescue Plan Act as of August 23, 2022

<i>American Rescue Plan Act section and appropriation account</i>	<i>Net allocations (\$ in thousands)^a</i>	<i>Total obligations (\$ in thousands)</i>	<i>Total expenditures (\$ in thousands)</i>	<i>Percent of net allocations expended</i>
Section 8001: Funding for Claims and Appeals Processing				
Veterans Benefits Administration (VBA) - General Operating Expenses and Board of Veterans' Appeals, Departmental Administration				
VBA	262,000	79,468	56,986	21.8
Board of Veterans' Appeals	10,000	4,645	4,541	45.4
Total ARPA funds section 8001	272,000	84,113	61,528	22.6
Section 8002: Funding Availability for Medical Care and Health Needs				

¹American Rescue Plan Act of 2021, Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-17 (2021). The Consolidated Appropriations Act, 2022 rescinded \$76.1 million of funds made available by section 8003 of the American Rescue Plan Act of 2021, which was provided to VA for supply chain modernization initiative, resulting in net allocation to of \$17.00 billion in supplemental funds to VA. Pub. L. No. 117-103, § 256, 136 Stat. 49, 561 (2022).

²Of the \$14.82 billion in supplemental funding appropriated for medical care and health needs, no more than \$4 billion may be used for community care purposes under 38 U.S.C. §§ 1703(c)(1) and 1703(c)(5). In addition to medical needs, \$1 billion in ARPA funds were provided to VA for copayments and cost sharing as well as \$750 million for funding of state homes. COVID-19 supplemental funds from ARPA may be available to cover the impacts of delays in care due to the COVID-19 pandemic; sustainment of CARES supported staffing and service-level expansions, including in the areas such as VA homelessness programs and telehealth; and medical services to veterans, including medical facility improvements, research, and administrative expenses. See H. Rep. No. 117-7, at 533-34 (2021).

³ARPA funding has various periods of availability. Depending upon the appropriation involved, the funds' availability range from no fiscal limitations or availability through September 2022 or September 2023.

Appendix II: VA COVID-19 Supplemental
Funding from the American Rescue Plan Act of
2021

<i>American Rescue Plan Act section and appropriation account</i>	Net allocations (\$ in thousands)^a	Total obligations (\$ in thousands)	Total expenditures (\$ in thousands)	Percent of net allocations expended
Veterans Medical Care and Health Fund				
Medical Services	5,680,191	4,244,547	3,742,885	65.9
Medical Community Care	4,000,000	1,675,387	1,675,387	41.9
Medical Support and Compliance	978,433	435,564	289,020	29.5
Medical Facilities	2,572,958	1,206,323	432,523	16.8
Medical and Prosthetic Research	9,000	8,816	7,798	86.6
Information Technology Systems (Office of Information Technology (OIT))	1,241,418	496,913	251,201	20.2
Total ARPA funds section 8002	14,482,000	8,067,550	6,398,815	44.2
Section 8003: Funding for Supply Chain Modernization^a				
Information Technology Systems				
Information Technology Systems (OIT)	23,895	7,188	0	0.0
Total ARPA funds section 8003	23,895	7,188	0	0.0
Section 8004: Funding for State Homes				
Medical Community Care and Grants for Construction of State Extended Care Facilities				
Medical Community Care	250,000	249,999	249,999	100.0
Grants for Construction of State Extended Care Facilities	500,000	495,442	3,171	0.6
Total ARPA funds section 8004	750,000	745,440	253,169	33.8
Section 8005: Funding for Office of the Inspector General				
Office of the Inspector General				
Office of Inspector General	10,000	6,796	6,368	63.7
Total ARPA funds section 8005	10,000	6,796	6,368	63.7
Section 8006: Veteran Rapid Retraining Assistance Program				
Readjustment Benefits				
Readjustment Benefits – Veteran Rapid Retraining Assistance Program	386,000	173,604	119,035	30.8
Total ARPA funds section 8006	386,000	173,604	119,035	30.8
Section 8007: Copayments and Cost Sharing				
Medical Services, Medical Community Care, and Medical Care Collections Fund				
Medical Services	627,900	340,414	340,414	54.2
Medical Community Care	72,100	29,276	29,276	40.6
Medical Care Collections Funds	300,000	248,347	248,347	82.8
Total ARPA funds section 8007	1,000,000	618,036	618,036	61.8

Appendix II: VA COVID-19 Supplemental
Funding from the American Rescue Plan Act of
2021

<i>American Rescue Plan Act section and appropriation account</i>	Net allocations (\$ in thousands)^a	Total obligations (\$ in thousands)	Total expenditures (\$ in thousands)	Percent of net allocations expended
<i>Section 8008: Emergency Department of Veterans Affairs Employee Leave Fund</i>				
Emergency Department of Veterans Affairs Employee Leave Fund				
Emergency Department of Veterans Affairs Employee Leave Fund	80,000	25,954	25,954	32.4
Total ARPA funds section 8008	80,000	25,954	25,954	32.4
Total ARPA Funds for Sections 8001 through 8008	17,003,895	9,728,681	7,482,904	44.0

Source: GAO analysis of VA data and the American rescue Plan Act. | GAO-23-105730

^aThe Consolidated Appropriations Act, 2022 rescinded \$76.10 million of funds made available by section 8003 of the American Rescue Plan Act of 2021 which was provided to VA for supply chain modernization initiative. Pub. L. Np. 117-103, § 256, 136 Stat. 49, 561 (2022).

Appendix III: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Michael Zose (Assistant Director), Courtney Liesener (Analyst-in-Charge), Emily Loriso, and Nira Marte made key contributions to this report. Also contributing were Jennie Apter, Cori Cafaro, Jacquelyn Hamilton, and Ethiene Salgado-Rodriguez.

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