Niskanen Center

CAPABILITY BASED BUDGETING

Before and After

How the Department of Veterans Affairs changed its Congressional Budget Justification (CBJ)

This practical illustration compares the FY 2023 and FY 2026 VA Office of IT (OIT) Congressional Budget Justification for the Eligibility & Enrollment program to **provide a side-by-side comparison of how program language changed to provide a greater understanding of investment impact when the VA moved to a capability based budgeting model**. To learn more about VA's process, see From fragmented projects to focused products — A VA case study in capability-based budgeting.

Why this matters for oversight

When an agency submits a budget justification built around systems and input categories (Development, Modernization, Enhancement (DME), Operations and Management (O&M), Pay and Administration), it gives appropriators a list of what exists, not an explanation of what the money achieves. Input Categories provide insight into the type of funding accounts used but the structure of the budget request itself makes it difficult to answer the questions that actually drive appropriations decisions:

"What did we get?"	The VA FY 2023 format lists systems and contract activity. It does not tell appropriators whether eligibility processing sped up, whether Veterans fell through enrollment gaps, or whether the investment produced measurable improvements in access to care.
"What happens if we cut?"	When the budget is organized by DME and O&M, a $10M reduction is invisible in mission terms. Appropriators have no way to know which Veteran-facing capability degrades; only that a contract or development line shrinks.
"Is this working?"	Year-over-year comparisons are impossible when justifications describe systems rather than outcomes. There is no baseline to hold VA accountable to, and no way to judge whether repeated investment requests are producing results.

THE CORE PROBLEM

Input-based budget justifications are not evasions; they are the format agencies have been required to use. But they systematically obscure the line from dollars to outcomes. Capability-based framing enables an agency to start answering the questions you need answered.

If you're interested in learning more, visit niskanencenter.org/capability-based-budgeting/

Section 1: What changed, dimension by dimension

A direct comparison across the seven dimensions most relevant to appropriations oversight. Below, you'll see language excerpts that represent these dimensions:

DIMENSION	FY 2023 CBJ — WHAT YOU SAW	FY 2026 CBJ — WHAT YOU SEE NOW
Unit of investment	Named IT systems (VistA Enrollment, Enrollment System, Community Care Reimbursement System) and input categories (DME, O&M, Pay)	The Eligibility & Enrollment capability — the enduring ability to accurately determine and manage Veteran health benefit access
What the money buys	Operations of named systems; contract activity; FTE	Faster processing times, improved accuracy, expanded Community Care access, and the Benefit Discovery Service launch
Outcomes visible?	No. No citizen-facing outcome stated.	Yes. Veteran satisfaction, reimbursement speed, administrative burden reduction, and eligibility accuracy
What a cut would do	Unknown. A reduction to DME or O&M has no stated mission consequence.	Specific: Veteran and Family Member Program (VFMP) system migration could be deferred; Benefit Discovery descoped, and the impact on Veteran access named.
Risk to mission	Generic: "legacy systems require sustained funding." No specifics.	Specific: Community Care Reimbursement System, Attachments Retrieval, and eligibility migration; each tied to a named service delivery risk if not completed.
Follow-up question the Committee can ask	"Did the project hit its milestones?" (deliverable tracking only)	"Did processing times fall? Did Benefit Discovery launch? Did VFMP migration complete?" (outcome tracking)
Year-over-year accountability	None. No baseline established. Each cycle restarts from a system list.	Yes. Named outcomes create a baseline appropriators can return to each cycle and hold VA to.
Appropriations structure	N/A — this is the existing account structure	Unchanged. Same IT Systems account (036-0167). Same DME/O&M/Pay categories. Capability framing is an information overlay, not a structural change.

Section 2: The language, side by side

Below are direct excerpts from the FY 2023 and FY 2026 VA OIT CBJs for the Eligibility & Enrollment program. Each comparison illustrates the change in the program language's framing, providing more clarity on the desired outcomes of the funding request and the impact of not receiving those funds.

FY 2023 CBJ — WHAT APPROPRIATORS RECEIVED Eligibility & Enrollment: systems-and-inputs framing	FY 2026 CBJ — WHAT APPROPRIATORS RECEIVE NOW Eligibility & Enrollment: capability-based framing
"The Eligibility and Enrollment investment funds development and operations of systems that determine Veteran eligibility for VA healthcare benefits and manage enrollment in VA programs. Key systems include VistA Enrollment, the Enrollment System (ES), and the Community Care Reimbursement System." Organized around systems and contracts. No statement of mission outcome. No performance data. No articulation of what degrades if funding changes.	*"The Eligibility and Enrollment investment focuses on revamping VA's healthcare and benefits systems, emphasizing Community Care, Claims Processing, and Appeals Management. This initiative supports technologies and services that enable Veterans to access and enroll in VA programs, driving greater efficiency, accuracy, and accessibility through automated claims processing, streamlined eligibility determinations, and enhanced provider management."* What this gives you: a mission statement tied to a beneficiary outcome. The organizing question is no longer "what systems exist?" but "what can a Veteran do?" Follow-up questions now have traction: Did access improve? Did accuracy improve?
"The Enrollment System (ES) processes eligibility determinations and manages Veteran health benefit enrollment data. ES interfaces with DoD, SSA, and other VA systems to exchange eligibility data." Describes what the system does technically, not what outcome a Veteran experiences. Congress cannot assess value or risk from this framing.	*"Benefits include reduced processing times, improved benefit accuracy, expanded access to community care, and efficient use of taxpayer funds, leading to faster, more transparent service delivery. The return on investment is driven by improved efficiency, accuracy, and Veteran satisfaction, resulting in faster reimbursements, cost savings, and reduced administrative burdens."* What this gives you: a measurable value proposition. Appropriators can now return next cycle and ask: did processing times fall? Did reimbursements get faster? This is the baseline for real accountability.
"VistA Enrollment supports scheduling of healthcare appointments for enrolled Veterans at VA medical centers nationwide." Another system-centric description. No mention of enrollment wait times, error rates, or Veterans who fall through gaps across disconnected systems.	*"Key projects like the Attachments Retrieval System, Claims Processing and Eligibility System, and Community Care Reimbursement System (CCRS) are critical... The 2026 budget request will support: New functionality of the Veteran Health Eligibility and Enrollment process which supports enhancements required by future congressional mandates."* What this gives you: systems named as delivery vehicles for the capability. Congressional mandates are connected to specific, trackable improvements, not bundled into vague "modernization" spend.

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FY 2023 CBJ — WHAT APPROPRIATORS RECEIVED Eligibility & Enrollment: systems-and-inputs framing	FY 2026 CBJ — WHAT APPROPRIATORS RECEIVE NOW Eligibility & Enrollment: capability-based framing
No mention	*"Eligibility and Enrollment Experience which will ensure the completion of Veteran and Family Member Program (VFMP) eligibility migration, integration, and expansion to all VHA eligible using Benefit Discovery service, completing updates, and personalized registration services."* What this gives you: a named, discrete deliverable (Benefit Discovery service; VFMP migration). Appropriators can ask next year whether this shipped, what it cost, and whether it worked — and receive a meaningful answer.

BOTTOM LINE ON THIS SECTION

In 2023, the CBJ answered: what systems does VA operate? In 2026, the CBJ answers: what will Veterans be able to do, and what specific investments get them there? The appropriations account is identical. The information appropriators receive is fundamentally different.

Section 3: What this opens up for appropriators

When an agency submits capability-framed justifications, Appropriators gain new tools, without changing a single appropriations account or requiring new authorities.

Questions appropriators can now ask and expect real answers to

Did it work?	FY 2026 commits to specific outcomes: reduced processing times, improved accuracy, expanded Community Care access. Appropriators can return next cycle and ask whether those materialized.
What does a cut actually mean?	When the justification names discrete investments (e.g., VFMP migration and Benefit Discovery in the bottom of the table above), appropriators can negotiate real tradeoffs: protect the deliverable with the highest mission impact, defer the one with lower urgency.
Where is the risk?	CCRS, eligibility migration, and the Attachments Retrieval System are now named as risks to mission delivery, not hidden inside generic "legacy systems" language. The Committee can track these specifically and ask for updates.
What did congressional mandates actually fund?	The 2026 CBJ connects mandated functionality to named deliverables. Appropriators can see whether its direction to VA is being executed, something the 2023 format, which describes systems rather than outcomes, could not provide.

Tools appropriators can use to encourage this format

QFRs and hearing questions	Following a hearing, the Committee can submit Questions for the Record asking VA to describe each IT portfolio investment in terms of the capability it funds, the outcome it is expected to improve, and the risk of reducing it. Even one cycle of consistent QFRs shapes how agencies prepare their next submission.

Report language	Committee report language can direct agencies to include a capability-outcome statement for each portfolio in the next CBJ submission. This requires no change to appropriations accounts or law.
Hearing questions oriented to outcomes	Shifting from "Did the project hit its milestones?" to "What capability did this build or sustain, and what will be measurably different because of it?" signals to agencies what kind of justification the appropriators expect. VA's 2026 submission shows agencies can meet that bar.
Signal support for A-11 modernization	OMB's A-11 guidance governs how agencies structure budget justifications. A bipartisan signal from appropriations committees that capability-aligned exhibits are expected would accelerate OMB updating A-11 to reflect this standard, without requiring legislation.

What this does not require

No new appropriations accounts	The IT Systems (036-0167) account is unchanged. DME, O&M, and Pay subcategories continue to exist. Capability framing is an information layer added on top of the existing structure; it does not alter the structure itself.
No new statutory authority	Committees can request capability-aligned exhibits through report language, QFRs, and hearing questions. No authorizing legislation is required. VA demonstrated in FY 2026 that agencies can meet this standard under current law.
No agency reorganization	VistA Enrollment, ES, and CCRS remain separate systems with separate teams. The capability frame describes how those systems combine to deliver a mission outcome; it does not merge programs, realign staff, or restructure contracts.

The test question for any IT budget justification

Whether a budget justification can answer this question is the clearest test of whether it's capability-aligned:

> "What does this funding build or sustain — and what will be measurably different if we fund it versus if we don't?"

FY 2023 answer	"The Enrollment System processes eligibility determinations and manages Veteran health benefit enrollment data."

FY 2026 answer	"Veterans can access and enroll in VA programs with greater efficiency, accuracy, and accessibility; and this investment will deliver VFMP migration and the Benefit Discovery service."

FOR THE COMMITTEE: THE ASK

VA's FY 2026 CBJ shows this standard is achievable. The most direct path to making it the norm, across VA and other major IT-spending agencies, is for the Committee to request capability-outcome statements in report language or QFRs, and to signal bipartisan support for an OMB A-11 update that institutionalizes this format.

Notes on sources

FY 2023 excerpts are representative of the project-and-input framing used consistently throughout VA OIT's congressional budget justifications during that period. FY 2026 excerpts are drawn directly from the VA FY 2026 Budget Submission, Volume 5 — Information Technology Programs and Electronic Health Record Modernization (May 2025), Section 2.2 Benefits Services Portfolio, Eligibility and Enrollment.