

# DEPARTMENT OF VETERANS AFFAIRS

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## IT INFRASTRUCTURE, CONSTRUCTION, AND FACILITY SPENDING

### ORACLE CONTRACT ANALYSIS — FUND MOVEMENT — FY2026

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Valiant Heroes Organization | VAHGMA 2026 Research File

*March 27, 2026 | Based on VA FY2026 Budget Submission, GAO Reports, Congressional Testimony, and Federal News Sources*

## EXECUTIVE SUMMARY

This document presents a complete analysis of VA Department IT infrastructure spending, physical facility construction and renovation, and fund movement patterns for FY2026 — with specific focus on Oracle/Cerner contracts and any systems of similar character. It also identifies and documents every confirmed instance of fund diversion from other VA accounts to support these programs.

The findings are significant. Oracle's contract was doubled to \$2.2 billion while the support infrastructure enabling that contract to function was simultaneously cut. The PACT Act Toxic Exposures Fund — created to deliver healthcare to veterans exposed to burn pits and other hazardous substances — is being used to pay for IT systems. Unspent balances from any VA account sweep automatically into a construction fund with no congressional line-item control over source accounts. A new Oracle system integration contract was executed without a specific congressional appropriation to cover it.

**BOTTOM LINE:** \$3.518 billion in FY2026 VA spending is flowing to Oracle directly through the EHRM contract. An additional \$4.8 billion in facility maintenance, \$3 billion in construction, and \$5.9 billion in non-EHRM IT spending is occurring simultaneously — with documented fund transfers among accounts, sweep mechanisms, and PACT Act fund co-option that are worth examining as a pattern of infrastructure lock-in.

# PART 1 — THE ORACLE/CERNER EHR CONTRACT — FULL STATUS

## 1.1 — Contract History and Current Scope

CONTRACT FACT	DETAIL
Original Award	May 2018 — first Trump administration — 10-year, \$10 billion
Current Estimated Lifecycle Cost	\$37 billion per House VA Committee chairman Tom Barrett (2026) — some independent estimates at \$49.8 billion
Contract Revised To	Over \$16 billion at time of Oracle acquisition of Cerner in 2022
Current Status	Reset period April 2023 through late 2024. Deployments resuming 2026.
Sites Currently Live	6 of 171 VA medical facilities
FY2026 Deployment Plan	13 sites — starting with 4 Michigan facilities in April 2026
Future Plan	27 sites by end of 2026; all VA health systems by 2031 at earliest
Sites Still on Legacy VistA	94% of all VA medical centers as of early 2026 — 8 years into the contract
Key Development	Oracle migrating VA EHR to cloud and planning upgrade to new AI-infused cloud EHR

## 1.2 — FY2026 Oracle Contract Funding Breakdown

FUNDING LINE	FY2026 AMOUNT	vs FY2025	SOURCE ACCOUNT
Oracle EHR Contract — 6 live sites sustained + 13 new deployments	\$2,200,000,000	+\$2.17B (+160%)	EHRM Appropriation (036-EHRM)
Infrastructure Readiness — 26 additional sites prepared	\$660,000,000	New category	EHRM Appropriation
Personnel — Deployment Support Staff	\$658,000,000	New category	EHRM Appropriation
EHRM TOTAL — Enacted by Congress	\$3,400,000,000	+\$2.1B (+160%)	EHRM Appropriation — sole source, transfers prohibited
Trump Budget Request (rejected at this level)	\$3,500,000,000	N/A	Congress funded \$95M below request

**CONGRESSIONAL CONSTRAINT:** The FY2026 appropriations law withholds 30% of EHRM funding (\$1.02 billion) until VA provides: an updated lifecycle cost estimate, a facility-by-facility deployment schedule, certification on healthcare performance baseline metrics, and staffing and patient safety data. The Comptroller General is directed to conduct comprehensive quarterly technical reviews.

## 1.3 — Oracle Performance Record — What the Money Is Buying

METRIC	FINDING	SOURCE
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Staff who believe system makes VA efficient	13%	GAO Report, March 2026
Staff who believe new system increased patient safety risks	58%	GAO Report, March 2026
VA OIG recommendations since 2020	70+ recommendations — most unimplemented	VA OIG Testimony
Acting IG finding on EHR	'Serious issues' with schedule changes and missed appointments. Different standard of care between Oracle sites and VistA sites.	IG Congressional Testimony 2025
Clinician manual safety checks required	Pharmacists at VistA sites must manually verify medications for patients who received care at Oracle sites — automated process not trusted	VA OIG
Status of 70+ OIG recommendations	Watchdog says VA is 'not yet halfway' through addressing issues at the handful of already-live sites	Federal News Network, 2025
New Oracle EHRM system integration contract	Announced by VA — but NOT requested in budget and NOT addressed in FY2026 appropriation. Funding source unresolved.	Congressional Record, FY26 Appropriations JES

## PART 2 — FULL VA IT INFRASTRUCTURE BUDGET FY2026

### 2.1 — Total IT Spending Summary

ACCOUNT	FY2026 ENACTED	vs FY2025	NOTES
IT Systems — Discretionary (036-0167)	\$5,908,000,000	-\$493M (-7.7%)	Three subaccounts: O&M; Salaries/Expenses; Development, Modernization and Enhancement
IT Systems — Toxic Exposures Fund (TEF)	\$1,385,000,000	Ongoing	PACT Act fund paying for IT systems
EHRM (036-EHRM) — Oracle Contract	\$3,400,000,000	+\$2.1B (+160%)	Sole source account. Transfers prohibited.
TOTAL VA IT SPENDING FY2026	\$10,693,000,000	Net increase	EHRM increase overwhelms IT Systems decrease

### 2.2 — IT Systems Account — Key Investment Detail

INVESTMENT	FY2026	CHANGE
Infrastructure Readiness Program (IRP) — Server/Storage/Network	\$277,000,000	+94% (+\$134M)
Financial Management Business Transformation (FMBT) — iFAMS deployment	\$135,000,000	+50% (+\$45M)
Cybersecurity — Zero Trust Architecture (ZTA)	\$187,000,000	+108% (+\$97M)
Cybersecurity — Total	\$762,000,000	-11.7%
AI and Automation — Decision Intelligence	\$29,000,000	+130%
Disability Compensation Benefits Claims Processing	increased	+\$132M — largest single IT increase
Personnel — IT Positions Cut	~1,000 positions	-\$184M from personnel

**DOGE IMPACT ON IT INFRASTRUCTURE:** DOGE terminated contracts with at least 6 service-disabled veteran-owned small businesses supporting Oracle EHR implementation — including the HIPAA compliance vendor and interoperability contractors linking Oracle to VistA and to DoD. 24 employees in VA's EHR Modernization Integration Office were fired. The VA did not alter its contract with Oracle itself. Pattern: support infrastructure cut, Oracle contract untouched and doubled.

## PART 3 — PHYSICAL FACILITY CONSTRUCTION, RENOVATION, AND MAINTENANCE

### 3.1 — Medical Facility Spending — All Categories

PROGRAM	FY2026	vs FY2025	DESCRIPTION
Non-Recurring Maintenance (NRM) — All Facilities	\$4,800,000,000	HISTORIC HIGH	Largest single-year NRM investment in VA history. Announced January 28, 2026.
NRM — EHRM Infrastructure Readiness	\$1,000,000,000	Included in NRM total	Facility preparation for Oracle EHR deployments including end-user devices, network, and interfaces
NRM — Major Building Upgrades	\$500,000,000	Included in NRM total	Elevators, electrical systems, boiler plants, utilities
NRM — Medical Center Modernization	\$500,000,000	Included in NRM total	Specific projects determined quarterly — no pre-set list
Medical Facilities Account — Total	\$9,800,000,000	+\$146M over Trump request	Increase targeted to non-recurring maintenance. Operations, planning, construction, renovation.
Major Construction — New Buildings	\$1,400,000,000	-\$477M from Trump request	New VA hospitals and cemeteries. Congress cut request but added RETF.
RETF Construction — Supplemental	\$900,000,000	Congress-directed	From Recurring Expenses Transformational Fund. Adds to the \$1.4B major construction.
Minor Construction	Included in RETF/Construction	—	Upgrades below major construction threshold
State Veterans Extended Care Facilities Grants	\$275,000,000	+\$200M over request	Congress exceeded Trump budget specifically for state veterans facility construction
State Veterans Cemetery Grants	\$150,000,000	Included in state grants	
TOTAL CONSTRUCTION (ALL FUNDS)	\$3,000,000,000	Net total	Base construction + RETF combined

### 3.2 — Specific New Construction Projects

The FY2026 Budget Volume 4 (Construction and Long Range Capital Plan — 419 pages) identifies specific major construction projects. The largest documented in the public budget materials:

PROJECT	LIFECYCLE COST	STATUS
VASTLHCS New Construction (identified in FY26 Volume 4)	~\$10,710,000,000	Design and planning begun. Justified on seismic safety and facility deficiencies.
Riverside National Cemetery — Education and Interpretive Center + Infrastructure	Not specified	Includes admin building, warehouse, material storage, satellite restroom, Education and Interpretive Center.

Michigan sites — EHR infrastructure readiness for April 2026 Oracle go-live	Included in EHRM \$660M	Active. Pre-deployment activities confirmed begun as of Feb 2026.
26 additional sites — infrastructure readiness for future Oracle deployment waves	Included in EHRM \$660M	Preparatory. No deployment date set.

# PART 4 — VBA OFFICE INFRASTRUCTURE AND SYSTEMS

## 4.1 — VBA Budget and IT Systems

ITEM	FY2026	NOTES
VBA General Operating Expenses	\$3,900,000,000	\$2M over Trump request. Funds operating expenses of Veterans Benefits Administration.
VBA Staffing	~33,400 employees → ~31,400	~2,000 position cuts described as 'non-mission-critical.' Mandatory overtime reinstated for frontline claims processors.
VBA Primary Claims System	VBMS — separate from Oracle/VistA	Veterans Benefits Management System. Used for rating decisions, compensation, pension. Not Oracle-based.
AI Automation for VBA Claims	\$29M (from IT budget)	Disability Compensation Benefits Claims Processing received +\$132M — largest single IT increase in FY26.
Elizabeth Dole Act Implementation	Included in \$3.9B	Implementation of Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act.
VBA Claims Backlog Status	Below 100,000 consistently	First time since May 2020 during first Trump administration.

**SENTINEL RELEVANCE:** VBMS is the VBA database that Algorithm 1 through 8 cross-reference in real time. The 15-minute synchronization requirement between VBA and VHA in VAHGMA 2026 depends on VBMS availability and API integrity. VBA's \$132M AI claims processing increase is not SENTINEL — it is a separate VBA automation initiative that VAHGMA 2026 must ensure does not conflict with SENTINEL's Program Coverage Schedule entitlements.

## PART 5 — FUND MOVEMENT — WHERE THE MONEY COMES FROM AND WHERE IT GOES

This is the core finding. Six confirmed fund movement mechanisms are operating simultaneously in the FY2026 VA budget. Each is documented from official VA budget submissions, congressional appropriations reports, and federal statute.

### Fund Movement 1 — IT Systems to Medical Services Account — \$174 Million (FY2025)

FROM ACCOUNT	TO ACCOUNT	AMOUNT	AUTHORITY
IT Systems (036-0167)	Medical Services (036-0160)	\$174,034,000	FY2025 Enacted — one-time transfer. Not repeated in FY2026 budget proposal.

This is money appropriated by Congress for information technology systems that was transferred to fund medical services operations. This transfer was executed in FY2025. The VA also makes an \$8 million annual transfer from IT Systems to the Joint DoD-VA Medical Facility Demonstration Fund (036-0169) every fiscal year.

### Fund Movement 2 — RETF Sweep — Unobligated Balances From Any VA Account

MECHANISM	LEGAL BASIS	FY2026 USE
Recurring Expenses Transformational Fund (RETF)	38 U.S.C. § 313; P.L. 114-113 (2016). VA transfers any expired unobligated balances after 5 years from any VA discretionary account into RETF.	\$900 million directed to construction projects. Source: expired unobligated balances from any prior-year VA account — including Medical Care, Benefits, Research, and IT.

**THIS IS THE KEY MECHANISM:** 'Any account' means exactly that. Medical Services unspent balances, Medical Community Care unspent balances, VBA operating expense unspent balances, research unspent balances — all sweep into RETF after 5 years. Congress directed \$900M from RETF to construction in FY2026 without specifying which prior accounts those funds came from. There is no line-item traceability of source accounts in the public budget documents.

### Fund Movement 3 — PACT Act / Toxic Exposures Fund Used for IT Systems

FUND	DESIGNED PURPOSE	ACTUAL FY2026 USE	AMOUNT
Cost of War Toxic Exposures Fund (TEF) (036-1126)	Healthcare and benefits for veterans exposed to burn pits, Agent Orange, PFAS, and other service-related environmental hazards under PACT Act P.L. 117-168	IT Systems infrastructure. Server/storage/network upgrades. VBA claims processing systems. EHRM-related IT. AI automation.	\$1,385,000,000 from TEF used for IT alone in FY2026

The TEF total in FY2026 is \$52.7 billion — a 73% increase, or \$22 billion, over FY2025. The total TEF IT usage is \$1.385 billion. VA's position is that IT systems are necessary to deliver PACT Act care, making this use lawful. Congressional appropriators have accepted this position. The risk is that general IT

infrastructure is being funded through a special purpose fund designed for toxic-exposed veteran healthcare — creating a precedent for cross-subsidization that could grow over time.

### Fund Movement 4 — Medical Community Care Account — \$3 Billion Realignment

MECHANISM	AMOUNT	WHAT IT IS
Medical Community Care cancellation and extension	\$3,000,000,000 cancelled and reappropriated	The FY2026 request in the Medical Community Care account reflects a \$3.0 billion annual appropriation adjustment and a proposed equivalent cancellation to extend the period of availability. Net discretionary appropriation remains \$34.0 billion — but \$3B was technically cancelled and re-enacted to change the period of availability.

This is a budget maneuver to extend the period of availability of community care funds — extending how long the money can be spent. It does not reduce services. But it represents \$3 billion in appropriations that moved accounts, affecting the obligated-vs-available status of community care funding for veterans.

### Fund Movement 5 — EHRM Account: Sole Source + Unfunded Contract

FACT	DETAIL
EHRM as Sole-Source Account	Congress enacted language stating EHRM is its own sole funding source and that transfers are prohibited. No other account may fund EHRM. EHRM may not transfer funds out.
New Oracle Integration Contract — No Appropriation	VA announced a new EHRM system integration contract in FY2026. This contract was NOT requested in the VA budget. It was NOT addressed in the FY2026 appropriations act. Congress noted this explicitly in the Joint Explanatory Statement. The funding source for this contract is unresolved.
The Problem	A new contract with Oracle was executed — on top of the \$3.4B Oracle EHRM contract — with no specific congressional appropriation covering it. If VA pays for it from EHRM funds, it arguably violates the sole-source constraint. If VA pays from IT Systems, it argues the transfer prohibition applies only to EHRM outflows.

A new Oracle contract exists in FY2026 without a designated funding source. Congress did not appropriate funds for it. It was not requested. This is a potential Anti-Deficiency Act issue depending on how VA accounts for it.

### Fund Movement 6 — IT Systems to DoD Joint Facility — \$8 Million Annual

Every fiscal year, \$8.085 million is transferred from the VA IT Systems account (036-0167) to the Joint DoD-VA Medical Facility Demonstration Fund (036-0169). This funds the shared IT infrastructure at the Captain James A. Lovell Federal Health Care Center — the only fully integrated federal medical facility serving both veterans and servicemembers. This transfer is statutory and recurring.

## PART 6 — MASTER FUND FLOW TABLE — FY2026 VA IT AND INFRASTRUCTURE

ACCOUNT / PROGRAM	FY2026 ENACTED	CHANGE vs FY2025	FUND SOURCE	TRANSFERS / ISSUES
Oracle EHR Contract — EHRM	\$2,200,000,000	+\$2.17B +160%	EHRM Appropriation (sole source)	New integration contract announced — no appropriation
EHRM Infrastructure Readiness	\$660,000,000	New	EHRM Appropriation	26 sites prepared
EHRM Personnel	\$658,000,000	New	EHRM Appropriation	Staff for deployments
EHRM Total (Enacted)	\$3,400,000,000	+\$2.1B	EHRM Appropriation	30% (\$1.02B) withheld pending oversight data
IT Systems — Discretionary	\$5,908,000,000	-\$493M	IT Systems Account (036-0167)	\$174M transferred to Medical Services in FY2025. \$8M/yr to DoD joint facility.
IT Systems — TEF	\$1,385,000,000	Ongoing	PACT Act / Toxic Exposures Fund	PACT veteran care fund paying for general IT infrastructure
Infrastructure Readiness — IRP	\$277,000,000	+94%	IT Systems	Server, storage, network upgrades
Financial Mgmt Business Transformation	\$135,000,000	+50%	IT Systems	iFAMS financial system
Zero Trust Cybersecurity	\$187,000,000	+108%	IT Systems	OMB compliance required
Medical Facilities Account	\$9,800,000,000	+\$146M over request	Medical Facilities (036-0163)	NRM + operations
Non-Recurring Maintenance — Total	\$4,800,000,000	Historic high	Medical Facilities	\$1B EHRM prep, \$500M buildings, \$500M modernization
Major Construction	\$1,400,000,000	-\$477M from request	Construction Account	Congress cut request
RETF Construction (supplement)	\$900,000,000	Congress-directed	Expired unobligated balances from ANY prior VA account	Source accounts not publicly specified
State Veterans Facility Grants	\$425,000,000	+\$200M over request	Construction Account	Extended care + cemeteries
VBA Operations	\$3,900,000,000	+\$2M	General Operating Expenses	~2,000 position cuts. VBMS (non-Oracle) system.

Community Care Realignment	\$3,000,000,000 (cancelled/re-enacted)	Net neutral	Medical Community Care Account	Period of availability extended — not a service cut
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## PART 7 — ANALYSIS — WHAT THIS MEANS

### 7.1 — The Oracle Consolidation Pattern

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The FY2026 budget data reveals a consistent pattern: Oracle's direct contract funding doubled while every element of the ecosystem around Oracle was cut. The HIPAA compliance vendor was terminated. The DoD interoperability contractor was terminated. The VistA-to-Oracle bridge contractor was terminated. 24 positions in the EHR Modernization Integration Office were eliminated. Meanwhile, 1,000 VA IT positions were cut.

The practical effect is that VA has increased Oracle's financial position — to \$2.2 billion in direct contract value — while reducing the internal and contractor capacity to oversee Oracle, audit Oracle's work, and maintain the interoperability that makes Oracle's system functional within the broader VA health ecosystem.

Oracle's contract was protected from DOGE. Six veteran-owned small business support contractors were not. The HIPAA compliance contractor was not. The DoD integration contractor was not. This is not an accident of budget efficiency. This is a deliberate preservation of Oracle's contractual position while dismantling its oversight and integration infrastructure.

### 7.2 — The PACT Act Fund Question

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The Toxic Exposures Fund was created by Congress in the PACT Act of 2022 specifically to fund healthcare and benefits for veterans exposed to burn pits, Agent Orange, PFAS, and other hazardous substances. It is mandatory spending designated for a specific purpose.

In FY2026, \$1.385 billion of TEF funds are paying for IT systems — servers, software, networks, cybersecurity, AI, and claims processing infrastructure. VA's position is that IT systems are necessary to deliver PACT Act care. Congress has accepted this position. But the question for VAHGMA 2026 purposes is whether this constitutes a use of mandatory veteran care funds to subsidize general department infrastructure — a use that was not contemplated by the PACT Act's authors and that creates a precedent for further cross-subsidization.

### 7.3 — The RETF Accountability Gap

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The Recurring Expenses Transformational Fund is perhaps the most structurally opaque mechanism in the VA budget. Under 38 U.S.C. § 313 and P.L. 114-113, any expired unobligated discretionary balance from any VA account, after five years, automatically transfers into the RETF. Congress then directs the RETF to specific uses — in FY2026, \$900 million to construction.

But Congress does not specify, and the public budget does not disclose, which prior-year accounts generated the \$900 million available in RETF. Those source accounts could include prior-year Medical Services funds, Medical Community Care funds, Veterans Benefits Administration funds, Medical Research funds, or any other VA discretionary account. There is no public line-item showing: '\$X came from Medical Services FY2020 unobligated balance.' The money simply sweeps in.

This mechanism means that money appropriated for veteran healthcare in FY2020 or FY2021 that was not fully obligated could, by FY2026, be funding Oracle EHR site preparation construction. The original appropriators, the original congressional authorization, and the original purpose of those funds is no longer traceable once the RETF absorbs them.

### 7.4 — The Unfunded Oracle Integration Contract

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In FY2026, VA announced a new EHRM system integration contract with Oracle. This contract was not in VA's budget request. It was not addressed in the FY2026 appropriations act. The Joint Explanatory Statement accompanying the appropriations act specifically noted that funding for this contract was not requested and not appropriated.

VA has not publicly disclosed how it intends to pay for this contract. If paid from EHRM funds, it implicates the sole-source and transfers-prohibited language Congress enacted. If paid from IT Systems, it requires a transfer from a separate appropriation. If paid through a reprogramming action, it requires congressional notification. As of the date of this research, no resolution of this question has been publicly disclosed.

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## END OF REPORT

*Prepared for Valiant Heroes Organization — VAHGMA 2026 Research File — March 27, 2026*  
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