IHS OPERATING FUNDING, FY2021–FY2025

A Parallel Analysis Excluding Facilities and Health IT

Companion to IHS Budget FY2021–FY2025: Five-Year Analysis and Section 105(l) Research

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How this paper was made

Edward J. Fox, PhD, posed the question (how the IHS operating budget changed once Facilities and health information technology are set aside), decided the analysis should stand as a separate companion paper, and directed that the Facilities account, the Electronic Health Record System line, and the Health Information Technology amount be excluded. An AI system (Claude, by Anthropic) compiled the figures from the IHS operating plans and Congressional Justifications listed under Sources, built the accompanying workbook, and wrote this text. A few FY2025 line amounts are derived or assumed, and each is flagged where it is used. The author has not yet reviewed this paper. It is not part of the Indian Health Financing Series and should not be cited as the author's work.

Summary

The five-year review measures each part of the IHS budget against the full program-level total. This companion removes the Indian Health Facilities account and all health information technology funding (the Electronic Health Record System line and the Health Information Technology amount within Hospitals and Health Clinics) from the denominator in every year from FY2021 to FY2025. What remains is the operating budget: the money that runs health programs year to year.

- **The operating budget grew 13.8 percent.** It rose from $5,251.7 million to $5,974.1 million. The full program level rose 11.9 percent. Excluding Facilities alone would show 16.1 percent; the difference is mostly EHR modernization.
- **Growth slowed to almost nothing by FY2025.** Operating funding grew 4.4 percent in FY2022, 4.9 percent in FY2023, 3.1 percent in FY2024, and 0.8 percent in FY2025, in nominal dollars. Core Health Services, without PRC/CHEF and health IT, grew 6.8 and 6.1 percent, then 1.6 and 1.1 percent.
- **Purchased/Referred Care lost share every year.** PRC plus CHEF has been flat at $996.8 million since FY2023. Its share of the operating budget fell in each year, from 18.58 percent to 16.68 percent.
- **Most FY2024 growth went to the two indefinite accounts.** Of the $179.1 million operating increase in FY2024, Contract Support Costs took $82.0 million and Section 105(l) leases $38.0 million, together 67 percent.
- **EHR explains more than half of the Health Services gain in the five-year review.** There, Health Services excluding PRC/CHEF rises 3.76 points as a share of the total. Separating

health IT, EHR rises 2.13 points, the flat Health Information Technology amount loses 0.30 points, and the rest of Health Services rises 1.94 points.

Why a separate operating view

The five-year review measures each part of the IHS budget against the full program-level total. That is the right comparison for asking how the whole appropriation is divided. It is the wrong comparison for asking how the money that runs health programs year to year has changed, because some parts of the budget move with projects or systems rather than with program operations.

Facilities. The Facilities account moves with construction. When Health Care Facilities Construction and Sanitation Facilities Construction fell by about $151 million in FY2024, every other category's share of the budget rose, even though nothing changed in those programs.

Health information technology. Two IT amounts sit inside the Services account. The Electronic Health Record System line funds the multi-year replacement of the IHS health record system; it grew from $34.5 million in FY2021 to $145.0 million in FY2022 and $217.6 million in FY2023, then fell to $190.6 million. The Health Information Technology amount within Hospitals and Health Clinics, $182.1 million a year, pays for operating and maintaining existing systems. Both are removed here so that the operating budget reflects clinical and program operations, and so that all IT funding is treated alike. Left in Health Services, the EHR line makes the clinical budget look as if it grew faster than it did through FY2023 and stalled in FY2024, when part of the change was the project budget moving. Because the Health Information Technology amount is flat, removing it changes shares but not the pattern of growth.

Removing these amounts shows three things the full-budget view obscures. Operating funding grew about 4 to 5 percent a year in FY2022 and FY2023, slowed to 3 percent, and then to under 1 percent. Purchased/Referred Care lost share of the operating budget in every year, not just between the endpoints. And FY2024 looks different measured with final FY2024 amounts rather than the continuing-resolution baseline used in the five-year review.

This paper does not claim that all Facilities funding is one-time. Maintenance and Improvement, Facilities and Environmental Health Support, and Equipment recur every year; only the two construction lines are lumpy. The whole account is excluded here for comparability with the five-year review, and a narrower exclusion (construction lines and health IT only) is shown as a check.

Data and method

All amounts are enacted or final program-level figures in nominal dollars, in millions. The operating budget is the program-level total less the Indian Health Facilities account, the Electronic Health Record System line, and the Health Information Technology amount. It has five parts: core Health Services (the Services account less Purchased/Referred Care, EHR and Health Information Technology), PRC plus CHEF, Contract Support Costs (CSC), Section 105(l) Tribal leases, and the Special Diabetes Program for Indians (SDPI).

Year	Basis and source
FY2021	Final column, IHS FY2022 Operating Plan
FY2022	Five-year review figures (IHS FY2023 CJ); EHR and Health IT from the IHS FY2022 Operating

Year	Basis and source
	Plan
FY2023	Final column, IHS FY2024 Operating Plan
FY2024	Final column, IHS FY2024 Operating Plan
FY2025	FY2025 enacted, IHS FY2026 CJ (as used in the five-year review); EHR and Health IT assumed at FY2024 levels

Table A. Source of each year's figures.

Choices that differ from, or add to, the five-year review. FY2024 uses final FY2024 amounts rather than the continuing-resolution comparison, which carries FY2023 levels forward. FY2021 Facilities is $917.888 million and CSC is $916.000 million, per the FY2022 Operating Plan; the five-year review's dollar tables had these two values transposed, though its shares used the correct amounts. FY2024 SDPI is taken as $150 million, as in the five-year review.

Assumed or unreconciled figures. FY2025 EHR ($190.564 million) and Health Information Technology ($182.149 million) are taken at their FY2024 levels, because FY2025 was funded by a full-year continuing resolution that generally carried FY2024 levels forward; both should be confirmed against the FY2026 CJ. The FY2022 Services account used here ($4,631.3 million, derived from the five-year review's FY2022 total) is $29.4 million below the FY2022 Operating Plan figure; using the Operating Plan figure would raise FY2022 operating funding by about 0.5 percent and would not change any pattern described here.

Not included. Temporary COVID-19 emergency and supplemental appropriations; multiyear Infrastructure Investment and Jobs Act sanitation funding; third-party collections; and later Section 105(l) and CSC operating-plan estimates or actual payments.

Results

1. The operating budget in dollars

Category ($ millions)	FY2021	FY2022	FY2023	FY2024	FY2025	Change
Core Health Services	3,108.9	3,319.2	3,523.2	3,579.3	3,618.0	+16.4%
PRC + CHEF	975.9	984.9	996.8	996.8	996.8	+2.1%
Contract Support Costs	916.0	880.0	969.0	1,051.0	1,051.0	+14.7%
Section 105(l) leases	101.0	150.0	111.0	149.0	149.0	+47.5%
SDPI	150.0	147.0	147.0	150.0	159.4	+6.2%
Operating budget	**5,251.7**	**5,481.1**	**5,747.0**	**5,926.0**	**5,974.1**	**+13.8%**

Table 1. Operating budget excluding Facilities and health IT. Core Health Services is the Services account less PRC/CHEF, EHR and Health Information Technology. Change is FY2021 to FY2025, nominal.

Excluded and total ($ millions)	FY2021	FY2022	FY2023	FY2024	FY2025	Change
Electronic Health Record System	34.5	145.0	217.6	190.6	190.6*	
Health Information Technology	182.1	182.1	182.1	182.1	182.1*	0.0%
Indian Health Facilities	917.9	940.3	958.6	813.2	800.1	−12.8%

Excluded and total ($ millions)	FY2021	FY2022	FY2023	FY2024	FY2025	Change
Total program level	**6,386.3**	**6,748.6**	**7,105.2**	**7,111.9**	**7,146.9**	**+11.9%**

*Table 1a. Amounts excluded from the operating budget. * Assumed equal to FY2024.*

Core Health Services grew $509.1 million, or 16.4 percent. Most of that came in FY2022 and FY2023 ($414.3 million); from FY2023 to FY2025 the line grew $94.8 million, or 2.7 percent over two years. With health IT left in, Health Services appears to grow 20.0 percent, and the FY2024 slowdown looks sharper than it was, because $27.0 million of the FY2024 change was the EHR project budget falling.

2. Growth year by year

Measure	FY2022	FY2023	FY2024	FY2025	FY21–25
Total program level	+5.7%	+5.3%	+0.1%	+0.5%	+11.9%
Excluding Facilities only	+6.2%	+5.8%	+2.5%	+0.8%	+16.1%
Excluding construction lines and health IT	+4.4%	+4.8%	+3.0%	+0.8%	+13.5%
Excluding Facilities and health IT	+4.4%	+4.9%	+3.1%	+0.8%	+13.8%
Core Health Services	+6.8%	+6.1%	+1.6%	+1.1%	+16.4%

Table 2. Year-over-year change, nominal.

On the full program level, FY2024 and FY2025 look nearly flat because the construction cuts offset operating growth. With Facilities and health IT set aside, operating funding grew 3.1 percent in FY2024 and 0.8 percent in FY2025. From FY2023 to FY2025 it rose $227.1 million, or 4.0 percent over two years. Core Health Services slowed more sharply than the operating budget as a whole, to 1.6 and 1.1 percent, because most of the FY2024 increase went to CSC and leases. These are nominal figures; any adjustment for rising prices would make the slowdown larger, not smaller.

3. Shares of the operating budget

Category (% of operating budget)	FY2021	FY2022	FY2023	FY2024	FY2025	Change (pts)
Core Health Services	59.20	60.56	61.31	60.40	60.56	+1.36
PRC + CHEF	18.58	17.97	17.34	16.82	16.68	−1.90
Contract Support Costs	17.44	16.06	16.86	17.74	17.59	+0.15
Section 105(l) leases	1.92	2.74	1.93	2.51	2.49	+0.57
SDPI	2.86	2.68	2.56	2.53	2.67	−0.19

Table 3. Shares of the operating budget excluding Facilities and health IT.

PRC plus CHEF. The share fell in every year, including FY2024 and FY2025, when PRC dollars did not change at all. Because PRC pays for care that IHS and Tribal facilities cannot provide, a falling share means referral funding did not keep pace with the rest of the operating budget. It does not by itself measure denied or deferred referrals.

Core Health Services. Its share peaked at 61.31 percent in FY2023 and fell back to about 60.5 percent. Over five years it gained 1.36 points, a smaller gain than the 2.06 points the excluding-Facilities comparison shows with health IT left in.

Contract Support Costs and Section 105(l) leases. Both are funded through indefinite appropriations that adjust to legal obligations. In FY2024 they rose by $82.0 million and $38.0 million, while core Health Services rose $56.1 million. Their combined share went from 18.79 percent in FY2023 to 20.25 percent in FY2024. As the five-year review cautions, this reflects legally required payments growing with Tribal self-determination and leasing, not evidence that funds were moved away from clinical services. The lease figures are on the enacted basis; IHS later reported FY2025 lease actuals of $543 million against the $149 million enacted figure used here, so an analysis of actual payments would show the indefinite accounts taking a larger share still.

4. What separating health IT does to the five-year review

The five-year review shows Health Services excluding PRC/CHEF rising from 52.07 to 55.84 percent of the total program level, a gain of 3.76 points. Shown separately on the same basis, EHR rises from 0.54 to 2.67 percent (2.13 points), the flat Health Information Technology amount falls from 2.85 to 2.55 percent (0.30 points), and the rest of Health Services rises from 48.68 to 50.62 percent (1.94 points). More than half of the apparent shift toward Health Services in the five-year review is the EHR modernization project.

Sensitivity check: a narrower exclusion

The Facilities account has two kinds of lines. Health Care Facilities Construction and Sanitation Facilities Construction fund projects and move in steps. Maintenance and Improvement, Facilities and Environmental Health Support, and Equipment pay for upkeep, staff and equipment every year.

Facilities line ($ millions)	FY2021	FY2022	FY2023	FY2024	FY2025	Type
Health Care Facilities Construction	259.3	259.3	260.9	182.7	182.7	Construction
Sanitation Facilities Construction	196.6	197.8	196.2	123.7	106.6†	Construction
Maintenance & Improvement	169.0	169.7	170.6	170.6	170.6‡	Recurring
Facilities & Env. Health Support	264.0	283.1	298.3	303.7	307.6	Recurring
Equipment	29.1	30.5	32.6	32.6	32.6‡	Recurring
Total Facilities	**917.9**	**940.3**	**958.6**	**813.2**	**800.1**	

Table 4. Facilities account by line. † FY2025 Sanitation Facilities Construction is the residual to the $800.080 million account total; IHS reported $106.6 million for FY2025 in its July 24, 2025 Dear Tribal Leader Letter. ‡ FY2025 Maintenance and Improvement and Equipment are assumed equal to FY2024.

Excluding only the two construction lines and health IT, and keeping the recurring Facilities lines in the operating budget, leaves the conclusions unchanged. Operating funding grows 13.5 percent rather than 13.8 percent; the year-by-year pattern is the same (Table 2); and PRC plus CHEF still loses share every year, from 17.08 percent to 15.37 percent of the larger base. The full-Facilities exclusion is the simpler measure and matches the five-year review; the construction-only exclusion is the more precise one.

What this paper does not show

- Whether the IHS budget is adequate. Shares and growth rates describe how funding was divided, not how much was needed.

- Changes in purchasing power. All figures are nominal.
- Total resources available to IHS and Tribal programs. COVID-19 funding, IIJA sanitation funding and third-party collections are outside the scope.
- Actual Section 105(l) and CSC payments. Both accounts are shown on the enacted or account-comparison basis.
- Program effects. Budget shares do not show referrals funded or denied, staffing, or facility condition.

Sources

IHS, Operating Plan for FY 2022 (FY2021 Final column; FY2022 EHR and Health IT): ihs.gov

IHS, Operating Plan for FY 2024 (FY2023 and FY2024 Final columns): ihs.gov

IHS, FY 2026 Congressional Justification (FY2025 enacted; FY2025 Health Care Facilities Construction and Facilities & Environmental Health Support): ihs.gov

IHS, Dear Tribal Leader Letter, July 24, 2025 (FY2025 Sanitation Facilities Construction): ihs.gov

National Indian Health Board, Congress Passes Minibus, Funding the Indian Health Service (FY2026 Facilities lines relative to FY2025): nihb.org

Edward J. Fox, IHS Budget FY2021–FY2025: Five-Year Analysis and Section 105(l) Research (October 2026): edfoxphd.com

Companion workbook: IHS_Budget_Excluding_Facilities_HealthIT_FY2021-2025.xlsx, with all figures, formulas, and source notes.