

DEPARTMENT OF VETERANS AFFAIRS

PART ASSESSMENTS¹

¹ For each program that has been assessed using the PART, this document contains details of the most recent assessment. These details are presented in their original form; some programs have revised performance targets and developed or replaced performance measures since the original assessment. The PART summaries published with the 2006 Budget (in February 2005) provide current information on follow-up to recommendations and other updates.

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OMB Program Assessment Rating Tool (PART)
Direct Federal Programs

Name of Program: Burial Benefits

Section I: Program Purpose & Design (Yes, No, N/A)

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
1 <i>Is the program purpose clear?</i>	Yes	The purpose of the program is to provide veterans with burial benefits in recognition for their service to our Nation.	The mission of the National Cemetery Administration is to honor veterans with a final resting place and lasting memorials that commemorate their service to our Nation, as stated in VA's Mission Statement, VA Strategic Plan, and Title 38.	20%	0.2
2 <i>Does the program address a specific interest, problem or need?</i>	Yes	VA is addressing a special interest, which is to honor veterans with a final resting place and provide assistance to defray a veteran's burial expenses. The benefit is still in demand by an aging veteran population. The national and state cemetery systems are still in a state of expansion.	Veteran death rates peak in 2006-2008, as evidenced in VA's Mission statement, Veteran Population 2000 Report, and Burial Benefits 2000 Study.	20%	0.2
3 <i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	Yes	VA builds and maintains a national cemetery system and awards grants for the establishment or expansion of state cemeteries. The private sector has an extensive system of cemeteries and VA offers a monetary benefits for veterans who chose to be buried in a private cemetery. The delivery of veteran benefits will always change to address the needs of veterans. A federal role will always be critical in honoring veterans.	The majority of the discretionary funding (83%) goes towards operating the national cemetery system, which is a permanent expense due to "perpetual care" aspect of cemetery operations. If funding was decreased, cemeteries could not open or expand, current cemetery maintenance would deteriorate, and state cemeteries would not open. Thus, veterans would experience a decrease in benefits and service, as evidenced in Veteran Population 2000 Report and President's 2003 Budget.	20%	0.2

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
4 <i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	VA provides eligible veterans with burial benefits that complement (not compete with) other entities, such as states and private cemeteries. VA works closely with the states through the State Cemetery Grants Program to establish, expand and improve state veterans cemeteries that complement VA's system of national cemeteries. VA provides veterans who chose a private cemetery with monetary benefits as well as a headstone or marker. This array of benefits gives the veterans and their families flexibility and choice.	Title 38, USC, established both national cemeteries and the State Cemetery Grants Program (SCGP). VA's goal to provide 85% (by 2008) of veterans with a burial option within 75 miles of their residence includes both national and state veterans cemeteries. Unlike private cemeteries, each national cemetery is a national shrine that honors the service and sacrifice of veterans.	20%	0.2

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
5 <i>Is the program optimally designed to address the interest, problem or need?</i>	Yes	VA's planning strategy is to place national cemeteries in locations with high veteran population densities, and to provide funding for state veterans cemeteries where there are no plans to build a national cemetery. A veteran population threshold of 170,000 has been established for planning new national cemeteries. State veterans cemeteries will address needs below this threshold. This approach provides an appropriate mix of federal and state facilities.	Funding for the State Cemetery Grants Program has increased from \$1 million in FY 1997 to \$32 million in FY 2003, as evidenced in the Millennium Act Reports and the President's 2003 Budget.	20%	0.2
Total Section Score				100%	100%

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
Section II: Strategic Planning (Yes,No, N/A)					
Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
1 <i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	Yes	VA does have a limited number of long-term goals that are broad enough to cover all aspects of the program.	An example of a long-term goal is: Increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance (75 miles) of their residence to 84%, as stated in VA's Performance Plan.	14%	0.1
2 <i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	Yes	VA does have a limited number of annual performance goals that demonstrate progress, which focus on national and state cemeteries' service. However, VA needs to develop annual performance goals for monetary burial benefits, burial options, and the National Shrine Commitment. The National Shrine Commitment, while commanding significant budgetary resources, fails to have any associated annual goals.	An example of a annual performance goal is: Increase to 80 the number of kiosks installed at national and state veterans cemeteries to electronically inform visitors where specific grave sites are located, as stated in VA's Performance Plan.	14%	0.1
3 <i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	Yes	VA collects performance data from visitors, funeral directors, veterans, and their families through an annual survey. VA has performance-based contracts. State veterans cemeteries support program effort to provide burial options for eligible veterans and their families. VA does have room for improvement in the area of grantees.	VA conducts a regularly scheduled survey, which collects performance data from visitors, funeral directors, veterans, and their families. VA uses this data to improve its performance, as evidenced in VA's Performance Plan and customer surveys.	14%	0.1
4 <i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	Yes	VA collects performance and burial data from state veterans cemeteries that have the same standards of eligibility. Other federal and state veterans cemeteries order 89% of their headstones and markers on-line through VA's systems. VA works with DoD to provide military funeral honors. In addition, VA coordinates and shares best practices with Arlington National Cemetery.	VA awards grants to states to construct or expand state veterans cemeteries. In addition, VA counts state cemetery burials towards VA's performance measures, as evidenced in VA's Performance Plan.	14%	0.1

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
5 <i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	Yes	The Millennium Act required several independent studies, including future burial needs, burial programs, cemetery improvements, and standards of appearance. These studies have been completed and provide a foundation for subsequent evaluations of VA's burial programs. Burial programs are regularly evaluated by site visits, quality reviews, and customer satisfaction survey data. VA has not initiated an overall program evaluation but intends to conduct one in the next couple years.	VA uses the findings of its reports and surveys to improve its performance. For example, VA is currently developing Standards of Appearance for all national cemeteries based on an independent contractor report on private cemetery standards (evidenced in the Millennium Act reports, quality reports, customer survey data, and VA's Performance Plan).	14%	0.1
6 <i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	VA has developed a cost accounting system that will identify costs associated with its primary mission activities. The cost accounting system is being tested and refined to ensure the accuracy of the data that feeds into the model. Also, the 2004 budget account restructuring, which aligns all burial programs under one appropriation, will better reflect the impact of funding changes on results. Once these efforts are complete VA will be better prepared to link the budget and program goals. The current system does not allow for effective program-based budgeting.	It is not known how much money is needed to increase customer satisfaction by 1%, for example. Furthermore, VA can not accurately predict the impact of policy and legislative changes without a cost-accounting system or program performance-based budgeting.	14%	0.0
7 <i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	Yes	VA is developing annual goals for the National Shrine Commitment and the monetary burial benefits. Recently, VA has defined the National Shrine Commitment and the population threshold for building new national cemeteries.	VA has taken the first step in this process by developing Standards for Appearance for national cemeteries. VA is expected to provide annual goals to measure the National Shrine Commitment within the next year. In addition, performance measures for the monetary burial benefits are expected to be included in the FY2005 budget.	14%	0.1
Total Section Score				100%	86%

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
Section III: Program Management (Yes,No, N/A)					
Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
1 <i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	VA collects data annually from national cemetery system customers (veterans, families, and funeral directors). VA does have room for improvement in collecting data from grantees and monetary benefit recipients.	VA has constant stakeholder contact and uses it to improve operations. For example, VA surveys visitors of the national cemetery system and uses the data to improve service and/or appearance.	14%	0.1
2 <i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	No	VA collects performance data from the annual customer survey and has performance-based contracts; however, it is unclear how the information is used to increase managers' performance. VA is currently developing a cemetery management accountability system.	VA has not developed an agency-wide accountability system. There is no evidence that program partners and managers are held accountable for past performance.	14%	0.0
3 <i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	VA obligates the vast majority of its burial benefits funds by the end of a given fiscal year.	The majority of the funding is for employee salaries and mandatory benefits. The State Cemetery Grant Program obligates differently but as expected.	14%	0.1
4 <i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	VA has developed a cost accounting system that will identify costs associated with its primary mission activities. However, they are still in the testing and refining stage. When it is complete they will be able to capture unit costs and report on individual activities such as cemetery burials. This system will provide a valuable tool for managers in evaluating their operation and understanding its cost structure. It will be a significant improvement over the current, more limited system.	VA is progressive in its use of performance-based contracting and continues to look at new ways to conduct its business. However, the process is not documented and is still in the early stages.	14%	0.0

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
5 <i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	Yes	VA's budget includes funds for construction, administration, mandatory benefits, and grants. Under the account restructuring project currently underway, all these expenses will be displayed in one account.	VA has several reports in the Congressional Justification that demonstrate its ability to estimate the programs full cost.	14%	0.1
6 <i>Does the program use strong financial management practices?</i>	Yes	VA was free of any material internal control weaknesses in this area.	This is demonstrated in the Management Controls Process, VA Performance Plan, and IG Audit Report 1999 and 2000.	14%	0.1
7 <i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	VA continues to improve its operations to increase efficiency and effectiveness. VA is creating a cost accounting system, and management accountability system, and new performance measures.	VA surveys its customers, promotes employee inventions, implements performance-based contracting, and is analyzing the effectiveness of increasing outsourcing.	14%	0.1
Total Section Score				100%	71%

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
Section IV: Program Results (Yes, Large Extent, Small Extent, No)					
Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
1 <i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	Yes	VA increases performance every year and meets annual goals.	As stated in VA's Performance Plan.	20%	0.2
Long-Term Goal I: Percent of veterans provided a burial option within a reasonable distance (75 miles) of their residence. Target: 85% Actual Progress achieved toward goal: 75.8% in FY2001					
Long-Term Goal II: Percent of respondents who rate the quality of service provided by the national cemeteries as excellent. Target: 100% Actual Progress achieved toward goal: 92% in FY2001					
Long-Term Goal III: Percent of respondents who rate national cemetery appearance as excellent. Target: 100% Actual Progress achieved toward goal: 96% in FY2001					
2 <i>Does the program (including program partners) achieve its annual performance goals?</i>	Small Extent	VA does not have annual output goals associated with the burial option and appearance outcome goals; however, output goals are in development. The two output measures listed below pertain to the service outcome measure. It is also not clear if program partners commit and achieve annual goals.	As stated in VA's Performance Plan.	20%	0.1
Key Goal I: Percent of graves in national cemeteries marked within 60 days of interment. Performance Target: TBD Actual Performance: TBD					
Key Goal II: Cumulative number of kiosks installed at national and state veterans cemeteries. Performance Target: 80 Actual Performance: 33 in FY2001					
Key Goal III: Performance Target: Actual Performance:					
3 <i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	Small Extent	VA continues to improve operations; however, the plan and outcomes do not document improved efficiency over the prior year. For example, employees have created new cemetery equipment to help with improve cemetery maintenance and appearance.	VA does not have performance measures that relate to efficiencies, management improvements, or outsourcing, evidenced in VA's Performance Plan.	20%	0.1

Questions	Ans.	Explanation	Evidence / Data	Weighting	Weighted Score
4 <i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	Yes	VA is the largest provider of federal burial benefits. Other federal agency programs do not compare in size or scope. No common performance measure exists but VA performance would at least be on par with the rest.	90% of survey respondents rate the service provide by the National Cemetery System as excellent, evidenced in VA's Performance Plan.	20%	0.2
5 <i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	Yes	Several specific studies have been conducted. Based on the reports generated by these studies, VA has established population thresholds for constructing a new national cemetery and are working on appearance standards for the national cemetery system.	A number of reports required by the Millennium Act indicate program effectiveness toward results.	20%	0.2
Total Section Score				100%	73%

PART Performance Measurements

Program: Burial Benefits
Agency: Department of Veterans Affairs
Bureau: National Cemetery Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	86%	71%	73%	

Measure: Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
1999	76.3	67	
2000	75.1	72.6	
2001	75.8	72.6	
2002	73.9	73.9	

Measure: Percent of respondents who rate the quality of service provided by the national cemeteries as excellent

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term and Annual
1999	88	84	
2000	88	88	
2001	90	92	
2002	93	91	

Measure: Percent of respondents who rate national cemetery appearance as excellent

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term and Annual
1999	80	79	
2000	82	82	

PART Performance Measurements

Program: Burial Benefits
Agency: Department of Veterans Affairs
Bureau: National Cemetery Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately Effective
100%	86%	71%	73%	

2001	88	96
2002	96	97

OMB Program Assessment Rating Tool (PART)

Direct Federal Programs

Name of Program: Disability Compensation

Section I: Program Purpose & Design (Yes, No, N/A)

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
1	<i>Is the program purpose clear?</i>	No	The purpose of the program is to provide monthly benefit payments, equal to the economic loss due to injury or disease incurred or aggravated during military service. However, the definitions of "economic loss," "injury or disease," and "incurred or aggravated by military service" are not well defined, and all stakeholders interpret these concepts differently. As such, it would be difficult for VA to define unilaterally these concepts.	There is no definition of economic loss or injury in VA's law (38 USC 1110 and 1155). Regulations are meant to implement the law but VA's (38 CFR 3.321) regulation is still vague on these items and states, "The provisions contained in the rating schedule will represent as far as can practicably be determined, the average impairment in earning capacity in civil occupations resulting from disability." The Veterans' Claims Adjudication Commission, Report to Congress, December 1996 reached the same conclusion.	20%	0.0
2	<i>Does the program address a specific interest, problem or need?</i>	No	Even if "economic loss" (see above) was defined, the VA provides payments for disabilities and diseases that the general public does not consider a barrier to productive employment.	The VA Schedule for Rating Disabilities (Part 4 of 38 CFR) includes acne scars, hemorrhoids, high blood pressure, and diabetes. Since 1945, new disabilities and diseases have been added to the schedule, but none has been removed in spite of changes in medical technology and treatment and the workplace environment.	20%	0.0
3	<i>Is the program designed to have a significant impact in addressing the interest, problem or need?</i>	No	The impact of providing payments to veterans is not known because no objective study has been conducted to determine the percentage of income that this program replaces or whether the monthly benefit amount is appropriate (is it too big or too small?).	The General Accounting Office (GAO) report entitled "Disability Ratings May Not Reflect Veterans' Economic Losses," (January 1997) has a good description and background on this issue. The Veterans' Claims Adjudication Commission, Report to Congress, December 1996 reached the same conclusion.	20%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
4	<i>Is the program designed to make a unique contribution in addressing the interest, problem or need (i.e., not needlessly redundant of any other Federal, state, local or private efforts)?</i>	Yes	This program serves a unique population, but is otherwise similar to other public programs. The VA disability compensation program is the workers' compensation program for the military workforce. Without this program, service members would have no workers' compensation benefits for illness or injury that occurred during military service. Federal civilian and private sector workforces can rely on the Federal Employee Compensation Act (FECA) or their states' workers' compensation programs, respectively. Nonetheless, these civilian programs could be an alternative to the VA disability compensation program, if redesigned to include the military population and any appropriate unique issues.	CBO, "Budget Options," February 2001 (an annual report to Congress itemizing options to increase or decrease spending or taxes) describes this situation as it outlines ways of refining the definition to a modern day design. The history and alignment of state programs, other Federal programs etc is discussed in Pensions in the Public Sector (Copyright 2001 University of Pennsylvania Press). The Veterans' Claims Adjudication Commission, Report to Congress, December 1996 reached the same conclusion.	20%	
5	<i>Is the program optimally designed to address the interest, problem or need?</i>	No	Program benefit payments are based on the medical, technological, and workplace standards of 1945. The program has not been updated to reflect current standards. For example, in 1945, most jobs involved manual or physical labor. Most jobs now are in the service industry. Changes in medical technology and treatment have eliminated or can manage conditions that were once considered barriers to productive employment.	CBO, "Budget Options," February 2001 (an annual report to Congress itemizing options to increase or decrease spending or taxes) describes this situation as it outlines ways of refining the definition to a modern day design. The history and alignment of state programs, other Federal programs etc is discussed in Pensions in the Public Sector (Copyright 2001 University of Pennsylvania Press). The Veterans' Claims Adjudication Commission, Report to Congress, December 1996 reached the same conclusion.	20%	0.0
Total Section Score					100%	0%

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section II: Strategic Planning (Yes,No, N/A)						
1	<i>Does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?</i>	No	VA published outcome measures in FY 2003 and is in the process of developing specific goals for these measures. VA does, however, have output goals for the timeliness and accuracy of claims processing.	Volume 6 of VA's FY 2003 Budget is its Performance Plan. The plan contains many production goals (output) but does not contain program outcome goals.	14%	0.0
2	<i>Does the program have a limited number of annual performance goals that demonstrate progress toward achieving the long-term goals?</i>	No	VA published outcome measures in FY 2003 and is in the process of developing specific goals for these measures. VA does, however, have output goals for the timeliness and accuracy of claims processing.	Volume 6 of VA's FY 2003 Budget is its Performance Plan. The plan contains many production goals (output) but does not contain program outcome goals.	14%	0.0
3	<i>Do all partners (grantees, sub-grantees, contractors, etc.) support program planning efforts by committing to the annual and/or long-term goals of the program?</i>	No	Three organizations within VA (the Veterans Benefits Administration, Veterans Health Administration, and the Board of Veterans Appeals) collaborate among themselves and with the Department of Defense (DoD) to collect information needed to process claims to improve its two key output measures -- timeliness and accuracy, but has yet to develop outcome measures.	Volume 6 of VA's FY 2003 Budget is its Performance Plan. The plan contains many production goals (output) but does not contain program outcome goals.	14%	0.0
4	<i>Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?</i>	No	Although VA has agreements with the Social Security Administration and DoD to increase database access, these agreements are output oriented. The shared enrollment system, which was a goal in the President's Management Agenda, has not been developed.	The President's Management Agenda, 2001 outlined a shared vision whereby there would be seamless delivery of services to veterans as they leave military service and go to VA for benefits and services. This vision has yet to be fully implemented.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
5	<i>Are independent and quality evaluations of sufficient scope conducted on a regular basis or as needed to fill gaps in performance information to support program improvements and evaluate effectiveness?</i>	No	The program has never been subject to an evaluation that measures its purpose or effectiveness, and as such, it is not known whether monthly benefit amounts are appropriate (are they too big or too small?). The first such evaluation is scheduled for FY 2004. This program, however, has been subject to numerous management evaluations examining claims processing. These evaluations try to reduce the number of steps to process a claim or time it takes to complete a particular step.	The Report to Congress, Veteran's Claims Adjudication Commission, Dec. 1996; and the VA Claims Processing Taskforce Oct. 2001 evaluated the management and production of the adjudication of claims but did not evaluate whether the benefit amounts are appropriate.	14%	0.0
6	<i>Is the program budget aligned with the program goals in such a way that the impact of funding, policy, and legislative changes on performance is readily known?</i>	No	VA has difficulty estimating the total amount of benefits payments for this entitlement program. When VA's initiative to process claims quicker was successful in 2002, a supplemental appropriation was needed to cover the higher amount of benefits going to veterans in that year. There is no link between the management, performance, and cost of administering the claims and the resulting effect on the funds needed to pay the higher benefits -- demonstrated by the supplemental. VA's FY 2004 budget is being restructured, in part, to address this issue.	Since 1992, this program has required nine supplementals.	14%	0.0
7	<i>Has the program taken meaningful steps to address its strategic planning deficiencies?</i>	No	VA conducts an agency-wide annual review of its strategic plan and produces an annual strategic report. Specific programs, however, do not have strategic plans. VA has yet to agree upon outcome goals for this program. VA will create a team dedicated to Strategic Planning and is discussing the make-up and function of the proposed team, anticipating more focus on strategic planning in the near future.	VA's Congressional Justification, February 2002, includes a performance plan. There are no outcome goals in the plan for the disability compensation program.	14%	0.0
Total Section Score					100%	0%

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section III: Program Management (Yes,No, N/A)						
1	<i>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</i>	Yes	The funding allocated to VA regional offices is dependent upon productivity levels. This type of resource allocation was initiated in FY 2002.	VA senior program officials have explained this new process in several different interviews.	14%	0.1
2	<i>Are Federal managers and program partners (grantees, subgrantees, contractors, etc.) held accountable for cost, schedule and performance results?</i>	Yes	The performance evaluations of VA regional office directors include performance results, but not cost schedules.	VA senior program officials have explained this new process in several different interviews.	14%	0.1
3	<i>Are all funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</i>	Yes	Funds for this program are obligated in a timely manner and spent on their intended purpose. However, comparing actuals to prior estimates has yet to become a routine exercise.	VA's financial reporting supports this conclusion.	14%	0.1
4	<i>Does the program have incentives and procedures (e.g., competitive sourcing/cost comparisons, IT improvements) to measure and achieve efficiencies and cost effectiveness in program execution?</i>	No	VA has a cost accounting system and is able to track cost per unit, but neither sets cost-per-unit goals nor manages to them. VA's priority is to process claims; costs are secondary. This program has no cost-efficiency measures.	VA's Congressional Justification, February 2002, includes a performance plan. There are no cost efficiency measures or targets for the disability compensation program.	14%	0.0
5	<i>Does the agency estimate and budget for the full annual costs of operating the program (including all administrative costs and allocated overhead) so that program performance changes are identified with changes in funding levels?</i>	No	VA has difficulty estimating the total amount of benefits payments for this entitlement program. When VA's initiative to process claims quicker was successful in 2002, a supplemental appropriation was needed to cover the higher amount of benefits going to veterans in that year. There is no link between the management, performance, and cost of administering the claims and the resulting effect on the funds needed to pay the higher benefits -- demonstrated by the supplemental. VA's FY 2004 budget is being restructured, in part, to address this issue.	Since 1992, this program has required nine supplementals.	14%	0.0

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
6	<i>Does the program use strong financial management practices?</i>	No	Poor internal controls and financial systems prevent management from obtaining reliable and timely information to make operations decisions.	The VA Office of the Inspector General, "Report of the Audit of the Department of Veterans Affairs Consolidated Financial Statements for Fiscal Years 2001 and 2002," February 2002 supports this conclusion.	14%	0.0
7	<i>Has the program taken meaningful steps to address its management deficiencies?</i>	Yes	Shortly after confirmation, VA's Secretary convened the VA Claims Processing Task Force, which assessed the status of the claims processing environment. Many recommendations were made. The Secretary accepted all of them and some have been fully implemented. As a result of the implemented recommendations, the program has increased its production significantly.	The most recent report: The Report to the Secretary by Claims Processing Task Force, 2001 addressed many management deficiencies. They have been rigorously addressed.	14%	0.1
Total Section Score					100%	57%

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
Section IV: Program Results (Yes, Large Extent, Small Extent, No)						
1	<i>Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?</i>	No	VA has not developed outcome measures or goals for this program. VA does, however, have output goals for the timeliness and accuracy of claims processing.	VA's FY 2003 Congressional Justification, February 2002, includes a performance plan. There are no outcome goals in the plan for the disability compensation program.	25%	0.0
Long-Term Goal I: VA is developing Target: Actual Progress achieved toward goal:						
Long-Term Goal II: VA is developing Target: Actual Progress achieved toward goal:						
Long-Term Goal III: VA is developing Target: Actual Progress achieved toward goal:						
Long-Term Goal IV: VA is developing Target: Actual Progress achieved toward goal:						
2	<i>Does the program (including program partners) achieve its annual performance goals?</i>	No	VA has not developed outcome measures or goals for this program. VA does, however, have output goals for the timeliness and accuracy of claims processing.	VA's FY 2003 Congressional Justification, February 2002, includes a performance plan. There are no outcome goals in the plan for the disability compensation program.	25%	0.0
Key Goal I: Performance Target: Actual Performance:						
Key Goal II: Performance Target: Actual Performance:						
Key Goal III: Performance Target: Actual Performance:						

	Questions	Ans.	Explanation	Evidence/Data	Weighting	Weighted Score
3	<i>Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year?</i>	No	Beginning in 2002, the offices responsible for administering the disability compensation program are allocated resources based on their productivity. These offices are subject to monthly performance reviews of timeliness and accuracy, but not cost efficiency. Cost accounting data are tracked, but no specific cost effectiveness goals have been established. As such, cost per unit is an output instead of direct input to decision making.	This was explained during interviews with VA senior program officials.	25%	0.0
4	<i>Does the performance of this program compare favorably to other programs with similar purpose and goals?</i>	No	No rigorous side-by-side study has been made with the civilian Federal Employees' Compensation program (FECA) or state workers' compensation programs that reached any conclusions or recommendations.	GAO Report - Comparison of VA Benefits with Those of Workers' Compensation Programs, February 1997 compared VA's programs to other workers' compensation programs, but made no conclusions.	25%	0.0
5	<i>Do independent and quality evaluations of this program indicate that the program is effective and achieving results?</i>	NA	This program has never been subject to an evaluation. Its first one is scheduled for 2004. As such, the effectiveness of the program cannot be determined.	VA senior program officials have stated this in several different interviews. Independent research on the content of past studies verifies the statements.	0%	
Total Section Score					100%	0%

PART Performance Measurements

Program: Disability Compensation
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
20%	0%	57%	0%	Demonstrated

Measure: Targets under development

**Additional
Information:**

Year

Target

Actual

Measure Term: Long-term

Measure: Targets under development

**Additional
Information:**

Year

Target

Actual

Measure Term: Long-term

Measure: Targets under development

**Additional
Information:**

Year

Target

Actual

Measure Term: Long-term

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The purpose of the General Administration account is to provide support for the Department of Veterans Affairs (VA). It includes ten offices: the Office of the Secretary, six Assistant Secretaries, the Board of Contract Appeals, the Board of Veterans' Appeals, and the General Counsel's office. Assistant Secretaries include: Information and Technology, Congressional and Legislative Affairs, Public and Intergovernmental Affairs, Policy, Planning, and Preparedness and Human Resources & Administration. The purpose of the program is to deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Evidence: Volumes 3, which focuses on Departmental Administration and 4, the Summary Volume, of VA's 2005 Budget include mission statements and descriptions of the offices within General Administration. The 2003-2008 Strategic Plan references the overarching goal; each office has specific goals that link to this. The Board of Contract Appeals was established pursuant to the Contract Disputes Act of 1978 (41 U.S.C 601 603). The Board of Veterans Appeals is codified in 38 U.S.C sections 7101 7111.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: The President's Management Agenda could not be carried out without these General Administration offices. Their functions include strategic planning, human resource succession planning, information technology, and department-wide financial management.

Evidence: Volumes 3 and 4 of VA's 2005 Budget outline the need for the existence of these functions.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: YES

Question Weight 20%

Explanation: Within VA there are three administrations (Veterans Health Administration, Veterans Benefits Administration and the National Cemetery Administration). The General Administration offices overlay the other three.

Evidence: Volume 3 of VA's 2005 Budget describes this account.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight 20%

Explanation: The program's design is free of major flaws. The program supports VA in areas such as human resources, information technology, and budget. The program has improved efficiencies by centralizing several functions as demonstrated by recent reorganizations such as the Office of Management and Office of Information Technology. There is no strong evidence that another approach would be more effective or efficient. The recent move, however, of the Regulatory Affairs office from the General Counsel to the Office of the Secretary does not represent increased effectiveness.

Evidence: The memorandum establishing Office of Business Oversight as well as VA's 2003-2008 Strategic Plan demonstrate the benefits of reorganization of the Office of Information Technology, Emergency Planning and Preparedness, and capital assets offices. VA's Budget

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

1.5	Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?	Answer: YES	Question Weight20%
Explanation:	The program supports the three VA administrations (Veterans Health Administration, Veterans Benefits Administration and the National Cemetery Administration) through ten offices, so that they can provide services to veterans. Major weaknesses within the program include the Human Resource management and administration of the transitional housing program.		
Evidence:	Volume 3 of VA's 2005 Budget describes this account and the support functions of these offices. The transitional housing program was created in 1998, and has yet to issue a loan. VA's Human Resources scorecard outlines areas of improvement (see Q3 FY 2003).		
2.1	Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?	Answer: YES	Question Weight13%
Explanation:	Outcome measures are not practical for all of the offices because of their support function. There are, however, strong long term output measures that meaningfully reflect the program's purposeand show that the program is achieving its intended purposes. An example of a strong long term output measure is the Bureau of Veterans' Appeal percentage of decisions without deficiencies (where the decision, or an aspect of the decision, is inconsistent with the record, the law or a matter of judgment on which reasonable minds would not differ).		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures.		
2.2	Does the program have ambitious targets and timeframes for its long-term measures?	Answer: YES	Question Weight13%
Explanation:	VA has ambitious targets for the long-term performance measures related to veteran access, program management and information technology. For example, VA's strategic target is to have eight of its nine business lines transformed to achieve a secure veteran-centered benefits delivery process.		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures.		
2.3	Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?	Answer: YES	Question Weight13%
Explanation:	VA has annual performance measures that can demonstrate progress toward achieving the program's long-term goals. Examples include the number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements and the number of appeals decided per Veterans' Law Judge. In addition, VA has several efficiency measures. However, VA could limit the number of performance measures so that it can focus on a smaller number of more critical measures.		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures.		
2.4	Does the program have baselines and ambitious targets for its annual measures?	Answer: YES	Question Weight13%
Explanation:	VA has established baselines and ambitious targets for its annual measures. For example, the target, "percent of cases using alternate dispute resolution techniques," was recently adjusted to better reflect progress made in this area. The new targets are much more ambitious than previously.		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures.		

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: YES Question Weight: 13%

Explanation: VA works with its partners, with emphasis on the Administrations (Veterans Health Administration, Veterans Benefits Administration and the National Cemetery Administration), to accomplish the goals of the program. VA contracts are often performance based and if the terms and conditions are not met, VA withholds payment.

Evidence: Information Technology Business Cases (Exhibit 300's) and VA contracts demonstrate these partnerships and commitment to performance measures.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight: 13%

Explanation: The program has been evaluated in several different ways. An annual audit of VA's Consolidated Financial Statements is completed by an independent, private sector audit firm; these audits have validated the reliability of VA's financial records. In addition, Inspector General and General Accounting Office reviews of the functions of these offices have also taken place.

Evidence: Some examples of evaluations include: Financial Section (Part III) of VA's FY 2003 Performance and Accountability Report; Comprehensive Evaluation of VA's Corporate Human Resources Function and Organizational Structure; and General Accounting Office reports on information technology management (January 2004) and Human Capital (January 2004).

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight: 13%

Explanation: It is impossible to tell from VA's budget request what effect an increase or decrease in funding for general administration will have on achieving targeted goals.

Evidence: VA's 2005 Budget does not tie the budget request to improvements in performance.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight: 13%

Explanation: VA created a new, comprehensive governance process in 2001. Within this is a Monthly Performance Review for all administrative functions; interim reviews of the Strategic Plan; and annual review and adjustment of performance measures and targets to ensure alignment with the VA Strategic Plan. The Secretary has held four Leadership Retreats to ensure alignment of priorities. Partnering with the administrations on performance measures remains an area in need of improvement.

Evidence: VA's monthly binders prepared for the Performance Reviews, and call memorandum for the Performance Measures for the FY 2006 Budget demonstrate this progress.

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

3.1	Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?	Answer: YES	Question Weight:14%
Explanation:	The General Administration offices, as well as other parts of VA present performance information to the Deputy Secretary at Monthly Performance Review meetings where decisions are made that improve the program's management and performance. The Business Oversight Board, chaired by the Secretary, meets quarterly to review all major business policy and operations issues involving procurement, collections, capital asset management, and business revolving funds. VA also uses results of customer satisfaction surveys to improve the program. VA submitted the FY 2003 Performance and Accountability Report on the earlier schedule requested by OMB, one of only eight agencies to do so.		
Evidence:	Monthly Performance Review binders, VA's 2003 Performance and Accountability Report (section I) and Volume 4 of VA's FY 2005 Budget demonstrate how performance information is used in program management.		
3.2	Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?	Answer: NO	Question Weight:14%
Explanation:	While accountability for cost, schedule, and performance results, are goals of VA, there have been numerous set backs. Areas of improvement include: Human Resources, implementation of CoreFLS, PeopleSoft / HR Links, transitional housing, and expanding succession planning beyond the Veterans Health Administration. VA's ability to hold program managers accountable after a set-back, such as CoreFLS, is admirable.		
Evidence:	An Inspector General report on CoreFLS details problems. The transitional housing program was created in 1998, and has yet to issue a loan. VA's Human Resources scorecard outlines areas of improvement (see Q3 FY 2003).		
3.3	Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?	Answer: YES	Question Weight:14%
Explanation:	General Administration does obligate in a timely manner and spends its funds on its intended purposes. However, in some instances funds were re-allocated among the General Administrative offices and VA did not notify all relevant parties.		
Evidence:	VA's 2005 Budget compares 2003 actuals, 2004 President's, 2004 current estimate and 2005 request for each of these office.		
3.4	Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?	Answer: NO	Question Weight:14%
Explanation:	The offices within General Administration do have procedures in place to track efficiency, but information on cost effectiveness across the offices is lacking. The Board of Veterans Appeals does have a cost efficiency measure on the cost per case, and Information Technology Business Cases include cost efficiency information. In many cases these offices perform procedures such as competitive sourcing for other parts of the department, but they are not applied consistently to these ten offices.		
Evidence:	There is no consistent mention of cost effectiveness in the VA's 2005 Budget across these offices.		

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

3.5	Does the program collaborate and coordinate effectively with related programs?	Answer: YES	Question Weight14%
Explanation:	VA collaborates with other government agencies to implement best practices. Through improvement of the Office of Information Technology, VA is on its way to achieving its goal of "One VA." VA also collaborate through the use of Service Level Agreements when the services are within the same appropriation, Memorandums of Understanding when the services cross appropriations, and Interagency Agreements when the services cross agencies. An area of improvement could be better coordination between VA's Office of the Actuary and the Centers for Medicaid and Medicare Services.		
Evidence:	Interagency Workgroup on Erroneous and Improper PaymentsService Level Agreements, Memorandums of Understanding, and Interagency Agreements are in place with both internal and external customers.		
3.6	Does the program use strong financial management practices?	Answer: NO	Question Weight14%
Explanation:	Although VA has closed four of its six material weaknesses since 2001, two material weaknesses require long-term corrective action and will not be completely remediated until 2006. Despite these weaknesses, numerous VA financial practices in areas including but not limited to Electronic Commerce/Electronic Data Interchange, audit recovery, and debt collection are recognized throughout the Federal financial management community as a best practice. Improvement is needed in CoreFLS due to test site failure in Bay Pines, Florida.		
Evidence:	VA's 2003 Performance and Accountability Report (section III) includes VA's audit.		
3.7	Has the program taken meaningful steps to address its management deficiencies?	Answer: YES	Question Weight14%
Explanation:	VA has closed some material weaknesses, made progress on responding to major management challenges identified by the Inspector General, conducted monthly performance review meetings and quarterly business oversight board meetings, reorganized the information technology function, created the Office of Business Oversight, and improved its President's Management Agenda scorecard. Improvement is needed in Human Resources, and in CoreFLS.		
Evidence:	Monthly Performance Review binders, VA's 2003 Performance and Accountability Report (section I & III) and Volume 4 of VA's FY 2005 Budget demonstrate how management deficiencies are being addressed. VA's Human Resources scorecard outlines areas of improvement (see Q3 FY 2003).		
4.1	Has the program demonstrated adequate progress in achieving its long-term performance goals?	Answer: LARGE EXTENT	Question Weight25%
Explanation:	The program is on track to meet most long-term performance goals. For example, the percent of VA employees who indicate they understand VA's strategic goals has increased to 70% when the annual goal was just 65%. In addition, VA is developing more long-term performance goals.		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures. Caliber Associates conducted an Employee Survey in 2001.		

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

4.2	Does the program (including program partners) achieve its annual performance goals?	Answer: LARGE EXTENT	Question Weight25%
Explanation:	The program has several dozen measures and is meeting most annual performance goals. For example, the percent of cases using alternate dispute resolution techniques has increased from 54% to 58%. However, some annual goals are still under development.		
Evidence:	Volumes 3 and 4 of the VA's 2005 Budget and VA's 2003-2008 Strategic Plan outline these measures.		
4.3	Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?	Answer: SMALL EXTENT	Question Weight25%
Explanation:	Information on increased cost effectiveness is lacking. However, these offices demonstrate annual improvement in efficiencies in several areas, including but not limited to decreased interest penalty payments, increased discounts earned, increased audit recoveries, expanded use of Electronic Commerce/Electronic Data Interchange capabilities, increased usage of the purchase card for micro-purchases resulting in annually higher rebates, and reduction in the cost to collect ratio for debt collection processes.		
Evidence:	Business Oversight Board meetings and Monthly Performance Review meetings demonstrate this progress.		
4.4	Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?	Answer: NA	Question Weight: 0%
Explanation:	While there are other offices that provide similar support functions to other cabinet level agencies, a comparison would be inherently difficult and costly. For instance, there is no government-wide common measures for support functions. Therefore, a study would be required to compare VA's performance to other agencies.		
Evidence:	Volume 3 of VA's 2005 Budget outlines the functions of these offices.		
4.5	Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?	Answer: YES	Question Weight25%
Explanation:	For applicable offices, several different types of evaluations have taken place. VA undergoes an annual audit by an independent, private sector audit firm. VA's strong financial management practices are evidenced by the receipt of an unqualified (clean) audit opinion on its Consolidated Financial Statements for the last five consecutive years. Preparedness evaluations, although primarily baseline evaluations because of the newness of the programs, have established that the operations are sufficiently safeguarded. Recommendations to improve operations, efficiencies, and effectiveness contained in the evaluations have been implemented. The General Accounting Office and the Inspector General periodically review program operations. The program has implemented and continues to work on implementing their recommendations.		
Evidence:	Some examples of evaluations include: Financial Section (Part III) of VA's FY 2003 Performance and Accountability Report; Comprehensive Evaluation of VA's Corporate Human Resources Function and Organizational Structure; and General Accounting Office reports on information technology management (January 2004) and Human Capital (January 2004).		

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

Measure: Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	2	0	
2005	0		
2006	0		

Measure: Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2003	0	0	
2004	0	0	
2005	0		
2006	0		

Measure: Percent of VA employees who indicate they understand VA's strategic goals

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2003	75%	75%	
2004	90%	75%	
2005	80%		

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

2006 80%

Measure: Percent of cases using alternate dispute resolution techniques

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2003	60%	58%	
2004	70%	60%	
2005	72%		
2006	73%		

Measure: Deficiency-free Decision Rate

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	90%	86.7%	
2002	91%	87.6%	
2003	92%	89.0%	
2004	91.0%	93.0%	
2005	93.0%		
2006			

PART Performance Measurements

Program: General Administration
Agency: Department of Veterans Affairs
Bureau: Department of Veterans Affairs
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Moderately
100%	88%	57%	67%	Effective

Measure: Percentage of tort claims settled administratively

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001		83.4%	
2002		86.0%	
2003	88%	86%	
2004	88%		
2005	88%		
2006			

Measure: Number of Appeals Decided per Veterans Law Judge

**Additional
Information:**

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001		561	
2002		321	
2003		604	
2004	619	691	
2005	597		

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

1.1 Is the program purpose clear?

Answer: YES

Question Weight20%

Explanation: The program's purpose is to issue home loan guarantees to veterans, active-duty servicemembers, and reservists so that they will receive reasonable loan terms and a zero down payment option. The Housing program's purpose was originally established under the 1944 Servicemen's Readjustment Act (GI Bill) as a one-time transition benefit for veterans. However, the program and its scope of intent and purpose were modified by 60 years of legislation. These legislative modifications have lead to multiple, broad missions; such as, transitional assistance, personal interest, and economic stimulus. Thus, it is difficult to target the program and create adequate performance measures. As a result, the 2005 President's Budget proposes to move the program towards its original intent (i.e. transition benefit) by limiting the program to one-time use after leaving active duty. It would not change the active duty benefit. FHA loans are available for veterans and offer similar terms, including a proposed zero down payment option.

Evidence: The 1944 Servicemen's Readjustment Act can be found at P.L. 78-346, June 22, 1944. Applicable committee reports include: United States House of Representatives, Report No. 1418, 78th Congress, 2nd Session, May 5, 1944, p.2; United States Senate, Veterans' Housing Act of 1974, 93rd Congress, 2nd Session, Report No. 93-1334, December 11, 1974. p.9; United States Senate, Veterans Housing Amendments Act of 1976, 94th Congress, 2nd Session, Report No. 94-806, May 11, 1976, pp.9-10. Applicable regulations for the Housing Program are located at 38 USC chapter 37 and in 38 CFR part 36, but do not include a program purpose. The program purpose is also defined in the independent program evaluation conducted by Economic Systems Inc. (ESI) Appendix C, Legislative History and Intent; ESI Legislative Intent Summary Document; Department of Veterans Affairs Performance and Accountability Report (2003) pp: 53,184; Department of Veterans Affairs FY2005 Congressional Justification; volume 1: pp 6.26-6.27. The program's internal mission is posted at homeloans.va.gov/mission.htm.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight20%

Explanation: The major interest that VA's Housing program addresses is the desire of veterans, active-duty servicemembers, and reservists to acquire a zero down payment housing loan. Ninety-one percent of the program's participants take advantage of this loan feature. Given the proposal in the FY 2005 President's Budget for a zero down payment feature in FHA's single family loan program where there are similar terms and income-to-debt ratio requirements, if enacted there will be another Federal vehicle to meet veterans' needs. VA's program was originally enacted to alleviate the credit issues presented to servicemembers who could not establish credit while serving. However, given the ease by which Americans can now establish credit and decreased length of time a person serves overseas in combat (compared to WWII), the original problem addressed by the program has diminished significantly. Additionally, 14.6% of participants are active duty, who either have housing allowances or housing in-kind.

Evidence: Liquid Assets data is from Guaranteed Insured Loan (GIL) system. Additionally, relevant evidence includes: ESI's Appendix C, Legislative History and Intent and Profile of Participants.

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort? Answer: NO Question Weight 20%

Explanation: The Housing program can be compared to the Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA) Single Family Housing program and other loan products in the conventional and local government markets. As an example, FHA has an identical income to debt ratio of 29:41. Additionally, the President's 2005 Budget includes proposal to offer a no-downpayment option within the FHA program. However, FHA currently offers certain veterans a no down payment option. Moreover, the conventional market loan products are comparable to the Housing program, with options such as no-downpayment programs, including Fannie Mae's no-downpyament program. Finally, several states offer veterans housing programs, such as CalVet, a California program, which offers homebuying assistance similar to the VA Housing program, to veterans who are state residents. Additional state programs are offered by the states of Wisconsin, Oregon, and Texas.

Evidence: FHA's income to debt ratio is located at www.hud.gov. Fannie Mae's zero downpayment program can be found at www.fanniemae.com. The CalVet website is located at <http://www.cdva.ca.gov/calvet>, which outlines the CalVet program. Other applicable evidence concerning state veterans housing programs are located at http://dva.state.wi.us/Ben_mortgageloans.asp; <http://www.odva.state.or.us/homeloan.htm>; and <http://www.glo.state.tx.us/vlb/vhab/index.html>, respectively. Cost comparisons between VA, FHA and Conventional products can be found in the Product Comparisons Report.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight 20%

Explanation: As stated in the Annual Performance and Accountability Report, an overall goal of the VA is to "ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA benefits." Under this goal, the Housing program's defined objective is to "improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance." This objective is not met due to structural issues within the program. As prescribed by statute, VA is not notified by the lender of a veteran's missed mortgage payments until 105 days following delinquency. Therefore, it is more difficult to intervene and help the veteran this late. Furthermore, the design of the program allows "upside down" loans (i.e. loans in excess of the appraised value). These types of loans can put a veteran at increased risk of default. In addition, the program could increase its efficiency if it partnered with other Federal programs, such as HUD's FHA Single Family Housing Program.

Evidence: Applicable evidence includes: the FY 2003 Annual Performance and Accountability Report - Objective 2.3; 38 USC chapter 37; VA's Transitional Housing Subsidy Model; and 38 USC § 2051.

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
40%	0%	33%	40%	

1.5	Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?	Answer: NO	Question Weight20%
Explanation:	The program targets all veterans, active-duty service members, and reservists over their entire lifetime. This is a broad target and difficult to manage or measure effectiveness. However, only 10% of veterans use the benefit. VA only ensures that eligible recipients receive the benefit by requiring a Certificate of Eligibility (COE) which is issued after a case-by-case review. Additionally, the program is subsidizing loans for those who can get other loans elsewhere and the program is competing with other governmental programs and commercial lenders. Furthermore, 14.6% of participants are active duty, who either have housing allowances or housing in-kind.		
Evidence:	Applicable evidence includes: 38 USC § 3702; VA Manual 26-1 Guaranteed Loan Processing; Chapter 2, Federal Credit Reform Act (FCRA) of 1990: P.L. 101-508 accessible at: www.fms.treas.gov/ussgl/creditreform/fcratoc.html . Additional evidence includes: ESI's Report, Chapter 4, Profile of Participants.		
2.1	Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?	Answer: NO	Question Weight13%
Explanation:	The program has one outcome measure under development: "Percent of active duty personnel and veterans that could not have purchased a home without VA assistance." While this measure is important, additional measures are required to capture the broad program purpose and strategic goals.		
Evidence:	Applicable evidence includes: Department of Veterans Affairs FY2003 Congressional Justification, pp. 2A-7; Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1: pp. 6.26-6.27; Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report, Chapters 2, 7, 12: (2004); and Department of Veterans Affairs Strategic Plan 2003-2008, pg. 38.		
2.2	Does the program have ambitious targets and timeframes for its long-term measures?	Answer: NO	Question Weight13%
Explanation:	The program's outcome measure is still under development and requires a baseline and out year targets.		
Evidence:	Performance targets are cited in Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1: pp. 6.26-6.27; Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184; and in the Department of Veterans Affairs Strategic Plan 2003-2008, pg. 38.		
2.3	Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?	Answer: NO	Question Weight13%
Explanation:	The Housing program does have examples of annual performance measures, such as the Foreclosure Avoidance Through Servicing (FATS), though the program lacks outcome measures that link to such performance measures. Additionally, the program does not have an efficiency measure.		
Evidence:	Performance measures are cited in the Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1. pp. 6.26-6.30; in the Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184; and in the Loan Guaranty Balanced Scorecard.		

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
40%	0%	33%	40%	

2.4	Does the program have baselines and ambitious targets for its annual measures?	Answer: NO	Question Weight13%
Explanation:	VA has not established baselines and ambitious targets for its annual measures. Many of the program's targets are under development and those that exist are not ambitious. For example, the FATS Ratio target for 2004 is 45% when the actual for 2003 was 44.5%. Furthermore, VA has achieved a 97% accuracy rate for the last few years and maintains that rate for its annual goals.		
Evidence:	Performance measures are cited in the Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1. pp. 6.26-6.30; in the Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184, and in the Loan Guaranty Balanced Scorecard.		
2.5	Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?	Answer: NO	Question Weight13%
Explanation:	The program does not have sufficient long-term and annual goals. Thus, the program partners can not commit to working towards them.		
Evidence:	Applicable evidence includes: VA Handbook H26-94-1 VA Servicer's Guide; VA Pamphlet 26-7 VA Lender's Handbook; VA Manual 26-2 Construction and Valuation Policies, Requirements, Methods, and Procedures Manual; VA Loan Guaranty Service Monitoring Unit Operating Guide; PM Administrator Contract PO #101-Y37203; 08/27/2003; and Portfolio Loan Servicer Contract PO#101-Y17042; 11/14/2000.		
2.6	Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?	Answer: NO	Question Weight13%
Explanation:	An evaluation of the Housing program was conducted by an independent contractor with a final report issued in July 2004. However, this is the first independent evaluation of wide scope and no future evaluations are planned. In addition, the evaluation was not sufficiently rigorous in its examination of the program's effectiveness. For example, the evaluation did not make a recommendation on the Adjustable Rate Mortgage option, as tasked in the Statement of Work. Furthermore, the report contains several inaccuracies.		
Evidence:	The scope of the ESI program evaluation is included in the contract Statement of Work; Field station survey reports; and Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report (2004). VAOIG reports are accessible on the internet at www.va.gov/oig . The most recent OIG audit report touching on the Housing program is titled Combined Assessment Program review report, VA Regional Office Houston TX [03-02725-93] Deloitte and Touche Independent Auditor's Report November 2003. Additional resources include: Loan Guaranty Management and Accountability and Control Remediation Plan and Supporting Materials: Balance at Maturity Issue (2003) and Results of the Lender and Veteran Customer Satisfaction Surveys are available on the web at www.vbaw.vba.va.gov .		
2.7	Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?	Answer: NO	Question Weight13%
Explanation:	The relationship between VA's budget requests for the Housing program and whether such requests will impact the achievement of targeted goals is not clear.		
Evidence:	VA's 2005 Budget does not tie the budget request to improvements in performance.		

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

2.8	Has the program taken meaningful steps to correct its strategic planning deficiencies?	Answer: NO	Question Weight:13%
Explanation:	The program has only a few measures that have a baseline, annual goals, and a strategic target. The final program evaluation report will make recommendations on how to revise current measures, or devise new more appropriate ones. However, VA does not plan to develop a more comprehensive long-term planning process until 2007.		
Evidence:	Applicable evidence includes: Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report, Chapters 2, 12: (2004) and the VBA planning process document.		
3.1	Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?	Answer: NO	Question Weight:11%
Explanation:	VA needs to collect current loan performance information to effectively and consistently manage their portfolios. Currently, VA does not know whether a veteran has failed to make the mortgage payments until 105 days after a delinquent payment. Additionally, unlike other programs which are discretionary, there is a lack of incentive in this program because it is mandatory, to manage the program. As an example, in the Native American program, managers did not monitor the loans issued and exceeded the legal limit.		
Evidence:	Applicable evidence includes: Sample data collected on Lender performance: GPADS report from GINNIE MAE. VA Credit Standards are codified in Regulations and published in the Lenders Handbook, VA Pamphlet 26-7. Audit procedures are described in VA Loan Guaranty Service Monitoring Unit Operating Guide. FATS data available on Balanced Scorecard at http://vbaausdsf1.vba.va.gov . Additional evidence includes: Portfolio Loan Servicer Contract PO # 101-Y17042; 11/14/2000 PM Administrator Contract PO #101-Y37203; 08/27/2003. The relevant regulation pertaining to delinquency can be found at 38 CFR 36.4315.		
3.2	Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?	Answer: NO	Question Weight:11%
Explanation:	Many of the Housing program's performance measures are under development and therefore, program partners can not be held accountable. Moreover, program managers were not held accountable for exceeding the legal limit in the Native American Loan program in 2003.		
Evidence:	VA Credit Standards are codified in Regulations and published in the Lenders Handbook, VA Pamphlet 26-7. Audit procedures are described in VA Loan Guaranty Service Monitoring Unit Operating Guide. Additional evidence includes: Portfolio Loan Servicer Contract PO # 101-Y17042, 11/14/2000; Property Management Administrator Contract PO #101-Y37203, 08/27/2003. Financial Quality Assurance Service, Financial Management Review, Native American Direct Loan Program, October 27, 2003 stated that the Anti-deficiency Act violation in the Native American Loan program was the fault of the subsidy model and the budget personnel. It further stated that OMB and VA were working together to eliminate the possibility of a negative subsidy in the future, which is untrue and conflicts with the Federal Credit Reform Act. The report did not hold the program managers responsible for not monitoring the loan activity nor exceeding the legal loan limit.		

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose? Answer: NO Question Weight:11%

Explanation: This question must receive a NO because the Native American Loan program had an Anti-Deficiency Act violation in 2003.

Evidence: VA Credit Standards are codified in Regulations and published in the Lenders Handbook, VA Pamphlet 26-7. Audit procedures are described in VA Loan Guaranty Service Monitoring Unit Operating Guide. Additional evidence includes: Regional Office Director's Performance Appraisal Plan (2004); Loan Guaranty Service Director's Performance Standards and Appraisal Plan (2004); Portfolio Loan Servicer Contract PO # 101-Y17042, 11/14/2000; and the Property Management Administrator Contract PO #101-Y37203, 08/27/2003

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution? Answer: YES Question Weight:11%

Explanation: VA uses various procedures to achieve efficient cost-effective program execution, including implementation of management study recommendations. The recently conducted Property Management (PM) A-76 Study concluded that the program would achieve greater efficiencies through contracting out the property management function, and subsequently, a private-sector firm was awarded the contract. Additional IT-related efficiencies are achieved through participation with the Department of Treasury on the Funding Fee Payment System (FFPS), and with Department of Education, the Small Business Administration, the Department of Housing and Urban Development, and the Department of Agriculture on the e-Gov initiative. The Automated Certificate of Eligibility (ACE) system also provides increased efficiency and effectiveness by improving timeliness of eligibility data and determinations, and providing cost-savings. However, the program needs to continue development of cost efficiency measures.

Evidence: Relevant evidence includes: Automated Certificate of Eligibility (ACE) Milestone IV: Post Implementation Review Report; VA Circular 26-02-6 VA Funding Fee Payment System (FFPS) (2002); Property Management A-76 Cost Comparison; Property Management Administrator Contract PO #101-Y37203; 08/27/2003; Loan Guaranty Balanced Scorecard and Loan Guaranty Balanced Scorecard Handbook; Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184; and OMB Exhibit 300 Loans Capital Asset Plan and Business Case.

3.5 Does the program collaborate and coordinate effectively with related programs? Answer: NO Question Weight:11%

Explanation: While VA collaborates with many entities, there is no evidence that the collaboration has led to meaningful actions in management and resource allocation. For example, the Housing Consortium disbanded before a federal data warehouse was created. In addition, the Departments of Housing and Urban Development and Agriculture have similar programs and could have a joint property management contract or implement "best practices."

Evidence: Relevant evidence includes: OMB Exhibit 300 eLoans Capital Asset Plan and Business Case; Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report, Chapter 8, (2004); Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1; Template for Memorandum of Understanding Between The U.S. Department of Veterans Affairs and a Native American Nation, available at www.homeloans.va.gov.

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

3.6 Does the program use strong financial management practices?

Answer: NO

Question Weight:11%

Explanation: Although strong financial management practices have resulted in an unqualified (clean) financial audit opinion on its Consolidated Financial Statements for the last five years, two material weaknesses require long-term corrective action. The audit cited deficiencies which were classified under VA 'Information Technology Security Controls' and under 'Integrated Financial Management System'.

Evidence: The credit programs are audited every fiscal year as part of the Financial Statement Audit and the Housing program continues to receive an unqualified (clean) audit opinion: Deloitte and Touche Independent Auditor's Report November 2003.

3.7 Has the program taken meaningful steps to address its management deficiencies?

Answer: YES

Question Weight:11%

Explanation: The Loan Guaranty Quality Control system conducts annual on-site management audits of all Regional Loan Centers, and monthly SQC reviews of work products. Each audit report details corrective actions required, and stations must provide acceptable remediation plans, which are verified in subsequent site visits. VA also conducts regular Internal Control Reviews to identify vulnerability to waste, fraud, and abuse. The most recent study, System Security Plan and Risk Assessment of Loan Guaranty Computer Systems by Bearing Point, has identified security vulnerabilities in certain IT systems, and actions are being initiated to remedy these.

Evidence: The Loan Guaranty Quality Control program is described in detail in VA Manual M26-9, available at www.warms.vba.va.gov. Internal Control Reviews mandated by VBA Circular 20-87-1. Additional evidence includes: Report by Bearing Point: Veterans Information Portal, VIP/ITC Discovery Report.

3.CR1 Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled?

Answer: NO

Question Weight:11%

Explanation: The Housing program does not maximize collections and recoveries. This is due to the current process by which VA is notified of delinquency, which does not occur until 105 days after the late payment. Additionally, legislation passed in December 1989 (P.L. 101-237) restricts VA from establishing a debt for foreclosure against a veteran unless malfeasance is involved.

Evidence: The credit programs are audited every fiscal year as part of the Financial Statement Audit. The audit process includes substantive testing of the programs financial reporting and no material problems have been reported. VA Lenders Handbook (VA Pamphlet 26-7) available at www.homeloans.va.gov.

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

3.CR2 Do the program's credit models adequately provide reliable, consistent, accurate and transparent estimates of costs and the risk to the Government? Answer: YES Question Weight: 11%

Explanation: Over the past couple of years, VA has made significant progress in updating and improving all of the credit models. These models more accurately project cash flows and simplify the process for users and auditors. The method of computing default projections for the guaranteed loan program was recently updated to link to current economic conditions. That update resulted in significant downward re-estimates, but will improve future subsidy estimates by stabilizing cash flows computed by the model and thereby reducing future re-estimates. The model uses actual historical data entered during every re-estimate cycle which results in projections made within the model being based on the most recent data available. Additionally, the models for vendee and acquired loans are under development to better reflect trends.

Evidence: The credit programs are audited every fiscal year as part of the Financial Statement Audit. The audit process includes a thorough review of the models by the auditors and VA's Actuarial Staff. No problems have been reported: Deloitte and Touche Independent Auditors' Report on Internal Control Over Financial Reporting (11/11/2003).

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals? Answer: NO Question Weight: 20%

Explanation: The program only has one outcome measure and it is still under development. VA needs to develop this measure and a couple more outcome measures with baselines, annual targets, and a strategic targets.

Evidence: Relevant evidence includes: the Loan Guaranty Balanced Scorecard and Loan Guaranty Balanced Scorecard Handbook; the Monthly Performance Report; Department of Veterans Affairs Strategic Plan 2003-2008, pg. 38; Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1, pp. 6.26-6.30; Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184, Performance Measures Tables.

4.2 Does the program (including program partners) achieve its annual performance goals? Answer: NO Question Weight: 20%

Explanation: The program only has a few measures that have a baseline, annual goals, and a strategic target. VA is currently in the process of developing more measures; however, VA does not expect to implement them until 2007.

Evidence: Relevant evidence includes: the Loan Guaranty Balanced Scorecard and Loan Guaranty Balanced Scorecard Handbook; the Monthly Performance Report; Department of Veterans Affairs Strategic Plan 2003-2008, pg. 38; Department of Veterans Affairs FY2005 Congressional Justification, Benefit Programs, volume 1, pp 6.26-6.30; and the Department of Veterans Affairs Performance and Accountability Report (2003), pp. 53, 184, Performance Measures Tables.

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: YES

Question Weight20%

Explanation: VA recently completed an A-76 study of the Property Management operation. The study determined that increased efficiency and cost effectiveness would be achieved by contracting the operation out. VA estimates net savings of \$14M over the course of the 4 ½ year contract. Since FY95, Loan Guaranty has consistently decreased field staffing levels while overall loan volume has remained steady, and often has increased. Nevertheless, quality and performance have not been negatively impacted. The program has achieved performance goals - FATS, Statistical Quality Index and Veteran Customer Satisfaction. FY03 figures for those goals are 44.9%, 97% and 95% respectively. However, VA needs to continue development of its cost efficiency measures.

Evidence: Relevant evidence includes: Property Management A-76 Cost Comparison and the Field FTE and Loan Volume graph.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: YES

Question Weight20%

Explanation: The Housing program is comparable to HUD's FHA Single Family Housing program and other loan products in the conventional and local government markets. FHA and VA have identical income to debt ratios and under the 2005 President's Budget, the FHA Single Family Housing Program includes a no-downpayment requirement. A thorough comparison has not been done through an independent evaluation; however, default and recovery rates compare favorably to FHA's single family program.

Evidence: Applicable evidence includes: Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report (2004).

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: NO

Question Weight20%

Explanation: An evaluation of the Housing program was conducted by an independent contractor with a final report issued in July 2004. However, the evaluation did not provide a rigorous analysis of the program's effectiveness. For example, it did not identify areas of improvement, such as the electronic transfer of data from lenders to VA in order to improve foreclosure avoidance.

Evidence: Applicable evidence includes: Economic Systems Inc. (ESI) VA Home Loan Guaranty Program Evaluation Report (2004) and the Executive Summary, VA Loan Guaranty Veteran Customer Satisfaction Survey, (FY2003).

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

Measure: Foreclosure Avoidance Through Servicing (FATS)

Additional Information: Ratio. Measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclousre; i.e. the overall level of success VA is having in assisting veterans who are facing foreclosure.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	39	43	
2003	44	45	
2004	47		
2005	47		
2006	47		

Measure: Target Under Development

Additional Information: Target Under Development

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2004	UD	UD	
2005			
2006			

Measure: Veteran Satisfaction with the Housing Program

Additional Information: Data has a one year lagtime due to survey administration and reporting procedures. "Actual" data for any FY represents the numbers collected during the previous FY. Data represents the percent of veterans who report they are Very or Somewhat Satisfied with the process of obtaining a VA Home Loan

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	94	93	
2003	95	94	

PART Performance Measurements

Program: Housing
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Credit

Section Scores				Rating
1	2	3	4	Results Not
40%	0%	33%	40%	Demonstrated

2004	96	95
2005	96	
2006	96	

Measure: Improve Accuracy of Loan Guaranty Activities

Additional Information: Strategic Target of 98%. Evaluates the quality of services performed by Housing field stations. Calculated by conducting 2-tiered review of a sample of loan files; review conducted in light of published guidelines.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2002	96		
2003	97		
2004	97		
2005	97		
2006	97		

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

1.1 Is the program purpose clear?

Answer: YES

Question Weight: 15%

Explanation: The Veterans Health Administration's (VHA) core mission is to serve the health care needs of service-connected veterans, special populations, and low income veterans. The Secretary clearly stated that priority care will be provided to service-connected, special populations, and low income veterans. Priority 1 veterans are moved to the front of the waiting list for care.

Evidence: The core mission is contained in the Secretary's published priorities for providing health care, the new FY 2003-2008 Department of Veteran Affairs (VA) Strategic Plan, the Under Secretary for Health's VHA Vision 2020. Also, the suspension of new Priority 8 enrollment and CARES Policy shows the focus on the core population.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight: 15%

Explanation: The program provides medical care for service-connected, special populations, and lower-income veterans. VA was providing an increasing amount of medical care to non-service-connected disabled, higher-income veterans, many of whom have other health care options. However, the Secretary has directed the program to increase its focus on providing priority care to service-connected and low-income veterans.

Evidence: The specific need and interest is health care to veterans with an increased focus on priorities 1-6.

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: NO

Question Weight: 25%

Explanation: Federal law allows veterans to receive benefits from various programs, hence VA's program is not unique. Most veterans that VA serves are eligible for other public sources of medical care (e.g., Department of Defense (DoD) and Medicare) or private insurance coverage, especially nonservice-connected, higher-income veterans. The unique part of VA medical care is its service to special populations, such as those with spinal cord injury, mental illness, etc. VA is the leader in many of these areas, and often is the only affordable source of this type of care in many regions. Although much of the care received by veterans is not for service-connected conditions, there is a special component to care given by VHA that addresses the overall impact of military service on health that other agencies are not able to address.

Evidence: As of September 30, 2002 approximately 49% of veteran patients were eligible for Medicare and 700,000 were eligible for the DoD's TRICARE program. In addition, approximately 80% of care is for nonservice-connected conditions. However VA continues to improve collaboration with other agencies, e.g., the development of VA+Choice with HHS to more effectively use federal health care dollars and pursuit of pharmaceutical cost efficiencies with DOD through its TRICARE providers.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: NO

Question Weight: 20%

Explanation: VA has a system of hospitals that is not right sized or in appropriate locations. However, significant progress has been made in the past year in relation to the Capital Asset Realignment for Enhanced Services (CARES) study. VA expects to complete the needed studies and have the Secretary decision finalized by December 2003.

Evidence: A GAO study shows that VA is spending \$1 million per day to maintain excess hospital space. Over the past 20 years, veterans have shifted from the northeast to the south without corresponding shift of VA infrastructure.

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

1.5	Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?	Answer: YES	Question Weight25%
Explanation:	VA has made a series of decisions more effectively targeting care to its core veterans. It is not clear whether these decisions will hold, given stakeholders desire to expand the benefit.		
Evidence:	The Secretary made a decision to stop enrollment of new Priority Level 8 veterans (those without disabilities and higher incomes) and give priority to service-connected veterans on the waitlist. Furthermore, the allocation of the medical care budgets to hospitals only targets core veterans.		
2.1	Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?	Answer: YES	Question Weight20%
Explanation:	Medical care has numerous key measures, some related to quality, cost, access. Although the key measures focus mainly on output, medical care does include critical quality of care measures recognized throughout the health care community.		
Evidence:	The measures are : Clinical Practice Guidelines Index and Improve Performance on the Prevention Index. These goals pertain to all priority levels, but are based on its core population.		
2.2	Does the program have ambitious targets and timeframes for its long-term measures?	Answer: YES	Question Weight10%
Explanation:	All Medical Care performance measures have strategic targets that are designed to meet the highest standards of the area being measured. Specific timeframes are established for achieving each strategic target.		
Evidence:	The measures are : Clinical Practice Guidelines Index and Improve Performance on the Prevention Index. These goals pertain to all priority levels, but are based on its core population.		
2.3	Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?	Answer: YES	Question Weight15%
Explanation:	Medical Care has a comprehensive list of annual performance measures that demonstrate incremental progress towards reaching the long-term goals.		
Evidence:	Annual performance plans list VA performance measures with annual and long-term goals. Goals: Improve Waiting Times and Improve Customer Satisfaction.		
2.4	Does the program have baselines and ambitious targets for its annual measures?	Answer: YES	Question Weight: 5%
Explanation:	Baselines are established during the development of every new measure. Long-term stretch goals are established that are designed to meet the highest standards of the area being measured. Annual incremental targets are then established based on various factors including available funding.		
Evidence:	Annual performance plans list VA performance measures with annual and long-term goals. Goals: Improve Waiting Times and Improve Customer Satisfaction.		

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight:10%

Explanation: VA's long-term care performance goals only include in-house care at this time, not State and community nursing homes. In addition, performance data from DoD, provider contract services, and outpatient clinics are not shared with VA. VA needs to expand the performance measures to account for care VA pays for in non-VA facilities.

Evidence: VA does not collect data at this time from non-VA facilities. Changes to standard contracting language are pending that will make contractors accountable for performance information.

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:15%

Explanation: There are many independent evaluations or studies conducted. These include regular reviews by such organizations as GAO, IG, JCAHO, NCQA, American Customer Satisfaction Index, and the External Peer Review Program. Although, these are not directly linked to VHA's long-term goals, they do provide information needed to evaluate performance.

Evidence: VA has contracts with some outside contractors to perform limited evaluations (e.g. prosthetics and cardiology). In addition, GAO, VA IG, and external organizations conduct studies.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight:15%

Explanation: However, VA is working toward this level of performance-based budgeting. VA has proposed a new account structure that more accurately aligns funding with respective programs. VA's current cost accounting system, the Financial Management System (FMS), does capture unit costs and is used for formation of cost, efficiency, and effectiveness measures. However, until VA is able to capture unit costs or Core FLS (new financial management system) is in place, complete cost accounting will not be possible.

Evidence: VA will begin operational testing and migration of Core FLS as the new budget accounting structure is coordinated with the existing FMS accounting system. See FY 2004 President's Budget Submission, VA Account Restructure Directive, and GAO Report-03-10 citing improvement in aligning budget to program goals.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:10%

Explanation: VHA has taken steps to improve strategic planning efforts by creating the Strategic Planning Committee (SPC), a subcommittee to the National Leadership Board, to address proactively strategic issues. The SPC has completed a full revision of the VHA strategic objectives, developed new strategies, and has begun to incorporate the CARES process into the full planning process. The CARES process will strategically look at veterans' future needs and how to provide for those needs.

Evidence: VHA established the SPC Charter, continues its work on the CARES study, and proposed a restructured budget account structure for FY 2004.

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

3.1	Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?	Answer: YES	Question Weight: 25%
Explanation:	VA collects performance data from each facility (except certain non-VA long-term care sites and contract care) and uses the data to improve performance and measurement of its medical care system. VA should begin including program partners (e.g., State and community nursing homes) in its performance data.		
Evidence:	Each facility is required to collect data on an index of 10-15 key preventive and chronic disease measures, which VA uses to track the clinical management of patients at each facility and system-wide.		
3.2	Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?	Answer: NO	Question Weight: 15%
Explanation:	Network directors have performance criteria in contracts, they do not capture all of the key cost, schedule, and performance results. However, progress has been made in this areas. Performance evaluations are linked to critical issue areas, and program partners are held to performance standards. The External Peer Review Program (EPRP) performs reviews of medical records at contract CBOCs using the same criteria as used for reviews of internal VHA patient care.		
Evidence:	VISN Director's performance evaluations do not capture all of the key cost, schedule, and performance results. In addition VA has created the Business Oversight Board (BOB) to review all major business policy and operations issues. Also, the Deputy Secretary holds Monthly Performance Review meetings which focus on discussions about cost, schedule and scope for each Program and Staff Office in VA.		
3.3	Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?	Answer: YES	Question Weight: 10%
Explanation:	VA does obligate funds in a timely manner.		
Evidence:	Financial statements and apportionments show how VA obligates funds in a timely manner.		
3.4	Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?	Answer: YES	Question Weight: 10%
Explanation:	Significant progress has been made in the areas of efficiency and cost effectiveness in acquisition of pharmacy, prosthetics, medical/surgical supplies, and increased collection of revenue. Improvements in IT accountability have also been made. All IT projects now have progress measures with specific milestones. VA has developed a comprehensive competitive sourcing plan to study over 52,000 FTE in VHA with associated cost savings.		
Evidence:	VA will begin operational testing and migration of its cost accounting system as the new budget accounting structure is coordinated with the existing accounting system. IT progress is shown through submission of the business plans for each project.		

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

3.5 Does the program collaborate and coordinate effectively with related programs?

Answer: NO

Question Weight: 15%

Explanation: DoD and VA have made progress on several high-level management collaboration issues and expand the traditional resource sharing at the local level. However, most of these initiatives are in the initial stages of implementation and have not yet demonstrated significant implementation or specific resource savings. Through the DoD/VA Executive Council, the Departments recently completed a joint strategic plan to increase their partnership efforts. The joint plan calls for the development of an interoperable clinical data repository to enable both departments access to shared clinical data. The departments plan to develop a data repository to allow VA access to DoD personnel data to verify veterans military service records. They established a limited pilot for DoD to use the VA Consolidated Mail Order Pharmacy and are in the process of assessing the results of the study. In addition, the Departments expect to use the Executive Council to identify and implement the DoD/VA resource sharing pilots required by FY2003 NDAA.

Evidence: The DoD/VA Joint Sharing Strategic Plan identifies goals to increase future sharing, such as a clinical data repository. However, most of these initiatives are still in the planning phase and have not achieved sustained or quantifiable results. Major challenges still exist with the implementation of the interoperable VA and DoD information systems for enrollment and two-way shared patient information. While the two Department's health care systems expend nearly \$30 billion annually each, VA's FY 2004 performance target for sharing agreements is only \$150 million. The Departments have not yet identified the 3 pilot sharing sites required in the 2003 NDAA. The North Chicago VA-Navy project is still awaiting implementation after years of planning. Other sharing initiatives, which appear to have promise, like DoD's use of VA's consolidated mail order pharmacy, are still in the early pilot and evaluation stage.

3.6 Does the program use strong financial management practices?

Answer: YES

Question Weight: 10%

Explanation: VA is free of any material internal control weaknesses in this area.

Evidence:

3.7 Has the program taken meaningful steps to address its management deficiencies?

Answer: YES

Question Weight: 15%

Explanation: VHA has established permanent and ad hoc committees to address management deficiencies, and monitor corrective actions. VHA tracks status of each IG and GAO audit until recommendations are resolved and closed out by the auditing agency. An important need is for a cost-accounting system throughout the medical care system, which has fallen behind by two years.

Evidence: VHA has established the National Leadership Board Charter and monitors VHA status reports on IG audits.

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?

Answer: LARGE
EXTENT

Question Weight: 20%

Explanation: VA has made progress in meeting most of its long-term goals, especially those related to quality. Although these goals are output goals, they relate to important outcome goals. Improved long term planning is needed in areas such as infrastructure, long term care, DoD coordination, and providing care to the most needy veterans.

Evidence: VA's quality initiatives and performance have been highlighted in its Performance Plan, and VA has received recognition and awards from the Institute of Medicine and Harvard University.

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

4.2	Does the program (including program partners) achieve its annual performance goals?	Answer: LARGE EXTENT	Question Weight20%
Explanation:	VA achieves most of its annual goals. Performance data is collected on program partner performance, but is not yet fully integrated into the system-wide performance data.		
Evidence:	The performance reports shows VA achieving most of these goals.		
4.3	Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?	Answer: SMALL EXTENT	Question Weight20%
Explanation:	Due to the lack of a cost accounting system, VA is unable to accurately measure its efficiencies and cost effectiveness. Some progress has been made in areas such as the improved ratio of collections to billing.		
Evidence:	VA lacks a cost accounting system and is currently working on establish one.		
4.4	Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?	Answer: LARGE EXTENT	Question Weight20%
Explanation:	VA compares its health care with indices and data from the Centers for Disease Control (CDC), Medicare managed care plans, National Committee for Quality Assurance (NCQA), and the Behavioral Risk Factor Surveillance System. These comparison show VA to be performing well. We are awaiting data from the common measures exercise to evaluate VA against other Federal programs, no comparative performance evaluations of these programs have been done.		
Evidence:	Medicare program data, CDC and NCQA data indicate that VA's patient care quality is very high. No reliable data currently exists for comparisons with other Federal health care delivery programs.		
4.5	Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?	Answer: LARGE EXTENT	Question Weight20%
Explanation:	Evaluations are done on system components (e.g., specific conditions). They have been compared to other systems by many independent entities (e.g., Institute of Medicine and Harvard University).		
Evidence:	One evaluation showed VA is effective in delivering prosthetic treatment to veterans, while a second showed VA is not as effective as the private sector in treating some cardiac problems. Studies have shown VA to be a leader in many quality of care indicators and has been cited for patient safety innovations such as a leader in use of bar coding drugs to reduce errors. While these are significant areas for study, not enough studies have been done yet to provide a system-wide evaluation of program effectiveness or results.		

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

Measure: Clinical Practice Guideline Index

Additional Information: The CPGI measures how well VA follows nationally recognized clinical guidelines for care of patients with one or more of the following high-volume diagnoses: ischemic heart disease, hypertension, COPD, diabetes mellitus, major depressive disorder, and tobacco use cessation.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2002	0.64	0.64	
2003	0.68	0.7	
2004	0.7		
2005	0.71		

Measure: Average Waiting Time for New Patients Seeking Primary Care Clinic Appointment

Additional Information: This measure is the average number of days between when the primary care clinic appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual (Efficiency Measure)
2002	51	51	
2003	45	42	
2004	30		
2005	30		

Measure: Percent of Patients Rating VA Health Care Service as Very Good or Excellent (Outpatient)

Additional Information: This measure reflects the percentage of outpatients surveyed on the quarterly outpatient surveys who rate their overall quality of care as very good or excellent.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2001	67%	65%	
2002	67%	71%	

PART Performance Measurements

Program: Medical Care
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Adequate
55%	75%	70%	60%	

2003	72%	73%
2004	73%	
2005	73%	

Measure: Increase the Scores on the Prevention Index II

Additional Information: This measure reflects the percent compliance for each health indicator within the index.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2001	80%	80%	
2002	82%	82%	
2003	80%	83%	
2004	82%		
2005	84%		

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: The Montgomery GI Bill (MGIB)-Active Duty program provides up to 36 months of education benefits. Benefits are payable for 10 years following release from active duty, and servicemembers contribute \$100 per month during their first year of enlistment to be eligible. The MGIB-Selected Reserve (MGIB-SR) program is available to reservists and national guardsmen. Benefits may be used for degree and certificate programs, flight training, apprenticeship/on-the-job training and correspondence courses. They are payable for fourteen years, and no contribution is required. "Kickers" are added education benefits to enhance recruitment in "hard to fill" or critical skill areas. The primary purposes of these programs are clear. MGIB-Active Duty aims to aid in the transition from military to civilian life and in military recruitment. The primary purpose of MGIB-SR is recruitment, and the primary purpose of kickers are to fill critical positions. Congress, the Department of Veteran's Affairs' (VA) and stakeholders such as Veterans Service Organizations agree on these missions.

Evidence: The MGIB - Active Duty purpose is defined in Title 38, Part III, Chapter 30, Subchapter 1, Section 3001. MGIB - Selected Reserves and 'kickers' are defined in Title 10, Subtitle E, Part IV, Chapter 1606, Sec. 16131. These same purposes are echoed in a 2000 Klemm evaluation of MGIB.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: It is widely accepted that MGIB aids recruitment into the armed services and with a service member's transition back to civilian life (a key concern in previous GI Bills, such as after World War II). There are a number of other recruitment incentives, as well, such as pay and benefits, enlistment bonuses, recruiters and advertising. It is unknown what effect MGIB has on recruitment, exclusive of these other incentives. "Kickers" are successful incentives for staffing hard to fill positions. In addition, MGIB-SR provides a recruiting incentive.

Evidence: 2000 Klemm Evaluation concludes that MGIB meets "some success" with transitioning, and is "successful" with recruitment (Chapters 30 & 1606). Kickers were not included in this evaluation as a separate component. Klemm studies also conclude that "the stated purpose that the MGIB-SR provide a recruiting incentive is ... being met."

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: NO

Question Weight 20%

Explanation: A number of Federal, state, local and private efforts provide education benefits, including specific benefits targeting veterans. Similar programs in the Department of Defense provide education benefits (Loan Repayment and Tuition Assistance) and also serve as a recruitment incentive, like MGIB. While state benefits are varied, and may not have the purpose of being a 'readjustment benefit' they do target the same population and provide a similar service - education benefits. There is no similar program that provides as many options, such as payments for college classes, on the job training, or accelerated payments for high tech training.

Evidence: The website www.military.com lists education benefits available for veterans by state. In addition, the Department of Defense offers Loan Repayment Program and Tuition Assistance Programs. Other education benefits include federal loans, Pell grants, and scholarships.

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency? Answer: NO Question Weight20%

Explanation: According to 38 U.S.C. 3014, MGIB is not intended to meet a specific level of educational benefits, but rather to 'help meet, in part,' expenses associated with higher education. A flaw in the program is that an 'optimum' level of benefits is not known. The benefit rates are set by Congress and except for specified rate increases in FY2001 - FY2004, the benefit rate will increase with the CPI. The CPI is not directly tied to increases in the cost of education. Stakeholders tend to measure the adequacy of its level against increasingly higher measurement tools. In addition, the effect of recent increases in monthly MGIB payments is unknown - while they may improve recruitment, they may simultaneously deter retention because the veteran usually separates from the military to receive the benefit. The most efficient level of monthly payment to accomplish and balance the program's goals (recruitment, transition to civilian life and retention) is unknown since these benefits are part of a complex and comprehensive package of pay and benefits.

Evidence: The most efficient levels of educational assistance monthly payment rate to support the program's purposes are unknown. Though these rates are established by legislation, and have increased approximately 78% (\$528 to \$985), it is unknown if a smaller rate increase would have also provided members the incentive to enlist in the military and provide an adequate level of educational assistance. Stakeholder measuring tools have varied from tuition at state schools to tuition, room and board at private schools.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly? Answer: YES Question Weight20%

Explanation: The programs are effectively targeted based on the legislative purposes outlined in Titles 10 and 38. Only veterans who enroll in MGIB or MGIB-SR are served. In FY 2002, 93% of all education payments made by the VA accurately provided the correct amount to the right individual. Since the start of MGIB, 80% of those eligible have enrolled in the program. More than 59% had used some or all of their benefit by the end of FY 2002. (MGIB Biennial Report to Congress, Jan. 2003) A 1998 VA Inspector General Report stated "The quality review system is effective because it evaluates the accuracy of benefits awards."

Evidence: Since the start of MGIB, 80% of those eligible have enrolled in the program. More than 59% had used some or all of their benefit by the end of FY 2002. (MGIB Biennial Report to Congress, Jan. 2003) A 1998 VA Inspector General Report stated "The quality review system is effective because it evaluates the accuracy of benefits awards."

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight12%

Explanation: VA does have a multitude of strong long-term output measures designed to look at efficiency (i.e. the rate and quality by which claims are processed). Up to this year, VA considered MGIB Usage Rates an outcome goal for the program. This measure will be retained in its current form for the year; VA will simultaneously begin development of an outcome measure that evaluates the programs contributions towards successful readjustment to civilian life. DoD has long-term performance measures related to recruiting.

Evidence: VA's Performance Plan is contained in Volume 5 of VA's 2004 Budget. Page 54 outlines VA's education goals. DoD measures appear in mission statements and mission letters of each of the services, and in DoD's budget justification books for each branch of service.

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

2.2	Does the program have ambitious targets and timeframes for its long-term measures?	Answer: NO	Question Weight: 12%
Explanation:	VA's targets for its long term output measures, such as the time to process and original or supplemental education claim, are ambitious. VA is projected to reach its target of a 97% payment accuracy rate in 2004. However, the program does not have sufficient outcome measures. A timetable for the new outcome measure is still in development. DoD has annual measures for both the quantity and quality of recruits.		
Evidence:	Volume 5 of VA's 2004 Budget states that VA aims to process an original education claim in 10 days, and any supplemental claim after the original claim in 7 days. For FY 2004, the goals are to process an original claim in 27 days and a supplemental claim in 12 days. DoD aims to recruit at least 90% high school graduates for the All Volunteer Force and Reserves.		
2.3	Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?	Answer: YES	Question Weight: 12%
Explanation:	Annual performance measures on timeliness (the time elapsed from when a veteran requests benefits to when they are received) and accuracy of payments contribute to VA's long term goal. These will help inform VA as they develop their long term outcome measure.		
Evidence:	Volume 5 of VA's 2004 Budget outlines these annual measures, and how they contribute to VA's strategic goals. DoD's budget justification books for each branch of service outline their annual goals.		
2.4	Does the program have baselines and ambitious targets for its annual measures?	Answer: YES	Question Weight: 12%
Explanation:	VA has baselines for its measures that serve as a starting point to compare improvements year to year. It is projected to reach its strategic target for accuracy of payments in 2004. Baseline and targets for the new outcome measure are in development. DoD also has baselines and ambitious targets for its annual measures.		
Evidence:	Baselines and targets are contained in Volume 5 of VA's 2004 Budget. DoD measures appear in mission statements and mission letters of each of the services, and in DoD's budget justification books for each branch of service.		
2.5	Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?	Answer: YES	Question Weight: 12%
Explanation:	In order for a veteran to use their MGIB benefit for a program, it must first be certified by a State Approving Agency. These agencies are one of VA's most significant partners. State Approving Agencies, the Departments of Defense and Homeland Security, and the Veterans Advisory Committee on Education all work towards VA's education goals.		
Evidence:	State Approving Agency Contract language and the Veterans Education Advisory Committee charter demonstrate the commitment of these partners toward VA's goals.		

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not Demonstrated
60%	63%	86%	42%	

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need? Answer: YES Question Weight:12%

Explanation: A comprehensive external evaluation of MGIB and MGIB-SR was undertaken by the Klemm Analysis Group in 2000. In addition, VA reports biennially to Congress on MGIB and MGIB-SR usage rates. In 2001, VA conducted an internal Survey of Veterans Satisfaction with the VA education benefits claims process.

Evidence: The Klemm Report, IG reports and the Principi Commission on Servicemembers and Veterans Transition Assistance are all independent evaluations of this program. VA has used the results of these evaluations to help set performance measures and identify areas of improvement.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget? Answer: NO Question Weight:12%

Explanation: It is impossible to tell from VA's budget request what effect an increase or decrease in funding for program administration will have on achieving targeted goals. VA is able to demonstrate the link between their IT investments and quicker claims processing.

Evidence: VA's 2004 Budget submission does not tie the budget request to improvements in performance, with the exception of the planned education IT system.

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies? Answer: YES Question Weight:12%

Explanation: VA has baseline information, and a limited number of strong output measures that are regularly updated. VA has also recently devised a new, more revealing performance measure on usage rates and has begun work to create a more comprehensive outcome measures for the program.

Evidence: VA's 2005 Budget submission includes the new usage measure, and plans to create a new outcome measure. DoD has output measures for these programs, but no outcome measure.

3.1 Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance? Answer: YES Question Weight:14%

Explanation: VA annually collects and updates performance measures on timeliness and accuracy to verify funds are obligated in a timely manner and spent for that intended purpose. VA also compares monthly actual usage to projected usage of the MGIB benefit. VA holds program partners accountable through this information collection. The funding allocated to VA regional offices and partners is dependent upon productivity levels. For example, if a State Approving Agency does not meet its required threshold for reviews, it will not get paid in full. If a regional processing center is not performing at an expected level, work is shifted to achieve the desired result. In addition, supervisors may receive additional training if they are not meeting their target.

Evidence: VA's 2004 Budget submission outlines increased program performance that will result from implementation of IT investment. VBA's Education Service Appraisals and conversations between OMB and VA on program management also demonstrate performance information is collected and used to better manage the MGIB program.

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Answer: YES

Question Weight:14%

Explanation: MGIB Program managers at all levels are held accountable for program performance; good performance is rewarded with awards when possible. State Approving Agencies are held accountable for the approval and supervision of programs of education and training at educational and job training facilities which are approved for veterans training under the MGIB.

Evidence: The Education Director and all subordinate managers and employees have performance goals and objectives linked back to the program performance goals. Requirements for State Approval Agencies are outlined in Title 38, Chapter 36, Subchapter 1, and are evaluated annually. The Muskogee Regional Office received Tier II awards for achieving performance measure targets.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?

Answer: YES

Question Weight:14%

Explanation: Funds for this program are spent on their intended purpose and comparing actuals to prior estimates is done on a monthly basis. In 2001, existing benefits were expanded, and VA's projections of the usage rates were higher than what has actually taken place. Due to the high estimates, VA has an unobligated balance in this area since 2001.

Evidence: VA's 2004 Budget submission, financial reports and internal tracking support this conclusion.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

Answer: NO

Question Weight:14%

Explanation: While VA has an IT project in the planning stages to assist with reaching strategic targets and has measurements for efficiencies (i.e., time it takes to process a claim), VA does not have such efforts to track cost effectiveness (i.e., the cost of processing one claim). VA does its best to reward superior performance on efficiency measures. For example, the Muskogee Regional Office received Tier II awards for achieving performance measure targets.

Evidence: There is no mention of cost effectiveness in the VA's 2004 Budget submission. VA used to report, per the 2001 - 2003 Performance Plans, an administrative cost per "trainee" (a veteran using the MGIB benefit) measure. This is no longer monitored.

3.5 Does the program collaborate and coordinate effectively with related programs?

Answer: YES

Question Weight:14%

Explanation: VA coordinates regularly with the Departments of Defense and Homeland Security, and is a member of the Department of Education's Federal Interagency Committee on Education (FICE).

Evidence: VA's Education Service is a designated FICE. FICE's primary responsibility is to contribute to make recommendations to ensure "effective coordination of federal programs, policies, and administrative practices affecting education programs." VA's Education Service participates and works with the Department of Labor on the initiative to modify time-based apprenticeship and on-job training programs to competency-based programs. VA is also working with Labor initiative to have State Licensing Boards and civilian apprenticeship sponsors recognize and give credit for apprenticeship and other on-job training that veterans receive while on active duty.

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

3.6	Does the program use strong financial management practices?	Answer: YES	Question Weight14%
Explanation:	VA was free of any material internal control weaknesses in this area. VA performs a statistically valid review of the payment accuracy of the four regional processing offices on a quarterly basis.		
Evidence:	Strong financial management practices are demonstrated in the Management Controls Process and identified in the VA Performance Plan and Audit Reports of 1999 and 2000. A VA Inspector General review of the education service quality review system concluded the education service had an effective quality review system.		
3.7	Has the program taken meaningful steps to address its management deficiencies?	Answer: YES	Question Weight14%
Explanation:	VBA conducts regular reviews of regional offices to ensure strong program management. Education Service confirms claims data through ongoing quality assurance reviews conducted on a statistically valid sample of claims. VA conducts a monthly review of all performance goals.		
Evidence:	The FY 2002 Performance and Accountability Report describes the quality assurance review process and the steps taken to improve the usage and processing of claims. The annual customer satisfaction surveys also provide direct feedback from the program participants.		
4.1	Has the program demonstrated adequate progress in achieving its long-term performance goals?	Answer: NO	Question Weight25%
Explanation:	VA makes annual progress towards its long term output goals, such as claims processing times and accuracy of payments. VA's long term outcome measure is in development.		
Evidence:	VA's 2004 Budget submission and Performance Plan demonstrate progress in achieving long-term goals; VA's 2005 Budget discuss creation of a new outcome measure.		
4.2	Does the program (including program partners) achieve its annual performance goals?	Answer: LARGE EXTENT	Question Weight25%
Explanation:	VA often achieves its annual performance goals. DoD often reaches its recruiting goals.		
Evidence:	VA's Performance plan and past budgets identify achievement of annual performance goals. DoD's budget justification books for each branch of service outline their annual goals.		
4.3	Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?	Answer: NO	Question Weight25%
Explanation:	VA presents information on improved efficiency, but not on cost effectiveness. VA continues to improve its efficiency, as demonstrated by its recent IT system.		
Evidence:	VA's 2004 Performance plan and Budget request support this conclusion.		

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: NA

Question Weight: 0%

Explanation:

Evidence: An attempt was made to compare the MGIB program to similar programs, however such a comparison is inherently difficult. There is no available data on DoD's Tuition Assistance or Loan Repayment programs, since they are part of larger package of recruitment benefits. The Americorps program, which is similar in that education benefits are provided in exchange for a service commitment, is new and has no data available. Programs in the Department of Education which help finance higher education are for different populations and different purposes, and have different measurement standards (i.e. use of national statistics).

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: YES

Question Weight: 25%

Explanation: The 2000 Klemm Evaluation concludes that MGIB meets "some success" to aid veterans in their readjustment, and that the program is "successful" with recruitment. The Klemm Evaluation also concludes that "the stated purpose that the MGIB-SR provide a recruiting incentive is ... being met."

Evidence: The Klemm Analysis Group did a comprehensive four volume evaluation of the program. The Klemm Group is a professional services firm that solves complex technical, policy and management problems by applying both conventional and innovative research methodologies.

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

Measure: Percentage of Payments made accurately

Additional Information: strategic target = 97%

<u>Year</u>	<u>Target</u>	<u>Actual</u>
2001	95%	92%
2002	96%	93%
2003	95%	94%
2004	97%	

Measure Term: Annual (Efficiency Measure)

Measure: Average number of days to complete original education claim

Additional Information: strategic target = 10 days

<u>Year</u>	<u>Target</u>	<u>Actual</u>
2001	20	50
2002	30	34
2003	30	23
2004	27	

Measure Term: Annual (Efficiency Measure)

Measure: Average days to complete supplemental education claim

Additional Information: strategic target = 7 days

<u>Year</u>	<u>Target</u>	<u>Actual</u>
2001	13	24
2002	18	16

Measure Term: Annual (Efficiency Measure)

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)
Agency: Department of Veterans Affairs
Bureau: Veterans Benefits Administration
Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

2003 17 15

2004 12

Measure: Percentage of eligible veterans and servicepersons that have used the MGIB
Additional Information: strategic target = 70%

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2001	60%	58%	
2002	60%	59%	
2003	61%	56%	
2004	60%		

Measure: Quality of Recruits - Active Duty
Additional Information: Percentage of Recruits who are High School Graduates (Tier 1)

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2000	90%	91%	
2001	90%	91%	
2002	90%	92%	

Measure: Quantity of Recruits - Active Duty
Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2000	202,017	202,917	

PART Performance Measurements

Program: Montgomery GI Bill (MGIB) (Education Benefits)

Agency: Department of Veterans Affairs

Bureau: Veterans Benefits Administration

Type(s): Direct Federal

Section Scores				Rating
1	2	3	4	Results Not
60%	63%	86%	42%	Demonstrated

2001 195,324 196,355

2002 195,526 196,474

Measure: Quality of Recruits - Reserve

Additional Information: Percentage of Recruits who are High School Graduates (Tier 1)

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2000	90%	89%	
2001	90%	89%	
2002	90%	89%	

Measure: Quantity of Recruits - Reserves

Additional Information:

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Annual
2000	149,950	152,702	
2001	139,216	141,023	
2002	139,846	147,129	

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

1.1 Is the program purpose clear?

Answer: YES

Question Weight 20%

Explanation: By statute, VHA's three core missions are: healthcare, education, and research. Congress has mandated the Secretary of Veterans Affairs to "carry out a program of medical research in connection with the provision of medical care and treatment to veterans". In an effort to extend the benefits of VA research to the nation, the newly appointed Chief Research and Development Officer has established a new vision for the program: "Today's VA research leading tomorrow's health care". Additionally, in concert with the authorizing statute, the current mission statement of the VHA Office of Research and Development (ORD) is to "discover the knowledge and create innovations that advance the health and care of veterans and the nation" and this mission statement supports the new vision. Furthermore, the VA research program is instrumental in helping VA attract high quality physician specialists and nurses. This was documented in the 2002 survey of VA researchers. A majority of researcher-clinician respondents indicated that they would not work for VA without research opportunities.

Evidence: The FY 2004 VA Research and Development budget presents the research mission. The 2002 Annual Survey of Veteran Researchers shows that 62% of researchers would not work in VA without research opportunities, and 79% judged this to be very important for recruiting and retaining high quality clinicians. The mission statement of the new VA R&D Chief Research and Development Officer can be found in VA Research Currents, Vol. 3, No. 3, March 2003. The 2002 Annual Survey of Veteran Researchers contains survey data reflecting the importance to VA clinicians on their ability to conduct research in VA facilities.

1.2 Does the program address a specific and existing problem, interest or need?

Answer: YES

Question Weight 20%

Explanation: VA conducts research in areas targeted to the unique health, treatment and rehabilitation needs of the veteran population, as required by the authorizing statute. ORD has been organized into four services (Cooperative Studies Program, Health Services Research and Development Service, Medical Research Service, and the Rehabilitation Research and Development Service) that fund VA investigators for projects that address prioritized, veteran-focused research areas such as Military and Environmental Exposures and Prosthetics and Spinal Cord Injury research. Research is focused on improving the quality of life of impaired and disabled veterans as identified by the Research Realignment Advisory Committee. This Committee established Designated Research Areas (DRAs) based on a scientific evaluation of the types of diseases and conditions most important to the veteran population, as well as the importance of questions regarding health care delivery within the VA. DRAs are re-evaluated periodically by the the ORD to assess their appropriateness given recent scientific developments or changes in disease prevalence.

Evidence: The statute details the need for VA research program and the FY 2004 VA Research and Development budget displays the need for this program in terms of areas of study. In addition, the publication: "Impacts 2002" and VA's R&D website offer more information. There are approximately 26 million veterans living in the US today, and many of them have health problems which benefit from the research program.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

1.3 Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?

Answer: NO

Question Weight20%

Explanation: VA research is an intramural program, providing funding exclusively to VA scientists to conduct research on veterans and health care delivery at VA medical centers. Although the research portfolio focuses on the veteran population, because veterans have similar health problems and conditions to the general population, there is duplication of research activities with other federal and state efforts. Therefore, many findings from VA research may be generalizable to the entire population, although VA research deals with a unique and occasionally complementary niche in research on national health care issues.

Evidence: The FY 2004 Budget Submission highlights the unique features of the research program and the needs for a veterans' health research endeavor.

1.4 Is the program design free of major flaws that would limit the program's effectiveness or efficiency?

Answer: YES

Question Weight20%

Explanation: The research program uses a multi-level approach that relies on administrative staff and peer reviewers to ensure that the research program is efficient and effective. All research proposals submitted to VA must address relevance to veterans' health issues in order to qualify for funding. The proposals undergo a rigorous review process by scientific subject matter experts to determine scientific merit, as well as the principal investigator's past accomplishments. These standards encompass efficiency in terms of time, cost, and impact. This process is consistent with the NIH and other scientific peer review processes. Funding of a project is determined by peer-review and availability of funding through an administrative process that focuses on fiscal constraints. Combined, these multiple layers of checks ensure scientific quality and financial soundness of funding decisions.

Evidence: The federal statute defining the core mission of VA Research and Development. Charters and instructions of the peer-review committee present the process for peer-review of proposals. However, the Research Director made a funding decision in Spring 2003 to not fund 15 grant proposals which received sufficient scores from the peer review process to warrant calls to the Principal Investigators informing them that they would be funded by VA. This decision was made in order to fund high priority proposals in light of budgetary constraints. In addition, in Spring 2003, the Director initiated additional training of research personnel to address patient concerns. This was done to assure that all quality issues were resolved quickly and appropriately.

1.5 Is the program effectively targeted, so that resources will reach intended beneficiaries and/or otherwise address the program's purpose directly?

Answer: YES

Question Weight20%

Explanation: VHA's R&D program makes a significant impact by focusing VA research resources on veteran-related health issues and illnesses. The VHA R&D program ensures evidence-based information is used to deliver health care by targeting clinical and health services research to address the health needs of veterans. The research program receives funding from non-VA government agencies (e.g., NIH) and the private sector to further investigate health issues relevant to veterans. It is projected that funding from non-VA sources, chiefly the National Institutes of Health (NIH) and other private sources will account for approximately 45% of the FY 2004 R&D budget.

Evidence: The research program activities are described in the Budget Submission, as well as in the strategic planning document and monthly publications.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

2.1 Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program? Answer: NO Question Weight:10%

Explanation: VA proposes to drop 4 research performance measures for 05, leaving two measures.

Evidence: The VHA R&D budget submission for FY 2004 identifies existing measures. The draft 2005 performance measures were transmitted to OMB for review.

2.2 Does the program have ambitious targets and timeframes for its long-term measures? Answer: NO Question Weight:10%

Explanation: VA proposes to drop 4 research performance measures for 05, leaving two measures.

Evidence: The VHA R&D budget submission for FY 2004 identifies existing measures. The draft 2005 performance measures were transmitted to OMB for review.

2.3 Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals? Answer: NO Question Weight:10%

Explanation: The Program had a limited number of specific annual performance measures in 2004, however, the program's long-term goals are not outcome oriented nor ambitious and VA proposes to drop all measures except two.

Evidence: The VHA R&D budget submission for FY 2004 identifies existing measures. The draft 2005 performance measures were transmitted to OMB for review.

2.4 Does the program have baselines and ambitious targets for its annual measures? Answer: NO Question Weight:10%

Explanation: VA proposes to drop 4 research performance measures for 05, leaving two measures. VA will be developing new research performance measures during the coming year, with an emphasis on ambitious targets.

Evidence: The VHA R&D budget submission for FY 2004 identifies existing measures. The draft 2005 performance measures were transmitted to OMB for review.

2.5 Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program? Answer: NO Question Weight:10%

Explanation: Because long term goals are not clearly spelled out, grantees are not able to work towards goals, although the peer review process and research grant process assures that only quality research is funded. Individual investigators compete for career awards and external partnerships. These processes are facilitated on the facility level by the Associate Chiefs of Staff for Research. VA research staff at central office, as program managers, sponsor and monitor the career development process. They also ensure adequate infrastructure so that VA researchers are competitive with academic and private sector researchers when forming external partnerships. These efforts include funding research infrastructure and targeted enhancement programs such as Centers of Excellence.

Evidence: The VHA R&D Handbooks, inter-agency agreement regulations and guidelines, and federal procurement directives help stakeholders work with VA.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

2.6 Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?

Answer: NO

Question Weight:10%

Explanation: There are not yet long-term goals established for the research program, and the program does not conduct independent evaluations of the program performance. However, the research program has multiple layers of external review to ensure that following: (1) the effectiveness and relevance of research to veterans; and (2) the ethical soundness and statutory compliance of research projects. The effectiveness and relevance is determined by peer review at the project level, standing advisory boards at the service level (medical research, health services research, and rehabilitation research), and blue ribbon panels that met this calendar year to address research at the system level. This later review is being replaced by small independent committees to review individual research portfolios (e.g., mental health). The ethics and compliance is monitored by the American Association on Accreditation of Laboratory Animal Care, the National Committee for Quality Assurance, and numerous independent Institutional Review Boards.

Evidence: The Research Director's monthly update to Secretary of Veterans Affairs (March 12, 2003) proposes establishment of Blue Ribbon Committees to provide an independent assessment of VA research in four key areas. Four Blue Ribbon Committee final reports (Laboratory Science, June 2003, Clinical Research, June 2003, Quality Measurement using Electronic Databases, June 2003 and Implementing Evidence-Based Clinical Practice, June 2003) provided an independent evaluation of VA research as well as suggestions for improving the program in these four key areas. The human subjects accreditation documents and reports from outside groups (e.g., GAO and the IG) show that VA is monitoring quality and safety issues.

2.7 Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?

Answer: NO

Question Weight:10%

Explanation: The program's budget is not tied to accomplishments and long term performance goals.

Evidence: The FY 2004 President's Budget Submission was not tied to research program accomplishments and GAO Report 03-10 concluded that "the link between resources and results could be improved".

2.8 Has the program taken meaningful steps to correct its strategic planning deficiencies?

Answer: YES

Question Weight:10%

Explanation: A new Chief Research and Development Officer has been appointed and an evaluation of the vision, mission, strategic planning process, and strategic goals for VA research is currently underway. To improve long-term planning efforts, VHA has recently published an updated policy directive on strategic planning. This directive continues the requirement that all VHA offices, including R&D, develop a strategic plan, prepare annual performance plans with commensurate performance goals, and report annually on actual performance compared to the goals. See Item #2 RD1 below regarding appointment of four advisory committees for strategic planning purposes.

Evidence: Meaningful steps to improve strategic planning include: VHA Directive on the VHA strategic planning process dated March 2003; proceedings of the 21st HSR&D national meeting in February 2003; VHA budget submissions, annual performance plans, and annual performance and accountability reports.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

2.RD1 **If applicable, does the program assess and compare the potential benefits of efforts within the program to other efforts that have similar goals?** Answer: YES Question Weight:10%

Explanation: VA research projects are funded by a peer review process. Each merit review committee receives multiple applications and ranks them on scientific merit, and relevance to the veteran population. The committees only approve a portion of these proposals, and consider alternative methods and objectives for each study. Once studies are approved for funding, VA staff review each approved study in the context of similar studies in that research area, with general guidance from advisory panels and in light of available funding. Similar competitive processes occur for capacity development initiatives such as research centers and training awards to individual researchers. All of these processes are highly competitive, and most projects are only funded after multiple submissions.

Evidence: Veterans Health Administration Research and Development Directive 1200 provides information on the mission and common policies of the four research services (Medical Research Service, Rehabilitation Research and Development Service, Health Services Research and Development Service, and the Cooperative Studies Program. In addition, it provides information on shared principles among the services, including prioritization of research proposals on the basis of scientific merit, fiscal responsibility, and high standards of scientific integrity. During the past two years, OMB has raised the concern that VHA data cannot be used by non-VA researchers who are conducting qualified research (e.g., funded by NIH). The previous Under Secretary for Health agree to change the policy to allow for this, however, the current Under Secretary disagrees and has not implemented this policy.

2.RD2 **Does the program use a prioritization process to guide budget requests and funding decisions?** Answer: YES Question Weight:10%

Explanation: A VHA R&D performance goal has been established that sets the percentage of research projects devoted to the 17 Designated Research Areas (DRAs) at a target level of 100%. However, it is unclear if this process is tied to the annual budget request.

Evidence: The VHA FY 2004 Budget Submission, performance measures and Designated Research Areas are unrelated.

3.1 **Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?** Answer: YES Question Weight:10%

Explanation: Timely and credible performance information, including performance data from partners and from contractors through contracting monitors, is collected through a variety of means including financial data. An annual report of activities and progress is required for all VA research projects. Reviews of the reports and the data sources are conducted and they are discussed at the monthly meetings of the Research Director with the service directors of the four R&D services and their senior staff. The Deputy Under Secretary for Health for Operations and Management reviews quarterly performance reports from each network and takes appropriate actions, as necessary, where planned performance is behind schedule. However, performance information used in these deliberations are not included in any program performance measures (especially in the planned use of only one performance measure).

Evidence: Financial data, Research and Development Information Systems (RDIS) annual reports of projects and programs and research portfolio databases are used to assess performance. In addition, quarterly network performance reports are evaluated by the Deputy Under Secretary for Health.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

3.2 Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

Answer: YES

Question Weight: 10%

Explanation: Each awardee and local Associate Chief of Staff for Research is held accountable for costs and scheduling by VHA policies that requires final reporting for each VA-funded study. In addition, each award has a discrete time period in which funding is provided, thus the investigator must go through the merit review process again to receive additional funding. Through this process, the performance results of the previously funded study are evaluated and a determination is made as to whether additional funding is warranted. At central office level, portfolio managers and project managers approve changes to project budgets and review project reports submitted by investigators. Project managers are monitored by research fiscal staff. VA research as a whole is reviewed by the VHA Chief Financial Officer through written monthly reports and in-person meetings.

Evidence: Research Principal Investigator's performance agreements are used to measure individual researcher's results and the program performance measures are under development. In addition, managers at higher levels evaluate research performance.

3.3 Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?

Answer: YES

Question Weight: 8%

Explanation: All VHA R&D funds are consistently obligated for items and services that fall within the intent of the appropriation or fund. Funds are obligated in a timely manner. No Anti-Deficiency Act violations have been reported.

Evidence: Financial data are used to assure that funds are obligated in a timely manner.

3.4 Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

Answer: NO

Question Weight: 8%

Explanation: There are no efficiency measures or measures of cost effectiveness in the performance plan or elsewhere.

Evidence: The VA Performance Plan for 2005 only includes one measure for Research, and it does not relate to efficiency or cost effectiveness.

3.5 Does the program collaborate and coordinate effectively with related programs?

Answer: YES

Question Weight: 10%

Explanation: VHA's R&D program participates in numerous collaborative arrangements with diverse institutions that share its research interests through joint sponsorship of research activities within the Federal government (e.g., NIH, DoD, and the Centers for Medicare and Medicaid Services), and other private industry groups.

Evidence: VA has interagency agreements, and collaborative solicitations with other Departments. The Budget and VHA R&D Annual Reports discuss collaborative efforts.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

3.6 Does the program use strong financial management practices?

Answer: YES

Question Weight:10%

Explanation: VA will migrate to the new Core Financial and Logistics System (CoreFLS), a fully integrated system in 2004 -- replacing the Financial Management System (FMS), VA's current core financial system for financial reporting, administrative (non-benefit) payments, and accounting and 20 legacy systems. VA will also use a new budget account structure. Operational testing of CoreFLS is expected to occur at the beginning of 2004, with full deployment anticipated in March 2006. Implementation of CoreFLS will enhance VA's cost-accounting process by integrating procurement and asset management with its cost-accounting system. In the existing system, procedures are in place to ensure that expenditures and payments are made properly and for the intended purpose.

Evidence: The Report of Audit of VA Consolidated Financial Statements for Fiscal Year 2002 shows no research program material weakness, and discussions with VA concerning CoreFLS indicate that this system will lead to improved financial management.

3.7 Has the program taken meaningful steps to address its management deficiencies?

Answer: YES

Question Weight:10%

Explanation: Deficiencies are identified through various external and internal oversight groups. Recent GAO reports highlighted VA's need to improve protections for human subjects. In response to recent issues of human subjects involved in VA research studies, the Deputy Under Secretary for Health issued a Research Stand Down. This stand down required that, within 90 days, any site conducting human studies research certify through the VISN Director to Headquarters, that human subjects committees are functioning properly. To address human subjects protection issues, ORD has established an office to educate VA research personnel on compliance with human research regulations.

Evidence: Evidence that VA is taking meaningful steps to correct deficiencies are in external review reports and described in professional journals, such as Science. Also, a letter from VA Under Secretary for Health to Chairman, House Committee on Veterans' Affairs, highlighted these steps. There is a contract for development of a new scorecard for assessing human subjects protections. March 2003 memos from VA Central Office to the field on research requirements for the research stand down were sent to field to correct problems.

3.CA1 Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals?

Answer: YES

Question Weight:10%

Explanation: R&D funded projects typically are funded through a competitive, peer-review process in which deliverables, schedules, performance characteristics, etc. must be detailed as a component of the research protocol. In those instances in which contracting is the only avenue available to secure necessary goods or services, the process is carefully monitored. R&D needs are unique, specific, and clearly defined, as are the deliverables, the performance characteristics, costs, and schedule goals. All VA ORD research awards and capacity-building awards such as the career development award have discrete periods of funding. For the research awards, investigators must provide milestones that should be achieved on an annual basis as a component of the research proposal.

Evidence: Documentation is included in Federal procurement directives and R&D Handbooks on technology transfer, contracting, research proposal development guidelines and peer review process.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

3.CO1 Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?

Answer: YES

Question Weight: 8%

Explanation: The Merit Review process uses a formal and highly competitive peer review process in which the proposed work is reviewed by subject matter experts. Investigators must use a standardized application, with standardized detailed written instructions on merit scoring, budgeting, application timelines. In addition, there is advanced training on research design that VA research funds at national meetings, and through formal mentorship programs and career development awards. The peer-review committee votes whether to approve or disapprove the proposal and a priority score is assigned to each approved proposal based on criteria, including scientific merit, originality, significance of the research, feasibility and contribution to the health needs of veterans. Proposals are funded based on the priority score and the available funding. The Research Directors's Spring 2003 decision not to fund 15 grants that had received high scores, raised a concern with the review and funding decision process. However, this was necessitated by the limited available funding level and Research Director's prioritizing award subjects.

Evidence: Veterans Health Administration Research and Development Directive 1200 provides prioritization of research proposals on the basis of scientific merit, fiscal responsibility, and high standards of scientific integrity. VA publishes directives and guides to provide guidance on the merit review process, the standardized proposal format and standard procedures.

3.CO2 Does the program have oversight practices that provide sufficient knowledge of grantee activities?

Answer: YES

Question Weight: 8%

Explanation: All research activities are conducted by VA employees, resulting in a better ability to monitor research activities. VA researchers must submit an annual report detailing scientific progress and financial activity and progress during the past year. All VA ORD research awards and research capacity-building awards, such as the career development awards, have discrete periods of funding. For the research awards, investigators must provide milestones that are expected to be achieved on an annual basis in the research proposal. For capacity-building awards, midterm reports are required to determine if satisfactory progress has been made.

Evidence: The oversight practices are described in VHA Handbooks, as well as financial data related to grant awards and activities.

3.CO3 Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?

Answer: YES

Question Weight: 8%

Explanation: An annual report of research activities is required of all medical care facilities where research activities are conducted. The Research Program disperses information through the media, newsletters, special publications, information campaigns, information for VA leaders and Congress, and special events. VHA Handbook establishes procedures for presentation of research results in peer reviewed journals and other national and international venues, and assigns responsibilities and specifies authority for ensuring that the contributions of the VA to the research community are acknowledged and publicly disclosed. An annual report of research accomplishments is published, widely distributed, and is posted to the VA internet site. The publication of research findings provides the best way to share important information with the public and scientific community and allows for an independent assessment of researchers' findings and importance of the research.

Evidence: Information is released through VA R&D Communications fact sheets and VHA Handbook 1200.19, the FY 2004 Budget Submission, the Research and Development Information System (RDIS) Annual Report. R&D Annual Report for FY 2002 and VA R&D internet site.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

3.RD1 For R&D programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality?

Answer: NA

Question Weight: 0%

Explanation:

Evidence:

4.1 Has the program demonstrated adequate progress in achieving its long-term performance goals?

Answer: NO

Question Weight: 20%

Explanation: VA proposes only one performance goal and this is not long term in nature.

Evidence: Long-term performance goals are not identified in the annual performance plans and reports, strategic planning documents, patient satisfaction surveys, and other utilization reports/data. VA submission to OMB of 2005 Performance Measures only includes one research measure for 2005.

4.2 Does the program (including program partners) achieve its annual performance goals?

Answer: NO

Question Weight: 20%

Explanation: VA proposes only one performance goal and the lack of ambitious goals is a significant problem.

Evidence: Annual performance plans, reports and strategic planning documents a lack of meaningful goals.

4.3 Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Answer: SMALL
EXTENT

Question Weight: 20%

Explanation: VA lacks good measures of program efficiency or effectiveness. However, VHA R&D pursues collaborative opportunities to be more efficient and cost-effective in addressing veteran healthcare needs, and carefully coordinates its research activities with other Federal agencies and non-governmental organizations to leverage the benefits of its research portfolio to the nation's veterans.

Evidence: Although VA does not have good measures of efficiencies or effectiveness, they have shown program activities that indicate movement in the right directions, e.g., through development of the Centers of Excellence.

4.4 Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?

Answer: LARGE
EXTENT

Question Weight: 20%

Explanation: Although no other Federal, State, or Local agency has a primary mission to conduct research on health care issues for veterans, VA conducts medical and health services research which is highly regarded in the research field. This is proven by the many awards received by VA researchers for their contributions to scientific inquiry including the Nobel Prize, Lasker Award, and PECASE awards.

Evidence: VA Research performance has been lauded in GAO, IG, and other reports. Scientific publication data, public relations publications, and historical accomplishments support this.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

4.5 Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

Answer: LARGE
EXTENT

Question Weight: 20%

Explanation: Even though the research program has not conducted an independent evaluation of its program, VA researchers have received many prestigious awards and research findings are published in peer review professional journals and some clinical findings have resulted in changed approaches for delivering care. In addition, the Department's Office of Policy and Planning has slated an independent program evaluation to commence during FY 2004.

Evidence: Some of VA's accomplishments are noted in the R&D website, publications, VA's and R&D's strategic plans, and independent GAO, IG, AAALAC, financial data and other reports.

4.CA1 Were program goals achieved within budgeted costs and established schedules?

Answer: SMALL
EXTENT

Question Weight: 0%

Explanation: VA research activities typically meet budget and time schedules, although VA has not provided any documentation that shows how many projects meet goals or schedules.

Evidence: There is a lack of specific cost and schedule achievements, although overall achievements are identifiable in VA financial data systems and Performance Plans.

PART Performance Measurements

Program: VA Research and Development
Agency: Department of Veterans Affairs
Bureau: Veterans Health Administration
Type(s): Research and Development

Section Scores				Rating
1	2	3	4	Results Not
80%	20%	92%	33%	Demonstrated

Measure: Design and implement a Career Development program for all of Research and Development measured by number of awardees each year

Additional Information: This is a measure aimed at recruitment, training, and support and retention of outstanding researchers into the VA system. The target is the number of awardees in each year.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2000	195	195	
2001	193	193	
2002	209	209	
2003	216	210	
2004	237		
2005	240		

Measure: Sustain 2002 level of partnering opportunities with: Veterans Services Organization (VSO); other Federal Agencies; non-profit foundations, e.g., American Heart Association, American Cancer Society; and private industry, e.g. pharmaceutical companies. This is measured by number of funded partnerships.

Additional Information: This measure is reflects VHA's research potential and capabilities. We wish to maintain quality in this dimension as we build capacity through career development. The target is a count of partnerships funding projects for VA investigators and is drawn from internal program review files.

<u>Year</u>	<u>Target</u>	<u>Actual</u>	Measure Term: Long-term
2000	137	137	
2001	139	139	
2002	139	139	
2003	139	139	
2004	139		
2005	139		