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MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2013

WEDNESDAY, MARCH 21, 2012.

DEPARTMENT OF VETERANS AFFAIRS

WITNESS

HON. ERIC K. SHINSEKI, SECRETARY OF VETERANS AFFAIRS

CHAIRMAN'S OPENING STATEMENT

Mr. CULBERSON. The Appropriations Subcommittee on Military Construction and Veterans Affairs will come to order. It is a privilege to have with us today the Secretary of the Veterans Administration, Eric Shinseki, who is accompanied today by Robert Petzel, Under Secretary for Health; Allison Hickey, Under Secretary for Benefits; Todd Grams, who is the Executive in Charge for the Office of Management and Chief Financial Officer for the VA; Steve Muro, Under Secretary for Memorial Affairs; and Roger Baker, Assistant Secretary for Information and Technology.

We are on this subcommittee, as everyone knows, united arm in arm in support of our veterans. It is a real privilege for me to serve as the chairman of this extraordinary subcommittee with the vitally important task of making sure that not only our men and women in uniform have as few worries as possible when it comes to their living accommodations and their health care, but that our veterans are as worry free as we can possibly make them.

It is a real privilege to have you with us here today, Mr. Secretary. We thank you for your service to the Nation, and your continuing service to the Nation now on behalf of the men and women who once served under your command. It is a truly worthy capstone to your distinguished career, and we on this subcommittee are committed to doing everything we can to support you and the work that you do.

I am immensely fortunate to have an abundance of talent on this subcommittee to help in this important work. I am especially pleased to work alongside my good friend from Georgia, Mr. Sanford Bishop, whom I would like to recognize at this time for any opening statement he would like to make.

Mr. BISHOP. Thank you very much for yielding, Mr. Chairman.

STATEMENT OF THE RANKING MEMBER

Mr. Secretary, lady and gentlemen, we are grateful for your distinguished service to our Nation, Mr. Secretary, you as a soldier,

as Chief of Staff of the Army, and now as Secretary of Veterans Affairs. There is no budget more deserving of our attention than the VA budget, and we have asked a new generation of heroes to sacrifice on behalf of our country, and we have an obligation to take care of them when they come home.

As these wars that have been fought over the past decade come to a close, our service members will be coming home to face very, very difficult issues. For example, veteran unemployment is nearly twice the national average. Young veterans who joined the military after high school who went off to war are at a disadvantage now when competing for civilian jobs with peers who did not serve. One out of every three Iraq and Afghanistan veterans suffers from PTSD, traumatic brain injury or a combination of the two. In addition, on returning home, they are not receiving many times proper medical and psychological evaluation or counseling, and the help is not always easy to find, and it is very difficult to access.

There is a backlog of 1.2 million claims at the VA. The application process still remains complicated, and the veterans are not automatically enrolled in the VA, as many in the public think that they are, when they finish their service. Most of the veterans need help finding the VA facilities, completing complicated application forms, tracking the application process, appealing rejected claims, and many of the disabled veterans who are unable to work due to war trauma are waiting months and even years for the benefits that they were promised and that they have earned. Of course, this results in a lot of financial problems for the veterans, which can end up with their being homeless and sometimes worse.

A third of all homeless citizens in America are veterans, and due to many of the factors that I raised earlier, a lot of them with distinguished and heroic military records have ended up living on the streets because of untreated PTSD, TBI or self-medication with drugs and alcohol. So I believe that the VA in the near future will see a huge increase of veterans returning home to claim their benefits.

The situation that the VA is confronted with is pretty serious, but I believe, Mr. Chairman, that the witness before us today, Secretary Shinseki, is the right man for the job, and I believe he is making progress. So I look forward to his testimony, and because I want to hear what we are doing right and what we can do better, we are looking forward to the testimony.

Of course, the willingness with which our young people are likely to serve in any war, according to George Washington, no matter how justified, is directly proportional to how they perceive the veterans of earlier wars were treated and appreciated. So I hope as we move through the process, George Washington's words will resonate with the committee, and that we will continue to do all that we can do for our Nation's veterans.

Thank you for indulging me, but I wanted to get that off my chest.

Mr. CULBERSON. That is a wonderful quote from President Washington that we should all remember. That is terrific, terrific guidance.

I think, if I may, we are delighted to be joined by our distinguished chairman of the full committee. It is a privilege to serve

alongside you, sir, and it would be my privilege to recognize the gentleman from Kentucky at this time for any brief opening remarks he would like to make.

Mr. ROGERS. Well, thank you, Mr. Chairman. Thank you for yielding time.

Mr. Secretary and your colleagues, thank you for being with us today. This subcommittee knows that you come before us today representing our Nation's veterans. We must begin by acknowledging their fine service, dedication, patriotism and sacrifice. Since the creation of this great country, our citizens have answered the call to serve in order to protect our freedom and our liberty.

In recent years we have seen a different kind of threat to our independence in our escalating fiscal crisis. This committee has been front and center in attempting to address the very real security threat posed by out-of-control Washington spending and trillion-dollar deficits now every year.

Last year this committee worked to restore transparency, austerity, and tough oversight to the appropriations process, and we succeeded in reducing discretionary spending by some $95 billion since fiscal 2010, something we have not achieved since World War II. We have got to continue to provide strong oversight and control spending to ensure that the American people, our troops and our veterans are getting the greatest value from each and every precious tax dollar that we spend.

Despite this committee's best efforts to responsibly reduce discretionary spending, it is mandatory spending costs that are the largest driver of our debt. Two-thirds of all Federal spending is now entitlements. Only one-third runs through this committee, the Appropriations Committee. Mandatory spending continues to skyrocket and put the future solvency of many programs in jeopardy. I remain deeply concerned that the more problems we have with mounting debts and runaway mandatory spending, the harder it is to keep our commitment to our Nation's veterans.

Your Department and your budget we will be discussing in detail today provides the funding for VA medical care, compensation and benefits, as well as education benefits, vocational rehab, and housing loan programs. We have the responsibility to ensure that after serving our Nation with dignity and honor, our Nation's veterans receive the best care possible.

Along with other members of this subcommittee, I am particularly concerned about current disability claims backlogs at VA. I realize that you have plans to harness the power of technology with paperless claims processing and improve the business processes to reduce that backlog, but it is simply not acceptable that 60 percent of current claims take more than 125 days to process, and that number will only drop to 40 percent of claims in 2013.

I am also concerned about providing adequate employment assistance to veterans, especially with the thousands of new veterans expected from the proposed DOD drawdown. Unemployment rates across the country remain too high, and prospects for our young Operation Enduring Freedom/Operation Iraqi Freedom veterans are not encouraging. I would be interested to hear about your plans to provide education and training, rehabilitation, and readjustment

counseling to make their transition to civilian life as smooth as possible to honor the great service they rendered our country.

Finally, Mr. Secretary, as you and I have discussed briefly, prescription drug abuse is our Nation's fastest-growing drug problem. CDC says that it is an epidemic, and I know that from my district certainly, and I would guess that most other Members have the same problem. Our warfighters coming home from the war with severe injuries are unfortunate candidates for potential abuse. In the fiscal 2012 appropriations bill, this subcommittee afforded the VA drug data-sharing capabilities with State prescription monitoring programs. Forty-eight States now have a prescription drug monitoring agency in the State government that helps with this problem, and it is incomplete unless VA plugs into that existing program, which is proving to be very effective. So I look forward to hearing how you would like to move forward in that regard in integrating your programs with the State prescription drug monitoring programs.

I appreciate your service both before and during your present tenure, and we wish for you the best, and this committee, this subcommittee especially, stands ready to help you help our veterans. Thank you.

Mr. CULBERSON. Thank you very much, Mr. Chairman.

Mr. CULBERSON. It is my privilege to introduce the distinguished ranking member from Washington State Mr. Dicks.

Mr. DICKS. Thank you, Chairman Culberson. It is good to be here with you today as we consider the administration's VA budget request. This subcommittee has always been a great source of bipartisanship within the Appropriations Committee for good reason, and I look forward to continuing the spirit of bipartisanship with you again this year, Mr. Chairman.

Mr. Secretary, it is good to see you again, and I want to take a moment to express my thanks to you for your deep personal commitment to our Nation's military veterans. As you know, I have been involved in the effort to assure that returning servicemen and women are appropriately screened for symptoms of post-traumatic stress disorder and traumatic brain injury, and I would be—of course, Chairman Young and Chairman Rogers have also been there on these important issues. This is a wrenching issue for the Army in particular at this time as it is dealing with the tragic shootings of civilian families in Afghanistan allegedly by a soldier who was apparently suffering from the stress of multiple deployments in Iraq and Afghanistan. However this situation is resolved, it is apparent that the trauma of war will have a lasting impact on thousands and thousands of returning service people as they remain in the Active Force and afterward as they transition to VA medical care.

I am convinced, Mr. Secretary, that you fully understand the challenge that healing the wounds of the Iraq and the Afghanistan war will not be easy, and that it will require attention to the delay and often ignored psychological wounds at the same time the physical wounds are addressed. So I appreciate your long standing concern both as an Army leader and now in the VA for the people who are truly the backbone of our national defense.

Now, as for the budget request, I am pleased that the administration has submitted such a robust request. With the other subcommittees we have been used to large cuts and reductions in discretionary funding; however, the VA request actually proposes a 4 percent increase in discretionary appropriations over last year.

I am pleased to see your continued support and leadership, Mr. Secretary, in ending veterans' homelessness by 2015. I know that a great deal of progress has been made throughout your tenure, and your coordination with HUD, Department of Labor, and others is critical to ensuring its ultimate success. And you and I have talked about the VASH program, and this is one that is really working. It is a program that is funded by HUD, but there is a coordination between HUD and VA that has really helped a lot of homeless veterans, and I look forward to continuing to work with you on that particular program.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much.

It is my privilege now to recognize the chairman of our Defense Appropriations Subcommittee, the gentleman from Florida, Mr. Young.

Mr. YOUNG. Mr. Chairman, thank you very much.

Mr. Secretary, welcome to you and your team here today. Ever since we first met in Bosnia and you were a strapping young general running a very successful military operation, you have been one of my heroes, and I just appreciate the fact that you dug your heels into this Department of Veterans Affairs, and you are solving as many problems as you can, getting rid of the backlogs the best that you can.

BUDGET SUBMISSION

And in the event that we are going to be disrupted by votes this afternoon, I am just going to raise one issue and then submit some record questions for you, if you don't mind, and that is on the budget submission, I noticed that the inspector general's office would be reduced in size by—I think about six—only by about six people, but I am wondering why, because this is probably the best investment that we make here other than taking care of our kids. The return on investment for the inspector general is—in 2009, we got back $38 for every $1 that we invested in the IG program, and in 2011 we got back $76 for every $1 that we invested, not to take into account the number of prosecutions of fraud that we have seen, people that have gone to jail because they ripped off the taxpayers and ripped off the VA. So I am wondering if there would be any objection that we have—maybe reinstate a little bit of that IG money because it does bring a good return on investment.

But I am going to give you a written statement and a written question on that in the event that the votes disturb our schedule.

So, Mr. Chairman, thank you very much, and thank you for being such a good chairman of this subcommittee.

Mr. CULBERSON. Thank you very much, Mr. Chairman, and Chairman Rogers, all our distinguished members in this subcommittee. We are immensely proud to serve on this committee to help you, sir, in your work. Look forward to your testimony, look

forward to you summarizing your testimony. Your statement will be submitted into the record in its entirety.

We again thank you for your service and welcome your testimony today, sir. Thank you.

STATEMENT OF THE WITNESS

Secretary SHINSEKI. Chairman Culberson, thank you. And, Chairman Rogers, Chairman Young, Ranking Member Bishop, Ranking Member Dicks, other distinguished members of this subcommittee, thank you for this opportunity to present the President's 2013 budget and 2014 advanced appropriations requests.

I would also like to acknowledge the veterans service organizations, some of whom may be represented here today, as they are a part of our mechanism for understanding, getting another voice of what a veteran's needs are out there. Their insights have been helpful in developing and resourcing and improving our programs to better care and serve veterans, their families, and survivors.

This subcommittee has been unwavering in its support for our Nation's veterans. For three budgets now the President has clearly demonstrated his priority for the requirements of this Department, and you have supported him. With these 2013 budget and 2014 advanced appropriations requests, the President once again firmly demonstrates his respect and sense of obligation for our Nation's 22 million veterans. I thank the members of this committee for your long-standing commitment to veterans, and I again seek your support on these requests.

Mr. Chairman, thank you for introducing the members who are sitting here with me from my panel, and thank you for accepting my written statement for the record.

An important transition is under way, and VA must anticipate its outcomes. Our troops have departed Iraq, and their numbers in Afghanistan are expected to decline. History, our history, suggests that VA's requirements, veterans who will need our care and services, our requirements will continue to grow long after the last combatant leaves Afghanistan, perhaps for another decade or more.

In the next 5 years, more than 1 million service members are expected to leave the military. Through September 2011, of the approximately 1.4 million veterans who deployed to and returned from Afghanistan and Iraq, some 67 percent have used at least one VA benefit or service at some time, a far higher percentage than previous generations.

The President's 2013 VA budget request of $140.3 billion provides $64 billion in discretionary funding and $76.3 billion in mandatory funds. Our discretionary budget request represents an increase of $2.7 billion, or 4.5 percent, over the 2012 enacted level. This request would allow VA to fulfill the following requirements of our mission, including health care for 8.8 million enrolled veterans, compensation and pension benefits for nearly 4.2 million veterans, life insurance covering 7.1 million Active Duty service members and enrolled veterans at a 95 percent customer satisfaction rating, educational assistance for over 1 million veterans and family members on over 6,500 campuses, home mortgages that guarantee over 1.5 million service member and veteran loans with the Nation's lowest foreclosure rate, burial honors for nearly 120,000

heroes and eligible family members in our 131 national cemeteries befitting their service to the Nation.

PRIORITIES, ACCESS TO VA CARE, BENEFITS, AND SERVICES

The 2013 budget request builds momentum in our three priorities, and these are priorities I have discussed with this subcommittee over the past testimonies: increasing access to VA care, benefits, and services; eliminating this thing called the backlog in claims; and ending veterans' homelessness.

For access, this 2013 budget request balances capital requirements with operating needs. It allows VA to continue improving access by opening new or improved facilities closer to where veterans live, and by providing telehealth and telemedicine linkages between those facilities, including in veterans' homes; also by fundamentally transforming veterans' access to benefits through a new electronic tool called the Veterans Relationship Management system, VRM; and finally by better serving our rural and women veterans. Of the 1 million service members who are expected to leave the military over the next 5 years, we expect at least 600,000 of them will likely seek VA care, benefits and services.

On the backlog, from what we can see today, fiscal year 2013 is likely to be the first year in which our claims production exceeds the number of claims we have incoming. The paperless initiative we have been developing over the past 2 years is critical to increasing the quality of our claims decisions and the speed with which we are able to process them. Processing speed and quality will eliminate the backlog. Congressional support of our IT priorities in the past has been essential to delivering these benefits, health care, and memorial services to veterans. We approach the tipping point in ending this backlog we have been working on now for 3 years. Stability in IT funding is key to eliminating that claims backlog.

And finally on homelessness. From January 2010 to January 2011 alone, the estimated number of homeless veterans declined by 12 percent. We have momentum here. More is needed to end veterans' homelessness in 2015. We are building a dynamic Homeless Veterans Registry, which contains over 400,000 names of current and formerly homeless veterans. In the years ahead this registry will allow us to see, track, understand, but, more importantly, to prevent veterans' homelessness in the future. This budget supports that plan.

We are committed to the responsible use of the resources this committee and the Congress provides, and again, Mr. Chairman, thank you for this opportunity to appear before the subcommittee today, and we anticipate your questions.

Mr. CULBERSON. Mr. Secretary, thank you very much.

[The information follows:]

STATEMENT OF THE HONORABLE ERIC K. SHINSEKI
SECRETARY OF VETERANS AFFAIRS

FOR PRESENTATION BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES

BUDGET REQUEST FOR FISCAL YEAR 2013

MARCH 21, 2012

Chairman Culberson, Ranking Member Bishop, Distinguished Members of the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies:

Thank you for the opportunity to present the President's 2013 Budget and 2014 advance appropriations requests for the Department of Veterans Affairs (VA). For the past three budget requests, the Congress has supported the very high priority that the President has placed on funding for programs that provide care and benefits for our Nation's 22 million Veterans and their families. This submission seeks your support of the President's continued high priority support for Veterans who have earned this Nation's respect and the benefits and services we provide.

We meet at an historic moment for our nation's Armed Forces, as they turn the page on a decade of war. Recently, the President outlined a major shift in the Nation's strategic military objectives – with a goal of a more agile, more versatile, more responsive military focused on the future. The President also outlined another important objective – keeping faith with those who serve as they depart the military and return to civilian life. As these newest Veterans return home, we must anticipate their transitions by readying the care, the benefits, and the job opportunities they have earned and they will need to smoothly and successfully make this transition.

The President's 2013 Budget for VA requests $140.3 billion – comprised of $64 billion in discretionary funds, including medical care collections, and $76.3 billion in mandatory funds. The discretionary budget request represents an increase of $2.7 billion, or 4.5 percent, over the 2012 enacted level. Our 2013 budget will allow the Department to operate the largest integrated healthcare system in the country, with more than 8.8 million Veterans enrolled to receive healthcare; the eighth largest life insurance provider covering both active duty members as well as enrolled Veterans; a sizeable education assistance program serving over 1 million participants; a home mortgage service that guarantees over 1.5 million Veterans' home loans with the lowest foreclosure rate in the Nation; and the largest national cemetery system that continues to lead the country as a high-performing organization - for the fourth time in a 10-year period besting the Nation's top corporations and other federal agencies in an independent survey of customer satisfaction. In 2013, VA national cemeteries will inter about 120,000 Veterans or their family members.

The Department of Veterans Affairs fulfills its obligation to Veterans, their families, and survivors of the fallen by living a set of core values that define who we are as an organization: "I CARE"– Integrity, Commitment, Advocacy, Respect, and Excellence, – cannot be converted into dollars in a budget. But Veterans trust that we will live these values, every day, in our medical facilities, our benefits offices, and our national cemeteries. And where we find evidence of a lack of commitment to our values, we will aggressively correct them by re-training employees or, where required, removal. We provide the very best in high quality and safe care and compassionate services, delivered by more than 316,000 employees, who are supported by the generosity of 140,000 volunteers.

Stewardship of Resources

Safeguarding the resources – people, money, time - entrusted to us by the Congress, managing them effectively and deploying them judiciously, is a fundamental duty at VA. Effective stewardship requires an unflagging commitment to apply budgetary resources efficiently, using clear accounting rules and procedures, to safeguard, train, motivate, and hold our workforce accountable; and to assure the proper use of time in serving Veterans on behalf of the American people.

During the audit of the Department's fiscal year 2010 financial statement, VA's independent auditor certified that we had remediated all three of our remaining material weaknesses in financial management, which had been carried forward for over a decade. In terms of internal controls and fiscal integrity, this was a major accomplishment. We have also dramatically reduced the number of significant financial deficiencies since 2008, from sixteen to two.

Another example of VA's effective stewardship of resources is the Project Management Accountability System (PMAS) developed by our Office of Information Technology. PMAS requires Information Technology (IT) projects to establish milestones to deliver new functionality to its customers every six months. Now entering its third year, PMAS continues to instill accountability and discipline in our IT organization. In 2011, PMAS achieved successful delivery of 89 percent of all IT project milestones. VA managed 101 IT projects during the year, establishing a total of 237 milestones and successfully executing 212 of them. Of the 25 IT projects that missed their delivery milestone date, more than half delivered within the next 14 days. Ensuring IT projects meet established milestones means that savings and delivery of solutions are achieved throughout development, and that Veterans reap improvements sooner. By implementing PMAS, we have achieved at least $200 million in cost avoidance by stopping or improving the management of 45 projects.

VA's stewardship of resources continues with the expansion of our ASPIRE dashboard to the Veterans Benefits Administration (VBA). Originally established in 2010 for the Veterans Health Administration (VHA), ASPIRE publicly provides quality goals and performance measures of VA healthcare. The success of this approach was

reflected in its contribution to VHA's receipt of the Annual Leadership Award from the American College of Medical Quality. On June 30, 2011, VBA established an ASPIRE website at http://www.vba.va.gov/reports/aspiremap.asp for aspirational goals and monthly progress for 46 performance metrics across six business lines. This new effort expands the Department's commitment to unprecedented public transparency by sharing performance and productivity data in the delivery of Veterans' benefits, including compensation, pension, vocational rehabilitation and employment, education, home loans, and insurance.

Through the effective management of our acquisition resources, VA achieves positive results for Veteran-owned small businesses. VA leads the Federal government in contracting with Service-Disabled, Veteran-Owned Small Businesses (SDVOSB). In 2011, more than 18 percent of all VA procurements were awarded to SDVOSBs, exceeding our internal goal of 10 percent and far exceeding the government-wide goal of three percent.

Finally, VA's stewardship achieved savings in several other areas across the Department. The National Cemetery Administration (NCA) assumed responsibility in 2009 for processing First Notices of Death to terminate compensation benefits to deceased Veterans. This allows the timely notification to next-of-kin of potential survivor benefits. Since that time NCA has avoided possible collection action by discontinuing $100.3 million in benefit payments. In addition, we implemented the use of Medicare pricing methodologies at VHA to pay for certain outpatient services in 2011, resulting in savings of over $160 million without negatively impacting Veteran care and with improved consistency in billing and payment.

Veterans Job Corps

In his State of the Union address, President Obama called for a new *Veterans Job Corps* initiative to help our returning Veterans find pathways to civilian employment. The budget includes $1 billion to develop a *Veterans Job Corps* conservation program that will put up to 20,000 Veterans back to work over the next five years protecting and rebuilding America. Veterans will restore our great outdoors by providing visitor programs, restoring habitat, protecting cultural resources, eradicating invasive species, and operating facilities. Additionally, Veterans will help make a significant dent in the deferred maintenance of our Federal, State, local, and tribal lands including jobs that will repair and rehabilitate trails, roads, levees, recreation facilities and other assets. The program will serve all Veterans, but will have a particular focus on post-9/11 Veterans.

Multi-Year Plan for Medical Care Budget

Under the Veterans Health Care Budget Reform and Transparency Act of 2009, which we are grateful to Congress for passing; VA submits its medical care budget that includes an advance appropriations request in each Budget submission. This legislation requires VA to plan its medical care budget using a multi-year approach.

This approach ensures that VA requirements are reviewed and updated based on the most recent data available and actual program experience.

The 2013 budget request for VA medical care appropriations is $52.7 billion, an increase of 4.1 percent over the 2012 enacted appropriation of $50.6 billion. This request is an increase of $165 million above the 2013 advance appropriations enacted by Congress in 2011. Based on updated 2013 estimates largely derived from the Enrollee Health Care Projection Model, the requested amount would also allow VA to increase funding in programs to eliminate Veteran homelessness, fully fund the implementation of the Caregivers and Veterans Omnibus Health Services Act, support activation requirements for new or replacement medical facilities, and invest in strategic initiatives to improve the quality and accessibility of VA healthcare programs. Our multi-year budget plan continues to assume $500 million in unobligated balances from 2012 that will carryover and remain available for obligation in 2013 – consistent with the 2012 budget submitted to Congress.

The 2014 request for medical care advance appropriations is $54.5 billion, an increase of $1.8 billion, or 3.3 percent, over the 2013 budget request.

Priority Goals

Our Nation is in a period of transition. As the tide of war recedes, we have the opportunity, and the responsibility, to anticipate the needs of returning Veterans. History shows that the costs of war will continue to grow in VA for a decade or more after the operational missions in Iraq and Afghanistan have ended. In the next 5 years, another one million Veterans are expected to leave military service. Our data shows that the newest of our country's Veterans are relying on VA at unprecedented levels. Through September 30, 2011, of the approximately 1.4 million living Veterans who were deployed overseas to support Operation Enduring Freedom and Operation Iraqi Freedom, at least 67 percent have used some VA benefit or service.

VA's three priorities – to expand access to benefits and services, eliminate the claims backlog, and end Veteran homelessness – anticipate these changes and identify the performance levels required to meet emerging needs. The 2013 Budget builds upon our multi-year effort to achieve VA's priority goals through effective, efficient, and accountable program implementation.

Expanding Access to Benefits and Services

Expanding access for Veterans is much more than boosting the number of Veterans walking in the front door of a VA facility. *Access* is a three-pronged effort that encompasses VA's facilities, programs, and technology. Today, expanding access includes taking the facility to the Veteran -- be it virtually through telehealth, by sending Mobile Vet Centers to rural areas where services are sparse, or by using social media sites like Facebook, Twitter, and YouTube to connect Veterans to VA benefits and facilities. Expanding access also means finding new ways to break down artificial

barriers so that Veterans are aware of and can gain access to VA services and benefits. Technology is the great enabler of all VA efforts. IT is not a siloed segment of the budget, providing just computers and monitors, but rather the vehicle by which VA is able to extend the reach of its healthcare to rural America, process benefits more quickly, and provide enhanced service to Veterans and their families.

The 2013 budget request includes $119.4 million for the Veterans Relationship Management (VRM) initiative, which is fundamentally transforming Veterans' access to VA benefits and services by empowering VA clients with new self-service tools. VA has already made major strides under this initiative. VRM established a single queue for VBA's National Call Centers ensuring calls are routed to the next available agent, regardless of geography. Call-recording functionality was implemented that allows agents to review calls for technical accuracy and client contact behaviors. VA recently deployed "Virtual Hold ASAP call-back" technology. During periods of high call volumes, callers can leave their name and phone number instead of waiting on hold for the next available operator, and the system automatically calls them back in turn. The Virtual Hold system has made nearly 600,000 return calls since November 2011. The acceptance rate for callers is 46 percent, exceeding the industry standard of 30 percent, and our successful re-connect rate is 92 percent. Since launching Virtual Hold, the National Call Centers have seen a 15 percent reduction in the dropped-call rate. In December 2011, VA deployed "Virtual Hold Scheduled call-back" technology, which allows callers to make an appointment with us to call them at a specific time. Since deployment, over 185,000 scheduled call-backs have already been processed.

In December, VA deployed a pilot of its new "Unified Desktop" technology. This initiative will provide National Call Center agents with a single, unified view of VA clients' military, demographic, and contact information and their benefits eligibility and claims status through one integrated application, versus the current process that requires VA agents to access up to 13 different applications. This will help ensure our Veterans receive comprehensive and accurate responses.

Key to expansion of access is the eBenefits portal – one of our critical VRM initiatives. eBenefits is a VA/DoD initiative that consolidates information regarding benefits and services and includes a suite of on-line self-service capabilities for enrollment/application and utilization of benefits and services. eBenefits enrollment now exceeds 1.2 million users, and VA expects enrollment to exceed 2.5 million by the end of 2013. VA continues to expand the capabilities available through the eBenefits portal. Users can check the status of a claim or appeal, review the history of VA payments, request and download military personnel records, generate letters to verify their eligibility for Veterans' hiring preferences, secure a certificate of eligibility for a VA home loan, and numerous other benefit actions. In 2012, Servicemembers will complete their Servicemembers' Group Life Insurance applications and transactions through eBenefits. Also, 2012 enhancements will allow Veterans to view their scheduled VA medical appointments, file benefits claims online in a "Turbo Claim" like approach, and upload supporting claims information that feeds our paperless claims process. In 2013, funding supports enhanced self-service tools for the Civilian Health and Medical Program of the

Department of Veterans Affairs (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare.

VA and the Department of Defense (DoD) have broken new ground in the development and implementation of the Integrated Disability Evaluation System (IDES). This system supporting the transition of wounded, ill, and injured Servicemembers is fully operational and available to Servicemembers as of October 1, 2011. Because of the complexity of these cases, the Veterans Benefits Administration devotes four times the level of staffing resources to processing IDES cases than claims from other Veterans. VA has reduced its claims processing time in IDES from 186 days in February 2011 to 104 days in December 2011. The 2013 budget requests an additional $13.2 million and 90 FTE to support IDES enhancements.

The DoD/VA team is further developing programs to enhance the transition of all Servicemembers to Veteran status. Together we are transforming the current Transition Assistance Program (TAP) from a series of discrete efforts to one that uses an outcome-based approach. This approach will be more integrated and, once complete will be mapped to the life cycle of every Servicemember, from recruitment through separation or retirement. In July 2011, VBA launched on-line TAP courseware, which provides the capability for Servicemembers to complete the course without attending the classroom session. VA and DoD also are collaborating on a policy for implementing mandatory TAP participation.

VA will improve access to VA services by opening new or improved facilities closer to where Veterans live. The 2013 medical care budget request includes $792 million to open new and renovated healthcare facilities, including resources to support the activation of four new hospitals in Orlando, Florida; Las Vegas, Nevada; New Orleans, Louisiana; and Denver, Colorado. These new VA Medical Centers are projected to serve 1.2 million enrolled Veterans when they are operational. This budget also includes an initiative to establish a national cemetery presence in eight rural areas where the Veteran population is less than 25,000 within a 75-mile service area. In addition to expanding access at fixed locations, VA is deploying an additional 20 Mobile Vet Centers in 2012 to increase access to readjustment counseling services for Veterans and their families in rural and underserved communities across the country. These new specialty vehicles will expand the existing fleet of 50 Mobile Vet Centers already in service by 40 percent. In 2011, Mobile Vet Centers participated in more than 3,600 Federal, state, and locally sponsored Veteran-related events. More than 190,000 Veterans and family members made over 1.3 million visits to VA Vet Centers in 2011.

The Board of Veterans Appeals (BVA) leverages video conference technology to increase the capability of, and access to, video hearings to provide Veterans with more options for a hearing regarding their appeal. The VA is currently upgrading this video conference technology both at BVA and at VBA regional offices. In 2011, the number of video hearings increased from 3,979 to 4,355 or 9.4 percent. The Board is also working with VBA and VHA to allow video hearings to be held from more locations in the field,

which will be more convenient for Veterans. Initially, the expanded video capability will be used to reduce the backlog of hearings and the time Veterans have to wait for them.

We are working harder than ever to reach out to women Veterans. Women represent about eight percent of the total Veteran population. In recent years, the number of women Veterans seeking healthcare has grown rapidly and it will continue to grow as more women enter military service. Women comprise nearly 15 percent of today's active duty military forces and 18 percent of National Guard and Reserves. For the estimated 337,000 women Veterans currently using the VA healthcare system, VA is improving their access to services and treatment facilities. The 2013 budget includes $403 million for the gender-specific healthcare needs of women Veterans, an increase of 17.5 percent over the 2012 level.

VHA regularly updates its standards for improving and measuring Veterans' access to medical care programs. In 2010, VHA implemented new wait time measures that assess performance meeting the new standard of providing medical appointments within 14 days of the desired date, replacing the previous 30-day desired-date standard. In 2011, 89 percent of medical care appointments for new patients occurred within 14 days of the desired date, an increase of 5 percentage points over the 2010 level of 84 percent. The President's request for 2013 ensures we are able to continue to improve our performance in providing this service.

Access improvements are central to VHAs new Patient-Aligned Care Teams (PACT) model. VA views appointments as a partnership. We are implementing a national initiative to reduce costly no-show appointments. Also, Veterans can manage appointments by visiting MyHealtheVet website, where they can view all of their pending appointments. In another effort to help Veterans make and keep appointments, VA is implementing a pilot program that offers child care to eligible Veterans seeking medical appointments at three VA medical centers in 2012 and 2013. The first of these facilities, the Buffalo VAMC, began providing services in October 2011. Each pilot site will be operated onsite by licensed childcare providers. Drop-in services will be offered free of charge to Veterans who are eligible for VA care and who are visiting a medical facility for an appointment.

VA is taking full advantage of technology to expand access to its medical centers. In 2008, VA established a presence on Facebook with a single Veterans Health Administration (VHA) page. In 2009, VA established the Post-9/11 GI Bill Facebook page to raise awareness about the implementation of this new benefit program. With over 39,000 subscribers ("or fans"), this page serves as our primary "real-time" tool to communicate GI Bill news and directly interact with our clients. VA also launched a general VBA benefits page, which describes all of our services. VBA posts to its followers seven days a week and is followed in 18 different countries and 15 different languages. In June 2011, VA outlined a Department-wide social media policy that provides guidelines for communicating with VA online. By November 2011, VA had established Facebook pages for all 152 of its medical centers. This event marks an important milestone in our effort to transform how the Department communicates with

Veterans and provides them access to healthcare and benefits. By leveraging Facebook, VA continues to embrace transparency and engage Veterans in a two-way conversation. VA currently has over 345,000 combined Facebook "fans." As of January 2012, the Department's main Facebook page has over 154,000 fans and its medical centers have a combined following of over 69,000.

Eliminating the Claims Backlog

To transform VA for the benefit of Veterans, we must streamline the claims processing system and eliminate the claims backlog. We are vigorously pursuing a claims transformation plan that will adopt near-term innovations and break down stubborn obstacles to providing Veterans the benefits they have earned.

As we pursue a multi-focused approach to eliminate the claims backlog, workload in our disability compensation and pension programs continues to rise. VA has experienced a 48 percent increase in claims receipts since 2008, and we expect that the incoming claims volume will continue to increase by 4.2 percent in 2013, to 1,250,000 claims from 1,200,000 in 2012. At the same time, Veterans are claiming many more disabilities, with Iraq and Afghanistan Veterans claiming an average of 8.5 disabilities per claim – more than double the number of disabilities claimed by Veterans of earlier eras. As more than one million troops leave service over the next 5 years, we expect our claims workload to continue to rise for the foreseeable future. In 2013, our goal is to ensure that no more than 40 percent of the compensation and pension claims in the pending inventory are more than 125 days old. While too many Veterans will still be waiting too long for the benefits they have earned, it does represent a significant improvement in performance over the 2012 estimate of 60 percent of claims more than 125 days old, demonstrating that we are on the right path.

VA is attacking the claims backlog through an aggressive transformation plan that includes initiatives focused on the people, processes, and technology that will eliminate the backlog. We are implementing a new standardized operating model in all our regional offices beginning this year that incorporates a case-management approach to claims processing. It establishes distinct processing lanes based on the complexity and priority of the claims and assigns employees to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims. The new operating model also establishes an Intake Processing Center at every regional office, adding a formalized process for triaging mail and enabling more timely and accurate distribution of claims to the production staff in their appropriate lanes.

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards that prepare claims processors to work faster and at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century

workplace. We are establishing dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. Personnel trained by our national quality assurance staff comprise the quality review teams to assure local reviews are consistently conducted according to national standards.

Using "Design Teams," VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The first Design Team developed a method to simplify rating decisions and decision notification letters that was implemented nationwide in December 2011. This new decision notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job-aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected evaluation. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process. This allows us to focus on initiatives that will achieve the greatest gains.

VA continues to promote the Fully Developed Claims (FDC) Program. We believe utilization of the FDC Program will significantly increase as a result of the public release last month of 68 more Disability Benefits Questionnaires (DBQs), bringing the total number of DBQs publically available to 71. DBQs are templates that solicit the medical information necessary to evaluate the level of disability for a particular medical condition. Currently used by Veterans Health Administration examiners, the release of these DBQs to the public will allow Veterans to take them to their private physicians, facilitating submission of a complete claims package for expedited processing. VA plans an aggressive communications strategy surrounding the release of these DBQs that will promote the FDC program. We also continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates.

This year VA is also beginning national implementation of our new paperless processing system, the Veterans Benefits Management System (VBMS). We are implementing VBMS using a phased approach that will have all regional offices on the new system by the end of 2013. We will continue to add and expand VBMS functionality throughout this process. Establishment of a digital, near-paperless environment will allow for greater exchange of information and increased transparency to Veterans, our workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VA to eliminate the claims backlog and redirect capacity to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Departments of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value

of eBenefits and the ease of enrolling into the system. The 2013 budget invests $128 million in VBMS.

Ending Veteran Homelessness

The Administration is committed to ending homelessness among Veterans by 2015. Between January 2010 and January 2011 homelessness declined by 12 percent, keeping VA on track to meet the goal of ending Veteran homelessness in 2015. The VA's Homeless Veteran Registry is populated with over 400,000 names of current and formerly homeless Veterans who have utilized VA's Homeless Programs—allowing us to better see the scope of the issues so we can more effectively address them.

In the 2013 Budget, VA is requesting $1.352 billion for programs that will prevent and treat Veteran homelessness. This represents an increase of $333 million, or 33 percent over the 2012 level. This budget will support our long-range plan to eliminate Veteran homelessness by reducing the number of homeless Veterans to 35,000 in 2013 by emphasizing rescue and prevention.

To get Veterans off the streets and into stable environments, VA's Grant and Per Diem Program awards grants to community-based organizations that provide transitional housing and support services. VA's goal is to serve 32,000 homeless Veterans in this program in 2013. Transitional housing is also provided through the Healthcare for Homeless Veterans program. Permanent housing is achieved with Housing Choice Vouchers in the Department of Housing and Urban Development (HUD)-VA Supportive Housing (HUD-VASH) Program, and by 2013 VA plans to provide case management support for the nearly 58,000 HUD Housing Choice vouchers available to assist our most needy homeless Veterans.

Culminating two years of work to end homelessness among Veterans, the Building Utilization Review and Repurposing (BURR) initiative helped identify unused and underused buildings and land at existing VA property with the potential for repurposing to Veteran housing. The BURR initiative supports VA's goal of ending Veteran homelessness by identifying excess VA property that can be repurposed to provide safe and affordable housing for Veterans and their families. As a result of BURR, VA began developing housing opportunities at 34 nationwide locations for homeless or at-risk Veterans and their families using its Enhanced Use Lease (EUL) authority (now expired). The housing opportunities developed through BURR will add approximately 4,100 units of affordable and supportive housing to the projects already in operation or under construction, for an estimated total of 5,400 units.

Although the Department's Enhanced Use Lease authority has expired, the Administration will work with Congress to develop future legislative authorities to enable the Department to further repurpose the properties identified by the BURR process. Beyond reducing homelessness among our Veterans, additional opportunities identified through BURR may include housing for Veterans returning from Iraq and Afghanistan,

assisted living for elderly Veterans, and other possible uses that will enhance benefits and services to Veterans and their families.

Of all claimants served by the Veterans Benefits Administration (VBA), homeless Veterans represent our most vulnerable population and require specialized care and services. The 2013 budget requests $21 million for the Homeless Veterans Outreach Coordinator (HVOC) initiative, which would provide an additional 200 coordinators nationwide to expedite disability claims; acquire housing and prevent Veterans from losing their homes; expedite access to vocational training and job opportunities; and resolve legal issues at regional justice courts. These new case managers would significantly improve outcomes on behalf of the Nation's homeless Veterans. For example, the initiative would improve the timeliness of disability claims decisions for homeless and at-risk Veterans by reducing the claims processing times by nearly 40 percent between 2011 and 2015.

In 2011, VHA hired 366 (or 90 percent of 407 total positions) homeless or formerly homeless Veterans as Vocational Rehabilitation Specialists to provide individualized supported employment services to unemployed homeless Veterans through the Homeless Veterans Supported Employment Program. Recent initiatives to increase employment of Veterans in Federal and other public-sector jobs will help to reduce homelessness and also ensure their families are supported. On January 18, 2012, VA hosted a career fair for Veterans in Washington, DC. Over 4,000 Veterans attended this event to explore and apply for thousands of public and private sector job opportunities.

The VA also helps Veterans obtain employment with education and training assistance. The National Cemetery Administration (NCA) is helping to provide employment opportunities for homeless Veterans through a new, paid Apprenticeship Training Program serving Veterans who are homeless or at risk of homelessness. The program will be based on current NCA training requirements for positions such as Cemetery Caretakers and Cemetery Representatives. Veterans who successfully complete the program at national cemeteries will be guaranteed full-time permanent employment at a national cemetery or may choose to pursue employment in the private sector. The Veterans Retraining Assistance Program is a joint effort with VA and the Department of Labor to provide 12 months of retraining assistance. The program is limited to 54,000 participants from October 1, 2012, through March 31, 2014. Education and training assistance are preventive programs.

Other preventive services programs include the Supportive Services for Veteran Families, which provides rapid case management and financial assistance, coordinated with community and mainstream resources, to promote housing stability. In time, VA will transition its homeless efforts primarily to prevention. Through coordinated partnerships with other Federal and local partners and providers, VA will assist at risk Veterans in maintaining housing, accessing supportive services that promote housing stability, and identifying the resources to rapidly re-house Veterans and their dependents if they should fall into homelessness. This shift to increased preventive

efforts will require us to be much more knowledgeable about the causes of Veterans' homelessness, about the details of our current homeless and at-risk Veteran populations, and about creating action plans that serve Veterans at the individual level.

Medical Care Program

The 2013 budget requests $52.7 billion for healthcare services to treat over 6.33 million unique patients, an increase of 1.1 percent over the 2012 estimate. Of those unique patients, 4.4 million Veterans are in Priority Groups 1-6, an increase of more than 64,000 or 1.5 percent. Additionally, VA anticipates treating over 610,000 Veterans from the conflicts in Iraq and Afghanistan, an increase of over 53,000 patients, or 9.6 percent, over the 2012 level.

Medical Care in Rural Areas

The delivery of healthcare in rural areas faces major challenges, including a shortage of healthcare resources and specialty providers. In 2011, we obligated $18.8 billion to provide healthcare to Veterans who live in rural areas. Some 3.6 million Veterans enrolled in the VA healthcare system live in rural or highly rural areas of the country; this represents about 42 percent of all enrolled Veterans. For that reason, VA will continue to emphasize rural health in our budget planning, including addressing the needs of Native American Veterans. The 2013 budget continues to invest in special programs designed to improve access and the quality of care for Veterans residing in rural areas. For example, in the remote, sparsely populated areas of Montana, Utah, Wyoming and Colorado, VA has supported the development and expansion of a network-wide operational telehealth infrastructure that supports a virtual intensive care unit, tele-mental health services, and primary care and specialty care to 67 fixed and mobile sites. Again, IT investment is the foundation of our work in all of these areas.

In rural areas with larger populations, funding supports the opening of new rural clinics, such as the one located in Newport, Oregon, which serves over 1,200 Veterans. This clinic is a unique partnership between VA and the local Lincoln County government. The county government provides clinical space, equipment and supplies, while VA funds the salaries for the primary care and mental health providers.

Mental Healthcare

The budget requests $6.2 billion for mental health programs, for an increase of $312 million over the 2012 level of $5.9 billion. VA is increasing outreach opportunities to connect with and treat Veterans and their families in new, innovative ways. In April 2011, VA launched the first in a series of mobile smartphone applications, the *PTSD Coach*. It provides information about PTSD, self-assessment and symptom management tools, and information on how to get help. VA developed this technology in collaboration with DoD and with input from Veterans, who let the development team know what they did and did not want in the application (app). As of the end of 2011, the app had just over 41,000 downloads in 57 countries. In addition, VA is developing

PTSD Family Coach that will complement the Coaching into Care national call center, which provides support to family members of Veterans.

In 2011, VA also launched *Make the Connection,* a national public awareness campaign for Veterans and their family members to connect with other Veterans to share common experiences, and ultimately to connect them with information and resources to help with the challenges that can occur when transitioning from military service to civilian society. This is an important effort in breaking down the stigma associated with mental health issues and treatment. The campaign's central focus is a website, www.MakeTheConnection.net, featuring numerous Veterans who have shared their experiences, challenges, and triumphs. It offers a place where Veterans and their families can view the candid, personal testimonials of other Veterans who have dealt with and are working through a variety of common life experiences, day-to-day symptoms, and mental health conditions. The Web site also connects Veterans and their family members with services and resources they may need.

Long-term Medical Care

As the Veteran population ages, VA will expand its provision of both institutional and non-institutional Long-Term Care services. These services are designed not just for the elderly, but for Veterans of all ages who have a serious chronic disease or disability requiring ongoing care and support, including those returning from Iraq and Afghanistan suffering from traumatic injuries. Veterans can receive long-term care services at home, at VA medical centers, or in the community. In 2013, the Long-Term Care budget request is $7.2 billion. VA will continue to provide long-term care in the least restrictive and most clinically appropriate settings by providing more non-institutional care closer to where Veterans live. This budget supports an increase of 6 percent in the average daily census in non-institutional long-term care programs in 2013, resulting in a total average daily census of approximately 120,100.

Medical Research

Medical Research is being supported with $583 million in direct appropriations in 2013, an increase of nearly $2 million above the 2012 level. In addition, approximately $1.3 billion in funding support for medical research will be received from VA's medical care program and through Federal and non-Federal grants. Projects funded in 2013 will support fundamentally new directions for VA research. Specifically, research efforts will be focused on supporting development of New Models of Care, improving social reintegration following traumatic brain injury, reducing suicide, evaluating the effectiveness of complementary and alternative medicine, developing blood tests to assist in the diagnosis of post-traumatic stress disorder and mild traumatic brain injury, and advancing genomic medicine.

The 2013 budget continues support for the Million Veteran Program (MVP), an unprecedented research program that advances the promises of genomic science. The MVP will establish a database, used only by authorized researchers in a secure

manner, to conduct health and wellness studies to determine which genetic variations are associated with particular health issues. The pilot phase of MVP was launched in 2011. Surveys were sent to 17,483 Veterans and approximately 20 percent of those then completed a study visit and provided a small blood sample. By the end of 2013, the goal is to enroll at least 150,000 participants in the program. Like with so much of VA research, the impact will be felt not just through improved care for Veterans but for all Americans, as well.

Veterans Benefits Administration

The 2013 budget request for the general operating expenses of the Veterans Benefits Administration (VBA) is $2.2 billion, an increase of $145 million, or 7.2 percent, over the 2012 enacted level. With the support of Congress, we have made great strides in implementing our comprehensive plan to transform the disability claims process. This budget sustains our investments in people, processes, and technology in order to eliminate the claims backlog by 2015. In addition, this budget request includes funding to support the administration of other VBA business lines.

Post 9-11 and other Education Programs

The Post 9-11 GI Bill program provides every returning service member with the opportunity to obtain a college education. As expected, the Post-9/11 GI Bill program has become the most used education benefit that VA offers. Just as with the original GI Bill, today's program provides Veterans with tools that will help them contribute to an economically vibrant and strong America. In 2013, VA estimates that 606,300 individuals will participate in this benefit program. The timeliness and accuracy of processing Post-9/11 GI Bill claims continues to improve. From 2010 to 2011, VA processing times for original and supplemental claims improved by 15 days (from 39 to 24 days) and 4 days (from 16 to 12 days), respectively. Over the last two years, VA has successfully deployed a new IT system to support processing of Post-9/11 GI bill education claims. With improved automation tools in place, VA will be able to begin reducing education benefit processing staff in 2013.

Vocational Rehabilitation and Employment (VR&E)

The VR&E program is designed to assist disabled Service-members in their transition to civilian life and obtaining employment. The budget request for 2013 is $233.4 million or a 14.2 percent increase from 2012. The number of participants in the program increased to 107,925 in 2011 and is expected to grow to over 130,000 by 2013.

VA is also expanding VR&E counseling services available at IDES sites to assist Servicemembers with disabilities in jumpstarting their transition to civilian employment. In 2012, VA will assign 110 additional counselors to the largest IDES sites, serving an additional 12,000 wounded, ill, and injured Servicemembers. Funds requested in 2013 will support further expansion, adding 90 more counselors to the program.

In 2009, VA established a pilot program called VetSuccess on Campus to provide outreach and supportive services to Veterans during their transition from the military to college, ensuring that their health, education and benefit needs are met. By the end of 2012, the program will be operational on 28 campuses. The 2013 budget includes $8.8 million to expand the program to a total of 80 campuses serving approximately 80,000 Veterans.

National Cemetery Administration

VA honors our fallen soldiers with final resting places that serve as lasting tributes to commemorate their service and sacrifice to our Nation. The 2013 budget includes $258 million in operations and maintenance funding for the National Cemetery Administration (NCA). In 2013, NCA estimates that interments will increase by 1,500 (1.3 percent) over 2012. Cemetery maintenance workload will also continue to increase in 2013 over the 2012 levels: the number of gravesites maintained will increase by 82,000 (2.5 percent) and the number of developed acres maintained will increase by 138 (1.6 percent).

The 2013 Budget will allow VA to provide more than 89.6 percent of the Veteran population, or 19.1 million Veterans, a burial option within 75 miles of their residence by keeping existing national cemeteries open, establishing new State Veterans cemeteries, as well as increasing access points in both urban and rural areas. VA's first grant to establish a Veterans cemetery on Tribal trust land, as authorized in Public Law 109-461, was approved on August 15, 2011. This cemetery will provide a burial option to approximately 4,036 unserved Rosebud Sioux Tribe Veterans and their families residing on the Rosebud Indian Reservation near Mission, South Dakota.

NCA provides an unprecedented level of customer service, which has been achieved by always striving for new ways to meet the burial needs of Veterans. In 2011, NCA initiated an independent study of emerging burial practices including "green" burial techniques that may be appropriate and feasible for planning purposes. The study will also include a survey of Veterans to ascertain their preferences and expectations for new burial options. The completed study will provide comprehensive information and analysis for leadership consideration of new burial options.

Capital Infrastructure

A total of $1.14 billion is requested in 2013 for VA's major and minor construction programs, an increase of 6.3 percent over the 2012 enacted level. VA is also proposing legislation in 2013 that would enhance the ability of the Department to collaborate with other Federal Departments and Agencies, including the Department of Defense (DoD) on joint capital projects. This legislative proposal would allow appropriated funds to be transferred among Federal agencies to effectively plan and design joint projects when determined to be cost-effective and improve service delivery to Veterans and Servicemembers.

Major Construction

The major construction request in 2013 is $532 million in new budget authority. The major construction request includes funding for the next phase of construction for four medical facility projects in Seattle, WA; Dallas, TX; Palo Alto, CA; and St. Louis (Jefferson Barracks), MO. Additionally, funds are provided to remove asbestos from Department-owned buildings, improve facility security, remediate hazardous waste, fund land acquisitions for national cemeteries, and support other construction related activities.

Minor Construction

In 2013, the minor construction request is $608 million. It would provide for constructing, altering, extending and improving VA facilities, including planning, assessment of needs, architectural and engineering services, and site acquisition and disposition. It also includes $58 million to NCA for land acquisition, gravesite expansions, and columbaria projects. NCA projects include irrigation and drainage improvements, renovation and repair of buildings, and roadway repairs.

Information Technology

The 2013 budget requests $3.327 billion for Information Technology (IT), an increase of $216 million over the 2012 enacted level of $3.111 billion. Veterans and their families are highly dependent upon the effective and efficient use of IT to deliver benefits and services. In this day and age, every doctor, nurse, dentist, claims processor, cemetery interment scheduler, and administrative employee in the VA cannot do his or her jobs without adequate IT support. Approximately 80 percent of the IT budget supports the direct delivery of healthcare and benefits to Veterans and their families.

We have made dramatic changes in the way IT projects are planned and managed at the VA. As described earlier in this testimony, the Project Management Accountability System (PMAS) has reduced risks by instituting effective monitoring and oversight capabilities and by establishing clear lines of accountability. Additionally, we have strengthened security standards in software development and established an Identity Access Management program that allows VA to increase on-line services for Veterans.

The IT infrastructure supports over 300,000 employees and about 10 million Veterans and family members who use VA programs, making it one of the largest consolidated IT organizations in the world. This budget request includes nearly $1.8 billion for the operation and maintenance of the IT infrastructure, the backbone of VA. A sound and reliable infrastructure is critical to support the VA workforce and all of our facilities nationwide in the effective and efficient delivery of healthcare and benefits to Veterans. It is also critical that we support new facility activations, our major

transformational initiatives, and the increased usage of VA services while maintaining a secure IT environment to protect Veteran sensitive information.

Improving services for Veterans and their beneficiaries requires using advanced technologies. For example, VA will continue to utilize MyHealtheVet to improve access to information on appointments, lab tests and results, and reduce adverse reactions to medications. The 2013 budget continues an investment strategy of funding the development of new technologies that will have the greatest benefit for Veterans.

The delivery of high-quality medical care to an increasing number of Veterans is highly dependent upon adequate IT funding. VA's health IT investments have, and will continue, to greatly improve the delivery of medical care with regards to quality, patient safety and cost effectiveness. This includes transformation of mental health service delivery through IT enabled self-help, providing data and IT analytical tools for VA's research community, and creating an open exchange for collaboration and innovation in the development of clinical software solutions. Additionally, initiatives focused on "Care at a Distance" are heavily reliant on technology and require a robust IT infrastructure.

The 2013 budget request for integrated Electronic Health Record (iEHR) is $169 million. The iEHR is a joint initiative with DoD to modernize and integrate electronic health records for all Veterans to a single common platform. We must take full advantage of this historic opportunity to deliver maximum value through joint investments in health IT. When DoD and VA healthcare providers begin accessing a common set of health records, iEHR will enhance quality, safety, and accessibility of healthcare – setting the stage for more efficient, cost-effective healthcare systems. In 2013, we plan to leverage open source development to foster innovation and speed delivery for a pharmacy and immunization solution.

An integral part of iEHR is the Virtual Lifetime Electronic Record (VLER), which is enabling VA transformation. VLER creates information interoperability between DoD, VA, and the private sector to promote better, faster and safer healthcare and benefits delivery for Veterans. The 2013 budget will ensure continued delivery of enhanced clinical and benefits information connections and build increased capability to support women's healthcare. Additionally, we will develop a modern memorial affairs system for the dynamic mapping of gravesite locations. The 2013 budget request for VLER is $52.9 million.

In addition, the 2013 budget requests $92 million in the IT appropriation for VBMS. As noted earlier, the VBMS initiative is the cornerstone of VA's claims transformation strategy. It is a comprehensive solution that integrates a business transformation strategy to address people and processes with a paperless claims processing system. Achieving paperless claims processing will result in higher quality, greater consistency and faster claims decisions. Nationwide deployment of VBMS is on target to begin in 2012 with completion in 2013.

This budget also includes funding to transform the delivery of Veterans' benefits. The 2013 IT budget requests $111 million for the Veterans Relationship Management (VRM) initiative. We will use this funding to improve communications between Veterans and VA that occur through multiple channels—phone, web, mail, social media, and mobile apps. It will also provide new tools and processes that increase the speed, accuracy and efficiency of information exchange, including the development of self-service technology-enabled interactions to provide access to information and the ability to execute transactions at the place and time convenient to the Veteran. In 2013, Veterans will see enhanced self-service tools for the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare.

Legislative Program

VA has outlined in this budget a strong legislative program that will advance our mission to end Veteran homelessness and help Wounded Warriors by improving our system of grants for home alterations so Veterans can better manage disabilities and live independently. Our legislative proposals would also make numerous other common-sense changes that improve our programs, including provisions that will reduce payment complexities for both our student Veterans and the schools using the Post 9/11 GI Bill.

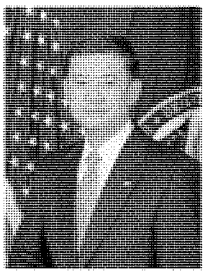
Summary

VA is the second largest Federal department with over 316,000 employees. Our workforce includes physicians, nurses, counselors, claims processors, cemetery groundskeepers, statisticians, engineers, IT specialists, police, and educators. They serve Veterans at our hospitals, community-based outpatient clinics, Vet Centers, mobile Vet Centers, claims processing centers, and cemeteries. Through the resources provided in the President's 2013 Budget, VA is enabled to continue improving the quality of life for our Nation's Veterans and their families and to completing the transformation of the department that we began in 2009. Thanks to the President's leadership and the solid support of all members of the Congress, we have made huge strides in our journey to provide all generations of Veterans the best possible care and benefits that they earned through selfless service to the Nation. We are committed to continue that journey, even as the numbers of Veterans will increase significantly in the coming years, through the responsible use of the resources provided in the 2013 budget and 2014 advance appropriations requests.

Department of Veterans Affairs

Washington, D.C.

The Honorable Eric K. Shinseki



Secretary of Veterans Affairs

Retired U.S. Army General Eric K. Shinseki was nominated by President Barack Obama on Dec. 7, 2008 to serve as Secretary for the United States Department of Veterans Affairs. His nomination was confirmed by the Senate January 20, 2009, and he was sworn in as the seventh Secretary of Veterans Affairs on January 21, 2009.

General Shinseki served as Chief of Staff, United States Army, from 1999 until June 11, 2003, and retired from active duty on August 1, 2003. During his tenure, he initiated the Army Transformation Campaign to address both the emerging strategic challenges of the early 21st century and the need for cultural and technological change in the United States Army.

Following the Sept. 11, 2001 terrorist attacks, he led the Army during Operations Enduring Freedom and Iraqi Freedom and integrated the pursuit of the Global War on Terrorism with Army Transformation, enabling the Army to continue to transform while at war.

Prior to becoming the Army's Chief of Staff, General Shinseki served as the Vice Chief of Staff from 1998 to 1999, after serving simultaneously as Commanding General, United States Army, Europe and Seventh Army; Commanding General, NATO Land Forces, Central Europe, both headquartered in Heidelberg, Germany; and Commander of the NATO-led Stabilization Force, Bosnia-Herzegovina, headquartered in Sarajevo.

He was commissioned a second lieutenant of Artillery upon graduation from the United States Military Academy in June 1965, and was attached to Company A, 1st Battalion, 14th Infantry Regiment, 25th Infantry Division as a forward observer from December 1965 to September 1966, when he was wounded in combat in the Republic of Vietnam. He was returned to Tripler Army Medical Center, Honolulu, Hawaii to recuperate, following which he was assigned as Assistant Secretary, then Secretary to the General Staff, U.S. Army, Hawaii, Schofield Barracks, from 1967-1968. He transferred to Armor Branch and attended the Armor Officer Advanced Course at Fort Knox, Ky, before returning to Vietnam a second time in 1969. While serving as Commander, Troop A, 3d Squadron, 5th Cavalry Regiment, he was wounded in action a second time in 1970.

Other assignments include Commander, 3rd Squadron, 7th Cavalry, 3rd Infantry Division; Commander, 2nd Brigade, 3rd Infantry Division; Deputy Chief of Staff, Support for Allied Land Forces Southern Europe; Assistant Division Commander-Maneuver, 3rd Infantry Division; Commander, 1st Cavalry Division, as well as G-3, 3rd Infantry Division, 1984-1985; G-3, VII US Corps, 1989-1990; and Deputy Chief of Staff for Operations and Plans, Headquarters, Department of the Army, 1996-1997.

Shinseki holds a Bachelor of Science degree from the U.S. Military Academy at West Point; a Master of Arts degree from Duke University, and is a graduate of the National War College. General Shinseki has been awarded the Defense Distinguished Service Medal, Distinguished Service Medal, Legion of Merit (with Oak Leaf Clusters), Bronze Star Medal with "V" Device (with 2 Oak Leaf Clusters), Purple Heart (with Oak Leaf Cluster), Defense Meritorious Service Medal, Meritorious Service Medal (with 2 Oak Leaf Clusters), Air Medal, Parachutist Badge, Ranger Tab, Joint Chiefs of Staff Identification Badge, and the Army Staff Identification Badge.

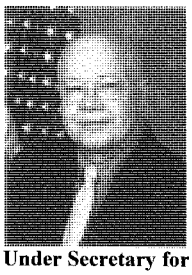
January 2009

Department of Veterans Affairs

Washington, D.C.

Robert A. Petzel, M.D.

Robert A. Petzel, M.D., was appointed Under Secretary for Health in the Department of Veterans Affairs (VA) on Feb. 18, 2010. Prior to this appointment, Dr. Petzel had served as VA's Acting Principal Deputy Under Secretary for Health since May 2009.



Under Secretary for Health

As Under Secretary for Health, Dr. Petzel oversees the health care needs of millions of veterans enrolled in the Veterans Health Administration (VHA), the nation's largest integrated health care system. With a medical care appropriation of more than $48 billion, VHA employs more than 262,000 staff at over 1,400 sites, including hospitals, clinics, nursing homes, domiciliaries, and Readjustment Counseling Centers. In addition, VHA is the nation's largest provider of graduate medical education and a major contributor to medical research. More than eight million veterans are enrolled in the VA's health care system, which is growing in the wake of its eligibility expansion. This year, VA expects to treat nearly six million patients during 78 million outpatient visits and 906,000 inpatient admissions.

Previously, Dr. Petzel served as Network Director of the VA Midwest Health Care Network (VISN 23) based in Minneapolis, Minn. In that position, Dr. Petzel was responsibility for the executive leadership, strategic planning and budget for eight medical centers and 42 community-based outpatient clinics, serving veterans in Iowa, Minnesota, Nebraska, North Dakota, South Dakota, western Illinois and western Wisconsin.

Dr. Petzel was appointed Director of Network 23 (the merger of Networks 13 and 14) in October 2002. From October 1995 to September 2002, he served as the Director of Network 13. Prior to that position, he served as Chief of Staff at the Minneapolis VA Medical Center.

Dr. Petzel is particularly interested in data-based performance management, organization by care lines, and empowering employees to continuously improve the way we serve our veterans. He is involved in a collaborative partnership with the British National Health Services Strategic Health Authority. In addition, he co-chairs the National VHA Strategic Planning Committee and the VHA System Redesign Steering Committee.

Dr. Petzel graduated from St. Olaf College, Northfield, Minn., in 1965 and from Northwestern University Medical School in 1969. He is Board Certified in Internal Medicine and on the faculty of the University of Minnesota Medical School.

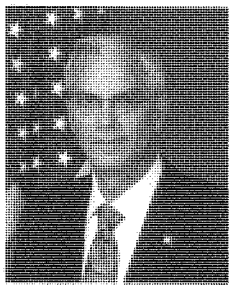
March 2010

Department of Veterans Affairs

Washington, D.C.

W. Todd Grams

W. Todd Grams was appointed as the Principal Deputy Assistant Secretary for Management for the Department of Veterans Affairs (VA) on November 8, 2009. In addition, he serves as Executive in Charge for the Office of Management for the Department. He is responsible for the budget and financial management of VA's $125 billion budget as well as the Department's performance management, business oversight, and asset enterprise management programs.



Executive in Charge for the Office of Management and Chief Financial Officer

Before his appointment at the VA, Mr. Grams served as the Chief Financial Officer (CFO) at the U.S. Department of Commerce's National Institute of Standards and Technology from July 2006 to November 2009. In that position, he was responsible for all NIST-wide administrative offices including: information technology, human resources, facilities, construction, finance, acquisitions, grants, budget, safety and security.

From 2003 to 2006, Mr. Grams served as the Chief Information Officer (CIO) of the Internal Revenue Service (IRS) where he was responsible for all IRS IT functions nationwide, totaling $2 billion and 7,000 staff. His three-year tenure is the longest of any agency-wide IRS CIO, and he led the most successful years to date of the IRS modernization program, while restructuring 15 percent of the IT workforce. From 2001 to 2003, he was the CFO of the IRS where he was responsible for the accounting of $2 trillion in tax receipts and the oversight of the IRS' $10 billion operating budget.

Prior to joining the IRS, he served at the VA from 1994 to 2000 as the first CFO of the Veterans Health Administration (VHA) where he was responsible for budget, finance, CHAMPVA, Medical Care Cost Recovery, DOD-VA Sharing, and acquisitions. In this position, he led the development of the ground-breaking Veterans Equitable Resource Allocation system, which after 12 years continues to be the internal allocation system used by the VHA. In 2001, he served as the VA's Deputy Chief Financial Officer.

Mr. Grams began his Federal service at the Bureau of the Census in 1980 as a budget analyst. He served in a variety of positions at the Office of Management and Budget from 1983 to 1994, including appropriations bill tracker, budget examiner, and Chief of the Veterans Affairs Branch.

Mr. Grams has earned three Presidential Rank Awards. He received the Presidential Rank Award for Distinguished Service in 2006 (while with the IRS) and in 2000 (while with the VA). In 1997, he received the Presidential Rank Award for Meritorious Service at the VA. In addition, he is the recipient of the Department of Veterans Affairs Secretary's Awards for Distinguished Career and Meritorious Service.

Mr. Grams graduated from the University of Maryland with a Bachelor of Arts degree in Economics in 1980.

June 2011

Allison A. Hickey
Under Secretary for Benefits

Department of Veterans Affairs
Washington, D.C.

Retired Brig. Gen. Allison A. Hickey assumed the duties of Under Secretary for Benefits at the Department of Veterans Affairs (VA) on June 6, 2011.

As Under Secretary for Benefits, Hickey leads more than 20,000 employees in the delivery of a wide range of integrated programs of nonmedical benefits and services to Veterans, their dependents and survivors. Through a nationwide network of 57 regional offices, special processing centers, and VBA Headquarters, she directs the administration of VA's disability compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance programs, and an annual budget of more than $72.3 billion.

Prior to her appointment, Hickey led Human Capital Management for the consulting company Accenture in their work for the National Geospatial- Intelligence Agency – supporting operational business processes for intelligence community organizations in the areas of customer relationship management, call center practices and 21st Century information technology systems.

As the Director of the Air Force's Future Total Force office at the Pentagon, she provided leadership and oversight for four divisions in the areas of strategic planning, mission development, public and congressional affairs and program and resource implementation for more than 140 new Air Force units. Hickey was responsible for shifting billions of dollars towards new capabilities across the Air Force portfolio and directing new organizational models for a world-wide 500,000 person organization including active duty, Air National Guard and Air Force Reserve units and personnel to create a common Air Force policy, mission, and culture – known in the Department as the Total Force Perspective.

Prior to that assignment, Hickey served as the assistant deputy director of Strategic Planning, where she provided leadership and oversight for five divisions. She also served as chief of the Air Force Future Concepts and Transformation Division focused on the integration of technologies, organizations and concepts of operation to model for the Air Force of 2025.

Hickey is a 27-year Veteran of the Air Force having served on active duty, in the Air National Guard and the Air Force Reserves. Her Air Force career began in 1980 as a graduate of the U.S. Air Force Academy's first class to include women. As a pilot and aircraft commander, she accumulated more than 1,500 hours of flight time in KC-10A, KC-135A, T-38 and T-37 aircraft. She is the daughter of retired Lt. Gen. William J. Hilsman, a Vietnam Army Veteran, and Jean Hilsman, who served as a director and past-president of the National Military Family Association and as the first Department of Defense Family Policy Office director.

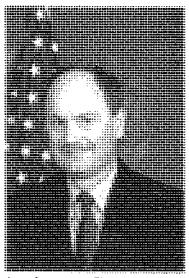
Hickey is married to retired Col. Robert Hickey, a 30-year Veteran and former A-10 and C-130 pilot. She and her husband have three children and live in Ashburn, VA.

January 2012

Department of Veterans Affairs

Washington, D.C.

Roger W. Baker



Assistant Secretary for Information and Technology

Roger W. Baker was nominated by President Obama to serve as the Assistant Secretary for Information and Technology for the Department of Veterans Affairs and subsequently confirmed by the Senate on May 18, 2009.

As Assistant Secretary, Mr. Baker serves as the Chief Information Officer (CIO) for the Department, directly managing an organization of over 6,500 information technology (IT) professionals and a budget of over $2.5 billion.

Prior to his appointment, Mr. Baker was most recently President and Chief Executive Officer of Dataline LLC, a mid-sized IT services and integration company based in Norfolk, Va. Prior to joining Dataline, Mr. Baker was CIO at General Dynamics Information Technology, and Executive Vice President and general manager of the Telecommunications and Information Assurance business group for CACI International.

From 1998 to 2001, Mr. Baker was the CIO at the U.S. Department of Commerce, where he lead efforts to convert old systems and processes to e-commerce, improve technology management, reduce costs, and create the Federal CIO position.

Prior to his federal service, Mr. Baker had a successful career in high technology, helping to grow and sell three software/Internet companies. He served as the Chief Operating Officer (COO) of BlueGill Technologies, a market leader in Internet Bill Presentment; as Vice President of Engineering and Operations at VISA International, where he was responsible for the creation and operation of the VISA Interactive Banking System; and as Vice President of Consulting and Services for Verdix Corporation.

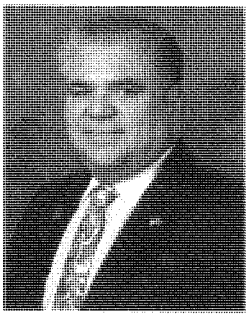
Mr. Baker has a Bachelor of Science degree in Computer Science and a Masters in Business Administration, both from the University of Michigan.

June 2009

Department of
Veterans Affairs

NATIONAL CEMETERY ADMINISTRATION

STEVE L. MURO
ACTING UNDER SECRETARY
FOR MEMORIAL AFFAIRS
CENTRAL OFFICE
WASHINGTON, D.C.



Steve L. Muro was named Acting Under Secretary for Memorial Affairs Jan. 21, 2009. As Acting Under Secretary, he is responsible for overseeing 128 National Cemeteries that provide dignified burial services for military veterans and eligible family members, and maintaining the cemeteries as national shrines; for land acquisition, design, construction, and other activities relating to the establishment of new national cemeteries; overseeing other memorial programs for veterans, including the provision of headstones, markers and Presidential Memorial Certificates to honor the service of deceased veterans; and for administering federal grants to help states, territories and tribal governments establish veterans' cemeteries.

Prior to this appointment, Mr. Muro was named Deputy Under Secretary for Memorial Affairs on Oct. 20, 2008. He served as director of the Office of Field Programs from February 2003 to October 2008, providing leadership and direction for the Administration's field offices and facilities supporting a system of 128 national shrine cemeteries. Under his guidance, a new NCA Training Center was established that graduated its first class of Cemetery Director Trainees in April 2005 and NCA created a nationwide National Cemetery Scheduling Office. From February to November 2005, Mr. Muro served as the Acting Deputy Under Secretary for Memorial Affairs and as such was integral to the organization at several Senate hearings regarding future land acquisitions and fiscal planning.

Mr. Muro's life's work is linked with the mission of the National Cemetery Administration. He began his career in 1979 as an automotive mechanic at Los Angeles National Cemetery. While there, he was promoted to Maintenance Foreman and in 1981 was selected to attend the Cemetery Director Trainee Program. Mr. Muro completed this intensive training program at Riverside National Cemetery and upon his graduation he was assigned as Assistant to the Director, Los Angeles National Cemetery. He has held positions of increasing responsibility to include Director, Baton Rouge and Port Hudson National Cemeteries; Assistant Director and Director, Long Island National Cemetery; Assistant Director, Riverside National Cemetery; Director, Fort Snelling National Cemetery; and Acting Director, Golden Gate and San Francisco National Cemeteries. Mr. Muro was assigned to the newly formed Memorial Service Network V, where he served as its Director from 2001 through 2002.

Mr. Muro served in the U.S. Navy from 1968 to 1972, including two tours of duty in Vietnam: one on board the USS Benjamin Stoddert (DDG-22) and one with a mobile construction (Seabee) battalion.

Mr. Muro graduated from Mt. San Antonio Junior College with an associate's degree. He is a graduate of Leadership VA Class of 1996 and graduated from the Senior Executive Service Candidate Development Program in August 2004.

Mr. CULBERSON. Members, there is a vote that has been called. There are just a few minutes left in it. If I could ask your indulgence, Mr. Secretary and Under Secretaries, we will return as soon as we get a chance to vote at the end of this series. The committee will be in recess very briefly during this vote series, and we will be back. Thank you.

[Recess.]

Mr. CULBERSON. The subcommittee will come to order. Mr. Secretary, thank you for your testimony, for your patience. We are finished with the voting, and I want to move into questions, and, of course, recognize my good friend Mr. Bishop after a couple of preliminary inquiries.

INTEGRATED ELECTRONIC HEALTH RECORDS

I wanted to ask about something that Senator Kirk, my good friend Mark Kirk, is as committed to as I am, and I know you have been working on an Integrated Electronic Health Records system for the VA. We have in Congress been prodding both the VA and the DOD for years to create a common record that would follow an Active service member to the VA system. Could you talk to us a little bit about how long it will take to develop an operable unified system, and what you anticipate the annual and ballpark total VA development costs would be?

Secretary SHINSEKI. Thank you for that question, Mr. Chairman. Let me just begin, and I will call on Secretary Baker, our chief information officer, to provide some details here.

This is one of a handful of things that we have worked pretty hard for the last 3 years, and I will tell you on the Integrated Electronic Health Record, the intent here was to build a single common joint electronic health record that would serve the military as well as VA, and so we have been doing that. We have agreement between two Secretaries, first with Secretary Bob Gates, now with Secretary Panetta, and we are going to do exactly that. It will be open architecture, nonproprietary design, and we are now in the process of putting details to what those descriptions mean.

Let me call on Secretary Baker to provide a little more detail.

Mr. BAKER. Thank you, Secretary Shinseki.

Mr. CULBERSON. Secretary Baker, I think you are on my calendar to come talk to me sometime in the weeks ahead.

Mr. BAKER. I believe next week.

Mr. CULBERSON. Next week. Good. Thank you.

Mr. BAKER. Thank you.

So to specifically answer your questions, initial installations of the IEHR in two facilities will be in 2014. The two Secretaries have set us on that task, and we are off executing to that at this point. Long term——

Mr. CULBERSON. Which two facilities, if I may?

Mr. BAKER. Notionally right now in draft we are looking at Hampton Roads and San Antonio; have not brought that through the Secretaries for a firm decision yet, but those are the sort of facilities that we are looking at.

We expect full implementation to take somewhere between 4 and 6 years. These are large systems with, for example, 127 different

medical applications like pharmacy and laboratory and a variety of other things that really do automation in the hospital.

Our request for 2013 from VA is $169 million. We expect to run at about that rate or maybe a little bit above for a number of years as we implement this. I think the best estimate we have had for the development piece of this is probably about $4 billion split equally between DOD and VA for just the development side of the IEHR implementation.

Mr. CULBERSON. So you have been able to get the Department of Defense's cooperation in this? When you talk about getting this 4 to 6 years to implement, you expect within about 4 to 6 years to have essentially a fully integrated electronic medical records system that will follow an Active Duty service member from their time in the Army to into the VA system?

Mr. BAKER. That is correct. And probably most importantly, we have mapped out how we do that with the data. You know, these systems have huge databases, and they don't necessarily look the same, but we figured out how we are going to make that data for a clinician look the same so that a clinician will not know whether they are dealing with someone who was seen in a VA Hospital or a DOD hospital. They see a medical record that makes sense to them.

MILESTONES AND BENCHMARKS

Mr. CULBERSON. Well, it is extraordinarily important. What kind of milestones, benchmarks are you going to use to ensure that it is meeting the standards that you expect, and that you are on track and on target?

Mr. BAKER. Thank you. We are driving to use the same 6-month milestones that we are using at the VA right now. We have had tremendous success in changing the way that we develop to those 6-month milestones. In 2011, we met 89 percent of the development milestones we set out. We are looking to do the same thing with IEHR.

As I said to a question like this from the Senate last week, the DOD still has a legal requirement to meet DOD 5000, which is their development approach. We are working towards being able to do that agile development of 6 months and still meet their legal requirements under 5000.

PAPERLESS PROCESSING

Mr. CULBERSON. Thank you.

I know your office is also supervising or overseeing the switching over to a paperless disability claims processing. What is causing the problems with paperless processing? You have had more than 40 pilots and tested the paperless processing system in just 2 regional offices, but you say that you are going to roll out paperless processing in 16 regional offices by September and 40 by the end of 2013, but I understand that you testified to the authorizers you have only run 1,000 claims so far through the system.

Secretary SHINSEKI. Mr. Chairman, let me shift that question over to Secretary Hickey, who does the benefits claims processing, and she is really running the pilots right now based on the technology that Secretary Baker provides.

CHALLENGE TRAINING

Ms. HICKEY. Thank you, Chairman Culberson.

First let me lay some basic foundations. There are 40-plus initiatives that we have developed, but they are not all VBMS initiatives. There are 40-plus transformation initiatives across three major categories: People, how we are organized and trained to do this work. For example, we have already initiated one of those initiatives called Challenge Training, which is showing us great results. We have literally seen a 4 percent increase in our quality in the last 4 months associated with doing this new training model.

Mr. CULBERSON. How do you measure that?

Ms. HICKEY. We measure it by testing, by actual measurement with our STAR Accuracy Team that does the work out of Tennessee STAR has been the model for measuring our accuracy over time. So all very standard, very concrete, pulling cases, examining cases, examining for errors, a very defined process. That is the one category.

PROCESS CATEGORY OF INITIATIVES

The second category is a Process category of initiatives, and in those I will tell you a great one is one that is just releasing today, disability benefit questionnaires. The disability benefit questionnaires—there are now 81 of them that were released this week. This will allow us to get to both a 39-day savings in the amount of time it takes to do an individual claim, and it will also allow us to achieve a 7 percent increase in quality, all while being great for our veterans, because they can now use their private physicians to fill out these disability benefit questionnaires. That is one of our 40-plus initiatives in the Process category.

The Technology category is when you get to VBMS. I will tell you, for VBMS, we have had two pilots. Those two pilots have been in Providence and in Salt Lake City. We have been able to show with those 2 pilots the ability to do claims in 130 days, and that is not even the full complement of what will arrive on the 15th of July when we get the full complement of VBMS. That is when we will put the 16 regional offices, this year by the end of the fiscal year, on the system. Then next year 40 more go on the system.

Mr. CULBERSON. With such a small sample of 1,000 claims, how do you know? You have got a million claims a year. Help us understand how with such a small sample you can have confidence that you will be able to manage a nationwide ramp-up.

PAPERLESS PROCESS

Ms. HICKEY. Thank you, Chairman Culberson, for your question.

This is not the first time we have moved from a major paper-bound process into a paperless process. Our first success was years ago with loan guarantee, when we brought in the paperless VALERI model. Very recently with the Post-9/11 GI Bill we brought in the IT paperless system for processing claims for our education claims, and we clearly see 4 million of those come through the door now every single year. We have some experience moving from paper bound to paperless at a size and scale that will easily accommodate this issue.

Mr. CULBERSON. Those are obviously much less complex systems.

BUDGET SUBMISSION

I want to make sure to pass the witness to my friend Mr. Bishop, but I really want, particularly while we have Mr. Rogers and Mr. Dicks here and the other members—I am going to have to admit I am astonished to discover in your budget submission this year that the VA estimates that your health care costs in the current year are essentially $3 billion less than projected, which, now that I look at that, is we appropriated $3 billion more than you needed for the current year, and that for the advance appropriations that we appropriated $2.1 billion more than you needed because your costs were $2.1 billion less than projected. That is astonishing, particularly in this environment when money is so precious and so tight, and Chairman Rogers and Mr. Dicks, all of us on this committee, the entire Congress is struggling with massive deficits. That is breathtaking to discover that you have got $2.9 billion more than you needed. Obviously you have so many noble, good causes that you would like to spend the money on.

I mean, clearly this committee is going to need to have some procedures in place, because you did not even notify us of it until the budget submission. We have got to make sure we have got procedures in place where you notify the Appropriations Committee that you seek the approval of the committee for any reprogramming.

ADJUSTING FUNDING LEVELS

But could you please tell the subcommittee, tell Chairman Rogers, Mr. Dicks, Mr. Sanford Bishop, when did this overestimate become apparent, and why would you not inform the committee last December when we would have been able to have considered adjusting the 2013 funding level?

Secretary SHINSEKI. Mr. Chairman, what you are referring to here is what we call a "model drop". We do the best we can to estimate what our requirements are going to be, especially looking out two budget cycles, and then when we run the last model, a last time, to ensure that our numbers are accurate, I would say year to year there are small adjustments, and they are absorbed in the process.

What you are referring to is a $2 billion change in the model. The last time we ran it was before submission. For our purposes, I will call on Dr. Petzel, because it is the Milliman model that we use to estimate healthcare requirements, and we look at it to provide these estimates for us. I will ask him to explain how this was accommodated. It would be with this budget submission that we present changes that occurred and how we propose the funds to be reallocated in budget.

Mr. CULBERSON. Well, certainly 2 years out I could see there might be some difficulty and a little fuzziness, but $2.9 billion of that is for the current year. You now indicate costs in the current year of $2.9 billion less than projected, and 2013, which we have already, of course, advance funded, is $2.1 billion less. But, the lack of any advance notice and then absolutely no consultation, it is a vast amount of money and with the immense problems we face as a Nation with the deficit.

Secretary SHINSEKI. The money was used in ways that we have in the past had discussions with Congress where we have prioritized, and those issues would have been for Caregivers Services.

Mr. CULBERSON. Well, I mean, again, I do not want to quarrel with you——

Secretary SHINSEKI. Let me just call on Dr. Petzel to talk about where we have allocated those monies.

Mr. CULBERSON. All right, sir, sure.

Dr. PETZEL. Thank you, Mr. Secretary and Mr. Chairman.

Just a brief word about why this occurred. The model is run annually, as the Secretary alluded, and changes in this case in the utilization rates and in the intensity of care were put into the model. This is coming from the Milliman Corporation who made those judgments for the unemployment rate, which changed; inflation; an adjustment that was made in terms of where long-term care was counted in or out of the model; and then finally the requirements for CHAMPVA. That is the program where we pay nonveterans who are spouses of 100 percent service-connected individuals who have died, and those requirements also changed.

REINVESTED VETERAN-CARE PROGRAMS

What we did with that money is that we reinvested it in what I think all of us would agree are important veteran-care programs where we have requirements: Caregivers, a piece of legislation; improving mental health; expanding access in a variety of different ways; the homelessness program; activations, that is the activation of new facilities or new construction, the new models of care; and then finally, as we were talking about before, the IDES system; some quality of care issues; and finally health——

Mr. CULBERSON. I know none of us have any quarrel with some of the important uses that you are putting these excess funds, as you call them, to use. The scale is, I think, unprecedented. I understand from our staff that this is far beyond anything you have ever done before. What has been about the biggest re-estimate?

Secretary SHINSEKI. I would just say, Mr. Chairman, this is not something that happens regularly. In fact, I don't know over the last 10 years when we have had a significant shift in the model. The model could go up as well, but in this case it went down.

Mr. DICKS. Mr. Chairman.

Mr. CULBERSON. Sure, please.

Mr. DICKS. Just an observation. I would rather have them be $3 billion long than $3 billion short.

Mr. CULBERSON. Certainly that is true.

Mr. DICKS. I think we can do a good job of managing how they deal with the rest of the money.

Mr. CULBERSON. It is a big number.

Mr. DICKS. A big number.

Mr. CULBERSON. A big number.

Mr. FARR. Even for defense overruns.

NOTIFICATION TO THE COMMITTEE

Mr. CULBERSON. It is a real source of concern in the absence of notice, and clearly the committee needs to be notified of these

things. We need to be in the loop on the reprogramming, and it is a concern also because it looks like from the way you have set up your strategic planning major initiatives, you have got seven of them funded in 2013, but you zero out six of them in 2014, and you are only funding $634 million for homelessness. So it concerns me. It looks like you may be setting us up for a repeat. I hope not.

Secretary SHINSEKI. To my knowledge, this is the first time this has happened with the model. You know, we will run it, Mr. Chairman, and we will certainly let you know, but it is not a common occurrence.

Mr. CULBERSON. Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

The military and the nonprofit Fisher House Foundation provides some relief for Active Duty and retiree families with a loved one who is seriously ill or critically injured, providing temporary lodging and support near military medical centers. The privately funded lodgings are known as Fisher Houses after Zachary and Elizabeth Fisher, which is a civilian couple who wanted to help service members.

NUMBER OF FISHER HOUSES

Secretary Shinseki, can you tell the committee how many Fisher Houses are currently supported by VA, and whether or not you expect that number to grow? And can you explain to the subcommittee how the VA Fisher House partnership works, how much funding was included in fiscal year 2012 to support the operation and maintenance of the houses, and how much are projected in the fiscal year 2013 request, and whether or not you see there are any process improvements that need to be made in building and managing the Fisher House facilities?

Secretary SHINSEKI. Thank you, Congressman Bishop.

The arrangement we have with Fisher House, we have done 21 of them now, and we provide the property. It is a joint agreement on the priority for establishing a Fisher House, so there is agreement between VA and the Fisher House Foundation. We are discussing going to 36. They fund the building of the facility. We provide the hook-ups, and then we provide the operation, staff to operate it.

ADDITIONAL MEDICAL CARE FUNDING

Mr. BISHOP. Thank you.

Now, you are requesting an additional $165 million for medical care in fiscal year 2013. Is this funding similar to the contingency funding that was requested last year? And, if not, can you explain the reason for the additional funding? And also your request includes a carryover of $500 million. Can you tell the subcommittee what the reason is for the carryover and how it was built into the fiscal year 2013 budget?

Secretary SHINSEKI. Certainly. The $165 million you are referring to would also go towards some of those priorities that Secretary Petzel mentioned earlier: caregivers, opening new facilities on time, and then add more resources to our effort to end homelessness, stay on track with that.

Mr. BISHOP. That was the $500 million?

Secretary SHINSEKI. That was the $165 million figure you were referring to.

CARRYOVER

Mr. BISHOP. You are requesting a carryover for $500 million. What is the reason for the carryover, and how is it built into the 2013 budget?

Secretary SHINSEKI. Okay. I am a little confused here. Mr. Bishop, last year our plan was to save, in savings, about $1.1 billion, and what we promised Congress we would do was to take the first $600 million of that, I think the chairman will remember this discussion, and invest it in the 2012 budget. The second piece of that $1.1 billion was set aside to be reinvested in the 2013 budget, and that is—you could call it carryover. I would prefer to call it efficiencies, because what we have intended is that the top line remains the same, but with our savings we are buying down the amount of new money required. So we are reinvesting that savings into the base, and that $500 million is really part of the budget for those requirements.

Mr. BISHOP. Mr. Chairman, I think my time is about up.

Mr. CULBERSON. Thank you, Mr. Bishop.

I am pleased to recognize the chairman of the full committee Mr. Rogers of Kentucky.

Mr. ROGERS. Thank you, Mr. Chairman.

PRESCRIPTION DRUG MONITORING PROGRAM

Mr. Secretary, you and I discussed yesterday as we met briefly the prescription drug monitoring program that I mentioned in my opening remarks. This is not a small problem, as you know. CDC says it is an epidemic. In my State of Kentucky, we are having more people die from prescription drug overdose than car wrecks, and I dare say that is comparable to any other State. So it is a real problem, and I think it is especially so with veterans, many of whom have severe injuries that require pain medication, and they innocently get involved, perhaps, in overdoses and doctor shopping for more medicine, as it happens in the civilian world.

After the VA expressed concern last year whether or not you had the authority to participate in State-run PDMPs, in the appropriations bill for the current year we included language that authorized you to do so. This enabled—as you know, those PDMPs to maintain the ongoing records of who has received a prescription, at what pharmacy, and by what doctor, and was it filled or not and so on, so as to try to prevent doctor shopping and causing an untoward problem.

With the authorizing language now written into the law, is there a further problem with participating with the State PDMPs, and if not, when could we expect to know something about how you are proceeding?

OVERWRITING PRESCRIPTION DRUGS

Secretary SHINSEKI. Thank you, Mr. Chairman.

This is something we have been working on internally at the VA. For 3 years now we have looked much as you describe, at ourselves

to see whether there is any evidence where there is an overwriting of prescriptions and see what that suggests to us, are there facilities that put out more prescriptions for these kinds of drugs than others? They give us an idea what are unusual behaviors.

We have been limited to doing that internally. I think, as the chairman knows, we were prohibited prior to your legislation from going beyond that, but your leadership has been very helpful. We now can pursue this, as you describe, with the States. We are required to write a regulation. Since our discussion I have asked whether or not I am required to write a regulation for this, and the answer I am given back is that I have to go through a regulation. So that is a longer process than I would like, but I will assure the chairman we are going to work that as hard and as fast as we can and try to see how much time we can save to get a good regulation out there. But it is a process that requires us to write it, put it out there for public comment, and take all the comments in. We have to work each of those comments out, and various other players have to review it.

Mr. ROGERS. I would hope we could do it as quickly as time allows, because we have got people dying every day.

Secretary SHINSEKI. I understand.

Mr. ROGERS. Through no fault of their own.

I have been very active on this back in my home district and home State; in fact, I chair the House Prescription Drug Monitoring Caucus here in the House. And there are the pill mills, the so-called pain clinics in many parts of the country are nothing but drive-through, immediate prescriptions by the bucketful that are then brought back and sold on the market. It is a horrendous problem, and I don't want to see our veterans left out of a possible—not a cure, but a brake, on overdosing. So I would hope that you would move Godspeed with that.

Secretary SHINSEKI. Chairman, we are in total agreement with you. We will do whatever we can to move the regulation.

DRUG ABUSE

Mr. ROGERS. Are there any other steps being taken by the VA to tackle that problem, drug abuse?

Dr. PETZEL. Thank you, Mr. Secretary.

Mr. Chairman, absolutely. Just a couple of things about the legislation. First, we are hoping that—we have been working with ONDCP to do this—that in the interim we can find ways to work with the States. It is unfortunate, but each State has a different kind of reporting requirement, et cetera. We are in the process of setting that up right now so that as the regulation is being written and processed, we are doing the background work so that when that regulation is finished, we will be able to hit the ground running, and we will not lose any time.

Mr. ROGERS. One of the problems we have is that there are 48 States that now have a version of this in their State, and as you say, they are not consistent. They have different regulations and standards and the like. But there are two places that we are turning to now to help integrate all of those systems into one so they can share data across State lines, which is necessary, one of which is in the Department of Justice. And another is being put together

by the pharmacy association. They would be two good places if you have not already checked with them to see if that might be a place where you would enter into the system on a wholesale basis.

Dr. PETZEL. I will go back and see, and if we have not made those connections, we will.

Let me just briefly tell you what we are doing internally in the meantime, and this has been going on for a considerable period of time. We have two levels of review of the use of prescription narcotics. One is done nationally, where we look both at providers and individual patients, identifying providers who frequently do this, and identifying patients who may be using these drugs in excess. That information then is transmitted down to the individual medical center, and each one of those cases, be it a provider or a patient, is reviewed to be sure that we are not missing a particular problem.

And the other thing is that we have a national pain management program so that we have national standards for the use of narcotics in the control of pain and algorithms, if you will, that we use to be sure that we are using every other modality that we possibly can to try and control that pain before we start using narcotics.

I think we do a good job internally, but it is very important that we be allowed to see the State data and that the State be allowed to see our data. We are the largest integrated healthcare delivery system in the country, and we should be a part of this program.

Mr. ROGERS. Thank you. I agree with that entirely.

Briefly, Mr. Chairman, let me ask a second question.

PROJECT ARCH

Mr. Secretary, you describe access as one of your budget priorities, and rightly so, and certainly for access for rural-situated veterans who live a long distance from the nearest VA facility, that is certainly a priority in my State. Last year you began a pilot program called Project ARCH, which stands for "access received closer to home," at five rural sites in Maine, Virginia, Kansas, Montana, and Arizona. The program uses an outside health care insurance company to organize contract care with private providers for those rural veterans. Can you briefly describe what is working and whether or not you are satisfied with the quality of care that those sites are providing?

Secretary SHINSEKI. Let me call on Dr. Petzel to provide those insights.

Dr. PETZEL. Thank you, Mr. Secretary.

Mr. Chairman, Project ARCH is one of two pilots that we are in the process of evaluating and using to evaluate how we might be using the fee-basis care, the non-VA care program, to provide better access in rural America. In this case in four of the five pilot sites, the provider is Humana VA that has provider networks across the country, and the purpose of the pilot is to see how effective, both in terms of quality and cost, it is to use this program in a systematic way for a larger number of patients. There are quality monitors in place to look at the quality indicators for those patients, and we are, of course, keeping track of the cost and the value that is being provided by that care. This will help inform decisions that we will make in the future about how and if we are

going to more extensively use the non-VA care or fee-basis program in the future.

Mr. ROGERS. So what do you think so far?

Dr. PETZEL. I think that unquestionably the veterans that have used ARCH have been happy with it, and that it has provided better access for them. We have a lot of other ways we can provide better access, and the question that has not yet been evaluated. Is this a cost-effective way to provide better access? That is hopefully a major thing that we are going to learn from the ARCH pilots.

Mr. ROGERS. How far along are you on it?

Dr. PETZEL. The ARCH pilots are a year old, and it is a 5-year pilot, if I remember correctly.

Mr. ROGERS. Well, a year is a pretty good time to tell us what do you think so far?

Dr. PETZEL. I have not got an opinion right now of how cost-effective this has been, but we certainly can go back and look at these things and communicate with the committee in an ongoing way about how this project is going and what we feel is the value of it.

Mr. ROGERS. I would really appreciate it if you could do just that.

Dr. PETZEL. We will.

Mr. ROGERS. And to give the committee a report on how it is going and how it is working, the quality of care, whether or not it looks like it is going to be a model that you will duplicate nationwide and the like.

Thank you, Mr. Secretary.

Secretary SHINSEKI. Yes, sir.

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Chairman Rogers.

Mr. Dicks.

HEALTHCARE COSTS

Mr. DICKS. Going back to this question on the money, is there any indication that health care costs—they have been going up rather dramatically over the last several years, and Congress has actually added money to deal with veterans health care. Is there any indication that this upward trend is, though maybe not as great as you thought when you ran the model, but is it—is there any indication that we are having any luck in constraining the growth in healthcare costs, which I think nationally is around 6 or 7 percent?

Secretary SHINSEKI. Let me call on Dr. Petzel to speak about the healthcare costs in the model.

Dr. PETZEL. Thank you, Mr. Secretary and Congressman. Thank you.

One of the marching orders that I was given by the Secretary when I took this job was to bend the knee in the cost-care curve, to start at least bringing that down; not necessarily dropping it, but at least leveling it off. And we have——

Mr. DICKS. Which would be a huge thing if we could do it.

Dr. PETZEL [continuing]. Put a substantial amount of energy and effort into that. And you are absolutely right. If we can demonstrate, again, to the rest of the country that this system is able to do that, it might be a model that other people could follow.

REDUCING COSTS

Let me just tell you some of the things that we are trying to do. We are reducing our costs in fee-basis care, we are making sure that we are spending that money as effectively as we can, we are reducing our acquisition costs, we have done a very good job of reducing the costs in dialysis, and we are looking at reducing our indirect costs. We have given every medical center a target to reduce their indirect costs. We are reducing admissions and readmissions. They are very expensive. When you readmit a patient to a hospital within 30 days after they have been discharged, it is a very expensive thing. We are reducing what we call ambulatory-sensitive—admissions for ambulatory-sensitive conditions, conditions that should be treated in the ambulatory care setting and not result in hospitalizations. We have dropped our length of stay in the hospital over the last few years by half a day. That is huge when you look at the cost of a day of hospitalization. We are reducing emergency room visits, again giving patients instructions about how to care for themselves so they do not have to walk into an emergency room. These are the kinds of things that I think we need to do and everybody needs to use in order to reduce the cost.

Mr. DICKS. Has it shown any result? Have you got anything you can tell us? Is it reducing the cost of health care?

Dr. PETZEL. Yes, in a simple way, yes. Is it easy to demonstrate? No. We look at the cost per individual patient, take our total expenditures and the number of patients that we treat, and you can see a leveling of that number.

Mr. DICKS. Okay.

Secretary SHINSEKI. Congressman.

Mr. DICKS. Yes, go ahead.

BUDGET SAVINGS

Secretary SHINSEKI. Let me just offer that in fiscal year 2011, the Veterans Health Administration saved $746 million. I cannot tell you where each piece came from, but the whole sum is out of their budget. They created a savings of $746 million, and that is part of that $1.1 billion savings I talked about that we took $600 million and invested it into the fiscal year 2012 budget, and the second $500 million, invested it in the 2013 budget. For the reasons that Dr. Petzel described, we are looking at a target to save $1.2 billion this year out of health care, and we have given them a target of $1.3 billion in fiscal year 2013, and all of this to enforce on ourselves the disciplines and behaviors that at the end of the year accrue and the kinds of savings we are looking for.

VASH PROGRAM

Mr. DICKS. Secretary Shinseki, you and I have talked about the VASH program. This is a joint HUD-VA program aimed at the homeless, and this program, I think, has been very successful in driving down the number of homeless veterans that are out there. And they get a voucher that goes with the housing authority. It is like Section 8. They are able to get into a room, an apartment, and stabilize their situation, and then they go and get their treatment for alcohol or drug abuse, whatever got them out on the street in

the first place. And we are coming down, the numbers are coming down, and this is not a real expensive program. Can you give us your perspective on this?

Secretary SHINSEKI. I am going to call on Dr. Petzel for the detail, because I have pinned the rose for the homeless issue on VHA, on the Veterans Health Administration. First of all, they have the structure to do this; they have hospitals, they have outpatient clinics, they are into the communities in ways that none of the rest of VA is, and they have a good organization for this. HUD-VASH is the most versatile housing tool we have in the inventory. We have several options, but this is one where we can care for women veterans, veterans with families, children. It gives us the safest and best option for getting them stable, independently living, and then going on with their lives.

Dr. Petzel.

Dr. PETZEL. Thank you, Mr. Secretary.

Mr. DICKS. Why don't you explain how it works. Some of the Members may not be as aware of this program.

Dr. PETZEL. Great. Thanks, Congressman Dicks, I will do that.

HOW VASH PROGRAM WORKS

First of all, just a little background. We have, as of November, 37,000 HUD vouchers, with another 10,000 in fiscal year 2012, and we are expecting, because HUD has asked for them, another 10,000 in fiscal year 2013. It is the cornerstone of providing for shelter, one of the four major things in reducing homelessness—jobs, shelter, education, and health care—and HUD-VASH is the program.

How this works is that HUD will allot 10,000 vouchers this coming year to VA. They will, in coordination with us, decide where those are going to be or where they will be distributed. So 500 may go to New York City, to a variety of places. They go to the housing authorities in those individual communities. We then identify through our outreach coordinators and case managers homeless people that need housing. We put them in contact with, and actually case manage them in getting in contact with, the local housing authority, and then we work with them through the process of with the voucher, once they qualify for the voucher, of finding suitable housing. That may be an apartment, that may be a house, it could be a variety of different things. The important thing is that the local authority has the vouchers, but they are designated for veterans. We have the outreach coordinators and the case managers who identify the cases and work them through the process.

LENGTH OF TIME

Mr. DICKS. Mr. Farr wants me to ask how long does—can a veteran stay? Can they stay there for a period of time or——

Dr. PETZEL. The vouchers can last for a long time, absolutely. This is viewed as permanent housing. This is not a temporary housing. This is viewed as permanent housing.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very, very much.

A lot of times it has involved drug abuse or substance abuse of some kind.

Mr. DICKS. Wait a minute, I did not ask Mr. Farr's question properly. How long does it take to get a voucher?

Dr. PETZEL. It can vary. We try to make this very quick. We have tremendous cooperation in these communities with the housing authorities.

Mr. DICKS. Do we have backlogs of people waiting to get vouchers?

Dr. PETZEL. In some parts of the country, but not all over the country, and the backlog can be because we have not got enough vouchers in that community. No longer is it a backlog because we cannot manage to get somebody through. We have the number of caseworkers we need to take care of everybody that we can identify with a voucher, but there may not be enough vouchers in some parts of the country, I cannot deny that.

Mr. DICKS. Thank you, Mr. Chairman.

SELF SUFFICIENT

Mr. CULBERSON. Actually the way you asked the question the first time raised a question in my mind, because if the voucher is perpetual, what are you doing to help make sure the guy is no longer homeless; that you want to obviously get him in a situation where he is self-supporting, and teach him to fish, get him off substance abuse or alcohol or whatever. I am going to turn it over to Mr. Carter, but we obviously do not want it to be perpetual. Would we not want to get him a job and get him—I am sorry, Mr. Dicks.

Mr. DICKS. That is right, exactly right.

Mr. CULBERSON. Yeah, make him self-sufficient.

Mr. DICKS. I am glad you made that point. We want that person to get a job, get back out there in the private sector. Then that voucher can be used for somebody else.

Mr. CULBERSON. There you go. What are we doing to help make them self-reliant?

Secretary SHINSEKI. We do have that opportunity, and there are a number who have moved on, and we have recycled the HUD-VASH voucher. And so that is individual cases, but, yes, that opportunity is there to do it.

Mr. DICKS. Go ahead.

Mr. CULBERSON. Talk to us about what the VA does to make a veteran self-sufficient.

Secretary SHINSEKI. We provide the healthcare aspects of this.

HEALTH TREATMENT AND SUBSTANCE ABUSE TREATMENT

Let me call on Dr. Petzel to explain what we do in mental health treatment and substance abuse treatment.

Dr. PETZEL. Thank you very much, Mr. Secretary.

Mr. Chairman, the VA is in a wonderful position to make this work and to do it we have the four cornerstones of ending homelessness under our umbrella with the HUD-VASH vouchers. We have much in the way of temporary housing through our grant and per diem programs and our supportive services programs. We have jobs programs under General Hickey, and we have education programs under General Hickey, and probably one of the finest healthcare systems in the country. So if anybody can deal with all of these issues and bring somebody to the point where they can af-

ford to have their own home, it is us. We have this wonderful opportunity, and I appreciate Congress' support in allowing us to be able to do this.

Mr. CULBERSON. Those were great questions, Members. I am glad you bring it up.

I want to pass this on to my good friend representing Fort Hood, Judge John Carter.

Mr. CARTER. Thank you, Mr. Chairman, and I want to thank all of you.

I am going to start off with a little personal privilege if the chairman will allow me. My brother-in-law, Kurt Brown, is presently fighting a rare form of brain cancer at Sloan-Kettering Cancer Center in New York City. It has caused him to have temporary blindness. He is a former Air Force pilot and Delta pilot.

He called me Monday night in a panic because he had hit the doughnut hole, and he wanted to know how he could get VA to give him some assistance. Being a typical American warrior, retired, the next day he went out and got in a cab and went to the VA in New York City, which I find very courageous just for a blind man to go on his own to the VA, get out of his sick bed to see if they could help him, and he wanted me to relay to whoever I ran into—and fortunately I ran into the top people here—he couldn't be more pleased with the service they gave him. He said they were professional, they were compassionate. They helped him connect with his home doctor in Florida, his home VA doctor in Florida. They got him the recuperative medicine he has to take between one round of massive chemo to the next round of massive chemo, and saved him thousands of dollars.

And he was so pleased, he called us and said, please tell anybody you see from the VA—and I am able to see the top people here—to tell you that he would argue with anybody that there is no better service, medical service, that he has received than the VA. So I wanted to give you that story because it is personal to my family, and I thank you for it.

Now, I want to ask you about something—first, let me tell you I spent the morning talking with the Secretary of HUD about the HUD-VASH program. I think it is an awesome program. I am glad Mr. Dicks brought it up. I think it is a big solution to the homeless problem.

Mr. DICKS. Will the gentleman yield?

Mr. CARTER. I certainly will.

Mr. DICKS. Last year this was on the kill list, and Chairman Latham and Culberson here, they worked together with a little advice, and we kept that program going. That would have been a serious mistake. I appreciate your leadership.

DOWNGRADING WOMEN IN THE MILITARY

Mr. CARTER. I am happy about the whole thing.

I want to ask you about something that I hope you have on your radar screen. I am certain you do. You are very efficient. One of the things that I think is going to be a different twist to what VA services are going to offer is as this next round of downgrading the military and the people who are going to be released, we are going to see more women seeking VA services than ever in the history,

I would say, of our Nation, because, quite frankly, we have more women warriors right now than we have ever been accounted for in the past, many of them active combat veterans.

I would like to know what kind of planning you are doing, what kind of programs you are looking at specific to women and their needs, because, quite honestly, this—I think this is going to be sort of a new factor in the VA at the size and the scope that we are going to see it within the next few years, because anyone who has a large post like I do, can testify that our women warriors are very abundant and doing an outstanding job in our military, and we want to make sure we have the programs specific to women that are necessary to care for their health care and their benefit needs as we go forward. So I would like to have your ideas of what kind of planning you are doing towards those things.

Secretary SHINSEKI. Dr. Petzel.

Dr. PETZEL. Mr. Secretary, thank you.

Congressman, VA was a male-dominated culture up until about 15 years ago, and that is when we really began to make changes to try and provide the kind of care atmosphere that women needed, and I think we have made progress, but we have a ways to go yet.

This coming year we are going to be spending $403 million on women-specific, gender-specific issues. That is in addition to the $3.2 billion that we spend on general health care for women. There are about 300,000 women that use us now, an increase of over 100,000 in just the last couple of years. As you know, now the military workforce is becoming more and more gender neutral, if you will, and we are seeing the same changes occurring in the people that come seeking care from us.

Just a couple of other things of interest. The construction budget that we are asking for in 2013 has in it almost 60 percent for privacy and women-related issues specifically, so that is 60 percent of $1.5 billion in construction money. In addition to that, we are going to be spending about $12 million on research around women's issues, which is substantially more than 5 years ago when we really were not paying attention to this as we should have.

Then finally, in the Veterans Health Administration we set up a Health Equity Office that is intended to look at health disparities across our system, and these can be because of gender, because of race, because of cultural differences, et cetera. One of the areas that we are going to focus on is the disparities in performance measures particularly between men and women in our system.

SEXUAL ASSAULT ISSUES

Mr. CARTER. Well, I am glad to hear that. I have a lot of concerns in that area just because of my background, and one of the areas that we keep hearing, unfortunately hearing, bad rumors about is sexual assault issues in the military, and that is a combination of physical and mental health issue for the victims, and I would hope that you would also be preparing for having to deal with some of those things.

I watched a panel last week on C–SPAN, and it certainly was an eye-opener for me as to some of the things that some of the women that are getting out of our military now are having to deal with, and that is a crime. And, of course, I used to put people in prison

for that, I want to make sure these victims are going to have the benefits and the facilities necessary to take care of them.

Secretary SHINSEKI. Congressman, I would just give you a very quick look at what we have tried to do here budgetwise to provide women-specific resources. If you look between 2012 and 2013, in this budget, we increased women's resourcing by 17 percent.

Mr. CARTER. Good.

Secretary SHINSEKI. But if you look over time between 2009 and 2013, we grew women's resourcing by 124 percent.

Mr. CARTER. Outstanding.

Secretary SHINSEKI. If we include the 2014 advanced approps, that increase goes up to 158 percent.

We share your concerns here, and we are trying to get out ahead and ensure that we have programs and facilities in place that will accommodate the growth in women veterans in the coming years.

Mr. CARTER. Well, I commend you for that, and I am not surprised. I think you have a great forward view at the VA, and I am very proud of you, I have other questions, but I will wait for the next round.

Mr. CULBERSON. Thank you. Thank you very much, Judge.

I recognize my good friend from California, Mr. Farr.

Mr. FARR. Thank you very much.

I am pleased to see the judge supports getting rid of the doughnut hole. That was a great statement. It took the Department of Veterans Affairs to convert you.

Thank you very much, Mr. Secretary. I find this is an incredible committee for you in your career being a joint—being Chief of the Army, and then coming in and being Secretary of Veterans Affairs, because this is the only committee in Congress, in either House, that deals with the quality of life of Active Duty men and women in uniform and then takes care of the rest of their life in the Department of Veterans Affairs, so it really is one stop. And I think this committee, and I have been on it probably longer than anybody here, is very concerned about that continuity of care, and I think you are the one that can break those silos.

I have been very interested in the way you have been adopting technology to reach out, and have been interested in your Web sites and things like that, and I applaud you for use of that technology. But I still think that you are making it unnecessarily complicated, because you are trying to solve that problem from Washington, top down, whereas every veteran in this country lives in some community, some more sophisticated than others, urban areas, the New York example which was just given, to really rural areas. And in the Web sites that you have created, it is all different, there is separate sites.

ONE-STOP ACCESS

I am wondering if you could look into perhaps consolidating all those into one stop and perhaps log on with a log-in password that could be used by the veterans to access all their veterans benefits, their medical appointments, their services and so on.

I would like to recommend, particularly in your discussion of the program ARCH, that there is—I am a former county supervisor, and there is a National Association of County Mental Health Direc-

tors, and they put together a program called Network of Care, which is based on every county in the United States having one-stop access to everything you need to know about health care, and particularly they have done it for veterans. And so it is built bottom up rather than top down, and it would really be an incredible addition. I am not sure that every county in the United States is yet done, but I know States like Maryland, California, Florida, Texas have done—are really involved in this, and I really—I think I have talked to you before about it, but I do not know whether you have had a chance to look at it. I would suggest you seriously look at that program as a complement to or as a model even better than what you are trying to do in your pilot programs with the four or five pilots that you are doing with ARCH.

The reason I am concerned is because my office, and I think every office, has a person in their district office that is just assigned to doing veterans military issues, and this staff member I have, this is all he does all day long. Of course, we also deal with other Active Duty issues and appointments to the academies and so on, but the length of time that it takes for a veteran to get cases reviewed is still just way too long. I think in the report it was anywhere between 18 to 24 months.

Let me just tell you, a tragedy just happened last week in my community of Gilroy. A veteran comes home. His name is Abel Gutierrez. He has got a lot of problems. His mother and his family called the local Gilroy police department. They have been trying to get this veteran some help, and Palo Alto is right up the street. They cannot get it in time. He kills his mother. This happened last week. They have not yet found her body. Then he killed his 14-year-old sister—11-year-old sister, and then shot himself. PTSD. It is going to happen.

PROCESSING CLAIMS

Then I have these other cases of people that are—I have got a whole list here of veterans who submitted their claims for compensation, one July 22, 2010, still has not heard a single thing, and it is dealing with post-traumatic stress disorder. You just wonder how they have dealt without any here. Another on October 1, 2010, claim for entitlement to compensation, and still has not heard anything about the claim, whether it has even been reviewed. The list goes on and on.

I do not think we can wait 18 to 24 months for initial processing of a claim. Could you respond? Are you trying to move up that target time, or can we—should we in this committee staff you more? Do you need more staff? It seems to me that we hear over and over again we need to reduce this time lag. And remember, before it used to be the time lag of coming out of DOD, and then getting your entire paperwork and your medical records transferred to VA, and I know there is still some difficulties with that. The last time we chatted, you talked that you were going to meet with Secretary Panetta and see if you could remove some of those. Could you update us on where we are on these things and closing this time lag?

Secretary SHINSEKI. Congressman, there are a couple things that you have touched on that go across the spectrum of things that we are doing. First of all, Secretary Panetta and I have agreed on this

single electronic health record. That is huge because that is in part, the inability to transfer that information between the two departments, what adds to this lag in the processing. In order to create a fully developed claim, we have to document it, and right now it is all done on paper, and that is why the IT budget in the 2013 request is significant, and that is why we have increased it by 6.9 percent.

So you are right to be impatient. I am impatient. We have spent 2 years building an automation tool that we believe is going to turn the corner here on what has been a performance record where in 2009 the good folks in VBA put 900,000 claims decisions out the door and got a million in. In 2010, they put a million claims out the door, and they got 1.2 million in. They put a million out again last year, and they got 1.3 million in.

So this is a big numbers game. The idea that the backlog is the same backlog year to year is not quite accurate, but there are some of those cases that you talk about that linger because there is an appeals piece to the end of that processing cycle. It is our intent to allow us to dominate what has been this large number of volume in claims. I do not think there is any other way to do it. We have hired a manual workforce to take care of these claims as they have continued to grow, and, frankly, just more people will not solve this. We need this, an automation tool that we need to get after.

TRACKING INDIVIDUALS

In the case of Gutierrez, I am going to ask Dr. Petzel to provide some insights, but it is tragic whenever anything like this happens. It is not something any of us can explain. But Sergeant Gutierrez was being seen in the State of Washington, and I would say—I will defer to Dr. Petzel here—it was sort of a spotty treatment. In other words, I cannot tell whether he missed appointments or we did not track with him, but it was not a continuous treatment process. When this incident happened, it happened in California, and another reason why we need to be able to track much better, much faster electronically so that we can anticipate or at least try to anticipate someone who has moved several States that needs our help.

Mr. FARR. Absolutely. I mean, that is the reason for a national electronic record. I mean, he is in that record when he was being treated in Washington.

Secretary SHINSEKI. I am not aware he tried to get into Palo Alto.

Dr. PETZEL. Just a couple of pieces of information. We offered him in-patient care on four occasions, and he turned us down. We offered him ongoing chemical dependency treatment both, I know in Washington and I believe in Palo Alto, and he refused or did not come. There was a lot done to try and get this gentleman into care, and we were not able to do it. We felt badly that we were not able to do it.

Mr. FARR. Did California or Palo Alto know that he was in the region?

Dr. PETZEL. I believe so, yes.

Mr. FARR. What I heard was there was not that communication.

Dr. PETZEL. I will get back to your office about that, but I believe they did.

Mr. FARR. The Gilroy police were trying to get him in to get him some help. It is tragic, and I know that——

Secretary SHINSEKI. Congressman, regardless, we all failed Sergeant Gutierrez. We have just got to come up with a better solution here.

Mr. FARR. I appreciate all the work you have done. We have a former Fort Ord, and I was just thinking as Mr. Dicks was talking that if we do have another BRAC round, in my experience I have been through many of them, VA never has much of a role in being able to—we have a McKinney Act which allows the homeless population to go in and have first claim on some property before anybody else after the defense partners, obviously, have first crack, but I think it might be wise in this next BRAC round, because we, for example, have housing at Fort Ord that does not meet code. We have a nonprofit veterans group there, the Vietnam Veterans Association, which cannot raise enough money to do the whole—bring all these houses up to code, but as they have done it on little voluntary effort, they are housing homeless vets, and they are housing the vets and families of vets from Iraq and Afghanistan right now, and they have many more houses they could put people into.

You and I have talked about they are going to apply for a grant and all that, but it seems to me that maybe we ought to take a look at, if we go through BRAC again, of housing that might not stay in DOD and not necessarily your ownership, but allow this process for homeless vets to have a crack at it, because, you know, usually in those bases there is a lot of other things available there, and one of them being the idea if we have a clinic that has outgrown its size, and you know this very well, but—and you are going to make a decision on which of the communities inside the former Fort Ord are going to be chosen, which one will be chosen, and I hope you will make that very soon, because I think we are ready to move ahead on that project.

And the last thing that I just delivered—just telling you, I just delivered to the gentleman sitting right behind you, the Under Secretary for Memorial Affairs, 146 letters from veterans who still feel very left out that they can't—this is the national cemetery, which, you know, this committee has heard me like a broken record on it, just so far away, that they don't feel—because of this policy in the Department, and the Secretary and I have talked about it, it is a policy, not a law, that sets up this, what is it, 173-mile radius; that if you are inside that radius, you have to be buried there, and that is—it is actually—as the crow flies it is 173, as a drive it is about 2 hours. So it is not accessible at all, and these veterans are all feeling that they would like to see if they can help us with our plan to try to get a cemetery in Fort Ord. So I delivered those letters, 146 of them, to Steve Muro.

But I really appreciate the help you have given our community, and I think as this committee is concerned, as we try to break these silos, I do not know of anybody more qualified than yourself with the experience you bring from DOD to take on DOD and make sure that they do their fair share in setting it up. I mean, they are handing these people to you, and they are handing them to you un-

prepared for you to handle them, and I do not think that is fair. I think that the DOD has a much bigger responsibility here, and I want to do whatever I can in this committee to make sure that the quality of life of those that we honor every day for service is going to be a quality of life for them for the rest of their lives, and if we mess up their lives, we have a responsibility for helping them solve that problem.

Secretary SHINSEKI. Mr. Chairman, may I very quickly respond?

Mr. CULBERSON. Yes.

HOUSING FOR HOMELESS VETS

Secretary SHINSEKI. The issue of housing, of excess housing available to use for homeless issues, we used to have a program called the Enhanced-Use-Lease, EUL. Our authority ran out on 31 December. We have used that authority in years past in a number of ways, not the least of which has been to house homeless veterans on VA campuses where we either had vacant facilities or underutilized facilities. Through the EUL we have refurbished them, made family housing units out of them. Almost a perfect location because they are right on site where they can have access to the services provided by Dr. Petzel's folks in terms of mental health and substance abuse, those kinds of things that they may or they may not need. Not all of them need it. But it is something we would be interested in.

Mr. FARR. Have you requested reauthorization?

Secretary SHINSEKI. We have, and we will continue to seek your guidance and support here, but it would give us another tool and one we would control in terms of very quickly getting homeless, and, more importantly, those at risk of homelessness. We know a family is in trouble, and we can put them into this environment and get things going before they are on the street for any length of time.

On the second issue, I think you were talking about the healthcare center that we have been working on for Monterey. I met with Secretary of the Army McHugh yesterday. We looked at all three sites. It is a joint agreement with us and that we should go as quickly as we can to the most available, least encumbered site, which ends up being the Marina site. And I hope the Congressman is okay with that, but we think it is more important for us to get this up quickly, and this one will allow us to do that.

CEMETERIES

Regarding the issue of cemeteries, I hear you, Congressman, and I sympathize with your issue here. There are nine VA cemeteries in the State of California. Three of them run up and down the San Joaquin Valley, just on the other side of the range here from Monterey, and I appreciate the veterans in Monterey wanting to have something locally available to them. As you know, we created an opportunity with the State of California for a State veterans cemetery. It would be located wherever the State of California wanted to provide land in Monterey, and we would fund it, as we do other State cemeteries.

Mr. FARR. There is, what, 11 States, including, I think, Texas and some big States, Florida, that do not have State cemeteries.

Some States do not want to go into the veterans cemetery business. California wants to go into the soldier home business but not the burial business.

Secretary SHINSEKI. Well, I have written the Governor of California and asked him to review this agreement we had. We were ready to fund it. We were ready to execute it. As you know, we fully fund it, and the only requirement is for the State to operate it and come up with the operating costs. There is a little piece that they are required to put up front, I think, like $300,000, as sort of an assurance that they are going to go forward with the project, and even that we reimburse once the contract is let. I am going to see why the Governor of California does not find the needs of the veterans of Monterey important, and, Congressman, I hope you do the same.

Mr. FARR. I have been working for 20 years over three Governors, and if you can convince this one, more power to you.

Secretary SHINSEKI. I have written to him, as I have said, personally, and we are dealing with his Secretary of Veterans Affairs.

Mr. CULBERSON. Thank you.

Let me recognize my good friend from Ohio, Mr. Austria.

Mr. AUSTRIA. Thank you, Mr. Chairman, and thank you, Mr. Secretary and your staff, for the hard work, the commitment that you have put forward in helping our veterans with their needs, their benefits. We certainly appreciate your effort, and I would like to echo Mr. Farr's comments as far as I think you are doing an outstanding job, and we appreciate your hard work.

BACKLOG OF CLAIMS

As I mentioned to you in our brief meeting, you know, in Ohio, I represent the largest number of veterans of any district in Ohio, so needless to say, that carries over to our office in providing service to our veterans. And I had an opportunity before this hearing today to talk to our staff about some of the concerns they had, the biggest challenges they are faced with, and I think Mr. Farr kind of hit on the number one issue they have was the backlog of claims.

We have seen it in Ohio. They were telling me that—and I have got two caseworkers on this because it is such a big district, covering two areas over by the Columbus-Chillicothe VA centers, as well as the Dayton side with Dayton's veterans medical center there—go from 6 to 9 months to a year now. And some of the numbers they were sharing with me—and they have read this, I do not know if it is true—but the regional office that handles these claims in our area I believe is the Cleveland area, but we have seen—I guess it was reported the number of specialists there who handle this, rate specialists or claim specialists, whatever their title might be, is 250 handling approximately 25,000 claims.

And obviously concerned about the backlog of claims, but also—and you mentioned that, you know, you have gone—I mean, you acknowledge this in your testimony—a 48 percent increase in claims since 2008 and expecting another 4.2 percent this year, and with the million troops-plus over the next 5 years, that is just going to continue to increase.

We continue to run into situations like Mr. Farr has described where there are situations where we cannot wait a year on these

claims, and there is a deep concern on how we can expedite this and what you are doing. And you have mentioned the IT program as one of the solutions to this. I was wondering if you could talk a little bit more about that being the solution, if that is what you are mainly focused on, and what we are doing to expedite the claims more specifically.

ELECTRONIC SOLUTION

Secretary SHINSEKI. I am going to call on Secretary Hickey here to provide insights into this electronic solution. Let me just say up front, I indicated we had a large number of claims decided, 900,000 in year 1, and then a million and a million, but it is the incoming claims that outpace that. And then I complicated things a little bit. I mean, first of all, we had a 9/11 GI bill to implement. Again, no automation tool here, and the request of Congress was to implement this in the year of, and so we took people who normally produce claims and piled them onto the GI bill process just to get people manually into school that first semester, and then we begin building an automation tool that would take over, and we have done that. And so we have a little track record here of figuring out how to do both things at the same time, manually put people in school and build an automation tool.

In the second year I added Agent Orange claims to the process, about 250,000 claims. Because these were longstanding issues from the Vietnam period, they go to the head of the line. The right thing to do, but it imposed another force on this claims process, and that is why I say this IT solution is something we must have. I do not know that there will not be another secretarial decision someplace, you know, supported by the Congress, that would say you need to fix this issue. I mean, we have these coming up from time to time, but we will not be able to knock this backlog down without the IT solution here. So let me call on Secretary Hickey to do that.

Ms. HICKEY. Congressman Austria, thank you very much for your question. I will just add a little fidelity onto the impact of the Agent Orange decision first by saying it was absolutely the right decision. That took 37 percent of my very best workforce to do those 50-year-old complex claims that required us to go back through all 50 years of law that had been enacted between those times. I readily admit it took a big chunk out of our workforce. So today——

Mr. AUSTRIA. If I could interrupt, was that accounted for? Because I agree it was the right decision, but was this all—was there any accounting for this? When you say it took a big chunk out of your budget from a budget-planning perspective——

Ms. HICKEY. Congressman Austria, the way the process works in a very quick snapshot is it essentially is enacting a 1991 law that Congress provided to us that we don't get to say we don't, with the process, do it because it is constrained by dollars or budget. It absolutely is linked to medical science in a process which we go through that the Secretary must act to make the decision on the presumptives, regardless of budget implications.

So in this case that is exactly what happened, and we reacted as a result of that. The medical science simply provided enough at

that point in time to make the connection for those three new presumptive Agent Orange conditions.

Secretary SHINSEKI. But it was not budgeted for.

Ms. HICKEY. Not budgeted for, it was taken out of hide, as at any time that we get those new presumptive conditions, they come out of hide from a current existing workforce. So that was 37 percent.

INTEGRATED DISABILITY EVALUATION SYSTEM

In addition, during the very same period, we stood up the Integrated Disability Evaluation System, which is the process by which we do our most severely wounded, ill and injured. We brought on four times the level of employees to do those claims that we normally do in order to really expedite our most-needed current-day Iraq and Afghanistan veteran movement from the DOD into their next veteran environment or life environment. So that impacted us at the same time.

But at the end of the day, I will tell you that our average days to complete right now are about 230, way too high for where we need to be, but when I run claims through a paperless process, my numbers are like 130. That is a 100-day difference.

BACKLOG

The other thing that I would just make a quick remark about is we have some confusing language around backlog. Backlog is any claim we have more than 125 days still in our hand. It is not our whole inventory. It is not our pending. It is the ones that are over 125 days only. So while 560,000 is not a good number either, that is truly what is in our backlog today, and if you look at the 260,000 we did for Agent Orange, you would see we would have a much lower number but for that issue. But it was exactly the right thing to do, and we are happy that we got to take care of and welcome home the right way our Vietnam-era veterans.

From the perspective of the transformation plan, I will just say right up front, if my friend to the left of me does not have a full and complete IT budget, I cannot get there from here. I will fail. That is how critical it is for us to save the time it takes. Why? Not just because it is an IT system. We are building rules-based calculators into the system that helps to organize the thought that goes into doing each one of these very complex claims for all of our body systems.

Also part of this plan, I already mentioned the disability benefit questionnaires. I can now reach back into private medical physicians to give us the data we need, explicitly telling them what we need by each individual item in order to have the evidence we need to make that claim.

We are also working very closely with DOD to redo the DD-214 that gives us that service connectability that is so critical in the decisions that we make on claims. All of those——

PROBLEMS WITH SYSTEM

Mr. AUSTRIA. I appreciate that, and I do not mean to cut you off, because I know we are short on time here, and I have a couple other questions, but with every new system there is going to be

problems, because there were some cases brought to me where a constituent has filed a claim and provided records, I guess, for electronic filing, and they were lost by the VA not once, not twice, but three times now. I assume that is an isolated incident. We can talk about that.

COMPLETION OF ELECTRONIC HEALTH SYSTEM

What I wanted to get at is how far along we are with this system, with the single electronic health system that we are going into, and a timeline as to when it is going to be completed. You mentioned you needed a full budget to move forward with this. You know, how much will that full budget move us forward as far as this timeline in completing the system?

Secretary SHINSEKI. Let me call on Secretary Baker to address the Integrated Electronic Health Record that we are building with DOD.

Mr. BAKER. Thank you.

CHAPTER 33 LONG-TERM SYSTEM

Let me touch on two things. We have talked about VBMS, the Veterans Benefits Management System, the paperless system, quite a bit. I wanted to just make the point that we have done a lot of things for what we call risk reduction—a better term, "increased confidence"—in the delivery of that system. In implementation it looks a lot like the Chapter 33 long-term system that we have implemented very successfully. That automation system now underpins everything we do in education, and it has greatly reduced the amount of time required to implement those——

Secretary SHINSEKI. The GI bill.

PILOTS FOR THE PAPERLESS SYSTEM

Mr. BAKER. The GI bill system. Sorry, thank you.

The second thing is we have implemented pilots for the paperless system, you know, processing real, live claims through that system to do a risk reduction piece of that which makes us highly confident in what we are going to see in July.

If I then switch to the Integrated Electronic Health Records system, we got started on that realistically this past summer. We have the management in place, we have the office in place, we have started to deliver software out of that. In two facilities right now we have delivered software that allows a clinician to have a consolidated view of VA health records and DOD health records and to look at them together on the same screen. We are also moving forward on about 25 different projects, different pieces of that IEHR to move it forward. The first real deliveries of that from a consolidation in a facility, and running in a facility is about 2 years out.

Mr. AUSTRIA. Mr. Chairman, can I ask one more question just to follow up?

Mr. CULBERSON. Sure. That is fine.

HOMELESS WOMEN

Mr. AUSTRIA. This has to do with the homeless situation and the women issue that I think either Mr. Farr or Mr. Dicks brought up, which I think is extremely important. I want to take this over to the homeless side on what is being done. You mentioned 60 percent of new construction projects are aimed towards women projects. I believe it is 17 percent resourcing of the increase from 158——

You know, we, first of all, want to commend you on the good work you are doing. I have seen in our area on dealing with the homeless issue, we are seeing a rise in increase on the women's side, and what specifically has been done on the homeless side with women?

Secretary SHINSEKI. Dr. Petzel.

Dr. PETZEL. Thank you, Mr. Secretary.

Congressman Austria, you put your finger on a very difficult problem, and that is homeless women. They are at tremendous risk, and they are very vulnerable. And we have done several things. One is that it is very important to find temporary housing that specifically is able to deal with women and with women with children in a safe environment. The VA has pioneered around the country, contracting for these grant and per diem programs to provide temporary housing around the country, and we have stimulated a renewed interest in building and opening up facilities that are just for women. I was just out in Seattle about 2 months ago and toured a facility.

Mr. AUSTRIA. I just toured one myself, and I want to commend you.

Dr. PETZEL. This is very important. It has been a neglected area. That is one.

SERVICES FOR WOMEN

Two is that we work very closely with General Hickey and the VBA in terms of making sure that the specific services in terms of education, particularly jobs, et cetera, are matched with women in the Veterans Benefits Administration.

And then finally we have developed a separate outreach program for women, for homeless women, a separate set of case managers and outreach coordinators whose specific and only job is to be on the streets identifying homeless women and getting them in contact with and making sure they get involved in the services that they need.

Mr. AUSTRIA. And I appreciate your efforts and hard work in that area. I have been corrected by my staff; it was Judge Carter who brought that up.

With that, Mr. Chairman, I will yield back, and I will save my other questions for the second round. Thank you.

Mr. CULBERSON. Sure. I believe I will submit most of mine in writing.

I want to pass to Mr. Bishop. We have had a long afternoon. I am sorry, Mr. Nunnelee. And I do want to follow up on the good question my friend Sam Farr asked, and that is I hope the VA—Sam, you correctly point out we ought to do a little better job of trying to identify how to prevent post-traumatic stress syndrome.

And, General Shinseki, in your experience, and certainly now in your work at the VA, Dr. Petzel, certainly the VA has got to be able to have identified by this point some of the common characteristics of young men or women who suffer from post-traumatic stress disorder.

AVOIDING MULTIPLE DEPLOYMENTS

It seems to me avoiding multiple, multiple, multiple deployments, give them more time with their family and homes, and after someone is deployed a certain number of times, you ought to cut them a little slack and let them do something else perhaps is an obvious one. Have you found a way? Are you working with DOD to help, for example, identify? What should the DOD do to help prevent this? It is a great question, Sam.

Mr. FARR. The point was that you get the fouled up—you know, after deployment or whatever that has people go into PTSD, you have all the knowledge of that, and are you teaching the military how to prevent it?

Secretary SHINSEKI. I think we are both learning more about this issue of PTSD. You know, it has been there throughout the generations that have gone to war. It is just more pronounced in this generation, I think, maybe because we acknowledge it and we are looking for it.

For all those who go through combat, I think all of them come back, I call it, carrying baggage, and that is having the effects of having been exposed to an environment where there is super-vigilance, high stress, high intensity. You have got to have it right every time; you cannot make a mistake. This is an errorless kind of environment.

POST-TRAUMATIC STRESS

When you live like that for months, a year, and then you come home, and you have a short period of recuperation, and then you are training to go back, and even in the training the stress is rehearsed so that you go back on a second tour, third tour. What it really means is that over an extended period of time, you are never out of the bubble, and it would be unnatural for us to expect that young men and women would not be feeling the stress, the effects of that. I think anyone who has been through that experience will come back with what I would call PTS, post-traumatic stress. I think that universally all of us carried that baggage.

PTSD VS. PTS

What is tough for us to decide is the D, the disorder. Why would two people go through the same essential experience and one end up with the disorder, PTSD, which is the more serious, and while the others, the PTS folks, can transition over time and get back to a stable circumstance? Folks that suffer the disorder need professional help. They won't make that transition on their own, and, in fact, if it is not diagnosed and not treated, there is good evidence it gets worse.

Mr. CULBERSON. What is your personal opinion, what causes the difference between them?

Secretary SHINSEKI. This is more technical in terms of the science, but I do think there is something to be said about personal resilience. I think there are some folks that can cope with the stress—I do not know why—better than others, and so I will defer to the physician in the room to maybe provide some insights.

Mr. CULBERSON. It is a really valuable question. You serve on Armed Services, I guess, too, do you not, one of your subcommittees?

Mr. FARR. No, I do not.

Secretary SHINSEKI. But we screen every veteran who enrolls in VA. Every veteran who comes to us from Iraq or Afghanistan we screen, and it is a simple test, and it will indicate to us whether a follow-up appointment is required for those that may have the D, and that is what we are looking for. Our experience is if we diagnose and we treat, people get better. Some take a longer time, but if we do that, they get better.

Mr. FARR. I mean, I totally agree with your assessment. I lived over a different format. I was a Peace Corps volunteer, but certainly came home with post-traumatic stress. I mean, I lived in a very poor barrio without running water and lights, and to come home to, you know, everybody taking everything, taking hot water and refrigeration for granted, hot showers, just drove me nuts.

AUTOMATICALLY PROVIDING THERAPY

But what about assuming or giving the presumption that they may all need it, may need some treatment, rather than having to prove that you have got the disability, and essentially wouldn't it be—to automatically provide all OEF or OIF veterans with 3 months of therapy with a licensed mental health professional if they choose to use it?

Secretary SHINSEKI. If they are an OIF/OEF veteran, they have access to us, and so if they want it, it is——

Mr. FARR. Don't they have to come to you and get assessed as to whether they need it?

Secretary SHINSEKI. They have to enroll with us. Let me call on the doctor here to provide some insights.

RECOGNITION OF HAVING A PROBLEM

Dr. PETZEL. Thank you, Mr. Secretary.

They do have to come; that is, we need to see them, as we would if we were providing, you know, treatment to everybody. One of the difficulties is that many of them don't come, just like they wouldn't accept—you said, 3 months of therapy, most people would not do that. They would turn that down. That is one of the difficulties is the recognition of the fact that they have got a problem.

Mr. FARR. Well, that is why I brought up the network of care, because what they have done is not only inventory all of the veterans programs there, but all of the—what I call the civilian programs that are in the community, where a veteran may not want to necessarily plug back into what he just came out of for the stress that they are having, and if they can go to the civilian community which is authorized already by VA to provide those services, it just makes it more user friendly from the community standpoint than from the Washington veterans silo that we have.

CLINICS IN RURAL AREAS

You have to run the military from the top down, but you have switched the whole thing the minute they are released, you really run it from the bottom up. And I think we need to have a much better handle on what that—you know, we have been issuing the discussions about rural access to rural veterans because most of the hospitals and obviously clinics are in much more urban areas. And I think about people in south Monterey County would have to go to Palo Alto, it is about a 2½ hour drive, they live in a little tiny town, they are not going to go to Palo Alto. That is why I am very excited that you just announced the clinic. We still have some distance problems, but it is going to be more accessible.

What I am also interested in is getting our professional civilian community, doctors, and having licensed therapists to be able to administer this in maybe your own little tiny town of 2,000, 4,000 people, that say, yes, you have got a professional right down the street, you may have gone to high school with them, why don't you go down and talk to them about your problem?

Dr. PETZEL. Congressman, particularly for PTSD, we do contract all over the country. I come from Minnesota, Minneapolis, and our vet center program had contracts for PTSD groups all over the State, Mankato, Alexandria, small towns that were quite remote from the VA Hospital. So that is being done. I cannot speak specifically for the issues right in the Monterey area, but it is being done.

Mr. FARR. But would a veteran, say, know that without—I mean, your Web sites are all kind of to a specific thing. There is a web site if you want to go back to school, a different Web site if you want health care. Why not just plug it all into one and try to make it, the information that they may need, as local as possible?

Dr. PETZEL. That is an excellent idea. The way it works now is they come to us, and then we find that they are living a distance away, we arrange for them to be in that community group that has already been set up. You are absolutely right, we should have very available information on a Web site, and we are going to look at that, see if we can make it more accessible.

POST-TRAUMATIC STRESS

Mr. CULBERSON. To follow up on the post-traumatic stress questions, too, you have undoubtedly, in the years that you have dealt with this in the Veterans Administration, identified characteristics that would—some common characteristics of either individuals or the type of service they have encountered that would, in your opinion, tend to lead to post-traumatic stress disorder.

Dr. PETZEL. Yes, Mr. Chairman, we have. First of all, let me just make a couple comments about cooperation with Defense, because I think it is an important theme.

Mr. CULBERSON. That is where I am leading. That really is a good suggestion Mr. Farr makes, and I want to know if we should not try to foster that relationship a little further, perhaps with some language in our bill.

Dr. PETZEL. Secretary Gates and Secretary Shinseki had several years ago a mental health summit, brought together the best in mental health providers from both systems, and it came out with

28 tasks, if you will, that involved primarily the integration of activities. Many of them dealt with PTSD. One of those was, as an example, was coming to a mutual agreement about how we are going to treat PTSD so that when a soldier leaves the military and is being treated, he sees or she sees the same environment when they come to VA.

VA pioneered two behavioral-based therapies. That is working very well. They have also agreed on common ways to identify PTSD, and we have agreed on some common research project, which is getting at the point you were making earlier, and that is looking at a group of—intensively a group of people about to be deployed, and then evaluating those individuals postdeployment. The VA has done two large-scale studies of more than 500 people in each one of the studies and is beginning to identify some characteristics that might predict that somebody was more likely to have a longer-term disorder.

SOCIAL SUPPORT STRUCTURES

Social support structures is an example. People who come from families where there is strong social support, et cetera, are less likely to have difficulty than those that come from dissolved families. People that have had chemical dependency problems prior to being in the military or prior to being deployed are more likely to have some difficulties when they come back. Those are the kinds of things that are helping us identify who might be at risk.

Mr. CULBERSON. Well, it is——

Mr. AUSTRIA. Mr. Chairman, could I add something?

Mr. CULBERSON. Yes, certainly, please, Mr. Austria.

STUDIES ON MULTIPLE DEPLOYMENTS

Mr. AUSTRIA. Have you done any studies to show about anything regarding multiple deployments? Because the question came up whether the multiple deployments—and it used to be lengthy deployments—was having an impact on PTS.

Dr. PETZEL. First of all, the Secretary just pointed out we are investing about $30 million in PTSD research in 2013. It is a big part of our research budget. There is controversy in the literature about multiple deployments. There was an article published in the New York Times citing the RAND study back in 2009 where they found that—this is not PTSD, but 70 percent of the suicides that occurred in the military were in people that had never been deployed or only had one deployment. So from that perspective, it looked like it did not make a difference. On the other hand, the studies over the last several years have indicated that multiple deployments do seem to put individuals at greater risk for difficult——

Mr. CULBERSON. Common sense.

Dr. PETZEL [continuing]. Problems. That is common sense.

Another interesting comment, however, was made by one of the authors, in that, multiple deployments done successfully may indicate a resilient individual who is not going to have a long-term difficulty. So there is sort of conflicting information about this right now.

Mr. BISHOP. Will the gentleman yield?

Mr. AUSTRIA. Certainly.

Mr. BISHOP. When I was on the Defense Subcommittee, we started this, I guess, about 4 or 5 years ago, and one of the areas of confusion was that it was not the deployment necessarily itself. Well, first off they found that exposure in theater for 2 weeks brought the onset of some kind of PTSD. The severity of it varied with the individual and circumstances. But the other thing was for the suicides and the other antisocial behavior many times was a result—well, you know, multiple deployments, because the multiple deployments exacerbated other problems that the soldier——

Mr. CULBERSON. Preexisting.

Mr. BISHOP [continuing]. That the military person or veteran may have had, being away from family, stresses on the marriage, stresses on the children, and the events where there are—and a lot of divorces occurred with multiple deployments. So the veteran often committed suicide or engaged in some other volatile conduct, even if it was reckless conduct that hurt himself. And that was related to and associated with multiple deployments, which is why we adjusted the dwell time and increased the end strength in order to relieve the multiple deployments. That was what that was all about in addition to what later was determined to be the surge.

Secretary SHINSEKI. I think, Mr. Chairman, some of us have some instincts about this, you know, just sort of common sense that that would be, but for the science they need the data and the research. So we are investing in that piece of it.

STIGMA OF HAVING ISSUES

But I get to a number of the colleges where we have young GI bill veteran students, and I usually am able to get a gathering with them, 20, 30, 40, and the issue that Dr. Petzel brought up about sort of this denial, the stigma of being identified as having issues, it keeps coming up. You know, I will have a room full of 20 of them. I will say, you are all carrying baggage, and there is this pause. First of all, I ask, how many of you are combat veterans, and most of the hands go up. And I say, well, you know, you are carrying baggage. And there is this pause, and then you can almost visibly see them sit back in their chairs. It is the Heisman, "not me."

There is a huge challenge in dealing with this, and that is to destigmatize the treatment of mental health, PTS, because, as I say, if you have been in that high stress situation and been in it multiple times, it would be unnatural for you not to be carrying baggage, and we need to get that as an acceptable fact in front of our young people.

Mr. CULBERSON. Well, and recognize that may also be their individual way of dealing with it. You know, it is distinctive to a lot of Texans, just suck it up, deal with it. You know, that is sort of a Texan—part of the genetic code of a Texan, I guess, or all of us in America, you know.

Mr. BISHOP. Mr. Chairman, that was one of the responses that was so common, that the command from the Joint Chiefs, they issued a directive all the way down from the Joint Chiefs all the way down to the unit level to destigmatize.

Mr. CULBERSON. And that is important. Obviously, we all deal with it in different ways, I am sure.

Mr. BISHOP. There has been a lot of effort to change the culture of both the Marines and the Army, particularly in that situation, and one of the things that was supposed to be made for the officers as a part of their report of performance, whether or not they were successfully doing that, because there was a time when the drill sergeants said, hey, suck it up, as you say. But that is no longer supposed to be the culture.

Mr. CULBERSON. We want to make sure to destigmatize it, but you also want to, I think, where I hope a lot of this is heading, Sam raised this, all our questions are focused on our concern for our young men and women and their mental health, their physical health, and particularly in light of this terrible tragedy that just occurred in Afghanistan, which I do not know whether this individual had any history, whether he brought any preexisting condition of mental illness or whatever baggage he brought with him to this terrible murder that took place in Afghanistan.

What is the Department of Defense doing? Sam raises a great question. Have they reached out to you? Is there any formal or informal cooperation between—with the DOD reaching out to you all to say what sort of things should we be watching out for? Of course we want people to be resilient; of course we want them to try to suck it up. There are some that just cannot. Like you say, we want to destigmatize it and make sure they are getting help if they need it. To what extent is DOD reaching out to the VA for expertise and help?

NATIONAL MENTAL HEALTH SUMMIT

Secretary SHINSEKI. Ongoing work, Mr. Chairman, that started by—as Dr. Petzel indicated, early on in both of our tenures, Secretary Gates and I put together a mental health—national mental health summit to bring together DOD and VA to compare notes, to see what we could harmonize between our two systems, and that discussion continues. In fact, part of the discussion now is about a transition assistance program that allows service members to begin preparing for their departure from the military well into their final months and not in the last week, so that we give them time between with the two Departments working together, have them make their decisions. Are you going to go to school? Is it going to be a college? Is it going to be a vocational training? Are you looking for a job? So that we have them on a vector when the uniform comes off. One of the things we find out of the PTS experience is that if there is structure to your lives, strong family surrounding you; people manage to get through that transition.

Mr. CULBERSON. Sure.

Secretary SHINSEKI. It is when you are isolated and without a direction that the difficulties begin.

Mr. CULBERSON. Very true. Again, common sense.

Secretary SHINSEKI. So what we want to do is have the vector well defined when the uniform comes off. In all of our experiences, with our own families, children go to college, and, that is a long process. That is not the last 5 months. You start the visitation of schools, and you start discussing what programs. You know, when the decision is made, it is well before graduation day from high school.

Mr. CULBERSON. Sure.

Secretary SHINSEKI. We need to take the same approach with youngsters who have been off on their own overseas, and don't have that family support mechanism to get them through the decision wickets, and help them on a road to success.

Mr. CULBERSON. Another reason you are so beautifully suited to what you are doing today, sir, and we thank you for that.

EBENEFITS AND HEALTHEVET

Secretary SHINSEKI. In that period we want to link them up with eBenefits so that they are tied in to VA for their benefits programs; and My HealtheVet, so they are tied, while they are still in uniform, to VA for health care, and when the uniform comes off, we have captured all the information we need.

Mr. CULBERSON. I want to be sure to pass to Mr. Bishop, if I could, just to conclude my piece on this, then go to Mr. Bishop, and Mr. Farr has another follow-up on this. I hope all of this will lead to the encouraging the military to do fewer deployments for our men and women. This is our most precious asset are our people, and I do hope we are not—as an All-Volunteer Force, we want to be sure we are not overusing those wonderful men and women, and giving them time at home with their families and loved ones is perhaps the best way to avoid post-traumatic stress.

Sam had a follow-up, and I will pass it to you, Mr. Bishop.

GUARD AND RESERVE

Mr. BISHOP. These are the issues we have really been wrestling with for about 6 years, and I am just hopeful that we actually will get a handle on it. I will just leave it there, because with the Military Family Caucus, which I cochair with Kathy McMorris Rodgers, we have been working with Active Duty, Guard and Reserves, and all of the veterans service organizations, and the Active Duty family organizations, the White House, and the Blue Star families and all to deal with these same issues. They are chronic, and they are very, very complex issues. The overlooked aspect is often the Guard and Reserve, because they come home as soon as they finish their deployments. They do not really have a transition period. They go right back to work, right back to families. And if they come home and things are not the way they expect them to be, that is going to be aggravated because of their having been absent. We may have some bad outcomes.

The total transition program is more complicated when you are doing it when the Regular soldier comes home because he wants to get back to his family; he does not want to go through that transition period. He has been away, and he—so he will skip it, he will pretend that everything is okay.

But the one thing that has happened is we have been doing—and we have gotten the Motion Picture Association involved and the actors guild, and they are doing a lot of celebrity public service announcements encouraging the vets to—if they are having symptoms, to call the 1-800 number. There is some anonymous 1-800 numbers that are being set up, there are anonymous programs, and we have funded various approaches to deal with the PTSD which can allow a veteran to not worry about the stigma and can actually

call somebody. And there are some programs and some research where they actually go in one on one. But it is a very complicated issue, and it has been—it was identified, a while ago, but the DOD has been really actively trying to get a handle on it for about almost 6 years.

Mr. CULBERSON. Mr. Austria.

DIFFERENT TASK FORCES

Mr. AUSTRIA. Thank you, Mr. Chairman.

I could not agree more with what you said, and I think two things, Doctor. The task force or whoever it was that put these 28 different tasks together, is that available that you can share that with the committee? I think I would be very interested in that information, because everything that has been said here I agree with.

And I think, you know, I have heard mixed reports about multiple deployments, how resilience gets built up. Much of it is voluntarily—volunteer as far as multiple deployments. But I would like to get the facts on this and try to really focus in on what the cause is, what the problem is, and assuring that there is awareness out there of the problem that exists; that our men and women are not in denial, but understand that there is an outlet they can go to, and they should be aware of this in helping to destigmatize this.

VETERAN-OWNED SMALL BUSINESSES

I have one other area, Mr. Chairman, while we have the Secretary here, if I could, and that is kind of going to a whole different area, I know we talked about this briefly, but the service-disabled, veteran-owned small businesses. We have had now a couple of situations in our district. One in particular I think I brought to your attention, a company in our district by the name of JJR Solutions, a small business. I know the Congress regulated this a number of years ago, at least that is my understanding, to try to weed out fraud and abuse and to make sure the bad actors were not participating in this program. But what we are seeing is, in my opinion, some unintentional consequences towards small businesses where maybe an application was filled out wrong, information might be old, and that is being held against them, and they are being put to the back of the line as a result of that and having to wait in this particular case 2 years, which we are going through a difficult economy, they are struggling, trying to move forward.

How are we dealing with this, with these type of cases, and how are we trying to move forward and trying to assure that the bad actors are taken care of and are out of the system and not participating, but those small businesses that are doing good with this program, we are able to support them and continue to move the program forward?

VERIFICATION OF VETERAN-OWNED SMALL BUSINESSES

Secretary SHINSEKI. I think, Congressman, you know the old system was self-verify, where they could self-certify that they met the requirements of veteran-owned small businesses. I think all of us are disappointed in seeing that there were some who did not qualify who were actually taking down contracts that should have gone

to other valid small business, veteran-owned small businesses. With your help we created a policy with more teeth in it, and it requires verification to include going through documents and visiting, the site of the business.

It initially was slow because of the volume of having to make those conversions. I think at one point there were 26,000 small business owners on our rolls. We have worked through much of that. Once certified, a small business, if there are no changes to their ownership or their operations for the following year, are able to write to us and tell us that is the case. They will then be continued for another year under that program in order to spare going through all of the work again.

We are trying to accelerate this certification, but the change in policies did create an initial logjam that we had to get through.

Mr. AUSTRIA. I think, you know, the point that I am trying to make is there has to be a plan in place, and you may have one in place that you are able to balance this process where there might be an unintentional error on processing the form, or something may have changed with that company where now they are being treated in some cases as falling under the bad actors that we are trying to get rid of. And I appreciate your response on that, that in this particular case, you know, he has been pushed back 2 years and now being pushed back again because the situation did change with this company.

Secretary SHINSEKI. If you will provide me again the particulars, if this is the same case, then I will look into it.

Mr. AUSTRIA. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Mr. CULBERSON. Not at all. Thank you, Mr. Austria.

Mr. Farr.

CONGRESSIONAL RESOURCES

Mr. FARR. I want to conclude, and I want to thank you. I think we have seen in this committee since we really started helping VA with some resources, Congress really gave you the resources, I think you have done a remarkable job. It is a huge bureaucracy, and just the internal changing of that mindset is a difficult struggle.

I think in the process you have also been able to learn a lot about services that we don't have, and what I have seen the need to have is a much better understanding of the needs of veterans at the local level, at the home level. We have left it up to essentially a silo of Federal Government, DOD. We recruit from local high schools and colleges, making enlisted and officers, and then put you back, and the community does not know what you have been through, and they are not ready.

NOT PROFESSIONALLY PREPARED

We are not professionally prepared at the local level to handle these issues, and I think that is the educational process that we also need to share, and I appreciate convening DOD, mental health, and veterans mental health for discussing these things. I think we also need to convene our county mental health officers,

too, in this process, because I think we have to be better at receiving people at home.

MANAGEMENT PRACTICES

Lastly, let me just suggest because you have a lot of abilities to do carrot and stick. I think if you can learn best management practices and encourage States—because this is really up to States and local governments—to implement something on the ground. For example, in California they did something smart. They hired veterans that came out from Iraq and Afghanistan, turned them around and said, we want you to approach every single Californian who is separating. Now, you are young, you have been there. It is not Second World War old vets or Korean War, right there. They reach out to them while they are still in the service and say, welcome home, can we help you? You know, you want to go to school? Here is some things we have learned. This is stuff you are going to face. So the State veterans department is using today's vets to brief and welcome people home.

I mean, just as you were talking, I was thinking way back when I was in the California Legislature, the California Highway Patrol, which is considered one of the Cadillac law enforcement agencies in the State, requires that every officer who draws a gun, just draws it, has to have counseling, and if he pulls that trigger or she pulls that trigger, it is mandatory counseling for the spouses and children. I mean, it is mandatory in the sense that it is there. I am not sure that they force you to have to go to it.

MANDATORY COUNSELING

But it is very interesting that maybe we ought to have that; that if you are separating from the military, you have been deployed, maybe we would change the whole stigma by saying everybody has to go through some counseling, counseling to come home, counseling to be a husband again, counseling to come back to the United States, turn the burden around so that the cost of cure is not as expensive as it is.

That ounce of prevention is worth that, counseling in the Highway Patrol, and certainly counseling wherever we have it. And we struggled with this for years in trying to get over the stigma of officers, admitting that you could get an advancement if you had mental health counseling. For years everybody thought that was the end of your career, and if you have officers come out and say, no, I went through it, and I got my promotion, and you can, too. Those are the kinds of things I think we need to encourage more and more, but perhaps this is sort of removing the stigma and just saying everybody has it.

MEASURING THE QUALITY OF CARE

Mr. CULBERSON. Sam, thank you.

One suggestion I would make perhaps in terms of Sam triggered in my mind is I asked the—I know that you all worked with Deloitte & Touche in the past, and Rep. Tom Davis is an old friend, and I suggested to him, how do you measure the quality of the care the veterans are receiving? How do you measure the need that still

exists out there? I have been fascinated by social media since it first came out. I gave up on Twitter. I was the first Congressman on Twitter, and I think I was the first to bail out. It started getting weird, so I got out. But Facebook is still——

Mr. FARR. Do not send them any pictures.

Mr. CULBERSON. That is right. A little common sense.

I am afraid I have to go, and I know Mr. Bishop has to go. But, Secretary Baker, you are going to be coming to see me next week. I really want to put the idea in your head that we need to crowdsource the Veterans Administration, and you ought to be able to develop an app that every veteran using a smartphone, while downloading their iPhone, their BlackBerry, whatever, that will allow them to measure the quality of care they are receiving, wherever they are, whether it is John Carter's brother-in-law, a blind man walking into a hospital from a cab mystery shopper, so to speak, sort of thing; to crowdsource the Veterans Administration, measure the caliber of care, where is the need, tools are there, the information technology is there, so I am going to talk to you about that next week.

Deeply appreciate your service, all that you do. It has been a really worthwhile and thoughtful conversation today, and we deeply appreciate your service to the Nation. I look forward to working with you in the weeks ahead as we develop our bill.

We will also have questions for the record in writing.

Mr. CULBERSON. And we deeply, again, appreciate your time here today, and your testimony, and your service. And the hearing is adjourned. Thank you.

[Questions for the Record submitted by Chairman Culberson for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Various

Question 1: Vets Success: Identify the total FY13 budget request for Vet Success on Campus and the location of the current campus sites of the program.

Answer: The total initiative cost for VetSuccess on Campus (VSOC) for FY 2013 is $8.8 million. This funding will support an additional 52 VSOC counselors to provide outreach and transition services to approximately 52,000 Veteran students. By the end of FY 2013, VSOC will be operational at approximately 80 campuses across the nation, serving nearly 80,000 Veterans. VSOC is currently located on the following eight campuses:

- Arizona State University
- Cleveland State University
- Community College of Rhode Island
- Rhode Island College
- Salt Lake City Community College
- San Diego State University
- Texas A&M University — Central Texas
- University of South Florida

VSOC is expanding to the following 20 additional sites in FY 2012:

- Middle Tennessee State University
- University of Alaska-Anchorage
- University of Utah
- University of New Mexico
- Central New Mexico Community College
- Boise State University
- Eastern Kentucky University
- Portland State University
- Sam Houston State University
- Tarrant County College District
- Tidewater Community Colleges
- Norfolk State University
- University of Maryland University College
- University of Texas-San Antonio
- Western Michigan University
- Kalamazoo Valley Community College
- Kellogg Community College

- University of Michigan-Ann Arbor
- Eastern Michigan University
- Washtenaw Community College

Question 2: Post 9-11 GI Bill: Identify the number of students attending in FY13 and annual funding (as well as share of total program funding) allocated to proprietary schools in the post 9-11 GI bill program.

Answer: While VA does not have an estimate of the number of students and funding for proprietary schools, the FY 2013 President's Budget Submission estimates 606,318 individuals will receive education benefits under the Post-9/11 GI Bill. The funding request for education benefits paid to these individuals and on their behalf is approximately $9.9 billion. From August 1, 2009, through January 23, 2012, approximately 38 percent of tuition and fees and Yellow Ribbon payments under the Post-9/11 GI Bill were paid to domestic proprietary schools.

Question 3: Veterans Unemployment Rate: What is the average unemployment rate for veterans, broken out by era of service and age?

Answer: The information you requested can be found on the Bureau of Labor Statistics in Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted, http://www.bls.govinews.releasetempsit.t05.htm

Question 4: Reimbursable FTE: Describe by program the functions performed by the 1,421 VBA reimbursable FTE identified in the chart on p. 2B-4 of volume 1 of the budget submission.

Answer: Of the total 1,421 reimbursable FTE, 907 FTE are associated with the administration of the Loan Guaranty Programs (including the Native American Housing Program). Administrative expenses to carry out the direct and guaranteed loan programs as well as the three FTE to administer the VR&E program for the Vocational Rehabilitation Loan Program are authorized under the provisions of the Federal Credit Reform Act of 1990 (Public Law 101-508).

Reimbursement for 344 FTE provides for administration and/or supervision of six Insurance programs. Some of the functions of these FTE include but are not limited to: collecting premiums; processing policy actions; paying death and disability claims; performing actuarial functions; formulating policy, plans, and procedures; providing oversight; underwriting applications; and outreaching to disabled Veterans.

Public Law 112-56 extended until September 30, 2016 the sunset provisions in 38 U.S.C. §§ 5317(g) and 5503(d)(7), which provides for income verification matching and the reduction of VA pension payments to certain veterans and

surviving spouses who receive Medicaid and nursing home benefit. Reimbursement of 101 FTE is associated with these provisions. The Social Security Administration reimburses VBA for administrative support provided by 35 FTE in the Manila Regional Office. The remaining reimbursable FTE provide for various administrative tasks of the Restored Entitlement Program for Survivors, the National Cemetery Administration, and disability evaluation examinations.

Question 5: Employment of Veterans Mandatory Program: In an effort to help veterans acquire jobs, the US Department of Agriculture and the American Legion have agreed to promote USDA vacancy announcements, share information about activities in newsletters, provide information about USDA programs and vacancies through established networks as well as on the Web, and promote veteran-owned business participation in USDA contracts. This is one of the programs deployed in response to the November 2009 Executive Order 13518, Employment of Veterans in the Federal Government. How does the VA justify creating a new $1 billion mandatory program when there are already programs such as those from USDA and the Department of Labor that promote such programs?

Answer: The proposed Veterans Job Corps initiative will work to involve stakeholders in identifying programs and projects across the public, private, and non-profit sectors. VA will engage stakeholders through the Federal Steering Committee, online resources and tools, and possibly stakeholder forums. Implementing Federal agencies include the U.S. Department of Agriculture (USDA), Department of the Interior (DOI), Department of Commerce (i.e. NOAA), and Army Corps of Engineers (ACOE). The Department of Labor (DOL) and Department of Defense (DOD) will serve as ex-officio and advisory members. This new program will greatly expand employment opportunities for our Veterans. VA will continue to work closely with other Federal agencies to leverage existing resources to coordinate and synchronize efforts across the Executive Branch and with other stakeholders.

Question 6: Veteran Adjudication/Mental Defective/Firearms Possession: Under Federal law (18 U.S.C. 922(g)), a person is prohibited from possessing firearms if he "has been adjudicated as a mental defective or has been committed to any mental institution." Since 2000, the VA has notified the FBI of over 114,000 recipients of veterans' benefits for whom fiduciaries have been appointed to manage their financial affairs, deeming the fiduciary appointments an "adjudication" as mentally incompetent, based on ATF regulations. This is based on a non-judicial process without any finding that these people pose any danger to public safety. Senator Burr has introduced S. 1707, the Veterans Second Amendment Protection Act, to address this problem, and the House has passed H.R. 2349, The Veterans' Benefit Act of 2011.

a. Under what rationale do you conclude that a person who has not been committed to a mental institution, nor been adjudicated to be a mental incompetent, is disqualified from possessing firearms under Federal law?

Answer: VA reports these beneficiaries not on the basis of a fiduciary appointment, but rather on the basis of an administrative adjudication of incompetence. Under VA regulations, the standard for a finding of incompetence is whether the individual, because of injury or mental disease, lacks the mental capacity to contract or to manage his or her own affairs. Under ATF regulations, this standard meets the definition of "adjudicated as a mental defective." VA is required to report these determinations of initial incompetency to the FBI. VA has no knowledge of or jurisdiction over, adjudications specifically regarding firearms possession. Federal statutes disqualifying individuals for possession of firearms are unrelated to VA.

b. Is it accurate to characterize this process as an adjudication?

Answer: Yes, it is accurate to characterize this process of appointing a fiduciary as a VA adjudication.

c. While there is an appeal process, it can be costly. Do veterans risk loss or reduction of benefits if they disagree with having a fiduciary appointed?

Answer: No, benefits will not be reduced if a Veteran opposes having a fiduciary appointed. As VA manuals state (M21-1MRXI.2.E.26), if the beneficiary is rated incompetent or is under legal disability by a court, the field examiner (FE) is responsible for determining the type of fiduciary relationship that will best serve the needs of the beneficiary. In addition, in limited situations, the FE may be requested to appoint a fiduciary for a beneficiary who has not been deemed incompetent while a determination of incompetency is being developed or appealed. Benefit payments, in these rare circumstances, may be made to a federal fiduciary designated as a "temporary" fiduciary.

d. Does the VA track what percentage of veterans whose fiduciary appointments are reported to the FBI have actually been committed to a mental institution or been adjudicated as a mental incompetent in a court of law, with legal representation?

Answer: No, VA does not track this data.

Question 7: Fee-based and Contract Care from non-VA providers: VA increasingly uses fee-based and contract care from non-VA providers -- for a substantial portion of the medical care budget. There have been concerns about errors and fraud in paying for this type of care, the lack of uniform payment rates, the lack of quality

control, and the separation of the veteran from integrated VA services and the VA electronic health record. VA has tested pilot projects like Project HERO and Project ARCH, which use outside contractors to manage networks of outside providers and claims payment, and provide health record information back to VA.

a. If we're reading it correctly, your 2013 budget is proposing to shift VA staff to directly manage the provision of care through a contracted network of non-VA providers — to perform the tasks that outside contractors have been managing in the pilots. Is this a paradigm shift in the VA — a decision to create an internal VA structure to manage care provided by non-VA providers rather than relying on established outside managers?

Answer: VA is intending to improve the management and oversight of the Non-VA Care we purchase through expanded contracts, known as Patient Centered Community Care (PCCC). VA would manage these contracts as any other contract management approach. The final requirements of the PCCC solicitation have not been finalized. These requirements will determine which components will be performed by the government and which components will be performed by a contractor with oversight from VA.

b. What cost-benefit data do you have to support this shift?

Answer: Currently VA is preparing the PCCC solicitation, the cost- benefit data will be developed along with it. VA is researching the appropriateness of incentives tied to performance standards to help ensure the selected contractors provide excellent customer service and timely care. Leveraging lessons learned from Project HERO, the PCCC statement of work will include requirements for timeliness of access to care, reporting of no-shows, and timeliness for the return of clinical documentation to VA. Regardless of who performs these functions, there remains a cost to the government for the service. VA will assess the cost to the government and determine the most effective model for providing these types of administrative services as part of the contracting process.

Question 8:Patient/Cost Data Comparison: Identify the number of patients and total health care costs (and share of total health care costs) associated with: VA-provided health care; fee-based services; and contract care.

	FY 2011	FY 2012	FY 2013	FY 2014
Number of Unique Patient&	6,166,191	6,254,737	6,325,037	6,382,823
Total Obligations ($Millions)2	$51,357	$54,174	$56,580	$57,929
Total Obligations per Unique Patient	$8,329	$8,661	$8,945	$9,076
Medical & Nursing Fees ($Millions)3	$1,531	$1,793	$2,100	$2,459

Contract Hospital ($Millions)[3]	$1,451	$1,669	$1,920	$2,208
Community Nursing Homes ($Millions)	$573	$610	$667	$698
Outpatient Dental Fees ($Millions)[3]	$102	$109	$116	$123
CHAMPVA ($Millions)[4]	$848	$899	$973	$1,054
Total Fee Obligations ($Millions):	$4,504	$5,080	$5,775	$6,543
Total Fee Obligations per Unique Patient	$730	$812	$913	$1,025
Total Fee Obligations as °A) of Total Obligations	8.8%	9.4%	10.2%	11.3%

[1] FY 2013 President's Budget, page 1A-3
[2] FY 2013 President's Budget, page 1A-5
[3] FY 2013 President's Budget, page 1B-8
[4] FY 2013 President's Budget, page 1B-9

Question 9: VERA Model Quality Measures: We know that VA publishes selected quality measures for its hospitals and conducts frequent patient satisfaction surveys. How are the results of these quality measures factored into the allocation of medical care resources through the VERA model?

Answer: The VERA model does not factor in the results of patient satisfaction surveys or quality measures.

Question 10: Hospital Patient Costs: How does the VA measure differences in per patient costs between its hospitals? Are there incentives or penalties for hospitals that are well below or above the average?

Answer: The VERA model allocates resources to networks based on the complexity of patient workload, the cost of that workload, and the volume of that workload. The networks then allocate resources to their medical centers based on weighted workload and the cost of that workload. The incentives in the VERA model are for a network to be at or above the national average volume of patient workload and to be at or below the national average cost for that workload.

Question 11: VA Hospital Costs vs. Commercial Hospitals: How do VA hospital costs compare to those of commercial hospitals? Is that measured in a standardized, periodic way?

Answer: Data related to commercial hospital patient workload volume, patient workload complexity, and patient workload cost is considered proprietary and not readily available for comparative purposes.

Question: 12 Vacant M.D. and R.N. vacancies at VA Medical Centers:

What number and share of M.D. and R.N. positions at VA medical centers are vacant, identified by VAMC? What is the time length of vacancies and how does that compare to previous periods?

Answer: The 2012 FTE estimates for physicians and registered nurses are 17,697 and 48,178 respectively. There are currently a total of 406 physician and nurse vacancies throughout the VHA system as indicated by recruitment actions entered in VA's WebHR. The vacancy period is figured as the number of days for actions from the time the request is approved in WebHR for which there is no selectee or effective date/entry on duty date entered into WebHR:

- 108 physician vacancies with an average vacancy period of 66.78 days
- 298 nurse vacancies with an average vacancy period of 63.61 days

Thus far in FY 12, a total of 2,156 physician and nurse recruitment actions were entered into WebHR for VHA. This metric looks at those actions with a status of complete and measures the number of days from the time the request is approved in WebHR to the date entered as the effective date/entry on duty date for the selectee:

- 470 physicians with an average hiring of time 118.63 days
- 1686 nurses with an average hiring time of 93.56 days

During FY 11, a total of 4,024 physician and nurse recruitment actions were entered into WebHR for VHA. This metric looks at those actions with a status of complete and measures the number of days from the time the request is approved in WebHR to the date entered as the effective date/entry on duty date for the selectee:

- 1,010 physicians with an average hiring time of 102.77 days
- 3,014 nurses with an average hiring time of 88.82 days

Current vacancies are in line with or slightly below the previous year.

Please see the attachment, VHA WEBHR, MD, RN Vacancies dated March 29, 2012 for a list of vacancies by VISN.

VHA WEBHR MD RN VACANCIES 3_29_20

NETWORK	STATION NUMBER	# MD Vacancies	Average Days Vacant
1	405	1	167
1	523	2	118.5
1	608	1	113
4	529	2	31
4	642	4	42.25
6	590	4	38.75
7	508	2	118.5
7	509	7	91.43
7	521	1	36
7	534	5	66.8
8	546	2	99
9	518	1	28
9	596	1	49
9	626	11	69.18
11	610	3	86.67
12	537	1	52
12	578	4	114
12	585	1	66
12	676	2	82
12	695	2	64
15	657	1	169
16	520	2	96.5
16	564	2	92.5
16	635	3	56
17	671	1	85
18	678	1	8
19	442	2	84.5
19	554	3	90.67
20	648	2	67.5
20	668	1	104
21	612	1	24
22	593	3	81.67
22	691	26	49.59
23	618	1	156
23	636	2	155

NETWORK	STATION NUMBER	# RN Vacancies	Average Days Vacant
1	518	1	72
1	523	5	96.4
4	642	12	131.08
6	590	1	56
6	558	2	129.5
6	637	4	42
7	534	3	91.33
7	509	5	78.00
7	619	2	43.50
8	516	1.	170
8	672	4	80
8	673	1	83
8	675	4	71
9	614	1	76
9	626	74	66.43
10	538	1	150
11	553	1	142
11	506	3	100
11	550	12	66.42
12	585	2	156
12	695	2	81.5
12	578	9	73.56
12	607	11	58.45
12	537	13	75.92
12	676	30	89.7
15	657	1	164
15	589	4	76.5
16	580	1	106
16	629	1	142
16	635	1	118
16	520	2	31
16	667	2	126
17	671	14	61
18	501	1	169
18	678	22	77.09
19	442	1	48
19	554	1	104
20	687	2	109.5
20	648	4	46.75
21	640	1	43
21	612	2	51
22	664	20	40.25
23	438	2	41.5
23	618	2	147
23	636	10	83.5

b. To address any shortages you may identify, is there a need for obligated service programs similar to those operated by DoD and HHS or for the creation of direct academic training programs? Does VA have the authority to operate a medical school?

Answer: The answer to the first question is no. Chapter 76 of title 38, United States Code, authorizes a number of assistance and scholarship programs for healthcare professionals, including nurses and physicians. One such program is the Employee Incentive Scholarship Program (EISP), which, to date, has included over 12,631 participants and produced 8,070 graduates. The program is modeled on HHS' scholarship program for health professionals. It requires participants who receive scholarships to serve a period of obligated service after completion of their clinical training programs in the Veterans Health Administration (generally in the health profession for which the scholarship was awarded). Another program is VA's Education Debt Reduction Program, which is used to recruit and retain qualified health care professions for positions identified as being difficult to fill/retain. Under that program, participants may be reimbursed up to $60,000 (tax-free) over a 5-year period for payments they have made on qualifying educational loans. In 2010, Congress reauthorized VA's original Health Professional Scholarship Program (which also was modeled on the HHS health professional scholarship program). We are in the process of promulgating updated regulations for that program. Additionally, the provisions of chapter 75 of title 38, United States Code, authorize VA's Visual Impairment and Orientation and Mobility Professionals Educational Assistance Program. VA anticipates awarding approximately 200 scholarships annually under that authority. Thus, VA has ample tools in place to address identified personnel shortages in any of the health care disciplines.

VA's authority to train medical professionals is contained in 38 USC § 7302. Functions of Veterans Health Administration: health-care personnel education and training programs.

Through 38 USC § 7302, VA has legislative authority "to develop and carry out a program of education and training of health personnel" (38 USC § 7302 (a) (1)) "in cooperation" with a number of institutions and organizations (38 USC § 7302 (d) (1-6))

VA already executes its authority to conduct VA academic training programs through direct sponsorship of Advanced Fellowships, Associated Health internships and residencies and a few Graduate Medical Education programs. Advanced Fellowships are one to three year post residency/ post-doctoral programs addressing identified VA strategic interests. These intensive programs frequently involve cutting- edge VA research and recruit some of the nations best and brightest into VA careers.

Nearly 300 of these fellows are placed at 40 different VA facilities. VA sponsors year-long clinical training programs in associated health disciplines such as audiology, chaplaincy, optometry, pharmacy, psychology, and speech pathology. There are currently 1,767 of these interns and residents participating in 441 clinical education programs at VA facilities across the nation. These programs produce well trained, skilled health care professionals for VA and for the nation. VA also participates in over 2,000 graduate medical education physician residency programs While over 99% of these are accredited in the name of our affiliated educational partners, a few programs are accredited in the name of VA.

VA does not currently have the authority to establish and operate a medical school, and does not recommend creating new authority.

While VA's directly sponsored programs are important, by numbers they are a small percentage of our larger educational effort in concert with accredited educational institutions. Over the past 66 years, VA has maintained close collaboration with professional schools. These educational partnerships resulted in over 116,000 trainees receiving part of their clinical training at VA's 152 medical centers in 2011. Trainees included 36,816 medical residents, 32,349 nursing students, 24,608 associated health trainees, 21,502 medical students, 1,231 dental residents and students, and 288 VA Advanced Fellows. The educational partnership model has served VA extremely well, and over 30 percent of VA clinicians have come through our educational programs.

Question 13: Caregivers: Provide a breakout [by major activities] of the $278 million requested for the caregivers program in FY13 and FY14.

Answer: The 2013 estimates are detailed below. The 2014 advance appropriations request assumes the same level of obligations as in 2013. The 2014 estimates will be updated during the normal 2014 budget formulation process. We interpret the question to provide a breakout of the requests for implementing the various sections of the Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163).

Section	Summary	Mils.
Section 101-104:	Caregivers	$170.2
Section 201:	Study on Women's Access	$2.0
Section 202:	MST/PTSD Training...	$0.2
Section 205:	Child Care Pilot...	$3.0
Section 206:	Newborn Care	$0.4
Section 301:	EDRP Program	$5.6
Section 302:	Visual Impairment Scholarship....	$0.9

Section	304:	Peer Outreach for OEF/OIF... Travel	$24.5
Section	305:	Reimbursement/Benefits.... VSO	$3.0
Section	307:	Transportation Grants.....	$3.0
Section	401:	Servicemembers in Vet Centers..	$5.5
Section	403:	Veteran Suicide Study....	$1.0
Section	506:	Outreach Pilot.....	$5.0
Section	507:	Residential TBI Care	$19.0
Section	510:	Dental Insurance Pilot.	$0.5
Section	516:	HISA Grant Increase....	$8.0
Section	601:	Health Care Retention....	$9.5
Section	602:	Nurse Working Hours	$10.0
Section	603:	Health Professional Scholarship...	$3.5
Section	604:	Clinical Research Scholarship.... VA	$0.4
Section	1002:	Police Allowance....	$2.5
	Total		**$277.7**

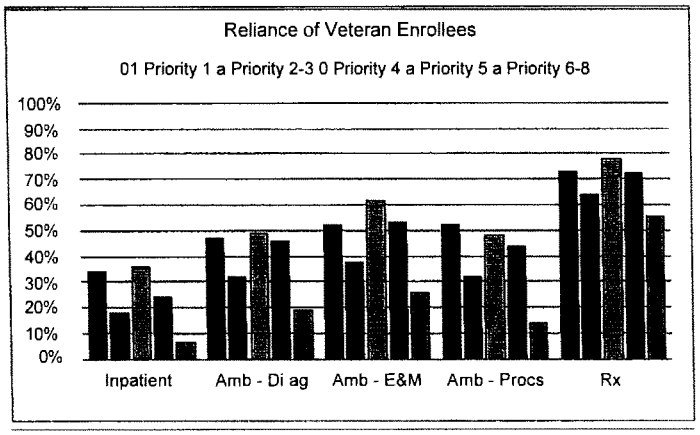
Question 14: Veterans Health Care From Other Sources: Identify the share of veterans' health care provided from other sources, the number of veterans who do not use VA health care, and the types of health care systems that provide this care [community health centers, etc.].

Answer: There are approximately 22.2 million Veterans as of end of year 2011 of which 15.2 million were eligible to enroll. In 2011, 5.6 million of the 8.6 million enrolled Veterans used VA health care services. Veterans enrolled in VA have other options for health care coverage. Approximately 80 percent of enrolled Veterans have some type of public or private health care coverage in addition to VA, 55 percent have coverage through one other source, 22 percent two other sources, and 3 percent three or more sources in addition to VA. The following chart identifies enrolled Veteran's reliance in FY 2010 on VA health care versus the other health care options available to them for services that are available in the private sector providers. Reliance is defined in terms of encounters, as the percentage of all medical care services that the enrollee receives through VA. Data is not available on the specific sources of non-VA health care [e.g., community health centers], but is assumed to include all available sources.

Note, reliance is not developed for VA special programs (for example, Mental Health Intensive Case Management) since they are generally not available outside VA.

Reliance is provided by enrollment priority for the following categories of services. For example, Priority 1 enrollees receive approximately 34 percent of their inpatient acute care in the VA health care system. Priorities with similar reliance or small enrollment have been combined.

- Inpatient acute (including mental health)
- Ambulatory diagnostics and therapies
- Ambulatory evaluation and management services
- Ambulatory professional services and procedures (including mental health)
- Prescription drugs



Overall reliance is projected to change over time due to many factors, including responses to economic conditions, as well as changes in enrollee demographics, particularly the percentage of enrollees eligible for Medicare.

Question 15: Patient-Centered Community Care Program:

a. Describe the Patient-Centered Community Care program for which you held industry days last fall. Has a solicitation been issued?

Answer: Patient-Centered Community Care (PCCC) is focused on ensuring proper coordination between VA and non-VA providers. PCCC is not intended to increase the purchasing of non-VA care (such as that purchased under the current Fee authority) but to improve management and oversight of the care that is currently purchased. This includes improvements in numerous areas such as standardized clinical quality standards across all contracts, standardized referral processes and timeliness of receipt of clinical information from non-VA providers. Currently there is variability in how these are applied and managed. PCCC will include a referral from a VA provider with specific guidance on the care needed. The appointment process will include coordination with

the VA Utilization Review Team, Fee staff and clinical staff. Once care is provided, the non-VA provider will return medical documentation to VA in a timely manner. Any additional treatment requests will be approved and coordinated by VA before the treatment is provided. A solicitation has not yet been issued for these requirements.

b. Does VA intend to administer directly these contracts with non-VA providers?

Answer: VA does intend to directly administer these contracts, how these contracts will be managed will be clarified in the solicitation currently under development.

c. What types of health care services will be provided under this program?

Answer: While the specific requirements of the contracts have not been finalized, VA would likely seek to include most services covered in our Medical Benefits Package. Certain exclusions may apply such as Contract Nursing Home, based on analysis of current contractual vehicles in place to provide the service.

d. How will the VA track and monitor the care veterans receive from these providers?

Answer: While the specific contract requirements have not yet been finalized, VA is researching the appropriateness of incentives tied to performance standards to help ensure the selected contractors provide excellent customer service and timely care. Leveraging lessons learned from Project HERO, the PCCC statement of work will include requirements for timeliness of access to care, reporting of no-shows, and timeliness for the return of clinical documentation to VA.

e. How will patients' electronic health records be updated to reflect this non-VA care?

Answer: VA does intend to utilize industry standard tools to assure patients' electronic health records are updated in a timely manner. The specific requirements will be included in the final solicitation.

f. In which geographic areas will the program operate and how many patients are expected to receive care through this mechanism?

Answer: While the specific contract requirements have not been finalized, VA intends to cover all geographic areas. Exact numbers on patients impacted is still under review. VA does not intend to increase the number of Veterans receiving Non-VA care through this mechanism, but

merely to improve oversight and monitoring of the care currently being purchased, allowing VA to standardize how we purchase care.

Question 16: $250M Rural Health Initiative: Provide a chart listing the uses of the $250 million for the rural health initiative in FY12 and FY13 broken into categories like CBOC funding, expanding fee-based care, telemedicine, etc.

Answer: In FY 2012, Office of Rural Health (ORH) received $250,000,000 to support rural health projects and initiatives. The FY 2013 spend plan will be provided at a later date after we have received all inputs from the VISNs. The spend plan for FY12 is delineated below.

ORH Projects and Initiative Funds		
Project Title	Description of line Item	FY12 Funding
Project ARCH - Public Law 110-387, Section 403	Section 403 of the law requires VA to conduct a pilot program that would provide non-VA care for highly rural enrolled Veterans in five VISNs. (VISNs 1,6,15, 18 & 19) meeting the statute's eligibility criteria	35,000,000
FY 12 new projects, sustainment of existing projects, and expansion of existing projects	From over 460 projects that were submitted and reviewed, 285 projects were approved, addressing many VHA and ORH priorities such as Telehealth, Women veterans, Mental Health, Homelessness, and Access & Quality	215,000,000
TOTAL		$250,000,000

Category	Number of Projects	FY 12 Funding
Access & Quality	45	27,712,926
CBOC	54	72,901,561
Collaboration & Outreach	15	12,718,980
Geriatrics	51	43,036,639
Homelessness	2	961,699
Mental Health	34	13,341,135
Specialty Care	35	6,490,781
Tele & Models of Care	57	31,710,485

Training & Education	15	3,475,481
Women Veterans	12	2,597,589
Project ARCH	1	35,000,000
Office of Telehealth Services	1	52,724
TOTAL ALL CATEGORIES	**322**	**$250,000,000**
VISN	Number of Projects	FY 12 Funding
VISN 1	3	724,000
VISN 2	9	4,765,047
VISN 3	7	3,944,318
VISN 4	6	4,134,720
VISN 5	7	3,500,926
VISN 6	21	26,520,035
VISN 7	20	16,220,765
VISN 8	12	12,243,996
VISN 9	10	3,177,664
VISN 10	10	9,979,330
VISN 11	11	8,853,299
VISN 12	18	4,935,385
VISN 15	17	12,623,524
VISN 16	19	24,921,392
VISN 17	15	3,982,493
VISN 18	20	7,000,420
VISN 19	36	13,979,919
VISN 20	25	22,719,231
VISN 2	137	24,189,954
VISN 22	6	3,016,515
VISN 23	10	2,914,343
Program Offices	1	600,000
Project ARCH	1	35,000,000
Office of Telehealth Services	1	52,724
TOTAL ALL VISNs	**322**	**$250,000,000**

Question 17: Community Health Centers operated by HHS: What collaborations does VA have with community health centers (CHCs) operated by HHS, particularly in rural areas? Do you have data on how many veterans receive care at CHCs?

Answer: As a result of the Rural Health Strategic Planning Refresh activities in 2011, the Office of Rural Health (ORH) is starting to explore how VA can collaborate closer with Community Health Centers (CHCs). ORH funded a study in VISN 5 last year to assess the collaboration with the Department of Health and Human Services-funded Rural Community Health Centers. The following link provides the final report submitted from VISN 5: http://wwwsuralhealth.va.00vklocs/2011 6 30 NACHC Final Report.pdf

This pilot demonstrates the need for ORH to explore the potential of collaboration and is just beginning to embark on this opportunity to improve access to Veterans and their families for health care in rural communities. ORH does not have any data on how many Veterans receive care at CHCs at this time.

Question 18: HUD VASH Identify the funding requested in FY13 by HUD and VA for the HUD-VASH housing program for homeless veterans as well as the funding history from each agency since the start of the program. Identify for each year the new vouchers supported as well as the cumulative total of vouchers being supported.

Answer: The Department of Housing and Urban Development — VA Supportive Housing (HUD-VASH) Program received funding from Congress in 2008 in the amount of $75 million, appropriated to HUD, to fund approximately 10,000 Housing Choice Vouchers. In subsequent years, HUD received HUDVASH voucher appropriations amounting to an additional $75 million in FY 2009, $75 million in FY 2010, $50 million in FY 2011 and $75 million in FY 2012. This equated to approximately 10,000 Housing Choice vouchers in each of these years, with the exception of FY 2011 in which funding allowed for the provision of approximately 8,000 Housing Choice and Project Based Vouchers. With the recent allocation of the FY 2012 vouchers, there are now approximately 48,000 HUD-VASH vouchers available to house homeless Veterans. HUD has requested $75 million in new funding for approximately 10,000 additional HUDVASH vouchers in FY 2013.

VA specific purpose funding was set aside to hire case managers to provide the supportive wrap around case management services necessary to assist these homeless Veterans in searching for appropriate permanent housing, connecting to treatment and other supportive services, and achieving and maintaining stability in their recovery. In FY 2009, approximately $26 million was allocated to hire case managers at a ratio of 1 staff member for every 35 vouchers. In FY 2010, the case management ratio was lowered to 1 staff member for every 25 vouchers in recognition of the acuity of the population being served and the need for more intensive case management; in FY 2010, VA added an additional 100 substance use disorder specialists. In FY 2010 approximately $71 million was allocated to support the salaries of approximately 1,200 existing and new case management staff. In FY 2011, VA added approximately 300 additional case managers to support new HUD-VASH vouchers, for a total budget of $151 million and supporting approximately 1,500 positions. With the appropriation of 10,000 more vouchers to HUD in FY 2012, VA allocated a total of $201 million in FY 2012 for HUD-VASH case management. With HUD requesting 10,000 more HUD-VASH vouchers in FY 2013, thus bringing the final total number of HUDVASH vouchers to almost 60,000, VA has budgeted nearly $245 million in funding in FY 2013 to fund an additional 300 case managers to support an additional 10,000 vouchers.

Question 19: Prosthetic/Orthopedic Devices:_How does the VA determine which prosthetic and orthic devices are eligible for VA purchase? Does VA have a "formulary" or comparable process that identifies which devices are eligible for which conditions? Provide a list of evidence-based, non-industry-supported research papers which are or can be used to determine which devices VA will purchase.

Response: VHA provides all commercially available items, including advanced orthotic and prosthetic technologies, to Veterans when clinically indicated and prescribed by the Veteran's medical provider. VHA leverages the specialized expertise in clinical care provided through the Amputation System of Care to incorporate evidence-base practices in medical rehabilitation and orthotic and prosthetic technologies, application, and prescription. Multi-disciplinary clinical care teams develop and employ evaluation criteria and clinical practice guidelines based upon peer reviewed research, professional and industry standards, and subject matter expertise

Question 20: Building Activations:_Identify which buildings are to be activated with the $601 million in the FY13 request.

Answer: The $601 million in FY 2013 represents only the Medical Services portion of the total activation obligations for that year, which is $792 million. FY2013 activations estimates, by project, are identified in the table below.

YISN +.1	Location	State	Project Name	FY 13 Adjusted Total
1	Boston	MA	Boston - Outpatient ClinicLease	250,989
4	Pittsburgh	PA	Pittsburgh - Medical Center Consolidation (OV)	13,138,176
6	Fayetteville	HC	Fayetteville - Health Care CenterLease	43,417,441
6	Charlotte	NC	Charlotte - Health Care CenterLease	42,986,894
6	Winston-Sal	NC	Winston-Salem - Health Care CenterLease	41628,288
6	Wilmington	NC	Wilmington - Outpatient ClinicLease	17,462,966
	Greenville	tic	Greenville NC - Outpatient ClinicLease	13,939,892
7	Columbus	GA	Columbus - Community-Based Outpatient ClinicLease	8,445,794
7	Huntsville	AL	Huntsville - Outpatient ClinicLease	6,122,203
7	Birmingham	AL	Birmingham - Clinical Annex/Outpatient ClinicLease	3,782,196
7	Anderson	SC	Anderson - Outpatient ClinicLease	761,505
7	Greenville	SC	Greenville SC- Outpatient ClinicLease	482,936
7	Atlanta	GA	Atlanta - Specialty CareLease	14,334,460
7	Montgomer	AL	Montgomery - Health Care CenterLease	11,037,525
7	Hinesville	SC	Hinesville - Community-Based Outpatient ClinicLease	9,106,926
7	Savannah	GA	Savannah - Community-Based Outpatient ClinicLease	7,989,112
8	Bay Pines	FL	Bay Pines - In patient/Outpatient Improvements	322,087
8	San Juan	PR	San Juan – Seismic Corrections B1dg. 1 (OV)	8,188,453
8	Tampa	FL	Tampa – Polytrauma Bed Tower (0V)	3,756,014
8	Tallahassee	FL.	Tallahassee - Outpatient ClinicLease	41,255,651
8	Tampa	FL	Tampa - Primary Care AnnexLease	8608,680
8	Brandon	FL	Brandon - Outpatient Clinic (Tampa)Lease	7,485,513
11	South Bend	IN	South Bend - Community Based Outpatient Outpatient ClinicLease	4,467,642
11	GR	MI	Grand Rapids - Community Based Outpatient ClinicLease	16,977,340
11	Fort Wayne	IN	Fort Wayne - Community Based Outpatient ClinicLease	783,348
12	Green Bay	WI	Green Bay - Outpatient ClinicLease	59,792,431
15	Columbia	MO	Columbia - Operating Suite Replacement	7,867,043
15	St Louis (TB	MO	St Louis (J11) - Med Facility Improv & Cem Expansion (OV)	5,951,838
15	Kansas City	KS	Kansas City - Community-Based Outpatient ClinicLease	6,034,292
16	New Orleans	LA	New Orleans - Restoration/Replacement Medical Facility (OV)	78,326,775
16	Springfield	MO	Springfield - Community-Based Outpatient ClinicLease	4,472,887
16	Mobile	AL	Mobile - Outpatient Clinctease	1,512,723
17	Austin	Tx	Austin - Outpatient ClinicLease	12,810,391
17	McAllen	TX	McAllen - Outpatient ClinicLease	1,770,830
18	Mesa	AZ	Mesa - Satellite Outpatient Chniclease	24,559,679
19	Denver	CO	Denver - Replacement Medical Center Facility (0V)	115,715,592
19	Colorado Sp	CO	Colorado Springs - Community-Based Outpatient Clinic RelocationLease	16,586,626
19	Billings	MT	Billings - Satellite Outpatient ClinicLease	7,423,558
20	Seattle	WA	Seattle - Correct Seismic Deficiencies 8100, NT & NtICU	8,609,778
20	Walla Walla	WA	Walla Walla - Multi Specialty Care (Overview)	23,559,980
20	Salem	OR	Salem - Community-Based Outpatient ClinicLease	2,568,506
20	Eugene	OR	Eugene - Community-Based Outpatient ClinicLease	21,511,332
21	Palo Alto	CA	Palo Alto - Centers for Ambulatory Care and Polytrauma Rehabilitation	10,357,494
21	Monterey	CA	Monterey Health re CenterLease	10,000,736
21	San Francis<	CA	San. Francisco - Research teaseLease	1,875,873
22	Loma Linda	CA	Loma Linda - Health Care Centertease	32,490,868
22	San Diego	CA	San Diego - Outpatient ClinicLease	12,512,039
			Total	792,343,302

Question 21: Funded Grandfathered Construction Projects: Provide a list of the $1.2 billion in funded grandfathered construction projects that are not included in the 2013 Integrated Priority List starting on page 7-2 of Volume IV of the budget submission. Identify how much funding has been provided for each project by fiscal year and how much has been obligated.

Answer: See attached project list.

Q21 Grandfathered Projects. pdf

Question 22: Outside Audits/Construction Process:

a. Are outside audits performed of major construction projects periodically during the construction process?

Answer: Yes, outside audits are performed by either the Defense Contracting Audit Agency (DCAA) or VA's Office of the Inspector General (01G). The outside audits confirm cost and pricing for negotiated actions over $700,000. VA contracts typically will only see an audit of specific cost items on a modification under the contract. The FAR limits the amount of audits that may be performed during the execution of actions under $700,000.

b. How frequently is independent verification and validation performed during construction?

Answer: Independent verification and validation is rarely performed on construction contracts. VA awards contracts based on competition for a fixed price on a pre-defined scope. There is little opportunity for adjustments often found in other contract forms, such as cost reimbursement contracts (CRC), time and material (T&M) contacts or level of effort contracts. CRC, T&M or Level of Effort contract vehicles are more likely to require independent verification and validation.

Question 23: Orlando, **FL VAMC** Construction Delays: The Orlando, FL VAMC construction project is experiencing significant delays. The main spokesperson for the site contractor is forecasting a 13 month delay, pushing the facility opening to December 2013, instead of October 2012. The VA is projecting a summer 2013 opening.

a. Why is there a disparity between the VA and the site contractor supervisor on the possible opening dates?

Q21 - Funded Grandfathered Projects - Summary

	Obligated to Date	Future Need for $000 FY13 ($000)
Major Construction:	**168,104**	**396,623**
Minor Construction:	**254,938**	**526,594**
Non-Recurring Maintenance:	**60,231**	**359,225**
Total:	**483,273**	**1,282,442**

Q21 - Funded Grandfathered Major Construction Projects

Location	Project Description	Total Est. Cost	FY07 ($000)	FY08 ($000)	FY09 ($000)	FY10 ($000)	FY11 ($000)	FY12 ($000)	FY13 Request ($000)	Obligated to Date ($000)
St. Louis, MO	Medical Facility Improvements & Cemetery Expansion	366,500	7,000	0	5,000	19,700	0	80,000	130,300	17,231
Palo Alto, CA	Ambulatory Care/Polytrauma Rehab	716,000	0	164,877	0	0	54,000	75,900	177,823	143,673
Seattle, WA	B101 Mental Health	222,000	0	0	4,300	0	0	47,500	55,000	5,277
Dallas, TX	Spinal Cord Injury	155,200	0	0	8,900	0	0	0	33,500	1,923
Total, Major Construction									**396,623**	**168,104**

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	1	Brockton	Build Addition for MRI/CT Radiology5	6,891,000	-	765,000	6,126,000
VHA	1	Brockton	Improve Life Safety Deficiencies	6,950,000	-	765,000	6,185,000
VHA	1	Manchester	Mental Health Addition & Improvements	5,713,369	728,752	5,225,047	-
VHA	1	Northampton	Northampton Permanent Support Housing	6,300,000	-	6,300,000	-
VHA	1	Providence	Expand Sterile Processing & Distribution	9,985,000	714,709	998,000	9,270,291
VHA	1	West Haven	Mental Health Access Expansion	9,890,000	774,558	-	9,115,442
VHA	1	West Haven	Surgical Specialty Clinic Addition	8,020,000	828,925	7,008,750	-
VHA	1	West Haven	Laboratory Service Consolidation	9,341,462	928,213	-	8,413,249
VHA	1	West Haven	ICU Step Down Expansion	6,688,800	4,799,689	6,017,700	-
VHA	1	West Haven	Surgical Specialty Clinics	6,284,586	6,009,594	5,798,199	-
VHA	1	West Roxbury	Ambulatory Care Addition	8,680,000	636,494	-	8,043,506
VHA	1	West Roxbury	Replace Research Building	9,325,000	616,066	-	8,708,934
VHA	1	White River Junction	Replacement SPD	8,883,645	840,545	8,144,596	-
VHA	2	Albany	New Emergency Department	7,785,368	648,615	7,130,414	-
VHA	2	Batavia	Ward C Privacy Renovations	8,270,000	897,266	-	7,372,734
VHA	2	Batavia	Ward B Privacy Renovations	4,053,860	461,214	3,638,000	-
VHA	2	Buffalo	Consolidate Surgical Programs	9,944,000	-	994,000	8,950,000
VHA	3	Brooklyn	Patient Improvement - Rehab/Audiology	8,937,500	687,959	-	8,087,657
VHA	3	Castle Point	Expand and Renovation Urgent Care Area	9,257,500	954,347	-	8,807,700
VHA	3	East Orange	Construct New Emergency Department	9,769,100	849,843	-	8,873,189
VHA	3	Lyons	Renovation Community Living Center	6,831,000	449,800	6,256,000	-
VHA	3	Lyons	Correct CLC Deficiencies	9,897,950	895,911	-	8,837,993
VHA	3	New York	Correct Seismic Deficiencies of Main Hospital	8,843,200	449,057	-	8,394,143
VHA	3	Northport	Operating Room Replacement	9,900,000	1,059,957	-	8,840,043
VHA	3	Northport	Intensive Care Unit Replacement	6,500,000	800,387	-	5,699,613
VHA	3	Northport	CLC 3 - New Construction	9,885,861	853,659	-	3,476,828
VHA	4	Altoona	Expand & Improve Behavioral Health Clinic	9,794,000	575,308	820,000	9,218,692
VHA	4	Butler	Dementia Long Term Care Unit Replacement	7,000,000	6,409,033	6,420,000	-
VHA	4	Clarksburg	Construct Parking Garage	9,652,000	577,530	-	9,652,000
VHA	4	Erie	Build Parking Garage	8,500,000	495,680	750,000	8,004,320
VHA	4	Erie	Replace Community Living Center	9,557,000	-	956,000	8,601,000
VHA	4	Erie	Expand Behavioral Health	6,000,000	535,497	5,625,000	-
VHA	4	Lebanon	Behavioral Health Treatment Complex	7,766,440	836,263	-	6,930,177
VHA	4	Philadelphia	Expand Main Entrance Building 1	3,668,000	573,793	367,000	3,094,207
VHA	4	Philadelphia	Expand Parking, Phase 2	9,800,000	601,534	-	9,198,466
VHA	4	Pittsburg	Research Building Addition	8,512,350	846,378	-	7,665,972
VHA	4	Pittsburg	Expand Medical and Surgical Clinics	9,710,552	863,419	-	9,195,234
VHA	4	Pittsburg	Upgrade SPD & Security Dock - UD	6,697,500	585,645	6,127,500	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	4	Pittsburg	New Elevator Addition for Bldg 1 - UD	4,733,300	515,318	4,303,000	-
VHA	4	Wilkes-Barre	Build Community Living Center, Phase 1	9,722,000	-	972,000	8,750,000
VHA	4	Wilmington	Build New Medical Center Entrances (Community Living Center and SW7)	5,992,150	540,000	836,000	5,452,150
VHA	5	Baltimore	Construct New Substance Abuse Residential Rehab Treatment Program Beds	8,562,815	710,455	7,892,025	670,790
VHA	5	Baltimore	Managed Care/ED Improvements and Enrollment Center	9,522,000	833,627	-	8,498,993
VHA	5	Martinsburg	Build Women's Wellness Center	7,498,000	-	799,999	6,698,001
VHA	5	Martinsburg	Relocate Dementia Unit for Polytrauma	9,580,000	1,023,007	-	8,556,993
VHA	5	Martinsburg	Renovate Outpatient Surgery	5,378,000	364,939	4,918,000	-
VHA	5	Perry Point	Expand OIF/OEF and Renovate Bldg 80 for Outpatient Mental Health	8,000,000	700,000	-	7,300,000
VHA	5	Perry Point	36-Bed PRRTP Replacement, Phase 2	7,777,000	-	661,000	7,116,000
VHA	5	Perry Point	Construct 36 New Residential Rehab Treatment Program Beds	5,131,000	525,739	-	(4,477,334)
VHA	5	VAMHCS	Construct New Substance Abuse Residential Rehab Treatment Program Beds	8,562,815	710,455	7,892,925	-
VHA	5	Washington	Comprehensive Nursing Rehabilitation Center 3rd Floor Expansion	9,839,000	9,608,334	9,039,000	-
VHA	5	Washington	4E Patient Ward Renovation/Expansion	7,253,000	678,215	6,622,000	-
VHA	5	Washington	OIF/OEF Welcome Center	4,830,000	515,522	4,430,000	-
VHA	5	Washington	CNRC Addition for Blind Rehab & OIF/OEF Transitional Rehab	7,050,000	595,919	750,000	6,454,081
VHA	5	Washington	Mental Health Domiciliary	6,500,000	1,132,413	5,463,000	-
VHA	5	Washington	Four Story Modular Building	9,839,000	9,476,907	6,387,000	-
VHA	6	Asheville	Demolish/Replace Building 9	9,900,000	1,029,997	-	9,564,162
VHA	6	Beckley	Specialty/Ancillary Care Construction	2,248,189	209,696	-	1,437,898
VHA	6	Beckley	Patient Care Expansion	4,750,000	335,838	4,227,500	-
VHA	6	Hampton	Renovate/Expand Spinal Cord Injury	9,852,826	810,291	-	9,042,535
VHA	6	Richmond	Mental Health Recovery Center	9,537,940	899,619	-	8,638,321
VHA	6	Richmond	Dialysis Expansion	9,660,188	879,448	-	9,660,188
VHA	6	Salem	Patient Dining Area ECRC	4,527,000	224,888	4,397,000	-
VHA	6	Salisbury	Renovate Building 11 for Residential Care	8,226,000	-	625,000	7,601,000
VHA	6	Salisbury	Renovate Clinical Lab	9,472,000	-	820,000	8,652,000
VHA	6	Salisbury	Renovate Intensive Care Unit	9,126,000	-	770,000	8,356,000
VHA	6	Salisbury	Mental Health Renovation, Phase 3	6,020,000	517,239	-	5,502,761
VHA	6	Salisbury	Mental Health Care Renovation, Building 4, Phase 2	9,460,000	685,074	8,640,000	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	6	Salisbury	Long Term Care Renovation, Phase 3	9,080,000	785,906	-	8,294,094
VHA	7	Atlanta	Urgent Care/Primary Care Support	9,817,823	1,173,962	-	8,643,861
VHA	7	Augusta	New SCIU/Hospital Parking Deck	9,900,000	5,999,860	9,900,000	-
VHA	7	Birmingham	Ambulatory Surgery Improvements	8,560,664	554,873	-	8,005,791
VHA	7	Dublin	Revert Former VHA Property from State Board of Regents & Community Service Board of Middle Georgia to VAMC Dublin	25,000	-	25,000	-
VHA	7	Tuscaloosa	Community Living Center Cottages, Phase 2	9,974,291	469,545	-	9,255,715
VHA	7	Tuskegee	Relocate Acute Mental Health Beds to Building 120	8,982,624	748,667	-	8,233,957
VHA	8	Bay Pines	Research Center - Research	6,986,556	718,576	6,379,029	-
VHA	8	Bay Pines	Construct Cancer Infusion Therapy Center	7,989,466	601,178	-	7,495,728
VHA	8	Bay Pines	Expand Renovate Building 101 Community Living Center	6,925,000	4,241,345	5,939,000	-
VHA	8	Gainesville	Expand ICU	8,500,000	493,738	-	8,006,262
VHA	8	Gainesville	Expand Parking Garage, Phase 2	7,000,000	688,826	-	6,496,451
VHA	8	Orlando	Build New Research Space	9,088,000	-	909,000	8,179,000
VHA	8	West Palm Beach	Mental Health Domiciliary	9,903,242	503,549	-	9,903,242
VHA	9	Lexington (CD)	5th Floor Main Addition, CDD	9,371,000	809,572	-	8,650,022
VHA	9	Louisville	Construct Parking Garage	9,001,580	-	797,000	8,204,580
VHA	9	Memphis	Building 1A Entrance & Expand Structural Improvements	8,817,000	720,978	-	8,540,271
VHA	9	Mountain Home	Community Living Center, Building 162 - Add Second Floor	1,462,000	160,327	-	1,462,000
VHA	9	Mountain Home	Expand ER, Building 204	3,274,000	276,729	-	3,274,000
VHA	10	Chillicothe	Build Laboratory/Prosthetics Addition to Building 31	9,405,000	-	940,500	8,464,500
VHA	10	Chillicothe	Building Addition to B 31 for Sterile Processing and Distribution5	9,445,000	-	945,500	8,499,500
VHA	10	Chillicothe	Renovate NHCU B211-AB	8,950,000	9,611,196	8,171,604	-
VHA	10	Chillicothe	Renovate Community Living Center B-211 West	9,801,030	947,662	-	8,853,368
VHA	10	Chillicothe	Clinical Addition to Building 31	9,822,465	943,179	-	9,822,465
VHA	10	Cincinnati	Relocate Community Living Center, Phase 4	8,534,000	-	853,000	7,681,000
VHA	10	Cincinnati	Replace Animal Research Facility, Phase 3	8,908,000	-	890,800	8,017,200
VHA	10	Cincinnati	Relocate NHCU Phase 2	9,605,500	9,260,493	8,620,500	-
VHA	10	Cincinnati	Relocate CLC Short Term Rehabilitation Beds	9,672,000	915,200	-	8,756,800
VHA	10	Cincinnati	Animal Research Facility - Research	9,828,000	958,527	8,820,000	-
VHA	10	Cleveland	Emergency Department and Specialty Care Clinic Addition	9,163,000	810,504	-	8,352,496
VHA	10	Cleveland	Surgery Addition	9,987,500	740,900	9,137,500	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	10	Cleveland	Pathology & Laboratory Medicine Service Addition	9,837,999	9,441,099	5,590,000	-
VHA	10	Columbus	Build Specialty Care Addition	9,000,000	-	900,000	8,100,000
VHA	11	Ann Arbor	Expand East Parking Structure	5,895,000	480,938	5,400,000	-
VHA	11	Battle Creek	Substance Abuse Treatment Unit Renovation B-7	8,999,000	787,136	-	8,211,864
VHA	11	Battle Creek	Ambulatory Care Expansion B2	8,724,000	924,066	7,837,000	-
VHA	11	Danville	Four Community Living Center 12-Bed Modules	9,052,000	914,488	-	2,433,139
VHA	11	Detroit	Expand Emergency Room	9,745,500	940,820	-	8,804,680
VHA	11	Marion	Clinical Services Expansion, Building 138-4	6,402,314	6,618,861	5,900,000	-
VHA	12	Chicago	Expand Outpatient Clinics, Bldg 30, 2nd Floor Addition	9,894,000	801,049	-	9,092,951
VHA	12	Chicago (LS)	Expand New & Remodel Existing Material Mgmt Area	5,818,000	310,561	-	5,461,549
VHA	12	Madison	Consolidate ICU's	9,830,000	887,711	-	8,942,289
VHA	12	Milwaukee	Construct NHCU Homes (4)	6,960,000	356,451	6,320,000	-
VHA	12	North Chicago	Construct Four Unit Community Living Centers NH	6,936,000	348,540	6,322,000	-
VHA	12	Tomah	Renovate Building 2 for Transitional Residency Program	9,667,000	842,727	6,134,970	(6,125,303)
VHA	12	Tomah	Construct Clinical Addition B-400	4,739,400	399,451	4,334,000	-
VHA	12	Tomah	Construct Community Living Center	4,747,000	601,823	4,269,360	-
VHA	12	Tomah	Construct Recreation Therapy Building	5,596,403	372,015	-	4,650,996
VHA	15	Columbia	Construct Parking Structure	9,376,000	488,000	-	8,637,718
VHA	15	Columbia	Relocate ICU	9,036,000	945,407	-	9,036,000
VHA	15	Columbia	Relocate SPD	8,119,000	738,282	7,438,055	-
VHA	15	Kansas City	Expand Lab Services, Radiology, & Acute Rehabilitation	9,792,000	-	979,000	8,813,000
VHA	15	Kansas City	Transitional Nursing Home Care Unit	9,073,869	534,114	-	8,539,755
VHA	15	Leavenworth	NHCU Relocation	9,962,000	898,971	9,151,000	-
VHA	15	Marion	MICU, Day Surgery, Surg & Med Spec	9,957,000	646,162	9,132,000	-
VHA	15	St. Louis	Revert Former VHA Property from Missouri Dept of Transportation to St. Louis VAMC	50,000	30,903	50,000	-
VHA	15	Topeka	Community Living Center	9,276,000	879,113	8,525,000	-
VHA	15	Topeka	Specialty Care Addition	4,500,000	491,671	4,050,000	-
VHA	15	Wichita	Expand Primary Care	8,810,248	759,482	-	8,332,965
VHA	16	Biloxi	VA/DoD Panama City CBOC Replacement	9,995,000	893,580	-	9,101,420
VHA	16	Biloxi	Surgery/Intensive Care Unit Renovation	7,485,000	477,283	-	6,635,000
VHA	16	Fayetteville	Renovate Former Army Reserve Center	6,650,805	-	6,650,805	-
VHA	16	Houston	Build Out of 2nd Floor in Bldg 100 for Specialty Care Services	9,889,438	850,000	9,048,563	-
VHA	16	Houston	Renovate Bldg 108 for Mental Health	9,815,350	808,707	8,979,800	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	16	Jackson	Provide 3rd Floor for CLC Expansion, Phase 1	9,666,000	850,813	834,000	8,815,187
VHA	16	Little Rock	Construct New Substance Abuse Building	9,924,000	697,913	-	9,226,087
VHA	16	Little Rock	Consolidate North Little Rock Patient Care Services	9,550,000	697,913	-	8,852,087
VHA	16	Oklahoma City	Expand Lawton Outpatient Clinic	2,676,000	-	268,000	2,408,000
VHA	16	Oklahoma City	Mental Health Expansion	8,701,000	769,979	7,931,000	-
VHA	16	Oklahoma City	1st & 2nd Floor Clinic Expansion	8,218,000	633,495	-	7,584,505
VHA	16	Oklahoma City	Surgical Intensive Care Unit Expansion	9,700,000	965,368	8,000,000	-
VHA	16	Oklahoma City	Construct Parking Structure	9,807,000	670,263	-	9,807,000
VHA	17	Dallas	Emergency Room Expansion	9,994,327	871,065	-	9,994,327
VHA	17	San Antonio	Parking Garage, Phase 2	9,902,342	-	9,902,342	-
VHA	17	Temple	Revert Former VHA Property from Texas Veterans Nursing Home to Temple VAMC	75,000	-	75,000	-
VHA	17	Temple	Urgent Care Replacement	9,772,000	678,855	-	9,093,145
VHA	17	Temple	Surgery Suite Replacement	9,881,244	1,222,170	-	8,620,274
VHA	17	Temple	Research Addition Bldg 205 - Research	9,810,700	832,637	9,000,700	-
VHA	17	Waco	Waco OPC Replacement, Phase 1	9,616,200	1,260,970	-	9,616,200
VHA	18	Albuquerque	Build Acute Psychiatric Unit	9,714,000	-	827,000	8,887,000
VHA	18	Albuquerque	Build New Community Living Center, Phase 1	9,597,000	-	850,000	8,747,000
VHA	18	Albuquerque	Operating Room Expansion	9,487,000	835,567	-	8,651,433
VHA	18	Albuquerque	Outpatient Mental Health Expansion	9,150,000	7,247,305	8,350,000	-
VHA	18	Albuquerque	MICU and SICU Consolidation	9,054,000	710,234	-	8,343,766
VHA	18	Albuquerque	Renovate Research Labs - Research	8,960,000	6,967,396	8,160,000	-
VHA	18	Albuquerque	Ambulatory Surgery	9,000,000	810,670	8,140,000	-
VHA	18	Albuquerque	Seismic Correction Bldg 1 - Seismic	9,600,000	938,826	-	9,131,814
VHA	18	Amarillo	Expand Rehabilitation and Prosthetics Wing	8,759,000	-	876,000	7,883,000
VHA	18	Amarillo	Emergency Room	5,033,210	468,186	4,621,000	-
VHA	18	Big Spring	Build Community Living Center	8,253,000	968,705	734,000	7,284,295
VHA	18	Big Spring	Expand Special Care Clinics & Lab	6,447,309	568,129	-	6,447,309
VHA	18	El Paso	Dental & Clinical Expansion	9,987,908	881,060	9,104,022	-
VHA	18	Phoenix	Build Parking Garage	9,799,000	-	437,000	9,362,000
VHA	18	Phoenix	Renovate Community Living Center, Phase 2	9,896,000	-	859,029	9,036,971
VHA	18	Phoenix	Building 5 & 6 Replacement for Dental Clinic	9,306,397	659,922	-	8,646,475
VHA	18	Phoenix	Expand and Renovate Emergency Department	9,771,000	796,656	-	8,974,344
VHA	18	Phoenix	Expand Building 1 for Clinical Services	9,945,000	-	863,680	9,081,320
VHA	18	Prescott	Expand Rehab Medicine & Sterile Processing and Distribution	9,187,000	-	788,000	8,399,000
VHA	18	Prescott	Mental Health Facility	9,112,000	728,608	-	8,383,392
VHA	18	Tucson	Build Mental Health Beds	9,846,000	-	848,000	8,998,000

Department of Veterans Affairs
April 2012

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[11]	FY12 Planned	Future Need
VHA	18	Tucson	SPD Expansion/Dental Relocation	8,275,000	5,552,902	7,444,000	-
VHA	19	Cheyenne	Expand Laboratory	1,321,000	-	132,000	1,189,000
VHA	19	Cheyenne	Replace 20 Community Living Center Beds	7,773,000	-	777,300	6,995,700
VHA	19	Cheyenne	Behavioral Health Unit	7,637,703	667,111	667,092	6,970,592
VHA	19	Denver	Psychiatric Residential Rehabiltation Program	9,320,000	-	-	9,320,000
VHA	19	Grand Junction	Build OT/ PT/ Prosthetics Building	9,087,000	-	909,000	8,178,000
VHA	19	Grand Junction	Build Parking Structure 1	9,620,000	-	962,000	8,658,000
VHA	19	Montana HCS	Correct Patient Privacy	9,931,000	743,298	8,985,000	-
VHA	19	Salt Lake City	Build Rehab/Prosthetics & Ortho/Neuro/Holistic Medicine Addition (B.01)	9,964,000	-	996,000	8,968,000
VHA	19	Salt Lake City	Enhancements to Valor House	1,000,000	-	1,000,000	-
VHA	19	Salt Lake City	Build Specialty Clinics Building (B.51)	9,897,000	-	989,000	8,908,000
VHA	19	Sheridan	Expand Domiciliary	9,105,000	-	910,000	8,195,000
VHA	19	Sheridan	Mental Health Res. Rehab	9,886,081	9,886,080	8,987,345	-
VHA	20	Boise	Replace & Modernize Surgery/Intensive Care Unit	9,985,258	1,094,725	9,046,496	-
VHA	20	Boise	ICU 3rd Floor Building 67	9,915,716	860,173	-	9,205,215
VHA	20	Boise	Purchase Mountain Cover Property	3,788,511	3,695,370	-	3,485,615
VHA	20	Boise	Construct New Extended Care Unit	9,982,685	710,501	9,177,370	-
VHA	20	Boise	Medical Imaging Building	2,717,000	302,896	2,717,000	-
VHA	20	Portland	New Emergency Dept Bldg	9,825,000	952,620	9,025,000	-
VHA	20	Roseburg	Eagle Landing Transitional Housing	1,000,000	1,000,000	1,000,000	-
VHA	20	Roseburg	New MH SARRTP Building - Seismic	9,991,098	971,526	-	9,019,572
VHA	20	Roseburg	Bldg 2 Acute Psych Ward Replacement - Seismic	9,775,000	1,029,617	8,925,000	-
VHA	20	Roseburg	Protective Care Unit (PCU) Relocation	9,990,000	1,208,485	9,120,000	-
VHA	20	Roseburg	Correct SPD/Surgical Deficiencies	9,897,000	789,010	9,027,000	-
VHA	20	Seattle	Expand Specialty Clinics at Seattle	9,343,656	876,704	8,404,896	-
VHA	20	Spokane	Construct Endoscopy - SPD Addition	9,513,000	790,207	8,683,000	-
VHA	20	Vancouver	Build Primary Care Clinic	9,300,000	-	930,000	8,370,000
VHA	20	White City	Expand Ambulatory Care Clinic	9,966,000	9,749,988	9,240,000	-
VHA	20	White City	Replace Nutrition and Food Services (Kitchen) - Seismic	9,962,000	799,295	9,223,000	-
VHA	21	Fresno	Expand and Relocate Imaging Services to 1st Floor Building 1	9,464,000	-	946,000	8,518,000
VHA	21	Fresno	Expand Community Living Center	9,735,000	-	974,000	8,761,000
VHA	21	Fresno	Outpatient Mental Health/Homeless Veteran Center Building	9,601,511	952,228	-	8,649,283
VHA	21	Fresno	Bldg 24 Seismic Corrections	9,057,753	985,047	8,073,275	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	21	Manila	VHA Minor Program Capital Security Cost Sharing Payment to State Department[2]	1,653,114	-	1,653,114	-
VHA	21	Martinez	Purchase Parking Lot	2,400,000	-	240,000	2,160,000
VHA	21	Menlo Park	Expand Homeless Domiciliary Outpatient and Therapy Programs	9,800,000	-	980,000	8,820,000
VHA	21	Menlo Park	Seismic Correction of Building 323 and Infrastructure Enhancements	9,800,000	-	980,000	8,820,000
VHA	21	Palo Alto	Build New Patient Simulation Center for the National SimLEARN Initiative	9,800,000	-	980,000	8,820,000
VHA	21	Palo Alto	Public Health Translational Research Center Seismic Corrections	9,950,000	817,905	-	9,132,095
VHA	21	Palo Alto	Genomic Medicine Research Center	9,920,000	817,905	-	9,102,095
VHA	21	Palo Alto	Dry Lab Research Facility Acquisition	9,975,000	49,024	800,000	9,175,000
VHA	21	Palo Alto	Building 51 Musculo-Skeletal Center Seismic Corrections - Seismic	9,985,800	954,154	-	9,985,800
VHA	21	Reno	Purchase Land for Medical Center Expansion & Parking	8,800,000	-	876,000	7,924,000
VHA	21	Reno	Relocate, Upgrade & Expand ICU	9,500,000	-	950,000	8,550,000
VHA	21	Reno	Remodel & Expand for Diagnostic, Imaging, Cardiology & Endo Services	9,700,000	1,045,550	-	8,654,450
VHA	21	Reno	TCU Culture and Patient Safety Improvements	9,800,000	1,269,737	8,569,000	-
VHA	21	Reno	Specialty Clinic Bldg	9,970,000	1,008,194	9,005,000	-
VHA	21	Reno	Bldg 1A Seismic Corrections - Seismic	6,720,000	1,068,018	5,655,000	-
VHA	21	Sacramento	Build Medical Specialties Building	9,310,000	-	931,000	8,379,000
VHA	21	Sacramento	Purchase Land for VAMC Expansion and Parking	8,715,000	-	876,000	7,839,000
VHA	21	Sacramento	Consolidate/Expand Medical Procedures	9,960,000	-	833,000	9,127,000
VHA	21	San Francisco	Clinical Expansion for Mental Health and Sleep Lab	8,710,000	832,831	-	7,877,169
VHA	21	San Francisco	SFVAMC Welcome Center, Access and Security Improvements	9,646,471	1,100,042	-	8,546,429
VHA	21	San Francisco	Vivarium Replacement & Expansion - Research	9,315,995	6,325,443	7,875,000	-
VHA	21	San Francisco	Emergency Prep/Response	9,935,489	1,005,689	8,929,489	-
VHA	22	Loma Linda	Consolidate Intensive Care Unit	9,482,000	-	948,000	8,534,000
VHA	22	Loma Linda	Expand Community Living Center	9,994,000	-	999,000	8,995,000
VHA	22	Loma Linda	Expand Emergency Department	9,593,000	-	959,000	8,634,000
VHA	22	Loma Linda	Cancer Center Building	9,830,000	1,028,573	-	8,801,427
VHA	22	Loma Linda	OP Pharmacy Building	9,638,000	783,322	-	8,854,678
VHA	22	Loma Linda	NHCU Cultural Transformation	8,894,000	776,000	8,118,000	-
VHA	22	Loma Linda	Expand SPD & Warehouse	4,590,000	373,000	4,217,000	-

Q21 - Funded Grandfathered Minor Construction Projects

Admin	VISN / MSN	City	Project Name - Short Description	Total Estimated Cost ($)	Obligations to date[1]	FY12 Planned	Future Need
VHA	22	West Los Angeles	Build New Dialysis Building	7,145,000	-	700,000	6,445,000
VHA	23	Des Moines	Build Sterile Processing and Distribution Addition	9,082,000	-	700,407	8,381,593
VHA	23	Des Moines	Emergency Department Expand/Renovate	4,633,155	624,322	4,177,155	-
VHA	23	Fargo	B1 Additional Outpatient Treatment	9,763,484	837,211	8,914,492	-
VHA	23	Fargo	TCU Expand/Remodel	8,604,761	737,395	7,856,521	-
VHA	23	Fort Meade	Build Surgical Tower Addition	9,266,000	709,231	810,000	8,556,769
VHA	23	Iowa City	Expand Building 1 for PCMH/Ambulatory Care/Radiology/Egress Stairwell Addition	9,970,000	-	500,000	9,470,000
VHA	23	Iowa City	Renovate/Expand for Patient Support Areas	9,905,000	910,912	-	8,921,082
VHA	23	Iowa City	Relocate Surgical OP Rooms	9,939,645	947,842	9,130,583	-
VHA	23	Iowa City	400 Car Parking Garage	9,663,933	983,918	8,877,658	-
VHA	23	Minneapolis	Construct Parking Ramp	9,789,789	598,670	9,235,596	-
VHA	23	Sioux Falls	Build Primary Care Addition	3,149,000	-	314,900	2,834,100
VHA	23	Sioux Falls	Expand Emergency Department/Relocate Oncology Services	3,767,000	-	695,000	3,072,000
VHA	23	Sioux Falls	Construct Inpatient Med/Surg Unit/Renovate Exisiting Med/Surg	9,678,159	658,338	-	8,853,254
VHA	23	St. Cloud	Reconfigure/Expand Buildings 9 & 28 for Residential Rehabilitation Treatment Program	8,069,000	-	730,000	7,339,000
VHA	23	St. Cloud	Long Term/Interim Psych	8,378,700	824,905	7,637,200	-
VHA	23	St. Cloud	Expand PC/SC, Reconfigure Support Space	9,730,200	841,326	8,915,200	-
VHA	23	St. Cloud	Rehabilitation Center	9,311,400	745,260	-	9,284,906
			TOTAL, MINOR PROJECTS	**2,057,507,037**	**254,938,488**	**693,199,503**	**1,219,793,604**

[1] IFMS data through March 30

Q21 - Funded Grandfathered NRM Projects

VISN	Facility	Project Title	Total Est. Cost	Fiscal Year	Obligated to Date	Future Need
1	402 Togus	Construct Private Bathrooms and Showers for Ward 4S of B200	$4,422	2011	$352	$4,069
1	402 Togus	Correct Water Infiltration B203, B204, B209	$3,300	2011	$251	$3,049
1	405 White River Junction	Correct Electrical Deficiencies Phase II	$2,500	2011	$214	$2,286
1	405 White River Junction	FCA – Replace Bldg 1 Exterior Windows	$1,320	2010	$70	$1,250
1	405 White River Junction	Replace Boilers	$2,125	2011	$158	$1,967
1	405 White River Junction	Upgrade B-31 Heating Ventilation and Cooling	$2,050	2011	$160	$1,890
1	518 Bedford	Correct Structural Deficincies, Boiler Plant	$1,020	2011	$83	$937
1	518 Bedford	Replace Underground Sewer Line PH I	$1,200	2011	$99	$1,101
1	518 Bedford	Replace Windows bldgs. 9, 10, 70, 17 PH I	$1,300	2011	$98	$1,202
1	518 Bedford	Upgrade Fire Alarm Systems	$1,800	2011	$219	$1,581
1	523 Boston HCS - Boston	Eye Clinic Renovation Phase 2 and Expansion	$2,750	2011	$250	$2,500
1	523 Boston HCS - Boston	Renovate space for Hemo Clinic	$1,650	2011	$132	$1,518
1	523 Boston HCS - Boston	Upgrade Elevators Bldg. 2 & 9 JP	$4,610	2010	$343	$4,267
1	523A4 Boston HCS - W. Roxbury	FCA Replace Air Handling Equipment PH 3	$1,845	2010	$168	$1,677
1	523A4 Boston HCS - W. Roxbury	FCA Replace Air Handling Equipment PH 4	$1,527	2011	$111	$1,416
1	523A4 Boston HCS - W. Roxbury	FCA- Replace Fire Alarm System	$1,273	2010	$126	$1,147
1	523A4 Boston HCS - W. Roxbury	Replace fan coils with VAV system	$2,002	2011	$136	$1,866
1	523A5 Boston HCS - Brockton	Upgrade Water Distribution System	$4,150	2010	$207	$3,943
1	608 Manchester	Pharmacy Relocation	$2,530	2011	$197	$2,333
1	631 Northampton	Rehabilitate Masonry, Building 1 and 25	$1,272	2010	$125	$1,147
1	650 Providence	Convert Steam Heating to LTHW/CHW Phase 3	$2,350	2010	$250	$2,101
1	650 Providence	FCA Renovate Lobbies and Corridors	$1,790	2011	$161	$1,629
1	650 Providence	FCA Repair Steam System, Phase 2	$2,400	2011	$184	$2,216
1	650 Providence	Renovate Mental Health Outpatient Clinic Wing 3B	$4,000	2011	$269	$3,731
1	650 Providence	Security System Upgrades	$1,087	2011	$110	$977
1	689 Connecticut HCS - West Haven	Animal Research Facility HVAC Controls and Environmental Upgrade	$2,201	2011	$189	$2,011
1	689 Connecticut HCS - West Haven	Research Laboratories HVAC Upgrade	$5,623	2011	$462	$5,161
2	528A6 Bath	RENOVATE BUILDING 34	$2,900	2011	$318	$2,582
2	528A7 Syracuse	Replace Direct Steam Humidifiers	$1,000	2011	$936	$64
2	528A8 Albany	Consolidate Labs 2B and 3C- Ph 2	$3,200	2011	$383	$2,817

Q21 - Funded Grandfathered NRM Projects

VISN	Facility	Project Title	Total Est. Cost	Fiscal Year	Obligated to Date	Future Need
2	528A8 Albany	Repair Hot Water Line- Phase II	$1,395	2010	$118	$1,277
3	526 Bronx	Renovate 2B Lab	$1,440	2009	$117	$1,323
3	526 Bronx	Renovation of Existing AHU	$2,200	2009	$373	$1,827
3	620 Hudson Valley HCS - Montrose	Replace Steam Lines FDR Phase 5 in bldg 5	$3,350	2011	$229	$3,121
3	620A4 Hudson Valley HCS - Castle Point	Bldg 15 E Laboratory HVAC Upgrade at Castle Point	$1,250	2011	$171	$1,079
3	620A4 Hudson Valley HCS - Castle Point	Renovation for Dental Clinic	$2,275	2010	$275	$2,000
3	630 New York Harbor HCS - New York	Admitting Area/ ER Expansion Phase 2	$3,850	2011	$338	$3,512
3	630 New York Harbor HCS - New York	Clinical Improvements/4W Step Down Unit	$2,750	2009	$300	$2,450
3	630 New York Harbor HCS - New York	Nurse Call Replacement	$3,500	2009	$371	$3,129
3	630 New York Harbor HCS - New York	Phase IV HVAC Replacement	$2,375	2009	$176	$2,199
3	630 New York Harbor HCS - New York	Replace and Upgrade Heating, Ventilation and Air Conditioning Equipment	$1,623	2009	$120	$1,503
3	630A4 New York Harbor HCS - Brooklyn	Correct Infection Control Deficiencies - GI	$2,972	2011	$275	$2,697
3	630A4 New York Harbor HCS - Brooklyn	Renovate Patient Wards	$7,201	2011	$642	$6,559
3	630A4 New York Harbor HCS - Brooklyn	Renovate Rehab Medicine (St. Albans)	$2,408	2010	$208	$2,200
3	632 Northport	Renovate Unit 34	$4,620	2009	$423	$4,197
3	632 Northport	Warehouse Renovation	$2,200	2011	$214	$1,986
4	460 Wilmington	Building 15 HVAC Replacement	$1,650	2011	$142	$1,508
4	460 Wilmington	Building 5 and Auditorium Renovation	$3,300	2011	$230	$3,070
4	460 Wilmington	Renovate NFS (Nutrition & Food Services) Kitchen	$5,934	2011	$426	$5,508
4	460 Wilmington	Replace/Expand Clinical Addition Elevators	$3,850	2011; 2012	$3,915	0
4	529 Butler	AHU Upgrade B-2	$2,995	2010; 2012	$2,860	0
4	529 Butler	Correct Electrical Deficiencies	$4,400	2011	$403	$3,997
4	529 Butler	Demolish Connecting Corridor	$1,650	2011	$158	$1,492
4	529 Butler	Replace B-1 Elevators	$1,650	2011	$150	$1,500
4	529 Butler	Replace Campus Gas Line	$2,750	2011	$245	$2,505
4	529 Butler	Replace Roof B-1	$3,300	2011	$249	$3,051

Q21 - Funded Grandfathered NRM Projects

VISN	Facility	Project Title	Total Est. Cost	Fiscal Year	Obligated to Date	Future Need
4	529 Butler	Site Drainage Phase II	$1,315	2011	$112	$1,203
4	540 Clarksburg	FCA Building Automation System Upgrade	$1,100	2011	$545	$555
4	540 Clarksburg	Renovate and Increase Mental Health Area 4A	$6,500	2011	$447	$6,053
4	542 Coatesville	Upgrade Physical Security Station Wide	$1,160	2011	$174	$986
4	595 Lebanon	Renovate to Expand Inpatient Unit B1-2	$3,900	2011	$629	$3,271
4	595 Lebanon	Renovate to Expand Oncology/Dialysis	$1,950	2011	$244	$1,706
4	595 Lebanon	Replace Oil Switches	$2,200	2011	$189	$2,011
4	595 Lebanon	Replace Water Lines	$3,300	2011	$446	$2,854
4	595 Lebanon	Storm Water Management Study	$1,100	2011	$133	$967
4	642 Philadelphia	Correct Building Facade Deficiencies	$2,615	2011	$384	$2,231
4	642 Philadelphia	Elevator Bldg #1	$1,150	2011	$238	$912
4	642 Philadelphia	Renovate 1st and 2nd Fl Research	$9,200	2011	$658	$8,542
4	642 Philadelphia	Upgrade Canteen	$1,725	2011	$181	$1,544
4	693 Wilkes-Barre	Convert Existing SPD to Clinical Space	$1,000	2011	$153	$847
4	693 Wilkes-Barre	Plumbing Upgrade, Phase 1	$3,300	2011	$421	$2,879
4	693 Wilkes-Barre	Renovate Wound Care Clinic	$4,760	2011	$489	$4,271
4	693 Wilkes-Barre	Replace Water Tank	$2,740	2011	$299	$2,441
5	613 Martinsburg	Recreation Pool Facility Upgrades (Design)	$1,430	2011	$130	$1,300
6	658 Salem	Retrofit Water Tanks & Upgrade Water Distribution	$6,100	2010; 2012	$3,650	$2,267
7	508 Atlanta	SPD Renovation	$1,106	2010	$178	$927
7	521 Birmingham	Replace Emergency Generator	$9,691	2010; 2012	$9,369	$0
7	534 Charleston	Install Summer Boiler and Instantaneous Water Heater	$2,627	2010	$149	$2,478
7	557 Dublin	Renovate 13A for Endoscopic Suite	$2,688	2010	$203	$2,484
7	619 CAVHCS - Montgomery	Correct Heating and Cooling in Buildings 83, 90 and 93	$2,823	2010	$241	$2,582
7	679 Tuscaloosa	Replace Roofs Building 39 and 40	$1,406	2010	$85	$1,321
8	573A4 NF/SG HCS - Lake City	Pave New Parking Lot	$1,445	2011	$82	$1,363
8	673 Tampa VAH	Repair Structural Fireproofing Building 1 (FCA-D) Joint Commission PFI Correction	$1,043	2011	$182	$861
8	673 Tampa VAH	UPGRADE OR REPLACE AIR HANDLING UNIT 11 AND 14 (FCA D)	$3,300	2011	$282	$3,018
9	581 Huntington	Construct Dialysis Clinic Building 1W	$1,875	2011	$202	$1,673
9	581 Huntington	Renovate First Floor Building 1W for Ambulatory Care	$2,954	2011	$299	$2,655
9	596 Lexington - Leestown	Replace Heating and Cooling in Buildings 16 and 28 - ENERGY	$2,930	2011	$261	$2,668

Q21 - Funded Grandfathered NRM Projects

VISN	Facility	Project Title	Total Est. Cost	Fiscal Year	Obligated to Date	Future Need
9	596 Lexington - Leestown	Replace Heating and Cooling in Buildings 2 and 3 - ENERGY	$2,988	2011	$275	$2,713
9	596 Lexington - Leestown	Replace HVAC B-29, LD	$2,386	2009	$174	$2,213
9	596 Lexington - Leestown	Upgrade Emergency Generators	$1,320	2011	$147	$1,173
9	614 Memphis	Expand Emergency Department	$4,268	2011	$397	$3,871
9	614 Memphis	Upgrade Controls & Energy Management System - Energy	$5,203	2011	$356	$4,847
9	621 Mountain Home	Replace Air Handler Units Bldg. 77	$1,740	2011	$158	$1,582
9	626 TVHCS - Nashville	Renovate Research Lab Phase 3	$5,106	2011	$503	$4,603
9	626 TVHCS - Nashville	Replace ACRE AHU 28 & 29 and Morgue AHU 4	$1,599	2011	$163	$1,436
9	626A4 TVHCS - Murfreesboro	Boiler Plant Upgrade	$4,966	2011	$508	$4,458
9	626A4 TVHCS - Murfreesboro	Replace AHUs Bldg 6	$1,612	2011	$160	$1,452
9	626A4 TVHCS - Murfreesboro	Replace Attic Air Hadling Units Bldg 1	$1,711	2011	$180	$1,531
9	626A4 TVHCS - Murfreesboro	Upgrade Electrical Distribution PH 3	$4,413	2011	$392	$4,021
10	538 Chillicothe	Demolish Buildings 2, 8, 10 & 11	$1,300	2011	$117	$1,183
10	552 Dayton	FCA-Secunty System Upgrade	$1,624	2011	$116	$1,507
10	552 Dayton	Renovate B-330 1st Floor, Oncology/OEF/OIF	$3,146	2010	$214	$2,932
12	578 Hines	Renovate Building 18	$5,500	2011	$604	$4,896
12	607 Madison	Upgrade Bldg 12 HVAC	$1,300	2011	$108	$1,192
12	695 Milwaukee	111 Expand SPD	$3,905	2011	$355	$3,550
15	589A4 Columbia	FCA-Upgrade Air Conditioning Phase 3, Units 6 and 13	$1,600	2010	$199	$1,401
15	589A4 Columbia	Replace Exhaust Fans - FCA Corrections	$1,650	2009	$277	$1,373
15	589A5 EKHCS - Topeka	MH-Renovate Building 2 Wards 2-3B and 2-3C, Phase I	$6,400	2010	$392	$6,008
15	657 St. Louis	FCA Renovate Ward 52S1, Building 52	$1,679	2011	$64	$1,616
15	657A4 Poplar Bluff	Replace Elevators	$2,491	2011	$70	$2,420
15	657A5 Marion	Remodel Emergency Department	$2,420	2010	$298	$2,122
16	502 Alexandria	Provide Redundant Chiller Capacity for Emergency Preparedness	$2,250	2011	$246	$2,004
16	586 Jackson	Renovate 1st Floor, C-Section for New Women's Clinic	$1,650	2011	$117	$1,533
16	586 Jackson	Renovate 3K for MH O/P Clinics	$2,500	2010	$194	$2,306
16	586 Jackson	Renovate 4C for Improved Patient Environment	$7,150	2010	$553	$6,597
16	586 Jackson	Renovate Basement D-Section for Oncology Expansion	$2,035	2010	$224	$1,811
16	586 Jackson	RENOVATE SICU	$1,650	2010	$167	$1,483

Q21 - Funded Grandfathered NRM Projects

VISN	Facility	Project Title	Total Est. Cost	Fiscal Year	Obligated to Date	Future Need
17	549 NTHCS - Dallas	Renovate 7B Patient Privacy	$2,100	2011	$131	$1,969
17	549A4 NTHCS - Bonham	Electrical Upgrade Design	$2,200	2011	$149	$2,051
17	671A4 STHCS - Kerrville	KD AHU Replacement Phase II	$2,090	2011	$299	$1,791
18	501 Albuquerque	Enhance Patient Parking	$1,000	2011	$101	$899
18	501 Albuquerque	Provide Emergency Power to Patient Care Buildings	$1,500	2011	$141	$1,359
18	501 Albuquerque	Refurbish Elevators in Buildings 1, 3, 4 and 41	$1,650	2011	$172	$1,478
18	501 Albuquerque	Replace Automatic Transfer Switches	$1,100	2011	$95	$1,005
18	501 Albuquerque	Replace Transformers and Secondary Wiring, Phase I	$3,000	2011	$230	$2,770
18	649 Prescott	Renovate Buildings 12-17 (Thermal Envelope)	$1,400	2011	$99	$1,301
18	678 Tucson	Modernize Research Labs	$2,000	2011	$150	$1,850
19	575 Grand Junction	C-P and Distributed Generation	$1,454	2011	$55	$1,399
19	666 Sheridan	Boiler Plant Design	$10,250	2010	$758	$9,492
20	653 Roseburg	Access Improvements	$3,300	2010	$323	$2,977
20	653 Roseburg	Bldg 3 HVAC Corrections	$1,360	2010	$100	$1,260
20	653 Roseburg	Correct Electrical Deficiencies	$2,200	2010	$325	$1,875
20	663 PSHCS - Seattle	Renovate Clinical Laboratory areas - Phase 2	$1,955	2010	$247	$1,709
20	663 PSHCS - Seattle	Upgrade Electrical Distribution Bldgs 1 & 100	$1,750	2010	$174	$1,576
20	668 Spokane	Correct Water Pressure and Storage deficiencies	$1,120	2010	$118	$1,002
20	668 Spokane	Electrical Distribution Synchronizing Switchboard (EDSS) Installation	$2,548	2010; 2012	$2,369	0
21	459 Honolulu	FCA Corrections to CFA	$1,650	2011	$169	$1,481
21	570 Fresno	Repair/Correct Chilled Water & Condensate Drain Systems	$7,800	2011	$352	$7,448
21	570 Fresno	Repair/Correct Electrical Deficiencies Campus Wide	$7,500	2011	$348	$7,152
21	640 PAHCS - Palo Alto	Expand Rehabilitation R&D Bone & Joint Center Wet Bench	$1,515	2011	$128	$1,387
21	654 Reno	Relocate Canteen	$1,760	2011	$242	$1,518
22	600 Long Beach	Building 2 Relocation of Hemodialysis (AE)	$6,600	2011	$793	$5,807
22	664 San Diego	Canteen Kitchen Remodel	$5,450	2011	$546	$4,904
22	664 San Diego	Redesign Morgue	$2,200	2011	$209	$1,991
22	664 San Diego	Relocate and Renovate SPD	$9,750	2011	$831	$8,919
23	618 Minneapolis	Design Evidence Based Patient Ward 3E	$3,600	2011	$427	$3,173
23	636A6 CIHCS - Des Moines	Upgrade Roadways, Parking Phase II	$1,002	2011	$152	$850
23	656 St. Cloud	Install 2nd & Upgrade Existing Elevator, Bldg. 48	$1,008	2010; 2012	$1,327	0
		Totals	**$419,891**		**$60,231**	**$359,225**

Answer: Disparities exist due to differences between the VA and the Prime Contractor on changes to the original agreement. VA is in negotiations with the Prime Contractor to resolve disparities. One of the salient requirements needed to meet the VA's goal of a summer 2013 construction completion is sufficient manpower with the right skills mix. VA obtained an independent assessment of the project's status including the manpower on site. The report indicated that there was insufficient manpower on site during the period covered in the report. The Prime Contractor has verbally committed to increase manpower levels over the coming weeks. VA's on-site team will closely monitor progress and manpower levels as required.

b. Does this particular instance suggest an overall lack of capability within the VA to manage construction projects?

Answer: The medical centers, clinics, and other facilities that VA builds and leases are part of our ongoing commitment to care for our nation's Veterans. VA bears the responsibility to manage these projects efficiently, meet deadlines, and be good stewards of the resources entrusted to us by Congress and the American people.

This particular instance does not suggest an overall lack of capability with the VA. The delay caused by a suspension of work in the diagnostic and treatment section is largely due to sub-standard contract documents prepared by the Architect-Engineer hired by the VA. The source of that breakdown has been fully addressed, and the documents have been corrected.

Question 24: PMAS/IG Recommendations: Last August the VA Office of Inspector General reported that the Project Management Accountability System represented progress towards improving your IT development success rate, but that "a great deal of work remains to be done." Specifically, they found key management controls to ensure PMAS data reliability, verify project compliance, and track project costs had not been well established. What progress has VA made in implementing the IG's recommendations to address those issues?

Answer: VA has and will continue to make significant progress on improving its data reliability, compliance and tracking of PMAS data. To specifically address the questions VA has taken the following actions:

Data Reliability: PMAS employs a multi-layered approach to ensure the quality of the reported data is reliable. The first layer of quality control is at the project level. Data in the PMAS Dashboard is reported by the project managers or their designees, who are most familiar with the details of project information. Project managers must provide updated information in the PMAS Dashboard according to the PMAS Guide, which is mandatory for OIT, to ensure information is current. Additionally, project managers use the 'Project Standards Verification' report to

identify any potential anomalies or inconsistencies with data entered in the PMAS Dashboard.

The second layer of quality enforcement for data falls with the PMAS Business Office, which was recently formed in October 2011. The VA PMAS Business Office (PBO) conducts a weekly review of the PMAS Dashboard to monitor data that has been entered by the project managers. From this data review, the PBO conducts a quality control analysis to determine clarity and address any issues or anomalies with the data. This quality review done by the PMAS Business Office uses a combination of the 'Project Standards Verification' report and manual reviews to identify potential data quality issues. When potential data quality issues are identified, the PMAS Business office immediately notifies the project manger and requests that the project manager remediate the deficiency. The third layer of management controls is the schedule of regular, recurring meetings such as the OIT Monthly Performance Review which review project status and verify that the information reported by the PMAS Dashboard is accurate and current.

Finally, OIT has directed the office of IT Enterprise Risk Management to conduct independent audits of PMAS projects that will serve to further verify the quality of data reported to PMAS. This comprehensive and multi-layered approach to management controls is constantly evolving, as OIT continues to improve its procedures for maximizing PMAS data reliability.

Verifying Project Compliance: VA has created planning, outcome, and compliance reviews. The first types of reviews are outcome reviews called Milestone Reviews and occur when a project transitions from one PMAS state to another. Milestone 0 governs when a project shifts from New Start to Planning. Milestone 1 governs when a project shifts from Planning to Active. Additional Milestone reviews are in development and first drafts are expected in Quarter 3 2012. The Milestone documentation identifies what work must be complete by each project in order to transition to the next PMAS state. Upon movement of a project to the Active State, the appropriate personnel will conduct periodic planning reviews called Program Management Reviews (PMRs) for all projects. All projects will be reviewed annually at a minimum. Program Management Review attendance will include representatives from other applicable OIT organizations, the business customer, and appropriate finance and budget personnel. The PMAS Business Office is in the process of collaborating with the Office of Enterprise Risk Management Compliance Office (ERMCO) to develop the format and procedures for independent reviews, as required by PMAS Guide Version 3.0. To date draft operating procedures and an audit check list has been completed, and training for the auditors is under development. Trained teams from OIT's ERMCO will conduct the independent reviews. These reviews are expected to start in the late April/early May time frame.

Tracking Project Costs: The VA tracks costs by categories, such as, government salaries, contract costs, government furnished hardware and software, and office space. VA OIT's objective is to track project and sub-project (aka increment) cost by these same categories. Historically VA OIT has been tracking contracted IT services costs by project, and starting September 2011 VA OIT started tracking these costs down to the increment level (per major deliverable)and reporting the data to OMB's IT Dashboard. Starting in March 2012, VA OIT started tracking OIT government staff time against IT projects to calculate the paid salary cost of projects at an increment level. Hardware and software costs are at the project level for a few projects, but these costs are treated as overall cost for infrastructure (networking, hardware, software, maintenance support) for which each project is attributed to a portion of the cost. Other costs like office space will continue to be a calculated average estimate per FTE.

Question 25: Warrior Support Project: Within the IT systems associated with the 16 major transformational initiatives, the Warrior Support project's systems appear to be having particular challenges meeting scheduled milestones. What is being done to ensure the success of this important project?

Answer: Warrior Support has had challenges for several reasons, including lack of management oversight, changing business requirements/processes and a software failure during roll-out of the most recent version of the Veteran Tracking Application (VTA). DoD and VA have taken specific actions to avoid each of these types of problems in the future. Those include:

- Designation of Single Source for Changing Requirements: Previously, multiple disparate groups within DOD and VA defined requirements for all the business and IT programs which support transitioning service members. Earlier this year, both Department Secretaries approved a recommendation placing the development and approval of all business and technical requirements for all of these efforts under the Benefits Executive Council (co- chaired by the VA Deputy Under Secretary of Benefits and the DOD Deputy Under Secretary of Defense for Personnel and Readiness) for business requirements and the VA Chief Information Officer and DOD Assistant Deputy Chief Management Officer for technical requirements and planning. By establishing these centralized processes and governance mechanisms, under the control of responsible senior executives, the Departments believe they have severely decreased the risk of repeating past mistakes with respect to changing or overlapping requirements.

- Additional Management Oversight: All the programs in the VLER portfolio, including Wounded Warrior, now engage Office of General Counsel at the beginning of each new project. Additionally, the Executive Director of VLER now tracks legal requirements (System of Records Notice and Federal Information Security Management Act (FISMA) of 2002 modifications) for every project on a weekly basis. VA believes these management process

changes will avoid problems similar to those which caused program delays in the past.

- Adding Management Controls: An accelerated User Acceptance Training in the pre-production environment contributed to the failed rollout of version 1.95 of VTA in December. Attempting to implement last minute changes in requirements was a root cause to the failure. Management controls have been implemented to ensure this does not happen again.

DOD and VA now both have very senior business and IT executives at the Assistant Secretary of Defense/Under Secretary of Defense level who are designated by their respective secretaries as responsible for Wounded Warrior Information Sharing efforts, who meet regularly to ensure the above three mitigations are being faithfully implemented across both organizations. This level of oversight and accountability, coupled with the indicated management process changes, will ensure Wounded Warrior information sharing efforts going forward do not suffer similar delays in product delivery.

Question 26: FTE: Identify the beginning-of-year and end-of-year full-time personnel [not FTE] financed through the information technology account, excluding those financed from reimbursements, for fiscal years 2011, 2012, and 2013.

Answer: The number of employees shown below reflects the actual headcount of OIT employees that are funded from the IT appropriation:

Fiscal Year 2011	
Start 10-01-2010	6,864
End 9-30-2011	7,271
Fiscal Year 2012	
Start 10-1-2011	7,271
Current 3-24-2012	7,257
Projected End 9-30-2012	7,435
Fiscal Year 2013	
Start 10-1-2012	7,435
End 9-30-2012	7,435

Question 27: Unobligated Balances in Discretionary Accts: Provide the unobligated balances as of March 31, 2012 in each discretionary account which remain available for obligation in FY13.

Department of Veterans Affairs Unobligated Balances
$ in Millions

	FY 2012 Beginning Balance SOY [1] As of 10/1/2011	**FY 2012** Unobligated Balance As of 3/31/2012	**FY 2013** Estimated Carryover As of 3/31/2012
Veterans Benefits Administration			
Native American Housing - Subsidy	2	2	2
Guaranteed Transitional Housing	43	43	1
Total Veterans Benefits	$46	$45	$3
Veterans Health Administration			
Medical Services	40,666	23,477	400
Medical Support and Complianee	5,638	3,174	20
Medical Facilities	5,469	3,251	80
Medical & Prosthetic Research	653	467	45
Total VHA	$52,426	$30,369	$545
Construction			
Construction, Major Projects	3,690	2,833	1,488
Construction, Minor Projects	760	586	144
Grants for State Extended Care	199	138	30
Grants State Veterans Cemeteries	52	52	0
Total Construction	$4,700	$3,609	$1,662
Departmental Administration			
VBA- GOE	2,026	960	5
Gen. Admin GOE	429	229	0
Information Technology	3,218	1,823	0
National Cemetery Administration	251	134	0
Inspector General	112	64	0

Total Departmental Admin	6,036	$3,210	$5
Total VA	$63,208	$37,234	$2,215

1/ includes BA carryover plus new appropriations enacted on December 23, 2011.

Question 28: Funding for Veterans Activities: Identify by State the total funding provided by the State or counties for veterans activities [through State Veterans Offices, etc.].

Answer: VA Central Office does not maintain a list of non-federal expenditures at the State and County level but we have notified the individual State Directors of Veterans Affairs to compile the information. However, they do not collectively have this data and it will take a significant amount of time to compile it.

Question 29: Paralympics: Identify the budget request for the Paralympics, breaking out the Paralympic grant program and the Paralympic athlete assistance allowance.

Answer: The VA FY2013 Budget Request includes $9.5 million for the Paralympics: $7.5 million for the Paralympic grant program and $2.0 million for the Paralympic athlete assistance allowance.

Question 30: Urban Initiative/New Rural Access Initiative: Identify the amount of funding included in the NCA request for the Urban Initiative and the new rural access initiative and the purposes of the funding [land acquisition, etc.].

Answer: NCA's budget includes $10 million to acquire land, design, and construct an urban satellite cemetery in the New York City area. In FY 2013, NCA is also proposing to fund the land acquisition and the design and construction of two National Veterans Burial Grounds in rural areas. The estimated cost to acquire land and establish the two rural sites is just under $2 million. The funding for both the urban and rural initiatives is included in the Minor Construction appropriation.

[Questions for the Record submitted by Ranking Member Congressman Bishop for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Backlog of Claims

Background— The VA FY 2013 budget request asks $128 million ($35.7 million in GOE and $92.2 million in IT) for the Veterans Benefit Management System (VBMS) to create a paperless system. While full national deployment is expected to begin in 2012, the VA hopes to have VBMS fully deployed by 2013. The VA believes the VBMS system will increase efficiencies for disability claims and help reduce the backlog.

Question 1: Comp & Pen Claims: How many pending compensation and pension claims does the VA currently have?

Answer: As of March 28, 2012, 868,186 claims were pending, including 576,447 claims considered part of the backlog (pending 125 days or more). VBA is actively implementing our Transformation Plan, which includes people, process, and technology initiatives that will enable VA to provide more timely and accurate claims decisions.

Question 2: Increase in Claims: According to the testimony, incoming claims volume will continue to increase by 4.2 percent in 2013, to 1,250,000 claims from 1,200,000 in 2012. Do you believe that your FY 2013 budget request is sufficient for adequate staffing levels to process the increase in claims?

Answer: Based on VA's estimate of 1,250,000 claims received and implementation of VBA's people, process, and technology transformation initiatives, the requested funding is sufficient to meet VA's 2013 strategic goals. This funding puts VA on track to process Veterans' disability claims within 125 days at 98 percent quality in 2015.

Question 3: Claims Processors: How many claims processors does the VA currently have and how long does it take to train them?

Answer: As of April 21, 2012, VBA had 8,466 compensation and pension claims processors, including Veterans Service Representatives, Rating Veterans Service Representatives, and Decision Review Officers. New claims processors receive four weeks of preparatory training and eight weeks of nationally standardized training that makes them immediately productive, although not at the journey-level rate. Additional experience and learning during their first two years are required to prepare them for journey-level performance.

Question 4: **VBMS** Implementation: Secretary Shinseki, this year VA is also beginning national implementation of the new paperless processing system, the Veterans Benefits Management System (VBMS). Will the VA still process paper claims or will the VA push Veterans to the more automated system?

Answer: VBA's Transformation Plan includes a strategy for conversion to a paperless system that provides a combination of scanning and electronic or web- based submission of documents. The transition to a paperless system may take an extended period of time as we continue to encourage Veterans, Servicemembers, their families, and their representatives to take advantage of our web-based and electronic systems. As VBA pursues these technology advances, we will continue to process paper claims.

Question 5: Phased VBMS Implementation: In your testimony you say that this will be a phased implementation and that you will continue to expand VBMS capabilities as it's rolled out. Can you explain what type of capabilities will be added over time?

Answer: VBMS is following an agile development process and user-in-themiddle methodology where requirements and functionality are added incrementally and validated by subject matter experts (SMEs) during development. SMEs meet with system developers every three weeks to validate current system capabilities and provide new system requirements to support the processing of compensation and pension claims for national deployment, which will commence in July 2012 and is scheduled to be completed by the end of calendar year 2013. During this time, VA will assess feedback from end users to address any defects found, as well as capture requests for enhancements.

Question 6: VBMS/Fraudulent Claims: Secretary Shinseki, one thing we all worry about is fraudulent claims. Can you explain how the VBMS will help reduce the number of fraudulent claims?

Answer: VBMS is being developed with the capability to interface with agencies such as the Internal Revenue Service, Social Security Administration (SSA), Railroad Retirement, Department of Labor, etc. As VBMS matures, future capabilities and business rules will be implemented to automatically alert users to review data and entitlement requirements when there are discrepancies and/or fraud is suspected. For instance, VBMS will automatically alert the user when a Veteran is in receipt of SSA benefits. Additional future capabilities include checking against the Bureau of Prisons to determine if Veterans are incarcerated prior to issuing payment. Additionally, VBMS will continue to model the current security processes, which prohibits certain actions from being made by the same employee.

Information Technology (IT)

Background—The VA continues to experience difficulties in its management of contracts, especially in the area of IT contracts. Historically, VA has struggled to manage IT developments that successfully deliver desired results within cost and schedule objectives. The budget proposes $3.327 billion for IT, which is $216 million, or 6.9 percent above the FY 2012 enacted level.

Question 1: Investment: Secretary Shinseki, since FY 2010 we have invested over $11 billion in IT. Can you explain what gains the VA has made and how it has improved Veterans services?

Answer: Information Technology, and the resources required to support it, underpin every aspect of the care, benefits, and services we deliver to Veterans.

The FY13 Budget request for IT, $3.3 billion, or 6.9% increase is central to continuing providing for our Veterans. 80% of the FY 2013 IT Budget supports direct delivery of medical care and benefits to Veterans. In the 21st Century IT is not a siloed segment of the budget focused on computers and monitors but rather the vehicle by which VA is able to extend the reach of its health care to rural America, process benefits more quickly, and provide enhanced customer service to Veterans and their families.

IT is integrated into every aspect of the VA enterprise; it connects our medical centers, our benefits offices, our call centers, and every other part of the VA organization.

- Post 9/11 GI Bill: VA IT delivered the technology needed to support the delivery of Post 9/11 GI Bill benefits to Veterans. Customer satisfaction with these products is very high. The products improved the processing time from 56 to 29 days (51% improvement) for original claims, and from 29 to 13 days (44% improvement) for enrollments.

- VBMS: VA IT successfully delivered two pilots (Providence and Salt Lake City) in the paperless IT claims system known as Veterans Benefits Management System or VBMS. This program will drive VA's effort to dramatically reduce the paper processing of benefits claims and improve quality and timeliness.

- My HealtheVet : VA has enhanced My HealtheVet, VA's free, online personal health record available 24/7, wherever there is internet access by adding features such as appointments, lab tests and results, and adverse reactions, improved reporting capabilities, and Blue Button enhancements.

- Veterans Relationship Management (VRM): This initiative improves telephone service and online Web access, including electronic claims submission as it goes online in summer 2012. Total contacts (including phone, email, and online eBenefits sessions) have increased 5.4 million (59 percent), from 9.1 million to 14.5 million from FY 2009 to FY 2011. The VRM initiative includes:

    — *Virtual Hold - ASAP* system automatically calls the Veteran back versus making them hold. We have achieved 92-percent reconnect

success rate and caller satisfaction was up 15 percent. Virtual Hold was implemented on September 26, 2011.

- *Scheduled Call Back* allows the Veteran to pick a date and time for VA to call them back. There is a 77-percent reconnect success rate and 18-percent acceptance rate. Scheduled Call Back was fully implemented on December 6, 2011.
- *Customer Relationship Management/Unified Desktop (CRM/UD)* combines 13 systems into one database. CRM/UD improves call center representatives' ability to efficiently find accurate information for the Veteran. CRM/UD is scheduled to be implemented by the end of fiscal year 2012.
- *Veteran Online Application Direct Connect (VDC)* provides standardized e-forms to facilitate electronic interviews. VDC reduces control time from 11 to 0 days. The standardized e-forms have the potential to save 32 cents to 37 cents per page.

— eBenefits: VA and DoD's online self-service portal that enables Veterans and Servicemembers access to benefits and services. User enrollment has increased 75 percent.

— iEHR: VA and DoD are making steady progress on an integrated Electronic Health Record (iEHR) system, working together to ensure we meet Secretary Shinseki and Secretaries Gates and Panetta's mandate of having one joint, single and common electronic health record system. So far, the Departments have completed their evaluation of potential joint integrated data center solutions. The Service level Agreements/Memorandum of Understanding for data center consolidation with Defense Information System Agency was signed in FY 2011. The departments have agreed to map all VA VistA sites to the DoD Data Model to achieve semantic interoperability and expect to accelerate the mapping of controlled medical vocabulary data for at least one VA VistA site — Salt Lake City. By mapping VA data to the DoD Data Model, the element will be definitely and consistently translated into a single data model that provides interoperability.

— PMAS: Since FY 2010, VA has developed the Project Management Accountability System, or PMAS. Under this system, VA successfully delivered 89% of project milestones in FY 2011 — a success rate well above private industry rates of around 30%. VA is halting programs that fail to meet their delivery milestones and preventing wasteful spending, demanding accountability from everyone involved and supporting the technologies that will help transform the VA for our Veterans.

— Information Security: IT has also taken significant strides in enhancing Information Security to better protect Veterans' private data. VA now has programs to provide its information security professionals the tools needed

to ensure Veteran data is being handled securely on every single IT device on the VA network.

Question 2: Current Major Initiatives: Mr. Secretary, how many major initiatives does the VA's IT office have right now?

Answer: The majority VA's IT development activity is conducted within the framework of the 16 Major Transformational Initiatives (MI's), which are designed to address the major VA transformational priorities such as Homelessness, Access to Care, and Eliminating the Benefits Backlog. Execution of each Major Transformational Initiative is highly dependent upon technology as a service enabler and, without adequate IT funding, the objectives of these Major Transformational Initiatives will not be achieved.

The 16 major transformational initiatives are as follows:

Eliminate Veteran Homelessness

- Veterans Benefit Management System (VBMS)
- Automate GI Bill Benefits
- Virtual Lifetime Electronic Record (VLER)
- Improve Veterans Mental Health
- Build Veterans Relationship Management (VRM) capability to enable convenient, seamless interactions
- New Models of Health Care (NMHC)
- Enhance the Veteran Experience and Access to Healthcare (EVEAH)
- Ensure preparedness to meet emergent national needs
- Enabling Systems to Drive Performance and Outcomes (STDP)
- Establish strong VA management infrastructure and Integrated Operating Model (IOM)
- Transform human capital management via Human Capital Investment Plan (HCIP)
- Perform Research & Development (R&D) to enhance the long-term health and well-being of Veterans
- Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process
- Health Care Efficiency (HCE): Creating Organizational Value by Reducing Cost While Maintaining Quality
- Transform health care delivery through health informatics.

Question 3: Future Major Initiatives: Are there any major initiatives that are planned for the future?

Answer: The 16 Major Initiatives are scheduled to continue until they accomplish their objectives, with some of the initiatives being completed in FY 13, and others continuing on in FY 14 and beyond. In addition to these 16 MI's, the VA is also pursuing iEHR with DoD. The FY 2013 request for iEHR is $169 million for development and sustainment. The planned capability delivery will rely on the principle of an agile methodology with targeted deliverables in FY 2013, including an iEHR Pharmacy Solution implementation at alpha site; the continued development of capabilities based on the current iterative prioritization such as Identity Management, Orders Services, Consults and Referrals, and Immunizations; and the continuation of VistA Open Source Custodial Agent. In addition, the program will continue to expand and strengthen various infrastructure providing capacity and support for future capabilities.

Question 4: Investment Addressing Rural Needs: Mr. Secretary, you stated that 42 percent of all veterans enrolled in the VA healthcare system live in rural or highly rural areas. And you state that IT investment is the key to addressing this need. Can you help us understand how this will work?

Answer: Under the Enhance the Veteran Experience and Access to Healthcare (EVEAH) initiative, there are three projects that were established as a proof of concept and created baseline IT solutions to enable rural Veterans to gain access to their VA health information through a printed handbook, the Veteran's Benefits Handbook (VBH), and electronic internet access through established portal sites.

Once rural Veterans have that information, along with a determination from Access Received Closer to Home (ARCH) of their eligibility for access to care through the VA or through outsourced providers, the Veterans Transportation Service (VTS) program will provide the scheduling and transportation needed to accommodate getting these rural veterans to and from their scheduled medical appointments.

Project ARCH, Access Received Closer to Home, includes an eligibility determination component that is an automated solution operating as a pilot program in five Veterans Integrated Service Networks (VISNs). This will be displayed in the patient's electronic health record in Veterans Health Information Systems and Technology Architecture/Computerized Patient Record System VistA/CPRS signifying the eligibility status for non-VA health care services. Project ARCH is the result of the Veterans' Mental Health and Other Care Improvements Act Of 2008, Section 403, Public Law 110-387, which mandates that the Department of Veterans Affairs conduct a pilot program to provide non- VA health care services to Veterans in at least five VISNs over a three-year period. VISNs 1, 6, 15, 18, and 19 were selected. Project ARCH, under the VHA's Rural Health sub initiative to EVEAH, provided an IT component that enabled rapid determination of eligibility. Previously this was a manual process that could not be accomplished in a timely enough manner to provide care.

the recent OIT Project ARCH component delivered functionality in CPRS that allows a provider or scheduler to immediately determine eligibility based on the Veteran's location and the services that Veteran needs. The Veteran does not need internet access as this determination function is utilized by the provider or scheduler that is interacting with the Veteran, usually by phone or in person. This OIT Project ARCH component was just recently completed and the functionality is in productive use.

The VTS project seeks to improve access for Veterans in underserved transportation areas of the United States. As a national leader in health care, VA recognizes Veterans who are visually impaired, elderly, or immobilized due to disease or disability, particularly those living in remote and rural areas face challenges in accessing transportation to obtain VA Health Care. To ensure these Veterans have convenient and timely access to VA Health Care, the VTS vision is to establish a network of community transportation service providers that includes the Veterans Service Organizations (VSOs), community transportation providers, and federal, state and local government transportation services, such as United We Ride. At the core of the VTS is a route scheduling and dispatch application that matches vehicle/driver resources with Veteran transportation needs, as well as schedules efficient routes and manages those routes through dispatcher to vehicle connectivity. This VTS application is hosted in a VA data center and under expanding productive use at this time. Current efforts to further integrate the VTS application with existing VA IT systems for easier, more accurate information, is underway.

Question 5: Veterans without Internet Access: What will be done for Veterans who do not have access to the internet?

Answer: There are several VA projects that address the needs of Veterans without internet access, as well rural Veterans: Below are a few examples:

The purpose of Clinical Video Telehealth (CVT) Scheduling is to deploy a scheduling solution that has the ability to schedule a patient and provider as a pair on both the VistA system where the provider is located and where the patient is located. This would also include the ability to document all CVT activities including CVT event closures on both sides. The impact of a CVT scheduling system would reduce clerical error and improve workload capture.

My HealtheVet (MHV) Secure Messaging is a system that will provide patients and clinicians with the ability to send non-urgent secure messages directly to the intended recipient without the use of email and its inherent risks of exposing confidential information. The intent of the system is to improve the clinician- patient relationship by providing an electronic communications medium in addition to the telephone.

The My HealtheVet (MHV) Capabilities Enhancements (MHVCE) project supports web-based tools to help Veterans, their families and care providers increase their knowledge of health conditions, better manage their health records and communicate with health care providers in a secure online environment.

Enterprise Mobile Applications will deliver healthcare to Veterans using mobile health technologies. There is a growing and unmet demand for mobile applications in VA and mobile computing is expected to be a dominant component of VA's future. This project will use the Clinic-in-Hand Pilot Project as the base for launching VA's consumer mobile health (mHealth) initiative and will develop a version of My HealtheVet and Blue Button for mobile devices. In FY13, certification requirements will be established and implemented, providing clinical, security, operational and software technical standards that provide a common, standardized development and production platform for mobile applications within VA. Other deliverables will include establishment of a cloud- hosted distributed development environment to support application development and utilization.

Agent Orange

Agent Orange Claims: Secretary Shinseki, as you recall the Post 9/11 GI benefits rollout had some problems with automation. Can you give the committee an update on how the Agent Orange Claims are going?

Answer: As of March 16, 2012, over 49,000 claims have been established in Fast Track, the accelerated claims process dedicated to Vietnam Veterans who have been diagnosed with an Agent Orange presumptive condition. Over 20,000 claims have been completed in 144 days on average. Through March 17, VA has received 248,048 (Nehmer and non-Nehmer) Agent Orange claims based on the three new presumptive conditions (Parkinson's disease, ischemic heart disease, and B-cell leukemias) and completed more than 212,838 Agent Orange claims. VA has awarded over $3.32 billion in retroactive benefits for the three new presumptive conditions to 121,675 Veterans and survivors. As of March 13, 27 live Nehmer claims remain pending and 7,819 survivor Nehmer claims remain pending. Of the 7,819 survivor claims, 6,056 have completed rating decisions (and await award/authorization), 487 are pending next-of-kin development, and 1,267 are not rated to date.

Mental Health

a. IT Enabled Self-Help for Mental Health: Finally Mr. Secretary, toward the end of your submitted testimony there is a statement which caught my eye and gave me great pause. You state "This includes transformation of mental health service delivery through IT enabled self-help". I want to understand exactly what this means. The Administration is requesting

$6.2 billion for mental health programs, and I want to understand how "IT enabled self-help" is integrated into this.

Answer: Access to and the provision of mental health care to our Veterans is a top priority for the VA. Transformation of mental health service delivery has been the focus of the Improve Veterans' Mental Health (IVMH) transformational initiative. One key component has been utilizing technology to support outreach efforts, promote prevention and resilience from stress, and to complement direct service delivery for mental health care.

VA is currently building a suite of self-help applications, including mobile phone applications (apps) for mental health issues, web-based self-help courses on parenting and Problem Solving Therapy (PST), and tools to enhance and to support mental health recovery and self-management through the personal health record, My HealtheVet (MHV). These technologies enhance our ability to deliver Veteran-centric care that meets Veterans where they are and addresses their individual needs.

Research indicates that the most common barriers that keep Veterans from receiving needed care are stigma and logistical issues. Veterans can be embarrassed or fear consequences if they seek help. Furthermore, for those who live in rural areas or who juggle children, jobs, or have limited transportation, showing up to a clinic for standard face-to-face treatment can be very challenging. While we continue to reduce these barriers, extending the reach of mental health care using technology — including telemental health services, as well as IT-enabled self-help - helps VA better achieve our goal of meeting Veterans whenever and wherever they need assistance.

Some of the Veterans that will utilize these tools are not yet ready for or interested in engaging in traditional psychotherapy. Others will use these tools after having received a full course of treatment as a means of preventing relapse and easing the transition into less frequent visits with a clinician. These tools can also be used as a complement to current treatment. They can serve as force- multipliers, increasing the availability and effectiveness of clinicians. By assisting Veterans in learning background information and developing basic skills at home, these tools allow clinicians to focus on delivering more specialized psychotherapies.

Mobile Apps:

PTSD Coach was released in April 2011. This app, which won the Federal Communication Commission's Chairman's Award for Advancements in Accessibility, is the product of collaboration between VA and DoD. PTSD Coach has 4 major functions: education about PTSD and effective treatments, a validated self-assessment for measuring and tracking PTSD symptoms, accessible tools that can be used in moments of distress, and opportunities to get support from others including personal contacts and national resources.

The app has been downloaded over 50,000 times to date, and has been named one of Yahoo's Top 10 Health Apps.

Other forthcoming self-help apps include mindfulness training, tools for managing mild Traumatic Brain Injuries, problem-solving training, and parenting skills. VA is also building apps to assist family members of Veterans who are negatively impacted by the strain of the deployment cycle. PTSD Family Coach is due to be released within the next few months and will address the educational, self-care, and support needs of family members of Veterans with PTSD. Various apps are being developed to augment standard face-to-face evidence-based therapies as well.

Web-based self help courses:

A robust literature base supports the efficacy of use of web-based self-help programs to deliver cognitive behavioral therapy and to provide psycho education. Two web-based programs are currently under development, focusing on Problem Solving Training (PST) and parenting skills. Both of these are being designed in collaboration with DoD. PST's approach of emphasizing coping skills and resilience may be especially de-stigmatizing for Veterans and Servicemembers. The parenting program will provide general assistance managing the stress and challenges of parenthood and provide assistance to new fathers in becoming more engaged and involved with their infants and helping parents re-engage and communicate with their children upon return from deployment.

My HealtheVet:

My HealtheVet, VA's Personal Health Record, is the future home of "My Recovery Plan" an online suite of tools that is currently in development. My Recovery Plan will assist Veterans in setting goals, tracking their medication, monitoring psychiatric symptoms, and accessing interactive self-help programs on a variety of topics, in a secure online environment. This suite of tools will assist Veterans in recovering from mental health or behavioral concerns. It will be an additional supportive tool that providers can utilize with Veterans engaged in care. Veterans will be able to communicate and send their provider feedback on their progress between sessions with secure messaging.

Eliminating Veteran Homelessness

Background—The budget proposes $1.352 billion (included in this total is $43 million for the HUD-VASH program), an increase of $333 million, for the VA homeless programs. The initiative of eliminating Veterans homelessness is built upon six strategies: Outreach/Education, Treatment, Prevention, Housing/Supportive Services, Income/Employment/ Benefits, and Community Partnerships. The VA believes this funding will help reduce the number of homeless

Veterans to 35, 000 in 2013, and will lead to end Veterans homelessness by 2015. Currently, the VA estimates that on any given night 67,000 Veterans are homeless.

Questions 1: Homelessness Reduction: Secretary Shinseki, according to your testimony, between January 2010 and January 2011 homelessness declined by 12 percent, keeping VA on track to meet the goal of ending Veteran homelessness in 2015. Can you explain how the VA achieved this reduction?

Answer: VA, together with Federal and local partners, is making progress toward preventing and ending homelessness among Veterans. In the past decade, major VA homeless initiatives on outreach, treatment, residential services, and vocational rehabilitation have touched the lives of tens of thousands of Veterans. Recent reductions in Veteran homelessness are due in part to the effectiveness of these VA programs. VA's Homeless Providers Grant and Per Diem (GPD) Program, which began in the mid-1990s, has approximately 14,000 operational beds nationwide today. In FY 2011, there were 19,688 discharges from the GPD program, about 10 percent more than in FY 2010. Also in FY 2011, outreach teams from VA's Health Care for Homeless Veterans (HCHV) Program provided outreach and case management to more than 95,071 Veterans, and the national inventory of contracted community based beds in the residential treatment component of this program greatly expanded to support 8,149 episodes of residential treatment.

VA continues to reduce Veteran homelessness through the continued successful collaboration with HUD on the HUD-VASH Program, wherein VA provides case management services to Veterans experiencing homelessness, while HUD provides permanent housing vouchers to Veteran participants and their immediate families through its "Housing Choice" voucher program. As of January 25, 2012, 29,074 formerly homeless Veterans were housed through the HUD-VASH Program. The primary goal of HUD-VASH is to assist Veterans and their families exit homelessness and fully reintegrate back into the community of their choosing.

In FY 2011, the Health Care for Re-Entry Veterans (HCRV) Program and the Veterans Justice Outreach (VJO) Program continued to provide outreach and linkage to services to justice-involved Veterans at high risk of homelessness. Many of these vulnerable Veterans were diverted from homelessness and provided health care, residential, and benefits assistance. In FY 2011, approximately 15,706 Veterans were served through the VJO Program and approximately 11,679 Veterans were served through the HCRV Program.

With implementation of VA's new prevention-focused Supportive Services for Veteran Families (SSVF) Program, VA has added another important program to assist those who are at greatest risk for becoming homeless. This program makes available grant funds for community providers to help Veteran families rapidly exit homelessness, or to avoid entering homelessness. In addition to

providing linkage to VA health care and other services, grantee organizations have the ability to directly address the type of emergent needs that, if unmet, can be deciding factors in a family's struggle to remain stably housed. Funds for emergency rental assistance, security and utility deposits, food and other household supplies, child care, one-time car repairs, and other needs will help to keep Veterans and their families housed — as families. In September 2011, $59.5 million was awarded in SSVF grants to 85 community agencies in 40 states and the District of Columbia. As of February 2012, over 7,900 Veterans and their families have been served through the program.

Services to homeless Veterans have been further strengthened by interagency collaborations with Federal partners as well as a broad range of local community- based organizations. The FY 2010 report of VA's Community Homelessness Assessment Local Education and Networking Groups (CHALENG) Program indicates that local VA medical centers have established almost 5,000 formal and informal collaborative agreements to serve homeless Veterans. These agreements have aided VA in extending outreach services to 3,118 sites (a 29 percent increase from 2009) such as shelters, soup kitchens, welfare offices, and other locations where homeless persons may be located. VA has also directed VAMCs to host Homeless Veteran Summits annually to promote the development of community partnerships and collaborations.

The work to reduce the number of homeless Veterans is also aided by improved methodology in counting homeless Veterans. In 2005, HUD began requiring local communities' Continuums of Care to conduct point-in-time (PIT) counts of homeless Veterans. These counts began as HUD is required by the McKinneyVento Act to produce "statistically reliable, unduplicated counts or estimates of homeless persons in sheltered and unsheltered locations at a one-day point in time." As PIT data becomes more accurate, they allow local VA medical centers to use the PIT count as a baseline for an estimate of homeless Veterans.

Question 2: Funding from Other Agencies: How much funding comes from other Agencies to fight Veterans homelessness?

Answer: Although many Federal agencies devote substantial resources from their own budgets to ending Veteran homelessness, VA does not directly receive funding from any other Federal agency in support of VA's efforts to prevent and end Veteran homelessness. However, HUD did receive HUD-VASH voucher appropriations amounting to an additional $75 million in FY 2009, $75 million in FY 2010, $50 million in FY 2011 and $75 million in FY 2012. HUD has requested $75 million in new funding for an additional 10,000 HUD-VASH vouchers in FY 2013.

Question 3: HAC Assistance: Mr. Secretary is there anything the committee can do to help you reach your goal faster?

Answer: VA greatly appreciates Congress' support for our goal to end Veterans homelessness by 2015. VA is taking decisive action toward its goal of ending homelessness among our nation's Veterans. To achieve this goal, VA has developed a plan to end homelessness among Veterans that will assist every eligible homeless Veteran and at-risk for homeless Veterans. VA will assist Veterans to acquire safe housing; needed treatment and support services; homeless prevention services; opportunities to return to employment; and benefits assistance. Specific programs which provide these services include the GPD Program, HCHV Program, and the SSVF Program.

VA's FY 2013 budget submission includes requests for authorization legislation on a number of fronts to reflect this priority, and it is critical to secure timely enactment to further VA's efforts of ending homelessness among our nation's Veterans. In order to achieve its goal, VA needs the extension beyond 2012 of the HCHV program (38 USC 2031) as well as the authorities granted by 38 USC 2033, and 2041. In addition, VA is asking that Congress increase the amounts authorized to be appropriated for the GPD Program (38 USC 2013, 2061) and the SSVF program (38 USC 2044). These requests for legislative authority are included in VA's FY 2013 Budget Submission, Summary Volume (Volume 1 of 4) at pages 3A-5 — 3A-6.

Question 4: FY 2013 Funding: Secretary Shinseki, the 2013 budget request includes $1.3 billion to prevent and reduce homelessness among Veterans. Can you explain to the committee what type of programs this funding will support?

Answer: VA operates the largest system of homeless medical, treatment and assistance programs in the nation. The hallmark of VA's programs for homeless Veterans is that they provide comprehensive care and benefits including medical, psychiatric, substance use, rehabilitation, dental care, and expedited claim processing for these Veterans. The following represent many programs included in VA's homeless continuum of care. All programs in this continuum are part of VA's plan to eliminate homelessness and contribute to the overall reduction of the homeless Veteran population.

Supportive Services for Veteran Families (SSVF) Program: The SSVF Program makes available grant funds for community providers to help Veteran families rapidly exit homelessness, or to assist Veterans at-risk for homelessness. In addition to providing linkage to VA health care and other services, grantee organizations have the ability to directly address the type of emergent needs that, if unmet, can be deciding factors in a family's struggle to remain stably housed. Funds for emergency rental assistance, security and utility deposits, food and other household supplies, child care, one-time car repairs, and other needs will help to keep Veterans and their families housed — as families. In 2011, $59.5 million was awarded in SSVF grants to 85 community agencies in 40 states and the District of Columbia. As of February 2012, SSVF grantees have prevented

numerous episodes of Veteran homelessness, serving over 7,900 Veterans and their families. In calendar year 2012, SSVF anticipates serving at least 42,000 Veterans through SSVF. In early FY 2012, a SSVF Notice of Funding Availability (NOFA) was published in the Federal Register, announcing the release of $100 million funds for FY 2012. The application period closed on February 15, 2012, and VA is currently reviewing applications.

Veterans Homelessness Prevention Demonstration (VHPD) Program: The Veterans Homeless Prevention Demonstration Program (also referred to as the HUD-VA Pilot Program) is designed to explore ways for the Federal Government to offer early intervention homeless prevention, primarily to Veterans returning from wars in Iraq and Afghanistan. This demonstration program provides an opportunity to understand the unique needs of a new cohort of Veterans and will support efforts to identify, outreach, and assist them to regain and maintain housing stability. This three year HUD-VA prevention pilot is a partnership between VA, the Department of Housing and Urban Development (HUD), the Department of Labor (DOL), and local community agencies. VHPD will serve the following locations: MacDill Air Force Base in Tampa, Florida; Camp Pendleton in San Diego, California; Fort Hood in Killeen, Texas; Fort Drum in Watertown, New York; and Joint Base Lewis-McChord near Tacoma, Washington. As the lead agency, HUD is awarding grants for the provision of housing assistance and supportive services to prevent Veterans and their families from becoming homeless, or reduce the length of time Veterans and their families are homeless. All five sites are operational (March 2011) and are providing homeless prevention services.

The National Call Center for Homeless Veterans (NCCHV): The NCCHV was founded to ensure that homeless Veterans or Veterans at risk for homelessness have free, 24/7 access to trained counselors. The hotline is intended to assist homeless Veterans and their families, VA medical centers, federal, state and local partners, community agencies, service providers, and others in the community. The NCCHV (877-4AID-VET) was fully implemented on March 1, 2010. The NCCHV received 16,280 total calls in FY 2012, first quarter, representing an increase of 111 percent over the same time period in FY 2011. Of the calls received, 3,051 Veteran callers identified as being homeless. The NCCHV made 9,504 referrals to VA medical center points of contact during the first quarter of FY 2012, representing an increase of 115 percent over the same period in FY 2011.

Veterans Justice Programs: As part of VA's Plan to End Homelessness. Among Veterans, VA is focused on serving Veterans involved with the criminal justice system, who may be homeless or at risk for homelessness. Studies have shown that for adult males, incarceration is the most powerful predictor of homelessness. The Health Care for Reentry Veterans (HCRV) Program provides outreach and linkage to post-release services for Veterans in state and federal prisons. In FY 2011, 11,679 Veterans were served through the HCRV program. The Veterans Justice Outreach (VJO) Program focuses on

Veterans in contact with law enforcement, jails, and courts, including the rapidly expanding Veterans Treatment Courts (VTC). In FY 2011, 15,706 Veterans were served in the VJO program.

Grant and Per Diem Program (GPD): The Grant and Per Diem (GPD) Program is VA's largest transitional housing program with over 600 projects providing approximately 14,000 operational beds nationwide. The GPD Program allows VA to award grants to community-based agencies to provide outreach, rehabilitative services, vocational counseling and training, and transitional housing programs, and provides per diem payments to the programs to support operational costs. The purpose is to promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless Veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination. GPD-funded projects offer communities a way to help homeless Veterans with housing and services while assisting VA medical centers by augmenting or supplementing care. In FY 2011, the GPD Program operationalized 111 new projects, providing an additional 2,015 transitional housing beds. In October 2011, VA awarded $10.3 million to 26 community-based projects to continue provision of enhanced services for special need populations (i.e., women and/or women with dependent children, elderly, chronically mentally ill). In March 2012, the GPD Program announced a NOFA in the Federal Register which will prioritize funding to applicants who implement a "transition in place" housing model that will provide time-limited, wrap-around supportive services and ultimately transition Veterans to permanent housing.

Health Care for Homeless Veterans (HCHV): The HCHV Program is a three- pronged approach to eliminating homelessness among Veterans, consisting of contract transitional housing services, outreach, and case management. HCHV is critical to VA's efforts to reach homeless Veterans living on the streets and in need of housing services. The program provides a means to contract with community based residential treatment service providers to provide emergency housing and same-day placement of homeless Veterans identified in their outreach efforts. HCHV funds assist in supporting 16 Community Resource and Referral Centers (CRRC), which provide "one stop services" to assist homeless and at-risk for homeless Veterans and families.

The HCHV Contract Residential Treatment Program: The Contract Residential Treatment component of the HCHV Program ensures that Veterans with serious mental health diagnoses can be placed in community-based residential treatment programs which provide quality housing and services. HCHV provides "in place" residential treatment beds through contracts with community partners and VA outreach and clinical assessments to homeless Veterans who have serious psychiatric and substance use disorders.

Domiciliary Care for Homeless Veterans (DCHV): The DCHV mission is to provide time-limited, state-of-the-art, high quality residential rehabilitation and

treatment services for homeless and at-risk of homeless Veterans with multiple and severe medical conditions, mental illness, addiction, or psychosocial deficits. DCHVs provide a 24/7 structured and supportive residential environment as part of the rehabilitative treatment process. There are more than 2,200 beds available through the program at 44 sites. The program provides residential treatment to over 8,000 homeless Veterans each year. VHA plans to establish five new domiciliaries in Philadelphia, Atlanta, Miami, Denver and San Diego.. Philadelphia and Denver are scheduled to open in the 4th quarter FY 2012 and Atlanta is scheduled to open in the 1st quarter FY 2013. Both Miami and San Diego have encountered a number of community concerns which have delayed the development process.

Substance Use Disorder (SUD) Treatment Enhancement Initiative for VA Homeless Programs: Providing access to and ongoing engagement with treatment services for substance use is critical in assisting Veterans to avoid and/or exit homelessness. VA recognizes the need to provide substance use services in the community for homeless Veterans in order to increase access to care and enhance these Veterans' chances for recovery. VA has enhanced community-based substance use services by adding SUD Clinicians to Homeless Outreach Teams. A total of 148 SUD Clinicians have been funded by the Homeless Programs since 2010. These clinicians work in the community with VA HCHV outreach teams, Grant and Per Diem Providers, HUD-VASH and VA substance use treatment programs to ensure Veterans have access to ongoing treatment services.

Department of Housing and Urban Development—Veterans Affairs Supportive Housing (HUD-VASH) Program:. HUD-VASH is a collaborative program between HUD and VA for eligible homeless Veterans to receive a HUD- provided Housing Choice voucher and VA-provided case management and supportive services to support stability and recovery from physical and mental health, substance use, and functional concerns contributing to or resulting from homelessness. Since FY 2008, VHA has funded 1,541 full-time equivalent employees (FTE), as of January 25, 2012, 93 percent of these positions have been filled. As of January 25, 2012, approximately 37,549 Housing Choice Vouchers were authorized and appropriated for the program, and 29,074 formerly homeless Veterans and their families were housed through the HUDVASH Program. HUD recently announced the allocation of an additional 10,000 Housing Choice Vouchers for FY 2012, for which VA will hire an additional 300 FTE to support these vouchers. HUD, for FY 2013, has requested approximately $75 million for 10,000 Housing Choice Vouchers. By FY 2013; VA plans to provide case management support for the nearly 60,000 Vouchers which are anticipated to be in circulation at that time.

Homeless Veterans Dental Initiative (HVDI): HVDI is jointly funded by VHA's Homeless Programs and the Office of Dentistry. This program enhances the accessibility of quality dental care to homeless Veteran patients to help assure

success in VA-sponsored and VA partnership homeless rehabilitation programs. The HVDI provides limited outpatient benefits for a one-time course of dental care for VA health care eligible Veterans who are enrolled for at least 60 days in the following programs: GPD, DCHV, Compensated Work Therapy — Transitional Residence (CWT-TR), HCHV Contract Residential Treatment, and Community Residential Care. In FY 2011, 120 participating facilities reported that 13,842 Veterans received dental care through the HVDI.

Homeless Veteran Supported Employment Program (HVSEP): Homeless and at-risk Veterans need access to employment opportunities to support their housing needs, improve the quality of their lives, and assist in their community reintegration efforts. The VA has committed to supporting this critical component to eliminating homelessness through the HVSEP. HVSEP, jointly operated by the Compensated Work Therapy (CWT) and Homeless Programs, provides vocational assistance, job development, job placement, and on-going employment supports to improve employment outcomes among homeless Veterans. Vocational and employment services are based on rapid engagement, customized job development, and competitive community placement, with on-going supports for maintaining employment. During FY 2011, 3,071 Veterans received employment services from HVSEP.

National Homeless Registry: Although not a program itself, VA's comprehensive Homeless Registry is intended to track and monitor treatment outcomes in homeless program expansion and prevention initiatives. The Registry serves as a data warehouse and enhances VA's capability to monitor program effectiveness and the long-term outcomes of Veterans who have utilized VA-funded homeless services. The Registry is currently populated with over 400,000 names of current and formerly homeless Veterans who have utilized VA's Homeless Programs. VHA will continue to refine its Registry to fully capture the scope of the homeless Veteran population, monitor treatment outcomes, and access to VA services.

Question 5: Younger Veterans Unemployment: Secretary Shinseki, as you know, the unemployment rate for younger Veterans (ages of 18-24) has been the highest among all demographics. Projected drawdown is likely going to exacerbate this situation for our younger Veterans. What courses of actions are you analyzing to tackle this particular issue?

Response: The Department is taking a multi-prong approach to improving Veterans employment opportunities. For example, approximately 30 percent of current VA employees are Veterans, and VA has a target of raising that figure to 40 percent.

VA has developed new career resources that will accommodate all Veterans. No matter their level of experience, career interest or physical location in the world, Veterans have more VA resources available at their fingertips than ever before:

- In late 2011, VA launched the VA for Vets program, a complete career lifecycle development and management program.
- VA for Vets offers one-on-one professional career coaching services and a robust online career center that is mobile-device ready.
- With the career center, Veterans assess their interests, translate skills and abilities, build a marketable resume with civilian employment language and apply for federal jobs all in one place.
- VA for Vets professional career coaches are available to Veterans by phone or email and can receive guidance about resume development, interviewing skills and optimizing their job search experience.
- VA improved its federal hiring process. Through regional live hiring events and virtual career fairs, VA is meeting Veterans where they are and guiding them where they want to go professionally. At one live hiring event alone — held in our nation's capital, nearly 3,356 interviews onsite resulted in more than 500 tentative job offers of which over 230 were selections for federal positions and 320 for private sector employment.
- Our young civil service employees are transforming VA to meet the challenges of a new generation of Veterans. Last September an Office of Personnel Management employee survey identified VA as the "Best Place to Launch a Career in the Federal Government" for employees under age 30. Through VA for Vets, we aim to prepare all Veterans for meaningful and successful federal careers.

VA monitors Bureau of Labor statistics and analyzes the Veteran unemployment distribution across all age groups and geographic areas to identify areas of opportunity. This information is used to leverage partnerships with private companies and government agencies to create employment, on-the-job training and apprenticeships, and educational opportunities.

VA works collaboratively with the Department of Labor's Veterans' Employment and Training Service (DOL VETS), other federal entities, and private-sector employers to improve successful employment outcomes to our Nation's Veterans. This partnership is integral in keeping up with changes in the labor market, and VA staff are updated on areas of employment with high-demand. For example, DOL's Local Veterans' Employment Representatives and Disabled Veterans' Outreach Program Specialists are co-located at VA regional offices to assist all Veterans with employment and training opportunities.

VA working with DoD, DOL, and other partners is currently re-designing the Transition Assistance Program (TAP) to better serve Servicemembers and Veterans

VA supports national initiatives and coordinates outreach activities to promote Veteran employment opportunities, including career fairs, the National Veterans Small Business Conference, Joining Forces Initiative, and the DoDNA Veterans

Employment Initiative Task Force. In addition, we use our web sites and social media to inform Veterans of educational and employment opportunities.

Question 6: HUD-VASH Program: Secretary Shinseki, the VA has partnered with HUD to form the HUD —VASH program and the FY 2013 request includes $43 million for the case management portion of this program. In your opinion is this the most effective tool the VA has to combat homelessness?

Answer: The HUD-VASH Program is a critical and essential component of the VA's Plan to End Veteran Homelessness, and the U.S. Interagency Council on Homelessness' (USICH) plan entitled *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness.* In recognition of HUD's request for approximately 10,000 more HUD-VASH vouchers in FY 2013, VA has budgeted an additional $43 million over FY 2012 funding levels (an FY 2013 total request of $244 million) for new case management staff needed to appropriately manage the homeless veterans using HUD-VASH vouchers. HUD-VASH is an evidence based intervention with a proven ability to get the most chronically homeless Veterans off the street, and into stable housing with wrap around treatment services to help maintain housing and improve their quality of life. With the adoption of Housing First principles, and the provision of ongoing case management services, this program has not only housed some of our most chronically homeless Veterans, but it has been able to maintain them in recovery, addressing many of the issues that have contributed to them becoming homeless. However, it is important to note that HUD-VASH is a highly effective both clinically and fiscally but it cannot be a standalone tool. Other services such as transitional housing and homeless prevention and rapid re-housing through the Supportive Services for Veteran Families (SSVF) Program are also critical. Engagement with needed health care services, primary care, mental health, and employment services are also required as part of our continuum for us to reach and maintain the goal of ending Veteran homelessness.

Question 7: HUD-VASH Vouchers: Mr. Secretary, how many vouchers are currently in use for this program?

Answer: As of January 25, 2012, there are 34,994 vouchers currently in use, with a total of 37,549 vouchers that have been authorized and appropriated. The attached January 25, 2012 monthly update provides additional information.

1-25 2012 - Monthly Report - Overall Nurri

In March 2012, HUD announced the allocation of an additional 10,000 HUDVASH vouchers available for use in FY 2012. HUD and VA are working closely to ensure these newly allocated HUD-VASH vouchers are available for use as soon as possible.

Date: January 25, 2012

Context of Inquiry: Monthly Update on HUD-VASH program as of January 25, 2012

Answer:
The Department of Housing and Urban Development (HUD) and the Department of Veterans Affairs (VA) collaborate on the HUD - VA Supported Housing (HUD-VASH) program, where eligible homeless Veterans receive VA-provided case management and supportive services to support stability and recovery from physical and mental health, substance use, and functional concerns contributing to or resulting from homelessness. HUD-VASH is the Nation's largest supported permanent housing initiative.

This update reflects an additional 435 Tenant-Based Vouchers (TBVs) and 76 Project-Based Vouchers (PBVs) which were activated in January 2012.

The data provided below is a snapshot in time as of January 25, 2012.

Total Vouchers authorized and appropriated		37,549
Vouchers currently in use		34,994
	Current Veterans housed / under lease	29,074
	Vouchers issued to Veterans who are actively seeking a lease	4,672
	Vouchers reserved for Veterans who are undergoing Public Housing Authority (PHA) validation	1,248
Vouchers currently available for use		2,555

*Due to the HUD-VASH voucher activation and leasing processes, HUD-VASH data is constantly reported and refreshed. Updates and corrections to data will be reflected in the next monthly report.

[Questions for the Record submitted by Congressman Young for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Disability Evaluation System (DES) Pilot Program

Background—The President's Commission on Care for America's Returning Wounded Warriors, sometimes called the Dole-Shalala Report, recommended applying one medical exam and one rating determination by VA that the Department of Defense (DoD) could use for determining fitness at the Physical Evaluation Board (PEB) thereby removing the current dual-evaluation process. This pilot program allows military members to file a VA disability claim when they are referred to the DES. The VA provides a disability rating for each condition found during the medical exam, and these ratings are used to determine the type of benefits the Veteran is eligible.

In November 2007, the DoD and VA initiated a Joint Disability Evaluation System (DES) Pilot program in the National Capital Region (NCR) to improve the timelines, effectiveness and transparency of the DES review process. The DoD and VA have reviewed the results of the DES Pilot and decided the pilot was successful enough in the National Capital Region to justify expanding the program beyond the Washington, D.C., metropolitan area.

Question 1: What is the current status of the Disability Evaluation System Pilot Program? If this program is working why hasn't it been instituted across the Services to help alleviate the backlog of claims coming into the VA and in-turn speed up determination of benefits to the Veteran?

Answer: The Disability Evaluation System (DES) pilot was recognized as a significant improvement over the legacy system, and the benefits of this improved process have been extended to all Servicemembers across DoD.

In July 2010, after proving to be successful at 27 pilot sites, the DES pilot process was renamed the Integrated Disability Evaluation System (IDES) and adopted as the standard business practice. VA and DoD expanded the IDES program throughout FY 2011, and full implementation of IDES was completed on September 30, 2011. IDES now operates at 139 sites worldwide and covers every Servicemember who is referred to a Medical Evaluation Board.

Electronic Health Record

Background—The Department of Defense (DoD) and the VA use two different PAPER health records. This leads to multiple problems. First, the records are incompatible causing the Veteran's Health Agency to require a full physical for enrollment instead of a transfer of medical records and history. Secondly, the onus to deliver the medical records is placed on the Veteran and not the VA or DoD. As a veteran departs the service it often involves cross country moves and it is easy to misplace a manila folder while you wait a year or more for an enrollment exam. This issue has been brought up to the VA and the DoD for many years by Members of Congress.

Question 1: iEHR Progress: What progress has there been in establishing a joint electronic health record between the DoD and VA? When do you foresee an implementation plan being published?

Answer: Substantial progress on the VA-DoD integrated Electronic health Record (iEHR) has been achieved since the two Department Secretaries' decision in June of 2011 to pursue a single joint electronic health record. This includes the following key accomplishments:

- Delivered initial functionality for the joint Graphical User Interface (GUI), which allows clinicians to view information drawn from the Defense and VA electronic records and view them as a single medical record.
- Awarded Service Oriented Architecture Suite/Enterprise Service Bus (SOA Suite/ESB) Contract to Harris Corporation on March 20, 2012. The ESB is the "heart" of the iEHR system, and serves as the primary engine through which all of the iEHR applications will run.
- Deployed Lab Orders Portability (OP) for North Chicago on March 20, 2012 allowing for a single order entry process.
- Installed the leadership in place for the Interagency Program Office (IPO), and staffed the organization with nearly 100 people so far.
- Conducted initial Engineering and Architecture lockdown February 27 to March 2, 2012 and follow-on deep dives to define roadmap to FY14.
- Updated FY12 Execution Plan per March 13, 2012 IPO Advisory Board meeting to provide alignment of activity with overarching iEHR objectives and program plan.
- Achieved VA and DoD concurrence on Integrated Program Level Requirements Document template from the functional capabilities group, Clinical Informatics Directorate and iEHR Co-Program Managers.

A program level requirements document consisting of business, functional, enterprise, and system level requirements is being generated. The clinical community, on December 6, 2011, provided a clinical capability prioritization approved by the Interagency Clinical Informatics Board (ICIB). In addition, at the Interagency Program Office (IPO) Advisory Board meeting held on March 13, 2012, a preliminary iEHR Initial Operational capability (IOC) definition was provided. It targets delivery of iEHR baseline capability to two sites (consisting of multiple VA and DoD facilities) with primary effort on providing a SOA-based supporting infrastructure. Clinical capability for Lab and Immunization has been identified as the priorities. In addition, Pharmacy Orders Fulfillment and Inventory Management will be addressed at North Chicago. The two sites for IOC under consideration are Hampton Roads and San Antonio.

Ongoing risk reduction efforts in the areas of Identity Management, Access Control, and Single Sign-on/Context Management, Enterprise Service Bus,

Presentation Layer, Development Test Center/Environment and Healthcare Data Dictionary mapping will continue in support of framing the iEHR enduring capability.

DoD and VA continue collaborating on a common framework and approach for the integrated electronic health record. Our progress includes:

a. Data Center Consolidation: The Departments have completed their evaluation of potential joint integrated regional data center solutions. The Service Level Agreement/Memorandum of Understanding (SLA/MOU) for data center consolidation with Defense Information Systems Agency (DISA) was signed September 30, 2011.

b. Data Mapping: The Departments have agreed to map all VA VistA sites to the DoD Data Model to achieve semantic interoperability and expect to accelerate the mapping of controlled medical vocabulary data for at least one VA VistA site—Salt Lake City. By mapping VA data to the DoD Data Model, the elements will be concretely defined and consistently translated into a single data model that provides interoperability. That single data model will enable the Departments to seamlessly access and aggregate that data into a single logical data store. Use of the interpretation capabilities of a common information interoperability framework will also enable communication with other legacy stores until national standards are incorporated natively.

c. Common Presentation Layer (or graphical user interface (GUI)): The James A. Lovell Federal Health Care Center (JAL FHCC) and Tripler / Honolulu are the two pilot sites for joint presentation layer implementation.

d. Enterprise Service Bus (ESB): A DoDNA working group was formed to develop a joint DoDNA ESB acquisition plan. A contract was awarded in March 2012 to Harris Corporation.

VA Inspector General Office

Background---Mr. Secretary, one of my special areas of interest on this subcommittee is ensuring that the funds we provide to care for our nation's heroes is not wasted or ripped off at their expense. The VA Inspector General's office has done an outstanding job over the years making sure that the dollars we appropriate to care for our nation's veterans is spent wisely and efficiently and that our veterans receive the benefits they are due and the highest quality medical care they deserve.

One of the IG's major operations, I am proud to say, is located at Bay Pines, Florida, which I have the privilege to represent. Not only do they cover Florida and the greater Southeast, but they are regularly tasked with important investigative projects around the nation.

In looking at the IG Semiannual Reports, I see that in Fiscal Ycar 2009, our nation received a return on the investment we have made in the IG's office of $38 for every dollar we appropriated. By Fiscal Year 2011, that return on investment had doubled to $76 dollar returned for every dollar invested.

In addition to returning taxpayer dollars, the IG has also provided investigative support to take criminal action against those who would divert precious dollars from our programs for veterans. In the last reporting year, the IG's team across the nation and at Bay Pines helped make 488 arrests leading to 360 indictments, 344 convictions, 464 administrative sanctions and 56 pretrial diversions.

That is why I am concerned that the budget request for the Inspector General (+$600,000) would actually result in a net loss of five positions. The impact of this, according to your budget submission, will be "a similar or slightly reduced number of oversight audits, healthcare and benefit inspections, evaluations, and criminal and administrative investigations." Mr. Chairman, I think we should be increasing our investment and manpower within the IG's office, not reducing it.

Question 1: IG's Work: Mr. Secretary, I would ask you to comment on the IG's work and its mission, which is shared by you and this committee. That mission is to ferret out waste, fraud and abuse, particularly fraud committed against our veterans.

Answer: The Inspector General (IG) plays an essential role in the management and operations of the Department of Veterans Affairs (VA). VA's senior leaders rely on the IG's independent assessments and recommendations for improvement across a broad spectrum of VA programs and operations. The IG's ongoing inspection programs of VA medical centers, community based outpatient clinics, and VA regional offices provide continuous and valuable insight on how VA can strengthen the quality of medical care and benefits delivered to our Veterans.

The IG is uniquely positioned to review topics of special interest, such as Veterans' access to mental health care, and to help protect Veterans against fraud through criminal investigations of phony Veteran-owned small businesses. The VA supports the President's budget request, which provides sufficient funding to ensure that the IG will continue to deliver outstanding results at the requested level.

VA facility activation funds to meet Veteran health care needs

Background---The largest ongoing project in Florida, and probably in the nation right now, is the construction of the much needed medical center in Orlando. This project has been a long time coming but now I understand there are some significant delays in its construction. We are being told that the planned opening this October will now be delayed until next summer or later due to a number of problems.

Orlando, FL Medical Center Delay: Can you update us on the Orlando project, the cause for these delays, and the way ahead you see for this project?

Answer: The medical centers, clinics, and other facilities that VA builds and leases are part of our ongoing commitment to care for our nation's Veterans. VA bears the responsibility to manage these projects efficiently, meet deadlines, and be good stewards of the resources entrusted to us by Congress and the American people.

There are three contributing factors to the delay of the main hospital building on the campus: design omissions and errors in the initial construction drawings, VA equipment coordination and design issues, and contractor issues. The errors in the design along with the timing of the equipment procurement and coordinating new equipment into the existing design caused interruptions to the contractor's schedule. This resulted in inefficiencies and delays that contributed to the extension of the original contract completion date. Construction quality issues, as well as manpower issues have also significantly affected the final contract completion date. VA continues to work with the prime contractor to resolve these issues and move forward with the construction effort.

Background---In that regard, the members of our delegation have been tracking the opening of the Orlando medical center along with the expanded hospital at Gainesville. I have heard concerns that while we provide the funds for the construction and equipping of these facilities, that there is a shortage of actual activation funds to bring these new facilities on line and to have the staffing and the equipment they need to open and operate from day one. As a result, the Florida VISN must divert funds from other facilities in its coverage area, many of which are already stretched thin, to support the activation of the new facilities in Orlando, the mental health clinic at Bay Pines, the outpatient clinic in Lee County, and the polytrauma addition in Tampa.

Question1: Orlando, FL Medical Center Funding and Construction Budget Process: Are you aware of that problem and have you taken a look at the budget process for these major construction projects?

Answer: Congress has provided the activation funds that VA has requested and for that we are very grateful. Because of the phasing process of matching operating funds, activations, and construction schedules, sometimes funds need to be realigned during the year among the facilities in the network to ensure that Veterans are appropriately served and requirements are appropriately addressed at all medical facilities and to ensure that the funds provided by Congress are effectively utilized. Specifically in Fiscal Year 2012, VA allocated $271 million to VISN 8 to support not only the Orlando activation but also other major project activations such as the outpatient clinic in Lee County and the polytrauma addition in Tampa. Those funds have covered all of VISN 8's activation funding needs this year. Hence, the VISN has not diverted any funds from its medical centers to support its major project activations.

[Questions for the Record submitted by Congressman Carter for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Various

Secretary Shinseki, one of my top priorities is to take care of our Veterans. As you know, I also sit on the Transportation and Housing Subcommittee, and have made it a priority in my work on that committee to make sure that the HUD-VASH program is fully funded and that there is enough HUD-VASH vouchers available for every homeless veteran in this country. It concerns me that there are men and women who have served bravely in our Armed Forces who come back home, fall on hard times and struggle to find a place to live. Just as disturbing to me, is that thousands of veterans who have put their life on the line for our freedom have been homeless for many, many years and have complex problems keeping them from becoming self-sufficient. I know a few years ago HUD reported that over 130,000 veterans had to seek an emergency shelter over the course of the year. I am interested in the intervention that the HUD-VASH program provides because it allows veterans to find housing in the private market with assistance from your department and combines that with supportive services from the VA.

HUD-VASH:

a. Can you please provide the committee your thoughts on the HUDVASH Program and its effectiveness at getting homeless veterans off the streets?

Answer: One of the fundamental causes of homelessness is the lack of access to and the ability to maintain permanent housing. HUD-VASH is VA's only program that is able to link Veterans with permanent supportive housing for Veterans who were formerly homeless, and especially targets those Veterans who are chronically homeless. This program is also the nation's largest supportive housing initiative that targets homeless Veterans and their families by providing permanent housing with case management and supportive services that promote successful recovery, housing stability and re-integration into meaningful community living.

Since the inception of the HUD-VASH program in late 2008 to the end of FY 2011, over 34,000 homeless Veterans have cumulatively been housed utilizing a Housing Choice Voucher. As of January 25, 2012, approximately 29,000 Veterans who were previously homeless are now currently housed and receiving ongoing case management services, assisting them in maintaining their homes and rebuilding their lives. Providing access to permanent supportive housing through HUD-VASH is a critical strategy for VA in its pursuit of preventing and ending Veteran homelessness. HUD-VASH is a vital

program in meeting the unique needs of chronically homeless Veterans and Veterans with families.

b. How well is the VA partnering with HUD on this program?

Answer: VA and HUD have a very positive and collaborative working relationship. VA communicates often with HUD and is actively involved in planning sessions with HUD centered on developing and evaluating needs and services. Some examples of the collaborative working relationship between VA and HUD are listed below:

- VA and HUD collaborated on developing one method for determining the prevalence of homelessness. This improvement culminated in issuing a joint yearly Point-in-Time count of the prevalence of homelessness among Veterans.
- VA works closely with HUD on the determination of the allocation of new vouchers once appropriated, utilizing data from the Point-in-Time counts, outreach data from VA, and information about the past performance of the Public Housing Authorities and VA medical centers.
- Together VA and HUD have issued the 2010 Veteran supplement to the *Annual Homeless Assessment Report* (AHAR) that reports statistics specific to homeless Veterans.
- Our two agencies are conducting long term studies on the effeetiveness of the HUD-VASH Program.
- VA and HUD are finalizing a data sharing agreement that will allow both agencies to share information about the Veterans being served by the HUD-VASH program so that data reconciliation can be done on a case-by-case basis by comparing names and Social Security numbers in VA and HUD databases.
- VA and HUD have cooperated in developing a Notice of Funding Availability issued with regard to Project Based Vouchers.

c. Are you talking frequently enough about how the program can be improved?

Answer: VA and HUD are in close contact at the highest levels of both organizations, as well as at the program management level discussing issues of concern, and ways to improve performance. Both agencies participate in HUDStat, a shared focused quality improvement session co- lead by Secretary Donovan and Deputy Secretary Gould that includes community partners. VA and HUD also conduct technical assistance site visits to VA medical centers and public housing authorities. This spring VA and HUD will be joining with the US Interagency Council on Homelessness (USICH) and Community Solutions, a non-profit community partner, to support greater engagement and targeting of HUDVASH resources in high priority, high need communities. To achieve the goal of ending Veteran homelessness, more community coordination that includes shared case management models are needed. Additional community support is also needed to assist our chronic homeless Veterans with security deposits and other move in expenses to assist them in transitioning from the streets to a home.

Question 2: Post-911 GI Bill: The Texas Veterans Commission and others have identified incidents of "for profit" colleges misleading veterans in order to capitalize on the funds provided

by the Post 9/11 GI Bill.

a. What actions has the VA pursued validating or eliminating the solicitation and enrollment practices of "for profit" educational institutions that are unethically chasing veteran benefits?

Answer: VA believes Veteran-students should be able to use their earned Post-9/11 GI Bill benefits at the institution which best meets their specific needs, regardless of whether the school is non-profit, for-profit, or a State institution. It is important to protect Veterans and ensure that they are armed with information to make the right choice and prevent any institution from taking advantage of them solely for their GI Bill benefits—without providing a quality education in return. Veterans should not be aggressively recruited by institutions principally because of financial motives.

The primary objective of the Post-9/11 GI Bill is to equip Veterans with the education and training they need to find a high quality job and succeed in the workforce. The Department understands the demand, especially among Veterans, for non-traditional forms of education. But we also believe that we must do all we can to ensure Veterans are well-informed and not taken advantage of by institutions that are not acting in their best interest.

VA is working diligently to implement requirements within the President's Executive Order, issued on April 27, 2012, which seeks to enhance the resources available to students using VA education benefits. Components of this order that will help VA defend against potentially predatory schools include requiring that schools disclose total program costs to students, streamlining school comparison and selection information available to students, encouraging schools to abide by established Principles of Excellence and recognizing those who do so, and expanding oversight and compliance of institutions to combat aggressive recruiting and marketing tactics. VA is currently partnering with other Federal agencies to determine the most effective methods of implementing these requirements. VA also currently has several mechanisms in place to minimize the unethical targeting of Veterans by potentially predatory institutions.

Under existing VA statutes, for-profit institutions are held to the same standards and criteria as non-profit institutions for the purpose of approval for use of VA education benefits. VA believes Veterans and their eligible dependents should be able to choose to use their education benefits at the academic institution — public, private non-profit, or private for-profit — that best meets their specific needs and is approved by the State approving agency (SAA) of jurisdiction.

As of August 1, 2011, standard degree programs offered at accredited public and private not-for profit schools are deemed approved for VA education benefits without separate SAA approval, per Section 203 of PL 111-377, the Post-9/11 Veterans Educational Improvements Act of 2010. In other cases, SAAs evaluate programs offered by each academic institution to determine whether their quality and offerings are similar to other programs offered in the state. If they are not, the SAA will not approve the program. This takes into account compliance with state and VA statutes, including those pertaining to misrepresentation or deceptive marketing. If an approved school is found to be non-compliant with one or more approval requirements, the SAA or VA education liaison representative immediately attempts to make necessary corrections during site visits to the school; if additional time is needed, the SAA may suspend approval for up to 60 days. In this situation, current students continue to receive benefits, but the school is not permitted to certify new students. If the school does not provide a resolution or response, approval is withdrawn.

VA will continue to provide oversight through compliance reviews and face-to- face interviews with Veterans. Additionally, section 203(d) of Public Law 111377 expanded VA's authority to utilize SAAs for oversight of programs and institutions. VA began to use SAAs for compliance reviews under this authority in FY 2012. A primary focus of SAAs is to conduct compliance reviews and provide increased oversight of for-profit schools. Training for SAAs on conducting detailed compliance reviews occurred in June and August 2011.

b. Is the VA capable of doing so and if not, what needs to be done to fix this problem?

Answer: VA believes that federal and state statutes as well as VA's oversight activities provide strong monitoring in this area.

Question 3: Scheduling Systems: It has been brought to my attention that the scheduling systems currently used by the VA may be inadequate as they are based on antiquated metrics and systems. Are you aware of this issue and could you please comment on how the Veterans Health Administration is working to rectify this problem?

Answer: VHA's scheduling system software is a 25 year old "roll and scroll" menu that is widely recognized as needing replacement. While the current system does provide some useful metrics, those metrics are incomplete and sometimes inaccurate. VA has been actively planning and working to rectify the problem. In preparation for formal procurement of replacement scheduling software or services, VA published a request for information (RFI) in December, 2011; responses are being analyzed. VA may conduct a contest under the America COMPETES Act to solicit entries which can prove concept and validate solutions.

Question 4:Tricare:

a. How will the potential increases in Tricare and Tricare for life enrollment fees impact our Veterans?

Answer: VA defers to the Department of Defense, the responsible Department for the Tricare program.

b. In your opinion, have the inefficiencies within the current Tricare System been sufficiently identified in order to alleviate cost without shifting the burden to our Veterans?

Answer: VA defers to the Department of Defense, the responsible Department for the Tricare program.

[Questions for the Record submitted by Congressman Flake for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Veterans Job Corps

Background---The President has requested $1 billion for the new *Veterans Jobs Corps* initiative but has so far not provided any real details of this program.

Question 1: Funding: Do you have any sense of how this money would be spent?

Answer: The Veterans Job Corps Conservation Program calls for a $1 billion investment to reach up to 20,000 Veterans and put them back to work in conservation jobs over the next five years protecting and rebuilding America. Project proposals would be developed and submitted to the VA by the U.S. Department of Agriculture (USDA), Department of the Interior (DOI), Department of Commerce (i.e., NOAA), and the Army Corps of Engineers (ACOE). These agencies would coordinate with state and local government agencies and engage the public and other stakeholders in developing project proposals. VA, in consultation with a federal steering committee, would select projects for funding based on selected criteria. The projects would be implemented through contracts to businesses; cooperative agreements and grants to non-Federal entities, including states and non-profit organizations; and direct hiring of a small number of Veterans for temporary positions.

Question: 2: Metrics: What will be the metrics used to judge its success?

Answer: Project criteria will be developed by the Federal Steering Committee, but at a minimum, projects would be evaluated using the following criteria: provide work opportunities and training for veterans; the program will be available for all veterans, but will focus on recently separated veterans; address veterans' job and career needs and skills; address infrastructure, maintenance, recreation, and conservation needs of America's public lands and waters; demonstrate readiness for implementation (i.e. projects have already undergone environmental review and other necessary planning processes). VA will develop a framework for monitoring and evaluating progress to ensure proper oversight and accountability.

Question 3: Use of Funds: In your opinion as Secretary, will this program which has yet to be even vaguely defined, actually help address the problem of joblessness among veterans? Would it be better to reallocate these funds to already established programs?

Answer: The President called for the Veterans Job Corps initiative to help veterans find pathways to civilian employment, which adds to other programs and initiatives to support the Nation's recently separated veterans return to the workforce.

There are opportunities to leverage other established training and employment preparation programs in conjunction with participation in the Veterans Job Corps. For example, the Veterans Green Corps is a $1.5 million pilot program between the U.S. Forest Service and California Conservation Corps. This program implements wildfire protection projects, trail restoration and stabilization projects and other land restoration activities.

Question 4: Length of Program: Will this program be temporary?

Answer: The Veterans Job Corps initiative would be funded over five years as outlined in the FY 2013 President's Budget.

[Questions for the Record submitted by Congressman Dicks for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Innovative Initiative Grant#237: Information Technology Discharge Solution
(ITDS)

Background—Mr. Secretary, I am aware that a pilot project [Secretary of Veterans Affairs Innovative Initiative Grant #237: Information Technology Discharge Solution (ITDS)] was recently completed with promising results. The project was designed explore if a technology solution which has been successfully utilized at many non-VA acute care facilities with proven results in cost avoidance and expeditious and seamless discharges could be utilized to improve Veteran coordinated care; improve hospital throughput processes; minimize patient safety risks; facilitate seamless transition in levels of care; improve security of Veteran Protected Health Information; decrease Veteran acute care length of stay; and avoid millions of dollars in acute care costs.

It is my understanding this project shows promise in providing the VA a technology solution that could potentially save more than $100 million annually, while freeing highly-skilled VA employees to focus on their vocation rather than utilizing their valuable time on an antiquated, labor intensive process of placing VA patients in post acute care facilities following medical treatment and/or procedures at VA Medical Centers throughout the country. In turn, while providing the VA much needed labor efficiencies and reducing overall costs, this solution could decrease Veteran length of stay at VA Medical Centers and decrease safety risks, which would increase patient and family satisfaction. It is also my understanding that the project identified one participant that best fit the VA mission and philosophy, and further recommended implementation of its technology as the VA's Information Technology Discharge Solution (ITDS).

Question 1: ITDS Implementation: Given the potential for VA budget savings, increased satisfaction within the ranks of our often overwhelmed, highly skilled VA personnel, and increased satisfaction of our Veteran population and their families, what are the VA's next steps to implement the recommended technology solution as the VA's ITDS?

Answer: The VA Innovation Initiative (VAi2) identifies, prioritizes, funds, tests, and evaluates the most promising solutions to VA's most important challenges with the goal of increasing Veterans' access to VA services, improving the quality of services delivered, enhancing the performance of VA operations, and reducing or controlling the cost of delivering those services that Veterans and their families receive.

In the 24 months since its launch, VAi2 has managed three Industry Innovation Competitions targeting fifteen challenge areas across VA, five Employee Innovation Competitions, and four Special Projects that included the first open source VistA community and the Agent Orange Fast Track System. Significant participation garnered over 600 proposals for the industry competitions

and marshaled more than 50,000 participants and nearly 20,000 ideas for the employee competitions. As of this date, the VAi2 portfolio includes 135 projects across multiple VA lines of business.

The Department of Veterans Affairs (VA) has been actively reviewing Discharge Planning tools and has great interest in exploring the feasibility of implementing Information Technology Discharge Solutions (ITDS). Automated discharge planning tools have the potential to enhance the efficiency of discharge planning processes. In April 2010, as part of the VHA Employee Innovation Competition, vendors were selected to demonstrate their software solutions to improve patient transfers from acute care to nursing home and rehabilitation settings in the community. White River Junction (WRJ) Veterans Affairs Medical Center (VAMC) in White River Junction, Vermont was selected as the site to evaluate three different approaches to automated discharge planning.

These private sector products were stand-alone Commercial Off-The-Shelf (COTS) systems that did not integrate with the Veterans Health Administration's Computerized Patient Record System (CPRS) Graphical User Interface (GUI). Further review and piloting of additional automated discharge systems in a "live" environment would be necessary in order to determine whether any of the COTS products would provide the ability to transfer actual patients from the medical center acute care to community nursing homes with the cost savings and quality of care desired.

Integrating these COTS products into the VA CPRS GUI is not currently being considered by the VA Office of Information and Technology (OIT), which manages a detailed process to select new software for further development at the national level. One reason OIT does not have such plans is that the principal VHA employee involved in the WRJ demo withdrew the request for this kind of integration and nationwide deployment. In his view, individual medical centers should select their solutions depending on their unique requirements rather than be subject to a standardized IT solution given the wide variation among VHA facilities.

Question 2: ITDS Incorporating CPRS-GUINISTA: How much funding does the VA estimate will be necessary to:

1. Accomplish any additional testing necessary to begin incorporating the recommended solution with the VHA Enterprise (CPRS-GUINiSTA)?

Answer: Incorporating new software across the VHA enterprise involves a rigorous evaluation process led by the Office of Information and Technology (OIT) that also considers the potential benefits of a uniform solution across all VA facilities. While this evaluation has not taken place, White River Junction (WRJ) Veterans Affairs Medical Center (VAMC) personnel, including clinicians, have expressed their views that implementing

a single solution for all VA facilities is not an appropriate approach to implementation.

2. Incorporate the recommended solution with the VHA Enterprise (CPRS-GUINiSTA), provided that any necessary, additional testing provides satisfactory results?

Response: Incorporating new software across the VHA enterprise involves a rigorous evaluation process led by the Office of Information and Technology (01T) that results from in depth evaluations of multiple solutions. In this case, no recommended solution has been determined since the WRJ VAMC demonstrations did not involve a live environment.

As stated above, such a process also considers the potential benefits of a uniform solution across all VA facilities. White River Junction (WRJ) Veterans Affairs Medical Center (VAMC) personnel, including clinicians, have expressed their views that implementing a single solution for all VA facilities is not an appropriate approach to implementation.

3. Deliver ITDS system-wide for the benefit of our Veteran and VA employee population, provided a seamless incorporation of the recommended solution with the VHA Enterprise (CPRS-GUINiSTA)?

Response: Based on the WRJ VAMC demonstration, no single ITDS solution has been determined to be appropriate for "system-wide" deployment. Since the WRJ VAMC demonstrations did not involve a live environment, further testing and evaluation in a live environment would be necessary in order to determine the feasibility of implementing any single ITDS solution across the VA.

Question 3: ITDS Resources: Are there budgetary resources identified to move forward with ITDS implementation in FY2012?

Answer: While nation-wide implementation of an ITDS software solution is not included in the FY2012 plans, additional pilots will be considered as part of the VAi2 process for funding innovations with FY2012 funds.

Question 4: Incorporate CPRS-GUINISTA: Are there budgetary resources identified within the President's FY2013 budget submission that would allow the VA to incorporate the recommended solution with the VHA Enterprise (CPRS-GUINiSTA)?

Answer: There are no recommended software solutions at this time as additional review and piloting is necessary.

Question 5: ITDS/CPRS-GUIIViSTA Timeline and Delivery: Provided that necessary budgetary resources would be made available, how long does the VA anticipate it would take to:

a. Incorporate the recommended solution with the VHA Enterprise (CPRS-GUINiSTA), provided that any necessary, additional testing provides satisfactory results?

Response: Variations of potential outcomes in a hypothetical situation make it nearly impossible to estimate how long it would take to implement an ITDS software solution across all VA facilities. Nevertheless, based on the WRJ VAMC demonstration, no single ITDS solution has been determined to be appropriate for deployment across the VHA enterprise. Since the WRJ VAMC demonstrations did not involve a live environment, further testing and evaluation in a live environment would be necessary in order to determine the feasibility of implementing any single ITDS solution across the VA.

b. Deliver ITDS system-wide for the benefit of our Veteran and VA employee population, provided a seamless incorporation of the recommended solution with the VHA Enterprise (CPRS-GUINiSTA)?

Response: A time schedule for a seamless incorporation of a nation-wide deployment of ITDS technology is not known. Since there are significant variations among different ITDS software solutions, and no live test has been performed by VA of any of these technologies, estimating the time it would take for a seamless implementation is not possible at this time.

[Questions for the Record submitted by Congressman Farr for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Veterans Cemetery

Background—The National Cemetery Administration included a Burial Strategy for Rural Veterans with their budget submission. I have reviewed this report and, while I can appreciate the VA's desire to serve those veterans who have no burial options, this strategy falls short of serving the rural veterans I represent, and the millions of veterans in other parts of rural California who do not have burial options.

Question 1: Rural Veterans: Mr. Secretary, what other steps is the NCA taking to ensure that rural veterans and their families receive the same level of burial services as urban veterans?

Answer: NCA will continue to support the establishment of new Veterans cemeteries through the Veterans Cemetery Grants Program as a complement to national cemeteries. State Veterans Cemeteries offer a viable option for providing or increasing access to a burial option for our Nation's Veterans in areas where VA does not plan to establish new cemeteries. VA can fund up to 100% of the construction and initial equipment for new State Veterans Cemeteries and can also assist with operations and maintenance grants to ensure these cemeteries are maintained as national shrines.

Backlog of Benefits

Background—I am concerned about the long length of time a new benefits claim takes to be processed by the Veterans Benefits Administration (VBA). Veterans in Northern California must wait 18-24 months before a new claim is even seen by a claims processor and must wait even longer to get a check after the claim is approved.

This committee has previously discussed the length of time it takes for a veteran to appeal a claim, and the committee has tried to address that issue by providing more staffing. In this instance, my concern is that it is taking 18-24 months for the initial processing of a claim.

Question 1: Average Time: Are my constituents within the norm for the average amount of time it currently takes VBA to process an initial claim?

Answer: As of February 29, 2012, the average number of days to complete a claim for benefits was 236 days for all claims and 297 days for claims under the jurisdiction of the Oakland Regional Office (RO). The Oakland RO has a new leadership team (Director and Assistant Director) and recently instituted several initiatives to improve performance. These initiatives include the creation of a Quality Review Team, utilization of Simplified Notification Letters to streamline the decision process, and establishment of a specialized team to focus on twoyear-old cases and special-interest cases.

Question 2: Target Processing Time: What is the target processing time for new claims?

Answer: VA has set a strategic target to complete all claims in 125 days or less in 2015. As of the end of February 2012, the nationwide average to complete a claim was 236 days. Veterans are encouraged to utilize the Fully Developed Claim (FDC) program (http://benefits.va.gov/transformation/fastclaims/). Veterans participating in the FDC program send the required evidence with their claim and certify that they have nothing further to provide, which significantly reduces the time needed for VA to develop the claim. At the end of February 2012, the average number of days to complete an FDC was 136 days.

Question 3: Increased Staffing: With the increase in VBA staffing this committee has provided, have any of these new positions been dedicated to processing initial claims?

Answer: VA appreciates the support of Congress support of the VBA as we work to transform our claims processing system. As of April 21, VA had 8,466 claims processors (Veterans Service Representatives (VSR), Rating Veterans Service Representatives (RVSR), and Decision Review Officers (DRO)) dedicated to processing compensation and pension benefits. This represents a 15 percent increase in staffing from FY 2009. These claims processors are responsible for working a variety of claims, including initial claims, claims for increased ratings, reopened claims, non-service connected pension claims, and appeals. VA has several programs to encourage the submission of claims prior to discharge, which include Benefits Delivery at Discharge (BDD), Quick Start (QS), and the Integrated Disability Evaluation System (IDES). Nationwide, VA has over 500 claims processors dedicated to development, rating, and authorization of pre-discharge claims (BDD, QS, and IDES) at regional offices. In addition, VA has 208 Military Services Coordinators dedicated solely to serving Servicemembers separating from service through the Transition Assistance Program (TAP) and Disabled Transition Program (DTAP).

Question 4: Reduce Processing Time: This committee wants to be helpful to you to address this problem, so please tell us what you need to reduce the time it takes to processing new claims?

Answer: The FY 2013 VBA budget request of $2.2 billion supports the needed FTE and initial implementation of people, process, and technology initiatives included in VBA's Transformation Plan. These initiatives, when fully developed and deployed, will improve decision output by 45-60 percent and quality by 14 percent, leading to elimination of the backlog in 2015. In addition, the 2013 information technology budget request including $92 million for the VBMS paperless claims processing system is critical to accomplishing our most important priorities and meeting the Secretary's goals.

Question 5: Measure Progress: How will the VA measure progress?

Answer: VBA will continue to use existing reporting systems to track progress of the Secretary's strategic goals of having no claim pending over 125 days and achieving 98 percent quality in 2015. Additionally, VBA established the Implementation Center, a program management office with dedicated resources to oversee the implementation of the Transformation Plan using a governance process to achieve standardization and sustainability. The Implementation Center is tracking all phases of implementation and developing performance measures to track the impact of the plan's initiatives.

Mental Health Care

Background—Recent news stories have highlighted some of the tragic consequences of mental health disorders left untreated. The community in Gilroy, CA, is still reeling and confused following a recent discovery of a murder-suicide of Lucero Gutierrez and her older brother Abel Gutierrez, who police say was an Iraqi war veteran suffering from PTSD.

While we cannot know what motivated this veteran's tragic actions, nor can we know what role his mental health disorder contributed to his actions, we can and must ensure that all veterans and especially OEF/OIF veterans have easier access the mental health care they deserve.

Mental illness still carries the stigma of weakness. Too often, we see the tragic consequences when a veteran didn't ask for help.

Question 1: Appointments: What is the average length of time between when a veteran first calls for a mental health appointment and when that appointment is scheduled?

Answer: When a Veteran calls for an appointment, he/she is scheduled at that time by the clerical support staff who takes the call.

The time between when the appointment is scheduled and when the appointment occurs varies according to the Veteran's needs and VHA scheduling requirements. An initial assessment/triage is required within 24 hours of referral for patients who have not been seen in mental health within the last two years.

Question 2: Hiring Professionals: This committee has tried to provide VA with the resources to hire mental health professionals but do we need to do more so the VA can handle the current demand for services?

Answer: In order to assist with demand for services, VHA is closely monitoring mental health vacancies in every system with regular reporting required by each VISN on the status of hiring. Additionally, VHA is currently creating a staffing model for mental health to assist with an evaluation of each system's mental health staffing. VHA has completed a review of the literature on mental health staffing and has created an interdisciplinary workgroup to develop and implement a pilot of the staffing model in three VISNs. Data obtained from these pilots will assist in guiding

further resource decisions related to staffing. VHA has also created a draft directive for Productivity Guidance for Mental Health Providers to also assist leadership in identifying where additional resources may be needed. Finally, VHA's implementation of site visits to every medical center in FY12 will provide additional information related to staffing through direct interviews with front line staff and mental health leadership. The data gathered in these combined processes will help further guide resource decision making related to mental health staffing needs.

Question 3: Automatic Enrollment: Rather than placing the burden on the veteran to seek mental health treatment, what would it take for VHA to automatically enroll all OEF/OIF veterans with three months of therapy with a licensed mental health professional?

Answer: VA is focused on reaching out to all returning Veterans to ensure that they are aware of and can access in a timely manner the mental health services available to them. Of critical importance in any mental health treatment is the involvement of the Veteran in decision making related to his/her own care, a central tenet of the recovery based model of care embraced by VHA. VA is concerned that automatic enrollment of Veterans in therapy with a licensed mental health provider would eliminate informed consent, thus, removing the Veteran's empowerment to make decisions about health care. Without knowledge of the specific parameters or requirements of this proposal (population, services offered, opt-out provisions, impact on availability of other care, etc.), the Department cannot take a position on this recommendation. VA is currently reviewing another proposal, H.R. 1460, that would automatically enroll Veterans in VA's health care system. VA will provide its views and a cost estimate on this proposal to the House Veterans' Affairs Committee, Subcommittee on Health, for the record in follow up to the Subcommittee's legislative hearing held April 16, 2012.

VA Websites

Background—Mr. Secretary, I do applaud your use of technology in reaching out to veterans, and I agree that allowing veterans to view their medical appointments, claims and other benefit services online will increase the access to services for many veterans.
However, your testimony appears to indicate that each of these websites is a SEPARATE site. While I understand why this makes sense from the VA's standpoint, from the standpoint of a veteran, it seems unnecessarily complicated.

Question 1: One Website: What support do you need from this committee to provide veterans with one website with one log-in and password that would allow them to access all their VA benefits, medical appointments and services?

I know I have mentioned the website "Network of Care" previously. The reason I think this website is so powerful and has such potential for veterans is that it is a "one stop shop" for all the mental health services near where the veteran lives.

Answer: Initiated in 2007, the Department of Veterans Affairs (VA) in partnership with the Department of Defense (DoD) created the eBenefits Portal program under the authority of the Senior Oversight Committee (SOC) to address the recommendation from the Dole/Shalala Commission and the Executive Order.

The scope for the eBenefits Portal is to not replace all VA and DoD portal activities, but to initially leverage and integrate existing portals such as My HealtheVet (MHV), Tricare Online (TOL), Defense Personnel Records Information Retrieval System (DPRIS), and other sites – providing Wounded Warriors, Service members and Veterans and their dependents with a central access point. The eBenefits program also provides single sign-on capabilities, helping it serve as a centralized hub for the user to gain access to related supporting VA and DoD benefits. There are currently over 1 million people with eBenefits accounts.

Continued support for funding of the eBenefits program and associated dependencies to include DoD's and VA's Identity an Access Management programs, ensures eBenefits continues to deliver on the vision of a single access point/single logon to access all VA benefits, medical appointments and services.

Background—While websites and technology do create new avenues for veterans to access services, this is only true if veterans have access to the technology. I know that some of my rural constituents fall on the wrong side of the digital divide, and may not have access to some of the technology necessary to access services remotely.

Question 1: Telehealth Broadband: How many of the VA's telehealth services require reliable, high speed broadband services?

Answer: All VA forms of Telehealth involve health information and communication technologies. Therefore by definition, since the common standard of connectivity is now broadband, all VA telehealth services need reliable, high-speed broad band at speeds which vary based on the type of telehealth service being provided, the setting to which it is being applied and the particular technology being employed.

Question 2: No Internet Access: For rural veterans without access to reliable, high speed internet, how is the VA meeting their needs?

Answer: VHA has a number of home telemonitoring systems that use ordinary telephone lines, cellular phone links, or even satellite signals to transmit clinical data from the Veteran's home to registered nurse case managers in VHA facilities. These case managers work with physicians to adjust treatment for chronic diseases such as diabetes, congestive heart failure, and kidney disease,

among others. These systems do not require any internet access. In addition, VHA has at its disposal videophones that use conventional phone lines and can be used to administer face to face mental health care to rural Veterans with no internet access.

Many VA medical centers have Patient Libraries where Veterans are welcome to use library computers to access the Internet. Some CBOCs have public computers available with Internet access so that Veterans may access MyHealtheVet. Some rural Veterans who participate in VA research studies that require high-speed Internet access may be provided with an "air card" allowing them to connect to the Internet for study purposes only. Upon completion of the study all equipment is returned to VA. Veterans are also communicated with by phone and through text messaging.

With the understanding that all Veterans do not have access to the internet, VHA provides the ORH Newsletters and information to personnel in rural VA clinics for dissemination to Veterans. The VA personnel have been requested to print out paper copies and place in waiting areas for rural Veteran patients to read. In addition, ORH supports outreach activities and rural health teams, engages local community partners that contact rural Veterans and inform them of VA health care services and benefits as well as provide health education materials. VA public service announcements, video and radio information are provided in markets nationwide and in the Territories.

VHA 's Planning Systems Support Group is creating a map of where in the United States high speed Internet infrastructure access exists. This map would have an overlay identifying rural CBOCs and enrolled rural Veterans, which would allow us to inform the Federal Communications Commission (FCC) and the United States Department of Agriculture (USDA) about where Internet service gaps exists, so services can be made available to Veterans in more areas. The 2014 Survey of Enrollees will include questions specific to rural Veteran and high speed Internet access in order to learn more about Veteran access, knowledge and willingness or ability to use Internet and other communication modalities, so VA can plan to meet their needs.

Additionally, VHA is aware of the "Broadband Opportunities for Rural America", a joint initiative of FCC and USDA. These agencies are leading the effort in bringing high speed Internet (broadband) access to rural areas. The USDA's Farm Bill Broadband Program is designed to provide loans for funding, on a technology neutral basis, for the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural communities. References: http://www.rurdev.usdatiov/uto farmbill.html, http://www.rurdev.usdamovird/pubs/RDBroadbandRpt.pdf, http://wireless.fcc.gov/outreach/index.htm?iob[broadband home).

[Questions for the Record submitted by Congresswoman McCollum for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Women Veterans Prosthetics

Background—Mr. Secretary, I want to thank you for being here today and for all the strong leadership you have displayed in looking after our Veterans. I do want to discuss the importance of your agency's investments in information technology.

But first want to touch on the issue of prosthetics and serving the needs of women Veterans amputees.

In your proposed fiscal year 2013 budget, your agency has agency has requested $583 million for Medical and Prosthetic Research.

I am fully supportive of this request and will continue working with you in providing the funding you need to serve our Veterans community.

Citing figures from a GAO report released on March 8th in FY 2011, 6,026 veterans underwent an amputation, with 2,248 having major amputations. Of those 6,026 Veterans, only 107 (1.8 percent) were female.

The same GAO report describes how various factors such as baseline health, overall limb pain, and skin breakdown determine how well the prosthetic limb fits.

With this information in mind, I want to ensure that women veteran amputees have access to the necessary prosthetic resources they need – and I am happy to see that the VA Department has formed the Prosthetic Women's Workgroup.

Question 1: Addressing the Needs: Could you to discuss other steps the VA is taking to address the needs of women veteran amputees?

Answer: VA's Amputation System of Care (ASOC) recognizes the unique issues surrounding women Veterans with amputation and strives to create an environment that is sensitive to these issues.

VA ASOC practitioners provide state-of-the art care and technologies to eligible women Veterans through an integrated team approach. The ASOC team, co- located in a facility or provided through tele-medicine capability, allows interaction of the specialists and Veteran and offers comprehensive care to the woman Veteran by incorporating biological, socioeconomic, social/contextual, and psychological factors into their care plan.

VA Orthotic &Prosthetic (O&P) Service (a component of the VA Prosthetic and Sensory Aids Service (PSAS)) works closely with the PSAS's Prosthetic Women's Workgroup (PWW), an interdisciplinary collaboration of subject matter experts on Women's Health across VA. The purpose of the PWW is to enhance the care of women Veterans by focusing on the unique needs

of women Veterans and developing a means to best meet those needs using a range of devices or modifying devices when required.

VA O&P Services work with female amputees to identify a prosthetic limb provider that can meet their unique needs. The prosthetic limb provider may be from one of the 78 VA accredited O&P services or through one of more than 600 contracts, nation-wide, with accredited local O&P services. VA pays the full cost of the prescribed limb as well as repairs. In 2011, $1.6M was spent on procurement of artificial limbs for female Veteran amputees.

VA O&P service works closely with manufacturers of prosthetic technologies to identify emerging technologies for female amputees and propose ideas for research and development. Technology includes specialty prosthetic limb components such as prosthetic feet designed for women who require multiple heel height adaptations, self-adjusting sockets, or specialty cosmetics.

VA IT Budget

Background—Mr. Secretary, I commend the efforts of the VA Department in the area of information technology.

Question 1: Budget Increase or Decrease: Can you tell us how the increased IT budget will help serve Veterans? What impact would a reduction in IT funding have on Veterans and the Department? What would happen if you do not get this request?

Answer: Information Technology, and the resources required to support it, underpin every aspect of the care, benefits, and services we deliver to Veterans.

The FY13 Budget request for IT, $3.3 billion, or 6.9% increase is central to continuing providing high quality care and service to our Veterans. 80% of the FY 2013 IT Budget supports direct delivery of medical care and benefits to Veterans. In the 21st Century IT is not a siloed segment of the budget focused on computers and monitors but rather the vehicle by which VA is able to extend the reach of its health care to rural America, process benefits more quickly, and provide enhanced customer service to Veterans and their families.

IT is integrated into every aspect of the VA as it connects our medical centers, our benefits offices, our call centers, and every other part of the VA organization. A few examples include: VBMS; Long Term Solution – GI Bill education claims; iEHR; eBenefits; and the Virtual Lifetime Electronic Record. IT is the driver behind enhancing our world-class VistA Electronic Health Records system, and in creating a joint integrated electronic health record system with DoD.

The OIT budget for FY 2013 has an increase of $216 million over FY 2012 enacted budget. The main increase in the budget is to support Operations and Maintenance (O&M) of existing infrastructure and systems. In addition to transforming the VA through the development and implementation of major system development efforts such as iEHR and the 16 Major Transformational Initiatives, there is a critical need to adequately maintain, operate and upgrade the IT infrastructure to support both existing and future IT systems. The O&M request of $1.452 billion funds the operation, maintenance and security of VA's IT infrastructure, which is one of the largest IT infrastructures within the Federal government serving the needs of over 300,000 employees, and over 10 million Veterans. The IT technology profile consists of over 360,000 desktop computers, 40,000 laptops, 18,000 blackberries and mobile devices, and 448,000 email accounts.

The Departments budget request for FY 2013 provides for the proper operation and maintenance of an infrastructure designed to meet the day-to-day operational needs of VA. The sustainment of activities, replacement of equipment that reaches the end of its useful life, and any needed major infrastructure upgrades needed to maintain currency with the rapidly changing technological environment are all part of that regime. The budget provides for ensuring continued operations in the event of outages, ensuring OIT meets expected service levels. The budget request will provide for an infrastructure that is more "self-healing" and capable of accepting and operating the new products and systems being developed by the Department's agile development process. The FY 2013 budget request prevents equipment replacement deferrals from interfering with required service levels and provides the basis for a strong, scalable, effective infrastructure now and into FY 2014 and beyond.

The consequences of not keeping pace with these broader trends would be degradation of the infrastructure over time, with resulting decline in service levels for the systems and applications used by the VA's lines of business and the Veteran clients they support. A decline in service levels would become manifested through poor system operating performance, as well as increased equipment outages and system down time. In addition, if adequate funding is not provided, the IT infrastructure backlog will dramatically increase due to a lack of funds for replacement and upgrading legacy infrastructure. Eventually, this lack of investment for infrastructure replacement and upgrade will be noticed through major outages that will be prolonged, more frequent, and result in serious patient safety issues or greater cost of operation for the Administrations and Staff offices attempting to perform their mission for Veterans.

Question 2: iEHR Resources: As part of the IT budget, are you going to use these resources on the integrated Electronic Health Records?

Answer: Yes. A request for $169M is included in the President's Budget to be applied towards the integrated Electronic Health Record (iEHR).

Question 3: iEHR Status and Funding: What is the status of that initiative and what funding in the IT budget will go towards Electronic Health Records?

Answer: DoD and VA have initiated activity to establish a joint program baseline for the iEHR. The $169M VA OIT investment will be applied towards the delivery of iEHR baseline capability to two sites (consisting of multiple VA and DoD facilities) with primary effort on providing a Service Oriented Architecture (SOA)-based supporting infrastructure.

Clinical capabilities for Lab and Immunization have been identified as the priorities. In addition, Pharmacy Orders Fulfillment and Inventory Management will be addressed at North Chicago. The two sites for IOC under consideration are Hampton Roads and San Antonio.

Ongoing risk reduction efforts in the areas of Identity Management, Access Control, and Single Sign-on/Context Management, Enterprise Service Bus, Presentation Layer, Development Test Center/Environment and Healthcare Data Dictionary mapping will continue in support of framing the iEHR enduring capability.

[Questions for the Record submitted by Congressman Moran for Secretary of Veterans Affairs Eric K. Shinseki follows:]

Reverse Auctions

Background—On March 3, 2012, the VA abruptly halted the use of reverse auctions for procurement of goods and simple services. Yet, I understand that the Veterans Health Administration has saved $7.1 million on buys of more than $100 million since it started using a commercial on-line reverse auction marketplace in FY 2011. In addition, several months ago the VA posted a news item on its web site highlighting the savings and contracting efficiencies that VHA has realized through reverse auctions.

Question 1: Reverse Auctions: Please explain why the VA halted the use of an acquisition technique that seemed to be very successful for VHA. As part of the explanation, please describe the economic or other analysis on which the decision was based.

Answer: Concerns regarding management of the reverse auction process, to include VA supplier complaints and a contract protest, were the impetus for ordering a moratorium. VA senior procurement executives made the decision to immediately implement this moratorium and conduct a comprehensive review evaluating VA's current compliance with policy and regulations. The moratorium was put in place on March 3, 2012. Since procuring activities had alternatives for obtaining the required supplies and services, implementing the moratorium immediately and stopping potentially non-compliant transactions was the best action.

VA performed an initial analysis of the 25 randomly selected files, 23 (92%) files were not properly documented in Electronic Contract Management System (eCMS) and did not comply with VA policy and procedures. Reverse auction is an acquisition tool, and should not be used to circumvent the FAR and VAAR. This includes market research and competition. Our findings determined that market research was limited or nonexistent, price reasonableness determinations were not performed, and competition was nonexistent. Due to the limited nature of this review, VA is proceeding with a more in depth review with a larger, statistically significant sample.

To clarify VA's approach to reverse auctions, VA Procurement Policy staff has developed revised guidance for acquisition staff in proper utilization of reverse auction as an acquisition tool. The Senior Procurement Executive released the new policy and rescinded the moratorium on the use of reverse auctioning on April 3, 2012. Once the Heads of the Department's Contracting activities have ensured their contracting officials are trained and understand the revised policy, contracting offices may resume the use of the reverse auction tool.

$2.5 billion in savings from six VA-wide operational improvements:

Background—The President's budget request for the Department of Veterans Affairs (VA) for fiscal years 2012 and 2013 included a total of $2.5 billion dollars in savings from six VA-wide

operational improvements. If the VA's estimated savings for fiscal years 2012 and 2013 do not come to fruition and the VA receives appropriations in the amount requested by the President, the VA may have to make difficult trade -offs to provide health care services with the resources provided.

A February 2012 GAO report entitled "Methodology for Estimating and Process for Tracking Savings Need Improvement" found that the VA's estimated savings from two of its six operational improvements lacked analytic support, and estimated savings from another were flawed. Without a sound methodology for estimating these savings, VA runs the risk of not achieving them. In addition, the GAO found that the VA lacks a process for tracking actual savings for one operational improvement and its processes may overstate results for two others. Without an accurate process for tracking these savings, VA will be unable to determine whether it has realized the estimated savings reflected in the President's budget request for fiscal years 2012 and 2013.

Question 1: Operational Improvements: Secretary Shinseki, what steps are being taken to ensure that these operational improvements are achievable and that these savings can be tracked accurately?

Answer: VA is addressing the recommendations in a recently issued GAO report to ensure that the identified operational improvements are achievable and are being tracked accurately. Each month the operational improvement progress against target is briefed to the Deputy Secretary of VA in the Monthly Performance Review.

Question 2: Supplemental Funding: If these savings are not achieved, what programs will be used to cover the expenses not captured in the budget or do you plan on requesting supplemental funding?

Answer: We have committed to achieving this level of savings, and feel confident that these savings will be achieved. Therefore we do not plan on requesting supplemental funding.

December 2011 VA Enhanced Monthly Benefits Report

Background—The Department of Veterans Affairs (VA) offers Aid and Attendance (MA) benefits to individuals who need regular assistance of another person or Housebound benefits to individuals who are substantially confined to their homes. These benefits, which increase recipients' monthly disability compensation or pension payments, are called enhanced compensation or enhanced pension, respectively— collectively referred to as enhanced monthly benefits.

Most enhanced monthly benefit recipients were veterans, over age 65 but the recipient population is changing. During the last decade the recipients under the age of 65 has increased from 18 to 26 percent and costs have increased from $124 million in 2000 to $409 million in 2010, a 230 percent increase.

The VA has previously acknowledged that enhanced pensions, whose primary recipients are elderly veterans, are underused and that not all potential recipients are aware of these benefits. Also, a 2004 VA study found that while 62 percent of pension recipients might be eligible for these benefits, only about 22 percent received them. The study found, however, that the lack of awareness about the VA pension is the primary reason eligible veterans and their surviving family members may not be applying for enhanced monthly benefits.

If elderly veterans do not learn about enhanced monthly benefits from VA or other reliable sources, there is a risk they will be misinformed or become victims of predatory financial practices.

Question 1: Enhanced Monthly Benefits Supplemental Funding: Secretary Shinseki, if The 22 percent currently receiving enhanced benefits cost $409 million and you are successful by informing the 62 percent of those who are eligible recipients and they claim these benefits you will see the costs for this program triple to over $1 billion. If this information is successfully passed to eligible recipients will you need supplemental funding to cover the additional cost or is this included in the FY 2013 budget request?

Answer: The compensation and pension account is a no-year appropriation with the authority to obligate until expended. Mandatory accounts have the authority to carry over unobligated funds from the prior year. There is also transfer authority among VA's mandatory readjustment benefits, compensation and pension, and insurance accounts. In addition, VA updates budget estimates approximately five months after the President's budget submission. The Mid- Session Review budget allows Congress to review changes before the appropriation bill is enacted. Changes to budget estimates may be due to many factors, including newly enacted legislation and revised economic assumptions. With these mechanisms in place, a request for supplemental funding is not anticipated at this time.

Question 2: Number of Recipients: How many additional recipients do you plan on capturing as you conduct a more focused outreach program to better educate potential recipients about enhanced monthly benefits?

Answer: In FY 2011, over 516,000 individuals received pension benefits, and VA estimates that 517,000 and 520,000 individuals will receive pension benefits in FY 2012 and FY 2013, respectively. In FY 2011, 22 percent of pension beneficiaries were in receipt of enhanced benefits. VBA plans to conduct targeted outreach about enhanced benefits to the remaining 78 percent of pension beneficiaries. However, VA does not anticipate a significant increase in the number of enhanced benefit recipients due to this outreach.

VA 2013 Budget Fast Facts

Major Appropriation Issues

Stewardship of Resources

- Supports management systems that ensure accountability, maximize efficiency and effectiveness, and eliminate waste while improving the delivery of high quality and timely benefits and services to Veterans.

Medical Care

- Secures timely, predictable funding for health care through 2014 with advance appropriations
- $1.352 billion (up $333 million) to further VA's integrated plan to end Veteran homelessness, including $235 million for the Homeless Grants and Per Diem program to aid community organizations
- $6.2 billion (up $312 million) to expand inpatient, residential, and outpatient mental health programs
- $7.2 billion (up $550 million) to expand institutional and non-institutional long-term care services.
- $335 million (up $9 million) is for tele-home health to improve access to care
- $403 million (up $60 million) for the needs of women Veterans
- $3.3 billion (up $510 million) to meet the needs of over 610,000 Veterans returning from U.S. operations in Iraq and Afghanistan

Veterans Job Corps

- A Presidential initiative of $1 billion over the next five years to establish a conservation program impacting up to 20,000 veterans to protect and rebuild America's land and resources.

Benefits Claims Processing

- $2.164 billion (up $145 million over 2012) to support improved benefits processing through increased staff, improved business processes, and information technology enhancements
- Supports the completion of 1.4 million disability compensation and pension claims, a 36% increase over 2011
- Provides funding to complete 4 million education claims, a 19% increase over 2011

National Cemetery Administration

- $258 million for operations and maintenance to ensure VA's cemeteries are maintained as national shrines
- The budget provides funding to expand access to burial options for rural Veterans.

Information Technology

- 80% of 2013 IT Budget supports direct delivery of medical care and benefits to Veterans
- Over $3.3 billion for a reliable and accessible IT infrastructure, a high-performing workforce, and modernized information systems for Veteran services and benefits
- $53 million for development and implementation of the Virtual Lifetime Electronic Record (VLER) initiative
- $169 million for integrated Electronic Healthcare Record (iEHR), a joint effort with DoD to share health information
- $128 million for paperless claims processing system VBMS

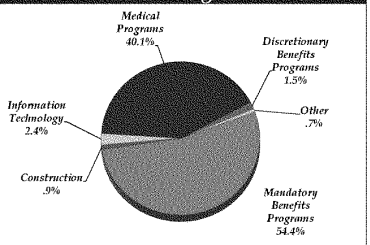
Construction

- Supports four major medical facility projects already underway.

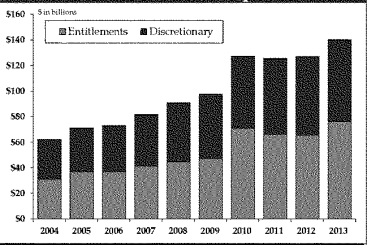
Entitlement Benefits

- $76.3 billion for mandatory benefits, including compensation for Agent Orange presumptive conditions and Post-9/11 GI Bill education benefits

FY 2013 VA Budget Breakout



VA's Historical Perspective



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Discretionary	31.1	34.2	36.4	40.5	46.0	50.6	55.9	59.1	61.2	64.0
Entitlements	31.2	36.8	36.8	41.3	44.9	47.1	71.3	66.4	65.7	76.3
Total VA	62.3	71.0	73.2	81.8	90.9	97.7	127.2	125.5	126.9	140.3

Discretionary Funding by Appropriation

($ in millions)

Medical Care	**$55,672**
Medical and Prosthetic Research	**583**
Veterans Benefits Administration	**2,164**
National Cemetery Administration	**258**
General Administration	**417**
Information Technology	**3,327**
Construction/Grants	**1,271**
Office of Inspector General	**113**
Loan Administration Funds	**159**
Total Discretionary	**$63,964**

Department of Veterans Affairs

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News Release

FOR IMMEDIATE RELEASE
February 13, 2012

VA Budget Request Tops $140 Billion for Veterans Programs

WASHINGTON – With more than 1 million active-duty personnel scheduled to join the ranks of America's 22 million Veterans during the next five years, the President has proposed a $140.3 billion budget for the Department of Veterans Affairs for the fiscal year beginning Oct. 1.

"As our newest Veterans return home, we must give them the care, the benefits, the job opportunities and the respect they have earned, while honoring our commitments to Veterans of previous eras," said Secretary of Veterans Affairs Eric K. Shinseki.

Shinseki said the budget proposal, which must be approved by Congress, would fund services for newly discharged Veterans, continue the drive to end homelessness among Veterans, improve access to benefits and services, reduce the disability claims backlog, improve the Department's collaboration with the Defense Department and strengthen its information-technology program that is vital for delivering services to Veterans.

"As we turn the page on a decade of war, we are poised at an historic moment for our Nation's armed forces," Shinseki said. "The President has charged VA to keep faith with those who served when they rejoin civilian life."

The budget request includes $64 billion in discretionary funds, mostly for medical care, and $76 billion for mandatory funds, mostly for disability compensation and pensions.

If approved by Congress, the new spending levels would support a health care system with 8.8 million enrollees and growing benefits programs serving nearly 12 million Servicemembers, Veterans, family members and survivors, including the eighth largest life insurance program in the nation; education benefits for more than 1 million Americans; home loan guarantees for more than 1.5 million Veterans and survivors; plus the largest national cemetery system in the country.

-More-

Here are highlights from the President's 2013 budget request for VA.

Medical Care

The President's proposed budget seeks $52.7 billion for medical care, a 4.1 percent increase over the $50.6 billion approved by Congress for the current fiscal year, and a net increase of $165 million above the advance appropriations level already enacted for FY 2013.

For the next fiscal year, VA estimates 6.33 million patients will use VA for health care. About 610,000 of those patients will be Veterans of the conflicts in Iraq and Afghanistan. The budget request also would provide:

- $403 million for the gender-specific health care needs of women Veterans, improving their access to services and treatment facilities;
- $6.2 billion for mental health, a 5.3 percent increase in funding over the current level, making possible increased outreach and screenings, expansion of innovative technologies for self-assessment and symptom management of post-traumatic stress disorder, and enhancements to programs that reduce the stigmas of mental health;
- $7.2 billion for long-term care, meeting VA's commitment to provide long-term care in the least restrictive and most clinically appropriate settings, such as non-institutional programs that serve a daily population of about 120,000 people;
- $583 million in direct appropriations for medical research, which receives another $1.3 billion from other sources, with emphasis on research for traumatic brain injury, suicide prevention, PTSD and genomic medicine;
- $792 million to support the activation of health care facilities, including new hospitals in New Orleans, Las Vegas, Denver and Orlando, Fla.

Funding in VA's major construction account of $396.6 million is provided to continue construction of new medical facilities at Seattle, Dallas, St. Louis and Palo Alto, Calif.

Since enactment of the Veterans Health Care Budget Reform and Transparency Act in 2009, VA includes an advance appropriations request for medical care in the Budget

submission. Included in today's spending request is $54.5 billion for FY 2014, which begins Oct. 1, 2013. This request for advance appropriations will support nearly 6.38 million unique patients and fulfill our commitment to Veterans to provide timely and accessible high-quality medical services. The Administration will review the initial advance appropriations request in the FY 2014 budget cycle.

Veterans Job Corps

The 2013 budget proposes $1 billion over five years for a Veterans Job Corps, a new effort to leverage skills Veterans developed in military service for a range of jobs protecting and rebuilding America's public lands. The initiative would put up to 20,000 Veterans to work on projects to restore America's lands and resources.

Disability Pay, Pensions

In the next fiscal year, VA projects it will receive about 1,250,000 claims for Veterans disability benefits. This is a 4 percent increase from the 1.2 million projected for this fiscal year.

Shinseki noted that today's claims from Veterans who served in Iraq and Afghanistan, on average, total 8.5 disabilities per Veteran, a rate nearly double that for claims by Veterans of earlier eras and a substantial increase in the workload for VA employees who administer the benefits system.

By 2013, the budget projects no more than 40 percent of compensation and pension claims will be more than 125 days old, a significant cut from the 60 percent of claims exceeding that mark this year. Other improvements funded by the new budget include:

- A new case-management operating model that moves less complicated claims more quickly through the system;
- Additional eBenefits self-service features that allow registered Servicemembers, Veterans and their families to apply for benefits and manage certain aspects of their benefits accounts online;
- Publicly available electronic medical questionnaires that allow private physicians to provide VA with exactly the information needed for Veterans claims for disability compensation; and

- National implementation of a system for processing disability claims that will have all of VA's regional offices, working in a digital, near-paperless environment by the end of 2013.

Veterans Homelessness

The proposed VA budget for fiscal year 2013 contains nearly $1.4 billion for programs that prevent or treat homelessness among Veterans. This is an increase of 33 percent, or $333 million, over the 2012 level, continuing the Department's steady progress toward ending Veteran homelessness by 2015.

In the past year, the number of Veterans homeless on a given night has declined from 76,300 in 2010 to about 67,500 in 2011. By emphasizing rescue and prevention, the budget request envisions driving down the numbers to 35,000 by the end of fiscal year 2013. Some specific efforts funded in the new budget are:

- $21 million to provide 200 coordinators who will help homeless Veterans with disability claims, housing problems, job and vocational opportunities, and problems with the courts;
- $300 million to provide grants and technical assistance to community non-profits to maintain Veterans and their families in their current housing or to get them rapidly into housing;
- Provide grants and per diem payments to community-based organizations offering transitional housing to 32,000 homeless Veterans; and
- Build upon the recent success of a VA hiring fair in Washington, D.C., which drew about 4,000 Veterans and has led to about 500 hiring offers to date.

Education Program

The Post-9/11 GI Bill will help pay the educational expenses of more than 606,000 Servicemembers, Veterans, family members and survivors during the next fiscal year. Over the past two years, VA has successfully deployed a new IT system to support processing of Post-9/11 GI Bill education claims, and has seen a dramatic improvement in the timeliness and accuracy of its processing program during the same period.

A separate funding increase of nearly $9 million would expand the "VetSuccess on Campus" program from 28 campuses to 80, serving approximately 80,000 Veterans. The

program provides outreach and supportive services during their transition from the military to college.

Vocational Rehabilitation and Employment

The budget request for 2013 would provide $233 million, a 14 percent increase over 2012, to administer VA's vocational rehabilitation and employment program. The increase is focused on expanding services to wounded, ill and injured Servicemembers to ease their transition to the civilian sector. Program participants are expected to increase from 108,000 in 2011 to 130,000 next fiscal year.

National Cemeteries

Fiscal year 2013 will see $258 million for operation and maintenance of VA's system of 131 national cemeteries if the budget proposal is accepted. The budget supports the initial implementation of a new policy to establish a national cemetery presence in eight rural areas.

Funding in VA's Minor Construction budget request would finance $58 million for land acquisition, gravesite expansion and columbaria projects. Also included in the budget request is funding for online mapping of gravesite locations from the IT account.

With a funding request of $46 million, VA will continue its partnership with the states by funding the construction, expansion and improvement of state Veterans cemeteries, while continuing its support to Veterans cemeteries on tribal lands.

Information Technology

The 2013 budget proposal includes $3.3 billion for information technology, a $216 million increase over the current budget. VA operates one of the largest consolidated IT organizations in the world, supporting over 300,000 VA employees and about 10 million Veterans and family members who use VA programs. About 80 percent of the IT budget supports the direct delivery of health care and benefits to Veterans and their families.

The Department will build upon its unparalleled success rate of 89 percent on-time delivery of IT milestones by continued improvements in support of access to health care, ending Veterans homelessness and improved benefits delivery. VA will implement the integrated Electronic Health Record with Department of Defense, easing the transition from

active status to the VA health care system by upgrading electronic health records for all Veterans to a single, common platform.

IT funding will enable VBA's transformation to a digital and near paperless environment using the Veterans Benefits Management System, decreasing claims processing times by 50 percent, while VA's telehealth programs will take advantage of new IT technologies, increasing VA's ability to provide health care to Veterans in remote locations.

# # #

Department of Veterans Affairs

FY 2013 President's Budget

February 13, 2012

VA's Budget Supports President's Vision

- Continue transforming VA into a 21st Century organization

- Maintain the VA's top priorities:
  - Expand Access
  - Eliminate the Claims Backlog
  - End Veteran Homelessness

- Ensure fiscal responsibility by demonstrating:
  - Effectiveness
  - Accountability
  - Efficiency

Highlights of Budget Request

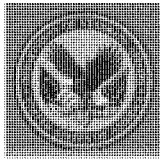
2013

- The budget request for 2013 is:
  - Total budget — $140.3 billion (+10.5%)
  - Mandatory budget — $76.3 billion (+16.2%)
  - Discretionary budget — $64 billion (+4.5%)

- Medical Care request is $165 million above the enacted Advance Appropriations level

2014

- Request for Medical Care Advance Appropriations is $ 1.8 billion (3.3%) above the 2013 request



Priorities

- Expanding Access to Benefits and Services
  - Telehome Health funding in 2013 is $335 million, or 6%, over 2012
  - Women-specific medical care is $403 million, or 17%, over 2012
  - Activation of new and enhanced health care facilities is $792 million
  - Non-VA outpatient fee care, including rural areas, is $5.8 billion, or 13.7% over 2012
  - Enhancements to the Veterans Relationship Management system, including eBenefits, is $119 million
  - VetSuccess on Campus program at 52 more campuses in 2013 is $8.8 million
  - Implementing new policy to establish a national cemetery presence in 8 rural areas

- Eliminating the Disability Claims Backlog
  - VA is attacking the backlog through a multi-pronged transformational approach involving people, process and technology
  - Investing $128 million in the Veterans Benefits Management System, a leading-edge 21st century IT solution to create a paperless claims system
    - Nationwide deployment to all regional offices will be completed in 2013

- Eliminating Veteran Homelessness
  - Additional funding of $333 million, an increase of 33% over 2012, provides for specific programs to prevent and reduce homelessness including:
    - $200 million for supportive services for Veteran Families
    - $43 million for HUD-VASH program
    - $11 million for grant and per diem program, including program liaisons
  - Direct medical care for homeless Veterans is $4.4 billion, or 10% over 2012
  - $21 million requested for 200 Homeless Veterans Outreach Coordinators in VBA
  - Budget supports plan to reduce the number of homeless Veterans to 35,000 in 2013

Veterans Jobs Corps

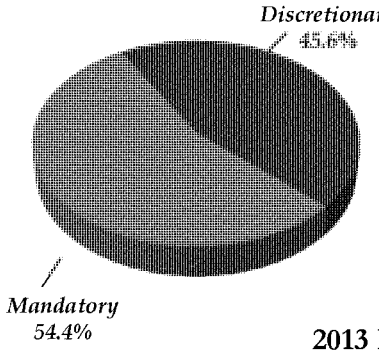
- POTUS initiative of $1 billion (mandatory funding) for a Veterans Job Corps

- Goals:
  - Increase job opportunities for transitioning service members and Veterans
  - Restore and protect America's public lands and waters

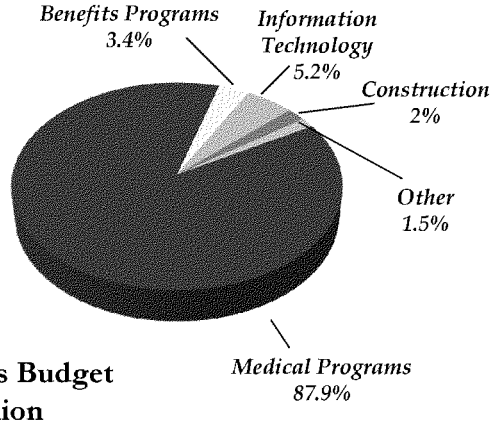
- Participating Agencies:
  - Agriculture
  - Interior
  - Army Corps of Engineers
  - Commerce (NOAA)

2013 VA Budget

Mandatory/Discretionary Accounts



Discretionary Accounts



2013 President's Budget
$140.3 Billion
(includes collections)
Mandatory $76.3 B Discretionary $64B

2013 Budget

(\$ in millions)

	2011 Actual	2012 Enacted	2013 Presidents Budget	\$ Change 2012 V. 2013	% Change 2012 V. 2013
Medical Services	37,062	39,650	41,519	1,869	4.7%
Medical Support & Compliance	5,262	5,535	5,746	211	3.8%
Medical Facilities	5,714	5,426	5,441	15	0.3%
Subtotal Medical Care Appropriations *	48,038	50,611	52,706	2,095	4.1%
Collections	2,775	2,767	2,966	199	7.2%
Total, Medical Care with Collections	50,813	53,378	55,672	2,294	4.3%
Medical Research	580	581	583	2	0.3%
VBA	2,133	2,019	2,164	145	7.2%
General Administration	397	417	417	0	0.0%
NCA	250	251	258	7	2.9%
Construction-Major	1,074	590	532	-57	-9.7%
Construction - Minor	467	482	608	125	25.9%
Grants for State Extended Care Facilities	85	85	85	0	0.0%
Grants for Veterans Cemeteries	46	46	46	0	0.0%
Information Technology	2,994	3,111	3,327	216	6.9%
Inspector General	109	112	113	1	0.5%
Loan Administration Funds	163	156	159	3	2.0%
Subtotal Discretionary without MCCF	56,333	58,461	60,998	2,537	4.3%
Total Discretionary Funding	59,108	61,228	63,964	2,736	4.5%
Total Mandatory Funding	66,379	65,721	76,368	10,647	16.2%
Total VA	125,487	126,949	140,332	13,383	10.5%

*Note: Medical Care appropriations does not include the transfer of DoD funding for the Joint DoD/VA Health Care Sharing Incentive and Medical Facility Demonstration funds

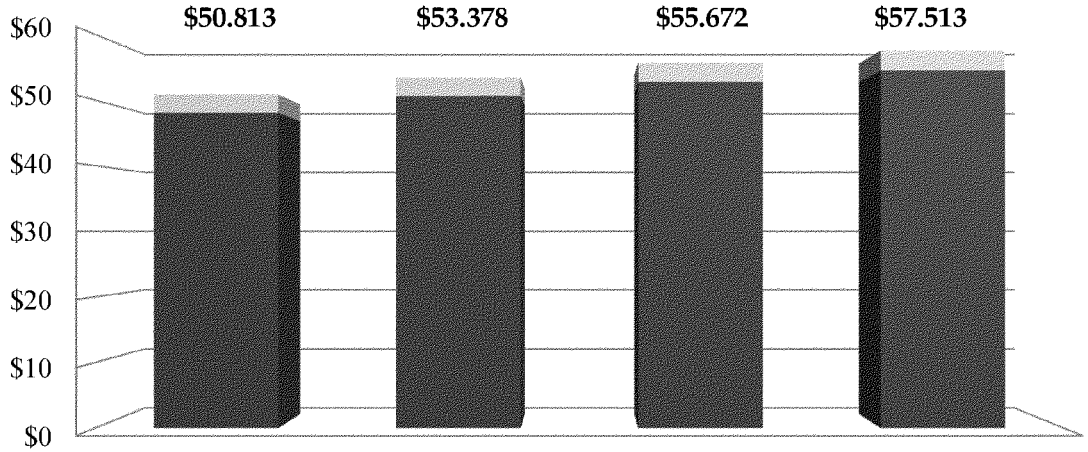
Total FTE

	FY 2011	FY 2012	FY 2013
Medical Services	185,675	189,389	192,517
Medical Support & Compliance	45,258	45,608	45,814
Medical Facilities	23,908	24,332	24,721
Subtotal Medical Care	254,841	259,329	263,052
Medical Research	3,526	3,526	3,526
National Cemetery Administration	1,676	1,696	1,700
Information Technology	7,004	7,432	7,580
Veterans Benefit Administration	19,990	20,646	20,757
General Administration	2,941	3,305	3,380
Inspector General	633	649	644
Canteen	3,274	3,400	3,450
Supply Fund	803	1,100	1,300
Franchise Fund	1,054	1,200	1,249
Total FTE	**295,742**	**302,283**	**306,638**

Note: Medical Care includes FTE for Joint VA/DoD health care sharing incentive and medical facility demonstration funds.

Medical Care Budget Authority

($ in billions)



	2011	2012	2013	2014
Collections	$2.775	$2.767	$2.966	$3.051
Appropriations	$48.038	$50.611	$52.706	$54.462

Multi-Year Planning of Medical Care Budget

- VA's health care budget is based on interdependent, multi-year plan
  - This approach ensures requirements are reviewed and updated based on most recent actual data and program experience
- The 2013 appropriations request is $52.7 billion, an increase of $165 million over the 2013 enacted level
  - Annual update of actuarial model and long-term care estimates
  - Enhanced funding provided to meet facility activations, implementation of the Caregivers Act, and other strategic initiatives such as ending Veteran homelessness
- Carryover Funding ($500 million)
  - Consistent with the 2012 budget, carryover from 2012 into 2013 remains a critical building block of the budget
  - Any reductions in the amount of projected carryover funding would require increased appropriations in the same amount.
- The 2014 request for advance appropriations will provide sufficient and timely resources to VA medical facilities to support the uninterrupted delivery of health care for Veterans

Selected Key Programs
(Obligations in millions)

	2009 Actual	2012 Estimate	2013 Estimate	2014 Estimate	Change 2012-2013	Change 2009-2014
Mental Health	$4,446	$5,872	$6,184	$6,453	5%	45%
OEF/OIF/OND	$1,466	$2,769	$3,279	$3,821	18%	161%
Prosthetics	$1,638	$2,330	$2,586	$2,870	11%	75%
Spinal Cord Injury	$456	$547	$583	$621	7%	36%
Traumatic Brain Injury	$204	$201	$220	$246	9%	21%
Women Veterans [1]	$180	$343	$403	$465	17%	158%
Readjustment Counseling	$154	$214	$222	$230	4%	49%
Long-Term Care	$5,183	$6,671	$7,221	$7,791	8%	50%

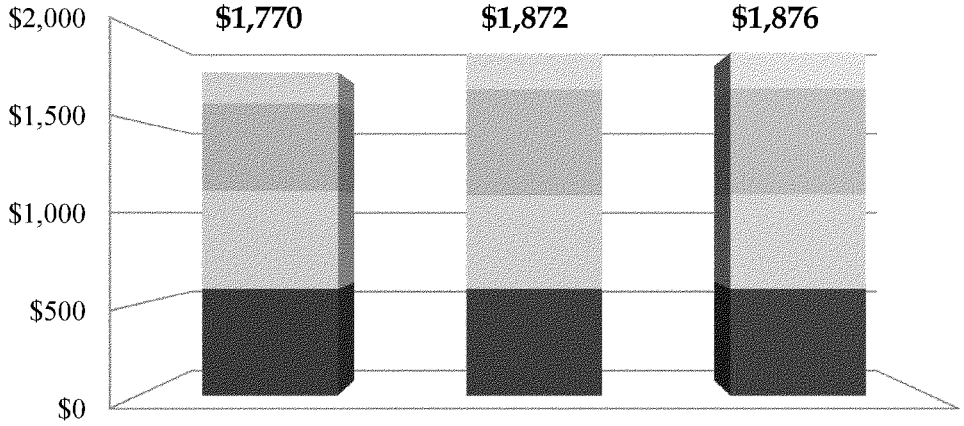
1/ Gender Specific Care for Women Veterans

Change in Medical System Users

	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	Change 2012-2013	Change 2013-2014
Priority 1-6	4,254,470	4,328,562	4,392,645	4,444,519	1.5%	1.2%
Priority 7-8	1,327,701	1,327,599	1,324,467	1,320,927	-0.2%	-0.3%
Subtotal Veterans	5,582,171	5,656,161	5,717,112	5,765,446	1.1%	0.8%
CHAMPVA / Non-Veterans	584,020	598,576	607,925	617,377	1.6%	1.6%
Total Unique Patients	**6,166,191**	**6,254,737**	**6,325,037**	**6,382,823**	1.1%	0.9%
OEF/OIF/OND (Incl. Above)	470,755	557,138	610,416	654,480	9.6%	7.2%

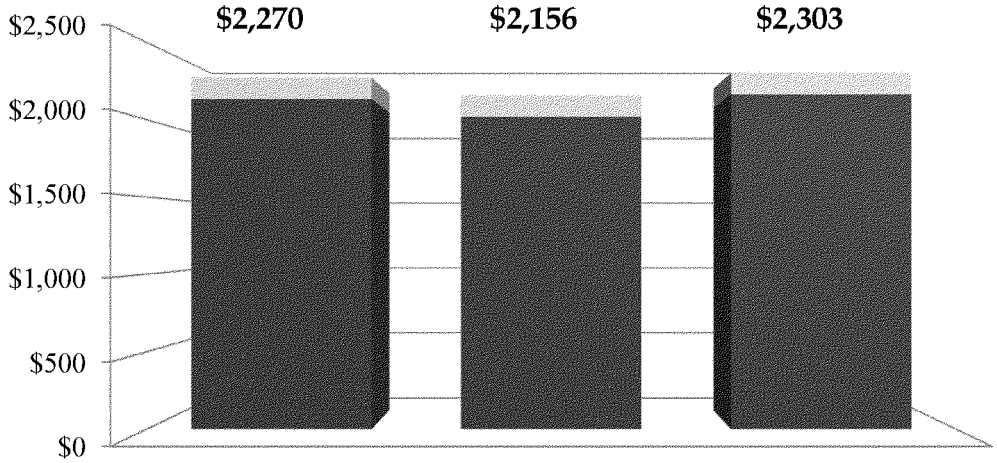
Medical and Prosthetic Research

($ in millions)



	2011	2012	2013
Other Grants	$173	$195	$195
Medical Care Support	$479	$581	$583
Federal Grants	$538	$515	$515
Appropriation	$580	$581	$583

Veterans Benefits Administration
Budget Authority
($ in millions)



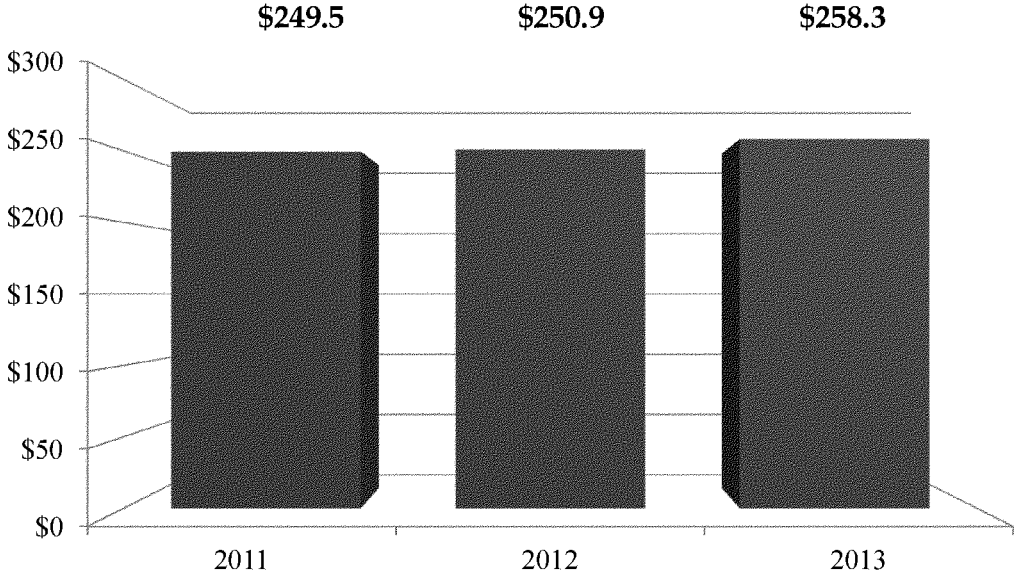
	2011	2012	2013
Housing and Other Credit	$138	$137	$139
General Operating Expenses	$2,133	$2,019	$2,164

	FY 2011	FY 2012	FY 2013	Change 2012-2013
VBA Total	19,990	20,646	20,757	111
Comp & Pensions	15,553	15,862	16,055	193
Education	1,967	2,030	1,849	-181
Voc Rehab	1,281	1,443	1,591	148
Housing and other Credit	837	938	910	-28
Insurance	352	373	352	-21

National Cemetery Administration

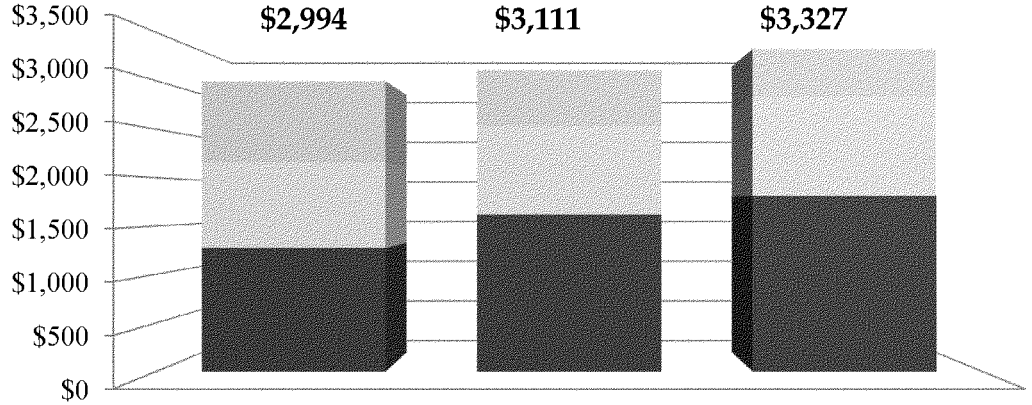
Budget Authority

($ in millions)



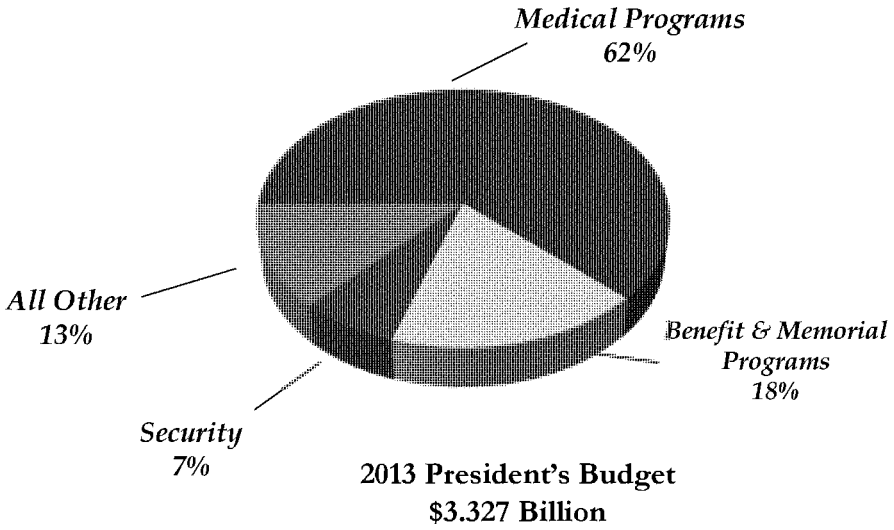
Information Technology Budget Authority

($ in millions)

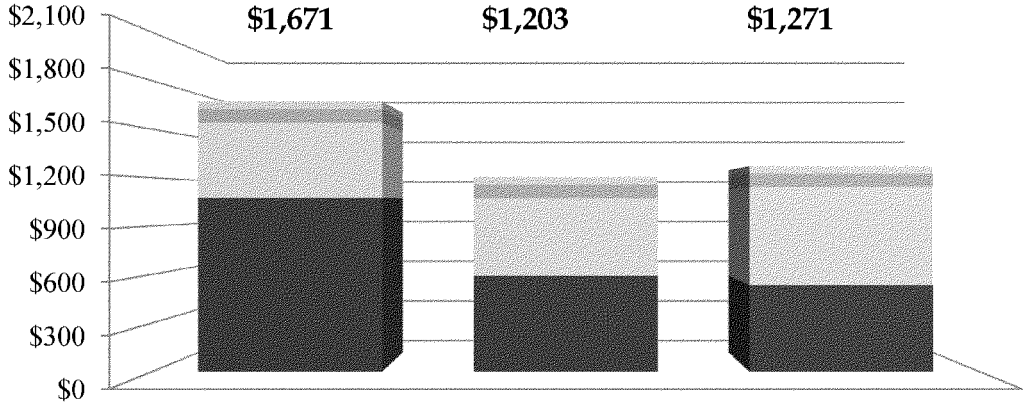


	2011	2012	2013
New Development	$830	$580	$494
Pay/Administration	$894	$915	$1,021
Operations & Maintenance	$1,270	$1,616	$1,812

80% of IT Budget Supports Direct Delivery of Benefits and Services



Capital Programs
Appropriation Request
($ in millions)



	2011	2012	2013
Cemetery Grants	$46	$46	$46
Extended Care Grants	$85	$85	$85
Minor Construction	$467	$482	$608
Major Construction	$1,074	$590	$532

Location	Description	Estimate ($ in 000s)
VHA		
St. Louis, MO	Medical Facility Improvements/Cemetery Expansion	130,300
Palo Alto, CA	Centers for Ambulatory Care/Polytrauma	177,823
Seattle, WA	Mental Health Building 101	55,000
Dallas, TX	Spinal Cord Injury	33,500
Total VHA		$396,623
NCA		
NCA Land Acquisition Fund	Various Stations	7,000
Total NCA		$7,000
Line Items		
Advance Planning Fund	Various VHA, NCA, Staff Office Locations	$77,647
Resident Engineers	Salaries and associated costs	24,000
Other Line Items	Includes asbestos and facility security, etc.	27,200
Total Line Items		128,847
Total Request		$532,470

- Management systems and initiatives put into place to maximize efficiency and effectiveness and ensure accountability.
  - Through the Project Management and Accountability System (PMAS), successfully met 89% of IT project milestones
  - Eliminated all 3 of the financial management material weaknesses identified in financial audits and reduced significant deficiencies from 16 to 2
  - Reduced interest penalties for late payments from $48 to $18 per million from 2008 to 2011
  - Led Federal government in contracting with Service-Disabled Veteran-Owned Small Businesses with 18 percent of all VA procurement awards
  - Adopted Medicare rates for purchasing dialysis treatments and other care from civilian providers saving $161 million in 2011
  - Implementing the Campaign to Cut Waste to reduce certain administrative costs and more effectively spend $173 million

Department of Veterans Affairs

FY 2013 Supplemental Slides

February 13, 2013

Performance Goals	2011 Actual	2012 Target	2013 Target	Strategic Target
Health Care				
Percent of Appointments Completed Within 14 Days of Desired Date:				
Established Primary Care Appointments	N/Av	94%	95%	98%
Established Specialty Care Appointments	N/Av	95%	96%	98%
Clinical Practice Guidelines Index IV	91%	92%	92%	94%
Prevention Index V	92%	93%	93%	95%
Benefits Processing				
Percent of Compensation & Pension Claims Pending Inventory > 125 Days old	60%	60%	40%	0%
Education Claims (Original)- Average Days to Complete	24	23	18	10
Burial Benefits				
Percent of Veterans Served by a Burial Option Within 75 Miles of Their Residence	89.0%	89.6%	89.6%	94.0%
Percent of Graves in National Cemeteries Marked Within 60 Days of Interment	93%	95%	95%	95%

Mandatory Programs

($ in millions)

Programs	2011	2012	2013	Change 2012-2013	Percent Change
Compensation and Pensions	$53,040	$51,238	$61,741	**$10,504**	20%
Readjustment Benefits	$11,335	$12,108	$12,607	**$499**	4%
Insurance	$78	$100	$105	**$4**	4%
Housing	$1,387	$1,659	$185	**-$1,474**	-89%
Total Appropriation	**$65,839**	**$65,105**	**$74,638**	**$9,533**	15%
Other Mandatory Budget Authority (BA)	$539	$616	$730	**$114**	19%
Legislative Proposals			$1,000	**$1,000**	
Total Mandatory BA	**$66,379**	**$65,721**	**$76,368**	**$10,647**	16%

FY 2013 BUDGET SUBMISSION

"To care for him who shall have borne the battle, and for his widow, and his orphan...."

Summary Volume

Volume 1 of 4

Summary – Volume I

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Executive Summary

I. INTRODUCTION

The 2013 President's Budget and 2014 advance appropriations request for the Department of Veterans Affairs (VA) delivers the President's promises and fulfills our Nation's commitments to Veterans. VA's 2013 Budget continues support for transforming VA into a 21st Century organization that is people-centric, results-driven, and forward looking.

VA's 2013 Budget continues our focus on three key priorities: expanding access to benefits and services; reducing the claims backlog; and eliminating Veteran homelessness. These crosscutting and high impact efforts are designed to address the most visible and urgent issues in VA.

The Department's resource request for 2013 is $140.3 billion. This includes almost $64 billion in discretionary resources and nearly $76.4 billion in mandatory funding. Our discretionary budget request represents an increase of $2.7 billion, or about 4.5 percent, over the 2012 enacted level.

II. Stewardship of Resources

VA's 2013 Budget will continue to ensure effectiveness, accountability, and efficiency in the delivery of high quality and timely benefits and services to Veterans. We have put into place management systems and new initiatives to make every dollar count and eliminate waste; they include the following:

- Established the Project Management Accountability System (PMAS), which is a disciplined approach for managing our IT portfolio. Under PMAS in 2011, VA successfully delivered on 89 percent of established project milestones that deliver functionality for improving the effectiveness and efficiency of service delivery to Veterans. This exceeds the average project delivery rate in the private sector of 32 percent.

- Established management and oversight processes jointly with the Department of Defense to successfully guide the development of an integrated electronic health record.

- Awarded 18 percent of contracts to service-disabled Veteran-owned small businesses, exceeding the government-wide goal of 3 percent and leading all other Federal agencies in contracting with service-disabled Veterans.

- Remediated all three longstanding financial material weaknesses identified in prior financial management audits and reduced significant deficiencies from 16 to 2. Also reduced the amount of interest penalties paid per million dollars disbursed for late payments from $48 per million in 2008 to only $18 per million in 2011.

- Implemented an innovative process to define and assess VA's capital portfolio. This process, Strategic Capital Investment Planning (SCIP), captures the full portfolio of VA's near to long-term infrastructure and service requirements and utilizes capital and non-capital solutions.

- Reduced improper payments and improved operational efficiencies in our medical fee care program. These changes will result in estimated savings of $200 million in 2013.

- Established four Consolidated Patient Account Centers to standardize VA's billing and collection activities, consistent with industry best practices, with the remaining three becoming operational in 2012.

III. Multi-Year Plan for Medical Care

Advance appropriations for VA medical care require a multi-year approach to budget planning whereby one year builds off the previous year. This provides opportunities to more effectively use resources.

The 2013 Budget request for VA medical care of $52.7 billion is an increase of $165 million over the 2013 advance appropriations enacted level. Within the total 2013 request, the increased funding requested in this Budget will be combined with reinvested funds made available as a result of revisions to previous medical care funding estimates. The revised estimates arise from lower actuarial model and long-term care funding estimates and will be reinvested to meet other

requirements, such as the activation costs of opening new and replacement medical facilities, ensure we fully meet requirements for implementing the Caregivers Act, support our plan to end Veteran homelessness, and enhance other initiatives which directly impact the accessibility and quality of health care, such as the expansion of new models of patient-centered care. Another key building block in developing the 2013 Budget request for medical care is the use of unobligated, or carryover balances, from 2012 to meet the cost of higher patient demand. This projected carryover of $500 million is factored into VA's request for appropriations in 2013 and is a vital component of our multi-year budget. Any reductions in the amount of 2012 projected carryover funding would require a corresponding increase in new appropriations in 2013.

IV. Strategic Framework

VA's Strategic Plan includes four strategic goals:

1) Improve the quality and accessibility of health care, benefits, and memorial services, while optimizing value.
2) Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services.
3) Raise readiness to provide services and protect people and assets continuously and in time of crisis.
4) Improve internal customer satisfaction with management systems and support services to make VA an employer of choice by investing in human capital.

VA has identified three agency priority goals (APGs) which represent the Secretary's highest priorities. Each of the three APGs is focused on improving direct service delivery to Veterans and eligible beneficiaries and requires extensive collaboration across VA organizations. In addition, each APG will result in short term and high impact improvement in VA performance."

Access

VA continues to improve Veterans' access to VA benefits and services. One means of improving access is to ensure more Veterans are aware of VA programs. To accomplish this, VA is increasing the speed, accuracy, and efficiency of on-line information available to Veterans, Servicemembers, and eligible beneficiaries. Self-service, technology-enabled interactions provide access to information and the ability to execute transactions at the place and time convenient to the Veteran. The 2013 budget for this Veterans Relationship Management (VRM) initiative is $119.4 million, and will support continued development of the on-line portal as

well as the development of new capabilities to better manage the relationship with our customers. By September 30, 2013, VA's goal is to increase the number of registered eBenefits users to 2.5 million, more than doubling the current number of 1.2 million registered users.

Another means of improving access is through the opening of new or improved facilities closer to where Veterans live. The 2013 medical care budget request includes $792 million to activate new health care facilities, including resources to support the activation of 4 new hospitals in Orlando, Florida; Las Vegas, Nevada; New Orleans, Louisiana; and Denver, Colorado. In addition, this budget includes an initiative to establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area.

In addition, in July 2009, VA established a pilot program at the University of South Florida called VetSuccess on Campus to provide outreach and supportive services to Veterans during their transition from military to college, ensuring that their health, education, and benefit needs are met. This program will enable Veterans to stay in college to complete their degrees and enter career employment. The 2013 budget includes $8.8 million to expand the program to a total of 80,000 Veteran students on 80 campuses.

Claims Backlog

VA is attacking the disability compensation claims process and backlog through a focused and multi-pronged approach. A key element of VA's strategy is to deploy leading-edge, 21st century technology solutions.

The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy. It is a holistic solution that integrates a business process transformation strategy with a paperless claims processing system. Combining a paperless claims processing system with improved business processes is the key to eliminating the backlog and providing Veterans with timely and quality decisions. Nationwide deployment of VBMS is on target to begin in 2012.

The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods is increasing each year. Annual claims receipts increased 95 percent from 2001 to 2011 (674,000 to 1,311,000), including 231,000 claims for the new Agent Orange presumptive service-connected conditions. We anticipate receiving nearly 1.25 million claims in 2013. The VBA funding request in the President's Budget is essential to meet this increasing workload and put VA on a path to achieve our ultimate goal of processing all claims in less than 125

days by the end of 2015. This funding will allow us to reduce the percent of claims older than 125 days to 40 percent in 2013.

Veteran Homelessness

Working in conjunction with the Interagency Council on Homelessness (ICH) and the Department of Housing and Urban Development (HUD), VA's long-range goal is to eliminate homelessness among Veterans by 2015. VA's approach is built upon six strategies: outreach/education, treatment, prevention, housing/supportive services, income/employment/benefits, and community partnership. These six strategies encompass a wide continuum of interventions and services.

The 2013 budget includes $1.4 billion for targeted programs to prevent and reduce homelessness among Veterans. This is an increase of 32.7 percent, or $333 million over the 2012 enacted level of $1 billion. This increase includes an additional $83 million to enhance case management for permanent housing solutions offered through the HUD-VA Supportive Housing (HUD-VASH) program. The 2013 Budget also includes an additional 200 homeless outreach coordinators in the Veterans Benefits Administration. This Budget will support VA's goal of reducing the number of homeless Veterans to 35,000 in 2013.

Our 2013 budget also supports a comprehensive approach to eliminating Veteran homelessness by making key investments in mental health programs. The 2013 budget includes $6.2 billion for mental healthcare programs, an increase of $312 million, or 5 percent over the 2012 enacted level of $5.9 billion.

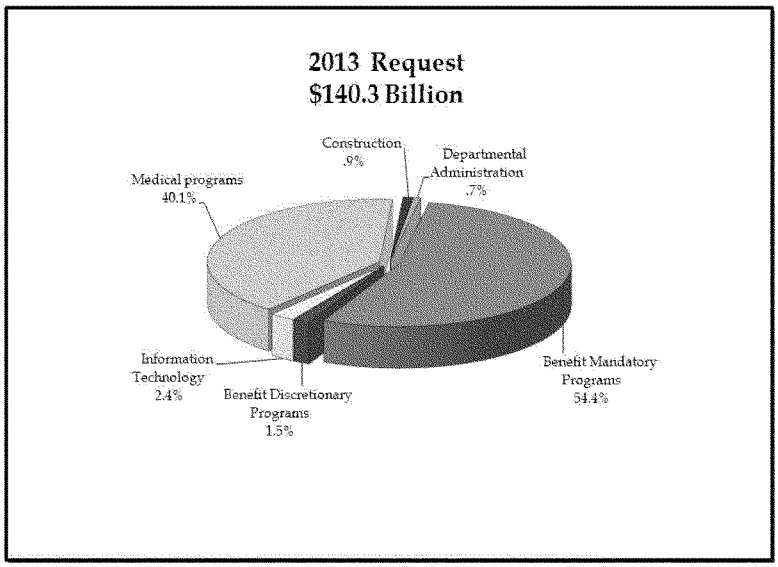
V. Overview of the 2013 Funding Level

- Provides $140.3 billion for high-quality health care, benefits, and memorial service to our country's veterans. The request includes:

  - $64.0 billion in discretionary funding, including medical care collections, primarily for medical programs to provide high-quality health care for our veterans, benefits processing, and research for conditions and diseases that affect these veterans.

  - $76.4 billion for mandatory entitlement programs to provide benefits for our veterans and their beneficiaries.

The chart below illustrates the components of VA's 2013 request.



Amount of 2013 Appropriation Request *(dollars in thousands)*		
Benefit Mandatory Programs	$76,367,866	54.41%
Benefit Discretionary Programs	$2,164,074	1.54%
Information Technology	$3,327,444	2.37%
Medical programs	$56,269,674	40.09%
Construction	$1,271,000	0.91%
Departmental Administration	$947,289	0.67%
Total budget authority	$140,347,347	

Budget Authority by Account

Budget Authority (dollars in thousands)				
BA/Fund Account	2011 Actual	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Federal funds:				
Benefit programs:				
Disability Compensation	$48,244,137	$46,090,966	$57,280,483	11,189,517
Burial Mandatory Benefits	151,241	201,197	220,871	19,674
Pensions Mandatory Benefits	4,644,279	4,945,404	4,239,878	-705,526
Subtotal, Compensation and Pension	**53,039,657**	**51,237,567**	**61,741,232**	**10,503,665**
Education Mandatory Benefits	10,566,769	11,149,642	11,540,850	391,208
Vocational rehabilitation and employment Mandatory Benefits	767,865	958,846	1,066,626	107,780
Vocational rehabilitation loan subsidy (non-add)	27	19	19	0
Subtotal, Readjustment Benefits	**11,334,634**	**12,108,488**	**12,607,476**	**498,988**
Insurance Mandatory Benefits	77,589	100,252	104,600	4,348
Housing Mandatory Benefits	1,387,359	1,658,708	184,859	-1,473,849
Veterans Employment and Infrastructure Enhancement Transfer Fund			1,000,000	1,000,000
Non-Appropriated Accounts				
Vocational Rehabilitation Upward Reestimate	194	106	0	-106
Native American Veteran Housing	4,508	12,911	0	-12,911
Housing Benefit Program fund Liquidating	-7,329	-7,106	-6,274	832
Trust Funds	1,046,159	1,049,301	999,637	-49,664
General Post Fund	28,024	28,900	29,900	1,000
Proprietary receipts	-531,188	-467,682	-292,851	174,831
Intragovernmental transactions	-1,015	-791	-713	78
Total Benefits Mandatory	**66,378,592**	**65,720,654**	**76,367,866**	**10,647,212**
Medical Research and Support	579,838	581,000	582,674	1,674
Medical programs:				
Medical services	36,948,248	39,462,235	41,504,000	2,041,765
Medical care collection fund	2,770,663	2,749,362	2,966,000	216,638
Total Medical services with collections	**39,718,911**	**42,211,597**	**44,470,000**	**2,258,403**
Medical Support and Compliance	5,252,367	5,510,832	5,746,000	235,168
Medical facilities	5,703,116	5,388,838	5,441,000	52,162
DoD-VA Health Care Sharing Incentive Fund	130,000	30,000	30,000	0
Joint DoD/VA Medical Facility Demonstration Fund	104,004	258,323	0	-258,323
Total Medical Care	**50,908,398**	**53,399,590**	**55,687,000**	**2,545,733**
Total medical programs	**51,488,236**	**53,980,590**	**56,269,674**	**2,547,407**
National Cemeteries Administration	249,500	250,934	258,284	7,350
Department Administration:				
General administration	396,705	416,737	416,737	0
Credit Reform - General Counsel (non-add)	*5,304*	*5,041*	*5,304*	*263*
VBA-GOE	2,132,502	2,018,764	2,164,074	145,310
Credit Reform - VBA (non-add)	137,802	137,444	138,902	1,458
Subtotal, GOE	**2,529,207**	**2,435,501**	**2,580,811**	**145,310**
Office of Inspector General	108,782	112,391	113,000	609
Construction Major	1,073,734	589,604	532,470	-57,134
Construction Minor	466,765	482,386	607,530	125,144
Grants for State Extended Care	84,830	85,000	85,000	0
Grants for State Cemeteries	45,908	46,000	46,000	0
Credit Reform	162,862	156,176	159,268	3,092
Information Technology	2,991,624	3,104,771	3,327,444	222,673
Total Departmental Administration	**7,463,712**	**7,011,829**	**7,451,523**	**439,694**
Total Budget Authority	**$125,580,040**	**$126,964,007**	**$140,347,347**	**13,641,663**
Total Mandatory	**$66,378,592**	**$65,720,654**	**$76,367,866**	**10,647,212**
Total Discretionary without MCCF	**$56,430,785**	**$58,493,991**	**$61,013,481**	**2,777,813**
Total Discretionary with MCCF and other receipts	**$59,201,448**	**$61,243,353**	**$63,979,481**	**2,994,451**

Key Performance Measures

Key Measures by Organization	Past Fiscal Year Results				Fiscal Year Targets			Strategic Target
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp.	
Veterans Health Administration								
Prevention Index V (The 2008 result is PI III. The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.)	88%	89%	91%	92%	93%	93%	94%	95%
Clinical Practice Guidelines Index IV (The 2008 result is CPGI II. The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.)	84%	91%	92%	91%	92%	92%	93%	94%
Non-institutional, long-term care average daily census (ADC) (Measure being dropped after 2013)	54,053	72,315	85,940	95,092	113,254	120,118	N/Ap	154,152
Percent of new primary care appointments completed within 14 days of the desired date for the appointment (New) [1] In 2012, VHA will begin measuring the four appointment performance measures using a 14-day standard.	N/Av	N/Av	N/Av	N/Av	83%	84%	85%	90%
Percent of established primary care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	94%	95%	96%	98%
Percent of new specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	84%	85%	86%	90%
Percent of established specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	95%	96%	97%	98%
Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10) (VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010.)								
Inpatient (1) Corrected	79%	63% (Baseline)	(1) 64%	64%	65%	66%	67%	75%
Outpatient	78%	57% (Baseline)	55%	55%	58%	58%	59%	70%
Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)	N/Av	N/Av	25%	35%	45%	55%	64%	100%

Key Measures by Organization	Past Fiscal Year Results				Fiscal Year Targets			Strategic Target
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp.	
Veterans Benefits Administration								
National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	86%	84%	84%	84%	87%	90%		98%
Rehabilitation Rate (General)	76%	74%	76%	77%	77%	77%		80%
Percent of pension maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		0%
National accuracy rate - pension maintenance claims	93%	95%	96%	97%	97%	97%		98%
Percent of Compensation and Pension pending inventory that is more than 125 days old (Supports Agency Priority Goal)	N/Av	N/Av	36%	60%	60%	40%		0%
Rate of high client satisfaction ratings on Insurance services delivered	95%	96%	95%	95%	95%	95%		95%
Default Resolution Rate	N/Av	71.5%	76.3%	83.0%	81.0%	82.0%		85.0%
Average days to complete original Education claims	19	26	39	24	23	18		10
Average days to complete supplemental Education claims	9	13	16	12	12	10		7
National Cemetery Administration								
Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	84.2%	87.4%	88.1%	89.0%	89.6%	89.6%		94.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	95%	95%	95%	98%	98%		100%
Percent of graves in national cemeteries marked within 60 days of interment	93%	95%	94%	93%	95%	95%		95%
Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries	95%	93%	74%	93%	90%	90%		90%
Percent of respondents who rate national cemetery appearance as excellent	98%	98%	98%	98%	99%	99%		100%

Mission

Our Mission: *What We Are Here to Do*

To fulfill President Lincoln's promise - "To care for him who shall have borne the battle, and for his widow, and his orphan" - by serving and honoring the men and women who are America's Veterans.

President Lincoln's immortal words - delivered in his Second Inaugural Address more than 140 years ago - describe better than any others the mission of the Department of Veterans Affairs (VA). We care for Veterans, their families, and survivors - men and women who have responded when their Nation needed help. Our mission is clear-cut, direct, and historically significant. It is a mission that every employee is proud to fulfill.

VA fulfills these words by providing world-class benefits and services to the millions of men and women who have served this country with honor in the military. President Lincoln's words guide the efforts of all VA employees who are committed to providing the best medical care, benefits, social support, and lasting memorials that Veterans and their dependents deserve in recognition of Veterans' service to this Nation.

Our Programs: *What We Do*

Veterans Health Administration

Providing Medical Care

VA operates the largest direct health care delivery system in America. In this context, VA meets the health care needs of America's Veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VA focuses on providing health care services that are uniquely related to Veterans' health or special needs. VA is also the Nation's largest provider of health care education and training for physician residents and other health care trainees. These education and training programs are designed to help ensure an adequate supply of clinical care providers for Veterans and the Nation.
Web: http://www1.va.gov/health/index.asp

Conducting Veteran-Centered Research

VA advances medical research and development in ways that support Veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect Veterans.

Shared VA medical research findings contribute to the public good by improving the Nation's overall knowledge of disease and disability.
Web: http://www.research.va.gov

Veterans Benefits Administration

Delivering Compensation Benefits

The Compensation program provides monthly payments and ancillary benefits to Veterans in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability or disease incurred in or aggravated during active military service.

This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the Veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.
Web: www.vba.va.gov/bln/21/compensation/

Providing Pension Benefits

Pension benefits are monthly payments, specified by law, provided to Veterans with nonservice-connected disabilities who served in a time of war. Veterans must meet specific income limitations and must be permanently and totally disabled or must have reached the age of 65. This program also provides monthly payments, as specified by law, to income-eligible surviving spouses and dependent children of deceased wartime Veterans who die as a result of a disability unrelated to military service.
Web: www.vba.va.gov/bln/21/pension/

Providing Fiduciary Services

Fiduciary services are provided to Veterans and beneficiaries, who, because of injury, disease, infirmities of age, or they are minor children, are unable to manage their financial affairs. This program provides for a selected fiduciary, normally a family member or caregiver, to manage the beneficiary's financial affairs to ensure all of his or her debts are paid. Additionally, through the fiduciary program, periodic visits are conducted with beneficiaries to ensure they are being properly cared for.
Web: http://www.vba.va.gov/bln/21/Fiduciary/

Providing Educational Opportunities

VA's education programs provide eligible Veterans, Servicemembers, Reservists, survivors, and dependents the opportunity to achieve their educational or vocational goals. Education programs also assist the Armed Forces in their recruitment and retention efforts, and help Veterans in their readjusting to civilian life.

These benefits serve to enhance the Nation's competitiveness through the development of a better educated and more productive workforce. VA administers a number of education programs, including the Montgomery GI Bill and the Post-9/11 GI Bill, an education program which provides financial support to individuals with at least 90 days of aggregate service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days.
Web: www.gibill.va.gov

Delivering Vocational Rehabilitation and Employment Services

The Vocational Rehabilitation and Employment program focuses on providing individualized services to Veterans with service-connected disabilities to assist them to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.
Web: http://www.vba.va.gov/bln/vre/index.htm

Promoting Home Ownership

VA's Loan Guaranty program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard in purchasing homes. VA also assists these borrowers in retaining their homes through joint servicing efforts with VA-guaranteed loan servicers via foreclosure avoidance services. In addition, VA offers Specially Adaptive Housing grants to Veterans and Servicemembers who have specific service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet their special needs.

The Loan Guaranty program also provides direct loans to Native American Veterans living on Federal trust land and offers some loans to the public when buying homes owned by VA as a result of foreclosure.
Web: http://www.homeloans.va.gov

Meeting Insurance Needs

VA's Insurance program provides Servicemembers and their families with universally available life insurance (automatically issued to all Servicemembers and their families without underwriting), as well as traumatic injury protection insurance for Servicemembers. It also provides the option for the continuation of

insurance coverage after a Servicemember's separation from service. The program continues to provide life insurance coverage to WWII and Korean War-era Veterans, and to Veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at standard (healthy) rates. In total, the program insures 7.1 million Veterans, Servicemembers, and their families.

Insurance coverage is made available in reasonable amounts and at premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

Web: http://www.insurance.va.gov

National Cemetery Administration

Delivering Burial Services to Veterans

Primarily through the National Cemetery Administration (NCA), VA honors Veterans and their eligible family members with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service and sacrifice to our Nation.

Web: http://www.cem.va.gov

Staff Offices

The Department's staff offices are critical to VA's ability to deliver services to Veterans in a cost-effective manner. These offices provide a variety of services including information technology, human resources management, financial management, acquisition, and facilities management.

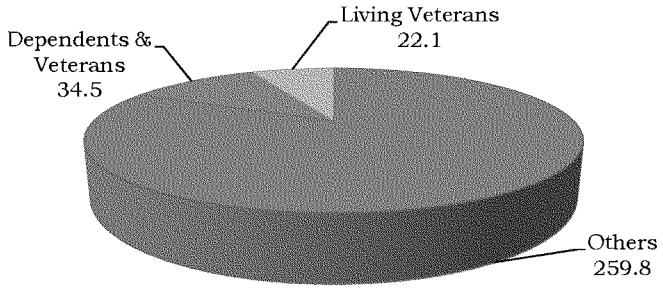
Population of American Veterans

Veterans Population

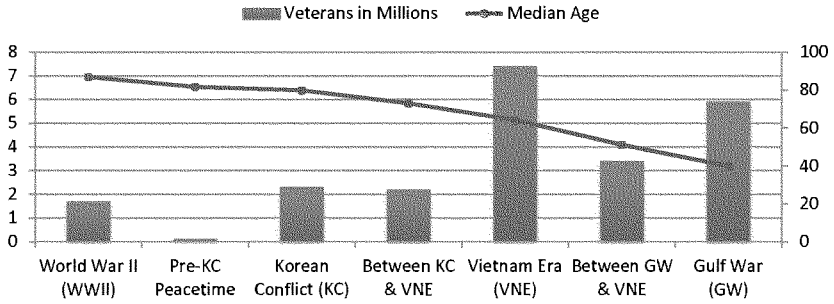
On September 30, 2011, there were an estimated 22.2 million living Veterans, with 22.1 million of them in the United States and Puerto Rico. There were an estimated 34 million dependents (spouses and dependent children) of living Veterans in the U.S. and Puerto Rico. Additionally, there were about 540,000 survivors of deceased Veterans receiving survivor benefits (either Dependency and Indemnity Compensation or death pension payments) in the U.S. and Puerto Rico. Thus, approximately 56.6 million people, or 18 percent of the total estimated resident population of the U.S. and Puerto Rico (316.5 million), were recipients, or potential recipients, of Veterans' benefits from the Federal Government.

The pie chart represents the estimated number (in millions) in the resident population of the U.S. and Puerto Rico classified as living Veterans, dependents of living Veterans and survivors of Veterans receiving VA survivor benefits, and others (the remainder of the resident population) as of September 30, 2011.

Estimated Population (in Millions) of Living Veterans, Dependents of Living Veterans, Survivors of Veterans Receiving VA Survivor Benefits, and Others U.S. and Puerto Rico, September 30, 2011



Estimated Number and Median Age of Veterans by Period of Service*, September 30, 2011



9/30/2011	Median Age	Veterans in Millions
World War II (WWII)	86.9	1.7
Pre-KC Peacetime	81.7	0.1
Korean Conflict (KC)	79.8	2.3
Between KC & VNE	73.0	2.2
Vietnam Era (VNE)	64.1	7.4
Between GW & VNE	51.1	3.4
Gulf War (GW)	39.8	5.9

*** Veterans are included in all wartime periods in which they served. Therefore, period categories do NOT add to total Veteran population**

Source – VetPop 2007, as of September 30, 2011

Estimates & Projections of the Veterans Population

Estimates and Projections[5] of the Veteran Population of the United States, Puerto Rico, US Island Areas[6], and Foreign Countries

September 30, 2007 -- September 30, 2020

Veteran populations projected as of September 30, 2006.

Period	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2020
All Veterans[1]	23,816,018	23,442,489	23,066,965	22,658,145	22,234,242	21,806,449	21,376,954	20,956,685	20,544,335	20,141,108	18,641,197
Wartime Veterans[1]	17,739,441	17,455,916	17,175,123	16,854,420	16,502,019	16,122,098	15,708,283	15,279,794	14,853,595	14,433,334	12,847,863
Gulf War[2][3]	4,965,953	5,238,587	5,506,541	5,736,873	5,946,221	6,144,323	6,332,033	6,519,095	6,703,182	6,884,686	7,597,472
GW Only	4,602,025	4,878,090	5,149,904	5,384,506	5,598,577	5,801,757	5,994,905	6,187,777	6,378,059	6,566,151	7,309,312
GW,VNE Only	357,772	354,578	350,965	346,951	342,493	337,688	332,530	327,007	321,105	314,813	285,624
GW,VNE,KC Only	5,397	5,199	4,993	4,779	4,558	4,329	4,094	3,852	3,805	3,354	2,332
GW,VNE, KC,WWII Only	760	720	679	637	594	549	504	459	413	368	203
Vietnam Era[2]	7,884,366	7,772,607	7,653,326	7,526,219	7,390,961	7,247,414	7,095,397	6,934,788	6,765,527	6,587,619	5,791,628
VNE Only	7,214,528	7,125,139	7,028,704	6,924,814	6,813,095	6,693,208	6,564,875	6,427,884	6,282,086	6,127,393	5,420,027
VNE,KC Only	213,104	203,010	192,617	181,948	171,036	159,926	148,670	137,328	125,972	114,678	71,997
VNE,KC,WWII Only	92,804	83,961	75,368	67,089	59,185	51,714	44,725	38,258	32,347	27,013	11,445
Korean Conflict[2]	2,960,719	2,792,200	2,621,236	2,448,464	2,274,663	2,100,735	1,927,700	1,756,677	1,588,869	1,425,515	841,769
KC Only	2,434,739	2,306,732	2,175,549	2,041,606	1,905,461	1,767,804	1,629,459	1,491,370	1,354,586	1,220,218	730,618
KC,WWII Only	213,914	192,578	172,029	152,404	133,828	116,413	100,249	85,410	71,946	59,884	25,174
WWII[2]	2,911,876	2,583,169	2,272,391	1,981,216	1,711,011	1,462,809	1,237,278	1,034,727	855,070	697,806	269,721
WWII Only	2,604,397	2,305,909	2,024,314	1,761,085	1,517,404	1,294,133	1,091,800	910,601	750,364	610,541	232,899
Peacetime Veterans[4]	6,076,577	5,986,574	5,891,842	5,792,325	5,688,010	5,578,929	5,465,143	5,346,739	5,223,852	5,096,696	4,551,566
Between GW & VNE	3,443,105	3,433,541	3,422,976	3,411,312	3,398,441	3,384,251	3,368,622	3,351,422	3,332,511	3,311,746	3,206,846
Between KC & VNE	2,485,695	2,416,354	2,342,968	2,265,573	2,184,251	2,099,126	2,010,362	1,918,151	1,822,744	1,724,466	1,311,460
Pre-KC	147,777	136,678	125,897	115,440	105,318	95,551	86,160	77,166	68,596	60,484	33,259

Legend: Details may not add to totals or subtotals due to rounding.

[1] Veterans serving in more than one period of service are counted only once in the total.

[2] This sum includes Veterans who served in multiple periods.

[3] Prior to Fiscal Year 2010, Post-Gulf War Veterans (10/01/09 - present) were included under Peacetime Veterans.

[4] Veterans who served both in wartime and peacetime are only counted as serving in wartime.

[5] These data differ slightly from published Census data because they include 17 year-old Veterans and Veterans in foreign countries, neither of which are included in the

[6] US Island Areas is composed of Virgin Islands, Guam, American Samoa, and the Northern Marianas.

Source: VetPop 2007

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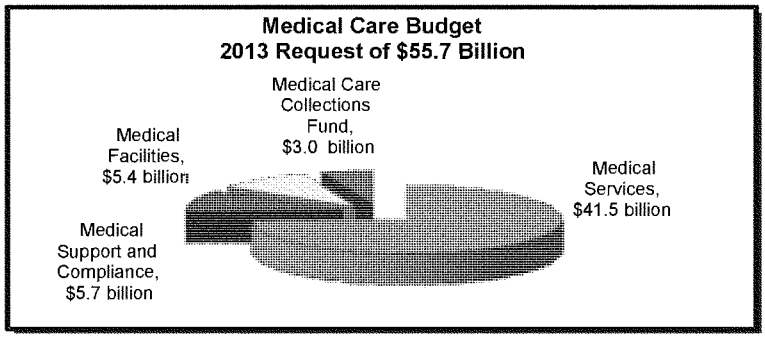
Medical Programs

Overview



- Provides $52.7 billion in 2013 in direct appropriations to ensure delivery of the highest quality of health care to our Nation's Veterans. In addition, VA anticipates medical care collections of $3.0 billion in 2013.
- Increases funding for health care in 2013 by $2.1 billion, 4.1 percent over the 2012 enacted level.
- The Medical Care 2013 request of $52.7 billion is an increase of $165 million over the 2013 advance appropriations enacted level of $52.5 billion.
- Provides $57.5 billion in advance appropriations for 2014 for the three medical care appropriations: Medical Services, Medical Support and Compliance, and Medical Facilities. This includes $54.4 billion in advance appropriations and $3.1 billion in medical care collections. This request for advance appropriations, an increase of $1.8 billion, or 3.3 percent, will provide reliable and timely resources to VA medical facilities to support the uninterrupted delivery of health care for Veterans.
- Unobligated balances of $500 million will be carried forward and applied to requirements in 2013.
- Provides health care to 6.3 million unique patients in 2013 and 6.4 million unique patients in 2014.

- Includes 610,416 Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn (OEF/OIF/OND) Veterans (9.7% of all patients) in 2013.
- Includes 654,480 OEF/OIF/OND Veterans (10.3% of all patients) in 2014.
- Provides $4.4 billion for direct health care services for homeless Veterans and $1.4 billion (an increase of $333 million over the 2012 enacted level) for specific programs to assist homeless Veterans as VA continues to implement its comprehensive plan to end Veteran homelessness by 2015. This plan includes major programs such as:
  - $235 million for the Grant and Per Diem program to assist community-based organizations with the provision of services for homeless Veterans.
  - $245 million for the Housing and Urban Development (HUD)-VA Supportive Housing program to provide case management services to Veterans who receive HUD Section 8 rental assistance vouchers.
  - $647 million to continue VA's extensive outreach efforts to homeless Veterans in the community; the continued activation of the new homeless domiciliary residential rehabilitation and treatment programs; and supportive services for low income Veterans.

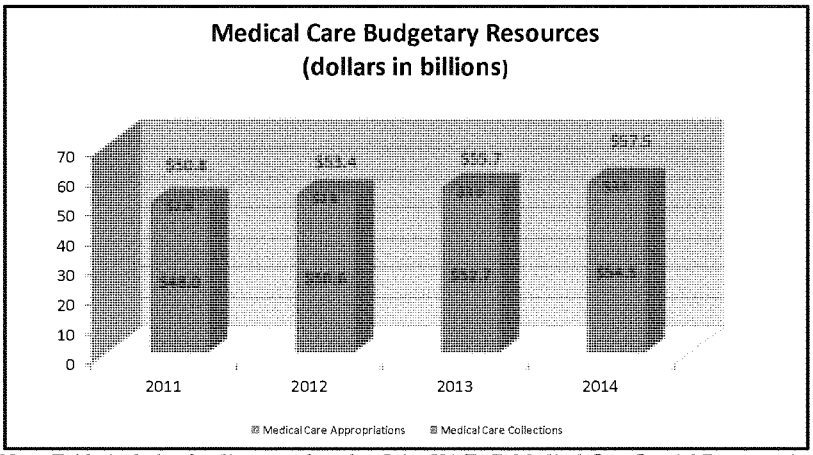
- Expands and improves access to health care with funding for the following programs in 2013:
  - **Mental Health**—$6.2 billion to continue our effort to improve access to mental health services across the country including increases for post-traumatic stress disorder, substance use disorder, and suicide prevention.
  - **Iraqi and Afghanistan Veterans**—$3.3 billion to meet the needs of 610,416 Veterans with service in OEF/OIF/OND.
  - **Prosthetics**—$2.6 billion to support the rising demand for prosthetics to improve Veterans' quality of life through new and innovative technology.
  - **Spinal Cord Injuries**—$583 million for spinal cord injury (SCI) continuum of care at VA's 24 regional spinal cord injury centers. VA has the largest single network of SCI care in the nation that provides a full range of care for our Veterans.
  - **Expand Patient-Centered Care**—$553 million for VA's continued investment in new models of care and expanded access for Veterans which supports a patient-centered, accessible, coordinated and

technologically sophisticated health care system. This plan includes two major programs:

- $433 million for New Models of Care which is a transformational initiative that supports patient-centered health care. The objectives of the program include improved access to primary and secondary care, increased satisfaction and reduced emergency care visits.
- $120 million for Expanded Access for Veterans which involves the Patient Aligned Care Team (PACT). The team is the cornerstone of the effort to prioritize continuity, coordination and comprehensiveness of health care.

- **Women Veterans**—$403 million to enhance primary care for women Veterans—one of VA's top priorities. VA has 144 full-time Women Veterans Program Managers serving at VA medical facilities to help ensure care is provided with the appropriate level of privacy and sensitivity.
- **Traumatic Brain Injuries**—$220 million for screening and treatment of traumatic brain injury (TBI) to provide the highest quality care for our Veterans with TBI and polytrauma through VA's TBI and polytrauma system of care.
- **Rural Health**—$250 million for rural health initiatives to continue providing access and quality care to Veterans in rural areas with initiatives such as: mobile clinics, expanding fee-basis care, operating Rural Health Resource Centers, accelerating telemedicine deployment, and exploring collaborations with other federal and community providers.
- **Readjustment Counseling**—$222 million for readjustment counseling and outreach services provided through our 300 Vet Centers to meet the needs of our Veterans. There will be 70 mobile Vet Centers that provide outreach at active-duty, National Guard, and Reserve activities nationally.

Summary of the Health Care Budget 2013 Funding and 2014 Advance Appropriations Request



Note: Table includes funding transferred to Joint VA/DoD Medical Care Special Programs in 2011 and 2012.

	2011	2012	2013	2014
Full-Time Equivalents	254,841	259,329	263,052	265,372

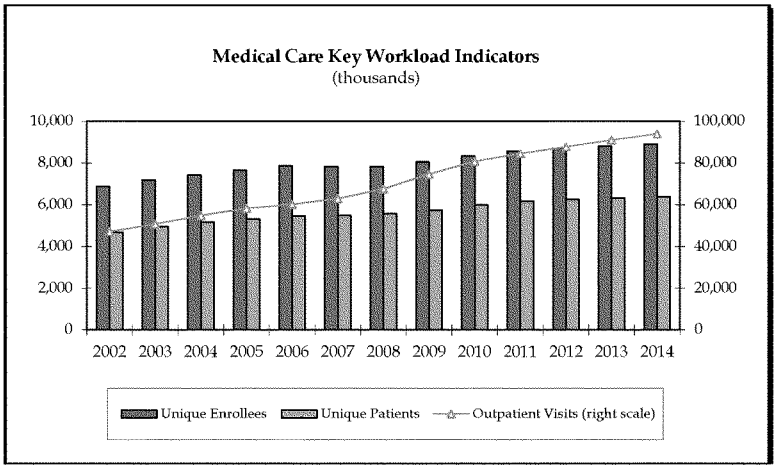
- In 2013, VA requests $55.7 billion (including collections) for health care services, long-term care, other health care programs, initiatives, legislative proposals, and operational improvements and requests $57.5 billion (including collections) in 2014 for advance appropriations.
- **Health Care Services** 2013 funding of $45.7 billion and 2014 advance appropriations request of $47.7 billion.
  - Acute care funding is to treat inpatients requiring acute care for general medical ailments and surgery; provide ambulatory outpatient care to deliver community-based health care to our eligible Veterans; and deliver pharmacy services to provide these Veterans with medication. **2013: $35.5 billion; 2014: $36.9 billion.**
  - Dental care for our Veterans. **2013: $762 million; 2014: $815 million.**

- Mental health services funding to improve access to mental health services across the country. **2013: $6.2 billion; 2014: $6.5 billion.**
- Prosthetics funding to purchase and repair prosthetics and sensory aids such as hearing aids, pacemakers, artificial hip and knee joints, and ocular lenses. **2013: $2.6 billion; 2014: $2.9 billion.**

- **Long-Term Care** 2013 funding of $7.2 billion and 2014 advance appropriations of $7.8 billion.
  - Non-institutional care funding of $1.7 billion includes increases for programs like home-based primary care (an increase of $93 million) and telehome health (an increase of $9 million). The VA telehome health program will help Veterans gain better access to and use of VA services by enhancing the ability to deliver care in the Veteran's home. **2013: $1.7 billion; 2014: $2.0 billion.**
  - VA community living centers care funding of $3.7 billion for over 9,900 average daily census (ADC). **2013: $3.7 billion; 2014: $3.9 billion.**
  - Community nursing home care funding of $767 million for almost 6,900 ADC. **2013: $767 million; 2014: $855 million.**
  - State home nursing care funding of $947 million for over 20,000 ADC. **2013: $947 million; 2014: $1.0 billion.**
- **Other Health Care Programs** funding for various other health care services such as the Civilian Health and Medical Program of the Department of Veterans Affairs, readjustment counseling, and non-veterans. **2013: $1.6 billion; 2014: $1.7 billion.**
- **Initiatives** funding in 2013 is designed to expand health care services, including:
  - **Homeless Initiative** funding of $1.4 billion, an increase of 33 percent over 2012, will provide for specific programs to assist homeless Veterans as VA continues to implement its comprehensive plan to eliminate Veterans homelessness by 2015.
  - **Caregivers Initiative** funding of $278 million to provide supplemental help to family caregivers of the most severely wounded post-September 11, 2001, Veterans.
- **Legislative Proposals** are being proposed that are designed to use better business practices with the private sector to reduce costs and increase revenues. **Cost Savings: 2013: -$27 million; 2014: -$27 million. Revenues: 2013: $125 million; 2014: $129 million.**

- **Operational Improvements** are being proposed to reduce the rate of increase in the cost of providing health care while still delivering world-class medical care to our Veterans. **2013: $-1.3 billion; 2014: $-1.3 billion.** These operational improvements will focus on such areas as reducing improper payments and improving operations efficiencies in the medical fee care program; implementing Medicare's standard payment rates for fee services; and consolidating contracting requirements and adopting other acquisition program improvements.

Medical Patient Case Load



- Supports an increase in 2013 of over 70,000, or 1.1 percent, unique patients over the 2012 estimate.
  - Priority 1-6 patients - In 2013, there are 4.4 million patients, an increase over 2012 of 1.5 percent, or 64,083 new patients. We devote 88 percent of our health care resources to meet the needs of these Veterans.
  - Priority 7-8 patients - In 2013, there are 1.3 million patients, a decrease from 2012 of 0.2 percent, or 3,132 new patients.
- Increases outpatient visits from 87.8 million in 2012 to 91.1 million in 2013, an increase of 3.3 million, or 3.8 percent.

- Increases inpatients treated from 919,487 in 2012 to 936,201 in 2013, an increase of 16,714, or 1.8 percent.

Resources Support
Secretary's Health Care Priorities

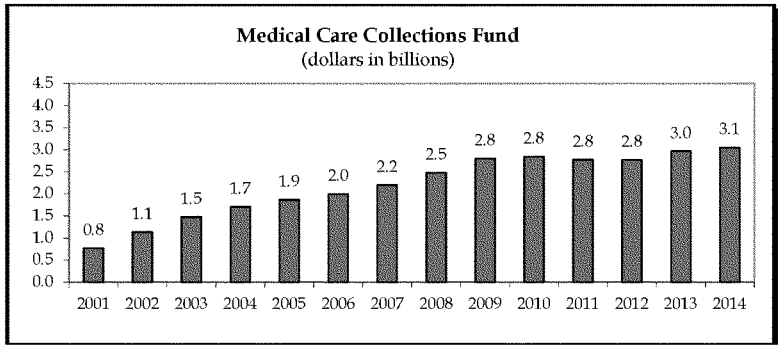
- Provide easier access to benefits and services and end homelessness among our Veterans as we transform VA into a 21st Century organization.
- Achieve the following priority goal through activities undertaken by the Veterans Health Administration:
  - House 24,400 additional homeless Veterans and reduce the number of homeless Veterans to 35,000 by September 2013. Working in conjunction with the Interagency Council on Homelessness (ICH), HUD and VA will also assist homeless Veterans in obtaining employment, accessing VA services, and securing permanent supportive housing. The long-range goal is to eliminate homelessness among Veterans by 2015.
- Continue to improve the quality and safety of health care:
  - Sustain our performance on the clinical practice guidelines index, which focuses on high-prevalence and high-risk diseases that have a significant impact on Veterans' overall health status. VA plans to achieve a 92 percent performance level in 2013.
  - Improve our performance on the prevention index aimed at primary prevention and early detection with immunizations and screenings. VA plans to achieve a 93 percent performance level in 2013.
- Improve timely and appropriate access to the delivery of primary and specialty care that is critical to providing high-quality health care to Veterans:
  - Improve 14-day standards for appointment measures as follows:
    - Achieve 84 percent in 2013 of new primary care appointments completed within 14 days of the desired date.
    - Achieve 95 percent in 2013 of established primary care appointments completed within 14 days of the desired date.
    - Achieve 85 percent in 2013 of new specialty care appointments completed within 14 days of the desired date.

- Achieve 96 percent in 2013 of established specialty care appointments completed within 14 days of the desired date.

➢ Continue the mental health care goals as follows:

- Provide 74 percent in 2013 and 84 percent in 2014 of mental health patients with a mental health treatment coordinator identified in the electronic heath record.
- Ensure 68 percent in 2013 and 75 percent in 2014 of patients are seen by a mental health treatment coordinator within seven days of discharge in a face-to-face, telehealth or telephone encounter.

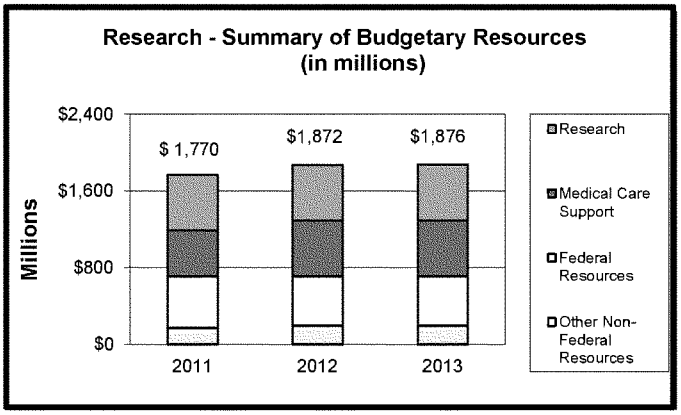
Medical Care Collections Fund (MCCF)



- This fund supplements our appropriations by collecting co-payments from veterans for pharmacy co-payments, and first-party other co-payments which includes inpatient and outpatient co-payments, and nursing home co-payments. VA also collects third-party insurance payments.
- VA estimates collections of $3.0 billion, representing 7 percent of the available resources in 2013 and an increase of $199 million, or a 7.2 percent increase, over the 2012 estimate.
  - ➢ Of the $199 million increase in collections for 2013, $63 million in pharmacy co-payments; $11 million in first party co-payments; and $125 million for increased collections resulting from new legislative proposals.

- For the 2014 advance appropriations, VA estimates collections of $3.1 billion, representing 7 percent of the available resources in 2014 and an increase of $85 million, or a 2.9 percent increase, over the 2013 estimate.
  - Of the $85 million increase in collections for 2014, $66 million is in pharmacy co-payments and $14 million is from additional third-party insurance collections.

Medical and Prosthetic Research



	2011	2012	2013
Full-Time Equivalents	3,526	3,526	3,526

- VA is anticipating $1.9 billion in total resources for Medical and Prosthetic Research in 2013.
- The direct Medical and Prosthetic Research appropriation request is $583 million.
- Other Federal and Other Non-Federal resources are estimated to be $710 million in 2013.
- Total projects for Research are anticipated to be 2,209.

The following table summarizes Research and Development Program Funding for selected Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF) and Operation New Dawn (OND), Prosthetics, Women's Health, and Gulf War Veterans Illness programs.

Selected Research and Development Program Funding
(dollars in thousands)

Description	2011 Actual	2012 Estimate	2013 Estimate
OEF/OIF/OND			
Pain	$11,961	$11,961	$13,961
Post Deployment Mental Health	$41,143	$41,143	$46,043
Sensory Loss	$23,731	$23,731	$23,166
Spinal Chord injury	$30,204	$30,204	$29,486
Traumatic Brain Injury and Other Neurotrauma	$21,464	$24,464	$28,564
Prosthetics	$17,393	$17,393	$17,393
Women's Health	$10,654	$11,935	$11,935
Gulf War Veterans Illness	$4,980	$4,980	$4,862

- Clinical research represents an evidence-based approach for choosing the most effective therapeutic interventions for the Veteran population, and is an important contributor to the ongoing improvement of VA clinical care.
- VA is at the forefront of producing new transformational approaches and technologies for preventing, diagnosing, and treating disease.
- VA research takes advantage of being fully integrated within the nation's biomedical community through partnerships with academic affiliates, non-profit and commercial entities, and other federal agencies.

Focus Highlights for 2013

The 2013 focus for VA research will be on critical areas for OEF/OIF/OND Veterans to include: Homelessness/Access to Care and Rural Health, Personalized Medicine, and Military Exposure-Related Illnesses.

Homelessness / Rural Health / Access / Telemedicine

- Preventing Veteran homelessness and returning homeless Veterans to self-sufficiency, improved mental and physical health, and independent, stable living is a primary goal of VA. The plan to eliminate homelessness among Veterans is a top priority for VA, and research in this area will focus on interventions, risk factors and health care usage patterns in an effort to eliminate Homelessness.

- One of the critical missions of VA research is to identify system-wide gaps in care to Veterans. This includes assessing specific barriers to care for vulnerable populations, including rural Veterans. VA research has demonstrated an explicit focus on access as a component of validating the quality of care in all VA health care services, organizational structures, and mechanisms for delivering care.

- The development, evaluation, and implementation of new telemedicine technologies represent an important focus of research to improve access to VA health care, particularly for rural Veterans. A major potential tool for improving access to care, "store-and-forward" photographic technology, has been assessed for teleretinal screening and teledermatology.

Genomic & Personalized Medicine

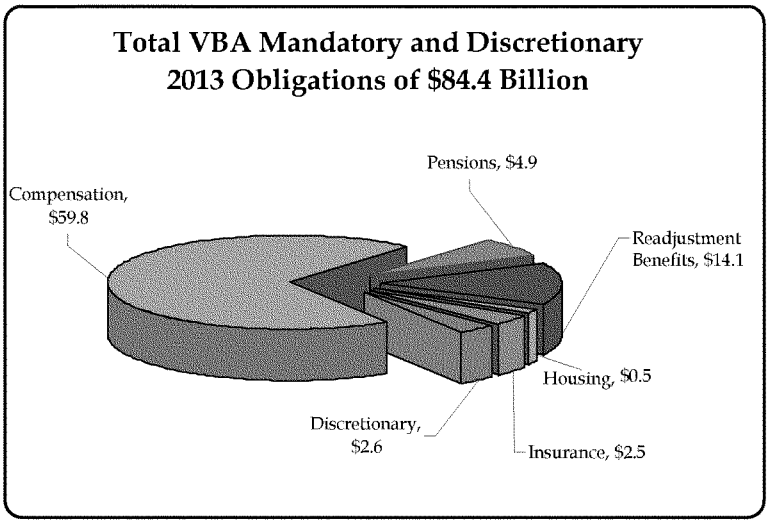
- Using information on a patient's genetic make-up, healthcare can be tailored to more effectively provide a precise level of care. VA expects to continue investigating whether genetic influences in disease and/or responses to medications can be used to further advance personalized care.
- The Million Veteran Program will collect one million genetic samples with the goal of an evidence-base for treatments that are optimized to each Veterans genetic makeup.

Core Research Priorities

- Mental Health,
- Priorities for combat Veterans (e.g., rehabilitation engineering, prosthetics/orthotics, Gulf War Veterans' illnesses, traumatic brain injury, and spinal cord injury),
- Women Veterans, and
- Special Initiative – Researching Pain, for which an additional $2 million in 2013 funds has been requested.

Veterans Benefits Administration

Overview



Summary of 2013 Budget Request

VBA continues to transform into a Veteran-centric, results-driven, and forward-looking organization. This transformation reflects the demands of emerging information technologies, changing demographic realities, and a renewed commitment to today's Veterans. VBA's Transformation Plan is organized into a synchronized and multi-pronged approach that addresses business processes, people, and technology.

VA's priority goals include eliminating the disability claims backlog, improving quality, and expanding Veterans' access to VA health care, benefits, and memorial services. VBA's Transformation Plan includes people, process, and technology initiatives that transform benefits delivery through rules-based tools, streamlined claims processes, enhanced training and support for our workforce, and paperless workload management and claims processing systems. The initiatives will help VBA deliver more timely and accurate benefits and services, and impact the culture of VA by demonstrating our advocacy for Veterans and their families and survivors. VBA will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels.

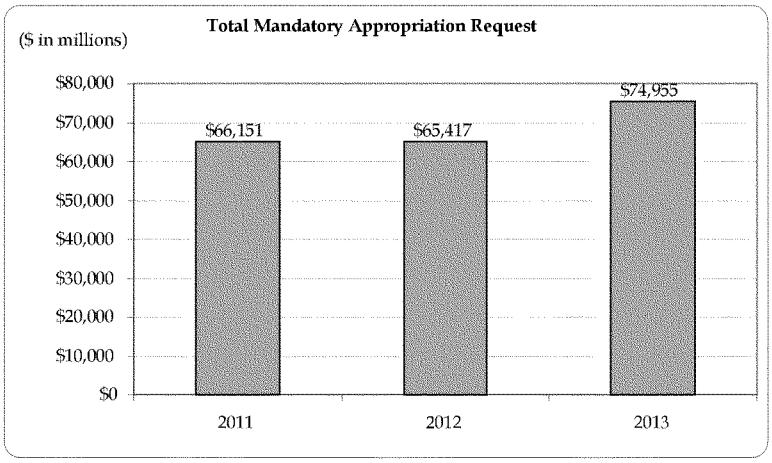
The number of disability compensation and pension claims received is expected to increase from 1,200,000 in 2012 to 1,250,000 in 2013. Claims receipts were 1,311,091 in 2011 and include 230,778 claims from the addition of new presumptive disabilities related to exposure to Agent Orange (ischemic heart disease, Parkinson's disease, and hairy and other B-cell leukemias). After adjusting for claims based on the new Agent Orange presumptive conditions received in 2011, there is projected to be an increase of nearly 16 percent in claims receipts between 2011 and 2013.

Of the $84.4 billion in total obligations, 97 percent is for mandatory Veterans Benefits payments:

- 70.9 percent of the total represents costs associated with Compensation
- 5.8 percent is for the Pension programs
- 16.7 percent of the total supports Readjustment Benefits, which include both the Education Program and the Vocational Rehabilitation and Employment (VR&E) Program
- 3.0 percent represents the Insurance Program
- 0.6 percent is for the Housing Program

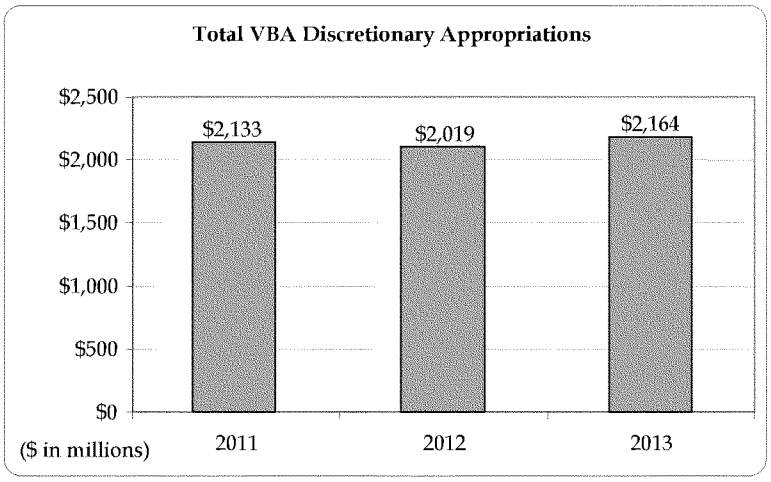
The remaining 3 percent will fund the discretionary costs associated with administering all benefit programs.

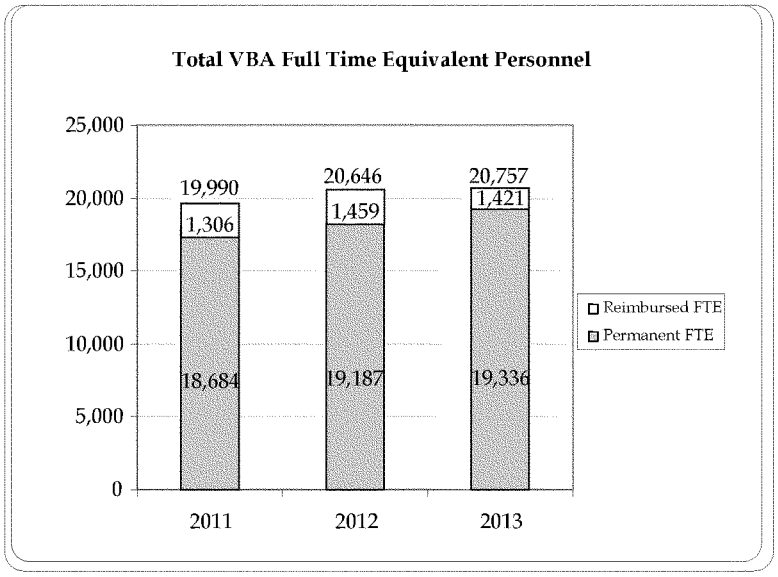
Highlights of VBA Mandatory Benefits Budget Request



- Total 2013 benefit appropriation request is $75.0 billion, an increase of $9.5 billion, or 14.6 percent from the 2012 level. While Veteran and survivor compensation caseload and obligations continue the historical trend of increasing steadily, the 2012 appropriation request was reduced by the unobligated balance from 2011 due to Agent Orange retroactive payments being significantly less than anticipated.
- An estimated 4.0 million Veterans and survivors will receive Compensation, and over 519 thousand will receive Pension benefits in 2013.
- Almost 1.1 million Veterans, reservists, and dependents are expected to receive Readjustment Benefits in 2013, including over 1.0 million receiving education benefits and almost 92 thousand receiving VR&E payments.
- Just over 7 million Servicemembers, Veterans, and family members are expected to be insured under VA life insurance programs in 2013, with a face value of $1.4 billion.
- An estimated 228 thousand Servicemembers and Veterans will receive VA-guaranteed housing loans in 2013, with a face value of $50 billion.

Highlights of the VBA Discretionary Budget Request





With a workforce that is correctly sized, trained, led, and supported by innovation, VBA will be positioned to meet the needs of our Veterans while also ensuring the sound stewardship of taxpayer funds. The 2013 request includes:

- $2,164 million in appropriations, for a total of $2,598 million in obligations for administrative expenses, and 20,757 FTE in 2013. The budget request represents a 7.2 percent increase over the 2012 enacted appropriation level

- An FTE increase of 111 over 2012 or 767 over 2011, to support processing disability claims and VA's *Supportive Services for Veterans' Families* homeless program

- Continued funding for the Veterans Benefits Management System and the Veterans Relationship Management initiative

Business Process Re-engineering and Innovative Technology Improvements

VBA continues to partner with the Office of Information and Technology on a number of innovative improvements designed to improve services to Veterans and enhance their VA experience. They will assist VBA to fulfill its responsibilities to process Veterans' benefit claims quicker and with high quality, and reduce the pending claims inventory. There are three key and interdependent major initiatives, each providing a unique service:

Veterans Benefits Management System

The Veterans Benefits Management System (VBMS) is a business transformation initiative designed to assist VA in improving quality and eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by improved business processes and workflows.

It's anticipated, VBMS will dramatically reduce the amount of paper in the current disability claims process, and will employ rules-based claims development and decision recommendations where possible. Additionally, by using a services-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in technology developed in the marketplace to respond to the changing needs of Veterans over time.

Veterans Relationship Management

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance.

This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

To date, VRM has delivered several self-service capabilities via eBenefits and completed telephony features, such as call transfer capability, national queue and call-routing to the best-skilled agent, and call recording to develop a "best quality calls" library and identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system.

Virtual Lifetime Electronic Record (VLER)

The VLER initiative is an interagency federal initiative that will ultimately contain administrative and medical information from the day an individual enters military service, throughout his/her military career and after separation from the military (including information from private-sector providers who care for Veterans and their beneficiaries). VLER streamlines VA's use of data and information.

Meeting Veterans' Needs

- Continue implementation of the Transformation Plan using an integrated approach that incorporates people, process, and technology initiatives to achieve the Agency Priority Goals of eliminating the disability claims backlog and achieving 98 percent accuracy by 2015.
- Process an estimated 1.4 million disability claims in 2013 while ensuring no more than 40 percent of the compensation and pension claims in the pending inventory are more than 125 days old. In 2013, the percent of claims more than 125 days old will be reduced from 60 percent in 2012 to 40% expected in 2013.
- Meet the demands of the significant increase in education workload resulting from the Post-9/11 GI Bill and the subsequent modifications to the Post-9/11 GI Bill in the Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (P.L. 111-377) and the Vow to Hire Heroes Act of 2011 (P.L. 112-56). VA intends to fulfill our commitment to supporting Veterans in their educational pursuits by improving education original claims processing timeliness by 22 percent in 2013 as compared to 2012.
- Meet the demands of the estimated 10 percent increase in vocational rehabilitation and employment participants in 2013 compared to 2012, while maintaining the rehabilitation rate at 77 percent.

- Continue to provide world-class insurance service by providing a projected $2.5 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, policy loans, and traumatic injury protection payments; and maintain the high client-satisfaction ratings for services delivered at 95 percent in 2013.

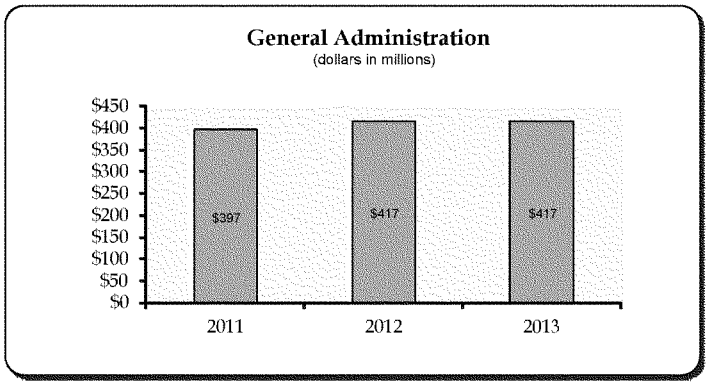
General Administration

Overview

- The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and General Administration. An overview of VBA is provided in a separate chapter of this volume.

- The General Administration account provides funding for the Office of the Secretary, six Assistant Secretaries and three Department-level staff offices. These offices provide policy guidance, oversight, and technical expertise to the Department to fulfill the Nation's commitment to provide Veterans with the best possible service.

Summary of the General Administration Budget Request



Highlights of the 2013 General Administration Request

In 2013, VA is requesting $417 million and 3,380 FTE for the General Administration account, the same funding enacted in 2012. These funds will sustain the management oversight and accountability process implemented during the last 3 years.

The table at the end of this section summarizes the resource level by staff office for the General Administration account. Highlights include:

- In 2013, $10.1 million and 89 FTE are requested to support all operations within the Office of the Secretary, which includes: the Center for Minority Veterans, the Center for Women Veterans, the Center for Faith Based and Neighborhood Partnerships, the Office of Survivors Assistance, the Office of Employment Discrimination Complaint Adjudication (OEDCA) and the immediate Office of the Secretary. The Office of Secretary provides executive leadership to all programs to transform VA into a 21st century organization to ensure Veterans are cared for over a life time, from the day the oath is taken to the day they are laid to rest.

- A total of $78 million in budget authority and 527 FTE are requested for the Board of Veterans' Appeals (BVA) in 2013 to address an increasing number of appeals and growing backlog. The request will also allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.

- In 2013, $83.1 million and 729 FTE are requested for the Office of General Counsel. This will support GC's continuing efforts to address an expanding legal workload, including an increasing number of cases before the United States Court of Appeals for Veterans Claims and to improve the timeliness of publishing regulations for VA's legislative and regulatory programs.

- A total of $45.6 million and 307 FTE are requested for the Office of Management in 2013. The 2013 budget will support priorities and initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. The request includes funding for audits of the Non-VA Care (Fee) Program.

- In 2013, $70.3 million in budget authority and 889 FTE are requested for the Office of Human Resources and Administration. When combined with $381 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives. These include: Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning.

- A total of $26 million and 117 FTE are requested for the Office of Policy and Planning (OP&P) in 2013. The 2013 budget will support the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services, conduct long range planning, and allow for increased VA/DoD Collaboration efforts. In addition, OP&P will partner with other VA organizations on new VA-wide initiatives to maximize economies and efficiencies across the Department. These initiatives include: the Business Intelligence Program Management Office, corporate predictive modeling, interagency data mining, as well as other strategic planning transformation efforts.

- A total of $18.5 million and 102 FTE are requested for the Office Operations, Security, and Preparedness in 2013 for a variety of mission critical activities including the continued refinement and development of the department's continuity programs through crisis management exercises, evaluation and training. The budget also supports: a program office for the Personnel Security and Suitability Program; improvements to the protection of the Department's physical infrastructure to ensure the provision of safe and secure environments for care and service; expanded oversight and inspection of VA Police Operations at VA facilities throughout the country; a program office for HSPD-12 implementation and compliance; and increased requirements for VA Special Access Programs.

- In 2013, $23 million and 94 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for continued outreach, enhancing VA's partnership with Tribal Governments, and sustaining an Office of New Media intended to educate and empower Veterans and their families. In addition, the budget includes funding for grants to the U.S. Paralympics, Inc. and for subsistence payments to Veterans and service members participating in the program.

- A total of $6.3 million and 45 FTE are requested for the Office of Congressional and Legislative Affairs in 2013. This funding will allow VA to continue to address an increasing workload and to become more

proactive in advancing congressional communications and legislative outreach.

- A total of $55.6 million and 481 FTE are requested for the Office of Acquisition, Logistics, and Construction in 2013. This funding supports activities to improve contracting and acquisitions and VA's Facilities Transformation initiatives by: increasing the role of project management at the regional and local levels; integrating facilities management functions to maximize life-cycle performance; expanding facility assessment and planning capability; leveraging technical expertise for minor design, construction and leasing; and increasing VA's return on investment.

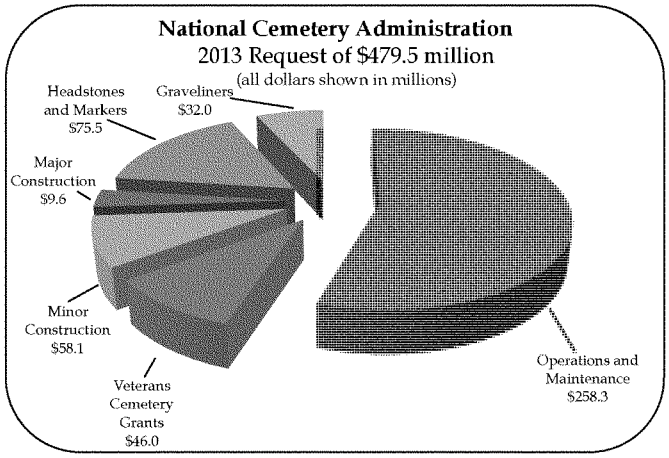
General Administration
($ in thousands)

	2011 Actual		2012 Current Est.		2013 Request	
	Enacted BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	9,270	86	10,085	89	10,085	89
Board of Veterans' Appeals	73,273	535	78,006	532	78,006	527
Office of General Counsel	80,778	754	83,099	738	83,099	729
Office of Management	43,161	277	45,598	303	45,598	307
Office of Human Resources & Administration	68,590	645	70,379	849	70,379	889
Office of Policy & Planning	26,015	90	26,015	117	26,015	117
Office of Operations, Security & Preparedness	16,746	86	18,510	102	18,510	102
Office of Public and Intergovernmental Affairs	22,079	79	23,286	94	23,037	94
Office of Congressional & Legislative Affairs	6,065	42	6,053	45	6,302	45
Office of Acquisition, Logistics and Construction	50,728	348	55,706	436	55,706	481
Total Budget Authority	**$396,705**	**2,941**	**$416,737**	**3,305**	**$416,737**	**3,380**

Note: FTE levels include staffing supported by reimbursements.

National Cemetery Administration

Overview



Highlights of the 2013 Request

Discretionary

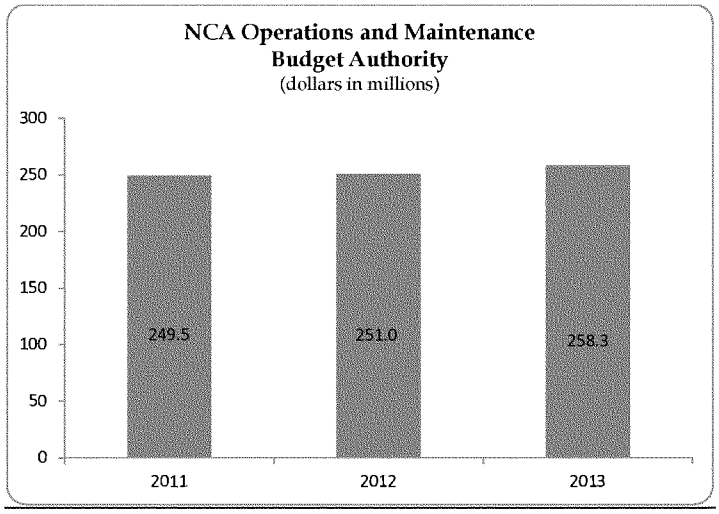
- 53.9% of the total National Cemetery Administration's (NCA) budget is for the operation and maintenance of VA's national cemeteries.
- 14.1% of the NCA budget is for the construction and renovation of VA's national cemeteries and facilities.
- 9.6% of the total resources under NCA are available for grants to states and tribal governments for Veterans cemeteries.

Mandatory

- 6.7% is available for Graveliners and Outer Burial Receptacles (OBRs).
- 15.8% of the total NCA budget is for Headstones and Markers.

Summary of the NCA Operations and Maintenance Budget Request [v]

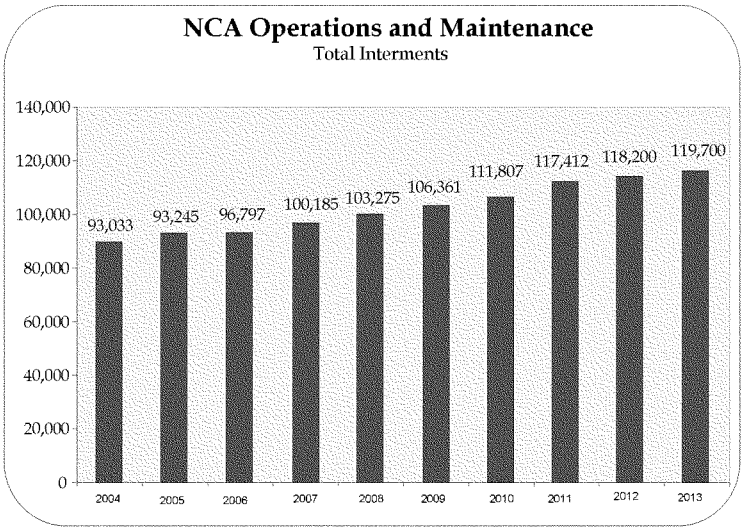
The National Cemetery Administration requests $258.3 million in budget authority and 1,700 FTE for operations and maintenance in 2013.



	2011	2012	2013
Full-Time Equivalents	1,676	1,696	1,700

The 2013 NCA Operations and Maintenance request includes:

- $1.5 million and 4 FTE to support increased interment activities and maintenance workload.
- A total of $32.9 million for NCA to continue its commitment to maintain our national cemeteries as national shrines. Projects will raise, realign, and clean headstones and markers and repair turf in the burial sections.
- $3.0 million for projects that will provide renewable energy at NCA facilities.
- $2.0 million to continue support of non-recurring maintenance activities.



Cemetery Workload

- NCA continues to experience growth in cemetery workload.
- In 2013, NCA projects that interments will increase by 1% over 2012.
- Cemetery maintenance workload will also continue to increase in 2013 over 2012. NCA projects that the number of gravesites maintained will increase by 82,000 (2.5%) and the number of developed acres maintained will increase by 138 (1.6%).

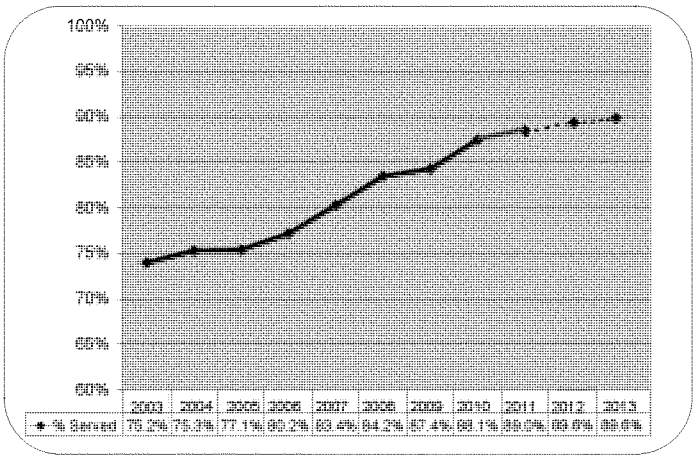
Accomplishments

- As a result of the recent expansion and the opening of new state Veterans cemeteries, the percentage of Veterans served by a burial option within 75 miles of their residence has increased steadily from 83.4% in 2007 to 89.0% in 2011.
- VA introduced new burial policies in the President's 2011 Budget request that will result in the opening of five new national cemeteries. As a result, planning has begun that will provide an additional 500,000 Veterans access to a burial option. VA will also improve access through the construction of columbarium-only satellite cemeteries in densely populated urban areas and establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area.
- VA's first grants to establish Veterans cemeteries on tribal trust land, as authorized in P. L. 109-461, were approved in 2011. Grants were awarded to the Rosebud Sioux Tribe for the construction of a Veterans cemetery in White River, South Dakota; Yurok Tribe in Humboldt County, California; and Pascua Yaqui Tribe near Tucson, Arizona.
- NCA dramatically improved its service to Veteran families by processing 91% of applications for Presidential Memorial Certificates within 20 days of receipt in 2011. This was a significant improvement over the baseline performance of 17% established in 2010.

Expected Results

The budget request will support the following results in 2013:

- 89.6% of America's Veterans will be served by a burial option within 75 miles of their residence, an increase of 0.6% from 2011.

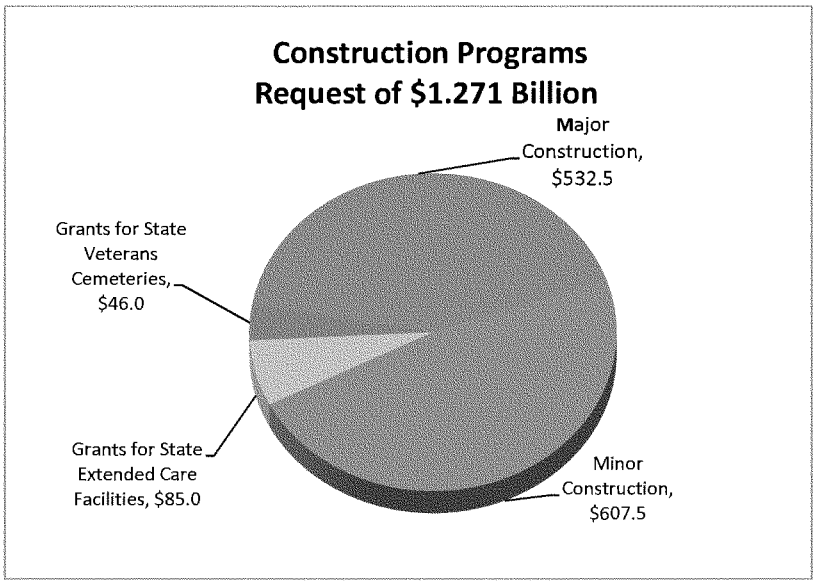


- 98% surveyed will rate the quality of service of NCA as excellent.
- 95% of graves in national cemeteries will be marked within 60 days of interment.
- 90% of applications for headstones and markers will be processed within 20 days for the graves of Veterans who are not buried in national cemeteries.
- 99% surveyed will rate national cemetery appearance as excellent.

Construction Programs

Overview of 2013 Request

The pie chart below reflects funding for all Construction Programs.



For 2013, VA prioritized construction projects utilizing the Strategic Capital Investment Planning (SCIP) process. SCIP, which was first implemented for the 2012 budget cycle, is an innovative Department-wide planning process that resulted in the creation of a single, integrated prioritized list of projects from all capital investment accounts (major construction, minor construction, non-recurring maintenance and leasing). SCIP is designed to provide a long range plan to improve the delivery of services and benefits to Veterans, their families and survivors by addressing VA's most critical capital needs and/or performance gaps and investing wisely in VA's

future. In addition the SCIP process informs the prioritization of capital requirements in the annual budget process.

Construction, Major Projects

- Major Construction funding of $532,470,000 is requested for 2013.
    - The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, assessments, and site acquisition, where the estimated cost of a project is greater than $10,000,000; or where funds for a project were made available in a previous appropriation under this heading.
    - The major construction request is for 4 existing partially funded medical facility projects: St. Louis, MO; Palo Alto, CA; Seattle, WA; and Dallas, TX.
    - Funds are provided for advance planning activities, to improve facility security, to reimburse Treasury's judgment fund, to support salaries and expenses of resident engineer staff, to fund land acquisitions for National Cemeteries, and to support other construction related activities.

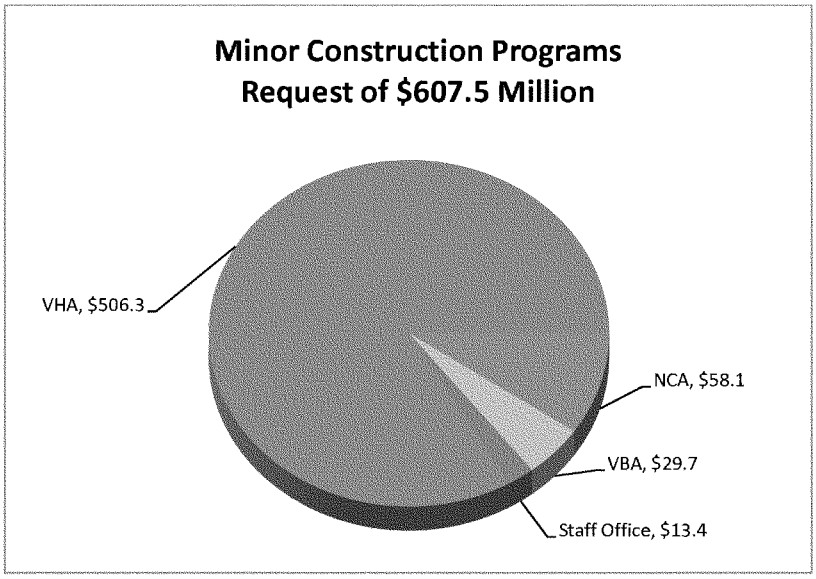
A summary of the major construction program funding level by activity is provided below:

Major Construction Detail of Request ($ in 000's)				
Location	**Description**	**Total Estimated Cost**	**Funding Through 2012**	**2013 Request**
Veterans Health Administration (VHA)				
St. Louis (JB), MO	Medical Facility Improvements and Cemetery Expansion	366,500	111,700	130,300
Palo Alto, CA	Polytrauma / Ambulatory Care	716,600	270,777	177,823
Seattle, WA	Mental Health Building 101	222,000	17,870	55,000
Dallas, TX	Spinal Cord Injury	155,200	8,900	33,500
Advance Planning Fund	Various Stations			70,000
Asbestos	Various Stations			8,000
CFM Staff	Various Stations			24,000
Claims Analysis	Various Stations			2,000
Facility Security	Various Stations			7,200
Hazardous Waste	Various Stations			5,000
Judgment Fund	Various Stations			5,000
	Subtotal, Line Items			**121,200**
Total VHA		**1,460,300**	**409,247**	**517,823**
National Cemetery Administration (NCA)				
Advance Planning Fund	Various Stations			2,647
NCA Land Acquisition Fund	Various Stations			7,000
	Subtotal, Line Items			**9,647**
Total NCA				**9,647**
General Administration/Staff Offices				
Department APF for Major				**5,000**
Total Staff Offices				**5,000**
Major Construction		**1,460,300**	**409,247**	**532,470**

Construction, Minor Projects

- Minor Construction funding of $607,530,000 is requested for 2013.

The pie chart below reflects appropriations for Minor Construction by Administration:



- The Construction, Minor Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than or equal to $10,000,000.

- VHA's 2013 request will address the most critical minor construction needs in the system by funding efforts such as facilitating realignments; seismic corrections; improving safety; improving access to healthcare; increasing capacity for dental services; enhancing patient privacy; improving treatment of special emphasis programs; and enhancing research capability.

- NCA's 2013 Minor Construction request provides for gravesite expansion and columbaria projects to keep existing national cemeteries open. The minor request will also fund repair projects to address infrastructure deficiencies and other requirements necessary to support National Cemetery operations.

- VBA's minor construction request in 2013 includes funding to address an ongoing national need for relocations, realignments, tenant improvements, repair and alteration projects. These projects are critical to ensuring continued world-class service delivery of benefits to veterans and their families and to the well being of VA employees.

- Staff Office minor construction funds are used to make infrastructure repairs and enhancements to improve operations and provide an acceptable and operationally effective work environment for the Department's staff offices.

Grants for the Construction of State Extended Care Facilities

- $85,000,000 for the Grants for the Construction of State Extended Care Facilities.

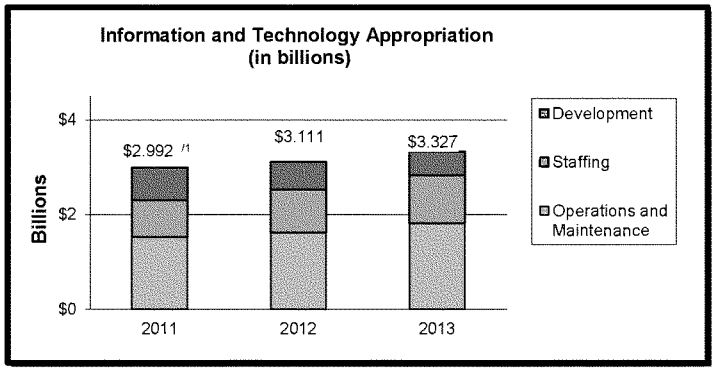
  - Resources for grants for construction of State extended care facilities provide funding to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans.

Grants for Construction of Veterans Cemeteries

- $46,000,000 for Grants for Construction of Veterans Cemeteries.

  - Grants are provided to states and tribal governments for the establishment, expansion, improvement or operation of state and tribal government Veterans cemeteries. The state and tribal government Veterans cemeteries complement the national cemeteries and are a critical part of ensuring that the burial needs of Veterans and eligible family members are met.

Information Technology Programs



1/The FY 11 appropriation was $3.141 billion (including ATB rescission) with an additional $147 million in ubobligated balances rescinded. Additionally, a transfer of $2 million to the North Chicago joint DoD/VA medical facility was made.

	2011	2012	2013
Full-Time Equivalents	7,004	7,432	7,580

Overview

- The 2013 request for Information and Technology (IT) is $3.327 billion, an increase of $216 million (6.9%). VA's level of IT investment is 5.2 percent of the overall VA discretionary funding and 2.4 percent of VA's total funding.
- The IT budget will help improve the delivery of Veterans' healthcare services and benefits claims processing improvements. VA has 17 major investment areas that it will focus on in 2013 with $494 million for IT development which are discussed below.
- The request includes $1.021 billion in 2013 to support 7,435 direct FTE, with an additional $219 million in estimated reimbursements to support 145 reimbursable FTE for this national level IT organization. Around the clock operations especially for the electronic medical health record and the new online educational claims processing systems require high levels of system availability and user support to meet the various missions of VA. An increase

of 148 FTE is anticipated to bring the IT staffing level to its full complement in 2013 as the support required by the VA mission areas, which have grown by over 70,000 new staff over the last five years.

- Programmatic IT activities utilize 69 percent of the budget authority, while operational, staffing and administration costs account for 31 percent.

Summary of the IT Budget Request

The request includes funding for the following:

- $169 million for iEHR, the joint electronic health record that VA and DoD are developing. This project potentially can set the standard for a private sector electronic health care record.
- $488 million for the Major Transformational Initiatives in VA's Strategic Plan, $377 in new development and $111 million in sustainment for these initiatives. Each initiative is highlighted in the next section below.
- $1.5 billion for the operations and maintenance of VA's IT infrastructure. These funds pay for the computer hardware, software maintenance, networks and phone systems at all the VA hospitals, outpatient clinics, regional benefit offices and cemeteries across the country.
- $127 million for information security programs which protect Veteran's privacy and provide secure IT operations across VA.
- $12 million for the conversion of VA health care systems to the 10th edition of the International Classification of Diseases (ICD-10) code standard.

Major Transformational Initiatives

IT funding requested to support VA's Major Transformational Initiatives includes the following:

- $4 million for projects to support the Homelessness initiative such as the Homeless Operations and Management Evaluation System (HOMES) that will perform case management and tracking functions for case workers.
- $92 million for the Veterans Benefits Management System, to continue nationwide deployment of this new paperless based system to VBA Regional Offices integrating new and improved business processes.
- $53 million for the Virtual Lifetime Electronic Record, which includes the effort to develop unconstrained health data sharing across the National Health Information Network and the expansion of the Information Disability Evaluation System from 27 to 120 sites.
- $9 million for projects in support of the Mental Health initiative including an on-line recovery planning tool, deployment of educational material using the

MyHealtheVet web application, and mental health assessment tools for patient information collection.

- $111 million for the Veterans Relationship Management initiative, which will increase the number of flexible communication channels for Veterans to receive information such as the Virtual Call Center and self-service capabilities through the eBenefits portal.
- $37 million for the New Models of Health Care (NMHC) initiative. Examples of information technology projects under this initiative include: pilot projects for phone and electronic specialty care consultations, a web-based smoking cessation service, and the use of telepathology/teleaudiology to diagnose diseases/hearing disorders remotely.
- $72 million for the Access to Healthcare initiative that will provide for the installation of inpatient flow technology tools throughout all VHA facilities and the Point of Service Kiosk system.
- $15 million for the Preparedness initiative in order to sustain the operations of its Homeland Security Presidential Directive-12 (HSPD-12) badge offices, two backend data centers, and the integration of external data sources (such as personal identification information) for use by security personnel.
- $4 million for the Systems to Drive Performance (STDP) initiative will fund development of the STDP Business Intelligence Dashboard, which will supply VA leadership with the tools necessary to monitor performance and support data-driven decisions resulting in greater efficiencies across the Department.
- $34 million for the Integrated Operating Model (IOM) initiative that will include investments in the Enterprise Management Framework, a centralized, comprehensive framework to effectively manage VA's IT systems and processes. IOM will also implement SecureVA, which will provide visibility to the desktop and implementation of VA Medical Device Isolation Architecture.
- $16 million for the Human Capital Investment Plan (HCIP) to provide HR professionals across VA with better tools to train and manage VA's workplace to improve operational efficiencies.
- $22 million for the Research & Development (R&D) initiative that will allow for the migration of field and central office data to a new enterprise-wide Research Administrative Management System.
- $4 million for the Strategic Capital Investment Planning (SCIP) initiative that will fund the implementation of the SCIP Automation tool to assist the Office of Asset Enterprise Management in the collection of capital investment planning needs.

- $7 million for the Health Care Efficiency initiative in order to provide enhancements to existing Fee Basis Claims System and program integrity tools.
- $9 million for Health Informatics will include an investment in A Virtual Implementation of VistA (AViVA) which will make it easier for third party providers to build applications and for health care providers to collaborate and provide the best care for Veterans.

Management Initiatives

VA utilizes a rigorous department-wide IT project management approach that halts programs that fail to meet delivery milestones. The Project Management Accountability System (PMAS) is specifically designed to improve the results of IT investments at VA through the use of incremental product build methods to focus on near-term, assured deliveries of new capabilities. Benefits of PMAS include the following:

- PMAS review reprioritized over $200 million in projects in FY 2010, that have been eliminated for poor performance, restructured to lower risk implementation, reduced spend rates and implement incremental development project plans
- Enhances business effectiveness through frequent delivery of functionality
- Re-balances requirements with available staffing
- Enables VA to focus on troubled projects early and implement corrective actions quickly through real-time performance indicators

In 2011, VA created a Reduction Task Force to identify efficiencies across the Office of Information and Technology. The task force will focus on eliminating duplication and non-critical services; hardware efficiencies; savings that can be generated through state of the market techniques such as cloud computing; and savings that can be generated through policy, architecture and organizational change.

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Proposed Legislation Summary

Summary of Legislation Proposed

Medical Care – Proposed Legislation

The seven following legislative proposals have a budgetary impact that is reflected on the accompanying table.

Smoke-Free Environment: Legislation will be proposed to reverse the requirement in Public Law 102-585 §526 for designated smoking areas at VA facilities. It would eliminate all smoking on the grounds of all VA health care facilities to make them completely smoke-free. Currently Public Law 102-585 §526 requires the Veterans Health Administration (VHA) to provide suitable smoking areas, either an indoor area or detached building, for patients or residents who desire to smoke tobacco products. As of April 1, 2011, there are 2,722 local and/or state/territory/commonwealth hospitals, healthcare systems and clinics and four national healthcare systems (e.g., Kaiser Permanente, Mayo Clinic, SSM Health Care, and CIGNA Corporation) in the United States that have adopted 100% smoke-free policies that extend to all their facilities, grounds, and office buildings. Numerous Department of Defense medical treatment facilities (MTF) have become tobacco-free as well. VHA health care providers and visitors do not have the same level of protection from the hazardous effects of secondhand smoke exposures as patients and employees in these other systems. Currently, approximately 20% of Veterans enrolled in VA health care are smokers. Many of the non-smokers are also older Veterans who may be at higher risk for cardiac or other conditions that may make them even more vulnerable to the cardiovascular events associated with secondhand smoke. As with patients of other health care systems, Veteran patients have a right to be protected from secondhand smoke exposures when seeking health care at a VA facility. For Veterans who are inpatients, nicotine replacement therapy is currently available so they would not have to experience nicotine withdrawal during hospital admissions.

Remove Requirement that VA Reimburse Certain Employees for Professional Education: Legislation will be proposed to eliminate title 38, United States Code, section 7411 that states "The Secretary shall reimburse any full-time board-certified physician or dentist appointed under section 7401 (1) of this title for expenses incurred, up to $1,000 per year, for continuing professional education." VHA has a long history of providing educational and training support to all clinical and administrative staff. The Employee Education System and VA Learning University offer a large course catalog with opportunities for physicians and dentists, as well as other occupations, to obtain continuing professional education at VA expense. VHA will continue to manage training and education funding within long-standing parameters in conjunction with published policies at the national and local levels. Continuance of the entitlement in section 7411 is no longer necessary, given the improved competitive recruitment position resulting from the new pay system.

Clarify Breach of Agreement under the Employee Incentive Scholarship Program (EISP): Legislation will be proposed to amend title 38, United States Code, chapter 76, section 7675, subchapter VI, to provide that full-time student participants in the EISP would have the same liability as part-time students for breaching an agreement by leaving VA employment. The current statute clearly limits liability to part-time student status participants who leave VA employment prior to completion of their education program. This allows a scholarship participant who meets the definition of full-time student to leave VA employment prior to completion of the education program, breaching the agreement with no liability. This proposal would require liability for breaching the agreement by leaving VA employment for both full- and part-time students. All other employee recruitment/retention incentive programs have a service obligation and liability component. This proposal would result in cost savings for the Department by recovering the education funds provided to employees who leave VA employment prior to fulfilling their agreement.

Change in Collection and Verification of Veteran Income: Legislation will be proposed to revise the way VA conducts collection and verification of income information from Veterans for enrollment determinations regarding inability to defray necessary expenses. VA proposes to adopt the current methodology used for initial benefit determinations for purposes of Medicare Part B premiums. In determining such income, the Social Security Administration electronically queries the Internal Revenue Service (IRS) Federal income tax database for the beneficiary's tax return from 2 years before the effective premium calendar year (i.e., 2008 income determines 2010 premiums) as opposed to asking the beneficiary to self-report their income. Veterans currently self-report (via a means test) their previous calendar year's income and an enrollment determination are made based on this information. The Health Eligibility Center

(HEC) currently verifies the Veteran's self-reported income though this may lag up to two years after its submission (the IRS tax records for a previous year are not available until July in a current year). The HEC's conversion rate in reassignments to higher priority groups or disenrollment (e.g., verifying through IRS tax records that a Veteran's income is higher than what he/she self-reported) is approximately 95 percent for reviewed cases. As a result, affected Veterans are back billed (often more than 1 year) for copays for their previous medical care and some are disenrolled due to their income and/or net worth exceeding established means test thresholds. Despite providing appeal rights during this process, it is not a Veteran-centric approach or a particularly efficient and effective use of VA resources.

Medicare Ambulance Rates for Beneficiary Travel: Legislation will be proposed to amend 38 U.S.C. §111 to authorize VA to reimburse providers for authorized ambulance transportation at the lesser of the actual charge or the appropriate local prevailing Medicare ambulance rate when a negotiated contract rate has not been established. VA is currently required to reimburse for any authorized special mode transportation at the "actual necessary expense", which equates to either the contracted or billed rate. (This requirement does not apply to VA payment of emergency transportation in relation to unauthorized non-VA emergency medical care claims under 38 U.S.C. §1725, "Reimbursement for emergency treatment" .) While some VA health care facilities have contracts with local transportation providers with rates at or below Medicare reimbursement rates, many stations are unable to secure such contracts, or such contracts are limited to pre-authorized transport. As a result, facilities find that billed charges for emergency or non-contract transportation are often significantly higher (up to 3-4 times) than the Medicare rates. VA would experience significant savings in ambulance costs should Medicare payment rates be implemented. The recent attempt to accomplish this in title II of Public Law 112-56 (VOW to Hire Heroes Act of 2011), section 263, is limited to situations that rarely if ever occur. Consequently, VA will be drafting proposed legislation to delete the limitation.

Allow VA to Release Patient Information to Health Plans: Legislation will be proposed to amend 38 U.S.C. 7332(b) to include a provision for the disclosure of VA records of the identity, diagnosis, prognosis or treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with the human immunodeficiency virus (HIV) or sickle cell anemia (referred to as 7332-protected information) to health plans for the purpose of VA obtaining reimbursement for care. The Veterans Health Administration (VHA) is prohibited from disclosing information identifying a patient as having been treated for 7332-protected information for any purposes not outlined in 38 U.S.C. 7332 unless a signed, written consent is obtained from the patient. VA must submit bills or claims containing diagnostic code information to the health plan or health insurance

carrier for the admission or episode of care. If during the admission or episode of care the Veteran was diagnosed and treated for 7332-protected information, this information is communicated via the diagnostic codes on the bill or claim to the health plan or health insurance carrier. VA must obtain signed, written consents to bill health plans for each treatment of a patient relating to 7332-protected information. Often it is not possible to obtain the signed, written consent from the patient to bill the health plan or health insurance carrier for a variety of reasons. Some patients refuse to sign the written consent, while other patients are incapacitated at the time of care. Written requests to the patient following treatment often result in no response. One of the major clinical areas affected by the current statutory language is testing for and care of HIV infection within VA. VA may not condition treatment on the Veteran signing an authorization to allow VA to disclose 7332-protected information to health plans or health insurance carriers for payment activities. For VA to bill health plans or health insurance carriers for all admissions and episodes of care for nonservice-connected disabilities, a provision authorizing this disclosure activity needs to be included in 38 U.S.C. 7332(b). This provision would ensure that the use of this information for billing purposes is consistent with the use for treatment purposes in VA – that no consent is needed for either purpose. The currently protected diagnoses would then be governed by the same regulations governing treatment of all other conditions.

Consider VA a Participating Provider for "Purpose of Reimbursement" (increases revenues): Legislation will be proposed that would allow VA to be treated as a participating provider, thus preventing the effect of excluding coverage or limiting payment by a health insurer or other third party payer for VA medical care and services provided to Veterans. With the enactment of the Balanced Budget Act of 1997, Congress changed the health insurer and third-party program into one designed to supplement VA's medical care appropriations by allowing VA to retain all collections and some other copayments. VA can use these funds to provide medical care to Veterans and to pay for its medical care collection expenses. This law also granted VA authority to begin billing reasonable charges based on the amounts that health insurers and third-party payers pay for the same care provided by non-government health care providers in a given geographic area. This proposal would prevent a health insurer or third-party payer from denying or reducing payment to VA based on the grounds that VA is not a participating provider.

The fifteen following legislative proposals have no impact on the budget in 2013 and 2014:

Extend Authority for Support Services for Veteran Families (SSVF) Program to Prevent/Address Homelessness: The SSVF Program provides supportive services to very low-income Veteran families in or transitioning to permanent housing. Funds are granted to private non-profit organizations and consumer cooperatives that assist very low-income Veteran families by providing a range of supportive services designed to promote housing stability. The SSVF Program is the only VA homeless program that is national in scope that can provide direct services to both Veterans and their family members; however, the current law (38 USC 2044) only provides an appropriation authorization through FY 2012. VA proposes to amend section 2044 to extend the authorization of appropriations to FY 2013 and beyond.

Require Non-VA Facilities and Providers Who Accept Federal Medicare Payments to Accept VA Payments Based on a Medicare Payment Methodology. VA currently lacks authority to require non-VA facilities and providers (other than hospitals which provide inpatient hospital services) who accept payment from other federal medical benefits programs (Medicare, TRICARE, Indian Health Service) to accept VA payment for inpatient or outpatient care. In December 2010, VA adopted a Medicare payment methodology for outpatient care and has received notification from non-VA providers that they will not accept VA payment. Many of these same providers accept other federal medical benefit payments for the same services at the same rates. Requiring all Medicare providers to agree to accept VA payment under section 1703 based on a Medicare payment methodology would greatly enhance VA's ability to meet the needs of Veterans by ensuring access to healthcare.

Remove $150 Million Specific Authorization Amount on the Homeless Grant and Per Diem Program: This proposal would amend title 38 U.S.C. § 2013, "Authorizations of Appropriations", to remove the specific authorization amount for grants and per diem payments for fiscal year 2013 and for each subsequent fiscal year.

Extend Homeless Grant and Per Diem Program to Support a "Transition in Place" Model toward Permanent Housing: Legislation will be proposed to amend 38 U.S.C. § 2012, the per diem component of the Department's Homeless Providers Grant and Per Diem Program (Program), to authorize per diem payments to entities receiving grants under section 2011, or entities eligible to receive such grants, to transition Veterans from transitional to permanent housing. The legislation would establish the maximum rate for such per diem at one hundred and fifty percent of the current per diem rate for domiciliary care under section 1741(a)(1)(A). Entities receiving per diem for converting transitional housing beds to permanent housing would be required to replace each VA-funded transitional housing bed converted to permanent housing.

Currently, Program assistance is limited to transitional housing and services. No homeless Veterans program authorizes Departmental support of permanent housing except for supportive services provided in connection with HUD-VASH. The Program law caps per diem at the rate for domiciliary care in State homes under section 1741(a)(1)(A). Supporting Veterans' transition from homelessness to permanent housing is fundamental to ending homelessness among Veterans. By allowing Veterans to "transition in place" to permanent housing, the Department would provide a valuable alternative for Veterans who may not need or be interested in participating in HUD/VASH.

Establish a Central Nonprofit Corporation for Research: With the establishment of the central NPC, VA would be able to negotiate and implement national level research and education projects that are beyond the scope of the local NPCs. The proposal would permit the establishment of a national level NPC that is not affiliated with a particular VAMC, but has the capability to operate with any or all VAMCs, including those with a local NPC. The central NPC would facilitate national medical research and education projects conducted by VA in conjunction with non-VA and non-Federal entities with an emphasis on interdisciplinary interchange and dialogue between these participants. The central NPC would not take the place of the local NPCs, but rather would work with them to facilitate those elements of national-scope research and education projects that are conducted at the local level. This streamlining of effort through the central NPC for national level projects would in turn make VA a more appealing research collaborator to both federal and private research sponsors.

Allow VA to Require Insurance Information and Social Security Number: This proposal would amend 38 U.S.C. 1729 to include a provision to require Veterans to provide their health insurance plan information and social security number (SSN) to the Veterans Health Administration (VHA) for purposes of reimbursement for nonservice-connected treatment. Historically, the requirement for Veterans to provide their other health insurance information to VHA has been contained in each year's appropriation language. It is not contained anywhere in statute or regulation, thus putting VHA at risk if the language is dropped in the future. The Veterans Benefits Administration (VBA) has authority to require SSNs for compensation and pension benefits purposes under 38 USC 5101(c), but VHA does not. Without this information, VHA would be unable to submit claims for reimbursement to third party payers for nonservice-connected treatment.

Technical Amendment to Clarify Individual Authorizations for Non-VA Services: 38 U.S.C. 1703 authorizes the Secretary to contract with non VA facilities for care and services for certain Veterans when VA is unable to furnish economical care or services due to geographical inaccessibility or because VA facilities are not capable of providing needed care or services. VA regulations

implementing the authority in section 1703 have long provided that "individual authorizations" may be used as a method of making infrequent purchases of necessary non-VA health care for eligible Veterans. Individual authorizations provide the flexibility to purchase services necessary to a full continuum of care based on the patient's condition, frequency of need, and quality of care issues which would otherwise be unavailable from VA without negotiating the purchase under formal contracting provisions. VA proposes to amend section 1703 to clarify that VA is not limited to formal contracting when purchasing health care services under this authority.

Exempt Medal of Honor Awardees from Copayments: Section 512 of Public Law 111-163 amended 38 USC 1705 to provide certain Veterans awarded the Medal of Honor enrollment in priority group 3; however, this provision did not make any corresponding amendments to 38 USC 1710, 38 USC 1710B, or 38 USC 1722A to exempt these veterans from copayments. VA proposes to amend these provisions to exempt Medal of Honor awardees from copayments. The Medal of Honor awardees are highly courageous Veterans who served their country without regard for their own safety or well-being. VA believes making them exempt from copayments is appropriate recognition of their service and ensures that they can receive cost-free care to maintain their well-being.

Make VA an Incorporated Member of the Association of Military Surgeons of the United States: Although VA has long participated in AMSUS as an equal partner with the other constituent services, VA has never been officially incorporated into the organization. The purpose of this proposal is to correct a long-standing inconsistency by making the Department of Veterans Affairs (VA) an Incorporated Member of the Association of Military Surgeons of the United States (AMSUS). Becoming an incorporated member of AMSUS would permit VA to help organize and host the AMSUS annual meeting without the additional steps to justify our involvement. These annual meetings are valuable to VHA because AMSUS provides a platform for sharing with other Federal health care entities. The program serves as continuing education for health care professionals across multiple disciplines.

Extend Authority to Provide Care and Services to Mentally Ill and/or Homeless Veterans: Title 38 USC § 2031 states "(a) In providing care and services under section 1710 of this title to veterans suffering from serious mental illness, including veterans who are homeless, the Secretary may provide (directly or in conjunction with a governmental or other entity) - (1) outreach services; (2) care, treatment, and rehabilitative services (directly or by contract in community-based treatment facilities, including halfway houses); and (3) therapeutic transitional housing assistance under section 2032 of this title, in conjunction with work therapy under subsection (a) or (b) of section 1718 of this title and outpatient care.

(b) The authority of the Secretary under subsection (a) expires on December 31, 2012." VA proposes to extend this authority to on December 31, 2016."
VA also seeks to amend section 2031 by removing the requirement that a Veteran to have a co-occurring serious mental illness (SMI) before receiving HCHV program services. While such co-occurring disorders such as SMI have traditionally been the markers of homelessness among Veterans, and have been well documented in relevant research, conditioning the provision of services on the existence of SMI unnecessarily limits the scope of services available to thoroughly address the condition of homelessness. VA regards the condition of homelessness as one that by itself requires intervention and treatment.
Extend Authority to Provide Expanded Services to Homeless Veterans: Title 38 USC § 2033 authorizes VA, subject to appropriations, to operate a program to expand and improve the provision of benefits and services to homeless Veterans. The program includes establishing sites under VA jurisdiction to be centers for the provision of comprehensive services to homeless veterans in at least each of the 20 largest metropolitan statistical areas. Section 2033 will expire on December 31, 2012. VA proposes to extend this authority through December 31, 2016.

Extend Authority for the Homeless Veterans Advisory Committee: VA proposes to extend current authority through December 2016. Title 38 USC § 2066 authorizes VA to establish an Advisory Committee on Homeless Veterans. This authority is currently due to expire December 2012.

Extend Authority to Charge Certain Copayments for Hospital and Nursing Home Care: VA proposes permanent authority after the current expiration date of September 30, 2012. P.L. 111-163, § 517, extended VA's authority to require statutorily defined copayments for certain Veterans for hospital care and nursing home care through September 30, 2012. VA requests that this authority be made permanent beginning October 1, 2012.

Extend Authority to Recover Costs from Insurance Companies: VA proposes permanent authority after the current expiration date of September 30, 2012. P.L. 111-163, § 518, extended VA's authority to recover cost of certain care and services from disabled Veterans with health plan contracts through September 30, 2012. VA requests that this authority be made permanent beginning October 1, 2012.

Extend Authority to Provide Nursing Home Care: VA proposes to extend current authority through December 31, 2020. Title 38 USC § 1710A(a) authorizes VA, subject to appropriations for such purpose, to provide nursing home care that the Secretary determines is needed (1) to any Veteran in need of such care for a service-connected disability, and (2) to any Veteran who is in need of such care

and who has a service-connected disability rated at 70 percent or more. This authority is currently due to expire December 31, 2013.

Construction - Proposed Legislation

Allow Transfers to/from VA Capital Accounts in Support of Joint Federal Facilities: In 2013 VA will propose changes in its authorization to allow for the planning, design, construction or leasing a shared medical facilities with the goal of improving the access to, and quality and cost effectiveness of, the health care provided by the Department and other Federal agencies (for example, the Department of Defense) to their beneficiaries. The proposal would allow the Department to transfer and/or receive funds (major and minor construction) to/from another Federal agency for use in the planning, design, and/or construction of a shared medical facility. It will also allow the transfer from (the medical facility appropriation) or receiving of funds to/from other Federal agencies for the purpose of leasing space for a shared medical facility, after section 8104 authorization requirements have been met. In order to foster collaboration VA will also request the term "medical facility" be expanded to include any facility or part thereof which is, or will be, under the jurisdiction of the Secretary, or as otherwise authorized by law, for the provision of health-care services.

Compensation and Pensions - Proposed Legislation

Compensation Cost of Living Adjustment (COLA): Legislation will be proposed to provide a cost of living increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2012. The percent increase will align with increases in the Consumer Price Index and the increase for Social Security benefits. Current estimates suggest that the CPI will increase by 3.6%. That increase would result in an increase of $772 million in 2013, $4.9 billion over five years, and $10.9 billion over ten years.

Elimination of Certain Apportionments of Compensation & Pension Benefits to a Veteran's Spouse or Dependents
U.S.C. 5307 seeks to repel subsections (a)(1) and (a)(2) of U.S.C. §5307. Subsection (a)(1) provides that a Veteran's benefit payment may be apportioned to the Veteran's spouse, child, or dependent parent when the Veteran is being furnished hospital treatment, institutional, or domiciliary care by the United States. Subsection (a)(2) provides that all or part of a Veteran's compensation or pension may be apportioned to a Veteran's spouse or child as prescribed by the Secretary

when the spouse does not live with the Veteran, or the child(ren) are not in the custody of the Veteran. The VA will no longer arbitrate domestic appropriations, and it has been decided by the VA that family courts shall make these decisions. Enactment of this provision does not result in benefit cost or savings.

Extend the Delimiting date for Eligibility for Death Pension to Surviving Spouse of a Gulf War Veteran

This proposal seeks to update and extend the statutory marriage delimiting date for surviving spouses of the Gulf War Veteran for purposes of determining entitlement to death pensions. 38 U.S.C. § 1541 (f)(1) states that the surviving spouse pension benefits cannot be paid unless the claimant was married to the Veteran for at least one year immediately preceding the Veteran's death, or a child was born of the marriage, or the marriage occurred before January 1, 2001. At the time of the enactment of this law, the established date was appropriate given the nature of the Gulf War in 1990, and the 10-year qualifying period was consistent with other delimiting date periods. Generally, delimiting dates are established on the day following ten years after the war or conflict was officially over. Since the official Gulf War period, which began on August 2, 1990, is still ongoing and will terminate on a date to be determined by Presidential proclamation or law, the January 1, 2001 date must be extended. Enactment of this provision does not result in benefit cost or savings.

Cost of Living Adjustment Round-down

This proposal would amend title 38, U.S.C. § 1303 (a) and 1104 (a) to provide a ten-year extension of the round-down provisions of the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). Public Law 108-183 extended the ending date of this provision to 2013. The COLA adjustment computation in sections 1303 (a) for DIC and 1104 (a) for service-connected disability include a provision to round down VA compensation or DIC payments to the next whole dollar amount. Extending the sunset provision for the COLA round down provision ten years beyond the 2013 expiration date result in cost savings. Benefit cost savings are estimated to be $354.5 million for five years and $1.8 billion over ten years.

Expand Eligibility for Medallion (authorized by Dr. James Allen Veteran Vision Equity Act of 2007 - Public Law 110-157)

This proposal would amend title 38, United States Code (U.S.C.), § 2306, to remove the November 1, 1990, applicability date for provision of medallions to Veterans, as established by Public Law (PL) 110-157. NCA seeks to expand the medallion benefit so that any privately-purchased headstone/marker installed at the grave of any eligible Veteran buried in a private cemetery can be distinctly marked with a Government-furnished medallion affixed to show the gratitude of the Nation for their service in the U.S. Armed Forces. Costs are estimated to be

$50 thousand in 2013 and $306 thousand over ten years.

Allow for the Provision of Government-Furnished Headstones and Markers for the Privately Marked Graves of Medal of Honor Recipients who Died Prior to November 1, 1990
This proposal would amend title 38, United States Code (U.S.C.), to allow the National Cemetery Administration (NCA) to provide headstones or markers for the privately marked graves of all eligible Medal of Honor recipients (MOH), who died prior to November 1, 1990. Costs in 2013 are estimated to be $47 thousand and $636 thousand over ten years.

Use of Character of Service Determinations for Active Duty Deaths
This proposal would amend § 2402(1) of title 38, United States Code (U.S.C.), to apply the "conditions other than dishonorable" character of discharge standard in reviewing claims for burial in a VA national cemetery for service members who die on active duty. This proposal seeks to rectify the current inequity in eligibility determinations that exists between Veterans and active duty servicemembers, and would not result in benefits cost or savings.

Extend the Sunset Date for Using Non-VA Physicians to Perform Medical Disability Examinations
This proposal would extend by five years a provision of P.L. 108-183, section 704, for the authority to use discretionary VBA funding to procure contracted disability examinations to supplement the examinations provided by VHA and procured at 10 VBA regional offices through contracts reimbursed from mandatory Compensation and Pensions account under the authority of P.L. 104-275, section 504. The sunset date provided in section 704 was most recently extended to December 31, 2012 by P.L. 111-275, section 809. The requested extension would be advantageous to planning and executing appropriate contracts for future examinations in the most needed regions of the country.

Readjustment Benefits – Proposed Legislation

Allow VA to send Post-9/11 GI Bill tuition and fee payments to the student rather than the school
Amend title 38, U.S.C., section 3313(g) to allow VA to pay the student directly for Post-9/11 GI Bill tuition and fee payments rather than directly to the educational institution concerned. There is no additional benefit cost for this proposal since the amount paid by VA remains unchanged.

Extend Delimiting Dates for Spouses who are Caretakers of Seriously Injured Veterans
Amend title 38 U.S.C. § 3512 to permit the extension of delimiting dates for eligible spouses who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a Veteran or Servicemember seriously injured while on active duty in a contingency operation after September 10, 2001. VA estimates that the enactment of the proposed amendments would result in an insignificant benefits cost because it would only affect a small number of individuals.

Permanent authorization of work-study activities
Amend title 38 United States Code, section 3485(a)(4) to permanently reauthorize the VA work-study allowance for certain activities, such as outreach programs with State Approving Agencies, an activity relating to the administration of a National Cemetery or a State Veteran's Cemetery, and assisting with the provision of care to Veterans in State Homes. Benefit costs are estimated to be $65 thousand during the first year and $1.1 million for five years, and $2.4 million over 10 years.

Rounding-down of certain cost-of-living adjustments
Amend title 38 United States Code, section 3015(h) and 3564 to extend the sunset date for rounding-down of cost-of-living adjustments on educational assistance from September 30, 2013, to September 30, 2018. Because the current expiration date is at the end of FY 2013, no savings are expected in 2013. Savings to VA are estimated to be $3.8 million in 2014 and $18.7 million over five years from FY 2014 – FY 2018.

Increased Funding of Contract Educational and Vocational Counseling
Amend Title 38, United States Code, Section 3697 to increase funding available to provide contract vocational and educational counseling to individuals qualifying under section 3697A of Title 38 to not more than $7,000,000 in any fiscal year. Benefit costs are estimated to be $1 million in the first year, $5 million over five years and total $10 million over ten years.

Exclude Temporary Residence Adaptation (TRA) Grants from Three Specially Adapted Housing (SAH) Grant Limit
Amend the law so that TRA grants would not count toward the maximum allowable grant amounts under either the Paraplegic Housing (PH) or Adaptive Housing (AH) grants and TRA grants would be excluded from the maximum allowable number of grant usages. Benefit Costs are estimated to be $290 thousand during the first year, $1.5 million for five years, and $2.9 million over ten years.

Replace the SAH Program's Three-Usage Grant Limit with Limits Specific to Grant Type
Replace the three-grant limit on all SAH grants under Chapter 21 with separate three-grant limits for grants under § 2101(a) and grants under § 2101(b). This change would address the situation where a Veteran qualifies for § 2101(b) grants (currently limited to $12,756 total) and, due to a worsening disability, is later deemed eligible for § 2101(a) grants (currently limited to $63,780 total). Currently, the Veteran's earlier use of § 2101(b) grants is counted toward the three-grant limit. If he or she has used three § 2101(b) grants, he or she receives no assistance under § 2101(a). Benefit costs are estimated to be $380 thousand during the first year, $2.1 million for five years, and $4.7 million over ten years.

Amend visual impairment standard for SAH grant eligibility
Allow VA to assist Veterans and Servicemembers with severe visual impairments under 38 U.S.C. § 2101 by defining "blindness" as visual acuity of 20/200 or less or of a peripheral field of vision of 20 degrees or less. Benefit costs are estimated to be $3.1 million during the first year, $11.0 million for five years, and $14.8 million over ten years.

Restoration of Specially Adapted Housing and Special Housing Adaptation Grant Eligibility
Provide for restoration of previously-used SAH grant amounts in 38 U.S.C. § 2102. This proposal would authorize VA to restore previously used grant funds in the event of loss of the adapted residence in certain specific circumstances. This proposal is modeled on VA's current authority to restore entitlement for a home loan guaranty in certain specific circumstances. Benefit costs are expected to be $5.6 million in the first year, $30.6 million over five years and just over $69.5 million over ten years.

Provide SAH Grants to Veterans Living Permanently with Family Members
Permit otherwise eligible individuals to use SAH grants under 38 U.S.C. § 2101(a) to make adaptations to a family member's home, so long as the individual intends to reside with the family member permanently. Similar authority already exists for grants under § 2101(b). Benefit costs are estimated to be $5.9 million during the first year, $32.3 million for five years, and $73.1 million over ten years.

Housing – Proposed Legislation

Extension of Net Value Authority
The Veterans Affairs (VA) is currently authorized to calculate the net value of a property at the time of foreclosure under 38 U.S.C. 3732(c). This proposal would extend VA's authority for calculating the net value of a property and using that calculation to determine VA's liability to pay claims at the time of foreclosure

through the end of fiscal 2015. This proposal would also provide the Secretary with the discretion to determine what costs should be included in the net value calculation, based on prevailing economic conditions. The enactment of this proposal would result in no additional loan subsidy costs.

Dependent Child Occupancy for VA Home Loans
Legislation will be proposed to permit a Servicemember's dependent children to satisfy the occupancy requirement in 38 U.S.C. § 3704 in those cases where the Servicemember is unable to personally occupy the property due to his or her military service. This would allow for the home of a single Veteran using the benefit to be occupied by the person's dependent child while the Veteran is on active duty status. The estimated loan subsidy cost that would result from enactment of this proposal is $370 thousand in the first year, $3.9 million over 5 years and $10.8 million over 10 years.

Insurance – Proposed Legislation

Make Supplemental Service-Disabled Veterans' Insurance (SDVI) Coverage Available to Veterans over the Age of 65.
This proposal would eliminate the requirement that a veteran apply for supplemental SDVI coverage before he or she attains the age of 65 by amending 38 U.S.C. 1922A. This change would assist the relatively small number of veterans who have expressed a desire for the opportunity; thus, the costs are estimated to be only $100K in 2013, $1.0 million over 5 years and $2.7 million over 10 years.

Other Legislative Proposals

Allow any public institution in a consortium/district to certify any student enrolled in an institution in the consortium/district
Amend title 38, U.S.C., section 3684(a)(1) to expand the reporting authority to allow any institution in a consortium (or district) to report enrollment information to VA for any student enrolled in the consortium if all institutions in the consortium are located in the same state and have the ability to view all student records and academic plans to ensure course(s) being certified meet the requirements of the primary institution.

Proposed Legislation Chart

Proposed Legislation
(dollars in thousands)

The following items with budgetary impact are included in the President's legislative program for the Second Session of the 112th Congress

$ in thousands	2013		2014		2015		2016		2017		2013 to 2017	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	
Disability Compensation Benefits:												
2011 Compensation COLA increase of 0.9 percent effective December 1, 2011	772,014	772,014	966,999	966,999	1,006,981	1,006,981	1,046,061	1,046,061	1,084,638	1,084,638	4,876,693	
Extend Rounding-Down of Compensation and DIC COLA Through 2022			(28,700)	(28,700)	(67,500)	(67,500)	(103,600)	(103,600)	(154,700)	(154,700)	(354,500)	
Total Disability Compensation Costs	772,014	772,014	938,299	938,299	939,481	939,481	942,461	942,461	929,938	929,938	4,522,193	
Burial Benefits:												
Expand eligibility for Veterans Medallion for Headstones	50	50	50	50	50	50	40	40	32	32	222	
Allow for Government Furnished Headstones	46	46	50	50	53	53	57	57	61	61	267	
Total Burial Benefits Costs	96	96	100	100	103	103	97	97	93	93	489	
Readjustment Benefits:												
Extend Rounding-Down of Education COLA Through 2018			(3,779)	(3,779)	(3,761)	(3,761)	(3,695)	(3,695)	(3,699)	(3,699)	(14,934)	
Make Permanent Pilot Expansion of Certain Work-Study Activities	65	65	257	257	255	255	254	254	255	255	1,086	
Increase Cap on Contract Counseling	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	5,000	
Exclude TRA Grants from Three SAH Grants Limit	290	290	290	290	290	290	290	290	290	290	1,450	
Replace the SAH Program's Grant Limit	380	380	398	398	417	417	437	437	458	458	2,090	
Amend Visual Impairment Standard For SAH Grant	3,085	3,085	3,234	3,234	3,389	3,389	630	630	660	660	10,998	
Restore Eligibility for Housing Adaptation	5,561	5,561	5,828	5,828	6,108	6,108	6,401	6,401	6,708	6,708	30,606	
Provide SAH Grants to Veterans Living with Family	5,864	5,864	6,146	6,146	6,441	6,441	6,750	6,750	7,074	7,074	32,275	
Total Readjustment Benefits	16,245	16,245	13,374	13,374	14,139	14,139	12,067	12,067	12,746	12,746	68,571	
Insurance:												
Extend Supplemental SDVI Coverage	100	100	200	200	200	200	200	200	300	300	1,000	
Medical Care:												
Smoke Free Environment	(7,200)	(7,200)	(7,318)	(7,318)	(7,440)	(7,440)	(7,566)	(7,566)	(7,697)	(7,697)	(37,221)	
Remove Requirement that VA Reimburse Certain Employees for Professional Education	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(325)	(1,625)	
Clarify Breach of Agreement under Employee Incentive Scholarship Program	(38)	(38)	(38)	(38)	(39)	(39)	0	0	0	0	(115)	
Change in Collection and Verification of Veteran Income	(2,438)	(2,438)	(2,523)	(2,523)	(2,611)	(2,611)	(2,702)	(2,702)	(2,797)	(2,797)	(13,071)	
Medicare Ambulatory Rates for Beneficiary Travel	(17,092)	(17,092)	(16,838)	(16,838)	(15,952)	(15,952)	(15,715)	(15,715)	(15,497)	(15,497)	(81,094)	
Total Medical Care Costs	(27,093)	(27,093)	(27,042)	(27,042)	(26,367)	(26,367)	(26,308)	(26,308)	(26,316)	(26,316)	(133,126)	
Medical Care Revenue:												
Allow VA to Release Patient Information to Health Plans	34,000	34,000	35,000	35,000	36,567	36,567	37,920	37,920	39,361	39,361	182,848	
Consider VA a Participating Provider for "Purpose of Reimbursement" (revenues)	91,000	91,000	94,000	94,000	97,848	97,848	101,468	101,468	105,324	105,324	489,640	
Total Medical Care Revenue	125,000	125,000	129,000	129,000	134,415	134,415	139,388	139,388	144,685	144,685	672,488	

* Amounts in the table reflect only VA savings; net government-wide savings are partially offset by additional Medicaid costs

Legislative Authorization of Programs

The authorizations for VA's programs are contained in title 38 of the U.S. Code. With the exception of major medical construction projects and certain leases, annual authorization by the legislative committees and the Congress is not required. However, title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by title 38 in regard to the time and/or amount as indicated:

Section of U.S.C. Citation	Public Law- Citation	Public Law- Citation Most Recent Extension	Title	Expiration Date
Compensation and Pension				
38 USC 1303(a)	P.L. 105-33, § 8031(b)(1)	P.L. 108-183 § 706	Cost-of-Living Adjustments for Dependency and Indemnity Compensation for Service-Connected Deaths	9/30/2013
38 USC 1104 (a)	P.L. 105-33, §8031(a)(1)	P.L. 108-183 § 706	Cost-of-Living Adjustments for Compensation for Service-Connected Disability or Death	9/30/2013
38 USC 5503(d)(7)	P.L. 85-857	P.L. 112-56, § 262	Pension Limitations Regarding Medicaid (Reduction of pension to certain Medicaid-eligible veterans and surviving spouses receiving care in nursing homes)	9/30/2016
38 USC 1116(e)	P.L. 102-4, § 2(a)(1)	P.L. 107-103 § 201(d)(1)	Presumptions of Service Connection for Diseases Associated with Exposure to Certain Herbicide Agents: Presumption of Exposure for Veterans who Serviced in the Republic of Vietnam	9/30/2015
38 USC 5317(g); 26 USC 6103(l))7)(D)(viii)	P.L. 101-508 § 8051	P.L. 112-56 § 254	Access to IRS data for purposes of verifying eligibility for pension (Use of Income Information from IRS and HHS)	9/30/2016

Section of U.S.C- Citation	Public Law- Citation	Public Law- Citation Most Recent Extension	Title	Expiration Date
Readjustment Benefits				
	P.L. 110-181 § 1631 (b)(2); extended by P.L. 112-56 § 231		Vocational rehabilitation for certain seriously disabled servicemembers	12/31/2014
38 USC 3485(a)(4)(A)(C)and (F)	P.L. 107-103	P.L. 111-275 § 101	Enhanced Work Study Allowance	6/30/2013
38 USC 3015(h) & 38 USC 3564	P.L. 105-178 § 8201	P.L. 108-183 § 304	Rounding down of Cost-of-Living Adjustments in chapters 30 and 35 rates through FY 2013	9/30/2013
38 USC 3692(c)	P.L. 89-358	P.L. 111-275 § 102	Veterans' Advisory Committee on Education	12/31/2013
Housing				
38 USC 3729(b)(2)(A)(iii),(B)(i)(C)(i),(D)(i)	P.L. 108-183 § 405	P.L. 112-56, § 265	Loan Fees Collections [adjusts the loan fee for certain loans closed either before October 1, 2011, or on or after October 1, 2011, and before September 30, 2013]	9/30/2016
38 USC 3710(a)(12)	P.L. 109-461 § 501		Loan Guarantees for Residential Cooperative Housing Units (CO-OP loan guarantees)	12/21/2011
38 USC 2102A	P.L. 109-233 § 101(a)	P.L 112-37 §14	Specially-Adapted Housing Assistance (SAH) for Veterans temporarily residing with family members.	12/31/2012
38 USC 2041	P.L. 102-54 §9(a)	P.L. 112-37 § 10(e)	Real Property Transfers for Homeless Veterans Assistance (Housing Assistance for Homeless Veterans)	12/31/2012
38 USC 3707	P.L. 110-389 §505(a)	P.L. 102-547 § 3	Authority to guarantee adjustable rate mortgages	9/30/2012
38 USC 3707A	P.L. 107-330 § 303	P.L. 110-389 § 505(b)	Authority to guarantee hybrid adjustable rate mortgages	9/30/2012
38 USC 3732(c)	P.L. 98-369§ 2514	P.L. 108– 183 § 406	Calculation of Net Value at time of foreclosure	9/30/2012
38 USC 3733(a)(7)	P.L. 108-183 § 404(a)		Change Vendee Loan Program	9/30/2013
38 U.S.C. 2108	P.L. 111-275 § 203		Specially Adapted Housing Assistive Technology Grant	9/30/2016

Section of U.S.C- Citation	Public Law- Citation	Public Law- Citation Most Recent Extension	Title	Expiration Date
Programs for Homeless Veterans				
38 USC 2041	P.L. 109-461 §705.	P.L. 112-37 §10(e)	Housing assistance for homeless veterans	12/31/2012
38 USC 2044(e)	P.L. 110-387 §606	P.L. 112-37 § 12(a)	Financial assistance for supportive services for very low- income veteran families in permanent housing	After FY 2012 (expiration date for designated funding for subsections (a) through (c) of section 2044; expiration of auth of approps for subsection (d) of section 2044)
38 USC 2061(c)	P.L. 107-95 § 5(a)(1)	P.L. 112-37 § 13	Grant Program for Homeless Veterans with Special Needs	After FY 2012 (expiration date only for designated funding)
38 USC 2021(e)	PL 107-95 § 5(a)(1)	PL 112-37 § 10(b)	Homeless Veterans reintegration programs	9/30/2012
Medical Care				
38 USC 2066(d)	P.L. 107-95 § 5(a)(1)	P.L. 112-37 § 10(f)	Advisory Committee on Homeless Veterans	12/31/2012
38 USC 2031(b)	P.L. 105-114 § 202(a)	P.L. 112-37 § 10(c)	Treatment and Rehabilitation for Seriously Mentally Ill and Homeless Veterans- General treatment	12/31/2012
38 USC 2033(d)	P.L. 105-114 § 202(a)	P.L. 112-37 § 10(d)	Treatment and Rehabilitation for Seriously Mentally Ill and Homeless Veterans- Additional services at certain locations	12/31/2012
38 USC 1710A(d)	P.L. 106-117 § 101(a)	P.L. 110-387 § 805	Required nursing home care for certain service-connected veterans	12/31/2013
38 USC 1712A Note	P.L. 111-163 §203		Pilot Program on Counseling in retreat settings for women Veterans newly seperated from service in the Armed Forces	6/6/2013
38 USC 1710 Note	P.L. 111-163 §205		Pilot Program on assistance for Child Care for certain Veterans receiving health care	10/2/2013
38 USC 1712 Note	P.L. 111-163 §510		Pilot Program on provision of dental insurance plans to Veterans and survivors and dependents of Veterans	3 years after commencement of the pilot program

Section of U.S.C-Citation	Public Law- Citation	Public Law- Citation Most Recent Extension	Title	Expiration Date
Co-Payments and Medical Care Cost Recovery				
38 USC 1710(f)(2)(B)	P.L. 111-163, section 517	P.L. 111-163, section 517	Copayments for Hospital Care and Nursing Home Care	9/30/2012
38 USC 1729(a)(2)(E)	P.L. 111-163 §518		Medical care cost recovery authority (Third-party Billing)	10/1/2012
38 USC§ 1703(d)(4)	P.L. 108-422 § 601	P.L. 112-37 § 10(a)	Recovery Audits for certain contracts under 38 USC 1703	9/30/2020
VA/DoD Joint Sharig Funds				
38 USC 8111 (d)		P.L. 111-84, section 1706	VA-DOD Joint Incentives for Sharing Initiatives	9/30/2015
	P.L. 111-84 § 1704 (e)		VA-DoD Joint funding authority for Medical facility demonstration fund	9/30/2015
General Operating Expenses				
38 USC 315(b)	P.L. 102-83, § 2 (a)	P.L. 112-74, § 234	Philippines Regional Office	12/31/12
38 USC 5101 note	P.L. 108-183, § 704	P.L. 111-275, § 809	Contract medical Disability Exams - (Temporary authority for performance of medical disability examinations by contract physicians)	12/31/2012
38 USC 544(e)	P.L. 103-446 § 510(a)	P.L. 110-389 § 809	Advisory Committee on Minority Veterans	12/31/2014
38 USC 503(c)	PL 102-83 § 2(a)	PL 111-275 § 808	Administrative error; equitable relief	12/31/2014

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GAO Audit Reports Introduction

The reports provided in the Summary Volume are those received by VA during the period of November 1, 2010 through October 31, 2011.

The reports are identified by title and are presented in calendar year order. Each report is summarized to include the responsible organization, the actual GAO recommendations, VA's "actions taken," and budget implications, if any, are noted. The "actions taken" portion of the report follows closely from VA's comments that are represented in the draft reports that VA provides for all GAO reports. The narrative summarizes the instances where VA has incorporated GAO recommendations into current operations (e.g., where VA has employed a different approach in the budgeting process, or where specific steps have been utilized to improve forecasting results). Budget implications are presented to emphasize the need to recognize the impact of the recommendations on VA resources.

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GAO Audits

1. **(Limited Official Use) Information Security:** Federal Agencies Have Taken Steps to Secure Wireless Networks, but Further Actions Can Mitigate Risk; GAO-11-42SU; issued November 30, 2010 (GAO File # 4414).

RESPONSIBLE OFFICE: Office of Information and Technology

RECOMMENDATIONS:

1. Develop, document, and implement a policy for configuring mobile devices when taken on international travel or to other potentially risky locations and for applying preventative measures to devices when they are returned.

2. Update the annual information security awareness training course to include information on using wireless functionality on mobile devices securely, including the importance of disabling wireless functionality when not in use.

3. As part of VA's nationwide deployment of wireless networks, including wireless intrusion detection systems, develop, document, and implement procedures for administration of the security aspects of the systems and provide formal training, policies, and resources to local network administrators.

4. Configure automated controls to prevent department laptops at the Denver, Colorado medical center from having more than one active network connection at the same time.

5. Strengthen security of the BlackBerry Enterprise Server for VA Region 1 by setting "Allow Split-Pipe Connections" to "false," or document and implement compensating controls.

6. Configure automated controls to prevent department laptops at the VA central office from having more than one active network connection at the same time.

7. Strengthen security of the BlackBerry Enterprise Server for the VA central office by (1) setting "Minimum Password Length" to 8 characters or more and (2) setting "Maximum Security Timeout" to 15 minutes or less for all user accounts, or document and implement compensating controls.

8. Tailor the threshold for alarms on the Cisco Wireless Control System for the VA central office to recognize known access points from the surrounding neighborhood.

ACTIONS TAKEN:

Update to Recommendation 1: Policy for configuring mobile devices when taken on international travel is addressed in draft VA Handbook 6500, *Information Security Program,* and is expected to be issued by March 2012.

Update to Recommendation 2: IT Workforce Development will incorporate, in the FY13 Privacy and Information Security Awareness Training Course, a module that will specifically address wireless functionality on mobile devices securely and disabling wireless functionality when appropriate. The updated course will be released on October 1, 2012.

Update to Recommendation 3: The Intrusion Detection and Prevention document (titled Wireless Rogue Policies) was completed in August 2011, and has been implemented. Other documents completed include: Wireless Network Management Roles and Responsibilities; Wireless Alarms and Events Management; Rogue Detector Access Point Recommendation; Database of known compatible clients and devices; Requirements for Devices Accessing the Wireless LAN; and Wireless Network Admin Training Program. The duties of the Wireless LAN Operations Council include developing, deploying and overseeing wireless security policies and procedures to include training for local administrators.

Update to Recommendation 4: There are currently several technologies in use to prevent multiple active network connections. The Department's Virtual Private Network (VPN) technologies are configured to prohibit split level tunneling. Split level tunneling allows the network traffic to traverse both networks; by disabling this capability all data must pass through the VA VPN connection during a VPN session. This setting has been configured at the national level and cannot be modified by the user. The Office of Management and Budget mandated Federal Desktop Core Configuration (FDCC) settings, which have been

applied to VA's desktops and laptops, also prohibit the bridging of network interfaces, preventing more than one active network connection at the same time. These settings are established via Microsoft Group Policies at a national level and cannot be modified by the user. The Office of Information Technology is validating that these settings are properly applied at the Denver VA Medical Center.

Update to Recommendation 5: The BlackBerry Enterprise Server for VA Region 1 was set to "false".

Update to Recommendation 6: Wireless connection is by exception only in VA Central Office. Standard process will only allow one connection per IP Address.

Update to Recommendation 7: Password length is currently 8 characters or more and the setting is 15 minutes.

Update to Recommendation 8: Wireless system is password enabled which prevents access to unauthorized individuals.

BUDGET IMPLICATIONS: There are no significant budget impacts.

2. **Information Technology:** Veterans Affairs Can Further Improve Its Development Process for Its New Education Benefits System; GAO-11-115; issued December 1, 2010 (GAO File # 4415).

RESPONSIBLE OFFICE: Veterans Benefits Administration
Office of Information and Technology

RECOMMENDATIONS:

To help guide the full development and implementation of the Chapter 33 long-term solution, the Secretary of Veterans Affairs should direct the Under Secretary for Benefits to:

- Establish performance measures for goals and identify constraints to provide better clarity in the vision and expectations of the project.
- Establish bidirectional traceability between requirements and legislation, policies, and business rules to provide assurance that the system will be developed as expected.
- Define the conditions that must be present to consider work "done" in adherence with agency policy and guidance.
- Implement an oversight tool to clearly communicate velocity and the changes to project scope over time.
- Improve the adequacy of the unit and functional testing processes to reduce the amount of system rework.

ACTIONS TAKEN:

Recommendation 1: Completed – Education Service and the Office of Information and Technology have completed a dashboard that provides performance measures that align with goals and objectives of the Chapter 33 long-term solution (LTS). In addition, constraints are provided that describe the impact to the vision and expectation of the project.

Recommendation 2: Completed – From the beginning, VA has developed the detailed long-term solution (LTS) requirements used to program the system based on the applicable legislation, regulations, and policies. A special report in the Rational Team Concert (RTC) tool now provides links from the Chapter 33

regulations to the LTS requirements documents, which are maintained in Rational Requirements Composer. The composer documents also link back to the regulations in RTC, so bidirectional traceability has been achieved. Going forward, all requirements related to regulations and legislation are linked during the elicitation process. Therefore, links have been established for the requirements that were developed to support Public Law 111-377 legislation that will be included in the LTS Release 5.0.

Recommendation 3: Completed – Each long-term solution release is formally accepted by VA as "done" prior to being placed into production. This acceptance is the culmination of a lengthy process in which VBA, the business sponsor of the program, engages with OIT and SPAWAR in the Agile development process to set a strategy for a release, develop requirements and user stories, monitor progress through bi-weekly reviews, conduct testing, and accept the approved build into production.

VA understands that there is additional functionality to be developed in order to consider the program a success. VBA determines the functionality that will be included in any given release by considering the existing user story backlog and functionality not yet included in the backlog, but identified in the current operating plan. VA will continue to address the undelivered functionality that remains in the development backlog.

BUDGET IMPLICATIONS: None

3. **Military and Veterans Disability System:** Pilot Has Achieved Some Goals, but Further Planning and Monitoring Needed; GAO-11-69; issued December 6, 2010 (GAO File # 4417)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To improve their agencies' ability to resolve differences about diagnoses of servicemembers' conditions, and to determine whether their new guidance sufficiently addresses these disagreements, the Secretaries of Defense and Veterans Affairs should:

- Conduct a study to assess the prevalence and causes of such disagreements.

- Establish a mechanism to continuously monitor disagreements about diagnoses between military physicians and VA examiners and between physical evaluation boards (PEB) and VA rating offices.

To enable their agencies to take early action on problems at IDES sites post-implementation, the Secretaries of Defense and Veterans Affairs should develop a system-wide monitoring mechanism to identify challenges as they arise in all DOD and VA facilities and offices involved in the IDES. This system could include: (1) continuous collection and analysis of data on DOD and VA staffing levels, sufficiency of exam summaries, and diagnostic disagreements; (2) monitoring of available data on caseloads and case processing time by individual VA rating office and PEB; and (3) a formal mechanism for agency officials at local DOD and VA facilities to communicate challenges and best practices to DOD and VA headquarters offices.

ACTIONS TAKEN: The Veterans Health Administration (VHA) has developed a new, focused monitoring of performance at sites that has been implemented at Integrated Disability Evaluation Sites (IDES) sites. Additionally, VHA has introduced system changes and workload-recording practices that will make it significantly easier to more closely monitor IDES examination activities, distinct from other compensation and pension examination workload. In particular, VHA will monitor requests (versus forecast), examination timeliness, examination insufficiencies, and examination termination reason (e.g., no-show, incorrect examination, etc.). VHA will additionally closely monitor the effect the IDES

examination workload has on all compensation and pension (C&P) examination workload. This was implemented December 31, 2010.

Specifically, VA has taken the following steps to develop and implement a system-wide monitoring mechanism to identify challenges as they arise in all Department of Defense (DOD) and Department of Veterans Affairs (VA) facilities and offices involved in IDES:

- To clearly differentiate and provide workload distinction, accuracy and ease of reporting and monitoring of IDES from the existing Compensation and Pension (C&P) Examination workload, VA is continuing to assign unique suffix identifiers that separate and highlight IDES examination workload. This workload distinguishing approach will facilitate the continuous monitoring and effect IDES examinations may have on the overall C&P workload. The distribution and assignment of IDES Suffix codes was completed for all IDES participating facilities. This action now facilitates the accurate capturing of IDES workload at all participating Department of Veterans Affairs Medical Centers (VAMC).

- VHA has implemented a detailed, comprehensive, and enterprise-wide, IDES Performance Dashboard. This tool is now used to monitor IDES performance by VAMCs and other Department agencies/activities which exercise responsibility for the IDES process. Emphasis is placed on all aspects of IDES timeliness and responsiveness to IDES participants and DoD. The dashboard also serves as the primary informational tool used by the VA Chief of Staff in bi-monthly IDES performance reviews with Veterans Benefits Administration (VBA) and Veterans Health Administration (VHA) senior leaders. This tool is also shared with the DoD to facilitate their specific evaluations.

- To further augment monitoring and reporting capabilities, VA is now conducting biweekly calls with the IDES sites. This allows effective distribution of information and allows sites to report specific issues for leadership to address. These calls have proven to be an invaluable method of communicating and sharing lessons learned among participants; serve as a forum for providing suggestions for program improvement and a real-time problem solving environment; and keep the operational sites aware of future program changes and activities. Active participation in these calls has continued to grow with participation ranging from Veterans Integrated Service Network (VISN) points of contact, and VBA Compensation and Pension Directors to senior management officials at VA Central Office, VHA, VBA, and VISN levels.

BUDGET IMPLICATIONS: None identified

4. **Electronic Health Records:** DoD and VA Should Remove Barriers and Improve Efforts to Meet their Common System Needs; GAO-11-265; issued February 2, 2011 (GAO File # 4425)

RESPONSIBLE OFFICE: Office of Information and Technology
Veterans Health Administration

RECOMMENDATIONS:

To ensure that DOD and VA efficiently and effectively modernize their electronic health record systems to jointly address their common health care business needs, the Secretaries of Defense and Veterans Affairs should direct the Joint Executive Council to:

- Revise the departments' joint strategic plan to include information discussing their electronic health record system modernization efforts and how those efforts will address the departments' common health care business needs.

- Further develop the departments' joint health architecture to include their planned future (i.e., "to be") state and a sequencing plan for how they intend to transition from their current state to the next generation of electronic health record capabilities.

- Define and implement a process, including criteria that considers costs, benefits, schedule, and risks, for identifying and selecting joint IT investments to meet the departments' common health care business needs.

ACTIONS TAKEN

Update on Recommendation 1: VA is revising its EHR modernization plan to focus on (1) business drivers that will enable VA to process health and pension benefits more accurately and efficiently, (2) functional requirements that respond to needs of providers, and (3) greater consumer accessibility to healthcare information. VA continues to work collaboratively with DoD to identify joint solutions to these and other goals. The results of these efforts will be published in an updated VA/DoD Joint Executive Council (JEC) Joint Strategic Plan (JSP) that will be completed in 2012.

Update to Recommendation 2: VA and DoD have identified similarities in our future planned architectures and are currently working together on business

process, enterprise architecture, system capabilities and data models to identify opportunities for joint solutions. VA, in collaboration with DoD, will update the DoD/VA Shared Health Architecture to include end states and explain how the departments intend to transition from the current state to the next generation EHR.

Update to Recommendation 3: VA, in collaboration with DoD, is developing and implementing a process for identifying and selecting joint IT investments to meet the departments' common health care business needs.

BUDGET IMPLICATIONS: There are no significant budget impacts

5. **VA Real Property:** Realignment Progressing, but Greater Transparency About Future Priorities Is Needed; GAO-11-197; issued March 2, 2011 (GAO File # 4424)

RESPONSIBLE OFFICE: Office of Acquisition, Logistics and Construction Management

RECOMMENDATIONS:

To enhance transparency and allow for more informed decision making related to VA's real property priorities, the Secretary of Veterans Affairs should provide the full results of VA's SCIP process and any subsequent capital planning efforts, including details on the estimated cost of all future projects, to Congress on a yearly basis.

ACTIONS TAKEN: The initial SCIP plan was released with the FY 2012 VA Budget Submission in February 2011. The plan included the estimated magnitude cost for over 4,800 capital projects. It also provided a status of the existing capital asset portfolio (buildings, land and leases by VA Administration) and the projects in process as well as future space asset needs. The projects in the action plan would meet current and projected gaps in safety, security, access, space, facility condition, utilization and other areas. The Long Range SCIP plan will be updated each year and include the estimated future costs to meet established gaps to enhance health care and services to Veterans.

BUDGET IMPLICATIONS: None

6. **Information Technology:** OMB Has Made Improvements to Its Dashboard, but Further Work Is Needed by Agencies and OMB to Ensure Data Accuracy; GAO-11-262; issued March 15, 2011 and re-issued March 16, 2011 (GAO File # 4427)

RESPONSIBLE OFFICE: Office of Information and Technology

RECOMMENDATIONS:

To better ensure that the Dashboard provides accurate cost and schedule performance ratings, the Secretary of the Department of Veterans Affairs should direct the CIO to:

- Comply with OMB's guidance on updating the CIO rating as soon as new information becomes available that affects the assessment of a given investment, including when an investment is in the process of a rebaseline.

- Work with Medical Legacy officials to comply with OMB's guidance on updating investment cost and schedule data on the Dashboard at least monthly.

- Ensure Medical Legacy investment data submitted to the Dashboard are consistent with the investment's internal performance information.

ACTIONS TAKEN:

Update on Recommendation 1: OIT agreed to update baseline changes of the OMB Dashboard within 30 days of internal approval. In early 2011, efforts were underway to synchronize projects on the OMB Dashboard with the VA's Project Management Accountability System (PMAS), which tracks the current status of IT projects throughout VA. As of September 23, 2011, data that is sent to the OMB Dashboard is now extracted from PMAS, which allows reporting to be consistent.

Update on Recommendation 2: As of September 23, 2011, OIT now updates investment cost and data schedule every 30 days, as requested by OMB.

Update on Recommendation 3: OIT developed an automated interface between the OMB IT Dashboard and PMAS which extracts PMAS data into the xml format required by OMB. The initial interface to the OMB IT Dashboard became operational on September 23, 2011; the final functional updates to this solution will be completed by April 1, 2012.

BUDGET IMPLICATIONS:

The cost of developing the interface described in VA's response to Recommendation 3 is approximately $3,000,000.

7. **DoD and VA Health Care:** Federal Recovery Coordination Program Continues to Expand but Faces Significant Challenges; GAO-11-250; issued March 23, 2011 (GAO File # 4429)

RESPONSIBLE OFFICE: Federal Recovery Coordination Program

RECOMMENDATIONS:

The Secretary of Veterans Affairs should direct the Executive Director of the FRCP to:

- Ensure that referred servicemembers and veterans who need FRC services are enrolled in the program by establishing adequate internal controls regarding the FRCs' enrollment decisions. To accomplish this, the FRCP leadership should (1) require FRCs to record in the Veterans Tracking Application the factors they consider in making an enrollment decision, (2) develop and implement a methodology and protocol for assessing the appropriateness of enrollment decisions, and (3) refine the methodology as needed.

- Complete development of the FRCP's workload assessment tool that will enable the program to assess the complexity of services needed by enrollees and the amount of time required to provide services to improve the management of FRCs' caseloads.

- Clearly define and document the FRCP's decision-making process for determining when and how many FRCs VA should hire to ensure that subsequent FRCP leadership can understand the methods currently used to make staffing decisions.

- Develop and document a clear rationale for the placement of FRCs, which should include a systematic analysis of data, such as referral locations, to ensure that future FRC placement decisions are strategic in providing maximum benefit for the program's population.

ACTIONS TAKEN:

- Following the GAO report, FRCP immediately established a formalized process where an FRC presents the evaluation results and enrollment recommendation to FRCP management for review and approval. The

results of the enrollment review are captured in the FRCP data management system. FRCP management also reviews and approves all changes in client status. Subsequently, FRCP completed development and testing of a service intensity tool designed to provide objective guidance in enrollment decisions. The intensity tool is now used for all new referrals and the results are maintained in the FRCP data management system. FRCP management review and approval of enrollment decisions remains in effect.

- FRCP has completed the first phase of the service intensity tool. The tool is currently used during the initial evaluation process to assist in making enrollment decisions. FRCP began using the tool in September 2011. The results of the first six months of use will be evaluated and used in the design of the second phase which will address assignment and balancing of FRC's caseloads.

- FRCP has documented the current process used for staffing decisions. The current process considers the anticipated referrals, enrollment projection, expected attrition and target caseload in determining the need for additional FRCs. The current process will be revised when the second phase of the service intensity tool is complete. Staffing processes and plans will be updated annually in the FRCP business operation planning document.

- FRCP will develop a placement strategy based upon a systematic analysis of six months data as well as discussions with VA, DoD, and Senior Oversight Committee stakeholders. The established process will be documented and updated annually in the FRCP business operation planning document.

BUDGET IMPLICATIONS: All actions in response to GAO recommendations have been accomplished within the FRCP current services budget. There are no additional funding resources required.

8. **VA Education Benefits:** Actions Taken, but Outreach and Oversight Could Be Improved; GAO-11-256; provided to VA March 30, 2011 (GAO File # 4428)

RESPONSIBLE OFFICE: Veterans Benefits Administration

RECOMMENDATIONS:

To improve VA's outreach and support for eligible servicemembers and veterans, communication with school officials, and oversight of its education benefit programs, the Secretary of Veterans Affairs should:

- Develop outcome-oriented performance measures for outreach to servicemembers and veterans who are seeking VA education benefits. This could include measures of VA's success in reaching out to target populations, including servicemembers and veterans with disabilities, and in addressing areas where more information about education benefits may be needed.

- Establish performance measures for the quality of information provided by VA's toll-free hotline and for the timeliness and quality of its Right Now Web service.

- Provide more timely, accessible, and comprehensive education program policy information. This could include developing and maintaining an online policy manual for the Post-9/11 GI Bill and providing e-mail updates to school certifying officials nationwide.

- Increase efforts to make school certifying officials aware of available training opportunities, including VA's online training module, and consider providing information for school certifying officials on working with servicemembers and veterans with disabilities.

- Undertake a systematic review of VA's and SAAs' oversight of schools, focusing on opportunities to improve resource allocation, adopt risk-based approaches, consider cost-effective ways to oversee foreign schools, and evaluate the results of its oversight activities on a routine basis.

ACTIONS TAKEN:

Recommendation 1: In process – The VBA Benefits Assistance Service (BAS) deployed early messaging in December 2010, and added additional messaging in March 2011. Targeted education messages were sent to Servicemembers based on in-service triggers (e.g., length of service) to inform them about potential eligibility for education benefits at various points during their military careers. Now that early messaging has been deployed, VBA will explore ways to measure the effectiveness of these messages and begin establishing baseline performance measures.

VBA is in the process of developing a performance measure (or performance measures) that captures the percentage of individuals who receive messages about VA education benefits through the eBenefits portal and subsequently seek additional information through the VA GI Bill website as a result of those messages. Beginning in FY 2012, BAS began measuring the number of views on the VBA GI Bill website that are a direct result of messages sent about potential eligibility for VA educational assistance. This was accomplished through the modification of the Uniform Resource Locator that is part of the message and directs individuals to the website. BAS is using the captured data to establish a baseline. Targeted Completion Date: September 30, 2012

Recommendation 2: In Process – VBA's Education Service is coordinating with the Office of Field Operations, the Education Call Center, and the Regional Processing Offices to develop suitable performance measures and monitoring policies that are consistent with other national standards for similar programs within VA. Education Service is on track to complete this by January 31, 2012.

Recommendation 3: Completed – On June 3, 2011, VA issued a new School Certifying Officials Handbook, which serves as the comprehensive standardized manual for school use for all education benefits. VA has posted the handbook on the GI Bill website. The handbook will be kept current.

Recommendation 4: Completed – VA issued a new School Certifying Officials (SCOs) Handbook, which serves as the comprehensive standardized manual for school use for all education benefits. VA modified the GI Bill website to increase the timely flow of information to school certifying officials. On June 22, 2011, VA provided the following message to State Approving Agencies (SAAs), Education Liaison Representatives (ELRs), and other points of contact with instructions to disseminate widely to SCOs: "The GI Bill homepage now has a direct link providing news, items of interest, training and information, and frequently asked questions geared specifically to schools." The *School Resources Page* (formerly the *School Certifying Officials Page*) was reformatted to make it easier to find information pertinent to school officials.

Recommendation 5: In process – VA submitted recommended changes to the State Approving Agencies' (SAAs) activity as part of its legislative proposal package submitted to Congress in March 2010. Congress enacted provisions of this proposal as part of Public Law 111-377. These changes reduce the SAAs' responsibilities for school approval by allowing VA to rely on accreditations already in place by the Department of Education. As a result, VA will have more flexibility in how to best utilize the SAAs to provide additional outreach, training, and oversight to school officials.

VA is implementing Public Law 111-377, and will be utilizing SAAs for compliance visits. VA is currently completing a systematic review of Education Liaison Compliance Specialists and Education Liaison Representatives (ELRs) full-time equivalent employees to determine proper resource allocation for approval, compliance, and outreach activities. In fiscal year (FY) 2012, SAAs must work with Regional Processing Offices (RPOs) to develop outreach plans that take into account the location of the SAA and the RPO and current workload. VA is reviewing the statute and regulations regarding approval criteria to determine the outputs necessary on approval actions and the current level of need for actions that have historically been taken such as full review of every new school catalog. VA will identify and report on services provided and the costs associated with foreign schools. VA believes that it cannot complete an evaluation of results until SAAs and ELRs begin conducting the work associated with the changes enacted in Public Law 111-377. We will monitor approval, outreach, and compliance work throughout FY 2012.

BUDGET IMPLICATIONS: None

9. **VA Health Care:** Need for More Transparency in New Resource Allocation Process and for Written Policies on Monitoring Resources; GAO-11-426; issued April 29, 2011 (GAO File # 4432)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To increase the transparency of the new network allocation process, and to ensure that internal control activities are performed and that the resources networks allocate to medical centers are monitored consistently and reliably, the Secretary of Veterans Affairs should direct the Under Secretary for Health to:

- Require networks to provide rationales for all adjustments made to the allocation amounts proposed by the model in VA's resource allocation process.

- Develop written policies, consistent with federal internal control standards, to formalize existing practices for monitoring resources networks have allocated to medical centers.

ACTIONS TAKEN: Beginning with the Fiscal Year (FY) 2012 allocation process, VHA's Chief Finance Officer (CFO) is requiring Veterans Integrated Service Network Directors to provide rationales for all adjustments to the medical facilities model allocations. Also beginning in FY 2012, VHA's CFO has provided written guidance consistent with Federal internal control standards in a letter to VISN Directors to formalize existing practices for monitoring FY 2012 and future resources that VISNs allocate to medical centers. This is the second fiscal year that the model has been used to allocate VISN General Purpose funds to VA Medical Centers. VHA will continue to issue written guidance at the beginning of each fiscal year, and will incorporate any approved adjustments to the model at that time.

BUDGET IMPLICATIONS: None identified.

10. VA Health Care: Weaknesses in Policies and Oversight Governing Medical Supplies and Equipment Pose Risks to Veterans' Safety; GAO-11-391; issued May 3, 2011 (GAO File # 4430)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To help ensure veterans' safety through VA's purchasing, tracking, and reprocessing requirements, the Secretary of Veterans Affairs should direct the Under Secretary for Health to:

- Require VAMCs to enter information about all expendable medical supplies and RME into an appropriate inventory management system.

- Develop and implement an approach for providing standardized training for reprocessing all critical and semi-critical RME to VAMCs. Additionally, hold VAMCs accountable for implementing device-specific training for all of these RME.

- Develop and implement an approach to oversee compliance at all VAMCs with the selected purchasing requirements.

- Use the information on noncompliance identified by the VISNs and information on VAMCs' corrective action plans to identify areas of noncompliance across all 153 VAMCs, including those that occur frequently, pose high risks to veterans' safety, or have not been addressed, and take action to improve compliance in those areas.

ACTIONS TAKEN:

- Requirements to use the Generic Inventory Package (GIP) Inventory System is have been emphasized. All reoccurring expendable medical supplies, except one time use or specialty items used on a specific patient or procedure, are required to be maintained in the GIP Inventory System. All VAMCs are required to utilize GIP and bar code technology to monitor inventory of expendable medical supplies. An analysis completed in June 2011 demonstrated 81% of clinical items are already being captured in the facility level Item Master File (IMF) (national average), and projected staffing levels required to manage the additional workload have been identified.

- For specialty items that do not meet the criteria established in the GIP Inventory System, a process to capture information on such items to ensure that they can be identified in the event of a medical device recall is being implemented.

- A plan to restrict the use of purchase cards for purchasing clinical items and require all clinical expendable supplies to be acquired through the Facility Logistics Program is being developed and implemented.

- Progress is being made to conduct pilot studies to prepare for development of a nationwide deployment of the Real Time Location System (RTLS) in Fiscal Year 2012.

- A system is in place so that VISNs must validate VAMC compliance with applicable directives and policies relating to management of expendable and non-expendable inventory by conducting site visits to each VAMC. The system includes site visits with submission and tracking of corrective plans until completion.

BUDGET IMPLICATIONS: None

11. Veterans Education Benefits: Enhanced Guidance and Collaboration Could Improve Administration of the Post-9/11 GI Bill Program; GAO-11-356; issued May 5, 2011(GAO File # 4433)

RESPONSIBLE OFFICE: Veterans Benefits Administration

RECOMMENDATIONS:

To improve VA's administration of the Post-9/11 GI Bill program and address ongoing challenges, the Secretary of Veterans Affairs should:

- Take steps to provide for schools to receive more critical program information such as a student's eligibility for benefits or how payments have been calculated, for example, to enable certifying officials, financial aid officials, and business office administrators to effectively administer the program and deliver benefits.

- Collaborate with the Department of Education and the higher education community, leveraging their experiences in administering aid. These collaborations should include assessing the applicability and viability of adopting processes and actions taken by the Department of Education, where practical, such as returning overpayments of program funds or reconciling benefit payments.

ACTIONS TAKEN:

Recommendation 1: In process – Education Service is working to provide information to school officials as part of an ongoing, multi-faceted approach. In June 2011, Education Service released a School Certifying Official Handbook, which is posted to the School Resources page of the GI Bill website. The handbook (which will be updated prior to each academic year) provides information on the various education programs, including payment calculations, and standardizes the reporting process. Each direct-deposit payment to the school has an addendum identifying the student and term for which the payment is intended. Each check payment has a stub with the same information. Also, VA currently sends each school a weekly VET REP report detailing the exact amount of tuition, fees, and Yellow Ribbon payments sent to the school for each student. Schools can use this information to verify the payments they receive. VA provides Veterans with complete information concerning their eligibility, benefit entitlement, and payments in our official correspondence. Veterans have the

responsibility to share this information with their schools. Education Service is also documenting requirements for interfacing our long-term solution IT application for the processing of Post-9/11 GI Bill benefits with the school-facing VA Online Certification of Enrollment (VA ONCE) application in order to provide the information to the schools electronically in the future. This recommendation will be considered fully implemented with the deployment of the VA ONCE interface functionality, which is expected in June 2012.

Recommendation 2: Completed – In 2009, VBA met with the Department of Education (ED) and determined that ED's model for grants would not meet the statutory requirements for Chapter 33. Representatives from VA and ED met again on June 30, 2011, to discuss the processes used by each agency to deliver and recoup funds issued for educational assistance. It was determined that existing statutory and technical differences prevent VA from adopting the processes currently in place with ED.

ED front loads institutions with estimated funds for a certain time period. When the school determines a student's eligibility for ED funds, those funds are disbursed to the student or organization. If there are overpayments or changes to student records that require debt collection, the institution is required to make the Government whole and take collection action against the student. The school then reconciles internally and reports back to ED.

VA determines eligibility and payment amounts internally. Upon determination, VA issues a payment to the school on behalf of the student. If there are overpayments or changes to student records that require debt collection, VA must determine the amount of the debt owed. Upon determination, VA takes steps necessary to collect the amount owed from the student, as required by statute.

The following statutory and technical differences were noted—

- ED statutes allow the individual to earn 100% of the funds received once the individual has completed 60% of the course. VA statutes require that VA only pay for pursuit of a course. As such, if a student withdraws from a class, VA is required to adjust the amount due and recoup any resulting overpayment.
- Under the ED model, schools determine the amount of funds issued to the student. VA benefits require a formal determination under VA laws and regulations before payment is authorized. Additionally, VA charges entitlement for benefits paid. Schools would not have the expertise or authority to determine the amount of a Veteran's benefits or the amount of entitlement charged for payments issued.

- VA does not have legal authority to provide funding to schools based on estimated costs. Post-9/11 GI Bill benefits are based on actual net charges.
- In the majority of the cases when an overpayment of VA education benefits occurs, the liability is with the Veteran, not the school.
- VA statute requires that VA collect debts from future VA benefit payments. ED delegates initial collection attempts to the institutions.

BUDGET IMPLICATIONS: None

12. VA Health Care: Actions Needed to Prevent Sexual Assaults and Other Safety Incidents; GAO-11-530; issued June 4, 2011 (GAO File # 4441)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To improve VA's reporting and monitoring of allegations of sexual assault, the Secretary of Veterans Affairs should direct the Under Secretary for Health to:

- Ensure that a consistent definition of sexual assault is used for reporting purposes by all medical facilities throughout the system to ensure that consistent information on these incidents is reported from medical facilities through VISNs to Veterans Health Administration (VHA) Central Office leadership.

- Clarify expectations about what information related to sexual assault incidents should be reported to and communicated within VISN and VHA Central Office leadership teams, such as officials responsible for residential programs and inpatient mental health units.

- Implement a centralized tracking mechanism that would allow sexual assault incidents to be consistently monitored by VHA Central Office staff.

- Develop an automated mechanism within the centralized VA police reporting system that signals VA police officers to refer cases involving potential felonies, such as rape allegations, to the VA OIG to facilitate increased communication and partnership between these two entities.

To help identify risks and address vulnerabilities in physical security precautions at VA medical facilities, the Secretary of Veterans Affairs should direct the Under Secretary for Health to:

- Establish guidance specifying what should be included in legal history discussions with veterans and how this information should be documented in veterans' biopsychosocial assessments.

- Ensure medical centers determine whether existing stationary, computerbased, and portable personal panic alarm systems operate effectively through mandatory regular testing.

- Ensure that alarm systems effectively notify relevant staff in both medical facilities' VA police command and control centers and unit nursing stations.

- Require relevant medical center stakeholders to coordinate and consult on (1) plans for new and renovated units, and (2) any changes to physical security features, such as closed-circuit television cameras.

ACTIONS TAKEN:

- A definition of sexual assault has been adopted and communicated throughout the Department of Veterans Affairs.

- VHA facilities have been advised about requirements for specific actions to be taken in regard to reporting sexual assaults.

- An automated process is under fast track development. Pilots are underway and the system will be implemented when results of the pilots are finalized.

- The results of an assessment to explore what information should be obtained when assessing a Veteran's risk for misconduct and how this information might be used within the required limits for maintaining confidentiality and rights of privacy, including a literature review, interviews with subject matter experts, consultation with the VA Office of General Counsel, and the VHA Office of Ethics in Health Care, are being used to develop and implement an action plan for the development, implementation, and communication of guidance for the use of legal histories as well as how this should be documented in Veterans' biopsychosocial assessments.

- Each VAMC has been reviewed for compliance with physical security policies; corrective action plans with timelines have been developed and facilities are to implementing these physical assessment plans to ensure adequate security controls.

- Discussions continue about how best to formalize consultation during the planning and design processes for all construction projects. CFM currently maintains a Technical Information Library including planning and design standards for all VA services/departments, and these standards currently provide planning and design guidelines for VA construction projects. Incorporating planning design standards emphasizing privacy and safety

concerns will need to be considered during the development of new standards and updates to current standards. This issue will continue to be addressed.

BUDGET IMPLICATIONS: None

13. Mentor-Protégé Programs Have Policies That Aim to Benefit Participants but Do Not Require Post-Agreement Tracking; GAO-11-548R; issued June 15, 2011 (GAO File # 4444)

RESPONSIBLE OFFICE: Office of Small and Disadvantaged Business Utilization

RECOMMENDATIONS:

To more fully evaluate the effectiveness of their mentor-protege programs, the OSDBU and Mentor-Protege Program Directors of DHS, DOE, DOS, EPA, FAA, GSA, HHS, SBA, Treasury, and VA should consider collecting and maintaining protege postcompletion information.

ACTIONS TAKEN:

The Mentor Protégé Program (MPP) is in the early stages at this time, so the program does not have protégé post-completion data. However, this information will be collected during the first feedback session that will be held in January 2012. The results of the feedback session will be considered for addition to the new Mentor Protégé Guidebook, and will be made available to the GAO or any other interested stakeholder.

BUDGET IMPLICATIONS: None

14. VA & DoD Health Care: First Federal Health Care Center Established, but Implementation Concerns Need to be Addressed; GAO-11-570; issued July 19, 2011 (GAO File # 4442)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To ensure that the plan to report on FHCC performance results is transparent and provides meaningful information that can assist VA and DOD leadership and Congress in decision making with regard to the future of the FHCC or other VA/DOD integration efforts, the Secretaries of Veterans Affairs and Defense should direct FHCC leadership to conduct further evaluation of the scorecard reporting tool and its methodology and make revisions that will better ensure the transparency and accuracy of the information reported.

ACTIONS TAKEN: As the Government Accountability Office (GAO) notes, each performance measure has an appropriate reporting timeframe that is relevant to the specific measure. Some, such as outpatient clinical performance data, are available as often as monthly (but not weekly, as suggested on pages 25 and 26). Others may take longer, for example Joint Commission evaluations may take three years to occur. These intrinsic differences caused blanks in early versions of the scorecard, and the blanks caused artificially low monthly total scores.

In March 2011, Veterans Health Administration (VHA) recognized this problem and changed the calculation process for the Scorecard "monthly score." Now, a score for all possible measures is calculated each month using either data acquired that month or the most current available data for those cells that do not have a monthly update. This produces a tentative monthly score that can be used to compare to prior monthly performances.

BUDGET IMPLICATIONS: None identified.

15. Data Center Consolidation: Agencies Need to Complete Inventories and Plans to Achieve Expected Savings; GAO-11-565; issued July 19, 2011 (GAO File # 4443)

RESPONSIBLE OFFICE: Office of Management

RECOMMENDATIONS:

The secretaries and agency heads of the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs; the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the National Science Foundation, the Nuclear Regulatory Commission, the Office of Personnel Management, the Small Business Administration, the Social Security Administration, and the U.S. Agency for International Development should direct their component agencies and their data center consolidation program managers to complete the missing elements in their respective data center consolidation inventories and plans.

ACTIONS TAKEN:

Update on Recommendation 1: VA completed the first of their semi-annual data calls to get updated inventory information in November 2011. The Office of Management and Budget (OMB) has notified VA that if there are any missing power requirements they would fill these in for VA, since VA's Medical Center computer rooms are not separately metered to gather this information. The next semi-annual data call is scheduled for March 2012 to capture any additional OMB requirements and missing inventory elements, excluding power requirements.

BUDGET IMPLICATIONS: There are no significant budget impacts.

16. Social Media: Federal Agencies Need Policies & Procedures for Managing & Protecting Info They Access and Disseminate; GAO-11-605; issued July 28, 2011 (GAO File # 4438)

RESPONSIBLE OFFICE: Office of Public and Intergovernmental Affairs

RECOMMENDATIONS:

To ensure that appropriate records management and privacy measures are in place when commercially provided social media services are used, the Secretary of Veterans Affairs should:

- Add records management guidance to agency social media policies that describes records management processes and policies and recordkeeping roles and responsibilities.

- Conduct and document a privacy impact assessment that evaluates potential privacy risks associated with agency use of social media services and identifies protections to address them.

ACTIONS TAKEN:

- VA published its social media policy (Directive 6515, "Use of Web-Based Collaboration Technologies") in June 2011. Records management guidance—to include roles and responsibilities—is contained in Section 3.(n.).

- VA completed a privacy impact assessment regarding its social media services in 2011.

BUDGET IMPLICATIONS: None

17. Veterans Health Care: Monitoring Is Needed to Determine the Accuracy of Veteran Copayment Charges; GAO-11-795; provided to VA September 27, 2011 (GAO File # 4451)

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To provide VHA with the information needed to adequately monitor the accuracy of copayment charges VHA-wide and to assess and respond to the causes of copayment errors, the Secretary of Veterans Affairs should direct VHA to:

- Establish an accuracy performance measure or goal for copayment charges billed to veterans.
- Establish and implement a formal process for periodically assessing--VHA-wide--the accuracy of veteran copayment charges and taking corrective actions as necessary.

ACTIONS TAKEN: In Fiscal Year (FY) 2012, The Veterans Health Administration (VHA) Chief Business Office (CBO) and Office of Compliance and Business Integrity (CBI) will jointly implement national performance accuracy measures. Based on Government Accountability Office (GAO) findings, CBO will initially apply a 96 percent accuracy rate performance standard for copayment charges issued to Veterans. Reviews will begin in the first quarter of FY 2012. This performance standard may be adjusted quarterly to ensure improved accuracy in copayment billing for Veterans. VHA is also implementing quarterly system-wide processes to periodically assess the accuracy of Veteran copayment changes and identify trends.

VHA's CBO and CBI are also implementing internal and external monitors for copayment accuracy. Appropriate corrective actions to address any instances of non-compliance with the new performance standards and monitor will be taken as needed. The first results will be available NLT March 31, 2012.

BUDGET IMPLICATIONS: Because of the exiting high rate of compliance identified in the GAO report, no budget implications are anticipated.

18. Veterans Disability Benefits: Clearer Information for Veterans and Additional Performance Measures Could Improve Appeal Process; GAO-11-812; issued September 29, 2011 (GAO File # 4456)

RESPONSIBLE OFFICE: Veterans Benefits Administration

RECOMMENDATIONS:

To clarify information for veterans and ensure the most effective use of DROs, the Secretary of Veterans Affairs should direct the Veterans Benefits Administration to:

- Revise the sample appeals election letter in its policy manual to define unfamiliar terms and emphasize key deadlines, and test any revised letter's clarity with veterans before implementing it.

- Establish national and regional office performance measures related to appeal resolution at the regional level and ensure that sufficient quality review procedures are in place to prevent DROs from granting unjustified benefits.

- Assess the knowledge and skills that DROs need to perform their varied responsibilities, determine if any gaps exist in the training currently available, and, if necessary, develop a training curriculum or program tailored to DROs.

ACTIONS TAKEN:

Recommendation 1: In process - VBA has formed an Appeals Design Team to analyze the current process and recommend changes to streamline it. Changes to the election letter are under consideration. Target Completion Date: March 31, 2012

Recommendation 2: In process - The Decision Review Officer (DRO) performance standard has been revised and is currently pending further review. While appeals resolution will not be introduced as a performance measure, VBA will continue to encourage the use of informal interviews by DROs as a means for resolving appeals at the earliest possible stage. The National DRO Performance Plan specifically addresses quality under element one, requiring that the DRO must consistently and conscientiously exercise sound, equitable judgment in

applying stated policies to ensure accurate and timely decisions on compensation and pension benefit claims. Additionally, VBA has an Appeals Design Team proposing several changes aimed at improving the timeliness, effectiveness, consistency, and quality of appeals decisions. These recommendations may or may not result in changes to the DRO performance standard, but are ultimately aimed at improving the overall appeals process. Target Completion Date: March 31, 2012

Recommendation 3: In process – A job task analysis (JTA) was completed for the Decision Review Officers (DROs) in 2009 during the development of the DRO skills certification test. The DRO skills certification test was given for the first time in 2010 with the second test given in July 2011. The results of these tests along with the JTA are used to develop training for DROs.

In addition, VBA signed a Memorandum of Understanding with the Board of Veterans' Appeals (BVA) to develop joint appeals training that will improve consistency in the legal and procedural adjudicative process. Quality analysis results from Compensation Service and BVA will be incorporated into the training materials, which will promote uniformity and improved timeliness. A joint VBA/BVA workgroup was formed to create and deliver training for Rating Veterans Service Representatives and DROs by the second quarter of fiscal year 2012.

VBA has conducted two week-long centralized training sessions to address quality trends and emerging topics for DROs. BVA staff participated as instructors during these sessions. A third session is scheduled for January 2012. The job task analysis results from the DRO skills certification tests will be combined with the feedback received from these centralized training sessions, and this will be used to finalize a standardized DRO training curriculum. Target Completion Date: March 31, 2012

BUDGET IMPLICATIONS: The total cost of the centralized training session is estimated to be $1.1 million in FY 2012. Centralized training sessions were conducted in November and December 2011, and a third session is scheduled for January 2012, subject to the availability of funds.

19. VA Health Care: VA Uses Medical Injury Tort Claims Data to Assess Veterans' Care, but Should Take Action to Ensure That These Data Are Complete; GAO-12-6R; issued October 28, 2011 (GAO-File # 4465)

RESPONSIBLE OFFICE: Office of General Counsel

RECOMMENDATIONS:

To help ensure the quality of care provided to veterans by VA practitioners, including that information about all paid tort claims is reported and used appropriately to improve patient care, the Secretary of Veterans Affairs should direct the General Counsel to:

- Ensure that regional counsel offices notify OMLA about all paid tort claims resolved through VA's administrative review and through litigation.
- Develop and implement an internal control process to verify the completeness of the notifications of paid tort claims that regional counsel offices provide to OMLA.
- Review all paid tort claims related to medical injuries at VA facilities in prior years to ensure that all of these claims are reported to OMLA.

ACTIONS TAKEN:

1. The report recommended that the Secretary direct the General Counsel to ensure that Regional Counsel Offices notify the Office of Medical Legal Affairs (OMLA) of all paid tort claims. This action has been completed to date, and is continuing. We have re-emphasized to the Regional Counsels the need to provide such notices and are working to modify our data systems to better ensure compliance.

2. The report also recommended the development of an internal control process to verify completeness of the notices of malpractice claim payments. OGC has provided OMLA with a report of all tort claim payments for Fiscal Year 2011, and has verified that notices were sent to OMLA on all such payments.[1]

[1] Exceptions to reporting payments at this time have been made at the request of the Department of Justice. Those payments have been made in cases that are related to pending claims and litigation in which the Government's interests could be negatively impacted by a concurrent National Practitioner Data Bank proceeding. At the conclusion of the related claims and litigation, all such payments will be reported.

OMLA is able to determine whether it has received from the Regional Counsel the required information on each paid claim.

3. GAO's final recommendation was that all paid tort claims be reviewed to ensure that all such payments are reported to OMLA. This review has been completed for payments in Fiscal Years 2009 and 2010, is ongoing for earlier fiscal years, and is expected to be completed in January 2012. OGC has provided or is providing notices to OMLA of all payments for which OMLA has no record of a prior notice. OGC will also plan to develop a report of paid claims that OMLA will be able to run at its convenience in the Tort Claims Information System.

BUDGET IMPLICATIONS: None

High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In February 2011, GAO issued an update to its High-Risk Series (GAO-11-278). The GAO-identified High-Risk Areas (specific to VA as well as Governmentwide) are shown in the table below.

High-Risk Area		Estimated Resolution Timeframe (Fiscal Year)	Page # (in PAR)
No.	Description		
GAO 1	**Improving and Modernizing Federal Disability Programs**	**2012**	**II-197**
GAO 2	**Strategic Human Capital Management: A Governmentwide High-Risk Area**	**2012**	**II-200**
GAO 3	**Managing Federal Real Property: A Governmentwide High-Risk Area**	**2012**	**II-202**
GAO 4	**Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Governmentwide High-Risk Area**	**2012**	**II-204**
GAO 5	**Management of Interagency Contracting: A Governmentwide High-Risk Area**	**2012**	**II-205**
	Appendix		**II-207**

The Department's responses were published in its 2011 Performance and Accountability Report (PAR) published in November 2011. In the PAR, for each High-Risk Area (HRA), the Department provided the following:

- ***Estimated resolution timeframe (fiscal year)*** for VA to eliminate each HRA
- ***Responsible Agency Official*** for each HRA
- ***Completed 2011 milestones*** in response to the HRA
- ***Planned 2012 milestones*** along with ***estimated completion quarter***

The PAR is available online at: www.va.gov/budget/report.

The GAO High-Risk section of the PAR can be accessed on page II-196 at the following link: http://www.va.gov/budget/docs/report/PartII/2011-VAPAR_Part_II.pdf.

Major Management Challenges Identified by the OIG

The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG submitted the following update of the most serious management challenges facing VA. This update was incorporated within the Department's 2011 Performance and Accountability Report (PAR) published in November 2011.

The Department reviewed the OIG's report and provided responses specific to each identified challenge. These responses, provided in the PAR, include the following for each Major Management Challenge (MMC):

- ***Estimated resolution timeframe (fiscal year)*** to resolve the challenge
- ***Responsible Agency Official*** for each challenge area
- ***Completed 2011 milestones*** in response to the challenges identified by the OIG
- ***Planned 2012 milestones*** along with ***estimated completion quarter***

The PAR is available online at: www.va.gov/budget/report.

The MMC section of the PAR can be accessed on page II-137 at the following link: http://www.va.gov/budget/docs/report/PartII/2011-VAPAR_Part_II.pdf.

The table below lists the OIG-identified MMCs for 2011.

Major Management Challenge		Estimated Resolution Timeframe (Fiscal Year)	Page # (in PAR)
No.	**Description**		
OIG 1	**Health Care Delivery**		**II-142**
1A	Quality of Care	2012	II-142
1B	Access to Care	2012	II-146
1C	Effective Treatment of New and Significantly Increased Health Problems Associated with OEF/OIF/OND	2012	II-150

Major Management Challenge		Estimated Resolution Timeframe (Fiscal Year)	Page # (in PAR)
No.	**Description**		
1D	Accountability of Pharmaceuticals in VHA Medical Facilities and Consolidated Mail Outpatient Pharmacies (CMOPs)	2014	II-152
1E	Health Care Business Processes	2012	II-154
OIG 2	**Benefits Processing**		**II-156**
2A	Effectively Managing Disability Benefits Claims Workload	2012	II-157
2B	Improving the Quality of Claims Decisions	2012	II-161
2C	VA Regional Office Operations	2012	II-163
2D	Improving the Management of VBA's Fiduciary Program	2012	II-165
2E	Addressing Benefit Issues Related to MST	2012	II-167
2F	Timely Processing of Post 9/11 GI Bill Benefits Payments	2013	II-169
OIG 3	**Financial Management**		**II-170**
3A	Achieving Financial Management System Functionality and Effective Financial Management Oversight	2012	II-170
3B	Reporting and Reducing Improper Payments	2012	II-173
3C	Improving Oversight of VA Workers' Compensation Program	2013	II-175
OIG 4	**Procurement Practices**		**II-176**
4A	Improve Oversight for VA's VOSB and SDVOSB Programs	2012	II-176
4B	Improve Oversight of Procurement Activities	2012	II-178
4C	Effective Contract Administration	2012	II-180
4D	Compliance with Laws and Regulations	2012	II-181
OIG 5	**Information Management**		**II-184**
5A	Development of an Effective Information Security Program and System Security Controls	2012	II-184
5B	Strengthening Information Technology Governance	2012	II-186
5C	Effective Oversight of Active IT Investment Programs and Projects	2013	II-188
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Expenditures by States

Amounts Included in FY 2013 President's Budget (dollars in thousands)	2011 Actuals	2012 Estimates	2013 Estimates
Alabama			
Compensation and pensions	1,393,608	1,417,940	1,533,133
Readjustment benefits	161,080	163,893	177,207
General operating expenses	37,804	38,464	41,589
Medical and construction programs	853,714	868,620	939,186
Insurance and indemnities	27,833	28,319	30,620
Total	**$2,474,039**	**$2,517,236**	**$2,721,736**
Alaska			
Compensation and pensions	213,614	217,343	235,000
Readjustment benefits	48,961	49,816	53,863
General operating expenses	6,053	6,159	6,659
Medical and construction programs	177,014	180,105	194,737
Insurance and indemnities	3,696	3,760	4,066
Total	**$449,338**	**$457,183**	**$494,325**
Arizona			
Compensation and pensions	1,297,869	1,320,530	1,427,810
Readjustment benefits	308,041	313,419	338,881
General operating expenses	86,387	87,895	95,036
Medical and construction programs	1,101,883	1,121,122	1,212,202
Insurance and indemnities	36,234	36,867	39,862
Total	**$2,830,414**	**$2,879,833**	**$3,113,790**
Arkansas			
Compensation and pensions	900,693	916,419	912,200
Readjustment benefits	67,888	69,073	74,685
General operating expenses	38,520	39,193	42,377
Medical and construction programs	824,985	839,389	907,581
Insurance and indemnities	15,299	15,566	16,830
Total	**$1,847,385**	**$1,879,640**	2,032,342
			$3,073,815
California			
Compensation and pensions	4,529,496	4,608,581	4,982,982
Readjustment benefits	1,405,536	1,430,076	1,546,256
General operating expenses	196,442	199,872	216,110
Medical and construction programs	4,587,755	4,667,858	5,047,074
Insurance and indemnities	165,749	168,643	182,344
Total	**$10,884,979**	**$11,075,030**	**$11,974,766**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Colorado			
Compensation and pensions	1,143,595	1,163,562	1,258,090
Readjustment benefits	287,380	292,398	316,152
General operating expenses	69,856	71,076	76,850
Medical and construction programs	1,932,432	1,966,172	2,125,904
Insurance and indemnities	33,214	33,794	36,539
Total	**$3,466,477**	**$3,527,002**	**$3,813,536**
Connecticut			
Compensation and pensions	331,253	337,037	364,417
Readjustment benefits	105,479	107,320	116,039
General operating expenses	14,608	14,863	16,070
Medical and construction programs	485,529	494,007	534,140
Insurance and indemnities	25,044	25,481	27,552
Total	**$961,913**	**$978,708**	**$1,058,218**
Delaware			
Compensation and pensions	157,517	160,268	173,288
Readjustment benefits	30,837	31,375	33,924
General operating expenses	4,459	4,537	4,906
Medical and construction programs	185,360	188,596	203,918
Insurance and indemnities	5,992	6,097	6,592
Total	**$384,165**	**$390,873**	**$422,627**
District of Columbia			
Compensation and pensions	72,495	73,761	79,753
Readjustment benefits	23,371	23,779	25,711
General operating expenses	1,797,650	1,829,037	1,977,628
Medical and construction programs	1,859,413	1,891,878	2,045,574
Insurance and indemnities	3,080	3,134	3,389
Total	**$3,756,009**	**$3,821,589**	**$4,132,055**
Florida			
Compensation and pensions	4,366,804	4,443,049	4,804,002
Readjustment benefits	767,800	781,206	844,671
General operating expenses	162,966	165,811	179,282
Medical and construction programs	4,012,526	4,082,584	4,414,253
Insurance and indemnities	134,973	137,330	148,486
Total	**$9,445,069**	**$9,609,980**	**$10,390,695**
Georgia			
Compensation and pensions	2,129,168	2,166,343	2,342,337
Readjustment benefits	453,938	461,864	499,385
General operating expenses	127,472	129,698	140,235
Medical and construction programs	1,338,423	1,361,791	1,472,423
Insurance and indemnities	47,757	48,591	52,538
Total	**$4,096,757**	**$4,168,287**	**$4,506,918**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Hawaii			
Compensation and pensions	305,465	310,798	336,048
Readjustment benefits	128,159	130,397	140,991
General operating expenses	14,229	14,477	15,653
Medical and construction programs	224,118	228,031	246,556
Insurance and indemnities	12,400	12,616	13,641
Total	**$684,371**	**$696,320**	**$752,889**
Idaho			
Compensation and pensions	334,299	340,136	367,769
Readjustment benefits	44,654	45,433	49,124
General operating expenses	8,209	8,352	9,031
Medical and construction programs	191,224	194,563	210,369
Insurance and indemnities	9,241	9,402	10,166
Total	**$587,627**	**$597,887**	**$646,459**
Illinois			
Compensation and pensions	1,271,855	1,294,062	1,399,191
Readjustment benefits	300,491	305,737	330,576
General operating expenses	63,501	64,610	69,859
Medical and construction programs	1,894,975	1,928,061	2,084,697
Insurance and indemnities	62,988	64,088	69,294
Total	**$3,593,810**	**$3,656,558**	**$3,953,617**
Indiana			
Compensation and pensions	937,533	953,902	1,031,397
Readjustment benefits	124,192	126,360	136,626
General operating expenses	37,909	38,571	41,704
Medical and construction programs	695,626	707,772	765,271
Insurance and indemnities	25,072	25,510	27,582
Total	**$1,820,331**	**$1,852,114**	**$2,002,580**
Iowa			
Compensation and pensions	463,617	471,712	510,034
Readjustment benefits	54,348	55,297	59,790
General operating expenses	11,570	11,772	12,729
Medical and construction programs	517,727	526,767	569,561
Insurance and indemnities	17,943	18,257	19,740
Total	**$1,065,207**	**$1,083,805**	**$1,171,853**
Kansas			
Compensation and pensions	479,081	487,445	527,046
Readjustment benefits	80,448	81,853	88,503
General operating expenses	29,669	30,187	32,639
Medical and construction programs	531,044	540,316	584,211
Insurance and indemnities	17,322	17,624	19,056
Total	**$1,137,564**	**$1,157,426**	**$1,251,455**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Kentucky			
Compensation and pensions	1,074,642	1,093,405	1,182,233
Readjustment benefits	115,000	117,008	126,513
General operating expenses	30,183	30,710	33,204
Medical and construction programs	631,562	642,589	694,793
Insurance and indemnities	18,830	19,158	20,715
Total	**$1,870,216**	**$1,902,870**	**$2,057,459**
Louisiana			
Compensation and pensions	912,276	928,205	1,003,612
Readjustment benefits	109,068	110,973	119,988
General operating expenses	28,268	28,762	31,098
Medical and construction programs	880,547	895,921	968,706
Insurance and indemnities	17,797	18,107	19,578
Total	**$1,947,956**	**$1,981,968**	**$2,142,983**
Maine			
Compensation and pensions	476,642	484,964	524,362
Readjustment benefits	45,164	45,953	49,686
General operating expenses	19,806	20,152	21,789
Medical and construction programs	268,488	273,176	295,369
Insurance and indemnities	8,007	8,147	8,809
Total	**$818,108**	**$832,392**	**$900,015**
Maryland			
Compensation and pensions	904,727	920,523	995,306
Readjustment benefits	285,323	290,305	313,889
General operating expenses	30,939	31,480	34,037
Medical and construction programs	619,050	629,858	681,028
Insurance and indemnities	37,812	38,472	41,598
Total	**$1,877,851**	**$1,910,638**	**$2,065,858**
Massachusetts			
Compensation and pensions	882,306	897,711	970,641
Readjustment benefits	152,670	155,336	167,955
General operating expenses	39,476	40,166	43,429
Medical and construction programs	1,072,640	1,091,368	1,180,031
Insurance and indemnities	43,364	44,121	47,706
Total	**$2,190,456**	**$2,228,702**	**$2,409,761**
Michigan			
Compensation and pensions	1,408,151	1,432,738	1,549,133
Readjustment benefits	165,181	168,065	181,718
General operating expenses	51,769	52,672	56,952
Medical and construction programs	1,249,913	1,271,737	1,375,052
Insurance and indemnities	44,758	45,540	49,240
Total	**$2,919,772**	**$2,970,751**	**$3,212,095**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Minnesota			
Compensation and pensions	1,026,611	1,044,535	1,129,393
Readjustment benefits	143,928	146,441	158,338
General operating expenses	84,788	86,269	93,277
Medical and construction programs	952,650	969,283	1,048,028
Insurance and indemnities	33,360	33,942	36,700
Total	**$2,241,336**	**$2,280,470**	**$2,465,735**
Mississippi			
Compensation and pensions	585,737	595,964	644,380
Readjustment benefits	79,754	81,147	87,739
General operating expenses	31,982	32,540	35,183
Medical and construction programs	772,089	785,569	849,389
Insurance and indemnities	12,515	12,733	13,768
Total	**$1,482,076**	**$1,507,953**	**$1,630,459**
Missouri			
Compensation and pensions	1,212,362	1,233,530	1,333,742
Readjustment benefits	148,817	151,415	163,716
General operating expenses	138,648	141,069	152,529
Medical and construction programs	1,260,267	1,282,271	1,386,443
Insurance and indemnities	33,840	34,431	37,228
Total	**$2,793,934**	**$2,842,716**	**$3,073,658**
Montana			
Compensation and pensions	316,777	322,308	348,492
Readjustment benefits	28,548	29,047	31,406
General operating expenses	8,143	8,285	8,958
Medical and construction programs	215,435	219,196	237,004
Insurance and indemnities	6,371	6,482	7,009
Total	**$575,274**	**$585,318**	**$632,869**
Nebraska			
Compensation and pensions	509,255	518,147	560,241
Readjustment benefits	57,522	58,527	63,281
General operating expenses	29,364	29,877	32,304
Medical and construction programs	407,565	414,681	448,370
Insurance and indemnities	13,918	14,161	15,311
Total	**$1,017,624**	**$1,035,392**	**$1,119,507**
Nevada			
Compensation and pensions	567,743	577,656	624,584
Readjustment benefits	81,059	82,474	89,174
General operating expenses	16,433	16,719	18,078
Medical and construction programs	714,910	727,392	786,485
Insurance and indemnities	13,924	14,167	15,318
Total	**$1,394,067**	**$1,418,408**	**$1,533,639**

Amounts Included in FY 2013 President's Budget (dollars in thousands)	2011 Actuals	2012 Estimates	2013 Estimates
New Hampshire			
Compensation and pensions	249,259	253,611	274,214
Readjustment benefits	51,904	52,810	57,101
General operating expenses	7,366	7,495	8,104
Medical and construction programs	141,324	143,792	155,473
Insurance and indemnities	8,357	8,503	9,194
Total	**$458,211**	**$466,211**	**$504,086**
New Jersey			
Compensation and pensions	843,784	858,516	928,262
Readjustment benefits	194,787	198,188	214,289
General operating expenses	17,399	17,703	19,141
Medical and construction programs	522,824	531,952	575,168
Insurance and indemnities	53,723	54,661	59,102
Total	**$1,632,517**	**$1,661,020**	**$1,795,962**
New Mexico			
Compensation and pensions	686,518	698,504	755,251
Readjustment benefits	62,806	63,903	69,094
General operating expenses	12,799	13,022	14,080
Medical and construction programs	430,876	438,399	474,015
Insurance and indemnities	11,816	12,022	12,999
Total	**$1,204,815**	**$1,225,851**	**$1,325,439**
New York			
Compensation and pensions	1,841,693	1,873,849	2,026,080
Readjustment benefits	473,120	481,380	520,488
General operating expenses	131,813	134,115	145,010
Medical and construction programs	2,749,822	2,797,834	3,025,130
Insurance and indemnities	97,220	98,917	106,953
Total	**$5,293,667**	**$5,386,095**	**$5,823,661**
North Carolina			
Compensation and pensions	2,416,113	2,458,298	2,658,010
Readjustment benefits	359,475	365,751	395,465
General operating expenses	87,926	89,461	96,729
Medical and construction programs	1,504,267	1,530,532	1,654,872
Insurance and indemnities	50,960	51,850	56,062
Total	**$4,418,741**	**$4,495,893**	**$4,861,139**
North Dakota			
Compensation and pensions	150,586	153,215	165,662
Readjustment benefits	20,201	20,554	22,223
General operating expenses	7,120	7,244	7,833
Medical and construction programs	186,582	189,840	205,262
Insurance and indemnities	4,378	4,454	4,816
Total	**$368,866**	**$375,307**	**$405,797**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Ohio			
Compensation and pensions	1,688,925	1,718,414	1,858,018
Readjustment benefits	256,436	260,913	282,109
General operating expenses	1,975,594	2,010,088	2,173,388
Medical and construction programs	2,117,008	2,153,971	2,328,960
Insurance and indemnities	62,765	63,861	69,049
Total	**$6,100,728**	**$6,207,247**	**$6,711,524**
Oklahoma			
Compensation and pensions	1,474,244	1,499,985	1,621,843
Readjustment benefits	118,855	120,930	130,754
General operating expenses	114,958	116,965	126,467
Medical and construction programs	662,008	673,567	728,287
Insurance and indemnities	19,315	19,653	21,249
Total	**$2,389,380**	**$2,431,099**	**$2,628,602**
Oregon			
Compensation and pensions	1,051,603	1,069,964	1,156,888
Readjustment benefits	113,233	115,210	124,569
General operating expenses	40,836	41,549	44,925
Medical and construction programs	917,676	933,699	1,009,552
Insurance and indemnities	23,425	23,834	25,770
Total	**$2,146,773**	**$2,184,255**	**$2,361,704**
Pennsylvania			
Compensation and pensions	1,771,396	1,802,324	1,948,745
Readjustment benefits	298,146	303,351	327,995
General operating expenses	173,334	176,360	190,688
Medical and construction programs	2,134,303	2,171,568	2,347,986
Insurance and indemnities	81,756	83,183	89,941
Total	**$4,458,934**	**$4,536,787**	**$4,905,355**
Puerto Rico			
Compensation and pensions	614,657	625,389	676,196
Readjustment benefits	37,158	37,807	40,878
General operating expenses	23,145	23,549	25,462
Medical and construction programs	584,583	594,790	643,111
Insurance and indemnities	2,418	2,460	2,660
Total	**$1,261,961**	**$1,283,995**	**$1,388,307**
Rhode Island			
Compensation and pensions	175,447	178,510	193,012
Readjustment benefits	26,310	26,769	28,944
General operating expenses	16,228	16,511	17,853
Medical and construction programs	240,501	244,700	264,579
Insurance and indemnities	5,694	5,793	6,264
Total	**$464,179**	**$472,283**	**$510,652**

Amounts Included in FY 2013 President's Budget (dollars in thousands)	2011 Actuals	2012 Estimates	2013 Estimates
South Carolina			
Compensation and pensions	1,324,626	1,347,754	1,457,245
Readjustment benefits	201,029	204,539	221,156
General operating expenses	54,255	55,202	59,686
Medical and construction programs	773,846	787,357	851,322
Insurance and indemnities	28,187	28,679	31,009
Total	**$2,381,943**	**$2,423,531**	**$2,620,419**
South Dakota			
Compensation and pensions	218,496	222,311	240,371
Readjustment benefits	22,909	23,309	25,203
General operating expenses	10,896	11,086	11,987
Medical and construction programs	348,918	355,010	383,851
Insurance and indemnities	5,155	5,245	5,672
Total	**$606,375**	**$616,962**	**$667,084**
Tennessee			
Compensation and pensions	1,450,439	1,475,763	1,595,654
Readjustment benefits	189,474	192,782	208,444
General operating expenses	67,881	69,066	74,677
Medical and construction programs	1,422,922	1,447,766	1,565,382
Insurance and indemnities	30,237	30,765	33,265
Total	**$3,160,953**	**$3,216,143**	**$3,477,422**
Texas			
Compensation and pensions	5,410,980	5,505,456	5,952,719
Readjustment benefits	983,683	1,000,858	1,082,168
General operating expenses	227,478	231,450	250,253
Medical and construction programs	3,611,864	3,674,927	3,973,478
Insurance and indemnities	107,155	109,026	117,883
Total	**$10,341,161**	**$10,521,718**	**$11,376,502**
Utah			
Compensation and pensions	335,831	341,695	369,454
Readjustment benefits	67,013	68,183	73,723
General operating expenses	49,547	50,412	54,507
Medical and construction programs	406,572	413,671	447,277
Insurance and indemnities	12,172	12,384	13,390
Total	**$871,135**	**$886,345**	**$958,351**
Vermont			
Compensation and pensions	112,092	114,049	123,314
Readjustment benefits	31,897	32,454	35,090
General operating expenses	4,679	4,760	5,147
Medical and construction programs	177,183	180,276	194,922
Insurance and indemnities	3,806	3,873	4,187
Total	**$329,656**	**$335,412**	**$362,661**

Amounts Included in FY 2013 President's Budget (dollars in thousands)			
	2011 Actuals	2012 Estimates	2013 Estimates
Virginia			
Compensation and pensions	2,041,056	2,076,693	2,245,456
Readjustment benefits	753,738	766,898	829,201
General operating expenses	84,589	86,066	93,058
Medical and construction programs	1,006,796	1,024,374	1,107,595
Insurance and indemnities	59,398	60,435	65,345
Total	**$3,945,576**	**$4,014,466**	**$4,340,654**
Washington			
Compensation and pensions	1,647,120	1,675,879	1,812,027
Readjustment benefits	299,466	304,694	329,448
General operating expenses	62,749	63,845	69,032
Medical and construction programs	953,492	970,140	1,048,954
Insurance and indemnities	39,879	40,575	43,872
Total	**$3,002,706**	**$3,055,134**	**$3,303,333**
West Virginia			
Compensation and pensions	593,332	603,692	652,736
Readjustment benefits	79,285	80,669	87,223
General operating expenses	184,800	188,027	203,302
Medical and construction programs	807,519	821,618	888,366
Insurance and indemnities	9,076	9,235	9,985
Total	**$1,674,012**	**$1,703,241**	**$1,841,612**
Wisconsin			
Compensation and pensions	966,959	983,843	1,063,770
Readjustment benefits	133,876	136,214	147,280
General operating expenses	60,436	61,491	66,487
Medical and construction programs	974,517	991,532	1,072,084
Insurance and indemnities	34,789	35,396	38,272
Total	**$2,170,577**	**$2,208,476**	**$2,387,892**
Wyoming			
Compensation and pensions	126,193	128,321	138,746
Readjustment benefits	13,896	14,138	15,287
General operating expenses	3,017	3,070	3,320
Medical and construction programs	211,203	214,891	232,348
Insurance and indemnities	2,607	2,652	2,868
Total	**$356,916**	**$363,073**	**$392,569**
Guam			
Compensation and pensions	37,939	38,601	41,737
Readjustment benefits	7,103	7,227	7,814
General operating expenses	0	0	0
Medical and construction programs	4,949	5,035	5,444
Insurance and indemnities	123	125	135
Total	**$50,114**	**$50,989**	**$55,131**

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Appropriation Structure

Appropriations and funds are listed below with a brief description of the scope of the account:

Medical Programs

Appropriations

MEDICAL CARE PROGRAMS: Provides for a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans by financing the operation, maintenance, and administration from the following accounts that are required to address the health care needs of eligible veterans.

MEDICAL SERVICES: Provides for a comprehensive, integrated health care delivery system that addresses the needs of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the Civilian Health and Medical Programs for the Department of Veterans Affairs (CHAMPVA). This is an annual, multi-year, and no-year account.

MEDICAL SUPPORT AND COMPLIANCE: Provides for the management, security, and administration of the VA health care system through the operation of VA medical centers, other facilities, Veterans Integrated Service Networks offices and facility director offices, chief of staff operations, quality of care oversight, legal services, billing and coding activities, procurement, financial management, and human resource management. This is an annual, multi-year, and no-year account.

MEDICAL FACILITIES: Provides for the operations and maintenance of the VA health care system's vast capital infrastructure required to provide health care to the Nation's veterans. These costs include utilities, engineering, capital planning, leases, laundry services, grounds maintenance, trash removal, housekeeping, fire protection, pest management, facility repair, and property disposition and acquisition. This is an annual, multi-year, and no-year account.

DOD VA HEALTH CARE SHARING INCENTIVE FUND: Provides a minimum of $15,000,000 from each Department for a joint incentive program to enable the Departments to carry out a program to identify and provide incentives to implement creative sharing initiatives at the facility, intra-regional, and nationwide levels. Section 8111(d) of title 38, United States Code requires each Secretary to contribute a minimum of $15,000,000 from the funds appropriated to the Secretary's Department fund and to establish the fund effective October 1, 2003. P. L. 111-84, The National Defense Authorization Act for Fiscal Year 2010, section 1706, amended section 8111(d)(3) of title 38, United States Code, to extend the program to September 30, 2015. This is a no-year account.

JOINT DEPARTMENT OF DEFENSE-DEPARTMENT OF VETERANS AFFAIRS MEDICAL FACILITY DEMONSTRATION FUND: Combines the resources of the Department of Defense (DoD) and the Department of Veterans Affairs (VA) to operate the first totally integrated federal health care facility in the country. The Captain James A. Lovell Federal Health Care Center located in North Chicago, Illinois, will care for all eligible VA and DoD beneficiaries. This center is the integration of the North Chicago VA Medical Center and the Navy Health Clinic Great Lakes. Each department will contribute funding to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund established by section 1704 of Public Law 111-84, the "National Defense Authorization Act for Fiscal Year 2010."

The VA's budget request includes funding to be appropriated to the Medical Services, Medical Support and Compliance, Medical Facilities, and Information Technology Systems appropriations and transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund. This is an annual and multi-year account.

MEDICAL AND PROSTHETIC RESEARCH: Supports research that facilitates and improves the primary function of VHA, which is to provide high-quality and cost-effective medical care to eligible Veterans and contribute to the Nation's knowledge about disease and disability. This is a multi-year appropriation and no-year appropriation.

Special Funds

MEDICAL CARE COLLECTIONS FUND: Provides medical collections that are used for specified purposes to support the health care for eligible veterans. Public Law 105-33, the Balanced Budget Act of 1997, established the Department of Veterans Affairs Medical Care Collections Fund (MCCF). It required that amounts collected or recovered after June 30, 1997, be deposited

in the MCCF. The amounts collected in the fund are available only for: 1) VA medical care and services during any fiscal year; and 2) VA expenses for identifying, billing, auditing, and collecting amounts owed to the government. VA has the authority to collect inpatient, outpatient, medication, and nursing home co-payments; authority for certain income verification; authority to recover third-party insurance payments from veterans for non-service connected conditions; and authority to collect revenue from enhanced use leases. Public Law 108-7, the Consolidated Appropriations Resolution, 2003, granted permanent authority to recover pharmacy co-payments for outpatient medication. VA's authority to do income verification with the Social Security Administration and Internal Revenue Service in title 38, section 5317(g), was extended through September 30, 2011, by section 802 of Public Law 110-389, the Veterans' Benefits Improvement Act of 2008. Public Law 111-163, the "Caregivers and Veterans Omnibus Health Services Act of 2010," section 518, extended the authority, in title 38, section 1729(a)(2)(E) to recover third-party insurance payments from service-connected veterans for nonservice-connected conditions through October 1, 2012. Public Law 111-163, the "Caregivers and Veterans Omnibus Health Services Act of 2010," section 517, extended the authority in title 38, section 1710(f)(2)(B), to collect copayments for hospital care and nursing home care through September 30, 2012. Public Law 108-199, the Consolidated Appropriations Act, 2004, and P.L. 108-447, the Consolidated Appropriations Act, 2005, require revenue from the following accounts to be deposited into the MCCF beginning in FY 2004:

Long-Term Care Co-Payments (Formerly Veterans Extended Care Revolving Fund): This account was established by Public Law 106-117, the Veterans Millennium Health Care and Benefits Act. This account receives per diems and co-payments from certain patients receiving extended care services as authorized in title 38, U.S.C., § 1701B. Amounts deposited in the account are used to provide extended care services.

Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund): This program, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for furnishing rehabilitative services to certain Veteran beneficiaries receiving medical care and treatment from VA. Funds to operate the various rehabilitative activities and to provide therapeutic work for remuneration to patients and members in VA facilities are derived from contractual arrangements with private industry, non-profit organizations, and State and Federal entities. This is a self-sustaining activity that does not require an appropriation.

Compensation and Pensions Living Expenses Program (formerly Medical Facilities Revolving Fund): This program provides for operating expenses of VA medical facilities furnishing nursing home care to certain Veterans who receive Pensions. Title 38, U.S.C., provides that a Veteran with no spouse or child will receive $90 per month in Pensions beginning the third full month following the month of admission to VA-furnished nursing home care. The difference between the $90 the Veteran receives and the amount otherwise authorized is transferred to this fund to cover the expenses of the facility furnishing the nursing home care. Public Law 105-368, Veterans Programs Enhancement Act of 1998, has granted permanent authority for the transfer of Pensions funds in excess of $90 per month from the Compensation and Pensions account, in accordance with the provisions of title 38, U.S.C. § 5503(a)(1)(B). This authority will be retroactive as of October 1, 1997.

Parking Program (formerly Parking Revolving Fund): VA collects parking fees for the use of parking facilities at VA facilities.

Other Revolving Funds

MEDICAL CENTER RESEARCH ORGANIZATIONS: The Veterans' Benefits and Services Act of 1988, P.L. 100-322 authorized VA Research and Education Corporations to provide a mechanism whereby non-VA funds may be received and administered to perform research by a nonprofit corporation at any VA medical center.

CANTEEN SERVICE REVOLVING FUND: This fund finances the operation of canteens at all medical facilities. These activities are under the management of the Veterans Canteen Service, established by Congress in 1946. Income from sales makes this a self-sustaining activity.

Other Trust Funds

GENERAL POST FUND: This trust fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of Veterans in hospitals and other facilities where no general appropriation is available for this purpose. In addition, donations from pharmaceutical companies, non-profit corporations, and individuals to support VA medical research are deposited in this fund.

Benefits Programs

Appropriations

COMPENSATION AND PENSIONS: Provides for compensation payments to service-connected disabled Veterans and their survivors; provides for pension payments, subject to an income standard, to war-time Veterans who are permanently and totally disabled from non-service-connected causes and their survivors; and provides burial and other benefits to Veterans and their survivors.

READJUSTMENT BENEFITS: Provides payments for education and training for eligible Veterans and dependents, as well as special assistance to disabled Veterans. Funding provided for this program consists of direct appropriations to this VA account, as well as offsetting collections received from the Department of Defense.

VETERANS INSURANCE AND INDEMNITIES: Provides payment for extra hazard costs to the National Service Life Insurance and United States Government Life Insurance funds, supplements the Service-Disabled Veterans Insurance Fund, and provides direct payment to policyholders. It also provides funds for expenses of the Veterans Mortgage Life Insurance Program.

Special Funds

FILIPINO VETERANS EQUITY COMPENSATION FUND: Provides one-time payments to eligible persons who served in the Philippines during World War II.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Funding for this account consists primarily of voluntary contributions by eligible servicepersons and Department of Defense matching contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service between January 1, 1977 and June 30, 1985, and are pursuing training under chapter 32 (38 U. S. C.). Public Law 99-576, enacted October 28, 1986, permanently closed the program to new enrollees after March 31, 1987. However, the enactment of Public Law 101-510 allows servicepersons enrolled or eligible to enroll in the program who are involuntarily separated from the service on or after February 3, 1991, an opportunity to receive assistance under

the Montgomery GI Bill (MGIB) program in lieu of Post-Vietnam Era Veterans Education Program (VEAP). Public Law 102-484 extended the same opportunity to certain servicepersons who voluntarily separated from the military on or after December 5, 1991. An opportunity to enroll in the MGIB program also was extended to Chapter 32 (and section 903) servicepersons, who were VEAP participants on October 9, 1996, under Public Law 104-275.

Revolving Funds

VOCATIONAL REHABILITATION PROGRAM FUND: Loans (advances) will be made to disabled Veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General Operating Expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond.

VETERANS HOUSING BENEFIT PROGRAM FUND: The Veterans Housing Benefit Program Fund (VHBPF) reflects the loan financing activity in the Direct Loan Financing Account, Guaranteed Loan Financing Account, the Loan Sales Securities Guaranteed Loan Financing Account, and the Transitional Housing Direct Loan Financing Account. All direct and guaranteed loans made prior to September 30, 1991, are scored in the VHBPF Liquidating Account. Under the Federal Credit Reform Act of 1990, all direct and guaranteed loans made after September 30, 1991, are financed by subsidy appropriations to the VHBPF Program Account. This account also receives an appropriation for administrative expenses. The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to Veterans for the purchase, construction, or improvement of homes to be occupied by Veterans and their families.

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM: This program was established in the Veterans Benefits Improvement Act of 1998, Public Law 105-368. The program is a pilot project designed to expand the supply of transitional housing for homeless Veterans by authorizing the Secretary to guarantee loans for self-sustaining housing projects specifically designed to create long-term transitional housing for homeless Veterans. VA may guarantee up to 15 loans with a maximum aggregate value of $100 million. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee. All funds authorized for this program were appropriated by the end of 2000; therefore, no appropriation language has been included in this

budget. The loan financing activity of this account is shown under the "Transitional Housing Direct Loan Financing Account" in the President's budget.

NATIVE AMERICAN VETERANS HOUSING PROGRAM: This program was designed to test the feasibility of enabling VA to make direct home loans to Native American Veterans who live on U.S. trust lands. Annual appropriations are received for administrative expenses associated with this program. This program began as a pilot program in 1993 and was made permanent in 2006. The direct loan financing activity of this account is shown under the "Native American Direct Loan Financing Account" in the President's budget.

SERVICEMEMBER'S GROUP LIFE INSURANCE FUND (SGLI): Established in 1965 as the financing mechanism to provide Group Life Insurance to members of the uniformed forces on active duty and certain members of the Reserves. Premiums, including the cost of administration, are deducted monthly from the serviceperson's pay and remitted by each uniformed service to VA and, in turn, to the primary insurer. The Government contributes toward the military extra hazard cost by paying for all death claims over a certain maximum as defined by law. Public Law 109-80 increased the maximum amount of coverage available to $400,000, effective September 1, 2005. In addition, Public Law 109-13 provides for Traumatic Servicemember's Group Life Insurance, effective December 1, 2005. This program provides for payment between $25,000 and $100,000 to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain serious losses.

Public Enterprise Funds

SERVICE-DISABLED VETERANS INSURANCE FUND: This program finances claim payments on non-participating policies issued to service-disabled Veterans who served in the Armed Forces after April 25, 1951. The program provides insurance coverage for service-disabled Veterans at standard rates. Claim payments exceed premium receipts each year. Funds are derived mainly from premiums and payments from the Veterans Insurance and Indemnities appropriation. Public Law 106-419 allowed for term premiums to be frozen, effective November 1, 2000, at the first renewal after the insured reaches age 70 and remain frozen thereafter.

VETERANS REOPENED INSURANCE FUND: Established in 1965 as the financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled Veterans of World War II and the Korean conflict. Operations are financed from premiums collected from

policyholders and interest on investments.

Trust Funds

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as the financing mechanism for World War II insurance. Closed to new issues in 1951. Income is derived from premiums, interest on investments, and transfers from Veterans Insurance and Indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started in 1919 as the financing mechanism for converted insurance issued under the War Risk Insurance Act of 1914, as amended. Closed to new issues April 1951. Income is derived from interest on investments and transfers from the Veterans Insurance and Indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable Veterans who served after April 1951 and before January 1, 1957. Income is derived mainly from premiums and interest on investments.

Departmental Administration

Appropriations

GENERAL OPERATING EXPENSES VETERANS BENEFITS ADMINISTRATION: For the management and administration of the Veterans Benefits Administration. While the program accounts associated with credit reform receive an appropriation directly for associated administrative expenses, collections from those appropriations to this account are reflected as obligations under the VBA General operating expenses account.

DEPARTMENTAL GENERAL ADMINISTRATION: Includes Departmental executive direction and management of VA's Staff Offices' function, including the Office of General Counsel and the Board of Veterans Appeals. VA's Staff Offices provide management direction and administrative support in the delivery of health care, benefits and memorial services. While the program accounts associated with credit reform receive an appropriation directly for associated administrative expenses, collections from those appropriations to this account are reflected as obligations in this account

NATIONAL CEMETERY ADMINISTRATION: This appropriation provides funding for the administration of all functions associated with the National Cemetery Administration. Provides, upon request, for the interment in any

national cemetery with available grave space the remains of eligible deceased service persons and discharged Veterans (together with their spouses and certain dependents).

OFFICE OF THE INSPECTOR GENERAL: Provides for carrying out the independent oversight responsibilities of the *Inspector General Act of 1978* by conducting audits, investigations, and inspections that promote economy and efficiency and identify and prevent fraud, waste, and criminal activity; and by informing the Secretary and Congress about problems, deficiencies, and recommended improvements in VA programs and activities.

INFORMATION TECHNOLOGY SYSTEMS ACCOUNT: Provides for the development and operational support of information technology and telecommunications systems of the Department. This account also receives reimbursements from the credit and insurance benefit programs, as well as other revolving funds. This account was established in 2005 under P.L. 109-114 in order to support the Department's reorganization and centralization of information technology activities.

CONSTRUCTION, MAJOR PROJECTS: For constructing, altering, extending, and improving any VA facility, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is $10 million or more or where funds for a project were made available in a previous major project appropriation.

CONSTRUCTION, MINOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is equal to or less than $10 million.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: Grants to States for the purpose of assisting States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospitals, nursing homes, and domiciliary facilities in State homes to furnish care to Veterans. A grant may not exceed 65 percent of the total cost of the project. This account was approved on August 19, 1964, and authorized as an appropriation in 1965. Public Law 102-585 granted permanent authority for this program. Public Law 104-262 added Adult Day Health Care and another level of care that may be provided by State homes. This is a no-year account.

GRANTS FOR THE CONSTRUCTION OF VETERANS CEMETERIES: Grants to aid states, federally recognized tribal governments, or U.S. territories in establishing, expanding or improving Veterans' cemeteries controlled by the

recipient. A grant can be up to 100 percent of the cost of establishment, expansion or improvement and may fund the initial cost of equipment when the cemetery is established. VA does not provide for acquisition of land. The value of the land cannot be considered as an "allowable cost" under the grant. Grant recipients are solely responsible for acquisition of the necessary land. Grant recipients may apply for additional grants to aid in the operation and maintenance of a cemetery but are otherwise responsible for all costs related to operations and maintenance, including the cost for subsequent equipment purchases.

Other Revolving Funds

PERSHING HALL REVOLVING FUND: Established by Public Law 102-86 for the operation and maintenance of Pershing Hall, an asset of the United States located in Paris, France. Receipts generated by the operation of Pershing Hall are deposited in the revolving fund. The Secretary may use up to $100,000 per fiscal year from the revolving fund for activities determined to be in keeping with the VA mission

NATIONAL CEMETERY GIFT FUND: Consists of gifts and bequests which are made for the purpose of beautifying national cemeteries or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

DEPARTMENT OF VETERANS AFFAIRS CAPITAL ASSET FUND: Provides for costs associated with the transfer and future transfers of real property, including costs of demolition, environmental remediation, maintenance and repair, improvements to facilitate the transfer, and administrative expenses. This account also finances costs associated with enhancing medical care services to Veterans by improving, renovating, replacing, updating, or establishing patient care facilities through construction projects. Additionally, costs associated with the transfer, lease, or adaptive use of a structure or property under the jurisdiction of the Secretary that is listed on the National Register of Historic Places will be financed in this account. Receipts to this account will be realized from the transfer of real property to another department or agency of the United States, to a State (or a political subdivision of a state), or to any public or private entity, including an Indian tribe in accordance with P. L. 108-422. This is a no-year revolving fund.

Intragovernmental Funds

SUPPLY REVOLVING FUND: Established in 1953, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental fund, without fiscal year limitation, it seeks

to assure the most timely, cost-effective acquisition of goods and services for VA programs. As a self-sustaining fund, the majority of its operating expenses are recovered through a mark-up on goods sold.

FRANCHISE FUND: The Franchise Fund has permanent authority under P.L. 109-114. Established in 1997 under P.L. 104-204, (P.L.103-356 extended it to October 2003), the Franchise Fund provides VA program offices with common administrative services and is financed on a fee-for-service basis.

Department of Veterans Affairs

Discretionary Programs Funding and Average Employment for 2011 – 2013

(dollars in thousands)

Discretionary Programs	2011 Actuals (FY)			2012 Current Estimate (CY)			2013 Request (BY)			Change (BY - CY)			Percentage Change (BY / CY) - CY]		
	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE
Medical Programs- VHA															
Medical Services [1]	$36,948,248	$36,995,680	185,064	$39,462,235	$38,522,906	187,855	$41,504,000	$40,671,063	192,377	$2,041,765	$2,148,157	4,522	5.17%	5.58%	2.41%
Medical Support & Compliance (formerly Administration)	$5,252,367	$5,344,172	45,258	$5,510,852	$5,403,246	45,301	$5,746,000	$5,636,815	45,814	$235,168	$233,569	513	4.27%	4.32%	1.13%
Medical Facilities	5,700,116	5,478,874	23,908	5,388,838	5,432,209	24,061	5,441,000	5,281,791	24,721	$52,162	$-150,409	660	0.97%	-2.77%	2.74%
Collections	-2,770,663	-2,588,294	0	-2,749,362	-2,758,947	0	-2,966,000	-2,868,513	0	$216,638	$109,566	0	7.88%	3.97%	
Total Medical care	**50,674,394**	**50,407,020**	**254,230**	**53,111,267**	**52,117,399**	**257,217**	**55,657,000**	**54,458,182**	**262,912**	**$2,545,733**	**$2,340,883**	**5,695**	**4.79%**	**4.49%**	**2.21%**
DoD-VA Health Care Sharing Incentive Fund [2]	130,000	88,800	132	30,000	92,500	151	30,000	80,000	140	$0	$-12,500	-11	0.00%	-13.51%	-7.28%
Joint DoD-VA Medical Facility Demonstration Fund [2]	104,004	64,456	479	258,523	241,851	1,961	0	24,288	0	$-258,523	$-217,563	$-1,961	-100.00%	-89.96%	100.00%
Medical research	579,838	558,873	3,526	581,000	571,778	3,526	582,674	573,198	3,526	$1,674	$1,420	0	0.29%	0.25%	0.00%
Subtotal, VHA	**51,488,236**	**51,119,151**	**258,367**	**53,980,790**	**53,023,528**	**262,855**	**56,269,674**	**55,135,668**	**266,578**	**2,289,884**	**2,112,240**	**3,723**	**4.24%**	**3.98%**	**1.42%**
National Cemetery Administration- NCA															
Burial Administration	249,500	254,521	1,676	250,934	249,014	1,496	258,284	252,658	1,700	$7,350	$3,643	4	2.93%	1.46%	0.24%
Information Technology															
Information Technology	3,138,624	3,354,500	7,004	3,104,771	3,562,679	7,432	3,327,444	3,716,070	7,580	$222,673	$153,391	148	7.17%	4.31%	1.99%
Recission of multigated balances	-147,000														
Subtotal Information Technology	2,991,624	3,354,500	7,004	3,104,771	3,562,679	7,432	3,327,444	3,716,070	7,580						
Construction															
Major															
Veterans Health Administration	1,035,834	893,292		545,404	896,539		517,823	831,965		$-27,581	$-64,574	0	-5.06%	-7.20%	
Veterans Benefits Administration	0	0		0	4		0	0		$0	$-4	0			
National Cemetery Administration	106,900	111,593		36,200	99,638		9,647	88,101		$-26,553	$-11,537	0	-74.75%	-11.60%	
Staff Offices	6,000	6,823		6,000	6,166		5,000	5,638		$-1,000	$-528	0	-16.67%	-8.56%	
Subtotal Major Construction	*1,148,734*	*1,011,708*	*0*	*589,604*	*1,002,347*	*0*	*532,470*	*925,704*	*0*	$-57,134	$-76,663	*0*	-9.69%	-7.65%	
Recission of multigated balances	*-75,000*														
Subtotal Major Construction	*1,073,734*	*1,011,708*	*0*	*589,604*	*1,002,347*	*0*	*532,470*	*925,704*	*0*	*-57,134*	*-76,663*	*0*			
Minor															
Veterans Health Administration	386,204	496,359		405,022	653,527		506,343	336,143		$101,321	$-317,384	0	25.01%	-48.57%	
Veterans Benefits Administration	14,495	29,522		20,734	19,862		29,695	21,011		$8,959	$1,149	0	43.21%	5.78%	
National Cemetery Administration	43,485	41,854		36,501	52,630		58,100	43,647		$21,596	$-8,983	0	59.16%	-17.07%	
Staff Offices	22,580	11,231		20,126	25,369		13,405	19,653		$-6,721	$-5,716	0	-33.39%	-22.53%	
Subtotal Minor Construction	*466,765*	*576,966*	*0*	*482,386*	*751,488*	*0*	*607,530*	*420,454*	*0*	$125,144	$-330,934	0	25.94%	-44.05%	
Grants For State Extended Care Facilities	84,830	124,869		85,000	261,395		65,000	74,147		$0	$-187,246	0	0.00%	-71.63%	
Grants For State Cemeteries	45,908	49,872		46,000	32,345		46,000	32,658		$0	$113	0	0.00%	0.35%	
Total Construction	1,671,237	1,764,415	0	1,203,990	2,047,793	0	1,271,000	1,482,963	0	$68,010	$-564,830	0	5.65%	-27.58%	
Departmental Administration															
Veteran Benefits Administration															
Filipino Veterans Equity Compensation Fund		10,099			9,914	0	0	9,914	0	$0	$0	0		0.00%	
Subtotal Filipino VEC Fund		10,099		0	9,914	0	0	9,914	0	$0	$0	0		0.00%	
Veteran Benefits Administration-GOE															
Compensation Administration (includes Burial)	1,570,946	1,698,410	14,062	1,508,197	1,483,216	14,423	1,615,345	1,503,601	14,614	$107,148	$80,385	191	7.10%	5.42%	1.34%
Pensions Administration	147,626	141,895	1,491	126,817	127,600	1,441	134,219	130,396	1,441	$7,402	$2,796	0	5.84%	2.19%	0.00%
Subtotal, Compensation and Pension	**1,718,572**	**1,840,305**	**15,553**	**1,635,014**	**1,610,818**	**15,862**	**1,749,564**	**1,693,997**	**16,055**	**$114,550**	**$83,179**	**193**	**7.01%**	**5.16%**	**1.22%**
Education Administration	208,051	195,174	1,967	178,716	179,447	2,030	180,564	176,700	1,849	$1,848	$-2,747	-181	0.92%	-1.53%	-8.92%
Vocational Rehabilitation and Employment	205,024	196,481	1,281	204,337	199,835	1,443	233,423	223,423	1,591	$29,086	$23,588	148	14.23%	11.80%	10.26%
Insurance Administration	855	656	352	697	581	373	722	580	352	$25	$-1	-21	3.59%	-0.17%	-5.63%
Subtotal GOE, VBA without Credit Reform	2,132,502	2,232,616	19,153	2,018,764	1,990,681	19,708	2,164,074	2,094,700	19,847	$145,310	$104,019	139	7.20%	5.23%	0.71%
General Administration		404,860			404,463			407,672		$0	$3,209	0		0.79%	
Office of the Secretary	9,270		86	10,085		89	10,085		89	$0	$0	0	0.00%		0.00%
Board of Veterans' Appeals	72,275		595	78,066		582	78,066		582	$0	$0	0	0.00%		0.00%
General Counsel	80,778		754	83,099		738	83,099		729	$0	$0	-9	0.00%		-1.22%
AS for Management	43,161		277	45,598		303	45,598		307	$0	$0	4	0.00%		1.32%
AS for Human Resources & Administration	68,590		645	70,379		849	70,379		889	$0	$0	40	0.00%		4.71%
AS for Policy, and Planning	26,015		90	26,015		117	26,015		117	$0	$0	0	0.00%		0.00%
AS for Operations, Security & Preparedness	16,746		86	18,510		102	18,510		102	$0	$0	0	0.00%		0.00%
AS for Public and Intergovernmental Affairs	22,079		79	23,286		94	23,087		94	$-249	$0	0	-1.07%		0.00%
Office of Accountability and Whistleblower	5,662		42	6,653		41	6,653		45	$250	$0	4	3.91%		11.11%
Office of Acquisition, Logistics, & Construction	50,728		348	55,706		436	55,706		481	$0	$0	45	0.00%		10.32%
Subtotal General Administration	**396,705**	**404,860**	**2,941**	**416,757**	**404,463**	**3,305**	**416,737**	**407,672**	**3,380**	**$0**	**$3,209**	**75**	**0.00%**	**0.79%**	**2.27%**

Department of Veterans Affairs

Discretionary Programs Funding and Average Employment for 2011 - 2013

(dollars in thousands)

Discretionary Programs	2011- Actuals (PY)			2012- Current Estimate (CY)			2013- Request (BY)			Change (BY - CY)			Percentage Change [(BY - CY)/ CY]	
	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE
Office of Inspector General															
Total Office of Inspector General	108,782	109,148	633	112,391	116,000	649	113,000	109,943	644	$609	$-6,057	-5	0.54%	-5.22%	-0.77%
Credit Reform Administrative															
Credit Reform Administrative-VBA															
Native American loan administrative	643	643	5	1,096	1,096	7	1,069	1,069	7	$-27	$-27	0	-2.46%	-2.46%	0.00%
Vocational rehabilitation loan program - admin	327	327	3	343	343	3	346	346	3	$3	$3	0	0.87%	0.87%	0.00%
Veterans housing benefit program fund program	136,832	116,456	829	136,005	136,005	928	137,487	137,487	900	$1,482	$1,482	-28	1.09%	1.09%	-3.02%
Subtotal VBA	137,802	117,426	837	137,444	137,444	938	138,902	138,902	910	$1,458	$1,458	-28	1.06%	1.06%	-2.99%
Credit Reform Administrative- General Counsel															
Native American loan administrative	20	20		20	20		20	20		$0	$0	0	0.00%	0.00%	
Transitional Housing for Homeless Veterans (Non-Add)	20	20		20	20		20	20		$0	$0	0	0.00%	0.00%	
Veterans housing benefit program fund program	5,284	5,284		5,021	5,021	0	5,284	5,284		$263	$263	0	5.24%	5.24%	
Subtotal General Counsel	5,304	5,304	0	5,041	5,041	0	5,304	5,304	0	$263	$263	0	5.22%	5.22%	
Credit Reform Administrative- VHA															
Transitional Housing for Homeless Veterans (Non-Add)	730	730		730	730	0	730	730	0	$0	$0	0	0.00%	0.00%	
Subtotal VBA	730	730	0	730	730	0	730	730	0	$0	$0	0	0.00%	0.00%	
Credit Reform Administrative- OIT										$0	$0	0			
Veterans Housing	19,729	19,729	0	13,672	13,672	0	15,043	15,043	0	$1,371	$1,371	0	10.03%	10.03%	
Subtotal, OIT	19,729	19,729	0	13,672	13,672	0	15,043	15,043	0	$1,371	$1,371	0	10.03%	10.03%	
Credit Reform Subsidy															
Vocational rehabilitation loan program - subsidy	27	27	0	19	19	0	19	19	0	$0	$0	0	0.00%	0.00%	
Subtotal, Credit Reform Subsidy	27	27	0	19	19	0	19	19	0	$0	$0	0	0.00%	0.00%	
Subtotal, Credit Reform Administrative	162,835	142,459	837	156,157	156,157	938	159,249	159,249	910	$3,092	$3,092	-28	1.98%	1.98%	-2.99%
Departmental Administration															
Franchise Fund	0	-54,809	1,054	0	24,000	1,200	0	-8,000	1,249	$0	$-32,000	49			4.08%
Subtotal Departmental Administration	0	-54,809	1,054	0	24,000	1,200	0	-8,000	1,249	$0	$-32,000	49			4.08%
Total, Other Discretionary	8,527,054	8,930,467	37,435	8,132,086	9,466,849	40,566	8,322,481	8,872,674	38,976	$190,395	$-594,176	-1,590	2.34%	-6.28%	-3.92%
Total, Discretionary Program w/o Collections	56,430,785	56,749,193	291,665	58,493,991	58,825,201	297,783	61,013,481	60,462,343	301,888	$2,519,490	$1,637,141	4,105	4.31%	2.78%	1.38%
Total, Discretionary Program with Collections	59,201,448	59,337,487	291,665	61,243,353	61,584,148	297,783	63,979,481	63,330,856	301,888	$2,736,128	$1,746,707	4,105	4.47%	2.84%	1.38%
Mandatory Programs															
Benefit Programs															
Compensation and Pensions															
Disability Compensation Benefits	49,182,665	52,760,872		46,090,966	51,785,368		56,508,469	59,385,741		$10,417,503	$7,600,373	0	22.60%	14.68%	
Compensation ARRA										$0	$0	0			
Proposed legislation - COLA Increase of 1.9% in 2013							772,014			$772,014	$0	0			
Transfer to/from Readjustment Benefits (EE)	-938,528									$0	$0	0			
Subtotal Compensation	**48,244,137**	**52,760,872**		**46,090,966**	**51,785,368**		**57,280,483**	**59,385,741**		$11,189,517	$7,600,373	0	24.28%	14.68%	
Pensions Benefits	4,644,279	4,664,383		4,945,404	4,207,026		4,239,878	4,914,116		$-705,526	$707,090	0	-14.27%	16.81%	
Subtotal Pension	**4,644,279**	**4,664,383**		**4,945,404**	**4,207,026**		**4,239,878**	**4,914,116**		$-705,526	$707,090	0	-14.27%	16.81%	
Burial Benefits	151,241	151,241		201,197	201,197		220,871	220,871		$19,674	$19,674	0	9.78%	9.78%	
Subtotal Burial	**151,241**	**151,241**	**0**	**201,197**	**201,197**	**0**	**220,871**	**220,871**	**0**	$19,674	$19,674	0	9.78%	9.78%	
Emergency Appropriations for Economic Recovery Act		1,501								$0	$0	0			
Total Compensation and Pensions & ARRA	53,039,657	57,577,997	0	51,237,567	56,193,591	0	61,741,232	64,520,728	0	$10,503,665	$8,327,137	0	20.50%	14.82%	

Department of Veterans Affairs

Discretionary Programs Funding and Average Employment for 2011 - 2013

(dollars in thousands)

	2011 - Actuals (PY)			2012 - Current Estimate (CY)			2013 - Request (BY)			Change (BY - CY)			Percentage Change [(BY - CY)/CY]		
	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE	BA	Outlay	FTE
Readjustment Benefits															
Education Benefits:	**9,628,241**	**9,907,676**		**11,149,642**	**11,166,173**		**11,540,850**	**12,635,197**		$391,208	$1,467,024	0	3.51%	13.14%	
Transfer to/from Compensation Benefits	938,528	0								$0	$0	0			
Subtotal Education	*10,566,769*	*9,907,676*	*0*	*11,149,642*	*11,166,173*	*0*	*11,540,850*	*12,635,197*	*0*	$391,208	$1,467,024	0	3.51%	13.14%	
Vocational Rehabilitation & Employment	**767,865**	**797,793**	**0**	**956,846**	**948,811**		**1,066,626**	**1,066,737**		$107,780	$117,926	0	11.24%	12.43%	
Total Readjustment Benefits	**11,334,634**	**10,705,469**	**0**	**12,106,488**	**12,114,984**	**0**	**12,607,476**	**13,699,934**	**0**	$498,988	$1,584,950	0	4.12%	13.08%	
Housing Program															
Housing Program Upward Reestimate	1,385,640	1,383,640		1,509,884	1,509,884					$-1,509,884	$-1,509,884	0	-100.00%	-100.00%	
Housing Program Original Loan Subsidy	3,719	3,719		148,824	148,824		184,859	184,859		$36,035	$36,035	0	24.21%	24.21%	
Native American Veteran Housing Loan Program	4,568	4,568		12,911	12,911		0	0		$-12,911	$-12,911	0	-100.00%	-100.00%	
Vocational Rehabilitation Upward Reestimate	194	194		106	106		0	0		$-106	$-106	0	-100.00%	-100.00%	
Veterans housing benefit program fund liquidating	-7,329	-8,828		-7,106	-4,742		-6,274	-6,274		$832	$-1,532	0	-11.71%	32.31%	
Subtotal Housing	*1,384,732*	*1,383,293*		*1,664,619*	*1,666,983*		*178,585*	*178,585*		$-1,486,034	$-1,488,398	0	-89.27%	-89.29%	
Insurance Benefits	**77,589**	**81,667**		**100,252**	**101,730**		**104,600**	**104,600**		**$4,348**	**$2,870**	0	**4.34%**	**2.82%**	
Subtotal Insurance	*77,589*	*81,667*		*100,252*	*101,730*		*104,600*	*104,600*		$4,348	$2,870	0	4.34%	2.82%	
Trust Funds															
Post-Vietnam era veterans education account	8	1,341		8	1,212		8	1,163		$0	$-49	0	0.00%	-4.04%	
Service-disabled veterans insurance fund	0	-16,423		0	10,339		0	4,376		$0	$-5,963	0		-57.67%	
Veterans reopened insurance fund	0	26,733		0	27,835		0	28,140		$0	$305	0		1.10%	
Veterans canteen service revolving fund	0	147		0	147		0	147		$0	$0	0		0.00%	
Veterans special life insurance fund	1,042,461	1,130,288		1,046,203	1,129,395		997,119	1,480,769		$-49,084	$-48,586	0	-4.69%	-4.30%	
U.S. Government life insurance	3,690	5,169		3,990	4,858		2,520	3,860		$-570	$-978	0	-18.45%	-20.21%	
Veterans special life insurance fund	0	15,922		0	49,454		0	52,830		$0	$3,376	0		6.83%	
Subtotal Trust Funds	*1,046,159*	*1,162,513*		*1,050,201*	*1,223,015*		*999,637*	*1,571,120*		$-49,664	$-51,895	0	-4.73%	-4.24%	
Medical Programs															
Canteen service revolving fund	0	7,862	3,274	0	3,200	3,400	0	0	3,490	$0	$-3,200	90	-100.00%	-100.00%	1.47%
General post fund	28,024	25,799	0	28,900	26,600	0	29,900	272,500	0	$1,000	$246,000	0	3.46%	3.38%	
Subtotal Veterans Health Administration	**28,024**	**33,661**	**3,274**	**28,900**	**29,800**	**3,400**	**29,900**	**272,500**	**3,490**	$1,000	$242,800	90	3.46%	7.09%	1.47%
Departmental Administration															
Supply Fund	0	-45,803	893	0	-477,000	1,100	0	-100,000	1,300	$0	$377,000	200			18.18%
Transfer to Veterans Employment & Infrastructure Transfer							1,000,000	50,000	5						
Subtotal Departmental Administration	**0**	**-45,803**	**893**	**0**	**-477,000**	**1,100**	**1,000,000**	**-50,000**	**1,305**	$1,000,000	$427,000	205			18.64%
Benefits Programs Proprietary receipts															
GI Bill	-175,578	-175,578	0	-157,273	-157,273	0	-138,967	-138,967	0	$18,306	$18,306	0	-11.64%	-11.64%	
National service life insurance fund	-92,022	-92,022	0	-79,540	-79,540	0	-68,520	-68,520	0	$11,020	$11,020	0	-13.85%	-13.85%	
Post-Vietnam era veterans education account	-8	-8	0	-8	-8	0	-8	-8	0	$0	$0	0	0.00%	0.00%	
Downward Reestimates:										$0	$0	0			
Acquired Direct Loan	-4,009	-4,009		-12,373	-12,373		0	0	0	$12,373	$12,373	0	-100.00%	-100.00%	
Vendee Direct	-8,340	-8,340	0	-1,747	-1,747	0	0	0	0	$1,747	$1,747	0	-100.00%	-100.00%	
Housing Housing, Direct Loans	-2,316	-2,316	0	-2,100	-2,100	0	0	0	0	$2,100	$2,100	0	-100.00%	-100.00%	
Veterans housing benefit fund guaranteed loan	-17,187	-17,187	0	-77,971	-77,971	0	0	0	0	$77,971	$77,971	0	-100.00%	-100.00%	
Veterans housing benefit fund loan sales securities	-824	-824	0	0	0	0	0	0	0	$0	$0	0			
Native American veterans program account	-3,200	-3,200	0	-5,004	-5,004	0	0	0	0	$5,004	$5,004	0	-100.00%	-100.00%	
Vocational rehabilitation loan program	-44	-44		-189	-189		0	0		$189	$189	0	-100.00%	-100.00%	
Negative Subsidy:										$0	$0	0			
Acquired Direct	-10	-10	0	0	0		-1,446	-1,446		$-1,446	$-1,446	0			
Vendee Direct	-5,531	-5,531	0	-23,113	-23,113	0	-72,435	-72,435	0	$-49,322	$-49,322	0	39.29%	39.29%	
Veterans housing benefit fund guaranteed loans	-222,987	-222,987		-108,963	-108,963		-49,640	-49,640		$59,323	$59,323	0	-54.44%	-54.44%	
U.S. Government life insurance	-109	-109		-70	-70		-60	-60		$10	$10	0	14.29%	14.29%	
Native American veterans program account	-1,023	-1,023	0	-1,331	-1,331	0	-2,015	-2,015	0	$-684	$-684	0	51.39%	51.39%	
Subtotal, Proprietary receipts	**-531,188**	**-531,188**	**0**	**-467,682**	**-467,682**	**0**	**-292,851**	**-292,851**	**0**	$174,831	$174,831	0	-37.38%	-37.38%	
Intragovernmental transactions															
National service life insurance fund	-298	-298	0	-230	-230	0	-180	-180	0	$50	$50	0	-21.74%	-21.74%	
Post-Vietnam era veterans education account	-217	-217	0	-561	-561	0	-533	-533	0	$28	$28	0	-4.99%	-4.99%	
Service-disabled veterans insurance fund	-1,015	-1,015	0	-2,781	-2,781	0	-2,713	-2,713	0	$68	$68	0	-2.45%	-2.45%	
Total, Mandatory Proprietary transactions	**66,378,592**	**70,366,534**	**4,077**	**65,750,634**	**70,384,430**	**4,589**	**76,367,866**	**79,358,903**	**4,755**	$10,617,232	$8,974,473	255	16.15%	12.75%	5.67%
Total New Discretionary Veterans Affairs	**122,899,377**	**127,115,722**	**285,742**	**124,213,845**	**129,209,631**	**302,283**	**137,341,246**	**139,831,246**	**306,643**	$13,127,401	$10,621,615	4,360	10.60%	8.21%	1.44%
Total Gross, Department Veterans Affairs	**125,580,040**	**129,704,021**	**285,742**	**126,964,007**	**131,986,576**	**302,283**	**140,347,247**	**142,689,759**	**306,643**	$13,383,240	$10,711,180	4,360	10.54%	8.12%	1.44%

[1] In FY 2013, Medical Services BA and Outlays reflect an anticipated $15 million transfer to VA/DoD JIF Fund.

[2] In FY 2012, BA and Outlays reflect VA's portion of funding DoD is anticipated to contribute an additional $155.5million in FY 2012 funding. In FY 2013, the President's budget anticipates no funding of $495.3million for the Captain James A. Lovell Federal health Care Center

Appropriation-Reconciliation
(dollars in thousands)

Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Federal funds:				
Benefit programs:				
Disability Compensation Mandatory Benefits	$49,182,665	$46,090,966	56,508,469	$10,417,503
Transfer to/from Readjustment Benefits (RB)				$0
Transfter to Veterans Insurance Benefits (VII)				$0
Proposed Supplemental	0			$0
Proposed legislation - COLA Increase of 1.9% in 2013			772,014	$772,014
Total Disability Compensation	49,182,665	46,090,966	57,280,483	$11,189,517
Burial Mandatory Benefits	151,241	201,197	220,871	$19,674
Transfer to/from Readjustment Benefits (RB)				$0
Pensions Mandatory Benefits	4,644,279	4,945,404	5,315,355	$369,951
Transfer from Readjustment Benefits (RB)				$0
Subtotal, Compensation and Pension	53,978,185	51,237,567	62,816,709	$11,579,142
Education Mandatory Benefits	9,628,241	11,149,642	11,540,850	$391,208
Transfer to/from Compensation	938,528			$0
Transfter to Veterans Insurance Benefits (VII)				
Vocational rehabilitation and employment Mandatory Benefits	767,865	958,846	1,066,626	$107,780
Subtotal, Readjustment Benefits	11,334,634	12,108,488	12,607,476	$498,988
Insurance Mandatory Benefits	77,589	100,252	104,600	$4,348
Transfer to/from Readjustment Benefits (RB)		0	0	$0
Housing Mandatory Benefits	1,387,359	1,658,708		-$1,658,708
Total Benefits Mandatory	**66,777,767**	**65,105,015**	**75,528,785**	**$10,423,770**
Medical Research and Support	581,000	581,000	582,674	$1,674
Rescission	-1,162			
Total Medical Research and Support	**579,838**	**581,000**	**582,674**	**1,674**
Medical programs:				
Medical Services	37,136,000	39,649,985	41,519,000	$1,869,015
Transfer to Joint DoD/VA Medical Facility Demonstration Fund	-48,480	-172,750		$172,750
Rescission	-74,272			$0
Transfer to VA/DoD Health Care Sharing Incentive Fund	-65,000	-15,000		$15,000
Medical Care Collections Fund	2,770,663	2,749,362	2,966,000	$216,638
Total Medical Services with Collections	**39,718,911**	**42,211,597**	**44,485,000**	**$2,273,403**
Medical Support and Compliance	5,307,000	5,535,000	5,746,000	$211,000
Transfer to Joint DoD/VA Medical Facility Demonstration Fund	-10,087	-24,168		$24,168
Rescission	-44,546			$0
Total Medical Support and Compliance	**5,252,367**	**5,510,832**	**5,746,000**	**$235,168**
Medical Facilities	5,740,000	5,426,000	5,441,000	$15,000
Rescission	-26,450			$0
Transfer from Medical Services	-10,434	-37,162		$37,162
Total Medical Facilities	**5,703,116**	**5,388,838**	**5,441,000**	**$52,162**
VA/DoD Health Care Sharing Incentive Fund	65,000	15,000	0	-$15,000
Transfer from DoD	65,000	15,000		
Total VA/DoD Health Care Sharing Incentive Fund	130,000	30,000	0	-15,000
Joint DoD/VA Medical Facility Demonstration Fund	104,004	240,685		
Transfer from DoD		135,630		
Transfer from MCCF Collections		17,638		
Total Joint DoD/VA Medical Facility Demonstration Fund	**104,004**	**393,953**	**0**	**0**
Total Medical Care	**50,908,398**	**53,535,220**	**55,672,000**	**2,545,733**
Total Medical Programs	**51,488,236**	**54,116,220**	**56,254,674**	**$2,138,454**

Appropriation-Reconciliation
(dollars in thousands)

Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Federal funds:				
National Cemetery Administration	250,000	250,934	258,284	$7,350
Rescission	-500			
Total National Cemetery Administration	**249,500**	**250,934**	**258,284**	**7,350**
Department Administration:				
General administration	397,500	416,737	416,737	$0
Rescission	-795			
Total General Administration	**396,705**	**416,737**	**416,737**	**0**
VBA-GOE	2,148,776	2,018,764	2,164,074	$145,310
Rescission	-16,274			
Total VBA GOE	2,132,502	2,018,764	2,164,074	145,310
Subtotal, GOE	**2,529,207**	**2,435,501**	**2,580,811**	**$145,310**
Office of Inspector General	109,000	112,391	113,000	$609
Rescission	-218			
Subtotal, IG	**108,782**	**112,391**	**113,000**	**$609**
Construction Major	1,151,036	589,604	532,470	-$57,134
Rescission	-2,302			
Prior Year Recoveries	-75,000			
Subtotal, Construction Major	**1,073,734**	**589,604**	**532,470**	**-57,134**
Construction Minor	467,700	482,386	607,530	$125,144
Rescission	-935			
Subtotal, Construction Minor	**466,765**	**482,386**	**607,530**	**125,144**
Grants for State Extended Care	85,000	85,000	85,000	$0
Rescission	-170			
Subtotal, Grants State Extended Care	**84,830**	**85,000**	**85,000**	**0**
Grants for State Cemeteries	46,000	46,000	46,000	$0
Rescission	-92			
Subtotal, Grants State Cemeteries	**45,908**	**46,000**	**46,000**	**0**
Credit Reform	163,167	156,157	159,249	$3,092
Rescission	-332			
Subtotal, Credit Reform	162,835	156,157	159,249	3,092
Information Technology	3,142,761	3,111,376	3,327,444	$216,068
Rescission	-4,137			
Prior Year Recoveries	-147,000			
Subtotal, Information Technology	**2,991,624**	**3,111,376**	**3,327,444**	**216,068**
Total Departmental Administration	**7,463,685**	**7,018,415**	**7,451,504**	**433,089**
Total appropriations	**$125,979,188**	**$126,490,584**	**$139,493,247**	**$13,002,663**
Total Mandatory	**$66,777,767**	**$65,105,015**	**$75,528,785**	**$10,423,770**
Total Discretionary without MCCF	**$56,430,758**	**$58,636,207**	**$60,998,462**	**$2,362,255**
Total Discretionary with MCCF and other receipts	**$59,201,421**	**$61,385,569**	**$63,964,462**	**$2,578,893**

Budget Authority (Net) *(dollars in thousands)*				
Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Federal funds:				
Benefit programs:				
Disability compensation benefits	$48,244,137	$46,090,966	$57,280,483	$11,189,517
Pensions benefits	4,644,279	4,945,404	4,239,878	-$705,526
Education Benefits	10,566,769	11,149,642	11,540,850	$391,208
Vocational rehabilitation and employment benefits	767,865	958,846	1,066,626	$107,780
Insurance benefits	77,589	100,252	104,600	$4,348
Housing program account mandatory	1,387,359	1,658,708	184,859	-$1,473,849
Native American	4,508	12,911	0	-$12,911
Vocational Rehabilitation Upward Reestimates	194	106	0	-$106
Burial benefits	151,241	201,197	220,871	$19,674
Veterans Employment and Infrastructure Transfer			1,000,000	$1,000,000
Total benefit programs	**65,843,941**	**65,118,032**	**75,638,167**	**$10,520,135**
Medical programs:				
Medical services	36,948,248	39,462,235	41,504,000	$2,041,765
Medical care collections fund	2,770,663	2,749,362	2,966,000	$216,638
Total medical care	39,718,911	42,211,597	44,470,000	$2,258,403
Medical Support and Compliance	5,252,367	5,510,832	5,746,000	$235,168
Medical facilities	5,703,116	5,388,838	5,441,000	$52,162
VA/DoD Health Sharing Incentive Fund	130,000	30,000	30,000	$0
Joint DoD/VA Medical Facility Demonstration Fund	104,004	258,323		
Medical and prosthetic research	579,838	581,000	582,674	$1,674
Total medical programs	**51,488,236**	**53,980,590**	**56,269,674**	**$2,289,084**
National Cemeteries Administration	**249,500**	**250,934**	**258,284**	**$7,350**
Departmental Administration:				
General administration	396,705	416,737	416,737	$0
Filipino Veterans Equity Compensation Fund	0	0	0	$0
Office of Inspector General	108,782	112,391	113,000	$609
VBA-GOE	2,132,502	2,018,764	2,164,074	$145,310
Construction Major	1,073,734	589,604	532,470	-$57,134
Construction Minor	466,765	482,386	607,530	$125,144
Grants for State Extended Care	84,830	85,000	85,000	$0
Grants for State Cemeteries	45,908	46,000	46,000	$0
Credit Reform	162,862	156,176	159,268	$3,092
Information Technology	2,991,624	3,104,771	3,327,444	$222,673
Total Departmental administration	**7,463,712**	**7,011,829**	**7,451,523**	**$439,694**
Total appropriations, adjusted	**125,045,389**	**126,361,385**	**139,617,648**	**$13,256,263**

Budget Authority (Net) *(dollars in thousands)*				
Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Proprietary receipts from the public:				
GI Bill receipts	-175,578	-157,273	-138,967	$18,306
National service life insurance fund	-92,022	-79,540	-68,520	$11,020
Post-Vietnam era veterans education account	-8	-8	-8	$0
Downward reestimates:				
Acquired Direct	-4,009	-12,373	0	$12,373
Vendee Direct	-8,340	-1,747	0	$1,747
Transitional Housing	-316	-100	0	$100
Veterans housing benefit fund guaranteed loan account	-17,187	-77,971	0	$77,971
Veterans housing benefit fund loan sale securities	-824	0	0	$0
Native American veterans program account	-3,200	-5,004	0	$5,004
Vocational rehabilitation loan program	-44	-189	0	$189
Negative subsidy:				
Acquired Direct Loan	-10	0	-1,446	-$1,446
Vendee Direct	-5,531	-23,113	-32,195	-$9,082
Veterans housing benefit fund guaranteed loan account	-222,987	-108,963	-49,640	$59,323
U.S. Government life insurance	-109	-70	-60	$10
Native American veterans program account	-1,023	-1,331	-2,015	-$684
Medical care collections fund	-2,770,663	-2,749,362	-2,966,000	-$216,638
Total proprietary receipts from the public	**-3,301,851**	**-3,217,044**	**-3,258,851**	**-$41,807**
Total federal funds	**121,743,538**	**123,144,341**	**136,358,797**	**$13,214,456**
Trust funds:				
Post-Vietnam era veterans education account	8	8	8	$0
General post fund	28,024	28,900	29,900	$1,000
Pershing Hall revolving fund	0	0	0	$0
National service life insurance	1,042,461	1,046,203	997,109	-$49,094
U.S. Government life insurance	3,690	3,090	2,520	-$570
Total trust funds (gross)	**1,074,183**	**1,078,201**	**1,029,537**	**-$48,664**
Veterans housing benefit program fund liquidating accoun	**-7,329**	**-7,106**	**-6,274**	**$832**
Intragovernmental transactions				
Post-Vietnam era veterans education account	-298	-230	-180	$50
National service life insurance	-717	-561	-533	$28
Total Intergovernmental transactions	**-1,015**	**-791**	**-713**	**$78**
Total Department of Veterans Affairs	**$122,809,377**	**$124,214,645**	**$137,381,347**	**$13,166,702**

Outlays (Net) *(dollars in thousands)*				
Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Federal funds:				
Benefit programs:				
Disability compensation benefits	$52,762,373	$51,785,368	$59,385,741	$7,600,373
Proposed legislation - Concurrent Receipt				
Pensions benefits	4,664,383	4,207,026	4,914,116	$707,090
Burial Benefits	151,241	201,197	220,871	$19,674
Education Benefits	9,907,676	11,166,173	12,633,197	$1,467,024
Vocational rehabilitation and employment benefits	797,793	948,811	1,066,737	$117,926
Insurance benefits	81,667	101,730	104,600	$2,870
Veterans housing benefit program fund liquidating account	-8,828	-4,742	-6,274	-$1,532
Housing program account benefits	1,387,359	1,658,708	184,859	-$1,473,849
Native American Veteran housing Loan Program	4,508	12,911	0	-$12,911
Vocational Rehabilitation Upward Reestimate	194	106	0	-$106
Credit Reform	142,486	156,176	159,268	$3,092
Veterans Employement and Infrastructure Transfer			50,000	
Service-disabled veterans insurance fund	-16,423	10,339	4,376	-$5,963
Veterans reopened insurance fund	26,733	27,835	28,140	$305
Servicemembers' group life insurance fund	-17	-18	-18	$0
Total benefit programs	**69,901,145**	**70,271,620**	**78,745,613**	**8,423,993**
Medical programs:				
Medical services	36,995,680	38,522,906	40,671,063	2,148,157
Medical care collections fund	2,588,294	2,758,947	2,868,513	109,566
Total medical services	39,583,974	41,281,853	43,539,576	2,257,723
Medical Support and Compliance	5,344,172	5,403,246	5,636,815	233,569
Medical facilities	5,478,874	5,432,200	5,281,791	-150,409
VA/DoD Healthcare Sharing Incentive Fund	88,800	92,500	80,000	-12,500
Joint VA/DoD Medical Facility Demonstration Fund	64,456	241,851	24,288	-217,563
Medical and prosthetic research	558,875	571,778	573,198	1,420
Canteen service revolving fund	7,862	3,000		-3,000
Total medical programs	**51,127,013**	**53,026,428**	**55,135,668**	**2,109,240**
Departmental Administration				
General Administration	404,860	404,463	407,672	3,209
VBA GOE	2,232,616	1,990,681	2,094,700	104,019
Filipino Veterans Equity Compensation Fund	10,099	9,914	9,914	0
National Cemetery Administration	254,521	249,014	252,658	3,644
Construction-Major	1,011,708	1,002,367	925,704	-76,663
Construction-Minor	578,966	751,488	420,454	-331,034
Grants for State Extended Care Facilities	124,369	261,393	74,147	-187,246
Grants for State Cemeteries	49,872	32,545	32,658	113
Information Technology	3,354,500	3,562,679	3,716,070	153,391
Office of Inspector General	109,148	116,000	109,943	-6,057
Franchise fund	-54,809	24,000	-8,000	-32,000
Supply fund	-45,803	-477,000	-100,000	377,000
General Operating Expenses-SSA		0	0	0
Pershing hall revolving fund		0	0	0
Total GOE & Miscellaneous	**8,030,047**	**7,927,544**	**7,935,920**	**8,376**
Total appropriations & funds	**129,058,205**	**131,225,592**	**141,817,201**	**10,541,609**

Outlays (Net) *(dollars in thousands)*				
Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Proprietary receipts from the public:				
GI Bill	-175,578	-157,273	-138,967	18,306
Downward reestimates				
Third party offset of first party debt				0
Pharmacy Co-Pays				0
Direct Loans	-4,009	-12,373	0	12,373
Vendee Direct	-8,340	-1,747	0	1,747
Transitional Housing - Direct Loans	-316	-100	0	100
Veterans housing benefit fund guaranteed loan	-17,187	-77,971	0	77,971
Veterans housing benefit fund loan sale securities	-824	0	0	0
Native American veterans program account	-3,200	-5,004	0	5,004
Vocational rehabilitation loan program	-44	-189	0	189
Negative subsidy:				
Acquired Direct	-10	0	-1,446	-1,446
Vendee Direct	-5,531	-23,113	-32,195	-9,082
Veterans housing benefit fund guaranteed loan	-222,987	-108,963	-49,640	59,323
Native American veteran housing loan program account	-1,023	-1,331	-2,015	-684
Medical care collections fund	-2,588,294	-2,758,947	-2,868,513	-109,566
Total proprietary receipts from the public	**-3,027,343**	**-3,147,011**	**-3,092,776**	**54,235**
Total federal funds	**126,030,862**	**128,078,581**	**138,724,425**	**10,595,844**
Trust funds:				
General post fund	25,799	26,600	27,500	900
Post-Vietnam era veterans education account	1,341	1,212	1,163	-49
National service life insurance	1,130,388	1,129,355	1,080,769	-48,586
U.S. Government life insurance	5,169	4,838	3,860	-978
Veterans special life insurance	15,322	49,454	52,830	3,376
National cemetery gift fund	0	0	0	0
Total trust funds (gross)	**1,178,019**	**1,211,459**	**1,166,122**	**-45,337**
Proprietary receipts from the public	**-92,139**	**-79,618**	**-68,588**	**11,030**
Post-Vietnam era veterans education account	-8	-8	-8	0
U.S. Government life insurance	-109	-70	-60	10
National service life insurance	-92,022	-79,540	-68,520	11,020
Total trust funds (net)	**1,085,880**	**1,131,841**	**1,097,534**	**-34,307**
Intragovernmental transactions	**-1,015**	**-791**	**-713**	**78**
Post-Vietnam era veterans education account	-717	-561	-533	28
U.S. Government life insurance	0	0	0	
National service life insurance	-298	-230	-180	50
Total Department of Veterans Affairs	**$127,115,727**	**$129,209,631**	**$139,821,246**	**$10,561,615**

Functional Distribution of Budget Authority (Net) *(dollars in thousands)*				
Function and Program	2011	2012	2013	Increase (+) Decrease (-)
701: Income security for veterans:				
Disability compensation benefits	$48,244,137	$46,090,966	$57,280,483	$11,189,517
Pensions benefits	4,644,279	4,945,404	4,239,878	-$705,526
Burial benefits	151,241	201,197	220,871	$19,674
National cemetery gift fund	0	0	0	$0
Insurance benefits	77,589	100,252	104,600	$4,348
Service-disabled veterans insurance fund	0	0	0	$0
Veterans reopened insurance fund	0	0	0	$0
National service life insurance	1,042,461	1,046,203	997,109	-$49,094
US Government life insurance	3,690	3,090	2,520	-$570
Veterans special life insurance fund	0	0	0	$0
Servicemember's group life insurance fund	0	0	0	$0
US Government life insurance	-109	-70	-60	$10
Subtotal, income security for veterans	**54,163,288**	**52,387,042**	**62,845,401**	**$10,458,359**
702: Veterans education, training and rehabilitation:				
Education benefits	10,566,769	11,149,642	11,540,850	$391,208
Vocational rehabilitation and employment benefits	767,865	958,846	1,066,626	$107,780
Post-Vietnam era veterans education account	8	8	8	$0
Post-Vietnam era veterans education receipts	-298	-230	-180	$50
National service life insurance receipts	-717	-561	-533	$28
Downward reestimates:				$0
Vocational Rehabilitation loan program	-44	-189	0	$189
GI Bill receipts	-175,578	-157,273	-138,967	$18,306
National service life insurance fund	-92,022	-79,540	-68,520	$11,020
Post-Vietnam era veterans education account	-8	-8	-8	$0
Veterans Employment and Infrastructure Transfer			1,000,000	$1,000,000
Subtotal, veterans education, training and rehabilitation	**11,065,975**	**11,870,695**	**13,399,276**	**$1,528,581**
703: Hospital & Medical Care for veterans:				
Medical services	36,948,248	39,462,235	41,504,000	$2,041,765
Medical care collections fund	2,770,663	2,749,362	2,966,000	$216,638
Total medical services	39,718,911	42,211,597	44,470,000	$2,258,403
Medical Support and Compliance	5,252,367	5,510,832	5,746,000	$235,168
Medical facilities	5,703,116	5,388,838	5,441,000	$52,162
VA/DoD Health Sharing Incentive Fund	130,000	30,000	30,000	$0
Joint DoD/VA Medical Facility Demonstration Fund	104,004	258,323		
Medical and prosthetic research	579,838	581,000	582,674	$1,674
Medical care collections fund, receipts	-2,770,663	-2,749,362	-2,966,000	-$216,638
Downward reestimates:				
Subtotal, hospital and medical care for veterans	**48,717,573**	**51,231,228**	**53,303,674**	**$2,072,446**

Functional Distribution of Budget Authority (Net) *(dollars in thousands)*				
Function and Program	2010	2011	2012	Increase (+) Decrease (-)
704: Veterans housing:				
Veterans housing benefit program fund liquidating account	-7,329	-7,106	-6,274	$832
Housing program account mandatory	1,387,359	1,658,708	184,859	-$1,473,849
Native American	4,508	12,911	0	-$12,911
Vocational Rehabilitation Upward Reestimates	194	106	0	-$106
Downward reestimates:				
Veterans housing benefit guaranteed loan	-17,187	-77,971	0	$77,971
Veterans housing benefit fund loan sale securities	-824	0	0	$0
Veterans housing benefit direct loan	0	0	0	$0
Native American veterans program account	-3,200	-5,004	0	$5,004
Acquired Direct	-4,009	-12,373	0	$12,373
Vendee Direct	-8,340	-1,747	0	$1,747
Transitional Housing-Direct Loans	-316	-100	0	$100
Negative subsidy:				$0
Acquired Direct Loan	-10	0	-1,446	-$1,446
Vendee Direct	-5,531	-23,113	-32,195	-$9,082
Veterans housing benefit fund guaranteed loan account	-222,987	-108,963	-49,640	$59,323
Native American veterans program account	-1,023	-1,331	-2,015	-$684
Subtotal, veterans housing	**1,121,305**	**1,434,017**	**93,289**	**-$1,340,728**
705: Other veterans benefits and services:				
National Cemeteries Administration	249,500	250,934	258,284	$7,350
General post fund	28,024	28,900	29,900	$1,000
General administration	396,705	416,737	416,737	$0
Office of Inspector General	108,782	112,391	113,000	$609
VBA-GOE	2,132,502	2,018,764	2,164,074	$145,310
Filipino Veterans Compensation Fund	0	0	0	$0
Construction Major	1,073,734	589,604	532,470	-$57,134
Construction Minor	466,765	482,386	607,530	$125,144
Grants for State Extended Care	84,830	85,000	85,000	$0
Grants for State Cemeteries	45,908	46,000	46,000	$0
Credit Reform	162,862	156,176	159,268	$3,092
Information Technology	2,991,624	3,104,771	3,327,444	$222,673
Subtotal, other veterans benefits and services	**7,741,236**	**7,291,663**	**7,739,707**	**$448,044**
Total, function 700 distribution of Budget Authority for the Department of Veterans Affairs	**122,809,377**	**124,214,645**	**137,381,347**	**$13,166,702**
Deduction for offsetting receipts (function 902)	0	0	0	**$0**
Total Department of Veterans Affairs	**$122,809,377**	**$124,214,645**	**$137,381,347**	**$13,166,702**

Functional Distribution of Outlays
(dollars in thousands)

Function and Program	2011	2012	2013	Increase (+) Decrease (-)
701: Income security for veterans:				
Disability compensation benefits	$52,762,373	$51,785,368	$59,385,741	$7,600,373
Proposed legislation - Concurrent Receipt	0	0	0	0
Pensions benefits	4,664,383	4,207,026	4,914,116	707,090
Burial benefits	151,241	201,197	220,871	19,674
Insurance benefits	81,667	101,730	104,600	2,870
Service-disabled veterans insurance	-16,423	10,339	4,376	-5,963
Veterans reopened insurance fund	26,733	27,835	28,140	305
Servicemembers' group life insurance fund	-17	-18	-18	0
National service life insurance	1,130,388	1,129,355	1,080,769	-48,586
U.S. Government life insurance	5,169	4,838	3,860	-978
Veterans special life insurance	15,322	49,454	52,830	3,376
NSLI & USGLI receipts	-92,429	-79,840	-68,760	11,080
Subtotal, income security for veterans	**58,728,407**	**57,437,284**	**65,726,525**	**8,289,241**
702: Veterans education, training, and rehabilitation:				
Education benefits	9,907,676	11,166,173	12,633,197	1,467,024
Vocational rehabilitation and employment benefits	797,793	948,811	1,066,737	117,926
Vocational rehabilitation Upward Reestimate	194	106	0	-106
Credit Reform	142,486	156,176	159,268	3,092
Post-Vietnam era veterans education	1,341	1,212	1,163	-49
Post-Vietnam era veterans education receipts	-725	-569	-541	28
Downward reestimates:				
Vocational rehabilitation loan program	-44	-189	0	189
GI Bill receipts	-175,578	-157,273	-138,967	18,306
Veterans Employement and Infrastructure Transfer			50,000	
Subtotal, veterans education, training and rehabilitation	**10,673,143**	**12,114,447**	**13,770,857**	**1,606,410**
703: Hospital and medical care for veterans:				
Medical services	39,583,974	41,281,853	43,539,576	2,257,723
Medical Support and Compliance	5,344,172	5,403,246	5,636,815	233,569
Medical facilities	5,478,874	5,432,200	5,281,791	-150,409
VA/DoD Health Sharing Incentive Fund	88,800	92,500	80,000	-12,500
Joint VA/DoD Medical Facility Demonstration Fund	64,456	241,851	24,288	-217,563
Medical and prosthetic research	558,875	571,778	573,198	1,420
Medical care collections fund, receipts	-2,588,294	-2,758,947	-2,868,513	-109,566
Subtotal, hospital and medical care for veterans	**48,530,857**	**50,264,481**	**52,267,155**	**2,002,674**

Functional Distribution of Outlays
(dollars in thousands)

Function and Program	2010	2011	2012	Increase (+) Decrease (-)
704: Veterans Housing				
Veterans housing benefit program fund liquidating account	-8,828	-4,742	-6,274	-1,532
Housing program account benefits	1,387,359	1,658,708	184,859	-1,473,849
Native American Veteran housing Loan Program	4,508	12,911	0	-12,911
Downward reestimates:				
Vendee Direct	-8,340	-1,747	0	1,747
Transitional Housing - Direct Loans	-316	-100	0	100
Veterans housing benefit guaranteed loan	-17,187	-77,971	0	77,971
Veterans housing benefit loan securities	-824	0	0	0
Veterans housing benefit direct loan	-4,009	-12,373	0	12,373
Native American veterans program account	-3,200	-5,004	0	5,004
Negative subsidy:				
Acquired Direct	-10	0	-1,446	-1,446
Vendee Direct	-5,531	-23,113	-32,195	-9,082
Veterans housing benefit fund guaranteed loan	-222,987	-108,963	-49,640	59,323
Native American veteran housing loan program account	-1,023	-1,331	-2,015	-684
Subtotal, veterans housing	**1,119,612**	**1,436,275**	**93,289**	**-1,396,101**
705: Other veterans benefits and services:				
VBA-GOE	2,232,616	1,990,681	2,094,700	104,019
Filipino Veterans Equity Compensation Fund	10,099	9,914	9,914	0
National Cemetery Administration	254,521	249,014	252,658	3,644
Canteen service revolving fund	7,862	3,000	0	-3,000
Supply fund	-45,803	-477,000	-100,000	377,000
General post fund	25,799	26,600	27,500	900
General Administration	404,860	404,463	407,672	3,209
Construction-Major	1,011,708	1,002,367	925,704	-76,663
Construction- Minor	578,966	751,488	420,454	-331,034
Grants for State Extended Care	124,369	261,393	74,147	-187,246
Grants for State Cemeteries	49,872	32,545	32,658	113
Information Technology	3,354,500	3,562,679	3,716,070	153,391
National cemetery gift fund	0	0	0	0
Office of Inspector General	109,148	116,000	109,943	-6,057
Franchise fund	-54,809	24,000	-8,000	-32,000
General Operating Expenses-SSA	0	0	0	
Pershing hall revolving fund	0	0	0	0
Subtotal, other veterans benefits and services	**8,063,708**	**7,957,144**	**7,963,420**	**6,276**
Total, function 700 Distribution of Budget Outlays for the Department of Veterans Affairs	**$127,115,727**	**$129,209,631**	**$139,821,246**	**$10,508,500**
Deduction for offsetting receipts (Function 902)				0
Total Department of Veterans Affairs	**$127,115,727**	**$129,209,631**	**$139,821,246**	**$10,611,615**

Obligations *(dollars in thousands)*				
Appropriation/Fund Account	2011	2012	2013	Increase (+) Decrease (-)
Federal funds:				
Benefit programs:				
Disability compensation benefits	$49,463,325	$56,383,982	$55,591,390	-$792,592
Proposed legislation (COLA)	0	0	772,014	772,014
Pensions benefits	4,317,812	4,580,616	4,931,133	350,517
Burial benefits	151,241	201,197	220,967	19,770
Education benefits	10,041,246	11,690,811	13,076,647	1,385,836
Post-Vietnam era veterans' education account	1,343	1,243	1,144	-99
Vocational rehabilitation and employment benefits	767,865	958,846	1,067,626	108,780
Vocational rehabilitation loan program account	549	468	365	-103
Insurance benefits	80,298	105,954	109,920	3,966
Housing program account benefits	1,528,453	1,819,183	347,510	-1,471,673
Native American Direct Loan Program Account	5,171	14,027	1,089	-12,938
Service-disabled veterans insurance fund	118,230	162,160	165,926	3,766
Veterans reopened insurance fund	46,668	43,960	41,310	-2,650
Servicemembers' group life insurance fund	1,073,123	1,082,790	814,750	-268,040
Filipino Veterans Equity Compensation Fund	10,099	9,915	9,915	0
Compensation & Pensions, Recovery Act	-857	0	0	0
Total benefits programs	**67,604,566**	**77,055,152**	**77,151,706**	**96,554**
Medical programs:				
Medical care	51,356,899	54,173,808	56,580,000	2,406,192
Medical prosthetics and research	648,608	642,819	627,674	-15,145
Medical center research organizations	251,000	269,000	279,000	10,000
VA/DoD Health Care Sharing Incentive Fund	69,026	79,230	70,000	-9,230
Joint DoD/VA Medical Facility Demonstration Fund	338,172	400,344	411,646	11,302
Canteen service revolving fund	386,758	425,500	434,300	8,800
Total medical programs	**53,050,463**	**55,990,701**	**58,402,620**	**2,411,919**
National Cemetery Administration:	**252,046**	**253,734**	**258,584**	**4,850**
Departmental administration:				
VBA- GOE	2,493,073	2,416,096	2,598,410	182,314
General administration	805,809	860,756	895,543	34,787
Pershing Hall revolving fund	175	193	193	0
Franchise fund	470,724	506,183	541,239	35,056
Office of Inspector General	112,516	117,414	117,811	397
Supply fund	1,180,383	1,890,000	1,990,000	100,000
Information Technology	3,609,959	3,268,669	3,374,444	105,775
Construction, Major & Minor	1,525,602	2,625,095	2,149,858	-475,237
Grants for State Extended Care	4,565	168,912	105,000	-63,912
Grants for State Cemeteries	43,992	51,954	46,000	-5,954
Total Departmental administration	**10,246,798**	**11,905,272**	**11,818,498**	**170,240**
Total federal funds	**131,153,873**	**145,204,859**	**147,631,408**	**2,683,563**
Trust funds:				
General post fund	25,243	26,100	27,000	900
National service life insurance	1,238,120	1,212,609	1,144,159	-68,450
U.S. Government life insurance	3,799	3,160	2,580	-580
Veterans special life insurance	203,841	210,640	207,970	-2,670
National cemetery gift fund	91	250	250	0
Total trust funds	**1,471,094**	**1,452,759**	**1,381,959**	**-70,800**
Total Department of Veterans Affairs	**$132,624,967**	**$146,657,618**	**$149,013,367**	**$2,612,763**
Non-Budget				
Veterans housing benefit program direct loan financing account	415,849	1,280,075	1,465,679	185,603
Veterans housing benefits program loan sale securities financing account	214,481	1,131,208	1,194,716	63,508
Veterans housing benefit program guaranteed loan financing account	2,774,021	2,455,650	2,451,243	-4,407
Native American and transitional housing direct loan financing account	16,302	19,270	15,084	-4,186
Vocational rehabilitation loan financing account	1,810	3,205	2,728	-477
Total Non-Budget	**$3,422,463**	**$4,889,408**	**$5,129,450**	**$240,041**

Ten Year Tables

Ten Year Budget Authority	6I – 1
Ten Year Outlays	6J - 1
Ten Year Total Average Employment	6K – 1

Budget Authority
2002 - 2011 Actuals
(dollar in thousands)

Appropriation/Fund Account	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2007 (Net)	2008 (Net)	2009 (Net)	2010 (Net)	2011 (Net)
Federal funds:										
Benefit programs										
Compensation and pensions	$26,044,288	$28,949,000	$29,842,126	$32,361,923	$33,897,787	$38,622,360	$41,238,855	$43,505,909	$61,176,942	$53,039,657
Readjustment benefits	2,135,000	2,264,808	2,529,734	2,801,997	3,309,234	2,812,006	3,300,289	4,132,944	8,820,722	11,334,634
Veterans insurance and indemnities	26,200	27,957	32,017	44,380	45,907	49,850	41,250	48,072	56,288	77,589
Veterans housing benefit program fund program account	918,890	1,464,750	356,581	2,042,210	198,009	204,479	969,168	486,232	974,811	1,553,906
Veterans housing benefit program fund liquidating account, permanent	0	-60,000	-40,000	-45,000	-49,485	-42,000	-20,242	-7,930	-6,813	-7,329
Native American veteran housing loan program account	544	886	1,265	567	580	584	628	646	664	663
Guaranteed transitional housing loans for homeless veterans	0	0	0	0	0	0	0	0	0	0
Education loan fund program account	65	70	197	0	0	0	0	0	0	0
Vocational rehabilitation loans program account	346	329	350	356	355	358	355	381	357	354
Total benefits programs	**29,125,333**	**32,647,800**	**32,722,270**	**37,206,433**	**37,402,387**	**41,647,637**	**45,530,303**	**48,166,254**	**71,022,971**	**65,999,474**
Medical programs:										
Medical care	22,592,233	25,369,020								
Medical services			20,449,427	22,584,161	24,139,378	27,517,363	30,445,908	33,512,421	37,588,065	39,718,911
Medical support and compliance			4,095,078	4,437,300	3,430,542	3,674,815	3,956,617	4,405,500	4,882,000	5,252,367
Medical facilities			3,188,817	3,329,749	3,357,869	4,548,165	4,233,182	6,029,000	4,859,000	5,703,116
Total Medical care programs	22,592,233	25,369,020	27,733,322	30,351,210	30,927,789	35,740,343	38,635,707	43,946,921	47,329,065	50,674,394
Medical and prosthetic research	367,707	392,400	405,593	402,348	412,000	446,480	480,000	510,000	581,000	579,838
Medical administration and miscellaneous operating expenses	66,681	74,230	0	0	0	0	0	0	0	0
DoD/VA health care sharing Incentive fund			30,000	30,000	30,000	70,000	90,000	34,000	55,000	130,000
Joint DoD/VA Medical Facility Demonstration Fund										104,004
Medical care cost recovery fund, permanent	0	0	0	0	0	0	0	0	0	0
Total medical programs	**23,026,621**	**25,835,650**	**28,168,915**	**30,783,558**	**31,369,789**	**36,256,823**	**39,205,707**	**44,490,921**	**47,965,065**	**51,488,236**

Budget Authority
2002 - 2011 Actuals
(dollar in thousands)

Appropriation/Fund Account	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2007 (Net)	2008 (Net)	2009 (Net)	2010 (Net)	2011 (Net)
Construction programs:										
Construction, major projects	183,180	99,526	671,378	481,498	1,560,519	399,000	1,531,477	923,382	1,194,000	1,073,734
Advance appropriation	0	0	0	0	0	0	0	0	0	0
Construction, minor projects	210,900	224,531	250,656	245,476	233,137	524,937	630,535	741,534	703,000	466,765
Grants for the construction of State extended care facilities	100,000	99,350	101,498	104,322	85,000	85,000	165,000	325,000	100,000	84,830
Grants for the construction of State veterans cemeteries	25,000	31,792	31,811	31,744	32,000	32,000	39,500	42,000	46,000	45,908
Parking revolving fund	4,000	0	0	0	0	0	0	0	0	0
Total construction programs	523,080	455,199	1,055,543	863,040	1,910,656	1,040,937	2,366,512	2,031,916	2,043,000	1,671,237
Information Technology			1,283,517	1,231,420	1,247,846	2,358,122	2,798,182	3,307,000	2,991,624	
National cemetery administration	121,078	132,284	143,352	147,784	149,798	160,231	193,858	280,000	250,000	249,500
General operating expenses and misc.:										
General operating expenses	1,197,914	1,353,196	1,275,201	1,433,700	1,373,240	1,586,372	1,751,758	1,954,167	2,086,707	
VBA General Operating Expenses										2,132,502
General Administration										396,705
Filipino veterans equity compensation fund						0	0	198,000	67,000	0
Office of Inspector General	52,269	57,623	61,634	69,153	69,074	70,641	80,500	88,818	109,000	108,782
Total GOE and miscellaneous	1,250,183	1,410,819	1,336,835	1,502,853	1,442,314	1,657,013	1,832,258	2,240,985	2,262,707	2,637,989
Total appropriations (adjusted)	53,925,217	60,349,468	63,283,563	70,355,884	72,125,146	80,602,410	88,934,780	96,930,076	123,293,743	121,796,936
DEDUCT: Proprietary receipts from the public	-3,206,663	-1,485,924	-1,697,725	-1,868,383	-1,994,172	-2,226,653	-2,477,000	-2,766,908	-2,847,565	-2,770,663
Total federal funds	50,718,554	58,863,544	61,585,838	68,487,501	70,130,974	78,375,757	86,457,780	94,163,168	120,446,178	119,026,273
Trust funds:										
Post-Vietnam era veterans education account	2,298	1,266	1,024	619	333	230	820	49	6	8
General post fund	35,334	30,576	31,066	30,926	31,851	30,754	39,718	36,365	26,950	28,024
Pershing Hall revolving fund	-250	-250	0	0	0	0	0	0	0	0
National service life insurance	1,219,747	1,192,335	1,238,240	1,210,888	1,185,856	1,138,518	1,144,755	1,117,152	1,078,083	1,042,461
U.S. Government life insurance	9,682	8,506	7,877	7,323	6,322	4,000	5,295	4,688	4,294	3,690
Service-disabled veterans insurance fund	4,219	0	0	1	0	0	0	0	0	0
Veterans reopened insurance fund	14,781	0	0	-1	0	0	0	0	0	0
Veterans special life insurance fund	-28,696	0	0	0	0	0	0	0	0	0
Servicemembers' group life insurance fund	-64	957	0	-21	-20	0	0	0	0	0
National cemetery gift fund	183	78	78	0	396	0	0	0	0	0
Total trust funds (gross)	1,257,234	1,233,468	1,278,285	1,249,735	1,224,738	1,173,502	1,190,588	1,158,254	1,109,333	1,074,183
DEDUCT: Proprietary receipts from the public	-185,392	-1,282,639	-2,677,090	-1,474,804	-1,710,188	-1,393,310	-1,691,506	-1,372,124	-684,058	-531,188
Total trust funds (net)	1,071,842	-49,171	-1,398,805	-225,069	-485,450	-219,808	-500,918	-213,870	425,275	542,995
DEDUCT: Intragovernmental transactions	-2,693	-1,665	-1,279	-1,670	-886	-725	-1,191	-1,303	-1,269	-1,015
Total Department of Veterans Affairs	$51,908,781	$58,944,992	$60,329,106	$69,692,063	$71,025,856	$79,563,302	$88,507,651	$97,026,177	$124,427,184	$122,809,377

Budget Outlays
2002 - 2011 Actuals
(dollar in thousands)

Appropriation/Fund Account	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2007 (Net)	2008 (Net)	2009 (Net)	2010 (Net)	2011 (Net)
Federal Funds										
Benefit programs:										
Compensation & pensions	$25,678,949	$28,020,904	$29,783,850	$34,693,641	$34,680,630	$34,599,803	$40,241,426	$44,734,687	$47,901,439	$57,577,997
Readjustment benefits	1,987,727	2,364,257	2,684,382	2,936,589	2,949,314	2,999,468	3,209,553	3,875,395	8,316,712	10,705,469
Veterans insurance and indemnities	25,661	27,958	31,638	44,649	45,956	49,873	41,332	47,659	44,927	81,667
Reinstated entitlement program for survivors	733	3,478	0	0	0	0	0	0	0	0
Veterans housing benefit program fund liquidating account	-126,537	-61,218	-92,958	-76,577	-71,812	-28,340	-24,632	-11,868	-9,892	-8,828
Veterans housing benefit program fund program account	918,886	1,450,699	370,964	2,033,378	213,086	208,472	969,168	467,660	974,811	1,533,530
Native American veteran housing loan program account	935	886	1,278	555	566	571	628	617	664	663
Service-disabled veterans insurance fund	3,237	5,548	3,002	-6,281	-5,713	-8,085	3,407	8,004	5,974	-16,423
Veterans reopened insurance fund	12,543	15,065	17,896	19,840	20,956	22,973	23,121	24,649	23,110	26,733
Education loan fund liquidating account	-27	-43	109							
Education loan modification			-129							
Education loan fund program account	64	70	69							
Vocational rehabilitation loans program account	332	329	337	347	348	350	355	375	357	354
Servicemembers' group life insurance fund	-331	-3,466	5,239	-21	-19	-25	-17	-11,247	11,208	-17
Total benefits programs	**28,502,172**	**31,824,467**	**32,805,677**	**39,646,120**	**37,833,312**	**37,845,060**	**44,464,341**	**49,135,931**	**57,269,310**	**69,901,145**
Medical programs:										
Medical care	22,624,343	24,755,762	21,877,112	21,861,500	23,855,420	26,083,319	30,038,203	33,969,490	36,580,626	39,583,974
Medical services			3,418,844	4,171,364	3,695,558	3,640,454	3,634,998	4,224,639	4,711,724	5,344,172
Medical support and compliance			2,472,619	3,015,958	3,341,474	3,544,804	4,241,189	4,639,594	5,057,072	5,478,874
Medical facilities			27,768,575	29,048,822	30,892,452	33,268,577	37,914,390	42,833,723	46,349,422	50,407,020
Total Medical care programs	22,624,343	24,755,762	389,091	389,759	406,094	403,841	436,626	507,911	520,904	538,875
Medical and prosthetic research	359,523	363,988	0	0	0	0	0	0	0	0
Medical administration and miscellaneous operating expenses	64,723	68,370	0	811	6,861	35,663	41,567	42,538	46,920	88,800
VA/DoD health care sharing incentive fund	0	0	0							64,456
Joint DoD/VA medical Facility Demonstration Fund										0
Medical care cost recovery fund	0	0	0	0	0	0	0	0	0	0
Health professional scholarship program	0	0	0	0	0	0	0	0	0	
Medical facilities revolving fund	327	167	212							
Veterans extended care revolving fund	0	-3,076	-1,673							
Special therapeutic and rehabilitation activities fund	-1,762	-1,116	-796							7,862
Canteen service revolving fund	5,050	-4,814	3,447	-5,813	2,622	-3,355	3,762	16,313	6,120	
Total medical programs	**23,052,204**	**25,179,281**	**28,158,856**	**29,433,579**	**31,308,029**	**33,704,726**	**38,396,345**	**43,400,485**	**46,923,366**	**51,127,013**

Budget Outlays
2002 - 2011 Actuals
(dollar in thousands)

Appropriation/Fund Account	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2007 (Net)	2008 (Net)	2009 (Net)	2010 (Net)	2011 (Net)
Construction programs:										
Construction, major projects	176,434	124,886	118,396	146,228	237,185	437,136	528,791	658,137	990,942	1,011,708
Construction, minor projects	136,632	173,260	199,766	217,353	259,427	267,315	412,682	507,720	535,426	578,966
Parking revolving fund	504	795	3,404							
Grants to the Republic of the Philippines	0	0	0	0	0	0	0	0	0	0
Grants for the construction of State extended care facilities	83,123	86,286	77,369	96,780	122,106	108,793	115,634	128,794	108,716	124,369
Grants for the construction of State veterans cemeteries	28,537	25,286	39,168	22,510	37,354	25,585	31,092	29,848	36,406	49,872
Nursing home revolving fund	0	0	0	0	0	0	0	0	0	0
Total construction programs	**445,230**	**410,513**	**438,103**	**482,871**	**656,072**	**838,829**	**1,088,199**	**1,324,499**	**1,671,490**	**1,764,915**
Information Technology				731,605	622,136	1,111,376	1,988,974	2,395,337	2,525,805	3,354,500
National cemetery administration	119,874	125,218	135,593	150,028	148,734	156,263	167,002	209,275	250,431	254,521
General operating expenses and misc:										
General operating expenses	1,145,365	1,220,932	1,252,361	1,293,600	1,544,925	1,476,092	1,628,150	1,839,593	1,897,029	
VBA General Operating Expenses										2,232,616
General Administration										404,860
Filipino veterans equity compensation fund	0	0	0	0	0	0	0	82,438	113,131	10,099
Franchise fund	-21,037	-17,300	-5,532	0	0	10,000	33,784	13,101	-28,243	-54,809
Office of Inspector General	52,179	53,228	57,819	65,952	72,815	71,696	71,583	88,445	96,650	109,148
Supply fund	-193,259	-313,041	-146,211	0	261,043	29,000	2,564	-27,367	-30,874	-45,803
Pershing hall revolving fund	0	-264	-109	-45	-45	-45	-136	0	0	0
Total GOE and miscellaneous	**983,248**	**943,555**	**1,158,328**	**1,359,507**	**1,878,738**	**1,586,743**	**1,735,945**	**1,996,210**	**2,047,693**	**2,656,111**
Total appropriations (adjusted)	**52,982,854**	**58,357,816**	**62,560,964**	**70,922,077**	**71,676,151**	**73,975,358**	**85,684,830**	**95,857,125**	**107,911,859**	**125,449,184**
DEDUCT: Proprietary receipts from the public	-3,206,663	-1,485,924	-1,697,725	-1,868,383	-1,994,172	-2,226,653	-2,477,000	-2,766,908	-2,421,010	-2,588,294
Total federal funds	**49,776,191**	**56,871,892**	**60,863,239**	**69,053,694**	**69,681,979**	**71,748,705**	**83,207,830**	**93,090,217**	**105,490,849**	**122,860,890**
Trust funds:										
Post-Vietnam era veterans education account	9,006	4,658	3,560	2,897	2,375	2,200	2,030	1,909	1,498	1,341
General post fund	30,921	30,367	27,487	30,508	30,324	29,670	27,082	37,589	26,466	25,799
National service life insurance	1,175,521	1,178,204	1,231,445	1,206,851	1,199,743	1,168,739	1,163,064	1,188,023	1,147,080	1,130,388
U.S. Government life insurance	9,904	9,525	9,316	8,525	7,661	7,003	6,190	6,290	5,537	5,169
Veterans special life insurance	-51,856	-43,404	-37,141	-40,256	-31,852	-25,224	-14,164	-1,582	4,434	15,322
National cemetery gift fund	99	144	51	0	79					
Total trust funds (gross)	**1,173,595**	**1,179,494**	**1,234,718**	**1,208,525**	**1,208,330**	**1,182,388**	**1,184,202**	**1,232,229**	**1,185,014**	**1,178,019**
DEDUCT: Proprietary receipts from the public	-185,392	-1,282,639	-2,677,090	-1,474,804	-1,710,188	-1,393,310	-1,691,506	-1,366,596	-689,584	-531,188
Total trust funds (net)	**988,203**	**-103,145**	**-1,442,372**	**-266,279**	**-501,858**	**-210,922**	**-507,304**	**-134,367**	**495,430**	**646,831**
DEDUCT: Intragovernmental transactions	-2,693	-1,665	-1,279	-1,670	-886	-725	-1,191	-1,303	-1,269	-1,015
Total Department of Veterans Affairs	**$50,881,575**	**$56,892,300**	**$59,555,181**	**$69,667,378**	**$69,950,105**	**$72,804,697**	**$84,855,311**	**$95,559,159**	**$108,761,246**	**$127,115,727**

Total Average Employment
2002 - 2011 Actuals

Appropriation/Fund Account	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Medical Programs										
Medical Care	183,712	186,553	*	*	*	*	*	*	*	*
Medical Services			131,140	135,283	135,186	140,491	158,263	172,338	178,913	185,064
Medical Support and Compliance			34,218	35,652	36,244	37,405	35,847	39,851	42,434	45,258
Medical Facilities			28,914	26,715	26,470	26,678	22,291	23,430	23,790	23,908
Total Medical Care Programs	183,712	186,553	194,272	197,650	197,900	204,574	216,401	235,619	245,137	254,230
Medical and Prosthetic Research	3,096	3,217	3,234	3,206	3,193	3,175	3,142	3,226	3,352	3,526
DoD-VA Health Care Sharing Incentive Fund						88	126	126	127	132
Joint DoD-VA Medical Facility Demonstration Fund										479
Canteen Service Revolving Fund	2,899	2,837	2,890	2,952	2,965	2,953	3,008	3,170	3,246	3,274
Total Medical Programs	190,241	193,158	200,395	203,808	204,058	210,790	222,677	242,141	251,862	261,641
Construction Programs										
Construction, major projects	6	6	0	6	0	0	0	0	0	0
Construction, minor projects	53	50	36	50	19	17	19	12	8	0
Total Construction Programs	59	56	36	56	19	17	19	12	8	0
General Operating Expenses										
Veterans Benefits Administration	13,073	13,206	12,795	12,582	12,810	13,504	14,965	17,123	19,605	19,990
General Administration	2,600	2,385	2,431	2,499	2,589	2,901	2,420	2,591	2,753	2,941
Total General Operating Expenses	15,673	15,591	15,226	15,081	15,399	16,405	17,385	19,714	22,358	22,931
Information Technology**	**	**	**	**	**	**	6,348	6,710	6,853	7,004
National Cemetery Administration	1,454	1,476	1,492	1,523	1,527	1,541	1,512	1,622	1,670	1,676
Office of Inspector General	393	399	434	454	480	470	448	509	553	633
Franchise Fund	670	662	706	688	688	726	702	769	822	1,054
Supply Fund	382	410	421	414	435	426	407	504	699	803
Total Department of Veterans Affairs	208,872	211,752	218,710	222,024	222,605	230,375	249,498	271,981	284,825	295,742

* Reflects change in the Veterans Health Administration appropriations structure as enacted in 2004.

** Reflects change in the IT appropriations structure as enacted in 2008.

Estimates of Combat Theatre Obligations

- **In compliance with provisions of the Veterans' Judicial Review Act, P. L. 100-687, Section 1404.**

Estimates of Combat Theatre Obligations from the National Survey of Veterans (*dollars in millions*)			
Appropriations	2011 Obligations	Estimate of Combat Theatre Veterans *	Estimated Obligation on Combat Theatre Veterans
Employment Services			
HIRE/CETA		N/A	
EJTP/VJTP		N/A	
Compensation	49,463	58%	$28,689
Dependency and Indemnity Compensation		N/A	
Pensions			
Veterans	3,033	27%	$819
Survivors		N/A	
Inpatient Facilities (including long-term care)	18,206	37%	$6,736
Outpatient Care	31,929	35%	$11,175
Miscellaneous Medical Service	1,222	N/A	
Readjustment Counseling		N/A	
Veterans Insurance and Indemnities	80	50%	$40
Specially Adapted Housing		N/A	
Burial Benefits	151	45%	$68
Educational Assistance	10,001	38%	$3,800
Vocational Rehabilitation	768	52%	$399
Survivors' and Dependents' Educational Assistance		N/A	
Home Loan Guaranty	1,528	41%	$627
Automobiles and Adaptive Equipment		N/A	

Combat Theatre is based on the question, "Did you ever serve in a combat or war zone?" from the 2010 National Survey of Veterans (NSV). N/A - Not available from the 2010 NSV.

NSV questions on program usage refer to current usage (2009 - 2010 time period) or in case of burial benefits anticipated usage

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Veterans Health Administration								
Medical Care Programs								
Performance Measures								
Prevention Index V (The 2008 result is PI III. The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.)	88%	89%	91%	92%	93%	93%	94%	95%
Clinical Practice Guidelines Index IV (The 2008 result is CPGI II. The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.)	84%	91%	92%	91%	92%	92%	93%	94%
Non-institutional, long-term care average daily census (ADC) (Measure being dropped after 2013)	54,053	72,315	85,940	95,092	113,254	120,118	N/Ap	154,152
Percent of new primary care appointments completed within 14 days of the desired date for the appointment (New) [1] In 2012, VHA will begin measuring the four appointment performance measures using a 14-day standard.	N/Av	N/Av	N/Av	N/Av	83%	84%	85%	90%
Percent of established primary care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	94%	95%	96%	98%
Percent of new specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	84%	85%	86%	90%
Percent of established specialty care appointments completed within 14 days of the desired date for the appointment (New) (See [1] above)	N/Av	N/Av	N/Av	N/Av	95%	96%	97%	98%
Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10) (VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010.)								
Inpatient (1) Corrected	79%	63% (Baseline)	(1) 64%	64%	65%	66%	67%	75%
Outpatient	78%	57% (Baseline)	55%	55%	58%	58%	59%	70%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of VA Hospitals whose unplanned readmissions rates are less than or equal to other hospitals in their community	N/Av	N/Av	N/Av	94%	85%	90%	90%	100%
Percent of Veterans who successfully obtain resident status as a result of vouchers distributed through the U.S. Department of Housing and Urban Development and Veterans Affairs Supportive Housing (HUD-VASH) program **(Supports Agency Priority Goal)**	N/Av	N/Av	88%	100%	85%	90%	90%	90%
Number of Homeless Veterans on any given night **(Supports Agency Priority Goal)** (Joint VHA-OPIA measure) The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).	131,000	75,609	76,329	67,495	59,000	35,000	0	0
Percent of Eligible Patient Evaluations Documented within 14 days of New MH Patient Index Encounter (Measure being dropped after 2012)	N/Av	96%	96%	95%	96%	N/Ap	N/Ap	96%
Percent of eligible patients screened at required intervals for PTSD (Measure being dropped after 2012)	84%	96%	98%	99%	97%	N/Ap	N/Ap	97%
Percent of eligible patients screened at required intervals for alcohol misuse (Measure being dropped after 2012)	N/Av	N/Av	97%	97%	97%	N/Ap	N/Ap	98%
Percent of eligible patients screened at required intervals for depression (Measure being dropped after 2012)	N/Av	N/Av	97%	97%	97%	N/Ap	N/Ap	98%
Percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period	N/Av	N/Av	11%	15%	20%	25%	30%	60%
Percent of eligible OEF/OIF PTSD patients evaluated at required intervals for level of symptoms	N/Av	N/Av	5%	TBD	20%	40%	60%	80%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of patients seen within 7 days of discharge **(New)** ** Mental Health discharges with a face-to-face, telehealth, or telephone encounter within 7 days of the patient treatment file (PTF) discharge date with a mental health treatment coordinator	N/Av	N/Av	N/Av	N/Av	N/Av	68%	75%	85%
Percent of mental health patients with a mental health treatment coordinator identified in the electronic health record **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	74%	84%	94%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	76%	79%	74%	78%	75%	76%	77%	85%
Percent of clinic "no shows" and "after appointment cancellations" for OEF/OIF Veterans	N/Av	N/Av	13%	22%	12%	TBD	TBD	10%
Percent of VHA clinical health care professionals who have had VA training prior to employment	N/Av	27% (Baseline)	29%	29%	29%	29%	30%	33%
Obligations per unique patient user Results/Future Targets are expressed in constant dollars based on the Bureau of Labor Statistics Consumer Price Index (CPI). The CPI for all Urban Consumers (CPI-U) released in the OMB November 2011 Economic Assumptions was used for the 2008-2011 results and for the 2012-2014 targets.	$5,891	$6,317	$6,551	$6,417	$6,429	$6,428	$6,312	TBD
Gross Days Revenue Outstanding (GDRO) for 3rd party collections (VHA)	56	55	45	48	46	40	38	37
Total amount expended for health care services rendered to VA beneficiaries at a DoD facility ($ Millions)	N/Av	N/Av	N/Av	$84.0	$85.7	$86.4	$88.1	$92.0
Amount billed for health care services provided to DoD beneficiaries at VA facilities ($ Millions) (1) Corrected	N/Av	N/Av	N/Av	(1) $183.6	$187.3	$191.0	$194.9	$198.8
Dollar value of 1st party and 3rd party collections (VHA):								
1st Party ($ Millions)	$922	$892	$870	$911	$877	$951	$1,018	$952
3rd Party ($ Millions)	$1,497	$1,843	$1,904	$1,800	$1,825	$1,825	$1,839	$1,807
Percent of NonVA claims paid in 30 days (VHA) (1) Corrected	N/Av	N/Av	N/Av	(1) 79%	95%	97%	98%	98%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of Veterans who report "yes" to the Shared Decision-making questions in the Inpatient Surveys of the Health Experiences of Patients (SHEP) (2011 was a re-baseline year after measure validation was completed in 2010.)	N/Av	N/Av	71%	72%	71%	72%	73%	75%
Percent of Milestones completed towards development of AViVA infrastructure and User Interface (UI) functionality to modernize VA's Electronic Health Record **(New)**	N/Av	N/Av	N/Av	N/Av	95%	95%	95%	100%
Percent of Milestones completed towards Increasing Informatics and Analytics literacy in healthcare delivery workforce **(New)**	N/Av	N/Av	N/Av	N/Av	95%	95%	95%	100%
Medical Research								
Performance Measures								
Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)	N/Av	N/Av	25%	35%	45%	55%	64%	100%
Percent of milestones completed towards development of one new objective method to diagnose mild Traumatic Brain Injury (TBI)	N/Av	N/Av	N/Av	22%	55%	66%	77%	100%
Progress toward researching, developing, and implementing innovations in clinical practice that ensure improved access to health care for Veterans, especially in rural areas	N/Av	N/Av	N/Av	42%	63%	84%	95%	100%
Percent increase in number of enrolled Veterans participating in telehealth This focus is on the following Office of Telehealth Services only: Home Telehealth and Store and Forward Telehealth services.	N/Av	N/Av	N/Av	24%	45%	TBD	TBD	75%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Veterans Benefits Administration								
Compensation								
Performance Measures								
National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	86%	84%	84%	84%	87%	90%		98%
Compensation maintenance claims - average days to complete	N/Av	N/Av	99	106	85	80		60
Percentage of Compensation maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		0%
Burial claims processed - average days to complete (Compensation)	84	78	76	113	70	65		21
Percentage of burial claims pending inventory that is more than 60 days old (Compensation)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		0
National accuracy rate -- compensation maintenance claims	95%	95%	96%	97%	97%	97%		98%
National accuracy rate - burial claims processed (Compensation)	96%	93%	96%	97%	98%	98%		98%
Overall satisfaction rate (%) (Compensation) (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Pension								
Performance Measures								
National accuracy rate - pension maintenance claims	93%	95%	96%	97%	97%	97%		98%
Percent of pension maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		0%
National accuracy rate - pension entitlement claims	87%	95%	96%	98%	98%	98%		98%
Overall satisfaction rate (%) (Pension) (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results 2008	2009	2010	2011	Fiscal Year Targets 2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	Strategic Targets
Combined Compensation and Pension Measures								
Percent of Compensation and Pension pending inventory that is more than 125 days old (Supports Agency Priority Goal)	N/Av	N/Av	36%	60%	60%	40%		0%
Number of registered eBenefits users **(Supports Agency Priority Goal)**	N/Av	N/Av	N/Av	1M (Baseline)	1.65M	2.5M		3.5M
Compensation and Pension entitlement claims - average days to complete **(Supports Agency Priority Goal)**	179	161	166	188	230	200		90
Compensation and Pension National accuracy rate - fiduciary work	81%	82%	85%	89%	92%	92%		98%
Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)	645	709	656	747	675	650		400
Average days to complete Income Verification Matches **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline		TBD
Average days to complete original death pension **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline		TBD
Percent of claims where a portion of the required forms were filed electronically (1) VONAPP Direct Connect, a Web-based program for Veterans to file claims electronically, is being developed. Nationwide deployment is expected in 2012. The baseline year has been changed to 2013.	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline		75%
Percentage of separating Servicemembers who are provided with VA and DoD benefit information within 6 months of the expiration of their term of service (ETS) through the eBenefits portal (1) The Department of Defense is currently working on an implementation plan that will mandate all Servicemembers obtain a DS Logon for the purposes of accessing the eBenefits portal. This will not be fully achieved until 2013 at which time a baseline for this measurement can be established.	N/Av	N/Av	N/Av	N/Av	N/Av	(1) Baseline		TBD
National Call Center Successful Call Rate (1) This measure applies to all VBA business lines but is placed within the C&P performance plan because most of the calls are C&P related. The baseline year has been changed to 2012 because a full year of new technology and appropriate staffing will be in place at the call centers in 2012.	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Percent of IDES participants who will be awarded benefits within 30 days of discharge (1) The baseline year has been changed to 2012 pending the full deployment of the Integrated Disability Evaluation System (IDES) in 2012.	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Education								
Average days to complete original Education claims	19	26	39	24	23	18		10
Average days to complete supplemental Education claims	9	13	16	12	12	10		7
Percent of claims processed through the automated claims processing system (Education) (1) Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Percent of Montgomery GI Bill or Post 9/11 GI Bill participants who successfully completed an education or training program (See (1) above)	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Percent of Eligible Applicants who use the Post-9/11 GI Bill	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		TBD
Education Claims Completed Per FTE (See (1) above)	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Payment accuracy rate (Education)	96%	96%	95%	98%	96%	97%		97%
Education Call Center - Abandoned call rate	5%	11%	17%	20%	15%	6%		5%
Percent of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim (2) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	N/Av	N/Av	N/Av	(2) Baseline	TBD		TBD
Percent of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal (See (2) above)	N/Av	N/Av	N/Av	N/Av	(2) Baseline	TBD		TBD
Vocational Rehabilitation and Employment								
Performance Measures								
Rehabilitation Rate (General)	76%	74%	76%	77%	77%	77%		80%
Serious Employment Handicap (SEH) Rehabilitation Rate (1) Corrected	76%	74%	(1) 75%	77%	77%	77%		80%
Employment Rehabilitation Rate	N/Av	Baseline	73%	74%	75%	77%		80%
Independent Living Rehabilitation Rate	N/Av	Baseline	93%	95%	94%	94%		96%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Speed of Entitlement Decisions in average days (VR&E)	48	51	49	44	44	44		40
Accuracy Rate of Decisions (Services) (VR&E)	82%	80%	81%	82%	87%	89%		96%
Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	96%	96%	97%	97%	97%	97%		99%
Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development	N/Av	N/Av	N/Av	N/Av	(1) Baseline	TBD		TBD
Housing								
Performance Measures								
Default Resolution Rate	N/Av	71.5%	76.3%	83.0%	81.0%	82.0%		85.0%
Program Review Accuracy Rate (Housing)	N/Av	N/Av	N/Av	Baseline	TBD	TBD		TBD
Rate of homeownership for Veterans compared to that of the general population	115.2%	117.2%	117.2%	122.98%	120.0%	120.5%		122.0%
Default Resolution Efficiency Ratio	N/Av	32.0:1	55.7:1	68.3:1	66.0:1	67.0:1		70.0:1
Success Rate of Automated Certificate of Eligibility (ACE) System (Housing)	N/Av	N/Av	Baseline	54.98%	62.5%	63.0%		75.0%
Lender Satisfaction with VA Loan Guaranty Program (1) The Lender Satisfaction Survey will be conducted on a biennial basis starting in 2012.	N/Av	95.0%	94.5%	N/Av	96.5%	(1) N/Ap		97.0%
Veterans' Satisfaction Level with the VA Loan Guaranty Program (1) Targets are TBD as this measure will be captured by customer satisfaction surveys under development.	N/Av	92.3%	N/Av	N/Av	(1) Baseline	TBD		TBD

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Insurance								
Performance Measures								
Rate of high client satisfaction ratings on Insurance services delivered	95%	96%	95%	95%	95%	95%		95%
Number of disbursements (death claims, loans, and cash surrenders) per FTE (Insurance) (1) Insurance processed slightly more disbursements with fewer FTE than projected in 2011. FTE dedicated to processing disbursements were less than projected due to losses realized during the year. Future targets of the number of disbursements processed per FTE are based on the optimal FTE level necessary to process disbursements Insurance projects to receive.	1,756	1,755	1,714	(1) 1,808	1,750	1,750		1,750
Conversion rate of disabled SGLI members to VGLI (Insurance) (1) Insurance created a new outreach unit in 2011 to supplement our existing outreach to disabled Servicemembers eligible to convert their SGLI coverage to VGLI. The initial outreach results from this new unit were very successful. VA is currently in the process of determining the baseline results for this new outreach effort to determine if adjustments in future targets are needed.	45%	32%	37%	(1) 55%	40%	40%		50%
National Cemetery Administration								
Burial Program								
Performance Measures								
Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries	95%	93%	74%	93%	90%	90%		90%
Percent of graves in national cemeteries marked within 60 days of interment	93%	95%	94%	93%	95%	95%		95%
Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	84.2%	87.4%	88.1%	89.0%	89.6%	89.6%		94.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	95%	95%	95%	98%	98%		100%
Percent of respondents who rate national cemetery appearance as excellent	98%	98%	98%	98%	99%	99%		100%
Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	98%	99%	99%		100%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of gravesites that have grades that are level and blend with adjacent grade levels	86%	90%	89%	91%	90%	87%		95%
Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	96%	95%	96%	97%		98%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	84%	82%	85%	82%	83%	83%		95%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	65%	64%	67%	70%	71%	71%		90%
Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments (1) In 2011, NCA began implementation of a new, more stringent methodology to assess the condition of buildings and structures at VA national cemeteries. This approach resulted in dramatically different results than in previous years. NCA feels that the new methodology has provided more accurate assessments and, upon full implementation in 2012, will provide better information on facility conditions. As a result, NCA will establish a new baseline for this measure in 2012.	N/Av	84%	84%	74%	(1) TBD	(1) TBD		90%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	72%	73%	77%	81%	84%	85%		93%
Percent of Presidential Memorial Certificate applications that are processed within 20 days of receipt	N/Av	N/Av	17%	91%	70%	85%		90%
Percent of headstone and marker applications from private cemeteries and funeral homes received electronically	46%	52%	56%	61%	65%	67%		75%
Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent	N/Av	N/Av	94%	95%	95%	96%		100%
Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent	N/Av	N/Av	96%	94%	97%	97%		100%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Board of Veterans' Appeals								
Performance Measures								
Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)	645	709	656	747	675	650		400
BVA Cycle Time (Excludes Representative Time) (Average Number of Days)	155	100	99	119	140	140		104
Appeals decided per Veteran Law Judge	754	813	818	784	752	752		800
Percent of Total Hearings that are Conducted via Video Conference	N/Av	N/Av	N/Av	29%	35%	46%		46%
BVA Appeals Backlog **(New)**	N/Av	17,713	21,112	20,287	39,283	65,611		21,000
Departmental Management								
Performance Measures								
Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses (OSDBU) (1) VA's data reported may differ from data reported by the Small Business Administration (SBA) due to the timing of when SBA runs the report.	12.09%	(1) 16.96%	20.0%	18.3%	10.0%	10.0%		10.0%
Percent of total procurement dollars awarded to Veteran-owned small businesses (OSDBU) (See (1) above)	15.27%	(1) 19.30%	23.0%	20.5%	12.0%	12.0%		12.0%
Number of Homeless Veterans on any given night **(Supports Agency Priority Goal)** (Joint VHA-OPIA measure) The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).	131,000	75,609	76,329	67,495	59,000	35,000		0
Percent of federally recognized Native American tribes contacted by VA for outreach purposes (OPIA)	1%	1%	80%	85%	90%	95%		100%
Percent of milestones achieved towards deployment and implementation of a paperless disability claims processing system **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	100%	100%	100%		100%
Percent of milestones achieved in deploying and implementing the Veterans Relationship Management System (VRMS) **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	30%	70%	100%		100%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER) **(Supports Agency Priority Goal)** (OIT)	N/Av	N/Av	N/Av	88%	60%	100%		100%
Annual percent growth in VA IT systems that automatically reuse all redundant client information in other systems (OIT)	N/Av	N/Av	N/Av	9.5%	25%	10%		15%
Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe (OCLA)	57%	75%	12%	90%	85%	90%		90%
Percentage of testimony submitted to Congress within the required timeframe (OCLA)	58%	80%	62%	98%	90%	90%		90%
Percentage of title 38 reports that are submitted to Congress within the required timeframe (OCLA)	59%	76%	63%	33%	85%	85%		85%
Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (HRA) *HRA will continue working with customers to determine which occupations are considered mission critical	N/Av	N/Av	20%	45%	65%	75%		95%
Percent of training participants who agreed during the post-training evaluation that the training session will help improve job performance (HRA)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD		80%
Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process (HRA)	46%	48%	52%	54%	53%	54%		55%
Percentage of VA employees who are Veterans (HRA)	30%	30%	31%	32%	35%	38%		40%
Workers' Compensation Lost Time Case Rate (LTCR) (HRA) *This rate indicates the number of injuries and illnesses that have resulted in days away from work or have been documented as lost time cases adjusted for employment changes, per 100 employees. This target meets Department of Labor standards; however, the goal for 2012 has not been issued yet.	1.81	1.82	1.71	1.64	1.57	1.51		1.51

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Average number of months to process VA regulations (OGC) * These targets are "stretch goals" because they accelerate individual project completion dates from Departmental standards of 22.4 months and 10.8 months, respectively. The strategic and interim goals are identical because actual processing times cover multi-years and are measured as performance data only when rulemakings are completed.								
-Requiring advance notice and public comment (2-stage)	21.7	19.4	19.6	19.5	*19.6	*19.6		*19.6
-Without advance notice and public comment (1-stage)	7.4	7.8	7.5	7.4	*7.5	*7.5		*7.5
Number of material weaknesses (OM)	3	4	1	1	1	1		0
Percent Condition Index (Owned Buildings) (OAEM) *(Standard government-wide measure required by the Federal Real Property Council) The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.	66%	74%	71%	78%	78%	80%		87%
Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) (1) Corrected (See * above)	113%	(1) 114%	(1) 122%	(1) 116%	110%	104%		100%
Ratio of non-mission dependent assets to total assets (OAEM) (1) Corrected (See * above)	12%	12%	9%	(1) 10%	10%	10%		10%
Ratio of operating costs per gross square foot (GSF) (OAEM) (1) Corrected (See * above)	$6.47	$6.95	$7.64	(1) $7.94	$7.23	$6.04		$6.41
Percent of Capital Improvement Projects Reviewed Through SCIP (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	95%		98%
Number of Capital Investment and Planning Staff who Receive SCIP Process Training (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	95%		97%
Cumulative percent reduction of vacant square feet through public-private partnerships via Enhanced Use Lease(s) (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	TBD	TBD		25%
Cumulative Number of Enhanced Use Leases Executed (OAEM) **(New)**	N/Av	N/Av	N/Av	N/Av	TBD	TBD		50 projects

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Percent of current year (CY) electricity consumption generated with renewable energy sources (OAEM) **The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.	4%	3%	7%	12%	5%	15%		15% by 2013
Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) (See ** above) (1) Corrected	N/Av	N/Av	(1) 0%	3%	6%	9%		30% by 2020
Percent of annual major construction operating plan executed (OALC)	N/Av	N/Av	N/Av	82%	90%	90%		90%
Percentage of contracts competitively awarded (Supply Fund)	N/Av	N/Av	74%	75%	65%	65%		65%

Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Past Fiscal Year Results				Fiscal Year Targets			Strategic Targets
	2008	2009	2010	2011	2012 (Final)	2013 (Request)	2014 (Adv. Approp. Request)	
Office of Inspector General								
Performance Measures								
Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	212	235	263	301	275	275		300
Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions	1,884	2,250	1,929	1,939	1,900	1,900		2,300
Monetary benefits (dollars in millions) from audits, investigations, contract reviews, inspections, and other evaluations	$500	$2,931	$1,914	$7,122	$1,200	$1,200		$1,500
Return on investment (monetary benefits divided by cost of operations in dollars) Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG's September 2011 *Semiannual Report to Congress*, page 5, www.va.gov/oig/publications/semiannual-reports.asp)	6 to 1	38 to 1	20 to 1	76 to 1	12 to 1	12 to 1		15 to 1
Percentage of:								
Prosecutions successfully completed	94%	94%	97%	99%	94%	94%		95%
Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA	88%	94%	86%	87%	90%	90%		95%
Recommended recoveries achieved from postaward contract reviews	N/Av	N/Av	N/Av	100%	95%	96%		98%
OIG Customer satisfaction survey scores (based on a scale of 1 - 5, where 5 is high):								
Investigations	4.6	4.9	4.9	4.9	4.5	4.5		5.0
Audits and Evaluations	4.0	4.0	4.0	4.4	4.0	4.0		5.0
Healthcare Inspections	4.7	4.7	4.6	4.6	4.3	4.3		5.0
Contract Review	N/Av	4.6	4.7	4.8	4.2	4.2		5.0

Selected Facilities by Type

Selected VA Facilities by Type

(as of December 2011)

Type of Facility	Number
Domiciliary Rehabilitation Treatment Programs – As of September 30, 2011	107
Geriatric Research, Education, and Clinical Centers - As of December 2011	20
Health Administration Management Center	1
Independent Outpatient Clinics	6
Insurance Center	1
Memorial Service Networks	5
Mobile Clinics	11
Nursing Home Units	133
Orthotic/Prosthetic Laboratories	67
Prosthetic and Sensory Aids Restoration Clinics	5
Regional Loan Centers	9
Regional Office – Outpatient Clinic	1
Regional Offices	57
Regional Pension Management Centers	3
Regional Education Processing Offices	4
VA Hospitals	152
VA National Cemeteries	131
VA Outpatient Clinics – As of September 30, 2011	802
Vet Centers – As of September 30, 2011	300
Mobile Vet Centers – As of September 30, 2011	70
Veterans Benefits Administration Area Offices	4
Veterans Integrated Service Networks (VISNS)	21

FY 2013 BUDGET SUBMISSION

"To care for him who shall have borne the battle, and for his widow, and his orphan...."

Medical Programs and Information Technology Programs

Volume 2 of 4

February 2012

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Department of Veterans Affairs

Volume II
Medical Programs &
Information Technology Programs

Congressional Submission

FY 2013 Funding and
FY 2014 Advance Appropriations Request

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Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009, Public Law 111-5
CBOC	Community-Based Outpatient Clinic
CHAMPVA	Civilian Health and Medical Program of the Department of Veterans Affairs
CNS	Construction
CWVV	Children of Women Vietnam Veterans
FMP	Foreign Medical Program
GOE	General Operating Expenses
HCCF	Health Care Center Facilities
HEC	Health Executive Committee
IT	Information Technology
JIF	VA/DoD Health Care Sharing Incentive Fund (more commonly known as the Joint Incentive Fund)
MS	Medical Services
MS&C	Medical Support and Compliance (formerly Medical Administration)
MF	Medical Facilities
OEF/OIF/OND	Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn

Executive Summary of Medical Care

Department of Veterans Affairs (VA) is committed to providing Veterans and other eligible beneficiaries timely access to high-quality health services. VA's health care mission covers the continuum of care providing inpatient and outpatient services, including pharmacy, prosthetics and mental health; long-term care in both institutional and non-institutional settings; and other health care programs, such as CHAMPVA and Readjustment Counseling. VA will meet all of its commitments to treat Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) Veterans and service members in 2012 through 2014.

FY 2013
Last year's Congressional Submission requested $52.541 billion in direct advance appropriations (excluding collections) for 2013. The total 2013 direct appropriations request (excluding collections) is $52.706 billion, an increase of $165 million. In addition to the 2013 appropriation request, VA anticipates the Medical Care Collections Fund to reach $2.966 billion, for a total 2013 budget authority of $55.672 billion. The $55.672 billion budget authority, $500 million in 2012 unobligated balances, and $408 million in reimbursements will allow the Veterans Health Administration (VHA) to meet its 2013 total obligation requirement of $56.580 billion and support over 6.3 million unique patients.

FY 2014 Advance Appropriations Request
The 2013 President's Budget requests $54.462 billion (excluding collections) in advance appropriations for the VA medical care program in 2014. Advance appropriations require a multi-year approach to budget planning whereby one year builds off the previous year. This funding enables timely and predictable funding for VA's medical care to prevent our Nation's Veterans from being adversely affected by budget delays, and provides opportunities to more effectively use resources in a constrained fiscal environment. This request for advance appropriations will support nearly 6.4 million unique patients and fulfill our commitment to Veterans to provide timely and accessible high-quality medical services.

VA's 2013 President's Budget focuses on three concerns that are of overriding interest to Veterans—access to care; continued focus on delivery of high-quality care; and preventive care to alleviate the need for more acute care. To meet VA's

focuses, this budget provides the resources required to fund the following initiatives: ending homelessness among our nation's Veterans, creating new models of patient-centered care, expanding health care access, improving Veteran mental health, improving the quality of health care, and establishing world-class health informatics capability.

Medical Care Budget Authority
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp. 1/	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Appropriation:							
Medical Services	$36,948,249	$40,050,985	$39,462,235	$41,519,000	$43,557,000	$2,056,765	$2,038,000
Medical Support & Compliance	$5,252,367	$5,424,000	$5,510,832	$5,746,000	$6,033,000	$235,168	$287,000
Medical Facilities	$5,703,116	$5,376,000	$5,388,838	$5,441,000	$4,872,000	$52,162	($569,000)
Total Appropriations	$47,903,732	$50,850,985	$50,361,905	$52,706,000	$54,462,000	$2,344,095	$1,756,000
MCCF Collections	$2,770,663	$3,078,000	$2,749,362	$2,966,000	$3,051,000	$216,638	$85,000
Total Budget Authority	$50,674,395	$53,928,985	$53,111,267	$55,672,000	$57,513,000	$2,560,733	$1,841,000
FTE	254,230	252,819	257,217	262,912	265,372	5,695	2,460

1/2014 reflects Biomedical Engineers functions funding source change from Medical Facilities to Medical Services.

Funding for Biomedical Engineering Services moved from Medical Facilities to Medical Services

The 2014 advance appropriation request proposes VA's Biomedical Engineering Services costs of $320 million and 1,080 FTE be funded out of the Medical Services appropriation instead of the Medical Facilities appropriation. In order to properly align the appropriation requests with the nature of the services provided, funds are moved from the Medical Facilities appropriation to the Medical Services appropriation. This transfer of services includes personal services and other costs associated with maintenance and repair of all medical equipment used in the treatment, monitoring, diagnosis, or therapy of patients.

Medical Patient Caseload

For 2013, we expect to treat over 6.3 million unique patients, an increase of 1.1% over the anticipated number of patients treated in 2012. Of those 6.3 million patients, we project we will treat nearly 4.4 million Veterans in Priorities 1-6, an increase of more than 64,000 or 1.5%. VA also provides medical care to non-Veterans; this population is expected to increase by over 9,000 patients or 1.6% during the same time period. In 2013, VA anticipates treating over 610,000 Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn Veterans (OEF/OIF/OND), an increase of over 53,000 patients, or 9.6%, over the 2012 level. In 2014, we are expecting to treat nearly 6.4 million unique patients, an increase of over 57,000 patients or 1% over the 2013 level.

Unique Patients 1/

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	4,254,470	4,195,294	4,328,562	4,392,645	4,444,519	64,083	51,874
Priorities 7-8	1,327,701	1,411,535	1,327,599	1,324,467	1,320,927	(3,132)	(3,540)
Subtotal Veterans	5,582,171	5,606,829	5,656,161	5,717,112	5,765,446	60,951	48,334
Non-Veterans 2/	584,020	577,337	598,576	607,925	617,377	9,349	9,452
Total Unique Patients	6,166,191	6,184,166	6,254,737	6,325,037	6,382,823	70,300	57,786
OEF/OIF/OND (Incl. Above)	470,755	536,451	557,138	610,416	654,480	53,278	44,064

1/ Unique patients are uniquely identified individuals treated by VA or whose treatment is paid for VA. It includes patients only receiving pharmacy, CHAMPVA patients, Readjustment Counseling patients, employees seen as patients, collateral patients and other non-veterans treated by VA.
2/ Non-veterans include spousal collateral, consultations and instruction, CHAMPVA workload, reimbursable workload with affiliates, humanitarian care, and employees receiving preventive occupational immunizations such as Hepatitis A&B and flu vaccinations.

Medical Care Program Funding Requirements

The submission for Medical Care is based primarily on an actuarial analysis founded on current and projected Veteran population statistics, enrollment projections on demand, and case mix changes associated with current Veteran patients. The resource change is tied to actuarial estimates of demand and case mix changes for all Veteran priorities. Demand is adjusted for expected utilization changes anticipated for an aging Veteran population and for services mandated by statute. The utilization projections are based on private sector benchmarks adjusted to reflect the VA health care services package, Veteran age, gender, morbidity, reliance on VA versus other health care providers, and degree of health care management. The changing health care demands reflect Veterans' increasing reliance on pharmaceuticals; the advanced aging of many World War II and Korean Veterans in greater need of health care; and the outcome of high Veteran satisfaction with the health care delivery. The 2013 and 2014 levels reflect the increased costs of emerging medical care requirements resulting from the implementation of the Caregivers and Veterans Omnibus Health Services Act (Public Law 111-163), and Agent Orange and Amyotrophic Lateral Sclerosis presumptions.

The Affordable Care Act of 2010 (ACA) will give many Veterans more freedom to choose between VA and other health care providers. While VA hospitals outperform non-VA hospitals nationally on nearly every performance quality metric, Veterans will have the ability to weigh cost, quality, and accessibility to determine their ultimate health care provider. Continued analysis of Veteran needs and expectations and monitoring the implementation of health care reform will be necessary to understand and address the impact of ACA implementation on VA health care enrollment. VA will reassess any changes to the 2014 advance appropriations request in the 2014 Budget.

The following table displays, on an obligation basis, the estimated resources by major category that VA projects to spend. Over the coming year, as medical services evolve, the Department may shift funding among these major categories, particularly for 2014. Any such shifts in funding will be reflected in future budget submissions.

VA Medical Care Obligations by Program
(dollars in millions)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Health Care Services:							
Acute Care	$34,933	$35,259	$34,125	$35,521	$36,869	$1,396	$1,348
Rehabilitative Care	$585	$799	$620	$651	$684	$31	$33
Mental Health	$5,519	$6,029	$5,872	$6,184	$6,453	$312	$269
Prosthetics	$2,081	$2,489	$2,330	$2,586	$2,870	$256	$284
Dental	$666	$689	$712	$762	$815	$50	$53
Contingency Funding	$0	$953	$0	$0	$0	$0	$0
Total Health Care Services	$43,784	$46,218	$43,659	$45,704	$47,691	$2,045	$1,987
Long-Term Care:							
VA Community Living Centers (VA CLC)	$3,425	$3,811	$3,562	$3,701	$3,853	$139	$152
Community Nursing Home	$614	$641	$688	$767	$855	$79	$88
State Nursing Home	$775	$750	$857	$947	$1,042	$90	$95
State Home Domiciliary	$52	$53	$54	$57	$60	$3	$3
Geriatric Evaluation & Management 1/	$0	$12	$0	$0	$0	$0	$0
Subtotal	$4,866	$5,267	$5,161	$5,472	$5,810	$311	$338
Total Non-Institutional Care	$1,289	$1,613	$1,509	$1,749	$1,980	$240	$231
Long-Term Care Total	$6,155	$6,880	$6,670	$7,221	$7,790	$551	$569
Other Health Care Programs:							
CHAMPVA, Spina Bifida, FMP, & CWVV	$1,221	$1,318	$1,276	$1,386	$1,506	$110	$120
Readjustment Counseling	$197	$189	$189	$197	$205	$8	$8
Other 2/	$0	$58	$0	$0	$0	$0	$0
DoD-VA Health Care Incentive Fund 3/	$0	$15	$0	$15	$15	$15	$0
Subtotal	$1,418	$1,580	$1,465	$1,598	$1,726	$133	$128
Initiatives/Legislative Proposals 4/:							
Activations	$0	$344	$1,175	$792	$135	($383)	($657)
Agent Orange	$0	$171	$171	$191	$191	$20	$0
Amyotrophic Lateral Sclerosis (ALS)	$0	$43	$43	$47	$47	$4	$0
Caregivers & Veterans Omnibus Hlth Svcs (PL 111-163)	$0	$208	$251	$278	$278	$27	$0
DoD/VA Integrated Disability Evaluation Sys. Enh	$0	$18	$18	$22	$22	$4	$0
Indian Health Services	$0	$52	$52	$52	$52	$0	$0
Strategic Planning Major Initiatives 5/:							
Homelessness: Zero Homelessness	$0	$460	$1,019	$1,352	$1,352	$333	$0
New Models of Patient-Centered Care	$0	$108	$718	$433	$0	($285)	($433)
Expand Health Care Access for Veterans	$0	$5	$118	$120	$0	$2	($120)
Improving Veteran Mental Health	$0	$0	$31	$20	$0	($11)	($20)
Research on Long-Term Health & Well-Being of Vets	$0	$30	$0	$0	$0	$0	$0
Improve the Quality of Health Care while Reducing Costs	$0	$5	$31	$51	$0	$20	($51)
Establish World-Class Health Informatics Capability	$0	$7	$10	$10	$0	$0	($10)
Subtotal	$0	$615	$1,927	$1,986	$1,352	$59	($634)
Initiatives Total	$0	$1,451	$3,637	$3,368	$2,077	($269)	($1,291)
Legislative Proposals							
Subtotal	$0	($20)	($20)	($27)	($27)	($7)	$0
Operational Improvements 6/							
Fee Care Payments Consistent with Medicare	*($161)*	($315)	($315)	($362)	($406)	($47)	($44)
Fee Care Savings	*($388)*	($200)	($200)	($200)	($200)	$0	$0
Clinical Staff and Resource Realignment	*$0*	($151)	($151)	($151)	($151)	$0	$0
Medical & Administrative Support Savings	*($168)*	($150)	($150)	($150)	($150)	$0	$0
Acquisition Improvements	*($622)*	($355)	($355)	($355)	($355)	$0	$0
VA Real Property Cost Savings & Innovation Plan	*$0*	($66)	($66)	($66)	($66)	$0	$0
Subtotal, Operational Improvements	*($1,339)*	($1,237)	($1,237)	($1,284)	($1,328)	($47)	($44)
Total Obligations	$51,357	$54,872	$54,174	$56,580	$57,929	$2,406	$1,349

Note: Dollars may not add due to rounding in this and subsequent charts

1/ Included in Health Care Services

2/ Residential Care Home Program and Community-Based Domiciliary Care included in Long Term Care and Health Care Services

3/ VA transferred $65 million and $15 million to DoD-VA Health Care Incentive Fund in 2011 and 2012 respectively

4/ The 2011 initiative actuals are included in Health Care Services

5/ Total funding for initiatives in FY 2012 Current Estimate, FY 2013, and FY 2014 are displayed in this section.

6/ 2011 Operational Improvements are non-additive, for display purposes only

2013 Funding Level and 2014 Advance Appropriations Request

Update of the 2012 Budget Estimate and the 2013 Advance Appropriations Request included in the FY 2012 Budget:

VA's budget development process under the Veterans Health Care Budget Reform and Transparency Act of 2009 (P.L. 111-81) requires VA to submit its medical care budget for two years in each Budget submission. This allows the Administration to review the initial advance appropriations request during the development of the next Budget. As part of this process, VA produces budget estimates for more than 80 percent of its medical program using a sophisticated actuarial model that estimates the health care services requirements for enrolled Veterans. Each year VA updates the model estimates to incorporate the most recent data on health care utilization rates, actual program experience, and other factors, such as economic trends in unemployment and inflation. By updating the model's inputs and revisiting the assumptions that underlie the actuarial projections each year, VA is able to produce budget estimates that most accurately reflect the projected medical demands of enrolled Veterans.

To develop the 2013 Budget, VA updated the actuarial model and conducted a comprehensive reassessment of the resource requirements for all medical care program activities and initiatives in 2012 and 2013, including those developed outside of the model. As a result of this process, VA determined that resource requirements in both years for health care services, long-term care, and other health care programs were lower than the estimates for those programs included in the 2012 Budget submitted in February 2011.

- Health Care Services were nearly $2.6 billion lower in 2012 and $1.7 billion lower in 2013 largely based on updated actuarial estimates.
- Long-Term Care requirements were $210 million lower in 2012 and $271 million lower in 2013 based on actual utilization experience in 2011.
- Other Health Care Programs were $115 million lower in 2012 and $119 million lower in 2013 based on actual utilization experience in 2011.

As a result of this comprehensive process and these revised estimates, VA was able to re-invest over $2 billion in both 2012 and 2013 in high priority medical programs such as homeless veterans programs, implementation of the Caregivers and Veterans Omnibus Health Services Act (Public Law 111-163), activations of new or replacement medical facilities, new models of patient-centered care, and expanded access for health care services for our nation's Veterans.

Medical Care Programs Major Funding
The justification for the 2013 funding level and the 2014 advance appropriations request is provided below, on an obligation basis, corresponding to the obligation estimates, by program, on the previous table.

In 2013, the $56.580 billion in obligations is comprised of $52.706 billion for appropriation funding, $2.966 billion for collections, $408 million for reimbursements, and the entire 2012 unobligated balance of $500 million. In 2014, the $57.929 billion in obligations is comprised of $54.462 billion for appropriation funding, $3.051 billion for collections, and $416 million for reimbursements.

Below, the funding in parenthesis represents the 2013 funding level and 2014 advance appropriations request on an obligation basis.

Health Care Services:
- **($45.704 billion in 2013)**
- **($47.691 billion in 2014)**

VA projects the following medical services:

Acute Care:
- **($35.521 billion in 2013)**
- **($36.869 billion in 2014)**

Inpatient Acute Hospital Care: VA delivers inpatient acute hospital care in its hospitals and through inpatient contract care. Acute care services for medicine include neurology, surgery and maternity.

Ambulatory Care: This includes funding for ambulatory care in VA hospital-based and community-based clinics. Contract fee care is often provided to eligible beneficiaries when VA facilities are not geographically accessible, services are not available at a particular facility, or when care cannot be provided in a timely manner.

Pharmacy Services: These services include prescriptions, over-the-counter medications and pharmacy supplies. VA expects to fulfill 283 million prescriptions in 2013, an increase of 1.8 percent from 2012, and 291 million in 2014, an increase of 2.8 percent from the 2013 estimate.

Rehabilitative Care:
- **($651 million in 2013)**
- **($684 million in 2014)**

These services include Blind Rehabilitation and Spinal Cord Injury programs. VA is expanding the Blind Rehabilitation program to accommodate the

increased workload due to additional numbers of these injuries among OEF/OIF/OND Veterans.

Mental Health:

- **($6.184 billion in 2013)**
- **($6.453 billion in 2014)**

Beginning in 2005, Mental Health has focused on expanding and transforming mental health services for Veterans to ensure accessible, patient-centered, recovery-oriented care. These concepts were reflected in the recommendations of the VHA Comprehensive Mental Health Strategic Plan (MHSP), implemented beginning in 2005 and completed in 2009. VA Mental Health Services followed the MHSP with national requirements for mental health programs, reflected in VHA Handbook 1160.01, *Uniform Mental Health Services in VA Medical Centers and Clinics*, published in September 2008. Further, and more recently, in support of broad VHA, Patient Care Service and VISN Network Operation initiatives, mental health has been actively involved in the development of the Patient Aligned Care Team (PACT) and has been working collaboratively with the National Center for Prevention to improve and maintain the health of populations of Veterans treated in VA primary and specialty care. All of this work has been further enhanced and facilitated by the Department's major initiative to *Improve Veterans Mental Health (IVMH)* as outlined in the VA's FY 2011-2015 Strategic Plan. The VA's commitment to the IVMH is being tracked through the Mental Health Initiative's monthly reporting process during 2011 through 2013.

The Guiding Principles/ Goals of VA Mental Health Services are:

1. Veteran-centric care
2. A Recovery/ rehabilitation orientation to health care
3. Evidence based practices in the delivery of care
4. Maximizing access to care across clinical sites of care
5. Decrease stigma associated with mental health treatment
6. Improve the health of Veterans through the PACT
7. Increase use of technology to facilitate care
8. Expand partnerships with other government agencies and communities

These concepts are consistent with VA's Core Values: Integrity, Commitment, Advocacy, Respect and excellence ("I CARE") and demonstrated in the implementation of the *Uniform Mental Health Services in VA Medical Centers and Clinics* handbook.

The primary actions in the transformation of mental health services that meet the goals listed above include:

1. Enhancing the overall capacity of mental health services in VA medical centers and clinics with improvements in both access to services and the continuity of care;
2. Improving the delivery of mental health care by enhancing services for Veterans at community-based outpatient clinics and those living in rural areas;
3. Integrating mental health with primary care and other medical care services;
4. Focusing specialty mental health care on rehabilitation- and recovery-oriented services;
5. Implementing evidence-based treatments with a focus on specific, evidence-based psychotherapy and psychopharmacology;
6. Expanding treatment opportunities for homeless Veterans;
7. Addressing the mental health needs of returning OEF/OIF/OND Veterans; and
8. Preventing suicide.

Implementation of the MHSP began the process of transformation, which was codified with the publication of the Uniform Mental Health Services Handbook (UMHSH). This Handbook defines requirements for those mental health services that must be available to all Veterans and those that are required to be available in VA medical centers, very large, large, mid-sized, and small community-based outpatient clinics (CBOCs). VA is now well along in implementation of the Handbook. As of June 2011, VA medical centers have implemented 94% of the Handbook requirements. As further demonstration of achievement of these transformative goals, VA has hired over 7,700 additional mental health staff since the start of 2005. With the increased staffing, VA has increasingly recognized, diagnosed, and treated common mental health conditions overall and through mental health services incorporated into primary care settings. This has increased the number of patients receiving mental health treatment in specialty mental health care settings and in primary care, allowing specialty mental health care settings to provide more extensive and intensive care and to focus on rehabilitation and recovery-oriented services to help Veterans with severe mental illnesses lead fulfilling lives.

Prosthetics:

- **($2.586 billion in 2013)**
- **($2.870 billion in 2014)**

These funds provide for the purchase and repair of prosthetics and sensory aids, such as artificial limbs, hearing aids, pacemakers, artificial hip and knee joints, ocular lenses and wheelchairs.

Dental Care:

- **($762 million in 2013)**
- **($815 million in 2014)**

This funding provides dental services to Veterans with a "medical condition negatively impacted by poor dentition" who are eligible for limited dental care by VA. These patients are placed into dental Classification III and VI categories and include poorly controlled diabetic patients, patients with head or neck cancer, organ transplant patients and others. Proper dental treatment for these patients decreases morbidity and increases longevity while contributing to an improved medical outcome.

The largest cohort eligible for dental care is Veterans with 100% service-connected disability. These Veterans are eligible for comprehensive dental care as needed. In addition, homeless Veterans enrolled in certain residential treatment programs are also eligible for dental treatment so that VA can improve their health and quality of life by eliminating pain and infection, as well as increasing their likelihood of employment.

Long-Term Care:

- **($7.221 billion in 2013)**
- **($7.790 billion in 2014)**

VA projects the institutional care average daily census (ADC) will increase from 40,385 to 40,685 from 2012 to 2013 and from 40,685 to 40,870 from 2013 to 2014. VA will continue to focus its long-term care treatment in the least restrictive and most clinically appropriate setting by providing more non-institutional care than ever before and providing Veterans with care closer to where they live. VA is projecting an increase in the non-institutional ADC from 113,254 to 120,118 from 2012 to 2013 and from 120,118 to 125,250 from 2013 to 2014 for this progressive type of long-term care.

Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA):

- **($1.386 billion in 2013)**
- **($1.506 billion in 2014)**

CHAMPVA was established to provide health benefits for the dependents and survivors of Veterans who are, or were at time of death, permanently and totally disabled from a service-connected disability, or who died from a service-connected condition. VA provides most of the care for these dependents and survivors under this program by purchasing care from the private sector. CHAMPVA costs continue to grow as a result of several factors. First, due to changes in the benefit structure, the mix of users has changed significantly since 2002. Veterans' Survivor Benefits Improvements Act of 2001, Public Law 107-14, dated June 5, 2001, amended title 38, United

States Code, to expand eligibility to those 65 and older who would have lost their CHAMPVA eligibility when they became eligible for Medicare. CHAMPVA is a secondary payer to Medicare for those individuals. The Veterans Benefits Act of 2002, Public Law 107-330, dated December 6, 2002, also allowed retention of CHAMPVA for surviving spouses remarrying after age 55. Additionally, the number of claims paid is expected to grow. Along with the increasing number of claims, the cost of care and transaction fees required to process electronic claims is increasing.

Readjustment Counseling:

- **($197 million in 2013)**
- **($205 million in 2014)**

This funding is required to provide readjustment counseling at VA's Vet and Mobile Vet Centers to Veterans that served in a combat zone or area of armed hostilities. Vet Centers are essential for helping Veterans access treatment for post-traumatic stress disorder (PTSD) conditions, and VA expects an increase in PTSD conditions as Veterans return from OEF/OIF/OND after multiple tours of duty. This expansion of mental health services to Veterans in rural areas enables VA to increase access to Veterans who need it most. Vet Centers are tasked with three major functions: direct counseling for issues related to combat service, outreach, and referral. Services are also provided to families for military related issues. In 2003, Vet Centers were authorized to provide bereavement counseling for families of OEF/OIF/OND service members who die while on active duty.

DoD-VA Health Care Sharing Incentive Fund:

- **($15 million in 2013)**
- **($15 million in 2014)**

Congress created the Health Care Sharing Incentive Fund, regularly referred to as the Joint Incentive Fund (JIF), between Department of Veterans Affairs (VA) and the Department of Defense (DoD) to encourage development of sharing initiatives at the facility, intra-regional and nationwide level. The JIF program has been very successful in fostering collaboration and new approaches to problem solving that mutually benefits both VA and DoD. Section 8111(d) of title 38, United States Code requires each Secretary to contribute a minimum of $15,000,000 from the funds appropriated to the Secretary's Department fund. The DoD-VA Health Care Sharing Incentive Fund was established effective October 1, 2003. Public Law 111-84, The National Defense Authorization Act for Fiscal Year 2010, section 1706, amended section 8111(d)(3) of title 38, United States Code, to extend the program to September 30, 2015.

Initiatives:

Activations

- **($792 million in 2013)**
- **($135 million in 2014)**

Facility activiations provide non-recurring (equipment and supplies) and recurring (additional personnel) costs associated with the activation of completed construction of new or replacement medical care facilities. Resources include assumed rates for medical equipment and furniture reuse based on the facility type (renovation, replacement, or new).

Agent Orange

- **($191 million in 2013)**
- **($191 million in 2014)**

The Agent Orange Presumptive process is part of an existing initiative that was launched in 2010 to improve access to VA health care by providing timely services to Veterans. VA has identified new presumptive conditions for awarding service-connected status to Veterans who were known to be exposed to Agent Orange.

Amyotrophic Lateral Sclerosis (ALS)

- **($47 million in 2013)**
- **($47 million in 2014)**

The Amyotrophic Lateral Sclerosis (ALS) Presumptive process is part of an existing initiative to improve access to care for Veterans with ALS. It is supported by regulations that have been published in 2009. Recent assessments of the cost to treat a Veteran with ALS identify costs in excess of $40,000 per patient. VA has identified that Veterans with ALS will be eligible to enroll in VA's health care system under presumptive service-connected determination.

Caregivers and Veterans Omnibus Health Services Act

- **($278 million in 2013)**
- **($278 million in 2014)**

The Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163) supports significant expansion of benefits for caregivers, increase of services for women and rural Veterans, new and renewed authorities for existing programs, new personnel authorities, greater access for facilities to conduct VA research, authorization of major construction projects, and new authorities for law enforcement personnel.

DoD/VA Integrated Disability Evaluation System (IDES) Enhancement

- **($22 million in 2013)**
- **($22 million in 2014)**

The Integrated Disability Evaluation System (IDES) strives to implement an integrated mechanism to provide wounded, ill, and injured service members with a single disability evaluation for both the Medical Evaluation Board/Physical Evaluation Board (MEB/PEB) and VA Compensation and Pension disability claims. The process is intended to remove significant procedural and systems barriers for Service Members and truly implement a seamless transition from DoD to VA.

- **Indian Health Services ($52 million in 2013)**
- **($52 million in 2014)**

Indian Health Services is an ongoing initiative in support of sections 2901(b) and 10221 of the Patient Protection and Affordable Care Act (Public Law 111-148). Section 2901(b) establishes the Indian Health Service (IHS) as the payer of last resort for all health programs operated by IHS, Indian tribes, tribal organizations, and Urban Indian organizations (25 U.S.C. 1603). Section 10221 authorizes IHS to establish or expand arrangements for the sharing of medical facilities and services between IHS, Indian tribes, and tribal organizations and VA. This initiative will enable VA to improve coordination with IHS in providing quality health care to American Indian/Alaskan Native (AI/AN) Veterans.

Strategic Planning Major Initiatives:

Homelessness: Zero Homelessness

- **($1.352 billion in 2013)**
- **($1.352 billion in 2014)**

The Department of Veterans Affairs, in concert with the United States Interagency Council on Homelessness, is taking decisive action toward its goal of ending homelessness among our nation's Veterans. To achieve this goal, VA has developed a plan to end homelessness among Veterans that will assist every eligible homeless Veteran and at-risk for homeless Veterans. VA will assist Veterans to acquire safe housing; needed treatment and support services; homeless prevention services; opportunities to return to employment; and benefits assistance. The initiative of eliminating Veteran homelessness is built upon 6 strategies: Outreach/Education, Treatment, Prevention, Housing/Supportive Services, Income/Employment/ Benefits, and Community Partnerships. See Selected Program Highlights for full discussion of this initiative.

New Models of Patient-Centered Care

- **($433 million in 2013)**

Patient-Centered Care is the overarching goal of all our major initiatives, but is organized under our Enhancing the Veteran Experience and Access to Healthcare (EVEAH) major initiative. Here, we have a specific plan to support the culture change necessary to become a more patient-centered health care system, but every one of our transformation efforts embody some component of patient-centered care.

Patient-centered care focuses on the whole person rather than the condition or disease. It establishes a partnership among the primary care team, Veteran patients, and their families or caregivers. This ensures that the Veteran's wants, needs, and preferences are respected and at the center of decision-making. These preferences and goals are easily retrievable, modifiable, and reviewed regularly with the Veteran patient. Veteran patients will have the knowledge and support required to make decisions and fully participate in the management of their health care. Patient-centered care establishes continuous healing relationships and provides optimal healing environments. The results are better health outcomes, improved quality of care, greater patient satisfaction, and enhanced quality of life.

At the core of our Patient-Centered Care (PCC) Culture Transformation Initiative is an entirely new approach to health care that is a radical shift from our current system. The medicine of tomorrow moves beyond problem based disease care to patient-centered health care. This approach requires a process that is proactive rather than reactive and engages the patient at the center of . There are three key components to this approach to health care: personalized health planning; whole person, integrative strategies; and behavior change and skill building that works. This radical departure requires a rational strategy for change that is aligned and integrated with the resources, capacities, and ongoing initiatives throughout VHA.

Personalized Health Planning is a core component of the new approach. The process begins with the Veteran; hearing what is important to them in their life, their values, and their priorities. Their Personalized Health Plan draws on the best interventions and treatments available, and has a strong emphasis on lifestyle and health behaviors. This requires providing the paths to resources and skills for the Veteran that support sustained behavior change. This approach to health care is founded on a collaborative, team-based model. It is not physician centric, and draws on

a more expansive network of providers and resources than our current model of care. This requires that the health care team have new processes, roles, and tools. While the entire team needs training in the new approach to health care, team must gain a new core competency for integrative health coaching.

Fundamental to patient-centered care is a cultural transformation based on a true partnership with the Veteran and his/her family and community. This change requires mutually reinforcing behavior change on the part of the Veteran and their health care team. Change on this scale only happens when core the functions of each department and program office are aligned with intention and design.

Funding for Patient-Centered Care consists of salaries, travel, and supplies for both the program office staff and the field-based implementation team (FIT). The FIT staff is responsible for the PCC foundational roll out throughout the country, and a large portion of the funding is provided to our 9 Centers of Innovation, and other medical centers that are piloting innovative programs which will place the Veteran and their values at the center of their health care. Extensive partnerships have been developed to insure communication and alignment of goals across major initiatives, and with DoD.

The contracts support the staff in building curriculums, providing training, and developing a national communication plan. All projects incorporate the Patient-Centered Care guiding principles which lead to more efficient care, with the Veteran and their values at the center, in an effort to change behaviors more successfully and ultimately improve outcomes while reducing costs. The following is a list of some of these projects which are in various stages of implementation:

Integration of Patient-Centered Care and Lean Thinking

- Perform organizational assessment/site specific

- Provide Senior Leadership Training

    - Integrated Health Coach Training for Mental Health Providers
    - Integrated Health Coach Training for the Patient Aligned Care Team (PACT)
    - Expansion of PACT team pilots incorporating Veteran personalized health planning/behavior changes

- Integration of Patient-Centered Culture (PCC), PACT and National Center for Health Promotion and Disease Prevention (NCP) within several medical centers
- Integration of PCC tools within Lovell Federal Health Care Center (integrating VHA and DoD), a Polytrauma Center, a Community Living Center, and a Vet Center
- Interactive Patient Tool contract and deployment at 9 medical centers (inpatient and follow-up home program – goal to improve outcomes and reduce readmissions). Getwell Network is already being studied in the Birmingham Center of Innovation.
- Maximizing technology (from other Major Initiative projects) to spread best practices so more Veterans can access Integrative Medicine, Health Coaching, and other evidenced based medicine services
- Scripts Center (Automated Pharmacy Dispensing Center) including after hours
- Develop research driven PCC interviewing and hiring models
- Pilot effective and efficient employee recruitment/hiring/orientation with PCC principles integrated into new medical centers (partnering with Human Resources)
- Renovation of Mental Health Outpatient Clinic
- Medical Surgical Unit renovation

Expand Health Care Access for Veterans

➢ **($120 million in 2013)**

Access to health care services, benefits, information and education is vital to VA's overall mission of providing exceptional health care to Veterans. It is VA's commitment to provide clinically appropriate quality care for eligible Veterans when they want and need it. It is the goal to provide the care in the right place, at the right time, by the right clinicians, and by the right way (including use of technology). This major initiative includes seven sub-initiatives, which jointly contribute to expanding Veterans options and availability of services:

- PatientCentered Care and Cultural Transformation – This is an entirely new approach to health care that is a radical shift from our current system. The medicine of tomorrow moves beyond problem based disease care to patient-centered health care. This approach requires a process that is proactive rather than reactive and engages the patient at the center of their care.

- Systems Redesign – This will create a culture of continuous process improvement resulting in increased efficiencies, and improved Veteran and employee satisfaction. Projects within this operations plan include a focus on Outpatient Access, Inpatient Flow, Leadership Training, and Systems Improvement.

- Handbook – VA will consistently communicate personalized benefits to Veterans and will ensure each Veteran receives an easy to understand delivery of benefits to which they are entitled. Clinical inventory information will provide VA clinicians and purchased care staff a quick reference to existing VA clinical inpatient and outpatient resources and treatment options.

- Transportation – To ensure our Veterans have convenient and timely access to transportation services, it is VHA's vision to establish a network of community transportation service providers that includes the Veteran Service Organizations (VSO's), community transportation providers, Federal, State and Local government transportation services, such as United We Ride, operating within each Veterans Integrated Service Network (VISN). This initiative is expanding the current transportation options for Veterans.

- Kiosks (VetLink) – The VA Point of Service program (VPS) shall develop, deploy and maintain small, stand-alone devices (kiosks) that will enable Veterans and patients to efficiently and easily perform a variety of administrative, financial and clinical tasks such as patient check-in, view and update demographic and administrative information, allergies view and update, medication reconciliation, and patient surveys

- Project ARCH (Access Received Closer to Home) – Pilot programs to provide non-VA health care service to rural populations in their local community for five sites within Veterans Integrated Service Networks (VISN). This initiative is part of the effort to provide the appropriate services in a location that is accessible for the Veteran. This is a legislatively mandated program.

- Hospital Quality and Transparency – This initiative provides Veterans and other stakeholders alike with the information necessary to evaluate care based on value (quality, safety, and reliability). By leveraging routine customer feedback about health care data, information needs can be translated into a pertinent, understandable context for informed

customer decision making. There is both an external and internal reporting mechanism.

Through the implementation of these sub-initiatives, the Veteran will be able to easily navigate the system to receive the desired services and outcomes.

Improving Veteran Mental Health

- **($20 million in 2013)**

This initiative provides an on-going process to transform VA mental health. This transformation will ensure mental health services within VA are evidenced-based, patient-centered, and recovery-oriented; that Veterans and their families have increased access to mental health services within VA and in communities; and that mental health programs are coordinated with DoD to ensure coverage for service members and Veterans seamlessly throughout their life.

Improve the Quality of Health Care while Reducing Costs

- **($51 million in 2013)**

The goal of this initiative is to develop enterprise-level program changes that will streamline and automate clinical and business processes, improve continuity and coordination of health care delivery across VHA, and eliminate system redundancies.

Establish World-Class Health Informatics Capability

- **($10 million in 2013)**

This initiative is a foundational component for VA's transition from a medical model to a patient-centered model of care. It requires cultural, informational, and technological paradigm shifts to implement a sophisticated electronic health management platform supporting cognition, communication and workflow of patients and clinicians while assuring compatibility with other non-VA systems and partners. The proposed solutions are Veteran-centric and improve information sharing and population health outcomes in terms of access, quality, and safety while improving provider efficiency and satisfaction with the electronic health management software.

Legislative Proposals

- **(-$27 million in 2013)**
- **(-$27 million in 2014)**

There are two new 2013 legislative proposals that have budgetary savings: to make the grounds of all VA health care facilities smoke-free environments, and to allow VA to release certain patient information to health plans for billing

purposes. In addition, there are five proposals from 2012 resubmitted in 2013 that have budgetary savings. The proposals concern the removal of the requirement that VA reimburse certain employees appointed under title 38 for expenses incurred for continuing professional education; clarification of breach of agreement under the Employee Incentive Scholarship Program; change in collection and verification of Veteran's income; Medicare ambulatory rates for beneficiary travel, and consider VA a participating provider for purposes of reimbursement. See the Proposed Legislation chapter for a detailed description of these proposals.

Operational Improvements

To improve VA health care operations and improve the value of services provided to Veterans and their families as well as recognizing the federal deficit challenge this nation faces, VA has proposed a number of management actions. Many of these proposals will improve VA's medical services delivery over the long-term.

Fee Care Payments Consistent with Medicare

- **(-$362 million in 2013)**
- **(-$406 million in 2014)**

Dialysis Regulation Savings and other care services are the estimated cost savings from purchasing dialysis treatments and other care from civilian providers at the Centers for Medicare & Medicaid Services rates instead of current community rates.

Fee Care Savings

- **(-$200 million in 2013)**
- **(-$200 million in 2014)**

Fee care savings will be generated through application of the following initiatives: use of electronic repricing tools, use of contract and blanket ordering agreements, decrease contract hospital average daily census, decrease duplicate payments, decrease interest penalty payments, and increase revenue generation through the use of automated tools.

Clinical Staff and Resource Realignment

- **(-$151 million in 2013)**
- **(-$151 million in 2014)**

Conversion of selected physicians to non-physician providers; conversion of selected registered nurses to licensed practical nurses; and to more appropriately align the required clinical skills with patient care needs.

Medical & Administrative Support Savings
- **(-$150 million in 2013)**
- **(-$150 million in 2014)**

Indirect Cost Savings will be produced by more efficiently employing the resources in various medical care, administrative, and support activities at each medical center and in VISN and central office operations.

Acquisition Improvements
- **(-$355 million in 2013)**
- **(-$355 million in 2014)**

VHA has eight ongoing initiatives. A brief description of each is as follows:

- Consolidated Contracting – This initiative consists of multi-facility, VISN, and Regional Contracts. It also involves contracts being administered at the VHA Health Administration Center (HAC). Contract savings result from combining requirements and obtaining lower unit pricing.
- Increasing Competition – This initiative relates to competing contracts that were formerly awarded on a sole source basis. The majority of the savings in this category come from competing requirements among Service-Disabled Veteran-Owned Small Business firms.
- Bring Back Contracting In House – Under this initiative, VHA is bringing contracting workload back into VHA contracting offices from the Army Corps of Engineers. By bringing the workload back, VHA avoids paying the Corps of Engineers administrative charges.
- Reverse Auction Utilities – Several VHA facilities are participating in a program administered by the General Services Administration (GSA), whereby utilities are procured using reverse auctions. This has produced savings in utility pricing.
- MED PDB/EZ Save – Through a consolidated effort with DoD, VHA has been able to obtain visibility of the most favorable government pricing overall. This has allowed VHA to procure needed supplies at the identified lower price.
- Reduce Contracts – This effort involves canceling/avoiding contracts by performing the required services in house.
- Property Re-utilization – This initiative brings back the practice of considering "excess as the first source of supply." VHA has been able to avoid procurement of new equipment by reutilizing excess equipment.
- Prime Vendor – VHA has been able to use the medical/surgical prime vendor to achieve additional price concessions. Additionally, the prime vendor also provides improved inventory management thereby eliminating the procurement of unneeded supplies.

VA Real Property Cost Savings and Innovation Plan

- **(-$66 million in 2013)**
- **(-$66 million in 2014)**

This is part of VA's Real Property Cost Savings and Innovation Plan following the Presidential Memo on Real Property (June 2010). VHA's portion includes the following initiatives: Repurpose Vacant and Underutilized Assets - VA has identified 166 vacant or underutilized buildings to repurpose for homeless housing and other initiatives. Demolition and Mothballing - VA has identified 199 vacant or underutilized buildings to demolish or mothball which will reduce operating costs after the cost of demolition. Energy and Sustainability - VA will achieve these savings by regionally pooling energy commodity purchasing contracts, aggressively pursuing energy and water conservation, and investing in the co-generation of electric and thermal energy on-site. Improved Non-Recurring Maintenance (NRM) Contracting Processes – By improving how it plans and executes NRM projects, VA is reducing its reliance on external sources of support for the contracting process, saving fees. Reduction in Leasing – By consolidating operations previously located on leased properties into owned spaces, VA is reducing rent expenditures.

Medical Care Collections Fund

In 2013, VA estimates collections of $2.966 billion, representing an increase of $199 million, 7.2% over the 2012 level.

Medical Care Collections Fund
(dollars in thousands)

Description	2011 Actual 1/	2012 Budget Estimate	2012 Current Estimate 1/	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Medical Care Collections Fund:							
Pharmacy Co-payments	$729,742	$652,000	$696,000	$759,000	$825,000	$63,000	$66,000
3rd Party Insurance Collections	$1,767,165	$2,109,000	$1,792,000	$1,792,000	$1,806,000	$0	$14,000
3rd Party RX Insurance	$32,786	$0	$33,000	$33,000	$33,000	$0	$0
1st Party Other Co-payments	$178,469	$161,000	$177,000	$188,000	$189,000	$11,000	$1,000
Enhanced-Use Revenue	$1,398	$2,000	$2,000	$2,000	$2,000	$0	$0
Long-Term Care Co-Payments	$3,174	$3,000	$4,000	$4,000	$4,000	$0	$0
Comp. Work Therapy Collections	$55,099	$57,000	$57,000	$57,000	$57,000	$0	$0
Parking Fees	$3,842	$4,000	$4,000	$4,000	$4,000	$0	$0
Comp. & Pension Living Expenses	$871	$2,000	$2,000	$2,000	$2,000	$0	$0
Subtotal Collections	$2,772,546	$2,990,000	$2,767,000	$2,841,000	$2,922,000	$74,000	$81,000
Legislative Proposals:							
Allow VA to Release Patient info to Health Plans	$0	$0	$0	$34,000	$35,000	$34,000	$1,000
VA as a Participating Provider	$0	$88,000	$0	$91,000	$94,000	$91,000	$3,000
Total Collections	$2,772,546	$3,078,000	$2,767,000	$2,966,000	$3,051,000	$199,000	$85,000

1/ Includes collections transferred to the joint DoD-VA Medical Facility Demonstration Fund.

Collections of $2,772,546,846 were received by VA in 2011. Due to a 1-month lag in timing from when the funds are received and transferred into the Medical Services account, $2,770,663,500 was transferred to the Medical Services account in 2011, which reflect collections from September 2010 through August 2011. The funds collected in September 2011 were transferred in 2012.

Veterans Equitable Resource Allocation (VERA)

VERA is the primary methodology that VA uses to distribute General Purpose resources based upon historical workload and utilization of services by Veterans to the health care system. The VERA Specific Purpose allocation includes funding for prosthetics, state home per diems, clinical trainee salaries, readjustment counseling, homeless grant and per diem program, state nursing home program, preventive and primary care transformation initiatives, and other specific purpose allocations from the program offices such as CHAMPVA, Spina Bifida, and foreign medical program as well as other program office operations. All of these funds are programs to directly assist Veterans or the dependents of Veterans with health care. VA generally allocates 94 percent of the appropriation within the first 45 days after enactment with another 3 percent going out within 90 days and the remainder going to the medical system over the remaining months within the fiscal year.

The following data on 2012 and 2013 estimated allocations is provided in accordance with the Veterans Health Care Budget and Transparency Act of 2009

(Public Law 111-81,) which provided VHA with the authority to receive advance appropriations. These estimated allocations are subject to change based on updated workload as that data becomes available. These estimated allocations do not include collections and reimbursements.

Veterans Equitable Resource Allocation
(dollars in thousands)

Description	2011	2012	2013 Preliminary Estimate	2014 Preliminary Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Appropriation:						
Medical Services	$36,948,249	$39,462,235	$41,519,000	$43,557,000	$2,056,765	$2,038,000
Medical Support & Compliance	$5,252,367	$5,510,832	$5,746,000	$6,033,000	$235,168	$287,000
Medical Facilities	$5,703,116	$5,388,838	$5,441,000	$4,872,000	$52,162	($569,000)
Total	$47,903,732	$50,361,905	$52,706,000	$54,462,000	$2,344,095	$1,756,000
Allocation Overview:						
Estimated VERA General Purpose Allocation to VISNs	$37,770,000	$38,448,500	$40,250,000	$41,600,000	$1,801,500	$1,350,000
Estimated VERA Specific Purpose Allocation to VISNs & Prgs	$10,133,732	$11,913,405	$12,456,000	$12,862,000	$542,595	$406,000
Total	$47,903,732	$50,361,905	$52,706,000	$54,462,000	$2,344,095	$1,756,000

Performance

Quality and Timeliness of Care - VA's budget request focuses on the Secretary's priority of providing timely and accessible health care that sets a national standard of excellence for the health care industry. To achieve this priority, VA has several key measures that provide detail into access to care.

Performance Measure	2013 Target	Strategic Target
▪ Percent of new primary care appointments completed within 14 days of the desired date for the appointment	84%	90%
▪ Percent of established primary care appointments completed within 14 days of the desired date for the appointment	95%	98%
▪ Percent of new specialty care appointments completed within 14 days of the desired date for the appointment	85%	90%
▪ Percent of established specialty care appointments completed within 14 days of the desired date for the appointment	96%	98%
▪ Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	76%	85%

VA measures its provision of high-quality health care using the Clinical Practice Guidelines IV and the Prevention Index V to ensure its results meet or exceed community standards. Clinical Practice Guidelines Index IV assesses the progress and results associated with our treatment of patients with chronic disease. The Clinical Practice Guidelines Index IV is expected to reach 92% in 2013, with a strategic target of 94%. Prevention Index V measures VA's progress in preventive

medicine, such as providing immunizations as appropriate and screening for cancer. VA expects the Prevention Index V to reach 93% in 2013, with a strategic target of 95%.

Medical and Prosthetic Research

In concert with title 38, United States Code, section 7303, the Medical and Prosthetic Research Program, more commonly known as the VA Research and Development (R&D) program, within the Veterans Health Administration focuses on research about the special health care needs of Veterans and strives to encourage both the discovery of new knowledge and the application of these discoveries to Veterans health care. To accomplish this mission, VA is requesting $582.674 million in total budgetary resources.

Medical and Prosthetic Research
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2012 to 2013 Increase/ Decrease
Total Budget Authority.....	$579,838	$508,774	$581,000	$582,674	$1,674
FTE.....	3,526	3,220	3,526	3,526	0

Four research services within VA R&D select projects for funding and manage the research to ensure its relevance, quality, and productivity:

- Biomedical Laboratory - Supports pre-clinical research to understand life processes from the molecular, genomic, and physiological level in regard to diseases affecting Veterans.
- Clinical Science - Administers investigations, including human subject research, to determine the feasibility or effectiveness of new treatments (e.g., drugs, therapy or devices) in small clinical trials or multi-center cooperative studies to learn more about the causes of disease and develop more effective clinical care.

  The Cooperative Studies Program (CSP) is a major division within Clinical Science R&D that specializes in designing, conducting, and managing national and international multi-site clinical trials and epidemiological research. CSP has completed several landmark studies and is recognized internationally for its ability to produce key findings that support

important clinical and policy decisions. Many of today's standard medical treatments for various chronic diseases were tested and proven by CSP.

- Health Services - Supports studies to identify and promote effective and efficient strategies to improve the organization, cost-effectiveness, and delivery of quality health care to Veterans.
- Rehabilitation - Develops novel approaches to restore Veterans with traumatic amputation, central nervous system injuries, loss of sight or hearing, or other physical and cognitive impairments to full and productive lives.

Medical Care Budget Authority
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Medical Services 1/:							
Appropriation	$37,136,000	$39,649,985	$39,649,985	$41,354,000	$43,557,000	$1,704,015	$2,203,000
Pay Freeze Rescission	$0	($552,000)	$0	$0	$0	$0	$0
VA Contingency Fund	$0	$983,000	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($48,479)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, PL 112-74	$0	$0	($172,750)	$0	$0	$172,750	$0
Recission (Public Law 112-10) "Across the Board" - .2 percent	($74,272)	$0	$0	$0	$0	$0	$0
Recission (Public law 112-10) "Special"	$0	$0	$0	$0	$0	$0	$0
Transfer to VA/DoD HCSIF	($65,000)	$0	($15,000)	$0	$0	$15,000	$0
Advanced Appropriation Total increase	$0	$0	$0	$165,000	$0	$165,000	($165,000)
Subtotal, Appropriation	$36,948,249	$40,080,985	$39,462,235	$41,519,000	$43,557,000	$2,056,765	$2,038,000
Collections	$2,770,663	$3,078,000	$2,749,362	$2,966,000	$3,051,000	$216,638	$85,000
Total Budget Authority	$39,718,912	$43,128,985	$42,211,597	$44,485,000	$46,608,000	$2,273,403	$2,123,000
Medical Support & Compliance:							
Appropriation	$5,307,000	$5,535,000	$5,535,000	$5,746,000	$6,033,000	$211,000	$287,000
Pay Freeze Rescission	$0	($111,000)	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($10,087)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, PL 112-74	$0	$0	($24,168)	$0	$0	$24,168	$0
Recission (Public Law 112-10) "Across the Board" - .2 percent	($10,546)	$0	$0	$0	$0	$0	$0
Recission (Public law 112-10) "Special"	($34,000)	$0	$0	$0	$0	$0	$0
Subtotal, Appropriation	$5,252,367	$5,424,000	$5,510,832	$5,746,000	$6,033,000	$235,168	$287,000
Medical Facilities:							
Appropriation	$5,740,000	$5,426,000	$5,426,000	$5,441,000	$4,872,000	$15,000	($569,000)
Pay Freeze Rescission	$0	($50,000)	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($10,434)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, PL 112-74	$0	$0	($37,162)	$0	$0	$37,162	$0
Recission (Public Law 112-10) "Across the Board" - .2 percent	($11,450)	$0	$0	$0	$0	$0	$0
Recission (Public law 112-10) "Special"	($15,000)	$0	$0	$0	$0	$0	$0
Subtotal, Appropriation	$5,703,116	$5,376,000	$5,388,838	$5,441,000	$4,872,000	$52,162	($569,000)
Subtotal, Medical Care Appropriations	$47,903,732	$50,850,985	$50,361,905	$52,706,000	$54,462,000	$2,344,095	$1,756,000
Collections	$2,770,663	$3,078,000	$2,749,362	$2,966,000	$3,051,000	$216,638	$85,000
Total Medical Care Appropriations	$50,674,395	$53,928,985	$53,111,267	$55,672,000	$57,513,000	$2,560,733	$1,841,000

1/ In FY 2013, VA anticipates transferrring a minimum of $15 million from Medical Services to the DoD-VA Health Care Sharing Incentive Fund, as required by Public Law 107-314.

Medical & Prosthetic Research
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2012 to 2013 Increase/ Decrease
Medical & Prosthetic Research:					
Total Budget Authority	$579,838	$508,774	$581,000	$582,674	$1,674

(Dollars in Thousands)	2011 Actual			
Description	Medical Care	Services	Support & Compl.	Facilities
Appropriation	$48,183,000	$37,136,000	$5,307,000	$5,740,000
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($69,000)	($48,479)	($10,087)	($10,434)
Recission (Public Law 112-10) "Across the Board" - .2 percent	($96,268)	($74,272)	($10,546)	($11,450)
Recission (Public Law 112-10) "Special"	($49,000)	$0	($34,000)	($15,000)
Transfer to DoD-VA HCSIF	($65,000)	($65,000)	$0	$0
Subtotal Appropriation	$47,903,732	$36,948,249	$5,252,367	$5,703,116
Collections	$2,770,663	$2,770,663	$0	$0
Subtotal Budget Authority	$50,674,395	$39,718,912	$5,252,367	$5,703,116
Total Budget Authority	$50,674,395	$39,718,912	$5,252,367	$5,703,116
Reimbursements:				
Sharing & Other Reimbursements	$333,496	$254,273	$45,697	$33,526
Prior Year Recoveries	$65,121	$40,000	$25,121	$0
Subtotal	$398,617	$294,273	$70,818	$33,526
Adjustments to Obligations:				
Unobligated Balance (SOY):				
No-Year	$786,105	$784,543	$0	$1,562
H1N1 No-Year	$16,216	$8,070	$6,962	$1,184
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$22,346	$12,855	$6,046	$3,445
2-Year	$624,307	$402,098	$119,279	$102,930
Subtotal	$1,448,974	$1,207,566	$132,287	$109,121
Unobligated Balance (EOY):				
No-Year	($871,893)	($869,974)	$0	($1,919)
H1N1 No-Year	($9,197)	($2,534)	($6,378)	($285)
2007 Emergency Supplemental (PL 110-28) (No-Yr)	($11,683)	($7,994)	($2,926)	($763)
2-Year	($269,768)	($135,452)	($93,814)	($40,502)
Subtotal	($1,162,541)	($1,015,954)	($103,118)	($43,469)
Change in Unobligated Balance (Non-Add)	$286,433	$191,612	$29,169	$65,652
Lapse	($2,546)	($1,236)	($886)	($424)
Obligations	$51,356,899	$40,203,561	$5,351,468	$5,801,870
FTE				
Total FTE	254,230	185,064	45,258	23,908
Direct FTE	251,128	183,268	44,430	23,430
Reimbursable FTE	3,102	1,796	828	478

(Dollars in Thousands)	2012 Budget Estimate			
Description	Medical Care	Services	Support & Compl.	Facilities
Appropriation	$50,610,985	$39,649,985	$5,535,000	$5,426,000
Pay Freeze Rescission	($713,000)	($552,000)	($111,000)	($50,000)
Contingency Fund	$953,000	$953,000	$0	$0
Subtotal Appropriation	$50,850,985	$40,050,985	$5,424,000	$5,376,000
Collections	$3,078,000	$3,078,000	$0	$0
Subtotal Budget Authority	$53,928,985	$43,128,985	$5,424,000	$5,376,000
Total Budget Authority	$53,928,985	$43,128,985	$5,424,000	$5,376,000
Reimbursements:				
Sharing & Other Reimbursements	$340,000	$238,000	$66,000	$36,000
Prior Year Recoveries	$3,000	$3,000	$0	$0
Subtotal	$343,000	$241,000	$66,000	$36,000
Adjustments to Obligations:				
Unobligated Balance (SOY):				
No-Year	$600,000	$600,000	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	$500,000	$400,000	$0	$100,000
Subtotal	$1,100,000	$1,000,000	$0	$100,000
Unobligated Balance (EOY):				
No-Year	($450,000)	($450,000)	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	($50,000)	($50,000)	$0	$0
Subtotal	($500,000)	($500,000)	$0	$0
Change in Unobligated Balance (Non-Add)	$600,000	$500,000	$0	$100,000
Lapse	$0	$0	$0	$0
Obligations	$54,871,985	$43,869,985	$5,490,000	$5,512,000
FTE				
Total FTE	252,819	184,610	44,065	24,144
Direct FTE	249,728	182,828	43,234	23,666
Reimbursable FTE	3,091	1,782	831	478

(Dollars in Thousands)	2012 Current Estimate			
Description	Medical Care	Services	Support & Compl.	Facilities
Appropriation	$50,610,985	$39,649,985	$5,535,000	$5,426,000
Transfer to North Chicago Demo. Fund, PL 112-74	($234,080)	($172,750)	($24,168)	($37,162)
Transfer to DoD-VA HCSIF	($15,000)	($15,000)	$0	$0
Subtotal Appropriation	$50,361,905	$39,462,235	$5,510,832	$5,388,838
Collections	$2,749,362	$2,749,362	$0	$0
Subtotal Budget Authority	$53,111,267	$42,211,597	$5,510,832	$5,388,838
Total Budget Authority	$53,111,267	$42,211,597	$5,510,832	$5,388,838
Reimbursements:				
Sharing & Other Reimbursements	$397,000	$278,000	$77,000	$42,000
Prior Year Recoveries	$3,000	$3,000	$0	$0
Subtotal	$400,000	$281,000	$77,000	$42,000
Adjustments to Obligations:				
Unobligated Balance (SOY):				
No-Year	$871,893	$869,974	$0	$1,919
H1N1 No-Year	$9,197	$2,534	$6,378	$285
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$11,683	$7,994	$2,926	$763
2-Year	$269,768	$135,452	$93,814	$40,502
Subtotal	$1,162,541	$1,015,954	$103,118	$43,469
Unobligated Balance (EOY):				
No-Year	($200,000)	($200,000)	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	($300,000)	($200,000)	($20,000)	($80,000)
Subtotal	($500,000)	($400,000)	($20,000)	($80,000)
Change in Unobligated Balance (Non-Add)	$662,541	$615,954	$83,118	($36,531)
Lapse	$0	$0	$0	$0
Obligations	$54,173,808	$43,108,551	$5,670,950	$5,394,307
FTE				
Total FTE	257,217	187,855	45,301	24,061
Direct FTE	254,126	186,073	44,470	23,583
Reimbursable FTE	3,091	1,782	831	478

(Dollars in Thousands)	2013 Estimate			
Description	Medical Care	Services 1/	Support & Compl.	Facilities
Appropriation	$52,541,000	$41,354,000	$5,746,000	$5,441,000
Increase to Appropriation	$165,000	$165,000	$0	$0
Subtotal Appropriation	$52,706,000	$41,519,000	$5,746,000	$5,441,000
Collections	$2,966,000	$2,966,000	$0	$0
Subtotal Budget Authority	$55,672,000	$44,485,000	$5,746,000	$5,441,000
Total Budget Authority	$55,672,000	$44,485,000	$5,746,000	$5,441,000
Reimbursements:				
Sharing & Other Reimbursements	$405,000	$284,000	$78,000	$43,000
Prior Year Recoveries	$3,000	$3,000	$0	$0
Subtotal	$408,000	$287,000	$78,000	$43,000
Adjustments to Obligations:				
Unobligated Balance (SOY):				
No-Year	$200,000	$200,000	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	$300,000	$200,000	$20,000	$80,000
Subtotal	$500,000	$400,000	$20,000	$80,000
Unobligated Balance (EOY):				
No-Year	$0	$0	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	$0	$0	$0	$0
Subtotal	$0	$0	$0	$0
Change in Unobligated Balance (Non-Add)	$500,000	$400,000	$20,000	$80,000
Lapse	$0	$0	$0	$0
Obligations	$56,580,000	$45,172,000	$5,844,000	$5,564,000
FTE				
Total FTE	262,912	192,377	45,814	24,721
Direct FTE	259,681	190,505	44,945	24,231
Reimbursable FTE	3,231	1,872	869	490

1/ In FY 2013, VA anticipates transferrring a minimum of $15 million from Medical Services to the DoD-VA Health Care Sharing Incentive Fund, as required by Public Law 107-314.

(Dollars in Thousands)	2014 Advance Appropriations			
Description	Medical Care	Services	Support & Compl.	Facilities
Appropriation	$54,462,000	$43,557,000	$6,033,000	$4,872,000
Subtotal Appropriation	$54,462,000	$43,557,000	$6,033,000	$4,872,000
Collections	$3,051,000	$3,051,000	$0	$0
Subtotal Budget Authority	$57,513,000	$46,608,000	$6,033,000	$4,872,000
Total Budget Authority	$57,513,000	$46,608,000	$6,033,000	$4,872,000
Reimbursements:				
Sharing & Other Reimbursements	$413,000	$289,000	$80,000	$44,000
Prior Year Recoveries	$3,000	$3,000	$0	$0
Subtotal	$416,000	$292,000	$80,000	$44,000
Adjustments to Obligations:				
Unobligated Balance (SOY):				
No-Year	$0	$0	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	$0	$0	$0	$0
Subtotal	$0	$0	$0	$0
Unobligated Balance (EOY):				
No-Year	$0	$0	$0	$0
H1N1 No-Year	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$0	$0	$0	$0
2-Year	$0	$0	$0	$0
Subtotal	$0	$0	$0	$0
Change in Unobligated Balance (Non-Add)	$0	$0	$0	$0
Lapse	$0	$0	$0	$0
Obligations	$57,929,000	$46,900,000	$6,113,000	$4,916,000
FTE				
Total FTE	265,372	195,747	45,954	23,671
Direct FTE	262,141	193,875	45,085	23,181
Reimbursable FTE	3,231	1,872	869	490

Executive Summary Charts

Employment Summary (FTE)

Account	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Medical Services	185,064	184,610	187,855	192,377	195,747	4,522	3,370
Medical Support & Compliance	45,258	44,065	45,301	45,814	45,954	513	140
Medical Facilities	23,908	24,144	24,061	24,721	23,671	660	(1,050)
Subtotal	254,230	252,819	257,217	262,912	265,372	5,695	2,460

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Medical & Prosthetic Research	3,526	3,220	3,526	3,526	0
Canteen Service	3,274	3,285	3,400	3,450	50
Total	6,800	6,505	6,926	6,976	50

Summary of FTE by Activity
Medical Care

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Acute Hospital Care	57,185	56,723	57,715	58,989	59,538	1,274	549
Rehabilitative Care	5,620	5,577	5,672	5,798	5,855	126	57
Psychiatric Care	38,199	37,897	38,557	39,413	39,783	856	370
Nursing Home Care	26,747	26,536	26,995	27,594	27,852	599	258
Subacute Care	673	668	679	695	701	16	6
State Home Domiciliary	0	0	0	0	0	0	0
Outpatient Care	124,992	124,552	126,733	129,507	130,677	2,774	1,170
CHAMPVA	814	866	866	916	966	50	50
Total FTE	254,230	252,819	257,217	262,912	265,372	5,695	2,460

FTE by Type
Medical Care

Account	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Physicians	17,546	17,083	17,697	18,073	18,277	376	204
Dentists	1,000	1,018	990	1,058	1,081	68	23
Registered Nurses	47,740	46,408	48,178	49,162	49,707	984	545
LPN/LVN/NA	23,012	23,805	23,251	23,709	23,979	458	270
Non-Physician Providers	11,048	11,137	11,157	11,398	11,533	241	135
Health Techs/Allied Health	57,059	56,665	57,992	59,655	60,372	1,663	717
Wage Board/P&H	25,510	25,547	25,707	26,385	26,478	678	93
All Other	71,315	71,156	72,245	73,472	73,945	1,227	473
Total	254,230	252,819	257,217	262,912	265,372	5,695	2,460

Unique Patients 1/

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	4,254,470	4,195,294	4,328,562	4,392,645	4,444,519	64,083	51,874
Priorities 7-8	1,327,701	1,411,535	1,327,599	1,324,467	1,320,927	(3,132)	(3,540)
Subtotal Veterans	5,582,171	5,606,829	5,656,161	5,717,112	5,765,446	60,951	48,334
Non-Veterans 2/	584,020	577,337	598,576	607,925	617,377	9,349	9,452
Total Unique Patients	6,166,191	6,184,166	6,254,737	6,325,037	6,382,823	70,300	57,786

Obligations by Priority Group

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	$44,448,398	$46,799,236	$46,868,324	$48,941,479	$50,039,246	$2,073,155	$1,097,767
Priorities 7-8	$5,237,388	$6,330,874	$5,948,861	$6,252,943	$6,383,680	$304,082	$130,737
Subtotal Veterans	$49,685,786	$53,130,110	$52,817,185	$55,194,422	$56,422,926	$2,377,237	$1,228,504
Non-Veterans	$1,671,113	$1,741,875	$1,356,623	$1,385,578	$1,506,074	$28,955	$120,496
Total Obligations	$51,356,899	$54,871,985	$54,173,808	$56,580,000	$57,929,000	$2,406,192	$1,349,000

Obligations Per Unique Patient

(dollars)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	$10,447	$11,155	$10,828	$11,142	$11,259	$314	$117
Priorities 7-8	$3,945	$4,485	$4,481	$4,721	$4,833	$240	$112
Subtotal Veterans	$8,901	$9,476	$9,338	$9,654	$9,786	$316	$132
Non-Veterans	$2,861	$3,017	$2,266	$2,279	$2,439	$13	$160
Total Unique Patients	$8,329	$8,873	$8,661	$8,945	$9,076	$284	$131

1/ Unique patients are uniquely identified individuals treated by VA or whose treatment is paid for by VA. It includes patients only receiving pharmacy, CHAMPVA patients, Readjustment Counseling patients, employees seen as patients, collateral patients and other non-veterans treated in VA.

2/ Non-veterans include spousal collateral, consultations and instruction, CHAMPVA workload, reimbursable workload with affiliates, humanitarian care, and employees receiving preventive occupational immunizations such as Hepatitis A&B and flu vaccinations.

Unique Patients [1/]

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	4,254,470	4,195,294	4,328,562	4,392,645	4,444,519	64,083	51,874
Priorities 7-8	1,327,701	1,411,535	1,327,599	1,324,467	1,320,927	(3,132)	(3,540)
Subtotal Veterans	5,582,171	5,606,829	5,656,161	5,717,112	5,765,446	60,951	48,334
Non-Veterans 2/	584,020	577,337	598,576	607,925	617,377	9,349	9,452
Total Unique Patients	6,166,191	6,184,166	6,254,737	6,325,037	6,382,823	70,300	57,786

Unique Enrollees [3/]

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	6,252,197	6,162,611	6,397,289	6,498,081	6,581,477	100,792	83,396
Priorities 7-8	2,322,001	2,456,236	2,311,383	2,310,569	2,307,491	(814)	(3,078)
Total Enrollees	8,574,198	8,618,847	8,708,672	8,808,650	8,888,968	99,978	80,318

Users as a Percent of Enrollees

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	68.0%	68.1%	67.7%	67.6%	67.5%	-0.1%	-0.1%
Priorities 7-8	57.2%	57.5%	57.4%	57.3%	57.2%	-0.1%	-0.1%
Total Enrollees	65.1%	65.1%	64.9%	64.9%	64.9%	0.0%	0.0%

1/ Unique patients are uniquely identified individuals treated by VA or whose treatment is paid for by VA. It includes patients only receiving pharmacy, CHAMPVA patients, Readjustment Counseling patients, employees seen as patients, collateral patients and other non-veterans treated in VA.

2/ Non-veterans include spousal collateral, consultations and instruction, CHAMPVA workload, reimbursable workload with affiliates, humanitarian care, and employees receiving preventive occupational immunizations such as Hepatitis A&B and flu vaccinations.

3/ Similar to unique patients, the count of unique enrollees represents the count of veterans enrolled for veterans health care sometime during the course of the year.

Summary of Workloads for VA and Non-VA Facilities

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Outpatient Visits (000):							
Staff	70,896	74,553	73,487	76,215	78,623	2,728	2,408
Mental Health (included above)	*10,418*	*11,659*	*10,719*	*11,130*	*11,529*	*411*	*399*
Fee	12,231	14,837	12,823	13,379	13,832	556	453
Mental Health (included above)	*221*	*227*	*232*	*242*	*250*	*10*	*8*
Readjustment Counseling	1,377	1,444	1,444	1,508	1,574	64	66
Total	84,504	90,834	87,754	91,102	94,029	3,348	2,927
Patients Treated:							
Acute Hospital Care	627,242	662,245	641,657	653,863	662,828	12,206	8,965
Rehabilitative Care	15,910	16,332	16,280	16,712	17,063	432	351
Psychiatric Care Total	153,648	168,270	156,257	159,942	163,448	3,685	3,506
Acute Psychiatry	*97,881*	*97,749*	*99,224*	*100,463*	*101,641*	*1,239*	*1,178*
Contract Hospital (Psych)	*13,915*	*20,093*	*14,797*	*14,798*	*15,151*	*1*	*353*
Psy Residential Rehab	*7,664*	*12,186*	*4,065*	*2,156*	*1,144*	*(1,909)*	*(1,012)*
Dom Residential Rehab	*34,188*	*38,242*	*38,171*	*42,525*	*45,512*	*4,354*	*2,987*
Nursing Home Care	97,221	106,348	98,967	100,028	100,990	1,061	962
Subacute Care	3,000	2,679	2,287	1,715	1,264	(572)	(451)
State Home Domiciliary	4,162	4,046	4,039	3,941	3,850	(98)	(91)
Inpatient Facilities, Total	901,183	959,920	919,487	936,201	949,443	16,714	13,242
Average Daily Census:							
Acute Hospital Care	8,921	9,078	9,009	9,112	9,208	103	96
Rehabilitative Care	1,133	1,140	1,140	1,148	1,154	8	6
Psychiatric Care Total	9,999	10,378	10,130	10,230	10,275	100	45
Acute Psychiatry	*2,874*	*2,928*	*2,827*	*2,781*	*2,721*	*(46)*	*(60)*
Contract Hospital (Psych)	*281*	*387*	*283*	*284*	*285*	*1*	*1*
Psy Residential Rehab	*1,172*	*1,420*	*1,025*	*803*	*560*	*(222)*	*(243)*
Dom Residential Rehab	*5,672*	*5,643*	*5,995*	*6,362*	*6,709*	*367*	*347*
Nursing Home Care	36,573	38,133	36,673	36,923	37,058	250	135
Subacute Care	107	105	87	69	54	(18)	(15)
State Home Domiciliary	3,662	2,710	3,712	3,762	3,812	50	50
Inpatient Facilities, Total	60,395	61,544	60,751	61,244	61,561	493	317
Home & Comm. Bsd. Care	95,092	113,926	113,254	120,118	125,250	6,864	5,132
Inpatient & H&CBC, Grand Total	155,487	175,470	174,005	181,362	186,811	7,357	5,449
Length of Stay:							
Acute Hospital Care	5.2	5.0	5.1	5.1	5.1	0.0	0.0
Rehabilitative Care	26.0	25.5	25.6	25.1	24.7	(0.5)	(0.4)
Psychiatric Care	23.8	22.6	23.7	23.3	22.9	(0.4)	(0.4)
Nursing Home Care	137.3	131.2	135.6	134.7	133.9	(0.9)	(0.8)
Subacute Care	13.0	14.3	13.9	14.7	15.6	0.8	0.9
State Home Domiciliary	321.2	245.1	336.4	348.4	361.4	12.0	13.0
Dental Procedures	4,120,152	4,273,457	4,274,083	4,394,018	4,516,240	119,935	122,222
CHAMPVA/FMP/Spina Bifida:							
Outpatient Workloads (000)	11,019	11,283	11,312	11,862	12,473	550	611

Medical Care

Employment Summary, FTE by Grade, Headquarters

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	31	31	31	31	0	0
Title 38	192	192	192	192	0	0
15 or higher	95	95	95	95	0	0
14	308	308	308	308	0	0
13	246	246	246	246	0	0
12	99	99	99	99	0	0
11	75	75	75	75	0	0
10	0	0	0	0	0	0
9	57	57	57	57	0	0
8	3	3	3	3	0	0
7	24	24	24	24	0	0
6	3	3	3	3	0	0
5	3	3	3	3	0	0
4	1	1	1	1	0	0
3	0	0	0	0	0	0
2	0	0	0	0	0	0
1	0	0	0	0	0	0
Wage Board	1	1	1	1	0	0
Total Number of FTE	1,138	1,138	1,138	1,138	0	0

Medical Care

Employment Summary, FTE by Grade, Field

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	133	133	134	135	1	1
Title 38	75,427	76,502	78,319	79,207	1,817	888
15 or higher	475	477	484	487	7	3
14	1,948	1,959	1,992	2,002	33	10
13	8,842	8,933	9,110	9,186	177	76
12	15,116	15,290	15,607	15,746	317	139
11	20,526	20,770	21,204	21,397	434	193
10	2,312	2,345	2,398	2,423	53	25
9	12,546	12,678	12,934	13,047	256	113
8	6,758	6,830	6,969	7,033	139	64
7	15,928	16,067	16,365	16,490	298	125
6	31,817	32,196	32,886	33,243	690	357
5	28,633	28,996	29,643	29,950	647	307
4	5,886	5,947	6,067	6,120	120	53
3	994	1,006	1,027	1,037	21	10
2	198	200	206	208	6	2
1	44	44	45	46	1	1
Wage Board	25,509	25,706	26,384	26,477	678	93
Total Number of FTE	253,092	256,079	261,774	264,234	5,695	2,460

Net Change
Medical Care
2013 Summary of Resource Requirements
(dollars in thousands)

Description	2012 to 2013
2012 President's Budget:	
Appropriation	$50,850,985
Collections	$3,078,000
Total 2012 President's Budget	$53,928,985
Adjustments:	
Final Appropration Adjustment	($240,000)
Transfer to North Chicago Demo. Fund	($234,080)
Transfer to VA/DoD HCSIF	($15,000)
Reduction to Collections Estimate	($311,000)
Collection Transfer to North Chicago Demo. Fund	($17,638)
Total Adjustments	($817,718)
Adjusted 2012 Budget Estimate:	
Appropriation	$50,361,905
Collections	$2,749,362
Total Adjusted 2012 Budget Estimate	$53,111,267
2013 Current Services Increases:	
Health Care Services	$1,306,123
Payraise Assumption (0.5%)	$81,254
Other Non-Pay Raise Pay Accounts	$813,546
Long-Term Care	$550,400
CHAMPVA & Other Dependent Prgs	$109,955
Readjustment Counseling	$8,000
DoD-VA Health Care Incentive Fund	$15,000
2013 Total Current Services	$55,995,545
2013 Initiatives:	
Activations	($383,000)
Agent Orange	$20,000
Amyotrophic Lateral Sclerosis (ALS)	$4,000
Caregivers & Veterans Omnibus Hlth Svcs Act	$27,000
DoD\VA Integrated DES Expansion	$3,560
Homelessness: Zero Homelessness	$332,851
New Models of Patient-Centered Care	($284,605)
Expand Health Care Access for Veterans	$1,926
Improving Veteran Mental Health	($11,209)
Improve the Quality of Health Care while Reducing Costs	$20,157
Legislative Proposals	($7,025)
Operational Improvements:	
Fee Care Payments Consistent with Medicare	($47,200)
2013 Total Initiatives	($323,545)
2013 Total Budget Authority Request:	
Appropriation	$52,706,000
Collections	$2,966,000
Total Budget Authority	$55,672,000

Net Change
Medical Care
2014 Summary of Resource Requirements
(dollars in thousands)

Description	2013 to 2014
2012 President's Budget, 2013 Estimate:	
Appropriation	$52,541,000
Collections	$3,291,000
Total 2012 President's Budget, 2013 Estimate	$55,832,000
Adjustments:	
Appropriation Request Increase	$165,000
Reduction to Collections Estimate	($325,000)
Total Adjustments	($160,000)
Adjusted 2013 Budget Estimate:	
Appropriation	$52,706,000
Collections	$2,966,000
Total Adjusted 2013 Budget Estimate	$55,672,000
2014 Current Services Increases:	
Health Care Services	$1,810,203
Payraise Assumption (0.5%) for 1/4 of FY 2014 and (1.7%) for 3/4 of FY 2014	$308,519
Other Non-Pay Raise Pay Accounts	$359,881
Long-Term Care	$569,554
CHAMPVA & Other Dependent Prgs	$120,496
Readjustment Counseling	$8,000
2014 Total Current Services	$58,848,653
2014 Initiatives:	
Activations	($657,061)
New Models of Patient-Centered Care	($433,395)
Expand Health Care Access for Veterans	($120,000)
Improving Veteran Mental Health	($19,791)
Improve the Quality of Health Care while Reducing Costs	($51,157)
Establish World-Class Health Informatics Capability	($10,000)
Legislative Proposals	$51
Operational Improvements:	
Fee Care Payments Consistent with Medicare	($44,300)
2014 Total Initiatives	($1,335,653)
2014 Total Budget Authority Request:	
Appropriation	$54,462,000
Collections	$3,051,000
Total Budget Authority	$57,513,000

Obligations by Object
Medical Care Total
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
10 Personal Svcs & Benefits:							
Physicians	$4,658,703	$4,544,517	$4,785,100	$4,989,900	$5,184,900	$204,800	$195,000
Dentists	$226,918	$232,770	$227,800	$247,600	$253,700	$19,800	$6,100
Registered Nurses	$5,523,377	$5,479,168	$5,593,500	$5,749,400	$5,912,600	$155,900	$163,200
LPN/LVN/NA	$1,437,350	$1,518,962	$1,464,200	$1,510,600	$1,559,200	$46,400	$48,600
Non-Physician Providers	$1,493,734	$1,512,999	$1,516,000	$1,562,600	$1,610,900	$46,600	$48,300
Health Techs/Alllied Health	$5,152,946	$5,155,403	$5,260,900	$5,456,500	$5,618,600	$195,600	$162,100
Wage Board/P&H	$1,474,197	$1,499,349	$1,490,800	$1,541,300	$1,572,100	$50,500	$30,800
Administration	$5,294,138	$5,085,373	$5,355,500	$5,505,700	$5,656,700	$150,200	$151,000
Perm Change of Station	$18,106	$19,434	$19,400	$21,200	$24,200	$1,800	$3,000
Emp Comp Pay	$234,314	$229,700	$255,300	$278,500	$303,800	$23,200	$25,300
VA Contingency Fund 1/	$0	$95,000	$0	$0	$0	$0	$0
Subtotal	$25,513,783	$25,372,675	$25,968,500	$26,863,300	$27,696,700	$894,800	$833,400
21 Travel & Trans of Persons:							
Employee	$180,846	$174,800	$170,000	$165,000	$165,000	($5,000)	$0
Beneficiary	$824,432	$797,700	$919,000	$966,100	$1,015,700	$47,100	$49,600
Other	$47,589	$44,700	$49,000	$50,600	$52,200	$1,600	$1,600
Subtotal	$1,052,867	$1,017,200	$1,138,000	$1,181,700	$1,232,900	$43,700	$51,200
22 Transportation of Things	$40,143	$62,300	$43,600	$47,400	$51,700	$3,800	$4,300
23 Comm., Utilites & Oth. Rent:							
Rental of equip	$120,719	$143,400	$132,200	$145,000	$159,300	$12,800	$14,300
Communications	$269,056	$297,700	$297,700	$329,400	$364,500	$31,700	$35,100
Utilities	$536,876	$566,200	$550,300	$564,100	$578,300	$13,800	$14,200
GSA RENT	$21,327	$19,200	$23,100	$25,600	$28,400	$2,500	$2,800
Other real property rental	$341,831	$550,600	$492,400	$533,800	$560,500	$41,400	$26,700
Subtotal	$1,289,809	$1,577,100	$1,495,700	$1,597,900	$1,691,000	$102,200	$93,100
24 Printing & Reproduction:	$82,360	$47,804	$47,804	$59,407	$59,407	$11,603	$0
25 Other Services:							
Outpatient dental fees	$102,231	$92,800	$108,800	$115,800	$123,200	$7,000	$7,400
Medical & nursing fees	$1,530,807	$2,200,600	$1,792,700	$2,099,500	$2,458,800	$306,800	$359,300
Repairs to furniture/equipment	$179,783	$217,700	$197,200	$217,400	$240,200	$20,200	$22,800
M&R contract services	$176,057	$176,200	$181,000	$186,600	$192,400	$5,600	$5,800
Contract hospital	$1,450,578	$1,673,500	$1,668,700	$1,919,700	$2,208,400	$251,000	$288,700
Community nursing homes	$572,969	$628,500	$610,200	$667,100	$698,100	$56,900	$31,000
Repairs to prosthetic appliances	$179,454	$209,000	$185,100	$206,600	$228,300	$21,500	$21,700
Home Oxygen	$155,441	$192,700	$170,600	$190,500	$210,500	$19,900	$20,000
Personal services contracts	$111,346	$113,600	$121,500	$132,800	$145,400	$11,300	$12,600
House Staff Disbursing Agreement	$545,212	$573,200	$584,100	$626,300	$671,600	$42,200	$45,300
Scarce Medical Specialists	$195,268	$242,100	$195,300	$195,300	$195,300	$0	$0

Obligations by Object
Medical Care Total
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
25 Other Services (continued)							
Other Medical Contract Services	$2,541,380	$3,724,654	$3,442,451	$2,650,600	$1,535,700	($791,851)	($1,114,900)
Administrative Contract Services	$1,886,465	$2,328,452	$2,638,700	$2,939,637	$3,084,165	$300,937	$144,528
Training Contract Services	$73,490	$98,800	$88,000	$105,900	$127,900	$17,900	$22,000
CHAMPVA	$847,514	$896,400	$899,000	$973,100	$1,054,300	$74,100	$81,200
VA Contingency Fund 1/	$0	$572,000	$0	$0	$0	$0	$0
Subtotal	$10,547,995	$13,940,206	$12,883,351	$13,226,837	$13,174,265	$343,486	($52,572)
26 Supplies & Materials:							
Provisions	$109,595	$114,600	$111,500	$116,100	$120,900	$4,600	$4,800
Drugs & medicines	$4,579,010	$4,551,100	$4,688,800	$4,934,600	$5,212,700	$245,800	$278,100
Blood & blood products	$71,361	$87,200	$81,800	$86,100	$91,000	$4,300	$4,900
Medical/Dental Supplies	$1,204,957	$1,405,200	$1,329,100	$1,468,000	$1,622,300	$138,900	$154,300
Operating supplies	$257,274	$318,400	$279,300	$303,700	$330,700	$24,400	$27,000
M&R supplies	$148,089	$174,100	$159,500	$173,200	$153,400	$13,700	($19,800)
Other supplies	$242,640	$359,200	$340,853	$424,906	$436,468	$84,053	$11,562
Prosthetic appliances	$1,658,141	$2,106,600	$1,864,900	$2,081,800	$2,300,600	$216,900	$218,800
Home Respiratory Therapy	$33,522	$37,700	$33,300	$37,200	$41,100	$3,900	$3,900
VA Contingency Fund 1/	$0	$286,000	$0	$0	$0	$0	$0
Subtotal	$8,304,589	$9,440,100	$8,889,053	$9,625,606	$10,309,168	$736,553	$683,562
31 Equipment	$1,411,118	$1,034,000	$1,675,400	$1,816,600	$1,712,200	$141,200	($104,400)
32 Lands & Structures:							
Non-Recurring Maint. (NRM)	$1,977,168	$868,800	$868,800	$710,450	$464,660	($158,350)	($245,790)
Capital Leases	$12,542	$74,000	$15,700	$19,700	$24,700	$4,000	$5,000
All Other Lands & Structures	$98,315	$260,800	$124,800	$168,300	$227,000	$43,500	$58,700
Subtotal	$2,088,025	$1,203,600	$1,009,300	$898,450	$716,360	($110,850)	($182,090)
41 Grants, Subsidies & Contributions:							
State home	$821,577	$795,800	$733,000	$764,900	$787,400	$31,900	$22,500
Homeless Programs	$204,311	$381,200	$290,100	$497,900	$497,900	$207,800	$0
Subtotal	$1,025,888	$1,177,000	$1,023,100	$1,262,800	$1,285,300	$239,700	$22,500
43 Imputed Interest	$322	$0	$0	$0	$0	$0	$0
Total, Obligations	$51,356,899	$54,871,985	$54,173,808	$56,580,000	$57,929,000	$2,406,192	$1,349,000

Medical Services

Medical Services
Budgetary Resources*
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp. 1/	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Appropriation.....	$36,948,249	$40,050,985	$39,462,235	$41,519,000	$43,557,000	$2,056,765	$2,038,000
Collections.....	$2,770,663	$3,078,000	$2,749,362	$2,966,000	$3,051,000	$216,638	$85,000
Total.....	$39,718,912	$43,128,985	$42,211,597	$44,485,000	$46,608,000	$2,273,403	$2,123,000

*Reflects appropriation transfers.

1/In 2014, reflects Biomedical Engineers functions funding source change from Medical Facilities to Medical Services.

Appropriation Language

For necessary expenses for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs and veterans described in section 1705(a) of title 38, United States Code, including care and treatment in facilities not under the jurisdiction of the Department, and including medical supplies and equipment, *bioengineering services*, food services, and salaries and expenses of health care employees hired under title 38, United States Code, aid to State homes as authorized by section 1741 of title 38, United States Code, assistance and support services for caregivers as authorized by section 1720G of title 38, United States Code, and loan repayments authorized by section 604 of the Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163; 124 Stat. 1174; 38 U.S.C. 7681 note); [$41,354,000,000]*$165,000,000, which shall be in addition to funds previously appropriated under this heading that became available on October 1, 2012; and, in addition, $43,557,000,000,* plus reimbursements, shall become available on October 1, [2012]*2013,* and shall remain available until September 30, [2013]*2014: Provided, That, of the amount made available on October 1, 2013, under this heading, $1,400,000,000 shall remain available until September 30, 2015: Provided further,* That notwithstanding any other provision of law, the Secretary of Veterans Affairs shall establish a priority for the provision of medical treatment for veterans who have service-connected disabilities, lower income, or have special needs: *Provided further,* That notwithstanding any other provision of law, the Secretary of Veterans Affairs shall give priority funding for the provision of basic medical benefits to veterans in enrollment priority groups 1 through 6: *Provided further,* That notwithstanding any other provision of law, the Secretary of Veterans

Affairs may authorize the dispensing of prescription drugs from Veterans Health Administration facilities to enrolled veterans with privately written prescriptions based on requirements established by the Secretary: *Provided further*, That the implementation of the program described in the previous proviso shall incur no additional cost to the Department of Veterans Affairs. (Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2012.)

Appropriation Transfers
See part 1F for a detailed explanation of the appropriation transfers that affect the Medical Services appropriation.

Funding for Biomedical Engineering Services moved from Medical Facilities to Medical Services
The 2014 appropriation request proposes that VA's Biomedical Engineering Services costs of $320 million and 1,080 FTE be funded out of the Medical Services appropriation instead of the Medical Facilities appropriation. In order to properly align the appropriation requests with the nature of the services provided, funds are moved from the Medical Facilities appropriation to the Medical Services appropriation. This transfer of services includes personal services and other costs associated with maintenance and repair of all medical equipment used in the treatment, monitoring, diagnosis, or therapy of patients.

2013 Funding and 2014 Advance Appropriations Request
The justification for the 2013 funding and the 2014 advance appropriations request is provided in the following narrative.

The following table provides an itemized breakout of the obligations by program.

VA Medical Services Obligations by Program
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Health Care Services:							
Acute Care	$27,048,902	$28,175,853	$27,297,420	$28,425,199	$29,989,428	$1,127,779	$1,564,229
Rehabilitative Care	$413,385	$570,000	$454,673	$477,407	$501,608	$22,734	$24,201
Mental Health	$3,983,944	$4,244,600	$4,186,472	$4,457,315	$4,721,514	$270,843	$264,199
Prosthetics	$2,080,628	$2,489,000	$2,330,000	$2,586,000	$2,870,000	$256,000	$284,000
Dental	$480,554	$490,800	$349,647	$414,666	$504,470	$65,019	$89,804
Contingency Funding	$0	$953,000	$0	$0	$0	$0	$0
Total Health Care Services	$34,007,413	$36,923,253	$34,618,212	$36,360,587	$38,587,020	$1,742,375	$2,226,433
Long-Term Care:							
VA Community Living Centers (VA CLC)	$2,373,589	$2,553,500	$2,468,214	$2,564,502	$2,670,136	$96,288	$105,634
Community Nursing Home	$607,113	$634,900	$680,233	$757,726	$844,748	$77,493	$87,022
State Nursing Home	$775,069	$750,100	$856,440	$946,772	$1,042,059	$90,332	$95,287
State Home Domiciliary	$50,769	$53,300	$54,133	$57,455	$59,608	$3,322	$2,153
Geriatric Evaluation & Management 1/	$0	$9,000	$0	$0	$0	$0	$0
Subtotal	$3,806,540	$4,000,800	$4,059,020	$4,326,455	$4,616,551	$267,435	$290,096
Total Non-Institutional Care	$1,082,541	$1,394,100	$1,270,129	$1,476,523	$1,671,022	$206,394	$194,499
Long-Term Care Total	$4,889,081	$5,394,900	$5,329,149	$5,802,978	$6,287,573	$473,829	$484,595
Other Health Care Programs:							
CHAMPVA, Spina Bifida, FMP, & CWVV	$1,137,739	$1,228,300	$1,188,348	$1,290,780	$1,403,033	$102,432	$112,253
Readjustment Counseling	$169,328	$189,000	$162,533	$169,412	$176,292	$6,879	$6,880
Other 2/	$0	$39,200	$0	$0	$0	$0	$0
DoD-VA Health Care Incentive Fund 3/	$0	$15,000	$0	$15,000	$15,000	$15,000	$0
Subtotal	$1,307,067	$1,471,500	$1,350,881	$1,475,192	$1,594,325	$124,311	$119,133
Initiatives/Legislative Proposals 4/:							
Activations	$0	$247,700	$892,210	$601,403	$98,774	($290,807)	($502,629)
Agent Orange	$0	$171,000	$171,000	$191,000	$191,000	$20,000	$0
Amyotrophic Lateral Sclerosis (ALS)	$0	$43,000	$43,000	$47,000	$47,000	$4,000	$0
Caregivers & Veterans Omnibus Hlth Svcs (PL 111-163)	$0	$181,000	$238,450	$264,100	$264,100	$25,650	$0
DoD/VA Integrated Disability Evaluation Sys. Enh	$0	$18,000	$2,700	$3,234	$3,234	$534	$0
Indian Health Services	$0	$52,000	$52,000	$52,000	$52,000	$0	$0
Strategic Planning Major Initiatives 5/:							
Homelessness: Zero Homelessness	$0	$449,000	$801,884	$1,063,816	$1,063,816	$261,932	$0
New Models of Patient-Centered Care	$0	$108,000	$660,947	$398,957	$0	($261,990)	($398,957)
Expand Health Care Access for Veterans	$0	$5,000	$100,771	$102,416	$0	$1,645	($102,416)
Improving Veteran Mental Health	$0	$0	$8,230	$5,254	$0	($2,976)	($5,254)
Research on Long-Term Health & Well-Being of Vets	$0	$30,000	$0	$0	$0	$0	$0
Improve the Quality of Health Care while Reducing Costs	$0	$5,000	$29,485	$48,656	$0	$19,171	($48,656)
Establish World-Class Health Informatics Capability	$0	$7,000	$0	$0	$0	$0	$0
Subtotal	$0	$604,000	$1,601,317	$1,619,099	$1,063,816	$17,782	($555,283)
Initiatives Total	$0	$1,316,700	$3,000,677	$2,777,836	$1,719,924	($222,841)	($1,057,912)
Legislative Proposals							
Subtotal	$0	($19,568)	($20,068)	($27,093)	($27,042)	($7,025)	$51
Operational Improvements 6/							
Fee Care Payments Consistent with Medicare	*($161,200)*	($314,500)	($314,500)	($361,700)	($406,000)	($47,200)	($44,300)
Fee Care Savings	*($388,200)*	($200,000)	($200,000)	($200,000)	($200,000)	$0	$0
Clinical Staff and Resource Realignment	*$0*	($150,800)	($150,800)	($150,800)	($150,800)	$0	$0
Medical & Administrative Support Savings	*($168,100)*	($150,000)	($150,000)	($150,000)	($150,000)	$0	$0
Acquisition Improvements	*($621,900)*	($355,000)	($355,000)	($355,000)	($355,000)	$0	$0
VA Real Property Cost Savings & Innovation Plan	*$0*	($46,500)	$0	$0	$0	$0	$0
Subtotal, Operational Improvements	*($1,339,400)*	($1,216,800)	($1,170,300)	($1,217,500)	($1,261,800)	($47,200)	($44,300)
Total Obligations	$40,203,561	$43,869,985	$43,108,551	$45,172,000	$46,900,000	$2,063,449	$1,728,000

Note: Dollars may not add due to rounding in this and subsequent charts

1/ Included in Health Care Services

2/ Residential Care Home Program and Community-Based Domiciliary Care included in Long Term Care and Health Care Services

3/ VA transferred $65 million and $15 million to DoD-VA Health Care Incentive Fund in 2011 and 2012 respectively

4/ The 2011 initiative actuals are included in Health Care Services

5/ Total funding for initiatives in FY 2012 Current Estimate, FY 2013, and FY 2014 are displayed in this section.

6/ 2011 Operational Improvements are non-additive, for display purposes only

Below, the funding in parenthesis represents the 2013 funding level and 2014 advance appropriations request on an obligation basis.

Health Care Services:
- **($36.361 billion in 2013)**
- **($38.587 billion in 2014)**

VA projects the following medical services:

Acute Care:
- **($28.425 billion in 2013)**
- **($29.989 billion in 2014)**

Inpatient Acute Hospital Care: VA delivers inpatient acute hospital care in its hospitals and through inpatient contract care. Acute care services for medicine include neurology, surgery and maternity.

Ambulatory Care: This includes funding for ambulatory care in VA hospital-based and community-based clinics. Contract fee care is often provided to eligible beneficiaries when VA facilities are not geographically accessible, services are not available at a particular facility, or when care cannot be provided in a timely manner.

Pharmacy Services: These services include prescriptions, over-the-counter medications and pharmacy supplies. VA expects to fulfill 283 million prescriptions in 2013, an increase of 1.8 percent from 2012, and 291 million in 2014, an increase of 2.8 percent from the 2013 estimate.

Rehabilitative Care:
- **($477 million in 2013)**
- **($502 million in 2014)**

These services include Blind Rehabilitation and Spinal Cord Injury programs. VA is expanding the Blind Rehabilitation program to accommodate the increased workload due to additional numbers of these injuries among OEF/OIF/OND Veterans.

Mental Health:
- **($4.457 billion in 2013)**
- **($4.722 billion in 2014)**

Beginning in 2005, Mental Health has focused on expanding and transforming mental health services for Veterans to ensure accessible, patient-centered, recovery-oriented care. These concepts were reflected in the recommendations of the VHA Comprehensive Mental Health Strategic Plan (MHSP), implemented beginning in 2005 and completed in 2009. VA Mental Health Services followed the MHSP with national requirements for mental health programs, reflected in

VHA Handbook 1160.01, *Uniform Mental Health Services in VA Medical Centers and Clinics*, published in September 2008. Further, and more recently, in support of broad VHA, Patient Care Service and VISN Network Operation initiatives, mental health has been actively involved in the development of the Patient Aligned Care Team (PACT) and has been working collaboratively with the National Center for Prevention to improve and maintain the health of populations of Veterans treated in VA primary and specialty care. All of this work has been further enhanced and facilitated by the Department's major initiative to *Improve Veterans Mental Health (IVMH)* as outlined in the VA's FY 2011-2015 Strategic Plan. VA's commitment to the IVMH is being tracked through the Mental Health Initiative's monthly reporting process during 2011 through 2013.

The Guiding Principles/ Goals of VA Mental Health Services are:

1. Veteran-centric care
2. A Recovery/ rehabilitation orientation to health care
3. Evidence based practices in the delivery of care
4. Maximizing access to care across clinical sites of care
5. Decrease stigma associated with mental health treatment
6. Improve the health of Veterans through the PACT
7. Increase use of technology to facilitate care
8. Expand partnerships with other government agencies and communities

These concepts are consistent with VA's Core Values: Integrity, Commitment, Advocacy, Respect and excellence ("I CARE") and demonstrated in the implementation of the *Uniform Mental Health Services in VA Medical Centers and Clinics* handbook.

The primary actions in the transformation of mental health services that meet the goals listed above include:

1. Enhancing the overall capacity of mental health services in VA medical centers and clinics with improvements in both access to services and the continuity of care;
2. Improving the delivery of mental health care by enhancing services for Veterans at community-based outpatient clinics and those living in rural areas;
3. Integrating mental health with primary care and other medical care services;
4. Focusing specialty mental health care on rehabilitation- and recovery-oriented services;
5. Implementing evidence-based treatments with a focus on specific, evidence-based psychotherapy and psychopharmacology;
6. Expanding treatment opportunities for homeless Veterans;

7. Addressing the mental health needs of returning OEF/OIF/OND Veterans; and
8. Preventing suicide.

Implementation of the MHSP began the process of transformation, which was codified with the publication of the Uniform Mental Health Services Handbook (UMHSH). This Handbook defines requirements for those mental health services that must be available to all Veterans and those that are required to be available in VA medical centers, very large, large, mid-sized, and small community-based outpatient clinics (CBOCs). VA is now well along in implementation of the Handbook. As of June 2011, VA medical centers have implemented 94% of the Handbook requirements. As further demonstration of achievement of these transformative goals, VA has hired over 7,700 additional mental health staff since the start of 2005. With the increased staffing, VA has increasingly recognized, diagnosed, and treated common mental health conditions overall and through mental health services incorporated into primary care settings. This has increased the number of patients receiving mental health treatment in specialty mental health care settings and in primary care, allowing specialty mental health care settings to provide more extensive and intensive care and to focus on rehabilitation and recovery-oriented services to help Veterans with severe mental illnesses lead fulfilling lives.

Prosthetics:

- **($2.586 billion in 2013)**
- **($2.870 billion in 2014)**

These funds provide for the purchase and repair of prosthetics and sensory aids, such as artificial limbs, hearing aids, pacemakers, artificial hip and knee joints, ocular lenses and wheelchairs.

Dental Care:

- **($415 million in 2013)**
- **($504 million in 2014)**

This funding provides dental services to Veterans with a "medical condition negatively impacted by poor dentition" who are eligible for limited dental care by VA. These patients are placed into dental Classification III and VI categories and include poorly controlled diabetic patients, patients with head or neck cancer, organ transplant patients and others. Proper dental treatment for these patients decreases morbidity and increases longevity while contributing to an improved medical outcome.

The largest cohort eligible for dental care is Veterans with 100% service-connected disability. These Veterans are eligible for comprehensive dental care as needed. In addition, homeless Veterans enrolled in certain residential

treatment programs are also eligible for dental treatment so that VA can improve their health and quality of life by eliminating pain and infection, as well as increasing their likelihood of employment.

Long-Term Care:
- **($5.803 billion in 2013)**
- **($6.288 billion in 2014)**

VA projects the institutional care average daily census (ADC) will increase from 40,385 to 40,685 from 2012 to 2013 and from 40,685 to 40,870 from 2013 to 2014. VA will continue to focus its long-term care treatment in the least restrictive and most clinically appropriate setting by providing more non-institutional care than ever before and providing Veterans with care closer to where they live. VA is projecting an increase in the non-institutional ADC from 113,254 to 120,118 from 2012 to 2013 and from 120,118 to 125,250 from 2013 to 2014 for this progressive type of long-term care.

Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA):
- **($1.291 billion in 2013)**
- **($1.403 billion in 2014)**

CHAMPVA was established to provide health benefits for the dependents and survivors of Veterans who are, or were at time of death, permanently and totally disabled from a service-connected disability, or who died from a service-connected condition. VA provides most of the care for these dependents and survivors under this program by purchasing care from the private sector. CHAMPVA costs continue to grow as a result of several factors. First, due to changes in the benefit structure, the mix of users has changed significantly since 2002. Veterans' Survivor Benefits Improvements Act of 2001, Public Law 107-14, dated June 5, 2001, amended title 38, United States Code, to expand eligibility to those 65 and older who would have lost their CHAMPVA eligibility when they became eligible for Medicare. CHAMPVA is a secondary payer to Medicare for those individuals. Veterans Benefits Act of 2002, Public Law 107-330, dated December 6, 2002, also allowed retention of CHAMPVA for surviving spouses remarrying after age 55. Additionally, the number of claims paid is expected to grow. Along with the increasing number of claims, the cost of care and transaction fees required to process electronic claims is increasing.

Readjustment Counseling:
- **($169 million in 2013)**
- **($176 million in 2014)**

This funding is required to provide readjustment counseling at VA's Vet Centers to Veterans that served in a combat zone or area of armed hostilities.

Vet Centers are essential for helping Veterans access treatment for post-traumatic stress disorder (PTSD) conditions, and VA expects an increase in PTSD conditions as Veterans return from OEF/OIF/OND after multiple tours of duty. This expansion of mental health services to Veterans in rural areas enables VA to increase access to Veterans who need it most. Vet Centers are tasked with three major functions: direct counseling for issues related to combat service, outreach, and referral. Services are also provided to families for military related issues. In 2003, Vet Centers were authorized to provide bereavement counseling for families of OEF/OIF/OND service members who die while on active duty.

DoD-VA Health Care Sharing Incentive Fund:

- **($15 million in 2013)**
- **($15 million in 2014)**

Congress created the Health Care Sharing Incentive Fund, regularly referred to as the Joint Incentive Fund (JIF) between Department of Veterans Affairs (VA) and the Department of Defense (DoD) to encourage development of sharing initiatives at the facility, intra-regional and nationwide level. The JIF program has been very successful in fostering collaboration and new approaches to problem solving that mutually benefits both VA and DoD. Section 8111(d) of title 38, United States Code requires each Secretary to contribute a minimum of $15,000,000 from the funds appropriated to the Secretary's Department fund. The DoD-VA Health Care Sharing Incentive Fund was established effective October 1, 2003. Public Law 111-84, The National Defense Authorization Act for Fiscal Year 2010, section 1706, amended section 8111(d)(3) of title 38, United States Code, to extend the program to September 30, 2015.

Initiatives:

Activations

- **($601 million in 2013)**
- **($99 million in 2014)**

Facility activiations provide non-recurring (equipment and supplies) and recurring (additional personnel) costs associated with the activation of completed construction of new or replacement medical care facilities. Resources include assumed rates for medical equipment and furniture reuse based on the facility type (renovation, replacement, or new)..

Agent Orange

- **($191 million in 2013)**
- **($191 million in 2014)**

The Agent Orange Presumptive process is part of an existing initiative that was launched in 2010 to improve access to VA Health Care Service by

providing timely services to Veterans. VA has identified new presumptive conditions for awarding Service Connected status to Veterans who were known to be exposed to Agent Orange.

Amyotrophic Lateral Sclerosis (ALS)
- **($47 million in 2013)**
- **($47 million in 2014)**

The Amyotrophic Lateral Sclerosis (ALS) Presumptive process is part of an existing initiative to improve access to care for Veterans with ALS. It is supported by regulations that have been published in 2009. Recent assessments of the cost to treat a Veteran with ALS identify costs in excess of $40,000 per patient. VA has identified that Veterans with ALS will be eligible to enroll in VA's health care system under presumptive service connected determination.

Caregivers and Veterans Omnibus Health Services Act
- **($264 million in 2013)**
- **($264 million in 2014)**

The Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163) supports significant expansion of benefits for caregivers, increase of services for women and rural Veterans, new and renewed authorities for existing programs, new personnel authorities, greater access for facilities to conduct VA research, authorization of major construction projects, and new authorities for law enforcement personnel.

DoD/VA Integrated Disability Evaluation System (IDES) Enhancement
- **($3 million in 2013)**
- **($3 million in 2014)**

The Integrated Disability Evaluation System (IDES) strives to implement an integrated mechanism to provide wounded, ill, and injured service members with a single disability evaluation for both the Medical Evaluation Board/Physical Evaluation Board (MEB/PEB) and VA Compensation and Pension disability claims. The process is intended to remove significant procedural and systems barriers for Service Members and truly implement a seamless transition from DoD to VA.

Indian Health Services
- **($52 million in 2013)**
- **($52 million in 2014)**

Indian Health Services is an ongoing initiative in support of sections 2901(b) and 10221 of the Patient Protection and Affordable Care Act (Public Law 111-148). Section 2901(b) establishes the Indian Health Service (IHS) as the payer of last resort for all health programs operated by IHS, Indian tribes, tribal

organizations, and Urban Indian organizations (25 U.S.C. 1603). Section 10221 authorizes IHS to establish or expand arrangements for the sharing of medical facilities and services between IHS, Indian tribes, and tribal organizations and VA. This initiative will enable VA to improve coordination with IHS in providing quality health care to American Indian/Alaskan Native (AI/AN) Veterans.

Strategic Planning Major Initiatives:

Homelessness: Zero Homelessness
- **($1.064 billion in 2013)**
- **($1.064 billion in 2014)**

The Department of Veterans Affairs, in concert with the United States Interagency Council on Homelessness, is taking decisive action toward its goal of ending homelessness among our nation's Veterans. To achieve this goal, VA has developed a plan to end homelessness among Veterans that will assist every eligible homeless Veteran and at-risk for homeless Veterans. VA will assist Veterans to acquire safe housing; needed treatment and support services; homeless prevention services; opportunities to return to employment; and benefits assistance. The initiative of eliminating Veteran homelessness is built upon 6 strategies: Outreach/Education, Treatment, Prevention, Housing/Supportive Services, Income/Employment/ Benefits, and Community Partnerships. See Selected Program Highlights for full discussion of this initiative.

New Models of Patient-Centered Care
- **($399 million in 2013)**

Patient-Centered Care is the over arching goal of all our major initiatives, but is organized under our Enhancing the Veteran Experience and Access to Healthcare (EVEAH) major initiative. Here, we have a specific plan to support the culture change necessary to become a more patient centered health care system, but every one of or transformation efforts embody some component of patient centered care.

Patient-centered care focuses on the whole person rather than the condition or disease. It establishes a partnership among the primary care team, Veteran patients, and their families or caregivers. This ensures that the Veteran's wants, needs, and preferences are respected and at the center of decision-making. These preferences and goals are easily retrievable, modifiable, and reviewed regularly with the Veteran patient. Veteran patients will have the knowledge and support required to make decisions and fully participate in the management of their health care. Patient-centered care establishes continuous healing relationships and provides

optimal healing environments. The results are better health outcomes, improved quality of care, greater patient satisfaction, and enhanced quality of life.

At the core of our Patient-Centered Care (PCC) Culture Transformation Initiative is an entirely new approach to health care that is a radical shift from our current system. The medicine of tomorrow moves beyond problem based disease care to patient-centered health care. This approach requires a process that is proactive rather than reactive and engages the patient at the center of their care. There are three key components to this approach to health care: personalized health planning; whole person, integrative strategies; and behavior change and skill building that works. This radical departure requires a rational strategy for change that is aligned and integrated with the resources, capacities, and ongoing initiatives throughout VHA.

Personalized Health Planning is a core component of the new approach. The process begins with the Veteran; hearing what is important to them in their life, their values, and their priorities. Their Personalized Health Plan draws on the best interventions and treatments available, and has a strong emphasis on lifestyle and health behaviors. This requires providing the paths to resources and skills for the Veteran that support sustained behavior change. This approach to health care is founded on a collaborative, team-based model. It is not physician centric, and draws on a more expansive network of providers and resources than our current model of care. This requires that the health care team have new processes, roles, and tools. While the entire team needs training in the new approach to health care, team must gain a new core competency for integrative health coaching.

Fundamental to patient centered care is a cultural transformation based on a true partnership with the Veteran and his/her family and community. This change requires mutually reinforcing behavior change on the part of the Veteran and their health care team. Change on this scale only happens when core the functions of each department and program office are aligned with intention and design.

Funding for Patient-Centered Care consists of salaries, travel, and supplies for both the program office staff and the field-based implementation team (FIT). The FIT staff is responsible for the PCC foundational roll out throughout the country, and a large portion of the funding is provided to our 9 Centers of Innovation, and other medical centers that are piloting innovative programs which will place the Veteran and their values at the

center of their health care. Extensive partnerships have been developed to insure communication and alignment of goals across major initiatives, and with DoD.

The contracts support the staff in building curriculums, providing training, and developing a national communication plan. All projects incorporate the Patient-Centered Care guiding principles which lead to more efficient care, with the Veteran and their values at the center, in an effort to change behaviors more successfully and ultimately improve outcomes while reducing costs. The following is a list of some of these projects which are in various stages of implementation:

Integration of Patient-Centered Care and Lean Thinking

- Perform organizational assessment/site specific

- Provide Senior Leadership Training

    - Integrated Health Coach Training for Mental Health Providers
    - Integrated Health Coach Training for the Patient Aligned Care Team (PACT)
    - Expansion of PACT team pilots incorporating Veteran personalized health planning/behavior changes
    - Integration of Patient-Centered Culture (PCC), PACT and National Center for Health Promotion and Disease Prevention (NCP) within several medical centers
    - Integration of PCC tools within Lovell Federal Health Care Center (integrating VHA and DoD), a Polytrauma Center, a Community Living Center, and a Vet Center
    - Interactive Patient Tool contract and deployment at 9 medical centers (inpatient and follow-up home program – goal to improve outcomes and reduce readmissions). Getwell Network is already being studied in the Birmingham Center of Innovation.
    - Maximizing technology (from other Major Initiative projects) to spread best practices so more Veterans can access Integrative Medicine, Health Coaching, and other evidenced based medicine services
    - Scripts Center (Automated Pharmacy Dispensing Center) including after hours
    - Develop research driven PCC interviewing and hiring models

- Pilot effective and efficient employee recruitment/hiring/orientation with PCC principles integrated into new medical centers (partnering with Human Resources)
- Renovation of Mental Health Outpatient Clinic
- Medical Surgical Unit renovation

Expand Health Care Access for Veterans

➢ **($102 million in 2013)**

Access to health care services, benefits, information and education is vital to VA's overall mission of providing exceptional health care to Veterans. It is VA's commitment to provide clinically appropriate quality care for eligible Veterans when they want and need it. It is the goal to provide the care in the right place, at the right time, by the right clinicians, and by the right way (including use of technology). This major initiative includes seven sub-initiatives, which jointly contribute to expanding Veterans options and availability of services:

- Patient Centered Care and Cultural Transformation – This is an entirely new approach to health care that is a radical shift from our current system. The medicine of tomorrow moves beyond problem based disease care to patient-centered health care. This approach requires a process that is proactive rather than reactive and engages the patient at the center of their care.

- Systems Redesign – This will create a culture of continuous process improvement resulting in increased efficiencies, and improved Veteran and employee satisfaction. Projects within this operations plan include a focus on Outpatient Access, Inpatient Flow, Leadership Training, and Systems Improvement.

- Handbook – VA will consistently communicate personalized benefits to Veterans and will ensure each Veteran receives an easy to understand delivery of benefits to which they are entitled. Clinical inventory information will provide VA clinicians and purchased care staff a quick reference to existing VA clinical inpatient and outpatient resources and treatment options.

- Transportation – To ensure our Veterans have convenient and timely access to transportation services, it is VHA's vision to establish a network of community transportation service providers that includes the Veteran Service Organizations (VSO's), community transportation providers, Federal, State and Local government transportation services, such as United We Ride, operating within each Veterans Integrated

Service Network (VISN). This initiative is expanding the current transportation options for Veterans.

- Kiosks (VetLink) – The VA Point of Service program (VPS) shall develop, deploy and maintain small, stand-alone devices (kiosks) that will enable Veterans and patients to efficiently and easily perform a variety of administrative, financial and clinical tasks such as patient check-in, view and update demographic and administrative information, allergies view and update, medication reconciliation, and patient surveys

- Project ARCH (Access Received Closer to Home) – Pilot programs to provide non-VA health care service to rural populations in their local community for five sites within Veterans Integrated Service Networks (VISN). This initiative is part of the effort to provide the appropriate services in a location that is accessible for the Veteran. This is a legislatively mandated program.

- Hospital Quality and Transparency – This initiative provides Veterans and other stakeholders alike with the information necessary to evaluate care based on value (quality, safety, and reliability). By leveraging routine customer feedback about health care data, information needs can be translated into a pertinent, understandable context for informed customer decision making. There is both an external and internal reporting mechanism.

Through the implementation of these sub-initiatives, the Veteran will be able to easily navigate the system to receive the desired services and outcomes.

Improving Veteran Mental Health

➢ **($5 million in 2013)**

This initiative provides an on-going process to transform VA mental health. This transformation will ensure mental health services within VA are evidenced-based, patient-centered, and recovery-oriented; that Veterans and their families have increased access to mental health services within VA and in communities; and that mental health programs are coordinated with DoD to ensure coverage for service members and Veterans seamlessly throughout their life.

Improve the Quality of Health Care while Reducing Costs

- **($49 million in 2013)**

The goal of this initiative is to develop enterprise-level program changes that will streamline and automate clinical and business processes, improve continuity and coordination of health care delivery across VA, and eliminate system redundancies.

Legislative Proposals

- **(-$27 million in 2013)**
- **(-$27 million in 2014)**

There are two 2013 legislative proposal that have budgetary savings: to make the grounds of all VA health care facilities smoke-free environments, and to allow VA to release certain patient information to health plans for billing purposes. In addition, there are five proposals from 2012 resubmitted in 2013 that have budgetary savings. The proposals concern the removal of the requirement that VA reimburse certain employees appointed under title 38 for expenses incurred for continuing professional education; clarification of breach of agreement under the Employee Incentive Scholarship Program; change in collection and verification of Veteran's income; Medicare ambulatory rates for beneficiary travel, and consider VA a participating provider for purposes of reimbursement. See the Proposed Legislation chapter for a detailed description of these proposals.

Operational Improvements

To improve VA health care operations and improve the value of services provided to the Veterans and their families as well as recognizing the federal deficit challenge this nation faces, VA has proposed a number of management actions. Many of these proposals will improve VA's medical services delivery over the long-term.

Fee Care Payments Consistent with Medicare

- **(-$362 million in 2013)**
- **(-$406 million in 2014)**

Dialysis Regulation Savings and other care services are the estimated cost savings from purchasing dialysis treatments and other care from civilian providers at the Centers for Medicare & Medicaid Services rates instead of current community rates.

Fee Care Savings

- **(-$200 million in 2013)**
- **(-$200 million in 2014)**

Fee care savings will be generated through application of the following initiatives: use of electronic repricing tools, use of contract and blanket

ordering agreements, decrease contract hospital average daily census, decrease duplicate payments, decrease interest penalty payments, and increase revenue generation through the use of automated tools.

Clinical Staff and Resource Realignment
- **(-$151 million in 2013)**
- **(-$151 million in 2014)**

Conversion of selected physicians to non-physician providers; conversion of selected registered nurses to licensed practical nurses; and to more appropriately align the required clinical skills with patient care needs.

Medical & Administrative Support Savings
- **(-$150 million in 2013)**
- **(-$150 million in 2014)**

Indirect Cost Savings will be produced by more efficiently employing the resources in various medical care, administrative, and support activities at each medical center and in VISN and central office operations.

Acquisition Improvements
- **(-$355 million in 2013)**
- **(-$355 million in 2014)**

VHA has eight ongoing initiatives. A brief description of each is as follows:

- Consolidated Contracting – This initiative consists of multi-facility, VISN, and Regional Contracts. It also involves contracts being administered at the VHA Health Administration Center (HAC). Contract savings result from combining requirements and obtaining lower unit pricing.
- Increasing Competition – This initiative relates to competing contracts that were formerly awarded on a sole source basis. The majority of the savings in this category come from competing requirements among Service-Disabled Veteran-Owned Small Business firms.
- Bring Back Contracting In House – Under this initiative, VHA is bringing contracting workload back into VHA contracting offices from the Army Corps of Engineers. By bringing the workload back, VHA avoids paying the Corps of Engineers administrative charges.
- Reverse Auction Utilities – Several VHA facilities are participating in a program administered by the General Services Administration (GSA), whereby utilities are procured using reverse auctions. This has produced savings in utility pricing.
- MED PDB/EZ Save – Through a consolidated effort with DoD, VHA has been able to obtain visibility of the most favorable government pricing overall. This has allowed VHA to procure needed supplies at the identified lower price.

- Reduce Contracts – This effort involves canceling/avoiding contracts by performing the required services in house.
- Property Re-utilization – This initiative brings back the practice of considering "excess as the first source of supply." VHA has been able to avoid procurement of new equipment by reutilizing excess equipment.
- Prime Vendor – VHA has been able to use the medical/surgical prime vendor to achieve additional price concessions. Additionally, the prime vendor also provides improved inventory management thereby eliminating the procurement of unneeded supplies.

Medical Care Collections Fund: $2,966,000,000 in Collections in 2013 and $3,051,000,000 in Collections in 2014

Medical Care Collections Fund
(dollars in thousands)

Description	2011 Actual 1/	2012 Budget Estimate	2012 Current Estimate 1/	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Medical Care Collections Fund:							
Pharmacy Co-payments	$729,742	$652,000	$696,000	$759,000	$825,000	$63,000	$66,000
3rd Party Insurance Collections	$1,767,165	$2,109,000	$1,792,000	$1,792,000	$1,806,000	$0	$14,000
3rd Party RX Insurance	$32,786	$0	$33,000	$33,000	$33,000	$0	$0
1st Party Other Co-payments	$178,469	$161,000	$177,000	$188,000	$189,000	$11,000	$1,000
Enhanced-Use Revenue	$1,398	$2,000	$2,000	$2,000	$2,000	$0	$0
Long-Term Care Co-Payments	$3,174	$3,000	$4,000	$4,000	$4,000	$0	$0
Comp. Work Therapy Collections	$55,099	$57,000	$57,000	$57,000	$57,000	$0	$0
Parking Fees	$3,842	$4,000	$4,000	$4,000	$4,000	$0	$0
Comp. & Pension Living Expenses	$871	$2,000	$2,000	$2,000	$2,000	$0	$0
Subtotal Collections	$2,772,546	$2,990,000	$2,767,000	$2,841,000	$2,922,000	$74,000	$81,000
Legislative Proposals:							
Allow VA to Release Patient info to Health Plans	$0	$0	$0	$34,000	$35,000	$34,000	$1,000
VA as a Participating Provider	$0	$88,000	$0	$91,000	$94,000	$91,000	$3,000
Total Collections	$2,772,546	$3,078,000	$2,767,000	$2,966,000	$3,051,000	$199,000	$85,000

1/ Includes collections transferred to the Joint DoD-VA Medical Facility Demonstration Fund.

Collections of $2,772,546,846 were received by VA in 2011. Due to a 1-month lag in timing from when the funds are received and transferred into the Medical Services account, $2,770,663,500 was transferred to the Medical Services account in 2011, which reflect collections from September 2010 through August 2011. The funds collected in September 2011 were transferred in 2012.

Medical Care Collections Fund (MCCF) Collections

The Balanced Budget Act of 1997, Public Law 105-33, dated August 5, 1997, established the Department of Veterans Affairs Medical Care Collections Fund (MCCF). The legislation required that amounts collected or recovered after June 30, 1997, be deposited into the MCCF and used for medical care and services to Veterans. In September 1999, VA implemented reasonable charges billing, which allowed movement from cost-based medical care recovery to an approach closely

resembling industry market pricing for services and resulted in a marked improvement in health care collections.

With the establishment of the Chief Business Office (CBO), an expanded revenue enhancement plan was formulated to implement a series of additional tactical and strategic objectives. This plan targets a combination of immediate, mid-term, and long-term improvements to the broad range of business processes encompassing VA revenue activities. This CBO-directed effort is a formalized validation of viable activities being pursued that have been extremely successful in addressing national issues, such as coding, payer agreements, site visits to lower performing facilities, and improved financial controls to increase collections. MCCF collections totaled over $2.7 billion in 2011, reflecting a nearly five-fold improvement in total collections since 2000, the result of these activities and an increased emphasis on improving revenue-cycle processes. VA is expecting MCCF total collections to approximate $2.7 billion in 2012. The expected slower growth projected is attributable to current economic market conditions resulting in fewer Veterans with billable insurance and increased numbers of Veterans requesting hardship waivers and exemptions from first-party copayments. VHA also continues to experience a decline in third-party collections to billings ratios as commercial health insurers shift more responsibility to the patient for health care costs including copays and deductibles, which VHA cannot collect. Despite the current constraints affecting collections growth, VHA continues to pursue opportunities for improved revenue performance as addressed by initiatives described below.

National Revenue Contracts Office

This initiative is designed to leverage VHA's size and financial purchasing power to develop national relationships for both payer agreements and contracts for vendors who provide support for revenue-cycle activities. The National Payer Relations Office (NPRO) component continues to aggressively pursue strategies to effectively manage relationships with third-party payers. VHA has executed seven national payer agreements. In addition, the National Payer Relations Office has completed 99 regional agreement projects and is currently working on new or re-verification of existing agreements.

The Revenue Contracts Management Program component was established to improve management of vendors being utilized in VHA revenue-cycle activities by developing better rates and consistency in payment terms, expectations, and performance standards. One outcome of this effort has been VHA's establishment of national Blanket Purchase Agreements (BPA) for coding, insurance identification/verification products and services, billing, and third-party AR follow-up; currently 66 BPAs are in place. VHA continues to

explore other opportunities for using BPAs to assist with revenue-cycle operations.

eBusiness Initiatives

In an effort to leverage the health care industry's migration to national standard electronic data exchanges under the Health Insurance Portability and Accountability Act (HIPAA) and to comply with other legal requirements, VHA has implemented a number of eBusiness initiatives to add efficiencies to the billing and collections processes, including Medicare-equivalent Remittance Advices; insurance verification; inpatient/outpatient/pharmacy billing; and payments, including Electronic Funds Transfer. In response to new HIPAA requirements for the next generation of electronic transaction standards (known as 5010/D.0), which affect all of the eBusiness Initiatives, VA has established an Integrated Product Team to manage the development and implementation of system enhancements.

Consolidated Patient Account Centers (CPACs)

A major driver of VA's revenue optimization strategy is the Congressionally mandated deployment of Consolidated Patient Account Centers that will consolidate traditional VHA business office functions into seven regional centers by the end of 2012. This initiative will transform VHA billing and collections activities, and more closely align VHA with industry best practices.

Before moving forward with a national rollout, the CPAC business model was tested extensively within the VHA environment. In 2006, the Mid Atlantic CPAC pilot project was established within Veterans Integrated Service Network (VISN 6) in Asheville, North Carolina. Through the pilot project, the VHA Chief Business Office found that the CPAC way of integrating and standardizing processes produced higher revenues while reducing operational costs. Most importantly, these additional revenues can be used to enhance and expand the services offered to our nation's Veterans.

Medical Services
Program Resource Data

Unique Patients [1/]

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	4,254,470	4,195,294	4,328,562	4,392,645	4,444,519	64,083	51,874
Priorities 7-8	1,327,701	1,411,535	1,327,599	1,324,467	1,320,927	(3,132)	(3,540)
Subtotal Veterans	5,582,171	5,606,829	5,656,161	5,717,112	5,765,446	60,951	48,334
Non-Veterans 2/	584,020	577,337	598,576	607,925	617,377	9,349	9,452
Total Unique Patients	6,166,191	6,184,166	6,254,737	6,325,037	6,382,823	70,300	57,786

Unique Enrollees [3/]

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	6,252,197	6,162,611	6,397,289	6,498,081	6,581,477	100,792	83,396
Priorities 7-8	2,322,001	2,456,236	2,311,383	2,310,569	2,307,491	(814)	(3,078)
Total Enrollees	8,574,198	8,618,847	8,708,672	8,808,650	8,888,968	99,978	80,318

Users as a Percent of Enrollees

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Priorities 1-6	68.0%	68.1%	67.7%	67.6%	67.5%	-0.1%	-0.1%
Priorities 7-8	57.2%	57.5%	57.4%	57.3%	57.2%	-0.1%	-0.1%
Total Enrollees	65.1%	65.1%	64.9%	64.9%	64.9%	0.0%	0.0%

1/ Unique patients are uniquely identified individuals treated by VA or whose treatment is paid for by VA. It includes patients only receiving pharmacy, CHAMPVA patients, Readjustment Counseling patients, employees seen as patients, collateral patients and other non-veterans treated in VA.

2/ Non-veterans include spousal collateral, consultations and instruction, CHAMPVA workload, reimbursable workload with affiliates, humanitarian care, and employees receiving preventive occupational immunizations such as Hepatitis A&B and flu vaccinations.

3/ Similar to unique patients, the count of unique enrollees represents the count of veterans enrolled for veterans health care sometime during the course of the year.

Summary of Workloads for VA and Non-VA Facilities

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Outpatient Visits (000):							
Staff	70,896	74,553	73,487	76,215	78,623	2,728	2,408
Mental Health (included above)	*10,418*	*11,659*	*10,719*	*11,130*	*11,529*	*411*	*399*
Fee	12,231	14,837	12,823	13,379	13,832	556	453
Mental Health (included above)	*221*	*227*	*232*	*242*	*250*	*10*	*8*
Readjustment Counseling	1,377	1,444	1,444	1,508	1,574	64	66
Total	84,504	90,834	87,754	91,102	94,029	3,348	2,927
Patients Treated:							
Acute Hospital Care	627,242	662,245	641,657	653,863	662,828	12,206	8,965
Rehabilitative Care	15,910	16,332	16,280	16,712	17,063	432	351
Psychiatric Care Total	153,648	168,270	156,257	159,942	163,448	3,685	3,506
Acute Psychiatry	*97,881*	*97,749*	*99,224*	*100,463*	*101,641*	*1,239*	*1,178*
Contract Hospital (Psych)	*13,915*	*20,093*	*14,797*	*14,798*	*15,151*	*1*	*353*
Psy Residential Rehab	*7,664*	*12,186*	*4,065*	*2,156*	*1,144*	*(1,909)*	*(1,012)*
Dom Residential Rehab	*34,188*	*38,242*	*38,171*	*42,525*	*45,512*	*4,354*	*2,987*
Nursing Home Care	97,221	106,348	98,967	100,028	100,990	1,061	962
Subacute Care	3,000	2,679	2,287	1,715	1,264	(572)	(451)
State Home Domiciliary	4,162	4,046	4,039	3,941	3,850	(98)	(91)
Inpatient Facilities, Total	901,183	959,920	919,487	936,201	949,443	16,714	13,242
Average Daily Census:							
Acute Hospital Care	8,921	9,078	9,009	9,112	9,208	103	96
Rehabilitative Care	1,133	1,140	1,140	1,148	1,154	8	6
Psychiatric Care Total	9,999	10,378	10,130	10,230	10,275	100	45
Acute Psychiatry	*2,874*	*2,928*	*2,827*	*2,781*	*2,721*	*(46)*	*(60)*
Contract Hospital (Psych)	*281*	*387*	*283*	*284*	*285*	*1*	*1*
Psy Residential Rehab	*1,172*	*1,420*	*1,025*	*803*	*560*	*(222)*	*(243)*
Dom Residential Rehab	*5,672*	*5,643*	*5,995*	*6,362*	*6,709*	*367*	*347*
Nursing Home Care	36,573	38,133	36,673	36,923	37,058	250	135
Subacute Care	107	105	87	69	54	(18)	(15)
State Home Domiciliary	3,662	2,710	3,712	3,762	3,812	50	50
Inpatient Facilities, Total	60,395	61,544	60,751	61,244	61,561	493	317
Home & Comm. Bsd. Care	95,092	113,926	113,254	120,118	125,250	6,864	5,132
Inpatient & H&CBC, Grand Total	155,487	175,470	174,005	181,362	186,811	7,357	5,449
Length of Stay:							
Acute Hospital Care	5.2	5.0	5.1	5.1	5.1	0.0	0.0
Rehabilitative Care	26.0	25.5	25.6	25.1	24.7	(0.5)	(0.4)
Psychiatric Care	23.8	22.6	23.7	23.3	22.9	(0.4)	(0.4)
Nursing Home Care	137.3	131.2	135.6	134.7	133.9	(0.9)	(0.8)
Subacute Care	13.0	14.3	13.9	14.7	15.6	0.8	0.9
State Home Domiciliary	321.2	245.1	336.4	348.4	361.4	12.0	13.0
Dental Procedures	4,120,152	4,273,457	4,274,083	4,394,018	4,516,240	119,935	122,222
CHAMPVA/FMP/Spina Bifida:							
Outpatient Workloads (000)	11,019	11,283	11,312	11,862	12,473	550	611

Summary of Total Request, Medical Services
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate 1/	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Appropriation	$37,136,000	$39,649,985	$39,649,985	$41,354,000	$43,557,000	$1,704,015	$2,203,000
Pay Freeze Rescission	$0	($552,000)	$0	$0	$0	$0	$0
Contingency Fund	$0	$953,000	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($48,479)	$0	$0	$0	$0	$0	$0
Recission (Public Law 112-10) "Across the Board" - .2 percent	($74,272)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, PL 112-74	$0	$0	($172,750)	$0	$0		
Transfer to DoD-VA Health Care Incentive Fund	($65,000)	$0	($15,000)	$0	$0	$15,000	$0
Advanced Appropriation Total increase	$0	$0	$0	$165,000	$0	$165,000	($165,000)
Subtotal Appropriation	$36,948,249	$40,050,985	$39,462,235	$41,519,000	$43,557,000	$2,056,765	$2,038,000
Collections	$2,770,663	$3,078,000	$2,749,362	$2,966,000	$3,051,000	$216,638	$85,000
Budget Authority	$39,718,912	$43,128,985	$42,211,597	$44,485,000	$46,608,000	$2,273,403	$2,123,000
Reimbursements:							
Sharing & Other Reimbursements	$254,273	$238,000	$278,000	$284,000	$289,000	$6,000	$5,000
Prior Year Recoveries	$40,000	$3,000	$3,000	$3,000	$3,000	$0	$0
Subtotal	$294,273	$241,000	$281,000	$287,000	$292,000	$6,000	$5,000
Adjustments to Obligations:							
Unobligated Balance (SOY):							
No-Year	$784,543	$600,000	$869,974	$200,000	$0	($669,974)	($200,000)
H1N1 No-Year	$8,070	$0	$2,534	$0	$0	($2,534)	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$12,855	$0	$7,994	$0	$0	($7,994)	$0
2-Year	$402,098	$400,000	$135,452	$200,000	$0	$64,548	($200,000)
Subtotal	$1,207,566	$1,000,000	$1,015,954	$400,000	$0	($615,954)	($400,000)
Unobligated Balance (EOY):							
No-Year	($869,974)	($450,000)	($200,000)	$0	$0	$200,000	$0
H1N1 No-Year	($2,534)	$0	$0	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	($7,994)	$0	$0	$0	$0	$0	$0
2-Year	($135,452)	($50,000)	($200,000)	$0	$0	$200,000	$0
Subtotal	($1,015,954)	($500,000)	($400,000)	$0	$0	$400,000	$0
Change in Unobligated Balance (Non-Add)	($1,015,954)	($500,000)	($400,000)	$0	$0	$400,000	$0
Lapse	($1,236)	$0	$0	$0	$0	$0	$0
Obligations	$40,203,561	$43,869,985	$43,108,551	$45,172,000	$46,900,000	$2,063,449	$1,728,000

1/In FY 2013, VA anticipates transferring a minimum of $15 million from Medical Services to the DoD-VA Health Care Sharing Incentive Fund, as required by Public Law 107-314.

Summary of Obligations by Activity
Medical Services
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Acute Hospital Care	$7,762,717	$7,600,500	$7,539,014	$7,639,536	$7,865,061	$100,522	$225,525
Rehabilitative Care	$413,385	$589,000	$454,673	$477,407	$501,608	$22,734	$24,201
Psychiatric Care	$3,983,944	$4,161,700	$4,663,356	$5,185,931	$5,441,230	$522,575	$255,299
Nursing Home Care	$3,755,771	$3,938,500	$4,004,887	$4,269,000	$4,556,943	$264,113	$287,943
Subacute Care	$57,510	$75,200	$75,477	$79,684	$80,237	$4,207	$553
State Home Domiciliary	$50,769	$53,300	$54,133	$57,455	$59,608	$3,322	$2,153
Outpatient Care	$23,041,726	$26,223,485	$25,128,663	$26,172,207	$26,992,280	$1,043,544	$820,073
CHAMPVA	$1,137,739	$1,228,300	$1,188,348	$1,290,780	$1,403,033	$102,432	$112,253
Total Obligations	$40,203,561	$43,869,985	$43,108,551	$45,172,000	$46,900,000	$2,063,449	$1,728,000

Summary of FTE by Activity
Medical Services

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Acute Hospital Care	42,308	42,065	42,805	43,835	44,357	1,030	522
Rehabilitative Care	4,333	4,308	4,383	4,488	4,542	105	54
Psychiatric Care	28,690	28,525	29,026	29,725	30,079	699	354
Nursing Home Care	19,988	19,873	20,222	20,709	20,955	487	246
Subacute Care	510	506	516	529	535	13	6
State Home Domiciliary	0	0	0	0	0	0	0
Outpatient Care	89,235	89,333	90,903	93,091	95,279	2,188	2,188
CHAMPVA	0	0	0	0	0	0	0
Total FTE	185,064	184,610	187,855	192,377	195,747	4,522	3,370

FTE by Type
Medical Services

Account	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Physicians	16,985	16,534	17,133	17,508	17,711	375	203
Dentists	987	1,007	977	1,045	1,068	68	23
Registered Nurses	44,939	43,694	45,360	46,335	46,875	975	540
LPN/LVN/NA	22,932	23,728	23,172	23,630	23,900	458	270
Non-Physician Providers	10,851	10,955	10,960	11,201	11,336	241	135
Health Techs/Allied Health	55,880	55,445	56,807	58,467	59,187	1,660	720
Wage Board/P&H	5,468	5,490	5,589	5,681	5,810	92	129
All Other	27,022	27,757	27,857	28,510	29,860	653	1,350
Total	185,064	184,610	187,855	192,377	195,747	4,522	3,370

Outlay Reconciliation
Medical Services
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Obligations	$40,203,561	$43,869,985	$43,108,551	$45,172,000	$46,900,000	$2,063,449	$1,728,000
Obligated Balance (SOY)	$4,905,444	$5,918,681	$5,138,959	$6,684,657	$8,016,718	$1,545,698	$1,332,061
Obligated Balance (EOY)	($5,138,959)	($7,394,675)	($6,684,657)	($8,016,718)	($8,904,238)	($1,332,061)	($887,520)
Adjustments in Expired Accts	($90,688)	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay. Fed. Sources (Unexp.)	($8,286)	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay. Fed. Sources (Exp.)	$7,481	$0	$0	$0	$0	$0	$0
Outlays, Gross	$39,878,553	$42,393,991	$41,562,853	$43,839,939	$46,012,480	$2,277,086	$2,172,541
Offsetting Collections	($254,579)	($241,000)	($281,000)	($287,000)	($292,000)	($6,000)	($5,000)
Prior Year Recoveries	($40,000)	$0	$0	$0	$0	$0	$0
Net Outlays	$39,583,974	$42,152,991	$41,281,853	$43,552,939	$45,720,480	$2,271,086	$2,167,541

Medical Services
Employment Summary, FTE by Grade*

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	0	0	0	0	0	0
Title 38	71,991	73,061	74,837	75,743	1,776	906
15 or higher	127	129	132	134	3	2
14	592	600	615	652	15	37
13	5,417	5,497	5,631	5,811	134	180
12	10,402	10,556	10,813	11,135	257	322
11	14,579	14,795	15,155	15,606	360	451
10	2,046	2,077	2,127	2,172	50	45
9	8,202	8,324	8,527	8,719	203	192
8	4,634	4,703	4,817	4,882	114	65
7	8,455	8,581	8,789	8,980	208	191
6	24,526	24,894	25,497	25,895	603	398
5	23,898	24,253	24,843	25,190	590	347
4	3,848	3,905	4,000	4,067	95	67
3	705	715	732	765	17	33
2	136	138	142	146	4	4
1	38	38	39	40	1	1
Wage Board	5,468	5,589	5,681	5,810	92	129
Total Number of FTE	185,064	187,855	192,377	195,747	4,522	3,370

**Field FTE*

Net Change
Medical Services
2013 Summary of Resource Requirements
(dollars in thousands)

Description	2012 to 2013
2012 President's Budget:	
Appropriation	$40,050,985
Collections	$3,078,000
Total 2012 President's Budget	$43,128,985
Adjustments:	
Final Appropration Adjustment	($401,000)
Transfer to North Chicago Demo. Fund	($172,750)
Transfer to VA/DoD HCSIF	($15,000)
Reduction to Collections Estimate	($311,000)
Collection Transfer to North Chicago Demo. Fund	($17,638)
Total Adjustments	($917,388)
Adjusted 2012 Budget Estimate:	
Appropriation	$39,462,235
Collections	$2,749,362
Total Adjusted 2012 Budget Estimate	$42,211,597
2013 Current Services Increases:	
Health Care Services	$1,199,929
Payraise Assumption (0.5%) 3/4 of the FY	$62,924
Other Non-Pay Raise Pay Accounts	$689,476
Long-Term Care	$473,829
CHAMPVA & Other Dependent Prgs	$102,432
Readjustment Counseling	$6,879
VA/DoD Sharing	$15,000
2013 Total Current Services	$44,762,066
2013 Initiatives:	
Activations	($290,807)
Agent Orange	$20,000
Amyotrophic Lateral Sclerosis (ALS)	$4,000
Caregivers & Veterans Omnibus Hlth Svcs (PL 111-163)	$25,650
Integrated DES Expansion	$534
Indian Health Services	$0
Homelessness: Zero Homelessness	$261,932
New Models of Patient-Centered Care	($261,990)
Expand Health Care Access for Veterans	$1,645
Improving Veteran Mental Health	($2,976)
Research on Long-Term Health & Well-Being of Vets	$0
Improve the Quality of Health Care while Reducing Cost	$19,171
Establish World-Class Health Informatics Capability	$0
Legislative Proposals	($7,025)
Operational Improvements:	
Clinical and Pharmacy Efficiencies	$0
Fee Care Payments Consistent with Medicare	($47,200)
Fee Care Savings	$0
Clinical Staff and Resource Realignment	$0
Medical & Administrative Support Savings	$0
Acquisition Improvements	$0
VA Real Property Cost Savings & Innovation Plan	$0
2013 Total Initiatives	($277,066)
2013 Total Budget Authority Request:	
Appropriation	$41,519,000
Collections	$2,966,000
Total Budget Authority	$44,485,000

1/ In FY 2013, VA anticipates transferring a minimum of $15 million from Medical Services to the DoD-VA Health Care Sharing Incentive Fund, as required by Public Law 107-314.

Net Change
Medical Services
2014 Summary of Resource Requirements
(dollars in thousands)

Description	2013 to 2014
2012 President's Budget, 2013 Estimate:	
Appropriation	$41,354,000
Collections	$3,291,000
Total 2012 President's Budget, 2013 Estimate	$44,645,000
Adjustments:	
Appropriation Request Increase	$165,000
Reduction to Collections Estimate	($325,000)
Total Adjustments	($160,000)
Adjusted 2013 Budget Estimate:	
Appropriation	$41,519,000
Collections	$2,966,000
Total Adjusted 2013 Budget Estimate	$44,485,000
2014 Current Services Increases:	
Health Care Services	$1,598,433
Payraise Assumption (0.5%) for 1/4 of FY2014 and (1.7%) for 3/4 of 2014	$240,558
Other Non-Pay Raise Pay Accounts	$462,442
BioMedical Adjustment	$320,000
Long-Term Care	$484,595
CHAMPVA & Other Dependent Prgs	$112,253
Readjustment Counseling	$6,880
2014 Total Current Services	$47,710,161
2014 Initiatives:	
Activations	($502,629)
New Models of Patient-Centered Care	($398,957)
Expand Health Care Access for Veterans	($102,416)
Improving Veteran Mental Health	($5,254)
Improve the Quality of Health Care while Reducing Costs	($48,656)
Legislative Proposals	$51
Operational Improvements:	
Fee Care Payments Consistent with Medicare	($44,300)
2014 Total Initiatives	($1,102,161)
2014 Total Budget Authority Request:	
Appropriation	$43,557,000
Collections	$3,051,000
Total Budget Authority	$46,608,000

Obligations by Object
Medical Services
(dollars in thousands)

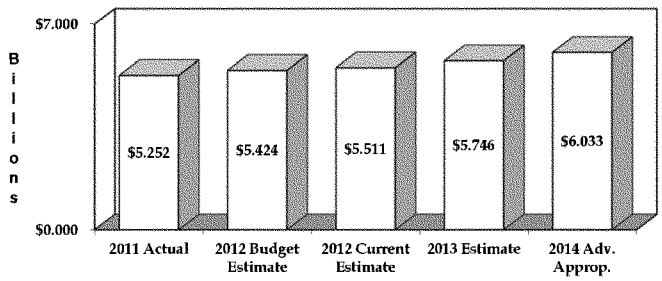
Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
10 Personal Svcs & Benefits:							
Physicians	$4,498,111	$4,392,439	$4,619,500	$4,819,200	$5,007,600	$199,700	$188,400
Dentists	$223,655	$229,913	$224,500	$244,300	$250,300	$19,800	$6,000
Registered Nurses	$5,177,266	$5,159,781	$5,242,800	$5,393,400	$5,548,000	$150,600	$154,600
LPN/LVN/NA	$1,432,887	$1,514,226	$1,459,800	$1,506,200	$1,554,800	$46,400	$48,600
Non-Physician Providers	$1,464,343	$1,486,188	$1,486,400	$1,532,700	$1,580,400	$46,300	$47,700
Health Techs/Alllied Health	$5,040,533	$5,029,915	$5,147,700	$5,342,300	$5,502,800	$194,600	$160,500
Wage Board/P&H	$293,213	$298,036	$301,200	$308,800	$324,500	$7,600	$15,700
Administration	$1,756,813	$1,657,301	$1,788,100	$1,855,900	$2,044,300	$67,800	$188,400
Perm Change of Station	$3,993	$4,653	$4,200	$4,400	$4,800	$200	$400
Emp Comp Pay	$174,130	$169,379	$191,700	$211,100	$232,800	$19,400	$21,700
VA Contingency Fund 1/	$0	$95,000	$0	$0	$0	$0	$0
Subtotal	$20,064,944	$20,036,831	$20,465,900	$21,218,300	$22,050,300	$752,400	$832,000
21 Travel & Trans of Persons:							
Employee	$85,662	$82,700	$80,900	$78,200	$79,600	($2,700)	$1,400
Beneficiary	$824,376	$797,700	$919,000	$966,100	$1,015,700	$47,100	$49,600
Other	$19,597	$18,000	$20,200	$20,900	$21,600	$700	$700
Subtotal	$929,635	$898,400	$1,020,100	$1,065,200	$1,116,900	$45,100	$51,700
22 Transportation of Things	$12,341	$36,800	$14,100	$16,100	$18,600	$2,000	$2,500
23 Comm., Utilites & Oth. Rent:							
Rental of equip	$84,257	$100,300	$93,800	$104,400	$116,400	$10,600	$12,000
Communications	$192,925	$217,900	$214,500	$238,500	$265,200	$24,000	$26,700
Utilities	$51	$0	$0	$0	$0	$0	$0
GSA RENT	$144	$0	$0	$0	$0	$0	$0
Other real property rental	$2,657	$0	$0	$0	$0	$0	$0
Subtotal	$280,034	$318,200	$308,300	$342,900	$381,600	$34,600	$38,700
24 Printing & Reproduction:	$18,087	$31,400	$22,400	$27,700	$27,700	$5,300	$0
25 Other Services:							
Outpatient dental fees	$102,226	$92,800	$108,800	$115,800	$123,200	$7,000	$7,400
Medical & nursing fees	$1,526,121	$2,196,200	$1,787,700	$2,094,100	$2,453,000	$306,400	$358,900
Repairs to furniture/equipment	$62,255	$93,600	$74,700	$89,600	$214,200	$14,900	$124,600
M&R contract services	$4,775	$6,800	$4,900	$5,100	$30,800	$200	$25,700
Contract hospital	$1,450,578	$1,673,500	$1,668,700	$1,919,700	$2,208,400	$251,000	$288,700
Community nursing homes	$572,969	$628,500	$610,200	$667,100	$698,100	$56,900	$31,000
Repairs to prosthetic appliances	$179,453	$209,000	$185,100	$206,600	$228,300	$21,500	$21,700
Home Oxygen	$155,441	$192,700	$170,600	$190,500	$210,500	$19,900	$20,000
Personal services contracts	$90,826	$92,300	$98,500	$106,900	$116,200	$8,400	$9,300
House Staff Disbursing Agreement	$544,752	$573,200	$584,100	$626,300	$671,600	$42,200	$45,300
Scarce Medical Specialists	$195,260	$242,100	$195,300	$195,300	$195,300	$0	$0

Obligations by Object
Medical Services
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
25 Other Services (continued)							
Other Medical Contract Services	$2,518,650	$3,693,054	$3,429,451	$2,637,000	$1,521,400	($792,451)	($1,115,600)
Administrative Contract Services	$469,121	$309,300	$571,651	$749,562	$1,064,600	$177,911	$315,038
Training Contract Services	$55,386	$76,500	$68,800	$85,500	$106,700	$16,700	$21,200
CHAMPVA	$847,514	$896,400	$899,000	$973,100	$1,054,300	$74,100	$81,200
VA Contingency Fund 1/	$0	$572,000	$0	$0	$0	$0	$0
Subtotal	$8,775,327	$11,547,954	$10,457,502	$10,662,162	$10,896,600	$204,660	$234,438
26 Supplies & Materials:							
Provisions	$107,026	$114,600	$111,500	$116,100	$120,900	$4,600	$4,800
Drugs & medicines	$4,578,882	$4,551,100	$4,688,800	$4,934,600	$5,212,700	$245,800	$278,100
Blood & blood products	$71,361	$87,200	$81,800	$86,100	$91,000	$4,300	$4,900
Medical/Dental Supplies	$1,203,327	$1,405,200	$1,329,100	$1,468,000	$1,622,300	$138,900	$154,300
Operating supplies	$120,063	$164,500	$135,500	$152,900	$173,900	$17,400	$21,000
M&R supplies	$1,027	$0	$0	$0	$0	$0	$0
Other supplies	$109,377	$212,300	$168,649	$214,538	$226,100	$45,889	$11,562
Prosthetic appliances	$1,658,141	$2,106,600	$1,864,900	$2,081,800	$2,300,600	$216,900	$218,800
Home Respiratory Therapy	$33,522	$37,700	$33,300	$37,200	$41,100	$3,900	$3,900
VA Contingency Fund 1/	$0	$286,000	$0	$0	$0	$0	$0
Subtotal	$7,882,726	$8,965,200	$8,413,549	$9,091,238	$9,788,600	$677,689	$697,362
31 Equipment	$1,208,984	$858,200	$1,383,600	$1,485,600	$1,334,400	$102,000	($151,200)
32 Lands & Structures:							
Non-Recurring Maint. (NRM)	$340	$0	$0	$0	$0	$0	$0
Capital Leases	$0	$0	$0	$0	$0	$0	$0
All Other Lands & Structures	$5,242	$0	$0	$0	$0	$0	$0
Subtotal	$5,582	$0	$0	$0	$0	$0	$0
41 Grants, Subsidies & Contributions:							
State home	$821,577	$795,800	$733,000	$764,900	$787,400	$31,900	$22,500
Homeless Programs	$204,306	$381,200	$290,100	$497,900	$497,900	$207,800	$0
Subtotal	$1,025,883	$1,177,000	$1,023,100	$1,262,800	$1,285,300	$239,700	$22,500
43 Imputed Interest	$18	$0	$0	$0	$0	$0	$0
Total, Obligations	$40,203,561	$43,869,985	$43,108,551	$45,172,000	$46,900,000	$2,063,449	$1,728,000

Medical Support and Compliance

Medical Support and Compliance
Budgetary Resources*



*Reflects Appropriation Transfers.

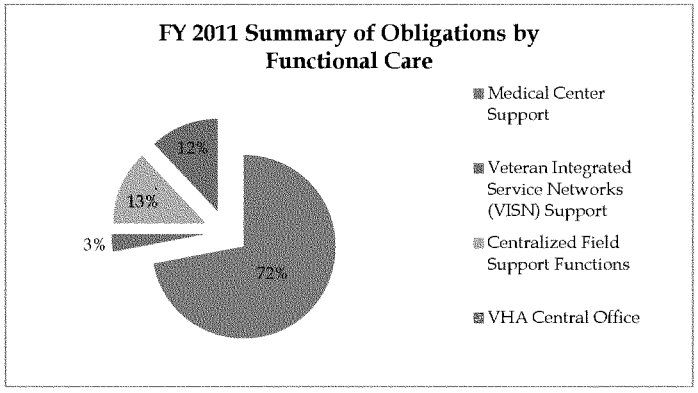
Appropriation Language
For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of capital policy activities; and administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under chapter 17 of title 38, United States Code, and the Federal Medical Care Recovery Act (42 U.S.C. 2651 et seq.); [$5,746,000,000]*$6,033,000,000*, plus reimbursements, shall become available on October 1, [2012]*2013*, and shall remain available until September 30, [2013]*2014: Provided, That, of the amount available under this heading, $100,000,000 shall remain available until September 30, 2015.* (Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2012.)

Appropriation Transfers
See part 1F for a detailed explanation of the appropriation transfers that affect the Medical Support and Compliance appropriation.

2013 Funding and 2014 Advance Appropriations Request

The justification for the 2013 funding and the 2014 advance appropriations request is provided in the following narrative.

The Medical Support and Compliance appropriation provides funds for the expenses of management, security, and administration of VA's health care system of 21 Veterans Integrated Service Networks (VISNs), 153 medical centers and over 1,100 outpatient clinics and Vet centers throughout the United States. Included under this appropriation are the costs associated with the management, operation, and oversight of the Veterans Health Administration's (VHA) headquarters and program offices, VHA's VISNs and medical facilities, and other support organizations and functions. The functions and activities supported by this appropriation can be grouped into four categories: medical center support (72%), centralized field support functions (13%), VISN support (3%), and VHA central office support (12%). More detailed information on each function is found below.



Below, the funding in parenthesis represents the 2013 funding level and 2014 advance appropriations request on an obligation basis.

Program Resources:

- **($5.844 billion in 2013)**
- **($6.113 billion in 2014)**

Medical Center Support

- **($4.335 billion in 2013)**
- **($4.597 billion in 2014)**

Provides funds for the management, operation, oversight, security, and administration of the VA's health care system located in 153 medical centers and over 1,100 outpatient clinics and Vet Centers throughout the United States. This includes: the medical center's management team (Director, Chief of Staff, Chief Medical Officer, and Chief Nurse), the medical center's support functions (quality of care oversight, sercurity services, legal services, billing and coding activities, acquisition, procurement, and logistics activities), human resource management, and financial management. Of the many functions required to operate VHA facilities, one essential element is the revenue generation function. This function begins at the medical centers and clinics with the verification of insurance and the coding of inpatient and outpatient encounters. This support function, comprised of approximately 3,000 full-time equivelant (FTE) employees, is critical to revenue generation and resulted in nearly $3 billion in revenue in FY 2011.

Veteran Integrated Service Networks (VISN) Support

- **($162 million in 2013)**
- **($162 million in 2014)**

Provides funds for 21 VISN offices that deliver regional support, management and oversight to the medical centers and clinics within its region. This includes but is not limited to the network leadership team (Network Director, Deputy Network Director, Chief Finanical Officer, Chief Medical Officer, and Chief Information Officer) and product line leads who are centrally located to provide leadership to those programs within each VISN. Each VISN office is responsible for coordinating the delivery of health care to Veterans by leveraging operations at all VA health care facilities.

Centralized Field Support Functions

- **($700 million in 2013)**
- **($704 million in 2014)**

Centralized field support functions use economies of scale to provide efficient support and direction to VHA-wide programs. A few of these programs are highlighted below:

- **Health Administration Center (HAC), Denver, CO**

  The HAC is responsible for a broad range of activities to support the delivery of health care benefits for Veterans and their dependents. The HAC provides assistance to VHA medical facilities by leading the transformation of purchased care business practice, implementing health benefits policy, and supporting the delivery of quality health care through management of the following programs:

- Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA)
- CHAMPVA In-House Treatment Initiative (CITI)
- CHAMPVA Meds by Mail Program
- Spina Bifida Health Care Program
- Children of Women Vietnam Veterans Health Care Program

The HAC, in partnership with the Department and the General Services Administration, is responsible for mail delivery to all VHA facilities. In addition, HAC provides communications support, which includes translating and publishing multi-lingual documents and spearheading a comprehensive communications mix for external customers for the programs it manages. The HAC also offers State Veterans Service Officer training and beneficiary briefings.

- **Health Eligibilty Center (HEC), Decatur, GA**

  The Health Eligibility Center (HEC) supports VA's health care delivery system by providing centralized eligibility verification and enrollment processing services. The HEC determines Veteran's health eligibility and facilitates the process by providing guidance to the field through training and collaborating with the Chief Business Office and other administrative offices on policy implementation.

- **Consolidated Patient Account Centers (CPACs)**

  The Consolidated Patient Account Center (CPAC) business model utilizes industry-proven methods, processes, business tools, and increased accountability to achieve superior levels of sustained revenue cycle management. Under the CPAC program, VHA is consolidating traditional revenue program functions into seven regionalized centers of excellence. Under this model, each of the 153 Veterans Affairs medical centers will maintain ownership of key patient-facing revenue functions, while back-end revenue cycle processes are performed at the CPACs.

  The CPAC model was tested in a 2006 pilot that established the Mid-Atlantic CPAC. Following this, Congress enacted the Veterans' Mental Health and Other Improvements Act (Public Law 110-387) in October 2008 which mandated national implementation of the CPAC business model by FY 2013. Implementation is ahead of schedule, with all seven centers planned to be operational by the end of 2012.

CPAC Facility Locations:

Currently Operational:
Mid Atlantic – Asheville, NC (VISNs 5, 6, and 7)
Mid South – Smyrna, TN (VISNs 9, 16, and 17)
Florida/Caribbean – Orlando, FL (VISN 8)
North Central – Middleton, WI (VISNs 10, 11, and 12)

Becoming Operational in 2012:
North East – Lebanon, PA (VISNs 1, 2, 3, and 4)
Central Plains – Leavenworth, KS (VISNs 15, 19 and 23)
West – Las Vegas, NV (VISNs 18, 20, 21 and 22)

- **Employee Education Center (EES)**

  Within VHA, the Employee Education System (EES) partners with VHA program offices to assess and determine learning requirements, design curricula and courses, and deliver and evaluate education and training to meet the workforce development, continuing education, and competency-based needs of more than 239,000 clinical, administrative, and technical employees. EES maintains accreditations with 12 professional organizations in order to ensure quality and relevance of all training offered to VHA employees who provide or support health care programs and services to Veterans. Learning is delivered via a comprehensive set of training modalities which can be offered singularly or as part of a blended learning strategy.

  EES develops and delivers quality educational programs, products, and services using sound educational design and evaluation and employing a variety of delivery methods designed to be responsive to VHA employees' learning needs and preferences. In addition to traditional approaches, EES employs contemporary and emerging technologies, including clinical simulation training, that meet the learning needs of a highly skilled and mobile workforce.

  EES continues to lead the cultural transformation of VHA into a learning organization, which links learning outcomes to organizational health, employee engagement and patient satisfaction. EES coordinates inter-agency sharing initiatives within and beyond VA that benefit learners in a number of other Federal agencies.

VHA Central Office

- **($647 million in 2013)**
- **($650 million in 2014)**

Provides funds for offices that provide national leadership, support, and direction to the VISNs, medical centers and clinics. This includes: Office of the Under Secretary for Health (Chief of Staff, Office of Research Oversight, and the Office of the Medical Inspector), the Principal Deputy Under Secrearty for Health (Office for Quality, Safety and Value; Office of Nursing; Office for Workforce Services; and the Office of Finance), the Deputy Under Secretary for Health for Operations and Management (Chief Business Office, Office of Clinical Operations, Office of Health care Transformation, Office of Administrative Operations, and the Office of Patient Centered Care), and the Deputy Under Secretary for Health Policy and Services (Office of Policy and Planning, Office for Informatics and Analytics, Office of Public Health, Office of Patient Care Services, Office of Intergovernmental Affairs, Office for Ethics in Health Care, Office of Readjustment Counseling, Office of Health Information, and the Office of Research and Development).

Medical Support and Compliance Program Resource Data

Summary of Total Request, Medical Support & Compliance
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Appropriation	$5,307,000	$5,535,000	$5,535,000	$5,746,000	$6,033,000	$211,000	$287,000
Pay Freeze Rescission	$0	($111,000)	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, Sec 2017 PL 112-10	($10,087)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo. Fund, P.L. 112-74	$0	$0	($24,168)	$0	$0	$24,168	$0
Recission (Public Law 112-10) "Across the Board" - .2 percent	($10,546)	$0	$0	$0	$0	$0	$0
Recission (Public Law 112-10) "Special"	($34,000)	$0	$0	$0	$0	$0	$0
Budget Authority	$5,252,367	$5,424,000	$5,510,832	$5,746,000	$6,033,000	$235,168	$287,000
Reimbursements:							
Sharing & Other Reimbursements	$45,697	$66,000	$77,000	$78,000	$80,000	$1,000	$2,000
Prior Year Recoveries	$25,121	$0	$0	$0	$0	$0	$0
Subtotal	$70,818	$66,000	$77,000	$78,000	$80,000	$1,000	$2,000
Adjustments to Obligations:							
Unobligated Balance (SOY):							
H1N1 No-Year	$6,962	$0	$6,378	$0	$0	($6,378)	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$6,046	$0	$2,926	$0	$0	($2,926)	$0
2-Year	$119,279	$0	$93,814	$20,000	$0	($73,814)	($20,000)
Subtotal	$132,287	$0	$103,118	$20,000	$0	($83,118)	($20,000)
Unobligated Balance (EOY):							
H1N1 No-Year	($6,378)	$0	$0	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	($2,926)	$0	$0	$0	$0	$0	$0
2-Year	($93,814)	$0	($20,000)	$0	$0	$20,000	$0
Subtotal	($103,118)	$0	($20,000)	$0	$0	$20,000	$0
Change in Unobligated Balance (Non-Add)	$29,169	$0	$83,118	$20,000	$0	($63,118)	($20,000)
Lapse	($886)	$0	$0	$0	$0	$0	$0
Obligations	$5,351,468	$5,490,000	$5,670,950	$5,844,000	$6,113,000	$173,050	$269,000

Summary of Obligations by Activity
Medical Support and Compliance
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Categories:							
Acute Hospital Care	$1,129,569	$1,150,900	$1,210,641	$1,253,497	$1,313,137	$42,856	$59,640
Rehabilitative Care	$78,191	$106,300	$86,001	$90,301	$94,878	$4,300	$4,577
Psychiatric Care	$707,701	$799,700	$915,786	$1,011,011	$1,059,463	$95,225	$48,452
Nursing Home Care	$481,030	$578,100	$500,653	$520,648	$542,602	$19,995	$21,954
Subacute Care	$9,596	$13,800	$10,995	$11,607	$11,688	$612	$81
State Home Domiciliary	$70	$0	$75	$79	$82	$4	$3
Outpatient Care	$2,866,948	$2,756,200	$2,864,950	$2,867,953	$2,994,515	$3,003	$126,562
CHAMPVA	$78,363	$85,000	$81,849	$88,904	$96,635	$7,055	$7,731
Total Obligations	$5,351,468	$5,490,000	$5,670,950	$5,844,000	$6,113,000	$173,050	$269,000

Outlay Reconciliation
Medical Support and Compliance
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2011 to 2012 Increase/ Decrease	2012 to 2013 Increase/ Decrease
Obligations	$5,351,468	$5,490,000	$5,670,950	$5,844,000	$6,113,000	$173,050	$269,000
Obligated Balance (SOY)	$1,041,003	$1,292,274	$893,416	$1,084,120	$1,213,305	$190,704	$129,185
Obligated Balance (EOY)	($893,416)	($1,386,673)	($1,084,120)	($1,213,305)	($1,331,264)	($129,185)	($117,959)
Adjustments in Expired Accts	($83,276)	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay. Fed. Sources (Unexp.)	($2,689)	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay. Fed. Sources (Exp.)	$1,118	$0	$0	$0	$0	$0	$0
Outlays, Gross	$5,414,208	$5,395,601	$5,480,246	$5,714,815	$5,995,041	$234,569	$280,226
Offsetting Collections	($44,915)	($66,000)	($77,000)	($78,000)	($80,000)	($1,000)	($2,000)
Prior Year Recoveries	($25,121)	$0	$0	$0	$0	$0	$0
Net Outlays	$5,344,172	$5,329,601	$5,403,246	$5,636,815	$5,915,041	$468,138	$558,452

Summary of FTE by Activity
Medical Support and Compliance

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Categories:							
Acute Hospital Care	9,694	9,424	9,694	9,795	9,815	101	20
Rehabilitative Care	822	799	821	830	832	9	2
Psychiatric Care	6,115	5,945	6,115	6,179	6,191	64	12
Nursing Home Care	4,313	4,193	4,312	4,357	4,366	45	9
Subacute Care	102	100	102	103	103	1	0
State Home Domiciliary	0	0	0	0	0	0	0
Outpatient Care	23,398	22,738	23,391	23,634	23,681	243	47
CHAMPVA	814	866	866	916	966	50	50
Total FTE	45,258	44,065	45,301	45,814	45,954	513	140

FTE by Type
Medical Support and Compliance

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Adv. Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Physicians	561	549	564	565	566	1	1
Dentists	13	11	13	13	13	0	0
Registered Nurses	2,800	2,712	2,818	2,827	2,832	9	5
LPN/LVN/NA	79	77	79	79	79	0	0
Non-Physician Providers	197	182	197	197	197	0	0
Health Techs/Allied Health	1,053	1,086	1,059	1,062	1,064	3	2
Wage Board/P&H	891	915	897	900	902	3	2
All Other	39,664	38,533	39,674	40,171	40,301	497	130
Total FTE	45,258	44,065	45,301	45,814	45,954	513	140

Medical Support & Compliance
Employment Summary, FTE by Grade, Headquarters

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	31	31	31	31	0	0
Title 38	192	192	192	192	0	0
15 or higher	95	95	95	95	0	0
14	308	308	308	308	0	0
13	246	246	246	246	0	0
12	99	99	99	99	0	0
11	75	75	75	75	0	0
10	0	0	0	0	0	0
9	57	57	57	57	0	0
8	3	3	3	3	0	0
7	24	24	24	24	0	0
6	3	3	3	3	0	0
5	3	3	3	3	0	0
4	1	1	1	1	0	0
3	0	0	0	0	0	0
2	0	0	0	0	0	0
1	0	0	0	0	0	0
Wage Board	1	1	1	1	0	0
Total Number of FTE	1,138	1,138	1,138	1,138	0	0

Medical Support & Compliance
Employment Summary, FTE by Grade, Field

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	133	133	134	135	1	1
Title 38	3,302	3,305	3,344	3,354	39	10
15 or higher	346	346	350	351	4	1
14	1,217	1,218	1,233	1,236	15	3
13	2,891	2,893	2,927	2,937	34	10
12	3,797	3,801	3,846	3,858	45	12
11	4,672	4,678	4,733	4,748	55	15
10	168	168	170	170	2	0
9	3,911	3,914	3,960	3,973	46	13
8	2,086	2,088	2,112	2,119	24	7
7	7,058	7,064	7,147	7,169	83	22
6	6,991	6,996	7,079	7,101	83	22
5	4,478	4,481	4,534	4,549	53	15
4	1,946	1,948	1,971	1,977	23	6
3	176	176	178	179	2	1
2	53	53	54	54	1	0
1	5	5	5	5	0	0
Wage Board	890	896	899	901	3	2
Total Number of FTE	44,120	44,163	44,676	44,816	513	140

Net Change
Medical Support and Compliance
2013 Summary of Resource Requirements
(dollars in thousands)

Description	2012 to 2013
2012 President's Budget:	
Appropriation	$5,424,000
Collections	$0
Total 2012 President's Budget	$5,424,000
Adjustments:	
Final Appropration Adjustment	$111,000
Transfer to North Chicago Demo. Fund	($24,168)
Transfer to VA/DoD HCSIF	$0
Reduction to Collections Estimate	$0
Collection Transfer to North Chicago Demo. Fund	$0
Total Adjustments	$86,832
Adjusted 2012 Budget Estimate:	
Appropriation	$5,510,832
Collections	$0
Total Adjusted 2012 Budget Estimate	$5,510,832
2013 Current Services Increases:	
Health Care Services	$109,338
Payraise Assumption (0.5%) 3/4 of the FY	$12,737
Other Non-Pay Raise Pay Accounts	$66,663
Long-Term Care	$38,299
CHAMPVA & Other Dependent Prgs	$7,055
Readjustment Counseling	$12
VA/DoD Sharing	$0
2013 Total Current Services	$5,744,936
2013 Initiatives:	
Activations	($31,539)
Agent Orange	$0
Amyotrophic Lateral Sclerosis (ALS)	$0
Caregivers & Veterans Omnibus Hlth Svcs (PL 111-163)	$1,350
Integrated DES Expansion	$2,777
Indian Health Services	$0
Homelessness: Zero Homelessness	$43,181
New Models of Patient-Centered Care	($7,397)
Expand Health Care Access for Veterans	$106
Improving Veteran Mental Health	($8,233)
Research on Long-Term Health & Well-Being of Vets	$0
Improve the Quality of Health Care while Reducing Costs	$819
Establish World-Class Health Informatics Capability	$0
Legislative Proposals	$0
Operational Improvements:	
Clinical and Pharmacy Efficiencies	$0
Fee Care Payments Consistent with Medicare	$0
Fee Care Savings	$0
Clinical Staff and Resource Realignment	$0
Medical & Administrative Support Savings	$0
Acquisition Improvements	$0
VA Real Property Cost Savings & Innovation Plan	$0
2013 Total Initiatives	$1,064
2013 Total Budget Authority Request:	
Appropriation	$5,746,000
Collections	$0
Total Budget Authority	$5,746,000

Net Change
Medical Support and Compliance
2014 Summary of Resource Requirements
(dollars in thousands)

Description	2013 to 2014
2012 President's Budget, 2013 Estimate:	
Appropriation	$5,746,000
Total 2012 President's Budget, 2013 Estimate	$5,746,000
Adjustments:	
Total Adjustments	$0
Adjusted 2013 Budget Estimate:	
Appropriation	$5,746,000
Total Adjusted 2013 Budget Estimate	$5,746,000
2014 Current Services Increases:	
Health Care Services	$259,876
Payraise Assumption (0.5%) for 1/4 of FY 2014 and (1.7%) for 3/4 of FY 2014	$46,926
Other Non-Pay Raise Pay Accounts	$40,374
Long-Term Care	$41,850
CHAMPVA & Other Dependent Prgs	$7,731
Readjustment Counseling	$12
2014 Total Current Services	$6,142,769
2014 Initiatives:	
Activations	($65,225)
New Models of Patient-Centered Care	($11,265)
Expand Health Care Access for Veterans	($6,664)
Improving Veteran Mental Health	($14,537)
Improve the Quality of Health Care while Reducing Costs	($2,078)
Establish World-Class Health Informatics Capability	($10,000)
2014 Total Initiatives	($109,769)
2014 Total Budget Authority Request:	
Appropriation	$6,033,000
Total Budget Authority	$6,033,000

Obligations by Object
Medical Support and Compliance
(dollars in thousands)

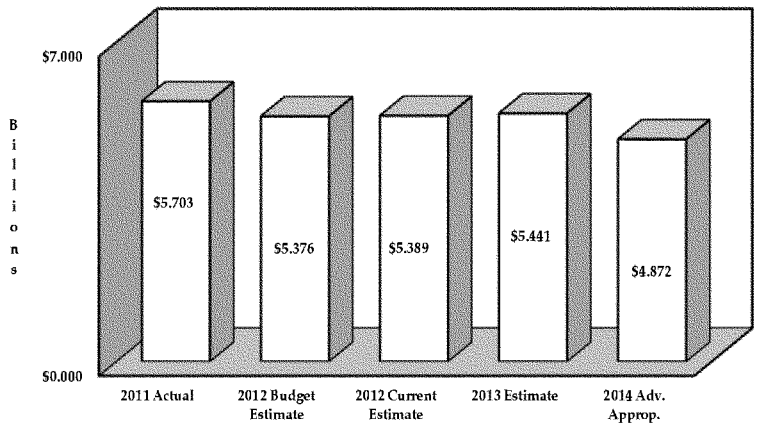
Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
10 Personal Svcs & Benefits:							
Physicians	$160,579	$152,078	$165,600	$170,700	$177,300	$5,100	$6,600
Dentists	$3,263	$2,857	$3,300	$3,300	$3,400	$0	$100
Registered Nurses	$345,915	$319,387	$350,700	$356,000	$364,600	$5,300	$8,600
LPN/LVN/NA	$4,453	$4,736	$4,400	$4,400	$4,400	$0	$0
Non-Physician Providers	$29,391	$26,811	$29,600	$29,900	$30,500	$300	$600
Health Techs/Alllied Health	$104,394	$117,809	$105,100	$105,900	$107,600	$800	$1,700
Wage Board/P&H	$52,469	$53,769	$53,100	$53,700	$54,800	$600	$1,100
Administration	$3,086,324	$2,999,480	$3,102,700	$3,169,300	$3,237,200	$66,600	$67,900
Perm Change of Station	$12,652	$13,801	$12,800	$12,900	$13,100	$100	$200
Emp Comp Pay	$32,825	$34,567	$33,400	$34,000	$34,500	$600	$500
Subtotal	$3,832,265	$3,725,295	$3,860,700	$3,940,100	$4,027,400	$79,400	$87,300
21 Travel & Trans of Persons:							
Employee	$85,852	$81,900	$80,500	$79,200	$79,200	($1,300)	$0
Beneficiary	$55	$0	$0	$0	$0	$0	$0
Other	$3,908	$4,200	$4,000	$4,100	$4,200	$100	$100
Subtotal	$89,815	$86,100	$84,500	$83,300	$83,400	($1,200)	$100
22 Transportation of Things	$11,960	$12,600	$13,300	$14,700	$16,300	$1,400	$1,600
23 Comm., Utilites & Oth. Rent:							
Rental of equip	$32,129	$33,200	$33,100	$34,100	$35,100	$1,000	$1,000
Communications	$74,387	$78,800	$81,100	$88,400	$96,300	$7,300	$7,900
Utilities	$3	$0	$0	$0	$0	$0	$0
GSA RENT	$380	$0	$0	$0	$0	$0	$0
Other real property rental	$181	$0	$0	$0	$0	$0	$0
Subtotal	$107,080	$112,000	$114,200	$122,500	$131,400	$8,300	$8,900
24 Printing & Reproduction:	$64,175	$16,300	$25,304	$31,607	$31,607	$6,303	$0
25 Other Services:							
Outpatient dental fees	$0	$0	$0	$0	$0	$0	$0
Medical & nursing fees	$4,633	$4,400	$5,000	$5,400	$5,800	$400	$400
Repairs to furniture/equipment	$3,065	$2,600	$3,200	$3,400	$3,600	$200	$200
M&R contract services	$424	$0	$0	$0	$0	$0	$0
Contract hospital	$0	$0	$0	$0	$0	$0	$0
Community nursing homes	$0	$0	$0	$0	$0	$0	$0
Repairs to prosthetic appliances	$0	$0	$0	$0	$0	$0	$0
Home Oxygen	$0	$0	$0	$0	$0	$0	$0
Personal services contracts	$8,378	$9,100	$8,400	$8,400	$8,400	$0	$0
House Staff Disbursing Agreement	$460	$0	$0	$0	$0	$0	$0
Scarce Medical Specialists	$8	$0	$0	$0	$0	$0	$0

Obligations by Object
Medical Support and Compliance
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
25 Other Services (continued)							
Other Medical Contract Services	$12,379	$31,600	$13,000	$13,600	$14,300	$600	$700
Administrative Contract Services	$1,009,190	$1,250,405	$1,262,370	$1,292,939	$1,491,039	$30,569	$198,100
Training Contract Services	$15,141	$19,500	$15,900	$16,700	$17,500	$800	$800
CHAMPVA	$0	$0	$0	$0	$0	$0	$0
Subtotal	$1,053,678	$1,317,605	$1,307,870	$1,340,439	$1,540,639	$32,569	$200,200
26 Supplies & Materials:							
Provisions	$2,542	$0	$0	$0	$0	$0	$0
Drugs & medicines	$58	$0	$0	$0	$0	$0	$0
Blood & blood products	$0	$0	$0	$0	$0	$0	$0
Medical/Dental Supplies	$681	$0	$0	$0	$0	$0	$0
Operating supplies	$32,395	$41,800	$33,200	$34,100	$35,000	$900	$900
M&R supplies	$202	$0	$0	$0	$0	$0	$0
Other supplies	$76,436	$95,600	$102,376	$120,854	$120,854	$18,478	$0
Prosthetic appliances	$0	$0	$0	$0	$0	$0	$0
Home Respiratory Therapy	$0	$0	$0	$0	$0	$0	$0
Subtotal	$112,314	$137,400	$135,576	$154,954	$155,854	$19,378	$900
31 Equipment	$79,653	$82,700	$129,500	$156,400	$126,400	$26,900	($30,000)
32 Lands & Structures:							
Non-Recurring Maint. (NRM)	$0	$0	$0	$0	$0	$0	$0
Capital Leases	$0	$0	$0	$0	$0	$0	$0
All Other Lands & Structures	$523	$0	$0	$0	$0	$0	$0
Subtotal	$523	$0	$0	$0	$0	$0	$0
41 Grants, Subsidies & Contributions:							
State home	$0	$0	$0	$0	$0	$0	$0
Homeless Programs	$5	$0	$0	$0	$0	$0	$0
Subtotal	$5	$0	$0	$0	$0	$0	$0
43 Imputed Interest	$0	$0	$0	$0	$0	$0	$0
Total Obligations	$5,351,468	$5,490,000	$5,670,950	$5,844,000	$6,113,000	$173,050	$269,000

Medical Facilities

Medical Facilities
Appropriation*



*Reflects appropriation transfers.

Appropriation Language

For necessary expenses for the maintenance and operation of hospitals, nursing homes, domiciliary facilities, and other necessary facilities of the Veterans Health Administration; for administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction, and renovation of any facility under the jurisdiction or for the use of the Department; for oversight, engineering, and architectural activities not charged to project costs; for repairing, altering, improving, or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; for leases of facilities; and for laundry services, [$5,441,000,000]*$4,872,000,000*, plus reimbursements, shall become available on October 1, [2012]*2013*, and shall remain available until September 30, [2013]*2014: Provided, That, of the amount made available under this heading, $250,000,000 shall*

remain available until September 30, 2015. (Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2012.)

Funding for Biomedical Engineering Services moved from Medical Facilities to Medical Services

The 2014 appropriation request proposes VA's Biomedical Engineering Services costs of $320 million and 1,080 FTE be funded out of the Medical Services appropriation instead of the Medical Facilities appropriation. In order to properly align the appropriation requests with the nature of the services provided funds are moved from the Medical Facilities appropriation to the Medical Services appropriation. This transfer of services includes personal services and other costs associated with maintenance and repair of all medical equipment used in the treatment, monitoring, diagnosis, or therapy of patients.

Medical Facilities Appropriation

This appropriation supports the operation and maintenance of VA hospitals, community-based outpatient clinics, community living centers, domiciliary facilities, Vet centers, and the health care corporate offices. It also supports the administrative expenses of planning, designing, and executing construction or renovation projects at these facilities. The staff and associated funding supported by this appropriation are responsible for keeping the VA hospitals and clinics warm in the winter and cool in the summer; maintaining a clean, germ- and pest-free environment; sanitizing and washing hospital linens, surgical scrubs, and clinical coats; cleaning and sterilizing the medical equipment; keeping the hospital signage clear and current; maintaining the trucks, buses and cars in good operating condition; ensuring the parking lots and walk ways are sanded and free of snow and ice; cutting the grass; keeping the boiler plants and air conditioning units operating effectively; and repairing the buildings to keep them in good condition.

The Veterans Health Administration operates over 5,000 buildings spread over 33,000 acres in 1,000 locations. In total, Medical Facilities employed 23,908 FTE and obligated $5.802 billion in 2011. Below are more detailed descriptions of the largest programs within the Medical Facilities appropriation.

2013 Funding and 2014 Advance Appropriations Request

VA's request of $4.872 billion in 2014 reflects the movement of Biomedical Engineering Services from Medical Facilities into Medical Services.

The justification for the 2013 funding and the 2014 advance appropriations request is provided in the following narrative. VA meets the health care needs of America's Veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VHA has a wide range of land

(15,607 acres), buildings (5,218), leases (1,525) and equipment to accomplish VA's mission. This entails paying for utilities; upkeeping the grounds; performing preventive and daily maintenance; taking care of sanitation needs; and providing fuel and repair for the motor vehicles required for VA to deliver medical services to the Veterans. Construction of new or replacement facilities are paid for under the Major Construction or Minor Construction appropriations which are covered in a separate volume.

The submission for the Medical Facilities appropriation is based on an actuarial analysis founded on current and projected Veteran population statistics, enrollment projections of demand, and case mix changes associated with current Veteran patients.

Medical Facilities funding will support research-type projects by ensuring that at least 5% of the total program allocation in a given year for non-recurring maintenance and minor construction projects are used to fund projects at research facilities.

Program Resources

- **($5.564 billion in 2013)**
- **($4.916 billion in 2014)**

The programmatic needs in this section reflect VA operational changes that impact resources in 2013 and 2014. The Medical Facilities appropriation provides funds for the operation and maintenance of the VA health care system's vast capital infrastructure. Included under this heading are provisions for costs associated with utilities, engineering, capital planning, leases, laundry, grounds keeping, trash removal, housekeeping, fire protection, pest management, facility repair, and property disposition and acquisition.

Initiatives

Activations

- **($125 million in 2013)**
- **($36 million in 2014)**

Facility activiations provide non-recurring (equipment and supplies) and recurring (additional personnel) costs associated with the activation of completed construction of new or replacement medical care facilities. Resources include assumed rates for medical equipment and furniture reuse based on the facility type (renovation, replacement, or new).

Zero Homelessness

- **($113 million in 2013)**
- **($113 million in 2014)**

The Department of Veterans Affairs in concert with the United States Interagency Council on Homelessness is taking decisive action toward its goal of ending homelessness among our nation's Veterans. To achieve this goal, VA has developed a plan to End Homelessness Among Veterans that will assist every eligible homeless Veteran and at-risk for homeless Veteran. VA will assist Veterans to acquire safe housing; needed treatment and support services; homeless prevention services; opportunities to return to employment; and benefits assistance. The initiative of eliminating Veteran homelessness is built upon 6 strategies: Outreach/ Education, Treatment, Prevention, Housing/Supportive Services, Income/Employment/ Benefits, and Community Partnerships.

VA Real Property Cost Savings and Innovation Plan

- **(-$66 million in 2013)**
- **(-$66 million in 2014)**

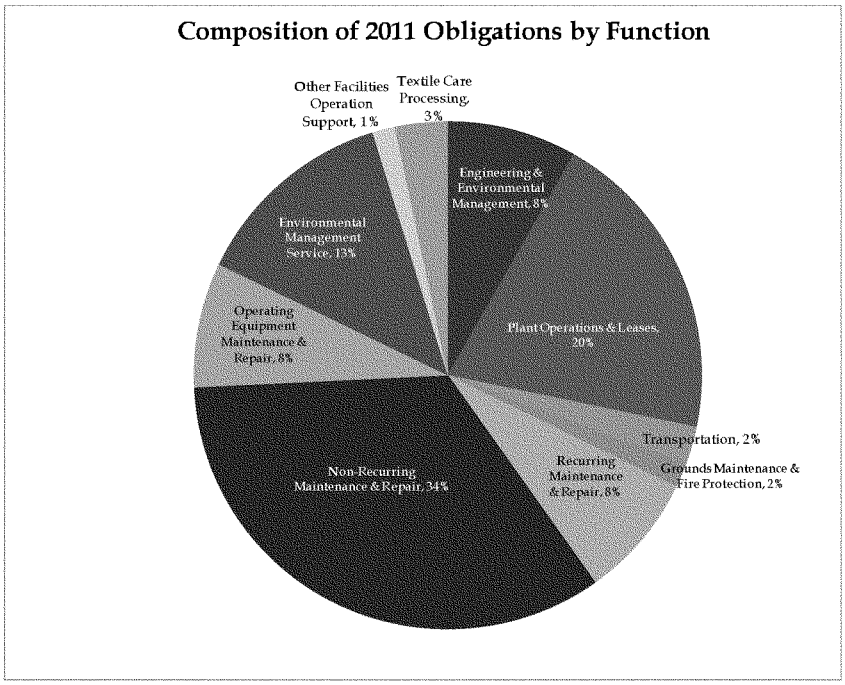
This is part of VA's Real Property Cost Savings and Innovation Plan following the Presidential Memo on Real Property (June 2010). VHA's portion includes the following initiatives: Repurpose Vacant and Underutilized Assets - VA has identified 166 vacant or underutilized buildings to repurpose for homeless housing and other initiatives. Demolition and Mothballing - VA has identified 199 vacant or underutilized buildings to demolish or mothball which will reduce operating costs after the cost of demolition. Energy and Sustainability - VA will achieve these savings by regionally pooling energy commodity purchasing contracts, aggressively pursuing energy and water conservation, and investing in the co-generation of electric and thermal energy on-site. Improved Non-Recurring Maintenance (NRM) Contracting Processes – By improving how it plans and executes NRM projects, VA is reducing its reliance on external sources of support for the contracting process, saving fees. Reduction in Leasing – By consolidating operations previously located on leased properties into owned spaces, VA is reducing rent expenditures.

Medical Care
Number of Installations

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase / Decrease	2013 to 2014 Increase / Decrease
Veterans Integrated Service Networks	21	21	21	21	21	0	0
VA Hospitals 1/	152	152	153	153	153	0	0
VA Community Living Centers	133	133	133	133	133	0	0
VA Domiciliary Resid. Rehab. Trt. Prgs	107	109	110	112	113	2	1
Independent Outpatient Clinics	6	6	6	6	6	0	0
Mobile Outpatient Clinics	11	10	11	11	11	0	0
Vet Centers 2/	300	300	300	300	300	0	0
Mobile Vet Centers	70	70	70	70	70	0	0
Community-Based Outpatient Clinics	802	824	824	828	829	4	1

1/ The Knoxville, Iowa Division of VA Central Iowa Health Care System transitioned from operating as medical center/community living center (VA Nursing Home) to Community-Based Outpatient Clinic (CBOC) in 2010. Increase in 2012 reflects Las Vegas, NV.

2/ Reflects the total number of authorized Vet Centers.



Engineering and Environmental Management Services
Engineering service provides the design, oversight, and management of all engineering activities that take place in VHA facilities. Examples include the planning and implementation of disability accessibility projects, sidewalk and road repairs, and installation of equipment. These services were supported by 2,890 FTE and resulted in $478 million in obligations in 2011.

Plant Operations and Leases
Plant operations and leases support all the basic functioning of the hospitals and medical clinics. Examples of these activity types include all the purchased utilities such as water, electricity, steam, gas (including heating gas) and sewage; general operations supervision; operation of emergency electrical power systems, elevators, renewable energy, and all plant operations; and the cost of all real property leases. In 2011, plant operations and leases employed 1,390 FTE and were supported by $1.162 billion in obligations.

Transportation Services
Transportation costs include all the costs to operate facilities' motor vehicles including the purchase and operations of VA vans and buses, facility

maintenance vehicles, and the clinical motor vehicle pool operations. In 2011 these activities involved 1,102 FTE and obligated a total of $139 million.

Grounds Maintenance and Fire Protection
Grounds maintenance and fire protection costs are associated with the maintenance of roads, walks, parking areas and lawn management regardless of the organizational status or location of the program, as well as fire truck operation, supplies, and materials. In 2011, grounds maintenance services and the fire protection unit employed 770 FTE and obligated a total of $90 million.

Recurring Maintenance and Repair
These services encompass all projects where the minor improvement is below $25,000 such as maintenance service contracts and routine repair of facilities and upkeep of land. Examples include painting interior and exterior walls; the repair of water leaks in pipes and roofs; the replacement of light bulbs, carpet, and ceiling and floor tiles. In 2011, these projects were supported by 3,524 FTE with obligations of $460 million.

Non-Recurring Maintenance (NRM) and Repair
These include all projects where the minor improvement is above the recurring maintenance threshold of $25,000 but below the minor construction threshold of $500,000. NRM projects improve the functioning of the medical facilities where they take place. Examples include upgrades to safety, security, and fire alarms; interior or exterior renovations; improving accessibility for patients with disabilities; improvements to the heating, ventilation, and air conditioning; and projects to improve the roads or grounds. In 2011, NRM projects were supported by 167 FTE and obligated $1.977 billion.

Efforts to improve energy and water efficiency are another class of projects included in the NRM program. VA has strengthened its efforts to conserve energy and water using more efficient lighting technologies, heating and cooling equipment, as well as the installation of more efficient doors and windows and water conservation technologies.

Operating Equipment Maintenance and Repair
These projects are categorized into Operating Equipment Maintenance and Repair and Biomedical Engineering. The total number of FTE involved in performing these functions in 2011 was 2,055 with total obligations of $462 million.

Operating equipment maintenance and repair costs are associated with maintenance and repair of all non-expendable operating equipment, furniture and fixtures, when performed by maintenance personnel or procured on a

contractual basis, including rental equipment. In 2011, these projects were supported by 983 FTE with obligations of $193 million.

Biomedical engineering is the application of engineering principles to medical problems in order to improve healthcare diagnoses and outcomes. Biomedical engineering services include the maintenance and repair of all medical equipment used in the treatment, monitoring, diagnosis, or therapy of patients. In 2011 biomedical engineering employed 1,072 FTE and obligated $269 million. In 2014 VA is proposing a transfer of Biomedical Engineering Services from Medical Facilities to Medical Services.

Environmental Management Service
This function is associated with the oversight and management of environmental management activities, including the recycling operation; pest management; grounds management; environmental sanitation operations; bed services and patient assistance; and collection, removal, and transportation of all waste materials. In 2011, Environmental Management Service used 10,871 FTE and obligated $755 million.

Other Facilities Operation Support
This function obligated $84 million in 2011. It includes other costs associated with inpatient and outpatient providers and miscellaneous benefits and services.

Textile Care Processing and Management
Textile care processing includes the receipt, washing, drying, dry cleaning, folding, and return of textiles such as bed linens, surgical towels, and nursing uniforms. Processing also involves the activities concerning the maintenance and repair of textile processing equipment. Textile management activities include the procurement, inventory, delivery, issuance, repair, and marking of all the various types of textiles contained within the facility. In 2011, the textile care processing and management was supported by 1,355 FTE with costs totaling $194 million.

Summary of Obligations by Functional Area
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Inc / Dec	2013 to 2014 Inc / Dec
Engineering & Environmental Management	$478,467	$557,200	$503,700	$530,200	$558,100	$26,500	$27,900
Plant Operations & Leases	$1,162,340	$1,392,900	$1,673,007	$1,788,550	$1,146,540	$115,543	($642,010)
Transportation	$139,421	$185,700	$145,300	$151,400	$157,800	$6,100	$6,400
Grounds Maintenance & Fire Protection	$90,093	$92,900	$91,100	$92,100	$93,100	$1,000	$1,000
Recurring Maintenance & Repair	$459,939	$603,600	$482,900	$507,000	$532,400	$24,100	$25,400
Non-Recurring Maintenance & Repair	$1,976,828	$868,800	$868,800	$710,450	$464,660	($158,350)	($245,790)
Operating Equipment Maintenance & Repair	$461,707	$603,600	$467,100	$472,600	$478,100	$5,500	$5,500
Environmental Management Service	$755,297	$882,200	$838,500	$930,800	$1,033,300	$92,300	$102,500
Other Facilities Operation Support	$83,786	$92,900	$111,400	$148,100	$196,900	$36,700	$48,800
Textile Care Processing	$193,992	$232,200	$212,500	$232,800	$255,100	$20,300	$22,300
Total Obligations	$5,801,870	$5,512,000	$5,394,307	$5,564,000	$4,916,000	$169,693	($648,000)

Medical Facilities
Program Resource Data

Summary of Total Request, Medical Facilities
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase / Decrease	2013 to 2014 Increase / Decrease
Appropriation	$5,740,000	$5,426,000	$5,426,000	$5,441,000	$4,872,000	$15,000	($569,000)
Pay Freeze Rescission	$0	($50,000)	$0	$0	$0	$0	$0
Transfer to North Chicago Demo Fund, Sec 2017 PL 112-10	($10,434)	$0	$0	$0	$0	$0	$0
Recission (Public Law 112-10) "Across the Board" - 2 percent	($11,450)	$0	$0	$0	$0	$0	$0
Recission (Public Law 112-10) "Special"	($15,000)	$0	$0	$0	$0	$0	$0
Transfer to North Chicago Demo Fund, PL 112-37	$0	$0	($37,162)	$0	$0	$37,162	$0
Budget Authority	$5,703,116	$5,376,000	$5,388,838	$5,441,000	$4,872,000	$52,162	($569,000)
Reimbursements:							
Sharing & Other Reimbursements	$33,526	$36,000	$42,000	$43,000	$44,000	$1,000	$1,000
Subtotal	$33,526	$36,000	$42,000	$43,000	$44,000	$1,000	$1,000
Adjustments to Obligations:							
Unobligated Balance (SOY):							
No-Year	$1,562	$0	$1,919	$0	$0	($1,919)	$0
H1N1 No-Year	$1,184	$0	$285	$0	$0	($285)	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	$3,445	$0	$763	$0	$0	($763)	$0
2-Year	$102,930	$100,000	$40,502	$80,000	$0	$39,498	($80,000)
Subtotal	$109,121	$100,000	$43,469	$80,000	$0	$36,531	($80,000)
Unobligated Balance (EOY):							
No-Year	($1,919)	$0	$0	$0	$0	$0	$0
H1N1 No-Year	($285)	$0	$0	$0	$0	$0	$0
2007 Emergency Supplemental (PL 110-28) (No-Yr)	($763)	$0	$0	$0	$0	$0	$0
2-Year	($40,502)	$0	($80,000)	$0	$0	$80,000	$0
Subtotal	($43,469)	$0	($80,000)	$0	$0	$80,000	$0
Change in Unobligated Balance (Non-Add)	$65,652	$100,000	($36,531)	$80,000	$0	$116,531	($80,000)
Lapse	($424)	$0	$0	$0	$0	$0	$0
Obligations	$5,801,870	$5,512,000	$5,394,307	$5,564,000	$4,916,000	$169,693	($648,000)

Summary of Obligations by Activity
Medical Facilities
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase / Decrease	2013 to 2014 Increase / Decrease
Categories:							
Acute Hospital Care	$1,295,687	$1,355,100	$1,141,334	$1,122,433	$1,097,365	($18,901)	($25,068)
Rehabilitative Care	$93,323	$122,700	$79,326	$83,292	$87,514	$3,966	$4,222
Psychiatric Care	$826,922	$981,400	$974,993	$992,207	$948,485	$17,214	($43,722)
Nursing Home Care	$578,298	$686,000	$601,520	$625,161	$651,101	$23,641	$25,940
Subacute Care	$11,700	$16,900	$10,548	$10,580	$9,946	$32	($634)
State Home Domiciliary	$0	$0	$0	$0	$0	$0	$0
Outpatient Care	$2,990,745	$2,344,900	$2,581,160	$2,724,433	$2,115,183	$143,273	($609,250)
CHAMPVA	$5,195	$5,000	$5,426	$5,894	$6,406	$468	$512
Total Obligations	$5,801,870	$5,512,000	$5,394,307	$5,564,000	$4,916,000	$169,693	($648,000)

Summary of FTE by Activity
Medical Facilities

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase / Decrease	2013 to 2014 Increase / Decrease
Categories:							
Acute Hospital Care	5,183	5,234	5,216	5,359	5,366	143	7
Rehabilitative Care	465	470	468	480	481	12	1
Psychiatric Care	3,394	3,427	3,416	3,509	3,513	93	4
Nursing Home Care	2,446	2,470	2,461	2,528	2,531	67	3
Subacute Care	61	62	61	63	63	2	0
State Home Domiciliary	0	0	0	0	0	0	0
Outpatient Care	12,359	12,481	12,439	12,782	11,717	343	(1,065)
CHAMPVA	0	0	0	0	0	0	0
Total FTE	23,908	24,144	24,061	24,721	23,671	660	(1,050)

FTE by Type
Medical Facilities

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
Physicians	0	0	0	0	0	0	0
Dentists	0	0	0	0	0	0	0
Registered Nurses	1	2	0	0	0	0	0
LPN/LVN/NA	1	0	0	0	0	0	0
Non-Physician Providers	0	0	0	0	0	0	0
Health Techs/ Allied Health	126	134	126	126	121	0	(5)
Wage Board/P&H	19,151	19,142	19,221	19,804	19,766	583	(38)
All Other	4,629	4,866	4,714	4,791	3,784	77	(1,007)
Total FTE	23,908	24,144	24,061	24,721	23,671	660	(1,050)

Outlay Reconciliation
Medical Facilities
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase / Decrease	2013 to 2014 Increase / Decrease
Obligations	$5,801,870	$5,512,000	$5,394,307	$5,564,000	$4,916,000	$169,693	($648,000)
Obligated Balance (SOY)	$3,029,248	$2,968,263	$3,318,174	$3,238,281	$3,477,490	($79,893)	$239,209
Obligated Balance (EOY)	($3,318,174)	($2,988,251)	($3,238,281)	($3,477,490)	($3,291,081)	($239,209)	$186,409
Adjustments in Expired Accounts	$673	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay Fed. Sources (Unexp.)	($170)	$0	$0	$0	$0	$0	$0
Chg. Uncoll. Cust. Pay Fed. Sources (Exp.)	$528	$0	$0	$0	$0	$0	$0
Outlays, Gross	$5,513,975	$5,492,012	$5,474,200	$5,324,791	$5,102,409	($149,409)	($222,382)
Offsetting Collections	($35,101)	($36,000)	($42,000)	($43,000)	($44,000)	($1,000)	($1,000)
PY Recoveries	$0	$0	$0	$0	$0	$0	$0
Net Outlays	$5,478,874	$5,456,012	$5,432,200	$5,281,791	$5,058,409	($150,409)	($223,382)

Medical Facilities
Employment Summary, FTE by Grade

GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
SES	0	0	0	0	0	0
Title 38	134	136	138	110	2	(28)
15 or higher	2	2	2	2	0	0
14	139	141	144	114	3	(30)
13	534	543	552	438	9	(114)
12	917	933	948	753	15	(195)
11	1,275	1,297	1,316	1,043	19	(273)
10	98	100	101	81	1	(20)
9	433	440	447	355	7	(92)
8	38	39	40	32	1	(8)
7	415	422	429	341	7	(88)
6	300	306	310	247	4	(63)
5	257	262	266	211	4	(55)
4	92	94	96	76	2	(20)
3	113	115	117	93	2	(24)
2	9	9	10	8	1	(2)
1	1	1	1	1	0	0
Wage Board	19,151	19,221	19,804	19,766	583	(38)
Total Number of FTE	23,908	24,061	24,721	23,671	660	(1,050)

Net Change
Medical Facilities
2013 Summary of Resource Requirements
(dollars in thousands)

Description	2012 to 2013
2012 President's Budget:	
Appropriation	$5,376,000
Collections	$0
Total 2012 President's Budget	$5,376,000
Adjustments:	
Final Appropration Adjustment	$50,000
Transfer to North Chicago Demo. Fund	($37,162)
Transfer to VA/DoD HCSIF	$0
Reduction to Collections Estimate	$0
Collection Transfer to North Chicago Demo. Fund	$0
Total Adjustments	$12,838
Adjusted 2012 Budget Estimate:	
Appropriation	$5,388,838
Collections	$0
Total Adjusted 2012 Budget Estimate	$5,388,838
2013 Current Services Increases:	
Health Care Services	($3,144)
Payraise Assumption (0.5%) 3/4 of the FY	$5,593
Other Non-Pay Raise Pay Accounts	$57,407
Long-Term Care	$38,272
CHAMPVA & Other Dependent Prgs	$468
Readjustment Counseling	$1,109
VA/DoD Sharing	$0
2013 Total Current Services	$5,488,543
2013 Initiatives:	
Activations	($60,654)
Agent Orange	$0
Amyotrophic Lateral Sclerosis (ALS)	$0
Caregivers & Veterans Omnibus Hlth Svcs (PL 111-163)	$0
Integrated DES Expansion	$249
Indian Health Services	$0
Homelessness: Zero Homelessness	$27,738
New Models of Patient-Centered Care	($15,218)
Expand Health Care Access for Veterans	$175
Improving Veteran Mental Health	$0
Research on Long-Term Health & Well-Being of Vets	$0
Improve the Quality of Health Care while Reducing Costs	$167
Establish World-Class Health Informatics Capability	$0
Legislative Proposals	$0
Operational Improvements:	
Clinical and Pharmacy Efficiencies	$0
Fee Care Payments Consistent with Medicare	$0
Fee Care Savings	$0
Clinical Staff and Resource Realignment	$0
Medical & Administrative Support Savings	$0
Acquisition Improvements	$0
VA Real Property Cost Savings & Innovation Plan	$0
2013 Total Initiatives	($47,543)
2013 Total Budget Authority Request:	
Appropriation	$5,441,000
Collections	$0
Total Budget Authority	$5,441,000

Net Change
Medical Facilities
2014 Summary of Resource Requirements
(dollars in thousands)

Description	2013 to 2014
2012 President's Budget, 2013 Estimate:	
Appropriation	$5,441,000
Total 2012 President's Budget, 2013 Estimate	$5,441,000
Adjustments:	
Total Adjustments	$0
Adjusted 2013 Budget Estimate:	
Appropriation	$5,441,000
Total Adjusted 2013 Budget Estimate	$5,441,000
2014 Current Services Increases:	
Health Care Services	($84,106)
Payraise Assumption (0.5%) for 1/4 of FY 2014 and (1.7%) for 3/4 of FY 2014	$21,035
Other Non-Pay Raise Pay Accounts	($106,935)
BioMedical Adjustment	($320,000)
Long-Term Care	$43,109
CHAMPVA & Other Dependent Prgs	$512
Readjustment Counseling	$1,108
2014 Total Current Services	$4,995,723
2014 Initiatives:	
Activations	($89,207)
New Models of Patient-Centered Care	($23,173)
Expand Health Care Access for Veterans	($10,920)
Improve the Quality of Health Care while Reducing Costs	($423)
2014 Total Initiatives	($123,723)
2014 Total Budget Authority Request:	
Appropriation	$4,872,000
Total Budget Authority	$4,872,000

Obligations by Object
Medical Facilities
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
10 Personal Svcs & Benefits:							
Physicians	$13	$0	$0	$0	$0	$0	$0
Dentists	$0	$0	$0	$0	$0	$0	$0
Registered Nurses	$196	$0	$0	$0	$0	$0	$0
LPN/LVN/NA	$10	$0	$0	$0	$0	$0	$0
Non-Physician Providers	$0	$0	$0	$0	$0	$0	$0
Health Techs/Alllied Health	$8,019	$7,679	$8,100	$8,300	$8,200	$200	($100)
Wage Board/P&H	$1,128,515	$1,147,544	$1,136,500	$1,178,800	$1,192,800	$42,300	$14,000
Administration	$451,001	$428,592	$464,700	$480,500	$375,200	$15,800	($105,300)
Perm Change of Station	$1,461	$980	$2,400	$3,900	$6,300	$1,500	$2,400
Emp Comp Pay	$27,359	$25,754	$30,200	$33,400	$36,500	$3,200	$3,100
Subtotal	$1,616,574	$1,610,549	$1,641,900	$1,704,900	$1,619,000	$63,000	($85,900)
21 Travel & Trans of Persons:							
Employee	$9,332	$10,200	$8,600	$7,600	$6,200	($1,000)	($1,400)
Beneficiary	$1	$0	$0	$0	$0	$0	$0
Other	$24,084	$22,500	$24,800	$25,600	$26,400	$800	$800
Subtotal	$33,417	$32,700	$33,400	$33,200	$32,600	($200)	($600)
22 Transportation of Things	$15,842	$12,900	$16,200	$16,600	$16,800	$400	$200
23 Comm., Utilites & Oth. Rent:							
Rental of equip	$4,333	$9,900	$5,300	$6,500	$7,800	$1,200	$1,300
Communications	$1,744	$1,000	$2,100	$2,500	$3,000	$400	$500
Utilities	$536,822	$566,200	$550,300	$564,100	$578,300	$13,800	$14,200
GSA RENT	$20,803	$19,200	$23,100	$25,600	$28,400	$2,500	$2,800
Other real property rental	$338,993	$550,600	$492,400	$533,800	$560,500	$41,400	$26,700
Subtotal	$902,695	$1,146,900	$1,073,200	$1,132,500	$1,178,000	$59,300	$45,500
24 Printing & Reproduction:	$98	$104	$100	$100	$100	$0	$0
25 Other Services:							
Outpatient dental fees	$5	$0	$0	$0	$0	$0	$0
Medical & nursing fees	$53	$0	$0	$0	$0	$0	$0
Repairs to furniture/equipment	$114,463	$121,500	$119,300	$124,400	$22,400	$5,100	($102,000)
M&R contract services	$170,858	$169,400	$176,100	$181,500	$161,600	$5,400	($19,900)
Contract hospital	$0	$0	$0	$0	$0	$0	$0
Community nursing homes	$0	$0	$0	$0	$0	$0	$0
Repairs to prosthetic appliances	$1	$0	$0	$0	$0	$0	$0
Home Oxygen	$0	$0	$0	$0	$0	$0	$0
Personal services contracts	$12,142	$12,200	$14,600	$17,500	$20,800	$2,900	$3,300
House Staff Disbursing Agreement	$0	$0	$0	$0	$0	$0	$0
Scarce Medical Specialists	$0	$0	$0	$0	$0	$0	$0

Obligations by Object
Medical Facilities
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012 to 2013 Increase/ Decrease	2013 to 2014 Increase/ Decrease
25 Other Services (continued)							
Other Medical Contract Services	$10,351	$0	$0	$0	$0	$0	$0
Administrative Contract Services	$408,154	$768,747	$804,679	$897,136	$528,526	$92,457	($368,610)
Training Contract Services	$2,963	$2,800	$3,300	$3,700	$3,700	$400	$0
CHAMPVA	$0	$0	$0	$0	$0	$0	$0
Subtotal	$718,990	$1,074,647	$1,117,979	$1,224,236	$737,026	$106,257	($487,210)
26 Supplies & Materials:							
Provisions	$27	$0	$0	$0	$0	$0	$0
Drugs & medicines	$70	$0	$0	$0	$0	$0	$0
Blood & blood products	$0	$0	$0	$0	$0	$0	$0
Medical/Dental Supplies	$949	$0	$0	$0	$0	$0	$0
Operating supplies	$104,816	$112,100	$110,600	$116,700	$121,800	$6,100	$5,100
M&R supplies	$146,860	$174,100	$159,500	$173,200	$153,400	$13,700	($19,800)
Other supplies	$56,827	$51,300	$69,828	$89,514	$89,514	$19,686	$0
Prosthetic appliances	$0	$0	$0	$0	$0	$0	$0
Home Respiratory Therapy	$0	$0	$0	$0	$0	$0	$0
Subtotal	$309,549	$337,500	$339,928	$379,414	$364,714	$39,486	($14,700)
31 Equipment	$122,481	$93,100	$162,300	$174,600	$251,400	$12,300	$76,800
32 Lands & Structures:							
Non-Recurring Maint. (NRM)	$1,976,828	$868,800	$868,800	$710,450	$464,660	($158,350)	($245,790)
Capital Leases	$12,542	$74,000	$15,700	$19,700	$24,700	$4,000	$5,000
All Other Lands & Structures	$92,550	$260,800	$124,800	$168,300	$227,000	$43,500	$58,700
Subtotal	$2,081,920	$1,203,600	$1,009,300	$898,450	$716,360	($110,850)	($182,090)
41 Grants, Subsidies & Contributions:							
State home	$0	$0	$0	$0	$0	$0	$0
Homeless Programs	$0	$0	$0	$0	$0	$0	$0
Subtotal	$0	$0	$0	$0	$0	$0	$0
43 Imputed Interest	$304	$0	$0	$0	$0	$0	$0
Total Obligations	$5,801,870	$5,512,000	$5,394,307	$5,564,000	$4,916,000	$169,693	($648,000)

Appropriation Transfers & Supplementals

Explanation of Appropriation Transfers in 2011:

- **$65,000,000 Transfer to the DoD-VA Health Care Sharing Incentive Fund from Medical Services.** Title 38, section 8111(d)(2), states that, "To facilitate the incentive program, there is established in the Treasury a fund to be known as the "DoD-VA Health Care Sharing Incentive Fund". Each Secretary shall annually contribute to the fund a minimum of $15,000,000 from the funds appropriated to that Secretary's Department. Such funds shall remain available until expended and shall be available for any purpose authorized by this section."

- **$69,000,000 Transfer to the Joint DoD-VA Medical Facility Demonstration Fund.** This reflects a transfer of $69,000,000 to the Joint DoD-VAMedical Facility Demonstration Fund from Medical Services ($48,479,000), Medical Support and Compliance ($10,087,000), and Medical Facilities ($10,434,000). The authority for this transfer is provided in section 2017 of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10). This funding supports operations at the Captain James A. Lovell Federal Health Care Center.

Explanation of Appropriation Rescissions in 2011:

- **$96,268,000 Rescission to the Three Medical Care Appropriations.** This reflects a 0.2 percent across-the-board rescission of $96,268,000 from Medical Services ($74,272,000), Medical Support and Compliance ($10,546,000), and Medical Facilities ($11,450,000). The authority for this across-the-board rescission is provided in section 1119(a) of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10).

- **$49,000,000 Rescission to Medical Support and Compliance and Medical Facilities.** Public Law 112-10, section 2016 states:

  "Of the discretionary funds made available to the Department of Veterans Affairs for fiscal year 2011, $34,000,000 are rescinded from "Medical Support and Compliance" and $15,000,000 are rescinded from "Medical Facilities", which shall be derived from amounts estimated for the January 2011 civilian pay raise."

Proposed Legislation

(dollars in thousands)

Legislative Proposals	FY2013	FY 2013 Collections
Smoke-Free Environment	($7,200)	
Remove Requirement VA Reimb. Certain Employees for Prof. Educ	($325)	
Clarify Breach of Agreement under Employee Incentive Scholarship Prg	($38)	
Change in collection and verification of Veteran income	($2,438)	
Medicare Ambulatory Rates for Beneficiary Travel	($17,092)	
Allow VA to Release Patient Info to Health Plans		$34,000
Consider VA a Participating Provider for "Purpose of Reimbursement"		$91,000
Legislative Proposals Total	**($27,093)**	**$125,000**

Smoke-Free Environment

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
($7,200)		($7,200)	

Proposed Program Change in Law:

The proposal would reverse the requirement for designated smoking areas at VA facilities, as required by Public Law 102-585 §526. It would eliminate all smoking on the grounds of all VA health care facilities in order to make them completely smoke-free.

Current Law or Practice:

Section 526 of Public Law 102-585, enacted in 1992, requires the Veterans Health Administration (VHA) to provide suitable smoking areas, either an indoor area or detached building, for patients who desire to smoke tobacco products.

Justification:

Currently, there are no VA health care facilities with smoke-free grounds because of Public Law 102-585 that requires designated smoking areas for patients. Because of this requirement, the Department of Veterans Affairs continues to fall far behind the public and private sectors in this area. As a result, Veterans, VHA health care providers, and visitors do not have the same level of protection from the hazardous effects of secondhand smoke exposure as patients and employees in other systems.

For example, as of January 2, 2012 there are 2,994 local and/or state/territory/commonwealth hospitals, health care systems and clinics, and four national health care systems (Kaiser Permanente, Mayo Clinic, SSM Health Care, and CIGNA Corporation), in the United States that have adopted 100% smoke-free policies that extend to all their facilities, grounds, and office buildings. Numerous Department of Defense medical treatment facilities (MTF) have become tobacco-free as well. In addition, on July 1, 2011, the U. S. Department of Health and Human Services (HHS) adopted a policy banning the use of all tobacco products (including cigarettes, cigars, pipes, smokeless tobacco, or any other tobacco products, and e-cigarettes) at all times on its grounds, making all facilties tobacco-free. With this, HHS became the first Federal agency to implement a tobacco-free policy.

Almost 46 years after the landmark 1964 Surgeon General Report on the health effects of smoking, tobacco use remains the leading cause of preventable death and disease in the United States, accounting for more deaths than HIV/AIDS, alcohol and drug abuse, automobile accidents, fires, homicides and suicides combined. Smoking is responsible for 1 in every 5 deaths or nearly 440,000 preventable deaths in the United States each year (U.S. Surgeon General Report 2006; U.S. Surgeon General Report 2010).

Research on the health effects of secondhand smoke has greatly increased in the last two decades. In 1992, the Environmental Protection Agency (EPA) designated secondhand smoke as a Class A carcinogen and the 2006 U.S. Surgeon General Report concluded that "there is no risk-free level of exposure to secondhand smoke" (U.S. Surgeon General Report, 2006). It is estimated that exposures to secondhand smoke account for more than 3,000 deaths from lung cancer, approximately 46,000 deaths from coronary heart disease, and 430 newborn deaths from sudden infant death syndrome (SIDS) in the United States each year (U.S. Surgeon General Report, 2006; U.S. Surgeon General Report, 2010).

The U.S. Surgeon General issued its 30th tobacco-related Surgeon General Report since 1964, *How Tobacco Smoke Causes Disease: The Biology and Behavioral Basis for Smoking-Attributable Disease* (December 9, 2010). This report concluded that "exposure to tobacco smoke-even occasional smoking or secondhand smoke- - - causes immediate damage to your body that can lead to serious illness or death". The U.S. Surgeon General Report reviewed the body of clinical research to date and reported that even brief exposures to secondhand smoke can "cause cardiovascular disease and could trigger acute cardiac events, such as health attack", by causing damage to blood vessels and increased clotting.

As the Nation's largest single health care system and a national leader in health care, VHA has fallen far behind the health care community in this regard. This was not the case in 1992 when VHA led nationally on smoke-free policies. The medical research since that time has demonstrated the serious and sometime life-threatening consequences of secondhand smoke exposures. In a 2009 Institute of Medicine (IOM) Report, *Combating Tobacco Use in Military and Veteran Populations,* an IOM expert committee stated the requirement for smoking areas at VA health care facilities "has precluded VA from going entirely smoke-free" and it "prevents VA from protecting its patients, employees, and visitors from exposure to tobacco smoke and also hinders efforts to encourage tobacco cessation". The IOM Committee recommended that Congress provide legislation to allow VHA health care facilities to adopt smoke-free grounds.

While in the past there had been resistance to smoke-free policies, there have been a number of successes in adopting policies that may not have been accepted a decade ago. A notable example is that of North Carolina, a state that has long been recognized as a home to the tobacco industry and tobacco farming. As of July 6, 2009 all public and private hospitals in North Carolina became smoke-free. A December 2009 publication authored by policy leaders at The Joint Commission noted that at the end of 2009, the majority of U.S hospitals would have a smoke-free campus. The article noted the Department of Veterans Affairs health care system as an exception because of legislation that "makes it virtually impossible for VA hospitals to adopt a completely smoke-free campus" (Williams, Hafner et al. 2009).

The provisions of Public Law 102-586 that require smoking areas are not consistent with nearly two decades of medical and scientific literature that followed. An October 2009 IOM Report, *Secondhand Smoke Exposure and Cardiovascular Effects: Making Sense of the Evidence*, reviewed the U.S. and international evidence and concluded that secondhand smoke exposure increased the risk of coronary health disease and heart attacks by 25 to 30 percent and that smoking bans reduce heart attacks. The IOM Report concluded, "Given the prevalence of heart attacks, and the resultant deaths, smoking bans can have a substantial impact on public health. The savings, as measured in human lives, is undeniable".

The clear health benefits of smoke-free policies have been supported by a number of studies to date. An Indiana University study found that after a countywide smoking ban was implemented, hospital admissions for non-smokers with no other risk factors for acute myocardial infarction (MI) or heart attack dropped by 70% (Seo & Torabi, 2007). In addition, additional studies have found significant decreases in the rates of total admissions for heart attacks following smoke-free policies in Helena, Montana and Pueblo, Colorado When Pueblo, Colorado banned smoking in all public places, the number of adults hospitalized for heart disease dropped by 41% in just three years (Sargent, Shepard, and Glantz, 2004; Bartecchi et al., 2006). International studies have also found similar effects following the implementation of smoke-free policies in Scotland and Italy (Pell et al., 2008; Cesaroni et al., 2008).

Because of the increasing knowledge about the health effects of secondhand smoke, there have also been a number of cases where nonsmoker employees who have been harmed by such exposures have successfully filed lawsuits or disability claims against their employers. In 1995, a widower of an employee of a VA hospital was awarded a death benefit on the grounds that his wife's fatal lung cancer was caused by exposure to secondhand smoke while treating patients (CDC, 2006).

Legislation to make the grounds of all VA health care facilities smoke-free would be a Veteran-centric measure that would serve to protect the right and health of the large majority of Veterans who do not smoke. Currently, approximately 20% of Veterans enrolled in VA health care are smokers, while approximately 80% are non-smokers. Many of the non-smokers are also older Veterans who may be at higher risk for cardiac or other conditions that could make them even more vulnerable to the cardiovascular events associated with secondhand smoke. As with patients of other health care systems, Veteran patients have a right to be protected from secondhand smoke exposures when seeking health care at a VA facility. For Veterans who are inpatients, nicotine replacement therapy is currently available so they would not have to experience nicotine withdrawal during hospital admissions.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations	($7,200)	($7,318)	($7,440)	($7,566)	($7,697)	($37,221)
Collections						
Appropriation	($7,200)	($7,318)	($7,440)	($7,566)	($7,697)	($37,221)

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations	($7,833)	($7,973)	($8,118)	($8,268)	($8,423)	($77,836)
Collections						
Appropriation	($7,833)	($7,973)	($8,118)	($8,268)	($8,423)	($77,836)

Removal of Requirement that VA Reimburse Certain Employees Appointed under Title 38, Section 7401(1) for Expenses Incurred for Continuing Professional Education

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
($325)		($325)	

Proposed Program Change in Law:

Eliminate title 38, United States Code, section 7411, that states "The Secretary shall reimburse any full-time board-certified physician or dentist appointed under section 7401 (1) of this title for expenses incurred, up to $1,000 per year, for continuing professional education."

Current Law or Practice:

Section 7411 was added to title 38 as part of the 1991 physician's pay bill that increased the special pay available for physicians and dentists. This provision, which was not part of a VA legislative initiative, created an entitlement to reimbursement for physicians and dentists. No other occupations in the Veterans Health Administration (VHA) are entitled to reimbursement for continuing medical education expenses.

Justification:

VHA has a long history of providing educational and training support to all clinical and administrative staff. VHA has been supporting the continuing professional education of physicians and dentists long before the 1991 inclusion of Section 7411 in title 38. The Employee Education System and VA Learning University offer a large course catalog with opportunities for physicians and dentists, as well as other occupations, to obtain continuing professional education at VA expense. Medical centers and VA networks have either clinical education coordinators or Associate Chiefs of Staff for Education who oversee professional education for physicians and dentists. VHA will continue to manage training and education funding within long standing parameters in conjunction with published policies at the national and local levels.

Given this infrastructure, there is no value to the Department in having section 7411 remain in the statute. In fact the entitlement for full-time, board-certified, physicians and dentists to be reimbursed up to $1,000 each year can have a significant adverse impact on the ability of most facilities to fund needed

continuing education for employees in other critical health care occupations. If every full-time, board certified physician and dentist requested $1,000 in reimbursement, the potential annual cost would be approximately $325 million. This provision results in physicians and dentists having an entitlement to a share of the continuing education budget that far exceeds their percentage of the population that have continuing education needs. Continuance of the entitlement in section 7411 is no longer necessary since the physician and dentist pay system makes VHA more competitive in the marketplace for board certified physicians and dentists, and VA no longer needs this incentive for recruitment purposes.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations	($325)	($325)	($325)	($325)	($325)	($1,625)
Collections						
Appropriation	($325)	($325)	($325)	($325)	($325)	($1,625)

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations	($325)	($325)	($325)	($325)	($325)	($3,250)
Collections						
Appropriation	($325)	($325)	($325)	($325)	($325)	($3,250)

Amend 38 USC Section 7675, which Defines Liability for Breach of Agreement under the Employee Incentive Scholarship Program (EISP)

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
($38)		($38)	

Proposed Program Change in Law:

This proposal would amend title 38, United States Code, chapter 76, section 7675, subchapter VI, to provide that full-time student participants in the EISP would have the same liability as part-time students for breaching an agreement by leaving VA employment.

Current Law or Practice:

The current statute clearly limits liability to part-time student status participants who leave VA employment prior to completion of their education program. This allows a scholarship participant who meets the definition of full-time student to leave VA employment prior to completion of the education program, breaching the agreement with no liability. This proposal would require liability for breaching the agreement by leaving VA employment for both full- and part-time students. All other employee recruitment/retention incentive programs have a service obligation and liability component.

Justification:

This proposal would result in cost savings for the Department by recovering the education funds provided to employees who leave VA employment prior to fulfilling their agreement. Additionally, by promoting employee retention, the funds used to recruit and train replacement employees would also be saved. The proposal provides a direct positive impact on the provision of care for Veterans by health care professionals as it retains those individuals for service in the Veterans Health Administration (VHA).

As reflected below, the proposal does not result in costs to the Department. There are direct cost savings for VHA related to the recovery of funds from scholarship participants who leave VA employment prior to completion of their education program. There are 7,412 EISP participants (cumulative 1999 - January 2008). Of those participants, it is estimated that 0.4% are classified as full-time students and will leave VA employment prior to completion of their education program.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations	($38)	($38)	($39)	$0	$0	($115)
Collections						
Appropriation	($38)	($38)	($39)	$0	$0	($115)

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations	$0	$0	$0	$0	$0	($115)
Collections						
Appropriation	$0	$0	$0	$0	$0	($115)

Change in Collection and Verification of Veteran Income

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
($2,438)		($2,438)	

Proposed Program Change in Law:

This proposal revises the way VA conducts collection and verification of income information from Veterans for enrollment determinations regarding inability to defray necessary expenses.

VA proposes to adopt the current methodology used for initial benefit determinations for purposes of Medicare Part B premiums. In determining such income the Social Security Administration (SSA) electronically queries the Internal Revenue Service (IRS) Federal income tax database for the beneficiary's tax return from 2 years before the effective premium calendar year (e.g., 2010 income determines 2012 premiums) as opposed to asking the beneficiary to self-report their income.

Specifically, amends title 38 U.S.C. § 1722(f)(1) to state:

(1) The term "attributable income" means the income of a veteran for the most recently available year determined in the same manner as the manner in which a determination is made of the total amount of income by which the rate of pension for such veteran under § 1521 of this title would be reduced if such veteran were eligible for pension under that section.

Current Law or Practice:

Veterans currently self-report (via a means test) their previous calendar year's income and an enrollment determination is made based on this information. In 1986, Public Law 99-972, the Consolidated Omnibus Budget Reconciliation Act of 1985, authorized VA to establish a means test program to determine when a Veteran shall be considered as unable to defray the expenses of necessary care. This process determines who is eligible for health care based on income, and whether they are to be billed for certain copays. The financial evaluation process under this section includes consideration of a Veteran's income under 38 U.S.C. § 1722(a)(3).

Once the information is provided, title 5 U.S.C., § 5521, 26 U.S.C. § 6103(l)(7) of the Internal Revenue Code, and 38 U.S.C. § 5317 established authority for the

Veterans Health Administration (VHA) to verify Veterans' self-reported attributable income information against records maintained by the IRS and SSA.

Justification:

The Health Eligibility Center (HEC) currently verifies the Veteran's self-reported income though this may lag up to 2 years after its submission (the IRS tax records for a previous year are not available until July in a current year). This process can be further delayed due to the administrative and information technology time it takes to collect and process the matched data files and then begin working the potential cases. The HEC's conversion rate in reassignments to higher priority groups or disenrollment (e.g., verifying through IRS tax records that a Veteran's income is higher than what he/she self-reported) is approximately 95% for reviewed cases. As a result, affected Veterans are back billed (often more than 1 year) for copayments for their previous medical care and some are disenrolled due to their income and/or net worth exceeding established means test thresholds. Despite providing appeal rights during this process, it is not a Veteran-centric approach or a particularly efficient and effective use of VA resources.

Finally, once income eligible Veterans are enrolled they are required to submit to a means test renewal on the anniversary of their verified enrollment date each year and this process involves multiple mailings of reminders from the medical centers (90 days to expiration, 60 days, 30 days, etc.). Changing this renewal process to leverage technology will substantially reduce the opportunity for self-reported errors, improve client satisfaction, and largely reduce field time in mailing reminders and manually entering means test responses. This proposal eliminates this inefficiency after initial enrollment by completely computerizing the income verification process through automatic IRS queries for each year that a Veteran is enrolled and is income eligible.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations	($2,438)	($2,523)	($2,611)	($2,702)	($2,797)	($13,071)
Collections						
Appropriation	($2,438)	($2,523)	($2,611)	($2,702)	($2,797)	($13,071)

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations	($2,895)	($2,996)	($3,101)	($3,210)	($3,210)	($28,483)
Collections						
Appropriation	($2,895)	($2,996)	($3,101)	($3,210)	($3,210)	($28,483)

Medicare Ambulatory Rates for Beneficiary Travel

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
($17,092)		($17,092)	

Proposed Program Change in Law:

VA proposes to amend 38 U.S.C. §111 to authorize VA to reimburse vendors for authorized special mode (ambulance, wheelchair, van, etc.) transportation at the appropriate local prevailing Medicare ambulance rate when a negotiated contract rate has not been established.

Current Law or Practice:

VA is currently required to reimburse for any authorized special mode transportation at the "actual necessary expense", which equates to either the contracted or billed rate. This does not include the exception of emergency transportation in relation to unauthorized non-VA emergency medical care claims under 38 U.S.C. §1725, "Reimbursement for emergency treatment", in accordance with 38 U.S.C. §111, "Payments or allowances for beneficiary travel".

Justification:

While some VA health care facilities have contracts with local transportation providers with rates at or below Medicare reimbursement rates, many stations are unable to secure such contracts, or such contracts are limited to pre-authorized transport. As a result, facilities find that billed charges for emergency or non-contract transportation are often significantly higher (up to 3-4 times) than the Medicare rates. VA expects that it would experience significant savings in ambulance costs should Medicare payment rates be implemented. Under section 263 of the VOW to Hire Heroes Act of 2011 (Title II of Public Law 112-56), the provision is limiting and VA will draft proposed legislation to address a technical change in the law.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations.....	($17,092)	($16,838)	($15,952)	($15,715)	($15,497)	($81,094)
Collections.....						
Appropriation.....	($17,092)	($16,838)	($15,952)	($15,715)	($15,497)	($81,094)

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations.....	($15,281)	($15,069)	($14,860)	($14,653)	($14,653)	($155,610)
Collections.....						
Appropriation.....	($15,281)	($15,069)	($14,860)	($14,653)	($14,653)	($155,610)

Allow VA to Release Patient Information to Health Plans

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
$0	$34,000	$0	

Proposed Program Change in Law:

To amend 38 U.S.C. 7332(b) to include a provision for the disclosure of VA records of the identity, diagnosis, prognosis or treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with the human immunodeficiency virus (HIV) or sickle cell anemia to health plans for the purpose of VA obtaining reimbursement for care.

Current Law or Practice:

Disclosures of VA records of the identity, diagnosis, prognosis or treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with HIV or sickle cell anemia permitted without patient prior written consent are discussed in 38 U.S.C. 7332(b). The term "consent" is used in the same context as the term "authorization" in the Department of Health and Human Services (HHS) Health Insurance Portability and Accountability Act (HIPAA) privacy regulations, 45 CFR Parts 160 and 164. The Veterans Health Administration (VHA) is prohibited from disclosing information identifying a patient as having been treated for drug abuse, alcoholism or alcohol abuse, HIV infection, or sickle cell anemia (referred to as 7332-protected information in the rest of the document) for any purposes not outlined in 38 U.S.C. 7332 unless a signed, written consent is obtained from the patient.

Justification:

In 1986, Congress authorized legislation giving VA authority to bill private insurers for care provided to insured nonservice-connected Veterans. In 1990, this authority was expanded to allow VA to collect for the treatment of nonservice-connected conditions of insured service-connected Veterans. In 1997, Public Law 105-33 established the current Medical Care Collection Fund (MCCF). With the enactment of the Balanced Budget Act of 1997 (BBA), Congress changed the third party program into one designed to supplement VA's medical care appropriations by allowing VA to retain all third party collections and some other copayments. VA can use these funds to provide medical care to Veterans and to pay for its medical care collection expenses.

Under 38 U.S.C. 1729, VA has authority to recover from health plans or health insurance carriers the reasonable charges for treatment of a Veteran's nonservice-connected disabilities. To recover reasonable charges and obtain reimbursement for care, VA must submit bills or claims containing diagnostic code information to the health plan or health insurance carrier for the admission or episode of care. If during the admission or episode of care the Veteran was diagnosed and treated for drug abuse, alcoholism or alcohol abuse, infection with HIV or sickle cell anemia, this information is communicated via the diagnostic codes on the bill or claim to the health plan or health insurance carrier.

Under the HHS HIPAA privacy regulations, 45 CFR 164.506(c),VA is given authority to disclose any health information to health plans required for payment of care and services provided to the patient. In addition, under the Privacy Act, the Department has promulgated a routine use in the billing and collection system of records which authorizes disclosure of health information to health plans for reimbursement for care provided to the patient. However, under 38 U.S.C. 7332 VA must obtain signed, written consents to bill health plans for each treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with HIV or sickle cell anemia.

Often it is not possible to obtain the signed, written consent from the patient to bill the health plan or health insurance carrier for a variety of reasons. Some patients refuse to sign the written consent, while other patients are incapacitated at the time of care, and written requests to the patient following treatment often result in no response.

One of the major clinical areas affected by the current statutory language is testing for and care of HIV infection within VA. As of 2009, fewer than 10 percent of all Veterans in VA care had been tested for HIV infection, resulting in delays in diagnosis, preventable deaths, and avoidable health care expenditures. Congress recently removed significant statutory barriers to HIV testing in VA by enacting Public Law 110-387, which repealed long-standing restrictions in 38 U.S.C 7333 against wide-spread HIV testing within VA, as well as an obsolete requirement for written informed consent prior to such testing. Congress has also directed VA via House Appropriation Committee reports to implement expanded testing.

VHA's Office of Public Health has been proactively removing unnecessary barriers to HIV testing in VHA, not only as part of VHA policy, but also in response to Congressional intent and VA's responsibilities under the President's National HIV/AIDS Strategy, for which VA is a lead agency. Requiring patients to sign the Release of Information form is a remaining obstacle to expanding HIV testing among Veterans, and is contrary to Congressional intent in passing Pub. L. 110-387. It also exceptionalizes HIV testing, further hampering efforts to

diagnose Veterans with HIV infection as early as possible and link these Veterans to care. This likely has negative effects on testing for other blood borne pathogens such as hepatitis B and hepatitis C viruses. Finally, it decreases revenue collections connected with HIV care, a significant issue considering that VA is the largest HIV provider of care in the U.S., with over 24,000 HIV-infected Veterans in care, and spends over $1B annually on HIV-related care.

VA may not condition treatment on the Veteran signing an authorization to allow VA to disclose 7332-protected information to health plans or health insurance carriers for payment activities. In order for VA to bill health plans or health insurance carriers for all admissions and episodes of care for nonservice-connected disabilities, a provision authorizing this disclosure activity needs to be included in 38 U.S.C. 7332(b). This provision would ensure the use of this information for billing purposes is consistent with the use for treatment purposes in the VA – that no consent is needed for either purpose.

VA currently has existing procedures in place for Veterans to retain control of their information, for other than the 7332-protected illnesses, which currently requires the release of information. VHA Handbook 1605.1 provides Veterans the right to request their data not be shared with a variety of sources, including health plans and health insurers. If the proposed amendment to 38 U.S.C. 7332(b) is passed, VHA Handbook 1605.1 would be updated to reflect the inclusion of the 7332-protected diagnoses as a category of information that Veterans can request withheld from disclosure, and VHA would ensure that this process is clearly communicated to Veterans. The currently protected diagnoses would then be governed by the same regulations governing treatment of all other conditions.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations						$0
Collections	$34,000	$35,000	$36,567	$37,920	$39,361	$182,848
Appropriation	$34,000	$35,000	$36,567	$37,920	$39,361	$182,848

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations						$0
Collections	$40,857	$42,409	$44,021	$45,693	$47,430	$403,258
Appropriation	$40,857	$42,409	$44,021	$45,693	$47,430	$403,258

Consider VA a Participating Provider for "Purposes of Reimbursement"

Dollars in Thousands ($000)			
Obligations	Collections	Appropriation	FTE
$0	$91,000	$0	

Proposed Program Change in Law:

For purposes of reimbursement, VA would be treated as a participating provider, whether or not an agreement is in place with a third-party payer or health insurer, thus preventing the effect of excluding coverage or limiting payment of charges for VA care.

Current Law or Practice:

In 1986, Congress authorized legislation giving VA authority to bill private insurers and third-party payers for care provided to insured nonservice-connected veterans. In 1990, this authority was expanded to allow VA to collect for the treatment of nonservice-connected conditions of insured service-connected veterans. In 1997, Public Law 105-33 established the current Medical Care Collections Fund (MCCF). With the enactment of the Balanced Budget Act of 1997, Congress changed the health insurer and third-party program into one designed to supplement VA's medical care appropriations by allowing VA to retain all collections and some other copayments. VA can use these funds to provide medical care to Veterans and to pay for its medical care collection expenses. This law also granted VA authority to begin billing reasonable charges versus reasonable costs for care. Reasonable charges are based on the amounts that health insurers and third-party payers pay for the same care provided by non-government health care providers in a given geographic area.

VA has authority under 38 U.S.C. §1729 to recover from health insurers and third-party payers the reasonable charges for treatment of a Veteran's nonservice-connected disabilities.

Justification:

This proposal would prevent a health insurer or third-party payer from denying or reducing payment, absent an existing agreement between VA and any health maintenance organization, competitive medical plan, health care prepayment plan, preferred or participating provider organizations, individual practice associations, or other similar plan, based on the grounds that VA is not a participating provider.

Providing this authority would increase collections from third-party payers without adding staff. Currently, VHA provides nonservice-connected care for Veterans who have health insurance; however, VA is seen as an out of network provider and therefore benefits are either limited or non-existent. Passing this legislation and recognizing VA as a participating provider would increase the ability of VA to bill and collect for all covered services.

NOTE: DoD, by statute as codified under 10 U.S.C. §1095, contains this explicit authority for these business practices.

10-Year Cost Table:

$ in thousands	2013	2014	2015	2016	2017	5 Year
Obligations						
Collections	$91,000	$94,000	$97,848	$101,468	$105,324	$489,640
Appropriation	$91,000	$94,000	$97,848	$101,468	$105,324	$489,640

$ in thousands	2018	2019	2020	2021	2022	10 Year
Obligations						
Collections	$109,326	$113,480	$117,793	$122,269	$123,000	$1,075,508
Appropriation	$109,326	$113,480	$117,793	$122,269	$123,000	$1,075,508

VHA Performance Plan

Mission

Honor America's Veterans by providing exceptional health care that improves their health and well-being.

Vision

VHA will continue to be the benchmark of excellence and value in healthcare and benefits by providing exemplary services that are both patient-centered and evidence-based.

This care will be delivered by engaged, collaborative teams in an integrated environment that supports learning, discovery and continuous improvement.

It will emphasize prevention and population health and contribute to the Nation's well-being through education, research and service in national emergencies.

Clientele

VHA serves Veterans and their families.

National Contribution

VHA supports the public health of the nation through medical, surgical, and mental health care, medical research, medical education and training. VHA also plays a key role in homeland security by serving as a resource in the event of a national emergency or natural disaster.

Stakeholders

Numerous stakeholders have a direct interest in VHA's delivery of health care, medical research and medical education. They include:

Veterans and their families	Academic affiliates
The Administration and Congress	Health care professional trainees
DoD and other Federal Agencies	Researchers
Veteran Service Organizations	Contract providers
State/County Veterans offices	VA employees
State Veterans homes	Public-at-large
Local communities	

VHA Strategic Planning Framework

Overview
VHA's National Leadership Board (NLB), through the Strategic Planning Committee, developed a strategic planning framework to achieve VHA's vision cited above. The framework defines how VHA will organize its work to accomplish its mission.

Goals and Strategies
The VHA strategic planning framework shown on the next page contains eight specific strategies aligned with the Department's four strategic goals. VHA's strategic planning framework guides decision-making that will enable VA to be the provider of choice for America's Veterans through the creation of a health system unparalleled in the industry in offering outstanding clinical care, research advancements and educational opportunities for health care professionals.

The framework is based on the Under Secretary's vision of "Defining EXCELLENCE in the 21st Century." This vision encompasses a range of care beginning immediately to ensure seamless transition and improvement of care for Veterans; providing Veterans the quality care they want and need when they want and need it through a Systems Redesign; clinical performance improvements and better use of "bundled measures,"; business performance improvements through better measurement and accountability; and Information Technology business process improvements through measurement and management.

Key areas VHA will focus on over the next one to three years include: collaborative health professions education and training programs for safety and quality to ensure the provision of optimal health care; the delivery of compassionate, patient aligned care that anticipates patient needs and is seamless across environments and conditions; and workforce development through succession planning.

VHA's long-term strategy, over the next several years, will include a focus on evidence-based personalized health care through investigating the potential of genomic medicine to anticipate the health needs of Veterans.

VA STRATEGIC GOALS	VHA STRATEGIES
1. Improve the quality and accessibility of health care, benefits, and memorial services while optimizing value. 2. Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services. 3. Raise readiness to provide services and protect people and assets continuously and in time of crisis. 4. Improve internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital.	• Become the national benchmark for quality, safety, and transparency of health care, particularly in those health issues associated with military service. • Provide timely and appropriate access to health care and eliminate service disparities. • Transform VHA's culture through patient-centered care to continuously improve Veteran and family satisfaction. • Ensure an engaged, collaborative, and high-performing workforce to meet the needs of Veterans and their families. • Create value by leveraging scale and skill economies to achieve consistency and excellence in business practices. • Excel in research and development of evidence-based clinical care and delivery system improvements designed to enhance the health and well-being of Veterans. • Promote excellence in the education of the future workforce to drive health care innovation. • Promote health within the VA, in local communities, and across the nation, in collaboration with our academic affiliates, other government agencies and the private sector.

Performance Measures

VHA's performance measurement system is the final component of the strategic planning framework. Thirty-seven performance measures serve as indicators of how and when our objectives will be accomplished. Nine of these measures are identified as "key measures" while two of these measures support Agency Priority Goals. The performance measures cover the entire range of clinical, administrative and financial actions required to support VHA's strategies cited above. A VHA performance measure must meet three criteria:

1. wherever possible, measures should address outcomes or processes that are highly predictive of results as opposed to processes alone;
2. they should be quantitative in nature; and
3. they should be data-driven and based upon sound scientific methodology.

The performance measures contained in the 2013 VHA Budget and Performance Plan have been screened and determined to satisfy the above criteria and are an appropriate platform for assessing VHA health care services and programs.

Veterans Health Administration
Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	2014 Advance Approp.	Strategic Target
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	Adopt Center for Medicare & Medicaid Services (CMS) methodology to estimate avoidable hospital readmissions (OSE)	Percent of VA Hospitals whose unplanned readmissions rates are less than or equal to other hospitals in their community	N/Av	N/Av	N/Av	94%	85%	90%	90%	100%
	Design a Veteran-centric health care model and infrastructure to help Veterans navigate the health care delivery system and receive coordinated care **(MI)** (*Continuously improve the quality and safety of health care*)	**Prevention Index V**[1]	88%	89%	91%	92%	93%	93%	94%	95%
		Clinical Practice Guidelines Index IV[2]	84%	91%	92%	91%	92%	92%	93%	94%

[1] The 2008 result is PI III. The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.

[2] The 2008 result is CPGI II. The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
		Performance Measures Data								
			Results History				**Future Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**2014** Advance Approp	**Strategic Target**
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	Eliminate Veteran Homelessness **(MI)** (*Establish and ensure stable housing for homeless Veterans in collaboration with ongoing medical care and other supportive services*)	Percent of Veterans who successfully obtain resident status as a result of vouchers distributed through the Department of Housing and Urban Development (HUD) and Veterans Affairs Supportive Housing (HUD-VASH) program **(Supports Agency Priority Goal)**	N/Av	N/Av	88%	100%	85%	90%	90%	90%
		Number of Homeless Veterans (on any given night)[3] **(Supports Agency Priority Goal)** (Joint VHA-OPIA Measure)	131,000	75,609	76,329	67,495	59,000	35,000	0	0
C. Improve VA's ability to adjust capacity dynamically to meet changing needs, including preparedness for emergencies	Design a Veteran-centric health care model and infrastructure to help Veterans navigate the health care delivery system and receive coordinated care **(MI)** (*Implement innovations in services that enhance VA capabilities in Long Term Care by providing care in non-institutional settings*)	**Non-institutional long-term care average daily census (Measure being dropped after 2013)**	54,053	72,315	85,940	95,092	113,254	120,118	N/Ap	154,152

[3] The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness											
			Performance Measures Data								
			Results History				**Future Targets**				
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**2014** Advance Approp	**Strategic Target**
D. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	Improve Veterans mental health **(MI)** (*Provide timely and appropriate access to health care by implementing best practices*)	Percent of Eligible Patient Evaluations Documented within 14 days of New MH Patient Index Encounter **(Measure being dropped after 2012)**	N/Av	96%	96%	95%	96%	N/Ap	N/Ap	96%
		Percent of eligible patients screened at required intervals for PTSD **((Measure being dropped after 2012)**	84%	96%	98%	99%	97%	N/Ap	N/Ap	97%
		Percent of eligible patients screened at required intervals for alcohol misuse **(Measure being dropped after 2012)**	N/Av	N/Av	97%	97%	97%	N/Ap	N/Ap	98%
		Percent of eligible patients screened at required intervals for depression **(Measure being dropped after 2012)**	N/Av	N/Av	97%	97%	97%	N/Ap	N/Ap	98%
		Percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period	N/Av	N/Av	11%	15%	20%	25%	30%	60%
		Percent of eligible OEF/OIF PTSD patients evaluated at required intervals for level of symptoms	N/Av	N/Av	5%	TBD	20%	40%	60%	80%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in **bold**)	Performance Measures Data: Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	2014 Advance Approp	Strategic Target
D. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	Improve Veterans mental health **(MI)** (*Provide timely and appropriate access to health care by implementing best practices*)	Percent of patients seen within 7 days of discharge[4] **NEW**	N/Av	N/Av	N/Av	N/Av	N/Av	68%	75%	85%
		Percent of mental health patients with a mental health treatment coordinator identified in the electronic health record **NEW**	N/Av	N/Av	N/Av	N/Av	N/Av	74%	84%	94%
D. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	Enhance the Veterans experience and access to health care **(MI)** (*Provide timely and appropriate access to health care by implementing best practices*)	**Percent of new primary care appointments completed within 14 days of the desired date for the appointment** [5] **NEW**	N/Av	N/Av	N/Av	N/Av	83%	84%	85%	90%
		Percent of established primary care appointments completed within 14 days of the desired date for the appointment[5] **NEW**	N/Av	N/Av	N/Av	N/Av	94%	95%	96%	98%
		Percent of new specialty care appointments completed within 14 days of the desired date for the appointment[5] **NEW**	N/Av	N/Av	N/Av	N/Av	84%	85%	86%	90%
		Percent of established specialty care appointments completed within 14 days of the desired date for the appointment[5] **NEW**	N/Av	N/Av	N/Av	N/Av	95%	96%	97%	98%

[4] Mental Health discharges with a face-to-face, telehealth, or telephone encounter within 7 days of the patient treatment file (PTF) discharge date with a mental health treatment coordinator.

[5] In 2012, VHA will begin measuring the four appointment performance measures using a 14-day standard.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	2014 Advance Appropr	Strategic Target
D. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	Enhance the Veterans experience and access to health care **(MI)** (*Provide timely and appropriate access to health care by implementing best practices*)	Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	76%	79%	74%	78%	75%	76%	77%	85%
		Percent of clinic "no shows" and "after appointment cancellations" for OEF/OIF Veterans	N/Av	N/Av	13%	22%	12%	TBD	TBD	10%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in **bold**)	Performance Measures Data							
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	2014 Advance Approp	Strategic Target
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	Perform research and development to enhance the long-term health and well-being of Vetrans (MI) (*Perform research and development to provide evidence-based findings that enhance the health and well-being of Veterans*)	Progress toward researching, developing, and implementing innovations in clinical practice that ensure improved access to health care for Veterans, especially in rural areas	N/Av	N/Av	N/Av	42%	63%	84%	95%	100%
		Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patients with mental illness (including PTSD, schizophrenia, and mood disorders)	N/Av	N/Av	25%	35%	45%	55%	64%	100%
		Percent of milestones completed towards development of one new objective method to diagnose mild Traumatic Brain Injury (TBI)	N/Av	N/Av	N/Av	22%	55%	66%	77%	100%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in **bold**)	Performance Measures Data							
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	2014 Advance Appropr	Strategic Target
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	Design a Veteran-centric health care model and infrastructure to help Veterans navigate the health care delivery system and receive coordinated care **(MI)** *(Expand "real time" virtual medicine to meet the needs of Veterans and their families)*	Percent increase in number of enrolled Veterans participating in telehealth[6]	N/Av	N/Av	N/Av	24%	45%	TBD	TBD	75%

[6] This focus is on the following Office of Telehealth Services only: Home Telehealth and Store and Forward Telehealth services.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	2014 Advance Approp	Strategic Target
B. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	Promote excellence in the education of future health care professionals and enhance VHA partnerships with affiliates (OSE)	Percent of VHA clinical health care professionals who have had VA training prior to employment	N/Av	27% (Base-line)	29%	29%	29%	29%	30%	33%
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	Deploy best practices in financial, business, and clinical processes (OSE)	Obligations per unique patient user[7]	$5,891	$6,317	$6,551	$6,417	$6,429	$6,428	$6,312	TBD
		Gross Days Revenue Outstanding (GRDO) for 3rd party collections	56	55	45	48	46	40	38	37
		Total amount expended for health care services rendered to VA beneficiaries at a DoD facility ($ Millions)	N/Av	N/Av	N/Av	$84.0	$85.7	$86.4	$88.1	$92.0
		Amount billed for health care services provided to DoD beneficiaries at VA facilities ($ Millions) **Corrected	N/Av	N/Av	N/Av	$183.6 **	$187.3	$191.0	$194.9	$198.8
		Dollar value of 1st party and 3rd party collections ($ Millions)								
		1st Party	$922	$892	$870	$911	$877	$951	$1,018	$952
		3rd Party	$1,497	$1,843	$1,904	$1,800	$1,825	$1,825	$1,839	$1,807
	Improving the quality of health care while reducing cost (MI)	Percent of NonVA claims paid in 30 days **Corrected	N/Av	N/Av	N/Av	79% **	95%	97%	98%	98%

[7] Results/Future Targets are expressed in constant dollars based on the Bureau of Labor Statistics Consumer Price Index (CPI). The CPI for all Urban Consumers (CPI-U) released in the OMB November 2011 Economic Assumptions was used for the 2008-2011 results and for the 2012-2014 targets.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in **bold**)	Performance Measures Data							
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	2014 Advance Appropr	Strategic Target
D. Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times	Enhance the Veterans experience and access to health care **(MI)** (*Develop and implement cultural transformation to continuously improve Veteran and family satisfaction with VA care by promoting patient-centered care and excellent customer service*)	**Percentage of patients rating VA health care as a 9 or 10 on a scale from 0 to 10.**[8]								
		Inpatient **Corrected	79%	63% (Baseline)	64% **	64%	65%	66%	67%	75%
		Outpatient	78%	57% (Baseline)	55%	55%	58%	58%	59%	70%
	Enhance the Veterans experience and access to health care **(MI)** (*Enhance Veteran Centered Care and Shared Decision-making*)	Percent of Veterans who report "yes" to the Shared Decision-making questions in the Inpatient Surveys of the Health Experiences of Patients (SHEP)[9]	N/Av	N/Av	71%	72%	71%	72%	73%	75%

[8] VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010.

[9] 2011 was a re-baseline year after measure validation was completed in 2010.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in **bold**)	Performance Measures Data							
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	2014 Advance Appropr	Strategic Target
E. Manage physical and virtual infrastructure plans and execution to meet emerging needs	Transform health care delivery through health informatics (MI)	Percent of Milestones completed towards development of AViVA infrastructure and User Interface (UI) functionality to modernize VA's Electronic Health Record **NEW**	N/Av	N/Av	N/Av	N/Av	95%	95%	95%	100%
		Percent of Milestones completed towards Increasing Informatics and Analytics literacy in healthcare delivery workforce **NEW**	N/Av	N/Av	N/Av	N/Av	95%	95%	95%	100%

Table 2: Performance Measure Supporting Information
Prevention Index V (Key Measure) **a) Means and Strategies:** • The index is composite measure comprised of evidence- and outcome-based indicators of preventative care to promote health, including programs for obesity and diabetes prevention/treatment, awareness of healthy lifestyle choices, and advancement of genomic research and medicine. **b) Data Source(s):** • Data sampling and electronic databases. Sampling methodology relies upon "established patients," defined as being seen within the past 13-24 months and who have been seen at least once in one of either a main medical or mental health clinic during the current study year. **c) Data Verification:** • External Peer Review, electronic and on-site review. Contractor evaluates the validity and the reliability of the data using accepted statistical methods. **d) Measure Validation:** • Elements of care are reviewed annually to ensure the quality efforts are focused on clinical areas identified as areas critical to improving care. **e) Cross-Cutting Activities:** None **f) External Factors:** None **g) Other Supporting Information:** • The Prevention Index demonstrates the degree to which VHA provides evidence-based clinical interventions to Veterans seeking preventive care in VA. This measure changes over time and new versions of the measure are added when the previous target level is reached. These changes continuously improve the measure. The 2008 results are PI III. The 2009-2010 results and 2011 target are PI IV. The FY 2012--2014 targets are PI V. **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Table 2: Performance Measure Supporting Information
Clinical Practice Guidelines Index IV (Key Measure) **a) Means and Strategies:** • The index is a composite measure comprised of over 80 evidence- and outcome-based indicators of high prevalence and high risk diseases that impact overall health status. **b) Data Source(s):** • Same as Prevention Index measure **c) Data Verification:** • Same as Prevention Index measure **d) Measure Validation:** • Same as Prevention Index measure **e) Cross-Cutting Activities:** • Ongoing work with DoD to implement and refine Clinical Practice Guidelines which serves as a basis and references for many of the Clinical Practice Guidelines Index (CPGI) measures. **f) External Factors:** None **g) Other Supporting Information:** • CPGI is an index that assesses our progress and results associated with our treatment of patients with chronic diseases. This measure changes over time and new versions of the measure are added when the previous target level is reached. These changes continuously improve the measure: The 2008 results are CPGI II. The 2009-2010 results and 2011 target are CPGI III. The FY 2012-2014 targets are CPGI IV. **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Table 2: Performance Measure Supporting Information
Percent of Veterans who successfully obtain resident status as a result of vouchers distributed through the Department of Housing and Urban Development (HUD) and Veterans Affairs Supportive Housing (HUD-VASH) program (Supports Agency Priority Goal) **a) Means and Strategies:** • HUD and VA collaboratively determine distribution of vouchers to areas where there is "demonstrated relative need" utilizing national population-based needs data and data on homeless Veterans from bi-annual counts of homeless conducted by local continuums of care. HUD then distributes the Housing Choice vouchers to Public Housing Authorities (PHAs) willing to administer them. Staffing requirements for case management services based on vouchers assigned to a specific area are then determined by VHA. Case manager staff and transportation funds are deployed to the medical centers, and case managers are hired, oriented and trained. After this has been completed, screening, acceptance, and interventions with homeless Veterans are initiated. In collaboration with the PHAs, Housing Choice vouchers are assigned to the eligible Veteran and VHA case managers provide the supportive case management services necessary to place and maintain the Veteran in permanent housing. Collaborative relationships between HUD, VA, PHAs, and several hundred non-profit homeless service agencies are critical to engaging homeless Veterans and moving the Veteran into the permanent housing provided by this program. **b) Data Source(s):** • VHA Support Service Center Data will be compiled, tracked and reported by the VHA Homeless program Office to the Office of Quality and Performance. **c) Data Verification:** • A review of the source data will be done each quarter. **d) Measure Validation:** • Homelessness remains a significant problem with the Veteran community. Veteran Homelessness: A Supplemental Report to the 2010 Annual Homeless Assessment Report (AHAR) to Congress estimates that there are 76,329 Veterans who are homeless on any given night. Additionally, based on this report, homeless Veterans make up approximately 13% of all homeless adults who access emergency shelter or transitional housing in communities across the US. The HUD-Veterans Affairs Supportive Housing (HUD-VASH) voucher program combines HUD Housing Choice Voucher rental assistance for homeless Veterans with case management and clinical services provided by VA at its medical centers and in the community. Leadership and managers will use this data to assure the vouchers are being awarded and Veterans are obtaining resident status. **e) Cross-Cutting Activities:** • Ongoing collaboration with HUD and local Public Housing Authorities to expedite processes and provide best housing match for the Veteran. **f) External Factors:** • Availability of suitable housing where needed. **g) Other Supporting Information:** • This measure requires careful monitoring and validation to assure accuracy and completeness of reporting. **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. • Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

Table 2: Performance Measure Supporting Information
Number of Homeless Veterans (on any given night) (Supports Agency Priority Goal)

a) Means and Strategies:

- The Department of Housing and Urban Development (HUD) publishes an Annual Homeless Assessment Report (AHAR). HUD's AHAR reports provide the latest counts of homelessness nationwide – including counts of individuals, persons in families, and special population groups such as veterans and chronically homeless people. The report also covers the types of locations where people use emergency shelter and transitional housing; where people were just before they entered a residential program; how much time they spend in shelters over the course of a year; and the size and use of the United States inventory of residential programs for homeless people.

b) Data Source(s):

- The AHAR is based on three data sources.
    - An annual PIT count conducted by thousands of volunteers and staff across the country working with local Continuums of Care (CoC).
    - The Homeless Management Information System (HMIS), an electronic database designed to record information about the characteristics and service needs of homeless persons staying in shelters and transitional housing.
    - Reports from VA on Veterans who are being treated in transitional treatment programs for homeless Veterans.

c) Data Verification:

- VA and HUD work closely together to ensure that the counts used in the Veterans' AHAR chapter factor in all significant data sources and adjust for known confounding variables. It is expected this collaborative approach will produce the best available estimates on homelessness among Veterans.

Table 2: Performance Measure Supporting Information
d) Measure Validation: • Involvement of providers, homeless cares/case managers, and providers of services to homeless Veterans are situated at the "front lines" of homelessness. Their involvement with outreach and provision of services make them one of our most reliable sources for locating and engaging the homeless Veteran and engaging that Veteran in participation. HUD works closely with the community, training local CoCs to conduct PITs. HUD also maintains HMIS, working closely with CoCs to insure approximate technical support and accurate data entry. VA and HUD's collaborative approach in this process will insure that the most accurate estimate of the number of homeless Veterans is available. • Calculation is a risk adjusted HUD PIT count. The PIT uses a simple count to calculate the numbers of homeless Veterans. The PIT is then risk adjusted. **e) Cross-Cutting Activities:** • There is ongoing interagency collaboration between VA and HUD, as well as other agencies that includes state, federal, county, city, profit and not for profit agencies, to accomplish the goal of ending homelessness among Veterans by 2015. **f) External Factors:** • Continued outreach will be core to success, availability of needed services will be critical. **g) Other Supporting Information:** • A PIT estimate has been in place for some time, but 2011 was the first year that VA and HUD collaborated to produce this PIT estimate. **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

Table 2: Performance Measure Supporting Information

Non-institutional, long-term care average daily census (ADC) (Key Measure)

a) Means and Strategies:

- In addition to expanding prior year services, VHA awarded funding totaling nearly $20 million dollars per year for two years to initiate 59 innovative pilots of patient centered non-institutional extended care and to augment the Veteran-Directed Home and Community-Based Care program in 2011and 2012. These funded pilots will expand and add diverse options in non-institutional care to include "Hospital at Home" and "Acute Care for the Elderly" designed to reduce the need for hospitalization and to reduce post-hospitalization dependency; "Program for All-inclusive Care for the Elderly" (PACE) in both urban and rural settings (VHA partners with PACE centers in the community targeting Veterans that are at high risk for Nursing Home admission); Geriatric Primary Care/ Specialty Care Outpatient Clinics, several with special emphasis on Veterans' mental health needs and "Care Management/Transitional Care" focusing on lowering readmission rate by providing support, follow up, and caregiver assistance during and after discharge from hospital or nursing home. These resources, which currently span 20 Veteran Integrated Service Networks (VISNs) and 62 VA Medical Centers, will enhance options for Veterans choosing to receive their extended care in the home and community rather than in an institution. The pilots have all begun enrolling Veterans and are transforming VA services for Veterans of all ages who are in need of extended care.

b) Data Source(s):

- These reported results are the census of home and community home-based non-institutional care available for eligible Veterans. The data are collected and tracked by VHA's Office of Geriatrics and Extended Care (G&EC) Strategic Health Care Group. Data are generated through Austin Information Technology Center workload capture, DSS reporting, and Fee Basis reporting.

c) Data Verification:

- The census data have data verification and validation methodologies built into their programming and G&EC staff routinely check verification of workload through monitoring of the stop codes used by the participating programs.

d) Measure Validation:

- This measure was designed to promote and capture the expansion of access to non-institutional care within VHA programs and contracted services. These underlying data serve to identify expansion opportunities both in terms of the type of services that may be offered and the specific geographic areas that can be better served.

e) Cross-Cutting Activities: None

f) External Factors:

- The success of achieving this performance goal will partially depend on the capacity of community agencies that can provide long term care.

g) Other Supporting Information:

- This measure changed in FY 2009 from "Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline. (Baseline = 43,325)" to the strategic target ADC in the Long-Term Care Strategic Plan.

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness
- Integrated Strategy C: Improve VA's ability to adjust capacity dynamically to meet changing needs, including preparedness for emergencies

Table 2: Performance Measure Supporting Information
Percent of new primary care appointments completed within 14 days of the desired date for the appointment (Key Measure) **a) Means and Strategies:** • VHA fully implemented Advanced Clinic Access (ACA), an initiative that promotes the smooth flow of patients through the clinic process and increase availability of open clinic appointments. **b) Data Source(s):** • This measure is calculated using the VistA scheduling software. A patient is defined in the primary care Decision Support System (DSS) stop series as a patient not seen in the previous 24 months at the facility the appointment is being scheduled **c) Data Verification:** • This data is available on a monthly basis. Databases are reviewed for accuracy on an ongoing basis by the data validation committee at each facility and by reviews of Veteran satisfaction surveys. In addition, VA requires staff entering data be trained to ensure accurate entry. **d) Measure Validation:** • This measure was designed to capture the timeliness of new primary care appointment scheduling from the perspective of the Veteran. **e) Cross-Cutting Activities:** None **f) External Factors:** None **g) Other Supporting Information:** None **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy D : Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners

Table 2: Performance Measure Supporting Information
Percent of established primary care appointments completed within 14 days of the desired date for the appointment (Key Measure) **a)Means and Strategies:** • VHA fully implemented Advanced Clinic Access (ACA), an initiative that promotes the smooth flow of patients through the clinic process and increase availability of open clinic appointments. **b) Data Source(s):** • This measure is calculated using the VistA scheduling software. A patient is defined in the primary care Decision Support System (DSS) stop series as a patient seen within the previous 24 months at the facility the appointment is being scheduled **c) Data Verification:** • This data is available on a monthly basis. Databases are reviewed for accuracy on an ongoing basis by the data validation committee at each facility and by reviews of Veteran satisfaction surveys. In addition, VA requires staff entering data be trained to ensure accurate entry. **d) Measure Validation:** • This measure was designed to capture the timeliness of established primary care appointment scheduling from the perspective of the Veteran. **e) Cross-Cutting Activities:** None **f) External Factors:** None **g) Other Supporting Information:** None **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy D : Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners

Table 2: Performance Measure Supporting Information
Percent of new specialty care appointments completed within 14 days of the desired date for the appointment (Key Measure) **a) Means and Strategies**: • VHA implemented Advanced Clinic Access (ACA), an initiative that promotes the smooth flow of patients through the clinic process by predicting and anticipating patient needs at the time of their appointment and taking steps to: o eliminate backlogged appointments, so more open slots are available o arrange for tests that should be completed either prior to or at the time of the visit; and o start appointments on time by better synchronizing space, staff, and information needs **b) Data Source(s):** • This measure is calculated using the VistA scheduling software. A patient is defined in the specialty care Decision Support System (DSS) stop series as a patient not seen in the previous 24 months at the facility the appointment is being scheduled **c) Data Verification:** • This data is available on a monthly basis. Databases are reviewed for accuracy on an ongoing basis by the data validation committee at each facility and by reviews of Veteran satisfaction surveys. In addition, VA requires staff entering data be trained to ensure accurate entry. **d) Measure Validation:** • This measure was designed to capture the timeliness of new specialty care appointment scheduling from the perspective of the Veteran. **e) Cross-Cutting Activities:** None **f) External Factors:** None **g) Other Supporting Information:** None **h) Link to New Strategic Planning Framework:** This measure supports: • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness • Integrated Strategy D: Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners

Table 2: Performance Measure Supporting Information

Percent of established specialty care appointments completed within 14 days of the desired date for the appointment (Key Measure)

a) Means and Strategies:

- VHA implemented Advanced Clinic Access (ACA), an initiative that promotes the smooth flow of patients through the clinic process by predicting and anticipating patient needs at the time of their appointment and taking steps to:
  - eliminate backlogged appointments, so more open slots are available
  - arrange for tests that should be completed either prior to or at the time of the visit; and
  - start appointments on time by better synchronizing space, staff, and information needs

b) Data Source(s):

- This measure is calculated using the VistA scheduling software. A patient is defined in the specialty care Decision Support System (DSS) stop series as a patient seen within the previous 24 months at the facility the appointment is being scheduled

c) Data Verification:

- This data is available on a monthly basis. Databases are reviewed for accuracy on an ongoing basis by the data validation committee at each facility and by reviews of Veteran satisfaction surveys. In addition, VA requires staff entering data be trained to ensure accurate entry.

d) Measure Validation:

- This measure was designed to capture the timeliness of established specialty care appointment scheduling from the perspective of the Veteran.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness
- Integrated Strategy D: Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners

Table 2: Performance Measure Supporting Information

Percent of milestones completed leading to the use of genomic testing to inform the course of care (prevention, diagnosis, or treatment) of patient with mental illness (including PTSD, schizophrenia, and mood disorders (Key Measure)

a) Means and Strategies:

- The study aims to enroll 9,000 Veterans suffering from schizophrenia and 9,000 Veterans suffering from bipolar disorder. About 20,000 reference controls (Veterans not diagnosed with either condition) will be obtained from another VA genomic study. The goal of the study is to obtain genetic material from blood samples for genome scanning to identify genetic variants that contribute to functional disability associated with bipolar illness and schizophrenia. In addition, the study will assess the relationship between the characteristics of functional disability and the genetics that influence the likelihood of succumbing to mental illness.

b) Data Source(s):

- Enrollment data are obtained from the Cooperative Studies Program (CSP) Coordinating Center. Results will be compiled by staff in the Office of Research and Development

c) Data Verification:

- The data will be requested from the CSP Coordinating Center at least once a quarter. The enrollment numbers will be compared with those reported the previous quarter. Audits may also be performed, as needed.

d) Measure Validation:

- As medical science advances, there is a growing ability to use genetic information for better understanding of how individual differences can affect and/or improve treatment outcomes, as well as improve diagnosis resulting in prevention or early intervention. It is important to obtain and advance knowledge in the science, methodology and application of genomics and personalized medicine to our Veterans. This performance measure will ensure that VA research helps place the VA healthcare system in a position for delivering state-of-the-art healthcare in a key disease area affecting the Veteran population, namely, serious mental illness.

e) Cross-Cutting Activities:

- The Office of Research and Development has initiated other genomic studies, including:
  - The Million Veteran Program: A Partnership with Veterans, which will enroll as many as 1 million Veterans over the next 5 to 7 years to establish a large group of Veterans that would allow linking genetic, lifestyle and military exposure information to Veterans' health longitudinally.
  - A study investigating the roles of genes and environment in the development of amyotrophic lateral sclerosis (ALS) in 1,200 Veterans.

f) External Factors:

- External factors that could have a negative impact on reaching the goal are:
  - competing studies in the same local area;
  - difficulty obtaining informed consent from Veterans with schizophrenia or bipolar disorder; and
  - number of potential subjects (Veterans) in the immediate geographical area with schizophrenia or bipolar disorder.

g) Link to New Strategic Planning Framework

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy B: Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf

Table 2: Performance Measure Supporting Information
Percentage of patients rating VA health care as a 9 or 10 on a scale from 0 to 10 (Key Measure) a) Means and Strategies: • To improve patient satisfaction level in both the inpatient and outpatient categories, VHA will implement methods for advancing patient self-management that enables patients and caregivers to share in decision making and improve health outcomes. b) Data Source(s): • Consumer Assessment of Health Care Plans and Systems (CAHPS) Surveys are used. The surveys are administered to a sample of inpatients and a sample of outpatients. c) Data Verification: • VHA's Office of Quality and Performance, Performance Analysis Center for Excellence (OQP/PACE) conducts national satisfaction surveys that are validated using recognized statistical sampling and analysis techniques. d) Measure Validation: • VHA's strategic objective to address the strategic goal and the Secretary's priority are to improve patients' satisfaction with their VA health care. The measure allows VHA to better understand and meet patient expectations. Results are based on surveys that target the dimensions of care that concern Veterans the most. e) Cross-Cutting Activities: None f) External Factors: None g) Other Supporting Information: • The survey instrument used in previous years has been discontinued and the VHA has moved to a nationally standardized tool, which include a family of surveys know as CAHPS. FY 2009 was a re-baseline year to determine both annual and strategic targets. h) Link to New Strategic Planning Framework: This measure supports: • Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively • Integrated Strategy D: Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times

Selected Program Highlights

Introduction

This section provides narrative descriptions of the various programs supported by the Veterans Health Administration (VHA).

Selected Program Highlights

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
AIDS	$845,777	$949,983	$916,150	$990,000	$1,067,440	$73,850	$77,440
Blind Rehabilitation Service	$117,828	$138,509	$126,000	$134,000	$143,000	$8,000	$9,000
CHAMPVA/FMP/Spina Bifida/CWVV	$1,221,297	$1,318,300	$1,275,623	$1,385,578	$1,506,074	$109,955	$120,496
Education and Training	$1,550,110	$1,667,110	$1,667,110	$1,745,880	$1,843,230	$78,770	$97,350
Emergency Care	$395,803	$451,049	$475,000	$570,000	$684,000	$95,000	$114,000
Energy / Green Management	$297,396	$144,565	$169,600	$181,300	$186,200	$11,700	$4,900
Enh. of Comp. Emerg. Mgmt. Prog. (CEMP)	$156,478	$159,931	$155,331	$156,095	$164,385	$764	$8,290
Gulf War Programs	$1,586,037	$1,800,946	$1,759,000	$1,941,000	$2,135,000	$182,000	$194,000
Health Care Sharing:							
Services Purchased by VA	$1,009,618	$1,614,751	$1,050,003	$1,092,003	$1,135,683	$42,000	$43,680
Services Provided by VA	$39,118	$53,470	$40,683	$42,310	$44,002	$1,627	$1,692
VA/DoD Sharing:							
Services Purchased from DoD	$84,025	$73,429	$85,705	$86,419	$88,147	$714	$1,728
Serivces Provided by VA	$183,624	$93,439	$187,296	$191,041	$194,861	$3,745	$3,820
Health Professional Educ. Asst. Prog	$49,090	$63,858	$60,605	$69,361	$81,069	$8,756	$11,708
Homeless Veterans Programs:							
Homeless Veterans Treatment Costs	$3,573,567	$3,961,058	$3,994,343	$4,410,369	$4,816,132	$416,026	$405,763
Programs to Assist Homeless Veterans	$933,562	$938,575	$1,019,000	$1,351,851	$1,351,851	$332,851	$0
Income Verification Match (IVM)	$17,248	$18,762	$17,855	$18,759	$19,580	$904	$821
Long-Term Care	$6,154,626	$6,880,600	$6,670,556	$7,220,956	$7,790,510	$550,400	$569,554
Mental Health	$5,518,567	$6,153,000	$5,871,735	$6,184,098	$6,453,027	$312,363	$268,929
National Center for Post-Traumatic Stress Disorder	$22,639	$15,276	$16,500	$16,664	$16,836	$164	$172
Non-Recurring Maint. & Leases	$2,352,868	$1,512,600	$1,400,000	$1,289,550	$1,078,260	($110,450)	($211,290)
OEF/OIF/OND	$2,264,078	$2,991,487	$2,769,407	$3,279,147	$3,820,985	$509,740	$541,838
Pharmacy	$5,509,902	$4,837,100	$5,737,931	$6,071,280	$6,389,336	$313,349	$318,056
Prosthetics	$2,080,628	$2,546,000	$2,330,000	$2,586,000	$2,870,000	$256,000	$284,000
Readjustment Counseling	$196,902	$189,000	$214,000	$222,000	$230,000	$8,000	$8,000
Rural Health	$267,941	$250,000	$250,000	$250,000	$250,000	$0	$0
Spinal Cord Injury	$508,111	$531,270	$547,200	$583,000	$620,600	$35,800	$37,600
Traumatic Brain Injury (TBI)-All Vets	$230,465	$298,956	$259,409	$280,139	$306,910	$20,730	$26,771
Traumatic Brain Injury (TBI)-OEF/OIF/OND	$50,555	$75,751	$58,849	$60,401	$60,560	$1,552	$159
Women Veterans Health Care:							
Gender Specific Health Care	$287,475	$270,002	$343,000	$403,000	$465,000	$60,000	$62,000
Total Care	$2,837,852	$3,220,884	$3,138,200	$3,467,400	$3,812,600	$329,200	$345,200

AIDS

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$845,777	$949,983	$916,150	$990,000	$1,067,440	$73,850	$77,440

This program ensures that Veterans with Human Immunodeficiency Virus (HIV) infection receive the highest quality, comprehensive clinical care, including diagnosis of their infection, timely linkage to care, and reduction in HIV-related disparities. The program also promotes evidence-based HIV preventative services. In July 2010, President Obama released a National HIV/AIDS Strategy (NHAS) and identified VA as one of the six lead Federal agencies required to implement the plan by 2015. As such, VA's National HIV Program is implementing a plan to meet the President's NHAS goals.

Goal one: Reduce the incidence of new HIV infections

This goal will be accomplished by increasing HIV testing rates and, thus, the number of Veterans who are aware of their HIV status. It is VA policy that all Veterans are offered HIV testing at least once in a lifetime, with testing offered annually to those who have on-going risk of exposure. Multiple published studies have shown that individuals who are unaware that they have HIV infection are more likely to transmit infection to others. HIV-positive individuals who are aware of their diagnosis are likely to change their high-risk behaviors, decreasing disease transmission. Specifically, the HIV Program Office will intensify HIV testing efforts amongst all Veterans, especially in communities where HIV is most heavily concentrated to identify those who are positive and link them to care.

The VHA National HIV Program Office will support HIV testing quality improvement efforts in all VHA medical settings, provide educational opportunities, develop best practices, and monitor HIV testing rates annually within VHA. Specifically, the HIV Program Office will educate VA providers about the benefit of routine HIV testing and how it can lead to the reduction of HIV incidence.

This program will also disseminate evidence-based HIV prevention strategies for Veterans who are HIV-negative so that they may remain uninfected, and for HIV-positive Veterans to reduce the risk of transmission to others.

Goal 2: Improve access to care and HIV-related health outcomes

The VHA National HIV Program Office will work to make sure that all Veterans diagnosed with HIV in VA are linked to an appropriate provider within 90 days of that diagnosis. Under VA policy, VA providers are expected to follow Department of Health and Human Services (HHS) treatment guidelines to ensure

that all HIV-positive Veterans are receiving the same high quality of care. Providers and facility leaders will be held accountable to these standards by annual reports produced by VHA's Office of Public Health on the quality of care HIV-positive Veterans receive. The HIV Program Office will provide feedback to VA providers, leadership, and the public about quality indicators of HIV/AIDS care delivered to Veterans. The Program Office will also ensure that educational opportunities about managing and treating HIV and HIV co-morbidities are made available to all VA providers.

In addition to ensuring that all eligible HIV-positive Veterans have access to VA care, the Program Office will work toward improving coordination of HIV testing efforts in primary care and linkage to HIV care, mental health services, and substance use disorder services.

Goal 3: Reduce HIV-related health disparities

All HIV-positive Veterans will have equal access to highly active antiviral therapy, appropriate laboratory testing, and HIV support services. The VHA National HIV Program Office will continue to support integrated care models that address HIV prevention, care, treatment of co-morbidities, and routine immunization to all Veterans infected with HIV. HIV care will be provided in a manner consistent with the Patient Aligned Care Teams (PACT) model that is being promoted in VHA.

Additionally, the HIV Program Office will work with other program offices to improve HIV screening rates and educational efforts in primary care; women's health; mental health and substance use programs; homelessness and jail re-entry programs; and at community-based outpatient clinics. It will promote the use of a clinical reminder that prompts providers to offer HIV testing to all Veterans. Also, the program office will support pilot projects to develop best practices for improving HIV testing, education, and care in a variety of VA health care settings. These resources and programs will be evaluated over the next year and those programs that achieve the intended goals will be further developed and disseminated to other facilities in the VHA over the next 5 years.

VHA's HIV Program Office is also committed to collaborating with other federal agencies to ensure that HIV-positive Veterans are linked to the appropriate providers in a timely manner and receive the highest standard of care. Also, this office is organizing a large, national social marketing effort to ensure that all Veterans are aware of the importance of routine HIV testing and the high quality of care that Veterans with HIV receive.

These resources will help VHA remain a leader among health care organizations in responding to the challenges posed by the HIV/AIDS epidemic.

Blind Rehabilitation Service

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$117,828	$138,509	$126,000	$134,000	$143,000	$8,000	$9,000

The mission of Blind Rehabilitation Service is to assist eligible blind and visually impaired Veterans and service members in developing the skills needed for personal independence and successful integration into the community and family environment. These services include inpatient and outpatient blind and vision rehabilitation programs, adjustment to blindness counseling, patient and family education, and assistive technology.

VA's Blind Rehabilitation Service provides a model of care that extends from the Veteran's home to: the local VA care site, the regional low vision clinics, and lodger and inpatient training programs. Components of the model include:

Intermediate and Advanced Low-Vision Clinics
When basic low-vision services available at all VA eye clinics are no longer sufficient, intermediate and advanced low-vision clinics provide clinical examinations, a full spectrum of vision-enhancing devices and specialized training in visual perceptual and visual motor skills as well as ergonomic and environmental enhancements. Eye care specialists and Blind Rehabilitation Specialists work together in interdisciplinary teams to assure that individuals with low vision are provided with technology and techniques to enhance their remaining sight in the performance of daily activities in order to remain independent and active.

Vision Impairment Service in Outpatient Rehabilitation (VISOR) Programs
VISORs provide short-term (about 2 weeks) blind and vision rehabilitation. They provide comfortable overnight accommodations for patients who require temporary lodging. Those who attend VISOR must be able to perform basic activities of daily living independently, including the ability to self-medicate.

Visual Impairment Services Team (VIST) Coordinators
VIST coordinators are case managers who have responsibility for the information, referral, coordination of services, and adjustment counseling for severely visually impaired Veterans and active duty service members and their families.

Blind Rehab Outpatient Specialists (BROS)
BROS are multi-skilled professionals who provide direct rehabilitation care. BROS serve Veterans in their homes, VA medical centers or clinics, colleges or universities, work sites, and long-term care environments.

Inpatient Blind Rehabilitation Centers (BRCs)

The inpatient BRCs provide the most intense and in-depth rehabilitation. Comprehensive, individualized blind rehabilitation services are provided in an inpatient VA medical center environment by a multidisciplinary team of rehabilitation specialists. The management of chronic medical conditions is addressed as part of the training regimen as well. Blind rehabilitation specialists guide the individual through a rehabilitation process that leads to adjustment to blindness, new skill development, use of specialized technology, and reorganization of the person's life. New skills and attitudes foster new abilities to contribute to family and community life.

Civilian Health and Medical Program of the VA (CHAMPVA)

		2012			2014	2012-2013	2013-2014
	2011	Budget	Current	2013	Advance	Increase /	Increase /
	Actual	Estimate	Estimate	Estimate	Approp.	Decrease	Decrease
Obligations ($000)							
CHAMPVA	$1,092,829	$1,179,334	$1,133,581	$1,229,808	$1,336,259	$96,227	$106,451
Foreign Medical Program (includes Foreign C&P Exams).	$22,010	$22,762	$24,062	$25,759	$27,587	$1,697	$1,828
Spina Bifida Program	$22,900	$26,004	$24,804	$26,691	$27,901	$1,887	$1,210
Children of Women Vietnam Vets	$0	$200	$200	$200	$200	$0	$0
Subtotal	$1,137,739	$1,228,300	$1,182,647	$1,282,458	$1,391,947	$99,811	$109,489
Operating Expense:							
Administrative	$78,363	$85,000	$87,497	$97,342	$108,034	$9,845	$10,692
Facilities	$5,195	$5,000	$5,479	$5,778	$6,093	$299	$315
Total	$1,221,297	$1,318,300	$1,275,623	$1,385,578	$1,506,074	$109,955	$120,496

Under the Veterans Health Care Expansion Act of 1973, Public Law 93-82, VA is authorized to provide a health benefits program which shares the cost of medical supplies and services with eligible beneficiaries. To be eligible for CHAMPVA benefits, the beneficiary must be the spouse or child of a Veteran who has a total and permanent service-connected disability, or the widowed spouse or child of a Veteran who: (a) died as a result of a service-connected disability; or (b) had a total, permanent disability resulting from a service-connected condition at the time of death; and (c) not eligible for medical benefits under TRICARE.

CHAMPVA by law is a secondary payer to other health insurance plans and Medicare. CHAMPVA assumes primary payer status for Medicaid, Indian Health Service, and State Victims of Crime Compensation Programs. The Veterans' Survivor Benefits Improvements Act of 2001, Public Law 107-14, was signed into law June 5, 2001. Section 3 of the Act extended CHAMPVA benefits, as a secondary payer to Medicare, to those over age 65.

CHAMPVA was expanded to include Caregiver Eligibility. Under the Veterans Caregivers and Veterans Omnibus Health Services Act of 2010, Public Law 111-163, section 102, caregivers of certain seriously injured Veterans are afforded health care benefits through the existing CHAMPVA Program for Caregivers when they have no other health care coverage.

Foreign Medical Program (FMP) - The Foreign Medical Program is a health care benefits program for United States Veterans with VA-rated service-connected conditions who are residing or traveling abroad (excluding the Philippines). Under FMP, VA assumes payment responsibility for certain necessary medical services associated with the treatment of Veterans' service-connected conditions.

Spina Bifida Health Care Program - Under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1997, Public Law 104-204, section 421, VA administers the Spina Bifida Health Care Program for birth children diagnosed with spina bifida of Vietnam Veterans. Additionally, the Veterans Benefit Act of 2003, Public Law 108-183, section 102, authorized birth children with spina bifida of certain Veterans who served in Korea to be eligible for care under this program. Prior to October 10, 2008, the program provided reimbursement for medical services associated with spina bifida; under the Veterans' Mental Health and Other Care Improvements Act of 2008, Public Law 110-387, the program provides reimbursement for comprehensive medical care.

Children of Women Vietnam Veterans Health Care Program (CWVV) - Under the Veterans Benefits and Health Care Improvement Act of 2000, Public Law 106-419, section 401, VA administers the CWVV program for children with certain birth defects born to women Vietnam Veterans. The CWVV Program provides 100% reimbursement on the allowable charges for conditions associated with certain birth defects.

Education and Training - Health Care Professionals

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Education and Training Support	$852,009	$851,304	$851,304	$890,029	$938,544	$38,725	$48,515
Trainees	$698,101	$815,806	$815,806	$855,851	$904,686	$40,045	$48,835
Total	$1,550,110	$1,667,110	$1,667,110	$1,745,880	$1,843,230	$78,770	$97,350
Health Profs. Individuals Rotating thru VA							
Physician Residents & Fellows	35,559	35,789	35,789	36,019	36,249	230	230
Medical Students	21,967	22,667	22,667	23,367	24,067	700	700
Nursing Students	31,780	31,980	31,980	32,180	32,380	200	200
Associated Health Residents & Students	23,916	24,416	24,416	24,916	25,416	500	500
Total	113,222	114,852	114,852	116,482	118,112	1,630	1,630

As one of its statutory missions, VA works in partnership with medical and associated health professions schools to provide high-quality health care to America's Veterans while training new health professionals to meet the patient care needs of VA and the Nation. Nearly a third of currently employed VA health professionals have received some or all of their clinical training in VA. To continue to meet its workforce needs while providing innovative Veteran care programs, VA has identified and expanded training positions in critical areas of need, such as Patient-Centered Primary Care, Mental Health, Inter-professional Team-based care, and Rural Health.

Each year, over 115,000 trainees, representing more than 40 health care disciplines, receive all or part of their clinical training in VA health care facilities. VA maintains affiliations with 127 of 162 U.S. medical schools and over 1,200 other educational institutions. VA is the second largest federal supporter (after the Centers for Medicare & Medicaid Services) of education for health care professionals. Health professional trainees contribute substantially to VA's ability to deliver high-quality, cost-effective patient care and to recruit highly trained health care providers. As the Nations' health care system evolves, VA represents the leading edge of innovative educational and clinical training programs that benefit Veterans and all Americans.

Emergency Care

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$395,803	$451,049	$475,000	$570,000	$684,000	$95,000	$114,000

Under the Veteran's Millennium Health Care Act, Public Law 106-117, Veterans who are eligible for reimbursement of emergency services at non-VA facilities are defined as individuals who are enrolled in the VA health care system; have

received VA care within the 24-month period preceding the furnishing of such emergency treatment for a nonservice-connected condition; and are financially liable to the provider of the emergency nonservice-connected treatment. Veterans who have health insurance coverage for emergency care, entitlement to care from any other Department or Agency of the United States (Medicare, Medicaid, TRICARE, Workers Compensation, etc.) are not eligible for this provision. VA is the payer of last resort. The Secretary has the authority to establish maximum amounts and circumstances under which payment is made.

Energy / Green Management Program

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)*	$297,396	$144,565	$169,600	$181,300	$186,200	$11,700	$4,900

*Includes costs from Medical Care and other accounts.

The Energy/Green Management Program, residing in VA's Office of Management, addresses energy, environmental, vehicle fleet, and sustainable (green) building management challenges in an integrated fashion at the Department level. In 2011, the program also began addressing climate change adaptation planning and environmental justice. The program's scope and funding covers all VA administrations and staff offices.

Among other mandates, the Energy Policy Act of 2005, Executive Order (EO) 13423 (January 2007), the Energy Independence and Security Act of 2007, and EO 13514 (October 2009), require Federal agencies to achieve a number of green management performance benchmarks, such as annual energy and water consumption intensity reductions, increases in renewable energy and alternative vehicle fuel use, deployment of environmental management systems, creation of sustainable buildings, and reduction of greenhouse gas emissions. To meet these requirements, VA maintains Department-level task forces that develop, update and coordinate implementation of multi-year action plans for energy management, environmental stewardship, vehicle fleet management, sustainable building, and greenhouse gas emissions reduction. Each action plan and task force includes representation from, and actions for, all VA administrations and relevant staff offices. VA's overall Departmental effort is captured in its annually updated Strategic Sustainability Implementation Plan, available at www.green.va.gov.

In 2011, key actions included: 1) Continued funding of regional environmental coordinator positions and creation of additional environmental management systems; 2) completion of third-party assessments of 178 medical buildings for sustainable building status; 3) installation of building-level advanced electricity meters for all VA-owned facilities; 4) award of over 20 renewable energy projects

and over 60 studies (solar, wind, geothermal and renewably fueled combined heat and power); 5) energy and water conservation measure implementation at five facilities; 6) and award of building system retro-commissioning projects in six Veterans Integrated Service Networks (VISNs). The Green Management Program also continued funding of facility and regional level energy manager positions.

In 2012 and 2013, VA plans to implement additional solar, wind and geothermal energy projects based on the results of the detailed feasibility studies. Other planned initiatives include: 1) implementing up to ten combined heat and power projects (renewably fueled where possible); 2) retro-commissioning of building systems in 10 additional VISNs; 3) energy assessments of 25% of VA-owned facilities each year; 4) VA's national metering data collection and analysis system; 5) obtaining green building certification for 100 buildings; 6) additional renewable energy feasibility studies; and 7) continued funding of facility and regional level energy managers and environmental coordinators.

Enhancement of Comprehensive Emergency Management Program (CEMP)

		2012			2014	2012-2013	2013-2014
	2011	Budget	Current	2013	Advance	Increase /	Increase /
	Actual	Estimate	Estimate	Estimate	Approp.	Decrease	Decrease
Obligations ($000)	$156,478	$159,931	$155,331	$156,095	$164,385	$764	$8,290

VA is committed to achieving the readiness necessary to meet its health care responsibilities in national emergencies in times of disaster or attack and ensuring continuity of care to its patients during any emergency. The Emergency Management Strategic Health care Group (EMSHG) manages, coordinates, and implements VHA's Comprehensive Emergency Management Program (CEMP) to help VA meet these mission requirements. CEMP includes preparedness and response actions as mandated through various federal laws and regulations to ensure continuity of care and operation, supporting the Department of Defense medical system in wartime, providing medical backup for national emergencies through the National Disaster Medical System, and providing support as requested under the National Response Framework. The major components of the VHA medical emergency preparedness budget include performance improvement funds to the facilities to meet the identified gaps, pharmaceutical caches, decontamination program, personal protective equipment, deployable clinics, environmental safety specialists/emergency coordinators, training needs and continuity of operations plans for essential functions and personnel. The major initiatives are recent programs that include VISN-based patient evacuation capabilities, a federal emergency regional coordination program, field evaluation, and contingency support for CEMP.

Gulf War Programs

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$1,586,037	$1,800,946	$1,759,000	$1,941,000	$2,135,000	$182,000	$194,000

VA's Gulf War Veteran programs provide a range of services, including: ready entry for Gulf War Veterans to access VA clinical care and the Gulf War Registry Program; special clinical care to all combat Veterans with difficult to diagnose illnesses; world-class research on Veteran health issues; meeting the special medical needs of Gulf War Veterans who served in Southwest Asia who are concerned about depleted uranium munitions or other forms of embedded-fragment wounds during combat; and developing effective outreach and educational tools for Gulf War Veterans with environmental and deployment health concerns and their VA health care.

Health Care Sharing

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Services Purchased by VA:							
Obligations ($000)	$1,009,618	$1,614,751	$1,050,003	$1,092,003	$1,135,683	$42,000	$43,680
Services Provided by VA:							
Reimbursements ($000)	$39,118	$53,470	$40,683	$42,310	$44,002	$1,627	$1,692

VA has been procuring health care resources with affiliated institutions and community providers based on authority included in Title 38 U.S.C., section 8153, enacted in 1966 and last amended by the Veterans Health Care Eligibility Reform Act of 1996, Public Law 104-262. VA also procures health care resources using Federal Supply Schedules. These authorities are the contracting mechanism of choice for VHA and all other non-Department of Defense (DoD) health care entities, including medical specialists and the shared use of medical equipment. This authority, along with the use of competitive procurements, allows VHA facilities to maximize the effective use of internal and community resources to eliminate any diminution of services to Veterans. Procurements with affiliated institutions, such as Schools of Medicine, medical practice groups and other entities associated with the academic institution, allow quality service and promote VHA to effectively support goals in education and training in accordance with 38 U.S.C. 7302. The primary goal of the VA health care system is to furnish high quality medical care to our Veterans on a timely basis and at a fair and reasonable price. All revenue generated from the sale of services is used to enhance care for enrolled Veterans.

VA/DoD Sharing

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
VA Services Purchased from DoD:							
Obligations ($000)	$84,025	$73,429	$85,705	$86,419	$88,147	$714	$1,728
VA/DoD Sharings Svcs, VA Provided:							
Reimbursements ($000)	$183,624	$93,439	$187,296	$191,041	$194,861	$3,745	$3,820

Section 721 of the 2003 National Defense Authorization Act (NDAA), Public Law 107-314 established a Joint Incentive Program that requires the Departments of Defense and Veterans Affairs to identify, fund, and evaluate creative sharing initiatives at the facility, interregional, and national levels. Title 38 U.S.C., Section 8111 authorizes VA and DoD to enter into sharing agreements to buy, sell and barter health care resources to better utilize excess capacity at their medical facilities.

Health Professional Educational Assistance Program (HPEAP)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Education Debt Reduction Program (EDRP)	$17,777	$25,608	$26,533	$31,333	$40,933	$4,800	$9,600
Employee Incentive Scholarship Program (EISP)	$1,891	$2,040	$2,000	$2,000	$2,000	$0	$0
VA Nursing Education for Employees Program (VANEEP)	$11,260	$14,864	$14,573	$14,573	$14,573	$0	$0
Nat'l Nursing Education Initiative (NNEI)	$18,162	$17,390	$17,049	$17,049	$17,049	$0	$0
Health Professional Scholarship Program (HPSP)	$0	$3,506	$0	$3,506	$5,614	$3,506	$2,108
Visual Impairment Education Assistance Program	$0	$450	$450	$900	$900	$450	$0
Total	$49,090	$63,858	$60,605	$69,361	$81,069	$8,756	$11,708

The Education Debt Reduction Program (EDRP) was authorized with the enactment of the Veterans Programs Enhancement Act of 1998 (Public Law 105-368). It was amended by the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001 (Public Law 107-135) and the Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163). The EDRP was implemented in May 2002. The program serves as both a recruitment and retention tool. EDRP authorizes VA to provide education debt reduction payments to employees with qualifying loans who are in Title 38 and Hybrid Title 38 U.S.C. positions providing direct-patient care services or services incident to direct patient care for which recruitment and retention of qualified personnel is difficult. While the law allows EDRP participants who are full-time employees to receive education debt reduction payments up to a maximum of $60,000, VA has capped these payments at $48,000 for budgetary purposes. Award payments are made annually for 1 to 5 years and are further limited to a maximum of $8,000 for the first year, and $10,000 for the second, third, fourth and fifth years. The first

payment occurs one year from the date that a participant's award was authorized. EDRP awards to part-time employees are pro-rated based on the proportion of their regular part-time schedules to full-time employment. Local facilities prioritize those occupations for which EDRP is then used as a recruitment and retention tool. Educational assistance, such as that afforded under EDRP, is an excellent tool that helps VHA achieve its staffing goals and enhance the value of health care that it provides to the Nation's Veterans. From 2002 through July 31, 2011, VA authorized 9,485 EDRP awards with a total multi-year value (award obligations) of approximately $175,173 million through 2016.

The Employee Incentive Scholarship Program (EISP) authorizes VA to award scholarships to employees pursuing degrees or training in health care disciplines for which recruitment and retention of qualified personnel is difficult. The National Nursing Education Initiative (NNEI) and the VA Nursing Education for Employees Program (VANEEP) are policy-derived programs that stem from the legislative authority of EISP. EISP awards cover tuition and related expenses such as registration, fees, and books. The academic curricula covered under this program includes education and training programs in fields leading to appointments or retention in Title 38 or Hybrid Title 38 health care positions listed in 38 U.S.C. section 7401. The maximum amount of a scholarship that may be awarded to an employee enrolled in a full-time curriculum is $37,494 for the equivalent of 3 years of full-time coursework. As of September 2011, VA has awarded 12,227 scholarships to EISP, NNEI, and VANEEP participants since the program started in 2000.

The VA Health Professional Scholarship Program and the Visual Impairment and Orientation and Mobility Professional Scholarship Program were authorized under Public Law 111-163. This legislation allows VA to provide scholarship awards to non-VA employees. Section 302 directs the Secretary to institute a Visual Impairment Professional Education Assistance Program, to provide financial assistance to individuals pursuing a program of study leading to a degree or certificate in visual impairment or orientation and mobility. Section 603 reinstates the Health Professional Scholarship Program which allows VA to provide tuition assistance, a monthly stipend, and other required education fees for students pursuing education/training that would lead to an appointment in a Title 38 or Hybrid Title 38 occupation.

For the Visual Impairment and Orientation and Mobility Professional Scholarship Program, each scholarship recipient would receive tuition (up to $15,000) for each year of a degree program (not to exceed a total of $45,000). For the VA Health Professional Scholarship Program, each scholarship recipient would receive tuition, stipend, and other reasonable costs (up to $35,000) for each year of a graduate/training program. Scholarship recipients would commit to a minimum

two-year service obligation with VHA in a permanent, full-time position. It is assumed that the regulatory process for the new scholarship programs will be completed during 2012.

Homeless Veterans Programs

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Homeless Veterans Treatment Costs	$3,573,567	$3,961,058	$3,994,343	$4,410,369	$4,816,132	$416,026	$405,763
Permanent Housing/Supportive Services							
HUD-VASH case management	$119,603	$201,500	$201,500	$244,602	$244,602	$43,102	$0
Subtotal	**$119,603**	**$201,500**	**$201,500**	**$244,602**	**$244,602**	**$43,102**	**$0**
Transitional Housing							
Grant & Per Diem	$148,097	$194,477	$194,477	$202,468	$202,468	$7,991	$0
Grant & Per Diem Liaisons	$24,312	$29,700	$29,700	$32,857	$32,857	$3,157	$0
Other - Sustainment	$19,261	$3,594	$12,673	$14,885	$14,885	$2,212	$0
Health Care for Homeless Vets (HCHV) - Sustainment	$103,535	$62,012	$55,639	$58,564	$58,564	$2,925	$0
Health Care for Homeless Vets (HCHV) -Initiative	$97,273	$79,099	$79,099	$137,013	$137,013	$57,914	$0
Subtotal	**$392,478**	**$368,882**	**$371,588**	**$445,787**	**$445,787**	**$74,199**	**$0**
Prevention Services							
Supportive Services Low Income Vets & Families	$60,541	$100,000	$100,000	$300,000	$300,000	$200,000	$0
National Call Center for Homeless Veterans (NCCHV)	$5,316	$3,100	$3,100	$3,200	$3,200	$100	$0
Justice Outreach Homelessness Prevention Initiative	$22,489	$21,621	$21,621	$20,850	$20,850	($771)	$0
HUD-VA Pilots (VHPD)	$1,128	$5,366	$5,366	$3,412	$3,412	($1,954)	$0
Subtotal	**$89,474**	**$130,087**	**$130,087**	**$327,462**	**$327,462**	**$197,375**	**$0**
Treatment							
Domiciliary Care for Homeless Vets - Sustainment	$194,105	$121,974	$164,934	$183,192	$183,192	$18,258	$0
Domiciliary Care for Homeless Vets - Initiative	$27,833	$36,370	$36,370	$31,560	$31,560	($4,810)	$0
Substance Abuse/Mental Health Enhancement	$1,928	$5,700	$5,700	$6,800	$6,800	$1,100	$0
Expansion of Homeless Dental Initiative	$9,198	$9,954	$9,954	$10,342	$10,342	$388	$0
Subtotal	**$233,064**	**$173,998**	**$216,958**	**$231,894**	**$231,894**	**$14,936**	**$0**
Employment/Job Training							
Homeless Veterans Supported Employment Program (HVSEP)	$22,886	$31,784	$31,784	$33,822	$33,822	$2,038	$0
Homeless Ther. Empl, CWT & CWT/TR - Sustainment	$73,420	$22,984	$57,743	$62,402	$62,402	$4,659	$0
Subtotal	**$96,306**	**$54,768**	**$89,527**	**$96,224**	**$96,224**	**$6,697**	**$0**
Administrative							
Getting to Zero	$2,637	$3,340	$3,340	$3,466	$3,466	$126	$0
National Homeless Registry	$0	$6,000	$6,000	$2,416	$2,416	($3,584)	$0
Subtotal	**$2,637**	**$9,340**	**$9,340**	**$5,882**	**$5,882**	**($3,458)**	**$0**
VA Require Total							
Grand Total	$933,562	$938,575	$1,019,000	$1,351,851	$1,351,851	$332,851	$0

On a single night in January 2010, 76,329 Veterans were homeless; however, it is estimated that over the course of the year, approximately 144,842 Veterans experienced homelessness. As of January 2011, the number of Homeless Veterans was 67,495. This data is being closely monitored and will be updated in future budget submissions as more information becomes available.[1] Returning homeless Veterans to self-sufficiency, improved mental and physical health, and independent, stable living is the primary goal of Homeless Veterans Programs. To achieve this goal, VA will assist every eligible homeless Veteran willing to accept services. VA will help Veterans acquire safe housing; needed treatment services; opportunities to return to employment; and benefits assistance. Working collaboratively with other Federal agencies, VA is striving to eliminate

[1] **U.S. Department of HUD and U.S. Department of VA.** ***Veteran Homelessness: A Supplemental Report to the Annual Homeless Assessment Report to Congress.*** **October 2011.**

homelessness among Veterans. These efforts are intended to end the cycle of homelessness by preventing Veterans and their families from entering homelessness and to rapidly exit homelessness if they fall into it.

To achieve the goal, VA continues to expand existing programs and initiatives to prevent Veterans from becoming homeless and to aggressively treat those who are currently homeless. The plan to eliminate homelessness among Veterans is built upon six strategic pillars: outreach and education; treatment; prevention; housing with supportive services; assistance in securing income through employment or benefits; and community partnerships. The plan has increased the number and variety of housing options, including permanent, transitional, contracted, community-operated, and VA-operated; provided more supportive services through partnerships to prevent homelessness, improve employability, and increase independent living for Veterans; and improved access to VA and community-based mental health, substance use, and support services.

Housing Urban Development-VA Supportive Housing (HUD-VASH) case management: The Consolidated Appropriations Act of 2008, Public Law 110-161, provided funding to the Department of Housing and Urban Development (HUD) and VA to expand the HUD-VASH Program by adding approximately 10,000 new Section 8 "Housing Choice" vouchers in 2008. An additional 10,000 vouchers were provided in both fiscal year (FY) 2009 and FY 2010 and approximately 7,500 more in FY 2011. HUD-VASH is a collaborative effort, combining HUD Section 8 "Housing Choice" rental assistance vouchers and VA's provision of intensive case management services. The primary goal of HUD-VASH is to move Veterans and their families out of homelessness and into permanent housing.

HUD-VASH is the nation's largest supportive permanent housing initiative that targets homeless Veterans by providing permanent housing with case management and supportive services that promote and maintain recovery and housing stability. Based on planned program expansion, approximately 42,000 Veterans and their families will be housed in permanent supportive housing by the end of 2013. Planned program
expansion will provide additional permanent housing opportunities for Veterans by allocating 10,000 new Housing Choice vouchers in 2012 and 2013.

Grant and Per Diem (GPD) Program: Under authority of the Veterans Benefits, Health Care, and Information Technology Act, Public Law 109-461, through the Homeless Providers GPD Program, VA assists community-based organizations with the provision of services for homeless Veterans. The GPD Program provides operational costs, as well as partial capital costs, to create and sustain transitional housing and service programs for homeless Veterans. VA will continue the

development of these services by offering both grants and per diem funding. VA will also continue to fund those community-based organizations that offer services for special need populations including the chronic mentally ill, elderly, terminally ill, and homeless women Veterans, including women Veterans with children. It is estimated that program expansions will create capacity to serve approximately 32,000 Veterans in 2013.

Health Care for Homeless Veterans (HCHV):

Outreach: VA will continue its extensive outreach efforts to homeless Veterans in the community. HCHV outreach teams work closely with community agencies and homeless Veterans throughout the country. Outreach efforts receive significant support from locally held Stand Down programs. Stand Downs bring community agencies together to work with VA, identifying and aiding homeless Veterans. This community-based collaboration has served hundreds of thousands Veterans and their family members since its inception in 1988.

Contract Residential Treatment: HCHV provides "in place" emergency housing, low demand/safe haven, and residential treatment beds through contracts with community partners, in conjunction with VA outreach and clinical assessments to homeless Veterans, including those with serious psychiatric and substance use disorders. These residential programs will ensure that every VA medical center has the capacity to offer services that are targeted to and prioritized for chronically homeless Veterans who are transitioning from literal street homelessness.

Community Resource and Referral Centers (CRRC): The VA National Homeless Program Office has established CRRCs in strategically selected locations to provide "one stop services" to assist homeless and at-risk for homeless Veterans and their families. All of the centers are being located in community settings that will facilitate access for homeless Veterans and their families. These sites are being established in collaboration with local community based homeless providers and other Federal and state partners engaged in providing services to the homeless. These partners will be co-located at the centers and VA and community providers will collaboratively offer services such as enhanced 24-hour-per-day, 7-day-per-week (24/7) outreach and case management, access to VA, other benefits and vocational services, and immediate access to treatment, shelter, residential care, and housing services.

Combined, it is expected that more than 120,000 visits will occur with homeless and at-risk Veterans through these programs in 2013.

Supportive Services for Low Income Veterans and Families (SSVF): VA has used the authority mandated in the Veterans Mental Health and Other Care Improvements Act of 2008, Public Law 110-387, and authority provided in other legislation to establish the SSVF program. SSVF funds community-based non-profits to provide supportive services specifically designed to prevent homelessness. The SSVF program provides grants and technical assistance to community non-profit organizations to provide supportive services to very-low income Veterans and their families. Program regulations were published in 2010 and 85 grants, worth $60 million, were awarded in FY 2011. In the first year of grant funding, these 85 grantees will serve 40 states and the District of Columbia. These sites encompass both rural and urban locations with the goal of preventing homelessness and maintaining housing stability for the Veteran's family. A $100 million FY 2012 Notice of Funding Availability was announced December 1, 2011, with applications due February 15, 2012. This expansion will allow SSVF to serve approximately 42,000 Veterans and their families in 2012. An anticipated expansion of SSVF would allow VA to serve approximately 67,000 Veterans and their families in 2013.

National Call Center for Homeless Veterans (NCCHV): The NCCHV began full operation in March 2010. The purpose of the NCCHV is to provide homeless Veterans and Veterans at-risk of homelessness with timely and coordinated access to VA and community services, and to disseminate information to concerned family members and non-VA providers about all the programs and services available to assist these Veterans. It is anticipated that in 2013, the NCCHV will provide information and referral to approximately 52,000 Veterans and other interested parties. The NCCHV is a primary vehicle for VA to communicate with Veterans and community providers, assisting them in connecting to local VA and community resources that provide prevention services to Veterans or assist Veterans in exiting homelessness.

Justice Outreach Homelessness Prevention Initiative/Veterans Justice Outreach (VJO) Program: The VJO program, formally launched in 2009, aims to prevent homelessness by providing outreach and linkage to VA services for Veterans at early stages of the justice system, including Veterans' courts, drug courts, and mental health courts. The VJO Specialists based at each medical center work with local justice system partners to facilitate access and adherence to treatment for justice-involved Veterans. Funding for 125 full-time VJO Specialist positions was distributed in 2010 and 2011, and these Specialists supported collaboration with the Department of Labor's Incarcerated Veterans Transition Program. Program enhancement is expected to provide services for 24,000 Veterans in 2013.

HUD/VA Pilot: This prevention initiative is a multi-site 3-year pilot project, started in 2011, designed to provide early intervention to recently discharged

Veterans and their families to prevent homelessness. Site selection for this pilot project gave priority to communities with high concentrations of returning Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn (OEF/OIF/OND) service members, and to rural communities. This program is expected to provide services to nearly 800 Veterans and their families in 2012. Currently, 58 percent of those served are families, 36 percent are OEF/OIF/OND Veterans, and 27 percent are women Veterans. A total of 2,000 Veterans are projected to receive services from this program between 2011 and 2014.

VA Residential Rehabilitation Treatment Programs/Domiciliary Care for Homeless Veterans (DCHV): DCHV provides homeless Veterans with 24/7, time-limited, residential rehabilitation and treatment services that includes medical, psychiatric, substance abuse treatment, and sobriety maintenance. There are currently 237 operational Mental Health Residential Rehabilitation Treatment Programs providing nearly 8,500 treatment beds. Program expansion has increased capacity and access by establishing five 40-bed DCHV programs in large urban locations. Three of the five new DCHV programs (Philadelphia, Denver and San Diego) have acquired leased property and are expected to open in the second quarter of FY 2012. The Atlanta DCHV is under development in a building acquired from the U.S. Army at Fort McPherson and is expected to open by the first quarter FY 2013. The South Florida DCHV is being developed as part of a new construction project on the West Palm Beach VAMC campus and is expected to open in FY 2013. A total of 36,900 Veterans are projected to receive services from the DCHV program between 2011 and 2014.

Substance Abuse Mental Health Enhancement: Providing access to and ongoing engagement with treatment services for substance use and mental health is critical in assisting Veterans to avoid and/or exit homelessness. Through this initiative, VA has enhanced community-based substance use and mental health services to include clinicians with special expertise in substance use and community mental health treatment to work in the community with VA HCHV outreach teams, GPD Providers, HUD-VASH and VA substance use treatment programs to ensure Veterans have access to ongoing treatment services.

Homeless Veterans Dental Initiative (HVDI): Dental problems, such as pain and/or missing teeth, can be tremendous barriers in seeking and obtaining employment, thus dental care is an important aspect of the overall concept of homeless rehabilitation. This funded initiative enhances the accessibility of quality dental care to homeless Veteran patients to help assure success in VA-sponsored and VA partnership homeless rehabilitation programs. Currently, 119 VA facilities are participating in the funded HVDI. Based on planned program expansion, in 2013, approximately 20,000 Veterans will receive dental care through HVDI.

Homeless Veterans Supported Employment Program: This program, jointly operated by the Compensated Work Therapy (CWT) and Homeless Programs, was initiated in 2011 and provides vocational assistance, job development, job placement, and on-going employment supports to improve employment outcomes among homeless Veterans. Over 400 homeless or formerly homeless Veterans were hired as Vocational Rehabilitation Specialists (VRS) and have been integrated into HCHV, GPD, HUD-VASH, Domiciliary Care for Homeless Veterans, Health care for Re-Entry Veterans and VJO treatment teams for the purpose of providing community-based vocational and employment services to Veterans engaged with these services. Vocational and employment services to homeless Veterans will be based on rapid engagement, customized job development, and competitive community placement, with on-going supports for maintaining employment.

Getting to Zero: The Office of Public and Intergovernmental Affairs Homeless Veteran Program Office (HVPO) is primarily responsible for the coordination, communication, and monitoring of the plan to eliminate homelessness among Veterans. The Getting to Zero initiative provides funding for additional administrative support for HVPO.

National Homeless Registry: VA has established a database to track and monitor homeless expansion and prevention initiatives and treatment outcomes for approximately 200,000 Veterans in 2011. The Registry serves as a data warehouse identifying and monitoring the utilization and outcomes for VA funded homeless services. It enhances VA's capacity to monitor program effectiveness and the long-term outcomes of Veterans who have utilized VA funded homeless services. As part of the development of the Homeless Registry, the Homeless Operations, Management and Evaluation System (HOMES) was created to track case management services provided to Veterans who are homeless or at-risk of homelessness. HOMES was activated in April 2011.

Building Utilization Review and Repurposing (BURR): VA has undertaken a strategic effort to identify and re-purpose unused and underutilized Veterans Health Administration land and buildings nationwide with a major focus on reuses that support VA's goal to eliminate Veteran homelessness. The BURR initiative has assessed existing real estate assets with the potential to develop new housing opportunities for homeless or at-risk Veterans and their families, in part through public-private partnerships and VA's enhanced-use lease (EUL) program. The Department's expired EUL authority allowed VA to match supply (available buildings and land) and demand among Veterans for housing with third-party development, financing, and supportive services. Although the Department's EUL authority has expired, the Administration will work with

Congress to develop future legislative authorities to enable the Department to further repurpose the properties identified by the BURR process. Beyond reducing homelessness among our Veterans, additional opportunities identified through BURR may include housing for returning OEF/OIF/OND Veterans and their families, assisted living for elderly Veterans and other possible uses that will enhance benefits and services to Veterans and their families.

Income Verification Match (IVM)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Non-IT	$10,977	$11,307	$11,306	$11,645	$11,994	$339	$349
Information Technology	$6,271	$7,455	$6,549	$7,114	$7,586	$565	$472
Total	$17,248	$18,762	$17,855	$18,759	$19,580	$904	$821

Eligibility for VA health care services, co-pay status, and enrollment priority is based in part, on the Veteran's financial status. VA's Health Eligibility Center Income Verification Division verifies Veterans self-reported gross household income to determine their eligibility for VA health benefits. Computer matching agreements with Internal Revenue Service (IRS) and the Social Security Administration (SSA) authorize VA to receive Federal tax information for the income verification process.

If the Veteran's income is verified as being above the applicable income threshold, the Veteran and the site(s) where the Veteran received care are notified and the Veteran is billed for care received during that particular income year. Additionally, the Veteran's enrollment status may be impacted as a result.

This program is funded from mandatory funding provided by the Compensation and Pension program to support income verification services for the Veterans Benefits Administration (VBA). The budget includes a legislative proposal under the VBA mandatory funding section to eliminate this source of funding, and the VHA will pick up the full cost of this program starting in 2013.

Long-Term Care

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Institutional:							
VA Community Living Centers	$3,425,258	$3,811,200	$3,561,809	$3,700,760	$3,853,196	$138,951	$152,436
Community Nursing Home	$614,475	$641,300	$688,482	$766,914	$854,991	$78,432	$88,077
State Home Nursing	$775,366	$750,100	$856,769	$947,135	$1,042,459	$90,366	$95,324
Subtotal	$4,815,099	$5,202,600	$5,107,060	$5,414,809	$5,750,646	$307,749	$335,837
State Home Domiciliary	$50,839	$53,300	$54,208	$57,534	$59,690	$3,326	$2,156
Geriatric Evaluation & Mgmt (GEM)	$0	$12,000	$0	$0	$0	$0	$0
Total	$4,865,938	$5,267,900	$5,161,268	$5,472,343	$5,810,336	$311,075	$337,993
Non-Institutional:							
VA Adult Day Health Care	$15,477	$18,300	$16,213	$16,868	$17,601	$655	$733
State Adult Day Health Care	$457	$400	$549	$621	$716	$72	$95
Contract Adult Day Health Care	$52,093	$57,200	$61,540	$72,129	$84,869	$10,589	$12,740
Home-Based Primary Care	$485,036	$622,100	$567,738	$660,683	$771,020	$92,945	$110,337
Other Home Based Prgs							
Home Respite Care	$32,334	$33,901	$41,219	$48,626	$55,886	$7,407	$7,260
Purchased Skilled Home Care	$166,827	$233,918	$180,306	$193,003	$206,966	$12,697	$13,963
Hospice Care	$62,660	$79,781	$73,496	$86,457	$102,047	$12,961	$15,590
Homemaker/Hm. Hlth. Aide Prgs	$307,478	$407,900	$377,680	$469,477	$528,800	$91,797	$59,323
Spinal Cord Injury Home Care	$9,952	$12,900	$10,464	$11,039	$11,641	$575	$602
Care Coordination/Home Telehealth	$123,531	$146,300	$146,300	$155,100	$165,100	$8,800	$10,000
Community Residential Care	$32,843	$0	$33,783	$34,610	$35,528	$827	$918
Total	$1,288,688	$1,612,700	$1,509,288	$1,748,613	$1,980,174	$239,325	$231,561
Total Long-Term Care	$6,154,626	$6,880,600	$6,670,556	$7,220,956	$7,790,510	$550,400	$569,554
Average Daily Census							
Institutional:							
VA Community Living Centers	10,278	10,083	10,078	9,928	9,774	(150)	(154)
Community Nursing Home	6,634	6,949	6,759	6,884	6,998	125	114
State Home Nursing	19,661	21,101	19,836	20,111	20,286	275	175
Subtotal	36,573	38,133	36,673	36,923	37,058	250	135
State Home Domiciliary	3,662	2,710	3,712	3,762	3,812	50	50
Total	40,235	40,843	40,385	40,685	40,870	300	185
Non-Institutional:							
VA Adult Day Health Care	348	345	354	360	366	6	6
State Adult Day Health Care	25	21	29	32	36	3	4
Contract Adult Day Health Care	2,917	3,297	3,048	3,185	3,328	137	143
Home-Based Primary Care	27,094	28,070	28,322	29,596	30,928	1,274	1,332
Other Home Based Prgs							
Home Respite Care	700	803	809	870	909	61	39
Purchased Skilled Home Care	4,388	4,820	4,611	4,818	5,034	207	216
Hospice Care	1,105	1,216	1,175	1,260	1,352	85	92
Homemaker/Hm. Hlth. Aide Prgs	15,949	19,740	19,046	23,113	25,368	4,067	2,255
Spinal Cord Injury Home Care	758	837	777	798	820	21	22
Care Coordination/Home Telehealth	36,872	50,147	50,147	51,150	52,173	1,003	1,023
Community Residential Care	4,936	4,630	4,936	4,936	4,936	0	0
Total	95,092	113,926	113,254	120,118	125,250	6,864	5,132
Total Long-Term Care	135,327	154,769	153,639	160,803	166,120	7,164	5,317

Long-Term Care (continued)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Per Diem:							
Institutional:							
VA Community Living Centers	$913.04	$1,032.73	$965.64	$1,021.26	$1,080.08	$55.62	$58.82
Community Nursing Home	$253.77	$252.15	$278.31	$305.22	$334.73	$26.91	$29.51
State Home Nursing*	$108.05	$97.12	$118.34	$129.03	$140.79	$10.69	$11.76
State Home Domiciliary*	$38.90	$53.76	$39.90	$41.90	$42.90	$2.00	$1.00
Denominator:							
VA Community Living Centers	365	366	366	365	365	(1)	0
Community Nursing Home	365	366	366	365	365	(1)	0
State Home Nursing*	365	366	366	365	365	(1)	0
State Home Domiciliary*	365	366	366	365	365	(1)	0
Non-Institutional:							
VA Adult Day Health Care	$177.19	$210.73	$181.74	$186.68	$191.59	$4.94	$4.91
State Adult Day Health Care	$73.51	$75.88	$75.40	$77.33	$79.23	$1.93	$1.90
Contract Adult Day Health Care	$71.15	$68.85	$80.12	$90.22	$101.60	$10.10	$11.38
Home-Based Primary Care	$49.05	$60.55	$54.77	$61.16	$68.30	$6.39	$7.14
Other Home Based Prgs							
Home Respite Care	$126.55	$111.75	$139.21	$153.13	$168.44	$13.92	$15.31
Purchased Skilled Home Care	$104.16	$131.17	$106.84	$109.75	$112.64	$2.91	$2.89
Hospice Care	$155.36	$173.65	$170.90	$187.99	$206.79	$17.09	$18.80
Homemaker/Hm. Hlth. Aide Prgs	$52.82	$56.46	$54.18	$55.65	$57.11	$1.47	$1.46
Spinal Cord Injury Home Care	$1,094.11	$1,287.07	$1,122.23	$1,152.75	$1,183.07	$30.52	$30.32
Care Coordination/Home Telehealth	$9.18	$7.97	$11.51	$14.43	$18.10	$2.92	$3.67
Community Residential Care	$18.23	$0.00	$18.70	$19.21	$19.72	$0.51	$0.51
Denominator:							
VA Adult Day Health Care	251	252	252	251	251	(1)	0
State Adult Day Health Care	251	252	252	251	251	(1)	0
Contract Adult Day Health Care	251	252	252	251	251	(1)	0
Home-Based Primary Care	365	366	366	365	365	(1)	0
Other Home Based Prgs							
Home Respite Care	365	366	366	365	365	(1)	0
Purchased Skilled Home Care	365	366	366	365	365	(1)	0
Hospice Care	365	366	366	365	365	(1)	0
Homemaker/Hm. Hlth. Aide Prgs	365	366	366	365	365	(1)	0
Spinal Cord Injury Home Care	12	12	12	12	12	0	0
Care Coordination/Home Telehealth	365	366	366	365	365	(1)	0
Community Residential Care	365	366	366	365	365	(1)	0

**Per diems shown may vary from authorized per diems due to additional services that VA requests and pays for, as well as retroactive payments.*

VA offers a spectrum of geriatric and extended care services to Veterans enrolled in its health care system. The spectrum of long term care services includes non-institutional and institutional services. All VA medical centers provide home- and community-based long-term care programs. This patient-focused approach supports the wishes of most Veterans to live safely at home in their own communities for as long as possible. In addition, Veterans receive institutional long-term care through one of three venues: VA Community Living Centers

(CLCs), formerly known as VA Nursing Homes; Community Nursing Homes; or State Veterans Homes.

Institutional Long-Term Care - Institutional long-term care services are provided for Veterans whose health care needs cannot be met in the home or on an outpatient basis because they require a level of skilled treatment or assessment which can best be provided in an institutional setting. Institutional services may be long term, (i.e., for life), or may be short term for rehabilitation or recovery from an acute condition. Short-term institutional care is also available to temporarily relieve caregivers who look after Veterans in the home. Institutional services may include nursing home care, and State Home domiciliary care.

VA's institutional long-term care programs include VA operated CLCs, Community Nursing Homes, and State Home programs. While all three programs provide nursing home care, each program has its own particular features. VA re-structured its own program to reflect the Department's commitment to the culture change movement in nursing homes and to enhance Veteran choice. VA CLCs are hospital based and provide an extensive level of nursing home care supported by an array of clinical specialties at the host hospital. VA purchases care through the Community Nursing Home program. These homes provide a broad range of nursing home care and have the advantage of being offered in many local communities throughout the nation, enabling a Veteran to receive care near his/her home and family. VA's CLCs and selected Community Nursing Homes specialize in treating Veterans with post-acute needs, thus reducing hospital days. The State Veterans Home program provides a broad range of nursing home care and is characterized by a joint cost sharing agreement between VA, the Veteran, and the state.

Non-Institutional Long-Term Care - Non-institutional long-term care programs have grown out of the philosophy that: 1) home or community setting is the desired location to deliver long-term care; and 2) placement in a nursing home should be reserved for situations in which Veterans cannot receive the care they need or can no longer safely be cared for at home. Veterans prefer non-institutional care because it enables them to live at home with a higher quality of life than is normally possible in an institution. Within VA, non-institutional long-term care programs and services include home based primary care, purchased skilled home health care, SCI home care, program of all-inclusive care for the elderly (PACE), adult day health care, homemaker and home health aide services, Veteran directed home and community based services, home respite care, home hospice care, community residential care, medical foster home, and home telehealth.

Hospice and Palliative Care - Hospice and palliative care (HPC) collectively represent a continuum of comfort-oriented and supportive services provided in the home, community, outpatient, or inpatient settings for persons with advanced life-limiting disease.

The mission of the VA HPC program is to honor Veterans' preferences for care at the end of life. VA must offer to provide or purchase hospice and palliative care that VA determines an enrolled Veteran needs (38 Code of Federal Regulations 17.36 and 17.38). These services include but are not limited to: advance care planning, symptom management, inpatient palliative care, collaboration with community hospice providers, and access to home hospice care at VA expense. To effectively deliver these services, VA has embarked on a Comprehensive End of Life Care Initiative to ensure reliable access to quality end of life care through enhanced palliative care staffing and leadership, expansion of the number of HPC inpatient units, specialized Veteran-specific training, promotion of Hospice-Veteran Partnerships, and implementation of a quality program that links quality indicators to care interventions.

Mental Health

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Treatment Modality ($000):							
VA Inpatient Hospital	$1,487,430	$1,564,614	$1,582,400	$1,666,600	$1,739,100	$84,200	$72,500
Contract Inpatient Hospital	$244,432	$114,486	$260,100	$274,000	$285,900	$13,900	$11,900
VA Dom. Residential Rehab. Trmt	$485,579	$606,500	$516,700	$544,200	$567,900	$27,500	$23,700
Psychiatric Res. Rehab. Trmt	$272,773	$261,200	$290,100	$305,500	$318,800	$15,400	$13,300
VA Outpatient Clinics	$3,021,740	$3,594,904	$3,215,435	$3,386,398	$3,533,627	$170,963	$147,229
Purchased Outpatient	$6,613	$11,296	$7,000	$7,400	$7,700	$400	$300
Total	$5,518,567	$6,153,000	$5,871,735	$6,184,098	$6,453,027	$312,363	$268,929
Not Included Above:							
VA - Mental Health in non MH Setting	$182,228	$216,316	$210,047	$242,933	$281,443	$32,886	$38,510
Major Characteristics of Program ($000):							
SMI - PTSD	$369,579	$478,000	$392,511	$417,688	$443,332	$25,177	$25,644
SMI - Substance Abuse	$557,523	$647,000	$555,663	$557,685	$561,963	$2,022	$4,278
SMI - Other Than PTSD & SA	$3,610,369	$4,064,151	$3,883,631	$4,176,129	$4,484,607	$292,498	$308,478
Subtotal, SMI	$4,537,471	$5,189,151	$4,831,805	$5,151,502	$5,489,902	$319,697	$338,400
Suicide Prevention	$68,574	$68,849	$71,627	$72,812	$75,605	$1,185	$2,793
Other Mental Health (Non-SMI)	$912,522	$895,000	$968,303	$959,784	$887,520	($8,519)	($72,264)
Total Mental Health	$5,518,567	$6,153,000	$5,871,735	$6,184,098	$6,453,027	$312,363	$268,929
Included Above:							
Post-Traumatic Stress Disorder (OEF/OIF/OND)	$406,594	$454,880	$498,211	$598,981	$709,251	$100,770	$110,271
Average Daily Census:							
Acute Psychiatry	2,874	2,928	2,827	2,781	2,721	(46)	(60)
Contract Hospital (Psych)	281	387	283	284	285	1	1
Psy Residential Rehab	1,172	1,420	1,025	803	560	(222)	(243)
Dom Residential Rehab	5,672	5,643	5,995	6,362	6,709	367	347
Total	9,999	10,378	10,130	10,230	10,275	100	45
Outpatient Visits / Encounters:							
VA - Mental Health	10,417,570	11,659,347	10,718,945	11,130,110	11,528,712	411,166	398,602
Fee Care - Mental Health	220,590	227,437	232,444	242,192	250,320	9,748	8,128
Not Included Above:							
VA - Mental Health in non MH Setting	530,125	593,876	569,428	602,470	627,868	33,042	25,398

SMI = Serious Mental Illness

Overview of Mental Health Services:

Mental Health in VA Central Office has two components:

1. The Office of Mental Health Services (OMHS) in Patient Care Services (PCS) is responsible for providing clinical policies and national guidance for mental health programs. They define the vision of mental health care for VA; and
2. The Office of Mental Health Operations in Operations and Management is responsible for ensuring that these policies are put into practice and to guide the development, enhancement, and sustainment of mental health programs throughout the VA health care system.

The two offices collaborate to ensure the availability of a range of services, from treatment of a variety of common mental health conditions in primary care to treatment in specialty mental health programs for conditions requiring more intensive intervention, including the most severe and persisting mental health conditions. Specialty services such as evidence based psychotherapies, intensive outpatient programs, residential care, and inpatient care are available to meet the range of needs that Veterans have.

Beginning in 2005, Mental Health has focused on expanding and transforming mental health services for Veterans to ensure accessible, patient-centered, recovery-oriented care. These concepts were reflected in the recommendations of the VHA Comprehensive Mental Health Strategic Plan (MHSP), implemented beginning in FY 2005 and completed in FY 2009. OMHS followed the MHSP with national requirements for mental health programs, reflected in VHA Handbook 1160.01, *Uniform Mental Health Services in VA Medical Centers and Clinics*, published in September 2008. Further, and more recently, in support of broad VHA , Patient Care Service and VISN Network Operation initiatives, mental health has been actively involved in the development of the Patient Aligned Care Team (PACT) and has been working collaboratively with the National Center for Prevention to improve and maintain the health of populations of Veterans treated in VA primary and specialty care. All of this work has been further enhanced and facilitated by the Department's major initiative to *Improve Veterans Mental Health (IVMH)* as outlined in the VA's FY 2011-2015 Strategic Plan. The VA's commitment to the IVMH is being tracked through the Mental Health Initiative's monthly reporting process during Fiscal Years 2011 through 2013.

The Guiding Principles/ Goals of VA Mental Health Services are:

1. Veteran-centric care
2. A Recovery/ rehabilitation orientation to health care
3. Evidence based practices in the delivery of care
4. Maximizing access to care across clinical sites of care
5. Decrease stigma associated with mental health treatment
6. Improve the health of Veterans through the PACT
7. Increase use of technology to facilitate care
8. Expand partnerships with other government agencies and communities

These concepts are consistent with VA's Core Values: Integrity, Commitment, Advocacy, Respect and excellence ("I CARE") and demonstrated in the implementation of the *Uniform Mental Health Services in VA Medical Centers and Clinics* handbook.

The primary actions in the transformation of mental health services that meet the goals listed above include:

1. Enhancing the overall capacity of mental health services in VA medical centers and clinics with improvements in both access to services and the continuity of care;
2. Improving the delivery of mental health care by enhancing services for Veterans at community-based outpatient clinics and those living in rural areas;
3. Integrating mental health with primary care and other medical care services;
4. Focusing specialty mental health care on rehabilitation- and recovery-oriented services;
5. Implementing evidence-based treatments with a focus on specific, evidence-based psychotherapy and psychopharmacology;
6. Expanding treatment opportunities for homeless Veterans;
7. Addressing the mental health needs of returning Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn (OEF/OIF/OND) Veteran;
8. Preventing suicide.

Implementation of the MHSP began the process of transformation, which was codified with the publication of the Uniform Mental Health Services in VA Medical Centers and Clinics Handbook (UMHSH). This Handbook defines requirements for those mental health services that must be available to all Veterans and those that are required to be available in VA medical centers, very large, large, mid-sized, and small community-based outpatient clinics (CBOCs). VA is now well along in implementation of the Handbook. As of June 2011, VA medical centers have implemented 94 percent of the Handbook requirements. As further demonstration of achievement of these transformative goals, VA has hired over 7,700 additional mental health staff since the start of 2005. With the increased staffing, VA has increasingly recognized, diagnosed, and treated common mental health conditions overall and through mental health services incorporated into primary care settings. This has increased the number of patients receiving mental health treatment in specialty mental health care settings and in primary care, allowing specialty mental health care settings to provide more extensive and intensive care and to focus on rehabilitation- and recovery-oriented services to help Veterans with severe mental illnesses lead fulfilling lives.

More specific information is provided below about a number of VHA's key programs in mental health. The first section below describes programs that are based in specific clinical settings, the second focuses on the needs of specific Veteran patient sub-populations, and the third section provides information on programs that cut across clinical settings and populations to enhance the health and mental health of all Veterans:

Mental Health Care Provided in Specific Clinical Settings

Primary Care-Mental Health Integration (PC-MHI): The Uniform Mental Health Services in VA Medical Centers and Clinics Handbook requires that integrated mental health services operate in primary care clinics in VA medical centers, Very Large CBOCs, and Large CBOCs. PC-MHI services utilize evidence-based practices that blend together both co-located collaborative care and care management components. The co-located collaborative care component involves one or more mental health professionals who are integral members of the primary care team, providing assessment and psychosocial treatment as needed for a variety of mental health problems, including depression, PTSD, problem drinking, anxiety, and other mental disorders. The care management component is based on the Behavioral Health Laboratory, the Translating Initiatives for Depression into Effective Solutions (TIDES) program, or other evidence-based strategies; it includes monitoring adherence to treatment, ongoing evaluations of treatment outcomes and medication side effects, decision support, patient education and activation, and assistance in referral to specialty mental health services when needed. PC-MHI services and the PC-MHI teams are core components of the emerging Patient Aligned Care Teams (PACT), alongside Health Behavior Coordinators to support Health Promotion/Disease Prevention activities.

General Mental Health Services: VA supports the availability of general outpatient mental health services for the broad range of conditions Veterans may experience (such as depression, anxiety, PTSD, psychosis, and other disorders). General mental health outpatient services are available on-site in every medical center and all CBOCs with greater than 1,500 unique Veterans, and smaller CBOCs must develop strategies to ensure such services can be delivered to all eligible Veterans in their patient case load who need such care. VA Telemental Health services are available to supplement services provided by the CBOC staff. For those Veterans whose mental health problems cannot be adequately managed in primary care clinics and general outpatient mental health clinics, an array of specialized programs are available, as detailed below.

Intensive, Recovery-oriented Programs: Day Treatment and Day Hospital programs, which typically provided few rehabilitative services, are being replaced by recovery-oriented Psychosocial Rehabilitation and Recovery Centers (PRRC), which provide individual and group treatments designed to help Veterans learn the life skills, coping skills, and interpersonal skills required for meaningful community integration. VA facilities with more than 1,500 Veterans on the National Psychosis Registry must develop a PRRC to meet the needs of these Veterans. As of the end of October 2011, there were 90 VA Central Office-funded, formally designated PRRCs, and others are under development. All

PRRCs must be CARF-accredited (Commission on Accreditation of Rehabilitation Facilities) by the end of 2012. Currently, 40 PRRCs are CARF-accredited. VACO Mental Health promotes the use of peers in the provision of treatment services. Veterans who have moved successfully through an experience with mental health problems can provide hope and motivation to Veterans who are currently confronting a serious mental illness. Peers can be found in inpatient mental health units, PRRCs, and substance use disorder programs. Since April 2008, VA mental health programs have added 132 new peer support positions to bring the total of peer support staff to 357 working at 100 VA medical centers nationwide.

Mental Health Intensive Case Management (MHICM) and Rural Access Network for Growth Enhancement (RANGE): MHICM and RANGE programs have been established to provide treatment to Veterans who have a diagnosis of a serious mental illness and need intensive support to avoid or decrease utilization of inpatient mental health services and to support an effective community-based life for these Veterans. These programs are based on the successful, evidence-based Assertive Community Treatment programs. MHICM teams primarily serve urban and suburban Veterans in larger market areas, and RANGE serves Veterans in rural and small market areas. There are 111 MHICM teams serving over 8,000 Veterans with serious mental illness. A newer program, RANGE has expanded MHICM level care to rural areas whose population density has been too sparse to be served by conventional MHICM programs. There are now 26 RANGE programs serving over 500 Veterans.

Inpatient Care: Inpatient services are available for acute and longer term hospitalization for Veterans who need this level of care for safety, such as in the case of suicidal or homicidal patients, or stabilization for patients with acute episodes of psychosis or other severe conditions. Facilities have been encouraged to incorporate recovery-oriented programming into their inpatient care programs to facilitate seamless programming as patients move through levels of care. This initiative is part of ongoing efforts to improve the care provided in the inpatient mental health setting; reduce lengths of stay, particularly for longer-term hospitalizations; reduce admissions and readmissions; and improve patient engagement in outpatient care. A continuum of care upon discharge is offered to include transition from inpatient to residential care, MHICM, general or specialty ambulatory services, and other care modalities as appropriate to support safety, stabilization, and recovery.

Mental Health Residential Rehabilitation and Treatment Programs (MH RRTP): The MH RRTP mission is to provide state-of-the-art, high-quality 24-hours-per-day, 7 days-per-week (24/7) structured and supervised residential rehabilitation and treatment services for Veterans with multiple and severe medical conditions, mental illness, addiction, homelessness and other psychosocial deficits. The MH

RRTP identifies and addresses goals of rehabilitation, recovery, health maintenance, improved quality of life, and community integration while providing specific treatment of mental illnesses, addictive disorders, and homelessness. Currently, VHA operates 237 MH RRTPs at 101 VA medical center facilities with a total of 8,443 operational beds located in all 21 VISNs. As an organization, VHA is working diligently to provide a consistently high level of residential rehabilitation and treatment for all Veterans, including those classified as special populations, by continuously aiming to improve and enhance services. As part of this continuous effort, in 2007 the National Leadership Board-Health Systems Committee charged VHA's Office of Mental Health Services (OMHS) with the task of reviewing the current status of care delivery in Mental Health Residential Rehabilitation Treatment Programs (MH RRTP) in order to improve and enhance services to Veterans. Subsequently, OMHS developed an MH RRTP Transformation Plan, which includes a full review of all MH RRTPs and the development of a unified VHA MH RRTP Handbook. On May 29, 2009, OMHS finalized VHA Handbook 1162.02, *Mental Health Residential Rehabilitation Treatment Programs*, which establishes the policies, procedures and reporting requirements for the MH RRTP bed level of care.

Population-Specific Approaches to Care

Specialized Post-Traumatic Stress Disorder (PTSD): PTSD is a mental disorder that can occur following military combat or other potentially life-threatening trauma, including Military Sexual Trauma (MST). Symptoms can include reliving the experience through nightmares and flashbacks; increased arousal and difficulty sleeping; and feeling numb, detached, or estranged. These symptoms can be severe and persistent enough to impair daily life, with difficulties that include marital problems, divorces, difficulties in parenting, and occupational instability. PTSD frequently occurs in conjunction with related problems such as depression, substance use disorder, problems with memory and cognition, and other physical and mental health challenges. Although it can be an acute condition, it is often episodic, recurrent, or chronic.

Out of those who have sought VA health care, slightly more than half of returning OEF/OIF/OND Veterans with a mental health condition have been diagnosed with PTSD, either by itself or in association with another problem. PTSD represents the most common, but by no means the only, mental health condition among returning OEF/OIF/OND Veterans. To address the needs of returning Veterans, VA has established post deployment services in most medical centers that provide mental health assessment and treatment services as well as other components of care. Serving Returning Veterans – Mental Health (SeRV-MH) Teams are specifically designed to meet the unique needs of returning combat Veterans and work in collaboration with Primary Care Post Deployment

Health Clinics to provide care in a setting that minimizes the potential stigma that may be associated with treatment in an identified mental health clinic.

To provide a continuum of care to match the needs of Veterans with PTSD, VA maintains an array of treatment sites and services to help Veterans gain mastery over their PTSD symptoms and to improve their social and occupational functioning. VA operates specialized programs for the treatment of PTSD in each of its medical centers. These programs provide a continuum of care, from outpatient PTSD Clinical Teams and specialists through specialized inpatient units, brief-treatment units, and residential rehabilitation treatment programs around the country. Every VA medical center possesses outpatient PTSD specialty capability, and, increasingly, PTSD services are being provided in community-based outpatient clinics. VA's programs are designed to deliver evidence-based treatments including specific forms of behavioral and cognitive-behavioral psychotherapy and pharmacotherapy. For those who experience recurring or persistent symptoms in spite of evidence-based therapies, VA offers a range of recovery-oriented services that focus on improving day-to-day functioning. VA is addressing the need for concurrent and integrated treatment for disorders that commonly co-occur with PTSD, such as substance use disorders and traumatic brain injury. VA also supports research on new treatments including Complementary and Alternative Medicine approaches and innovative strategies for delivering care. For the 2012-2013 time frame, enhancements in PTSD services will include implementation of the updated VA/DoD PTSD Clinical Practice Guidelines; a focus on rural PTSD care, including services to American Indian Veterans in collaboration with the Indian Health Service; enhanced telemental health services; identifying best practices in PTSD-RRTP Care; enhanced PC /MH integration in PTSD care, including specialty care/ PACT integration; and further work on improving VHA processes for the required diagnostic clinical interviews for PTSD and other mental disorders when a Veteran has filed a claim for service-connected Compensation & Pension status.

Substance Use Disorders (SUD): Misuse of substances is associated with a variety of adverse effects across the various dimensions of life functioning, including physical health and mental health along with occupational and social functioning. Despite their potential for causing grave harm to individuals with the problem and those near them, substance use problems are generally treatable with evidence-based psychosocial and pharmacological interventions.

Within the Veteran population, problem drinking and other forms of substance misuse occur in forms that vary in frequency and severity. The most common and mild cases are best identified and treated in primary care and other general medical settings through programs that include screening, brief interventions, and referral to specialty programs as needed. When these problems occur in the

presence of other mental health conditions, they can be treated in general mental health services or dual diagnosis programs. In recognition of this principle, VA has incorporated substance use treatment specialists into the PTSD treatment teams in each medical center to facilitate integrated care for both disorders. More severe problems with substance misuse are typically treated in residential or outpatient specialty care programs. Services in the programs vary in intensity from intensive residential care or multiple sessions of treatment several times per week, to less frequent and shorter ambulatory care visits. Monitoring and sustaining patient improvement following active substance use disorder treatment is another important component of the continuum of care.

Treatment for alcohol and other substance use disorders recognizes the principle that these are often chronic or recurring conditions. Thus, treatment often begins with medically-supervised detoxification provided in ambulatory or inpatient settings. However, for care to be effective over the long term, detoxification must be followed by stabilization using evidence-based psychosocial and/or pharmacological treatments. Evidence-based medication assisted treatment for opioid dependence, including buprenorphine, has expanded to 123 of the VA's 140 parent health care systems plus 121 sub-facilities.

Other components of effective treatment include rehabilitative services focusing on day-to-day functioning and maintenance treatments focusing on preventing relapse. Relapse prevention involves ongoing monitoring for any substance use or emerging relapse risk factors using standardized brief assessments that are in the process of being implemented in substance use disorder specialty care programs.

Services for Veterans with Serious Mental Illness (SMI): VA Mental Health Services is committed to transforming mental health services to follow a recovery orientation, providing services that will help Veterans with serious mental illness fulfill their personal goals and live meaningful lives in a community of their choice. To that end, Local Recovery Coordinators have been deployed at VA facilities throughout the country. They have been instrumental in facilitating the transition of mental health services to a recovery orientation through education of staff and Veterans, the development of peer support programs and through involvement in facility- and VISN-level committees and task forces. The Local Recovery Coordinators have broadened their reach to include inpatient settings, to promote the expansion of recovery-oriented services along the entire continuum of care. In addition, the Local Recovery Coordinators are the points of contact for the new program to re-engage Veterans with serious mental illness in treatment (see below).

The transformation to a recovery orientation cannot be accomplished without the involvement of Veterans, their family members, and stakeholder groups. VA Mental Health Services encourages the development of Veterans Mental Health Councils, operated independently from VHA, to provide input into mental health programming from the Veterans' perspective and maintains contact with outside mental health and Veteran constituency groups (e.g., National Alliance on Mental Illness [NAMI], Depression and Bipolar Support Alliance [DBSA], Veterans Service Organizations [VSOs], professional organizations) to both solicit and provide information about mental health services for Veterans.

Work is a fundamental component of recovery; and, as a result, VA has significantly expanded its Compensated Work Therapy (CWT) programs. In particular, Supported Employment has been deployed throughout VA facilities and focuses on helping Veterans with serious mental illness find meaningful, competitive work. In addition, partnering with families is an essential component of VA mental health services. Consistent with a recovery philosophy, flexibility is a key principle when involving families in care. Services must be tailored to the Veteran's phase of illness, symptom level, self-sufficiency, family constellation, and preferences. When family services are a necessary part of the Veteran's treatment plan, VA offers a continuum of family services to meet varying needs including family training, consultation, and marriage and family counseling. National training programs in several evidence-based practices for marital and family counseling are available for clinicians.

In support of Veterans with Serious Mental Illness (SMI), the Uniform Mental Health Services Handbook requires that clozapine be available to all eligible Veterans. Clozapine is the most efficacious medication available for the treatment of schizophrenia and it is the only medication proven to reduce the suicidality of schizophrenic patients. However, there is a 1-2% risk of clozapine induced agranulocytosis that is fatal, if not treated. The Food and Drug Administration (FDA) has mandated that all patients receiving clozapine enroll in a national clozapine registry to monitor Absolute Granulocyte Counts. The VA National Clozapine Coordinating Center (NCCC) fulfills this FDA mandate in a manner that is safe, provider and patient friendly, and cost effective. The NCCC also serves as a nationally accessible medical consulting resource for all VA clozapine providers.

Women's Mental Health: Women Veterans are the fastest growing segment of eligible VHA users. Of 1,338,482 Veterans seen by a mental health professional in 2011, 120,897 (9%) were women. Among OEF/OIF/OND era, women Veterans comprised 12% (21,915 of 182,667) of those who received mental health services. Every VHA facility offers outpatient mental health services for women, and VA policy requires that mental health services be provided in a manner that

recognizes gender-specific issues. These issues cut across both clinical settings and special populations. All VA facilities must ensure that outpatient and residential programs have environments that can accommodate and support women with safety, privacy, dignity and respect. Specialty care targets PTSD, substance use, depression, and homelessness, and some of these programs include women-only services (e.g., women-only groups). For those in need of more intense treatment, many facilities offer mental health residential rehabilitation and treatment programming (MH RRTP), including women-only programs that specialize in women's care and MST-specific treatment, and almost half of all substance abuse MH RRTPs offer specialized services for women Veterans.

Mental Health Programs for Older Veterans: VHA has implemented several programs designed to promote mental health care access and treatment for older Veterans. These initiatives incorporate innovative and evidence-based mental health care practices, as well as person- and family-centered care approaches. This includes the integration of a full-time mental health provider on every VA Home-Based Primary Care team, to best meet the mental health needs of homebound Veterans by providing services such as psychotherapy; behavioral interventions for problems such as sleep disturbance, chronic pain, and disability; and prevention-oriented services. VHA has also integrated mental health providers in VA Community Living Centers (CLCs) to provide a full range of assessment and treatment services, with specific focus on promoting the delivery of evidence-based psychosocial services to manage challenging behaviors associated with dementia and mental illness. VA is tracking a pilot initiative to disseminate and implement an adapted evidence-based psychosocial intervention for managing challenging behaviors associated with dementia in CLC residents; early results are very promising. Finally, VA includes special training modules with adaptations and relevant examples for older Veterans in training developed for evidence-based psychotherapies, which have been shown to be very effective in older adults when such adaptations are included.

Programs that Cut Across Settings and Populations

Mental Health Outreach: Mental Health programs engage in numerous, widespread outreach efforts to improve access to care and to reduce the stigma associated with seeking mental health care, that have been documented in a recent GAO report (*VA MENTAL HEALTH: Number of Veterans Receiving Care, Barriers Faced, and Efforts to Increase Access*, October 2011). These efforts are too numerous to list here, but they include some specific programs deserving special attention: two specific public messaging campaigns, a program to re-engage Veterans with SMI in treatment, and a college campus outreach initiative.

- **The Veterans Crisis Line** is a toll-free, confidential resource that connects Veterans in crisis and their families and friends with qualified, caring Department of Veterans Affairs (VA) responders. Veterans and their loved ones can call 800-273-8255 and Press 1, text to 838255, or chat online at www.VeteransCrisisLine.net to receive free, confidential support 24 hours a day, 7 days a week, 365 days a year, even if they are not registered with the Department of Veterans Affairs (VA) or enrolled in VA health care. The online chat function and a new texting option reflect efforts to improve access to care for Veterans of all eras of service through alternative modes of communication. Through a nationwide public information campaign, VA is working to make sure that all Veterans and their loved ones are aware of the Veterans Crisis Line. The Suicide Prevention Coordinators also engage in significant outreach efforts within their local communities.

- **Make the Connection** is a national mental health public awareness campaign that launched in November 2011. The goals of the campaign are to reduce the stigma that Veterans and their families associate with seeking mental health care, to educate Veterans and their families about signs and symptoms of mental health issues, to increase awareness of and trust in VA's advances in mental health services, and to promote a positive view of Veterans' unique strengths to the American public. Make the Connection utilizes a comprehensive, interactive website with extensive videos featuring dozens of Veterans sharing their personal experiences, public service announcements, advertisements and social media. To reach as many Veterans as possible with these two public outreach campaigns, VA is coordinating with communities and partner groups nationwide, including community-based organizations, Veteran Service Organizations, and local health care providers, to let Veterans and their loved ones know that support is available whenever, if ever, they need it.

- **The SMI Re-engagement Program** is designed to re-engage Veterans with serious mental illness (SMI) who at one time received care in VHA but who have been lost to follow-up care. Based on findings from a project by the Office of the Medical Inspector (OMI), this program utilizes the resources of the Serious Mental Illness Treatment Resource and Evaluation Center (SMITREC) to identify such Veterans with SMI who have been lost to follow-up care. The OMI project documented that such Veterans are at a markedly increased risk of mortality unless reconnected with care. The lists of these Veterans are disseminated to the Local Recovery Coordinators (LRC) at the facility where the Veteran was last seen, and the LRC attempts to locate the Veterans and re-engage them in treatment. The OMI project was successful in not only re-engaging in treatment 72% of the Veterans who were located but also in demonstrating a 12-fold decrease in the

mortality rate among the re-engaged Veterans. This program will be implemented nationally by the end of FY 2012.

- **The VITAL Initiative** is an outreach partnership between VA and community colleges, colleges, and universities. Veterans bring unique resources to these settings as well as face a variety of challenges. The purpose of this initiative is to build resilience and leadership in Veterans on campus, facilitate adjustment to and success in academic life, and increase access to high quality health and mental health resources for those Veterans who need them. The goal of the VITAL initiative is to provide support for projects that increase access to Veteran-centric, results oriented, forward-looking services for Veterans on college and university campuses.

Suicide Prevention: VA's suicide prevention activities are built upon the principle that prevention requires ready access to high-quality mental health care and other services. This requires outreach, educational, and assessment programs designed to help individuals seek care when needed, and programs designed to address the specific needs of those at high risk for suicide.

The suicide prevention program includes specific outreach activities and clinical programs for addressing high-risk and potentially high-risk patients, including the Veterans Crisis Line (discussed above) and Veterans Chat service; Suicide Prevention Coordinators and their teams in each medical center; the VA National Suicide Prevention Office; the Center of Excellence for Suicide Prevention in Canandaigua, NY; the Mental Illness Research Education and Clinical Center in Denver, CO; the Serious Mental Illness Treatment Resource and Evaluation Center in Ann Arbor, MI; demonstration projects; and a national public information campaign. Enhanced care packages have been developed for those Veterans who have been identified as being at-risk. In addition, a wide range of tracking and reporting mechanisms have been established and are monitored.

Evidence-Based Psychotherapies: VA is working intensively to make a broad array of evidence-based psychotherapies (EBPs) for PTSD, depression, serious mental illness (SMI), and other mental health conditions and behavioral health conditions (e.g., insomnia and pain) widely available to Veterans who can benefit from them. The Uniform Mental Health Services Handbook and the VHA Mental Health Initiative Operating Plan require that all facilities have the capacity to provide a variety of evidence-based psychotherapies. VA is nationally implementing training to ensure an adequate work force able to deliver the following EBPs with full competence: Cognitive Processing Therapy (CPT) and Prolonged Exposure Therapy (PE) for PTSD; Cognitive Behavioral Therapy, Acceptance and Commitment Therapy, and Interpersonal Psychotherapy for

depression; Behavioral Family Therapy (BFT), Multiple Family Group Therapy (MFGT), and Social Skills Training for SMI; Integrative Behavioral Couples Therapy (IBCT) for relationship distress; Cognitive Behavioral Therapy for substance use disorders; Motivational Interviewing and Motivational Enhancement Therapy for motivation and adherence; Cognitive Behavioral Therapy for insomnia; and evidence-based psychotherapy for pain management.

To promote the availability and effective implementation of these therapies, VA has established national competency-based staff training programs that have provided training to over 5,000 VA staff in the delivery of one or more evidence-based psychotherapies. Program evaluation components that have been incorporated into each of these programs show that the training in and implementation of these therapies have resulted in significant, positive outcomes for therapists, patients, and the overall system. Furthermore, VA has designated a Local Evidence-Based Psychotherapy Coordinator at each medical center to promote local systems and administrative infrastructures to facilitate the implementation of these therapies, which typically require 60-90 minute weekly sessions over the course of approximately 12-16 weeks. The Local Evidence-Based Psychotherapy Coordinator Program has been implemented throughout the system and has helped to increase the availability of evidence-based psychotherapies at the local level. For example, all facilities now provide CPT and PE for PTSD, whereas just 5 years ago, relatively few facilities had evidence-based psychotherapy for PTSD available. In 2013, VHA will continue to expand its efforts to implement evidence-based psychotherapies and to evaluate the impact of the training in and delivery of these therapies. In addition, VA will closely monitor the availability and delivery of these services throughout the system, through a number of performance metrics being implemented as part of a national dashboard and through specialized EBP documentation templates that will be nationally incorporated into VA's electronic health record system. Furthermore, VA will implement mechanisms and resources for sustaining and expanding providers' EBP skills.

Military Sexual Trauma (MST): VA defines MST in accordance with U.S. law as sexual assault or repeated, threatening sexual harassment experienced by a Veteran while on active duty or active duty for training. Among Veterans receiving VA health care, approximately one in five women and one in a hundred men report experiences of sexual trauma during their military service. The most frequent mental health diagnoses among Veteran users of VA health care services who screened positive for MST are PTSD and other anxiety disorders, depressive disorders, bipolar disorders, drug and alcohol disorders and schizophrenia and psychoses. MST survivors may also struggle with chronic physical health problems, difficulties in relationships, and increased risk of unemployment or homelessness.

VHA has policies and services in place to assist the recovery of Veterans who experienced MST. All Veterans seen in VHA must be screened for MST, and all health care for mental and physical health conditions related to MST is provided free of charge. Veterans may be able to receive this free MST-related care even if they are not eligible for other VA care. Every VHA facility provides care for conditions related to MST and must have providers knowledgeable about mental health treatment for the aftereffects of MST. Many have specialized outpatient mental health services focusing on sexual trauma. For Veterans who need more intense treatment and support, there are also almost two dozen programs nationwide that offer specialized sexual trauma treatment in VA residential or inpatient settings. These programs are considered regional and/or national resources, not just a resource for the local facility. To accommodate Veterans who do not feel comfortable in mixed-gender treatment settings, many facilities throughout VA have separate programs for men and women.

VHA has established an organizational structure that provides oversight of MST-related services at the facility, regional, and national level. Every facility must have a designated MST Coordinator who serves as the point of contact for MST-related issues, including staff education and training, monitoring of MST-related screening, referral, and treatment, and outreach to Veterans. Each VISN has an MST Point of Contact to monitor and ensure national and VISN-level policies related to MST are implemented within the VISN. At the national level, OMHS created the MST Support Team to monitor screening and treatment related to MST, oversee and expand MST-related education and training, promote best practices in the field, and develop policy recommendations.

To continue to improve VHA's MST-related services, a VHA Directive establishing a one-time mandatory training requirement on MST for all VHA mental health providers and primary care providers is currently in the concurrence process. This training will complement ongoing training provided by the MST Support Team, including monthly trainings on MST-related topics to all VA staff, and an annual multi-day training focused on MST-related clinical care and program development. MST-specific information also continues to be integrated into VA rollouts of empirically-supported treatments for PTSD, depression, and anxiety. VHA is also collaborating with VBA to develop new trainings and initiatives for VBA staff that rate MST disability claims and VHA staff involved in the Compensation & Pension exam process.

Office of Mental Health Services

The Office of Mental Health Services (OMHS) is the policy arm of VA Mental Health Services and has been responsible for developing the recommendations of the VHA Comprehensive Mental Health Strategic Plan (MHSP), implemented beginning in 2005 and completed in 2009. OMHS followed the MHSP with national requirements for mental health programs, reflected in VHA Handbook 1160.01, *Uniform Mental Health Services in VA Medical Centers and Clinics*, published in September 2008, OMHS also developed the transformation initiative to Improve Veterans Mental Health, one of Secretary Shinseki's transformation initiatives; OMHS works closely with the Office of Mental Health Operations and the Office of Health Care Transformation to fully implement that initiative.

OMHS developed a MH RRTP Transformation Plan, which includes a full review of all MH RRTPs and the development of a unified VHA MH RRTP Handbook. On May 29, 2009, OMHS finalized VHA Handbook 1162.02, *Mental Health Residential Rehabilitation Treatment Programs*, which establishes the policies, procedures and reporting requirements for the MH RRTP bed level of care.

Given the needs of the rapidly growing population of women served by VHA, OMHS has recently developed a Women's Mental Health Section along with a Women's Mental Health Strategic Plan for FY 2012 through FY 2014 that will focus on identifying current practice, disparities and opportunities for improvement.

Collaboration with the Department of Defense (DoD): OMHS also oversees the collaboration with the Department of Defense and the Specialized Centers of Excellence. In recent years there has been an unprecedented level of collaboration between VA and DoD on mental health issues and care. In order to address the growing population of service members and Veterans with mental health needs, VA and DoD have developed a DoD/VA Integrated Mental Health Strategy (IMHS). The IMHS derives from joint efforts of VA and DoD subject matter experts, as well as recommendations from the 2009 VA-DoD Mental Health Summit. The IMHS centers around a coordinated public health model to improve the access, quality, effectiveness, and efficiency of mental health services for Active Duty service members, National Guard and Reserve Component members, Veterans, and their families. There are 28 Strategic Actions in the IMHS that fall under four strategic goals:

1. Expanding access to behavioral health care in DoD and VA.
2. Ensuring quality and continuity of care across the Departments for service members, Veterans, and their families.

3. Advancing care through community partnership, education, and successful public communication designed to reduce the stigma associated with mental health services.
4. Promoting resilience and building better behavioral health care systems for tomorrow.

Specialized Mental Health Centers of Excellence: Specialized Mental Health Centers of Excellence (MH CoEs), which include the National Center for PTSD (NCPTSD); 10 Mental Illness Research, Education and Clinical Centers (MIRECCs); three specialized Centers created to address the mental health needs of Veterans returning from the wars in Iraq and Afghanistan; and the Center for Integrated Healthcare are essential components of VA's response to meeting the mental health needs of Veterans. All of the MH CoEs have a singular mission: to improve the health and well-being of Veterans through world class, cutting-edge science, education and support of clinical care. Because mental illness is not a single disorder and includes multiple complex conditions that differ considerably in terms of symptoms, causes, prevalence, course, prognosis, and treatment, each Center focuses on a specific mental illness or illnesses across the spectrum of Veteran mental health. The centers are designed to be incubators for new investigators, new clinicians, new methods of treatment, new ways of educating staff and patients, and new ways of delivering care. The MH CoEs not only leverage regional and local VA expertise but also pull in clinical, research and educational expertise from academic affiliates and across other centers, making it possible for a single site to conduct research and educational activities across the spectrum of basic and clinical domains that is necessary to fully address a given disorder. Research by the MH CoEs has had a profound effect on enhancing the understanding and treatment of mental illness in Veterans. The concentrated expertise at each center informs and strengthens clinical care, research, and education tools that are essential to improving Veteran mental health.

Office of Mental Health Operations

As noted in opening, the Office of Mental Health Operations (OMHO) is the operational partner to the Office of Mental Health Services, with particular responsibility to work directly with the VISNs and medical facilities to monitor and support full implementation of policies defining required mental health services in VA. OMHO is divided into three components: clinical care, evaluation, and technical assistance. Clinical care components are covered in some aspects of the narrative above and include direct oversight of the Therapeutic and Supported Employment Services, the National Clozapine Center, and the Veterans Crisis Line. Two core responsibilities for OMHO include responsibility for the ongoing monitoring of mental health programs and services throughout VA (evaluation), and working with VISNs and facilities to ensure that relevant

policy requirements are met and that unnecessary variability between programs is minimized (technical assistance). These two components often overlap and are carefully coordinated within the office. For example, the Technical Assistance component helps to monitor programs through site visits, and the Program Evaluation component provides technical assistance to help VISNs and facilities respond to analytic findings. These two components are described in greater detail below.

Program Evaluation Centers: The Office of Mental Health Operations includes three Program Evaluation Centers that serve its needs as well as those of the Office of Mental Health Services. These include the Northeast Program Evaluation Center (NEPEC) in West Haven, the Program Evaluation Resource Center (PERC) in Palo Alto, and the Serious Mental Illness Treatment Resource and Education Center (SMITREC) in Ann Arbor. Each of the Centers represents a source of expertise in specific aspects of mental health. Briefly, NEPEC has expertise in areas such as inpatient and residential care, mental health rehabilitation, mental health services for homeless Veterans, and ambulatory care in mental health specialty services. PERC has expertise in substance use disorders, including treatment provided in inpatient, residential, intensive outpatient, and general ambulatory settings. SMITREC has expertise in psychosis and depression, suicide prevention, services for the elderly, and the integration of mental health with primary care.

The three Centers collaborated extensively throughout 2011 to develop a Mental Health Dashboard and Report Card, which was completed at the end of 2011, and they continue to work together to update and maintain it as a part of a comprehensive Mental Health Information System. The dashboard provides an overview while the Report Card, greater detail about the performance of each VISN and medical center in three domains: T21 initiatives, overall implementation of the Handbook on Uniform Mental Health Services in VA Medical Centers and Clinics, and the implementation of Handbook requirements in specific program areas. The Program Evaluation Centers are currently working with the Veterans Services Support Center (VSSC) to disseminate this tool. Other components of the Mental Health Information System maintained by the Program Evaluation Centers include a Basic Data Set for Mental Health Programs and Population (under development), designed to provide patient-level data to support program planning in both central office and the field; registries of mental health patient (sub)/populations; directories of specialized mental health programs; recurring reports on specific programs; and periodic issue briefs. Through these activities and products, contributions to technical assistance, and their availability for consultation and the conduct of analyses whenever requested, the Program Evaluation Centers are key resources for VA's mental health programs, both in VA Central Office and the field.

Technical Assistance: The Office of Mental Health Operations (OMHO) provides technical assistance to facilities and VISNs regarding the delivery of quality mental health care to Veterans. Its role is to assist the VHA system with strategic action planning and implementation of policies to improve access to clinical services, integrate and execute new/revised clinical services with other components of the health care organization, and monitor the integrity, quality and value of mental health services. Technical assistance is provided as a collaborative consultative service when facilities or VISNs request or require assistance in specific areas identified as being in need of improvement via the Mental Health Dashboard. OMHO staff review the Dashboard monthly to monitor performance related to the Uniform Mental Health Services Handbook domain areas. The OMHO technical assistance team members are professionally trained consultants and facilitators who work with internal and external experts in mental health services across the spectrum. Examples of technical assistance include data analysis and interpretation, consultation, mentoring, connection with Subject Matter Experts (SMEs) and/or relevant program materials, and training. Technical Assistance can be accomplished through telephone calls, video-teleconference, and/or site visits. OMHO provides technical assistance in conjunction with the OMHO Program Evaluation Centers, Office of Mental Health Services, National PC-MHI Office, National PC-MHI Program Evaluation Office, Office of Geriatric and Extended Care, and other Patient Care Services offices.

National Center for Post-Traumatic Stress Disorder

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$22,639	$15,276	$16,500	$16,664	$16,836	$164	$172

The VA National Center for PTSD is dedicated to the advancement of the clinical care and social welfare of America's Veterans through research, education, and training in the science, diagnosis, and treatment of PTSD and stress-related disorders. The Center was created in response to a Congressional mandate (Public Law 98-528, 98 Stat. 2686 (1984)) to address the needs of Veterans with military-related post-traumatic stress disorder. The mandate called for a center of excellence that would set the agenda for research and education on PTSD without direct responsibility for patient care. The Center also was mandated to serve as a resource center for information about PTSD research and education for VA and other Federal and non-Federal organizations. Convinced that no single VA site could adequately serve this unique mission, VA established the Center as a consortium of 5 divisions. The Center currently consists of 7 sites at VA facilities that are affiliated with academic centers of excellence across the US, with headquarters in White River Junction, VT, and other divisions in Boston, MA;

West Haven, CT; Palo Alto, CA; and Honolulu, HI. The National Center for PTSD is an integral component of the Office of Mental Health Services (OMHS) within Patient Care Services (PCS) in VHA.

VA is committed to support the efforts of the National Center for PTSD. Over its distinguished history, the Center has:

- Developed the Clinician Administered PTSD Scale (CAPS), the gold standard for assessing PTSD, the Patient Care-PTSD, the questionnaire used in VA and Department of Defense (DoD) to screen for PTSD, and the PTSD Checklist, the most widely-used measure of PTSD symptom severity.
- Conducted the first VA Cooperative Study on PTSD, involving 15 national sites.
- Conducted the first study of PTSD treatment for female Veterans and active duty personnel, involving 12 national sites.
- Established the PTSD Resource Center and the PILOTS database, the Center's online database of the Published International Literature on Traumatic Stress.
- Created the leading website on trauma and PTSD, www.ptsd.va.gov.
- Produced the *Iraq War Clinician Guide* to help providers treat returning service members.
- Created the *Psychological First Aid manual,* with the National Child Traumatic Stress Network, to help with mental health needs in the immediate aftermath of a disaster.
- Developed **PTSD 101**, an online curriculum focusing on issues related to warzone stress and PTSD.
- Developed an effective PTSD mentoring program to guide VA treatment nationally so that the most effective treatments and best practices for organizing care are supported throughout the system.
- Implemented the PTSD Consultation Program to provide one-on-one consultation regarding treatment, assessment, clinical management or resource needs to any VA provider treating a patient who has been diagnosed with PTSD.
- Established a PTSD social media presence by launching a Facebook page and by 'tweeting'.
- Created apps for hand held devices in collaboration with DoD's T2; the first of these, "PTSD Coach", launched in 2011.
- Developed interactive online educational modules, including *Understanding PTSD, Understanding PTSD Treatment,* and the *Returning from the War Zone Guides,* that assist Veterans, non-Veterans, and their families.

The National Center strives to serve the needs of Veterans with PTSD through improving patient care. Because the Center is not a clinical program, the strategy for doing so involves the development and dissemination of tools and information for VA clinicians, researchers, administrators, and policy makers. Through this consortium the National Center PTSD has developed state of the art assessment measures and treatments for clinicians to use to diagnose and treat patients with PTSD. Information is efficiently disseminated to clinicians through the Center's website, publications, treatment manuals and assessment tools, nationwide trainings, and the in-person Clinical Training Program. The NCPTSD website also provides information specific to Veterans and their family members and questions are answered both by phone and email.

The National Center also improves patient care indirectly through its strong commitment to basic research. This work has identified abnormalities in behavior, sleep, cognition, memory, physiological reactivity, hormonal regulation, as well as in brain structure and function associated with PTSD. A specialty of the center is translating basic findings into clinically relevant techniques. For example, research showing increased adrenergic activation among Veterans with PTSD has led to clinical trials with anti-adrenergic medications. The center is currently working to identify a biomarker for PTSD that would help in the identification of true cases of the disorder. Such a marker would be very useful for diagnosis, for monitoring treatment response, and for evaluating Veterans seeking service-connected disability status for military-related PTSD.

Non-Recurring Maintenance (NRM) Projects and Leases

	2011	2012		2013	2014	2012-2013	2013-2014
		Budget	Current		Advance	Increase /	Increase /
	Actual	Estimate	Estimate	Estimate	Approp.	Decrease	Decrease
Obligations ($000)							
Non-Recurring Maintenance (Object Class 32)	$1,977,168	$868,800	$868,800	$710,450	$464,660	($158,350)	($245,790)
Leases:							
Operating Leases (Object Class 23)	$363,158	$569,800	$515,500	$559,400	$588,900	$43,900	$29,500
Capital Leases (Object Class 32)	$12,542	$74,000	$15,700	$19,700	$24,700	$4,000	$5,000
Subtotal	$375,700	$643,800	$531,200	$579,100	$613,600	$47,900	$34,500
Total	$2,352,868	$1,512,600	$1,400,000	$1,289,550	$1,078,260	($110,450)	($211,290)

VHA uses its NRM projects to make additions, alterations, and modifications to land, interest in land, buildings, other structures, nonstructural improvements of land, and fixed equipment (when the equipment is acquired under contract and becomes permanently attached to or part of the building or structure). NRM projects are renovations within the existing square footage of a facility with a maximum of $500,000 for costs associated with the expansion of new space, up to $10 million for renovations and no upper limit for pure infrastructure projects.

VHA uses its NRM program as its primary means of addressing its most pressing infrastructure needs as identified by Facility Condition Assessments (FCA). These assessments are performed at each facility every 3 years and highlight a building's most pressing and mission critical repair and maintenance needs. VHA specifically supports research-type projects by ensuring that the Office of Research and Development is involved in the identification of gaps to support the Strategic Capital Investment Planning (SCIP) process. This inclusion ensures a Research focus for mitigation within a 10-year window of identified Research infrastructure deficiencies.

NRM Projects are broken into three categories as defined below.

Sustainment projects

Sustainment is the provision of resources for improvements to facilities to ensure they are in good condition to continue to house the services provided to the Veteran. These projects are primarily within the building's envelope and range from $25,000 to $10,000,000, including costs associated with the expansion of space not to exceed $500,000. Budget formulation is based on the sustainment projects submitted through the SCIP process. It is then compared to the sustainment model, which factors in the facilities' gross square feet, a DoD sustainment cost factor for the type of facility, area cost factors for the variation in local markets, an age factor for buildings older than 50 years old, a historic factor for buildings registered on the national registry, and an inflation factor.

Infrastructure Improvements

These projects improve the infrastructure of the buildings and land beyond sustainment. They include reducing the FCA deficiency backlog, upgrading and replacing infrastructure systems, and demolishing buildings. These projects start at $25,000 and have no upper limit due to their pure infrastructure nature. Budget formulation for these projects is also based on the SCIP process. Additional funding requests tie to VA's targeted percent in reduction of the FCA backlog. The FCA deficiency backlogs for infrastructure include all the infrastructure systems and components that have been given grades of D's and F's by outside consultants. Demolition of buildings is an initiative to remove the vacant and underutilized buildings from our inventory to reinvest operational savings for services to our Veterans.

Clinical Specific Initiatives

These projects provide the necessary flexibility to increase the access and/or provide the necessary accommodations for five high-profile clinical categories that are difficult to plan in the budget cycle. Examples of uses for this funding include: acquisition of temporary buildings immediately upon notification that VA Central Office mandates the hiring of staff; flexibility needed for room retrofit

to install high-tech/high-cost equipment, which has about a 6-month lead time from when the high-tech/high-cost equipment is ordered; and providing a quick response ability for medical centers to create quick access points for special interests, such as women's health during a given fiscal year. The 2012 high-profile categories include women's health, mental health, high-cost/high-tech equipment, polytrauma, and OEF/OIF/OND. This funding allows for the flexibility to support new construction needs to meet the unplanned demands of the high priority VHA programs. Budget formulation is based on current year needs.

Energy/Green Management Program

As discussed earlier in this section on page 8, the projects listed (non-NRM) are funded by the medical facilities account by a separate dedicated office called the Green Management Program (GMP). GMP projects include environmental, energy, and fleet management related activities in support of reducing energy consumption and increasing environmental sustainability. Renewable energy projects are typically funded and managed by the GMP due to their specialized requirements, complexity, and permitting. The GMP also encompasses:

- Green Activity Support: environmental and other related activities in support of green management that do not fall under renewable energy, energy efficiency, and fleet. Green activity support includes, but is not limited to environmental contracting, sustainability, metering, and sustainable building certifications.
- Energy and Water Efficiency: efficiency related activities or studies designed to reduce energy and water consumption. Activities include, but are not limited to environmental assessments and energy/water conservation projects. Vehicle Fleet Management: transportation related management including, but not limited to alternative fuels and petroleum consumption reduction.

Operation Enduring Freedom (OEF)/Operation Iraqi Freedom (OIF)/Operation New Dawn (OND)

		2012			2014	2012-2013	2013-2014
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Advance Approp.	Increase / Decrease	Increase / Decrease
Obligations ($000)	$2,264,078	$2,991,487	$2,769,407	$3,279,147	$3,820,985	$509,740	$541,838
Unique Patients	470,755	536,451	557,138	610,416	654,480	53,278	44,064
Cost Per Patient	$4,809	$5,576	$4,971	$5,372	$5,838	$401	$466

VA is providing medical care to military personnel who served in OEF/OIF/OND. Veterans deployed to combat zones are entitled to 5 years of eligibility for VA health care services following their separation from active duty, even if they are not immediately otherwise eligible to enroll in VA. VA is committed to ensuring a continuum of care for our injured service men and

women and continues to support ongoing efforts to continuously improve this process while providing the necessary care to these returning service members. The Department's outreach network ensures that returning service members receive full information about VA benefits and services. Each medical center and benefits office now has a point of contact assigned to work with returning OEF/OIF/OND Veterans. OEF/OIF/OND patients represent 9.7 percent of the overall VA patients served. Funding above reflects the costs resulting from the Afghanistan troop surge.

Pharmacy

		2012			2014	2012-2013	2013-2014
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Advance Approp.	Increase / Decrease	Increase / Decrease
Obligations ($000)	$5,509,902	$4,837,100	$5,757,931	$6,071,280	$6,389,336	$313,349	$318,056
# of 30-Day Prescriptions (millions)	263	278	274	283	291	9	8

VA's use of medication therapies is a fundamental underpinning of how VA delivers health care today. VA's primary focus is on diagnosis and treatment in an ambulatory environment and home environment basis with institutional care as the modality of last resort.

National Formulary - VA transitioned from individual medical center formularies to VISN formularies in 1996 and established a VA National Formulary in 1997. VA abolished the use of individual medical center formularies in July 2001 and in February 2009, abolished the use of VISN formularies, leaving only the VA National Formulary as the sole drug formulary authorized for use in VA. The VA National Formulary contains national standardization items within selected therapeutic categories and ensures uniform availability of drug therapies across the nation.

Pharmacy Benefits Management (PBM) Services - VA established the PBM in the early 1990s to administer the drug benefit across the VA health care system. Where it is clinically feasible, national standardization contracts are awarded within therapeutic categories that represent the greatest opportunity for enhancing cost-effective drug therapy.

Consolidated Mail Outpatient Pharmacies (CMOP) – VA has automated and consolidated its prescription fulfillment processes. CMOPs significantly improve customer service, reduce potential for errors, and improve efficiency by filling large volumes of prescriptions faster with continually improving technologies that require less staff than would be needed at individual VA medical centers. VA currently operates seven of these facilities across the nation and fills approximately 80% of all prescriptions via the CMOPs.

VA/DoD Pharmaceutical Procurement - VA and DoD continue to convert existing contracts to joint contracts where clinically appropriate.

VA Adverse Drug Event Reporting (VA ADERS) / VAMedSAFE - VA ADERS is a spontaneous web-based reporting system for adverse drug events. These reports are reported directly to the Food and Drug Administration (FDA) and are analyzed for preventable trends. VAMedSAFE provides surveillance and risk reduction for certain classes of medication. Staff works collaboratively with the FDA on surveillance with an emphasis on the safe use of medications in the Veteran population.

VA Mobile Pharmacy - The VA mobile pharmacies provide acute and chronic medications to Veterans and potentially other Americans affected by a natural disaster. The VA mobile pharmacies are capable of connecting via satellite to a CMOP which can then dispense prescriptions for delivery to a central location within the disaster zone.

Pharmacy Clinical Informatics and Re-engineering - The VA Pharmacy Informatics and Re-engineering program provides business owner oversight of pharmacy development activities to improve and transform health care through information technology. The primary initiative is to develop and implement a replacement to the Pharmacy VistA system component of VA's Electronic Health Record. This section is also responsible for management of the VA National Drug File (VANDF). The VANDF provides medications and product information including the VA Formulary for ordering medications and related products, clinical decision support, and inventory for the VA Electronic Health Record system. VANDF information is shared with other government agencies, Department of Defense, Indian Health Services, and the National Library of Medicine.

Prosthetics

		2012			2014	2012-2013	2013-2014
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Advance Approp.	Increase / Decrease	Increase / Decrease
Obligations ($000)	$2,080,628	$2,546,000	$2,330,000	$2,586,000	$2,870,000	$256,000	$284,000

Prosthetic and Sensory Aids Service is an integrated delivery system designed to provide medically prescribed prosthetic and sensory aids, medical devices, assistive aids, repairs and services to eligible disabled Veterans to maximize their independence and enhance their quality of life. Although the term "prosthetic device" may suggest images of artificial limbs, it actually refers to any device that supports or replaces loss of a body part or function and includes a full range of equipment and services for Veterans. This includes but is not limited to, artificial limbs, hearing aids, speech communication aids, home oxygen, orthopedic

footwear, orthopedic braces and supports, cosmetic restorations, breast prostheses, wigs; items that improve accessibility such as ramps and vehicle modifications, wheelchairs and mobility aids; and devices surgically placed in the Veteran, such as stents, joint replacements, and pacemakers. These items are provided from prescription through procurement, delivery, training, replacement, and when necessary, repair.

Readjustment Counseling

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$179,939	$189,000	$189,000	$197,000	$205,000	$8,000	$8,000
Obligations T-21 ($000)	$16,963	$25,000	$25,000	$25,000	$25,000	$0	$0
Total RCS Obligations ($000)	$196,902	$214,000	$214,000	$222,000	$230,000	$8,000	$8,000
Visits (000)	1,377	1,444	1,444	1,508	1,574	64	66
Unique Patients (RCS Only)	70,949	85,353	74,404	77,700	81,104	3,296	3,404
Total Patients*	189,811	224,786	199,055	207,873	216,978	8,818	9,105
Number of Vet Centers	300	300	300	300	300	0	0

*Includes patients seen by RCS only and those seen by RCS and the larger VHA health care system.

This funding is required to provide readjustment counseling services at VA Vet Centers. Vet Centers are community-based counseling centers, within Readjustment Counseling Service (RCS), that provide a wide range of social and psychological services to include: professional readjustment counseling to Veterans who have served in a combat zone, military sexual trauma counseling, bereavement counseling for families who experience an active duty death, substance abuse assessments and referral, medical referral, VBA benefits explanation and referral, and employment counseling. Services are also extended to the family members of eligible Veterans for issues related to military service and the readjustment of those Veterans. Furthermore, this program facilitates community outreach and the brokering of services with community agencies that link Veterans with other needed VA and non-VA services. A core value of the Vet Center program is to promote access to care by helping Veterans and families overcome barriers that impede them from using those services.

RCS is authorized a total of 1,917 FTEE in 300 Vet Centers and 70 Mobile Vet Centers. These Vet Centers are located in all 50 states, American Samoa, the District of Columbia, Guam, and Puerto Rico. In fiscal year (FY) 2011, approximately 40% of all Veterans receiving Vet Center services were not seen at any other VHA facility. Additionally the Secretary authorized a qualified Family and Marriage Counselor at every Vet Center.

To extend the geographical reach of Vet Center services, RCS has implemented initiatives to ensure that Veterans have access to care including the creation of the

outreach specialist position, the Mobile Vet Center program, and the Vet Center Combat Veteran Call Center. Following the onset of the current hostilities in Afghanistan and Iraq, the Vet Center program was authorized to hire 100 OEF/OIF/OND Veteran Outreach Specialists to proactively contact their fellow returning Veterans at military demobilization sites, including National Guard and Reserve locations, and in the community. They also provide training and information to VA staff, other federal agencies, and community agencies regarding both Vet Center services and the OEF/OIF/OND experience. Additionally, they develop and maintain working relationships with a network of service provision agencies and individuals in all areas relevant to returning OEF/OIF/OND service members and their families.

To facilitate access to services for Veterans, RCS has 70 Mobile Vet Centers (MVC) across the country. The placement of the vehicles is designed to cover a national network of designated Veterans Service Areas (VSAs) that collectively cover every county in the continental United States. The MVCs are used to provide early access to returning combat Veterans via outreach to a variety of military and community events and are based within close proximity to major active duty military installations and demobilization sites. The vehicles are also extending Vet Center outreach to more rural communities that are isolated from existing VA services. Other services available through this program can include health care enrollment, preventive care health screenings, and relief effort participation during states of emergency. The vehicles include private counseling space to be used at events where confidentiality is a challenge (i.e., Post Deployment Health Re-Assessment events). The vehicles also have been maximized for multi-use applications by adding portable exam tables and litters that can be configured within the existing private counseling areas to provide the aforementioned health care or disaster relief capabilities respectfully. Each MVC is equipped with a state-of-the-art satellite communications package that includes access to all VA systems (Computerized Patient Record System, MyHealthE Vet), video tele-conferencing/tele-health (fully encrypted), and connectivity to emergency response systems (Emergency Management Strategic Health Care Group).

RCS has also established a national call center where combat Veterans and family members can call at anytime to talk confidentially to combat Veterans or family members of combat Veterans (trained Vet Center counselors) regarding any readjustment issues related to their military service or transition home. This also includes providing information and referral to other VA services and benefits. The Call Center is the product of VA leveraging technology to condense a national system of toll free numbers into a single modern center located in Denver, CO. The Call Center staff has the state of the art capability to provide warm handoffs to both the VA National Crisis Hotline and the Dayton VA Primary Care Triage Hotline when medical care is needed.

With the enactment of the Caregivers and Veterans Omnibus Health Services Act of 2010, Public Law 111-163, the Vet Center program was given the authority to extend services to any current members of the armed forces, including federally-activated members of the National Guard and Reserve, who have served in OEF/OIF/OND. VA is in the regulatory process for this expansion of Vet Center eligibility and expects to extend services in 2012.

Rural Health

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$267,941	$250,000	$250,000	$250,000	$250,000	$0	$0

The mission for the Office of Rural Health (ORH) is to improve access and quality of care for enrolled Veterans residing in geographically rural areas by developing evidence-based policies and innovative practices to support their unique needs. ORH addresses the unique needs of the over 3.4 million enrolled Veterans living in rural and highly rural areas, which make up approximately 41% of all Veteran enrollees. ORH collaborates with a range of stakeholders to conduct studies and analyses and to implement and evaluate innovative pilot projects. Through this data driven and collaborative decision-making process, ORH will translate findings and best practices into policy and facilitate broader execution among established VA program offices.

ORH conducts its work around six core areas of focus – access; quality; workforce; education and training; technology; and collaborations – identifying and implementing initiatives that include: establishing new outreach clinics and rural home-based care; identifying barriers to access and quality of health care delivery in rural and highly rural areas; developing workforce recruitment and retention initiatives; expanding the use of distance learning for VA and non-VA service providers to rural and highly rural Veterans; expanding available training for rural health providers; accelerating and expanding telehealth opportunities; operating the Rural Health Resource Centers to support implementation of innovative pilot projects; and exploring collaborations with federal and non-federal community partners.

The Office of Patient Care Services continues to work with the Office of Rural Health (ORH) in provision of Veteran care. The National Offices of Diagnostics and Women's Health are continuing their relationship with ORH in expanding capabilities to the rural communities with tele-radiology and expansion of care for women Veterans. VHA's Office of Telehealth Services (OTS) is expanding home telehealth and specialty tele-consultation throughout the 21 Veterans

Integrated Service Networks, as part of the Secretary's Telehealth Expansion initiative. Working collaboratively through an interrelated health care planning and service delivery system, Veterans living within rural or highly rural locations will experience an expansion of services to address their needs for access to care. OTS and ORH presently contribute funding to mutually supported clinics and home-based telehealth care services provided in rural and highly rural areas.

Spinal Cord Injury

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)	$508,111	$531,270	$547,200	$583,000	$620,600	$35,800	$37,600
Unique Patients	14,149	15,325	14,395	14,628	14,848	233	220

The mission of Spinal Cord Injury and Disorders (SCI/D) Services is to promote the health, independence, quality of life, and productivity of individuals with spinal cord injury and disorders. This mission is accomplished through the efficient delivery of acute rehabilitation, psychological, social, vocational, medical and surgical care, as well as patient and family education. The mission will be ensured into the future through professional training of residents and students in the care of persons with spinal cord injuries and through focused research endeavors.

Traumatic Brain Injury (TBI) and Polytrauma

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
TBI - All Veterans	$179,910	$298,956	$201,000	$220,000	$246,400	$19,000	$26,400
TBI-OEF/OIF/OND (Included in TBI - All Vets.)	$50,555	$75,751	$58,849	$60,401	$60,560	$1,552	$159

VA estimates the ten-year costs (2013-2022) to be $4.2 billion for TBI-All Veterans and $0.5 billion for TBI-OEF/OIF/OND Veterans.

VA provides world-class medical and rehabilitation services for Veterans with TBI and polytrauma. VA's Polytrauma System of Care (PSC) is an integrated nationwide network of 108 facilities with specialized rehabilitation programs for Veterans and service members with TBI and polytrauma. PSC facilities are organized into a four tier system that ensures access to the appropriate level of rehabilitation services based on the needs of the Veteran. The PSC has 5 regional Polytrauma Rehabilitation Centers (PRC) that serve as hubs for acute medical and rehabilitation care, research, and education; 23 Polytrauma Network Sites (one in each VISN and two additional Sites in VISNs 8 and 17) that provide services and coordinate rehabilitation care within their VISNs; 85 Polytrauma Support Clinic Teams (PSCTs) that provide specialized evaluation, treatment, and community re-integration services; and 41 Polytrauma Points of Contact that facilitate

referrals and access to PSC services. The 5th PRC opened in 2012 at the San Antonio VA medical center, serving as a referral center for the TBI and polytrauma rehabilitation in the South Central region of the country.
The hallmark of TBI and polytrauma rehabilitation in the VA is the interdisciplinary, patient-centered approach to care. This entails designing integrated plans of care that address the Veterans' needs and goals. Other important benefits of VA's PSC include coordinated system-wide care management, patient and family education and training, psychosocial support, and advanced rehabilitation technologies that meet the needs and expectations of this generation of Veterans.

VA continually improves access to specialized rehabilitation services for Veterans with TBI and polytrauma. Programs include:

- Amputation System of Care to provide acute and long-term medical, rehabilitation and prosthetic needs for individuals with amputations;
- Assistive Technology Labs, with the mission to maximize the functional status of Veterans with disabilities through the use of technology;
- Emerging Consciousness Programs, serving Veterans who are slow to recover consciousness after severe brain injuries;
- Transitional Rehabilitation Programs, focusing on promoting independence and community re-integration after injury;
- Telehealth monitoring options for Veterans with mild TBI living in their communities;
- Drivers' Training Programs providing assessments and training for adaptive driving;
- A five-year pilot to provide Assistive Living for Veterans with TBI, executed through contracts with non-VA TBI residential living programs; and
- A TBI Screening and Evaluation for mild TBI for all Veterans of combat operations in Iraq and Afghanistan, upon their initial entry into VA for services. Veterans with positive screening results are offered referral for a comprehensive evaluation with specialty providers who develop an Individualized Rehabilitation and Reintegration Treatment Plan of Care, and a TBI Registry has been created to assist in the long term tracking of patients diagnosed with TBI.

VA also partners with external agencies to ensure that VA adheres to highest standards of care for TBI and polytrauma:

- High quality and effectiveness of VA specialty care programs is ensured through accreditation by the Joint Commission, and by the Commission on

Accreditation of Rehabilitation Facilities (CARF) - an internationally recognized standard of excellence for rehabilitation programs. CARF accreditation is mandatory for all VA inpatient rehabilitation programs, and for all levels of rehabilitation programming at the specialty PRC centers.

- VA, the Department of Education and the National Institutes of Disability and Rehabilitation Research established an interagency agreement to include data for patients treated at VA PRCs in the TBI Model Systems Project, the largest longitudinal TBI database in the country. This collaboration provides technical expertise and assistance to VA and allows VA to benchmark treatment outcomes with those of the 16 TBIMS centers in the private sector.
- VA collaborates with the Centers for Disease Control and Prevention (CDC), National Institutes of Health (NIH), and the Department of Defense (DoD) to: (1) determine how best to improve the collection and dissemination of information on the incidence and prevalence of TBI among persons who were formerly in the military; and (2) recommend ways that CDC, NIH, DoD, and the VA can further collaborate on the development and improvement of TBI diagnostic tools and treatments.
- In collaboration with DoD, the Defense and Veterans Brain Injury Center (DVBIC), and academic medical institutions, VA contributes to advancing medical knowledge in the area of TBI and polytrauma through the development and deployment of clinical practice guidelines, consensus positions and guidance on best practices; devising appropriate medical coding practices; and implementation of an innovative portfolio of basic science and clinical research protocols.

VA continues to develop outreach and communication strategies to inform Veterans and the public about TBI and polytrauma and services available through the VA Polytrauma System of Care. The national campaign launched in September 2011 promotes TBI awareness and provides information regarding VA services for TBI and co-occurring injuries through a variety of web-based and media platforms.

Women Veterans Health Care

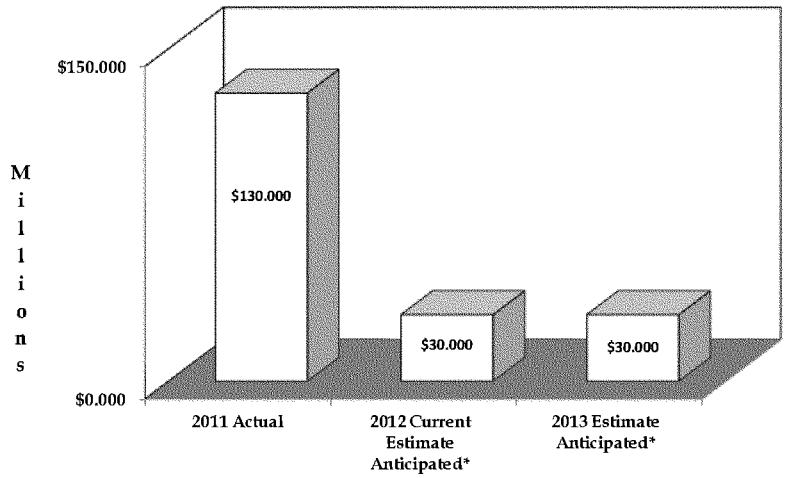
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	2014 Advance Approp.	2012-2013 Increase / Decrease	2013-2014 Increase / Decrease
Obligations ($000)							
Gender-Specific Health Care	$287,475	$270,002	$343,000	$403,000	$465,000	$60,000	$62,000
Total Care	$2,837,852	$3,220,884	$3,138,200	$3,467,400	$3,812,600	$329,200	$345,200
Gender-Specific Unique Patients*	202,758	198,084	231,634	259,066	285,128	27,432	26,062
Women Veterans Total Unique Patients	337,486	359,683	357,003	375,545	393,161	18,542	17,616

*Included in Women Veterans Total Unique Patients.

Women comprise nearly 15 percent of today's active duty military forces and 18 percent of National Guard and Reserves. Correspondingly, women are enrolling for VA health care services at record levels, doubling in the last 10 years. Based on the upward trend of women in all service branches, and the scheduled withdrawal of troops from Afghanistan, the expected number of women Veterans enrolling in VA health care will rise rapidly, and the cost associated with their care will grow accordingly. VA is improving access, services, resources, facilities, and workforce to make health care more accessible, more sensitive to gender-specific needs, and of the highest quality for the women Veterans of today and tomorrow. VA specifically wants to ensure that every eligible woman Veteran receives high-quality comprehensive care, including reproductive health, maternity, gynecology, , mental health, and treatment for all gender-specific conditions and disorders, as well as basic preventive care, acute care, and chronic disease management. Most importantly, deployed women are sustaining injuries similar to their male counterparts, both in severity and complexity. VA is anticipating and preparing not only for the coming increase in the number of women Veterans, but also for the accompanying complexity and longevity of treatment needs they will bring with them. Security for women Veterans is a high priority for VA. We are training providers, improving facilities to meet the needs of women Veterans, and reaching out to inform women Veterans about VA services. VA is redesigning women's health care delivery with models of care that ensure women receive equitable, timely, high-quality primary health care from a single primary care provider and team, thereby decreasing fragmentation and improving quality of care for women Veterans.

DoD-VA Health Care Sharing Incentive Fund

DoD-VA Health Care Sharing Incentive Fund
Budgetary Resources*



*Funding contributions anticipated from VA and Department of Defense.

Program Description

Congress created the Health Care Sharing Incentive Fund, regularly referred to as the Joint Incentive Fund (JIF), between Department of Veterans Affairs (VA) and the Department of Defense (DoD) to encourage development of sharing initiatives at the facility, intra-regional and nationwide level. The JIF program has been very successful in fostering collaboration and new approaches to problem solving that mutually benefits both VA and DoD.

DoD-VA Health Care Sharing Incentive Fund provides a minimum of $30,000,000 for a joint incentive program to enable the Departments to carry out a program to identify and provide incentives to implement creative sharing initiatives at the facility, intra-regional, and nationwide levels. Section 8111(d) of title 38, United States Code requires each Secretary to contribute a minimum of $15,000,000 from the funds appropriated to the Secretary's Department fund. DoD-VA Health Care Sharing Incentive Fund was established effective October 1, 2003. P. L. 111-84, The National Defense Authorization Act for Fiscal Year 2010, section 1706, amended section 8111(d)(3) of title 38, United States Code, to extend the program to September 30, 2015. This is a no-year account.

Program Highlights
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate*	2013 Estimate*	Increase/ Decrease
Transfer from Medical Services	$65,000	$15,000	$15,000	$15,000	$0
Transfer from DoD	$65,000	$15,000	$15,000	$15,000	$0
Budget Authority Total	$130,000	$30,000	$30,000	$30,000	$0
Total Budgetary Resources	$130,000	$30,000	$30,000	$30,000	$0
Obligations	$69,026	$75,000	$79,230	$70,000	($9,230)
FTE	132	127	151	140	(11)

*Anticipated transfers after the Appropriation Bills are signed, VA and DoD will each transfer a minimum of $15 million to this fund as required by Public Law 107-314 which established the program.
*The current 2013 FTE estimate was trended based on anticipated.

Administrative Provision. An administrative provision related to the Department of Defense-Department of Veterans Affairs (DoD/VA) Health Care Sharing Incentive Fund is included in the Budget.

Transfer of Funding to the Department of Defense-Department of Veterans Affairs (DoD-VA) Health Care Sharing Incentive Fund

The administrative provision states that,"Of the amounts available in this title for 'Medical services', 'Medical support and compliance', and 'Medical facilities', a minimum of $15,000,000, shall be transferred to the DoD-VA Health Care Sharing Incentive Fund, as authorized by section 8111(d) of title 38, United States Code, to remain available until expended, for any purpose authorized by section 8111 of title 38, United States Code."

As provided to VA in 2012, VA is requesting transfer authority of a minimum of $15,000,000 from Medical Services, Medical Support and Compliance, and Medical Facilities to the DoD-VA Health Care Sharing Incentive Fund.

The VA-DoD Joint Executive Council delegated the implementation of the fund to the Health Executive Council (HEC). VHA administers the fund under the policy guidance and direction of the HEC, and will execute funding transfers for projects approved by the HEC. The VHA Chief Financial Officer (CFO) will provide periodic status reports of the financial balance of the Fund to the DoD TRICARE Management Activity (TMA) CFO and to the HEC. The JIF program has been very successful in fostering innovative projects and recently approved funding for the following:

72nd Medical Group Tinker AFB/Oklahoma City VAMC *(MRI)*
This is a new proposal to purchase a 1.5T fixed MRI unit, renovate existing space at the Oklahoma City VAMC and hire additional personnel to handle the associated increased workload. This project will expand the capacity of care by approximately 4,000 exams per year, as well as afford the 72nd Medical Group Radiologist support needed to reinstate ultrasound and mammography capability.

341st Medical Group Malmstrom AFB/Montana HCS *(Mobile MRI)*
This project will purchase a mobile MRI unit that would enable the Montana VA Health Care System and 341st Medical Group at Malmstrom AFB to provide state-of-the-art MRI examinations and recapture MRI exams currently being purchased in the Helena, Billings, and Great Falls region.

366th Medical Group Mountain Home AFB/Boise VAMC *(Sleep Lab)*
This proposal will expand the existing 2 bed Sleep Lab at Boise VA Medical Center to 6 beds to serve the ever expanding needs of Veterans and DoD beneficiaries in Idaho. The expanded six-bed unit will meet 100% of the demand for DoD and VA eligible members. The project includes leasing additional space and associated renovation cost of leased space to establish sleep rooms, monitoring stations, storage spaces and furniture.

96th Medical Group Eglin AFB/Gulf Coast HCS *(Pain Management)*
The proposal is to establish comprehensive multi-disciplinary pain management services at the 96th Medical Group (96MDG). Providing this service in-house would enable the 96MDG to jointly recapture most of the private sector care (PSC) beneficiaries for services performed by a fellowship-trained anesthesiologist while improving access, quality and continuity of care.

Darnall AMC/Central Texas HCS *(Sleep Lab)*
This proposal will establish a new sleep study lab in a leased building to meet the ever increasing demand for sleep studies in Central Texas. The lab and clinic will be located in an area identified as being near both facilities which is closer to the location where a majority of sleep study population for both VA and DoD reside as well as being the epicenter for future population growth for these beneficiaries.

60th Medical Group Travis AFB/VA Northern California HCS
(Hematology-Oncology Infusion Center)
This proposal will expand on an existing radiation-oncology program supporting a previous joint initiative to service the needs of both Veterans and DoD beneficiaries. The 60 Medical Group is in the process of renovating space that will result in expanding the existing Infusion Center. This new and state of the art center will need additional staffing to fully utilize the resources.

60th Medical Group Travis AFB/VA Northern California HCS *(Vascular Surgery)*
This proposal seeks to combine the vascular and endovascular services of David Grant Medical Center (DGMC) and VA Northern California HCS (VANCHCS) to offer comprehensive and additive services to address the needs of both DGMC and VANCHCS.

377th Medical Group Kirkland AFB/New Mexico HCS *(Sleep Disorder Center)*
This is a proposal to establish a new Sleep Disorder Center comprised of an 8 bed Sleep Laboratory and clinic unit at the Raymond G. Murphy VA Medical Center. This new center will provide comprehensive management of sleep disorders including nocturnal polysomnogram, Continuous Positive Airway Pressure titration, split night sleep study, and multiple sleep latency testing.

DoD-VA Health Care Sharing Incentive Fund Crosswalk
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate*	2013 Estimate*	Increase/ Decrease
Realign. trans fr. Med. Svcs. To DoD-VA HCSIF	$65,000	$15,000	$15,000	$15,000	$0
Transfer from DoD for DoD VA HCSIF	$65,000	$15,000	$15,000	$15,000	$0
Subtotal	$130,000	$30,000	$30,000	$30,000	$0
Budget Authority	$130,000	$30,000	$30,000	$30,000	$0
Adjustments to Obligations:					
Unobligated Balance (SOY):					
No-Year	$126,103	$81,103	$189,230	$140,000	($49,230)
Unobligated Balance (EOY):					
No-Year	($189,230)	($36,103)	($140,000)	($100,000)	$40,000
Change in Unobligated Balance (Non-Add)	($63,127)	$45,000	$49,230	$40,000	($9,230)
Recovery Prior Year Obligations	$2,153	$0	$0	$0	$0
Obligations	$69,026	$75,000	$79,230	$70,000	($9,230)
Outlays:					
Obligations	$69,026	$75,000	$79,230	$70,000	($9,230)
Obligated Balance (SOY)	$63,537	$86,287	$41,610	$28,340	($13,270)
Obligated Balance (EOY)	($41,610)	($124,037)	($28,340)	($18,340)	$10,000
Recovery Prior Year Obligations	($2,153)	$0	$0	$0	$0
Outlays, Net	$88,800	$37,250	$92,500	$80,000	($12,500)
FTE	132	127	151	140	(11)

*Anticipated transfers after the Appropriation Bills are signed; VA and DoD will each transfer a minimum of $15 million to this fund as required by Public Law 107-314 which established the program.

Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund

Financial Highlights
(dollars in thousands)

Description	2011 Actual 1/	2012 Budget Estimate	2012 Current Estimate 3/	2013 Estimate 3/	Increase/ Decrease
Appropriation, Transfers From:					
Medical Services 2/	$48,479	$172,630	$172,750	$177,673	$4,923
Medical Support & Compliance 2/	$10,087	$24,873	$24,168	$24,857	$689
Medical Facilities 2/	$10,434	$36,577	$37,162	$38,221	$1,059
VA Information Technology 2/	$4,979	$7,586	$6,605	$6,605	$0
FHCC Activity (3/4s of the FY)	$235,032				
Subtotal VA Funding Transfer	$309,011	$241,666	$240,685	$247,356	$6,671
Department of Defense (DoD) 2/	$28,473	$135,630	$135,630	$139,495	$3,865
Funding, Total	$337,484	$377,296	$376,315	$386,851	$10,536
Collections 2/	$4,551	$19,426	$17,638	$18,404	$766
Reimbursements 2/	$1,298	$6,391	$6,391	$6,391	$0
Obligations	$338,172	$403,113	$400,344	$411,646	$11,302
FTE:					
Civilian	1,915	1,882	1,961	1,961	0
DoD Uniformed Military	755	728	724	724	0
Total FTE	2,670	2,610	2,685	2,685	0

1/ The 2011 Actual reflects a full year of activity at North Chicago. A separate account was started on July 1, 2011 for these activities. Clinics for the Captain James A. Lovell Federal Health Care Center (FHCC) opened on December 20, 2010. Accounting for the operations continued throughout 2011. VA started full Joint Facility accounting in the 4th quarter of fiscal year 2011. As a result, the financial highlights table above reflects total FHCC obligations for the period of December through June ($235,032,000) and the remainder of 2011 obligations ($103,140,000) are the total FHCC 4th quarter operations recorded by VA. Total obligations incurred by FHCC were $338,172,000.

2/ 2011 activity under the new account which totals $103.1 million and represents only the 4th quarter activities for VA and is displayed in the President's Budget Appendix.

3/ The 2012 and 2013 estimates are based upon the best available information at the time of the development of the budget. These estimates are subject to revision as operational estimates are refined for the Captain James A. Lovell Federal Health Care Center. These estimates are in compliance with Public Law 111-84 which established the fund.

Program Description

On May 27, 2005, the Veterans Affairs (VA)/Department of Defense (DoD) Health Executive Council signed an agreement to integrate the North Chicago VA Medical Center (NCVAMC) and the Navy Health Clinic Great Lakes (NHCGL). This landmark agreement created an organization composed of all the medical and dental components on both VA and Navy property under the leadership of a VA Senior Executive Service (SES) Medical Center Director and a Navy Captain (O-6) Deputy Director. The FHCC leadership functions in concert with an Interagency Advisory Board and a local Stakeholder Advisory Board. To support the integration of NHCGL and NCVAMC, a $118 million DoD construction project was awarded to construct a new federal ambulatory care clinic and parking facilities co-located with NCVAMC. The project was completed on September 27, 2010, and the first clinics opened on December 20, 2010. The approved Governance Model, with VA as the Lead Partner, relies on an extensive Resource Sharing Agreement (RSA) between the current NCVAMC and NHCGL. This RSA ensures strict adherence to the title 38 requirement that one entity may not endanger the mission of the other entity engaged in a RSA.

The Captain James A. Lovell Federal Health Care Center (FHCC) will use a single unified budget to operate the integrated facility and execute funding using the VA Financial Management System (FMS). An account under the Department of Veterans Affairs, "Joint Department of Defense - Department of Veterans Affairs Medical Facility Demonstration Fund" (referred to as the "Fund"), is now active. The FHCC will use historical execution as a baseline for DoD's/Bureau of Medicine and Surgery (BUMED's) and VA's funding contribution until a reconciliation process is fully operational. Once validated by VA, DoD, and BUMED, but no later than fiscal year 2014, the reconciliation model will be used as the basis for preparation of future budgets once approved by the Chief Financial Officers of the VA, Health Affairs, and the Bureau of Medicine and Surgery (DoD Component).

A reconciliation methodology will be used to determine each Department's resource consumption at the FHCC. The methodology uses cost, workload, and the consumption of resources by each Department's beneficiaries to determine the FHCC expenses which can be attributed to each Department providing health care at the FHCC. A reconciliation process is needed to analyze and evaluate each Department's resource consumption to monitor budget contributions and workload to the FHCC for DoD and VA. The reconciliation methodology will use agreed upon full costing methods and execution data to determine the costs attributable to each Department. The reconciliation methodology will use industry standard measurements such as Relative Value Units (RVUs) and Relative Weighted Products (RWPs) for the determinations of values to be compared to VA's Decision Support System (DSS) full costs. Both Departments

will continue to work together to determine an equitable reconciliation process and ensure respective Department financial controls are implemented.

The Secretary of Defense, in consultation with the Secretary of the Navy, and the Secretary of Veterans Affairs shall jointly provide for an annual independent review of the Fund for at least three years after the date of the enactment of this Act. Such review shall include detailed statements of the uses of the Fund and an evaluation of the adequacy of the proportional share contributed to the Fund by the Secretary of Defense and the Secretary of Veterans Affairs.

The authorities to use this Fund shall terminate on September 30, 2015.

At the onset of 2011, Congress did not give Veterans Affairs (VA) or the Department of Defense (DoD) authorization to utilize the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund until April 16, 2011 in P.L. 112-110. Both VA and DoD elected to begin using the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund beginning July 1, 2011.

Administrative Provisions
VA is proposing the following administrative provisions in accordance with Public Law 111-84, NDAA FY 2010:

> Sec. 221. Of the amounts appropriated to the Department of Veterans Affairs for fiscal year 2013 for ``Medical services'', ``Medical support and compliance'', ``Medical facilities'', ``Construction, minor projects'', and ``Information technology systems'', up to $247,356,000, plus reimbursements, may be transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 3571) and may be used for operation of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 122 Stat. 4500): Provided, That additional funds may be transferred from accounts designated in this section to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund upon written notification by the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress.

Sec. 222. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, for health care provided at facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 122 Stat. 4500) shall also be available: (1) for transfer to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 3571); and (2) for operations of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 122 Stat. 4500).

The above administrative provisions are necessary for the following reasons:

The first provision (Sec. 221) is required to permit the transfer of funds from specific VA appropriations for the purpose of transferring the funding to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund. Public Law 111-84, the National Defense Authorization Act for Fiscal Year 2010, section 1704, established the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund. Section 1704(a)(2)(A) and (B) specify that the Funds will consist of amounts transferred from amounts authorized and appropriated for the DoD and VA specifically for the purpose of providing resources for this Fund.

Each department will contribute funding to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund established by section 1704 of Public Law 111-84, the National Defense Authorization Act of Fiscal Year 2010.

The VA's 2013 budget request includes funding to be appropriated and transferred to the Fund within the appropriations request for Medical Services, Medical Support and Compliance, Medical Facilities, and Information Technology Systems.

Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, for health care provided at the Captain James A. Lovell Federal Health Care Center may be transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of title XVII of division A of Public Law 111-84, and shall be available to fund operations

of the integrated Captain James A. Lovell Federal Health Care Center, consisting of the North Chicago Veteran Affairs Medical Center, and Navy Ambulatory Care Center, and supporting facilities designated as a combined Federal medical facility as described by section 1706 of Pub. L. No. 110–417.

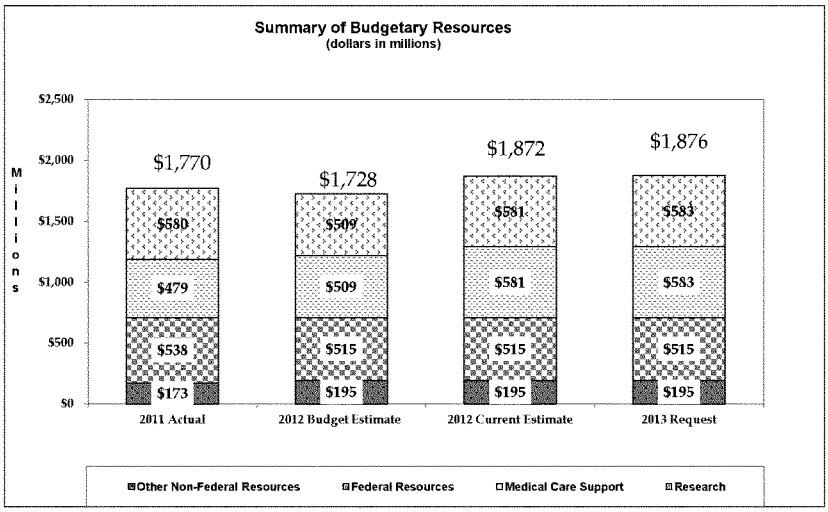
The second provision (Sec. 222) will permit the transfer of funds from the Medical Care Collections Fund to the Fund. Public Law 111-84, the National Defense Authorization Act for Fiscal Year 2010, section 1704, established the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund.

Section 1704 allows VA and DoD to deposit medical care collections to this Fund. Section 1704(b)(2) specifies that the availability of funds transferred to the Fund under subsection (a)(2)(C) shall be subject to the provisions of 1729A of title 38, United States Code. Title 38, United States Code, section 1729A(e), requires that: (e) Amounts recovered or collected under the provisions of law referred to in subsection (b) shall be treated for the purposes of sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901, 902) as offsets to discretionary appropriations (rather than as offsets to direct spending) to the extent that such amounts are **made available for expenditure in appropriations Acts** for the purposes specified in subsection (c) (emphasis added).

To treat the collections as offsets to discretionary appropriations, language is needed in the appropriations act regarding the authority to use collections to pay for the expenses of furnishing health care at the Captain James A. Lovell Federal Health Care Center located in North Chicago, Illinois.

Medical and Prosthetic Research

Leading 21st Century Medical Research



Appropriation Language

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by chapter 73 of title 38, United States Code, [$581,000,000] *$582,674,000, plus reimbursements, shall remain available until September 30,* [2013]*2014.*

Executive Summary

The VA Research and Development (R&D) program plays a key role in advancing the health and care of Veterans and is uniquely positioned to lead a national transformation of American health care. As part of the largest integrated health care system in the United States, VA research draws upon engaged patients and families, committed clinician-scientists, and an unparalleled national health care delivery infrastructure. These resources provide a rich base for VA to deliver the best health care and develop cutting edge medical treatments for Veterans, their families, and the country. Covering a spectrum of topics from pre-clinical to health services research, the VA research program discovers ways to make health

care better for Veterans and the nation as a whole. Through VA's focused mission to advance health care for Veterans, VA research can serve as a 21st Century model for how American medicine can be transformed through scientific inquiry and innovative thought, leading to evidence-based treatments that effectively improve Veterans' health.

To fulfill the commitment to provide superior health care to our Veterans and their beneficiaries, VA is requesting $583 million in direct appropriations in 2013, an increase of $1.7 million, or 0.3%, above 2012. Additional program resources are estimated at $1.3 billion and consist of private and federal grants, including the National Institutes of Health (NIH), Department of Defense (DoD), and Centers for Disease Control and Prevention (CDC). VA estimates total resources will reach $1.9 billion in 2013. The estimated direct research program employment level is 3,526 full-time equivalents (FTE), with all VA researchers being VA employees. The Budget request and table below reflects the civilian pay increase for 2013 of 0.5 percent. It is estimated that VA R&D will support 2,209 projects during 2013. The majority of funds appropriated for 2012/2013 are expected to be expended in 2012. In 2013 VA will spend the remaining $45 million in estimated carryover funds, as many of our projects span multiple years. Projects will support fundamentally new directions for VA research, focused specifically on supporting VHA's development of New Models of Care, improving social reintegration following traumatic brain injury, reducing suicide, evaluating the effectiveness of complementary and alternative medicine, developing blood tests to assist in the diagnosis of post-traumatic stress disorder and mild traumatic brain injury, and advancing genomic medicine in VA through the use of the new technology. Funding for these projects will be achieved by reducing efforts in areas in which other federal agencies are making substantial efforts.

Pain Initiative

There is a high prevalence of chronic pain in Veterans returning from Iraq and Afghanistan, with up to 58 percent of returning Veterans suffering from pain in either the back or head. In this population, as well as in Veterans of earlier eras, current approaches to treatment of pain often do not result in complete relief, nor return to normal function. VA is committed to expanding research into this area, building upon a strong base of preclinical and clinical investigation that has already begun within the department.

Appropriation Highlights - Medical and Prosthetic Research
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Appropriation	$579,838	$508,774	$581,000	$582,674	$1,674
Obligations	$648,608	$583,774	$642,819	$627,674	($15,145)
Average Employment	3,526	3,220	3,526	3,526	0
Employment Distribntion					
Direct FTE	3,045	2,739	3,045	3,045	0
Reimbursable FTE	481	481	481	481	0
Total	3,526	3,220	3,526	3,526	0

Net Change
Medical and Prosthetic Research
2013 Summary of Resource Requirements
(dollars in thousands)

Description	Budget Authority
2012 Enacted Level	$581,000
2013 Request:	
Pay Raise (0.5%)	$809
Other Personnel Cost & Benefit Increases (1.1%)	$1,278
Other Costs	($10,135)
Inflation - Biomedical Research and Development Price Index (3.1%)	$7,722
Subtotal	($326)
2013 Total Current Services	$580,674
Pain Initiative	$2,000
2013 Total Budget Authority Request	$582,674

Veterans Continuing to Serve through Research: Sacrificing for their Country and Caring for their Comrades

The goal of the VA Research and Development (R&D) program is to improve the health and quality of life for Veterans. Where research leads, health care follows. But research is a team effort that depends on multiple participants including researchers, Americans who pay the financial costs and, the most important

participant, the Veterans, who pay the costs in many other ways. Veterans make enormous sacrifices to serve our country, giving up time with their families, careers, their health and even putting their lives at stake. Yet even after their official service to the country has concluded, Veterans continue to give back by volunteering for medical research in hopes that the next generation of Veterans will benefit from their contribution. Without Veterans, none of this would be possible.

VA honors this gift and sacred sacrifice by ensuring that our research is relevant to Veterans and is aggressively focused on its mission of providing the best care possible. Research in post deployment health examines issues that relate to deployment such as traumatic brain injury (TBI) as the signature injury from Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn (OEF/OIF/OND) era, biological and mechanical prosthetics and other rehabilitative strategies for combat injuries, and PTSD as a result of combat exposures from all theatres. Tinnitus, or ringing in the ear, is one of the top disabilities reported by Veterans across all deployments and can be due to causes ranging from exposure to loud noises to TBI. Other post-deployment issues include military sexual trauma and homelessness. But VA cares for Veterans throughout their life which means we have to be prepared to better care for issues related to aging and chronic disease. Obesity, diabetes, heart disease and cancer affect Veterans of all ages and are a growing problem for all Americans.

VA Research and Development honors the partnership with Veterans in research by ensuring that their health information and personal privacy remain secure. One hallmark program that demonstrates this is the Million Veteran Program (MVP), in which Veterans can choose to donate blood for DNA, complete a survey and agree to allow de-identified access to their electronic health records. The samples and information will then be anonymized and made available to researchers for a variety of research projects for many years to come. This program captures the willingness of Veterans to give back to this generation and to the next. No other program can match the power of the VA to marry genetic information with long-term electronic medical records. The discoveries made possible by this resource will transform how health care is delivered.

The following table summarizes Research and Development Program Funding for selected OEF/OIF/OND, Prosthetics, Gulf War Veterans and Women's Health programs.

Research and Development Program Funding
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
OEF/OIF/OND					
Pain	$11,961	$10,531	$11,961	$13,961	$2,000
Post deployment Mental Health	$41,143	$39,203	$41,143	$46,043	$4,900
Sensory Loss	$23,731	$23,076	$23,731	$23,166	($565)
Spinal Cord Injury	$30,204	$32,870	$30,204	$29,486	($718)
Traumatic Brain Injury and Other Neurotrauma	$21,464	$18,528	$24,464	$28,564	$4,100
Prosthetics	$17,393	$11,674	$17,393	$17,393	$0
Women's Health	$10,654	$11,935	$11,935	$11,935	$0
Gulf War Veterans Illness	$4,980	$15,013	$4,980	$4,862	($118)

Research Highlight: The Million Veteran Program (MVP), A Partnership with Veterans

MVP is a national, voluntary research program to better understand how genes, lifestyle and military exposures affect health. Genetic information from Veteran volunteers is linked to information from VA's electronic health records and self-reported surveys. The long-term goal of the program is to understand the relationship between genes, environment, and health, and use this research information to improve healthcare for Veterans.

Veterans who are users of the VA healthcare system will be invited by mail to join MVP. If interested in participating, the Veteran fills out and mails a short survey of questions related to their health, military service, and family history. They then go to a scheduled, one-time research study visit at their local VA Medical Center (VAMC), where they complete the informed consent process, have a chance to have their questions answered, and provide a small blood sample. They also receive a longer, optional survey that contains detailed questions about their military exposures and lifestyle. Additionally, Veterans are able to enroll into MVP as a walk-in participant at their local VAMC or can receive enrollment information by calling the MVP information center.

Blood samples are stored in a secure, state-of-the-art VA biorepository at one of VA's Medical Centers. All samples and health data are stored with a code instead of name, address, social security number, or birth date, and researchers who are approved to analyze samples will not be able to link the code to a particular Veteran. Only a few authorized MVP staff have access to the key for the code, which will be kept in a secure VA location.

In 2010, the MVP protocol was submitted to the VA Central Institutional Review Board (IRB) and approved. The nine Vanguard sites for the pilot phase were selected and trained for good clinical practice and MVP operational procedures. In 2011, the pilot phase of MVP was launched at the nine Vanguard sites to optimize the logistics of recruitment and enrollment. National roll-out of MVP was launched on May 5th in conjunction with VA Research Week, 2011. By the end of 2011, 28 VAMC's were enrolling participants. The goal is to have 50 large VA hospitals enrolling by early 2013. Thousands of Veterans have been recruited and over half of those have completed a study visit.

By the end of 2012, the projected enrollment goal is to be at least 50,000 participants. To ensure that every Veteran has an opportunity to participate in MVP, and to meet our recruitment goals, we will explore and expand to additional avenues of recruitment.

In 2013, MVP will finish its nationwide rollout to 50 sites, and will enroll at least another 100,000 participants, for a total of at least 150,000. Expansion of the Boston VAMC biorepository will be completed, with space for 4 million samples. Research proposals will be reviewed and samples and data will be released to approved VA researchers to study genetic variations that are associated with particular health issues. In 2014, we expect to reach a steady state enrollment of 200,000. Budgetary estimates for MVP are as follows:

Million Veteran Program (MVP) Budget
(dollars in thousands)

	2010 Actual	2011 Actual	2012 Current Estimate	2013 Budget Estimate
MVP enrollment, sample collection and research	$645	$12,286	$19,889	$27,110

MVP is a transformational initiative because it will create the largest genomic and health database in the United States that will revolutionize the way research is conducted. Research from projects utilizing MVP samples and data may help identify genetic basis for complex disease, inform clinicians what treatments may work better for different patients, and help identify those Veterans with increased risk for specific diseases based on their genetic profiles. Pilot studies that for the first time use whole genome sequencing to identify disease pathways and potential therapeutic targets in such diseases as Gulf War Veterans Illness

amyotrophic lateral sclerosis and PTSD are in planning and will begin by early FY 2013.

Special Initiative in 2013 – Researching Pain
Many Veterans from OEF/OIF/OND have experienced blasts in the battlefield resulting in a vast number of injuries, many of which are still not yet fully understood. Injuries from blasts are very broad and are often painful and difficult to manage. Although pain is a large issue in any health care system, VA has a unique challenge of addressing pain among Veterans who suffer from unique injuries as a result of combat. This initiative will help VA seek new and innovative ways to research pain and its management. This could also include managing pain for a range of sensory system issues such as hearing, tinnitus and visual disorders, as well as aspects of pain as they relate to many other injuries from OEF/OIF/OND where few fully effective treatments exist. The research will augment and expand upon existing programs and allow investigators with Veteran-centric, novel research plans to join the VA system as developing and established investigators.

VA's research program request for an additional $2 million in funds for 2013 is to maintain robustness of the core programs and pursue essential initiatives that lead to new discoveries and address the health care needs of OEF/OIF/OND Veterans. With this additional funding, we will be able to encourage new research in this area and fund more research ideas waiting to be explored. This research initiative will help Veterans receive better care and facilitate VA in its transformation to a 21st Century VA health care system.

Medical and Prosthetic Research Program Description
One major advantage of VA's research program is that it is an intramural program where clinical care and research occur together under one roof. VA researchers serve as the lead on research projects we fund, but often collaborate with universities and other federal agencies. This allows VA to translate discoveries directly to the care of its Veterans, a system that is unique and highly effective.

VA further honors Veterans' participation in research by ensuring that our research is of the best quality. Peer review by a panel of experts, many from outside the VA, identifies the most-promising projects for funding. VA also has an active technology transfer program to license discoveries and make them quickly available to Veterans. VA's Office of Research and Development (ORD) administrative structure consists of four main divisions:

Biomedical Laboratory (BLR&D): Supports preclinical research to understand life processes from the molecular, genomic, and physiological level in regard to diseases affecting Veterans.

Clinical Science (CSR&D): Administers investigations, including human subject research, to determine feasibility or effectiveness of new treatments (e.g., drugs, therapy or devices) in small clinical trials or multi-site studies under the Cooperative Studies Program (CSP), aimed at learning more about the causes of disease and providing the evidence base for more effective clinical care.

Health Services (HSR&D): Supports studies to identify and promote effective and efficient strategies to improve the organization, cost-effectiveness, and delivery of quality health care to Veterans.

Rehabilitation (RR&D): Develops novel approaches to restore Veterans with traumatic amputation, central nervous system injuries, loss of sight or hearing, or other physical and cognitive impairments to full and productive lives.

These four services employ some of the best scientific program managers to organize peer review sessions, manage research applications and many other functions to ensure VA is pursuing the most needed and most effective research.

Post Deployment Health

Veterans make many significant sacrifices for our nation and those often include sacrificing their physical and mental health. VA is dedicated to doing all it can to create the best life possible for them when they return home. Developing better prosthetics for amputees, more effective ways to address mental health and traumatic brain injury (TBI) and finding hope of repairing spinal cord injuries are just a few areas VA is vigorously pursuing to provide this better life for Veterans.

Mental Health

The understanding and treatment of mental health conditions affecting Veterans is one of VA's top priorities. Mental health issues for Veterans can be unique and range from post-deployment issues such as Post Traumatic Stress Disorder (PTSD) to substance abuse and overall mental health issue like schizophrenia or mood disorders. Unique to VA research is the great number of mental health professionals such as psychologists and psychiatrists simultaneously conducting research while supporting patient care. Mental health research at VA is conducted in biomedical settings, through nationwide clinical trials, and by doing data analysis.

A VA clinical trial in recent years provided the evidence base for exposure-based cognitive therapy as effective for PTSD in Veterans. Subsequently, the VA healthcare rolled-out a training and implementation plan to provide this treatment for Veterans with PTSD. While highly lauded as an important treatment, VA clinicians have continued to push to even improve upon this through further research to provide the best care more efficiently. This will mean determining whether individual and group sessions are equivalently effective, investigating if treatment modules can be modified to shorten treatment, and which components might be particularly well received by subgroups. Another important research component is how treatment for PTSD can be influenced by other disorders such as substance abuse, depression, etc.

A recent study on smoking cessation and mental health therapy for PTSD showed that integrating smoking cessation services into mental health care was more effective than providing treatment in distinct clinics. The study also showed that PTSD symptoms did not worsen when individuals successfully quit smoking. Long term benefits of this study will positively impact how smoking cessation treatment is provided, and may extend to other mental health conditions where smoking is prevalent such as schizophrenia. Results will benefit healthcare overall in reducing smoking-related disease and deaths.

In addition to clinical trials, VA Research supports and will continue to support a range of studies directed towards obtaining a comprehensive understanding of mental health following deployments. There will be specific focus on Veterans from the Vietnam, Gulf War and OEF/OIF/OND eras. Additionally, a new effort towards understanding healthcare status of women Vietnam Veterans will be underway in 2013, providing a critical piece to VA's mental health research program. These studies will define current and future mental and physical healthcare needs for Vietnam Veterans, as well as insight for other deployments. Keenly interested in improving the conclusions from cohort studies, VA scientists have prospectively collected baseline pre-deployment data important for post-deployment comparisons. This is being done under a study called The Marine Resiliency Study, and will continue to collect multiple waves of data following deployment. The Marine Resiliency Study has multiple time points for data collection following a cohort of Marines, with the added dimension of physiological measurements. These studies will provide crucial information into understanding deployment-related mental health issues for OEF/OIF/OND Veterans. Long term studies, which are critical to VA's research mental health portfolio include:

- National Vietnam Veterans Longitudinal Study (NVVLS)
- Vietnam Era Twins Registry (CSP 569)
- Long-term Health Outcomes of Women During the Vietnam Era (CSP 579)

- Marine Resiliency Study – Pre- and Post-deployment in Veterans of Current Conflicts
- Neuropsychological and Mental Outcomes of OIF Vets: A Longitudinal Cohort Study – Pre- and Post-deployment

The contribution of VA Research to PTSD is summarized in the Government Accountability Office (GAO) audit (2010), showing millions of dollars spent on the scientific efforts to advance prevention and treatment of PTSD, with yearly increases so important to continuing responsiveness to this need.

As well as deployment-related mental health research, other examples of studies VA will continue to pursue include:

- Pharmacologic decision making underlying antidepressant treatment
- Genetic basis of schizophrenia and bipolar disorder
- Caregiving support in dementia
- Addressing barriers to mental health treatment
- Treatment approaches utilizing Telemental health
- Reducing depression in Hepatitis C patients
- Monitoring effects of antipsychotics
- Improving depression management through peer support
- Access to treatment and outcomes for substance abuse disorders
- Neuroimaging to understand cognitive and emotional changes in mental health disorders or damage following TBI
- Cognitive training in schizophrenia
- Objective assessment of the efficacy of various meditative techniques for assisting in the treatment of PTSD.

The Cooperative Studies Program is investigating the feasibility of a clinical trial or epidemiologic study to assess the effectiveness of pharmacologic intervention to prevent suicide. This represents a major new initiative that may expand the evidence base for providing effective and personalized intervention to those who suffer from mental illness. In addition, VA will be undertaking early research aimed at developing new drugs for treating established PTSD. And working with the Department of Defense to develop biomarkers for assisting in the diagnosis of PTSD and the assessment of treatment response.

This comprehensive approach will breed long-term, continuing benefits. The research highlighted here, together with the entire VA mental health research portfolio, will benefit Veterans' lives now and into the future.

Gulf War Veterans' Illnesses and Exposures Research
VA plans to strengthen its already robust Gulf War program. In 2013 we will be creating and using research infrastructure in support of a range of epidemiologic and clinical studies. Work will include initial analysis of data from the Million Veteran Program for relationships between reported illnesses and genetic variations, and will include creation of a better-characterized cohort of Veterans who were deployed to the Gulf during the conflict. Work will continue to build on ongoing neurophysiologic and neuroimaging investigations using diverse methods like functional magnetic resonance imaging and magnetoencephalography, pursuing the goals of VA's Gulf War research strategic plan.

Prosthetics
VA supports a wide array of research in engineering and technology to improve the lives of Veterans with disabilities. This includes research on "mechanical prosthetics" to replace an amputated limb, across the spectrum to "neural prostheses." Neural prostheses are an exciting technology which involves delivering small amounts of electrical stimulation to the nervous system. For example, one type of neural prosthesis allows Veterans with paralyzed legs to stand and take steps. There are many types of neural prostheses and they are not limited to just walking. VA works diligently to ensure that the prosthetics research portfolio is aligned with the needs of our Veterans and that whenever possible, successful outcomes of research result in products available to Veterans.

VA's rehabilitation portfolio includes several centers of excellence, which provide the environments for investigators to collaborate and mentor other young scientists in rehabilitation-relevant disciplines. The centers are organized around specific areas of investigation critical to the rehabilitation of Veterans with disabilities. Within the centers, research is being carried out on a number of cutting edge technologies such as: advanced wheelchair designs; regenerative medicine to re-grow vital nerve connections and body tissues; limb loss prevention and the creation of advanced prosthetic limbs powered by batteries and controlled by computer microprocessors, with the ultimate goal of direct control of the prosthetic device by the patient's own brain; stroke and traumatic brain injury repair and rehabilitation; and spinal cord injury and its medical complications.

One of VA's most advanced prosthetics projects is a study testing one of two high-tech prosthetic arms being developed for the Department of Defense's Defense Advanced Research Projects Agency (DARPA). VA is a primary transition partner with DARPA and recently concluded a clinical trial and optimization study on the arm being developed by DEKA Integrated Solutions to inform its development. Twenty-six research subjects, including Veterans, Active

Duty Service Members, and Civilians participated in this study. VA is now in the planning stages for additional follow-on studies in upper extremity prosthetics, particularly take-home trials, pending commercial availability of arms. VA is also examining the possibility of transitioning these advanced prosthetics arms to additional applications, such as mounting on wheelchairs for Veterans with high-level spinal cord injuries, enabling the Veteran to control the arms to increase independence in activities of daily living.

One of VA's most exciting and newest research developments in prosthetics is to attempt to control prosthetic arms through signals recorded directly from the human brain. The technology, called BrainGate, uses a tiny sensor implanted in the motor cortex, the part of the brain that controls movement. The sensor, about the size of Lincoln's head on a penny, has 100 hair-thin electrodes that pick up brain signals. The signals are sent to an external decoder that turns them into commands for electronic or robotic devices. Great strides have been made over the past decade, and VA researchers have completed proof of concept studies.

VA's prosthetics research will continue to develop new and inventive technologies, while always striving to move prototypes coming out of research laboratories into manufacture and commercial distribution. The VA has a long tradition of bringing innovation from the laboratory to the Veteran.

Traumatic Brain Injury (TBI)
Veterans wounded in OEF, OIF, and OND are surviving in greater numbers than previous conflicts due to advances in body armor, battlefield medicine, and medical evacuation transport. As a result, more Veterans are living with the disabling injuries, including the often lifelong effects of TBI. VA is at the forefront in improving functional recovery and quality of life for returning Veterans with TBI in many areas, with highlights including:

- Neuro-diagnostics—VA supports a range of imaging research in technologies such as magnetic resonance imaging (MRI), diffusion tensor imaging (DTI) and biomarkers. The goals of this research are to: 1) better "map" the brain changes associated with long-term TBI, 2) develop effective evidence-based rehabilitation strategies to improve the quality of life of our Veterans with TBI, 3) define the nature of blast-related TBI, and 4) track actual improvements in brain function associated with the intervention. In FY 2013 VA plans to undertake new work, cooperatively with the Department of Defense. to develop biomarkers for diagnosis of mild TBI and assessing treatment response.
- Co-morbidities—VA recognizes that deployment-related TBI is not a singular injury. The TBI results from polytrauma and/or the TBI can be

the cause of sensorimotor impairments, pain, and psychological health issues. New VA research is focusing on how to develop novel therapies to treat these co-morbidities to improve rehabilitation and re-integration into the community, as well as to reduce the chances for substance abuse. Some of these therapies include:

  - Improving access to mental health services by using a web-based delivery system for those with TBI
  - Treating TBI-related hearing loss by using frequency modulation and training induced neuroplasticity
  - Utilizing acupuncture to treat common TBI co-morbidities such as PTSD and insomnia
  - Developing Telehealth protocols to treat TBI-related tinnitus
  - Conducting a computer-based therapy trial to improve visual loss

- Neuro-rehabilitation – VA is developing novel therapies to restore brain function. VA research is investigating TBI therapies at multiple levels, such as improving rehabilitation by treating endocrine dysfunction, using cognitive based training that employs principles of neuroscience, and the virtual expansion of VA rehabilitation centers through utilizing the latest technology in telemedicine.
- In FY 2013 VA will undertake new research activities aimed at improving Veteran's social reintegration after TBI, aimed at enabling Veterans who have suffered brain injuries to live normal lives and contribute to family and community life as fully as they have contributed to their military units while on active duty. Efforts to develop new techniques for assisting social reintegration will be complemented by research aimed at effectively implementing the results from research in health care delivery throughout VA, in the context of VA efforts to implement New Models of Care using Patient-Aligned Care Teams.

In planning for the future, VA supports a career development program for early stage investigators that will further develop our portfolio in rehabilitation of Veterans who have disabilities caused by TBI. Young VA scientists are being mentored in such groundbreaking areas as new neuro-diagnostic techniques, the relationship of TBI to PTSD, and clinical strategies to enhance neuro-rehabilitation that will lead to maximum recovery of function and community re-integration.

Spinal Cord Injury (SCI)

Restoring the general health and independence of Veterans with SCI has been a difficult area of science yet is of paramount importance. VA's SCI portfolio focuses on two types of researches: 1) improving quality of life and 2) how to repair the injured spinal cord and restore function. Many Veterans have been living with an SCI for many years, and increasing the quality of life for these

individuals is a prime goal in our SCI research. In the longer term, VA is studying and developing novel therapies to facilitate and augment the natural spinal cord repair process while preventing long-term consequences of living with SCI.

One very promising area of SCI research is being pursued through our Spinal Cord Injury Consortium. This consortium consists of two research teams dedicated to the development of novel therapies to repair spinal cord damage through complementary projects including:

- *Combination Therapy.* Researchers are testing a combination of cell, growth factor and drug therapy in animal models of spinal cord injury. The focus of this study is to restore function to the limbs following injury. Results from animal studies are encouraging, demonstrating both anatomical (growth of nerve fibers) and behavioral recovery.
- *Demyelination.* Despite the encouraging results from prospective therapies (including the combination therapy), the regenerated nerve fibers lack the insulation (myelin) needed for effective transmission of nerve impulses. To overcome this deficit, investigators are examining the ability of certain cells to myelinate damaged and regenerated fibers, thus enhancing recovery of function.

These ongoing research projects may one day provide major breakthroughs for Veterans suffering with SCI, even those who have had the condition for many years.

VA's Center for Excellence, Medical Consequences of SCI is another example of how VA is devoted to the treatment and prevention of secondary consequences of SCI including:

- *Cardiovascular and Autonomic Dysfunction.* The human body has many functions that happen without us consciously making the decision to do so. This is called autonomic regulation. Individuals who have an SCI often lack autonomic regulation of the cardiovascular system and this can lead to fluctuations in blood pressure. At present, there is no way to document the degree of severity of autonomic dysfunction following SCI. For this research, VA will document the degree of autonomic impairment to validate a novel Autonomic Impairment Classification for SCI which will help clinicians diagnose affected individuals.
- *Gastrointestinal Program.* VA researchers examining individuals with SCI suffering from difficulties with their bowels have developed new methods to safely promote bowel care. Currently effective drugs such as neostigmine and glycopyrrolate are applied either intravenously or intramuscularly, but Center clinicians have developed an intranasal spray

making drug administration practical and easy to use while increasing the quality of life of individuals living with SCI.

Another area of great hope is at VA's Cleveland Functional Electrical Stimulation (FES) Center. The Center, with its affiliates, is improving the quality of life of individuals with SCI through the use of FES, which sends electrical impulses to affected nerve or muscle to stimulate the return of function. Applications include the restoration of cough, control of bladder and bowel function, standing, walking and limb movement. FES can be used to exercise muscles for greater strength and tone and to improve circulation. Further research in this area will expand on this foundation.

The progress VA researchers are making in these complementary areas of study of SCI not only increase the quality of life but also provide hope in the long term for more permanent recovery of function for individuals with SCI.

Hearing Loss

Hearing loss affects some 28 million Americans and is the number one service-connected disability in the VA health care system. VA researchers, engineers, and clinicians are studying ways to prevent, diagnose, and treat hearing loss, and are addressing a wide range of technological, medical, rehabilitative, and social issues associated with hearing loss.

VA has established a designated Center of Excellence for these issues, the National Center for Rehabilitative Auditory Research (NCRAR) in Portland, Oregon. At this center, researchers focus their attention exclusively on hearing loss and associated conditions. At the NCRAR, investigators work to improve this connection by re-teaching the brains of affected Veterans to hear. The researchers can test the ear-brain connection in an "anechoic chamber," which creates a pure environment for testing hearing, as well as with brain imaging and other techniques. NCRAR collaborates on studies with universities, private industry, foundations, and the Department of Defense. In addition, VA researchers are starting to learn the varied effects of blast exposure, a common cause of hearing loss in Veterans that can result in brain-based hearing loss even when there is no obvious injury. A blast can compromise not only the ear itself, but also the ear-brain connection and cause sounds not to be integrated properly. Accordingly, researchers at NCRAR are embarking on a novel research study to assess central auditory processing deficits associated with blast exposure. This study is of great significance given that blast-related TBI is the signature combat related injury of the two current conflicts Iraq and Afghanistan and symptoms of hearing loss are commonly reported among Veterans with TBI. VA researchers are also evaluating changes in the inner ear that precede the onset of permanent noise-induced hearing loss. Such early detection could allow clinicians and

patients to take precautionary steps to avoid permanent hearing loss. Because of its prevalence, continued research in hearing loss is of great importance to Veterans of all generations and stages of hearing loss.

Tinnitus

Tinnitus is a hearing disorder characterized by a constant noise in the ears and is the most prevalent condition among Veterans returning from the current wars. VA's Progressive Tinnitus Management (PTM) is a clinical program that was developed at NCRAR in response to the need for a VA-wide program to address the needs of Veterans suffering from tinnitus. The method is "progressive" because patients have different needs with respect to their tinnitus, and PTM provides different levels of services accordingly.

Although a variety of short-term treatments for tinnitus are offered by providers, tinnitus cannot be cured and there is no known method to reduce its loudness. The approach with PTM is to meet the primary need of patients who are bothered by tinnitus, which is to learn how to manage their reactions to tinnitus—usually for a lifetime. PTM includes Group Education Workshops which are designed to empower patients by teaching them a variety of self-management skills. While the workshops cover essential aspects of tinnitus management, patients also may need to learn coping and stress management skills to more effectively manage their reactions to tinnitus. These additional skills are provided by including Cognitive-Behavioral Therapy (CBT).

To adequately assess Veterans' specific service needs, as well as success with interventions in the multi-site PTM study, questionnaires were developed for Veterans. For VA providers of tinnitus intervention services, an on-line training course for audiologists was developed. By assessing the needs of Veterans and providing training to audiologists, the VA will continuing to pursue new and innovative ways to improve the quality of life for Veterans suffering from tinnitus.

Vision Loss

VA estimates that nearly a million Veterans may be coping with severe visual impairment. In older Veterans, major causes of vision loss include age-related macular degeneration, glaucoma, cataracts, stroke, and diabetic retinopathy. Among the newest generation of war Veterans, blast-related brain injuries can be followed by vision problems such as blurred vision, double vision, sensitivity to light, and difficulty reading. VA's research projects in the important domain of vision restoration cover the whole spectrum of Veterans' needs. In addition to developing vision-restoring treatments, VA investigators are designing and improving assistive devices for those with visual impairments and developing more accurate and efficient methods of vision testing.

One VA research team is coordinating a multi-site clinical trial for low vision Veterans that will determine if a treatment model called the Interdisciplinary Team Model of low vision service delivery is more effective in improving their visual reading ability. This model, which uses services provided by optometrists and low vision therapists, includes vision exams, low vision therapy to improve use of remaining vision and low vision devices, structured homework to practice use of low vision devices and provision of low vision devices. Another researcher elsewhere is pioneering an innovative study that will provide an additional rehabilitative approach not currently available for eye diseases, targeting direct protection of retinal neurons. This study will examine that sustained release of growth factors injected into the vitreous humor, the clear gel that fills the space between the lens and the retina of the eyeball, or the eye, will reduce loss of retinal neurons and will increase the return of vision following decompression.

VA initiatives in this area represent exciting new treatments and innovations for improving the lives of the nearly million Veterans who may be coping with severe visual impairment.

Homelessness Among Veterans

VA is committed to eliminating homelessness among Veterans and considers this a top priority. This commitment requires an ongoing, multi-pronged approach that includes a strong research component. VA's research plan includes a new research initiative to develop successful strategies for identifying and engaging homeless Veterans and ensuring they receive a full range of health care and other services. Key to the success of this effort is strong collaboration across a range of highly qualified VA researchers as well as with VA's National Center on Homelessness among Veterans (NCHV).

Outreach to Veterans in need of various health services, housing, and enhancement of many other comprehensive services is a focus of current and future VA research efforts. An example of collaborative, ongoing VA research is a set of projects with a focus on the use of existing VA data to better identify and engage Veterans who are currently homeless and to develop strategies for identifying and intervening with Veterans who are at risk for becoming homeless. Another cluster of projects is studying ways to better engage Veterans in using the high quality primary care services and that are available to them through VA. Lastly, another group of projects are seeking to improve substance use treatment services so that homeless Veterans can maintain safe housing.

In order to learn more about homelessness among Veterans, VA is making special efforts to encourage and provide funding to its researchers to study this problem and find solutions. Our ongoing collaboration with the NCHV is building a necessary link between VA researchers and service providers who confront

homelessness in VA's health care and services settings. This collaboration and VA's system allows quick dissemination of findings from these research efforts to the field, a critical step in reaching our goals. These efforts not only will increase our knowledge of the condition of homelessness and characteristics of successful interventions, but also will help extend the reach of the VA to serve all homeless Veterans and to help serve other Veterans before they become homeless.

Women's Health Research

VA recognizes the growing number of women Veterans and the unique needs they have. To meet this need, VA has greatly accelerated its research efforts to new research initiatives, women's health research conferences, expanded research capacity, a special journal issue devoted to research on the health of women in the military and women Veterans, and a growing research-clinical partnership supporting the transformation of VA care for women Veterans.

VA has many research initiatives that are ongoing, a highlight being a study on the long term health outcomes of women's service during the Vietnam Era. This study of 10,000 women holds promise for informing VA about the multiple, complex long term health consequences of military service for this generation and future cohorts of women who serve our Nation, as well as the organizational and service innovations required to meet the needs of these women. Additionally, the VA Women's Health Research Consortium and Practice-Based Research Network (PBRN) was launched to build VA women's health research expertise and an infrastructure to promote multi-site research on a great number of women's health issues. VA will rely greatly on the Consortium and PBRN to drive focus on women's health research and disseminate and implement research findings throughout its health care system more quickly and effectively.

These research initiatives will augment other research of women Veterans, which includes studies examining: predictors of homelessness; the prevalence of depression associated with complex chronic illness; the prevalence of mental health conditions among pregnant female OEF/OIF/OND Veterans using VA healthcare, again demonstrating the mental health burden of women using VA; reproductive health preferences and experiences; comparisons of health conditions and VA health care utilization and costs for male and female OEF/OIF/OND Veterans; and future needs for research related to VA quality improvement for women Veterans.

Lastly, VA is paying special attention to identifying and treating military sexual trauma (MST), and better understanding MST risk and resilience factors and health consequences. In recent years, VA has conducted several studies in this area, and findings from these and future studies will inform intervention and implementation research. The goal is to impact VA policies and specific

programs to improve screenings, diagnosis, referrals, and treatment of the multiple, complex outcomes of MST, including substance use and posttraumatic stress disorder. Additional studies are also ongoing related to VA MST screening assessment, as well as determining women Veterans' priorities and preferences for gender-specific mental health services (including services related to MST). This is a critical area of research for women Veterans and we will continue focus in this area.

Genomic Medicine and Personalized Care

Genomic medicine is a central part of the future of medical research and VA is leading the way. Through large and small-scale projects and with unparalleled access to health care data, VA is in an enviable position to conduct this research to help Veterans. As mentioned earlier, VA's MVP and data retrieval efforts will lead to great possibilities in research for decades to come.

Genomics and MVP
Genomic medicine, also referred to as personalized medicine, uses information on a patient's genetic make-up to tailor prevention and treatment for that individual. To further this research, MVP was launched in 2011. MVP invites nationwide users of the VA healthcare system to participate in a longitudinal study with the aim of better understanding the inter-relation of genetic characteristics, behaviors and environmental factors, and Veteran health. It would be not only the world's largest genetic database, but also enable epidemiological and surveillance studies such as for environmental exposures.

As previously mentioned, the first phase of the project will be expanding modes of enrollment for improved accessibility. In 2013, MVP will roll-out the last few sites, bringing the total to 50 VA sites across the country. In order to facilitate enrollment of Veterans in rural and other remote areas, MVP will expand to alternative methods of enrollment. For example, Veterans will be able to enroll in MVP remotely and have their blood sample collected at an outside vendor lab location and shipped to the VA central biorepository at the Massachusetts Veterans Epidemiology and Information Center (MAVERIC). This nationwide contract to collect blood specimens will be in place 2013, and will be a critical element in ensuring that the program not only reaches its target of 1 million participants, but also helps to reach out to the large population of rural Veterans that might otherwise not be able to participate.

Next, MVP will be focusing on making operational its state-of-the-art biorepository and establishing a shadow biorepository. Approximately 4,000 blood samples per week will be shipped to the newly expanded (4 million sample capacity) biorepository located at MAVERIC. There, the blood is processed by

the automated robotics system to obtain DNA from each sample. A Shadow Biorepository will be established to back up samples in case of a natural disaster or other calamity. A portion of each sample will be sent to the shadow biorepository for storage.

In order to stay at the forefront of genomic medicine and embrace the latest genomic technologies, a sequencing core will be established at a select VA site. The extracted DNA from each sample may be sent to the VA Sequencing Core, where the exome (the portion of the genome that codes for proteins, i.e. how genes effect the body), or perhaps even the entire genome will be sequenced. The data will be stored on an advanced and dedicated computer platform behind the VA firewall. The efforts to create a Sequencing Core facility and to expand data storage and analytic capabilities will require considerable infrastructure and IT investments.

Funding MVP studies and other Genomic Studies

The collection of health information and genetic material from thousands of Veterans into MVP by 2013 will result in requests for access by VA researchers to the samples and data. The process and infrastructure for requesting access as well as reviewing and funding the most meritorious studies will be in place by 2013. For example, one study looking at genomics and PTSD, the PaTriot Study, will begin testing methods and willingness to participate in a population of OND Veterans. This pilot will examine feasibility to consent to blood collection for genetic analyses and surveys to determine PTSD status. Other genomic studies we will pursue include one on the serious mental illness cohort consisting of 9,000 Veterans with Schizophrenia and 9,000 Veterans with Bipolar Disorder. These groups will undergo genomic analysis in 2013. The controls for this analysis will be derived from 20,000 MVP participants. The type of genomic analysis will be determined based on the current advances at the time and funding availability. Similarly, further analysis of the ALS cohort (sequencing of relevant haplotypes based on ongoing analysis) is also a goal for VA research in 2013.

Advanced Data Analysis to Further Research

Achieving personalized medicine doesn't just include biological analysis but must include data analysis. This, combined with biological laboratory work will allow us to provide a more precise level of care. That's why our personalized medicine initiatives include developing computer systems for improved data storage, analysis, and data mining tools designed to improve VA's research capabilities. The Genomic Information System for Integrative Science (GenISIS) Scientific Analysis Platform, VA Informatics and Computing Infrastructure (VINCI), and the Consortium for Healthcare Informatics Research (CHIR) are all important tools in fostering collaborative research and achieving personalized medicine to improve the healthcare of Veterans.

The Genomic Information System for Integrative Science (GenISIS) Scientific Analysis Platform is a data repository that provides the central framework to support the Million Veteran Program as well as other VA genomic medicine studies. It will manage clinical study data, consent documentation, blood sample tracking, and genomic data sets. GenISIS will foster a more collaborative environment among VA researchers by making already existing data widely accessible. GenISIS will also load all of this rich research information into VA's electronic medical records in a secure way. This is necessary so that VA clinicians have the information necessary to carry out studies within the VA's secure firewall, ensuring the protection of patient privacy.

To optimize what may be learned from data in the electronic health record, VA Informatics and Computing Infrastructure (VINCI) is creating a powerful and secure environment that will allow VA researchers with proper permissions to more easily access a wide array of VA's health care databases while minimizing the risk of data loss and compromise. VINCI brings together data sources and provides the analytical environment for performing studies. VINCI offers researchers over fifty commercial, government, open-source, and custom software applications for analysis of diverse types of data. Researchers can log into this site to analyze and then store their data in a secure environment. The Consortium for Healthcare Informatics Research (CHIR) will develop the methods for researchers to access patient information in VA's electronic health record, doctor's notes and laboratory reports. CHIR conducts research that advances the use of techniques to extract information from the narrative, unstructured clinical text. This information, which is currently inaccessible without labor-intensive chart review, will provide rich data to investigators. This data will provide an opportunity to characterize patients, their health status, and clinical encounters in meaningful detail for knowledge toward improving care. An example of this is in post-deployed OEF/OIF/OND Veterans, where CHIR's syndrome surveillance project will examine symptoms and symptom clusters and test methods to estimate the burden of medically unexplained syndromes and chronic multi-symptom illness.

VA's long history of using electronic systems for managing health care provide us with unique and incredibly important opportunities to continually improve care that other health care systems do not have. New research efforts in health informatics will be focused on research aimed at improving the un derstanding and effectiveness of VA's new models of care, as exemplified by Patient-Aligned Care Teams.

Aging and Chronic Conditions

VA serves a diverse population and studying diseases related to aging and chronic conditions is of paramount importance to Veterans and the country. Diabetes, obesity, dementia and other conditions cost Veterans their quality and length of life. VA researchers are aggressively studying these serious conditions at various stages and are paving ways to reduce the tremendous morbidity and mortality among Veterans.

Diabetes and Obesity
Diabetes affects about 24 million people in the United States and is the seventh leading cause of death. Approximately 20% of Veterans VA cares for receive diabetes-related treatment, most commonly for Type II diabetes. Type II diabetes is strongly linked with obesity and many other life-threatening conditions, is also associated with aging, and occurs more frequently among racial and ethnic minority groups. VA researchers are focusing on genetics and the prevention of diabetes-induced damage to eyes, kidneys, nerves, the heart, and other body tissues in their quest to improve the lives of Veterans.

Diabetes has a strong genetic basis that is also susceptible to environmental factors. VA researchers are using a technique known as "linkage studies" to identify diseases associated with genes. Advances in genotyping and DNA sequencing technologies now permit investigators to search for disease genes throughout the entire human to search for rare or common susceptibility genes in affected families or in large groups of individuals who do not have a family history of the disease. Using these approaches, researchers have identified several regions in the human genome that harbor risk for Type I diabetes and Type II diabetes. VA hopes that its research will lead to the identification of key genes that put a person at risk for diabetes, predicting who will develop the disease and then develop new prevention and targeted molecular strategies. These are just a few examples of the vast research that is leading the scientific community in diabetes research.

Obesity is a major risk factor for the development of Type II diabetes and is also a significant health problem in people with diabetes. Approximately one-third of U.S. adults are considered obese. The body is a complex system that creates complex reasons as to why some people are obese or have diabetes. Combating Type II diabetes is inextricably linked to research to understand, prevent, and effectively treat obesity. VA investigators have contributed to the observations that sustained weight loss leads to major benefits for those with or at risk of Type II diabetes and many other health conditions. Targeted ongoing and future research will look at the effects of obesity on morbidity and mortality across ethnic groups, on total fat mass and also on fat distribution.

Dementia and Alzheimer's
Alzheimer's disease dementia is a progressive, degenerative brain disease and has no known cure. It is the most common form of dementia and eventually leads to death. Dementia is a prevalent chronic condition in Veterans treated by the VA. We project that roughly 218,000 Veterans will be diagnosed with dementia in 2017, an increase of more than 40,000 diagnoses in 2008. Because of the debilitation of cognitive function that occurs, a patient will eventually need care either part-time or around the clock for the rest of his/her life. Family caregivers often give up time from work and forego pay in order to spend many hours per week with the Veteran patient, who frequently cannot be left alone. Research is essential to VA's health care system to support caregivers of dementia patients with resources, tools and emotional support so they can better manage the caregiving experience and continue to provide non-institutional long term care for Veterans.

Partners in Dementia Care (PDC) is an example of current research that that will be implemented into the clinical setting. This project tests cost-effectiveness of a collaborative care intervention for veterans with dementia and their family caregivers that will be implemented into the clinical setting. This innovative project that establishes partnerships between VA health care facilities and local Alzheimer's Association Chapters has successfully shown positive impact on a wide range of patient and caregiver outcomes including reduced health care utilization, reduced health care costs, improved psychosocial well being, and reduced care-related strain.

To increase research in this area, VA is soliciting more funding for its researchers on caregiver programs to address the need for evidence-based research interventions to be moved rapidly into the clinical setting to enhance the quality of caregiving. VA is committed to this area of research and expects to continue it well into the future.

Safety and the Protection of Veterans

In conducting research, patient safety is our foremost priority. VA's research program has many mechanisms in place to ensure safety and even goes beyond that of other federal and private research organizations. VA's Program for Research Integrity Development and Education (PRIDE) provides support for the 107 local VA facilities that perform human research, their Institutional Review Boards (IRBs), investigators, and individuals who volunteer to participate in VA research. Through PRIDE, VA has substantially strengthened its culture of ethical conduct of research and protection of human research subjects through policy development, education, accreditation, and the VA Central IRB.

Education and Training
VA is continually working closely with other Federal agencies and academic affiliates to harmonize VA human research protection policies with those of non-VA entities. This harmonization and guidance is important to ensuring that all VA facilities that perform human research understand what is expected of them, thus helping ensure local accountability for human research protection. Each VA facility conducting human research must have an outreach program to enhance understanding of human research by participants, prospective participants, and their community. PRIDE facilitates outreach to Veterans by developing and distributing materials to VA facilities and directly to Veterans about research volunteer rights and responsibilities. Lastly, PRIDE provides extensive training about human research protection for research staff throughout VA. This training includes in-person meetings and educational courses with research leaders, administrators and research committee members and online courses.

Accreditation
PRIDE is a critical component of VA's research program because it is responsible for ensuring that all VA facilities with Human Research Protection Programs (HRPPs) achieve Full Accreditation. This accreditation process ensures outside validation of the quality of all VA HRPPs. VA is a leader in HRPP accreditation with VA facilities currently accounting for approximately 35% of all accredited HRPPs throughout the world. In addition, VA is the only federal entity that mandates all of its HRPPs become accredited, and that they maintain accreditation.

VA Central Institutional Review Board (IRB)
The VA Central IRB oversees VA research that is conducted at multiple VA facilities and is a model for central review of multi-site research projects throughout the nation. It began operations in 2008 with a primary purpose of improving human research subjects protection in VA research by providing consistent expert ethical and scientific review while ensuring local issues are addressed. VA's central IRB also enhances the consistency, quality, and efficiency of the IRB review process for multi-site studies.

Without the VA Central IRB, multi-site studies would have to be reviewed and approved by local IRBs at each participating site. If a study involved 30 sites, the investigator would have to deal with 30 different local IRBs. The VA Central IRB can review the entire research project for all of the sites to ensure consistent implementation and communication across VA facilities. This sharing of information and best practices among VA facilities and researchers will stimulate standardization in research oversight and improve protections for research subjects. Lastly, with our Central IRB, researchers spend less time working with multiple IRBs, leaving more time to focus on the research important to Veterans.

Designated Research Areas

Designated Research Areas (DRA) represent areas of particular importance to our Veteran patient population. The funding shown below for individual DRAs does not necessarily encompass all research funding related to a particular subject. For example, funding for mental health research activities includes not only the Mental Illness DRA, but also funding from other DRAs such as Aging, Health Systems, Special Populations, Military Occupations & Environmental Exposures, Substance Abuse, Autoimmune, Allergic and Hematopoietic Disorders, CNS Injury and Associated Disorders, and Dementia and Neuronal Degeneration DRA.

Appropriations by Designated Research Areas
(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Acute & Traumatic Injury	$34,137	$35,157	$35,299	$39,359	$4,060
Aging	$39,762	$32,841	$39,762	$38,816	($946)
Autoimmune, Allergic & Hematopoietic Disorders	$15,759	$12,399	$15,759	$15,384	($375)
Cancer	$40,507	$33,680	$40,507	$39,543	($964)
CNS Injury & Associated Disorders	$30,205	$30,776	$30,205	$29,486	($719)
Degenerative Diseases of Bones & Joints	$20,133	$10,766	$20,133	$19,654	($479)
Dementia & Neuronal Degeneration	$25,932	$20,806	$25,932	$25,315	($617)
Diabetes & Major Complications	$35,115	$31,293	$35,115	$34,279	($836)
Digestive Diseases	$13,847	$10,953	$13,847	$13,518	($329)
Emerging Pathogens/Bio-Terrorism	$1,307	$1,375	$1,307	$1,276	($31)
Gulf War Veterans Illness	$4,981	$15,013	$4,981	$4,862	($119)
Health Systems	$34,410	$31,155	$34,410	$40,091	$5,681
Heart Disease	$55,999	$48,522	$55,999	$54,666	($1,333)
Infectious Diseases	$28,122	$22,246	$28,122	$27,453	($669)
Kidney Disorders	$19,547	$15,580	$19,547	$19,082	($465)
Lung Disorders	$13,916	$9,124	$13,916	$13,585	($331)
Mental Illness	$88,103	$77,114	$88,103	$90,107	$2,004
Military Occupations & Environ. Exposures	$4,115	$4,282	$4,115	$4,017	($98)
Other Chronic Diseases	$1,101	$1,193	$1,101	$1,075	($26)
Sensory Loss	$23,731	$23,076	$23,731	$23,166	($565)
Special Populations	$26,137	$22,043	$26,137	$25,515	($622)
Substance Abuse	$22,972	$19,380	$22,972	$22,425	($547)
Total	$579,838	$508,774	$581,000	$582,674	$1,674

Because many research activities involve more than one particular subject (e.g., a study about diabetes may also involve aging), many individual research projects

involve more than one DRA. Therefore, the sum of the projects shown in the "Projects by Designated Research Areas" table below exceeds the number of distinct projects actually supported.

Projects by Designated Research Areas

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Acute & Traumatic Injury	179	172	179	198	19
Aging	218	166	218	213	(5)
Autoimmune, Allergic & Hemaptopoietic Disorders	78	69	78	76	(2)
Cancer	222	176	222	210	(12)
Central Nervous System Injury & Associated Disorders	122	117	122	118	(4)
Degenerative Diseases of Bones & Joints	112	54	112	105	(7)
Dementia & Neuronal Degeneration	136	102	136	130	(6)
Diabetes & Major Complications	190	150	190	175	(15)
Digestive Diseases	97	68	97	90	(7)
Emerging Pathogens/Bio-Terrorism	9	7	9	9	0
Gulf War Research Illness	32	21	32	14	(18)
Health Systems	141	121	141	158	17
Heart Disease	324	250	324	300	(24)
Infectious Diseases	169	121	169	164	(5)
Kidney Disorders	110	78	110	101	(9)
Lung Disorders	89	57	89	85	(4)
Mental Illness	410	361	410	408	(2)
Military Occupations & Environ. Exposures	24	25	24	23	(1)
Other Chronic Diseases	7	6	7	6	(1)
Sensory Loss	109	102	109	106	(3)
Special Populations	96	106	96	102	6
Substance Abuse	144	103	144	136	(8)

Obligations by Sub-Activity

(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Research Programs (Investigator Initiated)	$379,681	$380,715	$386,196	$371,051	($15,145)
Career Development	$75,750	$43,145	$76,508	$76,508	$0
Centers of Excellence	$72,716	$54,662	$73,443	$73,443	$0
Service Directed/Service Specific Research	$51,617	$44,570	$51,617	$51,617	$0
Research Compliance (PRIDE)	$3,438	$5,061	$3,438	$3,438	$0
R&D Specific Costs	$65,406	$55,621	$51,617	$51,617	$0
Total Obligations	$648,608	$583,774	$642,819	$627,674	($15,145)
Appropriation	$579,838	$508,774	$581,000	$582,674	$1,674

Projects by Sub-Activity

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Research Programs (Investigator Initiated)	1,695	1,558	1,644	1,623	(21)
Career Development	522	460	506	491	(31)
Centers of Excellence	94	93	91	88	(6)
Service Directed/Service Specific Research	8	7	8	7	(1)
Total Projects	2,319	2,118	2,249	2,209	(40)

Employment Summary-FTE by Grade				
GS Grade or Title 38	2011 Actual	2012 Estimate	2013 Request	2012-2013 Inc/Dec
SES or Equivalent	1	1	1	0
15 or higher	210	210	210	0
14	177	177	177	0
13	632	632	632	0
12	352	352	352	0
11	493	493	493	0
10	36	36	36	0
9	422	422	422	0
8	70	70	70	0
7	388	388	388	0
6	147	147	147	0
5	211	211	211	0
4	211	211	211	0
3	70	70	70	0
2	70	70	70	0
1	36	36	36	0
Total Number of FTE	3,526	3,526	3,526	0

Analysis of FTE Distribution Headquarters/Field		
GS Grade or Title 38	2011 HQ-Actual	2011 Field-Actual
SES or Equivalent	1	0
15 or higher	1	209
14	15	162
13	11	621
12	5	347
11	2	491
10	0	36
9	5	417
8	0	70
7	0	388
6	0	147
5	0	211
4	0	211
3	0	70
2	0	70
1	0	36
Total Number of FTE	40	3,486

Obligations by Object

(dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
10 Personal Services	$326,361	$312,169	$331,899	$341,524	$9,625
21 Travel & Transportation of Persons:					
Employee Travel	$6,873	$6,881	$6,881	$6,881	$0
All Other	$389	$286	$286	$286	$0
Subtotal	$7,262	$7,167	$7,167	$7,167	$0
22 Transportation of Things	$206	$376	$376	$376	$0
23 Communication, Utilities & Misc	$3,692	$3,365	$3,365	$3,365	$0
24 Printing & Reproduction	$724	$503	$503	$503	$0
25 Other Services:					
Medical Care Contracts & Agree. w/Insts. & Orgs	$53,724	$53,079	$55,543	$54,079	($1,464)
Fee Basis - Medical & Nursing Services, On-Station	$636	$415	$636	$415	($221)
Consultants & Attendance	$20,413	$14,938	$20,413	$19,291	($1,122)
Scarce Medical Specialist	$333	$509	$333	$509	$176
Repair of Furniture & Equipment	$2,603	$1,682	$2,603	$1,682	($921)
Maintenance & Repair Services	$586	$719	$586	$719	$133
Administrative Contractual Services	$125,708	$94,356	$118,772	$106,543	($12,229)
Training Contractual Services	$970	$1,137	$970	$1,137	$167
Subtotal	$204,973	$166,835	$199,856	$184,375	($15,481)
26 Supplies & Materials	$42,634	$36,340	$42,634	$36,340	($6,294)
31 Equipment	$61,926	$56,687	$56,687	$53,692	($2,995)
32 Lands & Structures	$830	$332	$332	$332	$0
Total Obligations	$648,608	$583,774	$642,819	$627,674	($15,145)

Medical and Prosthetic Research
(dollars in thousands)

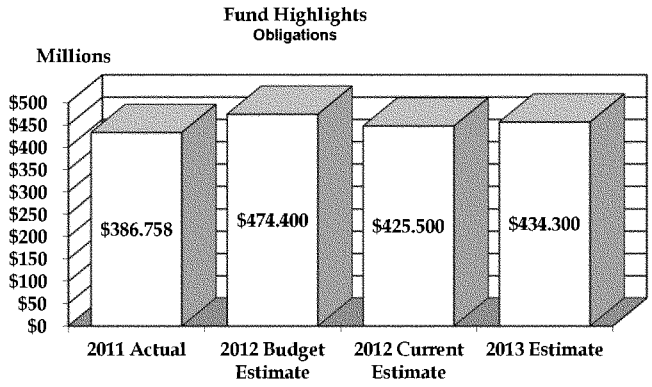
Appropriation	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	2012-2013 Inc/Dec
Medical research and support	$579,838	$508,774	$581,000	$582,674	$1,674
Budget Authority	$579,838	$508,774	$581,000	$582,674	$1,674
Reimbursements	$35,707	$40,000	$35,000	$35,000	$0
Budget Authority (Gross)	$615,545	$548,774	$616,000	$617,674	$1,674
Adjustments to obligations:					
Unobligated balance (SOY):					
No-year	$1,731	$0	$0	$0	$0
2-year	$104,016	$70,000	$71,819	$45,000	($26,819)
Supplemental	$0	$0	$0	$0	$0
Emergency Designation	$0	$0	$0	$0	$0
Subtotal unobligated balance (SOY)	$105,747	$70,000	$71,819	$45,000	($26,819)
Unobligated balance (EOY):					
No-year	($706)	$0	$0	$0	$0
2-year	($71,113)	($35,000)	($45,000)	($35,000)	$10,000
Supplemental	$0	$0	$0	$0	$0
Subtotal unobligated balance (EOY)	($71,819)	($35,000)	($45,000)	($35,000)	$10,000
Change in Unobligated balance (non-add)	$33,928	$35,000	$26,819	$10,000	($16,819)
Unobligated balance expiring (lapse)	($865)	$0	$0	$0	$0
Obligations	$648,608	$583,774	$642,819	$627,674	($15,145)
Obligations	$648,608	$583,774	$642,819	$627,674	($15,145)
Obligated Balance (SOY)	$203,673	$251,058	$257,664	$293,705	$36,041
Obligated Balance (EOY)	($257,664)	($274,067)	($293,705)	($313,181)	($19,476)
Adjustments in Expired Accounts	$0	$0	$0	$0	$0
Chg. Uncol. Cust. Pay Fed. Sources (Unexp.)	$0	$0	$0	$0	$0
Chg. Uncol. Cust. Pay Fed. Sources (Exp.)	($35)	$0	$0	$0	$0
Outlays, Gross	$594,582	$560,765	$606,778	$608,198	$1,420
Offsetting Collections	($35,707)	($40,000)	($35,000)	($35,000)	$0
Outlays, Net	$558,875	$520,765	$571,778	$573,198	$1,420
Full-Time Equivalents (FTE):					
Direct FTE	3,045	2,739	3,045	3,045	0
Reimbursable FTE	481	481	481	481	0
Total FTE	3,526	3,220	3,526	3,526	0

Revolving and Trust Activities

Veterans Canteen Service Revolving Fund

Program Description
The Veterans Canteen Service (VCS) was established by Congress in 1946 to furnish, at reasonable prices, meals, merchandise and services necessary for the comfort and well-being of Veterans in hospitals and domiciliaries operated by the Department of Veterans Affairs (Title 38 U.S.C. 7801-10). It has since expanded to provide a wide variety of goods and services to non-Veterans.

Congress originally appropriated a total of $4,965,000 for the operation of the VCS and no additional appropriations have been required. Funds in excess of the needs of the Service totaling $12,068,000 have been paid to the U.S. Treasury.



However, provisions of the Veterans' Benefits Act of 1988 (Public Law 100-322) eliminated the requirement that excess funds be paid to the Treasury and authorized such funds to be invested in interest bearing accounts.

Fund Highlights
(dollars in thousands)

	2011 Actual	2012 Estimate	2013 Estimate	Increase/ Decrease
Total revenue	$386,301	$428,325	$434,400	$6,075
Obligations	$386,758	$425,500	$434,300	$8,800
Outlays (net)	$7,862	$3,000	$0	($3,000)
Average employment	3,274	3,400	3,450	50

In fiscal year 2009, VCS management changed reporting to a retail calendar fiscal year which resulted in an 11 month reporting period. This reporting cycle has been adopted in order to better align VCS operations with the financial reporting structure of the retail industry. The calendar uses a (4-5-4) weekly cycle for the monthly reporting schedule. VCS will continue to report to VA on a Federal Fiscal Year basis.

Summary of Budget Request

No appropriation by Congress will be required for the operation of the VCS during 2013. The VCS is a self-sustaining, appropriated revolving fund activity which obtains its revenues from non-Federal sources. Therefore, no Congressional action is required. The VCS functions independently within VA and has primary control over its major activities including sales, procurement, supply, finance and personnel management.

Changes From 2012 President's Budget Request
(dollars in thousands)

	2012 Budget Estimate	2012 Current Estimate	Increase/ Decrease
Total Sales Revenue	$478,875	$428,325	($50,550)
Obligations	$474,400	$425,500	($48,900)
Outlays (net)	$3,000	$3,000	$0
Average Employment	3,285	3,400	115

Analysis of Increases and Decreases - Obligations
(dollars in thousands)

	2012 Current Estimate	2013 Estimate
Prior Year Obligations	$386,758	$425,500
Increases and Decreases:		
Cost of Merchandise Sold	$11,000	$2,500
Personnel Cost	$5,625	$2,250
Other Operating Expenses	$6,000	$500
Indirect Expenses	$5,617	$1,000
Equipment, Inventory, Open Orders	$10,500	$2,550
Net Change	$38,742	$8,800
Obligations Estimate	$425,500	$434,300

Summary of Employment

In the area of personnel management, the VCS uses techniques that are generally applied in commercial retail chain store, food and vending operations. Primary consideration is given to salary expenses in relation to sales. Salary expense data are provided to management personnel for each department in each Canteen, as well as VCS in total. These data are compared to the corresponding period from the previous year and to productivity goals and standards prior to making

decisions regarding employment increases or decreases. Productivity is the standard by which VCS measures personnel cost management.

The following chart reflects the full-time equivalent employment (FTE) for 2011 through 2013:

Summary of Employment

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Average Employment	3,274	3,285	3,400	3,450	50

Revenues and Expenses
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Sales Program:					
Revenue	$386,301	$478,875	$428,325	$434,400	$6,075
Less operating expenses	($386,758)	($474,400)	($425,500)	($434,300)	($8,800)
Net operating income-sales	($457)	$4,475	$2,825	$100	($2,725)
Nonoperating income or loss (-):					
Proceeds from sale of equipment	$59	$50	$50	$50	$0
Net book value of assets sold	($104)	($125)	($150)	($125)	$25
Net Gain or (Loss)	($45)	($75)	($100)	($75)	$25
Interest income	$0	$125	$0	$0	$0
Miscellaneous income/(loss)	($4,206)	($500)	($175)	($200)	($25)
Net non-operating income	($4,251)	($450)	($275)	($275)	$0
Net income for the year	($4,708)	$4,025	$2,550	($175)	($2,725)

Creating an environment where patrons can truly enjoy their shopping or dining experience has become a necessity for modern businesses. Providing VA customers the same high quality service found outside the work environment has been and will continue to be necessary for VCS. This philosophy will take VCS into the budgeted fiscal year 2013 and beyond.

Financial Condition

The schedule below reflects the anticipated financial condition of the VCS through 2013. Changes from year to year are the result of anticipated changes in revenues, obligations and outlays previously portrayed.

Financial Condition
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Assets:					
Cash with Treasury, in banks, in transit....	$4,135	$27,000	$20,300	$21,549	$1,249
Accounts receivable (net).....	$40,058	$35,000	$38,380	$31,748	($6,632)
Inventories.....	$47,159	$38,040	$39,742	$41,193	$1,451
Real property and equipment (net).....	$41,503	$34,789	$34,769	$38,469	$3,700
Other assets.....	$100	$552	$323	$365	$42
Total assets.....	$132,955	$135,381	$133,514	$133,324	($190)
Liabilities:					
Accounts payable incl. funded accrued liabilities.....	$48,071	$40,000	$44,634	$46,131	$1,497
Unfunded annual leave and coupons books.....	$7,086	$6,000	$8,532	$7,020	($1,512)
Total liabilities.....	$55,157	$46,000	$53,166	$53,151	($15)
Government equity:					
Unexpended balance:					
Unobligated balance.....	$29,870	$35,000	$31,346	$32,804	$1,458
Undelivered orders.....	$3,536	$7,500	$4,002	$5,801	$1,799
Invested capital.....	$44,392	$46,881	$45,000	$41,568	($3,432)
Total Government equity (end-of-year).	$77,798	$89,381	$80,348	$80,173	($175)

Government Equity
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Retained Income:					
Opening Balance.....	$82,506	$85,356	$77,798	$80,348	$2,550
Transactions:					
Net Operating Income.....	($457)	$4,475	$2,825	$100	($2,725)
Net Operating Gain.....	($4,251)	($450)	($275)	($275)	$0
Closing Balance.....	$77,798	$89,381	$80,348	$80,173	($175)
Total Government Equity (end-of-year).....	$77,798	$89,381	$80,348	$80,173	($175)

Medical Center Research Organizations

Program Description

Veterans' Benefits and Services Act of 1988 (Public Law 100-322) authorizes "Medical Center Research Organizations" to be created at Department of Veterans Affairs medical centers. These non-profit corporations (NPCs) provide flexible funding mechanisms for the conduct of VA-approved research and educational activities. They administer funds from non-VA Federal and private sources to operate various research and educational activities in the VA. These corporations are private, state-chartered entities. They are self-sustaining and funds are not received into a government account. No appropriation is required to support these activities.

Prior to June 1, 2004, 93 VA medical centers had received approval for the formation of nonprofit research corporations. Presently, 83 are active. Most of these should have indefinite, ongoing operations. However, recent changes in the law permit NPC mergers. This may result in a decline of NPCs overall.

All 83 active and 1 inactive NPCs have received approval from the Internal Revenue Service Code of 1986, under Article 501(c)3 or similar Code Sections. The fiscal years for these organizations vary, with most having year-ends at September 30 or December 31. The table below reflects estimated revenues and expenses from 2011 to 2013.

Contribution Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Contributions	$261,000	$267,000	$269,000	$279,000	$10,000
Expenses.....	$251,000	$267,000	$269,000	$279,000	$10,000

The following table is a list of research corporations that have received approval for formation along with their estimated 2011 revenues. In addition, NPCs with no contributions have been approved. Some have received contributions in the past, others have not, to date, received any contributions:

Corporations	City	State	Estimated Revenues (Contributions) for 2011
1. Albany Research Institute, Inc.	Albany	NY	$280,000
2. Asheville Medical Research and Education Corporation	Asheville	NC	$120,000
3. Atlanta Research and Education Foundation, Inc.	Atlanta	GA	$14,750,000
4. Augusta Biomedical Research Corporation	Augusta	GA	$125,000
5. Baltimore Research and Education Foundation	Baltimore	MD	$4,250,000
6. Bedford VA Research Corporation, Inc.	Bedford	MA	$1,700,000
7. Biomedical Research and Education Foundation of Southern Arizona	Tucson	AZ	$1,300,000
8. Biomedical Research Foundation	Little Rock	AR	$1,050,000
9. Biomedical Research Foundation of South Texas, Inc.	San Antonio	TX	$500,000
10. Biomedical Research Institute of New Mexico	Albuquerque	NM	$14,000,000
11. Boston VA Research Institute, Inc.	Boston	MA	$13,000,000
12. Brentwood Biomedical Research Institute	Los Angeles	CA	$12,200,000
13. Bronx Veterans Medical Research Foundation	Bronx	NY	$1,900,000
14. Buffalo Institute for Medical Research, Inc.	Buffalo	NY	$500,000
15. Carl T. Hayden Medical Research Foundation	Phoenix	AZ	$1,700,000
16. Central Florida Research and Education Foundation, Inc.	Orlando	FL	$100,000
17. Central New York Research Corporation	Syracuse	NY	$1,800,000
18. Central Texas Veterans Research Foundation	Temple	TX	$225,000
19. Charleston Research Institute, Inc.	Charleston	SC	$1,100,000
20. Chicago Association for Research and Education in Science	Hines	IL	$4,700,000
21. Cincinnati Foundation for Biomedical Research and Education	Cincinnati	OH	$1,300,000
22. Clinical Research Foundation, Inc.	Louisville	KY	$500,000

Corporations	City	State	Estimated Revenues (Contributions) for 2011
23. Collaborative Medical Research Corporation	Junction	CT	$375,000
24. Dallas VA Research Corporation	Dallas	TX	$2,600,000
25. Dayton VA Research and Education Foundation	Dayton	OH	$11,000
26. Denver Research Institute	Denver	CO	$1,300,000
27. Dorn Research Institute	Columbia	SC	$225,000
28. East Bay Institute for Research and Education	Martinez	CA	$600,000
29. Great Plains Medical Research Foundation	Sioux Falls	SD	$175,000
30. Houston VA Research and Education Foundation	Houston	TX	$100,000
31. Huntington Institute for Research and Education	Huntington	WV	$4,000
32. Indiana Institute for Medical Research, Inc	Indianapolis	IN	$300,000
33. Institute for Clinical Research, Inc	Washington	DC	$3,800,000
34. Institute for Medical Research, Inc	Durham	NC	$3,000,000
35. Iowa City VA Medical Research Foundation	Iowa City	IA	$750,000
36. Loma Linda Veterans Association for Research and Education, Inc	Loma Linda	CA	$2,600,000
37. Louisiana Veterans Research and Education Corporation	New Orleans	LA	$0
38. McGuire Research Institute, Inc	Richmond	VA	$4,900,000
39. Metropolitan Detroit Research and Education Foundation	Detroit	MI	$200,000
40. Middle Tennessee Research Institute, Inc	Nashville	TN	$40,000
41. Midwest Biomedical Research Foundation	Kansas City	MO	$2,100,000
42. Minnesota Veterans Research Institute	Minneapolis	MN	$4,600,000
43. Missiouri Foundation for Medical Research	Columbia	MO	$550,000
44. Montrose Research Corporation	Montrose	NY	$0
45. Mountain Home Research and Education Corporation	Mountain Home	TN	$60,000
46. Mountaineer Education and Research Corporation	Clarksburg	WV	$150,000
47. Narrows Institute for Biomedical Research, Inc	Brooklyn	NY	$1,300,000
48. Nebraska Educational Biomedical Research Association	Omaha	NE	$875,000
49. North Florida Foundation for Research and Education, Inc	Gainesville	FL	$350,000
50. Northern California Institute for Research and Education, Inc	San Francisco	CA	$50,000,000
51. Ocean State Research Institute, Inc	Providence	RI	$550,000
52. Overton Brooks Research Corporation	Shreveport	LA	$0
53. Pacific Health Research and Education Institute	Honolulu	HI	$3,000,000
54. Palo Alto Institute for Research and Education, Inc	Palo Alto	CA	$24,000,000
55. Philadelphia Research and Education Foundation	Philadelphia	PA	$625,000

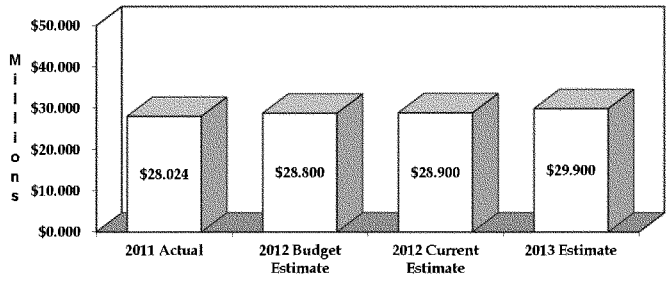
Corporations	City	State	Estimated Revenues (Contributions) for 2011
56. Portland VA Research Foundation, Inc.	Portland	OR	$5,000,000
57. Research! Mississippi, Inc.	Jackson	MS	$600,000
58. Research, Incorporated	Memphis	TN	$1,300,000
59. Salem Research Institute, Inc.	Salem	VA	$1,100,000
60. Salisbury Foundation for Research and Education	Salisbury	NC	$100,000
61. Seattle Institute for Biomedical and Clinical Research	Seattle	WA	$11,500,000
62. Sepulveda Research Corporation	Sepulveda	CA	$3,400,000
63. Sierra Biomedical Research Corporation	Reno	NV	$600,000
64. Sociedad de Investigacion Cientificas, Inc.	San Juan	PR	$550,000
65. South Florida Veterans Affairs Foundation for Research and Education	Miami	FL	$1,900,000
66. Southern California Institute for Research and Education	Long Beach	CA	$4,000,000
67. Tampa VA Research and Education Foundation	Tampa	FL	$1,100,000
68. The Bay Pines Foundation, Inc.	Bay Pines	FL	$1,800,000
69. The Cleveland VA Medical Research and Education Foundation	Cleveland	OH	$1,100,000
70. The Research Corporation of Long Island, Inc.	Northport	NY	$500,000
71. Tuscaloosa Research and Education Advancement Corporation	Tuscaloosa	AL	$1,500,000
72. VA Black Hills Research and Education Foundation	Fort Meade	SD	$66,000
73. VA Connecticut Research and Education Foundation	West Haven	CT	$3,800,000
74. Vandeventer Place Research Foundation	St Louis	MO	$225,000
75. Veterans Bio-Medical Research Institute, Inc.	East Orange	NJ	$1,650,000
76. Veterans Education and Research Association of Michigan	Ann Arbor	MI	$680,000
77. Veterans Medical Research Foundation of San Diego	San Diego	CA	$24,264,000
78. Veterans Research and Education Foundation	Oklahoma City	OK	$750,000
79. Veterans Research Foundation of Pittsburgh	Pittsburgh	PA	$3,100,000
80. VISTAR, Inc.	Birmingham	AL	$275,000
81. Western Institute for Biomedical Research	Salt Lake City	UT	$2,600,000
82. Westside Institute for Science and Education	Chicago	IL	$600,000
83. Wisconsin Corporation for Biomedical Research	Milwaukee	WI	$700,000
Total			$261,000,000

General Post Fund

Program Description

This trust fund consists of gifts, bequests and proceeds from the sale of property left in the care of Department of Veterans Affairs facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estate. Such funds are used to promote the comfort and welfare of Veterans at hospitals and other facilities for which no general appropriation is available. Also, donations from pharmaceutical companies, non-profit corporations and individuals to support VA medical research can be deposited into this fund (title 38 U.S.C., Chapters 83 and 85). The resources from this trust fund are for the direct benefit of the patients.

Budget Authority



Expenditures from this fund are for recreational and religious projects; specific equipment purchases; national recreational events; the vehicle transportation network; television projects; etc., as outlined in Veteran Health Administration Directive 4721, General Post Fund. In addition, Public Law 102-54 authorizes the receipts from the sale of a property acquired for transitional housing to be deposited in the General Post Fund and used for the acquisition, management and maintenance of other transitional housing properties.

Summary of Budget Request

Operations of this trust fund are financed from fund receipts. Congress has provided permanent, indefinite budget authority for this fund and no appropriation is required.

Fund Highlights
(dollars in thousands)

Description	2011 Actual	2012 Estimate	2013 Estimate	Increase/ Decrease
Budget Authority (permanent, indefinite).....	$28,024	$28,900	$29,900	$1,000
Obligations:				
Trust Fund and Donation.....	$24,210	$25,000	$25,900	$900
Therapeutic Residences.....	$1,033	$1,100	$1,100	$0
Total Obligations.....	$25,243	$26,100	$27,000	$900
Outlays.....	$25,799	$26,600	$27,500	$900

Changes From Original 2012 Budget Estimate
(dollars in thousands)

Description	2012 Budget Estimate	2012 Current Estimate	Increase/ Decrease
Budget Authority (permanent, indefinite).....	$28,800	$28,900	$100
Obligations:			
Trust Fund and Donation.....	$25,200	$25,000	($200)
Therapeutic Residences.....	$1,800	$1,100	($700)
Total Obligations.....	$27,000	$26,100	($900)
Outlays.....	$28,300	$26,600	($1,700)

Program Activity

Trust Fund and Donations
Estimates of trust fund obligations revised for 2012 and 2013 are $26,100,000 and $27,000,000 respectively. The obligations are consistent with the purposes for which proceeds from this fund may legally be expended, (Comptroller General's Decision B-125715, November 10, 1955), and the intent of the donors. Donors usually specify that their donations be used for designated recreational or religious purposes, research projects or equipment purchases.

The invested reserve for 2012 and 2013 is estimated to be approximately $86,655,000 and $89,155,000 respectively. This level of investment exceeds the requirement to retain at least five times the total amount paid to heirs during the preceding five year period.

Cash receipts from donations and estates for both fiscal years 2012 and 2013 are estimated to reach $25,000,000 and $25,900,000 respectively.

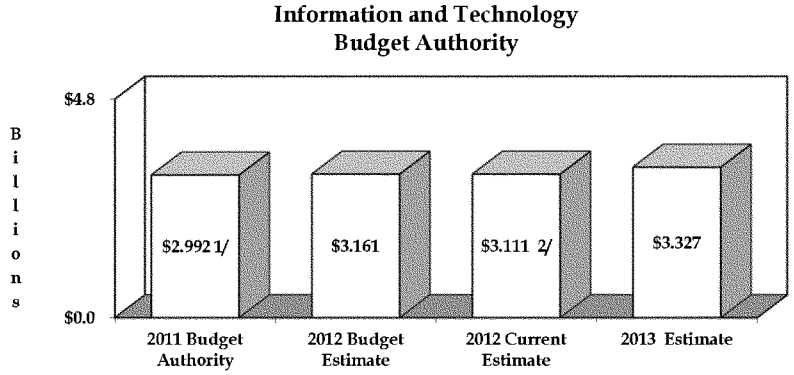
Compensated Work Therapy - Therapeutic Residences (CWT-TR)
Per title 38, U.S.C. Section 1772(h), funds received through the operation of the Therapeutic Housing Program are to be deposited in the General Post Fund. The Secretary has the discretionary authority to expend up to an additional $500,000 from the fund above the amount credited to the fund in a fiscal year from proceeds of this program.

Financial Actions and Conditions

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
Balance beginning of year:					
Cash	$2,944	$4,845	$3,142	$3,342	$200
Investments	$81,951	$84,394	$84,255	$86,655	$2,400
Property, Plant and Equipment	$21,927	$18,627	$27,279	$32,779	$5,500
Other Assets	$1,030	$2,187	$1,219	$1,419	$200
Total	$107,852	$110,053	$115,895	$124,195	$8,300
Increase during period:					
Cash	$151,115	$90,500	$155,800	$160,600	$4,800
Investments	$90,795	$63,800	$93,600	$96,500	$2,900
Property, Plant and Equipment	$7,365	$2,600	$7,600	$7,800	$200
Other Assets	$3,210	$3,200	$3,300	$3,400	$100
Total	$252,485	$160,100	$260,300	$268,300	$8,000
Decrease during period:					
Cash	$150,917	$85,500	$155,600	$160,400	$4,800
Investments	$88,491	$58,500	$91,200	$94,000	$2,800
Property, Plant and Equipment	$2,013	$5,800	$2,100	$2,200	$100
Other Assets	$3,021	$2,600	$3,100	$3,200	$100
Total	$244,442	$152,400	$252,000	$259,800	$7,800
Balance at end of year:					
Cash	$3,142	$9,845	$3,342	$3,542	$200
Investments	$84,255	$89,694	$86,655	$89,155	$2,500
Property, Plant and Equipment	$27,279	$15,427	$32,779	$38,379	$5,600
Other Assets	$1,219	$2,787	$1,419	$1,619	$200
Total	$115,895	$117,753	$124,195	$132,695	$8,500

Information and Technology



Notes:
1/ The FY 11 appropriation was $3.141 billion (including ATB rescission) with an additional $147 million in unobligated balances rescinded. Additionally, a transfer of $2 million to the North Chicago joint DoD/VA medical facility was made.
2/ Reflects the FY 2012 Veterans Affairs Appropriation.

Appropriations Language

For necessary expenses for information technology systems and telecommunications support, including developmental information systems and operational information systems; for pay and associated costs; and for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including contractual costs associated with operations authorized by section 3109 of title 5, United States Code, [$3,111,376,000,]*$3,327,444,000,* plus reimbursements: *Provided,* That [$915,000,000]*$1,021,000,000* shall be for pay and associated costs, of which not to exceed [$25,000,000]*five percent of this amount* shall remain available until September 30, [2013]*2014*: *Provided further,* That [$1,616,018,000]*$1,812,045,000* shall be for operations and maintenance, of which not to exceed [$110,000,000]*ten percent of this amount* shall remain available until September 30, [2013]*2014*: *Provided further,* That [$580,358,000]*$494,399,000* shall be for information technology systems development, modernization, and enhancement, and shall

remain available until September 30, [2013]*2014*: [*Provided further*, That none of the funds made available under this heading may be obligated until the Department of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress, and such Committees approve, a plan for expenditure that: (1) meets the capital planning and investment control review requirements established by the Office of Management and Budget; (2) complies with the Department of Veterans Affairs enterprise architecture; (3) conforms with an established enterprise life cycle methodology; and (4) complies with the acquisition rules, requirements, guidelines, and systems acquisition management practices of the Federal Government: *Provided further*, That amounts made available for information technology systems development, modernization, and enhancement may not be obligated or expended until the Secretary of Veterans Affairs or the Chief Information Officer of the Department of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress a certification of the amounts, in parts or in full, to be obligated and expended for each development project:] *Provided further*, That amounts made available for salaries and expenses, operations and maintenance, and information technology systems development, modernization, and enhancement may be transferred among the three subaccounts after the Secretary of Veterans Affairs [requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued: *Provided further*, That the funds made available under this heading for information technology systems development, modernization, and enhancement, shall be for the projects, and in the amounts, specified under this heading in the Joint Explanatory Statement of the Committee of Conference]*submits notice thereof to the Committees on Appropriations of both Houses of Congress. (Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2012.)*

Summary of Budget Request

For Fiscal Year (FY) 2013, the Office of Information and Technology (OIT) is requesting $3.327 billion, of the total:

- $494 million will support Information Technology product;
- $1.452 billion will provide for the operation and maintenance of existing infrastructure and systems;
- $174 million will support marginal sustainment needed to bring new products on line;
- $59 million will support ongoing sustainment needed for products deployed in FY 2012;

- $127 million will provide for information security; and

- $1.021 billion will fund the staffing and administration expenses for 7,435 FTE.

In addition, VA anticipates $28 million in collected non-pay reimbursements from credit reform programs and non-appropriated insurance benefits programs. Also, anticipated reimbursements of $19 million will fund an additional 145 FTE.

The FY 2013 Budget Request is structured on a framework which reflects four major categories:

1. Medical
2. Benefits
3. Corporate
4. Inter-Agency

Pages 5A-87 show the level of investments for each of the major categories. Programs within each Investment are provided in the Appendix 1 for the FY 2013 Budget Request beginning on page 5B-1.

Executive Overview

FY 2013 Budget Request

The 2010 – 2014 Strategic Plan is the cornerstone of the President's and Secretary's intent to transform the Department of Veterans Affairs (VA) into an innovative, 21st century organization that is people-centric, results-driven and forward-looking. Information Technology (IT) is an essential component of all VA efforts to achieve this transformation. The VA IT FY 2013 budget request directly supports and enables advancement of the four strategic goals identified in the Plan. They are to:

1. Improve the quality and accessibility of healthcare, benefits and memorial service while optimizing value
2. Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services
3. Raise readiness to provide services and protect people and assets continuously and in times of crisis
4. Improve internal customer satisfaction with management systems and support services to make VA an employer of choice by investing in human capital

Major VA programs such as the delivery of medical care, delivery of benefits, and protecting the security and privacy of sensitive Veteran information depend on a reliable and accessible IT infrastructure, a high-performing IT workforce, and modernized information systems that are flexible enough to meet both existing and emerging service delivery requirements. The critical relationship of IT support to VA's major programs in FY 2013 is as follows:

FY 2013 IT Funding by Major VA Programs
(Dollars in Thousands)

	Medical	Benefits/NCA	Security	All other	Totals
Total	$ 2,064,107	$ 605,375	$ 236,278	$ 421,686	$ 3,327,444
% of Total	62%	18%	7%	13%	100%

As can be seen, the delivery of high quality medical care and benefits to an increasing population of Veterans is highly dependent upon adequate IT funding and support. Without it, quality and accessibility of service, as well as Veteran satisfaction, will be adversely impacted.

IT is integral to medical care at the VA. Quality of care, patient safety, and cost effectiveness has all been improved through extensive and effective use of IT. Since FY 2010, VA Medical Care funding has risen 18%, while IT funding is proposed to rise by 5% in FY 2013.

IT Funding vs. Medical Care Funding
(Dollars in Millions)

	FY 2010	FY 2013	Variance	% Variance
IT	$ 3,155	$ 3,327	$ 172	5%
Medical Care	$ 47,329	$ 55,672	$ 8,343	18%

Given the strong linkage and importance of IT to medical care and benefits delivery, the investment in IT will need to keep pace with the VA's medical and benefits programs; otherwise VA will run the risk of degradation of services.

This divergence is made even more dramatic with the $169 million to fund development activities for the integrated electronic health record (iEHR) with the Department of Defense (DoD). Once completed, iEHR will be a national model

for capturing, storing, and sharing electronic health information. It will improve the quality and accessibility of heath care as DoD and VA health care providers will have access to a common set of records. Veterans will be more satisfied with services as they will not have to verify the accuracy of records moved from DoD to VA.

The delivery of high-quality medical care to an increasing population of Veterans is highly dependent upon adequate IT funding and support. VA's health IT investments have provided enhanced service quality to Veterans and have led to a net savings in overall VA costs. Through the extensive and effective use of IT, VA has greatly improved the medical care program's quality of care, patient safety and cost effectiveness. According to the Center for IT Leadership (Partners Healthcare) Study published in the April 2010 edition of Health Affairs, VA's investment in health IT systems yielded about $3.09 billion in 'cumulative benefits net of investment costs" over the period 1997-2007. The study also noted that most of the savings are in areas that improved quality of health care delivery, safety and patient satisfaction. Given the strong link and importance of IT to medical care and benefits delivery, resources for IT must keep pace with the VA's medical and benefits programs.

A Functional View of IT Budget Request

The table below provides a functional view of the FY 2013 IT budget request. Additional detail for each program below can be found in Appendix 3—Detail By Resource Bands beginning on page 5B-11.

FY 2013 IT Budget Request by Function
(Dollars in Thousands)

Programs	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Budget Request	Increase/ Decrease
OIT Staffing and Administration	$ 894,356	$ 915,000	$ 915,000	$ 1,021,000	$ 106,000
Operations and Maintenance	$ 1,019,636	$ 1,434,829	$ 1,371,258	$ 1,452,000	$ 80,742
Major Transformational Initiative Ongoing Sustainment (FY 2012 to FY 2013)	$ -	$ -	$ -	$ 59,000	$ 59,000
Information Security	$ 101,946	$ 118,000	$ 109,520	$ 127,000	$ 17,480
ICD-10	$ 14,622	$ 9,000	$ 29,405	$ 11,500	$ (17,905)
Integrated Electronic Health Record	$ 10,964	$ -	$ 43,126	$ 169,000	$ 125,874
16 Major Transformational Initiatives	$ 748,891	$ 604,950	$ 605,000	$ 487,945	$ (117,055)
Caregiver's Legislation	$ -	$ 8,000	$ 8,000	$ -	$ (8,000)
Agent Orange (Fast Track)	$ 4,597	$ 7,000	$ 800	$ -	$ (800)
Patient Care Priority Programs (Pharmacy, Bar Code Expansion)	$ 39,928	$ 21,000	$ -	$ -	$ -
Veterans Innovations Initiative (VAi2)	$ 26,399	$ 20,000	$ 14,024	$ -	$ (14,024)
Strategic Asset Management (SAM)	$ 21,776	$ 9,000	$ 925	$ -	$ (925)
Continuing DME	$ 153,492	$ 14,596	$ 14,319	$ -	$ (14,319)
Total	**$ 3,036,606**	**$ 3,161,376**	**$ 3,111,376**	**$ 3,327,444**	**$ 216,068**

Note: Numbers may not add due to rounding.

In March 2011, the Secretaries of the VA and the DoD agreed to develop an integrated electronic health record (iEHR), which will require both departments to integrate business requirements, acquisitions and technical approaches. In FY 2013, $169 million will support continued development of the joint VA/DoD iEHR. Once completed, iEHR will be a national model for capturing, storing, and sharing electronic health information. It will improve the quality and accessibility of heath care as DoD and VA health care providers will have access to a common set of records. Veterans will be more satisfied with services as they will not have to verify the accuracy of records moved from DoD to VA.

In June 2011, VA began the implementation of an open source community, entitled VistA Open Source, based on its current electronic health record. A Custodial Agent (CA) will be created to serve as the community's governing body. VA will contribute its current EHR, known as VistA (Veterans Integrated System Technology Architecture), to seed the open source effort. This is an

important element of the iEHR collaboration with DoD and an important part of the strategy to ensure that VA clinicians have the best tools possible, and Veterans receive the best health care possible. The CA will provide important communication, organization, and administrative functions that enable community members to share information and software, and to collaborate on the improvement and the use of EHR systems. The FY 2013 request for iEHR includes the development of VistA Open Source at $5 million.

IT Development

VA's IT development activity is conducted within the framework of the 16 Major Transformational Initiatives, which are designed to address the major VA transformational priorities such as Homelessness, Access to Care, and Eliminating the Benefits Backlog. Execution of each Major Transformational Initiative is highly dependent upon technology as a service enabler and, without adequate IT funding, the objectives of these Major Transformational Initiatives will not be achieved.

With the exception of iEHR, the majority of development activity is now conducted within the framework of the 16 Transformational Initiatives. This framework is designed to improve collaboration and integration amongst the Under Secretary for Health, the Under Secretary for Benefits, the Under Secretary for Memorial Affairs and the Chief Information Officer, and their staffs. These Major Initiatives are crosscutting and high-impact priority efforts designed to address the most visible, urgent and transformational issues in VA. Consequently, IT staff is assigned to each of the Major Initiatives and are key partners with all of the VA business lines during the planning, implementation and follow-on O&M of each Major Initiative. In FY 2013, funding by Major Initiative is as follows:

IT Funding by Major Initiative in FY 2013
(Dollars in Thousands)

16 Major Transformational Initiatives (Dollars in Thousands)	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Budget Request	Increase/ Decrease
1 Eliminate Veteran Homelessness	$ 1,595	$ 6,000	$ 6,343	$ 3,954	$ (2,389)
2 Veterans Benefits Management System (VBMS)	$ 191,591	$ 148,000	$ 152,032	$ 92,253	$ (59,779)
3 Automate GI Bill Benefits	$ 69,905	$ -	$ 61,643	$ -	$ (61,643)
4 Virtual Lifetime Electronic Record (VLER)	$ 77,664	$ 70,000	$ 66,364	$ 52,939	$ (13,425)
5 Improve Veterans Mental Health	$ 3,184	$ 12,000	$ 7,811	$ 9,128	$ 1,317
6 Build Veterans Relationship Management (VRM) capability to enable convenient, seamless interactions	$ 143,481	$ 107,950	$ 107,337	$ 110,925	$ 3,588
7 New Models of Health Care (NMHC)	$ 44,564	$ 41,000	$ 38,874	$ 36,825	$ (2,049)
8 Enhance the Veteran Experience and Access to Healthcare (EVEAH)	$ 73,830	$ 85,000	$ 67,247	$ 71,750	$ 4,503
9 Ensure preparedness to meet emergent national needs	$ 40,668	$ 29,000	$ 24,093	$ 14,515	$ (9,578)
10 Enabling Systems to Drive Performance and Outcomes (STDP)	$ 7,966	$ 8,000		$ 4,162	$ 4,162
11 Establish strong VA management infrastructure and Integrated Operating Model (IOM) 1/	$ 17,953	$ 26,000	$ 20,614	$ 33,690	$ 13,076
12 Transform human capital management via Human Capital Investment Plan (HCIP)	$ 37,160	$ 21,000	$ 10,272	$ 15,640	$ 5,368
13 Perform Research & Development (R&D) to enhance the long-term health and well-being of Veterans	$ 13,741	$ 30,000	$ 20,220	$ 22,186	$ 1,966
14 Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process	$ 4,338	$ 5,000	$ 4,000	$ 4,162	$ 162
15 Health Care Efficiency: Creating Organizational Value by Reducing Cost While Maintaining Quality (HCE)	$ 18,496	$ 8,000	$ 9,200	$ 6,659	$ (2,541)
16 Transform health care delivery through health informatics	$ 2,755	$ 8,000	$ 8,950	$ 9,156	$ 206
TOTAL	$ 748,891	$ 604,950	$ 605,000	$ 487,944	$ (117,056)

Note: 1/ Number excludes Secure VA; it is now a part of Information Security.

The ICD-10 request will fund the VA conversion to the International Classification of Diseases standard, 10th edition (ICD-10). Compliance with ICD-10 is required by October 1, 2013. The upgrade to ICD-10 is a national requirement mandated by the Department of Health and Human Services (HHS) and applies to private and public sector health systems. The funding request of $12 million will allow VA to comply with the ICD-10 standard on-time. Non-compliance would prevent the exchange of Veteran clinical data with DoD and the National Institutes of Health (NIH), as well as prevent the exchange of industry standard medical information with industry partners. In addition, non-compliance would prohibit the VA from billing insurance carriers for VA-provided medical services which generates revenue of over $1.8 billion per year.

Systems implemented and deployed under the Caregivers and Veterans Omnibus Health Services Act of 2010, as well as Fast Track, an automated system which processes newly added Agent Orange presumptive condition, are on schedule to be completed in FY 2012, and no FY 2013 funds are requested for these systems. Further development of the Strategic Asset Management (SAM) system has been cancelled and no funds have been requested for further development of that system; funds have been repurposed to higher priority development projects such

as iEHR. Due to the need to fund higher priority initiatives, particularly iEHR, FY 2013 funds are not requested for the Veterans Innovations Initiative (VAi2) and there will be a delay in the development of the Patient Care Priority Programs (pharmacy, bar code expansion), as well as a delay in the Continuing Development programs such as the Revenue Improvement and Systems Enhancements, Compensation and Pension Records Interchange, Enrollment Systems Modernization, Health Provider Systems, and Data Repositories.

Operations and Maintenance

The VA's IT enterprise is one of the largest consolidated IT organizations in the world. The IT technology profile consists of over 360,000 desktop computers, 40,000 laptops, 18,000 blackberries and mobile devices, and 448,000 email accounts. The infrastructure is a massive, single network that supports:

- More than 10 million Veterans and 300,000 VA employees
- 152 hospitals
- 824 community-based outpatient clinics (CBOC)
- 57 benefits processing offices
- 131 cemeteries
- 33 soldier's lots and monuments sites

In 2013, the request of $1.452 billion for Operations and Maintenance (O&M) funding remains virtually unchanged from the FY 2012 request, despite growth in the number of Veterans served and the VA workforce; new facility activations; new systems and platforms released into production; and a dramatic increase in Wide Area Network (WAN) use to support telehealth, telework, and overall network use. The budget must effectively accommodate these secular trends. The consequences of not keeping pace with them would be degradation of the IT infrastructure, resulting in system outages at hospitals, clinics, and benefits offices, and a noticeable impact on veteran services. If IT funding as requested is not provided, the IT infrastructure backlog will continue to dramatically increase due to a lack of funds for replacement and upgrading legacy infrastructure and will produce frequent and prolonged outages as IT equipment continues to age beyond its useful life.

Information Security

The Information Security request of $127 million provides funding for information security across VA's IT infrastructure and systems, protecting the personal and health information of over 10 million Veterans and more than 300,000 VA employees, 24 hours a day and 365 days per year. The funding

enables security and privacy policy, continuous monitoring of VA systems, protection of Veteran and employee confidentiality, oversight and compliance reviews, and incident and breach response. The ongoing Secure VA program will strengthen security standards in software development, establish business requirements for an expanded Identity Access Management program which will increase on-line services for Veterans, and strengthen the resolution of issues identified by independent audits.

Administrative Support

The staffing and administration request of $1.021 billion primarily funds pay and benefits for the 7,435 FTE, an increase of $106 million and 90 FTE from FY 2012 President's Budget level. The increase is primarily a result of three factors, as follows:

- The FY 2012 request included $45 million in FY 2011 carryover funds to support the staffing and administration account; however, carryover from FY 2012 into FY 2013 is not anticipated.

- To support the newly stood up National Help Desk, 90 FTE were converted from Franchise Fund FTE (which were not previously funded by the staffing and administration account) into FTE that are funded by this account. This requires an increase of approximately $12 million; the O&M account is reduced accordingly in 2013.

- An additional $25 million is included to fund 24-hour coverage at Medical Centers. This will address service gaps that can exist at Medical Centers due to the absence of "on-call" pay authority for IT field technicians. The President's 2012 Budget proposed legislation for "on-call" pay.

Management Initiatives

The VA Office of Information and Technology (OIT) has instituted a broad range of Management Initiatives to continue the progress achieved over the last several years in a challenging fiscal environment. The overarching goal is to enhance the effectiveness and efficiency across all OIT activity to maximize the utility of each dollar expended.

The Program Management Accountability System (PMAS), which was initiated in June 2009, continues to provide real-time tracking of progress across over 200 development projects. Due to the rigor demanded by PMAS, VA has identified a cost avoidance of nearly $200 million by eliminating poorly performing projects

and restructuring many others to lower risk, reducing spend rates and implementing incremental development project plans.

In June 2011, VA created a Reduction Task Force to identify efficiencies across OIT that can be implemented without diminishing service delivery or overall effectiveness. The Task Force will focus on eliminating duplication and non-critical services; hardware efficiencies; savings that can be generated through state of the market techniques such as cloud computing; and savings that can be generated through policy and architecture changes. Funds identified through efforts of the Task Force will be re-purposed to development, modernization and enhancement initiatives to meet emerging IT needs across VA.

Financial processes have been strengthened. OIT has initiated the creation of a detailed Prioritized Operating Plan to control financial planning and execution throughout the current fiscal year. This Operating Plan allows OIT to come to early agreement with its customers to allocate budget authority to ensure the success of the most important initiatives. It also allows OIT to track expenditures from budget, to detailed plan, to expenditures, to results.

Acquisition processes and oversight have been enhanced. The newly created Office of IT Acquisition Strategy and Business Relations will disseminate clear, consistent and effective acquisition policies and exercise management control over IT acquisition activity. The Office is involved in carrying out acquisition strategies, policies and procedures; providing internal acquisition support to IT system development and O&M managers; serving as an industry liaison; and leading IT strategic sourcing initiatives.

An aggressive Workforce Development program has been created to enhance the capabilities of the IT staff across the VA. Professional Competency Models are being developed for all IT workforce job roles. These Competency Models will identify the skill set necessary for each job role. IT staff professional skills will be evaluated against those skills required for their particular job role, gaps will be identified and training provided to close existing gaps.

FY 2011 Accomplishments

Having a detailed plan, as outlined in this budget, and applying the management initiatives described above, the VA has aggressively managed available IT resources to enable the most effective and efficient service to the Veteran across all VA business lines. Several of the most notable achievements in FY 2011 are highlighted below.

- VA has significantly increased the automation of benefits claim payments for post-9/11 GI Bill benefits from 16 days in FY 2010 to 12 days in FY 2011 through a combination of enhanced automated capabilities in the Long Term solution and streamlining business processes. The eBenefits portal, which provides Veterans and service members with web access to health and benefits information and on-line transactions, was enhanced to provide single sign-on to allow users to explore information about benefits for which they are eligible, to download appropriate forms, to complete Transition Assistance Program courses on-line, and to place online orders for some medical equipment, as well as to provide direct access to TRICARE Online. An enhanced version of the Veterans Benefit Management System was released, which provides compensation specialists with a secure, web-based tool for processing original Veteran compensation claims. This enhanced capability allows for electronic routing of claims between users within the VA Regional Office which dramatically reduces the amount of paper in the current claims process and will ultimately reduce processing time.

- VA IT systems have enabled the start-up of the Caregivers and Fast Track programs. The Caregivers program (enacted in Public Law 111-163) provides stipends and other benefits to caregivers of specific categories of disabled Veterans. The initial phase of the automated system has been stood up to enroll caregivers and facilitate payment of stipends. Fast Track is a program to process disability claims for the newly added presumptive conditions associated with Agent Orange exposure. In FY 2011, VA successfully launched its first ever Fast Track on-line claims processing system, which allows claimants to electronically submit claims with supporting evidence, as well as providers to submit medical evidence on-line via automated disability benefits questionnaires (DBQs).

- The VA's security posture has been vastly improved through the achievement of visibility to every desktop on the network -- 360,000 desktop computers, 70,000 printers, 40,000 laptops and 16,000 servers. This provides the ability to determine, for each of these devices on the network, what software is installed, whether security policies are met and what vulnerabilities exist.

- VA has also achieved full implementation of our medical device isolation architecture which is essential to mitigating security vulnerabilities in VA medical devices. The isolation architecture provides the capability to localize virus outbreaks in populations where providing protection proves more difficult for equipment such as medical devices. This capability

allows us to identify threats and vulnerabilities, and quarantine them to prevent viruses from spreading across the VA network.

- The VA's operational framework is rapidly evolving to enhance service and reduce costs. In FY 2011, VA has become a leader in cloud computing, which we expect to increase efficiency through secure remote access to files and programs. For example, we have successfully implemented a large-scale, cloud program in the Post 9/11 GI Bill IT system. In addition, VA has aggressively adopted the Data Center Consolidation concept which will, over time, increase system reliability and security, and reduce costs.

- Operational metrics, which measure performance of the VA's IT infrastructure and service, have been expanded to include about 167 metrics covering aspects of our network, our service provision and our system/application provisioning. These efforts allow performance issues to be quickly identified and corrective actions implemented. These initiatives have led to a substantial increase in customer satisfaction with the VA's IT services, from a customer satisfaction survey score of 67 to 73 out of 100. The near-term target is a score of 75 in 2015, which would indicate that VA is in the top half of the rating for similar organizations globally.

Major Programs

Integrated Electronic Heath Record (iEHR)

The Department of Defense (DoD) and the Department of Veterans Affairs (VA) operate two of the nation's largest health care systems, providing health care to service members and Veterans. Both departments rely on electronic health record systems to create, maintain and manage patient health information. For more than 20 years, VA has developed and adopted health information technology systems that support a broad range of patient care and administrative processes. These systems include computerized patient records, or electronic health records, radiological imaging, laboratory and medication ordering, and administration with the goal of improving patient outcomes and increasing efficiency in VA health care delivery.

VA and DoD participate significantly at the national level with the American Health Information Technology Standards Panel to collaborate on and advance the development, adoption and implementation of interoperable electronic health record capabilities, standards and business practices between the organizations

In 2011, DoD and VA have agreed to build the joint iEHR together, an IT architecture framework and systems solution to enable the efficient, effective and secure sharing of health records and information supporting the delivery of health care services to our health care beneficiary populations -- Veterans, active duty personnel, family members and military retirees. Both departments will implement a single joint common platform using agreed upon business rules. Both Secretaries agreed on a series of initial next steps and updates to critical issues such as implementation of the iEHR Governance Model and establishment of an Open Source Custodial Agent. Both Secretaries emphasize the partnership, level of effort and shared sense of urgency that exists between DoD and the VA regarding the vital need to achieve a common integrated electronic health record for our service members and Veterans.

It is essential that service members transition seamlessly from active duty into the VA and a very large part of that transition is the service member's medical records. iEHR is foundational to Improving Quality and Accessibility of Health Care and Benefits. It will facilitate a smooth transition from active/reserve status into the VA system. iEHR efforts support Strategic Goal #1 (Quality and Accessibility) and Strategic Goal #2 (Veteran Client Satisfaction).

The FY 2013 request for iEHR is $169 million. The planned capability delivery will rely on an agile methodology with targeted deliverables in FY 2013 of an iEHR Pharmacy Solution implementation at alpha site; the continued development of capabilities based on the current iterative prioritization such as Identity Management, Orders Services, Consults and Referrals, and Immunizations; and the continuation of VistA Open Source Custodial Agent at $5 million per year. In addition, the program will continue to expand and strengthen various infrastructure providing capacity and support for future capabilities.

International Classification of Diseases (ICD-10)

The ICD-10 request will fund the VA conversion to the International Classification of Diseases, 10th edition, Clinical Modification and Procedure Coding System (ICD-10-CM/PCS). VA is required to be in compliance with the Federal rule issued by the Department of Health and Human Services (HHS) on January 16, 2009 that requires VA to adopt the new ICD-10-CM and ICD-10-PCS on October 1, 2013. The rule applies to private and public sector health systems that exchange billing information electronically. The funding requested will allow timely compliance with the ICD-10 standard. Non-compliance will impact clinical and administrative activities across all of VHA. Failure to implement ICD-10 will prevent clinicians from correctly entering updated diagnostic codes in the Problem List, Outpatient Encounter visits and Inpatient procedure codes.

This will have an adverse impact on Patient Quality Reporting and Monitoring, the ability to benchmark and report diagnosis and procedure data, the exchange of clinical data with DoD and NIH, and the ability to exchange industry standard information regarding diagnosis and procedures with external partners.

Without requested funding, VA will be unable to bill insurance carriers, which will result in a projected revenue loss in excess of $1.8 billion per year. It will also limit the VA's ability to provide timely payment for 'Purchased Care' to private health care providers. Additionally VA may be subject to monetary penalties imposed by HHS.

Operations and Maintenance

In addition to transforming the VA through the development and implementation of major system development efforts such as iEHR and the 16 Major Transformational Initiatives, there is a critical need to adequately maintain, operate and upgrade the IT infrastructure to support both existing and future IT systems. The Operations and Maintenance (O&M) request of $1.452 billion funds the operation, maintenance and security of VA's IT infrastructure, which is one of the largest IT infrastructures within the Federal government serving the needs of over 300,000 employees, and over 10 million Veterans. The IT technology profile consists of over 360,000 desktop computers, 40,000 laptops, 18,000 blackberries and mobile devices, and 448,000 email accounts.

The IT Infrastructure provides the IT backbone necessary to meet the day to day operational needs of VA medical centers, Veteran facing systems, benefits delivery systems, memorial services, and all other IT systems supporting the Department's mission. Proper operation and maintenance of this enterprise requires *sustainment* of activities, *refreshment* of existing equipment that reaches the end of its lifecycle, and *major infrastructure upgrades* as systems and IT platforms outlive their ability to keep current with the rapidly changing technology environment. The funding requested provides IT availability and IT performance according to service level agreements with the supported lines of business within the Department, maintaining high availability and quality of service to our Veterans, as well as assuring continuity of operations in case of outages. The O&M portion of the IT budget also helps assure a robust, scalable, self-healing infrastructure capable of accepting the new products and systems released by the agile development process now in place.

The size and complexity of the IT infrastructure grows and changes on a continual basis in response to the needs of the businesses and services it is asked to support. As additional investment is made in the lines of business (non-IT costs), the Operations and Maintenance support required (IT costs) has also

increased. During the past 5 years, long term secular trend costs have pushed IT O&M costs upwards on an annual basis. Among the current secular trends observed are:

- New employees
  - Approximately 35,000 new users in 5 years
- New facility activations
  - Approximately 250 new facilities in 5 years
- New systems and platforms released into production
  - Approximately 150 new systems in 5 years
  - As Project Management Accountability System maintains successes more systems/platforms move to completion
- Increase in proportion of staff with mobile computing and communicating requirement
  - Percentage of mobile users increasing to approximately 25% of workforce
  - Mobile worker numbers driven by Telework legislation, Green-Carbon Reduction legislation, increasing utilization of virtual team work
- Increase in reliance on WAN/LAN and other Telecom costs
  - Traffic on WAN doubles every 18 months
- More tools on the IT 'Tool belt'
  - Today's employee uses many more IT tools than in the past
- Unfunded/out of cycle requests
  - Estimated IT needs are greater than available budget in any given year resulting in a year-to-year roll-over of unmet demand
- Security requirements
  - As the system complexity and quantity of data under management increases, security complexity increases
- Greater need for tools to manage increasing complexity in IT environment
  - Greater numbers of Service Level Agreements driving increased need to measure service accurately

Other trends will come into play over the next few years as the VA dependency on information technology increases. Those future secular trends are:

- Wireless point of care devices for clinical care and administrative roles
- Increasing virtual collaboration of employees working as virtual teams and/or teleworking
- Increasing numbers of external connections (e.g. VA to DoD, or to private 'accountable care' organizations)

- Moving from terabytes to petabytes to ectobytes of storage with concomitant mandate for record retention, legal recovery, and disaster tolerance/recovery
- "Cloud" computing and greater reliance on network connectivity
- Innovations – if successful, they represent unknowns for future O&M costs

The budget request must effectively accommodate the current and long-term secular trends identified above. The consequences of not keeping pace with these secular trends would be degradation of the infrastructure over time, with resulting decline in service levels for the systems and applications used by the VA's lines of business and the Veteran clients they support. A decline in service levels would become manifested through poor system operating performance, as well as increased equipment outages and system down time. In addition, if adequate funding is not provided, the IT infrastructure backlog will dramatically increase due to a lack of funds for replacement and upgrading legacy infrastructure. Eventually, this lack of investment for infrastructure replacement and upgrade will be noticed through major outages that will be prolonged, more frequent, and result in serious patient safety issues or greater cost of operation for the Administrations and Staff offices attempting to perform their mission for Veterans.

IT Infrastructure Backlog

Since the centralization of IT authority in VA in 2006 with the creation of the IT appropriation, the validated IT infrastructure needs of the customers supported by OIT have typically exceeded funding in the IT appropriation. Unfulfilled business requirements can sometimes be met by adopting IT cost containment strategies and tactics including standardized consolidated purchases of IT commodities (to leverage economies of scale), virtualization of technology, data center consolidation and other means. Deferring platform replacement and lengthening the interval of lifecycle refreshment of older hardware are two other cost reduction strategies that have been used in VA to defer infrastructure replacement costs. However, in these cases, because equipment ages, the risk of failures and outages increases exponentially as the equipment ages beyond useful lifespan.

National Data Center Program (NDCP)

The National Data Center Program (NDCP) goal is to improve service to our nation's Veterans through consolidation of all VA enterprise and mission critical systems into centralized National Data Centers (NDC). NDCP identified 86 VA data centers, primarily located in medical centers, which could be consolidated as part of the Federal Data Center Consolidation Initiative (FDCCI) over the next

two years. NDCP is standing-up four Interim Data Centers (IDCs) in Austin TX, Reading PA, Martinsburg WV, and Denver CO. In addition, NDCP is in its initial planning phase of potentially using inter-agency data centers and continues to work across federal agencies, such as with DoD, to identify space and obtain agency agreements.

Data Center Consolidation with Department of Defense

As part of the Integrated Electronic Health Record (iEHR) program planning, VA and DoD are planning the hosting of VistA systems at DoD data centers. The key decision point is whether to pursue Defense Information Systems Agency (DISA) hosting or to remain committed to the original National Data Center Program (NDCP) plan to deploy to a combination of leased and VA data center space. Pursuing the DoD hosting option is in line with the Federal Data Center Consolidation Initiative (FDCCI). The DoD hosting option is predicated on DoD allowing VA to administer an enclave within DISA facilities. These would be small VA centers within existing DoD data centers with VA WAN feeds and remotely administered by VA personnel. At the present time, the VA plans to continue to complete the Interim Data Center standup project that is part of NDCP. Regardless of location, the equipment being procured will be needed to run VistA. In the future, as the DISA option matures, it will be relatively simple to redirect procurements and equipment to DISA centers if that is needed. The end result will be fewer but larger data centers, with increased opportunities for economies of scale and efficiency.

James A. Lovell, Federal Health Care Center, North Chicago - Activation

This project executes a merger between the existing North Chicago Veterans Affairs Medical Center (NCVAMC) and the existing Naval Health Clinic Great Lakes (NHCGL) facilities. OIT provisions the infrastructure to support the integration of VA and Department of the Navy health care facilities into a joint inter-agency healthcare system. VA funding transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund for Information Technology at North Chicago will allow for optimum staffing levels of government FTE to transition support from contracted resources, provide hardware resources to sustain new and existing VA/DOD initiatives and staff, and technical services to support further development efforts in joint functionality.

The sustained hardware and software support for existing infrastructure and personnel is essential for continuity of operations.

	2011 Estimate	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase / Decrease
VA Information & Technology	$4,516	$7,470	$6,605	$6,605	$0

Telehealth

As one of the components of the New Models of Care initiative, Telehealth represents a variety of new care models that make care provisioning available to the patient in their home, or nearer to their home, by providing technology that allows providers to interact with the patient at a distance. The Office of Telehealth Services, within the VHA Office of Patient Care Services, has systematically implemented large national Telehealth programs within VHA that are defined by the technology framework employed, the clinical pathways used and/or location of care. The three areas are Clinical Video Telehealth, Home Telehealth, and Store and Forward Telehealth.

These Telehealth systems involve a paradigm shift from care at the bedside or clinic to care at a distance. As a result, the dependency on technology (at the provider location and the patient location, as well as the voice/data circuit that connects these two locations) becomes critical. The complicated stack of technology that lies between the patient and provider must be as reliable as "dial tone" or else a missed or cancelled clinical encounter occurs. IT investments in this area include both initial and recurring costs as telecommunications charges and IT management systems must increase to provide network bandwidth for more clinical activity via Telehealth modalities.

Information Security

The Information Security request is $127 million for programs which protect privacy and provide secure IT operations at VA's medical centers, benefit offices, and cemeteries 24 hours a day, 365 days a year. The programs provide policy, guidance, advice, incident response, general support, and the tools and services necessary to protect IT resources and infrastructure. These programs address IT security and privacy issues, provide risk management capabilities and incident and breach response. The programs provide for the protection of Veteran and employee data confidentiality, deliver oversight and compliance reviews, see to the continuous monitoring of VA systems and information processes and participate in continuity of operations planning. The IT staff develops, distributes, and maintains IT security and privacy policy, standards, and

guidance based on Federal law and other requirements. The Network and Security Operation Center (NSOC) provides for incident reporting and response, and also delivers VA security services such as anti-virus protection, penetration testing, vulnerability scanning, firewall management, forensic analysis, and intrusion detection monitoring. NSOC also uses its visibility to network devices to provide information for vulnerability risk assessments which drive decisions for remediation work and security architecture and configuration changes.

As a separate program within the information security request, the Secure VA request of $28 million includes several activities. Software Assurance is an effort to work with internal and external partners so that security standards are defined and met in the software engineering process in order to lessen the need for software patches to fix security issues later. Under Secure VA, the Office of Information Security (OIS) will be the business sponsor that oversees Identity Access Management efforts such as compliance with Federal Identity Credential and Access Management requirements that define physical and IT systems, and software access controls such as two factor authentication. Finally, under Secure VA, OIS will put in place a management system for audit resolution that will address the findings generated from the independent evaluation of security policies, practices and procedures as required by the Federal Information Security Management Act of 2002 (FISMA). The above section on IT security expenses fulfills the requirements of title 38 USC Sec. 5723 (a)(11).

Staffing and Administration

The FY 2013 Staffing and Administration funding request is $1.021 billion, which represents a significant increase relative to the $915 million requested in the FY 2012 President's Budget (PB). This is primarily a result of three adjustments as noted above.

The majority of the staffing and administration budget is devoted to salaries and benefits. The remaining funding for this request is for travel, training (both individual and enterprise-wide), administrative support contracts, leases (including those supporting data centers), as well as office equipment and supplies. Also included in this budget is funding for the mass transit benefits program and worker's compensation.

16 Major Transformational Initiatives

1. Eliminate Veteran Homelessness (EVH)

	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$1,595	$6,000	$6,343	$3,954	-$2,389

VA is taking decisive action toward its goal of ending homelessness among our Nation's Veterans. To achieve this goal, VA has developed the Five-Year Plan to End Homelessness Among Veterans, which will assist every eligible and at-risk homeless Veteran. VA will target Veterans in acquiring safe housing; needed treatment and support services; homeless prevention services; opportunities to return to employment; and benefits assistance.

This effort will, within five years, provide enhanced services for over 500,000 homeless or at-risk Veterans and, in many cases, Veterans' families. Recent data from the 2011 supplement to the Annual Homeless Assessment Report (AHAR) states that 67,495 Veterans were homeless in the United States on any given night in January 2011 – a significant reduction from the 2010 single night count of 76,329. This change shows that VA is moving closer to its goal of ending Veteran homelessness by FY 2015.

To implement the Ending Veterans Homelessness (EVH) Initiative, VA will expand upon existing programs and institute new programs. The current programs will be expanded include Health Care for Homeless Veterans, which provides "in place" residential treatment beds through contracts with community partners, and the Grants and Per Diem Program, which will increase grants to community providers to create and operate transitional housing. This initiative will increase the number and types of housing options available to at-risk and homeless Veterans. VA will also increase the number and type of interventions and services to address homeless Veterans, including providing support services, improving employability, promoting recovery and sobriety, and facilitating independent living.

Two of the new sub-initiatives include establishing a National Referral Call Center, which will link homeless Veterans and their families to VA and community-based resources, and creating a National Homeless Registry, to track and monitor homeless initiatives and serve as a data warehouse for VA services.

Benefits to Veterans and VA:

Homeless Veterans will benefit from the expansion of existing program capacity and treatment services, as well as the implementation of new programs focused on homelessness prevention and increased access to permanent housing with supportive services.

Deliverables:

In FY 2011, the Homeless Program started a handheld device pilot for use by case and outreach workers. This will provide them the ability to track Veterans receiving assistance. A successful outcome of the pilot will turn into implementation of handheld devices from the initial three test sites to all of VA starting in FY 2012 and into FY 2013. The deliverables will include the capability of accessing other VA applications such as possible applications include scheduling, clinical ancillary programs and mental health via the use of the handheld device.

The Web-management Toolkit for the Housing and Urban Development - VA Supported Housing (HUD-VASH) which was started in FY 2011 will be delivered and completed in FY 2012. This toolkit will provide case managers and Veteran's access to on-line resources that will help attain and maintain permanent Veteran housing. It will also provide general information, best practices and program specific data to providers and will be expanded to cover other Homeless Programs.

During FY 2011, a new system called Homeless Operations and Management Evaluation System (HOMES) was delivered. This system will perform case management and tracking functions for the Homeless Program. OIT also started integrating Homeless Management Information System (HMIS) and Continuum of Care data into the HMIS Repository, and then into the VA Homeless Registry with a national release in the second quarter of FY 2012. A bi-directional flow of HMIS data from the HMIS Repository to local, state and other Federal agencies are planned for FY 2012 and FY 2013. This interface will prove beneficial as this will provide a complete Veteran record in the VA Homeless Registry, an accurate metric (number of Veterans) on program assistance as the initiative targets to bring down the number of homeless Veterans. The HMIS Repository is the stabilization of the 2-way interface and expansion of the interface will include other VA homeless programs such as Grants Per Diem and HUD-VASH.

In FY 2013, the Homeless Repository will also expand its two-way interface to more entities and provide those entities with up-to-date Veteran information.

The information shared by the VA then will be used by those entities to address homeless Veteran benefit gap(s).

A Veteran Re-Entry Matching Service project is a new project in FY 2012 and will continue through FY 2013 with the objective of collecting and processing information about incarcerated Veterans that will be used by the Healthcare for Reentry Veterans (HCRV) and Veterans Justice Outreach (VJO) specialists as part of their outreach activities to prevent Veteran homelessness in support of the Secretary's national initiative to eliminate homelessness among Veterans. This is designed to address community reentry needs of incarcerated Veterans by preventing homelessness. It reduces the impact of medical, psychiatric and substance abuse problems upon community readjustment to decrease the likelihood of re-incarceration.

Support VA Transformation:

To eliminate homelessness among Veterans, VA must coordinate its efforts with internal and external stakeholders. VA has been an active participant in the planning process for the U.S. Interagency Council on Homelessness Federal Strategic Plan to end homelessness working with other federal partners and key stakeholders. This plan, along with VA's Five Year Plan to End Homelessness Among Veterans, will require close partnerships with and outreach to federal, state, local, and tribal governments; faith-based, non-profit and private groups; Veterans, people and organizations providing services to Veterans; and the general public. The ability to work collaboratively with other organizations outside VA is an important part of the effort to transform VA into a 21st century organization.

2. Veterans Benefits Management System (VBMS)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$191,591	$148,000	$152,032	$92,253	-$59,779

Description:

The Veterans Benefits Management System (VBMS) Initiative is a business transformation initiative enabled by technology and designed to improve Veterans Benefit Administration service delivery. It is a comprehensive solution that integrates a Business Transformation Strategy (BTS) to address process,

technology, people, organizational structure factors, and a 21st century paperless claims processing system.

VA-specific goals for VBMS:

- Achieve less reliance on the receipt, movement, and storage of paper.
- Eliminate efficiency constraints associated with paper claims files, especially allocation of resources, regardless of geographic location.
- Ensure the security of Veterans' personal information.
- Substantially contribute to the overall efforts to reduce the average days to complete compensation and pension (C&P) claims.

VBMS incorporates technology development and business process re-engineering efforts for paperless claims processing, but does not include business process re-engineering efforts that address immediate procedures and practices. It will provide services to other critical initiatives, including Veterans Relationship Management (VRM) and Virtual Lifetime Electronic Record (VLER).

Benefits to Veterans and VA:

For Veterans, VBMS will result in faster decisions, higher quality and greater consistency in decisions, improved response to new mandates, proactive identification of emerging needs, and increased performance and accountability by VA. This initiative is central to the VA's goal of "breaking the back" of the claims backlog.

Deliverables:

In FY 2011, VBMS deployed the first software for Phase 1 to one Regional Office (RO) for User Acceptance Testing (UAT). Following the agile development methodology, VBA claims processor used the new software to validate and refine the business requirements, as well as to generate new business requirements for future software releases. Phase 1 utilized a new electronic claims repository and scanning solution, as well as new claims processing software integrating with elements of the current legacy platform, VETSNET.

In FY 2012, VBMS will deploy an improved technology solution for Phase 2 to a second RO for UAT. Phase 2 will follow the same agile development methodology to validate and refine the VBMS technology solution, as well as to provide additional business requirements for future technology releases in Phase 3 and beyond.

Phase 3 will be deployed in FY 2012 to one additional RO for UAT. This phase will integrate new and improved business processes with the software solution that was developed, refined and validated during the Virtual Regional Office and the two previous phases.

Successful deployment of VBMS will reduce VBA operating costs and boost productivity. Migration to a paperless claims processing system will allow VBA to dramatically reduce its shipping costs associated with the movement of claims folders between ROs and VA Medical Centers (VAMCs). Operationally, VBMS eliminates geographic constraints associated with a paper claims folder. Combined with claims improvements, VBMS will result in a decrease in the overall days to complete a claim for compensation and pension benefits.
In FY 2013, VBMS will deliver Phase 3 of the initiative which will enhance the establishment and evaluation of claims. This phase will continue to expand the scope and scalability of the system to improve the volume of users that have access to process benefits using the VBMS system. In addition to delivering end-to-end paperless processing for establishment and rating functionality, Phase 3 will include the delivery of Service Oriented Architecture objects and services for the user interface to communicate with VA data stores. VBMS will deliver Release 1 and 2 of Phase 3 in FY 2013. These releases will enable seamless integration of capabilities that support VHA and VSO stakeholder activities for document reviews and examination insertion/provision, automation of Business rules for rating and awards, and virtualization of claims processing across Regional Offices. VBMS Phase 4 is scheduled to start in May 2012 and will have releases throughout FY 2014.

Support VA Transformation:

This initiative drives transformational change for both VBA and OIT. VBMS will eliminate the constraints and lost time associated with paper claims folders due to the removal of geographic dependencies associated with paper documentation. VBMS is also the first large scale IT system being developed and deployed following the agile software methodology. For this initiative, VA has sought contractor support to design and develop an automated system called Fast Track for processing newly added Agent Orange (AO) Presumptive conditions as well as any other new AO Presumptive conditions that may be added during the life of the contract using an agile development methodology. The contractor is developing a machine-readable claims form that enables claimants to electronically download and electronically submit complete claims for service connection which provides medical evidence for the presumptive conditions. The development effort is being funded out of the VA Innovations Initiatives, and will eventually coalesce into VBMS.

VA seeks to manage the large volume of new claims under Fast Track and develop new business processes, technologies and systems that will reduce the claims backlog at VBA -- one of VA's top initiatives. VBA oversees the administration of all C&P benefits for Veterans, Service members, and their dependents, and is therefore the principle client for this Fast Track system.

3. Automate GI Bill Benefits

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$69,905	$0	$61,643	$0	-$61,643

Description:

In June 2008, the U.S. Congress passed the Post 9/11 Veterans Educational Assistance Act of 2008. This legislation updates GI Bill provisions and amends Title 38 United States Code to establish a program of educational assistance for members of the armed forces who served on or after September 11, 2001. Among key milestones called out in the legislation was the requirement to start the payment of benefits by August 2009. Recognizing the challenge this presented, VA elected to pursue two parallel efforts aimed at ensuring timely and accurate payment of benefits. These efforts are referred to as the Interim Solution and the Long Term Solution (LTS) and they involve different implementation approaches. The Interim Solution was implemented as a manual process augmented by automation where possible under the tight schedule constraints. The LTS utilizes technology to automate processes with a solution that takes advantage of a service-oriented architecture and rules-based strategies.

Starting in October 2009, the Automate GI Bill Project Management Office (PMO) established a partnership with Space and Naval Warfare System Center Atlantic (SPAWARSYSCEN Atlantic) to support the design, development, deployment, and support for the LTS. This deployment strategy included deploying functionality incrementally over a four-release schedule starting with the first release in March 2010 and ending with the final release in December 2010. The system became fully operational in December 2010 but the program continued with planned development for automation and other functionality through the end of September 2011. However, Public Law 111-377 was signed in January 2011 and its requirements superseded the remaining planned development efforts, as the legislation included short suspense deadlines without the necessary funding for implementation. Thus, originally planned development for FY 2011 had to be

deferred, but the deferred development was not included in the FY 2012 request since the law was signed after the VA budget was finalized.

Development for Automate GI Bill began in early FY 2010, the first and most significant release was the transition of the Post 9/11 GI Bill claims processing from the Interim Solution to the LTS. Other LTS Release 1 and 2 accomplishments included the transfer of existing claims data from the Interim Solution into the LTS the processing of the 2010 Basic Allowance for Housing rate adjustment, and a flexible rules-based engine, which allows the VA to implement future changes and enhancements from Post 9/11 GI Bill policy and legislation in a more timely and efficient manner. The system transition drastically improved the VA's ability to process, administer, and manage the delivery of Post 9/11 GI Bill benefits to Veterans and their beneficiaries. These capabilities ensure timely and accurate decisions on education claims and continue payments at appropriate levels to enhance Veterans' and Service members' ability to achieve educational and career goals.

Releases 3 and 4 of the LTS were deployed on October 31, 2010 and December 20, 2010 respectively. These releases expanded the LTS capabilities by integrating data from other VA systems into the LTS and by automating and streamlining the claimant institution enrollment validation process. The releases also provided the capability to initiate and provide Post 9/11 GI Bill payment instructions to the Department of Treasury. Both releases provided further enhancements to streamline the delivery of the Post 9/11 GI Bill benefits to service members, Veterans, and their dependents. Additionally, the eBenefits team, working with the Automate GI Bill Program Management Office, deployed initial claimant self-service capabilities to improve the Veteran's access to Post 9/11 GI Bill claim information. Improved self-service capabilities included obtaining Post 9/11 GI Bill payment history and changing electronic funds transfer routing information among others.

On March 31, 2011, the LTS deployed the first Public Law 111-377 release of 60 day requirements, which included user interface changes and initial business logic changes for benefit calculations for non-college degrees related to Section 105 of this public law. The next deployment provides interface updates for new College Fund or "Kicker" payments. "Kickers" provide an additional amount of money, determined by and at the discretion of the military services (not VA), to increase an individual's basic monthly educational benefit for those who have specialties or skills that were or are in demand. The final Public Law 111-377 release updates application user interface and completion of business logic changes.

Benefits to Veterans and VA:

The Post-9/11 GI Bill permits eligible participants the opportunity to study at four-year institutes of higher learning, receive living allowances and in some instances transfer benefits to qualifying family members. The benefits offered include tuition and fees, a monthly housing allowance, a books-and-supplies stipend and the establishment of the Yellow Ribbon Program with participating higher-learning institutions.

The purpose of the Automate GI Bill Benefits Initiative is to enhance the delivery of Post-9/11 GI Bill benefits to Veterans, service members and qualifying family members as well as minimize the use of resources. The key objectives of this investment focuses on utilizing information technology to provide timely claims processing, payments, and customer service while streamlining processing and minimizing manual claims work for field employees.

Deliverables:

December 20, 2010, the Automate GI Bill Benefits PMO deployed Release 4.0 into production. This release provided: an interface between the Chapter 33 Long Term Solution processing application and the Benefits Delivery Network (BDN) payment system; enhanced the Chapter 33 letter generation system; provided data to the eBenefits application in order to allow Veterans and Service Members to update direct deposit information on that portal, and to view payment history; and enhanced debt processing via the LTS. On January 17, 2011, the PMO deployed Release 4.1, which updated Basic Allowance for Housing rate tables to reflect the newly released DoD 2011 rates. The remaining functionality originally planned for deployment in FY 2011, was postponed and pushed out to FY 2012 due to the passing of PL 111-377. The planned functionality was intended to provide automation of claims processing. That release is now scheduled for June 2012. In order to meet the mandate of PL 111-377, senior VA leadership, VBA, and the PMO decided to divide the legislation into separate Releases based on the enactment date of each section of the law. Release 4.2 was deployed on March 5, 2011 and provided functionality to implement 60-day requirement deadlines contained within the law. In addition, letter generation was enhanced to reflect language resulting from the new law. Release 5.0 was deployed on June 6, 2011. This release provided functionality to: pay housing to eligible distance learning students; pay DoD kickers monthly; adjust housing rates based on rate of pursuit; apply August 1 housing rates; provide eligibility rules for National Guard members; pay books and supplies for active duty members; discontinue interval pay; process benefits for licensing, certification, and national exams; provide access to CWINRS so VRE employees can view Veteran's records; automate future housing payments; and accommodate 508 compliance user navigation.

The final release of functionality to address PL 111-377 is scheduled for the first quarter of 2012.

FY 2012 planned activities include the automation of a percentage of supplemental claims and additional user functionality as refined by the business sponsor. These will include among others: multiple entitlements, kickers and supplementals, work product change summary, and letter generation and correspondence. These FY 2012 development activities are currently unfunded; however, sustainment operations are funded and will continue. Sustainment activities will include shared operational costs for corporate data services and associated overhead costs.

FY 2013 activities will include knowledge transfer and continuation of activities for full sustainment, as well as development of user functionality as redefined by the business based upon their priorities.

Support VA Transformation:

The VA strategic plan will be executed through the Major Initiatives, representing the highest priorities for the Department, and a further set of Supporting Initiatives, where each component of the Department will contribute to the integrated strategy. The Post-9/11 GI Bill Initiative aligns with VA strategic Goal 1 (Quality and Accessibility) and Goal 2 (Veterans Client Satisfaction).

The Automate GI Bill initiative not only supports the aforementioned strategic goals, but also strives to ease the reentry of Veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services. The automated system developed through this initiative provides timely and accurate decisions on education claims and continue payments at appropriate levels to enhance Veterans' and Service members' ability to achieve educational and career goals.

4. Virtual Lifetime Electronic Record (VLER)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$77,664	$70,000	$66,364	$52,939	-$13,425

Description:

On April 9, 2009, the President, flanked by the Secretaries from the Departments of Defense (DoD) and Veterans Affairs (VA) established this initiative by directing both Departments to work together to design and build a "seamless system of integration." Retiring Service members will no longer be required to "walk paperwork from a [Defense Department] duty station to a local VA health center." Secure and seamless access to electronic records is essential to modern healthcare delivery and the paperless administration of benefits.

VLER will create the information interoperability capabilities that will improve care and services to Service members and transitioning Veterans by smoothing the flow records between Veterans, Service members, beneficiaries and/or designees, DoD, VA, and other public and private health care and benefits providers. VLER results from the secure and seamless access, sharing and exchange of data for comprehensive health, benefits and administrative information. Streamlined data exchanges are a major step toward improving the delivery of care and services to Service members transitioning from military to civilian life.

The implementation and functional data exchange needs for VLER are categorized as a series of 4 VLER Capability Areas (VCAs) that describe the delivery of specific capabilities to service providers, Service members, and Veterans.

- VCA 1 represents the exchange and availability of the initial set of clinical information needed for the delivery of health care in a clinical setting.
- VCA 2 expands health information from the initial set exchanged in VCA 1 to include the exchange of additional electronic health information for disability adjudication. VCA 2 will incorporate personnel and administrative information in order to authorize and provide disability benefits to Service members and Veterans.
- VCA 3 completes the information needed for the delivery of the remaining benefits services, including other compensation, housing, insurance, education, and memorial benefits.
- VCA 4 ensures online access to benefits information via a single portal. This portal provides a robust information flow and advanced, interactive capabilities for Service members, Veterans and their beneficiaries and/or designees for access to comprehensive electronic health, benefits, and administrative information, as well as the ability to interact directly with benefits providers in order to apply for, track and receive services.

VLER will ultimately enable seamless data exchange with other partners while supporting Veterans, Service members and authorized beneficiaries. VLER will ensure availability of reliable data from the best possible source in the shortest possible time. The connectivity level provided by VLER has never been accomplished before and will greatly improve access to electronic health, benefits, and administrative information for authorized service partners within the federal government and most importantly, with private sector partners nationwide.

Benefits to Veterans and VA:

This initiative will ensure that all health, benefit, and administrative information is readily available to VA, DoD, and other health and benefit providers, enabling quicker and easier access to benefits, improved quality of care, and a smoother transition from military to civilian life for Veterans and their families.

Deliverables:

Deliverables for VLER are explained in the context the following four focus areas:

- Nationwide Health Information Network (NwHIN)
  The key to sharing critical health information is pushing for interoperability and utilizing the NwHIN standards, allowing organizations like VA and DoD to partner with private sector health care providers to promote better, faster and safer care for Veterans. In December 2009, VA first began a pilot exchange of electronic health information between the VA Medical Center in San Diego and a local Kaiser Permanente (KP) hospital using the NwHIN created by the Department of Health and Human Services. This collaboration marked the first time a computerized patient-records system operated by a federal agency had been linked to one operated by a private organization. In January 2010, the VA successfully exchanged patient data between VA, KP San Diego and DoD. By September 2010, VA, DoD, KP San Diego, and MedVirginia were successfully exchanging demographics, problems, medications, allergies, vitals, immunizations, and lab results. During FY 2011, VA added expanded our pilot partners exchanges to twelve while further expanding the range of data shared and addressing additional business needs such as Consumer Preference and Policy capabilities and technical contributions to the CONNECT open source community. During calendar year 2012, VA intends to be sharing data in an unconstrained manner across the NwHIN to include health data and expansion into the benefits information domain. VA is also piloting the DIRECT capabilities in support of Women's Health with a mammography use case. In FY 2013 NwHIN will deliver enhanced capabilities in support of VLER for

expanded clinical and benefits exchange for Veterans using technology associated with Exchange and Direct that is sponsored by the Office of the National Coordinator for Health. In addition, NwHIN will build additional capabilities for Veterans Authorization Preference.

- Warrior Support
  The VLER Warrior Support Projects ensure that information is available to end users in a timely fashion to support Integrated Care for our Nations Operation New Dawn and Severely Ill and Injured Service members and Veterans. Specifically, the Information Sharing Initiative (ISI) will facilitate the exchange of relevant data between VA, DoD and Social Security Administration in order to ensure services and benefits are planned, managed and delivered consistently and correctly to beneficiaries. An FY 2012 pilot will demonstrate the exchange of authoritative data across multiple partner applications using a consistent approach and data standards. Participating in ISI are the programs that currently use the Veterans Tracking Application (VTA), including the Integrated Disability Evaluation System (IDES), Federal Recovery Coordination Program (FRCP), the VHA Liaisons and the VBA Operation New Dawn Case Managers. In FY 2011, VTA supported the IDES Pilot expansion from 27 to 120 sites, added functionality for VBA Chapter 63 Special Outreach for educationally disadvantaged Veterans required by law under 38 U.S.C. Chapter 63, and provided enhancements for the VBA Casualty Reporting Program. In FY 2012, VTA will implement an IDES Proof of Concept to further improve the remodeled process and accelerate the delivery of benefits to our separated Wounded Warriors. In FY 2013, planning for the ongoing enterprise nonclinical case management needs of the Department, the Federal Case Management Tool (FCMT) project looks to provide expanded functionality, robust reporting capabilities and an architecture that will comply with VA Enterprise Architecture standards. Migration of the IDES functionality from VTA legacy application to FCMT will be a major undertaking that will support VA and DoD initiatives. ISI will continue development of the requirements from the BRD with the same mission from FY 2011 to FY 2012 which is provide authoritative data across multiple partner applications using a consistent approach and data standards.

- Memorial Affairs Modernization
  Designed in the 1990s, modernizing and redesigning the Memorial Affairs Burial Operations Support System (BOSS) will allow VA the flexibility to adapt to current needs and improve overall stability of the platform and consistency of services it provides to Veterans and their families at over 180 locations including 131 VA National Cemeteries.

The BOSS Enterprise is comprised of complimentary systems in managing the delivery support and analysis of VA burial and memorial benefits to eligible Veterans and families: BOSS; Automated Monument Application System (AMAS); Monument Application Scanning System (MASS); Management and Decision Support System; Kiosk/Nationwide Gravesite Locator (Kiosk/NGL); and Presidential Memorial Certificates. Starting in FY 2011 and continuing in FY 2012, VA will contract assistance in the documentation of existing business practices, identification of the data flow in the event driven architecture of VLER, and the completion of business requirements of a modernized solution for the exchange of information and burial of Veterans and their eligible dependents. The objective will be eliminating internal redundancy of Veteran data information, improving the accuracy and timeliness of processing services, digitally mapping the location of headstones and markers for all national cemeteries, and most importantly removing the burden of eligibility verification from the Veteran and families for burial benefits with automated verification.

In FY 2013, the first product releases for the redesigned enterprise system (IOC) will be delivered to address dynamic mapping of gravesite locations, improved tracking and visibility of remains and increased data sharing of first notice of death (FNOD) records with relevant stakeholders. Additionally, these FY 2013 product releases, the legacy system will begin to sunset as an 'end of life' system by turning off those features delivered by the redesigned enterprise system mentioned above. The redesigned system is expected to reach Final Operating Capability at the end of FY 2015 with the legacy system sun setting in parallel.

- Health Information Technology Sharing
  In 2011, the Bidirectional Health Exchange (BHIE) interface implemented an application that enables VA providers to select for viewing DoD neuropsychological assessments and imagery from the DoD Healthcare Artifact Information Management System. BHIE also implemented updates to an existing application to enable VA clinicians to view DoD inpatient notes. BHIE currently is supporting approximately 450,000 monthly health information exchange queries from VA to DoD, at a rate of over five million per year. VHA makes approximately 93% of all queries, and VBA makes about 7%. In 2012, health information exchange that BHIE makes possible is expected to continue to grow in volume and complexity of content, and grow well beyond the current 5 million queries per year rate. To meet these needs, BHIE is targeting implementation of a Data Access Service (DAS) that will provide more efficient and effective health

data transfer. The DAS's capabilities will also be extended to support a pilot benefits information exchange between VA and Army as part of the Information Sharing Initiative. Throughout 2012, BHIE will continue to provide the backbone upon which VA clinicians and claims adjudicators depend for VA / DoD health information exchange, and expand its benefits information exchange capabilities. BHIE will also continue to "work down" its prioritized maintenance backlog. In 2013, BHIE will continue to be the primary means of health and benefits information exchange upon which VA clinicians and claims adjudicators depend for VA / DoD health. Health Information Exchange will be enhanced to provide user notification of data source statuses. We anticipate that the piloted benefits information exchange will be released nationwide and that additional armed services will begin testing. We are also expecting that CPRS, VistA Web, and JANUS will connect directly with the DAS using web services. BHIE will also continue to "work down" its prioritized maintenance backlog.

In 2011, the Clinical Data Repository/Health Data Repository (CHDR) increased the number of shared patient records for Active Dual Consumers (ADC) to over 1,000,000, and completed enterprise deployment of the full CHDR capabilities to all VA hospital sites. CHDR will continue to expand capability into 2012 with implementation of Limited Look Back (to limit the exchange of historical data), conversion to VA VHIM standard (for message handling), and extending the capabilities of terminology mediation by implementing VTS 2.0. VA and DoD CHDR will continue to share computable electronic outpatient pharmacy and allergy health data, achieving full saturation of eligible ADC patient by the end of 2012. DoD has no new capabilities planned for CHDR at this time.

Support VA Transformation:

VLER is at the heart of driving VA transformation through creating information interoperability for the Department in the delivery of benefits and services to eligible Veterans and Service members. A thorough review of the business and systems architecture to determine the information needs of all the operational lines of business and map the transition plan for knitting these information flows together is fundamental to the success of VLER. This research will focus on existing and planned capabilities emerging from other VA initiatives such as VBMS, VRM, and the eBenefits portal.

5. Improve Veterans Mental Health

	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$3,184	$12,000	$7,811	$9,128	$1,317

Description:

The Improve Veteran Mental Health (IVMH) initiative seeks to develop and maintain a self-regulating, patient-centered mental healthcare system within the larger VA healthcare structure. The IVMH initiative is designed to transform mental health service delivery. The initiative focuses on building both an IT and a programmatic infrastructure to support implementation of evidence-based treatments laid out in the VHA Handbook on Uniform Mental Health Services. This improved mental health infrastructure will monitor clinical programs and provide feedback to address problems, ensure clinical services are patient centered, and address mental health needs that emerge in all medical care settings. Furthermore, the infrastructure will be organized to offer patients meaningful choices between alternative treatments known to be effective and expand traditional service delivery to include prevention, behavioral medicine interventions, and IT-enabled self help. The new infrastructure will include software to plan treatments and track high risk patients and a project to pilot increased use of evidence-based psychopharmacology. Development and retention of highly skilled mental health staff is central to this effort.

The IVMH initiative will expand beyond traditional service delivery to include public health outreach programs and resources to improve the well-being of Veterans in communities. The initiative will reduce barriers to seeking early intervention for mental health care through the development of programs designed to de-stigmatize the use of mental health services. Concurrently, VA is partnering with DoD to implement the DoD-VA Integrated Mental Health Strategy, which will improve access, quality, effectiveness, and efficiency of mental health services for active duty and reserve component members, Veterans, and their families from the time of oath of service to the end of life.

IVMH is centered on the following three core objectives:

- Establish a mental health infrastructure with the capacity to:
  - Monitor clinical programs and provide feedback and technical assistance to address apparent problems
  - Provide clinical services in medical centers and patient-centered clinics

  - Address mental health needs as they emerge in medical care settings
  - Offer patients meaningful choices between alternative treatments known to be effective
  - Extend services to go beyond treatment of diagnosed mental health conditions to include behavioral interventions for common symptoms such as pain and insomnia, as well as programs to prevent mental health conditions

- Implement public health oriented programs in the communities where VA facilities are located, and in the Nation as a whole, to provide resources and services to improve the well-being of Veterans and to destigmatize use of mental health services

- Collaborate with the DoD to implement the DoD-VA Integrated Plan for Mental Health as a mechanism for working towards coordinated programs and resources to serve Service members and Veterans from the time of oath of service to the end of life

In addition, the IVMH initiative will enhance delivery of evidence-based psychosocial interventions and inform planning, implementation, and operations using a public health model. VA will also develop a framework based on medical and other data interoperability standards to ensure that healthcare providers and other benefit providers have the information they need to provide the best service for Veterans.

Benefits to Veterans and VA:

VA will reach out to Veterans by continuing to work to ensure that all enrolled Veterans have access to the appropriate mental health services for which they are eligible, regardless of their geographic locations. This will include technology solutions such as real time clinical video-conferences through tele-mental health. VA will also develop a framework to ensure that health care providers and other benefit providers have the right information at the right time to make the best possible decision for Veterans.

Deliverables:

In FY 2012, deliverables include:
- Deployment of software to track patients at high risk of suicide
- Software to identify a patient's principal mental health provider to all medical staff treating the Veteran

- Deployment of a number of mental health assessment tools to ensure sufficient information is collected during patient assessments to make good clinical decisions.
- Deployment of goal setting module in My Health*e*Vet

In FY 2013, deliverables include:

- Provide a tool for clinicians to author and distribute assessment instruments for evaluating the mental health condition of our Veterans
- Adopt a tool to conduct structured assessments which are used to collect evidence based on mental health care within primary care settings
- Implement a tool to allow the identification of at risk Veterans so that proper care may be given at VA health care facilities

Support VA Transformation:

The IVMH initiative provides an on-going process to transform VA mental health. This transformation will ensure mental health services within VA are evidenced based, patient-centered, and recovery-oriented; that Veterans and their families have increased access to mental health services within VA and in communities; and that mental health programs are coordinated with DoD to ensure coverage for Service members and Veterans seamlessly throughout their life.

6. Veterans Relationship Management (VRM)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$143,481	$107,950	$107,337	$110,925	$3,588

Description:

The goal of the Veterans Relationship Management Program (VRM) is to enhance Veterans' access to comprehensive VA services and benefits especially in the delivery of compensation and pension claims processing. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management approach. This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and VA, regardless of the communications method (phone, web, email). The program focuses on modernization of voice telephony, unification of public contact representative desktops (Unified Desktop), implementation of Identity

and Access Management, development of cross VA knowledge management systems, implementation of customer relationship management systems (CRM), and integrating self-service capabilities with multiple communication channels (Self-service).

Benefits to Veterans and VA:

VRM capabilities will empower Veterans and beneficiaries through multiple accurate and flexible communication channels, while providing secure and personalized access to information about benefits and care. VRM will enhance bi-directional communication based upon life events and Veteran preferences, and will enhance VA's ability to respond to customer inquiries by providing consistent and complete information in a reduced amount of time. This program will expand opportunities for VA client self-service through the web and telephone, including activities such as: one time/one place registration, self-education, online applications and subsequent management of those applications; online tracking and management of claims and appeals; ability to utilize electronic or digital signatures; and the ability to opt-in or out of customer preferences. Together, these capabilities will achieve significant cost efficiencies across benefit programs, and will provide significant improvements in timely, efficient and effective service delivery of benefits across the VA enterprise.

Deliverables:

VRM will improve awareness across a greater client population, which will result in greater benefits. The initial stage of implementation focuses on two critical communication channels -- telephone and Internet. Critical components of VRM are directed at improving telephone services through integration of new telephony technologies. In FY 2011, VRM developed its strategy for how the initiative will enable enterprise-wide solutions by providing the infrastructure necessary for unique lines of business to share tools. VRM also initiated a core set of components that VA business lines will leverage to improve service delivery to Clients.

In FY 2011, VRM implemented the ability to assign the VA identifier to active duty military at VA to minimize inaccuracies in identifying a Veteran and decrease the number of duplicate records.

The VA is now able to place callers in a national queue for routing to the next available agent at the VBA National Call Center (NCC) regardless of where that call center is located. This will significantly reduce blocked calls and wait times to reach a call agent. New call recording capabilities were delivered in the

VBANCC, which will assist VA in focusing training and improving the quality of services provided.

VRM has increased self-service capabilities offered via the Internet to Veteran clients through the eBenefits portal. The portal is a one-stop shop for benefits-related online tools and information. Using an iterative approach where requirements and solutions evolve through cross-functional team collaboration, eBenefits has released new enhancements on a quarterly basis. A few examples of capabilities that are now offered via eBenefits are the ability to: access Compensation and Pension claim and appeal status; access eBenefits through mobile devices; view Specially Adapted Housing grant information and claims status; and provide registered users with access to notices, news, secure messages, and email notifications. The number of unique Veterans serviced by eBenefits has grown from 95,000 in the first quarter of FY 2010 to 1,009,891 in the fourth quarter of FY 2011.

In addition, VRM developed a Virtual Call Center prototype in early FY 2011 to define call center and document processing workflows. This facilitated development of a future solution for agents to track Veteran interactions (customer relationship management) and provide improved customer service by implementing call center unified desktops.

Stemming from the strategy and foundation initiated in FY 2011, FY 2012 will be considered the building year, leveraging a more agile and customer-centric modeling. VRM will deliver quarterly releases of an integrated VRM solution which will enable VA to establish a shared record of client contacts and assist agents with the provision of service delivery, while continuing to promote Veteran self-service through enhanced multi-channel functionality.

VRM will rollout expanded Customer Relationship Management (CRM) capabilities related to claims, payments, demographics and account management to facilitate access to data and capture of contact history. A general benefits knowledge base will be developed to provide the means for computerized collection, organization and retrieval of knowledge. These tools, along with the appropriate agent training, will empower VA call center agents to respond quickly and accurately to Veterans' questions.

Throughout FY 2012, VRM will expand VA's ability to 'know the Veteran,' minimizing the number of instances a Veteran must identify and authenticate themselves, both in person and in the self-service (online and telephony) space. In terms of self-service, VRM will continue to expand the depth and breadth of capabilities both on the web and on the phone. Many of these enhancements will

focus on the expansion of online applications, easier access to individual information and statuses, and management of personal demographic information.

After laying the foundation in FY 2012, VRM will focus upon enabling business lines to efficiently implement tailored VRM customer service solutions according to the needs of their business lines. As a result of this, VA will see an increased understanding of client and greater collaboration across business lines. In addition, VRM will enhance VA knowledge base content available online to stakeholders and incorporate additional business lines. VRM will expand Web services for data access, event notification services, catalogue of Web services, testing framework and mail centralization. Single-sign-on application integrations will include Web site connections for eBenefits and Health Benefits, new self-service Web sites, portlets for stakeholder Enterprise Portal and eBenefits.

Support VA Transformation:

The VRM Program will help accomplish the VA strategic Goal #1 (Quality and accessibility), and Goal #2 (Veteran client satisfaction).

The VRM Program goal focuses on:

- Modernizing VA telephone services to enhance our Veteran clients' experience when communicating with our Department
- Enhancing information channels to empower Veteran clients with robust self-service capabilities
- Developing a CRM system that will enable VA organizations to maintain a record of contact history with our Veteran clients
- Creating a general benefits knowledge base that will provide the means for the computerized collection, organization, and retrieval of knowledge across VA organizations
- Introducing secure identity and access management processes and systems that will provide, manage, and seamlessly share unique Veteran client digital identities, while providing access to VA information to only those authorized

7. New Models of Health Care (NMHC)

	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$44,564	$41,000	$38,874	$36,825	-$2,049

Description:

The New Models of Health Care (NMHC) initiative will educate and empower patients and their families to ensure a more holistic, Veteran-centered system, greatly improving access and coordination of care. NMHC will continue to train all employees to enhance their skills and abilities to function in this new patient centered environment; explore novel uses of telehealth technology to bring specialized services to more remote locations, improve access, and reduce patient travel; expand secure messaging and My HealtheVet and evaluate new non-hospital approaches to providing acute inpatient services. These primary actions will enable the deployment of secure messaging, social networking, and other telehealth infrastructure-based tools in order to improve the ability of patients to conveniently access clinical services. This initiative seeks to establish the delivery of cutting-edge, non-traditional delivery of health care to Veterans. The initiative has the potential to improve how Veterans receive care by offering alternatives to conventional treatment options and maintaining VA's strategic position as an innovative leader in the health industry.

Benefits to Veterans and VA:

NMHC will improve access and support more convenient ways of providing care, such as expanding the use of new approaches to care including telehealth and tele-radiology for those in remote rural areas. It will enable VA to leverage several strategic information assets, including ubiquitous, longitudinal Electronic Health. NMHC will also lead VA to a world class, right-sized infrastructure by developing a systematic, value-driven approach to major capital decisions to ensure the provision of optimal care for all enrolled Veterans where they live. Coordinated care will improve patient outcomes and satisfaction with the services VHA offers.

Deliverables:

Deliverables for NMHC will focus on the following seven arenas of health care delivery:

- Patient Aligned Care Team (PACT) will complete their nationwide learning collaborative, establish a national center for learning PACT elements (Learning Centers) which will deliver the necessary training and competency maintenance for PACT. In FY 2013, it will have established and fully implement a PACT certification process. PACT is an effort to rethink and redesign primary care and other clinical services to be team-based, more accessible, and patient-centered with improved coordination of care between physicians and services. To help facilitate the redesign of primary care, the Primary Care Management Module (PCMM) will be reengineered to create a national database identifying all members of the PACT and tracking of all patient care providers, both VA and non-VA.

- Preventive Care will foster facility Health Promotion and Disease Prevention (HPDP) programs and build integration with PACT. The contract for the VHA Health Risk Assessment has been awarded and Initial Operational Capability will be available in 2012. HPDP programs will seek and educate Veterans and their families in addition to medical staff, while averting diseases before they develop. The programs will continue in FY 2013, and Preventative Care will release the Veterans Health Library for national use. Requirements for national telephone lifestyle health coaching services based on findings from the FY 2012 pilot will be identified. An interagency agreement with DoD for shared tobacco cessation telephone services will be completed.
- Specialty Care Services (SCS) will focus on assessing specialty access, care collaborations with PACT, expanding projects for phone and electronic consultation, launching an ECHO-Like Knowledge Network, establishing specialists teams to advise on SimLEARN curricula, and implementing Academic Demonstration Projects in Specialty Care. For this sub-initiative, VA plans to change how specialty care is delivered to patients by expanding projects for phone and electronic consultations, evaluating patient access to specialty medical services, and launching a knowledge network. Specialty Care has completed the MS Hat pilot project providing MS patients a way of monitoring their rehabilitation, providing patients tele-rehabilitation, and tracking patient progress in real time. If proven successful, rollout to other locations will continue into 2012. In addition to significant expansion of the virtual medicine services offered, Specialty Care will investigate and pilot platforms of care designed to improve coordination and quality of care in the Medical Neighborhood. In FY 2013, it will deploy a nation-wide collaborative designed to spread education and best-practices to support optimal specialty care access and efficiency.

- Women's Health will focus on redesigning models of primary care, developing an ER assessment tool, initiating development of software to

track and report abnormal test results, notifying clinicians when teratogenic drugs are ordered, developing Breast Cancer Clinical Case Registry, establishing a Women Veteran's Call Center, and correcting privacy and environment of care deficiencies. The Women's Health sub-initiative will create and implement changes to eliminate disparities and improve access for women using VA health services. Initial analysis of the abnormal test results and special registries has been completed with deployment of the application planned for 2012. In FY 2013, it will begin to rectify facility deficiencies and continue work with PACT to further solidify changes in primary care that minimizes disparity.

- Non-institutional Care will continue enrolling Veterans in the 59 patient-centric projects, including evaluation of projects. This sub-initiative will expand dependant and at-risk Veterans' access to non-institutional alternatives for extended care. Key OIT projects this year include Multi-Divisional Functionality and Minimum Data Set. The Multi-Divisional Functionality project will break out the workload at the Community Based Outpatient Clinic and rural area level; the Minimum Data Set project provides application upgrades to designated VA facilities so they can input demographics and clinical data thus resulting in Quality Measures/Indicators and performance metrics. In FY 2013, Non-institutional Care program will be fully functional and will become self sustainable patient-centered venues for providing care. We will continue to monitor and track efficacy, and provide funding to expand most successful projects to other site.

- Virtual Medicine – Non-telehealth will establish secure messaging in all PACT, sub-specialty and surgical care clinics. Additionally, an e-Health Quality Enhancement Research Initiative (QUERI) Center will be established to evaluate implementation and clinical impact of Secure Messaging and other applications and a preliminary findings report will be completed in FY 2013. The My Health*e*Vet releases enhanced 'Blue Button' capability allowing Veterans to view, print, and/or download health data that is currently in their My Health*e*Vet account. Services offered by My Health*e*Vet will be expanded.

- Virtual Medicine – Telehealth will expand telehealth services, developing new venues for these services, and grow the usage of telehealth substantially. Telehealth involves the delivery of health care services using information and telecommunication technologies in situations where patient and clinician are geographically distant from one another. New Models of Care is pioneering the use of telepathology to diagnose disease remotely and teleaudiology to treat hearing disorders remotely. The Home

Telehealth Capability Enhancements project set the foundation to increase Veteran usage capacity by 50% annually. Clinical Video Telehealth uses real-time interactive video conferencing, sometimes with supportive peripheral technologies, to assess, treat and provide care to a patient remotely. Expansion initiative projects will provide the Veteran with telepathology and teleaudiology functionality and facilitate teledermatology services. Additional equipment, staffing and enhanced capabilities delivered through Telehealth expansion will insure that VHA leads the nation in Telehealth services. In FY 2013, the program will continue to grow and expand into additional venues of telehealth delivery and complete a review of cost benefit/cost avoidance of telehealth modalities.

Support VA Transformation:

The PACT sub-initiative will be the foundation driving VA Transformation. This would bring continuity, coordination, comprehensiveness and a patient focus to the forefront. In addition, a well-organized team will take a more holistic approach to care without sacrificing a long-standing, personal relationship between clinicians and their patients. PACT will continue to coordinate with Specialty Care, Virtual Medicine Non-Telehealth, Telehealth, Women's Health and Prevention Sub-initiatives to develop an efficient comprehensive care model for our Veterans.

8. Access to Healthcare

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$73,830	$85,000	$67,247	$71,750	$4,503

Description:

Access to healthcare is vital to the Department's overall mission of providing exceptional healthcare to Veterans. Today, of the 23 million Veterans in the United States, 8.7 million are enrolled in VA healthcare. VA is the largest integrated provider of care in the country, with 5.7 million Veterans each year receiving care at over 1,100 locations, including inpatient hospitals, healthcare centers, residential facilities, community based outpatient clinics, and in their homes. It is VHA's commitment to provide clinically appropriate quality care for eligible Veterans when they want and need it. It is the goal of the initiative to provide care in the right place, at the right time, by the right clinicians, and in the

right way (including use of technology). VA will continue to focus on the gaps for underserved populations and expand access so that every Veteran can get the care he or she needs.

This Major Initiative includes seven sub-initiatives which jointly contribute to expanding Veterans' options and availability of healthcare services. Through the implementation of these sub-initiatives, Veterans will be able to easily navigate the VA system to receive desired services. The Patient Centered Care Culture Transformation Initiative is responsible for a system wide implementation of care focused on the Veterans and their family needs. The Rural Health Initiative will pilot programs to provide non-VA healthcare service to rural populations within five Veterans Integrated Service Networks (VISNs). The Veterans Transportation Service (VTS) envisions a nationwide capability across all VA Healthcare Facilities that provides convenient, predictable, quality transportation to/from VA Healthcare Facilities. The deployment of a personalized Veterans Health Benefits Handbook will provide benefit and enrollment information to Veterans utilizing the healthcare system, as well as target additional Veterans to increase our market share. The VA Point of Service (VPS) program shall develop, deploy and maintain small, stand-alone devices that will enable Veterans and patients to efficiently and easily perform a variety of administrative, financial and clinical tasks. The Systems Redesign efforts will create a culture of continuous process improvement resulting in increased efficiencies and improved Veteran and employee satisfaction. Finally, the Healthcare Quality and Transparency initiative provides information necessary to evaluate care based on value (quality, safety, and reliability). This data will be critical for decision- making and the design of a transformed health care model.

Benefits to Veterans and VA:

Care alternatives will be created in order to meet special population access needs, including the use of new technology. It is the intent to improve and integrate services across VA to increase reliability, speed, and accuracy of delivery. A very large focus is enhancing the patient and family experience by providing the right care, at the right time, by the right clinicians and in the right way (technology options). Based on customer satisfaction data and other key inputs, programs and processes will be continually reviewed and redesigned to exceed expectations of those receiving care and help them live healthy and productive lives. If Veterans have access to high quality care, provided in a manner that meets their needs, then our healthcare system can reach out to more Veterans who are not currently enrolled in our system.

Deliverables:

Deliverables will focus on the following areas of Healthcare Access:

- PCC (Culture Transformation) deliverables for this year include a readiness assessment for all facilities, a national identified PCC contractor, funding of PCC Innovation Demonstration Projects, developing a marketing/communication plan, and developing metrics to measure success of PCC using the "Voice of the Veteran."

- In FY 2011, Rural Health created an automated eligibility determination for program eligible Veterans within the Electronic Medical Record via a Clinical Reminder which notifies staff when an eligible Veteran is presented for VA services. In FY 2012, Rural Health staff will be provided the ability to manually establish eligibility within the Electronic Health Record and the ability to generate reports from the electronic health record for internal and mandated Congressional reports. For Rural Health, a pilot program will be conducted to provide non-VA healthcare services to eligible Veterans in five VISNs over a three-year period. Based on the criteria outlined in the statute (Section 403, Public Law 110-387), VISNs 1, 6, 15, 18, and 19 are eligible to participate in the pilot programs, with one pilot site being selected within each of these VISNs.

- During FY 2011, VTS on boarded 46 sites, completed three national solicitations for additional pilot sites, and in December 2011, initiated a Phase 4 solicitation for 20 additional sites, and chartered a VTS National Board of Directors. The VTS Program Office will continue conducting a National Program Review with implemented sites, reviewing current state, and future business operations plans. It is expected that VTS will be providing roughly 15,000 to 20,000 rides per month once all 86 sites are operational in Calendar Year 2012. Also in 2012, VTS will begin to integrate existing Rural Health sites into the VTS program. VTS intends to extend the pilot deployments to 86 VA health care facilities. In FY 2011, the program completed a national acquisition for 46 VTS program vehicles, initiated a Veterans Identification Card (VIC) pilot integration project, staffed four VTS Regional Coordinators Positions and stood up a 1-800 Telephone satisfaction survey for VTS Veterans. In 2011, VTS began Mobility Management Training for each VTS Site, Two classes were held and 35 Mobility Managers were certified. In 2012, VTS plans on certifying 60 additional Mobility Managers. In 2012, VTS will pilot a mobile smart phone application, allowing Veterans to access local transportation information, such as routes, schedules and providers. In FY 2013, VTS intends to extend the pilot deployments to an additional 40 sites, continue

a national acquisition of VTS vehicles and complete a final national solicitation of sites. This solicitation would enable VTS to finalize its implementation goal of 157 sites in 2014.

- In FY 2011, the Chief Business Office developed a customized Handbook for enrolled Veterans. In FY 2011/2012, the Veterans Health Benefits Handbook was piloted at Dayton VAMC, OH. National roll out for all enrolled Veterans will begin in FY 2012. FY 2012 system changes include enhancements to provide Veterans the ability to view a PDF of their Handbook and Benefits information electronically via My HealtheVet and eBenefits. Benefit plan information will be incorporated into the Veteran's record and made available to VA health care facility and enrollment staff. In FY 2013, the Veteran's electronic benefits information will be enhanced to present the Veteran with searchable customized benefits information. In FY 2012, the VIC will be enhanced to protect Veterans personal information, reflect national health benefit card standards, and distinguish identity proofing information used to provide Veterans' credentials. During FY 2013, VA intends to begin issuing cards to non-enrolled Veterans, which will require the ability for VBA and other VA and non-VA staff to request identification cards for Veterans. Clinical inventory, implemented in FY 2012, is essential to understanding existing capacity and an important tool that can be used to evaluate the current accessibility of key services. One phase will include a link to the online Patient Handbook, allowing Veterans and their families/caregivers to easily determine where key services are available throughout the country.

- During FY 2011, VPS Kiosks were activated at four pilot sites. Since pilot site activation, kiosks have successfully checked in over 90,000 patients. A secure help desk was established to assist with monitoring software to allow patient and system administrators to track patient assistance, assess usage, update and configure software and receive alerts regarding technical issues for resolution. Kiosks are currently deployed at the following medical centers: Atlanta VA Medical Center (including the Newnan Community Based Outpatient Clinic (CBOC)), Oklahoma City VA Medical Center, VA Pittsburgh Healthcare System, and Portland VA Medical Center. During FY 2011, The VPS program also initiated Wave 1 Site Readiness and Assessment. Wave 1 initiates the nationwide deployment and consists of VISNs 1, 4, 7, 16 and 20. Also during FY 2011, the VPS Program Office completed the acquisition of devices and services to perform Wave 2 through Wave 5 deployments in FY 2012. During FY 2012, kiosk devices will be deployed to remaining VISN medical centers and designated CBOCs. Phase 2 capabilities will include Administrative Read and Write capabilities to comply with OIT required MDWS-based

architecture, Medication Review and Allergy Review, Health Screening and Survey Capabilities, Insurance Card Scanning, Compensation and Pension Clinic questionnaire capability, Initial Capabilities for the Million Veteran Program, and Signature Capture Capability for NwHIN Opt In and Release of Information authentication. Advanced clinical capabilities enhances data capture for reminders (flu, other), patient education, and clinic screening (Including mental health screening). During FY 2013 enhanced interfaces with authoritative information systems will be released to improve read/write data capabilities and streamline facility staff management of kiosk processes and Veteran responses submitted through the kiosks. The VPS Program will focus on integration of software to support Interactive Directories and wayfinding as special projects.

- In FY 2011, Systems Redesign implemented projects, collaborative initiatives, and educational programs to improve access for patients across VHA. Key initiatives include installation of inpatient flow technology tools throughout all 158 VHA facilities. Emergency Department Integration System (EDIS) v1 and Bed Management Solution (BMS), Class III was deployed VA wide in FY 2011. In FY 2012 and FY 2013 both EDIS v2 and BMS v1 will provide enhanced system capabilities reducing bed wait times, increasing patient information available to the health care providers as well a full in-patient flow system integration. In FY 2012, initial deployment of an enhanced and fully integrated Surgical Quality Workflow Management (SQWM) system will begin, continuing thru FY 2014.

- In FY 2012, Hospital Quality and Transparency will expand the breadth of VA quality and performance data published by the Center for Medicare and Medicaid Services (CMS) on hospital comparison data and begin assessing stakeholder needs regarding access and utilization of such data. Utilization Management (UM) is a critical part of the initiative to provide the right level of care at the right time to our Veterans. In order to meet this goal, UM staff needs to have comprehensive and flexible reporting so leadership can identify opportunities for improvement and act on UM data. The National Utilization Management Integration (NUMI) application is a key element for achieving VA's UM objectives. The NUMI Performance, Stabilization and Enhancements project is essential for improving the current application and will provide system stabilization, improved functionality and scalability to meet the needs of the VA.

Support for VA Transformation:

VA will strive to eliminate disparities in access to care wherever they exist within our system. VA will continue to analyze utilization and population patterns for delivery system disparities. Care alternatives will be created in order to meet special population access needs, including the use of new technology.

9. Preparedness

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$40,668	$29,000	$24,093	$14,515	-$9,578

Description:

The Preparedness Initiative serves as another part of VA's overall transformational effort to become a Department that more effectively and efficiently serves our Nation's Veterans. Specifically, it ensures preparedness to meet emergent national needs (e.g., hurricanes, H1N1 virus), and focuses on the Office of Operations, Security, and Preparedness designing, constructing and maintaining a single office responsible for collecting, analyzing, and disseminating information to VA leadership. It also ensures VA can fulfill its role as a primary back up to the DoD Military Health Care System during war or national emergency, and assists other federal agencies in providing medical and other services during natural disaster or terrorist attack.

The Preparedness Initiative combines the Integrated Operations Center (IOC) Initiative and the Homeland Security Presidential Directive-12 (HSPD-12) Program. The IOC provides a fusion point and is the single office responsible for collecting, analyzing, planning and disseminating information to its stakeholders. The HSPD-12 program increases the security of VA facilities by only allowing access to VA systems and facilities for VA employees, contractors, affiliates, and volunteers with proven and verified identification. The integration of the two allows VA to more effectively and securely address emergent national needs that touch the lives of Veterans, and specifically ensures confidence in the suitability of VA's employees, contractors, and affiliates to serve Veterans and their enrolled family members with continued service, especially in times of crises.

Benefits to Veterans and VA:

VA will provide available assets to support time-sensitive life-saving, life-sustaining, public health, medical and medical special needs infrastructure stabilization missions to augment Regional, State, local, and tribal response and recovery capabilities when they are overwhelmed by large or severe incidents. The support will be provided under applicable authorities or by specific direction of the President or the Secretary of VA. Veterans Affairs Central Office will coordinate with and through applicable VA Staff and VA Administration activities, VISNs, and National Response Framework (NRF) internal and external departments and agencies to prepare for, respond to, and recover from the effects of any emergent events requiring the activation of the NRF or internal VA emergency response plans and procedures.

Deliverables:

In FY 2011, the system was upgraded with the implementation of new 256 bit storage smart cards and the new SHA-256 encryption standard as required by the OMB and HSPD-12. Version 2.4 of the VA Personal Identity Verification (PIV) system was also implemented during FY 2011 which included the ability to recover certificates as well as store a history of prior certificates. The Card Management System was moved from a contractor location to inside of a VA data center facility which increased the performance as well as "ease of administration". Software was patched to improve the synchronization of Lightweight Directory Access Protocol information. The Online Certificate Status Protocol devices and software clients were implemented to increase the speeds of certificate usage for Public Key Infrastructure (PKI). The ability to print "RN" credential in an open zone on the PIV card was implemented to satisfy a Nurse Union requirement, and Crystal Reporting was implemented in production. In addition, work was done on the client side to establish an image for credentialing workstations.

Also in FY 2011, VA started the implementation of 80 mobile PIV credentialing stations which can be used for remote locations or to supplement established credentialing centers. VA procured the necessary hardware and software for a technical refresh planned for FY 2012. In FY 2012, VA will continue the implementation of 80 mobile systems, build and implement an interface between the HSPD-12 PIV system and the VA Background Investigation authoritative data source; and an interface between the HPSD-12 PIV system and the VA's personnel system, namely Personal and Accounting Integrated Data (PAID).

The HSPD-12 Program will have two primary efforts that will continue development into 2013. VA will complete the design of the Personal Identity Verification system in FY 2012 with two interfaces to automate Employee

Sponsorship and the Background Investigation portion of the Registrar process. Completion of the full development and implementation of both of those interfaces will run into FY 2013, primarily as a function of a changeover of the prime Systems Integration Contract during FY 2012.

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Additionally, in FY 2012, VA will initiate design of the Physical Access Control Systems (PACS) HSPD-12 Compliant Enterprise Wide Architecture. The PACS Architecture full development and implementation will continue into FY 2013 as well.

Support VA Transformation:

The overall initiative will enhance the Department's ability to continue to serve Veterans and their families during times of crisis. It will enhance our ability to serve our country as the primary backup to the DoD Military Healthcare System during war or a national emergency. Additionally, this initiative helps to provide a safe and secure environment that will support the other initiatives and also supports the VA Transformation to the 21st century.

10. Systems to Drive Performance and Outcomes (STDP)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$7,966	$8,000	$0	$4,162	$4,162

Description:

The purpose of the Systems to Drive Performance and Outcomes (STDP) Initiative is to develop a process that identifies, presents, and analyzes the most relevant cost information and measurements to ensure departmental and organizational leaders have the information they need to evaluate performance and allocate resources. This will be done through the continual development of the Business Intelligence (BI)-dashboard that was released nationally ahead of

schedule in April 2011. The dashboard mechanism presents and manipulates cost and performance data to support the management decision making process. At the same time a comprehensive review of the Department's cost accounting capabilities will be undertaken and the components of an optimal cost accounting system for the Department will be identified.

Benefits to Veterans:

The cost accounting system associated with this initiative will provide VA leadership at all levels with accurate cost data for budget formulation as well as effective and flexible tools for overall management analyses, thus placing the Department in a better position to assess and offer services to the Veterans.

Deliverables:

In FY 2012, the STDP initiative will continue to provide VA leadership with effective and flexible tools to review, analyze, and project, on an ongoing basis, cost and performance trends that impact/reflect changes in the budgetary environment, program efficiency and management priorities. The national deployment of STDP BI-Dashboard ahead of schedule in April 2011 was the first major step towards improving access and usability of the VA's existing Managerial Cost Accounting (MCA) information. VA's organizations are technology-enabled in many of their business processes and already have extensive data libraries. The BI-Dashboard allows the establishment of common measures and creates an enterprise-wide information service that graphically presents MCA information while utilizing and leveraging these existing data libraries, systems, tools and technologies to the maximum extent possible. The dashboard was deployed in April 2011 with 5 initial summary level and 20 detail level dashboards. Six additional dashboards were deployed in the 4th quarter of FY 2011. Through sustainment funding, which includes a dashboard development contract and funding for server expansion, the BI-Dashboard will be expanded in FY 2012 to facilitate broad utilization throughout VA. Expansion will include increasing the capacity of the server farm with additional servers, memory and network infrastructure to support additional users and data sources. Dashboards will be added to meet known and evolving user requirements for MCA data. FY 2013 deliverables include Austin Information Technology Center (AITC) development of additional dashboard views and the possible addition of server capacity.

The enhancement of the current VHA Decision Support System and VHA Events Capture System continues to capture critical data utilized by management in forming decisions crucial to improving care of the Veteran. The initiative successfully transitioned its support of these systems to sustainment in July 2011.

Support VA Transformation:

The best run organizations in the world vigorously manage value to ensure efficiency, effectiveness, and the appropriate allocation of scarce resources. By value, we mean outcomes that are measurable and show return on various inputs (e.g., people, time, funds) for a task or a process. This approach helps to not only identify best practices so that they can be propagated across the system, but allows us to make appropriate decisions on resource allocations. This assessment will utilize a common approach for identifying costs and benefits to which all parts of the organization will contribute to commonly denominated metrics to ensure that corporate and organizational leaders have the information they need to monitor performance and allocate resources.

11. Integrated Operating Model (IOM)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$17,953	$26,000	$20,614	$33,690	$13,076

Description:

The Integrated Operating Model (IOM) Initiative establishes a strong VA management infrastructure and integrated operating model to improve integration and management within and across VA's five key corporate management functions: Financial Management, Acquisition, Human Resources, Construction and Facilities Management, and Information and Technology.

Benefit to Veterans and VA:

This initiative will benefit VA by creating a strong management infrastructure in which service delivery, accountability, and innovation are maintained at the local level, while a robust corporate center provides standards and system-wide visibility to ensure consistency and seamless interactions across the Department. VA will support local field locations by providing forums for sharing best practices; improving communication among and between sites and headquarters; achieving economies of scale; allocating resources more effectively; and developing and deploying talent consistently.

Veterans will benefit from enhanced information-sharing within VA's corporate functions which will ultimately improve the effectiveness of service delivery.

Streamlined oversight and governance in addition to productive relationships between the corporate functions and local operators will deliver better outcomes for Veterans.

Deliverables:

OIT will implement a metric-based, standardized IT enterprise to effectively manage VA's IT systems and increase accountability across the enterprise. Enterprise Management Framework (EMF) will implement a centralized, comprehensive framework to effectively manage VA's IT systems and processes, and increase accountability across the enterprise. In FY 2011 and beyond, EMF's enhancement of the Rigor and Performance (RAP) reporting process will enable the proactive management of IT services to safeguard and improve the availability and reliability of IT services to Veterans. During FY 2011, EMF successfully completed all acquisition requirements and solicitations for the Storage Collection Intelligence (SCI) contract and the Federated Data Repository (FDR) contract. The program is currently in the design phase for FDR.

In FY 2010, the VA awarded the VA Time and Attendance (VATAS) contract to replace the aged decentralized Enhanced Time and Attendance (ETA) system. The VATAS is a configurable and customizable web-based system that will achieve savings from increases in operational efficiency, reduce risks inherent in the old ETA system, and achieve additional benefits derived from a centralized system and database. In FY 2011, software for Increment 1 and 2 was delivered, tested, and detailed requirements for Increment 3 were completed. Programming for Increment 4 is now underway. Development of VATAS continues in FY 2012, and in early FY 2013, full scale implementation will begin. The system development life cycle will entail Fit-Gap Analyses, specification of Business Rules and Use Cases, configuration and customization of the underlying commercial off-the-shelf product, and multiple Pilot tests for Title 5 and 38 personnel in FY 2012. Funding for FY 2012 and FY 2013 will ensure continued development of VATAS and replacement of the legacy ETA system; and completion of VATAS development and migration throughout VA.

VA established the Office of Acquisition and Logistics Enterprise Acquisition Systems Service in FY 2010 to focus on providing integrated procurement solutions and program management expertise to the VA acquisition community. EAS is responsible for managing and administering procurement systems in the VA Integrated Acquisition Environment, including system interfaces. EAS serves as the system owner and data steward for VA's Electronic Contract Management System (eCMS). In FY 2011, two eCMS enhancement releases were implemented, adding and improving specific application functionalities. A detailed system performance analysis was also completed, leading to system tuning to improve

application performance and responsiveness across the VA Wide Area Network (WAN). A new eCMS Integrator Support contract was awarded, providing for ongoing development of eCMS functionality.

Continued development of eCMS will incorporate additional features for workflow efficiency, knowledge base management, and expansion of reference resources to benefit the acquisition workforce in VA. An important interface is under development which will integrate information shared between eCMS and the VA Integrated Funds Control, Accounting, and Procurement system, linking together two core acquisition applications, and achieving time savings for acquisition professionals processing procurement actions. Completion of the interface is planned in FY 2012. Veterans will benefit through more efficient acquisition processes in VA procurement of products and services for healthcare, benefits delivery, and memorial services.

VA OIT initiated an enterprise approach for managing IT data for VA Facilities in FY 2010. The VA Facilities Management Information System (VA FmIS) will be the gateway to enable interoperability and reporting. In FY 2011, VA procured and developed a Business Management System (BMS) and Corporate Regional Matrixed Budget System (CRMBS). VAFM BMS serves as the authoritative source for consistent VAFM business processes that describe work performed in support, development and delivery of VAFM products and services. VAFM CRMBS provides budget execution, data reporting and dissemination, and audit capabilities across the corporate and regional functional matrices; replacing the current manual process which is time-consuming and less effective. VA spent the remainder of FY 2011 developing the overall VAFM Information System and ensuring interoperability with other VA systems. By FY 2013, a full scale deployment of newly VAFM developed systems such as Construction Project Management System will occur across the enterprise. The ultimate objective is to ensure processes and metrics reach the desired outcomes of strategic investment in capital, highly trained technical staff, enterprise-wide systems and tools, and facilities to support services for Veterans.

IOM's mission is to implement an infrastructure that improves integration and coordination within and across VA's corporate management functions. This streamlining and coordination is part of VA's long-term transformation. The benefits of the new IOM infrastructure; which include increased security, operational effectiveness and efficiency, optimization of resource allocation, and improved risk management; will facilitate enhanced service delivery to Veterans and make the most of support resources.

Support VA Transformation:

IOM drives VA's transformation into a 21st century organization by pursuing certain organizational activities with the ultimate goal resulting in the improvement of overall integration and customer satisfaction. Implementation of a new management structure based on enhanced decision making; increased operational effectiveness and efficiency; optimized allocation of resources; and improved risk management which will ultimately improve the delivery of quality services and solutions to our Nation's Veterans.

12. Human Capital Investment Plan (HCIP)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$37,160	$21,000	$10,272	$15,640	$5,368

Description:

OIT support assists the Human Capital Investment Plan (HCIP) initiative in realizing the potential of electronic government in alignment with E-Government Act of 2002. OIT's anticipated results are improved management of human capital throughout the VA, increased operational efficiency, and lower costs. HCIP will provide new and enhanced human resource information technology capabilities. The overall intent of OIT support is to provide modern, cost-effective, standardized, and interoperable HR information technology solutions. HCIP will also provide common, core functionality to support the strategic management of human capital and eliminate duplicative HR systems and processes across the VA.

Benefit to Veterans and VA:

OIT support provides benefit to Veterans and VA by implementing new and enhanced management information systems and technology to VA HR staff and employees. This transformation results in better customer service from a more knowledgeable, professional and dedicated staff. OIT supports the VA Strategic Plan to "Improve internal customer satisfaction with management systems and support services to make VA an employer of choice by investing in human capital." Specifically, OIT supports the goal of recruitment, development, and retention of a competent, committed, and diverse workforce that provides high-

quality services to Veterans and their families. This is accomplished through the strategy and implementation of new HCIP IT capabilities and enhancements to existing capabilities. As the cost of HR services is decreased, those savings can be reallocated to other VA initiatives. Ultimately, cost savings will result in increased benefits to Veterans and their families.

Deliverables:

In FY 2011, this initiative established the Corporate Senior Executive Management Office (CSEMO). The office is responsible for delivering an enterprise approach to Senior Executive Service (SES) management, to include recruiting, retaining, developing, training, and recognizing executives and title 38 equivalents along with developing a complementary IT system. In FY 2012, the CSEMO Performance and Talent Management System (PTMS) will automate a paper based process and enable a modernized SES performance and talent management system that will be integrated with the VA's Talent Management System (TMS). The project will consist of providing Professional and Technical Services to fully install, customize, implement, deploy, and host the TMS Compensation, Performance Appraisal, Succession Planning and Career Development Planning modules, along with services to support the system's sustainment during the O&M period, for the useful life of the deployed system.

TMS will be enhanced to provide several new capabilities. It is an enterprise level web-based application that serves as the single point of access for all education, learning and training activities for VA employees and staff. In FY 2012, developments include integrating new TMS software capability into the VA business processes for the Talent Management Gateway, IDP/360, Managed Self Enrollment interface, Training Development, Single Sign-On, TMS Custom Reports, and Independent Verification and Validation.

Through the HCIP initiative, the HR Academy will continue to provide HR professionals across the Department with the training and tools through a virtual Academy structure. In FY 2011, preparation and planning of the acquisition package was completed. Solicitation for RFP was released as well. During FY 2012, this initiative will expand the HR virtual academy into a collaborative work environment to influence and support the development of a culture which values the expansion and leveraging of professional knowledge, demonstrating tangible value. Capabilities include Content Management, Expert Locator, Communities of Practice Management, Events Management, microblogs and social networking, wikis, instant messaging, chat, polls and surveys.

Reasonable Accommodation Compliance System (RACS) will be an enterprise-level, web based data tracking application that enables management, tracking,

and data retrieval and reporting. In FY 2012, this initiative will conduct system testing, certification and accreditation, software release, hosting and customer acceptance to transition the system to sustainment operations.

The Equal Employment Opportunity/Alternative Dispute Resolution Electronic (EEO/ADR) Dashboard leverages technology and pulls information from various data systems to display a variety of indicators that provide valuable, real-time information for managers and possibly trigger management to determine if there are opportunities for intervention. The EEO/ADR Electronic Dashboard will be used to monitor key performance indicators, display scorecards, display strategic measures and goals, analyze trends, and monitor resources as it relates to local stations and VISN's. In FY 2012, this initiative will conduct system testing, certification and accreditation, software release, hosting and customer acceptance to transition the system to sustainment operations.

Child Care Records Management System (CCRMS) application is a custom online system/application which will encompass an intranet web site for dynamically displaying information about VA facilities and key staff nationwide, along with administrative application for maintaining the data via internet. In FY 2012, design, testing and delivery of the system to VA system users will be completed.

This VA department-wide PAS will support emergency planning and redeployment efforts and the PAS shall be designed in context of the larger emergency preparedness vision. FY 2012 activities include development, integration, testing, certification and authority, and deployment to provide an initial operational capability.

The VA Office of Labor-Management Relations (LMR) is responsible for promoting labor-management cooperation and promulgating labor-management relations policy and programs for the Department. As part of LMR's continuing efforts to provide excellent services, LMR intends to provide information regarding labor relation actions and issues to VA top management and also identify trends and deficiencies which will allow LMR to develop training in the specific areas that are needed to correct problems. Through the HCIP Initiative, a web-based application will be developed to provide the capabilities needed to manage, track, and report labor relations issues in a more efficient manner. LMR will be able to track all assignments, grievances received, assignment and completion of the case either by settlement or arbitration. In FY 2012, this initiative will conduct system testing, certification and accreditation, software release, hosting and customer acceptance to transition the system to sustainment operations.

Through the HCIP initiative, a system will be developed to assist with Workforce Planning within the VA. The program will centrally coordinate and roll up a workforce plan for the entire Department, which will allow for corporate analysis, organizational learning and the ability for the VA to continuously meet the demands of its critical missions using expertise "on the ground" and high level vision. In FY 2012, this initiative will begin development of the Risk Evaluator, Work Force Map tool, and Demand Model Requirements tool to provide an integrated workforce planning capability.

The Central Office Human Resource Services (COHRS) Workload Tracking system will be used to map, assess and improve the current business processes for attracting, recruiting, and hiring VA HR staff; assessing competency levels of HR staff and assisting in developing individual development plans; and designing and developing a software application capable of capturing the division's workload as well as performance metrics (such as time-to-fill or classify a position). FY 2012 developments include design of the software application, interface, certification and accreditation, product installation, test and release management.

In support of the President's Executive Order to increase the number of Veterans employed by the Federal Government, the Secretary's has specified that VA will increase its Veteran workforce from 32 percent to 40 percent. VA for Vets will achieve this goal by developing a three-pronged approach: Recruit Veterans, retain those Veterans once they become VA employees, and for those VA employees who are also members of the Guard or Reserve, VA will support their reintegration back to the VA workforce after their active duty assignments are completed. VA for Vets provides cutting-edge technology products available 24/7 and live personnel support to cover all Veteran employment needs. The system provides an integrated tool suite with a military-civilian skills assessment translator, a robust case management tool for deployed employees, a seamless federal employment application process with integration to USAJobs 2.0 and 3.0 and a virtual collaboration center to allow deployed Veterans access to co-workers and home office information while activated on military duty. FY 2012 developments include the launch of the program, program governance and promotion.

In FY 2013, HCIP will develop new interfaces and begin the integration to VA Enterprise Architecture to eliminate duplication, incompatibility and redundancy.

Support VA Transformation:

VA's employees are central to achieving our goals and our primary goal is for VA to become the best place to work. To accomplish this, VA will improve

recruiting, hiring, and retention, invest in people development, and monitor and manage the SES workforce.

13. Research and Development (R&D)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$13,741	$30,000	$20,220	$22,186	$1,966

Description:

The overall mission of VA's Office of Research and Development (ORD) is to discover knowledge, develop VA researchers and health care leaders, and create innovations that advance health care for our Veterans and the Nation. The Research and Development (R&D) Initiative focuses on improving the health and well-being of Veterans by emphasizing genomic medicine, access to care, and deployment health. This initiative has four sub-initiatives: genomic medicine; point of care research; medical informatics and information technology; and VA Central Office and field research resources. Genomic medicine, also referred to as personalized medicine, uses information on a patient's genetic make-up to tailor prevention and treatment for that individual. The Million Veteran Program (MVP) invites users of the VA healthcare system nationwide to participate in a longitudinal study with the aim of better understanding the inter-relation of genetic characteristics, behaviors and environmental factors, and Veteran health. For point of care research, Veterans are enrolled in comparative research projects at the time they are receiving usual clinical care. They are randomized to point of care research at a decision point in clinical care where two or more alternative treatments or strategies are considered equivalent. No extra patient visits are required, and the outcomes are obtained by automated extraction of data from the medical record. To leverage data in the electronic health record, VA Informatics and Computing Infrastructure (VINCI) is creating a powerful and secure environment within the Austin Information Technology Center. This environment will allow VA researchers to more easily access a wide array of VHA databases using custom and off-the-shelf analytical tools. The Consortium for Healthcare Informatics Research (CHIR) will provide research access to patient information in VA's Computerized Patient Record System (CPRS) narrative text and laboratory reports. Together, VINCI and CHIR will allow data mining to accelerate findings and identify emerging trends. Research resources include personnel, contracting, and physical infrastructure challenges, as well as a

requirement for a centralized research office administrative management and reporting system.

Benefit to Veterans and VA:

The genomic medicine program will benefit Veterans because in the long term, it will result in tailoring prevention and treatment to each Veteran. For example, this could avoid giving a Veteran a drug that he/she might have side effects from or that would not be effective. The benefit to the VA is cost reduction. Point of care research allows research studies to take place without extra clinic visits for the patients. In addition, it would result in better care for Veterans and cost savings for VA. The informatics sub-initiative provides new tools to far more efficiently mine research data from VA databases such as the CPRS and Corporate Data Warehouse. To summarize, the sub-initiatives establish a quantum leap in VA Research both by developing a genetic DNA repository for one million Veterans, to allow investigators to combine clinical and genetic tools, and comparing efficacy of clinical interventions at the point of care level. This will optimize quality safe VA health care.

Deliverables:

In FY 2011, ORD begin enrolling Veterans in the MVP, a genomic medicine program with the goal of establishing one of the largest research resources to date, consisting of blood samples from consenting Veterans and data from questionnaires and the electronic health record. In addition, ORD will complete a pilot study of point of care research involving an insulin protocol; work with HR to streamline the process for classifying, hiring, and promoting scientific personnel; and work with contracting to develop a specialty team to reduce acquisition lead times. This enrollment increased throughout the fiscal year as the number of enrollment sites expanded and the enrollment and consent process was automated. VINCI released Version 1 of a dynamic workspace for processing and analyzing data and Version 1 of a SAS grid, allowing VINCI users access to all of SAS's tools and advance functionality. VINCI is a secure, high-performance analytical environment that hosts a wide array of VHA databases. It provides improved access to research and clinical data to VA researchers who focus on Veteran-centered healthcare. Validation load testing of 100 concurrent users was achieved. ORD and Service Area Organization (SAO) East signed the service level agreement for a contracting unit (up to 5 FTE) dedicated to ORD contracts over $100,000. This office was fully staffed in July and began to process contracts.

In FY 2012, ORD has a goal to enroll 100,000 Veterans in the MVP and complete a plan to migrate field and Central Office data to a new enterprise-wide Research Administrative Management System (RAMS). In FY 2012, OIT will be providing

resource contract support through developers, database managers, system administrator and application designer that will expand the development and design of the MVP and the RAMS. OIT will provide the expansion of Dell and HP hardware and the sustainment of these hardware product and software product like SAS, Adobe and Call management software for the continued success of the VINCI, the Genomic Informatics System for Integrative Science, and RAMS projects.

In FY 2013, ORD will continue to enroll Veterans in MVP. The Research Resources workstream plans to transition to sustainment both the Portfolio Categorization and Reporting Tool (PCRT) and the RAMS projects. To comply with the management decision, the VINCI and GenISIS programs will transition from the Major Initiative status to sustainment by the end of FY 2013.

Support VA Transformation:

The genomic medicine, point of care research, and medical informatics sub-initiatives are transformative because they provide new ways to perform research. The goal of the genomic medicine program is to establish one of the largest research resources to date, consisting of blood samples from consenting Veterans and data from questionnaires and the electronic health record. The ultimate goal is to develop improved prevention and treatment strategies for Veterans.

14. Strategic Capital Investment Plan (SCIP)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$4,338	$5,000	$4,000	$4,162	$162

Description:

The Strategic Capital Investment Planning (SCIP) process is an innovative Department-wide process designed to improve the delivery of services and benefits to Veterans, their families, and their survivors, with the safest and most secure infrastructure possible, by addressing VA's most critical needs first; investing wisely in VA's future and significantly improving the efficiency of VA's far-reaching and wide range of activities. SCIP is to capture the full extent of VA infrastructure and service gaps and to develop both capital and non-capital solutions to address these gaps by 2021. The SCIP Automation Tool is a 21st

century transformative tool which will enable VA to develop a rational and data-driven long-term strategic capital plan to close the identified gaps between facilities' current conditions and certain department-wide standards (access, utilization, space, facility condition, energy, safety, parking, and IT.)

Benefits to Veterans and VA:

In fulfilling VA's mission of caring for Veterans and their families, VA's assessment identified gaps between facilities' current conditions and VA-wide standards. To close the gaps, VA will integrate its various capital investment planning efforts into one process. The SCIP process will result in the development of a VA-wide 10-year Strategic Capital Investment Plan that will enable the VA to deliver the highest quality healthcare, benefits, and memorial services to our Nation's Veterans through investing in the future and improving efficiency of operations.

Deliverables:

OIT will implement a SCIP Automation tool which will be used by the Office of Asset Enterprise Management to assist in the collection of the various capital investment planning needs for major construction, minor construction, non-recurring maintenance and leasing.

Two phases of the tool will be designed for delivery, the Short Term Solution (STS) and the Long Term Solution (LTS). The STS was released in February 2011. The LTS involved the acquisition of a solution which is scheduled to be fully implemented in FY 2012. The first six-month increment will include Action Plan, Business Case, Scoring/Prioritization, Budget Creation and Budget Execution Modules. The second six-month increment will consist of enhancements to the implemented system to include an Automation and Prioritization Engine and a Business Intelligence/Analytical Tool. The SCIP Automation Tool solution will provide a web-based, robust system to collect and maintain the data necessary to understand and evaluate VA infrastructure and service gaps. In FY 2013, the SCIP Automation Tool will be in sustainment.

Support VA Transformation:

The purpose of this initiative is to capture the full extent of VA infrastructure and service gaps and develop both capital and non-capital solutions to address these gaps by 2021.

15. Health Care Efficiency (HCE)

		2012			
	2011 Actual	Budget Request	Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$18,496	$8,000	$9,200	$6,659	-$2,541

Description:

Nationally, healthcare costs are accelerating without significant evidence of a correlating rise in health care delivery value or quality. VHA is no exception to the national trend. Many VHA systems have not been optimized for cost effectiveness, often due to local variation in how programs are implemented.

The HCE Initiative is a result of the recommendations of the Managing Variation workgroup chartered by the Under Secretary for Health in March 2010. The focus of this group was to identify both business and clinical areas where organizational variation currently exists and to identify areas where variation should be reduced or eliminated. Based on those recommendations, the HCE was developed with an initial focus on the areas of Commodity Standardization, Non-VA Care, Organizational Oversight, Beneficiary Travel, Specific Purpose Funded Programs and Facilities Automation.

Benefits to Veterans and VA:

The HCE Initiative will reduce health care operational costs and create a more streamlined deployment of targeted programs to enhance program efficiency across VHA. It will also identify and implement enterprise-level innovation processes to reduce or eliminate variation in program delivery methods. More specifically, the HCE initiative will enhance program efficiency across VHA by implementing a series of strategies including standardization of clinical and business practices, a review of the process by which specially funded programs are evaluated and 'sun-set' consideration of the expenses related to various Organizational Oversight programs and acceleration of ongoing cost-savings initiatives to further maximize organizational efficiencies.

Deliverables:

The HCE initiative was developed with an initial focus on the areas of Commodity Standardization, Non-VA Care, Organizational Oversight, Beneficiary Travel, Specific Purpose Funded Programs and Facilities Automation.

In FY 2011 and FY 2012, HCE procured services to enhance the existing Fee Basis Claims System and program integrity tools. HCE enhanced the existing VistA software for Beneficiary Travel; and for Facilities automation, HCE developed requirements and acquisition documents for an Application Package to integrate multiple Real Time Location System (RTLS) applications and for a repository to pull and analyze data.

In FY 2013, Vet Traveler will implement a VistA software application to provide electronic authorization of travel benefits for Veterans. This will provide the VA a Beneficiary Travel program with a comprehensive, cost-saving solution which will empower Veterans with faster and more efficient access to their benefits. In addition to providing clerks the ability to "pre-authorize" travel benefit claims, the Vet Traveler Application will deploy time saving measures such as direct deposit and debit cards to allow for easier processing of claims, reduce fraud and improve accuracy of claims submitted.

In FY 2013, RTLS will deliver a National Data Repository that will aggregate data from multiple VistA databases and provide tracking and reporting capabilities up to the national level. This data repository will enable the VA to achieve significant enhancements in asset tracking efficiency, as well as achieve significant workflow process enhancements and efficiencies through real time and near real time tracking of assets and processes. These results will not only produce significant reductions in equipment replenishment costs, but also greatly enhance service and care to Veterans through unprecedented enhancements to workflow processes that will be tracked and managed up to the national level. These cost reductions and process efficiencies will be accomplished across all areas of the VA enterprise, as VHA, VBA, NCA, and OIT are all vested stakeholders in the RTLS program.

Support VA Transformation:

The HCE Initiative will improve the quality and accessibility of healthcare and increases Veteran client satisfaction with medical service as the initiative will reduce healthcare operational costs and create a more streamlined deployment of targeted programs to enhance program efficiency across VA.

16. Health Informatics (hi²)

	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Request	Increase/ Decrease
Appropriations/Obligations ($000)	$2,755	$8,000	$8,950	$9,156	$206

Description:

The Health Informatics Initiative (hi²) will shape the future of VHA clinical information systems through deliberate application of health informatics and health information technology to deliver solutions that transform health care delivery to Veterans. These ground breaking solutions will improve quality and accessibility while optimizing value to ensure VA regains and continues its industry leadership in the use of health informatics and health IT. The Initiative has two main goals: 1) Assist with VHA's transition from a medical model of care to a patient-centered model of care; and 2) Build a sustainable collaborative and collegial relationship between VHA and OIT. Promoting and fostering open, transparent communication between health care providers and software development teams through shared responsibility and accountability is a central focus for this initiative.

The hi² includes four major internal collaborative work streams whose work is closely coordinated:

- ADOPT a Health/IT Collaborative -- establishes a Health/IT Collaborative supporting rapid product development and delivery methods. This effort restructures the working relationship between VHA and OIT and provides an organizational foundation for reengineering existing processes and piloting VHA clinical software prototypes in a rapid, agile and iterative fashion. The workstream uses continuous quality improvement processes to optimize resources and ensure methods are as efficient and effective as possible.
- BUILD a Health Management Platform -- creates a Health Management Platform to Transform Patient Care. This effort integrates health informatics and IT in the delivery of health care IT products and provides a succession plan to transition the Computerized Patient Record System (CPRS) to the next generation of browser-based Electronic Health Record (EHR). Workstream B pioneers software solutions using an agile development model that involves clinical subject matter experts throughout the software development life cycle.

- CREATE Health Informatics Capacities -- builds Health Informatics Capacity. This effort develops the Health Informatics workforce and enhances organizational informatics literacy through competency, career and community development.
- DELIVER Communication and Drive Change -- provides the communication and stakeholder engagement strategy to directly support achievement of hi^2 milestones and deliverables through a coordinated communications approach that increases collaboration across the organization, positions deliverables for successful stakeholder engagement and effectively drives field and organizational buy-in while managing expectations.

A prototypical model and foundation for future development of clinical software solutions are hallmarks of hi^2. This IT foundation encourages cooperative relationships between hi^2 and other VA Transformational Initiatives dependent upon IT solutions to support clinical processes. The Health Informatics Initiative will continuously and proactively assess and evolve its role and responsibilities with regard to other Transformational Initiatives. A unique relationship and opportunity exists between hi2 and other next generation Electronic Health Record (EHR) efforts, including iEHR, VLER and other initiatives such as NMOC. While the mission and scope of each effort differs slightly, the intent to promote modernization and extension of electronic health record services is complementary and synergistic. Free-flowing exchange of ideas and scheduled briefings will assure continuity and consistency in solutions and provide options for collaboration.
The Health Informatics Initiative is focused on delivery of foundational and clinical modules for incorporation into the AViVA (A Virtual Implementation of VistA) framework. The AViVA framework promotes interoperability and data exchange through standards based, accessible data schemas, which in turn support VLER and iEHR. AViVA also promotes solutions that support a team-based, patient-centric model or care. The Health Informatics team will coordinate with the VLER, iEHR and New Models of Care teams to avoid duplication of efforts optimize utilization of resources and stimulate an ongoing exchange of information and ideas.

Benefits to Veterans and VA:

The proposed solutions are Veteran-centric and improve information sharing and population health outcomes in terms of access, quality, and safety while improving provider efficiency and satisfaction with the electronic health management software. Veterans will have increased secure access to their health information from the privacy of their home and other settings. The delivery of health care will be more specific to the individual Veteran yet utilize treatment

regimens validated through population studies. Veterans will receive fewer unnecessary tests and procedures and more standardized care based on best practices and empirical data.

The initiative funding will support establishment of cross-cutting health informatics tools designed by health professionals to optimize performance in terms of quality, efficiency and increased job satisfaction; to encourage and facilitate increased patient and family engagement in care and decision-making; and support population and evidence-based care focused on preventive and chronic disease management.

Deliverables:

The schedule for hi^2 deliverables has been methodically developed to deliver tangible products on an aggressive schedule throughout each year over a period of three years. As hi^2 grows, matures and delivers improved clinical and business functionality to the enterprise, new and more ambitious hi^2 deliverables will be prioritized, planned and developed to meet organization and Initiative objectives. The lifespan of functionality will be determined and documented using a consensus-based governance model representing a balanced matrix of relationships between health care professionals, technology professionals, sponsors and senior leadership.

FY 2011 Deliverables:

- Developed two AViVA software modules
- Selected and launched the first AViVA Pilot Site
- Completed an Initiative level Governance Plan
- Initiated an innovative communication and change management campaign
- Created an Informatics and Analytics Training Plan
- Developed graduate-level Informatics lectures and coursework
- Delivered two Nursing Informatics workshops

FY 2012 Deliverables:

- Develop the 3rd and 4th AViVA software module
- Create the AVIVA Collaboration Environment for use with other development efforts
- Develop the 1st AVIVA prototype module for the system facing interface
- Stand up and make operational the Health Informatics learning lab
- Design an executable Intranet Portal strategy

FY 2013 Deliverables:

- Deploy to VA medical centers AVIVA modules that can be used for Veteran care
- Develop additional modules for the AVIVA framework

Support VA Transformation:

This initiative embraces participatory medicine and increased patient and family involvement in their care and decision-making. Evidence-based care for preventive and chronic disease management will be supported as will clinical decision support tools that are knowledge-driven and context sensitive with patient-specific computable data.

The transformation initiative funding will support establishment of cross-cutting health informatics tools designed by health professionals to optimize performance in terms of quality, efficiency and increased job satisfaction; to encourage and facilitate increased patient and family engagement in care and decision-making; and support population and evidence-based care focused on preventive and chronic disease management. In FY 2012, the initiative will continue to develop the infrastructure / framework to support a predominantly web-based Electronic Health Management Platform plus an AViVA Software Development Kit - enabling contributions from other software development sources. Additionally, it will establish a sustainable workforce capacity to support healthcare modernization and improved care delivery. The workforce capacities component will build on agency successes with continued development of informatics career paths, curriculum, delivery of coursework and improved coordination and communication strategies amongst VA Health Informaticists.

Management Initiatives

The VA Office of Information and Technology's mission is to provide and protect information necessary to enable excellence through client and customer service. IT is an integral component of VA's health care, medical, and benefits delivery systems. To ensure that we succeed in our mission, it is imperative that we employ all of our resources, including information technology, in the most cost-effective way possible.

Product Delivery Project Management Accountability System

On June 19, 2009, the Assistant Secretary for Information and Technology announced a substantial change in the way IT projects are planned and managed at the VA. This new process, the Project Management Accountability System

(PMAS), is designed to reduce risks; institute a monitoring, controlling and reporting discipline; and establish accountability. PMAS requires that all IT projects use incremental product build methods to focus on near-term, assured delivery of new capabilities to customers. PMAS is intended to create an environment that guarantees that all project stakeholders including the customer, project team and vendors are aligned by a single compelling measure – achieving the next delivery milestone. VA has more than 220 IT projects in various stages of development, from 'just starting' to 'active.'

The principal benefit of PMAS is to improve the results of investments in IT at VA. Additional benefits of PMAS include the following:

- Eliminate "big bang" program/project failures
- Reduce project management and technical risks through incremental product delivery
- Enhance business effectiveness through frequent delivery of functionality
- Re-balance requirements with available staffing
- Focus project management efforts by reducing projects with inadequate resources
- Enable VA to focus on troubled projects early and implement corrective actions quickly through real-time performance indicators
- Utilize Business Intelligence to quickly and effectively make management decisions pertaining to critical aspects of projects in development
- Ensure achievement of project goals and objectives through active participation of all project stakeholders in the integrated project teams (IPTs) throughout the System Development Life-Cycle (SDLC)
- Increase the overall success rate of VA IT projects

PMAS will provide frequent delivery of deployable IT system functionality – tested and accepted by customers – within established schedule and cost criteria. This is a direct approach for obtaining continuous value for VA business lines. Successful delivery of frequent and deployable products will enable successful projects that provide sustainable business value to the Department. Unsuccessful delivery will lead to timely re-evaluation of project execution, leadership and business need.

The frequent delivery of a product requires focused accountability directly on the Project Manager (PM), supporting contractors and members of the Integrated Project Team (IPT). The PM will manage the project and deliver expected outcomes within cost, schedule and scope. Fiscal accountability will flow from the CIO to the Deputy Assistant Secretary /Deputy CIO to the PM, with each IPT member accountable to the PM for his/her particular functional area. PMs are expected to raise any risks or issues that could impede product delivery in a

timely manner to enable the IT Program Manager and Office of Responsibility the opportunity to provide assistance. Throughout project execution, product delivery will be certified at delivery windows, which will occur at intervals of six months or less. Three consecutive failures ("Three strikes") to meet a product delivery within the established schedule will result in a project being "paused." When the project is "paused," no further development activity will occur until it is evaluated for cause, re-planned and approved to restart, or closed.

All PMAS processes are designed to enable leadership and project management to clearly see cost, schedule, quality, scope, and resource status. In the event there is a variance, it can be addressed quickly. Performance measures are maintained on a real time basis and are reported weekly and monthly as a part of the OIT Monthly Performance Review and on the Office of Management and Budget IT Dashboard (http:/it.usaspending.gov/).

OIT is committed to the successful deployment of high quality software solutions. This requires the effective planning, developing or acquiring, and testing of software applications to ensure they best meet VA business requirements. ProPath is an innovative repository that will allow OIT employees easy access to current processes, documentation, roles, and responsibilities with just a click of the mouse.

PMAS and ProPath have established improved visibility of planned costs and schedules for IT projects and a disciplined management approach with the goal to improve the rate of success of VA's IT projects.

PMAS has been a key component in our ability to dramatically improve the results of VA's IT investments over the last two years. At the same time, PMAS has been a constantly evolving program as the Department seeks to establish policies and disciplines that were both effective and pragmatic. Most importantly, the implementation of PMAS has dramatically reduced the number of failing IT projects at VA and allowed for the focusing of taxpayer dollars toward accomplishing IT solutions to best meet the needs of those we serve.

In FY 2011, VA further refined our policy, process, and procedures from experience gained and operational lessons learned. A complete policy review resulted in the approval of PMAS Guide version 3.0 which reflected maturing doctrine, as well as recent executive decisions and intent. The quarterly release of updates to ProPath, the process management system, promulgated specific procedures to the user level. Independent project reviews were conducted on all projects. A pilot solution to track and report on the status of PMAS committed deliverables was produced.

Also in FY 2011, PMAS Dashboard services delivered include:

- Relocation of development and production environment to permanent, capable and dependable hardware
- Seamless integration of data from all PMAS projects residing on a highly visible and easily accessible system
- Enhanced Business Intelligence reporting including association of all projects to major initiatives
- Ongoing training for PMs and project teams

In FY 2012, we will continue to refine our policy, procedures and processes. The PMAS dashboard will focus on enhancing FY 2011 deliverables while collecting data from eight disparate systems such as the VA's Financial Management Systems and OIT's Budget Tracking Tool system. This data will be made available to analytical and reporting tools under the Business Intelligence platform. Furthermore, the PMAS Dashboard strengthens VA's ability to deliver highly capable automated systems and services to the veteran, therefore increasing value to our customers.

Governance

VA IT governance ensures the alignment of IT strategy, systems and processes to VA's business strategy. Administrations and staff offices are no longer autonomous in making IT investment decisions. The governance process provides a framework by which the overall impact of IT investments upon VA, Veterans, Service members, employees and other stakeholders must be taken into consideration before scarce resources are assigned to IT projects. A primary driver of this framework has been aligning business and IT processes across VA in meeting the primary objective - exceptional services for Veterans, their dependents and their survivors.

Governance objectives include the following:

- Alignment of IT strategy to business goals to determine the Department's high priority needs
- Optimal use of scarce resources and other assets
- More effective use of IT for:
    - Increased return on investment
    - Increased business flexibility
    - Improved customer satisfaction
- Relevant performance metrics that truly assess IT's impact on service levels

To conduct IT governance, VA has three IT governance boards: the Information Technology Leadership Board (ITLB), the Programming and Long Tem Issues Board (PLTIB) and the Budgeting and Near Term Investment Board (BNTIB). These boards provide Departmental IT direction, oversight, prioritization,

enforcement and issue resolution. Each board meets monthly or as needed. All VA Administrations and staff offices are represented to ensure their input to critical business requirements is understood. Effective coordination and information flow between the boards is critical to a synchronized IT governance effort. Specific focus areas have been assigned to each board to effectively address and manage both near term and long term IT requirements and resources.

The Information Technology Leadership Board (ITLB) is chaired by the VA Chief Information Officer (CIO) and includes Executive membership from each of the VA Administrations and major staff offices. The ITLB serves as the initial Executive level review body for IT issues that impact VA business lines. The ITLB makes recommendations regarding the strategy, planning, budgeting and execution of IT services to Executive level Boards at the Department level chaired by the Secretary. In addition, the ITLB adjudicates inter- and intra-board issues of significance that cannot be resolved between or within the PLTIB and BNTIB.

The Programming and Long Term Issues Board (PLTIB) focuses on long term multi-year program planning for the IT appropriation. The PLTIB works to establish a multi-year financial program that supports, and adequately funds evolving business line needs across VA. Representation on the PLTIB is comprised of all of the VA Administrations and major staff offices.

The Budgeting and Near Term Issues Board (BNTIB) focuses on establishing the IT appropriation's annual budget, taking input from the PLTIB. In addition, the BNTIB establishes the IT appropriation's current year Budget Operating Plan which is a detailed, line-item financial plan for current year execution. The BNTIB then monitors execution of the Budget Operating Plan, and recommends reprogramming actions as appropriate.

Transparency, collaboration, and continuity play a vital role in effective governance of IT programs. Toward this end, the implementation of horizontal coordination, reporting, and information flow between the PLTIB and the BNTIB has been achieved and will be maintained. The ITLB provides vertical integration to Department level Boards to ensure business line and IT integration.

Furthering our commitment to maximize return on IT investments, the Project Management Accountability System (PMAS) was implemented to focus critical attention on VA's IT activity. Used as a complementary piece to VA's IT governance process, PMAS has proved invaluable in the early identification of underperforming IT investments thereby providing the Assistant Secretary for Information Technology the flexibility to reallocate scarce resources to projects

that are on track to succeed and provide a significant value to Veterans, their dependants, survivors, and other stakeholders.

Customer Satisfaction

OIT is committed to the highest levels of customer satisfaction. To achieve that goal, OIT administers a customer satisfaction survey, analyzes results and develops recommendations for improvements to IT services based on the data obtained through the surveys. The following approach is used to measure performance, manage expectations, and improve customer satisfaction of IT services within VA:

- Measure Performance: There are a number of efforts underway to measure the performance of various systems and processes. Service Level Agreements (SLAs) have been developed and approved. New SLAs are being considered and defined and customer satisfaction surveys are being administered. All of these efforts provide performance data that is centrally captured, analyzed and reported.

- Manage Expectations: A principle that is vital to managing expectations is the alignment of business goals to IT initiatives. This includes; resource planning, scheduling and budgeting; the effective management of Line of Business (LOB) problem/request resolution by IT; the communication of the value of IT to the Business; and the clear understanding of business needs.

- Analysis and Correlation: To better understand the operating environment and identify correlations, customer satisfaction levels (from surveys, focus groups, etc.) are compared with facility variables and operational metrics. These correlations allow us to identify strengths and weaknesses in our service delivery. Recommendations are then formulated based on findings to further improve satisfaction.

- Improve Satisfaction: As part of the budgeting process, recommendations will be formulated and supported by a reliable and timely foundation of results and analyses of performance metrics (Service Level Requests (SLR), survey results, etc.). The goal will be to optimize IT investments that result in the greatest impact to improving customer satisfaction.

OIT's focus on measuring customer satisfaction, and then implementing actions to address weaknesses, has led to a substantial increase in the satisfaction with the VA's IT services. A customer satisfaction survey taken August 2010 resulted in a score of 67 which increased to a score of 73 in a survey taken seven months

later in March 2011. This increase measurably conveys the enhanced nature of IT services within VA. The near-term target for customer satisfaction is a score of 75 which would indicate the VA is in the top half of the rating for similar organizations globally.

Financial Management

OIT created a detailed financial plan for both FY 2011 and FY 2012, known as the Prioritized Budget Operating Plan. This plan has two main purposes. First, it creates a vehicle for OIT to agree with its customers on what the high priority IT services and project are, and allocate resources to ensure success on the most important items. It also allows OIT to communicate clearly and objectively which projects and services will not be accomplished. Second, the Prioritized Budget Operating Plan allows OIT to track spending from the planning phase to expenditures and know the business purpose for each dollar spent. The Plan then tracks the outcomes we expect to obtain from the expenditure.

Operational Metrics

The size of VA's IT enterprise is massive – consisting of over 360,000 desktop computers, 40,000 laptops, 18,000 blackberries and mobile devices, and 448,000 email accounts. Visibility into the infrastructure stack and the ability to achieve operational excellence is dependent on ability to manage the information associated with this enormous enterprise. The Enterprise Management Framework (EMF) project involves creating a comprehensive and centralized set of tools to effectively manage VA's IT infrastructure systems, services and processes. EMF will allow a common view of all critical information on the health of the infrastructure for the IT enterprise. EMF will allow support for IT asset management, change and configuration management, reporting for executive and service level agreements and operational metrics for customer service and satisfaction. This will allow the VA CIO to see at a glance management reports/dashboards, metrics, intelligent analysis and trending, as well as ability to view all IT data from a single data source. The EMF program is part of the IOM major initiative.

The Rigor and Performance (RAP) report was created in November 2009 to provide daily, weekly and monthly statistics regarding the availability and performance of VA OIT networks, systems and services and to track performance against the VHA-OIT Service Level Agreements (SLAs). The RAP report is a manually-updated set of reports that was developed as a first step in the evolution of reporting key operational metrics and it is currently disseminated to

OIT Senior Leadership staff on a daily basis. Efforts are ongoing to automate the RAP report and other significant operational metrics.

Workforce Development

The IT Workforce Development (ITWD) function provides career development and world-class training products to the 7,000 plus members of the VA IT workforce. ITWD is developing and implementing customized competency models for all job roles across the IT workforce. The full implementation of a competency-based workforce will provide a means by which data driven, cost saving decisions can be made to identify common skill gaps and the specific training needed to fill those gaps. ITWD will also create the Annual Information Security and Privacy Awareness (AISPA) and role-based training required by the Federal Information Security Management Act of 2002 (FISMA) for the entire VA workforce. Beyond being a federal requirement, the effort to raise user awareness in this area saves VA the expense involved in investigation and mitigation activities in response to an incident.

ITWD is in the process of expanding and standardizing the VA OIT Smart Classrooms, which will provide added capacity for employee participation, increase employee access to training and reduce overall travel costs. The standardization of these training facilities will reduce overall costs by centralizing maintenance.

The ITWD IT Project Management Training Program will increase the ability of IT Project Managers to identify project problems early on and make proper adjustments to keep projects on track and save money. This training will provide the skills to properly forecast and track time utilization and allocate resources. Ultimately, Veteran's benefits will be enhanced from successful implementation of technology that is on-time, within budget, and meeting clear IT requirements. In FY 2012, ITWD will establish a blanket-purchase agreement to provide consolidated access to the following services for VA technology leadership and staff members: mentoring, coaching, research, advisory and consulting. These services are specific to IT and will be used to address distinctive role-based or project specific needs within the IT organization.

IT Acquisition Strategy

OIT has recently established the Office of IT Acquisition Strategy & Business Relations to support the CIO's priorities and transform the OIT acquisition process by facilitating the governance of clear, consistent and well developed acquisition processes and strategies. The Office is responsible for the following:

- Providing acquisition program management oversight

- Serving as industry liaison
- Providing customer interface support
- Disseminating department-wide IT acquisition policies and procedures
- Monitoring of OIT federal interagency agreements
- Leading strategic sourcing initiatives

Through this office, OIT has formed a strategic partnership with the VA Technology Acquisition Center (TAC) to align acquisition strategies with the budget cycle and OIT's business needs. A continued strategic partnership with the TAC will enhance both efficiency and effectiveness within OIT, deliver high quality service and streamline the acquisition process to reduce time and cost. Additionally, OIT is adopting best practices and engaging in cross-government collaboration to leverage buying power, integrate processes, consolidate requirements and implement strategic sourcing initiatives, such as the Transformation Twenty-One Total Technology (T4) contract. OIT is also taking part in GSA's Federal Strategic Sourcing Initiative, which provides access to common procurement vehicles that offer greater discounts, business intelligence and best practice solutions as collective volume increases. In addition, OIT is consolidating contracts and enabling the creation of enterprise licensing agreements to improve the acquisition process and benefit from economies of scale.

As a result of these strategies, OIT better enables the VA to provide Veteran-centric service through the delivery of available, adaptable, secure and cost effective technology services.

FY 2011 Highlights

OIT is making substantial progress toward achieving the goal of being the best IT organization in the Federal government, and comparable to many well-run private sector IT organizations. In FY 2011, OIT made strides in a number of areas highlighted below.

1E Power and Patch Management Pack (PPMP)

Deployment of 280,000 licenses for the PPMP, which consists of the Wakeup and Night Watchman products, was completed in April 2011. Development of a Power Management Policy for desktop, laptop and notebook computers is completed. Operating procedures and plans are being developed to move from the passive data collection mode to full power savings implementation by using both the 1E products and standard VA-wide Energy Star settings on all eligible

desktop, laptop and notebook computers. The result will be savings of millions of dollars in energy costs for the VA.

Networx Transition

The transition from the older FTS 2000 contract for telephony and telecom services involved processing hundreds of thousands of transition orders and submission of associated disconnect orders. Completion of this project will provide enhanced voice and data services and several million dollars of cost avoidance for VA.

Infrastructure Sandbox

The Sandbox houses multiple versions of the Veterans Health Information Systems and Technology Architecture (VistA) system on different hardware and operating system (OS) platforms, which enables developers to program and test their innovations and enhancements using the latest version of the hardware and software infrastructure. The virtual infrastructure in the Sandbox simulates a VA Medical Center operating environment and includes capabilities similar to other VA pilot initiatives. This achievement supports innovative approaches to health care technology in the VHA.

Other achievements include the completion of security related projects (Visibility to the Desktop, Medical Device Isolation Architecture) and creation of a remote access portal for Teleworkers to fulfill responsibilities created by the Federal Telework Act.

Information Security

In FY 2011, the Office of Information Security (OIS) deployed the visibility to the network servers' capability. During the year, the tool that provides visibility to the desktop identified approximately 360,000 computers, 70,000 printers, 40,000 laptops and 16,000 servers in the VA environment.

During the year, OIS also turned on the Executive Dashboard to monitor related metrics and deployed the Cyber Scope application for OMB mandated automated FISMA reporting. The Executive Dashboard provides leadership with more information leading to the formulation of better risk mitigation strategies and overall program decision making.

The Network Security Operations Center protected the VA IT network by managing and monitoring the internet gateways, maintaining 100% availability of core security services, processing over 2.5 billion messages of which almost 2

billion were blocked as being malicious intent. The internal security services identified almost 13,000 malicious incidents and resolved over 130,000 trouble tickets.

One VA Technical Reference Model

The One VA Technical Reference Model (TRM) is a collection of agreed upon standards and technologies that all IT projects in VA must adhere to. Adherence to the TRM was mandated by the Assistant Secretary of the Office of Information and Technology in a memorandum dated July 1, 2011. The TRM reduces the amount of similar technologies purchased that provide nearly identical functionality, which in turn reduces the amount of training IT personnel need to support. Foremost, the TRM provides a more secure and standardized operating environment which reduces complexity, configuration management, integration costs and security risks.

During FY 2011, the TRM content has more than doubled making it a more accurate reflection of the technologies VA uses. Checkpoints for validation of TRM compliance were also integrated into project reviews, as well as procurement processes. VA publishes the TRM in both internal and external viewable web sites making it easily accessible and TRM Web site visits have quadrupled since the beginning of FY 2011. In FY 2012 VA will further enhance the TRM by integrating with the security and network scans already performed in VA to identify products used in the VA environment and ensuring compliance with the TRM. FY 2013 plans are to continue to further refine the TRM by identifying preferred technologies for a given business function and adding the category to the published TRM for ease of technology discovery and use in IT projects.

The Reduction Task Force

A reduction task force was established to identify opportunities to decommission systems in order to lower costs and better allocate resources without impacting safe, reliable, service delivery.

The task force is led by Deputy CIO for Architecture, Strategy, and Design and made up of members nominated by each OIT Deputy Assistant Secretary/Deputy Chief Information Officer (DAS/DCIO). Representatives of the Administrations and Staff Offices also participate in the task force.

Specifically, the task force has been tasked to identify opportunities for reduction in IT spending in the near and mid-term, using approaches that would support

same or better IT performance (no negative impact to present operations; no degradation of performance).

The approach employed by the task force includes the use of existing enterprise architecture artifacts, plus supplementary data calls; reviewing all Major Initiative operating plans; combining "horizontal" (cross-cutting) and "vertical" (programmatic) reductions; and system inventory expansion to integrate all known system inventories in VA.

The goal of the task force is to identify efficiencies sufficient to allow re-purposing of greater amounts of appropriated funds to development, modernization, and enhancement to meet emerging VA priorities. Task force recommendations will include activities that contribute to the improvement of information resource management in a sustainable manner.

Initial Task Force findings for possible efficiencies include the following. All specific items are currently undergoing additional analysis to ensure savings can actually be achieved in a cost effective manner.

- Assessed 102 applications and identified 32 applications that may be possible candidates for consolidation/decommissioning
- Obtain efficiencies in areas such as data migration, license procurement, tool management, cloud computing, and telework
- Obtain efficiencies through eliminating personal desktop printers
- Obtain efficiencies through broadening the use of Common Services and code reuse for software intensive development projects

Major Initiatives

Detailed FY 2011 accomplishments for the 16 Major Initiatives are outlined in each of the initiative section starting on page 5A-21. Selected accomplishments include:

- MI 1 -- Delivered the Homeless Operations and Management Evaluation System and started the handheld device pilot for use by outreach workers
- MI 2 -- Deployed first software for Phase 1 to one regional office for User Acceptance Testing. Phase 1 utilizes a new electronic claims repository and scanning solution, as well as new claims processing software integrating with elements of the current legacy platform – VETSNET
- MI 3 -- Deployed the Long Term Solution for Chapter 33 which provided the functionality to implement 60-day requirement deadlines contained within P.L. 111-377
- MI 4 -- Implemented an application of the BHIE interface that enables VA providers to select for viewing DoD neuropsychological assessments and

imagery from the DoD Healthcare Artifacts Information Management System. Added additional pilot partners for the NwHIN project
- MI 6 -- Implemented the ability to assign the VA identifier to active military at VA and developed a Virtual Call Center prototype
- MI 8 -- Activated VA Point of Service Kiosk at four pilot sites
- MI 9 -- Started the implementation of 80 mobile PIV credentialing stations
- MI 14 -- Released Short Term Solution for the SCIP Automation Tool
- MI 16 -- Developed two AViVA software modules and launched the first AViVA pilot site

The Caregiver's Legislation

On May 5, 2010, President Obama signed Public Law (P.L.) 111-163, Caregivers and Veterans Omnibus Health Services Act of 2010. Title One of P.L. 111-163 mandates that VA implement a comprehensive caregiver support program to include the direct payment of caregiver stipends, health benefits, mental health services, lodging and per diem benefits, extensive training and education, information and referral, and an interactive caregiver web site. FY 2011 funding and the FY 2012 budget request of $8 million will allow for the development of IT solutions which are necessary modifications to VistA and other VA information systems. These modifications will facilitate the appropriate delivery of enhanced benefits to eligible family caregivers as well as facilitate the appropriate management of the program.

Under the new law, primary family caregivers of Veterans with a serious injury incurred or aggravated in the line of duty on or after September 11, 2001 may be eligible to receive a stipend and access to health care coverage, if they are not already entitled to care or services under a health plan contract. Mental health counseling, including marriage and family counseling for primary family caregivers is also included in this law. Family caregivers may be eligible for travel, lodging and per diem when they accompany the Veteran for care or to attend training.

Caregivers of Veterans from all eras may be eligible for education and training on caring for a disabled Veteran. This care can be provided in person as well as through Telehealth care and other technologies, including a comprehensive, interactive caregiver web site, with access to respite care that is medically and age appropriate, available 24 hours a day.

This request will also support other initiatives that are mandated by P.L. 111-163:

- Title Two:

  - Pilot Program on Assistance for Child Care for Certain Veterans Receiving Health Care
  - Care for Newborn Children of Women Veterans Receiving Maternity Care

- Title Five:
  - Pilot Program on Provision of Dental Insurance Plans to Veterans, and Survivors and Dependents of Veterans
  - Prohibition on Collection of Copayments from Veterans who are Catastrophically Disabled
  - Higher Priority Status for Certain Veterans who are Medal of Honor Recipients
  - Hospital Care, Medical Services, and Nursing Home Care for Certain Vietnam-Era Veterans Exposed to Herbicide and Veterans of the Persian Gulf War

VA implemented the first phase of system enhancements in May 2011 to enroll caregivers and facilitate the payment of stipends. The first phase also included exempt copayments for Veterans who are catastrophically disabled and to increase the priority of care for Veterans who are recipients of the Medal of Honor. The commencement of the Caregivers Program provided direct benefits to Veterans and supported VA Transformation by improving the quality and accessibility of health care and benefits to Veterans.

In FY 2012, VA plans to implement the second phase of the Caregivers Program by enhancing the VETSNET application to automate the generation of recurring stipend payments to family caregivers. System enhancements will be completed to fully automate the extension of benefits to catastrophically disabled Veterans, Medal of Honor recipients, and Vietnam-era and Persian Gulf War Veterans. IT support for the Child Care and Dental Insurance Plan pilots, as well as support to provide care to newborn children of enrolled Veterans will also be provided.

In addition, VA will begin to implement the third phase of the Caregivers Program by enhancing VistA and other applications to automate the enrollment of family caregivers and interface with the stipend payment processing system.

Agent Orange (Fast Track)

The Fast Track/Agent Orange system is a cloud-based solution consisting of a suite of web-enabled claims forms that allows claimants to electronically download and, at the claimant's option, electronically submit complete claims for service connection. Also for the first time at the VA, the claimant and their provider(s) are now able to upload supporting medical evidence for the newly

added Agent Orange (AO) presumptive conditions that become a part of the electronic claim. The initial prototyping and development effort was funded out of the VA Innovations Initiatives (VAi2) and the FY 2011 enhancement work funded out of OIT's Office of Product Development. Fast Track FY 2011 funding will be used to fund contractor support through the first quarter of FY 2012 to design and develop enhancements to the automated claims system. Task orders for this enhancement work were awarded and began in the third quarter of FY 2011. The FY 2012 budget request will be used to fund contractor support for sustainment of Fast Track.

The VA successfully launched its Fast Track online claims processing system on October 29, 2010 (fasttrack.va.gov) to meet Veteran demand. As of July 29, 2011, over 50,000 cases have been entered into the system by both Veterans and VBA claims representatives, and over 15,000 Disability Benefits Questionnaires (DBQs) have been received. These numbers are expected to steadily increase with each new automated DBQ that is introduced.

Investment to sustain the system through FY 2012 is critical to the continued success of this important pilot effort – which is to provide online claims filing services to Veterans, their families, Veteran Service Organizations (VSO), power of attorneys (POA), and healthcare providers in efforts to save time, provide convenience to the Veteran, perform greater customer service, and further reduce the backlog of claims. FY 2011 development and FY 2012 sustainment funding will provide the following capabilities:

- Continual reduction of the AO Claims backlog through the automated intake/scanning/conversion process
- Improvement of Veteran, Claims Representative, and Medical Provider experiences while promoting a higher degree of online usage
- Incorporation with existing VBA and VHA systems (e.g., Corporate Database)
- Provision and automation of additional electronic forms (e.g., DBQs for other Agent Orange exposure conditions)
- Informatics support and further data mining of Veteran conditions for decision making purposes
- Functionality/usability enhancements towards greater efficiency and workflow by VBA employees
- Reduction of the need to receive, process and store AO related paper claims
- Improvement of service to Veterans by enabling online application and monitoring of AO related claims
- Elimination of inefficiencies associated with paper claims processing
- Protection of Veterans' personal information

- Reduction of average number of days required to process an AO claim

The original scope of Fast Track will be completed in the second quarter of FY 2012 with the deployment of two additional DBQs across five contentions: hemic-lymphatic presumptive conditions, and prostate cancer presumptive condition using FY 2011 funding. However, given the success of this pilot program, analysis and planning regarding system retirement will be conducted in FY 2012.

VA Innovation Initiative (VAi2)

Secretary Shinseki established the VA Innovation Initiative (VAi2) to accelerate VA's transformation into a 21st century organization that is Veteran-centric, results-oriented and forward-looking. VAi2 (va.gov/VAi2) provides a structured way for the Department to identify and evaluate new solutions and technologies while allowing improved collaboration between VA leadership, frontline employees, the private sector, and the Veterans we serve.

Through VAi2, the Department demonstrates its commitment to continuous innovation and improvement to maximize access, quality, and performance for Veterans while reducing costs, wherever possible, to taxpayers. VAi2 is built upon a belief that some of the best ideas can be found outside of Washington – from the VA clinician, nurse, and claims processor in the field to major academic centers and small Veteran-owned start-up companies. VAi2 uses competitions to identify innovative new ideas from these multiple sources.

Employee Innovation Competitions

Since 2009, VAi2 has held four internal competitions that solicited ideas from VA employees on the front lines in VBA and VHA, challenging them to find new ways to improve the way they provide care or deliver services to Veterans. Those four competitions have produced over 60,000 employee participants and generated more than 12,000 ideas. Forty-Three projects are currently in operation with another 25 expected in FY 2011. VAi2 works closely with VBA, VHA, and OIT staff to ensure the success of these projects during implementation.

Industry Innovation Competitions

In 2011 VAi2 held its second Industry Innovation Competition. The competition covered five topics and received over 250 proposals. With it, VA sought out the best ideas from the private sector in six areas critical to serving Veterans better:

- Fully Automated Sterilization of Medical Equipment

- Leveraging Telemedicine to Provide Audiology Services to Remote Veterans
- Enhancements and Novel Uses of VA's "Blue Button" Personal Health Record
- Innovative Prosthetic Socket Designs to Improve Fit and Comfort of Prosthetics
- Self-Management Technologies for Vocational Rehabilitation

VAi2 sought to streamline the process this year by soliciting shorter concept papers from industry and then requesting full proposals for only the most promising concepts. Roughly 25 percent were invited to submit full proposals. VA senior leadership will make final decisions in late FY 2011 and implementation will begin in FY 2012.

Special Projects

VAi2 also sponsored and helped to manage the creation of an online disability claims submission tool for Veterans. Fast Track was conceived, procured, and developed in less than six months. The project went live in early November 2010 and has already helped Veterans submit their claims for faster processing, that on average cuts processing time in half.

In FY 2011 VAi2 also lead the design and establishment of a new effort to establish an open source software community based on VA's electronic health record – VistA. VistA was already freely available, but in the new model VA has helped to create an independent "Custodial Agent," which will develop and maintain a code repository that allows users, developers, service providers, researchers, universities, and even for-profit companies to communicate, collaborate, and share. This new open source approach, which is an important element of VA's electronic health record collaboration with the Department of Defense, will harness innovation both inside and outside of government as developers build improvements and add their code to the mix. VA will contribute the existing VistA code to this repository and will be one of the primary beneficiaries of innovations and improvements that are made in it.

Blue Button Initiative

Blue Button provides a simple, secure, and convenient way for Veterans to access their personal information. With Blue Button, Veterans can download personal health information they've entered in My Health*e*Vet, which is a portal into VA's world-leading electronic health record system, VistA. In FY 2011, in addition to work by the My Health*e*Vet team to continue expanding the information available to Veterans in Blue Button, VAi2 sponsored two efforts to bring outside ideas and

resources to the project. The first effort was the inclusion of Blue Button as a topic in the 2011 Industry Innovation Competition. Over 120 proposals were submitted by outside companies to bring novel uses or enhancements to Blue Button. The best of these will be funded and implemented in FY 2012. Additionally, in the fourth quarter of FY 2011, VAi2 announced the "Blue Button Provider Contest" on Challenge.gov. This contest is designed to incentivize wide-spread use of Blue Button by private sector providers to help Veterans who receive medical care from VA and non-VA providers. This has the potential to benefit all Americans as a free and standardized personal electronic health record.

FY 2012 - 2013

In FY 2012-2013, VAi2 will continue implementing those projects selected in previous competitions through pilot testing and evaluation. VAi2 works closely with staff in VHA and VBA to ensure that projects funded by VAi2 meet meaningful milestones and are evaluated at the end of their pilot phase to determine if the solutions are ready to be deployed nationally, need further development, or do not meet the needs of our employees and Veterans, for example the integrated Electronic Health Record. At the beginning of FY 2012, VAi2 expects to have roughly 120 projects in its portfolio. These projects range in size from doctor-lead process improvements costing only a few thousand dollars to multi-million dollar innovations testing new medical models of care.

In addition to continuing to manage and support its portfolio of innovations, VAi2 will hold new internal and external competitions in FY 2012. VAi2 also launched VA's first prize competition in late FY 2011 and will continue to explore how to best use this new tool to advance the Department's mission to serve Veterans.

Finally, VAi2 will remain flexible and open to new opportunities for special projects that can have rapid and meaningful impact on VA's quality, access, cost, and performance.

Budget Structure

The FY 2013 Budget Request is structured on a framework which reflects four major categorizations: Medical, Benefits, Corporate and Inter-Agency. The following page shows the level of investments for each of the major categories. Programs within each Investment are provided in the Appendix for the FY 2013 Budget Request beginning on page 5B-1.

Information and Technology
FY 2013 Budget Request
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Budget Request	Increase/ Decrease
MEDICAL	**$ 774,141**	**$ 923,401**	**$ 829,451**	**$ 1,037,618**	**$ 208,167**
Medical 21st Century Core	$ 72,669	$ 71,975	$ 77,340	$ 88,636	$ 11,296
Medical 21st Century Laboratory	$ 8,290	$ 10,462	$ 13,576	$ 10,135	$ (3,441)
Medical 21st Century Pharmacy	$ 8,482	$ 9,684	$ 10,000	$ 37,235	$ 27,235
Medical 21st Century RISE	$ -	$ 3,051	$ 1,091	$ -	$ (1,091)
Medical 21st Century CAPRI	$ 4,146	$ 1,091	$ 2,521	$ 1,500	$ (1,021)
Medical 21st Century MyHealtheVet	$ 20,201	$ 19,868	$ 22,835	$ 11,784	$ (11,051)
Medical 21st Century Registries	$ 6,933	$ 2,550	$ 6,523	$ 5,643	$ (880)
Medical 21st Century TeleHealth	$ 16,612	$ 17,115	$ 16,498	$ 15,794	$ (704)
Medical 21st Century Bar Code Expansion	$ 1,242	$ 4,733	$ -	$ -	$ -
Medical Legacy	$ 143,749	$ 90,699	$ 117,007	$ 106,912	$ (10,095)
Medical IT Support	$ 491,817	$ 692,173	$ 562,060	$ 759,979	$ 197,919
BENEFITS	**$ 369,010**	**$ 369,440**	**$ 383,631**	**$ 312,825**	**$ (70,806)**
Benefits 21st Century Paperless Delivery of Veterans Benefits	$ 139,790	$ 134,776	$ 134,189	$ 97,817	$ (36,372)
Benefits 21st Century Education	$ 85,048	$ 4,292	$ 65,000	$ 11,189	$ (53,811)
Benefits Legacy	$ 18,527	$ 15,402	$ 3,298	$ 7,660	$ 4,362
Benefits Legacy VETSNET	$ 36,145	$ 34,676	$ 22,944	$ 20,696	$ (2,248)
Benefits Legacy Memorials Legacy Development Support	$ 13,275	$ 5,908	$ 10,859	$ 12,000	$ 1,141
Benefits IT Support	$ 76,225	$ 174,386	$ 147,342	$ 163,463	$ 16,121
CORPORATE	**$ 710,322**	**$ 705,533**	**$ 762,520**	**$ 739,171**	**$ (23,349)**
Corporate 21st Century Core	$ 64,519	$ 84,554	$ 58,087	$ 54,558	$ (3,529)
Corporate 21st Century E-Gov	$ 5,667	$ 11,391	$ 23,721	$ 11,391	$ (12,330)
Corporate 21st Century SAM	$ 22,020	$ 9,350	$ 925	$ 1,608	$ 683
Corporate IT Support ASD	$ 10,150	$ 375	$ 12,499	$ 2,835	$ (9,664)
Corporate IT Support Enterprise Cyber Security & Privacy	$ 117,744	$ 118,000	$ 109,520	$ 141,000	$ 31,480
Corporate IT Support ITRM	$ 103,987	$ 5,648	$ 52,217	$ 5,981	$ (46,236)
Corporate IT Support PBX Replacement	$ 20,129	$ -	$ -	$ -	$ -
Corporate Legacy	$ 15,191	$ 29,068	$ 6,676	$ 255	$ (6,421)
Enterprise IT Support	$ 350,916	$ 447,147	$ 498,875	$ 521,543	$ 22,668
INTERAGENCY	**$ 288,576**	**$ 248,002**	**$ 220,774**	**$ 216,831**	**$ (3,943)**
Federal Health Information Exchange	$ -	$ 6,087	$ 6,645	$ 7,341	$ 696
Interagency 21st Century - Veterans Interoperability	$ 74,839	$ 62,177	$ 43,448	$ 43,826	$ 378
InterAgency 21st Century Core	$ 10,894	$ 6,095	$ 5,890	$ 35,213	$ 29,323
InterAgency 21st Century Enrollment System Redesign	$ 10,000	$ 7,243	$ 7,243	$ 6,445	$ (798)
InterAgency 21st Century One Vet	$ 166,025	$ 132,752	$ 129,241	$ 114,830	$ (14,411)
InterAgency 21st Century PIV	$ 26,818	$ 33,648	$ 28,306	$ 9,176	$ (19,130)
Total IT Activities	**$ 2,142,049**	**$ 2,246,376**	**$ 2,196,376**	**$ 2,306,445**	**$ 110,069**
H1N1 Supplemental (P.L. 111-32)	**$ 395**	**$ -**	**$ -**	**$ 2,794**	**$ -**
OEF/OIF Supplemental (P.L. 110-28)	**$ (194)**	**$ -**	**$ -**	**$ 2,282**	**$ -**
Staffing and Administration	**$ 894,356**	**$ 915,000**	**$ 915,000**	**$ 1,021,000**	**$ 106,000**
Total Budget Authority	**$ 3,036,606**	**$ 3,161,376**	**$ 3,111,376**	**$ 3,327,444**	**$ 216,068**
IT Activities Reimbursements	$ 31,290	$ 28,000	$ 28,000	$ 28,000	$ -
Staffing Reimbursements	$ 15,099	$ 22,000	$ 22,000	$ 19,000	$ (3,000)
Total Reimbursements	**$ 46,389**	**$ 50,000**	**$ 50,000**	**$ 47,000**	**$ (3,000)**
Total BA and Reimbursements	**$ 3,082,995**	**$ 3,211,376**	**$ 3,161,376**	**$ 3,374,444**	**$ 213,068**
Adjustments	$ 238	$ -	$ -	$ -	$ -
Net Change in Unobligated Balance	$ 527,421	$ 77,959	$ 107,293	$ -	$ (107,293)
Unobligated Balance Expiring (Lapse)	$ (698)	$ -	$ -	$ -	$ -
Total Budgetary Resources	**$ 3,609,959**	**$ 3,289,335**	**$ 3,268,669**	**$ 3,374,444**	**$ 105,775**
BA FTE	6,874	7,345	7,250	7,435	185
Reimbursable FTE	130	182	182	145	(37)
Total FTE	**7,004**	**7,527**	**7,432**	**7,580**	**148**

Note: Numbers may not add due to rounding.

Information and Technology Systems Appropriation/Obligations

(Dollars in thousands)

Description	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase/ Decrease
IT Systems Appropriation: FY 2011 (P.L. 112-10)	3,146,898	3,161,376	3,111,376	3,327,444	216,068
Across-the-Board Reduction	-6,294				
Recission of Unobligated Balance (P.L. 112-10)	-147,000				
Transfer Out: North Chicago 1/	-1,980				
Total IT Appropriations	**$2,991,624**	**$3,161,376**	**$3,111,376**	**$3,327,444**	**$216,068**
Reimbursements					
IT Systems Appropriation	31,048	28,000	28,000	28,000	
IT Pay Reimbursements	15,337	22,000	22,000	19,000	-3,000
Subtotal Reimbursements	**$46,385**	**$50,000**	**$50,000**	**$47,000**	**-$3,000**
Total Budgetary Resources	**$3,038,009**	**$3,211,376**	**$3,161,376**	**$3,374,444**	**$213,068**
Adjustments to Obligations					
Unobligated Balance (SOY):	-679,936	-77,959	-107,293 2/		107,293
Unobligated Balance (EOY):	107,293 2/				
Change in Unobligated Balance (non-add)	**-$572,643**	**-$77,959**	**-$107,293**		**$107,293**
Unobligated Balance Expiring (Lapse)	-698				
Obligations	**$3,609,959**	**$3,289,335**	**$3,268,669**	**$3,374,444**	**$105,775**
Obligated Balance (SOY)	1,607,763	1,842,542	1,816,406	1,472,396	-344,010
Obligated Balance (EOY)	-1,816,406	-1,729,524	-1,472,396	-1,083,770	388,626
Outlays, Gross	**$3,401,316**	**$3,402,353**	**$3,612,679**	**$3,763,070**	**$150,391**
Less Collections	-$46,814	-50,000	-50,000	-47,000	3,000
Outlays, Net 3/	**$3,354,502**	**$3,352,353**	**$3,562,679**	**$3,716,070**	**$153,391**
FTE	6,874	7,345	7,250	7,435	185
Reimbursable FTE	130	182	182	145	-37
Total FTE	**7,004**	**7,527**	**7,432**	**7,580**	**148**

1/ It is anticipated that approximately $6.6M in FY12 and FY13 will be transferred out of the IT appropriation to support the James A. Lovell Health Care Facility in North Chicago, IL. See pages 5A-17 and 5A-18 for details.
2/ SF-133 shows $112M for unobligated balance EOY which includes $5M of uncollected orders.
3/ Includes funding from ARRA for $3.1M.

Office of Information and Technology
Obligations by Object Class and Funding Sources
(Dollars in Thousands)

	2011	2012		2013	Increase /
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease
Personal Services	783,322	883,000	837,742	895,231	57,489
Travel	18,068	21,000	16,000	16,000	0
Rent, Communications and Utilities	448,374	600,000	463,375	380,594	-82,781
Printing and Reproduction	60	270	61	60	-1
Other Services	1,963,716	1,257,865	1,673,222	1,743,346	70,124
Supplies and Materials	11,748	25,000	10,277	10,064	-213
Equipment	381,881	500,000	264,810	326,621	61,811
Lands and Structures	2,721	2,000	3,011	2,332	-679
Other	68	200	171	196	25
Total Obligations	**$3,609,959**	**$3,289,335**	**$3,268,669**	**$3,374,444**	**105,775**
Funding Sources					
Appropriation	**3,146,898**	**3,161,376**	**3,111,376**	**3,327,444**	**216,068**
Across the Board Reduction	-6,294				
Rescission	-147,000				0
Transfers	-1,980				
Reimbursements	46,385	50,000	50,000	47,000	-3,000
Non-Pay Reimbursements	31,048	28,000	28,000	28,000	0
Pay Reimbursements	15,337	22,000	22,000	19,000	-3,000
Unobligated expiring	-698				0
Change in uncollected orders					0
Unobligated SOY	679,936	77,959	107,293		-107,293
Unobligated EOY 1/	-107,293				0
Total	**$3,609,959**	**$3,289,335**	**$3,268,669**	**$3,374,444**	**$105,775**

Note: Numbers may not add due to rounding.

1/ SF-133 shows $112M for FY 2011 unobligated balance EOY which inlcudes $5M of uncollected orders.

FTE By Grade

Grade	2011 Actual	2012 PB	2012 Current Est	2013 Request	Increase/ Decrease
SES/SL/ST	24	25	26	26	-
GS-15	137	142	152	155	3
GS-14	736	797	799	837	38
GS-13	1,788	1,929	1,922	2,002	80
GS-12	1,450	1,621	1,608	1,597	(11)
GS-11	1,525	1,592	1,496	1,593	97
GS-10	4	4	19	4	(15)
GS-9	899	930	935	910	(25)
GS-8	11	13	17	13	(4)
GS-7	245	285	272	260	(12)
GS-6	61	62	68	61	(7)
GS-5	93	96	82	92	10
GS-4	26	26	29	25	(4)
GS-3	3	3	6	3	(3)
GS-2	2	2	1	2	1
GS-1	-	-	-	-	-
Total FTE	7,004	7,527	7,432	7,580	148

Analysis of FTE Distribution Headquarters/Field		
Grade	2011 HQ-Actual	2011 Field-Actual
SES/SL/ST	17	7
GS-15	21	116
GS-14	112	624
GS-13	129	1,659
GS-12	71	1,379
GS-11	19	1,506
GS-10	0	4
GS-9	13	886
GS-8	5	6
GS-7	7	238
GS-6	0	61
GS-5	1	92
GS-4	2	24
GS-3	0	3
GS-2	1	1
GS-1	0	0
Total Number of FTE	398	6,606

Information and Technology
Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Request Funding)	Strategic Target
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Integrate clients' navigational experience with systems (channels) used for communication with VA (OSE)	Annual percent growth in online transactions in VA integrated communication systems	N/Av	N/Av	N/Av	4%	5%	10%	15%
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Optimize IT systems affecting service delivery (OSE)	Percent of VA IT services that achieve performance requirements defined in service level agreements	N/Av	N/Av	N/Av	10%	10%	30%	100%
		Percent of VA IT system components deployed by committed schedules after first revisions due to management review	N/Av	N/Av	N/Av	30%	50%	80%	100%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
		Performance Measures Data								
			Results History				Future Targets			
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	2. Automate GI Bill benefits (VBMS) **(MI)**	**Percent of milestones achieved towards deployment & implementation of a paperless disability claims processing system. (Supports Agency Priority Goal)**	N/Av	N/Av	N/Av	100%	100%	100%	100%
	3. Build VRM capability to enable convenient, seamless interactions **(MI)**	**Percent of milestones achieved in deploying and implementing the Veterans Relationship Management System (VRMS) (Supports Agency Priority Goal)**	N/Av	N/Av	N/Av	30%	70%	100%	100%
	4. Create Virtual Lifetime Electronic Record **(MI)**	**Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER) (Supports Agency Priority Goal)**	N/Av	N/Av	N/Av	88%	60%	100%	100%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	5. Create Virtual Lifetime Electronic Record **(MI)**	Percent increase in number of Veterans accessing Virtual Lifetime Electronic Record (VLER) capabilities through "Blue Button" functionality.	N/Av	N/Av	N/Av	50%	2%	10%	15%
D. Provide Veterans and their families with **integrated access** to the most appropriate **services** from VA and our partners	1. Build IT products for flexible adaptation to changing requirements **(OSE)**	Percent of VA IT projects delivering functionality on 6-month or less intervals	N/Av	N/Av	N/Av	80%	60%	80%	100%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
A. Use clear, accurate, consistent, and targeted **messages** to build **awareness** of VA's benefits amongst our employees, Veterans and their families, and other stakeholders	1. Ensure clients need only enter non-identifying information in IT systems once **(OSE)**	**Annual percent growth in VA IT systems that automatically reuse all redundant client information in other systems**	N/Av	N/Av	N/Av	9.5%	25%	10%	15%
C. Reach out proactively and in a **timely fashion** to **communicate** with Veterans and their families and promote Veterans engagement	1. Establish effective, ubiquitous service connectivity for clients **(OSE)**	Annual percent growth in client utilization of IT connection channels using VA services	N/Av	N/Av	N/Av	2%	4%	4%	10%
D. Engage in two-way communications with Veterans and their families to help them **understand** available **benefits**, get feedback on VA programs, and **build relationships** with them as our **clients**	1. Provide engaging and interactive online experiences to potential clients **(OSE)**	Annual percent growth in unique users of VA online products	N/Av	N/Av	N/Av	4%	4%	5%	10%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
		Performance Measures Data								
			Results History				Future Targets			
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
B. Recruit, hire, train, develop, deploy, and **retain** a **diverse** VA **workforce** to meet current and future needs and challenges	1. Build a qualified, professional IT workforce **(OSE)**	Percent of VA IT professionals* holding industry-based qualification standards *[Pertains only to IT professionals who carry out specific IT related-functions. A web-based application is being developed to collect this information via collaboration between OIT and OPP. Results will be available at the end of FY2012.]	N/Av	N/Av	N/Av	N/Av	55%	60%	100%
D. Create a collaborative, **knowledge-sharing culture** across VA and with DoD and other partners to support our ability to be **people-centric**, **results-driven**, and **forward-looking** at all times	1. Ensure knowledge management that is useful to VA employees **(OSE)**	Percent of VA employees satisfied with knowledge management enabled by IT	N/Av	N/Av	N/Av	0%	15%	15%	100%
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1. Ensure IT systems are interoperable **(OSE)**	Annual percent growth in VA IT systems that are registered with the VA's Open Source Custodial Agent	N/Av	N/Av	N/Av	30%	70%	10%	20%
	2. Ensure IT systems are secure **(OSE)**	Percent of IT systems formally approved for secure operations	N/Av	N/Av	N/Av	96%	97%	98%	100%

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

1) Annual percent growth in VA IT systems that automatically reuse all redundant client information in other systems. (Departmental Management Measure)

a) Means and Strategies:

- VA will compile a database of all systems requiring direct input of client information (for purposes of tracking and assessment of performance measure success)
- VA will assess the current ("as is") state of client information input methods and add this information to the database
- VA will design and develop a common interface for all systems (websites and telephony-based), incorporating a common "look and feel" for the user
- VA will publish this common interface as a standard and direct application/system owners to develop an "add-on" interface to existing applications/systems while directing newly developed application/systems to use the common interface
- VA will establish a schedule to implement these changes in a manner that balances cost, benefit, and social considerations
- VA will provide financial incremental funding for each application/system to perform the requested remediation/changes
- VA will establish progress goals for each successive fiscal year
- VA will track the implementation process for each system, validating when a system is deemed remediated, and provide reporting information relevant to percentages of remediated systems (vs. total number of systems)

b) Data Source(s):): A newly-established database of all systems/applications requiring direct input of client information (obtained from OI&T organizations)

c) Data Verification: Data on progress will be assessed by the OI&T Quality, Performance and Oversight organization annually to ensure a) the database includes all systems needing direct input of client information, 2) those systems identified as "remediated" are, in fact, as stated

d) Measure Validation:

- Data on progress will be published annually with the list of all systems requiring direct input of client information and list of remediated systems, with specificity to allow for independent assessment of the reported results

e) Cross-Cutting Activities:

- Future system development with DoD/VA interoperability will be less complex with remediated systems and new systems complying with standard client identity

f) External Factors:

- DoD/VA interoperability issues may require schedule changes in remediation activities
- Electronic Health Record projects may require schedule changes in remediation activities

g) Other Supporting Information: Not applicable

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy A: Use **clear**, accurate, consistent, and targeted **messages** to build **awareness** of VA's benefits amongst our employees, Veterans and their families, and other stakeholders

Table 2: Performance Measure Supporting Information

2) Percent of milestones achieved towards deployment & implementation of a Paperless Disability Claims Processing System (PDCPS). (Supports Agency Priority Goal)

a) Means and Strategies:

- VA will complete project initiative actions, specifically creating project management and software development environments
- VA will provide funding, staffing resources, and the authority to proceed with the PDCPS
- VA will complete the following project management activities:
  - Form an Integrated Project Team
  - Create Quality Assurance Plan
  - Create Project Management Plan
- VA will develop the following supporting documents:
  - Configuration Management Plan
  - Disaster Recovery Plan
  - Concept of Operations Plan
  - Contingency Plan
  - Acquisition Plan
  - System Security Plan
  - Privacy Interaction Assessment
  - System Interconnect Agreement
- VA will build the PDCPS incrementally using the "Agile Scrum" method and deliver, per an approved schedule and architecture, product components that have been:
  - Tested as components
  - Tested in an integrated environment
  - Delivered in system "builds"
  - Accepted by the user (VBA) community
- VA will field a mature, tested, and operationally-ready PDCPS with the following release-unique documents:
  - Master schedule
  - Deployment, Implementation, and Training plans
  - National Deployment request
  - Approval document - National Deployment

b) Data Source(s): ProPath and the Program Management Assessment System (PMAS), Milestone Reviews, Business Relationship Meetings.

c) Data Verification: Will include Milestone Reviews documenting adherence to schedule.

d) Measure Validation: This measure indicates OI&T performance on timely delivery of new functionality to customers.

e) Cross-Cutting Activities: N
one

f) External Factors:

- DoD/VA interoperability is required to minimize technical changes due to concurrent development
- The Veterans Benefit Management System may require schedule changes to meet higher-level VA goals.
- The Virtual Lifetime Electronic Record project may require schedule changes to meet higher-level VA goals

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families

Table 2: Performance Measure Supporting Information

3) Percent of milestones achieved in deploying and implementing the Veterans Relationship Management System (VRMS)(Supports Agency Priority Goal)

a) Means and Strategies:

- VA will complete project initiative actions, specifically creating project management and software development environments
- VA will provide funding, staffing resources, and the authority to proceed with the CRMS
- VA will complete the following project management activities:
  - Form an Integrated Project Team
  - Create Quality Assurance Plan
  - Create Project Management Plan
  - Create a Project Schedule
- VA will develop the following supporting documents:
  - Configuration Management Plan
  - Disaster Recovery Plan
  - Concept of Operations Plan
  - Contingency Plan
  - Acquisition Plan
  - System Security Plan
  - Privacy Interaction Assessment
  - System Interconnect Agreement
  - Incident Response Plan
- VA will build the VRMS incrementally using the "Agile Scrum" method and deliver, per an approved schedule and architecture, product components that have been:
  - Tested as components
  - Tested in an integrated environment
  - Delivered in system "builds"
  - Accepted by the user (VBA) community
- VA will field a mature, tested, and operationally-ready VRMS with the following release-unique documents:
  - Master schedule
  - Deployment , Implementation, and Training plans
  - National Deployment request
  - Approval document - National Deployment

b) Data Source(s): Same as measure 2.
c) Data Verification: Same as measure 2.
d) Measure Validation: Same as measure 2.
e) Cross-Cutting Activities: None
f) External Factors:

- DoD/VA interoperability required to minimize technical changes due to concurrent development
- The Veterans Benefit Management System and Veteran Lifetime Electronic Record project may require schedule changes in VRMS to meet higher-level VA goals
- **g) Other Supporting Information:** None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness
- Integrated Strategy B: Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families

Table 2: Performance Measure Supporting Information

4) Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER). (Supports Agency Priority Goal)

a) Means and Strategies
- VLER will improve access to available Veteran electronic records
- Results will be calculated using the approved VLER project plan to determine the number of milestones planned in a given fiscal year (denominator) and the number of planned milestones achieved in the equivalent fiscal year (numerator).

b) Data Source(s): DoD and VA

c) Data Verification: Data will be verified against the schedule and milestone baseline established in the approved VLER plan.

d) Measure Validation:
- It is the stated goal of the White House for every Servicemember to have a Virtual Lifetime Electronic Record. This statistic is a measure of progress in moving the project forward to that goal.

e) Cross-Cutting Activities:
- The VLER program will provide for the combining of Servicemember and Veteran data and information into a single, "virtual" electronic record from which Veterans, Servicemembers, benefits providers, or health care clinicians can draw all necessary information or data to provide for health care or benefits delivery.

f) External Factors:
- Close cooperation with DoD will be required for the life of the project.

g) Other Supporting Information: End users of the data will include the Secretary of Veterans Affairs and the VA Office of Policy & Planning.

h) Link to New Strategic Planning Framework: This measure supports:
- Integrated Objective # 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families

Information and Technology
Appendix 1 – Program Level Detail
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
MEDICAL	**$ 774,141**	**$ 923,401**	**$ 829,451**	**$ 57,000**	**$ 1,037,618**
Medical 21st Century Core	**$ 72,669**	**$ 71,975**	**$ 77,340**	**$ -**	**$ 88,636**
Access to Care (Medical Core) (DME)	$ 40,774	$ 42,725	$ 39,600	$ -	$ 41,923
Access to Care (Medical Core) (OM)	$ 500	$ 9,200	$ 14,000	$ -	$ 1,064
Health Informatics (Medical Core) (DME)	$ 2,755	$ 8,000	$ 8,000	$ -	$ 7,500
Health Informatics (Medical Core) (OM)	$ -	$ -	$ 500	$ -	$ 1,656
Health Provider Systems (Medical Core) (DME)	$ 2,793	$ -	$ -	$ -	$ -
Health Provider Systems (Medical Core) (OM)	$ 2,504	$ -	$ -	$ -	$ 7,860
Healthcare Efficiency (Medical Core) (DME)	$ 18,496	$ 8,000	$ 7,000	$ -	$ 4,659
Healthcare Efficiency (Medical Core) (OM)	$ -	$ -	$ 2,200	$ -	$ 2,000
Homelessness (Medical Core) (DME)	$ -	$ 550	$ -	$ -	$ -
Homelessness (Medical Core) (OM)	$ -	$ -	$ -	$ -	$ -
iEHR - Scheduling (DME)	$ -	$ -	$ -	$ -	$ 10,000
iEHR - Scheduling (OM)	$ -	$ -	$ -	$ -	$ -
NMOC (Medical Core) (DME)	$ 4,847	$ 2,750	$ 4,350	$ -	$ 2,000
NMOC (Medical Core) (OM)	$ -	$ 750	$ -	$ -	$ -
VHA Research (Medical Core) (DME)	$ -	$ -	$ -	$ -	$ 7,487
VHA Research (Medical Core) (OM)	$ -	$ -	$ 1,690	$ -	$ 2,487
Medical 21st Century Schedule Replacement	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Scheduling Replacement (DME)	$ -	$ -	$ -	$ -	$ -
Scheduling Replacement (OM)	$ -	$ -	$ -	$ -	$ -
Medical 21st Century Laboratory	**$ 8,290**	**$ 10,462**	**$ 13,576**	**$ -**	**$ 10,135**
iEHR - Laboratory (DME)	$ -	$ -	$ 12,976	$ -	$ 10,000
iEHR - Laboratory (OM)	$ -	$ -	$ 600	$ -	$ -
Laboratory (DME)	$ 8,201	$ 10,136	$ -	$ -	$ -
Laboratory (OM)	$ 89	$ 326	$ -	$ -	$ 135
Medical 21st Century Pharmacy	**$ 8,482**	**$ 9,684**	**$ 10,000**	**$ -**	**$ 37,235**
iEHR - Pharmacy (DME)	$ -	$ -	$ 10,000	$ -	$ 35,000
iEHR - Pharmacy (OM)	$ -	$ -	$ -	$ -	$ -
Pharmacy (DME)	$ 8,482	$ 4,099	$ -	$ -	$ -
Pharmacy (OM)	$ -	$ 5,585	$ -	$ -	$ 2,235
Medical 21st Century RISE	**$ -**	**$ 3,051**	**$ 1,091**	**$ -**	**$ -**
RISE (DME)	$ -	$ 1,091	$ 1,091	$ -	$ -
RISE (OM)	$ -	$ 1,960	$ -	$ -	$ -
Medical 21st Century CAPRI	**$ 4,146**	**$ 1,091**	**$ 2,521**	**$ -**	**$ 1,500**
CAPRI (DME)	$ 2,771	$ 1,091	$ 1,091	$ -	$ -
CAPRI (OM)	$ 1,375	$ -	$ 1,430	$ -	$ 1,500
Medical 21st Century My HealtheVet	**$ 20,201**	**$ 19,868**	**$ 22,835**	**$ -**	**$ 11,784**
Mental Health (Medical My HeV) (DME)	$ 1,777	$ 2,000	$ 2,330	$ -	$ -
Mental Health (Medical My HeV) (OM)	$ -	$ 448	$ 300	$ -	$ 310
My HealtheVet (DME)	$ -	$ -	$ -	$ -	$ -
My HealtheVet (OM)	$ 815	$ 9,105	$ 6,065	$ -	$ -
NMOC (Medical My HeV) (DME)	$ 17,609	$ 3,615	$ 13,672	$ -	$ 11,274
NMOC (Medical My HeV) (OM)	$ -	$ 4,700	$ 468	$ -	$ 200
Medical 21st Century Registries	**$ 6,933**	**$ 2,550**	**$ 6,523**	**$ -**	**$ 5,643**
Access to Care (Registries) (DME)	$ 1,900	$ -	$ -	$ -	$ 750
Access to Care (Registries) (OM)	$ -	$ -	$ -	$ -	$ -
Homelessness (Registries) (DME)	$ 797	$ 1,950	$ 2,250	$ -	$ 1,575
Homelessness (Registries) (OM)	$ 250	$ 600	$ 1,473	$ -	$ 650
NMOC (Registries) (DME)	$ 134	$ -	$ 1,900	$ -	$ 950
NMOC (Registries) (OM)	$ -	$ -		$ -	$ 50
Registries (DME)	$ 2,106	$ -	$ -	$ -	$ -
Registries (OM)	$ 1,746	$ -	$ 900	$ -	$ 1,668
Medical 21st Century TeleHealth	**$ 16,612**	**$ 17,115**	**$ 16,498**	**$ -**	**$ 15,794**
Access to Care (Medical TeleHealth) (DME)	$ 4,186	$ 4,437	$ 3,300	$ -	$ 3,939
Access to Care (Medical TeleHealth) (OM)	$ -	$ -	$ -	$ -	$ 1,013
NMOC (Medical TeleHealth) (DME)	$ 11,753	$ 11,880	$ 10,700	$ -	$ 9,981
NMOC (Medical TeleHealth) (OM)	$ 673	$ 400	$ 2,100	$ -	$ 361
Telemedicine (DME)	$ -	$ -	$ -	$ -	$ -
Telemedicine (OM)	$ -	$ 398	$ 398	$ -	$ 500
Medical 21st Century Bar Code Expansion	**$ 1,242**	**$ 4,733**	**$ -**	**$ -**	**$ -**
Bar Code Expansion (DME)	$ 1,242	$ 4,733	$ -	$ -	$ -
Bar Code Expansion (OM)	$ -	$ -	$ -	$ -	$ -
Medical Legacy	**$ 143,749**	**$ 90,699**	**$ 117,007**	**$ 19,523**	**$ 106,912**
Access to Care (Medical Legacy) (DME)	$ 25,663	$ 20,760	$ 7,360	$ -	$ 21,204
Access to Care (Medical Legacy) (OM)	$ 1,001	$ 7,878	$ 2,537	$ -	$ 1,857
Innovations	$ -	$ -	$ -	$ -	$ -
Caregiver's (DME)	$ -	$ 8,000	$ 8,000	$ -	$ -
Caregiver's (OM)	$ -	$ -	$ -	$ -	$ -
Health Administration (DME)	$ -	$ -	$ -	$ -	$ -
Health Administration (OM)	$ -	$ -	$ -	$ -	$ 1,890
Health Administrative Systems (DME)	$ 44,764	$ 8,667	$ 29,405	$ 2,523	$ 11,500
Health Administrative Systems (OM)	$ 40,000	$ -	$ 1,200	$ -	$ -
Health Provider Systems (Medical Legacy) (DME)	$ 10,381	$ 4,000	$ 4,000	$ -	$ -
Health Provider Systems (Medical Legacy) (OM)	$ 7,208	$ 10,175	$ 20,248	$ -	$ 18,873

Information and Technology
Appendix 1 – Program Level Detail
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
Homelessness (Medical Legacy) (DME)	$ 548	$ 1,500	$ 2,620	$ -	$ 1,500
Homelessness (Medical Legacy) (OM)	$ -	$ 1,400	$ -	$ -	$ 229
iEHR - Health Provider Systems (DME)	$ -	$ -	$ 5,000	$ -	$ 15,000
iEHR - Health Provider Systems (OM)		$ -	$ -	$ -	$ -
Mental Health (Medical Legacy) (DME)	$ 1,407	$ 5,384	$ 5,181	$ -	$ 8,818
Mental Health (Medical Legacy) (OM)	$ -	$ -	$ -	$ -	$ -
NMOC (Medical Legacy) (DME)	$ 10,220	$ 15,905	$ 6,134	$ 17,000	$ 11,519
NMOC (Medical Legacy) (OM)	$ -	$ 1,000	$ 5,126	$ -	$ 490
STDP/EWCA (Medical Legacy) (DME)	$ 2,557	$ 3,500	$ -	$ -	$ -
STDP/EWCA (Medical Legacy) (OM)	$ -	$ -	$ -	$ -	$ -
VHA Research (Medical Legacy) (DME)	$ -	$ -	$ 16,755	$ -	$ 11,034
VHA Research (Medical Legacy) (OM)	$ -	$ -	$ 1,775	$ -	$ 1,178
VLER (Medical Legacy) (DME)	$ -	$ 1,530	$ 1,200	$ -	$ 1,820
VLER (Medical Legacy) (OM)	$ -	$ 1,000	$ 466	$ -	$ -
Medical IT Support	**$ 491,817**	**$ 692,173**	**$ 562,060**	**$ 37,477**	**$ 759,979**
iEHR (Medical IT Support) (DME)	$ -	$ -	$ -	$ -	$ -
iEHR (Medical IT Support) (OM)	$ -	$ -	$ 9,400	$ -	$ 51,000
VHA Facility Activation (DME)	$ -	$ -	$ -	$ -	$ -
VHA Facility Activation (OM)	$ 87,810	$ 42,000	$ 42,000	$ -	$ 39,100
VHA Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
VHA Facility Operations Allowance (OM)	$ 14,782	$ 20,680	$ -	$ -	$ 9,751
VHA Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VHA Hardware Maintenance (OM)	$ 34,418	$ 34,477	$ 28,494	$ -	$ 44,238
VHA IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Infrastructure & Platform Upgrades (OM)	$ 20,899	$ -	$ -	$ -	$ -
VHA IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Lifecycle Management (OM)	$ 33,698	$ 58,767	$ -	$ -	$ 49,700
VHA IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Support Contracts (OM)	$ 40,192	$ 32,680	$ 106,889	$ -	$ 58,417
VHA Legacy Systems (DME)	$ -	$ -	$ -	$ -	$ -
VHA Legacy Systems (OM)	$ 51,850	$ 227,848	$ 223,137	$ -	$ 298,095
VHA Research IT Support (DME)	$ 16,731	$ 20,000	$ 2,150	$ -	$ -
VHA Research IT Support (OM)	$ 10,915	$ 29,930	$ -	$ -	$ 18,802
VHA Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VHA Software License Maintenance (OM)	$ 31,404	$ 41,612	$ -	$ 37,477	$ 26,700
VHA Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
VHA Telecommunications (OM)	$ 149,118	$ 184,179	$ 149,990	$ -	$ 164,176
BENEFITS	**$ 369,010**	**$ 369,440**	**$ 383,631**	**$ -**	**$ 312,825**
Benefits 21st Century Paperless Delivery of Veterans Benefits	**$ 139,790**	**$ 134,776**	**$ 134,189**	**$ -**	**$ 97,817**
VBMS (DME)	$ 132,729	$ 84,902	$ 88,870	$ -	$ 20,682
VBMS (OM)	$ 7,061	$ 49,874	$ 45,319	$ -	$ 77,135
Benefits 21st Century Education	**$ 85,048**	**$ 4,292**	**$ 65,000**	**$ -**	**$ 11,189**
Chapter 33 (DME)	$ 69,915	$ -	$ 52,000	$ -	$ -
Chapter 33 (OM)	$ 15,133	$ 4,292	$ 13,000	$ -	$ 11,189
Benefits Legacy	**$ 18,527**	**$ 15,402**	**$ 3,298**	**$ -**	**$ 7,660**
Agent Orange (DME)	$ 4,597	$ -	$ -	$ -	$ -
Agent Orange (OM)	$ -	$ 7,000	$ 800	$ -	$ -
C&P Application Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
C&P Application Maintenance (OM)	$ 6,704	$ -	$ -	$ -	$ -
Compensation (DME)	$ -	$ 364	$ -	$ -	$ -
Compensation (OM)	$ 254	$ 3,695	$ -	$ -	$ 2,300
Education (DME)	$ -	$ 145	$ -	$ -	$ -
Education (OM)	$ 2,966	$ 1,600	$ 675	$ -	$ 3,080
Insurance (DME)	$ -	$ 58	$ -	$ -	$ -
Insurance (OM)	$ -	$ 620	$ 1,823	$ -	$ -
Loan Guarantee (DME)	$ -	$ -	$ -	$ -	$ -
Loan Guarantee (OM)	$ -	$ -	$ -	$ -	$ -
Vocational Rehabilitation & Employment (DME)	$ 2,304	$ 160	$ -	$ -	$ -
Vocational Rehabilitation & Employment (OM)	$ 1,702	$ 1,760	$ -	$ -	$ 2,280
Benefits Legacy VETSNET	**$ 36,145**	**$ 34,676**	**$ 22,944**	**$ -**	**$ 20,696**
VETSNET (DME)	$ 33,271	$ 17,843	$ 17,843	$ -	$ 17,843
VETSNET (OM)	$ 2,874	$ 16,833	$ 5,101	$ -	$ 2,853
Benefits Legacy Memorials Legacy Development Support	**$ 13,275**	**$ 5,908**	**$ 10,859**	**$ -**	**$ 12,000**
Memorials Legacy Development Support (DME)	$ 13,275	$ 4,457	$ 10,859	$ -	$ 11,000
Memorials Legacy Development Support (OM)	$ -	$ 1,451	$ -	$ -	$ 1,000
Benefits IT Support	**$ 76,225**	**$ 174,386**	**$ 147,342**	**$ -**	**$ 163,463**
VBA & NCA Facility Activations (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Facility Activations (OM)	$ -	$ -	$ -	$ -	$ 1,500
VBA & NCA Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Facility Operations Allowance (OM)	$ -	$ 1,550	$ -	$ -	$ 1,182

Information and Technology
Appendix 1 – Program Level Detail
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
VBA & NCA Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Hardware Maintenance (OM)	$ 5,587	$ 7,050	$ 5,880	$ -	$ 12,839
VBA & NCA IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Infrastructure & Platform Upgrades (OM)	$ 4,437	$ -	$ -	$ -	$ 19,000
VBA & NCA IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Lifecycle Management (OM)	$ 9,416	$ 2,659	$ -	$ -	$ 11,200
VBA & NCA IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Support Contracts (OM)	$ 22,869	$ 36,824	$ 112,078	$ -	$ 27,138
VBA & NCA Legacy Systems (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Legacy Systems (OM)	$ 23,936	$ 108,746	$ 18,758	$ -	$ 76,154
VBA & NCA Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Software License Maintenance (OM)	$ 2,734	$ 4,584	$ 3,329	$ -	$ 4,126
VBA & NCA Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Telecommunications (OM)	$ 7,246	$ 12,973	$ 7,297	$ -	$ 10,324
CORPORATE	**$ 710,322**	**$ 705,533**	**$ 762,520**	**$ -**	**$ 739,171**
Corporate 21st Century Core	**$ 64,519**	**$ 84,554**	**$ 58,087**	**$ -**	**$ 54,558**
Corporate 21st Century Core (DME)	$ -	$ -	$ -	$ -	$ -
Corporate 21st Century Core (OM)	$ -	$ -	$ -	$ -	$ 11,548
Human Capital (Corporate Core) (DME)	$ 35,266	$ 7,550	$ 5,450	$ -	$ 9,100
Human Capital (Corporate Core) (OM)	$ 1,553	$ 6,430	$ 9,499	$ -	$ 1,000
Human Resources & Administration (DME)	$ -	$ -	$ -	$ -	$ -
Human Resources & Administration (OM)	$ -	$ 12,096	$ -	$ -	$ -
Innovations (DME)	$ -	$ 20,000	$ 14,024	$ -	$ -
Innovations (OM)	$ -	$ -	$ -	$ -	$ -
IOM (Corporate Core) (DME)	$ 17,953	$ 10,000	$ 16,516	$ -	$ 14,100
IOM (Corporate Core) (OM)	$ -	$ 7,281	$ 4,098	$ -	$ 1,800
SCIP (Corporate Core) (DME)	$ 4,338	$ 3,000	$ 2,800	$ -	$ 1,000
SCIP (Corporate Core) (OM)	$ -	$ 2,000	$ 1,200	$ -	$ 3,162
STDP/EWCA (Corporate Core) (DME)	$ 3,853	$ 2,100	$ -	$ -	$ 4,062
STDP/EWCA (Corporate Core) (OM)	$ 1,556	$ 2,400	$ 4,500	$ -	$ 100
VA Learning Management System (DME)	$ -	$ 3,650	$ -	$ -	$ 5,540
VA Learning Management System (OM)	$ -	$ 8,047	$ -	$ -	$ -
VA Talent Management System (DME)	$ -	$ -	$ -	$ -	$ -
VA Talent Management System (OM)	$ -	$ -	$ -	$ -	$ 3,146
Corporate 21st Century E-Gov	**$ 5,667**	**$ 11,391**	**$ 23,721**	**$ -**	**$ 11,391**
E-Gov (DME)	$ -	$ 2,091	$ -	$ -	$ 2,091
E-Gov (OM)	$ 5,667	$ 9,300	$ 23,721	$ -	$ 9,300
Corporate 21st Century SAM	**$ 22,020**	**$ 9,350**	**$ 925**	**$ -**	**$ 1,608**
SAM (DME)	$ 21,373	$ 9,000	$ -	$ -	$ -
SAM (OM)	$ 647	$ 350	$ 925	$ -	$ 1,608
Corporate IT Support ASD	**$ 10,150**	**$ 375**	**$ 12,499**	**$ -**	**$ 2,835**
ASD (DME)	$ -	$ 375	$ -	$ -	$ 2,835
ASD (OM)	$ 10,150	$ -	$ 12,499	$ -	$ -
Corporate IT Support Enterprise Cyber Security & Privacy	**$ 117,744**	**$ 118,000**	**$ 109,520**	**$ -**	**$ 141,000**
Cyber Security (DME)	$ -	$ -	$ -	$ -	$ -
Cyber Security (OM)	$ 40,010	$ 26,645	$ 30,055	$ -	$ 50,564
iEHR (Corporate IT Support Enterprise Cyber Security & Privacy) (DME	$ -	$ -	$ -	$ -	$ -
iEHR (Corporate IT Support Enterprise Cyber Security & Privacy) (OM)	$ -	$ -	$ -	$ -	$ 14,000
NSOC (DME)	$ -	$ -	$ -	$ -	$ -
NSOC (OM)	$ 51,386	$ 37,944	$ 33,419	$ -	$ 45,437
Privacy (DME)	$ -	$ -	$ -	$ -	$ -
Privacy (OM)	$ 2,239	$ 3,411	$ 3,654	$ -	$ 2,999
Secure VA (DME)	$ -	$ -	$ -	$ -	$ -
Secure VA (OM)	$ 24,109	$ 50,000	$ 42,392	$ -	$ 28,000
Corporate IT Support ITRM	**$ 103,987**	**$ 5,648**	**$ 52,217**	**$ -**	**$ 5,981**
ITRM (DME)	$ -	$ 5,648	$ -	$ -	$ 4,681
ITRM (OM)	$ 103,987	$ -	$ 52,217	$ -	$ 1,300
Corporate IT Support PBX Replacement	**$ 20,129**	**$ -**	**$ -**	**$ -**	**$ -**
PBX Replacement (DME)	$ -	$ -	$ -	$ -	$ -
PBX Replacement (OM)	$ 20,129	$ -	$ -	$ -	$ -
Corporate Legacy	**$ 15,191**	**$ 29,068**	**$ 6,676**	**$ -**	**$ 255**
Capital Asset Management System (DME)	$ -	$ -	$ -	$ -	$ -
Capital Asset Management System (OM)	$ 875	$ -	$ -	$ -	$ -
Financial Management System (FMS) (DME)	$ -	$ 130	$ -	$ -	$ 130
Financial Management System (FMS) (OM)	$ 5,179	$ 14,115	$ 5,217	$ -	$ 125
Payroll/HR System (DME)	$ -	$ -	$ -	$ -	$ -
Payroll/HR System (OM)	$ 9,137	$ 14,823	$ 1,460	$ -	$ -
Enterprise IT Support	**$ 350,916**	**$ 447,147**	**$ 498,875**	**$ -**	**$ 521,543**
Enterprise Facility Activations (DME)	$ 11,930	$ 1,180	$ 2,930	$ -	$ -
Enterprise Facility Activations (OM)	$ 12,008	$ 3,727	$ -	$ -	$ 12,890
Enterprise Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Hardware Maintenance (OM)	$ 4,606	$ 9,108	$ 6,722	$ -	$ 24,068

Information and Technology
Appendix 1 – Program Level Detail
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
Enterprise IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Infrastructure & Platform Upgrades (OM)	$ 15,887	$ 4,089	$ -	$ -	$ 10,400
Enterprise IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Lifecycle Management (OM)	$ 49,264	$ 487	$ 15,076	$ -	$ 9,100
Enterprise IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Support Contracts (OM)	$ 93,406	$ 124,344	$ 170,923	$ -	$ 75,655
Enterprise Legacy Systems (DME)	$ -	$ -		$ -	$ -
Enterprise Legacy Systems (OM)	$ 69,548	$ 108,685	$ 73,685	$ -	$ 53,557
Enterprise License Expenses (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise License Expenses (OM)	$ -	$ 123,500	$ 114,070	$ -	$ 170,801
Enterprise Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Software License Maintenance (OM)	$ 23,234	$ 34,097	$ 25,797	$ -	$ 38,930
Enterprise Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Telecommunications (OM)	$ 59,656	$ 11,905	$ 73,822	$ -	$ 86,750
National Data Processing Center (DME)	$ -	$ -	$ -	$ -	$ -
National Data Processing Center (OM)	$ 7,214	$ 25,000	$ 15,850	$ -	$ 18,497
TAC Fees (DME)	$ -	$ -	$ -	$ -	$ -
TAC Fees (OM)	$ -	$ -	$ -	$ -	$ -
VACO Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
VACO Facility Operations Allowance (OM)	$ 4,163	$ 1,025	$ -	$ -	$ 895
INTERAGENCY	**$ 288,576**	**$ 248,002**	**$ 220,774**	**$ -**	**$ 216,831**
Federal Health Information Exchange	**$ -**	**$ 6,087**	**$ 6,645**	**$ -**	**$ 7,341**
Federal Health Information Exchange (DME)	$ -	$ -	$ -	$ -	$ -
Federal Health Information Exchange (OM)	$ -	$ 6,087	$ 6,645	$ -	$ 7,341
Interagency 21st Century - Veterans Interoperability	**$ 74,839**	**$ 62,177**	**$ 43,448**	**$ -**	**$ 43,826**
Federal Information Sharing Technologies (FIST) (DME)	$ 30,189	$ 19,963	$ 17,736	$ -	$ 29,938
Federal Information Sharing Technologies (FIST) (OM)	$ 5,000	$ 14,025	$ 8,130	$ -	$ 2,000
Repositories (DME)	$ 14,242	$ 3,273	$ 3,273	$ -	$ -
Repositories (OM)	$ 14,567	$ 15,170	$ 2,263	$ -	$ 2,888
Standards and Terminology Services (STS) (DME)	$ -	$ -	$ -	$ -	$ -
Standards and Terminology Services (STS) (OM)	$ -	$ -	$ -	$ -	$ -
VLER Services (DME)	$ 7,477	$ 4,991	$ 6,291	$ -	$ 5,500
VLER Services (OM)	$ 3,364	$ 4,755	$ 5,755	$ -	$ 3,500
InterAgency 21st Century Core	**$ 10,894**	**$ 6,095**	**$ 5,890**	**$ -**	**$ 35,213**
Common Services (DME)	$ 5,985	$ -	$ 3,000	$ -	$ -
Common Services (OM)	$ 4,909	$ 6,095	$ 1,990	$ -	$ 1,213
iEHR (Interagency 21st Century Core) (DME)	$ -	$ -	$ -	$ -	$ 34,000
iEHR (Interagency 21st Century Core) (OM)	$ -	$ -	$ 900	$ -	$ -
InterAgency 21st Century Enrollment System Redesign	**$ 10,000**	**$ 7,243**	**$ 7,243**	**$ -**	**$ 6,445**
Enrollment (DME)	$ -	$ -	$ -	$ -	$ 3,221
Enrollment (OM)	$ -	$ -	$ -	$ -	$ 624
Enrollment System Modernization (DME)	$ 2,500	$ 3,323	$ 3,323	$ -	$ -
Enrollment System Modernization (OM)	$ 7,500	$ 3,920	$ 3,920	$ -	$ 2,600
InterAgency 21st Century One Vet	**$ 166,025**	**$ 132,752**	**$ 129,241**	**$ -**	**$ 114,830**
Veterans Relationship Management (DME)	$ 138,286	$ 99,187	$ 86,375	$ -	$ 96,218
Veterans Relationship Management (OM)	$ 10,713	$ 10,065	$ 17,601	$ -	$ 18,612
E-Authentication (DME)	$ -	$ -	$ -	$ -	$ -
E-Authentication (OM)	$ -	$ -	$ -	$ -	$ -
Warrior Support (DME)	$ 16,291	$ 18,700	$ 21,840	$ -	$ -
Warrior Support (OM)	$ 735	$ 4,800	$ 3,425	$ -	$ -
InterAgency 21st Century PIV	**$ 26,818**	**$ 33,648**	**$ 28,306**	**$ -**	**$ 9,176**
Safety & Security Initiative (PIV for HSPD-12) (DME)	$ 21,351	$ 18,030	$ 21,163	$ -	$ 3,025
Safety & Security Initiative (PIV for HSPD-12) (OM)	$ 5,467	$ 15,618	$ 7,143	$ -	$ 6,151
Total IT Activities	**$ 2,142,049**	**$ 2,246,376**	**$ 2,196,376**	**$ 57,000**	**$ 2,306,445**
H1N1 Supplemental (P.L. 111-32)	**$ 395**	**$ -**	**$ -**	**$ 2,794**	**$ -**
OEF/OIF Supplemental (P.L. 110-28)	**$ (194)**	**$ -**	**$ -**	**$ 2,282**	**$ -**
Staffing and Administration	**$ 894,356**	**$ 915,000**	**$ 915,000**	**$ 45,217**	**$ 1,021,000**
Total Budget Authority	**$ 3,036,606**	**$ 3,161,376**	**$ 3,111,376**	**$ 107,293**	**$ 3,327,444**
IT Activities Reimbursements	$ 31,290	$ 28,000	$ 28,000	$ -	$ 28,000
Staffing Reimbursements	$ 15,099	$ 22,000	$ 22,000	$ -	$ 19,000
Total Reimbursements	**$ 46,389**	**$ 50,000**	**$ 50,000**	**$ -**	**$ 47,000**
Total BA and Reimbursements	**$ 3,082,995**	**$ 3,211,376**	**$ 3,161,376**	**$ 107,293**	**$ 3,374,444**
Adjustments	$ 238	$ -	$ -	$ -	$ -
Net Change in Unobligated Balance	$ 527,421	$ 77,959	$ 107,293	$ -	$ -
Unobligated Balance Expiring (Lapse)	$ (698)				
Total Budgetary Resources	**$ 3,609,959**	**$ 3,289,335**	**$ 3,268,669**	**$ 107,293**	**$ 3,374,444**

Information and Technology
Appendix 1 – Program Level Detail
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
BA FTE	6,874	7,345	7,250	-	7,435
Reimbursable FTE	130	182	182	-	145
Total FTE	**7,004**	**7,527**	**7,432**	-	**7,580**
DME	**$ 830,019**	**$ 536,423**	**$ 580,358**	**$ 19,523**	**$ 494,399**
OM	**$ 1,312,030**	**$ 1,709,953**	**$ 1,616,018**	**$ 37,477**	**$ 1,812,046**
Total IT Activities	**$ 2,142,049**	**$ 2,246,376**	**$ 2,196,376**	**$ 57,000**	**$ 2,306,445**
Non-Pay Reimbursements	**$ 31,290**	**$ 28,000**	**$ 28,000**	**$ -**	**$ 28,000**
Enrollment Enhancements	$ -	$ 4,900	$ 4,900	$ -	$ 5,000
Enrollment Operations and Maintenance	$ 5,685	$ 800	$ 800	$ -	$ 800
Federal Health Information Exchange	$ 4,930	$ -	$ -	$ -	$ -
North Chicago Activations	$ -	$ -	$ -	$ -	$ -
VHA Miscellaneous (Small/Other)	$ -	$ -	$ -	$ -	$ -
Medical and Prosthetic Research	$ -	$ 1,100	$ 1,100	$ -	$ 1,100
BHIE DoD to VA FY 2010 Fund Transfer	$ -	$ 3,200	$ 3,200	$ -	$ 3,400
RB Licensing & Certification	$ -	$ 200	$ 200	$ -	$ -
RB On Job Training	$ -	$ 2,200	$ 2,200	$ -	$ -
Benefits Processing and Workflow (Knowledge Mgmt - Housing Develop	$ 2,024	$ -	$ -	$ -	$ -
Loan Guaranty	$ 12,292	$ 8,500	$ 8,500	$ -	$ 8,500
Insurance	$ 2,321	$ 2,800	$ 2,800	$ -	$ 1,600
IT Support for HR&A	$ 3,415	$ 3,500	$ 3,500	$ -	$ 3,500
IT Support (Housing and Insurance)	$ 624	$ -	$ -	$ -	$ -
IT Support for Insurance	$ -	$ 800	$ 800	$ -	$ 800
Franchise Fund	$ -	$ -	$ -	$ -	$ 3,300

Note: Numbers may not add due to rounding.
1/ SF-133 shows $112M for unobligated balance EOY which includes $5M of uncollected orders.

Information and Technology
Appendix 2 -- Sorted by Funding Categories
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
DME					
MEDICAL	$ 242,894	$ 196,303	$ 206,065	$ 19,523	$ 229,433
Medical 21st Century Core	**$ 69,665**	**$ 62,025**	**$ 58,950**	**$ -**	**$ 73,569**
Access to Care (Medical Core) (DME)	$ 40,774	$ 42,725	$ 39,600	$ -	$ 41,923
Health Informatics (Medical Core) (DME)	$ 2,755	$ 8,000	$ 8,000	$ -	$ 7,500
Health Provider Systems (Medical Core) (DME)	$ 2,793	$ -	$ -	$ -	$ -
Healthcare Efficiency (Medical Core) (DME)	$ 18,496	$ 8,000	$ 7,000	$ -	$ 4,659
Homelessness (Medical Core) (DME)	$ -	$ 550	$ -	$ -	$ -
iEHR - Scheduling (DME)	$ -	$ -	$ -	$ -	$ 10,000
NMOC (Medical Core) (DME)	$ 4,847	$ 2,750	$ 4,350	$ -	$ 2,000
VHA Research (Medical Core) (DME)	$ -	$ -	$ -	$ -	$ 7,487
Medical 21st Century Schedule Replacement	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Scheduling Replacement (DME)	$ -	$ -	$ -	$ -	$ -
Medical 21st Century Laboratory	**$ 8,201**	**$ 10,136**	**$ 12,976**	**$ -**	**$ 10,000**
iEHR - Laboratory (DME)	$ -	$ -	$ 12,976	$ -	$ 10,000
Laboratory (DME)	$ 8,201	$ 10,136	$ -	$ -	$ -
Medical 21st Century Pharmacy	**$ 8,482**	**$ 4,099**	**$ 10,000**	**$ -**	**$ 35,000**
iEHR - Pharmacy (DME)	$ -	$ -	$ 10,000	$ -	$ 35,000
Pharmacy (DME)	$ 8,482	$ 4,099	$ -	$ -	$ -
Medical 21st Century RISE	**$ -**	**$ 1,091**	**$ 1,091**	**$ -**	**$ -**
RISE (DME)	$ -	$ 1,091	$ 1,091	$ -	$ -
Medical 21st Century CAPRI	**$ 2,771**	**$ 1,091**	**$ 1,091**	**$ -**	**$ -**
CAPRI (DME)	$ 2,771	$ 1,091	$ 1,091	$ -	$ -
Medical 21st Century My HealtheVet	**$ 19,386**	**$ 5,615**	**$ 16,002**	**$ -**	**$ 11,274**
Mental Health (Medical My HeV) (DME)	$ 1,777	$ 2,000	$ 2,330	$ -	$ -
My HealtheVet (DME)	$ -	$ -	$ -	$ -	$ -
NMOC (Medical My HeV) (DME)	$ 17,609	$ 3,615	$ 13,672	$ -	$ 11,274
Medical 21st Century Registries	**$ 4,937**	**$ 1,950**	**$ 4,150**	**$ -**	**$ 3,275**
Access to Care (Registries) (DME)	$ 1,900	$ -	$ -	$ -	$ 750
Homelessness (Registries) (DME)	$ 797	$ 1,950	$ 2,250	$ -	$ 1,575
NMOC (Registries) (DME)	$ 134	$ -	$ 1,900	$ -	$ 950
Registries (DME)	$ 2,106	$ -	$ -	$ -	$ -
Medical 21st Century TeleHealth	**$ 15,939**	**$ 16,317**	**$ 14,000**	**$ -**	**$ 13,920**
Access to Care (Medical TeleHealth) (DME)	$ 4,186	$ 4,437	$ 3,300	$ -	$ 3,939
NMOC (Medical TeleHealth) (DME)	$ 11,753	$ 11,880	$ 10,700	$ -	$ 9,981
Telemedicine (DME)	$ -	$ -	$ -	$ -	$ -
Medical 21st Century Bar Code Expansion	**$ 1,242**	**$ 4,733**	**$ -**	**$ -**	**$ -**
Bar Code Expansion (DME)	$ 1,242	$ 4,733	$ -	$ -	$ -
Medical Legacy	**$ 95,540**	**$ 69,246**	**$ 85,655**	**$ 19,523**	**$ 82,395**
Access to Care (Medical Legacy) (DME)	$ 25,663	$ 20,760	$ 7,360	$ -	$ 21,204
Innovations	$ -	$ -	$ -	$ -	$ -
Caregiver's (DME)	$ -	$ 8,000	$ 8,000	$ -	$ -
Health Administration (DME)	$ -	$ -	$ -	$ -	$ -
Health Administrative Systems (DME)	$ 44,764	$ 8,667	$ 29,405	$ 2,523	$ 11,500
Health Provider Systems (Medical Legacy) (DME)	$ 10,381	$ 4,000	$ 4,000	$ -	$ -
Homelessness (Medical Legacy) (DME)	$ 548	$ 1,500	$ 2,620	$ -	$ 1,500
iEHR - Health Provider Systems (DME)	$ -	$ -	$ 5,000	$ -	$ 15,000
Mental Health (Medical Legacy) (DME)	$ 1,407	$ 5,384	$ 5,181	$ -	$ 8,818
NMOC (Medical Legacy) (DME)	$ 10,220	$ 15,905	$ 6,134	$ 17,000	$ 11,519
STDP/EWCA (Medical Legacy) (DME)	$ 2,557	$ 3,500	$ -	$ -	$ -
VHA Research (Medical Legacy) (DME)	$ -	$ -	$ 16,735	$ -	$ 11,034
VLER (Medical Legacy) (DME)	$ -	$ 1,530	$ 1,200	$ -	$ 1,820
Medical IT Support	**$ 16,731**	**$ 20,000**	**$ 2,150**	**$ -**	**$ -**
iEHR (Medical IT Support) (DME)	$ -	$ -	$ -	$ -	$ -
VHA Facility Activation (DME)	$ -	$ -	$ -	$ -	$ -
VHA Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
VHA Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
VHA IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
VHA Legacy Systems (DME)	$ -	$ -	$ -	$ -	$ -
VHA Research IT Support (DME)	$ 16,731	$ 20,000	$ 2,150	$ -	$ -
VHA Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VHA Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
BENEFITS	$ 256,091	$ 107,929	$ 169,572	$ -	$ 49,525
Benefits 21st Century Paperless Delivery of Veterans Benefits	**$ 132,729**	**$ 84,902**	**$ 88,870**	**$ -**	**$ 20,682**
VBMS (DME)	$ 132,729	$ 84,902	$ 88,870	$ -	$ 20,682
Benefits 21st Century Education	**$ 69,915**	**$ -**	**$ 52,000**	**$ -**	**$ -**
Chapter 33 (DME)	$ 69,915	$ -	$ 52,000	$ -	$ -
Benefits Legacy	**$ 6,901**	**$ 727**	**$ -**	**$ -**	**$ -**
Agent Orange (DME)	$ 4,597	$ -	$ -	$ -	$ -
C&P Application Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
Compensation (DME)	$ -	$ 364	$ -	$ -	$ -
Education (DME)	$ -	$ 145	$ -	$ -	$ -

Information and Technology
Appendix 2 -- Sorted by Funding Categories
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
Insurance (DME)	$ -	$ 58	$ -	$ -	$ -
Loan Guarantee (DME)	$ -	$ -	$ -	$ -	$ -
Vocational Rehabilitation & Employment (DME)	$ 2,304	$ 160	$ -	$ -	$ -
Benefits Legacy VETSNET	**$ 33,271**	**$ 17,843**	**$ 17,843**	**$ -**	**$ 17,843**
VETSNET (DME)	$ 33,271	$ 17,843	$ 17,843	$ -	$ 17,843
Benefits Legacy Memorials Legacy Development Support	**$ 13,275**	**$ 4,457**	**$ 10,859**	**$ -**	**$ 11,000**
Memorials Legacy Development Support (DME)	$ 13,275	$ 4,457	$ 10,859	$ -	$ 11,000
Benefits IT Support	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
VBA & NCA Facility Activations (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Legacy Systems (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
VBA & NCA Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
CORPORATE	**$ 94,713**	**$ 64,724**	**$ 41,720**	**$ -**	**$ 43,539**
Corporate 21st Century Core	**$ 61,410**	**$ 46,300**	**$ 38,790**	**$ -**	**$ 33,802**
Corporate 21st Century Core (DME)	$ -	$ -	$ -	$ -	$ -
Human Capital (Corporate Core) (DME)	$ 35,266	$ 7,550	$ 5,450	$ -	$ 9,100
Human Resources & Administration (DME)	$ -	$ -	$ -	$ -	$ -
Innovations (DME)	$ -	$ 20,000	$ 14,024	$ -	$ -
IOM (Corporate Core) (DME)	$ 17,953	$ 10,000	$ 16,516	$ -	$ 14,100
SCIP (Corporate Core) (DME)	$ 4,338	$ 3,000	$ 2,800	$ -	$ 1,000
STDP/EWCA (Corporate Core) (DME)	$ 3,853	$ 2,100	$ -	$ -	$ 4,062
VA Learning Management System (DME)	$ -	$ 3,650	$ -	$ -	$ 5,540
VA Talent Management System (DME)	$ -	$ -	$ -	$ -	$ -
Corporate 21st Century E-Gov	**$ -**	**$ 2,091**	**$ -**	**$ -**	**$ 2,091**
E-Gov (DME)	$ -	$ 2,091	$ -	$ -	$ 2,091
Corporate 21st Century SAM	**$ 21,373**	**$ 9,000**	**$ -**	**$ -**	**$ -**
SAM (DME)	$ 21,373	$ 9,000	$ -	$ -	$ -
Corporate IT Support ASD	**$ -**	**$ 375**	**$ -**	**$ -**	**$ 2,835**
ASD (DME)	$ -	$ 375	$ -	$ -	$ 2,835
Corporate IT Support Enterprise Cyber Security & Privacy	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Cyber Security (DME)	$ -	$ -	$ -	$ -	$ -
iEHR (Corporate IT Support Enterprise Cyber Security & Privacy) (DME)	$ -	$ -	$ -	$ -	$ -
NSOC (DME)	$ -	$ -	$ -	$ -	$ -
Privacy (DME)	$ -	$ -	$ -	$ -	$ -
Secure VA (DME)	$ -	$ -	$ -	$ -	$ -
Corporate IT Support ITRM	**$ -**	**$ 5,648**	**$ -**	**$ -**	**$ 4,681**
ITRM (DME)	$ -	$ 5,648	$ -	$ -	$ 4,681
Corporate IT Support PBX Replacement	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
PBX Replacement (DME)	$ -	$ -	$ -	$ -	$ -
Corporate Legacy	**$ -**	**$ 130**	**$ -**	**$ -**	**$ 130**
Capital Asset Management System (DME)	$ -	$ -	$ -	$ -	$ -
Financial Management System (FMS) (DME)	$ -	$ 130	$ -	$ -	$ 130
Payroll/HR System (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Support	**$ 11,930**	**$ 1,180**	**$ 2,930**	**$ -**	**$ -**
Enterprise Facility Activations (DME)	$ 11,930	$ 1,180	$ 2,930	$ -	$ -
Enterprise Hardware Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Infrastructure & Platform Upgrades (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Lifecycle Management (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise IT Support Contracts (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Legacy Systems (DME)	$ -	$ -		$ -	$ -
Enterprise License Expenses (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Software License Maintenance (DME)	$ -	$ -	$ -	$ -	$ -
Enterprise Telecommunications (DME)	$ -	$ -	$ -	$ -	$ -
National Data Processing Center (DME)	$ -	$ -	$ -	$ -	$ -
TAC Fees (DME)	$ -	$ -	$ -	$ -	$ -
VACO Facility Operations Allowance (DME)	$ -	$ -	$ -	$ -	$ -
INTERAGENCY	**$ 236,321**	**$ 167,467**	**$ 163,001**	**$ -**	**$ 171,902**
Federal Health Information Exchange	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Federal Health Information Exchange (DME)	$ -	$ -	$ -	$ -	$ -
Interagency 21st Century - Veterans Interoperability	**$ 51,908**	**$ 28,227**	**$ 27,300**	**$ -**	**$ 35,438**
Federal Information Sharing Technologies (FIST) (DME)	$ 30,189	$ 19,963	$ 17,736	$ -	$ 29,938
Repositories (DME)	$ 14,242	$ 3,273	$ 3,273	$ -	$ -
Standards and Terminology Services (STS) (DME)	$ -	$ -	$ -	$ -	$ -
VLER Services (DME)	$ 7,477	$ 4,991	$ 6,291	$ -	$ 5,500
InterAgency 21st Century Core	**$ 5,985**	**$ -**	**$ 3,000**	**$ -**	**$ 34,000**
Common Services (DME)	$ 5,985	$ -	$ 3,000	$ -	$ -
iEHR (Interagency 21st Century Core) (DME)	$ -	$ -	$ -	$ -	$ 34,000
InterAgency 21st Century Enrollment System Redesign	**$ 2,500**	**$ 3,323**	**$ 3,323**	**$ -**	**$ 3,221**
Enrollment (DME)		$ -	$ -	$ -	$ 3,221
Enrollment System Modernization (DME)	$ 2,500	$ 3,323	$ 3,323	$ -	$ -

Information and Technology
Appendix 2 -- Sorted by Funding Categories
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
InterAgency 21st Century One Vet	**$ 154,577**	**$ 117,887**	**$ 108,215**	**$ -**	**$ 96,218**
Veterans Relationship Management (DME)	$ 138,286	$ 99,187	$ 86,375	$ -	$ 96,218
E-Authentication (DME)	$ -	$ -	$ -	$ -	$ -
Warrior Support (DME)	$ 16,291	$ 18,700	$ 21,840	$ -	$ -
InterAgency 21st Century PIV	**$ 21,351**	**$ 18,030**	**$ 21,163**	**$ -**	**$ 3,025**
Safety & Security Initiative (PIV for HSPD-12) (DME)	$ 21,351	$ 18,030	$ 21,163	$ -	$ 3,025
TOTAL DME	$ 830,019	$ 536,423	$ 580,358	$ 19,523	$ 494,399
OM					
MEDICAL	$ 531,247	$ 727,098	$ 623,386	$ 37,477	$ 808,185
Medical 21st Century Core	**$ 3,004**	**$ 9,950**	**$ 18,390**	**$ -**	**$ 15,067**
Access to Care (Medical Core) (OM)	$ 500	$ 9,200	$ 14,000	$ -	$ 1,064
Health Informatics (Medical Core) (OM)	$ -	$ -	$ 500	$ -	$ 1,656
Health Provider Systems (Medical Core) (OM)	$ 2,504	$ -	$ -	$ -	$ 7,860
Healthcare Efficiency (Medical Core) (OM)	$ -	$ -	$ 2,200	$ -	$ 2,000
Homelessness (Medical Core) (OM)	$ -	$ -		$ -	$ -
iEHR - Scheduling (OM)	$ -	$ -	$ -	$ -	$ -
NMOC (Medical Core) (OM)	$ -	$ 750	$ -	$ -	$ -
VHA Research (Medical Core) (OM)	$ -	$ -	$ 1,690	$ -	$ 2,487
Medical 21st Century Schedule Replacement	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Scheduling Replacement (OM)	$ -	$ -	$ -	$ -	$ -
Medical 21st Century Laboratory	**$ 89**	**$ 326**	**$ 600**	**$ -**	**$ 135**
iEHR - Laboratory (OM)	$ -	$ -	$ 600	$ -	$ -
Laboratory (OM)	$ 89	$ 326	$ -	$ -	$ 135
Medical 21st Century Pharmacy	**$ -**	**$ 5,585**	**$ -**	**$ -**	**$ 2,235**
iEHR - Pharmacy (OM)	$ -	$ -	$ -	$ -	$ -
Pharmacy (OM)	$ -	$ 5,585	$ -	$ -	$ 2,235
Medical 21st Century RISE	**$ -**	**$ 1,960**	**$ -**	**$ -**	**$ -**
RISE (OM)	$ -	$ 1,960	$ -	$ -	$ -
Medical 21st Century CAPRI	**$ 1,375**	**$ -**	**$ 1,430**	**$ -**	**$ 1,500**
CAPRI (OM)	$ 1,375	$ -	$ 1,430	$ -	$ 1,500
Medical 21st Century My HealtheVet	**$ 815**	**$ 14,253**	**$ 6,833**	**$ -**	**$ 510**
Mental Health (Medical My HeV) (OM)	$ -	$ 448	$ 300	$ -	$ 310
My HealtheVet (OM)	$ 815	$ 9,105	$ 6,065	$ -	$ -
NMOC (Medical My HeV) (OM)	$ -	$ 4,700	$ 468	$ -	$ 200
Medical 21st Century Registries	**$ 1,996**	**$ 600**	**$ 2,373**	**$ -**	**$ 2,368**
Access to Care (Registries) (OM)	$ -	$ -	$ -	$ -	$ -
Homelessness (Registries) (OM)	$ 250	$ 600	$ 1,473	$ -	$ 650
NMOC (Registries) (OM)	$ -	$ -	$ -	$ -	$ 50
Registries (OM)	$ 1,746	$ -	$ 900	$ -	$ 1,668
Medical 21st Century TeleHealth	**$ 673**	**$ 798**	**$ 2,498**	**$ -**	**$ 1,874**
Access to Care (Medical TeleHealth) (OM)	$ -	$ -	$ -	$ -	$ 1,013
NMOC (Medical TeleHealth) (OM)	$ 673	$ 400	$ 2,100	$ -	$ 361
Telemedicine (OM)	$ -	$ 398	$ 398	$ -	$ 500
Medical 21st Century Bar Code Expansion	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Bar Code Expansion (OM)	$ -	$ -	$ -	$ -	$ -
Medical Legacy	**$ 48,209**	**$ 21,453**	**$ 31,352**	**$ -**	**$ 24,517**
Access to Care (Medical Legacy) (OM)	$ 1,001	$ 7,878	$ 2,537	$ -	$ 1,857
Caregiver's (OM)	$ -	$ -	$ -	$ -	$ -
Health Administration (OM)	$ -	$ -	$ -	$ -	$ 1,890
Health Administrative Systems (OM)	$ 40,000	$ -	$ 1,200	$ -	$ -
Health Provider Systems (Medical Legacy) (OM)	$ 7,208	$ 10,175	$ 20,248	$ -	$ 18,873
Homelessness (Medical Legacy) (OM)	$ -	$ 1,400	$ -	$ -	$ 229
iEHR - Health Provider Systems (OM)		$ -	$ -	$ -	$ -
Mental Health (Medical Legacy) (OM)	$ -	$ -	$ -	$ -	$ -
NMOC (Medical Legacy) (OM)	$ -	$ 1,000	$ 5,126	$ -	$ 490
STDP/EWCA (Medical Legacy) (OM)	$ -	$ -	$ -	$ -	$ -
VHA Research (Medical Legacy) (OM)	$ -	$ -	$ 1,775	$ -	$ 1,178
VLER (Medical Legacy) (OM)	$ -	$ 1,000	$ 466	$ -	$ -
Medical IT Support	**$ 475,086**	**$ 672,173**	**$ 559,910**	**$ 37,477**	**$ 759,979**
iEHR (Medical IT Support) (OM)	$ -	$ -	$ 9,400	$ -	$ 51,000
VHA Facility Activation (OM)	$ 87,810	$ 42,000	$ 42,000	$ -	$ 39,100
VHA Facility Operations Allowance (OM)	$ 14,782	$ 20,680	$ -	$ -	$ 9,751
VHA Hardware Maintenance (OM)	$ 34,418	$ 34,477	$ 28,494	$ -	$ 44,238
VHA IT Infrastructure & Platform Upgrades (OM)	$ 20,899	$ -	$ -	$ -	$ -
VHA IT Lifecycle Management (OM)	$ 33,698	$ 58,767	$ -	$ -	$ 49,700
VHA IT Support Contracts (OM)	$ 40,192	$ 32,680	$ 106,889	$ -	$ 58,417
VHA Legacy Systems (OM)	$ 51,850	$ 227,848	$ 223,137	$ -	$ 298,095
VHA Research IT Support (OM)	$ 10,915	$ 29,930	$ -	$ -	$ 18,802
VHA Software License Maintenance (OM)	$ 31,404	$ 41,612	$ -	$ 37,477	$ 26,700
VHA Telecommunications (OM)	$ 149,118	$ 184,179	$ 149,990	$ -	$ 164,176

Appendix 2 -- Sorted by Funding Categories
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
BENEFITS	**$ 112,919**	**$ 261,511**	**$ 214,059**	**$ -**	**$ 263,300**
Benefits 21st Century Paperless Delivery of Veterans Benefits	**$ 7,061**	**$ 49,874**	**$ 45,319**	**$ -**	**$ 77,135**
VBMS (OM)	$ 7,061	$ 49,874	$ 45,319	$ -	$ 77,135
Benefits 21st Century Education	**$ 15,133**	**$ 4,292**	**$ 13,000**	**$ -**	**$ 11,189**
Chapter 33 (OM)	$ 15,133	$ 4,292	$ 13,000	$ -	$ 11,189
Benefits Legacy	**$ 11,626**	**$ 14,675**	**$ 3,298**	**$ -**	**$ 7,660**
Agent Orange (OM)	$ -	$ 7,000	$ 800	$ -	$ -
C&P Application Maintenance (OM)	$ 6,704	$ -	$ -	$ -	$ -
Compensation (OM)	$ 254	$ 3,695	$ -	$ -	$ 2,300
Education (OM)	$ 2,966	$ 1,600	$ 675	$ -	$ 3,080
Insurance (OM)	$ -	$ 620	$ 1,823	$ -	$ -
Loan Guarantee (OM)	$ -	$ -	$ -	$ -	$ -
Vocational Rehabilitation & Employment (OM)	$ 1,702	$ 1,760	$ -	$ -	$ 2,280
Benefits Legacy VETSNET	**$ 2,874**	**$ 16,833**	**$ 5,101**	**$ -**	**$ 2,853**
VETSNET (OM)	$ 2,874	$ 16,833	$ 5,101	$ -	$ 2,853
Benefits Legacy Memorials Legacy Development Support	**$ -**	**$ 1,451**	**$ -**	**$ -**	**$ 1,000**
Memorials Legacy Development Support (OM)	$ -	$ 1,451	$ -	$ -	$ 1,000
Benefits IT Support	**$ 76,225**	**$ 174,386**	**$ 147,342**	**$ -**	**$ 163,463**
VBA & NCA Facility Activations (OM)	$ -	$ -	$ -	$ -	$ 1,500
VBA & NCA Facility Operations Allowance (OM)	$ -	$ 1,550	$ -	$ -	$ 1,182
VBA & NCA Hardware Maintenance (OM)	$ 5,587	$ 7,050	$ 5,880	$ -	$ 12,839
VBA & NCA IT Infrastructure & Platform Upgrades (OM)	$ 4,437	$ -	$ -	$ -	$ 19,000
VBA & NCA IT Lifecycle Management (OM)	$ 9,416	$ 2,659	$ -	$ -	$ 11,200
VBA & NCA IT Support Contracts (OM)	$ 22,869	$ 36,824	$ 112,078	$ -	$ 27,138
VBA & NCA Legacy Systems (OM)	$ 23,936	$ 108,746	$ 18,758	$ -	$ 76,154
VBA & NCA Software License Maintenance (OM)	$ 2,734	$ 4,584	$ 3,329	$ -	$ 4,126
VBA & NCA Telecommunications (OM)	$ 7,246	$ 12,973	$ 7,297	$ -	$ 10,324
CORPORATE	**$ 615,609**	**$ 640,809**	**$ 720,800**	**$ -**	**$ 695,632**
Corporate 21st Century Core	**$ 3,109**	**$ 38,254**	**$ 19,297**	**$ -**	**$ 20,756**
Corporate 21st Century Core (OM)	$ -	$ -	$ -	$ -	$ 11,548
Human Capital (Corporate Core) (OM)	$ 1,553	$ 6,430	$ 9,499	$ -	$ 1,000
Human Resources & Administration (OM)	$ -	$ 12,096	$ -	$ -	$ -
Innovations (OM)	$ -	$ -	$ -	$ -	$ -
IOM (Corporate Core) (OM)	$ -	$ 7,281	$ 4,098	$ -	$ 1,800
SCIP (Corporate Core) (OM)	$ -	$ 2,000	$ 1,200	$ -	$ 3,162
STDP/EWCA (Corporate Core) (OM)	$ 1,556	$ 2,400	$ 4,500	$ -	$ 100
VA Learning Management System (OM)	$ -	$ 8,047	$ -	$ -	$ -
VA Talent Management System (OM)	$ -	$ -	$ -	$ -	$ 3,146
Corporate 21st Century E-Gov	**$ 5,667**	**$ 9,300**	**$ 23,721**	**$ -**	**$ 9,300**
E-Gov (OM)	$ 5,667	$ 9,300	$ 23,721	$ -	$ 9,300
Corporate 21st Century SAM	**$ 647**	**$ 350**	**$ 925**	**$ -**	**$ 1,608**
SAM (OM)	$ 647	$ 350	$ 925	$ -	$ 1,608
Corporate IT Support ASD	**$ 10,150**	**$ -**	**$ 12,499**	**$ -**	**$ -**
ASD (OM)	$ 10,150	$ -	$ 12,499	$ -	$ -
Corporate IT Support Enterprise Cyber Security & Privacy	**$ 117,744**	**$ 118,000**	**$ 109,520**	**$ -**	**$ 141,000**
Cyber Security (OM)	$ 40,010	$ 26,645	$ 30,055	$ -	$ 50,564
iEHR (Corporate IT Support Enterprise Cyber Security & Privacy) (OM)	$ -	$ -	$ -	$ -	$ 14,000
NSOC (OM)	$ 51,386	$ 37,944	$ 33,419	$ -	$ 45,437
Privacy (OM)	$ 2,239	$ 3,411	$ 3,654	$ -	$ 2,999
Secure VA (OM)	$ 24,109	$ 50,000	$ 42,392	$ -	$ 28,000
Corporate IT Support ITRM	**$ 103,987**	**$ -**	**$ 52,217**	**$ -**	**$ 1,300**
ITRM (OM)	$ 103,987	$ -	$ 52,217	$ -	$ 1,300
Corporate IT Support PBX Replacement	**$ 20,129**	**$ -**	**$ -**	**$ -**	**$ -**
PBX Replacement (OM)	$ 20,129	$ -	$ -	$ -	$ -
Corporate Legacy	**$ 15,191**	**$ 28,938**	**$ 6,676**	**$ -**	**$ 125**
Capital Asset Management System (OM)	$ 875	$ -	$ -	$ -	$ -
Financial Management System (FMS) (OM)	$ 5,179	$ 14,115	$ 5,217	$ -	$ 125
Payroll/HR System (OM)	$ 9,137	$ 14,823	$ 1,460	$ -	$ -
Enterprise IT Support	**$ 338,986**	**$ 445,967**	**$ 495,945**	**$ -**	**$ 521,543**
Enterprise Facility Activations (OM)	$ 12,008	$ 3,727	$ -	$ -	$ 12,890
Enterprise Hardware Maintenance (OM)	$ 4,606	$ 9,108	$ 6,722	$ -	$ 24,068
Enterprise IT Infrastructure & Platform Upgrades (OM)	$ 15,887	$ 4,089	$ -	$ -	$ 10,400
Enterprise IT Lifecycle Management (OM)	$ 49,264	$ 487	$ 15,076	$ -	$ 9,100
Enterprise IT Support Contracts (OM)	$ 93,406	$ 124,344	$ 170,923	$ -	$ 75,655
Enterprise Legacy Systems (OM)	$ 69,548	$ 108,685	$ 73,685	$ -	$ 53,557
Enterprise License Expenses (OM)	$ -	$ 123,500	$ 114,070	$ -	$ 170,801
Enterprise Software License Maintenance (OM)	$ 23,234	$ 34,097	$ 25,797	$ -	$ 58,930
Enterprise Telecommunications (OM)	$ 59,656	$ 11,905	$ 73,822	$ -	$ 86,750
National Data Processing Center (OM)	$ 7,214	$ 25,000	$ 15,850	$ -	$ 18,497
TAC Fees (OM)	$ -	$ -	$ -	$ -	$ -
VACO Facility Operations Allowance (OM)	$ 4,163	$ 1,025	$ -	$ -	$ 895
INTERAGENCY	**$ 52,255**	**$ 80,535**	**$ 57,773**	**$ -**	**$ 44,929**
Federal Health Information Exchange	**$ -**	**$ 6,087**	**$ 6,645**	**$ -**	**$ 7,341**
Federal Health Information Exchange (OM)	$ -	$ 6,087	$ 6,645	$ -	$ 7,341

Appendix 2 -- Sorted by Funding Categories
(Dollars in Thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2011/2012 2nd Year Carryover 1/	2013 Budget Request
Interagency 21st Century - Veterans Interoperability	**$ 22,931**	**$ 33,950**	**$ 16,148**	**$ -**	**$ 8,388**
Federal Information Sharing Technologies (FIST) (OM)	$ 5,000	$ 14,025	$ 8,130	$ -	$ 2,000
Repositories (OM)	$ 14,567	$ 15,170	$ 2,263	$ -	$ 2,888
Standards and Terminology Services (STS) (OM)	$ -	$ -	$ -	$ -	$ -
VLER Services (OM)	$ 3,364	$ 4,755	$ 5,755	$ -	$ 3,500
InterAgency 21st Century Core	**$ 4,909**	**$ 6,095**	**$ 2,890**	**$ -**	**$ 1,213**
Common Services (OM)	$ 4,909	$ 6,095	$ 1,990	$ -	$ 1,213
iEHR (Interagency 21st Century Core) (OM)	$ -	$ -	$ 900	$ -	$ -
InterAgency 21st Century Enrollment System Redesign	**$ 7,500**	**$ 3,920**	**$ 3,920**	**$ -**	**$ 3,224**
Enrollment (OM)	$ -	$ -	$ -	$ -	$ 624
Enrollment System Modernization (OM)	$ 7,500	$ 3,920	$ 3,920	$ -	$ 2,600
InterAgency 21st Century One Vet	**$ 11,448**	**$ 14,865**	**$ 21,026**	**$ -**	**$ 18,612**
Veterans Relationship Management (OM)	$ 10,713	$ 10,065	$ 17,601	$ -	$ 18,612
E-Authentication (OM)	$ -	$ -	$ -	$ -	$ -
Warrior Support (OM)	$ 735	$ 4,800	$ 3,425	$ -	$ -
InterAgency 21st Century PIV	**$ 5,467**	**$ 15,618**	**$ 7,143**	**$ -**	**$ 6,151**
Safety & Security Initiative (PIV for HSPD-12) (OM)	$ 5,467	$ 15,618	$ 7,143	$ -	$ 6,151
Total OM	**$ 1,312,030**	**$ 1,709,953**	**$ 1,616,018**	**$ 37,477**	**$ 1,812,046**
Total IT Activities	**$ 2,142,049**	**$ 2,246,376**	**$ 2,196,376**	**$ 57,000**	**$ 2,306,445**
H1N1 Supplemental (P.L. 111-32)	**$ 395**	**$ -**	**$ -**	**$ 2,794**	**$ -**
OEF/OIF Supplemental (P.L. 110-28)	**$ (194)**	**$ -**	**$ -**	**$ 2,282**	**$ -**
Staffing and Administration	**$ 894,356**	**$ 915,000**	**$ 915,000**	**$ 45,217**	**$ 1,021,000**
Total Budget Authority	**$ 3,036,606**	**$ 3,161,376**	**$ 3,111,376**	**$ 107,293**	**$ 3,327,444**
IT Activities Reimbursements	$ 31,290	$ 28,000	$ 28,000	$ -	$ 28,000
Staffing Reimbursements	$ 15,099	$ 22,000	$ 22,000	$ -	$ 19,000
Total Reimbursements	**$ 46,389**	**$ 50,000**	**$ 50,000**	**$ -**	**$ 47,000**
Total BA and Reimbursements	**$ 3,082,995**	**$ 3,211,376**	**$ 3,161,376**	**$ 107,293**	**$ 3,374,444**
Adjustments	$ 238	$ -			$ -
Net Change in Unobligated Balance	$ 527,421	$ 77,959	$ 107,293	$ -	$ -
Unobligated Balance Expiring (Lapse)	$ (698)				
Total Budgetary Resources	**$ 3,609,959**	**$ 3,289,335**	**$ 3,268,669**	**$ 107,293**	**$ 3,374,444**
BA FTE	6,874	7,345	7,250	-	7,435
Reimbursable FTE	130	182	182	-	145
Total FTE	**7,004**	**7,527**	**7,432**	**-**	**7,580**
DME	**$ 830,019**	**$ 536,423**	**$ 580,358**	**$ 19,523**	**$ 494,399**
OM	**$ 1,312,030**	**$ 1,709,953**	**$ 1,616,018**	**$ 37,477**	**$ 1,812,046**
Total IT Activities	**$ 2,142,049**	**$ 2,246,376**	**$ 2,196,376**	**$ 57,000**	**$ 2,306,445**
Non-Pay Reimbursements	**$ 31,290**	**$ 28,000**	**$ 28,000**	**$ -**	**$ 28,000**
Enrollment Enhancements	$ -	$ 4,900	$ 4,900	$ -	$ 5,000
Enrollment Operations and Maintenance	$ 5,685	$ 800	$ 800	$ -	$ 800
Federal Health Information Exchange	$ 4,930	$ -	$ -	$ -	$ -
North Chicago Activations	$ -	$ -	$ -	$ -	$ -
VHA Miscellaneous (Small/Other)	$ -	$ -	$ -	$ -	$ -
Medical and Prosthetic Research	$ -	$ 1,100	$ 1,100	$ -	$ 1,100
BHIE DoD to VA FY 2010 Fund Transfer	$ -	$ 3,200	$ 3,200	$ -	$ 3,400
RB Licensing & Certification	$ -	$ 200	$ 200	$ -	$ -
RB On Job Training	$ -	$ 2,200	$ 2,200	$ -	$ -
Benefits Processing and Workflow (Knowledge Mgmt - Housing Develop	$ 2,024	$ -	$ -	$ -	$ -
Loan Guaranty	$ 12,292	$ 8,500	$ 8,500	$ -	$ 8,500
Insurance	$ 2,321	$ 2,800	$ 2,800	$ -	$ 1,600
IT Support for HR&A	$ 3,415	$ 3,500	$ 3,500	$ -	$ 3,500
IT Support (Housing and Insurance)	$ 624	$ -	$ -	$ -	$ -
IT Support for Insurance	$ -	$ 800	$ 800	$ -	$ 800
Franchise Fund	$ -	$ -	$ -	$ -	$ 3,300

Note: Numbers may not add due to rounding.
1/ SF-133 shows $112M for unobligated balance EOY which includes $5M of uncollected orders.

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

	2013 DME	2013 OM	2013 Total
Staffing & Administration	**$ -**	**$ -**	**$ 1,021,000**
Staffing & Administration	$ -	$ -	$ 1,021,000
Operations and Maintenance	**$ 2,091**	**$ 1,449,910**	**$ 1,452,000**
Sustainment (Mand)	**$ 2,091**	**$ 1,337,910**	**$ 1,340,001**
Benefits 21st Century Education	$ -	$ 8,000	$ 8,000
Chapter 33	$ -	$ 8,000	$ 8,000
Benefits 21st Century Paperless Delivery of Veterans Benefits	$ -	$ 470	$ 470
VBMS	$ -	$ 470	$ 470
Benefits IT Support	$ -	$ 150,763	$ 150,763
VBA & NCA Facility Operations Allowance	$ -	$ 1,182	$ 1,182
VBA & NCA Hardware Maintenance	$ -	$ 12,839	$ 12,839
VBA & NCA IT Infrastructure & Platform Upgrades		$ 19,000	$ 19,000
VBA & NCA IT Support Contracts	$ -	$ 27,138	$ 27,138
VBA & NCA Legacy Systems	$ -	$ 76,154	$ 76,154
VBA & NCA Software License Maintenance	$ -	$ 4,126	$ 4,126
VBA & NCA Telecommunications	$ -	$ 10,324	$ 10,324
Benefits Legacy	$ -	$ 7,660	$ 7,660
Compensation	$ -	$ 2,300	$ 2,300
Education	$ -	$ 3,080	$ 3,080
Insurance	$ -	$ -	$ -
Vocational Rehabilitation & Employment	$ -	$ 2,280	$ 2,280
Benefits Legacy VETSNET	$ -	$ 2,853	$ 2,853
VETSNET	$ -	$ 2,853	$ 2,853
Corporate 21st Century Core	$ -	$ 3,146	$ 3,146
Human Resources & Administration	$ -	$ -	$ -
VA Learning Management System	$ -	$ -	$ -
VA Talent Management System	$ -	$ 3,146	$ 3,146
Corporate 21st Century E-Gov	$ 2,091	$ 9,300	$ 11,391
E-Gov	$ 2,091	$ 9,300	$ 11,391
Corporate 21st Century SAM	$ -	$ 1,608	$ 1,608
SAM	$ -	$ 1,608	$ 1,608
Corporate Legacy	$ -	$ -	$ -
Financial Management System (FMS)	$ -	$ -	$ -
Payroll/HR System	$ -	$ -	$ -
Enterprise IT Support	$ -	$ 487,411	$ 487,411
Enterprise Hardware Maintenance	$ -	$ 24,068	$ 24,068
Enterprise IT Support Contracts	$ -	$ 75,655	$ 75,655
Enterprise Legacy Systems	$ -	$ 53,557	$ 53,557
Enterprise License Expenses	$ -	$ 170,801	$ 170,801
Enterprise Software License Maintenance	$ -	$ 57,188	$ 57,188
Enterprise Telecommunications	$ -	$ 86,750	$ 86,750
National Data Processing Center	$ -	$ 18,497	$ 18,497
VACO Facility Operations Allowance	$ -	$ 895	$ 895
Federal Health Information Exchange	$ -	$ 7,341	$ 7,341
Federal Health Information Exchange	$ -	$ 7,341	$ 7,341
Interagency 21st Century - Veterans Interoperability	$ -	$ 6,388	$ 6,388
Federal Information Sharing Technologies (FIST)	$ -	$ -	$ -
Repositories	$ -	$ 2,888	$ 2,888
Standards and Terminology Services (STS)	$ -	$ -	$ -

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

VLER Services	$ -	$ 3,500	$ 3,500
InterAgency 21st Century Core	$ -	$ 1,213	$ 1,213
Common Services	$ -	$ 1,213	$ 1,213
InterAgency 21st Century Enrollment System Redesign	$ -	$ 2,600	$ 2,600
Enrollment System Modernization	$ -	$ 2,600	$ 2,600
InterAgency 21st Century One Vet	$ -	$ 3,795	$ 3,795
Veterans Relationship Management	$ -	$ 3,795	$ 3,795
InterAgency 21st Century PIV	$ -	$ 6,151	$ 6,151
Safety & Security Initiative (PIV for HSPD-12)	$ -	$ 6,151	$ 6,151
Medical 21st Century Bar Code Expansion	$ -	$ -	$ -
Bar Code Expansion	$ -	$ -	$ -
Medical 21st Century CAPRI	$ -	$ 1,500	$ 1,500
CAPRI	$ -	$ 1,500	$ 1,500
Medical 21st Century Core	$ -	$ 4,500	$ 4,500
Health Provider Systems (Medical Core)	$ -	$ 4,500	$ 4,500
Medical 21st Century Laboratory	$ -	$ 135	$ 135
Laboratory	$ -	$ 135	$ 135
Medical 21st Century MyHealtheVet	$ -	$ -	$ -
MyHealtheVet	$ -	$ -	$ -
Medical 21st Century Pharmacy	$ -	$ 2,235	$ 2,235
Pharmacy	$ -	$ 2,235	$ 2,235
Medical 21st Century Registries	$ -	$ 1,668	$ 1,668
Registries	$ -	$ 1,668	$ 1,668
Medical 21st Century RISE	$ -	$ -	$ -
RISE	$ -	$ -	$ -
Medical 21st Century TeleHealth	$ -	$ -	$ -
Telemedicine	$ -	$ -	$ -
Medical IT Support	$ -	$ 610,300	$ 610,300
VHA Facility Operations Allowance	$ -	$ 9,751	$ 9,751
VHA Hardware Maintenance	$ -	$ 44,238	$ 44,238
VHA IT Support Contracts	$ -	$ 58,417	$ 58,417
VHA Legacy Systems	$ -	$ 293,002	$ 293,002
VHA Research IT Support	$ -	$ 14,016	$ 14,016
VHA Software License Maintenance	$ -	$ 26,700	$ 26,700
VHA Telecommunications	$ -	$ 164,176	$ 164,176
Medical Legacy	$ -	$ 18,873	$ 18,873
Health Administration	$ -	$ -	$ -
Health Provider Systems (Medical Legacy)	$ -	$ 18,873	$ 18,873
Sustainment-Reducing Risk of Equipment Outage	**$ -**	**$ 70,000**	**$ 70,000**
Benefits IT Support	$ -	$ 11,200	$ 11,200
VBA & NCA IT Lifecycle Management	$ -	$ 11,200	$ 11,200
Enterprise IT Support	$ -	$ 9,100	$ 9,100
Enterprise IT Lifecycle Management	$ -	$ 9,100	$ 9,100
Medical IT Support	$ -	$ 49,700	$ 49,700
VHA IT Lifecycle Management	$ -	$ 49,700	$ 49,700
Sustainment (Activations)	**$ -**	**$ 42,000**	**$ 42,000**
Benefits IT Support	$ -	$ 1,500	$ 1,500
VBA & NCA Facility Activations	$ -	$ 1,500	$ 1,500
Enterprise IT Support	$ -	$ 1,400	$ 1,400

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

Enterprise Facility Activations	$ -	$ 1,400	$ 1,400
Medical IT Support	$ -	$ 39,100	$ 39,100
VHA Facility Activation	$ -	$ 39,100	$ 39,100
Major Transofrmation Initiatives-Ongoing Sustainment	**$ -**	**$ 59,000**	**$ 59,000**
Benefits 21st Century Education	$ -	$ 3,189	$ 3,189
Chapter 33	$ -	$ 3,189	$ 3,189
Benefits 21st Century Paperless Delivery of Veterans Benefits	$ -	$ 22,937	$ 22,937
VBMS	$ -	$ 22,937	$ 22,937
Benefits Legacy	$ -	$ -	$ -
Compensation	$ -	$ -	$ -
Education	$ -	$ -	$ -
Insurance	$ -	$ -	$ -
Vocational Rehabilitation & Employment	$ -	$ -	$ -
Benefits Legacy VETSNET	$ -	$ -	$ -
VETSNET	$ -	$ -	$ -
Corporate 21st Century Core	$ -	$ 11,548	$ 11,548
Corporate 21st Century Core	$ -	$ 11,548	$ 11,548
Corporate 21st Century SAM	$ -	$ -	$ -
SAM	$ -	$ -	$ -
Enterprise IT Support	$ -	$ 1,742	$ 1,742
Enterprise License Expenses	$ -	$ -	$ -
Enterprise Software License Maintenance	$ -	$ 1,742	$ 1,742
Interagency 21st Century - Veterans Interoperability	$ -	$ -	$ -
Federal Information Sharing Technologies (FIST)	$ -	$ -	$ -
Repositories	$ -	$ -	$ -
VLER Services	$ -	$ -	$ -
InterAgency 21st Century Core	$ -	$ -	$ -
Common Services	$ -	$ -	$ -
InterAgency 21st Century Enrollment System Redesign	$ -	$ -	$ -
Enrollment System Modernization	$ -	$ -	$ -
InterAgency 21st Century One Vet	$ -	$ 3,955	$ 3,955
Veterans Relationship Management	$ -	$ 3,955	$ 3,955
InterAgency 21st Century PIV	$ -	$ -	$ -
Safety & Security Initiative (PIV for HSPD-12)	$ -	$ -	$ -
Medical 21st Century Bar Code Expansion	$ -	$ -	$ -
Bar Code Expansion	$ -	$ -	$ -
Medical 21st Century CAPRI	$ -	$ -	$ -
CAPRI	$ -	$ -	$ -
Medical 21st Century Core	$ -	$ 3,360	$ 3,360
Health Provider Systems (Medical Core)	$ -	$ 3,360	$ 3,360
Medical 21st Century Laboratory	$ -	$ -	$ -
Laboratory	$ -	$ -	$ -
Medical 21st Century MyHealtheVet	$ -	$ -	$ -
MyHealtheVet	$ -	$ -	$ -
Medical 21st Century Pharmacy	$ -	$ -	$ -
Pharmacy	$ -	$ -	$ -
Medical 21st Century Registries	$ -	$ -	$ -
Registries	$ -	$ -	$ -
Medical 21st Century RISE	$ -	$ -	$ -

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

RISE	$ -	$ -	$ -
Medical 21st Century TeleHealth	$ -	$ 500	$ 500
Telemedicine	$ -	$ 500	$ 500
Medical IT Support	$ -	$ 9,879	$ 9,879
VHA Legacy Systems	$ -	$ 5,093	$ 5,093
VHA Research IT Support	$ -	$ 4,786	$ 4,786
Medical Legacy	$ -	$ 1,890	$ 1,890
Health Administration	$ -	$ 1,890	$ 1,890
Health Provider Systems (Medical Legacy)	$ -	$ -	$ -
Information Security	**$ -**	**$ 127,000**	**$ 127,000**
Corporate IT Support Enterprise Cyber Security & Privacy	$ -	$ 127,000	$ 127,000
Cyber Security	$ -	$ 50,564	$ 50,564
NSOC	$ -	$ 45,437	$ 45,437
Privacy	$ -	$ 2,999	$ 2,999
Secure VA	$ -	$ 28,000	$ 28,000
ICD-10	**$ 11,500**	**$ -**	**$ 11,500**
Medical Legacy	$ 11,500	$ -	$ 11,500
Health Administrative Systems	$ 11,500	$ -	$ 11,500
iEHR	**$ 104,000**	**$ 65,000**	**$ 169,000**
InterAgency 21st Century Core	$ 34,000	$ -	$ 34,000
iEHR (Interagency 21st Century Core)	$ 34,000	$ -	$ 34,000
Medical 21st Century Core	$ 10,000	$ -	$ 10,000
iEHR - Scheduling	$ 10,000	$ -	$ 10,000
Medical 21st Century Laboratory	$ 10,000	$ -	$ 10,000
iEHR - Laboratory	$ 10,000	$ -	$ 10,000
Medical 21st Century Pharmacy	$ 35,000	$ -	$ 35,000
iEHR - Pharmacy	$ 35,000	$ -	$ 35,000
Medical Legacy	$ 15,000	$ -	$ 15,000
iEHR - Health Provider Systems	$ 15,000	$ -	$ 15,000
Corporate IT Support Enterprise Cyber Security & Privacy	$ -	$ 14,000	$ 14,000
iEHR (Corporate IT Support Enterprise Cyber Security & Privacy)	$ -	$ 14,000	$ 14,000
InterAgency 21st Century Core	$ -	$ -	$ -
iEHR (Interagency 21st Century Core)	$ -	$ -	$ -
Medical 21st Century Core	$ -	$ -	$ -
iEHR - Scheduling	$ -	$ -	$ -
Medical 21st Century Laboratory	$ -	$ -	$ -
iEHR - Laboratory	$ -	$ -	$ -
Medical 21st Century Pharmacy	$ -	$ -	$ -
iEHR - Pharmacy	$ -	$ -	$ -
Medical IT Support	$ -	$ 51,000	$ 51,000
iEHR (Medical IT Support)	$ -	$ 51,000	$ 51,000
Medical Legacy	$ -	$ -	$ -
iEHR - Health Provider Systems	$ -	$ -	$ -
16 Major Transformational Initiatives	**$ 376,808**	**$ 111,136**	**$ 487,945**
MI 01 - Homelessness	**$ 3,075**	**$ 879**	**$ 3,954**
Medical 21st Century Core	$ -	$ -	$ -
Homelessness (Medical Core)	$ -	$ -	$ -
Medical 21st Century Registries	$ 1,575	$ 650	$ 2,225

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

Homelessness (Registries)	$ 1,575	$ 650	$ 2,225
Medical Legacy	$ 1,500	$ 229	$ 1,729
Homelessness (Medical Legacy)	$ 1,500	$ 229	$ 1,729
MI 02 - VBMS	**$ 38,525**	**$ 53,728**	**$ 92,253**
Benefits 21st Century Paperless Delivery of Veterans Benefits	$ 20,682	$ 53,728	$ 74,410
VBMS	$ 20,682	$ 53,728	$ 74,410
Benefits IT Support	$ -	$ -	$ -
VBA & NCA Legacy Systems	$ -	$ -	$ -
Benefits Legacy VETSNET	$ 17,843	$ -	$ 17,843
VETSNET	$ 17,843	$ -	$ 17,843
MI 04 - VLER	**$ 49,939**	**$ 3,000**	**$ 52,939**
Benefits Legacy Memorials Legacy Development Support	$ 11,000	$ 1,000	$ 12,000
Memorials Legacy Development Support	$ 11,000	$ 1,000	$ 12,000
Corporate IT Support ITRM	$ 1,681	$ -	$ 1,681
ITRM	$ 1,681	$ -	$ 1,681
Interagency 21st Century - Veterans Interoperability	$ 35,438	$ 2,000	$ 37,438
Federal Information Sharing Technologies (FIST)	$ 29,938	$ 2,000	$ 31,938
VLER Services	$ 5,500	$ -	$ 5,500
InterAgency 21st Century One Vet	$ -	$ -	$ -
Warrior Support	$ -	$ -	$ -
Medical Legacy	$ 1,820	$ -	$ 1,820
VLER (Medical Legacy)	$ 1,820	$ -	$ 1,820
MI 05 - Mental_Health	**$ 8,818**	**$ 310**	**$ 9,128**
Medical 21st Century MyHealtheVet	$ -	$ 310	$ 310
Mental Health (Medical MyHeV)	$ -	$ 310	$ 310
Medical IT Support	$ -	$ -	$ -
VHA Software License Maintenance	$ -	$ -	$ -
Medical Legacy	$ 8,818	$ -	$ 8,818
Mental Health (Medical Legacy)	$ 8,818	$ -	$ 8,818
MI 06 - VRM	**$ 99,439**	**$ 11,486**	**$ 110,925**
InterAgency 21st Century Enrollment System Redesign	$ 3,221	$ 624	$ 3,845
Enrollment	$ 3,221	$ 624	$ 3,845
InterAgency 21st Century One Vet	$ 96,218	$ 10,862	$ 107,080
Veterans Relationship Management	$ 96,218	$ 10,862	$ 107,080
MI 07 - New_Models	**$ 35,724**	**$ 1,101**	**$ 36,825**
Medical 21st Century Core	$ 2,000	$ -	$ 2,000
NMOC (Medical Core)	$ 2,000	$ -	$ 2,000
Medical 21st Century MyHealtheVet	$ 11,274	$ 200	$ 11,474
NMOC (Medical MyHeV)	$ 11,274	$ 200	$ 11,474
Medical 21st Century Registries	$ 950	$ 50	$ 1,000
NMOC (Registries)	$ 950	$ 50	$ 1,000
Medical 21st Century TeleHealth	$ 9,981	$ 361	$ 10,342
NMOC (Medical TeleHealth)	$ 9,981	$ 361	$ 10,342
Medical Legacy	$ 11,519	$ 490	$ 12,009
NMOC (Medical Legacy)	$ 11,519	$ 490	$ 12,009
MI 08 - EVEAH	**$ 67,816**	**$ 3,934**	**$ 71,750**
Medical 21st Century Core	$ 41,923	$ 1,064	$ 42,987
Access to Care (Medical Core)	$ 41,923	$ 1,064	$ 42,987
Medical 21st Century Registries	$ 750	$ -	$ 750

Information and Technology
Appendix 3 -- Detail By Resource Bands
(Dollars in Thousands)

Access to Care (Registries)	$ 750	$ -	$ 750
Medical 21st Century TeleHealth	$ 3,939	$ 1,013	$ 4,952
Access to Care (Medical TeleHealth)	$ 3,939	$ 1,013	$ 4,952
Medical Legacy	$ 21,204	$ 1,857	$ 23,061
Access to Care (Medical Legacy)	$ 21,204	$ 1,857	$ 23,061
MI 09 - Preparedness	**$ 3,025**	**$ 11,490**	**$ 14,515**
Enterprise IT Support	$ -	$ 11,490	$ 11,490
Enterprise Facility Activations	$ -	$ 11,490	$ 11,490
InterAgency 21st Century PIV	$ 3,025	$ -	$ 3,025
Safety & Security Initiative (PIV for HSPD-12)	$ 3,025	$ -	$ 3,025
MI 10 - STDP	**$ 4,062**	**$ 100**	**$ 4,162**
Corporate 21st Century Core	$ 4,062	$ 100	$ 4,162
STDP/EWCA (Corporate Core)	$ 4,062	$ 100	$ 4,162
Medical Legacy	$ -	$ -	$ -
STDP/EWCA (Medical Legacy)	$ -	$ -	$ -
MI 11 - IOM	**$ 20,065**	**$ 13,625**	**$ 33,690**
Corporate 21st Century Core	$ 14,100	$ 1,800	$ 15,900
IOM (Corporate Core)	$ 14,100	$ 1,800	$ 15,900
Corporate IT Support ASD	$ 2,835	$ -	$ 2,835
ASD	$ 2,835	$ -	$ 2,835
Corporate IT Support ITRM	$ 3,000	$ 1,300	$ 4,300
ITRM	$ 3,000	$ 1,300	$ 4,300
Corporate Legacy	$ 130	$ 125	$ 255
Financial Management System (FMS)	$ 130	$ 125	$ 255
Enterprise IT Support	$ -	$ 10,400	$ 10,400
Enterprise IT Infrastructure & Platform Upgrades	$ -	$ 10,400	$ 10,400
MI 12 - HCIP	**$ 14,640**	**$ 1,000**	**$ 15,640**
Corporate 21st Century Core	$ 14,640	$ 1,000	$ 15,640
Human Capital (Corporate Core)	$ 9,100	$ 1,000	$ 10,100
VA Learning Management System	$ 5,540	$ -	$ 5,540
MI 13 - R_and_D	**$ 18,521**	**$ 3,665**	**$ 22,186**
Medical 21st Century Core	$ 7,487	$ 2,487	$ 9,974
VHA Research (Medical Core)	$ 7,487	$ 2,487	$ 9,974
Medical Legacy	$ 11,034	$ 1,178	$ 12,212
VHA Research (Medical Legacy)	$ 11,034	$ 1,178	$ 12,212
MI 14 - SCIP	**$ 1,000**	**$ 3,162**	**$ 4,162**
Corporate 21st Century Core	$ 1,000	$ 3,162	$ 4,162
SCIP (Corporate Core)	$ 1,000	$ 3,162	$ 4,162
MI 15 - Healthcare_Efficiency	**$ 4,659**	**$ 2,000**	**$ 6,659**
Medical 21st Century Core	$ 4,659	$ 2,000	$ 6,659
Heatlhcare Efficiency (Medical Core)	$ 4,659	$ 2,000	$ 6,659
MI 16 - Health_Informatics	**$ 7,500**	**$ 1,656**	**$ 9,156**
Medical 21st Century Core	$ 7,500	$ 1,656	$ 9,156
Health Informatics (Medical Core)	$ 7,500	$ 1,656	$ 9,156
Total Budget Authority	**$ 494,399**	**$ 1,812,046**	**$ 3,327,444**

Note: Numbers may not add due to rounding.

FY 2013 BUDGET SUBMISSION

"To care for him who shall have borne the battle, and for his widow, and his orphan...."

Benefits and Burial Programs and Departmental Administration

Volume 3 of 4

February 2012

Volume III
Benefits and Burial Programs and Departmental Administration,

Congressional Submission, FY 2013

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National Cemetery Administration
Performance Plan & Funding Summary

Mission

VA honors Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation.

Stakeholders

The stakeholders of VA's burial programs are varied and diverse. Our primary stakeholders are those who are the direct beneficiaries of VA burial benefits: Veterans and their families. Veterans Service Organizations and professionals in the funeral and mortuary industry are also noteworthy stakeholders. Various components of the Department of Defense (DoD) and members of active duty and reserve forces comprise yet another significant stakeholder group. In addition, members of a number of environmental groups, historical and genealogical societies, as well as the general public must be included.

The inclusion of families takes into account the significance of next of kin, since not only eligible Veterans but also their eligible family members may receive burial benefits. It is important that these Veterans, widows, widowers, and other family members are treated with compassion and dignity at the time of their bereavement and when they return to visit the gravesite, and that the cemetery's entire appearance is maintained in a manner befitting a national shrine.

Veterans Service Organizations are key stakeholders and partners in the VA mission. These organizations act as a voice for Veterans and their families, and as advocates for their needs and expectations. At many national cemeteries, they are important partners in providing support for military funeral honors.

States and tribal governments, usually operating through their Veterans Affairs Departments, play an increasingly important role in providing service to Veterans and their families. By establishing and operating Veterans cemeteries as a complement to VA national cemeteries, they provide burial options for Veterans and their families.

Funeral directors are another significant stakeholder group. These professionals are often the spokespersons for the Veteran or next of kin and are also directly involved in the delivery of VA services through the coordination of committal services and interments. Funeral directors may also assist families in applying for headstones and markers.

Private cemeteries must also be included as stakeholders. Each year, VA furnishes more than 200,000 headstones and markers for Veterans' gravesites in private cemeteries.

Veterans' families expect that appropriate military funeral honors will be provided at national cemeteries in recognition of the Veteran's service to our Nation. The provision of military funeral honors is part of the mission of DoD, but it requires a close and collaborative partnership between NCA and DoD. DoD and the uniformed forces of each branch of service must be incorporated into any list of NCA stakeholders in recognition of the important role they play in honoring those who have served.

NCA must also consider other groups of interested and concerned citizens, as well as members of the general public as stakeholders. Many of our national cemeteries date from the Nation's Civil War and are listed on the National Register of Historic Places. As such, they are of interest to historical societies and individuals interested in history and genealogical research. As national shrines, national cemeteries are also visited by individuals, families, and touring groups who may not have family members interred in a national cemetery. NCA is responsible to all Americans for the prudent management of tax dollars and the sound environmental management of the land.

Finally, it is also appropriate to recognize stakeholders within the Department: the Veterans Benefits Administration, the Veterans Health Administration, and headquarters staff offices. All VA organizational elements are important partners with NCA in providing seamless service to Veterans and their families.

Activities and Programs

The National Cemetery Administration (NCA) administers a number of related burial benefits programs:

- National Cemeteries: Bury eligible Veterans and family members in national cemeteries and maintain the graves and their environs as national shrines;
- Veterans' Cemetery Grants: Provide aid to states or tribal governments in establishing, expanding, or improving state, or tribal government Veterans cemeteries;
- Headstones and Markers: Furnish headstones and markers for the graves of eligible persons in national, state, or tribal government Veterans cemeteries and private cemeteries;
- Medallions: Furnish medallions commemorating the Veteran's service to the Nation that may be affixed to the privately purchased headstones or markers for Veterans interred in private cemeteries;
- Presidential Memorial Certificates: Provide certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation;
- Outer Burial Receptacles: Provide a graveliner or partial reimbursement for a privately purchased outer burial receptacle for each new grave in open national cemeteries administered by NCA; and
- First Notice of Death: Record First Notice of (Veteran) Deaths based on Burial Flag, headstone/marker, burial applications, and insurance information from VA Insurance Claims Office into VA IT systems. Updated electronic files ensure timely termination of benefits and next-of-kin notification of possible entitlement to survivor benefits.

2013 Highlights

Sustained High Levels of Client Satisfaction

NCA is proud of its sustained record of excellent service to Veterans and their families. Both NCA's annual Survey of Satisfaction with National Cemeteries and an esteemed external benchmark, the American Customer Satisfaction Index, continue to document our commitment to providing respectful, dignified, and compassionate service that is second to none. NCA also recognizes that high client satisfaction results cannot be assumed based on past history. In 2013, NCA will focus on ensuring our reputation as a world-class service provider is maintained by continuing to collect client satisfaction data from Veterans, families, and funeral homes through ongoing survey activities. We will use results to identify aspects of service as well as specific cemeteries that present opportunities for improvement. We will also identify and share best practices

from high performing cemeteries throughout NCA. These efforts will continue to support progress toward reaching our ambitious strategic target that 100 percent of respondents will rate the service received at national cemeteries and the appearance of those shrines as excellent.

Burial Policies

NCA is close to achieving a significant strategic target. We anticipate that by 2013, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal government Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. A number of new burial policies targeting increased access and availability of burial options for our Nation's Veterans were first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This would result in five new national cemeteries and provide a burial option to an additional 500,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

The 2013 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of these new burial policies. The current strategic target for the percent of the Veteran population served by a national, state, or tribal government Veterans cemetery within 75 miles of their home is 94 percent.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, the 2013 budget includes an initiative for Veterans residing in rural areas. NCA is proposing to establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. The proposal targets those states in which: 1) there is no national cemetery within the state open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in another state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming). NCA plans to pursue the Rural Veteran Initiative within our current budget request.

National Shrine Commitment

The 2013 budget supports a continued commitment to ensure that National Cemeteries meet or exceed the highest standards of appearance required by their status as national shrines. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. With the resources in this budget, NCA will maintain occupied graves, developed acreage, historic structures, and cemetery infrastructure in a manner befitting national shrines (see NCA Operations and Maintenance Chapter and Construction Chapter).

Renewable Energy

The 2013 budget will also allow NCA to pursue renewable energy projects through the use of solar power, geothermal heating, and energy reduction improvements in cemetery buildings (see NCA Operations and Maintenance Chapter). This initiative will reduce future energy usage and costs. In addition, because of the relatively small energy needs of NCA facilities, the various wind, solar, and geothermal heating projects equate almost directly to residential-size projects. Thus, NCA will be able to showcase how energy independence is possible for communities across the country.

Summary of Total Budgetary Resources for NCA Programs
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Change FY13 v FY12
Operations and Maintenance..	$249,500	$250,934	$250,934	$258,284	**+$7,350**
Major Construction.....	106,900	38,200	38,200	9,647	-28,553
Minor Construction.....	43,485	41,628	41,628	58,100	**+16,472**
Grants for Construction of Veterans Cemeteries	45,908	46,000	46,000	46,000	**0**
Facilities Operation Fund	72	100	100	100	**0**
National Cemetery Gift Fund.....	175	250	250	250	**0**
Compensation and Pensions:					
Headstones & Markers.....	59,001	76,208	71,245	75,467	**+4,222**
Graveliners & OBR Reimbursements.....	14,941	22,273	21,047	31,952	**+10,905**
Total Budgetary Resources	**$519,982**	**$475,593**	**$469,404**	**$479,800**	**$10,396**

Relationships Among Programs and Appropriations

NCA receives funding from eight appropriation accounts. The Operations and Maintenance appropriation funds the operation of 131 operational national cemeteries and 33 other cemeterial installations, as well as their maintenance as national shrines. It also funds the costs of administering four related programs: the Veterans' Cemetery Grants program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, and the Outer Burial Receptacle program. The costs of producing and mailing PMCs are also funded from this appropriation. Beginning in 2006, the information technology and telecommunications costs of administering NCA programs are being funded from VA's Information Technology (IT) appropriation instead of the Operations and Maintenance appropriation.

Making burial options available to Veterans requires the development of new national cemeteries, the development of additional gravesites at existing national cemeteries, or the establishment and expansion of Veterans cemeteries through grants to states and tribal governments. These requirements are met through three capital appropriation accounts. New national cemetery construction is funded from the Major Construction appropriation. Gravesite development projects, as well as national cemetery improvement projects, are funded from VA's Major and Minor Construction appropriations. The funding requests and justifications for these two appropriations are found in the Construction Programs volume; however, a summary of the NCA construction program is provided in section C of this NCA chapter.

The Grants for Construction of Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of state and tribal government Veterans cemeteries.

The National Cemetery Administration Facilities Operation Fund is financed by the proceeds from leases of undeveloped land and unused or underutilized buildings. The funds are applied towards the costs of operating and maintaining NCA property.

The National Cemetery Gift Fund is a trust fund that uses gifts from private donors for beautification and improvement of cemetery grounds, such as landscaping, walkways, and benches.

The Compensation and Pensions (C&P) appropriation funds the purchase and transportation costs for headstones and markers, graveliners, pre-placed crypts,

as well as funding the partial reimbursements for privately purchased outer burial receptacles. This appropriation is presented in a separate budget chapter.

Program Highlights

Annual Veteran deaths are expected to be approximately 645,000 in 2011, and will continue to slowly decline. Interments in 2011 were approximately 117,000 and are expected to peak at nearly 126,000 in 2015. Interments will begin to decline gradually to approximately 124,000 in 2017. The total number of gravesites is expected to increase from approximately 3.1 million in 2011 to over 3.3 million in 2013. The number of gravesites maintained is expected to be nearly 3.7 million in 2017.

NCA's Memorial Programs Service (MPS) is responsible for administering the Headstone and Marker and the Presidential Memorial Certificate (PMC) programs. MPS receives and processes applications for headstones and markers; determines eligibility of the decedent; assists Veterans, next-of-kin, Veterans Service Organizations, funeral homes, and other customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries; and administers the PMC program by providing certificates to families of deceased Veterans. In 2011, NCA processed 373,000 applications for headstones and markers for placement in cemeteries. The number of headstone and marker applications processed is expected to be 350,000 in 2013 and over 330,000 in 2017.

In 2010, NCA added a headstone medallion to the available memorial benefits. The medallion is to be affixed to an existing privately purchased headstone or marker placed in a private cemetery to signify the deceased's status as a Veteran. In 2011 over 7,000 medallions were provided to recognize Veterans' service.

NCA issued nearly 780,000 Presidential Memorial Certificates (PMC) in 2011. The number of Presidential Memorial Certificates issued in 2013 is expected to be approximately 894,000 and is expected to be more than 873,000 in 2017. While recent workload indicators show that the number of PMCs ordered has increased from one to over three certificates per request, the significant increase projected for the number of PMCs is due to the aggressive deployment of information technology to automate PMC orders. PMCs are currently provided automatically to next-of-kin of all Veterans buried in national cemeteries or Veterans cemeteries that have received grants from the Veterans Cemetery Grants program. In 2011, system enhancements were implemented to further automate ordering and printing of PMCs to be delivered to the family or loved one for each government-furnished headstone or marker ordered for placement in a private cemetery.

Key Performance Measures

It is important that VA ensures that the burial needs of Veterans and eligible family members are met in a timely, compassionate, and respectful manner. VA will maintain its strategic target for the percent of Veterans served by a burial option in a national, state, or tribal government Veterans cemetery within a reasonable distance (75 miles) of their residence at 94 percent. In order to achieve this objective, VA needs to increase/maintain access by developing additional national cemeteries and expanding existing national cemeteries to meet projected demand, including the development of columbaria and the acquisition of additional land. It is also necessary that state and tribal government Veterans cemeteries be established or expanded to complement VA's system of national cemeteries.

VA continues to provide high-quality, responsive service in all contacts with Veterans, their families, and friends. NCA will continue to obtain feedback from Veterans, their families, and other cemetery visitors to ascertain how they perceive the quality of service provided by national cemeteries. NCA's Survey of Satisfaction with National Cemeteries provides a measure of our success in delivering service with courtesy, compassion, and respect. NCA will also continue to conduct focus groups to collect data on stakeholder expectations and their perceptions related to the quality of service provided by national cemeteries. The information obtained from surveys and focus groups is analyzed to ensure that NCA addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.

It is important to Veterans and their family members that a grave be marked in a timely manner after an interment. The headstone or marker is a lasting memorial that may bring a sense of closure to present-day survivors and serve as a reminder to future generations. NCA field and central office employees have on-line access to monthly and fiscal year-to-date tracking reports on timeliness of marking graves in national cemeteries. Increasing the visibility and access of this information reinforces the importance of marking graves in a timely manner.

VA is committed to ensuring timely and accurate symbolic expressions of remembrance are provided for Veterans who are not buried in national cemeteries. In 2007, NCA processed 38 percent of the applications for headstones and markers for such Veterans within 20 days of receipt and by 2011 had increased performance to 93 percent. In 2010, NCA conducted the first client satisfaction survey for those Veteran families who request a headstone or marker for a Veteran's grave in other than a national cemetery and for those families who

request a Presidential Memorial Certificate to memorialize the honorable service of a Veteran. Conducting this survey recognizes the significant number of Veterans and their families who select these memorial tributes each year. In 2011, 95 percent of respondents indicated that the quality of the headstone or marker received from VA was excellent and 94 percent indicated that the quality of the PMC received from VA was excellent. In 2010, NCA also established baseline performance for the timely processing of Presidential Memorial Certificates. In 2010, 17 percent of requests were processed within 20 days of receipt. In 2011, NCA processed 91 percent of requests within 20 days of receipt.

National cemeteries carry expectations of appearance that set them apart from private cemeteries. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. NCA will maintain occupied graves and developed acreage in a manner befitting national shrines. Improvements in the appearance of burial grounds and historic structures are necessary for NCA to fulfill the National Shrine Commitment. Headstones and markers must be set, realigned, and cleaned. Stone surfaces of columbaria require cleaning, caulking, and grouting between niches as well as maintenance of surrounding walkways. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, walks, and drives must be repaired as needed. NCA will continue to collect client feedback through annual surveys to determine if Veterans and their families perceive the appearance of national cemeteries as excellent.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Create Virtual Lifetime Electronic Record by 2012 **(MI)**	**Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries**	95%	93%	74%	93%	90%	90%	90%
	2. Streamline the headstone and marker ordering and setting process **(OSE)**	**Percent of graves in national cemeteries marked within 60 days of interment**	93%	95%	94%	93%	95%	95%	95%
	3. Review headstone and marker orders for correctness **(OSE)**	Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	96%	95%	96%	97%	98%
	4. Ensure national cemeteries are maintained as national shrines **(SI)**	Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	84%	82%	85%	82%	83%	83%	95%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	5. Ensure national cemeteries are maintained as national shrines **(SI)**	Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	65%	64%	67%	70%	71%	71%	90%
	6. Ensure national cemeteries are maintained as national shrines **(SI)**	Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments[1]	N/Av	84%	84%	74%	TBD	TBD	90%
	7. Create Virtual Lifetime Electronic Record by 2012 **(MI)**	Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	72%	73%	77%	81%	84%	85%	93%
	8. Ensure national cemeteries are maintained as national shrines **(SI)**	Percent of gravesites that have grades that are level and blend with adjacent grade levels	86%	90%	89%	91%	90%	87%	95%

[1] In 2011, NCA began implementation of a new, more stringent methodology to assess the condition of buildings and structures at VA national cemeteries. This approach resulted in dramatically different results than in previous years. NCA feels that the new methodology has provided more accurate assessments and, upon full implementation in 2012, will provide better information on facility conditions. As a result, NCA will establish a new baseline for this measure in 2012.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
		Performance Measures Data								
			Results History				Future Targets			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	9. Create Virtual Lifetime Electronic Record by 2012 **(MI)**	Percent of PMC applications that are processed within 20 days of receipt	N/Av	N/Av	17%	91%	70%	85%	90%
	10. Maintain NCA's exceptional levels of customer satisfaction and cemetery appearance in order to ensure the high levels of client satisfaction that translate into high levels of customer loyalty **(OSE)**	Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	98%	99%	99%	100%
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Expand Veterans' access to a burial option in national, state, or tribal government Veterans cemeteries **(SI)**	**Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence**	84.2 %	87.4%	88.1 %	89.0 %	89.6 %	89.6%	94.0%
	2. Create Virtual Lifetime Electronic Record by 2012 **(MI)**	Percent of headstone and marker applications from private cemeteries and funeral homes received electronically	46%	52%	56%	61%	65%	67%	75%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Request)	Strat. Target
E. Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing **client satisfaction** data and other key inputs	1. Maintain NCA's exceptional levels of customer satisfaction in order to ensure the high levels of client satisfaction translates into high levels of customer loyalty (OSE)	**Percent of respondents who rate the quality of service provided by the national cemeteries as excellent**	94%	95%	95%	95%	98%	98%	100 %
	2. Analyze data from NCA's Annual Survey of Satisfaction with National Cemeteries to identify other cemetery features that are important to our clients and identify areas for improvement (OSE)	**Percent of respondents who rate national cemetery appearance as excellent**	98%	98%	98%	98%	99%	99%	100 %
	3. Improve the quality of headstones and markers provided for graves of Veterans in other than national cemeteries (OSE)	Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent	N/Av	N/Av	94%	95%	95%	96%	100 %

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Request)	**Strat. Target**
E. Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing **client satisfaction** data and other key inputs	4. Improve the quality of Presidential Memorial Certificates provided to next-of-kin and families of deceased Veterans (OSE)	Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent	N/Av	N/Av	96%	94%	97%	97%	100 %

Table 2: Performance Measure Supporting Information

(1) Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries. (Key Measure)

a) Means and Strategies:
- Use online ordering through NCA's Automated Monument Application System (AMAS).
- Electronically transmit all headstone and marker orders to contractors.

b) Data Source(s): AMAS

c) Data Verification:
- Enhancements to NCA's AMAS allows accurate recording of electronic applications separately from others such as replacement markers.
- VA headquarters staff oversees the data collection process to verify data accuracy and integrity.

d) Measure Validation:
- Measuring the timeliness of processing headstone and marker applications for the graves of Veterans who are not buried in national cemeteries is important because it helps ensure the timely delivery of headstones and markers.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information:

Workload Indicators							
	2008	2009	2010	2011	2012	2013	2017
Number of headstone and marker applications processed.	361,192	351,951	355,640	372,659	353,533	350,027	330,296
Number of PMCs Issued	511,353	655,752	803,675	779,666	890,886	894,455	873,385

The number of applications processed for Government-furnished headstones and markers includes those that have been disapproved and cancelled orders. NCA will continue to ensure that Presidential Memorial Certificates (PMCs) are delivered accurately and timely.

h) Link to Strategic Planning Framework: This measure supports
- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery.

Table 2: Performance Measure Supporting Information

(2) Percent of graves in national cemeteries marked within 60 days of interment. (Key Measure)

a) Means and Strategies:

- Reengineer business processes, such as ordering and setting headstones and markers, to improve performance in providing Veterans and their families with timely and accurate symbolic expressions of remembrance.
- Continue the local inscription program to decrease the time it takes to mark a grave after interment in a VA national cemetery.
- Provide NCA field and office employees with online access to monthly and fiscal year-to-date tracking reports on timeliness of marking graves in VA national cemeteries.

b) Data Source(s): NCA's Burial Operations Support System (BOSS)

c) Data Verification:

- NCA Central Office employees who are trained and skilled in data collection and analysis collect and verify data.

d) Measure Validation:

- The amount of time it takes to mark the grave after the interment is important to Veterans and their families as it signifies the completion of the burial process.

e) Cross-Cutting Activities:

- NCA furnishes headstones and markers for national cemeteries administered by the Department of the Army (DA) and the Department of the Interior (DOI).
- Arlington National Cemetery, which is administered by DA; Andrew Johnson National Cemetery and Andersonville National Cemetery, which are administered by DOI; and a majority of state or tribal government Veterans cemeteries order headstones and markers directly through NCA's BOSS.

f) External Factors:

- Outside contractual performance greatly affects the quality and timeliness of service provided to Veterans and families.
- Extremes in weather, such as periods of excessive rain or snow, or extended periods of freezing temperatures that impact ground conditions can cause delays in the delivery and installation of headstones and markers.

g) Other Supporting Information: Same as Measure #3.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery.

Table 2: Performance Measure Supporting Information

(3) Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence. (Key Measure)

a) Means and Strategies:

- Develop additional VA national cemeteries.
- Expand existing VA national cemeteries.
- Provide grants through the Veterans Cemetery Grant Program to establish or expand state or tribal government Veterans cemeteries.

b) Data Source(s): VetPop2007 version 1.0 model using 2000 census data.

c) Data Verification:

- VA's Office of the Inspector General performed an audit in 1999 assessing the accuracy of the data used to determine the percent of Veterans served by a burial option within a reasonable distance of their residence.
- Data were revalidated in 2002 in a report entitled Volume 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.

d) Measure Validation:

- VA established a 75-mile service area standard based on NCA data that determined more than 80 percent of persons interred in VA national cemeteries resided within 75 miles of the cemetery at their time of death.

e) Cross-Cutting Activities:

- NCA partners with states and tribal governments to provide Veterans and their eligible family members with burial options through the Veterans Cemetery Grants Program.
- NCA works closely with all State Directors of Veterans Affairs and meets regularly with delegations from states, cities, and tribal governments to facilitate the partnership to meet the burial needs of Veterans.

f) External Factors: None

g) Other Supporting Information:

Workload Indicators

	2008	2009	2010	2011	2012	2013	2017
Interments performed							
Full casket	58,725	57,634	59,503	61,036	61,000	61,100	60,600
In ground cremains	27,472	30,023	31,547	33,155	29,900	29,000	27,900
Columbaria niche	17,078	18,704	20,757	23,221	27,300	29,600	35,300
Total Interments	103,275	106,361	111,807	117,412	118,200	119,700	123,800

The number of interments performed includes interments of both Veterans and eligible family members. Detail is provided to show type of interment. In 2011 cremations comprised approximately 48% of all interments in national cemeteries.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

Table 2: Performance Measure Supporting Information

(4) Percent of respondents who rate the quality of service provided by the national cemeteries as excellent. (Key Measure)

a) Means and Strategies:
- Obtain feedback from Veterans, their families, and funeral directors to ascertain how they perceive the quality of service provided by VA national cemeteries.
- Conduct focus groups to collect data or client and stakeholder expectations and their perceptions related to the quality of service provided by VA national cemeteries.

b) Data Source(s): NCA's Annual Survey of Satisfaction with National Cemeteries

c) Data Verification:
- VA Headquarters staff oversees the data collection process.
- VA Headquarters staff provides an annual report on a national level describing the sampling plan and survey methodology.

d) Measure Validation:
- An important element in ensuring the burial needs of Veterans and eligible family members are met is providing high quality service that is marked by responsiveness, courtesy, dignity, and respect.

e) Cross-Cutting Activities:
- NCA works closely with DoD components and Veterans Service Organizations to provide military funeral honors at national cemeteries.
- NCA works closely with funeral directors to improve responsiveness and quality of scheduling services.

f) External Factors:
- Veterans and their families may experience feelings of dissatisfaction when expectations concerning military funeral honors are not met.
- Dissatisfaction with services provided by the funeral home can adversely affect the public's perceptions regarding the quality of service provided by the VA national cemetery.

g) Other Supporting Information: Same as Measure #3

h) Link to Strategic Planning Framework: This measure supports
- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy E: Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs.

Table 2: Performance Measure Supporting Information

(5) Percent of respondents who rate national cemetery appearance as excellent. (Key Measure)

a) Means and Strategies:

- Establish standards and measures by which NCA can determine the effectiveness and efficiency of its key operations.
- Continue the Organizational Assessment and Improvement (OAI) Program to identify and prioritize continuous improvement opportunities within VA national cemeteries and enhance program accountability throughout NCA.

b) Data Source(s): NCA's Annual Survey of Satisfaction with National Cemeteries

c) Data Verification: Same as measure #4

d) Measure Validation:

- NCA is committed to maintaining the appearance of VA national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved ones.

e) Cross-Cutting Activities:

- NCA continues to partner with other Federal and civic organizations that provide volunteers to assist in maintaining the appearance of VA national cemeteries.
- NCA has developed a Communities of Practice program that brings together NCA employees from throughout the organization to facilitate collaboration and information sharing in order to ensure that national cemeteries are maintained as national shrines.

f) External Factors:

- Through the duration of time, cemeteries experience a number of environmental changes that may require extensive maintenance.
- Extremes in weather, such as excessive groundwater retention, rain, or drought, can result in or exacerbate sunken graves, sunken or misaligned headstones and markers, soiled headstones and markers, inferior turf cover, and weathering of columbaria.

g) Other Supporting Information:

Workload Indicators

	2008	2009	2010	2011	2012	2013	2017
Occupied graves maintained:							
In-ground casket	2,470,798	2,513,539	2,552,869	2,597,574	2,640,000	2,682,000	2,850,000
In-ground cremain	322,445	341,259	360,872	378,597	396,000	412,000	479,000
Columbaria niches	121,329	136,333	152,396	170,594	193,000	216,000	323,000
Total	2,914,572	2,991,131	3,066,137	3,146,765	3,228,000	3,310,000	3,652,000
Developed acres maintained	7,566	7,873	8,130	8,402	8,654	8,792	9,158

The number of graves and developed acres that must be maintained in accordance with NCA standards continues to increase.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy E: Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs.

National Cemetery Administration Operations and Maintenance

Appropriation Language

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, [$250,934,000]*$258,284,000* of which not to exceed [$25,100,000]*$25,828,000* shall be available until September 30, [2013: *Provided,* That none of the funds under this heading may be used to expand the Urban Initiative project beyond those sites outlined in the fiscal year 2012 or previous budget submissions until the National Cemetery Administration submits to the Committees on Appropriations of both Houses of Congress a detailed strategy to serve the burial needs of veterans residing in rural and highly rural areas: *Provided further,* That the report shall include a timeline for implementation of such strategy and cost estimates of establishing new burial sites in at least five rural or highly rural locations] *2014.*

Appropriation Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average Employment	1,676	1,696	1,696	1,700	+4
Field Activities:					
Cemetery Programs	$192,826	$192,014	$194,514	$198,336	+$3,822
Memorial Programs	7,308	7,308	7,308	7,474	+166
Operations Support Center	3,901	3,901	3,901	4,027	+126
Headquarters:					
Central Office	23,065	23,065	23,065	23,560	+495
Memorial Service Networks	24,946	24,946	24,946	25,187	+241
Total Obligations [1/]	**$252,046**	**$251,234**	**$253,734**	**$258,584**	**$4,850**
Reimbursements (-)	-165	-264	-259	-300	-41
Unob. Bal. Trans. to Unexpired Acct. (-)	-5,100	0	0	0	0
Available Balance SOY (-)	-40	0	-2,541	0	+2,541
Available Balance EOY	+2,541	0	0	0	0
Recycling Revenue (-)	-1	-36	0	0	0
Unob. Bal. Not Yet Available	219	0	0	0	0
Budget Authority	**$249,500**	**$250,934**	**$250,934**	**$258,284**	**$7,350**
Appropriation	**$249,500**	**$250,934**	**$250,934**	**$258,284**	**$7,350**

Program Activities and Administration

The Operations and Maintenance appropriation funds the operation of 131 national cemeteries and 33 soldiers' lots and monument sites and their maintenance as national shrines. It also directly funds the costs of administering five related programs: the Veterans' Cemetery Grants Program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, Outer Burial Receptacle (OBR) reimbursements, and First Notice of Death (FNOD). Cemetery grant awards are funded from a separate appropriation. The purchase and transportation costs of the headstones and markers and the OBR reimbursements are financed from the Compensation and Pensions appropriation.

The Under Secretary for Memorial Affairs is responsible for the overall management and direction of the National Cemetery Administration. The Under Secretary is supported in this role by staffs at both field and headquarters activities.

Field Activities

Field activities are functionally and organizationally grouped into cemetery programs, memorial programs, and the Operations Support Center. They perform the daily functions of the Cemetery, Headstone and Marker, and Presidential Memorial Certificate programs and provide centralized contracting and finance support.

Cemetery Programs

In 2013, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites. These activities can be grouped into two main functional categories:

- Administrative and clerical support functions include the following:
  - Managing cemetery activities, including operation reviews;
  - Arranging for and conducting interments;
  - Providing advice and assistance to the general public;

- Processing requests for partial reimbursements for privately purchased Outer Burial Receptacles (OBRs); and
- Preparing for activation of new national cemeteries and rural burial lots.

- Operation and maintenance functions include the following:
  - Opening and closing graves;
  - Operating interment equipment;
  - Setting, realigning, and cleaning headstones;
  - Maintaining columbaria;
  - Caring for grass, shrubbery, and trees;
  - Filling and sodding sunken graves; and
  - Making minor repairs to cemetery infrastructure, including buildings, grounds, walks, and drives.

Memorial Programs

The Memorial Programs Service (MPS) is directly responsible for administering the Headstone and Marker and the Presidential Memorial Certificate programs. MPS has three application processing sites, an Applicant Assistance Unit, and a First Notice of Death office. MPS activities include:

- Receiving and processing applications for headstones, markers and medallions;
- Determining eligibility of decedent, type of headstone, marker or medallion to be furnished, and the authorized inscription;
- Assisting customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries;

- Administering the Presidential Memorial Certificate Program, by providing certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation; and

- Entering First Notices of Death into VA information systems which in turn update VA electronic files to terminate compensation benefits to deceased Veterans.

Operations Support Center

The Operations Support Center encompasses the Quantico Information Technology Center and the Business Office. These organizations perform the following functions:

- The Quantico Information Technology Center develops, programs, tests, documents, implements, operates, and maintains mission-critical information technology applications for NCA including:

  - Burial Operations Support System (BOSS);

  - Automated Monument Application System - Redesign (AMAS-R);

  - Management and Decision Support System (MADSS);

  - Gravesite Reservation System (GRS); and

  - Adjacent Gravesite Set-Aside System (AGS).

  Funding for the Quantico Information Technology Center is provided by the VA Information Technology (IT) appropriation.

- The Business Office consists of the Finance Service and the Contracting Service. The Finance Service provides accounting and finance services for the national cemeteries. The Contracting Service provides the contract negotiation and administration and other procurement support needed by NCA programs, including:

  - The headstone and marker program;

  - Minor construction and National Shrine Commitment contracting; and

  - Procurements for the national cemeteries.

Headquarters Activities

Headquarters functions are performed by a central office staff and the staffs of the five Memorial Service Networks.

Central Office

Central office provides overall policy guidance, executive direction, and administrative support to the entire National Cemetery Administration. Administration of the Veterans' Cemetery Grants Program is also the direct responsibility of central office staff. The central office staff is responsible for the following activities:

- Providing operational guidance and direction for field activities;
- Developing long-range construction plans for an overall NCA program, including field surveys in connection with the development and expansion of new and existing cemeteries;
- Managing development and construction for expansion and improvements to currently existing cemeteries;
- Preparing, coordinating, reviewing, and controlling engineering studies and projects;
- Administering the Veterans' Cemetery Grants Program, as well as fostering state and tribal government participation in the program;
- Developing system-wide strategic and performance plans, developing plans and strategies for improving business processes and service to Veterans, and evaluating and assessing, on a continuing basis, the quality and effectiveness of NCA programs and operations;
- Coordinating budget formulation and execution system-wide, maintaining a cost accounting and management system, and developing and implementing policies, plans, procedures, and standards for financial management activities;
- Conducting studies of organizational structure, functions, relationships, and staffing in the interest of improving the effectiveness and economy of

operations, and providing assistance in all areas of human resources management;

- Increasing Veteran and public awareness of NCA cemetery and memorial programs;

- Transcribing administrative and oral histories, collecting artifacts and maintaining archives, documenting and preserving historic cemetery resources, and providing education/interpretation of NCA history; and

- Answering written inquiries from Veterans, their families, and others regarding benefits, service quality, and general information.

Memorial Service Networks

NCA's field structure is geographically organized into five Memorial Service Networks (MSNs), and the national cemeteries in each MSN are supervised by a MSN Director and the Director's staff. The MSN offices are located in Philadelphia, Pennsylvania; Atlanta, Georgia; Denver, Colorado; Indianapolis, Indiana; and Oakland, California. MSN Directors and their staffs provide direction, operational oversight, and engineering assistance to the cemeteries located in their geographic areas.

Summary of Budget Request

The National Cemetery Administration requests $258,284,000 in budget authority and 1,700 FTE for Operations and Maintenance in 2013.

Workloads continue to grow at existing cemeteries. An amount of $260,000 is requested to staff appropriately for increased interments and $1,200,000 is requested to fund contract maintenance personnel and operating supplies. This funding is essential to maintain existing service levels, which is NCA's highest priority.

The National Cemetery Administration is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal government Veterans cemetery, that the service they receive is dignified, respectful and courteous and that our system of cemeteries meets or exceeds the highest standards of appearance required by their status as national shrines. The 2013 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Changes from Original 2012 President's Budget Request (dollars in thousands)	2012		
	Budget Estimate	Current Estimate	Increase(+) Decrease(-)
Average employment	1,696	1,696	0
Funding:			
Personal services	$130,254	$132,256	+$2,002
Travel	3,499	3,353	-146
Transportation of things	1,792	1,792	0
Rents, communications, and utilities	8,708	8,708	0
Printing and reproduction	1,784	1,784	0
Other services	86,022	86,885	+863
Supplies and materials	10,620	10,401	-219
Equipment	5,555	5,555	0
Land and structures	3,000	3,000	0
Total obligations	**$251,234**	**$253,734**	**+$2,500**
Reimbursements (-)	-264	-259	+5
Recycling Revenue (-)	-36	0	+36
Unob. Bal. Trans. to Unexpired Acct.	0	0	0
Available Balance SOY	0	-2,541	-2,541
Available Balance EOY	0	0	0
Total Budget Authority	**$250,934**	**$250,934**	**$0**
Total Appropriation	**$250,934**	**$250,934**	**$0**

Analysis of Increases and Decreases – Obligations (dollars in thousands)	2012 Estimate	2013 Request
Prior year obligations	$252,046	$253,734
Interment workload increases at existing cemeteries	+700	+260
Maintenance workload increases at existing cemeteries	+3,000	+1,200
Pay and staff composition changes	+2,390	+2,459
Changes in benefits	+302	+887
Inflation	0	+1,702
Travel	-146	-16
Change in contracts and other services	+2,966	-1,290
Equipment and supplies	-7,524	-352
Total obligations	**$253,734**	**$258,584**

Employment Summary - FTE by Grade				
# of FTE	2011 Estimate	2012 Estimate	2013 Request	Increase(+) Decrease(-)
SES	4	11	11	0
GS -15	17	20	20	0
GS -14	65	66	66	0
GS -13	100	97	97	0
GS -12	41	39	39	0
GS -11	67	65	65	0
GS -10	0	0	0	0
GS -9	70	69	69	0
GS -8	12	12	12	0
GS -7	142	139	139	0
GS -6	102	101	101	0
GS -5	100	101	103	+2
GS -4	9	9	9	0
GS -3	0	0	0	0
GS -2	0	0	0	0
GS -1	0	0	0	0
Wage Grade (non-GS)	947	967	969	+2
Total Number of FTE	1,676	1,696	1,700	+4

Analysis of FTE Distribution Headquarters/Field		
# of FTE	2011 HQ-Estimates	2011 Field-Estimates
SES	4	0
GS -15	10	7
GS -14	44	21
GS -13	41	59
GS -12	12	29
GS -11	12	55
GS -10	0	0
GS -9	23	47
GS -8	0	12
GS -7	28	114
GS -6	0	102
GS -5	1	99
GS -4	1	8
GS -3	0	0
GS -2	0	0
GS -1	0	0
Wage Grade (non-GS)	1	946
Total Number of FTE	177	1,499

2012 Average Salary Methodology	
2011 average salary (261 days)	**$55,092**
Minus 1 day	-211
Change in staff composition	+1,681
2012 average salary (260 days)	**$56,562**
Regular benefits percentage	30.60%
2012 average salary with benefits	**$73,870**

The 2012 average salary reflects 2.7 percent above the $55,092 average salary for 2011. The increase reflects a change in staff composition.

2013 Average Salary Methodology	
2012 average salary (260 days)	**$56,562**
0.5 percent 2013 pay raise (0.3 percent)	+212
Plus One Day	+217
Change in staff composition	+707
2013 average salary (261 days)	**$57,698**
Regular benefits percentage	30.70%
2013 average salary with benefits	**$75,411**

The 2013 average salary reflects a net 2.0 percent increase over the $56,562 average salary for 2012. This reflects a 0.5 percent pay raise in 2013 and staff composition changes.

Summary of Employment and Obligations

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average employment	1,676	1,696	1,696	1,700	+4
Obligations:					
Personal services	$128,864	$130,254	$132,256	$135,862	+$3,606
Travel	3,367	3,499	3,353	3,386	+33
Transportation of things	1,621	1,792	1,792	1,817	+25
Rent, communications, and utilities	9,006	8,708	8,708	8,831	+123
Printing and reproduction	1,830	1,784	1,784	1,809	+25
Other services	81,826	86,022	86,885	88,007	+1,122
Supplies and materials	10,246	10,620	10,401	10,197	-204
Equipment	13,461	5,555	5,555	5,633	+78
Land and Structures	1,817	3,000	3,000	3,042	+42
Insurance Claims and Indemnities	8	0	0	0	0
Total obligations	**$252,046**	**$251,234**	**$253,734**	**$258,584**	**+$4,850**

Net Change
2013 Summary of Resource Requirements
(dollars in thousands)

	BA	FTE
Original 2012 President's Budget	**$250,934**	**1,696**
Adjustments	0	0
Adjusted 2012 Budget Estimate	**$250,934**	**1,696**
2013 Current Services Increases:		
Pay and staff composition changes (1.0%)	+2,459	0
Changes in benefits (.4%)	+887	0
Inflation (.7%)	+1,702	0
Subtotal	**$255,982**	**1,696**
Other Fixed Increases/Decreases		
Interment workload increases (.1%)	+260	+4
Maintenance workload increases (.5%)	+1,200	0
Other increases (Contracts and Services) (.3%)	+842	0
2013 Total Budget Authority Request	**$258,284**	**1,700**

Detail of Budget Estimates
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average employment					
Field activities:					
Cemetery programs	1,421	1,435	1,441	1,445	+4
Memorial programs	56	64	56	56	0
Operations Support Center:					
Business Office	38	33	38	38	0
Headquarters:					
Central Office	107	107	107	107	0
Memorial Service Networks	54	57	54	54	0
Total FTE	**1,676**	**1,696**	**1,696**	**1,700**	**+4**
Wage grade employment	947	967	967	969	+2
GS employment	729	729	729	731	+2
Personal services	**$128,864**	**$130,254**	**$132,256**	**$135,862**	**+$3,606**

The 2013 request for personal services reflects funding for an additional 4 FTE for interment workload increases.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Travel:					
Employee travel	$2,612	$2,724	$2,578	$2,600	+$22
GSA vehicle rental	755	775	775	786	+11
Total	**$3,367**	**$3,499**	**$3,353**	**$3,386**	**+$33**

Travel costs include headquarters and field personnel travel in connection with the operation of national cemeteries and other VA and NCA programs. Included are travel costs for site visits to assess performance of the national cemeteries, quality assurance inspections related to the procurement of headstones and markers, permanent change of station moves, engineering trips related to maintenance and construction projects, inspections and other official travel required in administering the Veterans' Cemetery Grants Program, and local travel. In 2013, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Transportation of things	**$1,621**	**$1,792**	**$1,792**	**$1,817**	**+$25**

Transportation costs include the transportation of household goods as part of permanent change of station moves of transferring employees. Other costs include the rental of trucks from GSA, local hauling charges, and the shipment of materials.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Rents, communications, and utilities:					
Equipment rental	$289	$333	$333	$338	+$5
SLUC	1,832	1,904	1,904	1,931	+27
Utility and other charges	6,885	6,471	6,471	6,562	+91
Total	**$9,006**	**$8,708**	**$8,708**	**$8,831**	**+$123**

Rental costs include rental of equipment at national cemeteries and payment of standard level user charges (SLUC) to GSA. Utility costs include electricity, water, and gas, which are required for the operation and maintenance of the national cemeteries.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Printing and reproduction	**$1,830**	**$1,784**	**$1,784**	**$1,809**	**+$25**

Costs include operating and technical manuals, regulations, handout maps, pamphlets, and the printing requirements of the Presidential Memorial Certificate (PMC) program. Handout maps are distributed to next-of-kin, other relatives, and the general public to help locate gravesites. The PMC requirements include special paper and envelopes, as well as the printing of the certificates.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Other services:					
Maintenance of other equipment	$503	$512	$529	$536	+$7
Maintenance and repair projects	64,121	69,029	69,000	69,508	+508
Franchise Fund	804	725	804	815	+11
Operational and other services.	16,398	15,756	16,552	17,148	+596
Total	**$81,826**	**$86,022**	**$86,885**	**$88,007**	**+$1,122**

Maintenance of equipment provides for maintaining and repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators, vehicles, office machines, and computer equipment.

Maintenance and repair projects address deficiencies with any of the approximately 800 buildings and structures, and nearly 20 thousand acres of land within 131 national cemeteries and 33 soldiers' lots and monument sites to maintain the appearance of national cemeteries as national shrines, dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made. Projects include gravesite renovation, recurring maintenance and repair of roads, drives, parking lots, and walks; painting of buildings, fences and gates; repair of roofs, walls, and irrigation and electrical systems.

Purchases from the Franchise Fund are for administrative services such as accounting and security services.

Operational and other services include contractual services associated with cemetery maintenance and contractual requirements such as trash disposal, rodent and pest control, environmental compliance, and training. They include non-recurring maintenance funding focused on correcting deficiencies cited in the Facility Condition Assessments. Operational and other services also include payments to other VA Departmental staff offices for centralized support activities and to the Defense Finance and Accounting Service for payroll processing costs.

Detail of Budget Estimates (cont'd)
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Supplies and materials	**$10,246**	**$10,620**	**$10,401**	**$10,197**	**-$204**

Supplies and materials requests include office supplies, fuel and petroleum products used in motor vehicles, cemetery maintenance equipment, and operating, grounds maintenance, and incidental supplies.

Detail of Budget Estimates (cont'd)
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Equipment:					
Cemetery maintenance and interment equipment	$12,089	$4,761	$4,761	$4,828	+$67
Office and other equipment	1,372	794	794	805	+11
Total	**$13,461**	**$5,555**	**$5,555**	**$5,633**	**+$78**

Cemetery maintenance and interment equipment includes grave excavating and grounds maintenance equipment. Office and other equipment include facsimile machines, copiers, and similar equipment.

Detail of Budget Estimates (cont'd)
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Land and structures	**$1,817**	**$3,000**	**$3,000**	**$3,042**	**+$42**

Land and structures requests include fixed equipment for buildings, renewable energy projects utilizing solar, wind and geothermal power.

Detail of Budget Estimates (cont'd)
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Insurance claims and indemnities……	$8	$0	$0	$0	$0

Insurance claims and indemnities requests include payments to resolve federal tort claims against construction, operation or administrative actions.

National Cemetery Administration Construction Program

National Cemetery Construction

Construction projects to develop additional gravesites at national cemeteries, acquire land, and make infrastructure improvements are critical to achieving the strategic goals and objectives of the National Cemetery Administration (NCA). These projects are funded from VA's Major and Minor Construction appropriations. The funding requests and justifications for these two appropriations are found in the Construction Programs volume; however, NCA is providing this summary of its construction program in order to better relate the requested funding to its performance plan.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. Achievement of this objective is measured by the percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence.

Construction projects to keep existing national cemeteries open by developing additional gravesites and columbaria, or by acquiring additional land, prevent the loss of a burial option for Veterans that currently are served by a national cemetery within a reasonable distance of their residence.

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy. Achievement of this objective is measured by two key performance measures. The first measure is the percent of survey respondents who rate national cemetery appearance as excellent. Construction projects such as irrigation improvements, renovation of historic structures, and road resurfacing are important to maintaining our cemeteries as national shrines. In most cases, these types of projects directly impact cemetery appearance and, thereby, customer satisfaction.

The second measure is the percent of respondents who rate the quality of service provided by the national cemeteries as excellent. Construction of committal

shelters, public restrooms, and public information centers improves service to Veterans and their families.

Burial Policies

The National Cemetery Administration (NCA) is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal government cemetery, that the service they receive is dignified, respectful and courteous and that our system of cemeteries meets or exceeds the highest standards of appearance required by their status as national shrines. The current strategic target for the percent of the Veteran population served by a national, state, or tribal government Veterans cemetery within 75 miles of their home is 94 percent.

Burial Access

NCA is close to achieving a significant strategic target. We anticipate that by 2013, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal government Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to review where the Department has been and to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. The evaluation resulted in the following new policies:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This will result in five new national cemeteries and provide a burial option to an additional 500,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Four locations have been identified for this initiative.

Establish a new Veteran population threshold of 80,000 Veterans within 75 miles of a potential location for determining the location of new national cemeteries.

- Previous policy was to establish new national cemeteries in areas of large unserved Veteran population – defined as 170,000. A new Veteran population threshold has been established to increase access to a burial option in areas where the unserved Veteran population is at least 80,000.

- In January 2010, the last new national cemetery under development began operations and all areas that meet the previous population criteria are being served.
- Over 80 percent of those interred in national cemeteries resided within 75 miles of the cemetery at the time of their death. The 75-mile criterion is reasonable.
- NCA evaluated recent state cemetery data which indicates that there is a gap between the size of population centers served by a national cemetery (≥170,000) and state cemeteries (≤82,000). Under the new threshold, Veterans in locations within that population gap will have an opportunity to be served.
- Under this policy, new national cemeteries are planned in the Central East, FL area; Omaha, NE; Western NY; and the Tallahassee, FL area. A new national cemetery would also be established in southern Colorado to serve nearly 100,000 Veterans in advance of the closure of the existing cemetery in Fort Logan. (A replacement cemetery for Fort Logan would also be constructed in northern Colorado to serve over 200,000 Veterans.)

Establish an "urban initiative" to provide enhanced service in densely populated locales where existing cemeteries are far from the urban core.

- Distance from a national cemetery and travel time impact access to a burial option in a national cemetery.
- National cemeteries in large urban centers show lower usage rates (selection of a national cemetery) and lower visitor satisfaction (post interment) when the cemetery is located at a distance from the urban "core."
- VA would acquire relatively small tracts of land near or within the urban core and within the service area of established national cemeteries meeting the criteria for the establishment of columbaria, crypt and/or mausoleum satellite facilities.
- In order to support the establishment of an urban satellite cemetery, the existing national cemetery must meet the following criteria:
  - Serve a metropolitan area identified by the Census Bureau as one of the Top 50 Cities in the United States by Population.
  - Be 50 miles or more from the urban core.
  - Require travel time of one hour or greater from the urban core.
  - Have documented Veteran utilization rates of less than 20 percent for at least two of the last three years.
  - Have documented that clients cite travel time and/or distance as an access barrier on the Survey of Satisfaction with National Cemeteries at least five percent above the national average for at least two of the last three survey administrations.
- Analyses of current usage rates and customer satisfaction results in large urban areas support the establishment of satellite cemeteries in New York City (Calverton National Cemetery), Indianapolis (Marion National

Cemetery), Los Angeles (Riverside National Cemetery), Chicago (Abraham Lincoln National Cemetery), and San Francisco/Oakland/San Jose (Sacramento Valley and San Joaquin Valley National Cemeteries).

- Urban Satellites will be managed effectively by staff from the "parent" national cemetery and/or contracts.

The 2013 minor construction budget contains construction funding for a columbaria facility to serve Veterans in the New York, NY area who are currently served by Calverton National Cemetery.

Major Construction Projects

This section provides an overview of NCA projects and activities requested for funding in 2013.

Major Construction Funding for NCA Programs
(dollars in thousands)

Construction	2011 Actual	2012 Bndget Estimate	2012 Current Estimate	2013 Request	Change FY13 vs FY12
Cemetery Expansion and Improvement:					
Indiantown Gap, PA – Phase 4 Dev	$23,500	$0	0	$0	$0
Los Angeles, CA - Columbaria Exp	$27,600	$0	$0	$0	$0
Tahoma, WA - Phase 2 Development	$25,800	$0	$0	$0	$0
National Memorial Cemetery of the Pacific Columbarium Expansion/Admin Building	$0	$23,700	$23,700	$0	-$23,700
Advance Planning Fund	$20,000	$4, 500	$4,500	$2,647	-$1,853
Land Acquisition	$10,000	$10,000	$10,000	$7,000	-$3,000
Total, Major Projects	**$106,900**	**$38,200**	**$38,200**	**$9,647**	**-$28,553**
Jefferson Barracks Rightsizing (CARES)* (non-add)	***$0***	***$0***	***$0***	***$130,300***	***+$130,300***

* The project is included in the Veterans Health Administration list of major construction projects.
Funding excludes the cost of pre-placed crypts, which are funded by the Compensation and Pensions appropriation.

The 2013 major construction request for NCA includes funding to continue implementation of the new burial access policies through advanced planning activities for new national cemeteries.

Advance Planning Fund

The advance planning fund request includes funds for activities such as master planning for expansion at existing national cemeteries, environmental assessments at national cemeteries, and performing facility condition assessments at national cemeteries and soldiers lots, plots, and monument sites under the jurisdiction of the National Cemetery Administration. The APF request also includes funding for the Burial Policies described above.

Land Acquisition

The 2013 request includes $7 million for land acquisition in the Major Construction account. These funds will provide NCA the flexibility to acquire land when an opportunity arises and not be encumbered by the timing of the budget process. Identifying and purchasing a parcel of land can be a difficult and unpredictable process. Often times, prospective sellers – particularly estates – desire to move more quickly than the multi-year pace of the Federal budget development and approval process.

Minor Construction Projects

Minor Construction Funding for NCA Programs (dollars in thousands)	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	% Change FY13 v FY12
Annual appropriations bill.....	$43,485	$41,628	$41,628	$58,100	39.6%
Total, Minor Projects.....	**$43,485**	**$41,628**	**$41,628**	**$58,100**	**39.6%**

NCA's 2013 Minor Construction request provides for gravesite expansion and columbaria projects to keep existing national cemeteries open. The minor request will also address infrastructure deficiencies and other requirements necessary to support National Cemetery operations including repair projects identified in the Facility Condition Assessment report of the Millennium Act *Study on Improvements to Veterans Cemeteries*. Projects for irrigation improvements, renovation and repair of buildings, and roadway repairs and drainage improvements are critical to serving Veterans and ensuring that the cemeteries are maintained as national shrines. Projects will also address administrative and management functions that support cemetery operations.

In addition, these funds are used for any of the 131 national cemeteries and 33 soldiers lots, plots, and monument sites under the jurisdiction of the National Cemetery Administration requiring emergency repairs because of floods, fires, hurricanes, tornadoes, earthquakes, strong winds, etc., where no other means of funding exist. Natural disasters or catastrophes are unforeseeable; however, repairs must be made to damaged facilities when they occur.

Grants for Construction of Veterans Cemeteries

Appropriation Language

For grants to assist States and tribal governments in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, $46,000,000, to remain available until expended.

Appropriation Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Change FY 13 v FY 12
Obligations	$43,992	$46,000	$51,954	$46,000	-5,954
Unobligated balances:					
Start of year (-)	-4,038	0	-5,954	0	+5,954
End of year	5,954	0	0	0	+0
Budget authority (appropriation)	**$45,908**	**$46,000**	**$46,000**	**$46,000**	**$0**

Program Description

Grants are provided to states and tribal governments for the establishment, expansion, improvement or operation of state and tribal government Veterans cemeteries. The state and tribal government Veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. In 2011, nearly 30,000 Veterans and eligible family members were buried in state Veterans cemeteries that have been assisted by the program.

NCA records of interment indicate that about 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at time of death. Based upon this experience, NCA has determined that reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national, state, or tribal government Veterans cemetery is available within 75 miles of the Veteran's place of residence.

It is not feasible, however, for VA to build and operate national cemeteries in enough locations to provide every eligible Veteran with a burial option in a national cemetery within 75 miles of their residence. Increasing the availability of state and tribal government Veterans cemeteries is a means to provide a burial option to those Veterans who may not have reasonable access to a national cemetery. States and tribal governments may locate these cemeteries in areas where there are no plans for NCA to operate and maintain a national cemetery.

Summary of Budget Request

The National Cemetery Administration requests $46,000,000 to fund grants for Veterans cemeteries in 2013. Grants play a crucial role in achieving NCA's strategic target of providing 94 percent of Veterans with reasonable access to a burial option. Between 2013 and 2018, it is projected states and tribal governments will open 29 new Veterans cemeteries.

Total Obligations by State
From program inception in 1980 through 09/30/11
(dollars in thousands)

Alabama	7,016
Arizona	8,325
Arkansas	13,060
California	13,041
Colorado	6,007
Connecticut	682
Delaware	14,588
Georgia	13,515
Guam	5,841
Hawaii	23,680
Idaho	8,238
Illinois	235
Indiana	5,662
Iowa	7,625
Kansas	19,503
Kentucky	29,035
Louisiana	11,756
Maine	15,165
Maryland	21,394
Massachusetts	19,020
Minnesota	3,894
Mississippi	6,990
Missouri	26,278
Montana	5,960
Nebraska	5,520
Nevada	20,529
New Hampshire	5,264
New Jersey	23,726
North Carolina	4,368
North Dakota	3,484
Pennsylvania	23
Puerto Rico	7,135
Rhode Island	8,938
Saipan, CNMI	1,867
South Carolina	5,184
South Dakota	6,948
Tennessee	8,617
Texas	33,311
Utah	5,369
Vermont	859
Virginia	15,368
Washington	8,795
West Virginia	14,118
Wisconsin	14,775
Wyoming	1,789
Total	**$482,497**

National Cemetery Administration
Facilities Operation Fund

Program Description

Public Law 108-454, Section 602, codified in 38 U.S.C. 2412, provides authority to lease any undeveloped land and unused or underutilized buildings of the National Cemetery Administration, or parts or parcels thereof, for a term not to exceed 10 years.

Fund Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate
Obligations	$0	$100	$100	$100
Unobligated balances:				
Start of Year (-).....	-257	-257	-329	-329
End of Year	329	257	329	329
Budget Authority (from collections).....	$72	$100	$100	$100

Summary of Budget Request

The National Cemetery Administration Facilities Operation Fund is a special fund, which is financed by proceeds from the lease of land or buildings and by proceeds from agricultural licenses of lands. No appropriation action is required.

Program Activity

Fund obligations are estimated to be $100,000 in 2013. The fund became operational in March 2005. The fund is used to cover costs incurred by the National Cemetery Administration in the operation and maintenance of its property. The Facilities Operation Fund contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made.

National Cemetery Gift Fund

Gift Fund Program Description

Public Law 93-43, as amended, codified in 38 U.S.C. 2407, provides authority to accept gifts and bequests for the purpose of beautifying national cemeteries, or which are determined to be beneficial to such cemeteries. Public Law 100-322, Section 346(g), not codified, provides authority to accept gifts and bequests for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

Fund Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate
Appropriation (permanent, indefinite).....	$175	$250	$250	$250
Obligations.....	$91	$250	$250	$250

Summary of Budget Request

The National Cemetery Gift Fund is a trust fund, which is financed from gifts and bequests from donors. No appropriation action is required.

Program Activity

Fund obligations are estimated to be $250,000 in 2013. The fund was established and began accepting gifts and bequests as of October 1, 1989. The fund is used primarily for beautification and improvements to cemetery grounds such as landscaping, walkways, and benches. In this way, gift fund activity contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made.

Benefits

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Compensation & Pensions

Appropriation Language

For the payment of compensation benefits to or on behalf of Veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of Veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Service members Civil Relief Act (50 U.S.C. App. 541 et seq.), and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, $61,741,232,000 to remain available until expended. Provided that not to exceed $9,204,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses, Veterans Benefits Administration", "Medical support and compliance", and "Information technology systems" for necessary expenses in implementing the provisions of chapter 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the "Compensation and pensions" appropriation. Provided further, That such sums as may be earned on an actual qualifying patient basis shall be reimbursed to "Medical care collections fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

Summary of Appropriation Highlights
(dollars in thousands)

		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase(+) Decrease(-)
Compensation Obligations					
Veterans	$43,862,184	$46,322,650	$50,209,186	$53,085,576	+ $2,876,390
Survivors	5,307,300	6,272,508	5,802,166	6,113,892	+$311,726
Special Benefits for Children	20,149	19,862	20,679	20,872	+$193
Clothing Allowance	84,050	71,327	95,069	101,583	+$6,514
Other (REPS, SAFD, EAJA)	18,275	19,778	18,796	19,448	+$652
Medical Exam Pilot Program	170,001	205,494	236,326	248,092	+$11,766
OBRA Payments to VBA	1,343	-	1,704	1,902	+$198
OBRA Payments to ITS	23	-	57	25	-$32
Total Compensation Obligations:	**$49,463,325**	**$52,911,619**	**$56,383,982**	**$59,591,390**	**+$3,207,408**
Pensions Obligations					
Veterans	$3,033,011	$3,343,038	$3,099,719	$3,235,599	+$135,880
Survivors	1,260,695	1,594,163	1,453,970	1,685,752	+$231,782
Medical Exam Pilot Program	1,702	2,076	2,387	2,506	+$119
Income Verification Match	-	-	-	-	-
OBRA Payment to VBA	5,042	-	6,408	7,157	+$749
OBRA Payment to ITS	6,386	-	6,825	120	-$6,705
OBRA Payment to VHA	10,977	-	11,306	-	-$11,306
Total Pension Obligations:	**$4,317,812**	**$4,945,282**	**$4,580,616**	**$4,931,133**	**+$350,517**
Burial Obligations					
Burial Allowance	$18,812	$41,811	$33,743	$35,179	+1,436
Burial Plot	6,743	23,206	23,248	24,433	+$1,185
Service Connected Deaths	32,576	32,677	33,684	35,360	+$1,676
Burial Flags	19,169	14,243	18,230	18,471	+$241
Headstones/Markers/Allowances	59,001	76,208	71,245	75,476	+$4,231
Graveliners/OBR	14,941	22,273	21,047	31,952	+$10,905
Total Burial Obligations:	**$151,241**	**$210,418**	**$201,197**	**$220,871**	+$19,674
Total C&P Obligations	**$53,932,378**	**$58,067,319**	**$61,165,795**	**$64,743,394**	**+$3,577,599**
Funding:					
Unobligated balances (SOY)	-$13,823,111	-	-$12,930,390	-$3,002,162	+$9,928,228
Unobligated balance transfer to RB	$938,528	-	-	-	-
Unobligated balances (EOY)	$12,930,390	-	$3,002,162	-	-$3,002,162
Adjusted Budget Authority (Net)	$53,039,657	$58,067,319	$51,237,567	$61,741,232	+$10,503,665
Appropriation	$53,978,185	$58,067,319	$51,237,567	$61,741,232	+$10,503,665
Outlays	$57,576,496	$53,348,575	$56,193,591	$64,520,727	+$8,327,136
Distribution of Budget Authority (net):					
Compensation	$48,244,137	$52,911,619	$46,090,966	$57,280,483	+$11,189,517
Pension	$4,644,279	$4,945,282	$4,945,404	$4,239,878	-$705,526
Burial	$151,241	$210,418	$201,197	$220,871	+$19,674
Distribution of Outlays (net):					
Compensation	$52,760,872	$48,596,207	$51,785,368	$59,385,741	+$7,600,373
Pension	$4,664,383	$4,541,950	$4,207,026	$4,914,116	+$707,090
Burial	$151,241	$210,418	$201,197	$220,871	+$19,674

Note: Dollars may not add due to rounding in this and subsequent charts.

Caseload Summary

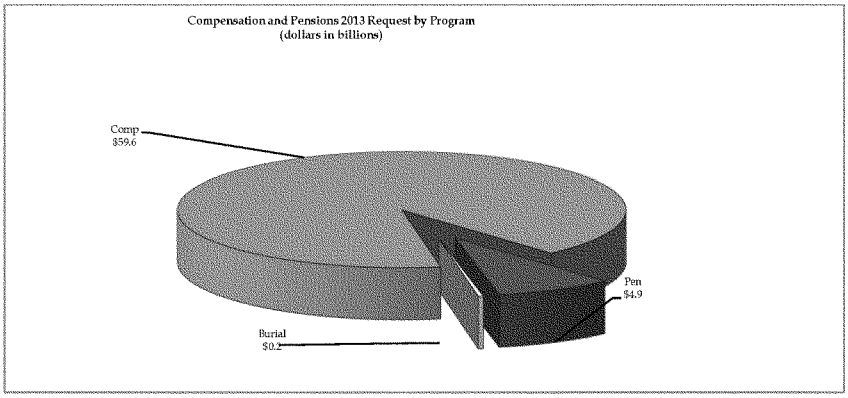
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	3,284,356	3,588,315	3,452,172	3,626,468	+174,293
Average Payment	$13,355	$12,909	$14,544	$14,638	+$ 94
Survivors:					
Cases	341,776	388,214	348,494	356,796	+8,302
Average Payment	$15,529	$16,157	$16,649	$17,136	+$487
Other Caseload:					
Special Benefits for Children	1,173	1,186	1,162	1,151	-11
Clothing Allowance	117,388	98,730	123,379	129,607	+6,228
REPS	228	335	233	241	+8
Special Allowance for Dependents	50	471	50	50	-
Equal Access to Justice Act	2,375	2,828	2,375	2,375	-
Pensions					
Veterans:					
Cases	313,674	303,783	313,926	314,154	+228
Average Payment	$9,669	$11,005	$9,874	$10,299	+$ 425
Survivors:					
Cases	203,046	203,178	203,878	205,797	+1,919
Average Payment	$6,209	$7,846	$7,132	$8,191	+$1,059
Burial Caseload					
Burial Allowance	40,956	59,731	45,727	47,605	+1,878
Burial Plot	22,530	33,152	33,212	34,254	+ 1,042
Service-Connected Deaths	17,560	17,495	16,842	17,680	+ 838
Burial Flags	489,428	500,002	500,002	500,002	-
Headstones/Markers/Allowances	372,659	347,983	353,533	350,027	-3,506
Graveliners/Outer Burial Receptacles	82,448	52,895	62,794	91,314	+28,520

Summary of Budget Request

Budget authority of $61.7 billion is estimated for 2013 to support the benefit programs funded by the Compensation and Pensions appropriation account. This appropriation request reflects an estimated $3.0 billion unobligated balance carried forward from 2012. The requested budget authority and unobligated balance fund total obligations of $64.7 billion. The 2013 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. The Omnibus Budget Reconciliation Act (OBRA) provision for data matching was extended by Public Law 112-56 through September 30, 2016. The OBRA provision payments authorizes the VA to perform data matches with the Internal Revenue Service and Social Security Administration to ensure proper payments are made to eligible beneficiaries. OBRA gave VA access to certain records of the Internal Revenue Service and the Social Security Administration for purposes of verifying the

income of beneficiaries in its needs-based programs and of Veterans receiving compensation based on individual unemployability. Access to these records is the most efficient and effective means VA has of verifying certain types of income, wages, interest, dividends, annuities, etc.

In 2013, funding for Compensation is estimated at nearly $59.6 billion, for payments to 3,626,468 Veterans, 356,796 survivors, and 1,151 children receiving special benefits. The Pensions program will provide benefits to an estimated 314,154 Veterans and 205,797 survivors totaling to just over $4.9 billion. Of the total requested, $220.9 million is estimated for 2013 to provide burial benefits on behalf of eligible deceased Veterans. This funding will provide 47,605 burial allowances, 34,254 burial plot allowances, 17,680 service-connected death awards, 500,002 burial flags, 350,027 headstones or markers, and 91,314 graveliners or reimbursement for privately purchased outer burial receptacles.



Changes from Original 2012 Budget Estimate

Current estimated obligations for 2012 for the Compensation and Pensions program increase $3.1 billion from the original estimate. The 2012 appropriation request is reduced by the projected unobligated balance from 2011. The 2012 budget authority of $51.2 billion coupled with a carryover of $12.9 billion from 2011 supports anticipated obligations in FY 2012 of $61.2 billion. This results in an estimated $3.0 billion unobligated balance carried forward into 2013. The reduction in appropriation request in 2012 is primarily the result of the Agent Orange cost estimate being revised downward based on actual experience to date. Of the original $13.4 billion appropriated for Agent Orange, approximately $12.3 billion was estimated for retroactive payments. While the workload estimate was

on target, the average retroactive payment was significantly less than anticipated. The 2011 Agent Orange total obligations in 2011 are $2.6 billion in retroactive payments.

Compensation
The Compensation program current estimated obligations for 2012 increases $3.5 billion from the original estimate. Driving the increase is the higher estimated cost associated with the average payment for Veterans and survivors. Average annual benefit payments for Veterans have increased $1,635 from the original estimate ($14,544 vs. $12,909). Survivor average annual benefit payments have increased $492 from the original estimate ($16,649 vs. 16,157). These increases in average payment amount to $5.8 billion increase from the previous estimate. These increases are partially offset by decreases in Veteran and survivor caseload. Veteran caseload decreased 136,143 (3,452,172 vs. 3,588,315) from the original estimate, this amounts to $1.8 billion decline from the previous estimate. Survivor caseload decreased 39,721 (348,494 vs. 388,214), reducing obligations by $641.8 million.

The increase in average payments is due to the anticipated increase in retroactive payments in 2012 combined with the increase in cost of living adjustment (COLA) from original estimate (3.6 percent vs. 0.9 percent). Retroactive payments are expected to rise in 2012 for non-Agent Orange claims nationwide. The complexity of Agent Orange cases require more experienced claims processors to complete reviews, resulting in decreased productive capacity for the non-Agent Orange claims in 2011. The decrease in Veteran and survivor caseload is due to lower than anticipated receipts and completed workload than originally projected in the original estimate.

Compensation benefits also include Clothing Allowance, Special Allowance for Dependents (SAFD), VBA OBRA payments, and Information Technology Services (ITS) Equal Access to Justice Act (EAJA) payments, Special Benefits for Children and Medical Exam Pilot Program. An increase of $58 million is a result of increases in all the aforementioned programs. The Reinstated Entitlement Program for Survivors (REPS) decreased $1.9 million from the original estimate.

Pensions
There is a decrease of $364.7 million in obligations for the Pensions program from the 2012 budget estimate. Based on 2011 actual experience, the average payment for Veterans decreased ($9,874 vs. $11,005), decreasing obligations by $355.1 million. Survivor average payment also decreased ($7,132 vs. $7,846), reducing obligations by $145.6 million. An increase in Veteran and Survivor caseload partially offsets the decrease by $117.1 million. The net increase of $18.8 million in obligations is the result of an increase of $24.5 million for OBRA obligations

and a decrease $6.0 million for the IRS Income Data Verification Matching for VA Eligibility Determination (IVM).

Burial

The current 2012 Burial benefits budget estimate of $201.2 million is $9.2 million less than the original budget estimate of $210.4 million. A combined decrease in the estimated number of burial allowances (45,727 vs. 59,731) and decrease due to a technical adjustment in average payment results in a total decrease of $20.4 million. Public Law 111-275 increases basic burial allowance for deaths that occur in a departmental facility and plot allowance for all eligible Veterans from $300 to $700 in 2012. The estimated costs associated with this provision, increases obligations by $12.1 million. For headstones and markers, a net decrease of $4.9 million is due to a decrease in average payment ($202 vs. $219) and an increase in caseload (353,533 vs. 347,983). A decrease in caseload and average payment for preplaced crypts decreased obligations in total by $4.7 million. Caseload for burial flags remains constant at the 2012 level; however, and increase in average payments for burial flags in 2012 will result in a total increase of $4.2 million. A combined increase in caseload (28,211 vs. 17,895) and average payment ($311 vs. 298), results in a total increase of $3.3 million for grave-liners. A technical adjustment in average payment for service connected deaths and a decrease in caseload (16,842 vs. 17,495) result in an increase of $1.1 million. Average payment for burial plots remained constant from the original estimate; while caseload increased (33,212 vs. 33,152), increasing obligations by $42 thousand.

Analysis of Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Estimate
Prior Year Obligations	$53,932,378	$61,165,795
Compensation		
Veterans Caseload and average payment changes (net)	+$5,132,397	+$1,945,530
Survivor Caseload and average payment changes (net)	+332,284	+182,283
P.L. 112-53 COLA 3.6%, effective 12/01/11	+1,377,184	+288,290
Proposed COLA 1.9%, effective 12/01/12	-	+772,014
Other Benefits		
Special Benefits for Children	+$530	+$193
Clothing Allowance	+11,019	+6,514
Other (REPS, SAFD, EAJA)	+522	+652
Medical Exams Pilot Program	+66,325	+11,766
Payments for VBA OBRA	+361	+198
Payments for ITS OBRA	+34	-32
Total Compensation Net Change	**+$6,920,657**	**+$3,207,408**
Pensions		
Caseload and average payment changes (net)	+$130,897	+267,828
COLAs	+129,089	+99,832
Payments for VBA OBRA	+1,366	+749
Payments for ITS OBRA	+439	-6,705
Payments for VHA OBRA	+329	-11,306
Medical Exams Pilot Program	+685	+119
Total Pensions Net Change	**+$262,804**	**+$350,517**
Burial	**+$49,956**	**+$19,674**
Total Net Change	**+$7,233,417**	**+$3,577,599**
Estimated Obligations	**$61,165,795**	**$64,743,394**

Analysis of Increases and Decreases

Compensation
In 2013, Compensation obligations are estimated to surpass the 2012 level by $3.2 billion, from $56.4 billion to $59.6 billion. The combined effect of increases in Veteran and survivor caseload and average payment will increase costs $2.1 billion. These increases are in accord with the VA's priority goal to eliminate the disability claim backlog by 2015. Retroactive payments are expected to remain at a higher level in 2012 while remaining Agent Orange cases will be completed in 2012 and the pending workload is reduced. The 2012 and 2013 COLA is expected to add a total of $1.1 billion to the cost of the program in 2013. COLAs provide a rate increase to all Disability Compensation beneficiaries, including DIC spouses and children. Rates are matched with the Consumer Price Index and are tied to that afforded to Social Security beneficiaries.

Under the category of Other Benefits, costs are projected to increase by $19.3 million from 2012 to 2013. The estimated obligations for Contract Medical Examinations increased $11.8 million over the 2012 level. Clothing Allowance increased $6.5 million over the prior year. The following program areas resulted in increases: REPS ($402 thousand), Special Benefits for Children ($193 thousand) Equal Access to Justice Act (EAJA) ($247 thousand) and Special Allowance for Dependents (SAFD) ($3 thousand). VBA OBRA is expected to increase $198 thousand while payments to ITS are expected to decrease by $32 thousand.

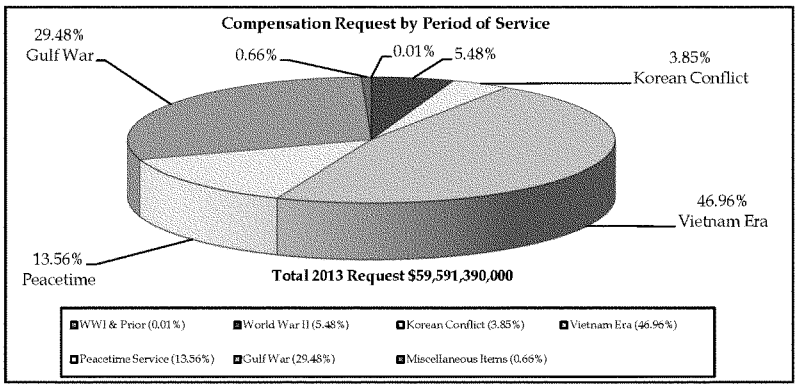
Pensions
In 2013, Pension obligations are expected to increase $350.5 million from the 2012 level. Pension caseload is expected to increase in 2013 for both Veterans and survivors. Vietnam Veterans are anticipated to be the largest cohort of pension accessions as these Veterans are reaching the qualifying age of 65. An increase in caseload for both Veterans and Survivors coupled with increasing average payments for Veterans and survivors results in a net increase in obligations of $267.8 million. The COLA of 1.9 percent in 2013 is expected to add $99.8 million to the cost of the program in 2013. After 2012, VHA will no longer be reimbursed by the Compensation and Pension account for the administrative costs associated with income verification matching, resulting in a decrease in obligations of $11.3 million. Payments to ITS and VBA OBRA result in a net decrease of $6.0 million and obligations for the Medical Exam Pilot Program increased $119 thousand.

Burial
In 2013, burial benefits obligations are projected to increase by $19.7 million. The number of preplaced crypts and average payment grow in 2013, resulting in an overall increase of $10.5 million. Caseload for headstones and markers decrease

and average payments increase from the 2012 level, contributing to a net increase of $4.2 million in obligations in 2013. Public Law 111-275 increases basic burial allowance for approximately 14,000 Veterans annually who die in a departmental facility and increases plot allowance for all qualifying Veterans from $300 to $700 beginning in 2012. This increase combined with an increase in caseload results in an increase of $2.6 million in the in burial allowance and plots over 2012. A rise in the anticipated number of service-connected deaths increases obligations $1.7 million. A net increase of $449 thousand is due to a decrease in the estimated number of graveliners and an increase in average payment over the 2012 level. Burial flag obligations increased $241 thousand over the prior year.

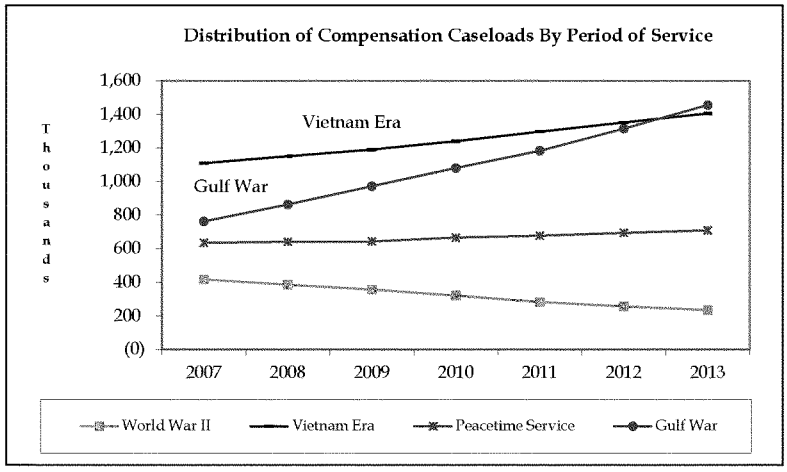
Compensation Program Highlights

In 2013, compensation benefit obligations are expected to total $59.6 billion and be made to 3,983,264 beneficiaries (3,626,468 Veterans, 356,796 survivors, and 1,151 children). The estimated obligations for 2013 will increase $3.2 billion over the 2012 level (from $56.4 billion to $59.6 billion). Approximately 99.3 percent of total compensation obligations are direct benefit payments to Veterans and their survivors. As shown in the graphic below on "Compensation Request by Period of Service," the Vietnam Era accounts for 47 percent of program obligations followed by the Gulf War Era at 29 percent. Program obligations for Vietnam Era have increased substantially due to the establishment of the three additional presumptive conditions for the Veterans who served in the Republic of Vietnam.



The 2013 Veteran and survivor caseload estimate is distributed among World War I & Prior (206), World War II (233,979), Korean Conflict (179,522), Vietnam Era (1,405,082), Gulf War (1,454,989), and Peacetime (709,486) periods of service. The older periods of service caseloads are steadily declining. Recent periods of

service (Gulf War and Vietnam Era) are increasing rapidly and this trend is projected to continue through the budget year.



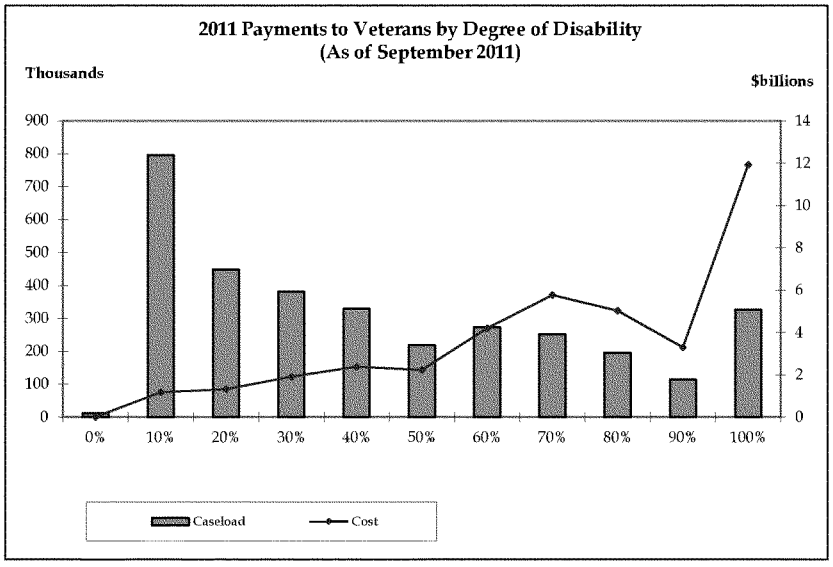
Numerous factors contribute to the total cost of the Compensation program. Some factors that influence cost fluctuations are increasing average degree of disability, additional benefits from enacted legislation or regulations, variations in the number of dependents, increasing number of Individual Unemployability (IU) cases, rising Special Monthly Compensation cases, the number of retroactive payments, and variable numbers of accessions and terminations. Deviations in these factors alter average payments, historically increasing program obligations.

Based on historical data, the average degree of disability is forecasted to increase through 2013 and the outyears. The average degree of disability for Veterans increased from 42.2 percent in 2010 to 43.5 percent in 2011. Additional regulations, legislation, and the increasing number of issues per claim have contributed to rising disability ratings. The budget request considers the increasing average degree of disability in conjunction with estimated VA workload projections. Increases in average degree of disability cause significant increases in average payments.

Veteran Compensation
Caseloads by Degree of Disability
(As of September 2011)

Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2006	14,273	777,875	418,855	334,921	259,892	161,572	184,250	165,124	113,241	60,453	238,279	38.9%
2007	13,774	782,034	429,621	344,912	274,216	172,351	197,877	178,663	124,943	67,208	249,175	39.6%
2008	13,287	783,340	437,976	353,587	288,079	183,831	213,413	193,526	138,880	75,311	261,901	40.4%
2009	12,833	783,754	444,762	361,436	301,764	195,945	230,579	211,166	155,224	85,856	277,814	41.3%
2010	12,325	791,558	452,075	370,668	316,930	208,464	249,780	230,900	175,048	99,037	294,700	42.2%
2011	11,423	780,978	440,188	373,677	322,635	214,552	267,838	247,636	192,546	112,824	320,059	43.5%

Currently, Veterans who are rated 10 percent disabled are the largest group of Compensation recipients. However, they do not account for the majority of program cost. This is a result of lower average monthly payments. In addition, these Veterans are not entitled to additional compensation for dependents. Only Veterans at or above the 30 percent disability rating may be entitled to additional compensation for dependents, resulting in higher average payments.



The Compensation Service projections aid in forecasting changes to a Veteran's degree of disability rating. These claims result when a Veteran files an amended claim because their disability worsens and/or new legislation or regulation

allows for additional compensation. In 2011, over 204,000 Veterans received an increase to their disability benefits, as shown on the following chart. This is an increase of 7 percent from the 2010 level of 190,000 Veterans with amended claims.

Veterans Compensation
2011 Increased Disability Rating Levels

	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	**Total**
0%	100	60	65	57	36	60	27	10	6	62	**483**
10%	-	10,626	5,440	7,352	1,921	4,539	1,946	898	325	2,825	**35,872**
20%	-	-	6,306	9,194	2,841	3,399	3,504	1,642	507	3,365	**30,758**
30%	-	-	-	7,903	6,545	3,612	4,059	1,613	509	2,984	**27,225**
40%	-	-	-	-	6,497	9,400	4,880	3,921	936	3,723	**29,357**
50%	-	-	-	-	-	6,874	5,668	3,741	1,139	3,121	**20,543**
60%	-	-	-	-	-	-	8,893	6,772	2,432	4,069	**22,166**
70%	-	-	-	-	-	-	-	8,858	4,684	5,108	**18,650**
80%	-	-	-	-	-	-	-	-	8,274	4,816	**13,090**
90%	-	-	-	-	-	-	-	-	-	6,111	**6,111**
Total	**100**	**10,686**	**11,811**	**24,506**	**17,840**	**27,884**	**28,977**	**27,455**	**18,812**	**36,184**	**204,255**

As of September 2011, almost 1.4 million out of nearly 3.4 million Veteran cases received additional compensation for dependents. The number of dependents totaled 2.1 million, or 1.57 dependents per case, down slightly from the 2010 average of 1.59. Although the average age of the Veterans from the older war periods increases, there is a continued increase in the number of Gulf War Veterans, driving the upward trend in the average number of dependants.

In addition to monetary benefits for dependents, Veterans who are rated 60 percent and above are eligible for Individual Unemployability. The IU program is administered to Veterans who are unable to maintain employment due to a service-connected disability. As a result, Veterans receiving IU payments receive compensation at the 100 percent disability rating even if their assigned rating is lower. Increases in the IU benefit affect the average payment, resulting in increased program costs. In 2011, there were 282,538 Veterans receiving IU, an

increase of 10,825 cases over 2010. IU caseload continues to increase at a gradual rate.

Veterans Compensation Individual Unemployability							
	2005	2006	2007	2008	2009	2010	2011
Without Dependents	62,035	64,497	65,808	71,009	74,502	78,985	84,279
With Dependents	159,057	164,138	171,513	176,384	183,660	192,728	198,259
Total	**221,092**	**228,635**	**237,321**	**247,393**	**258,162**	**271,713**	**282,538**

Special Monthly Compensation (SMC) is a monetary benefit paid in addition to or in place of 0 percent to 100 percent combined degree of disability. To qualify, a Veteran must be disabled due to special circumstances (e.g., loss of use of one hand). Also, certain Veterans may be entitled to Aid and Attendance, which provides for needed caregiver assistance due to their disabilities. The increasing number of Special Monthly Compensation payments partially contributes to an increasing trend in average payments.

Veterans Compensation Special Monthly Compensation							
	2005	2006	2007	2008	2009	2010	2011
Without Dependents	89,552	96,345	103,702	112,368	121,967	132,010	142,375
With Dependents	141,161	154,555	172,643	189,590	210,707	234,571	260,471
Total	**230,713**	**250,900**	**276,345**	**301,958**	**332,674**	**366,581**	**402,846**

The majority of retroactive payments are one-time payments disbursed as original or amended claims are granted. These payments typically are paid back to the date of claim unless legislation allows for payment to begin at the date of enactment of a regulation establishing the service-connected condition. During 2011, retroactive payments were 14.8 percent of total compensation obligations. This is an increase of 6.2 percent over the 2010 level. This increase is a result of the three new Agent Orange presumptive conditions paid in 2011. These presumptive conditions are paid a retroactive amount that goes back to the date of claim, with many of these payments being large dollar amounts. In 2012, retroactive payments are expected to slightly decrease due to the majority of Agent Orange retroactive claims having been paid in 2011.

Compensation Retroactive Payments (Dollars in millions)							
	2005	2006	2007	2008	2009	2010	2011
Retro Payments	$2,184	$2,002	$2,486	$2,786	$3,257	$3,760	$7,269
Compensation Payments	$28,643	$30,833	$33,639	$36,280	$40,063	$43,292	$49,169
Percent of Retro to Total	7.6%	6.5%	7.4%	7.7%	8.1%	8.6%	14.8%

The Compensation program estimates take into consideration the effects of accessions (new claims per year) and terminations (removal from rolls due to factors such as death, etc.). The net effect (accessions minus terminations) has been increasing, contributing to a rapid increase in the disability compensation recurring payments commonly referred to as beneficiaries on the rolls. The chart below shows the net delta of accessions minus terminations for both Veterans and survivors. This effect has been considered in future projections.

Compensation Net Effect (Accession Minus Terminations)							
	2005	2006	2007	2008	2009	2010	2011
Veterans	81,405	99,014	106,551	107,763	117,009	141,699	145,497
Survivors	5,568	3,344	4,286	11,256	2,771	5,360	7,949
Total	**86,973**	**102,358**	**110,837**	**119,019**	**119,780**	**147,059**	**153,446**

Accessions are derived from the Compensation and Pension Service's workload projections. These projections consider recently enacted legislation, regulation changes, and historical trends of applications of Veterans. Estimates of Veteran accessions are distributed among the disability ratings using historical trends.

Veterans Compensation Accession Trends							
	2005	2006	2007	2008	2009	2010	2011
0%	467	495	496	502	575	574	488
10%	44,960	50,850	51,393	51,063	56,561	65,269	61,236
20%	30,465	32,752	33,054	32,180	33,488	35,568	28,601
30%	23,486	24,775	25,705	26,360	27,473	29,489	31,914
40%	18,774	20,324	21,218	21,795	23,102	24,656	22,585
50%	12,617	12,889	14,028	15,065	16,243	17,539	17,241
60%	11,104	11,949	13,359	15,004	16,618	17,940	22,286
70%	8,737	8,478	9,648	11,037	12,503	14,101	15,925
80%	4,665	4,864	5,816	7,062	8,499	9,872	10,291
90%	2,138	2,162	2,564	3,348	4,217	5,092	5,432
100%	9,309	8,829	9,591	10,327	12,486	13,294	19,147
Total	**166,722**	**178,368**	**186,872**	**193,743**	**211,765**	**233,394**	**235,146**
Avg. Degree	**38.5%**	**34.8%**	**35.5%**	**36.9%**	**37.7%**	**37.5%**	**40.8%**

Based on an analysis of Veteran trends, there is a relationship between Veterans terminating from the compensation rolls and survivors acceding to the compensation rolls. The relationship is significantly more pronounced as the Veteran's degree of disability increases. The survivor's Dependency and Indemnity Compensation (DIC) program is available to surviving spouses who have not remarried (or those remarried after the age of 57), unmarried children under 18 years of age, helpless children, and low-income parents of deceased Veterans.

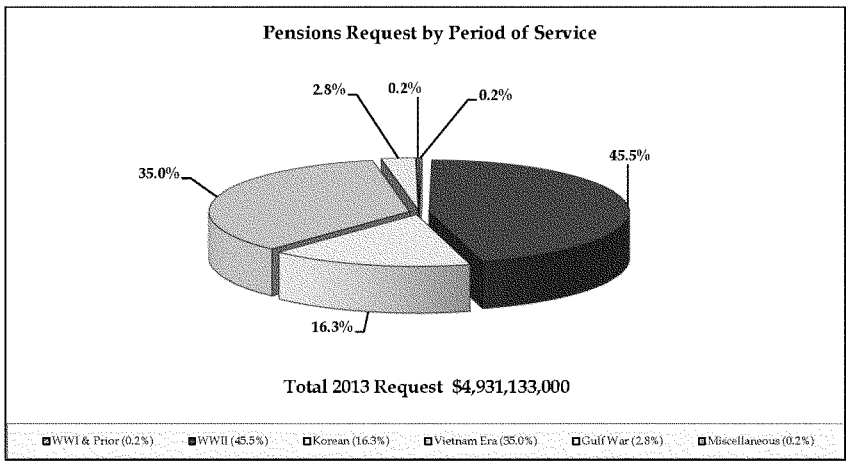
Survivor Compensation Accession Trends							
	2005	2006	2007	2008	2009	2010	2011
Total	**18,551**	**17,876**	**17,507**	**24,737**	**18,850**	**21,654**	**23,504**

For surviving spouses of Veterans who were not rated totally disabled to become eligible, they must meet at least one of three requirements. The Veteran must have died from; (1) a service connected disease or injury incurred or aggravated while on active duty; (2) an injury was incurred or aggravated in the line of duty while on inactive duty training; or (3) a disability compensable by the VA. Survivors of Veterans who were rated totally disabled, but died of a non-service connected cause, may be eligible if: (1) the Veteran was continuously rated totally disabled over a period of ten years; (2) the Veteran was rated for a period of at least five years from the military discharge; or (3) the Veteran was a former prisoner of war who died after September 30, 1999, and who was rated totally disabled for a period of not less than one year immediately preceding death.

Veteran termination data has demonstrated that survivors typically accede to the compensation rolls within three years. In 2011, 14,497 cases acceded to the DIC rolls within the first three years after the Veteran terminated.

Pensions Program Highlights

In 2013, Pensions benefit obligations are expected to total $4.9 billion and be made to 519,951 pension beneficiaries. The 2013 request continues a trend of increasing obligations with Veteran caseloads from the Korean War and prior decreasing and Veteran caseload from Vietnam to present increasing. Survivor pension caseload follows a similar trend; however, WWII and Korean War survivor's caseload is expected to remain at the same level in 2013 as in previous years. Approximately, 96 percent of the estimated cases will receive benefits under the Improved Law program; accounting for 99 percent of the program's cost. As shown in the "Pensions Request by Period of Service" chart, the two largest pension requests come from WWII and Vietnam Era accounts. WWII accounts for 45.5 percent of program obligations largely associated with survivor benefit payments. The Vietnam Era is the second largest group of pension recipients accounting for 35.0 percent of the total request. This percentage will continue to increase as Vietnam Era Veterans are becoming eligible for the automatic permanent and totally disabling rating at age 65.



Currently, VA administers three Pensions programs (Improved Law Pensions, Prior Law Pensions, and Old Law Pensions). New beneficiaries can only accede to the Improved Pensions rolls (PL 95-588); the other two programs are closed. Since the Prior Law and Old Law programs have been closed since 1979 and 1960

respectively, the Veteran caseload in these programs are from earlier periods of service and will continue to decline.

Pensions
Summary by Law

	2011			2012			2013		
	Average Cases	Average Benefit ($'s)	Total Obligations (000's)	Average Cases	Average Benefit ($'s)	Total Obligations (000's)	Average Cases	Average Benefit ($'s)	Total Obligations (000's)
Total									
Improved Law	489,444	$8,714	$4,265,116	493,291	$9,177	$4,526,907	497,902	$9,834	$4,896,325
Prior Law	27,096	$1,051	$28,466	24,359	$1,093	$26,625	21,917	$1,136	$24,908
Old Law	180	$687	$124	154	$1,015	$156	131	$889	$117
Veterans									
Improved Law	309,833	$9,771	$3,027,366	310,716	$9,959	$3,094,520	311,471	$10,373	$3,230,871
Prior Law	3,797	$1,485	$5,640	3,173	$1,617	$5,132	2,652	$1,761	$4,671
Old Law	45	$117	$5	37	$1,787	$66	31	$1,830	$56
Survivors									
Improved Law	179,612	$6,891	$1,237,750	182,575	$7,845	$1,432,387	186,431	$8,933	$1,665,454
Prior Law	23,299	$980	$22,827	21,186	$1,014	$21,493	19,265	$1,050	$20,237
Old Law	136	$876	$119	117	$769	$90	101	$600	$60

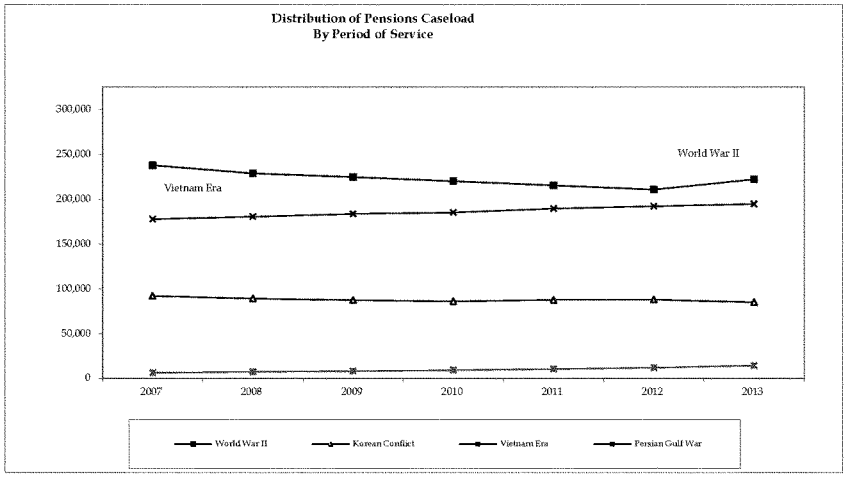
A major factor of the cost of the Pensions program is the impact of the automatic cost-of-living adjustment. However, the COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to be 1.9 percent in 2013. Since rates for pensioners covered by earlier programs are fixed, variations in average benefit payments for these beneficiaries are attributed to changes in dependency, qualifying income, health, or other eligibility criteria.

If Veterans are entitled to Improved Law Pensions based on service during the Mexican Border Period or World War I, $2,783 is added to their income limit. Veterans and surviving spouses with entitlement to housebound or Aid and Attendance benefits have higher income limits due to the severity of their disabilities.

The amount of Improved Pensions payable is reduced for each dollar of countable family income by the annual income limitations. These limitations can affect the average pension payment, which in turn controls the majority of total cost of the Pensions program.

Pensions PL 95-588 Income Limitations (As of December 2011)			
Veterans		**Survivors**	
Without dependents	$12,256	Spouses without dependents	$8,219
With one dependent	$16,051	Spouses with one dependent	$10,759
Each additional dependent	$2,093	Each additional dependent	$2,093

Total pension caseload for both Veterans and survivors are expected to slightly increase through 2013. Veteran pension increases to 314,154 from 313,926 in 2012. This increase is net of a decrease in WWII and Korea with an increase in Vietnam and Gulf War beneficiaries. WWII and Vietnam account for the largest pension caseload, 221,001 and 194,571 respectively, or just over 80 percent of all caseload. Of the 222,001 WWII beneficiaries, only 79,263 are Veterans, with the remaining caseload being survivors. The opposite is true of the Vietnam Veteran Era with 167,570 of the total 194,571 recipients being Veterans. Caseloads for the earlier periods of service are declining; however the most recent eras are expected to continue their increasing trend. This increase can be attributed to the number of Vietnam Era Veterans turning 65, allowing for an automatic permanent and totally disabling rating under current law. The number of Veterans of the Gulf War is also increasing but has not yet achieved the level of other periods of service. World War II still accounts for the largest caseload of pension recipients and total program obligations.



As of September 30, 2011, the average age of Veterans who received pension was 71. The age of survivors of Veterans who received a pension was higher at 79. Although the average age of Veterans has historically been increasing, VA has also experienced a slight growth in the number of Vietnam Era and Gulf War claims. These trends are expected to continue during the budget year, as well as in the outyear projections. During 2011, Gulf War and Vietnam Era Veteran caseloads increased by 1,542 and 1,299 respectively. VA estimates that the increasing average age will eventually slow down due to the increasing number of Veterans from recent periods of service acceding to the rolls.

Pensions
Age of Pensions Recipients
(As of September 2011)

Age	Veteran PL 95-588	Veterans PL 86-211	Veterans Old Law	**Total Veterans**	Survivors PL 95-588	Survivors PL 86-211	Survivors Old Law	**Total Survivors**
Under 25	24	-	-	**24**	411	4	-	**415**
25 - 35	1,269	-	-	**1,269**	216	4	-	**220**
36 - 45	5,820	-	-	**5,820**	1,172	296	-	**1,468**
46 - 55	15,355	7	-	**15,362**	9,403	2,280	-	**11,683**
56 -65	121,405	341	-	**121,746**	20,428	3,868	-	**24,296**
66 - 75	35,069	276	1	**35,346**	18,646	2,127	-	**20,773**
Over 75	130,767	2,891	42	**133,700**	125,609	13,554	130	**139,293**
Total	**313,268**	**3,516**	**43**	**316,827**	**175,885**	**22,133**	**130**	**198,148**

Note: Veteran pension age data does not include 347 cases with unknown age and 3,630 cases with unknown age for survivor pension.

The Pensions program forecast considers the effects of accessions (new beneficiaries per year) and terminations (removal from rolls due to factors such as death, increased income, etc.). Deviations in accessions and terminations cause the caseload to fluctuate.

Veteran Pensions
Accessions and Terminations

	2005	2006	2007	2008	2009	2010	2011
Accessions	42,208	40,213	40,574	42,930	42,633	47,852	49,524
Terminations	49,300	46,146	47,426	48,257	46,021	48,548	52,920
Net Delta	-7,092	-5,933	-6,852	-5,327	-3,388	-696	-3,396

Although caseloads in Prior Law and Old Law are decreasing, they still have an impact on the total cost of the program. Evaluating the trends in dependency is also considered in the budget forecast as it affects average payment. For each program category, pensioners with dependents receive additional benefits.

Pensions Program Trends

(As of September 2011)

"Old Law" Pensions Cases (closed program)

"Old Law" refers to the pensions program in existence prior to July 1, 1960, in which the benefit rate is fixed for all eligible, regardless of specific countable income.

	Veterans				Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2006	110	<0.1	69	41	222	0.1	214	8	123
2007	90	<0.1	55	35	176	0.1	171	5	114
2008	76	<0.1	46	30	224	.01	122	2	100
2009	58	<0.1	35	23	224	0.1	94	1	87
2010	49	<0.1	30	19	145	0.1	69	-	76
2011	43	<0.1	25	18	130	0.1	130	-	-

"Prior Law" Pensions Cases (closed program)

"Prior Law" refers to the pensions program in existence between July 1, 1960 and January 1, 1979. Benefit rates were established by formula, and reduced for each dollar of countable income.

	Veterans				Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2006	8,601	2.6	4,024	4,577	29,389	15.8	27,886	1,503	9,952
2007	7,161	2.2	3,346	3,797	25,225	14.0	23,884	1,341	9,534
2008	5,958	2.0	2,823	3,135	30,836	15.7	20,560	1,181	9,095
2009	4,983	1.7	2,374	2,609	27,500	14.8	17,730	1,073	8,697
2010	4,166	1.3	1,974	2,192	24,489	12.6	15,265	940	8,284
2011	3,516	1.1	3,516	-	22,153	10.9	22,150	1	2

"Improved Law" Pensions Cases

"Improved Law" refers to the pensions program in existence since January 1, 1979. Payments for the Improved Law program beneficiaries are computed by reducing dollar-for-dollar, the benefit levels specified under Public Law 95-588 by the income of the beneficiary.

	Veterans				Surviving Spouses				
Year	Number	%	Veteran Alone	Veterans w/ Dependents	Number	%	Spouse Alone	Spouse w/ Children	Children Alone
2006	321,145	97.4	236,815	84,330	156,463	84.1	153,832	2,631	5,007
2007	315,624	97.7	235,846	79,778	155,263	85.9	152,892	2,371	4,803
2008	311,611	98.0	235,456	76,155	164,988	84.2	158,168	2,208	4,612
2009	309,203	98.3	221,151	88,052	166,438	85.1	159,964	2,035	4,439
2010	309,348	99.3	236,233	73,115	173,914	89.3	168,019	1,724	4,171
2011	310,115	99.0	237,900	72,215	185,384	89.3	173,756	5,739	5,889

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2011			2012			2013		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total [1/]	**3,626,132**	**$13,560**	**$49,169,484**	**3,800,666**	**$14,737**	**$56,011,352**	**3,983,264**	**$14,862**	**$59,179,468**
Veterans Total	**3,284,356**	**$13,355**	**$43,862,184**	**3,452,172**	**$14,544**	**$50,209,186**	**3,626,463**	**$14,638**	**$53,085,576**
World War I	1	$11,275	$11	-	-	-	-	-	-
World War II	202,979	$11,125	$2,258,045	180,966	$11,427	$2,067,842	161,339	$11,737	$1,893,660
Korean Conflict	149,427	$11,339	$1,694,372	146,524	$11,632	$1,704,292	143,677	$11,931	$1,714,260
Vietnam Era	1,130,662	$18,864	$21,328,272	1,176,507	$20,461	$24,072,578	1,219,477	$20,299	$24,753,992
Peacetime Service	643,436	$10,109	$6,504,248	660,446	$11,173	$7,379,420	675,221	$11,144	$7,524,943
Gulf War	1,157,851	$10,431	$12,077,236	1,287,729	$11,637	$14,985,053	1,426,754	$12,054	$17,198,721
Survivors Total	**341,776**	**$15,529**	**$ 5,307,300**	**348,494**	**$16,649**	**$5,802,166**	**356,796**	**$17,136**	**$6,113,892**
Spanish-American War	4	$10,457	$42	4	$9,957	$40	4	$9,457	$38
Mexican Border Period	1	$13,848	$14	1	$13,848	$14	1	$13,848	$14
World War I	266	$21,078	$5,607	231	$22,768	$5,268	201	$24,685	$4,950
World War II	79,608	$15,884	$1,264,462	75,858	$17,909	$1,358,536	72,640	$18,926	$1,374,806
Korean Conflict	36,137	$15,451	$558,343	35,991	$15,791	$568,344	35,845	$16,135	$578,345
Vietnam Era	166,666	$15,825	$2,637,511	175,652	$17,012	$2,988,152	185,605	$17,410	$3,231,357
Peacetime Service	33,802	$15,212	$514,206	34,033	$15,685	$533,804	34,265	$16,172	$554,150
Gulf War	25,293	$12,933	$327,116	26,724	$13,022	$348,007	28,235	$13,112	$370,232
Other Total			**$293,841**			**$372,629**			**$391,922**
Spec. Ben. For Children	1,173	$17,177	$20,149	1,162	$17,796	$20,679	1,151	$18,134	$20,872
Clothing Allowance	117,338	716	84,050	123,379	771	95,069	129,607	784	101,583
Other (REPS, SAFD, EAJA)	2,653	6,888	18,275	2,658	7,071	18,796	2,666	7,295	19,448
OBRA Payment to VBA	-	-	1,343	-	-	1,704	-	-	1,902
OBRA Payment to ITS	-	-	23	-	-	57	-	-	25
Medical Exam Pilot Prgm	-	-	170,001	-	-	236,326	-	-	248,092
Pensions Total [1/]	**516,720**	**$8,310**	**$4,293,706**	**517,804**	**$8,794**	**$4,553,689**	**519,951**	**$9,465**	**$4,921,350**
Veterans Pensions Total	**313,674**	**$9,669**	**$3,033,011**	**313,926**	**$9,874**	**$3,099,719**	**314,154**	**$10,299**	**$3,235,599**
World War I	1	$44	$44	-	-	-	-	-	-
World War II	80,489	$12,527	1,008,306	80,003	$12,880	$1,030,483	79,263	$13,571	$1,075,655
Korean Conflict	58,059	8,747	507,822	56,174	9,239	518,991	54,350	9,968	541,742
Vietnam Era	164,864	8,492	1,399,993	166,213	8,608	1,430,827	167,570	8,913	1,493,345
Gulf War	10,261	11,387	116,845	11,536	10,351	119,418	12,971	9,611	124,657
Survivors Pensions Total	**203,046**	**$6,209**	**$1,260,695**	**203,878**	**$7,132**	**1,453,970**	**205,797**	**$8,191**	**$1,685,752**
Civil War	2	$877	$2	2	$1,000	$2	2	$1,000	$2
Spanish- American War	111	2,780	309	90	3,323	299	73	3,968	289
Mexican Border Period	35	6,705	235	29	6,603	191	24	6,503	156
World War I	4,941	2,818	13,925	4,733	2,473	11,707	4,037	2,686	10,843
World War II	143,183	6,347	908,735	142,960	7,235	1,034,335	142,736	8,179	1,167,445
Korean Conflict	31,117	5,681	176,781	30,875	6,966	215,071	30,628	8,543	261,655
Vietnam Era	22,830	6,771	154,574	24,154	7,642	184,573	27,001	8,671	234,117
Gulf War	827	7,418	6,135	1,035	7,527	7,791	1,296	8,681	11,246
Other Pensions Total			**$24,106**			**$26,927**			**$9,783**
OBRA Payment to VBA			$5,042			$6,408			$7,157
Income Verification Match			-			-			-
OBRA Payment to ITS			6,386			6,825			120
OBRA Payment to VHA			10,977			11,306			-
Medical Exams Pilot Prgm			$1,702			$2,387			$2,506

1/ Does not include "other" caseload or obligations.

Proposed Legislation

Elimination of Certain Apportionments of C&P Benefits to a Veteran's Spouse or Dependents
U.S.C. 5307 seeks to repel subsections (a)(1) and (a)(2) of U.S.C. §5307. Subsection (a)(1) provides that a Veteran's benefit payment may be apportioned to the Veteran's spouse, child, or dependent parent when the Veteran is being furnished hospital treatment, institutional, or domiciliary care by the United States. Subsection (a)(2) provides that all or part of a Veteran's compensation or pension may be apportioned to a Veteran's spouse or child as prescribed by the Secretary when the spouse does not live with the Veteran, or the child(ren) are not in the custody of the Veteran. The VA will no longer arbitrate domestic appropriations, and it has been decided by the VA that family courts shall make these decisions. Enactment of this provision does not result in benefit cost or savings.

Extend the Delimiting date for Eligibility for Death Pension to Surviving Spouse of a Gulf War Veteran
This proposal seeks to update and extend the statutory marriage delimiting date for surviving spouses of the Gulf War Veteran for purposes of determining entitlement to death pensions. 38 U.S.C. § 1541 (f)(1) states that the surviving spouse pension benefits cannot be paid unless the claimant was married to the Veteran for at least one year immediately preceding the Veteran's death, or a child was born of the marriage, or the marriage occurred before January 1, 2001. At the time of the enactment of this law, the established date was appropriate given the nature of the Gulf War in 1990, and the 10-year qualifying period was consistent with other delimiting date periods. Generally, delimiting dates are established on the day following ten years after the war or conflict was officially over. Since the official Gulf War period, which began on August 2, 1990, is still ongoing and will terminate on a date to be determined by Presidential proclamation or law, the January 1, 2001 date must be extended. Enactment of this provision does not result in benefit cost or savings.

Cost of Living Adjustment Rounddown
This proposal would amend title 38, U.S.C. § 1303 (a) and 1104 (a) to provide a ten-year extension of the round-down provisions of the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). Public Law 108-183 extended the ending date of this provision to 2013. The COLA adjustment computation in sections 1303 (a) for DIC and 1104 (a) for service-connected disability include a provision to round down VA compensation or DIC payments to the next whole dollar amount. Extending the sunset provision for the COLA round down provision ten

years beyond the 2013 expiration date result in cost savings. Benefit cost savings

is estimated to be $354.5 million for five years and $1.8 billion over ten years.

Expand Eligibility for Medallion (authorized by Dr. James Allen Veteran Vision Equity Act of 2007 - Public Law 110-157)
This proposal would amend title 38, United States Code (U.S.C.), § 2306, to remove the November 1, 1990, applicability date for provision of medallions to Veterans, as established by Public Law (PL) 110-157. NCA seeks to expand the medallion benefit so that any privately-purchased headstone/marker installed at the grave of any eligible Veteran buried in a private cemetery can be distinctly marked with a Government-furnished medallion affixed to show the gratitude of the Nation for their service in the U.S. Armed Forces. Costs in 2013 are estimated to be $50 thousand and $306 thousand over ten years.

Allow for the Provision of Government-Furnished Headstones and Markers for the Privately Marked Graves of Medal of Honor Recipients who Died Prior to November 1, 1990
This proposal would amend title 38, United States Code (U.S.C.), to allow the National Cemetery Administration (NCA) to provide headstones or markers for the privately marked graves of all eligible Medal of Honor recipients (MOH), who died prior to November 1, 1990. Costs in 2013 are estimated to be $47 thousand and $636 thousand over ten years.

Use of Character of Service Determinations for Active Duty Deaths
This proposal would amend § 2402(1) of title 38, United States Code (U.S.C.), to apply the "conditions other than dishonorable" character of discharge standard in reviewing claims for burial in a VA national cemetery for service members who die on active duty. This proposal seeks to rectify the current inequity in eligibility determinations that exists between Veterans and active duty servicemembers, and would not result in benefits cost or savings.

Extend the Sunset Date for Using Non-VA Physicians to Perform Medical Disability Examinations
This proposal would extend by five years a provision of P.L. 108-183, section 704, for the authority to use discretionary VBA funding to procure contracted disability examinations to supplement the examinations provided by VHA and procured at 10 VBA regional offices through contracts reimbursed from mandatory Compensation and Pensions account under the authority of P.L. 104-275, section 504. The sunset date provided in section 704 was most recently extended to December 31, 2012 by P.L. 111-275, section 809. The requested extension would be advantageous to planning and executing appropriate contracts for future examinations in the most needed regions of the country.

Compensation Cost of Living Adjustment (COLA)

Legislation will be proposed to provide a cost of living increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2012. The percent increase will align with increases in the Consumer Price Index and the increase for Social Security benefits. Current estimates suggest that the CPI will increase by 1.9%. That increase would result in an increase of $772 million in 2013, $4.9 billion over five years, and $10.9 billion over ten years.

Readjustment Benefits

Appropriation Language

For the payment of readjustment and rehabilitation benefits to or on behalf of Veterans, as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 41, 51, 53, 55, and 61 of title 38, United States Code, and for the payment of benefits under the Veterans' Retraining Assistance Program, $12,607,476,000, to remain available until expended: Provided, That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under subsection (a) of section 3104 of title 38, United States Code, other than under paragraphs (1), (2), (5), and (11) of that subsection, shall be charged to this account.

Readjustment Benefits
Summary of Appropriation Highlights
(dollars in thousands)

		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Post 9-11 GI Bill (33) [1/]	$7,656,490	$8,481,280	$9,378,868	$9,906,509	+$527,641
Veterans/Sevicemembers (30/34)	1,385,943	1,041,133	1,133,126	1,033,262	-99,864
Reservists (1606)	201,433	250,739	202,712	204,623	+1,911
Reservists (1607)	95,324	87,791	100,565	96,327	-4,239
Dependents' Education and Training (35)	462,877	554,346	443,718	481,610	+37,892
Veterans Retraining Assistance Program	-	-	196,855	1,100,662	+903,807
VR&E Subsistence Allowance	287,053	308,041	432,783	491,681	+58,897
VR&E Books, Tuition, Supplies, Fees, etc	472,404	531,500	516,362	564,409	+48,047
Specially Adapted Housing Grants	58,400	78,692	58,400	63,133	+4,733
Specially Adapted Housing Technology Grants	-	-	1,000	1,000	-
Automobile Grants	17,218	20,200	35,800	36,300	+500
Adaptive Equipment	60,593	74,600	62,300	64,000	+1,700
Tuition Assistance	11,722	-	10,761	10,063	-698
National Call to Service	265	-	-	-	-
Licensing & Certification Tests	1,609	475	1,477	1,381	-96
National Exams [2/]	33	16	31	29	-2
Work-Study [3/]	33,522	26,877	38,835	40,680	+1,845
State Approving Agencies	18,342	19,000	19,000	19,000	-
Reporting Fees	5,667	6,206	12,190	12,822	+632
Reimbursement to GOE and IT	216	530	4,875	538	-4,337
Total Obligations	**$10,769,111**	**$11,481,427**	**$12,649,657**	**$14,128,028**	**+$1,478,371**
Funding:					
Unobligated balance (SOY)	-$275,844	-	-$1,221,327	-$1,092,457	+$128,870
Unobligated balance transfer from C&P	938,528	-	-	-	-
Unobligated balance (EOY)	1,221,327	-	1,092,457	-	-1,092,457
Budget authority (gross)	11,714,594	11,481,427	12,520,787	13,035,570	+514,783
Offsetting collections	-379,960	-470,341	-412,300	-428,094	-15,795
Budget authority (net)	**$11,334,634**	**$11,011,086**	**$12,108,488**	**$12,607,476**	**+$498,989**
Appropiation	**$10,396,106**	**$11,011,086**	**$12,108,488**	**$12,607,476**	**+$498,989**
Outlays (net)	**$10,705,469**	**$10,910,937**	**$12,114,983**	**$13,699,934**	**+$1,584,951**
Total Obligations	**$10,769,111**	**$11,481,427**	**$12,649,657**	**$14,128,028**	**+$1,478,371**
Education Program	10,001,246	10,632,185	11,690,811	13,061,402	+1,370,591
VR&E Program [4/]	767,865	849,242	958,846	1,066,626	+107,780
Budget authority (net)	**$11,334,634**	**$11,011,086**	**$12,108,488**	**$12,607,476**	**+$498,989**
Education Program	10,566,769	10,161,844	11,149,642	11,540,850	+391,209
VR&E Program	767,865	849,242	958,846	1,066,626	+107,780
Outlays (net)	**$10,705,469**	**$10,910,937**	**$12,114,983**	**$13,699,934**	**+$1,584,951**
Education Program	9,907,676	10,069,919	11,166,173	12,633,197	+1,467,024
VR&E Program	797,793	841,019	948,811	1,066,737	+117,926

Note: Dollars may not add due to rounding in this and subsequent charts.

1/ Includes Change in Selected Resources

2/ National Exams includes chapter 30 and 35

3/ Includes chapter 1606 work-study reimbursement

4/ Includes chapter 31 work-study

Readjustment Benefits
Summary of Appropriation Highlights (cont'd)

(total dollars in thousands)

		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Workload Data and Other Items					
Workload:					
Post 9-11 GI Bill (33)	555,329	512,752	594,490	606,318	+11,828
Veterans/Sevicemembers (30/34)	185,220	129,153	157,478	133,897	-23,581
Reservists (1606) 1/	65,216	84,427	64,337	62,506	-1,831
Reservists (1607)	27,302	23,785	28,238	26,033	-2,206
Dependents' Education and Training (35)	90,657	92,882	94,618	98,793	+4,175
Veterans Retraining Assistance Program	-	-	45,000	99,000	+54,000
VR&E Receiving Subsistence Allowance	61,762	62,078	64,850	68,093	+3,243
VR&E Not Receiving Subsistance Allowance	21,570	19,763	22,649	23,781	+1,132
VR&E Rehab, Evaluation, Planning and Service 2/	20,235	23,103	21,247	22,309	+1,062
Specially Adapted Housing Grants	1,354	1,948	1,354	1,407	+53
Specially Adapted Housing Technology Grants	-	-	5	5	-
Automobile Grants	1,577	1,834	1,892	1,892	-
Adaptive Equipment	7,786	7,319	7,786	7,786	-
National Call to Service	41	-	-	-	-
Average cost:					
Post 9-11 GI Bill (33)	$13,871	$16,527	$15,736	$16,314	+$578
Veterans/Sevicemembers (30/34)	$7,483	$8,061	$7,195	$7,717	+$521
Reservists (1606)	$3,089	$2,970	$3,151	$3,274	+$123
Reservists (1607)	$3,491	$3,691	$3,561	$3,700	+$139
Dependents' Education and Training	$5,106	$5,968	$4,690	$4,875	+$185
Veterans Retraining Assistance Program	-	-	$4,375	$11,118	+$6,743
VR&E Subsistence Allowance	$4,648	$4,962	$6,674	$7,221	+$547
VR&E Books, Tuition, Supplies, Fees, etc	$5,669	$6,494	$5,901	$6,143	+$242
Specially Adapted Housing Grants	$43,131	$40,397	$43,131	$44,859	+$1,728
Specially Adapted Housing Technology Grants	-	-	$200,000	$200,000	-
Automobile Grants	$10,918	$11,000	$18,900	$19,202	+$302
Adaptive Equipment	$7,782	$10,196	$7,997	$8,218	+$221
National Call to Service	$6,461	-	-	-	-
Total Cost:					
Post 9-11 GI Bill (33)	$7,703,113	$8,474,080	$9,354,712	$9,891,339	+$536,627
Veterans/Sevicemembers (30/34)	$1,385,943	$1,041,133	$1,133,126	$1,033,262	-$99,864
Reservists (1606)	$201,433	$250,739	$202,712	$204,623	+$1,911
Reservists (1607)	$95,324	$87,791	$100,565	$96,327	-$4,239
Dependents' Education and Training	$462,877	$554,346	$443,718	$481,610	+$37,892
Veterans Retraining Assistance Program	-	-	$196,855	$1,100,662	+$903,807
VR&E Subsistence Allowance	$287,053	$308,041	$432,783	$491,681	+$58,897
VR&E Books, Tuition, Supplies, Fees, etc	$472,404	$531,500	$516,362	$564,409	+$48,047
Specially Adapted Housing Grants	$58,400	$78,692	$58,400	$63,133	+$4,733
Specially Adapted Housing Technology Grants	-	-	$1,000	$1,000	-
Automobile Grants	$17,218	$20,200	$35,800	$36,300	+$500
Adaptive Equipment	$60,593	$74,600	$62,300	$64,000	+$1,700
National Call to Service	$265	-	-	-	-

1/ Work-study cost not included

2/ No monetary benefit payment associated with these cases

Summary of Budget Request

Budget authority of over $12.6 billion, when combined with a $1.1 billion unobligated balance and $428.1 million in offsetting collections from the Department of Defense, will provide funding for estimated Readjustment Benefits obligations. This will primarily fund education benefits, including the Post 9-11 GI Bill (chapter 33) and will also pay for subsistence allowance and the cost of books, supplies, tuition, and fees under the Vocational Rehabilitation and Employment (VR&E) program. Funding will also provide reimbursement to the General Operating Expenses account for printing and reproduction, regular mail, contracts, and other personal services costs associated with outreach under PL 101-237 and PL 105-368.

Changes from Original 2012 Budget Estimate

The current estimated obligation of $12.6 billion for 2012 for the Readjustment Benefits program increases over $1.1 billion from the original budget estimate of nearly $11.5 billion. The increased obligations result in an increase to the 2012 appropriation of $1.1 billion compared to the 2012 President's budget request and is a result of modifications in both Education and Vocational Rehabilitation and Employment Service obligations resulting from both new legislation and 2011 actual experience. The appropriation request of $12.1 billion combined with over $400 million in offsetting collections from DoD and an unobligated balance of nearly $1.2 billion available at the start of 2012, will fund the increased obligation and as well as an estimated $1.1 billion unobligated balance to be carried forward to 2013.

Three major pieces of legislation that directly impact the Readjustment Benefits program have passed since the 2012 President's Budget submission and impacted estimated obligations for 2012 and beyond. The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377) amended the Post-9/11 GI Bill by expanding eligibility for certain individuals, and modifying the amount of assistance and the types of approved programs (details highlighted in the previous section). The net impact of these changes on the Readjustment Benefits account was a decrease in obligations of nearly $168 million in 2012.

Additionally, PL 112-56 established the Veterans Retraining Assistance Program (VRAP), a program that, beginning on July 1, 2012, will provide up to 12 months of retraining assistance to Veterans at least 35 years of age but not more than 60 years of age, who are unemployed, received an honorable discharge and have no eligibility remaining for other education benefits. Veterans participating in this program would receive monthly payments equal to the three-year payment rate under the Montgomery GI Bill (MGIB) chapter 30 program. This program is estimated to increase obligations by $197 million in 2012.

The Veterans' Benefits Act of 2010, (PL 111-275) established the Specially Adapted Housing Assistive Technology Grant Program and, beginning in 2012, authorizes VA to provide grants of up to $200,000 per fiscal year to individuals or entities for the development of specially adapted housing assistive technologies and limits to $1 million the aggregate amount of such grants VA may award in any fiscal year. This new grant program increases obligations by $1 million in 2012. Additionally PL 111-275 increased the maximum automobile grant from $11,000 to $18,900 increasing obligations by $15 million in FY 2012.

These legislative changes combined with 2011 actual experience result in the increased obligation estimates for 2012.

Education Program
Current estimated obligations for 2012 reflect an increase of nearly $1.1 billion from the original budget estimate of over $10.6 billion. The estimate for 2012 is driven by changes in the estimated obligations for chapter 33, which increase obligations by $898 million. These changes from the original estimate include an increase of $1.3 billion in obligations due to an increase in anticipated participation. This is partially offset by a $406 million decrease in projected average costs for chapter 33. The increased participation and lower average cost result from a combination of actual 2011 experience and the impact of PL 111-377 on chapter 33.

Chapter 30 participation continues to decrease, however, an increase of $228 over the original estimate is due to 2011 experience. Average cost for chapter 30 is lower than the original 2012 estimate, primarily due to the elimination of interval payments under PL 111-377, decreasing obligations by $136 million. Chapter 35 estimated obligations for 2012 decreased by nearly $111 million, primarily due to a lower average cost based on both 2011 experience and the elimination of interval pay. Chapter 1606 obligations decreased by $48 million while chapter 1607 obligations increased by $13 million, based on to 2011 actual experience.

PL 112-56 established the Veterans Retraining Assistance Program. Beginning on July 1, 2012, this program will provide up to 12 months of retraining assistance to Veterans that meet certain eligibility requirements. This program is estimated to increase obligations by $197 million in benefit costs.

Based on revised estimates, 2012 obligations for Specially Adapted Housing grants decreased by $20 million. Obligations for automobile grants increased by $16 million over the original estimate, due to an increased maximum grant amount, established under PL 111-275, and actual FY 2011 experience. Adaptive Equipment obligations decreased by $2 million.

Other changes from the original estimate include a $6 million increase in reporting fees due to legislative changes under PL 111-377, which increased the reporting fee multipliers from $7 to $12 and $11 to $15, a $12 million increase in work-study obligations, due to actual 2011 experience, and a $2 million increase in reimbursements from GOE.

Vocational Rehabilitation & Employment Program
Current estimated obligations for 2012 reflect an increase of $110 million from the original budget estimate of over $849 million. An additional cost results from the net impact of PL 111-377 on the Vocational Rehabilitation and Employment Program. This law impacted Vocational Rehabilitation and Employment (VR&E) benefits by allowing individuals eligible for the Post-9/11 GI Bill to receive subsistence allowance at the basic allowance for housing rate in lieu of the historical monthly subsistence allowance rate. Additionally, PL 111-377 limited interval payments under all programs, including VR&E. The net impact of PL 111-377 on the VR&E program is a cost of $111 million. A decrease of $1 million to VR&E is a result of 2011 experience.

Descriptions of the Individual Education and VR&E Component Programs

Post 9-11 GI Bill (Chapter 33)
Chapter 33 was enacted in the "Post 9-11 Veterans Educational Assistance Act of 2008" (PL 110-252), and greatly expanded education benefits on August 1, 2009. Based on length of active duty service and training rate, students are entitled to a percentage of the following:

- Full cost of tuition & fees for all public school in-state students, or up to $17,500 for those attending out-of-state, private or foreign schools;
- Monthly housing allowance equal to the basic allowance for housing payable to a military E-5 with dependents, in the same zip code as the school (paid to student);
- Yearly books and supplies stipend of up to $1,000 per year (paid to student); and
- A one-time payment of $500 to certain individuals relocating from highly rural areas (paid to student).
- Other benefits such as the Yellow Ribbon program, kickers, and refund of chapter 30 payroll deductions will also be available to certain students.

The Yellow Ribbon G.I. Education Enhancement Program was enacted to potentially assist eligible Chapter 33 individuals with payment of their tuition and fees in instances where costs exceed the most expensive in-state

undergraduate tuition at a public institution of higher education. To be eligible, the student must be: a Veteran receiving benefits at the 100% benefit rate payable, a transfer-of-entitlement-eligible dependent child, or a transfer-of-entitlement eligible spouse of a Veteran. The school of attendance must have accepted VA's invitation to participate in the program, state how much student tuition will be waived (up to 50%) and how many participants will be accepted into the program during the current academic year. VA will match the school's percentage (up to 50%) to reduce or eliminate out-of-pocket costs for eligible participants.

The Marine Gunnery Sergeant John David Fry Scholarship entitles children of those who die in the line of duty on or after September 11, 2001, to use Post-9/11 GI Bill benefits. Eligible children are entitled to 36 months of benefits at the 100% level and have 15 years to use the benefit beginning on their 18th birthday, but cannot participate in the Yellow Ribbon Program.

The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377) was signed into law on January 4, 2011. This legislation amended the Post-9/11 GI Bill by expanding eligibility for certain individuals, and modifying the amount of assistance and the types of approved programs. Several highlights include:

- Allowing an individual with title 32 U.S.C. Active Duty service to qualify for the Post-9/11 GI Bill
- Modifying the amount of educational assistance payable to those eligible for the Post-9/11 GI Bill
- Modifying amounts payable to those training at an IHL at half-time or less
- Authorizing payments under the Post-9/11 GI Bill for those pursuing a non-IHL program such as a non college degree (NCD), on the job (OJT) training, apprenticeship training, flight program, or a correspondence program
- Modifying supplemental education benefits or 'kickers' to be paid monthly and authorizing the Department of Defense to reimburse VA for supplemental benefits paid under the Post-9/11 GI Bill
- Extending the transfer of entitlement (TOE) provisions under the Post-9/11 GI Bill to members of the Public Health Service and the National Oceanic and Atmospheric Administration
- Prohibiting concurrent payments of the Post-9/11 GI Bill and National Call to Service with other VA education benefit and entitlement programs
- Expanded the delimiting date extension authority for MGIB recipients, Post-9/11 GI Bill TOE recipients, and Dependents Education Assistance children to include time spent as a primary caregiver of an individual under title 38 § 1720(G)
- Allowing an individual eligible for the Post-9/11 GI Bill and receiving chapter 31 (Vocational Rehabilitation and Employment) benefits to elect to

receive the monthly housing allowance in lieu of the chapter 31 monthly subsistence allowance
- Limiting interval payments under all programs to a school closing due to an Executive Order of the President or due to an emergency situation

As expected, chapter 33 has become the most used education benefit that VA offers. In 2013, VA projects 606,318 participants under chapter 33. Of those participants, an estimated 508,172 are Veterans. In addition, chapter 33 is expected to account for nearly $9.9 billion in obligations out of a total $14.1 billion, or 70 percent, of the Readjustment Benefits account.

Eligibility to use chapter 33 benefits lasts for 15 years from last period of active duty service based on at least 90 consecutive days of active duty service. Students generally have up to 36 months of entitlement. Certain members of the Armed Forces who are still on active duty may be eligible to transfer benefits to a spouse or dependent children based on Department of Defense policy.

All-Volunteer Force Educational Assistance Program or the Montgomery GI Bill (Chapter 30)

The predecessor of Chapter 33 program, and still in wide use, these VA educational benefits may be used while the servicemember is on active duty or after the servicemember's separation from active duty with a fully honorable military discharge. Discharges "under honorable conditions" and "general" discharges do not establish eligibility. Eligibility generally expires 10 years after the servicemember's discharge. However, there are exceptions for disability, re-entering active duty, and upgraded discharges.

All participants must have a high school diploma, equivalency certificate, or have completed 12 hours toward a college degree before applying for benefits.
Previously, servicemembers had to meet the high school requirement before they completed their initial active duty obligation. Those who did not may now meet the requirement and reapply for benefits. If eligible, they must use their benefits either within 10 years from the date of last discharge from active duty. Additionally, every Veteran must establish eligibility under one of four categories:

- **Category 1:** Service after June 30, 1985.
- **Category 2:** Vietnam Era GI Bill Conversion.
- **Category 3:** Involuntary Separation/Special Separation. For Veterans who meet one of the following requirements: elected MGIB before being involuntarily separated; or were voluntarily separated under the Voluntary Separation Incentive or the Special Separation Benefit program, elected MGIB benefits before being separated, and had military pay reduced by $1,200 before discharge.

- **Category 4:** Veterans Educational Assistance Program. For Veterans who participated in the Veterans Educational Assistance Program (VEAP) and: served on active duty on October 9, 1996; participated in VEAP and contributed money to an account; elected MGIB by October 9, 1997, and paid $1,200. Veterans who participated in VEAP on or before October 9, 1996, may also be eligible even if they did not deposit money in a VEAP account if they served on active duty from October 9, 1996, through April 1, 2000, elected MGIB by October 31, 2001, and contributed $2,700 to MGIB.

Effective October 1, 2010, the rate for full-time training in college, technical or vocational school is $1,473 a month for those who served three years or more or two years plus four years in the Selected Reserve. For those who served less than three years, the monthly rate is $1,196. Benefits are reduced for part-time training. Payments for other types of training follow different rules. VA will pay an additional amount, called a "kicker" or "college fund," if directed by DOD. The maximum number of months Veterans can receive payments is 36 months at the full-time rate or the part-time equivalent.

The following types of education and training are available under Chapter 30:

- Courses at colleges and universities leading to associate, bachelor or graduate degrees, including accredited independent study offered through distance education.
- Courses leading to a certificate or diploma from business, technical or vocational schools.
- Apprenticeship or on-the-job training for those not on active duty, including self-employment training begun on or after June 16, 2004, for ownership or operation of a franchise
- Correspondence courses, under certain conditions.
- Flight training, if the Veteran holds a private pilot's license upon beginning the training and meets the medical requirements.
- State-approved teacher certification programs.
- Preparatory courses necessary for admission to a college or graduate school.
- License and certification tests approved for Veterans.
- Entrepreneurship training courses to create or expand smallbusinesses. service members).

Survivors' and Dependents' Educational Assistance (Chapter 35)
Chapter 35 provides education and training opportunities to eligible dependents of certain Veterans. The program offers up to 45 months of education benefits. These benefits may be used for degree and certificate programs, apprenticeship, and on-the-job training. A spouse may take a correspondence course. Remedial, deficiency, and refresher courses may be approved under certain circumstances.

To be eligible, one must be the son, daughter, or spouse of:

- A Veteran who died or is permanently and totally disabled as the result of a service-connected disability. The disability must arise out of active service in the Armed Forces.
- A Veteran who died from any cause while such permanent and total service-connected disability was in existence.
- A servicemember missing in action or captured in line of duty by a hostile force.
- A servicemember forcibly detained or interned in line of duty by a foreign government or power.
- A servicemember who is hospitalized or receiving outpatient treatment for a service connected permanent and total disability and is likely to be discharged for that disability. This change is effective December 23, 2006.

A son or daughter must be between the ages of 18 and 26 to receive benefits for attending school or job training. If you are in the Armed Forces, you may not receive this benefit while on active duty. For spouses, benefits end 10 years from the date VA finds you eligible or from the date of death of the Veteran, unless the VA rated the Veteran permanently and totally disabled, in which case a spouse may remain eligible for 20 years from the effective date of the rating. For surviving spouses (spouses of service members who died on active duty) benefits end 20 years from the date of death.

Educational Assistance for Members of the Selected Reserve (MGIB-SR) (Chapter 1606)

Chapter 1606 may be available to a member of the Selected Reserve if they meet the eligibility requirements established by their respective components. The Selected Reserve includes the Army Reserve, Navy Reserve, Air Force Reserve, Marine Corps Reserve and Coast Guard Reserve, and the Army National Guard and the Air National Guard. The program may be used for degree programs, certificate or correspondence courses, cooperative training, independent study programs, apprenticeship/on-the-job training, and vocational flight training programs. Remedial, refresher and deficiency training are available under certain circumstances. Up to 36 months of education benefits may be available.

Specific eligibility requirements include:

- Have a six-year obligation to serve in the Selected Reserve signed after June 30, 1985. For some types of training, it is necessary to have a six-year commitment that begins after September 30, 1990;
- Complete initial active duty for training (IADT);
- Meet the requirement to receive a high school diploma or equivalency certificate before completing IADT;
- Remain in good standing while serving in an active Selected Reserve unit.

In addition, a discharge from Selected Reserve service due to a disability or being ordered to active duty may extend eligbility for the program beyond service in a Selected Reserve unit.

Reserve Educational Assistance Program (REAP) (Chapter 1607)
Chapter 1607 was established as a part of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. It is a Department of Defense education benefit program designed to provide educational assistance to members of the Reserve components called or ordered to active duty in response to a war or national emergency (contingency operation) as declared by the President or Congress. This program makes certain reservists who were activated for at least 90 days after September 11, 2001 either eligible for education benefits or eligible for increased benefits.

Some reservists may contribute up to an additional $600 to the GI Bill to receive increased monthly benefits. For an additional $600 contribution, they may receive up to $5400 in additional GI Bill benefits. One must be a member of a Ready Reserve component (Selected Reserve, Individual Ready Reserve, or Inactive National Guard) to pay into the "buy-up" program.

Veterans Retraining Assistance Program (VRAP)
PL 112-56, the VOW to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program to assist unemployed Veterans. Beginning on July 1, 2012, this program, a joint effort of the Department of Veteran Affairs (VA) and the Department of Labor (DoL), will provide up to 12 months of retraining assistance to Veterans that meet certain eligibility requirements:

- Be at least 35 but no more than 60 years old
- Be unemployed (as determined by DoL) with special consideration given to Veterans who have been unemployed for more than 26 weeks
- Have an other than dishonorable discharge
- Not be eligible for any other VA education benefit program (e.g.: the Post-9/11 GI Bill, Montgomery GI Bill, Vocational Rehabilitation and Employment Assistance)
- Not be in receipt of VA compensation due to unemployability
- Not be enrolled in a federal or state job training program

The program is limited to 45,000 participants during fiscal year 2012, and to 54,000 participants from October 1, 2012, through March 31, 2014. Participants may receive up to 12 months of assistance at the full-time payment rate under the Montgomery GI Bill–Active Duty program (currently $1,473 per month). Applications will be submitted through DoL and benefits paid by VA. DoL will

provide employment assistance to every Veteran who participates upon completion of their program. Participants must be enrolled in a VA approved program of education offered by a community college or technical school. The program must lead to an Associate Degree, Non-College Degree, or a Certification, and train the Veteran for a high demand occupation.

Vocational Rehabilitation and Employment (VR&E) (Chapter 31)
The Chapter 31 program assists Veterans who have service-connected disabilities obtain and maintain suitable employment. Independent living services are also available for severely disabled Veterans who are not currently ready to seek employment.

To be eligible, a Veteran must have a VA service-connected disability rated at least 20 percent with an employment handicap, or rated 10 percent with a serious employment handicap, and be discharged or released from military service under other than dishonorable conditions. Servicemembers pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20 percent following their discharge. A VA counselor must decide if the individual has an employment handicap based upon the results of a comprehensive evaluation. After an entitlement decision is made, the individual and counselor will work together to develop a rehabilitation plan. The rehabilitation plan will specify the rehabilitation services to be provided.

Rehabilitation services provided to participants in the VR&E program are under one of five tracks. VA pays the cost of approved training that is included in an individual's rehabilitation plan. The tracks are:

- **Reemployment with Previous Employer:** For individuals who are separating from active duty or in the National Guard or Reserves and are returning to work for their previous employer.
- **Rapid Access to Employment:** For individuals who either wish to obtain employment soon after separation or who already have the necessary skills to be competitive in the job market in an appropriate occupation.
- **Self-Employment:** For individuals who have limited access to traditional employment, need flexible work schedules, or who require more accommodation in the work environment due to their disabling conditions or other life circumstances.
- **Employment Through Long-Term Services:** For individuals who need specialized training and/or education to obtain and maintain suitable employment.
- **Independent Living Services:** For Veterans who are not currently able to work and need rehabilitation services to live more independently.

Generally, Veterans must complete a program within 12 years from their separation from military service or within 12 years from the date VA notifies them that they have a compensable service-connected disability. Depending on the length of program needed, Veterans may be provided up to 48 months of full-time services or their part-time equivalent. These limitations may be extended in certain circumstances.

In some cases, a Veteran requires additional education or training to become employable. A subsistence allowance is paid each month during training and is based on the rate of attendance (full-time or part-time), the type of education or training, the number of dependents, and the type of training. The example below demonstrates one of the many rate structures possible:

Subsistence allowance is paid at the following monthly rates for training in an institution of higher learning.

Training Time	Veterans With No Dependents	Veterans With One Dependent	Veterans With Two Dependents	Additional Dependent
Full-time	$547.54	$687.47	$810.13	$59.05
3/4-time	$416.43	$516.35	$605.69	$45.41
1/2-time	$278.64	$345.23	$405.81	$30.30

Special Assistance for Disabled Veterans

Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. The Veterans' Benefits Act of 2010, (PL 111-275) established the Specially Adapted Housing Assistive Technology Grant Program and, beginning in 2012, authorizes VA to provide grants of up to $200,000 per fiscal year to individuals or entities for the development of specially adapted housing assistive technologies and limits to $1 million the aggregate amount of such grants VA may award in any fiscal year.

Eligibility for up to $63,780: VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a currently owned home that is being adapted, up to a maximum of $63,780. In certain instances, the full grant amount may be applied toward remodeling costs. Veterans and servicemembers must be determined eligible to receive compensation for permanent and total service-connected disability due to one of the following:

- Loss or loss of use of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.
- Loss or loss of use of both upper extremities at or above the elbow.

- Blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity
- Loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury, or (b) the loss or loss of use of one upper extremity which so affects the functions of balance or propulsion as to preclude locomotion without the use of braces, canes, crutches or a wheelchair.
- Severe burn injuries

Eligibility for up to $12,756: VA may approve a grant for the cost, up to a maximum of $12,756, for necessary adaptations to a Veteran's or servicemember's residence or to help them acquire a residence already adapted with special features for their disability, to purchase and adapt a home, or for adaptations to a family member's home in which they will reside.
To be eligible for this grant, Veterans and servicemembers must be entitled to compensation for permanent and total service-connected disability due to one of the following:

- Blindness in both eyes with 5/200 visual acuity or less.
- Anatomical loss or loss of use of both hands.
- Severe burn injuries.

Temporary Residence Adaptation (TRA): Eligible Veterans and servicemembers who are temporarily residing in a home owned by a family member may also receive a TRA grant to help the Veteran or servicemember adapt the family member's home to meet his or her special needs. Those eligible for a $63,780 grant would be permitted to use up to $14,000 and those eligible for a $12,756 grant would be permitted to use up to $2,000. Grant amounts will be adjusted annually based on a cost-of-construction index.

Supplemental Financing: Veterans and servicemembers with available loan guaranty entitlement may also obtain a guaranteed loan or a direct loan from VA to supplement the grant to acquire a specially adapted home. Amounts with a guaranteed loan from a private lender will vary, but the maximum direct loan from VA is $33,000.

Automobile Allowance: Veterans and servicemembers may be eligible for a one-time payment of not more than $11,000 (effective October 1, 2011, the maximum payment is $18,900) toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision of both eyes to a certain degree, or ankylosis (immobility) of one or both knees or one or both hips.

Readjustment Benefits
Analysis of Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Estimate
Prior Year Obligations	**$10,769,111**	**$12,649,657**
Chapter 33 (Post 9/11 GI Bill)		
COLA	+$140,887	+$275,707
Caseload	+543,206	+186,127
Average Payment	+1,038,285	+65,807
Net Changes	**+$1,722,377**	**+$527,641**
Chapter 30 (Montgomery GI Bill)		
COLA	+$40,466	+$35,848
Caseload	-207,585	-169,674
Average Payment	-85,697	+33,962
Net Changes	**-$252,816**	**-$99,864**
Chapter 35 (Dependent Education)		
COLA	+$8,700	+$18,078
Caseload	+20,619	+19,945
Average Payment	-48,478	-131
Net Changes	**-$19,159**	**+$37,892**
Chapter 1606 (Reservists)		
COLA	+$3,975	+$7,681
Caseload	-2,715	-5,770
Average Payment	+19	-
Net Changes	**+$1,279**	**+$1,911**
Chapter 1607 (Reservists)		
COLA	+$1,972	+$3,616
Caseload	+3,269	-7,855
Average payment	-	-
Net Changes	**+$5,241**	**-$4,239**
Veterans Retraining Assistance Program		
COLA	+$3,899	+$26,845
Caseload	+192,956	+236,226
Average payment	-	+640,736
Net Changes	**+$196,855**	**+$903,807**
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	+$24,255	+$40,685
Caseload	+37,973	+47,457
Average payment	+127,460	+18,803
Net Changes	**+$189,688**	**+$106,945**
Special Assistance For Disabled Veterans		
Housing Grants	-	+$4,733
Housing Technology Grants	+$1,000	-
Automobile Grants	+$18,582	+$500
Adaptive Equipment	+$1,707	+$1,700
Net Changes	**+$21,290**	**+$6,933**
Miscellaneous		
National Exams	-$2	-$2
Tuition Assistance	-961	-698
Licensing and Certification	-132	-96
Work-Study	+5,313	+1,845
National Call to Service	-265	-
Reimbursement to GOE	+4,659	-4,337
State Approving Agencies	+658	-
Reporting Fees	+6,522	+632
Net Changes	**+$15,791**	**-$2,655**
Total Net Change	**$1,880,546**	**$1,478,371**
Estimated Obligations	**$12,649,657**	**$14,128,028**

Analysis of Increases and Decreases

Obligations are expected to increase nearly $1.9 billion from 2011 to 2012 due to the following:

Post 9-11 GI Bill (Chapter 33)
Chapter 33 total obligations are expected to increase $1.7 billion dollars in 2012. The increase in obligations is the result of an expected increase average payment unrelated to the COLA, which is projected to increase obligations by over $1.0 billion. This increase in average payment results primarily from the anticipation that the increase in 2011 participants of 189,689 (a 52% increase over FY 2010 participation) began participation throughout 2011 and will receive a full year of payments for the first time in FY 2012. Additionally, an anticipated increase of 39,161 trainees electing chapter 33 increases costs by $543.2 million. The COLA is expected to increase obligations by $140.9 million.

All-Volunteer Force Educational Assistance Program (Chapter 30)
The decrease in chapter 30 obligations is projected to be over $252.8 million in 2012. The primary cause for the decrease is the expectation that an increasing number of participants will elect chapter 33 benefits instead of chapter 30 benefits. The cumulative caseload decreases 27,724 trainees, resulting in obligations decreasing $207.6 million. A decrease in average payment unrelated to the COLA, due to the elimination of interval payments under PL 111-377, decreases obligations by $85.7 million. Partially offsetting this decrease in obligations is an increase of $40.5 million due to the COLA.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The net decrease in obligations attributed to chapter 35 is expected to be $19.2 million. The elimination of interval payments decreases average payment unrelated to the COLA, which results in a decrease in obligations of $48.5 million. Estimated caseload is expected to increase by 3,961 for children, increasing total obligations $20.6 million. The COLA will increase obligations by $8.7 million.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
Chapter 1606 obligations are projected to increase by $1.3 million. The COLA is expected to increase obligations $3.9 million. A decrease in obligations of $2.7 million results from an expected decrease of 879 chapter 1606 trainees. There are insignificant changes in the average benefit unrelated to COLA.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Obligations for chapter 1607 are expected to decrease $5.2 million. An increase in obligations of $3.3 million results from an expected increase of 936 chapter 1607 trainees. The COLA is expected to increase obligations $2.0 million. There are no changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program
This is a new program in FY 2012, and obligations are expected to be $197.0 million. Participation in the program is expected to cost $193.0 million and the COLA, which increases the chapter 30 payment rate, results in an additional $3.9 million.

Vocational Rehabilitation and Employment (Chapter 31)
The total increase in chapter 31 obligations is $189.7 million from 2011 to 2012. The average cost for subsistence allowance is expected to increase from $4,648 to $6,674 primarily due to a provision under PL 111-377 which entitles participants with service on or after September 11th, 2001 to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate. The increase in obligations due to average payment unrelated to the COLA is $127.5 million. An increase of 4,167 in trainees yields a $38.0 million increase in program costs. The COLA is expected to increase obligations by an additional $24.2 million.

Special Assistance for Disabled Veterans
Housing grants are expected to remain constant in 2012. The new Specially Adapted Housing Assistive Technology grant program increases obligations by $1 million in 2012. Additionally PL 111-275 increased the maximum automobile grant from $11,000 to $18,900 effective October 1, 2011. The resulting increase in average cost, combined with an expected increase in grants due to a greater benefit amount, is projected to increase obligations by $18.6 million in FY 2012. An increase of $1.7 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be an increase of $13.8 million. An increase in reporting fees of $6.5 million is due to a provision under PL 111-377 which increases the respective amounts for reporting fees from $7 to $12, and from $11 to $15. Work-study costs are expected increase over $5.3 million. An increase in reimbursement to GOE will increase obligations by $4.7 million. Also, an increase in State Approving Agencies will increase obligations by $658 thousand. Offsetting these increases is an expected decrease to Tuition Assistance program of $1.0 million. National Call to Service is expected to decrease by $265 thousand. Additionally, Licensing and Certification will decrease by $132 thousand and National Exams by $2 thousand.

Obligations are expected to increase $1.5 billion from 2012 to 2013 due to the following:

Post 9-11 GI Bill (Chapter 33)
Chapter 33 benefits are anticipated to increase nearly $527.6 million in 2013. The increase is primarily due to the COLA, which will increase obligations $275.7 million. An anticipated 11,828 additional trainees will result in an increase in obligations of $186.1 million. An increase in average payment unrelated to the COLA results in an increase of $65.8 million in obligations.

All-Volunteer Force Educational Assistance Program (Chapter 30)
The decrease of $99.9 million in chapter 30 obligations is primarily attributed to continued development of chapter 33. The caseload is expected to decrease by 23,581 trainees resulting in a $169.7 million decrease in obligations. This decrease is partially offset by the COLA, which will increase obligations $35.8 million. An increase to the average payment, excluding the COLA, results in an increase of $34.0 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be $37.9 million. Estimated caseload is expected to increase by 4,175 for children, increasing obligations $19.9 million. Caseload for spouses is expected to remain constant. The COLA is expected to increase obligations $18.1 million. Average benefit unrelated to COLA decreases obligations by $131 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
An increase in obligations attributed to chapter 1606 is expected to be $1.9 million. The COLA is expected to increase obligations $7.7 million. A decrease in obligations of $5.8 million is due to an estimated decrease of 1,831 reservist trainees. No change in average payment unrelated to the COLA is anticipated for 2013.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Obligations for chapter 1607 are expected to decrease by $4.2 million. A decrease in obligations of $7.9 million is due to a decrease in 2,206 trainees. The COLA is expected to increase obligations $3.6 million. There are no expected changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program
Obligations for the Veterans Retraining Assistance Program are expected to increase by $903.8 million. Fiscal year 2013 will be the first full year of the Veterans Retraining Assistance Program, established under PL 112-56. As a result, average payment unrelated to the COLA will increase obligations by $640.7 million. Also, increased participation of 54,000 trainees is expected to cost

$236.2 million and the COLA, which increases the chapter 30 payment rate, results in an additional $26.8 million.

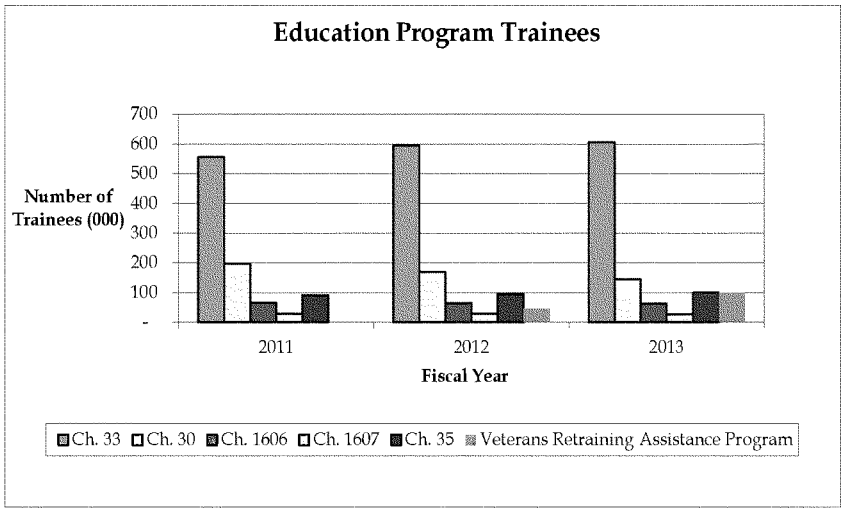
Vocational Rehabilitation and Employment (Chapter 31)
The increase in chapter 31 obligations is $106.9 million from 2012 to 2013. Caseload is expected to increase by 4,375, increasing obligations by $47.5 million. The COLA is expected to increase obligations by $40.7 million. Change in average payment as a result of more trainees being eligible to receive the subsistence allowance at the chapter 33 BAH rate will increase obligations by $18.8 million in 2013.

Special Assistance for Disabled Veterans
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. The workload for housing grants is expected to increase by 53 in 2013, resulting in a $2.8 million increase in obligations. The Cost of Construction Index is expected to increase obligations for housing grants by $1.9 million. An increase of $1.7 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability. Obligations for automobile grants increase $500 thousand. Obligations for housing technology grants are expected to remain constant.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $655 thousand. Reimbursement to GOE will decrease $4.3 million. Tuition Assistance is expected to drop $698 thousand. Licensing and Certification will decrease by $96 thousand and National exams will decrease by $2 thousand. Offsetting these decreases, Work-Study will increase by $1.8 million and reporting fees will increase by $632 thousand. State Approving Agencies and National Call to Service will remain constant.

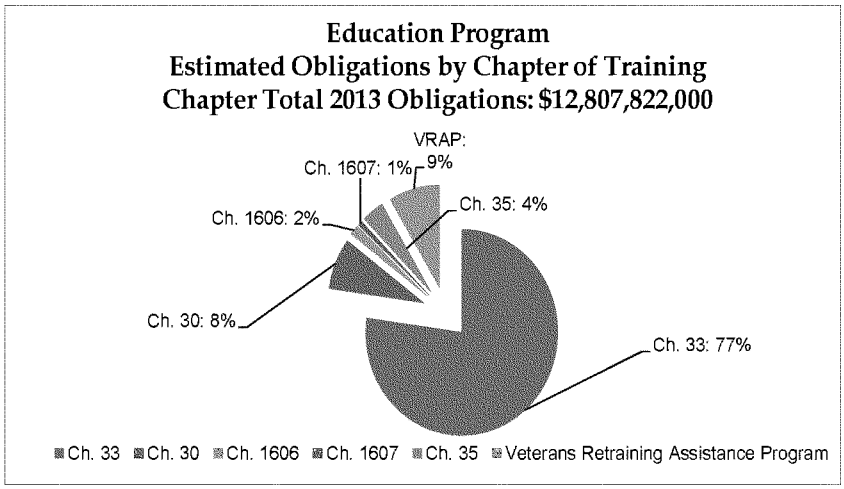
Education Program Highlights

In 2011, education benefit obligations of over $10.0 billion provided benefits to 923,765 trainees (excluding Tuition Assistance payments). Education obligations will continue to increase, reaching nearly $13.1 billion in 2013. In 2013, the number of education program trainees is projected to increase to 1,026,547. Chapter 33 trainees and benefits will continue to increase significantly through 2013. The implementation of the Veterans Retraining Assistance Program will add an additional 99,000 trainees and $1.1 billion in benefits in 2013. Chapter 30 trainees and benefits are expected to decrease and continue to move into chapter 33. Chapter 1606 and chapter 1607 will decrease slightly by 2013. The chart below shows the anticipated trend in cumulative trainees for each education program.



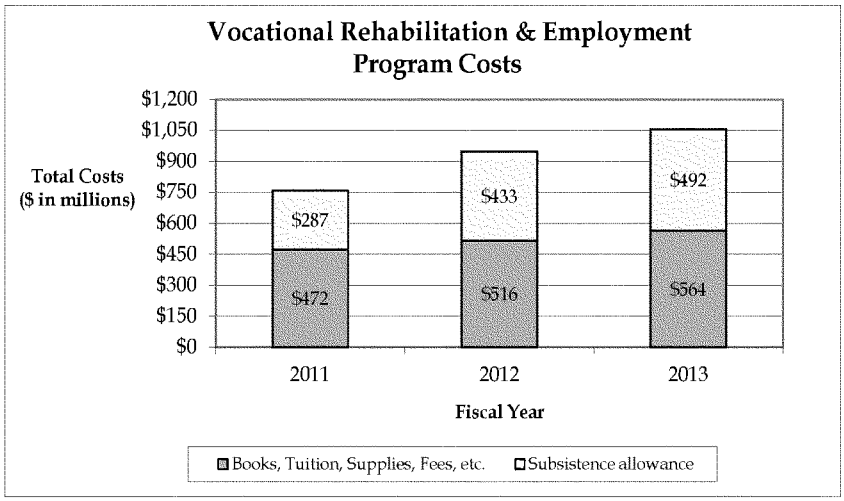
The average cost per trainee is highest for chapter 33, reaching $16,314 in 2013. Chapter 30 average costs per trainee ($7,717 by 2013) are less than chapter 33, causing the majority of trainees to elect chapter 33. Chapter 35 average benefits are expected to be $4,875 by 2013, a slight decrease from 2011 levels due to the discontinuation of interval pay under PL 111-377. Chapter 1606 and chapter 1607 average benefits ($3,274 and $3,700, respectively) continue to change at rates consistent with the COLA. Average benefit payments for all programs can be affected by time in service, type of educational program or institution, change in dependents, and other eligibility criteria.

In 2011, chapter 33 was the largest education program, and is expected to reach 606,318 trainees in 2013, accounting for 77 percent of total training obligations. Prior to the implementation of chapter 33, chapter 30 was largest education program, but reflects just 8 percent of education funding by 2013. The Veterans Retraining Assistance Program is expected to reach up to 99,000 trainees in 2013 and account for 9% of total training obligations. Chapter 1606 and chapter 1607 account for 2 percent and 1 percent of funding in 2013, respectively. Chapter 35 maintains historical size and represents 4 percent of education obligations.

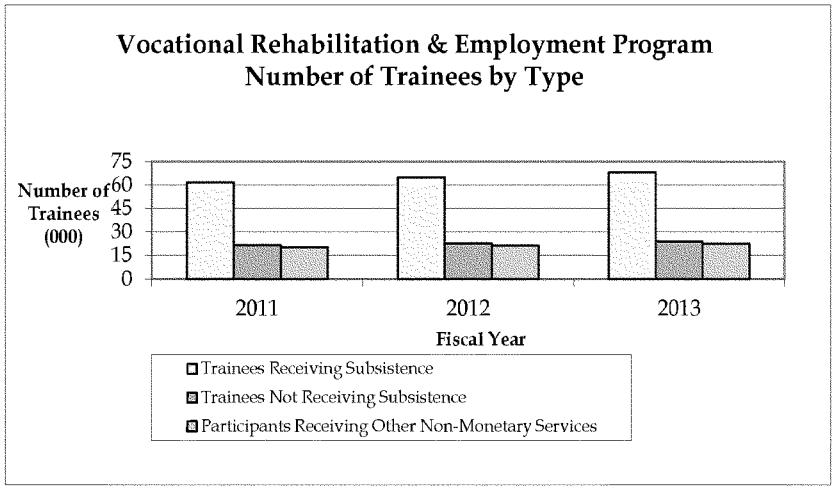


Vocational Rehabilitation & Employment Program Highlights

The number of cumulative participants in the program increased to 83,332 in 2011 and is expected to reach 91,874 by 2013. Program costs were $759.5 million in 2011 and will increase to nearly 1.1 billion in 2013. VR&E participation is contingent on individuals having a compensable service-connected disability and is expected to continue to increase. Based on historical trends, the average degree of disability will also continue to increase.



Participation and average cost per participant will continue to increase through 2013. Books, tuition, and supplies, coupled with subsistence allowance, accounted for 99 percent of program costs in 2011.



Trainees for VR&E are broken down into three categories: trainees receiving a monthly subsistence allowance, participants not receiving subsistence, and participants receiving rehabilitative evaluation, planning, and delivery services. The majority of program participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA, and the Veteran is provided with a monthly subsistence allowance. This monthly subsistence allowance will account for over 47 percent of the costs by 2013. The percentage of costs attributed to subsistence allowance is increasing due to a provision passed under The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377), which allow trainees with service on or after September 11, 2001 to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate. Trainees who receive rehabilitative evaluation, planning, and delivery services do not receive any payments. This specific service of the program provides non-monetary assistance such as resumé preparation, job hunting strategies, interview preparation, and other assistance designed to move the Veteran into a suitable job.

Summary of Readjustment Benefit Requirements
(obligations in thousands)

	2011			2012			2013		
	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations
Total (Ch. 33, 30, 1606, 1607, 35, 31, VRAP)	1,007,056	$ 10,534	$ 10,608,148	1,071,659	$ 11,555	$ 12,382,833	1,118,420	$ 12,396	$ 13,863,912
All-volunteer force educational assistance:									
Chapter 33	555,329	$ 13,871	$ 7,703,113	594,490	$ 15,736	$ 9,354,712	606,318	$ 16,314	$ 9,891,339
Chapter 30-total	185,220	$ 7,483	$ 1,385,943	157,478	$ 7,195	$ 1,133,126	133,897	$ 7,717	$ 1,033,262
Veterans	172,206	$ 7,769	$ 1,337,921	146,375	$ 7,476	$ 1,094,312	124,419	$ 8,025	$ 998,457
Servicepersons	13,014	$ 3,690	$ 48,022	11,103	$ 3,496	$ 38,814	9,478	$ 3,672	$ 34,805
Reservists (1606)	65,216	$ 3,089	$ 201,433	64,337	$ 3,151	$ 202,712	62,506	$ 3,274	$ 204,623
Reservists (1607)	27,302	$ 3,491	$ 95,324	28,238	$ 3,561	$ 100,565	26,033	$ 3,700	$ 96,327
Education and training (Chapter 35):									
Dependents total	90,657	$ 5,106	$ 462,877	94,618	$ 4,690	$ 443,718	98,793	$ 4,875	$ 481,610
Sons and daughters-total	75,753	$ 5,205	$ 394,328	79,714	$ 4,777	$ 380,790	83,889	$ 4,962	$ 416,227
College	73,201	$ 5,169	$ 378,407	77,162	$ 4,746	$ 366,174	81,337	$ 4,931	$ 401,042
Bellow College Level	2,483	$ 6,193	$ 15,378	2,483	$ 5,685	$ 14,117	2,483	$ 5,907	$ 14,668
On-the-job-training	69	$ 7,871	$ 543	69	$ 7,226	$ 499	69	$ 7,507	$ 518
Spouses and widows (ers)-total	14,904	$ 4,599	$ 68,549	14,904	$ 4,222	$ 62,928	14,904	$ 4,387	$ 65,382
College	14,155	$ 4,586	$ 64,919	14,155	$ 4,210	$ 59,596	14,155	$ 4,374	$ 61,920
Bellow College Level	629	$ 5,624	$ 3,538	629	$ 5,163	$ 3,247	629	$ 5,364	$ 3,374
Correspondence	103	$ 320	$ 33	103	$ 293	$ 30	103	$ 305	$ 31
On-the-job-training	17	$ 3,497	$ 59	17	$ 3,210	$ 55	17	$ 3,335	$ 57
Veterans Retraining Assistance Program	-	$ -	$ -	45,000	$ 4,419	$ 198,855	99,000	$ 11,118	$ 1,100,682
Chapter 31	83,332	$ 9,114	$ 759,457	87,499	$ 10,848	$ 949,145	91,874	$ 11,495	$ 1,056,090
Tuition Assistance	12,553	$ 934	$ 11,722	11,298	$ 952	$ 10,761	10,168	$ 990	$ 10,063
Licensing and Certification Tests	3,823	$ 421	$ 1,609	3,441	$ 429	$ 1,477	3,097	$ 446	$ 1,381
Work-study	13,626	$ 2,460	$ 33,522	15,476	$ 2,509	$ 38,835	15,603	$ 2,607	$ 40,680
State Approving Agencies			$ 18,342			$ 19,000			$ 19,000
Reporting Fees			$ 5,667			$ 12,190			$ 12,822

Note: Total caseload includes the Veterans Retraining Assitance Program. Additionally, total caseload is not a count of unique individuals. Trainees switching education programs are counted in each programed they trained in during the fiscal year.

Proposed Legislation for 2013 Budget

Allow VA to send Post-9/11 GI Bill tuition and fee payments to the student rather than the school
Amend title 38, U.S.C., section 3313(g) to allow VA to pay the student directly for Post-9/11 GI Bill tuition and fee payments rather than directly to the educational institution concerned. There is no additional benefit cost for this proposal since the amount paid by VA remains unchanged.

Extend Delimiting Dates for Spouses who are Caretakers of Seriously Injured Veterans
Amend title 38 U.S.C. § 3512 to permit the extension of delimiting dates for eligible spouses who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a Veteran or Servicemember seriously injured while on active duty in a contingency operation after September 10, 2001. VA estimates that the enactment of the proposed amendments would result in an insignificant benefits cost because it would only affect a small number of individuals.

Permanent authorization of work-study activities
Amend title 38 United States Code, section 3485(a)(4) to permanently reauthorize the VA work-study allowance for certain activities, such as outreach programs with State Approving Agencies, an activity relating to the administration of a National Cemetery or a State Veteran's Cemetery, and assisting with the provision of care to Veterans in State Homes. Benefit costs are estimated to be $65 thousand during the first year and $1.1 million for five years, and $2.4 million over 10 years.

Rounding-down of certain cost-of-living adjustments
Amend title 38 United States Code, section 3015(h) and 3564 to extend the sunset date for rounding-down of cost-of-living adjustments on educational assistance from September 30, 2013, to September 30, 2018. Because the current expiration date is at the end of FY 2013, no savings are expected in 2013. Savings to VA are estimated to be $3.8 million in 2014 and $18.7 million over five years from FY 2014 - FY 2018.

Increased Funding of Contract Educational and Vocational Counseling
Amend Title 38, United States Code, Section 3697 to increase funding available to provide contract vocational and educational counseling to individuals qualifying under section 3697A of Title 38 from $6,000,000 a year to not more than $7,000,000 in any fiscal year. Benefit costs are estimated to be $1 million in the first year, $5 million over five years and total $10 million over ten years.

Exclude Temporary Residence Adaptation (TRA) Grants from Three Specially Adapted Housing (SAH) Grant Limit
Amend the law so that TRA grants would not count toward the maximum allowable grant amounts under either the Paraplegic Housing (PH) or Adaptive Housing (AH) grants and TRA grants would be excluded from the maximum allowable number of grant usages. Benefit Costs are estimated to be $290 thousand during the first year, $1.5 million for five years, and $2.9 million over ten years.

Replace the SAH Program's Three-Usage Grant Limit with Limits Specific to Grant Type
Replace the three-grant limit on all SAH grants under Chapter 21 with separate three-grant limits for grants under § 2101(a) and grants under § 2101(b). This change would address the situation where a Veteran qualifies for § 2101(b) grants (currently limited to $12,756 total) and, due to a worsening disability, is later deemed eligible for § 2101(a) grants (currently limited to $63,780 total). Currently, the Veteran's earlier use of § 2101(b) grants is counted toward the three-grant limit. If he or she has used three § 2101(b) grants, he or she receives no assistance under § 2101(a). Benefit costs are estimated to be $380 thousand during the first year, $2.1 million for five years, and $4.7 million over ten years.

Amend visual impairment standard for SAH grant eligibility
Allow VA to assist Veterans and Servicemembers with severe visual impairments under 38 U.S.C. § 2101 by defining "blindness" as visual acuity of 20/200 or less or of a peripheral field of vision of 20 degrees or less. Benefit costs are estimated to be $3.1 million during the first year, $11.0 million for five years, and $14.8 million over ten years.

Restoration of Specially Adapted Housing and Special Housing Adaptation Grant Eligibility
Provide for restoration of previously-used SAH grant amounts in 38 U.S.C. § 2102. This proposal would authorize VA to restore previously used grant funds in the event of loss of the adapted residence in certain specific circumstances. This proposal is modeled on VA's current authority to restore entitlement for a home loan guaranty in certain specific circumstances. Benefit costs are expected to be $5.6 million in the first year, $30.6 million over five years and just over $69.5 million over ten years.

Allow 38 U.S.C. § 2101(a) for Veterans Living Permanently with Family Members
Permit otherwise eligible individuals to use SAH grants under § 2101(a) to make adaptations to a family member's home, so long as the individual intends to reside with the family member permanently. Similar authority already exists for

grants under § 2101(b). Benefit costs are estimated to be $5.9 million during the first year, $32.3 million for five years, and $73.1 million over ten years.

Technical Amendments

Allow any public institution in a consortium/district to certify any student enrolled in an institution in the consortium/district

Amend title 38, U.S.C., section 3684(a)(1) to expand the reporting authority to allow any institution in a consortium (or district) to report enrollment information to VA for any student enrolled in the consortium if all institutions in the consortium are located in the same state and have the ability to view all student records and academic plans to ensure course(s) being certified meet the requirements of the primary institution.

Vocational Rehabilitation Loan Program

Appropriation Language

For the cost of direct loans, $19,000, as authorized by chapter 31 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended; Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $2,728,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $346,000, which may be paid to the appropriation for "General operating expenses, Veterans Benefits Administration."

Summary of Net 2013 Estimates
(dollars in thousands)

	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	$365	$365	$0	$0
Direct Loan Financing Account	$0	$0	-$779	-$779
Total	$365	$365	-$779	-$779

Summary of Budget Request

An appropriation of $365,000 is being requested to provide subsidy payments of $19,000 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse $346,000 to the General Operating Expenses appropriation for administrative expenses.

Program Description

Currently, loans of up to $1,108, twice the amount of the indexed full-time subsistence allowance for a Veteran with no dependents under chapter 31, are available to service-connected disabled Veterans that participate in VA's Vocational Rehabilitation and Counseling Program. Vocational rehabilitation counselors approve these temporary loans to those needing additional financial assistance. The loan program helps provide Veterans with the resources necessary for them to continue their vocational rehabilitation training if unforeseen hardship occurs.

These loans help to ensure the Veteran remains in training, and have also assisted Veterans moving from shelters to permanent housing.
These loans help protect VA's investment in the Veteran, which averages approximately $8,640 each year. Repayment of the loan is made in monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retired pay, thus ensuring loans are repaid. Most loans are repaid in full in less than one year. There are few defaults.

Credit Reform

The "Federal Credit Reform Act of 1990," PL 101-508, changed the accounting for Federal credit programs to more accurately measure their costs and to make them consistent with and comparable to non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, credit programs separate the Vocational Rehabilitation Loan Program into two accounts, the Program Account and the Direct Loan Financing Account.

Program Account

The Vocational Rehabilitation Loan Program Account requests appropriations for subsidy payments to the Vocational Rehabilitation Direct Loan Financing Account and for associated administrative expenses reimbursed to the General Operating Expenses appropriation. Subsidy amounts are estimated on a present value basis; administrative expenses are estimated on a cash basis.

Summary of Appropriation Highlights (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$27	$19	$19	$19	$0
Upward Reestimate	$190	$0	$106	$0	-$106
Interest on Reestimates	$5	$0	$0	$0	$0
Administrative expenses	$327	$343	$343	$346	+$3
Total obligations	**$549**	**$362**	**$468**	**$365**	**-$103**
Unobligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Budget authority (net)	**$549**	**$362**	**$468**	**$365**	**-$103**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$549**	**$362**	**$468**	**$365**	**-$103**
Workload:					
Number of loans established	2,160	3,215	3,212	2,857	-355
Average loan amount (dollars)	$792	$939	$939	$955	+$16
Total Loan Amount	$1,710	$3,019	$3,016	$2,728	-$288
Loan subsidy rate	1.57%	0.63%	0.63%	0.68%	+0.05%
Average employment:					
Veterans Benefits Administration	3	3	3	3	0

Note: Dollars may not add due to rounding in this and subsequent charts.

Detail of Budget Request

The subsidy rate is estimated to be 0.68 percent in 2013. The default rate for these loans remains less than 0.5 percent. A total of 2,857 loans are estimated to be made in 2013, with an average loan amount of $955 resulting in a $2.7 million direct loan level and $19,000 in direct loan subsidy. For administrative expenses to provide issuance and accounting of all loans disbursed, an average employment level of 3 FTE and $346,000 is requested during 2013.

Changes from Original 2012 Budget Estimate

In 2012, the Current Estimate Vocational Rehabilitation Program Account budget authority of $468,000 is an increase of $106,000 from the original 2012 budget estimate. This is the result of an increase of $106,000 in upward reestimates.

Analysis of Increases and Decreases - Outlays (dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year outlays (net)	$549	$468
Increases (+) and Decreases (-)		
Loan Subsidy	-$8	$0
Upward Reestimates	-$88	-$106
Administrative expense	+$16	+$3
Change in obligated balance/other	$0	$0
Net Change	**-$81**	**-$103**
Estimated Outlays (net)	$468	$365

In 2012, outlays are projected to decline by $81,000, due to a decrease in upward reestimates of $88,000 and a decrease in loan subsidy of $8,000. Offsetting these decrease is an increase in Administrative Expenses of $16,000. The subsidy rate (0.63% vs. 1.57%), loan obligations ($3.016 million vs. $1.710 million), number of loans estimated to be disbursed (3,212 vs. 2,160), and average loan amount ($939 vs. $792) are all expected to increase in 2012 from 2011.

In 2013, outlays will decrease by $103,000, primarily due to lower subsidy upward reestimates ($0 vs. $106,000). The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission. The decrease in outlays is slightly offset by an increase in administrative expenses of $3,000 from the 2012 amount.

Direct Loan Financing Account - Off-Budget

The Vocational Rehabilitation Direct Loan Program, Financing Account is an off-budget account that records all financial transactions; i.e., obligations, collections, and outlays associated with direct loan originations. The Direct Loan Financing Account is used primarily for the tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Financial Summary
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$1,710	$3,019	$3,016	$2,728	-$288
Downward Reestimates	$44	$0	$189	$0	-$189
Interest on Treasury borrowings	$57	$0	$0	$0	$0
Total obligations	**$1,810**	**$3,019**	**$3,205**	**$2,728**	**-$477**
Unobligated Balance:					
Start of year	$202	$0	$655	$0	-$655
End of year	$655	$0	$0	$0	$0
Obligated Balance:					
Start of year	$3	$3	$4	$4	$0
End of year	$4	$3	$4	$4	$0
Offsetting Collections:					
Loan Repayments	$1,860	$3,028	$2,588	$3,462	$874
Interest on Uninvested Funds	$39	$25	$25	$26	+$1
Payments from Program Account	$27	$19	$19	$19	$0
Upward Reestimate	$194	$0	$106	$0	-$106
Total offsetting collections	**$2,121**	**$3,072**	**$2,738**	**$3,507**	**$769**
Financing:					
Financing authority, net	+$143	-$54	+$467	-$779	-$1,246
Financing disbursements, net	-$312	-$54	+$467	-$779	-$1,246

Summary of Off-Budget Financing Account

Approximately $2.7 million in direct loans is expected for 2013, a decrease of $0.3 million from the 2012 level. The decrease is due to a lower number of loans expected to be established (2,857 vs. 3,212).

Offsetting collections in 2013 are estimated to be $3.5 million, an increase of $769,000 from the 2012 level. The increase is primarily due to an increase $874,000 in loan payments and an increase of $1,000 interest on uninvested funds. This is offset by a decrease of $106,000 in upward reestimates. The 2013 reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

In 2013, obligations of $2.728 million did not exceed offsetting collections of $3.507 million; thus, requiring financing authority net of -$779,000.

Analysis of Increases and Decreases - Outlays (dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year Financing Disbursement (net)	-$312	+$467
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$1,306	-$288
Downward Reestimates	+$146	-$189
Interest on Treasury borrowing	-$57	$0
Offsetting collections		
Loan Repayments	-$728	-$874
Interest on Uninvested Funds	+$14	-$1
Payments from Program Account	-$2	+$10
Upward Reestimate	+$88	+106
Change in obligated balance/other	+$2	$0
Net Change	**+$780**	**-$1,246**
Estimated Financing Disbursement (net)	+$467	-$779

In 2012, net financing disbursements will increase by $0.780 million. This primarily is due to a net increase in obligations and collections. The net increase in obligations of $1.395 million mainly is due to an increase in direct loans of $1.306 million. There also is an increase in downward reestimates of $146,000 and offset by a decrease in interest on Treasury borrowing of $57,000. The net decrease in offsetting collections of $0.626 million primarily is due to a decrease in loan repayments of $0.728 million.

In 2013, net financing disbursements will decrease by $1.246 million. This is due to a decrease in net obligations of $0.477 million (driven mainly by a decrease of $0.288 million in direct loans) and an increase in net offsetting collections of $0.769 million. The 2013 reestimates will be calculated at the end of 2012 and shown in the 2014 Congressional Budget submission.

Post-Vietnam Era Veterans' Education Account

Program Description

Title 38 U.S.C. chapter 32, Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) is a voluntary contribution and matching program. To be eligible, an individual must have initially entered active duty on or after January 1, 1977, and before July 1, 1985, and enrolled and contributed before April 1, 1987. The individual must have served continuously for more than 180 days. Individuals on active duty could enroll and contribute between $25 and $100 a month up to a total of $2,700. An individual on active duty may make a lump-sum contribution at any time before his or her discharge or release if he or she has not yet contributed $2,700. The government matches contributions on a 2-for-1 basis. The government may make additional contributions, or "kickers," into the fund on behalf of individuals in critical military fields, as determined by Department of Defense, to encourage individuals to enlist or reenlist in the Armed Forces.

Educational Assistance Test Program, authorized in section 901, PL 96-342, is a noncontributory program in which individuals, or, in some cases, their dependents, may receive educational assistance and subsistence allowance while training at accredited educational institutions. The program is funded by DoD and codified in 10 U.S.C. chapter 106A.

Section 903, PL 96-342, Educational Assistance Pilot Program - Noncontributory VEAP, is a modified chapter 32 program. It differs from the basic chapter 32 program in that the service department makes the individual's monthly contributions and certain individuals are permitted to transfer their entitlement to their spouses or children. The program is codified in 10 U.S.C. 2141(a).

The enactment of PL 101-510, "National Defense Authorization Act for Fiscal Year 1991" on November 5, 1990, allowed servicepersons enrolled or eligible to reenroll in VEAP, who were involuntarily separated from service on or after February 3, 1991, an opportunity to make an irreversible election to receive assistance under the Montgomery GI Bill (MGIB) educational assistance program in lieu of VEAP. Certain servicepersons who voluntarily separated from the military on or after December 5, 1991, as provided for under PL 102-484, "The National Defense Authorization Act for Fiscal Year 1993," are eligible for the MGIB program effective October 23, 1992. An opportunity to enroll in the MGIB program also was extended to chapter 32 (and section 903) servicepersons under PL 104-275, "The

Veterans Benefits Improvement Act of 1996." Under that law, the serviceperson must have been a VEAP participant on October 9, 1996, and made a permanent election to become eligible for the MGIB program. Individuals who elected to disenroll from the VEAP program paid $1,200 into the Department of Treasury's GI Bill receipt account to establish eligibility under the MGIB program.

Starting in 2005, section 106 of PL 108-454 made educational benefits available to pay for the national admissions exams and national exams for credit at institutions of higher education.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM Fund Highlights (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Training	$128	$248	$122	$116	-$6
Section 901 Training PL	$492	$453	$468	$444	-$24
Disenrollments	$722	$602	$653	$584	-$69
Total Obligations	**$1,343**	**$1,302**	**$1,243**	**$1,144**	**-$99**
Budget Authority (trust fund, indefinite)	**$725**	**$683**	**$569**	**$541**	**-$28**
Outlays	$1,341	$1,196	$1,212	$1,163	-$49
Unobligated balance, start of year	$64,536	$63,849	$63,919	$63,245	-$674
Unobligated balance, end of year	$63,919	$63,231	$63,245	$62,642	-$603
Workload					
Trainee	112	264	106	101	-5
Section 901 Trainees	35	20	33	32	-1
Participants, end of year	193,291	192,456	192,725	192,214	-511
Disenrolllments	523	448	473	423	-50

Summary of Budget Request

No appropriation action by Congress is required. Budget authority, consisting of transfers from DoD and deposits from participating servicepersons, are available as permanent and indefinite authority. Currently, the Department of Veterans Affairs estimates that this 2013 portion of the cost for VEAP will be $541 thousand for 133 trainees.

Changes From the Original 2012 Estimate

The current estimated obligations decreases by $59 thousand associated with 145 fewer trainees. FY 2012 estimates are based on actual FY 2011 experience.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM Analysis of Increases and Decreases (dollars in thousands)		
	2012 Estimate	2013 Estimate
Prior year obligations	**$1,343**	**$1,243**
Training	-6	-6
Training Under section 901	-25	-23
Disenrollments	-69	-69
Net change	-100	-99
Estimated obligations	**$1,243**	**$1,144**

Analysis of Increases and Decreases

In 2013, obligations are projected to be $1.1 million, a decrease of $99 thousand from the 2012 level of $1.2 million. Training obligations are projected to decline by $6 thousand due to fewer trainees (101 vs. 106) and average payments are expected to remain constant. One fewer Section 901 trainee will result in a decrease in obligations of $23 thousand. Disenrollment obligations are projected to decline by $69 thousand as a result of fewer participants disenrolling (423 vs. 473).

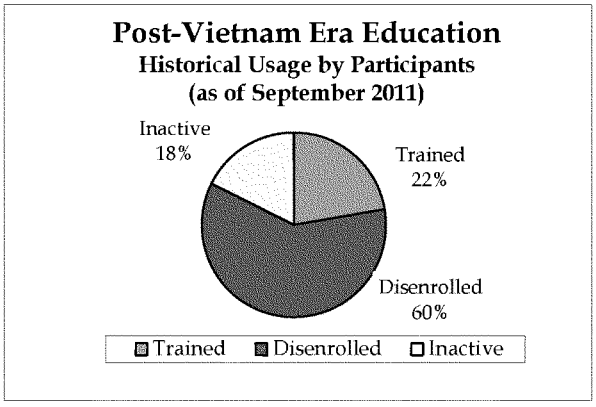
POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM Summary of Workloads & Obligations (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Participants, End of Year	193,291	192,456	192,725	192,214	-511
Trainees	112	264	106	101	-5
Average per Trainee (whole dollars)	$1,144	$939	$1,144	$1,144	-
Obligations for Training	$128	$248	$122	$116	-$6
Section 901 Trainees	35	20	33	32	-1
Average per Trainee (whole dollars)	$14,071	$22,329	$14,071	$14,071	-
Obligations for Section 901	$492	$453	$468	$444	-$24
Disenrollmments	523	448	473	423	-50
Averages Per trainee (whole dollars)	$1,381	$1,343	$1,381	$1,381	-
Obligations for Disenrollments	$722	$602	$653	$584	-$69
Soucers of budget authority:					
Contributions of Servicepersons	$8	$6	$8	$8	-
Transfers from DoD:					
Matching Payments for Training	$99	$91	$42	$40	-$2
Bonus "Kickers"	$141	$134	$51	$48	-$3
Section 901 Training	$477	$453	$468	$444	-$24
Section 903 Training	-	-	-	-	-
Total Budget Authority	**$725**	**$683**	**$569**	**$541**	**-$29**

The number of participants will continue to decline since the program is closed to new enrollments. Since eligibility is restricted to persons who first entered active duty prior to July 1, 1985, a smaller percentage of those discharged each year from the military are eligible for this program. There were two opportunities for participants and contributors in the VEAP program to disenroll from the program and enroll in the Montgomery GI Bill. VEAP participants who disenroll receive a refund of their contributions. The current participants' last date of eligibility for training in the VEAP program is projected to be 2025.

Program Highlights

In 2013, 101 participants are expected to train under this program resulting in obligations of $116 thousand. In addition, 32 individuals train under section 901 of PL 96-342 with obligations totaling $444 thousand. During 2013, 423 participants are expected to disenroll from this program and received $584 thousand in refunds.

Through the end of 2011, a total of 1,154,010 individuals have contributed to the VEAP program. Of these contributors, 257,153 have received some educational assistance; 693,651 have disenrolled and received a refund without receiving educational assistance; 203,193 are in an inactive status, never having received educational assistance or disenrolled, and 13 are currently on active duty and contributing.



Housing

Appropriation Language

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by subchapters I through III of chapter 37 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That during]2013, within the resources available, not to exceed $500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $157,814,000.

Total Housing
Summary of Appropriation Highlights
(dollars in thousands)

Housing Program and Liquidating Accounts	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Liquidating Account	$6,936	$8,936	$5,776	$4,837	-$939
Program Account	1,528,453	473,310	1,813,407	342,673	-1,470,734
Total Obligations	**$1,535,389**	**$482,246**	**$1,819,183**	**$347,510**	**-$1,471,674**
Budget Authority:					
Mandatory, Program Account	$1,387,359	$318,612	$1,658,709	184,859	-$1,473,851
Mandatory, Liquidating Account	-7,329	-6,267	-7,153	-6,274	+878
Discretionary Program Account	164,752	154,698	154,698	157,814	+3,116
Total Budget Authority (net)	**$1,544,782**	**$467,043**	**$1,806,255**	**$336,398**	**-$1,469,856**
Outlays:					
Liquidating Account	-$8,828	-$8,267	-$4,427	-$6,274	-$1,847
Program Account	1,528,827	473,310	1,813,407	342,630	-1,471,734
Total Outlays (net)	**$1,519,999**	**$467,043**	**$1,808,980**	**$336,398**	**-$1,472,581**

Note: Dollar amounts in charts may differ because of rounding errors.

Summary of Budget Request

The 2013 appropriation request includes funding for the mandatory and discretionary requirements of the Housing program. The mandatory request of $184.9 million for the Housing program account includes estimated funding for subsidy payments (costs to the government) for the Loan Sales program. The Liquidating account does not require an appropriation to fund account obligations because sufficient resources are available from offsetting collections (borrower's principal and interest payments, sale of homes, etc.). The discretionary request of $157.8 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Guaranteed Loan Sales subsidy reflects the portion of the expected default payments by the government that the government does not expect to be offset by collections, in net present value terms. In 2013, based on the estimated number of unbundled Vendee loans sold (10,626) and average loan amount ($111,166), the Guaranteed Loan Sales commitments are estimated to be $1.2 billion with with a ten percent (10%) sales discount and recourse to the Veterans Affairs. The associated subsidy estimate of $184.9 million is based on subsidy rate of 15.65 percent. The rate is calculated after discounting the estimated risk-adjusted net cash flows associated with the loan disbursements or commitments by the comparable rates on Treasury securities. The discounted net cash value divided by the total undiscounted value of loan disbursements equals the subsidy rate. A positive subsidy amount is capital to absorb future loan losses.

The Guaranteed Transitional Housing budget for 2013 requires no funding for guaranteed transitional housing loan obligations. The Guaranteed Transitional Housing program stopped originating new loans in 2009.

Credit Reform

The "Federal Credit Reform Act of 1990 (FCRA)," Public Law 101-508, changed the accounting for Federal credit programs to more accurately measure their costs and to make them consistent with and comparable to non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Housing Loan Program comprises six accounts, the Program Account, The Guaranteed Loan Financing Account, the Direct Loan Financing Account, the Loan Sales Securities Guaranteed Loan Financing Account, the Transitional Housing Guaranteed Loan Financing Account, and the Liquidating Account.

Credit Reform Accounts Descriptions

Liquidating Account:

The Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. Acquired and Vendee loans originating from this account in 1992 and after are recorded in the Direct Loan Financing Account.

Program Account:

The Program Account records the subsidy costs (cost to the government) associated with direct loans obligated and loan guarantees committed since 1992, as well as the discretionary administrative expenses associated with the housing programs. Subsidy costs are calculated on a net present value basis; the administrative expenses are estimated on a cash basis.

Direct Loan Financing Account:

The Direct Loan Financing Account (DLFA) is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans obligated since 1992 (including all vendee loans established and loans acquired from the Liquidating and Guaranteed Loan Financing Accounts). The DLFA primarily tracks each cohort year's loan activity (principal and interest payments, Treasury borrowings, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending. In 2007, the DLFA began executing two distinct cohorts, one for Direct Acquired Loans and one for Direct Vendee Loans.

Guaranteed Loan Financing Account:
The Guaranteed Loan Financing Account (GLFA) is a non-budgetary account that records all financial transactions, to and from the government, resulting from loan guarantees committed since 1992 (including modifications of loan guarantees that resulted from commitments in any year). Like the DLFA, its primary purpose is the financial tracking of each cohort year's loan activity and is not included in the budget totals.

Loan Sales Securities Guaranteed Loan Financing Account:
The Guaranteed Loan Sales Securities Account (LSSA) was established in 1999 to record transactions from the guarantee of Vendee loans sold under the Vendee Mortgage Trust (VMT) Securitization Program. The VMT program authority expires December 31, 2011. After this date, the Veterans Affairs may continue to sell unbundled Vendee whole loans with recourse under other existing authority. Like DLFA and GLFA, this account's primary purpose is the financial tracking of each cohort year's loan sale activity and is not included in the budget totals when calculating total government spending.

Guaranteed Transitional Housing Loan Financing Account:
The Transitional Housing Direct Loan Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from direct loan obligations. The Direct Loan Financing account is used primarily for the financial tracking of each cohort year's loan activity within the financing account and is not included in the budget totals when calculating total government spending. The Guaranteed Transitional Housing Loan was financed by the Federal Financing Bank (FFB) and, for budgetary and accounting purposes, is considered Agency debt. Therefore, although this is a guaranteed loan program, all transactions will be accounted for in a direct loan financing account.

Program Description

The Housing Program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. When a borrower purchases a home, the program operates by substituting the Federal Government's guaranty for a down payment that might otherwise be required.

Under 38 U.S.C. § 3703, the guaranty amount for a borrower with full entitlement is as follows:

- 50 percent for loans of $45,000 or less;
- $22,500 for loans greater than $45,000, but no more than $56,250;
- The lesser of $36,000 or 40 percent of the loan amount for loans greater than $56,250, but not more than $144,000 or;
- 25 percent of the loan amount for loans of $144,001 to $417,000; or
- For certain loans in excess of $417,000, the guarantee will be the lesser of: 25 percent of the county loan limit, or 25 percent of the loan.

Avoiding foreclosure is critical to VA and Veterans. VA's goal is to help Veterans retain their homes and to reduce the likelihood of foreclosure. VA and loan servicers take aggressive intervention actions when loans are more than 60 days in default. Benefits of assisting borrowers in default include the Veteran retaining his or her home and minimizing the damage to their credit rating, as well as a cost savings to the government.

VA charges various upfront funding fees according to the fee structure authorized in 38 U.S.C. § 3729. A person who pays a fee for a loan guaranteed or insured after December 31, 1989, or who is exempt from payment of the fee, shall have no liability to VA for any loss resulting from default except in the case of fraud, misrepresentation, or bad faith. This exemption does not apply to manufactured homes under section 3712 or loan assumptions.

Effective October 13, 2010, Public Law 111-275, sections 204 and 802, provides VA with new housing program authority. Section 204 allows the housing program to waive housing loan fees for certain Veterans with service-connected disabilities called to active service. Section 802 allows the housing program the option to purchase a VA-guaranteed loan that is modified under bankruptcy proceedings. However, implementation of Section 802 is not feasible until and unless 11 U.S.C. 1322(b) is revised.

Public Law 112-26, which was enacted in August 2011, set the loan guaranty funding fee rate for subsequent use loans at 2.8 percent for fiscal 2012 only. Public

Law 112-56, Section 265, which was enacted in November 2011, supersed Public Law 112-26. Public Law 112-56 extended fiscal 2011 loan guaranty funding fee rates from November 22, 2011 to September 30, 2016. All other funding fee rates in the table below are in accordance with current law.

VA is authorized to make direct loans to severely disabled Veterans in connection with Specially Adapted Housing Grants. The maximum loan amount is $33,000.

Veterans may also obtain guaranteed loan financing to buy a new or used manufactured home and buy or improve a lot for placement of a manufactured home. The guarantee amount is the lesser of 40 percent of the loan amount or $20,000. Veterans are charged a funding fee of one percent of the loan amount.

The Guaranteed Transitional Housing program was established by Public Law 105-368, the "Veterans Benefits Enhancement Act of 1998". The program was a pilot project designed to expand the supply of transitional housing for homeless Veterans by providing up to 15 loans with a maximum aggregate value of $100 million. The project enforced sobriety standards and provided a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, are required to pay a reasonable fee. No new loans will be originated in fiscal 2013 and no additional program account dollars are required to service the one existing loan.

Loan Fee Structure for VA-Guaranteed Loans		
	Veterans	Reservists
First Time Use		
Downpayment		
Less than 5 percent[1]		
- October 1, 2011 until October 5, 2011	1.40%	1.65%
- October 6, 2011 until November 17, 2011	2.15%	2.40%
- November 18, 2011 through November 21, 2011	1.40%	1.65%
- November 22, 2011 through September 30, 2016	2.15%	2.40%
- On or after October 1, 2016	1.40%	1.65%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2016	1.50%	1.75%
- On or after October 1, 2016	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2016	1.25%	1.50%
- On or after October 1, 2016	0.50%	0.75%
Second and Subsequent Use		
Downpayment		
Less than 5 percent[1]		
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 5, 2011	2.80%	2.80%
- October 6, 2011 until November 17, 2011	3.30%	3.30%
- November 18, 2011 through November 21, 2011	2.80%	2.80%
- November 22, 2011 through September 30, 2016	3.30%	3.30%
- On or after October 1, 2016	1.25%	1.25%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2016	1.50%	1.75%
- On or after October 1, 2016	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2016	1.25%	1.50%
- On or after October 1, 2016	0.50%	0.75%
Refinancing Loans		
Interest Rate Reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected Veterans	0.00%	0.00%

[1] includes 'Cash-Out' Refinancing loans

Housing Liquidating and Program Accounts
Summary of Appropriation Highlights
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Liquidating:					
Program Obligations	$6,936	$8,936	$5,776	$4,837	-$939
Unobligated Balance:					
Start of year	2,163	0	1,138	0	-1,138
End of year	1,138	0	0	0	0
Transfer to General Fund	-9,492	-6,267	-8,291	-6,274	+2,016
Offsetting Collections	15,403	15,203	12,929	11,111	-1,818
Budget Authority (net)	-7,329	-6,267	-7,153	-6,274	+878
Outlays (net)	-8,828	-6,267	-4,427	-6,274	-1,847
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	$0	$0	$26,487	$0	-$26,487
Veterans Housing Loan Sales	3,719	112,479	120,241	184,859	+64,618
Veterans Housing Direct Acquired	0	4,993	2,096	0	-2,096
Veterans Housing Direct Vendee	0	0	0	0	0
Veterans Transitional Housing Loans	0	0	0	0	0
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	1,263,599	0	707,065	0	-707,065
Veterans Housing Loan Sales	32,592	0	73,599	0	-73,599
Veterans Housing Direct Acquired	82,576	0	716,691	0	-716,691
Veterans Housing Direct Vendee	4,873	0	12,530	0	-12,530
Administrative Expenses:					
Veterans Benefits Administration	116,456	136,005	136,005	137,487	+1,482
General Counsel	5,284	5,021	5,021	5,284	+263
Information Technology	19,729	13,672	13,672	15,043	+1,371
Obligations	**$1,552,110**	**$473,310**	**$1,813,407**	**$342,673**	**-$1,470,734**
Unobligated Balance:					
Unobligated Balance Expiring	$0	$0	-$16	$0	$0
Start of year	43,387	43,387	43,387	43,387	0
End of year	59,671	43,387	43,387	43,387	0
Budget Authority (net)	**$1,528,827**	**$473,310**	**$1,813,407**	**$342,673**	**-$1,470,734**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	0	0	0	0	0
Outlays (net)	**$1,528,827**	**$473,310**	**$1,813,407**	**$342,673**	**-$1,470,734**
Total Obligations	**$1,535,763**	**$482,246**	**$1,819,183**	**$347,510**	**-$1,471,674**
Budget Authority:					
Appropriation, mandatory	$1,387,359	$318,612	$1,658,709	$184,859	-$1,457,567
Appropriation, discretionary	164,752	154,698	154,698	157,814	+3,116
Liquidating Account	-7,329	-6,267	-7,153	-6,274	+878
Total Budget Authority (net)	$1,544,782	**$467,043**	**$1,806,255**	**$336,398**	**-$1,469,856**
Total Outlays (net)	**$1,519,999**	**$467,043**	**$1,808,980**	**$336,398**	**-$1,472,581**

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated $11.1 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). Obligations for 2013 are estimated at $4.8 million which, when netted with collections, results in a negative budget authority of $6.3 million. The Liquidating Account includes activity for all loans disbursed prior to fiscal year 1992. These loans do not fall under the requirements of FCRA and subsidy is not calculated for the Liquidating Account.

Budget authority of $342.6 million is requested for the Housing Program Account for 2013 to provide funding for administrative expenses of $157.8 million and subsidy payments of $184.9 million to the Guaranteed Loan Sales Financing Account. A subsidy appropriation is not required for the Guaranteed Loan and Direct Vendee and Acquired Loan programs, which have negative subsidy rates in 2013. Any Guaranteed Transitional Housing program subsidy would be funded from unobligated balance carry forward.

Subsidy for federal credit programs represents the estimated cost to the Government of making and guaranteeing loans. Veteran's Housing loans are generally for 30 years and the subsidy rate reflects the cost to the Government for that 30-year period. A subsidy rate is the net present value of all cash inflows (fees, down payments, sales of inventory property, etc.) less the cash outflows (claim and acquisition payments, property expenses, etc.) for those 30 years. Risk-adjusted cash inflows and outflows are estimated for each year of the 30 years. Subsidy Budget Authority requested is the subsidy rate for the program multiplied by the total loan level projected for 2013. A negative subsidy rate results when cash inflows exceed cash outflows, thus government funds in the form of subsidy are not required. Details on loan levels and subsidy rates for all credit programs are displayed in the Workload Summary table.

Changes from Original 2012 Budget Estimate

Current 2012 Housing Program Account budget authority of $1.8 billion is an increase of $1.3 billion from the original 2012 budget estimate. This is primarily the result of an increase of $1.5 billion in subsidy upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired and Vendee Loan housing programs.

Housing Liquidating and Program Accounts
Analysis of Increases and Decreases - Outlays
(dollars in thousands)

	2012 Current Estimate	2013 Estimate
Prior Year Outlays	$1,519,999	$1,808,980
Liquidating:		
Liquidating Obligations	-$1,160	-$939
Liquidating Collections	+2,474	+1,818
Liquidating Change in Obligated Balance	+3,087	-2,725
Change in Uncollected Customer Payments	-0	0
Housing Program:		
Guaranteed Loan Subsidy	26,487	-26,487
Loan Sales Loan Subsidy	+116,522	+64,618
Direct Acquired Loan Subsidy	2,096	-2,096
Transitional Housing Loan Subsidy	0	0
Upward reestimate, with interest:		
Guaranteed Loans	-556,534	-707,065
Loan Sales Securities	+41,007	-73,599
Direct Acquired Loans	+634,114	-716,691
Direct Vendee Loans	+7,657	0
Change in Obligated Balances/other	0	-12,530
Administrative Expenses	+13,229	+3,116
Net Change	**+$288,981**	**-$1,472,581**
Estimated Outlays (net)	**+$1,808,980**	**$336,398**

Outlays for mandatory programs in 2012 are projected to increase by $289 million from the 2011 level. This is primarily due to an increase of $682.8 million in upward reestimates for the Direct Loan and Loan Sale Securities programs. Additionally, there is an increase of $145.1 million in Guaranteed Loan, Direct Loan, Loan Sales Loan subsidies, and an increase of $13.2 million in Administrative Expenses. These increases are partially offset by a decrease of $556.5 million in upward reestimates for the Guaranteed Loan program.

Outlays for mandatory programs in 2013 are currently projected to decrease by $1.5 billion from 2012. This is primarily due to a decrease of $1.5 billion in upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired and Vendee Loans programs. The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission. The 2013 outlay decrease is slightly offset by an increase in subsidy of $64.6 million for the Loan Sales Securities program.

Financing Accounts - Non-Budgetary
Financial Summary
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Guaranteed Loans:					
Obligations	$2,774,021	$2,204,035	$2,455,650	$2,451,243	-$4,407
Collections	3,798,402	2,371,112	2,973,644	2,470,783	-502,861
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	-1,038,569	-167,350	-284,649	-22,198	+262,451
Loan Sales Securities:					
Obligations	$214,481	$1,053,918	$1,131,208	$1,194,716	+$63,508
Collections	225,598	1,097,897	1,245,844	1,263,376	+17,532
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	-11,752	-43,979	-114,637	-68,660	+45,976
Direct Loans:					
Obligations	$415,849	$1,367,682	$1,280,075	$1,465,679	+$185,603
Collections	408,023	1,169,745	1,929,134	1,279,533	-649,601
Financing Authority (net)	126,819	197,936	-649,059	186,146	+835,205
Financing Disbursements (net)	3,710	194,948	-664,457	182,455	+846,912
Transitional Housing Loans:					
Obligations	$554	$4	$334	$224	-$110
Collections	508	197	243	200	-43
Financing Authority (net)	-37	-3	-31	-2	+28
Financing Disbursements (net)	56	-194	91	24	-67
Housing Financing Accounts Totals:					
Obligations	$3,404,906	$4,625,638	$4,867,266	$5,111,861	-$244,595
Collections	4,432,532	4,638,951	6,148,865	5,013,891	-1,134,974
Financing Authority (net)	126,781	197,933	-649,089	186,144	+835,233
Financing Disbursements (net)	-1,046,555	-16,574	-1,063,651	91,621	+1,155,272

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a subsidy rate of -0.10 percent in 2013 and will require zero in subsidy to guarantee 228,410 Veterans Housing loans, totaling $49.6 billion. Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, made some changes to the Loan Guaranty Program. The Act extended the authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30, 2012. The

Act also increased the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans are allowed for up to 100 percent of the appraised value of the home.

Public Law 111-275, the Veterans' Benefits Improvement Act of 2010 became effective October 13, 2010. Section 204 of the Act allowed the housing program to originate loan guarantees without funding fees for Veterans with service-connected disabilities called to active duty.

$184.9 million (on-budget) in Loan Sales subsidy for 2013 is required to finance 10,626 loan commitments at a subsidy rate of 15.65 percent, totaling $1.2 billion. Through the home loan program, the Veterans Affairs continues to refund or acquire guaranteed loans based on current laws and policies and market conditions.

Analysis of Financing Account Increases and Decreases
Non-Budgetary Disbursements
(dollars in thousands)

Financing	2012 Current Estimate	2013 Estimate
Prior Year Net Disbursements	-$1,046,555	-$1,063,651
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	-$318,372	-$4,407
Offsetting collections	+824,759	+502,861
Change in obligated balances	+248,392	-236,004
Change in Uncollected Customer Payments	-858	0
Loan Sales Securities:		
Obligations	+916,726	+63,508
Offsetting collections	-1,020,246	-17,532
Change in obligated balances	+635	0
Change in Uncollected Customer Payments	0	0
Direct Loans:		
Obligations	+864,226	+185,603
Offsetting collections	-1,521,111	+649,601
Change in obligated balances	-23,192	+11,707
Change in Uncollected Customer Payments	+336	0
Change in Prior Year Recoveries	+12	0
Transitional Housing Loans:		
Obligations	-220	-110
Offsetting collections	+266	+43
Change in obligated balances	-11	0
Change in Uncollected Customer Payments	0	0
Net Change	**-$17,096**	**+$1,155,272**
Estimated Net Disbursements	-$1,063,651	+$91,621

In 2012, total financing net disbursements (outlays) are projected to decrease by $17.1 million, mostly due to an increase in overall offsetting collections that exceeds an increase in overall obligations. Net disbursements for Guaranteed Loans are estimated to increase by $753.9 million, due to a decrease in offsetting collections of $824.8 million and a change in obligated of $248.4 million with an offsetting decrease in of $318.4 million. Net disbursements for Loan Sales Securities are estimated to decrease by $102.9 million, due to an increase in offsetting collections of $1,020.3 million that exceeds an increase in obligations of $916.7. Net disbursements for Direct Loans are estimated to decrease by $668.2 million, due to a decrease in offsetting collections of $1,521.1 million that exceeds an increase in obligations of $864.2 million.

In 2013, total financing net disbursements (outlays) are projected to increase by $1,155.3 million, mainly due to a decrease in overall offsetting collections and a increase in overall obligations. Net disbursements for the GLFA are currently projected to increase $262.5 million in 2013, primarily due to a decrease in offsetting collections of $502.9 million with offsetting decrease in change in obligated balances of $236.0 million. Net disbursements for Direct Loans are projected to increase by $846.9 million, primarily due to a decrease in offsetting collections of $649.6 million and an increase in obligations of $185.6 million. For Loan Sales Securities, an increase in net disbursements of $46.0 million is expected in 2013, due to an increase in obligations of $63.5 million that exceeds an increase in offsetting collections of $17.5 million. Most of the increases in net disbursements are due to decreases in offsetting collections from upward reestimates, which will not be calculated until the end of 2013 and shown in the 2014 Congressional Budget submission.

Loan Data Summary
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	-0.31%	-0.35%	-0.13%*	-0.10%	+0.03%
Number of guaranteed loans	343,556	263,440	304,905	228,410	-76,496
Amount of guaranteed loans	$71,931,261	$57,468,626	$63,941,043	$49,639,723	-$4,301,319
Average loan amount (full dollars)	$209,373	$218,147	$209,708	$217,328	+$7,620
Loan Sales Securities:					
Subsidy rate	2.00%	10.75	10.75%	15.65%	+4.90%
Guaranteed loans sold:					
Number of loans sold	1,725	9,858	10,233	10,626	+393
Amount of loans sold	$185,905	$1,046,320	$1,118,522	$1,181,206	+$62,684
Average loan amount (full dollars)	$107,771	$106,134	$109,308	$111,166	+$1,858
Gross proceeds from sale	$186,457	$970,399	$1,037,337	$1,063,086	-$25,749
Direct Loans:					
Acquired Loans:					
Subsidy rate	-0.13%	4.09%	4.09%	-2.29%	-6.38%
Number of Loans	92	589	500	595	+95
Total amount of loans	$8,635	$122,068	$51,259	$63,151	+$11,892
Average loan amount (full dollars)	$94,888	$207,332	$102,518	$106,085	+$3,566
Vendee Loans:					
Subsidy rate	-2.42%	-2.12%	-2.12%	-2.55%	-0.43%
Number of Loans	4,660	5,111	9,499	10,816	+1,317
Total amount of loans	$252,905	$1,113,719	$1,090,230	$1,262,551	+$172,321
Average loan amount (full dollars)	$54,275	$217,899	$114,777	$116,733	+$1,956
Transitional Housing:					
Subsidy rate	0.00%	0.00%	0.00%	0.00%	0.00%
Number of guaranteed loans	0	0	0	0	0
Total amount of loans	$0	$0	$0	$0	$0
Average loan amount (full dollars)	$0	$0	$0	$0	$0

*Blended loan subsidy rate to reflect the impact of Public Laws 112-26 and 112-56.

Proposed Legislation for 2013 Budget

Extension of Net Value Authority
The Veterans Affairs (VA) is currently authorized to calculate the net value of a property at the time of foreclosure under 38 U.S.C. 3732(c). This proposal would extend VA's authority for calculating the net value of a property and using that calculation to determine VA's liability to pay claims at the time of foreclosure through the end of fiscal 2015. This proposal would also provide the Secretary with the discretion to determine what costs should be included in the net value calculation, based on prevailing economic conditions. The enactment of this proposal would result in no additional loan subsidy costs.

Dependent Child Occupancy for VA Home Loans
Legislation will be proposed to permit a Servicemember's dependent children to satisfy the occupancy requirement in 38 U.S.C. § 3704 in those cases where the Servicemember is unable to personally occupy the property due to his or her military service. This would allow for the home of a single Veteran using the benefit to be occupied by the person's dependent child while the Veteran is on active duty status. The estimated loan subsidy cost that would result from enactment of this proposal is $370 thousand in the first year, $3.9 million over 5 years and $10.8 million over 10 years.

Native American Veterans Housing Loan Program

Appropriation Language

For administrative expenses to carry out the direct loan program authorized by title 38 U.S.C. chapter 37, subchapter V, as amended, $1,089,000.

Summary of Net 2013 Estimates
(dollars in thousands)

	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	$1,089	$1,089	$0	$0
Direct Loan Financing Account	$0	$0	$2,583	$2,466
Total	**$1,089**	**$1,089**	**$2,583**	**$2,466**

Summary of Budget Request

An appropriation of $1.089 million is being requested to reimburse the General Operating Expenses account for expenses necessary to administer this program. The Native American Housing program has a negative subsidy rate in 2013 and therefore will not require any subsidy from the program's $2.3 million unobligated balance.

Program Description

The Native American Veterans Housing Loan Program is authorized by 38 U.S.C. chapter 37, section 3761 to provide direct loans to Veterans living on trust lands. The loans are available to purchase, construct or improve homes to be occupied as Veteran residences. These homes must be occupied as the Veteran's residence. The principal amount of a loan under this authority generally may not exceed $417,000 (in some locations, this limit may be higher, depending on median area home prices). Veterans pay a funding fee of 1.25 percent of the loan amount but Veterans with a service-connected disability are exempt from paying the fee. The law also requires that before a direct loan can be made, the Veteran's tribal organization sign a Memorandum of Understanding with the Department of Veterans Affairs with respect to the terms and conditions of the loan.

The Native American Veterans Housing Loan Program is a program that began in 1993 as a pilot program. Indefinite subsidy authority of $4.5 million was provided for by PL 102-389, "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriation Act, 1993." Initial authority for this pilot program expired September 30, 1997. Authority was extended through December 31, 2001 by PL 105-114, "Veterans Benefits Act of 1997", through December 31, 2005 by PL 107-103, "Veterans Education and Benefits Expansion Act of 2001," extended through December 31, 2008, by PL 108-454, "Veterans Benefits Improvement Act of 2004," and became permanent by PL 109-233, "Veterans Housing Opportunity and Benefits Act of 2006."

Credit Reform

The "Federal Credit Reform Act of 1990," PL 101-508, changed the accounting for Federal credit programs to more accurately measure the costs of credit programs and to make credit programs consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy costs, the cost to the government, from the non-budgetary cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, credit programs separate the Native American Housing Loan Program into two accounts, the Program Account and the Direct Loan Financing Account.

Program Account

The Native American Veterans Housing Loan Program's Program Account was established to provide appropriations for the payment of subsidies to the Native American Veterans Housing Loan Program's Direct Loan Financing Account and to request appropriations for the associated administrative expenses, reimbursed to the General Operating Expenses appropriation. The subsidy cost is calculated on a net present value basis; the administrative expenses are estimated on a cash basis. This account holds the unobligated balance of the original appropriation for subsidy.

Native American Direct Loan Program Account Summary of Appropriation Highlights (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations					
Upward reestimates, including interest	$4,508	$0	$12,911	$0	-$12,911
Administrative expenses:					
Veterans Benefits Administration	$643	$1,096	$1,096	$1,069	-$27
General Counsel	$20	$20	$20	$20	$0
Total administrative expenses	$663	$1,116	$1,116	$1,089	-$27
Total obligations	**$5,171**	**$1,116**	**$14,027**	**$1,089**	**-$12,938**
Unobligated Balance:					
Start of year	-$2,256	-$2,256	-$2,256	-$2,256	$0
End of year	$2,256	$2,256	$2,256	$2,256	$0
Budget authority (net)	**$5,171**	**$1,116**	**$14,027**	**$1,089**	**-$12,938**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$5,171**	**$1,116**	**$14,027**	**$1,089**	**-$12,938**
Financing:					
Appropriation, discretionary	$663	$1,116	$1,116	$1,089	-$27
Mandatory Indefinite	$4,508	$0	$12,911	$0	-$12,911
Workload:					
Number of direct loans established	41	60	60	60	0
Average direct loan amount (dollars)	$182,740	$149,776	$185,299	$188,263	+$2,965
Amount of direct loans established	$7,492	$8,987	$11,118	$11,296	+$178
NA direct loan subsidy rate	-13.65%	-11.97%	-11.97%	-17.84%	-5.87%

Detail of Budget Request

The direct loan subsidy reflects the portion of loan disbursements, which the Government does not expect to recover; i.e., the cost to the Government in net present value terms. The subsidy rate is calculated after discounting the estimated net cash flows of loan disbursements by comparable rates on Treasury securities. The discounted net cash value divided by the total value of loans equals the subsidy rate.

When the Native American Direct Loan Program was initiated, a positive subsidy rate was assumed based on the assumption that these loans would have a default rate consistent with the default rate that VA had experienced for other direct loans. Funds used to make the loans are borrowed from Treasury and lent at market rates. This interest rate spread, coupled with minimal defaults, generates a negative subsidy rate. Therefore, no subsidy will be transferred from the program to the financing account in 2013.

To provide for origination, servicing, management, investment and common overhead expenses, $1.089 million is required for the Program Account. This amount

will provide VBA seven FTE at a cost of $1,069,000 payroll and nonpayroll expenses. The Office of the General Counsel will be reimbursed $20,000 to support one FTE.

Native American Direct Loan Program Account Analysis of Increases and Decreases - Outlays (dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year outlays (net)	**$5,171**	**$14,027**
Increases (+) and Decreases (-)		
Upward reestimates, including interest	+$8,403	-$12,911
Administrative expenses	+$453	-$27
Change in obligated balance/other	$0	$0
Net Change	**+$8,856**	**-$12,938**
Estimated Outlays (net)	**$14,027**	**$1,089**

In 2012, outlays will total $14 million, an increase of $8.8 million from the 2011 level. This is due to an increase in administrative expenses and mainly of $8.4 million in the direct loan upward reestimates from $4.5 million to $12.9 million.

In 2013, outlays will total approximately $1.089 million, a decrease of $12.9 million from the 2012 level. The decrease is mainly the result of a decrease in upward reestimates of $12.9 million, and a slight decrease in administrative expenses of $27,000. The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission.

Direct Loan Financing Account - Off-Budget

The Native American Veterans Housing Loan Program, Direct Loan Financing Account is an off-budget account that records all financial transactions; i.e., obligations, collections, and outlays associated with direct loan originations. The Direct Loan Financing Account is used primarily for the financial tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Native American Direct Loan Financing Account - Off-Budget Financial Summary (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$7,492	$8,987	$11,118	$11,296	+$178
Negative subsidy	$1,023	$1,076	$1,331	$2,015	+684
Interest on Treasury borrowings	$3,958	$1,660	$1,459	$1,524	+65
Property expenses	$75	$13	$24	$25	+$1
Other Expenses	$0	$0	$0	$0	$0
Treasury Receipt account:					
Downward Reestimates	$2,546	$0	$4,078	$0	-$4,078
Int. on Downward Reestimates	$654	$0	$927	$0	-$927
Total obligations	**$15,748**	**$11,736**	**$18,936**	**$14,860**	**-$4,076**
Unobligated Balance:					
Start of year	$1,818	$0	$7	$0	$0
End of year	$7,020	$0	$0	$0	$0
Obligated Balance:					
Start of year	$1,526	$3,522	$1,173	$1,264	+$91
End of year	$1,173	$2,020	$1,264	$1,381	+$117
Offsetting Collections:					
Payments from Program account	$4,508	$0	$12,911	$0	-$12,911
Interest on Uninvested funds	$1,253	$0	$0	$0	$0
Loan repayments	$2,128	$2,144	$8,522	$8,913	+$391
Interest received on loans	$2,333	$1,297	$3,104	$3,268	+$164
Fees	$23	$83	$68	$72	+$4
Other	$13	$34	$20	$23	+$3
Total offsetting collections	**$10,257**	**$3,558**	**$24,626**	**$12,277**	**-$12,349**
Financing:					
Financing authority, net	$10,692	$8,178	-$5,690	$2,583	+$8,273
Financing disbursements, net	$5,843	$9,680	-$5,781	$2,466	+$8,246

Summary of Off-Budget Financing Account

Obligations are estimated at $14.8 million for 2013 and are expected to support 60 direct loans to Native American Veterans with a value of almost $11.3 million. Obligations also reflect interest on Treasury borrowing of $1.5 million and property expenses of $25,000. Interest on Treasury borrowing is computed based on average financing authority net of offsetting collections, using current interest rate assumptions on Treasury securities.

Total offsetting collections in 2013 are estimated at $12.2 million, including $8.9 million in repayments and prepayments of principal, $3.2 million from borrower's interest payments, $72,000 from fees on loans, and $23,000 from other collections.

Collections are $12.3 million lower in 2013 than in 2012 mainly as a result of upward reestimates of $12.9 million. The 2013 upward reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

Changes from Original 2012 Budget Estimate

The current estimate obligation for 2012 is almost $7.2 million higher than the original estimate primarily due to an increase in downward reestimates (including interest) totaling approximately $5 million. There also are increases in direct loan obligation of over $2.1 million and negative subsidy of $255,000. These increases are slightly offset by a decrease in interest on treasury borrowings of $202,000.

Native American Direct Loan Financing Account - Off-Budget
Analysis of Increases and Decreases - Outlays
(dollars in thousands)

	2012 Current Estimate	2013 Estimate
Prior year outlays (net)	$5,843	-$5,781
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$3,626	+$178
Negative Subsidy	+$308	+$684
Interest on Treasury borrowing	-$2,500	+65
Property Expenses	-$51	+$1
Other Expenses	$0	$0
Payments to Treasury Receipt account:		
Downward Reestimates	+$1,532	-$4,078
Int. on Downward Reestimates	+$273	-$927
Offsetting collections:		
Payments from Program account	-$8,403	+$12,911
Interest on Uninvested funds	+$1,253	$0
Loan repayments	-$6,395	-$391
Interest received on loans	-$771	-$164
Fees	-$45	-$4
Other	-$8	-$3
Change in obligated balances	-$443	-$26
Change in Uncollected Customer Payments	$0	$0
Net Change	**-$11,624**	**+$8,246**
Estimated Outlays (net)	-$5,781	+$2,466

In 2012, outlays are estimated at -$5.8 million, a decrease of $11.6 million from 2011. The overall outlay decrease is due to a net increase in offsetting collections that exceeds a net increase in obligations. Net offsetting collections increased by $14.8 million, mainly due to increases in payments from the program account of $8.4 million and loan repayments of $6.4 million. This increase is slightly offset by an increase in interest on uninvested funds of $1.2 million. The net increase in obligations for 2012 is $3.1 million. This increase is mainly due to increases in direct loan obligations of $3.6 million and downward reestimates (including interest) of $1.8 million. This increase is slightly offset by decreases in interest on Treasury borrowing and property expenses of $2.5 million and $51,000, respectively.

In 2013, outlays are estimated at $2.4 million, an increase of $8.2 million from 2012. The overall outlay increase is due to a net increase in obligations that exceeds decreases in offsetting collections and obligated balance. The net increase in obligations of $4 million is primarily the result of downward reestimates (including interest). The net decrease in offsetting collections of $12.3 million is mainly due to a $12.9 million decrease in payments from the program account. The 2013 reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

Insurance Benefits

Appropriation Language

Veterans Insurance and Indemnities

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled Veterans insurance, and Veterans mortgage life insurance as authorized by title 38, United States Code, chapters 19 and 21, $104,600,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	Increase (+) Decrease(-)
Lives Insured:[1]					
Veterans (Administered Programs)	953,663	895,757	887,755	821,784	-65,971
Veterans (VGLI)	426,750	430,100	430,100	430,500	+400
Servicemembers (SGLI)	2,422,500	2,421,000	2,421,000	2,415,000	-6,000
Spouses and Children (FSGLI)	3,254,000	3,256,000	3,256,000	3,248,000	-8,000
Total Lives Insured	**7,056,913**	**7,002,857**	**6,994,855**	**6,915,284**	**-79,571**
Face Amount In Force	**$ 1,348,775,789**	**$ 1,352,685,500**	**$ 1,352,685,830**	**$ 1,350,990,270**	**-1,695,560**
Obligations:					
Death Claims	$1,097,985	$1,133,700	$1,155,558	$1,121,501	-34,057
Dividends	249,093	219,870	206,440	174,470	-31,970
Premiums Paid to Prudential	805,165	833,923	813,885	811,780	-2,105
Transfers to Insurance Funds	329,956	83,702	347,134	84,730	-262,404
Payments for Administrative Expenses	40,047	48,669	47,723	47,280	-443
Capital Investments	67,192	79,320	67,404	67,455	+51
All Other Obligations	174,641	182,672	183,129	179,299	-3,830
Total Obligations	**$ 2,764,079**	**$2,581,856**	**$2,821,273**	**$2,486,515**	**$ -334,758**
Funding:					
Offsetting Collections					
Premiums	$96,132	$101,600	$100,510	$101,620	+1,110
SGLI Premiums	807,684	836,910	816,790	814,750	-2,040
Interest on U.S. Securities	133,342	123,870	124,170	115,430	-8,740
Payments for S-DVI	64,219	83,432	80,894	84,540	+3,646
SGLI Extra Hazard Payments	205,439	0	166,000	0	-166,000
TSGLI Payments	60,000	0	100,000	0	-100,000
All Other Collections	239,162	219,580	208,103	188,420	-19,683
Total Collections	**$1,605,978**	**$1,365,392**	**$1,596,467**	**$1,304,760**	**-291,707**
Unobligated balance (SOY)	**$-8,757,331**	**$-8,103,556**	**$-8,187,409**	**$-7,505,155**	**+682,254**
Unobligated balance (EOY)	**$8,187,409**	**$7,430,424**	**$7,505,155**	**$6,813,689**	**-691,465**
Budget Authority, net:					
Insurance Benefit (VI&I)	$77,589	$100,252	$100,252	$104,600	+4,348
Transfer From Other Sources	$0	$0	$0	$0	+0
Trust Funds	$1,046,151	$1,046,472	$1,049,293	$999,629	-49,664
Total:					
Budget Authority (net)	**$1,123,740**	**$1,146,724**	**$1,149,545**	**$1,104,229**	**-45,316**
Outlays (net)	**$1,242,840**	**$1,308,365**	**$1,323,533**	**$1,274,557**	**-48,976**

[1] *The Insurance program depicts lives insured rather than showing the number of policies. This more accurately reflects the population Insurance serves and the true scope of the insurance programs, because some Veterans in our administered programs have more than one policy, and because our supervised programs (SGLI, FSGLI and VGLI) are in fact only one "group policy".*
Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veterans' Mortgage Life Insurance (VMLI) and supervises four additional programs for the benefit of Servicemembers, Veterans, their families and their beneficiaries. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes.

Budget authority (permanent and indefinite) is made available automatically to the United States Government Life Insurance (USGLI) and the National Service Life Insurance (NSLI) funds each year by virtue of standing legislation. All obligations of the Veterans' Special Life Insurance (VSLI) and Veterans' Reopened Insurance (VRI) funds are paid from offsetting collections and redemption of investments in U.S. Treasury securities. All obligations of the Service-Disabled Veterans' Insurance (S-DVI) fund are paid by transfers from the Veterans Insurance and Indemnities (VI&I) fund and other offsetting collections. No action by Congress is required. Obligations of the Servicemembers' Group Life Insurance (SGLI) program are financed from premium collections, interest on investments, and extra hazard payments from service branches.

In 2013, the VI&I account will require an appropriation of $104.6 million to finance its operation. This will enable VA to transfer $84.5 million to the S-DVI program, $19.9 million to the VMLI program, and $190,000 to the NSLI program (detailed explanations for these transfers are included under Insurance – VI&I Appropriated Fund).

Changes from Original 2012 Budget Estimate

The 2012 current estimate for total obligations increases by $239.4 million from the original 2012 estimate. The majority of this increase is attributable to an approximately $260 million increase in transfers to insurance funds offset by an approximately $20 million decrease in premiums paid to Prudential.

The change in transfers to insurance funds is mainly due to an increase of $166 million in SGLI extra hazard payments and $100 million in transfers to fund the Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) program. SGLI extra hazard payments are payments that fund the difference between death claims incurred during military action and what would be expected under peacetime experience. TSGLI payments are extra hazard payments that fund the excess of TSGLI claims, since TSGLI premiums received are intended to cover the civilian incidence of traumatic injuries. SGLI extra hazard payments and TSGLI payments are transferred from DoD to VA.

Offsetting collections in 2012 are projected to increase by $231.1 million from the original 2012 estimate. The majority of this increase is the result of increases in SGLI extra hazard payments of $166 million and TSGLI payments of $100 million (discussed above). SGLI premiums, SGLI extra hazard payments, and TSGLI payments are transferred from DoD to VA and then transferred by VA to Prudential. Therefore, the transfers will appear as both a collection and an obligation and do not impact net outlays.

Insurance Analysis of Increases and Decreases (dollars in thousands)		
	2012 Current Estimate	2013 Request
Prior Year Outlays	$1,242,840	$ 1,323,533
Increases (+) and Decreases (-)		
Obligations:		
Death Claims	+57,573	-34,057
Dividends	-42,653	-31,970
Premiums Paid to Prudential	+8,720	-2,105
Transfers to Insurance Funds	+17,178	-262,404
Payments for Administrative Expenses	+7,676	-443
Capital Investments	+211	+51
All Other Obligations	+8,488	-3,830
Offsetting collections:		
Premiums	-4,378	-1,110
SGLI Premiums	-9,106	+2,040
Interest on U.S. Securities	+9,172	+8,740
Payments for S-DVI	-16,675	-3,646
SGLI Extra Hazard Payments	+39,439	+166,000
TSGLI Payments	-40,000	+100,000
All Other Collections	+31,059	+19,683
Change in Obligated Balances	+13,987	-5,925
Net Change	**$+80,692**	**$-48,976**
Estimated Outlays (net)	$1,323,533	$1,274,557

In 2012, outlays increase by $80.7 million above the prior year. The increase in net outlays is primarily a result of an increase in death claims in the S-DVI and VMLI programs, a decrease in NSLI premiums (included in all other collections), and the change in obligated balance. The increases are partially offset by a decrease in dividends.

Death claims increase in the S-DVI and VMLI program as a result of Public Law 111-275 (PL 111-275), which increased S-DVI supplemental coverage from $20,000 to $30,000 (effective October 1, 2011), as well as the maximum amount of VMLI coverage from $90,000 to $150,000 (effective October 1, 2011) and then to $200,000 (effective January 1, 2012). In addition, S-DVI death claims are impacted by increased estimates of S-DVI inforce. The decrease in NSLI premiums is a result of the decline in the number of NSLI policies in force. The decrease in dividends

is attributed to a lower average rate of return on securities, resulting in decreased investment earnings, which results in lower dividend distributions.

In addition to the above changes, there are major changes in SGLI extra hazard payments and TSGLI payments. SGLI extra hazard payments decline by $39.4 million while TSGLI payments increase by $40.0 million. The increase in TSGLI payments is a result of PL 111-275 that allows for a qualifying TSGLI retroactive benefit, regardless of where the injury from the traumatic event occurred. The changes in collections, SGLI extra hazard, and TSGLI payments are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

In 2013, outlays are projected to decrease by $49.0 million. The major changes in obligations and collections that impact net outlays are decreases in death claims, dividends, and NSLI premiums (included in all other collections). There are also significant decreases in SGLI extra hazard payments ($166 million) and TSGLI payments ($100 million). The decreases in collections, SGLI extra hazard, and TSGLI payments are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

Summary of Insurance Programs 2013
(dollars in millions)

	VI&I (VMLI) (Open)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII-Korean)	SDVI (Open)	SGLI/ TSGLI (Open)	Family SGLI (Open)	VGLI (Open)	TOTAL
Beginning Date	08/11/71	10/08/40	01/01/19	04/25/51	05/01/65	04/25/51	09/29/65	11/01/2001	8/1/74	
Closing Date	Open to New Iss.	04/24/51	04/24/51	12/31/56	05/01/66	Open to New Iss.	Open to New Iss.	Open to New Iss.	Open to New Iss.	
Lives Insured	2,390	446,329	1,629	127,927	18,034	225,475	2,415,000	3,248,000	430,500	6,915,284
Number of Polices Inforce										
Term insurance	2,390	119,640	n/a	9,580	n/a	77,110	n/a	n/a	n/a	208,720
Permanent plans	n/a	390,804	1,646	131,013	20,725	182,343	n/a	n/a	n/a	726,531
Tot. policies inforce	**2,390**	**510,444**	**1,646**	**140,593**	**20,725**	**259,453**	**2,415,000**	**3,248,000**	**430,500**	**7,028,751**
Tot. value inforce(1)	**$330**	**$6,321**	**$4**	**$1,955**	**$220**	**$2,812**	**$1,139,308**	**$133,689**	**$66,352**	**$1,350,990**
Avg amt. per policy(2)	$138,075	$12,383	$2,430	$13,905	$10,615	$10,838	$471,763	$41,160	$154,128	
Avg age	59.0	86.6	93.6	81.4	87.4	62.7	30.0	32.7	50.9	
Annual death rate per 1,000	110.3	111.0	226.7	51.5	126.5	38.5	0.9	0.71	5.5	

(1) The total value of inforce includes paid-up additional insurance.
(2) The average amount of insurance is represented in whole numbers.
(3) Average age for spouses only.
(4) Average annual death rate for spouses only.

Veterans Insurance and Indemnities Appropriation
The VI&I appropriation is the funding mechanism for several government life insurance activities. Payments made from this fund include transfers to the S-DVI and the NSLI funds as well as direct payments to insured Veterans and their beneficiaries. Also included under the VI&I appropriation is the VMLI program.

The largest category of obligations is the subsidy provided to the S-DVI fund. The S-DVI fund requires a subsidy because it provides life insurance protection to Veterans with service-connected disabilities at standard premium rates and is, therefore, not self-supporting. Transfers to the NSLI fund are for premiums being waived where the disability was caused by the extra hazards of military service. By law, these extra hazard costs are borne by the government.

The other category of VI&I obligations is the subsidy provided to support the VMLI program. The VMLI program requires a subsidy because it provides up to $200,000 of mortgage protection life insurance to disabled Veterans who have received a grant for specially adapted housing. Similar to S-DVI, these policies are issued at standard premium rates and are, therefore, not self-supporting. PL 111-275 increased the maximum amount of VMLI coverage from $90,000 to $150,000, effective October 1, 2011. The maximum coverage then increased to $200,000 on January 1, 2012.

Servicemembers' Group Life Insurance - Public Enterprise Fund - Includes Servicemembers' Group Life Insurance (SGLI), Veterans' Group Life Insurance[2] (VGLI), Family Servicemembers' Group Life Insurance (FSGLI), and Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI).

The SGLI program provides low-cost group life insurance protection to persons on active duty in the military service, ready reservists, members of the Coast Guard, the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, members of the Reserve Officer Training Corps, and members who volunteer for assignment to a mobilization category in the Individual Ready Reserve. The maximum amount of SGLI coverage for all Servicemembers is $400,000. Service personnel separated from active duty and the reserves have the right to convert their SGLI coverage to renewable term insurance coverage offered by the VGLI program. SGLI also offers FSGLI coverage for a Servicemember's spouse and children if the Servicemember is on active duty or a member of the Ready Reserve of a uniformed service. Maximum coverage for

[2] *VGLI is a conversion option for SGLI insurance carried by Servicemembers. Prudential Insurance Company of America administers the program under a contractual agreement, which is supervised by VA. The financial operation of the program is handled by Prudential and is, therefore, not included in the Insurance budget.*

spouses is $100,000 or the amount of the Servicemember's SGLI, whichever is less. Unlike SGLI, spouses' premiums are age-based. All dependent children are insured for $10,000 at no charge.

The SGLI program is supervised by VA and administered, under a contractual agreement, by Prudential Insurance Company of America through the Office of Servicemembers Group Life Insurance (OSGLI). VA collects premiums from members of each of the uniformed services and disburses those funds to Prudential for the payment of claims and administrative expenses. SGLI premiums also fund VA's discretionary expenses associated with supervision activities. The SGLI program is entirely self-supporting, except for any costs resulting from excess mortality traceable to the extra hazard of duty in the uniformed services. The monthly SGLI premium rate is $.065 per $1,000 of insurance coverage.

TSGLI is a traumatic injury protection rider under SGLI that provides for payment between $25,000 and $100,000 (depending on the type of injury) to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain severe losses. The premium charged for this coverage is $1 per month from each Servicemember insured under SGLI. This premium covers only the civilian incidence of such injuries with any excess program costs above the premiums collected to be paid by DoD. PL 109-13 established the TSGLI program as a rider under the SGLI program effective December 1, 2005. The law specifies that the Secretary of Defense will certify to OSGLI the names and addresses of those members that the Secretary determines to be eligible for such benefits. This law also contains a retroactive provision that provides a Servicemember who suffered a qualifying loss on or after October 7, 2001 and through and including November 30, 2005 with a benefit under TSGLI if the loss was a direct result of a traumatic injury incurred in Operation Enduring Freedom or Operation Iraqi Freedom. Effective October 1, 2011, PL 111-275 allows for a qualifying TSGLI retroactive benefit, regardless of where the injury from the traumatic event occurred.

Administered Programs

The following five insurance programs operate basically in the same manner. The maximum amount of basic coverage available under any of these programs is $10,000. However, under the NSLI, VRI, and VSLI programs, policyholders can purchase additional protection by electing to use their dividends to buy paid-up additional (PUA) insurance. Also, under the S-DVI program, supplemental coverage is available to policyholders who are eligible for waiver of premiums due to total disability.

United States Government Life Insurance - Trust Fund
USGLI was established in 1919 as a successor to the War Risk Insurance program. The program was closed to new issues on October 8, 1940, except for World War I Veterans who could apply for coverage until April 25, 1951. This program is self-supporting[3].

National Service Life Insurance - Trust Fund
NSLI was created on October 8, 1940, to handle the insurance needs of World War II service personnel. Policies were issued from 1940 until April 25, 1951. The program is self-supporting, except for the cost of claims traceable to the extra hazards of service in the armed forces.[3]

Service-Disabled Veterans' Insurance - Public Enterprise Fund
S-DVI was established on April 25, 1951, and is still open to new issues. S-DVI is open to Veterans separated from service, under other than dishonorable conditions on or after April 25, 1951, who are approved for service-connected disability ratings of zero percent or greater. Because S-DVI insures Veterans with service-connected disabilities at standard premium rates, it requires an annual subsidy from the VI&I account. S-DVI policyholders who are eligible for waiver of premiums can purchase up to an additional $30,000 in coverage at standard rates, based on their current age. No waiver of premiums can be granted on the supplemental coverage. PL 111-275 increased the amount of Supplemental Insurance for Totally Disabled Veterans from $20,000 to $30,000, effective October 1, 2011.

Veterans' Reopened Insurance - Public Enterprise Fund
Policies in the VRI program were issued during a re-opening of the NSLI program from May 1, 1965, through May 2, 1966. This program made life insurance available to certain World War II and Korean Conflict Veterans who met the eligibility requirements. By law, the VRI program is entirely self-supporting, and funds are transferred annually from the VRI fund to the general operating expenses account to cover the cost of operations.

Veterans' Special Life Insurance - Trust Revolving Fund
VSLI was established in 1951 to meet the insurance needs of Veterans who served during the Korean Conflict and the post Korean War period. Individuals separating from service between April 25, 1951, and January 1, 1957, had 120 days to apply for VSLI. This program is self-supporting.[3]

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[3] *Authority for the payment of administrative expenses out of excess earnings in these funds is contained in the annual appropriations bill. This budget assumes that the payment from excess earnings will continue.*

Highlights by Account
(dollars in thousands)

	2011 Actual	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Obligations				
USGLI	$3,799	$3,160	$2,580	$-580
NSLI	1,238,120	1,212,609	1,144,159	-68,450
SDVI	118,230	162,160	165,926	3,766
VRI	46,668	43,960	41,310	-2,650
VSLI	203,841	210,640	207,970	-2,670
SGLI	1,073,123	1,082,790	814,750	-268,040
VI& I	80,298	105,954	109,820	3,866
Total obligations	**$2,764,079**	**$2,821,273**	**$2,486,515**	**$-334,758**
Budget authority (gross)				
USGLI	$3,799	$3,160	$2,580	$-580
NSLI	1,238,120	1,212,609	1,144,159	-68,450
SDVI	129,184	151,631	161,370	9,739
VRI	22,104	19,200	16,640	-2,560
VSLI	184,372	171,190	159,650	-11,540
SGLI	1,073,139	1,082,800	814,770	-268,030
VI& I	80,303	105,422	109,820	4,398
Total budget authority (gross)	**$2,731,022**	**$2,746,012**	**$2,408,989**	**$-337,023**
Outlays (gross)				
USGLI	$5,278	$4,908	$3,920	$-988
NSLI	1,326,047	1,295,761	1,227,819	-67,942
SDVI	112,761	161,969	165,746	3,777
VRI	49,386	47,035	44,780	-2,255
VSLI	199,694	220,644	212,480	-8,164
SGLI	1,073,132	1,082,782	814,752	-268,030
VI& I	84,382	106,900	109,820	2,920
Total outlays (gross)	**$2,850,680**	**$2,919,999**	**$2,579,317**	**$-340,682**
Offsetting collections				
USGLI	$109	$70	$60	$-10
NSLI	195,659	166,406	147,050	-19,356
SDVI	129,184	151,631	161,370	9,739
VRI	22,104	19,200	16,640	-2,560
VSLI	183,068	171,190	159,650	-11,540
SGLI	1,073,139	1,082,800	814,770	-268,030
VI& I	2,714	5,170	5,220	50
Total offsetting collections	**$1,605,978**	**$1,596,467**	**$1,304,760**	**$-291,707**

Highlights by Account (cont.)
(dollars in thousands)

	2011 Actual	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	$3,690	$3,090	$2,520	$-570
NSLI	1,042,461	1,046,203	997,109	-49,094
SDVI	0	0	0	0
VRI	0	0	0	0
VSLI	0	0	0	0
SGLI	0	0	0	0
VI& I	77,589	100,252	104,600	4,348
Total budget authority (net)	**$1,123,740**	**$1,149,545**	**$1,104,229**	**$-45,316**
Outlays (net)				
USGLI	$5,169	$4,838	$3,860	$-978
NSLI	1,130,388	1,129,355	1,080,769	-48,586
SDVI	-16,423	10,339	4,376	-5,963
VRI	26,733	27,835	28,140	305
VSLI	15,322	49,454	52,830	3,376
SGLI	-17	-18	-18	0
VI& I	81,667	101,730	104,600	2,870
Total outlays (net)	**$1,242,840**	**$1,323,533**	**$1,274,557**	**$-48,976**
Number of lives insured				
USGLI	2,927	2,218	1,629	-589
NSLI	581,816	512,529	446,329	-66,200
SDVI	198,043	213,332	225,475	12,143
VRI	24,020	20,931	18,034	-2,897
VSLI	144,462	136,345	127,927	-8,418
SGLI	2,422,500	2,421,000	2,415,000	-6,000
FSGLI	3,254,000	3,256,000	3,248,000	-8,000
VGLI	426,750	430,100	430,500	400
VI& I (VMLI)	2,395	2,400	2,390	-10
Total number of lives insured	**7,056,913**	**6,994,855**	**6,915,284**	**-79,571**
Dividends				
USGLI	$448	$370	$350	$-20
NSLI	184,325	147,170	122,040	-25,130
VRI	5,985	5,030	4,180	-850
VSLI	58,335	53,870	47,900	-5,970
Total Dividends	**$249,093**	**$206,440**	**$174,470**	**$-31,970**

The table totals may differ from OMB MAX totals due to rounding.

Proposed Legislation for the 2013 Budget

Make Supplemental Service-Disabled Veterans' Insurance (SDVI) Coverage Available to Veterans over the Age of 65.

This proposal would eliminate the requirement that a veteran apply for supplemental SDVI coverage before he or she attains the age of 65 by amending 38 U.S.C. 1922A. This change would assist the relatively small number of veterans who have expressed a desire for the opportunity; thus, the costs are estimated to be only $100K in 2013, $1.0 million over 5 years and $2.7 million over 10 years.

Filipino Veterans Equity Compensation Fund

Program Description

The Filipino Veterans Equity Compensation fund was established under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (P.L. 110-329) to make payments to eligible persons who served in the Philippines during World War II. The release of one-time, lump-sum payments payment to eligible WWII Filipino Veterans was subsequently authorized and appropriated by Congress in the American Recovery and Reinvestment Act of 2009 (PL 111-5). These payments are made from the Filipino Veterans Equity Compensation Fund, originally resourced with a $198,000,000 appropriation (available until expended) established for this purpose. $82,438,000 was obligated in FY2009.

By the third quarter of FY2010, it was evident that obligations would exceed the original appropriation. The Department concluded that an additional $67M would be sufficient to meet the most likely final financial obligations of the fund. Congress provided authority to transfer up to $67 million in unobligated balances from bid savings from the Major Construction account for FY2010 or prior years in section 901, P.L. 111-212. In the event the full $67 million transfer is not required to meet requirements, any remaining funds will be returned to the Major Construction account for obligations as authorized by law for prior year bid savings.

In order to consider a claim for this lump-sum payment, the Veterans Benefits Administration had to receive an application for this benefit no later than February 16, 2010, which was one year from the date the legislation was enacted. VBA received 45,991 claims by the cutoff date; however, up to 4,000 of those claims may ultimately be determined to be duplicative. Claims had to be made by the Veteran. No other parties are eligible to file a claim for this benefit. In the event an eligible Veteran dies after applying for the benefit, but before receiving the payment, the payment may be made to his surviving spouse. No other family members may receive this payment. Those eligible for the program include the following:

Eligibility

- Persons who served before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States,

- Members of the organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States,

- Persons who served in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945,

- All persons must have been discharged or released from service under conditions other than dishonorable.

Payments

Eligible veterans who are **not** United States citizens receive a one-time payment of $9,000 irrespective of where they reside.

Eligible veterans who **are** United States citizens will receive a one-time payment of $15,000 irrespective of where they reside.

Checks totaling $220 million were issued through December 2011; however, approximately $14 million of those checks have been returned and the funds made available for future obligations, resulting in $206M in net obligations since 2009.

Filipino Veterans Equity Compensation Status of Funds
($ in thousands)

	2009	2010	2011	2012	2013
Obligations	$82,438	$113,131	$10,099	$9,914	$9,914
SOY Unobligated Balance	$0	$115,562	$69,431	$59,332	$49,418
EOY Unobligated Balance	$115,562	$69,431	$59,332	$49,418	$39,504
Appropriation	$198,000			$0	
Transfer		$67,000		$0	
Outlays	$82,438	$113,131	$69,431	$9,914	$9,914

All original claims were adjudicated by the end of September 2011. Estimates of obligations for FY2012 and FY2013 reflect the experience of the resolution of appealed claims from early 2010 through December 2011 and the number of undecided Notices of Disagreement (NOD). 641 appealed claims have been decided with 53% of the decisions resulting in an award. Nearly 3,800 NOD remain to be resolved. In addition, two ongoing legal suits seeking additional award decisions remain a potential source of future obligation requirements.

Administration of the Fund

Section 1002 of P.L. 111-5 also required the submission of specific information in the annual budget submission of the Department:

> *(k) Reports- The Secretary shall include, in documents submitted to Congress by the Secretary in support of the President's budget for each fiscal year, detailed information on the operation of the compensation fund, including the number of applicants, the number of eligible persons receiving benefits, the amounts paid out of the compensation fund, and the administration of the compensation fund for the most recent fiscal year for which such data is available.*

Administration of Filipino Veterans Equity Compensation Fund

Claim Type	Payment Amount	Claims Processed	Claims Paid	Claims Denied	Obligations (Millions)*
Total			18,529		$221
Filipino Citizen	$9,000	42,800	9,357	24,271	$84
U.S. Citizen	$15,000		9,172		$137

*From 2009 through January 1, 2012

All claims production is centralized at the Manila Regional Office (RO) in the Philippines. As of September 29, 2011, all initial claims have been adjudicated. The predominant work in FY2012, which may possibly extend into FY2013, is addressing the large number of Notices of Disagreement (NOD's) received. Through December 2011, 4,430 NOD's had been received and projections suggest between the upper limit may be in the 4,500-5,000 range. Of the 4,430 NOD's, 641 have been resolved with another 1,107 pending re-opening by the Manila regional office. The facts, in conjunction with the two ongoing law suits, suggest that this program will continue to operate into FY2013.

GOE Summary

Appropriation Language

The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and General Administration. Detailed descriptions of VBA and General Administration are provided in Parts 4 and 5 of this volume, respectively.

Veterans Benefits Administration

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General Operating Expenses, Veterans Benefits Administration

Appropriation Language

For necessary operating expenses of the Veterans Benefits Administration, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail, $2,164,074,000: Provided, That expenses for services and assistance authorized under paragraphs (1), (2), (5), and (11) of section 3104(a) of title 38, United States Code, that the Secretary of Veterans Affairs determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: Provided further, That of the funds made available under this heading, not to exceed $113,000,000 shall remain available until September 30, 2014: Provided further, That from the funds made available under this heading, the Veterans Benefits Administration may purchase (on a one-for-one replacement basis only) up to two passenger motor vehicles for use in operations of that Administration in Manila,Philippines.

VBA Mission Statement

The mission of the Veterans Benefits Administration (VBA) is to serve as a leading advocate for Veterans, Servicemembers, and their families, delivering with excellence client-centered and personalized benefits and services that honor their service, assist in their readjustment, enhance their lives, and engender their full trust.

VBA Vision Statement

"We are dealing with Veterans, not procedures - with their problems, not ours."
Omar Bradley - 1947

Our vision is that the Veterans whom we serve will feel that our Nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day-to-day behavior.

VA Core Values

VA has adopted Core Values and Characteristics that apply universally across the Department. The five Core Values define "who we are," our culture and how we care for Veterans, their families, and other beneficiaries. The Values are Integrity, Commitment, Advocacy, Respect, and Excellence ("I CARE").

Integrity
Act with high moral principle. Adhere to the highest professional standards. Maintain the trust and confidence of all with whom I engage.

Commitment
Work diligently to serve Veterans and other beneficiaries. Be driven by an earnest belief in VA's mission. Fulfill my individual responsibilities and organizational responsibilities.

Advocacy
Be truly Veteran-centric by identifying, fully considering, and appropriately advancing the interests of Veterans and other beneficiaries.

Respect
Treat all those I serve and with whom I work with dignity and respect. Show respect to earn it.

Excellence
Strive for the highest quality and continuous improvement. Be thoughtful and decisive in leadership, accountable for my actions, willing to admit mistakes, and rigorous in correcting them.

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2013 budget submission.

Program Highlights

Organizational Transformation

VBA continues to transform into a Veteran-centric, results-driven, and forward-looking organization. This transformation reflects the demands of emerging information technologies, changing demographic realities, and renewed commitments to today's Veterans.

VBA's Transformation Plan includes people, process, and technology initiatives to eliminate the disability claims backlog, improve decision quality, and increase Veterans' access to VA benefits and services. The transformation initiatives will also impact the culture of VBA by demonstrating our advocacy for Veterans and their families and survivors. VBA will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, and that implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

People
VBA's employees are the key to our success. Our employees are leading advocates for Veterans, Servicemembers, their families, and survivors. We strengthen the expertise of our workforce by incorporating specialization to reduce training time and increase proficiency while emphasizing accountability, quality, and productivity. We create professional development opportunities and expanded leadership development programs to ensure competent, forward-looking, and results-driven leaders at all levels.

Supporting Initiatives:
A new standardized operating model is being implemented in all regional offices that incorporates a case-management approach to claims

processing. Distinct processing lanes are being established based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims-processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards and our centralized Challenge Training that prepares claims processors to work faster at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace.

We have established dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance staff to assure local reviews are consistently conducted according to national standards.

Processes

VBA has established a "Design Team" concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a Design Team is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy.

Supporting Initiatives:

In the third quarter of 2011, the first Design Team developed an initiative that simplified the rating decision and the decision-notification letter. Implemented nationwide in January 2012, this new decision-notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected disability evaluation.

Additional initiatives include Disability Benefits Questionnaires (DBQs), which are standardized VA examination questionnaires. DBQs ensure complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. The Fully Developed Claims Program (FDC) will continue to focus on increasing the volume of claims received with all necessary information needed to make timely and accurate claims decisions, and the DBQs will greatly facilitate the submission of claims under the FDC program. VBA will continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates. Also, rules-based automated processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits.

Technology

An eventual digital, paperless environment will allow for greater exchange of information and increased transparency to our clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VBA to eliminate the claims backlog and increase access to benefits and services to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Department of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value of eBenefits and the ease of enrolling in the system. Our Veterans have told us they want to engage withus online and at a time of their choosing.

Supporting Initiatives:

The Veterans Benefits Management System (VBMS), as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using the VBMS at the Providence Regional Office. This came approximately one year after VA began gathering business requirements for the prototype system, Virtual Regional Office. VA expanded VBMS to the Salt Lake City Regional Office in May 2011, which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA Medical Centers and Veterans Service Organizations. National deployment of VBMS will begin in 2012, with full implementation by the end of 2013.

The Veterans Relationship Management (VRM) initiative engages, empowers and serves Veterans and other claimants with seamless, secure and on-demand access to benefit and service information. VRM transforms the national call centers into service centers by expanding the call agents' authority to update Veterans' accounts and establish eligibility for premium eBenefits accounts. With VRM and through the eBenefits portal, Veterans can submit claims for benefits, administer their accounts, and receive status updates. The eBenefits web portal standardizes claim intake and enables collaboration with VSOs to assist Veterans with all interactions with VA. VBA continues to expand the capabilities available through the eBenefits portal.

Disability Compensation, Pensions and Burial

The Disability Compensation program provides monthly payments to Veterans in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. Additionally, the program provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the Veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability.

The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA annual claims receipts increased 66 percent from 788,298 in 2005 to 1,311,091 in 2011. Receipts in 2011 include a spike in claims (230,778) for the addition of Agent Orange presumptive disabilities. We anticipate claims receipts of 1,200,000 in 2012 and 1,250,000 in 2013.

The growth in disability claims volume is driven by a number of factors, including our successful outreach efforts; improved access to benefits through the joint VA and Department of Defense (DoD) Pre-Discharge Programs; Agent Orange presumptive disabilities for Veterans who served in the Republic of Vietnam; increased demand as a result of ten years at war; the aging of our Veteran population; new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and post-traumatic stress disorder (PTSD); and the impact of a difficult economy.

VBA expects that the growth in disability claims volume will continue. Over the next few years, VBA expects new and subsequent claims due to the reduction in military force, Servicemembers returning from wars, and Veterans seeking service connection for multiple issues.

The complexity of the workload will continue to grow because Veterans are claiming greater numbers of disabilities and the nature of disabilities such as PTSD, combat injuries, diabetes and related conditions, and environmental diseases is becoming increasingly complex. The number of original disability claims with eight or more claimed disabilities increased 72 percent from 43,655 in 2005 to 75,107 in 2011.

Changes in law and process also have a major impact on our resource requirements. The Veterans Claims Assistance Act (VCAA) of 2000 significantly increased both the length and complexity of claims development. VA's notification and development duties increased, adding more steps to the claims process and lengthening the time it takes to develop and decide a claim. VA is also now required to review the claims at more points in the decision process.

In 2011, the pension and fiduciary program functions were separated from the compensation program, creating a separate Pension and Fiduciary Service to address the critical need for greater oversight of pension and fiduciary benefits administration. This change also allows VBA to give greater focus to the complex and challenging workload and policy issues in our compensation program.

The Pension program provides monthly payments, as specified by law, to needy wartime Veterans who are permanently and totally disabled as a result of a disability not related to military service or are age 65 or older. The program also provides monthly payments to needy surviving spouses and dependent children of deceased wartime Veterans.

The Fiduciary program protects the benefit entitlement paid to Veterans and beneficiaries who are incapable of managing their financial affairs. This protection is provided to ensure VA benefits are used for the care, support, welfare, and needs of those beneficiaries and their VA-recognized dependents.

To improve the timeliness of service delivery in the Pension program and to ensure accurate claims processing, VA administers pension programs through three Pension Management Centers (PMCs) in Philadelphia, Milwaukee, and St. Paul. Consolidation of the Pensions program enabled VA to achieve a 96 percent accuracy level in 2010 and 97 percent in 2011 for pension maintenance claims.

The 2013 funding levels are essential if VBA is to achieve our timeliness and accuracy performance goals and enhance the overall delivery of services and benefits to our Veterans.

Education

VBA's Education programs provide Veterans, Servicemembers, Reservists, and certain family members with educational resources. Our 2013 budget request reflects our commitment to their needs. These programs are meant to assist in the readjustment to civilian life, help the armed forces both recruit and retain members, and provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, made changes to the types of training approved for benefits and in tuition and fee payments, and expanded eligibility under the Post-9/11 GI Bill. The Post-9/11 GI Bill will now include non-college degree programs, such as on-the-job training, flight training, and correspondence courses. P.L. 111-377 modified the tuition and fee payment under the Post-9/11 GI Bill to allow VA to pay all in-state public school costs and created a national cap for training pursued at a private school. It expanded eligibility under the Post-9/11 GI Bill to include National Guard members who performed certain active duty service under title 32 U.S.C. orders. P.L. 111-377 also limits the housing allowance to an amount based on a beneficiary's rate of pursuit and allows those who attend school solely through distance learning to receive a reduced amount. Finally, it eliminated break or interval pay under all education benefit program unless training is interrupted due to an Executive Order of the President or an emergency situation such as a natural disaster or strike.

VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. Five phases have deployed with the Long-Term Solution (LTS). Additional releases through 2012 will implement changes to the Post-9/11 GI Bill required by P.L. 111-377, which will result in changes to the LTS system. This has delayed some of the automation enhancements scheduled to be included in the later releases of the LTS.

In 2013, the focus will be on technological enhancements to expand upon initial end-to-end automation capabilities deployed in 2012. Additional LTS changes will be necessary to meet the requirements of the Department of Treasury's Payment Application Modernization (PAM) Program. PAM is a Department of Treasury initiative to modernize and consolidate its mainframe-based software applications that are used to disburse all federal payments. This initiative will require Federal agencies using Treasury's disbursing services to submit payment file data in a newly developed standard input format.

Section 211 of Public Law 112-56, the Vow to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program for certain unemployed Veterans. The Veterans Retraining Assistance Program offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet in order to participate in the program, which include Veteran's age, employment status, character of discharge, type of training, and other key elements. The number of Veterans who participate in the program may not exceed 45,000 in 2012 and 54,000 during the period beginning on October 1, 2012, and ending on March 31, 2014, when the authority to make payments under the program will terminate. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associates degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the Department of Labor to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments ends on March 31, 2014.

VA is committed to providing a reliable and beneficial service to Veterans and others using VA education benefits. Drastic increases in trainees and continuous high-level interest in VA education programs require VA, more than ever, to provide efficient and effective service to beneficiaries that enables them to meet education and training objectives. VA's understanding of service delivery has expanded. VA is continuing to strive for improved education claims processing timeliness and accuracy. VA has also expanded the support provided to students throughout their educational career and ensures students are afforded the best opportunity to graduate and become gainfully employed.

Education Service will continue to work with our partners and stakeholders, such as the DoD, educational institutions, State Approving Agencies, Congress, and others to improve service to our beneficiaries. We will also continue to improve and expand our outreach efforts to better inform all potentially eligible Veterans, Servicemembers, Reservists, Guardsman, and dependents about VA's educational programs.

Vocational Rehabilitation and Employment

Vocational Rehabilitation and Employment (VR&E) is a Veteran-centric program providing the services and assistance necessary to enable Veterans with service-connected disabilities to become employable and obtain and maintain suitable employment or, to the maximum extent feasible, achieve independence in daily living.

In 2012, VBA will rehabilitate an estimated 11,500 Veterans through placement in suitable employment or gains in independence in daily living. We anticipate the number of individuals leaving military service and being rehabilitated through VR&E services will increase. VR&E also anticipates an increase in participants as a result of P.L. 111-377, effective August 1, 2011. The new law allows a Veteran entitled to services under Chapter 31, who is also eligible to receive education benefits through Chapter 33, to elect an alternate payment based on a military housing allowance in lieu of the regular Chapter 31 subsistence allowance. This rate is higher than the current Chapter 31 rate in most locations and because of that, we anticipate more Veterans who are eligible for Chapter 33 education benefits will instead apply for Chapter 31 benefits. We will continue to provide outreach to Servicemembers in order to assist in their transition and entrance into one of VR&E's five tracks leading toward achievement of rehabilitation goals.

VR&E will continue to provide services to improve independence in daily living to Veterans with severe service-connected disabilities who cannot currently consider work. The Veterans Benefits Act of 2010, P.L. 111-275, increased the number of Veterans who may enter an independent living plan from 2,600 to 2,700.

In 2012, VR&E will expand its efforts for early intervention to support successful reintegration by physically placing vocational rehabilitation counselors (VRCs) at Integrated Disability Evaluation System (IDES) locations estimated to serve 12,000 Servicemembers. The VRCs will provide vocational evaluations, develop rehabilitation plans, and assist Servicemembers beginning their vocational rehabilitation. The IDES process allows Servicemembers to go through a medical evaluation board prior to separation. By integrating VRCs into the IDES process, Servicemembers will receive vocational rehabilitation services upon referral to the physical evaluation board and prior to their separation from active duty. This early intervention dramatically improves the accessibility of benefits to service-connected disabled Veterans.

VR&E continues to work collaboratively with VA's Education Service to provide continued outreach and guidance to Servicemembers and Veterans eligible for the Post-9/11 GI Bill and other education programs. This includes piloting outreach programs on campuses with high Veteran populations. The VetSuccess on Campus pilot sites are a collaborative effort between the University of South Florida, San Diego State University, Cleveland State University, Salt Lake City Community College, Community College of Rhode Island, Rhode Island College, Arizona State University, Texas A&M – Central Texas, and VA. VR&E has placed full-time VRCs on campus to provide a full range of services to Post-9/11 Veterans, including benefits information and assistance, educational/vocational counseling, and readjustment counseling. In 2012, VetSuccess on Campus will be

operational at 28 campuses. VR&E Service will expand the VetSuccess on Campus program to a total of 80 campuses in 2013, serving a total of approximately 80,000 Veterans.

VR&E continues to partner with Federal, state, and private sector agencies and organizations. VR&E also continues to expand partnerships with faith-based and community organizations. In conjunction with the VR&E program, partners collaborate to facilitate Veterans' adjustment to the workplace, enhance self-awareness, and connect Veterans to employers. Vital partnerships include: DoD, Department of Labor's Veterans Employment and Training Service, Federal Aviation Administration, General Services Administration, Social Security Administration, Internal Revenue Service, Council of State Administrators of Vocational Rehabilitation, Rehabilitation Services Administration, Centers for Independent Living, Easter Seals, and small and large businesses and enterprises.

Coming Home to Work (CHTW) is VR&E's primary early intervention and outreach program for Servicemembers and new Veterans. CHTW provides expedited entry into VR&E services to assist transitioning Servicemembers and new Veterans to develop skills needed to transition to civilian employment, determine the suitability of potential careers, gain work experience, and obtain jobs.

The expansion of the Disability Transition Assistance Program (DTAP) will allow VR&E to provide increased and customized informational briefings regarding VR&E benefits to Servicemembers, Veterans, and members of the Reserves and National Guard who have, or suspect they have, a service-connected disability, an injury or illness that was aggravated by service, or are being separated or retiring due to a service-connected disability.

Through VR&E's business process reengineering project, we will enhance direct Veteran services by streamlining processes, speeding Veteran entry into VR&E services, and simplifying functions allowing professional staff to work efficiently and focus core work time in providing direct Veteran counseling and job-placement assistance. This project will support the implementation of currently identified process improvements to reduce cycle time, enhance staffing models and performance, and improve case-management technologies. It also supports the constant refinement of the future state of VR&E.

VR&E continues to develop the VetSuccess.gov Web site to enhance content and provide a dynamic resource that is constantly adapted to meet Veterans' needs. In addition to hosting the VetSuccess.gov Web site, VR&E also currently partners with the Department of Defense and Department of Labor on Veterans' employment and has a link to the National Resource Directory Web site on VA's

VetSuccess.gov Web site. In 2012, VetSuccess.gov will continue to meet the needs of Veterans seeking career opportunities and employers searching for qualified Veterans to hire. The number of new registrations has increased by 77 percent from 2010. As of September 2011, 91,172 Veterans have registered on the site; 40 percent of Veteran registrations occurred in 2011.

Housing

The Housing program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. VA's partial guaranty on loans made by private lenders enables our clients to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance.

In 2011, VA guaranteed 357,594 loans. In 2012, VA expects yearly loan volume will decrease to 304,900, reflecting decreased demand for refinance loans and relatively stable demand for purchase loans. In 2013, VA estimates the yearly loan volume will decrease to 228,400, reflecting continued demand for purchase loans and decreased demand for refinance loans.

Some of our clients, like other homeowners, experience financial difficulties that may cause them to default on their home loans. The earlier the default is addressed, the more options are available to help avoid foreclosure. To assist our clients earlier in the default process, VA has delegated more loss-mitigation authority to private sector loan servicers. This authority enables servicers to help our clients receive the most advantageous resolution option based on their circumstances. Additionally, servicers are required to report all data electronically, which results in a paperless process. Electronically reported data allows VA to more effectively manage the portfolio of VA-guaranteed loans, resulting in better service to our clients.

Insurance

The Insurance program provides Servicemembers and their families with universally available life insurance, as well as traumatic injury protection insurance for Servicemembers. It also provides for the conversion to a permanent plan or renewable term insurance policy after a Servicemember's separation from service. In addition, the program provides life insurance to Veterans who can no longer purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service. It also administers legacy programs closed to new issues for Veterans from the WWII and Korean War eras.

VA insurance programs provide $1.4 trillion of insurance coverage to 2.4 million Servicemembers, 1.4 million Veterans, and 3.3 million spouses and children. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. Benefits and services are provided in an accurate and timely manner that meet or beat private insurance industry benchmarks, at the lowest achievable administrative cost. Insurance coverage is made available in reasonable amounts at premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

VBA's Insurance Center, co-located with the VA Regional Office in Philadelphia, PA, provides Veterans and their dependents a full range of insurance services for those policies directly administered by VA. The Insurance Center is responsible for collecting premiums, operating a nationwide call center, and responding to all types of policy requests (including policy changes and disability claims). The Insurance Center is also responsible for the processing of insurance death awards, which is considered the single most important service provided by the Insurance program.

The workload associated with maintaining and processing insurance benefits for our World War II and Korean War era programs is declining in line with the advancing age of our policyholders. However, the workload trend for programs that serve our disabled Veterans has been increasing. This upward trend is projected to continue partly as a result of the new presumptive conditions that expanded eligibility criteria. In addition, Insurance established an outreach unit in 2011 that contacts recently separated Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100-200 per month to 1,000-1,500 per month

In 2011, the Insurance program obligated $2.8 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, dividends, policy loans, cash surrender benefits, and traumatic injury protection payments. In 2013, the Insurance program will obligate a projected $2.5 billion to Servicemembers, Veterans, and their beneficiaries while continuing to maintain its already high level of performance and client satisfaction and meet the anticipated rise in our clients' expectations.

We continue to transform Insurance operations and procedures by maintaining a paperless electronic workflow system. This system contributes to maintaining a high level of client satisfaction due to increased processing efficiencies. We will continue to provide world-class service through our toll-free telephone service and continue to enhance our current alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and our self-service Web site. Clients and stakeholders can also subscribe to an online newsletter that informs them of benefits and services. In addition, we are designing and developing Web-based training programs to meet the emerging training needs of our employees and stakeholders to better serve our Veterans, Servicemembers, and their beneficiaries.

Total VBA Summary
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	18,033	18,203	18,646	18,767	121
Management Direction and Support	1,957	2,118	2,000	1,990	-10
Total FTE	**19,990**	**20,321**	**20,646**	**20,757**	**111**
Obligations					
Personal Services	$1,708,636	$1,730,432	$1,740,370	$1,842,841	$102,471
Travel	33,576	29,052	29,052	29,052	0
Interagency Motor Pool	4,146	3,980	3,980	3,937	-43
Transportation of Things	1,901	2,141	2,141	2,093	-48
Rent, Communications & Utilities	166,297	178,872	179,113	184,261	5,148
Printing	2,481	4,020	4,020	4,020	0
Other Services	528,269	416,540	424,290	500,704	76,415
Supplies and Materials	19,524	15,721	13,328	10,914	-2,414
Equipment	27,021	19,349	19,349	20,138	789
Insurance Claims	1,222	454	454	450	-4
Total Administrative Obligations	**$2,493,073**	**$2,400,561**	**$2,416,096**	**$2,598,410**	**$182,314**
Reimbursements	-$327,740	-$381,797	-$389,780	-$434,336	-$44,555
Unobligated SOY	**-$41,762**	**$0**	**-$7,552**	**$0**	**$7,552**
GOE Unobligated Balance	-$120	$0	$0	$0	$0
GOE Carry Over	-$41,601	$0	-$7,500	$0	$7,500
Recycling	-$41	$0	-$52	$0	$52
Unobligated EOY	**$7,672**	**$0**	**$0**	**$0**	**$0**
GOE Unobligated Balance	$120	$0	$0	$0	$0
GOE Carry Over	$7,500	$0	$0	$0	$0
Recycling	$52	$0	$0	$0	$0
Unobligated Bal expiring	$1,259	$0	$0	$0	$0
Total Appropriation	**$2,132,502**	**$2,018,764**	**$2,018,764**	**$2,164,074**	**$145,310**
Outlays (net)	**$2,232,616**	**$2,102,279**	**$1,990,681**	**$2,094,700**	**$104,019**

The following charts summarize VBA's 2013 discretionary budget request by program.

Disability Compensation, Pensions & Burial
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,599	13,099	12,881	13,081	200
Direct Pensions	1,322	1,104	1,322	1,322	0
Direct Burial	117	117	117	117	0
Total Direct FTE	**14,038**	**14,320**	**14,320**	**14,520**	**200**
Management Direction and Support	1,515	1,663	1,542	1,535	-7
Total FTE	**15,553**	**15,983**	**15,862**	**16,055**	**193**
Obligations					
Personal Services	$1,320,597	$1,342,411	$1,322,572	$1,400,408	$77,836
Travel	26,935	21,201	21,201	21,411	210
Interagency Motor Pool	3,261	3,067	3,067	3,037	-30
Transportation of Things	1,355	1,629	1,629	1,634	5
Rent, Communications & Utilities	130,701	138,144	138,385	142,729	4,344
Printing	1,943	2,803	2,803	2,824	21
Other Services	407,988	336,669	344,419	416,161	71,743
Supplies and Materials	15,294	12,224	10,352	8,207	-2,145
Equipment	22,279	14,999	14,999	14,043	-956
Insurance Claims	435	360	360	361	1
Total Administrative Obligations	**$1,930,788**	**$1,873,507**	**$1,859,787**	**$2,010,815**	**$151,029**
Reimbursements	-$179,385	-$209,237	-$217,221	-$261,251	-$44,030
Unobligated SOY	**-$41,762**	**$0**	**-$7,552**	**$0**	**$7,552**
GOE Unobligated Balance	-$120	$0	$0	$0	$0
GOE Carry Over	-$41,601	$0	-$7,500	$0	$7,500
Recycling	-$41	$0	-$52	$0	$52
Unobligated EOY	**$7,672**	**$0**	**$0**	**$0**	**$0**
GOE Unobligated Balance	$120	$0	$0	$0	$0
GOE Carry Over	$7,500	$0	$0	$0	$0
Recycling	$52	$0	$0	$0	$0
Unobligated Bal expiring	$1,259	$0	$0	$0	$0
Total Appropriation	**$1,718,572**	**$1,664,270**	**$1,635,014**	**$1,749,564**	**$114,551**
Outlays (net)	**$1,840,305**	**$1,754,578**	**$1,610,818**	**$1,693,997**	**$83,179**

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,782	1,429	1,861	1,672	-189
Management Direction and Support	185	166	169	177	8
Total FTE	**1,967**	**1,595**	**2,030**	**1,849**	**-181**
Obligations					
Personal Services	$153,654	$118,077	$146,476	$147,667	$1,191
Travel	2,015	1,915	1,915	1,915	0
Interagency Motor Pool	391	285	285	287	2
Transportation of Things	196	90	90	91	1
Rent, Communications & Utilities	16,280	13,230	13,230	13,804	574
Printing	234	757	757	762	5
Other Services	31,462	14,507	14,507	14,603	96
Supplies and Materials	1,684	977	734	512	-222
Equipment	2,318	1,218	1,218	1,226	8
Insurance Claims	33	33	33	34	1
Total Administrative Obligations	**$208,267**	**$151,089**	**$179,245**	**$180,901**	**$1,656**
Reimbursements	-$216	-$529	-$529	-$537	-$8
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Total Appropriation	**$208,051**	**$150,560**	**$178,716**	**$180,364**	**$1,648**
Outlays (net)	**$195,174**	**$150,930**	**$179,447**	**$176,700**	**-$2,747**

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	746	838	838	820	-18
Management Direction and Support	88	97	97	87	-10
Total FTE	**834**	**935**	**935**	**907**	**-28**
Obligations					
Personal Services	$78,576	$90,544	$90,653	$93,069	$2,416
Travel	1,816	2,253	2,253	2,043	-210
Interagency Motor Pool	214	300	300	241	-59
Transportation of Things	104	198	198	117	-81
Rent, Communications & Utilities	5,219	9,700	9,700	7,758	-1,942
Printing	76	145	145	85	-60
Other Services	29,492	32,775	32,775	33,673	898
Supplies and Materials	811	731	622	681	59
Equipment	777	430	430	874	444
Insurance Claims	13	25	25	15	-10
Total Administrative Obligations	**$117,098**	**$137,101**	**$137,101**	**$138,556**	**$1,455**
Reimbursements	-$117,098	-$137,101	-$137,101	-$138,556	-$1,455
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$0**	**$0**	**$0**	**$0**	**$0**
Outlays (net)	**$0**	**$0**	**$0**	**$0**	**$0**

Vocational Rehabilitation and Employment
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,163	1,286	1,297	1,442	145
Management Direction and Support	121	149	149	152	3
Total FTE	**1,284**	**1,435**	**1,446**	**1,594**	**148**
Obligations					
Personal Services	$128,978	$149,535	$150,804	$172,461	$21,657
Travel	2,689	3,525	3,525	3,525	0
Interagency Motor Pool	267	315	315	359	44
Transportation of Things	245	222	222	249	27
Rent, Communications & Utilities	10,819	14,300	14,300	16,605	2,305
Printing	198	285	285	319	34
Other Services	58,243	31,495	31,495	35,284	3,789
Supplies and Materials	1,528	1,460	1,291	1,229	-62
Equipment	1,643	2,407	2,407	3,698	1,291
Insurance Claims	741	36	36	40	4
Total Administrative Obligations	**$205,351**	**$203,580**	**$204,680**	**$233,769**	**$29,089**
Reimbursements	-$327	-$343	-$343	-$346	-$3
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$205,024**	**$203,237**	**$204,337**	**$233,423**	**$29,086**
Outlays (net)	**$196,481**	**$196,223**	**$199,835**	**$223,423**	**$23,588**

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	304	330	330	313	-17
Management Direction and Support	48	43	43	39	-4
Total FTE	**352**	**373**	**373**	**352**	**-21**
Obligations					
Personal Services	$26,831	$29,865	$29,865	$29,235	-$630
Travel	121	158	158	158	0
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	1	2	2	2	0
Rent, Communications & Utilities	3,278	3,498	3,498	3,365	-133
Printing	30	30	30	30	0
Other Services	1,084	1,094	1,094	983	-111
Supplies and Materials	207	329	329	285	-44
Equipment	4	295	295	297	2
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$31,569**	**$35,284**	**$35,284**	**$34,368**	**-$916**
Reimbursements	-$30,714	-$34,587	-$34,586	-$33,646	$940
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$855**	**$697**	**$697**	**$722**	**$25**
Outlays (net)	**$656**	**$548**	**$581**	**$580**	**-$1**

The following is a brief summary of the resources and FTE planned for each initiative. Complete descriptions of the initiatives can be found the respective program chapters.

2013 President's Budget Submission VBA Initiative Investments (000s)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Transformation Plan	836	29,093	29,929	10	1,387	17,053	18,440	16
Veterans Benefits Management System Initiative	3,343	31,763	35,106	40	3,468	32,243	35,711	40
C&P Subtotal	**$4,179**	**$60,856**	**$65,035**	**50**	**$4,855**	**$49,296**	**$54,151**	**56**
VBA-Wide:								
Veterans Relationship Management	1,109	5,104	6,213	13	1,733	5,186	6,919	20
VBA-Wide Subtotal	**$1,109**	**$5,104**	**$6,213**	**13**	**$1,733**	**$5,186**	**$6,919**	**20**
C&P Total	**$5,288**	**$65,960**	**$71,248**	**63**	**$6,588**	**$54,482**	**$61,070**	**76**
EDUCATION								
Education Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	85	385	470	1	87	385	472	1
VBA-Wide Subtotal	**$85**	**$385**	**$470**	**1**	**$87**	**$385**	**$472**	**1**
Education Total	**$85**	**$385**	**$470**	**1**	**$87**	**$385**	**$472**	**1**
VOCATIONAL REHABILITATION & EMPLOYMENT								
Integrated Disability Evaluation System Expansion to VR&E	10,123	6,118	16,241	110	18,218	5,707	23,925	200
VetSuccess on Campus	2,638	256	2,894	27	7,318	1,501	8,819	79
VR&E Subtotal	**$12,761**	**$6,374**	**$19,135**	**137**	**$25,536**	**$7,208**	**$32,744**	**279**
VBA-Wide:								
Veterans Relationship Management	85	532	617	1	87	532	619	1
VBA-Wide Subtotal	**$85**	**$532**	**$617**	**1**	**$87**	**$532**	**$619**	**1**
VR&E Total	**$12,846**	**$6,906**	**$19,752**	**138**	**$25,623**	**$7,740**	**$33,363**	**280**
HOUSING								
Housing Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	85	279	364	1	87	279	366	1
VBA-Wide Subtotal	**$85**	**$279**	**$364**	**1**	**$87**	**$279**	**$366**	**1**
Housing Total	**$85**	**$279**	**$364**	**1**	**$87**	**$279**	**$366**	**1**
INSURANCE	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Veterans Relationship Management	1,365	6,300	7,665	16	1,994	6,382	8,376	23
VBA-Wide Subtotal	**$1,364**	**$6,300**	**$7,664**	**16**	**$1,994**	**$6,382**	**$8,376**	**23**
TOTAL OBLIGATIONS	$18,304	$73,530	$91,834	203	$32,385	$62,886	$95,271	358

Disability Compensation, Pensions, & Burial

Mission

This budget, in conjunction with the Office of Information and Technology budget, supports VA's transformation into a 21st century organization.

The mission of the Compensation, Pensions, and Burial programs is to honor the service of Veterans through compensation for service-disabled Veterans and certain qualifying survivors, income-support payments for qualifying wartime Veterans and their survivors, and assistance with dignified burials of Veterans.

The compensation program provides monthly payments to Veterans in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. The disability compensation program also provides monthly payments to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by a Veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability.

The pension program provides monthly payments to eligible wartime Veterans who have attained age 65 or are permanently and totally disabled as a result of a disability not related to military service and to eligible surviving spouses and dependent children of deceased wartime Veterans.

The burial program provides assistance with the burial of Veterans whose post-service death was due to or hastened by a service-connected disability or who were considered permanently and totally disabled as a result of service-connected disabilities for a specified period of time immediately preceding death. The burial program provides a lesser burial and plot allowance to assist with the burial of Veterans not entitled to the service-connected burial benefit but who were receiving benefits from VA; were entitled to benefits from VA, but for the failure to waive military retired pay; or died while hospitalized at VA or at VA expense. Certain qualifying Veterans are also entitled to reimbursement of certain transportation charges associated with their burial.

Stakeholders

Stakeholders include any Veteran, dependent of a Veteran, survivor of a Veteran, interest groups, and partners such as the Veterans Health Administration (VHA), National Cemetery Administration (NCA), Board of Veterans' Appeals (BVA), Veterans Service Organizations (VSOs), Department of Defense (DoD), National Archives and Records Administration (NARA), Department of Labor (DOL), and Social Security Administration (SSA).

Disability Compensation, Pensions & Burial
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,599	13,099	12,881	13,081	200
Direct Pensions	1,322	1,104	1,322	1,322	0
Direct Burial	117	117	117	117	0
Total Direct FTE	**14,038**	**14,320**	**14,320**	**14,520**	**200**
Management Direction and Support	1,515	1,663	1,542	1,535	-7
Total FTE	**15,553**	**15,983**	**15,862**	**16,055**	**193**
Obligations					
Personal Services	$1,320,597	$1,342,411	$1,322,572	$1,400,408	$77,836
Travel	26,935	21,201	21,201	21,411	210
Interagency Motor Pool	3,261	3,067	3,067	3,037	-30
Transportation of Things	1,355	1,629	1,629	1,634	5
Rent, Communications & Utilities	130,701	138,144	138,385	142,729	4,344
Printing	1,943	2,803	2,803	2,824	21
Other Services	407,988	336,669	344,419	416,161	71,743
Supplies and Materials	15,294	12,224	10,352	8,207	-2,145
Equipment	22,279	14,999	14,999	14,043	-956
Insurance Claims	435	360	360	361	1
Total Administrative Obligations	**$1,930,788**	**$1,873,507**	**$1,859,787**	**$2,010,815**	**$151,029**
Reimbursements	-$179,385	-$209,237	-$217,221	-$261,251	-$44,030
Unobligated SOY	**-$41,762**	**$0**	**-$7,552**	**$0**	**$7,552**
GOE Unobligated Balance	-$120	$0	$0	$0	$0
GOE Carry Over	-$41,601	$0	-$7,500	$0	$7,500
Recycling	-$41	$0	-$52	$0	$52
Unobligated EOY	**$7,672**	**$0**	**$0**	**$0**	**$0**
GOE Unobligated Balance	$120	$0	$0	$0	$0
GOE Carry Over	$7,500	$0	$0	$0	$0
Recycling	$52	$0	$0	$0	$0
Unobligated Bal expiring	$1,259	$0	$0	$0	$0
Total Appropriation	**$1,718,572**	**$1,664,270**	**$1,635,014**	**$1,749,564**	**$114,551**
Outlays (net)	**$1,840,305**	**$1,754,578**	**$1,610,818**	**$1,693,997**	**$83,179**

Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $1.7 billion is requested to fund the discretionary portion of the Disability Compensation, Pensions, and Burial programs. The request will fund the administrative expenses of 16,055 FTE, the January 1, 2013, 0.5 percent pay raise, the associated level of fringe benefits, and inflationary expenses.

Changes from Original 2012 Budget Estimate

Obligations decrease $13.7 million from the original budget estimate to support the realignment of FTE and funding to VA's Education program. This is necessary to support additional workload resulting from legislative changes made by Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, and Public Law 112-56, the Vow to Hire Heroes Act of 2011. Further, the 2012 current estimate reflects the realignment of staff to the newly created Pension and Fiduciary Service. Total obligations are not affected by this realignment.

Changes from 2012 Current Estimate to 2013 Request

Obligations increase $151.0 million. Personal services obligations increase $72.8 million for an additional 200 FTE to support expansion of VA's Supportive Services for Veteran Families homeless program, the January 1, 2013, 0.5 percent pay raise, the associated level of fringe benefits costs and the anticipated changes to staff composition. Travel obligations increase to support training for claims processors to meet the Secretary's goal of eliminating the claims backlog and improving accuracy to 98 percent by 2015. Other services increases $71.7 million to support increased contract medical examinations; development of the Voice of the Veteran survey tool; analytical support to enhance predictive analytics and improve benefits delivery; oversight services to ensure responsible management of fiduciary assets; increased must-fund requirements to internal and external customers, such as the Department of Homeland Security for guard services; and increased costs associated with equipment maintenance and repair services for regional offices.

Disability Compensation, Pensions & Burial
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	$1,930,788	$1,859,787
Prior Year FTE	15,553	15,862
Adjustments:		
FTE	309	193
Personal Services	$1,975	$77,836
Travel	-5,734	210
Interagency Motor Pool	-194	-30
Transportation of Things	274	5
Rent, Communications & Utilities	7,684	4,344
Printing	860	21
Other Services	-63,569	71,742
Supplies and Materials	-4,942	-2,145
Equipment	-7,280	-956
Insurance Claims	-75	1
Net Change	**-$71,001**	**$151,028**
Estimated Obligations	$1,859,787	$2,010,815
Total FTE	15,862	16,055

Disability Compensation, Pensions & Burial
Average Salary Analysis

2011 Average Salary (261 days)	**$60,895**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-2,362
One day adjustment	-224
Regular benefits percentage	28.3%
2011 Average Cost	$84,909
2012 Average Salary (260 days)	**$58,308**
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	219
Change in staff composition	-141
One day adjustment	225
Regular benefits percentage	30.1%
2012 Average Cost	$83,377
2013 Average Salary (261 days)	**$58,610**
Regular benefits percentage	32.8%
2013 Average Cost	$87,226

Program Highlights

Organizational Transformation

VBA continues to transform into a high-performing, 21st century organization – one that adapts to new realities, leverages new technologies, and serves a changing population of Veterans with renewed commitment. We are building our organization around three guiding principles: we will be *people-centric*, *results-driven*, and, by necessity, *forward-looking*.

VBA's Transformation Plan includes people, process, and technology initiatives to eliminate the disability claims backlog, improve decision quality, and increase Veterans' access to VA benefits and services. The transformation initiatives will also impact the culture of VBA by demonstrating our advocacy for Veterans and their families and survivors. VBA will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, and that implementation and training are carefully planned and executed using a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

People

VBA's employees are the key to our success. Our employees are leading advocates for Veterans, Servicemembers, their families, and survivors. We strengthen the expertise of our workforce by incorporating specialization to reduce training time and increase proficiency while emphasizing accountability, quality, and productivity. We create professional development opportunities and expanded leadership development programs to ensure competent, forward-looking, and results-driven leaders at all levels.

Supporting Initiatives:

A new standardized operating model is being implemented in all regional offices that incorporates a case-management approach to claims processing. Distinct processing lanes are being established based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims-processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims.

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards and our centralized Challenge Training that prepares claims processors to work faster at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace.

We have established dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance staff to assure local reviews are consistently conducted according to national standards.

Processes

VBA has established a "Design Team" concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a Design Team is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy.

Supporting Initiatives:

In the third quarter of 2011, the first Design Team developed an initiative that simplified the rating decision and the decision-notification letter. Implemented nationwide in January 2012, this new decision-notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected disability evaluation.

Additional initiatives include Disability Benefits Questionnaires (DBQs), which are standardized VA examination questionnaires. DBQs ensure complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. The Fully Developed Claims (FDC) Program will continue to focus on increasing the volume of claims received with all necessary information needed to make timely and accurate claims decisions, and the DBQs will greatly facilitate the submission of claims under the FDC program. VBA will continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates. Also,

rules-based automated processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits.

Technology

An eventual digital, paperless environment will allow for greater exchange of information and increased transparency to our clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VBA to eliminate the claims backlog and increase access to benefits and services to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Department of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value of eBenefits and the ease of enrolling in the system. Our Veterans have told us they want to engage with us online and at a time of their choosing.

Supporting Initiatives:

The Veterans Benefits Management System (VBMS), as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using the VBMS at the Providence Regional Office. This came approximately one year after VA began gathering business requirements for the prototype system, Virtual Regional Office. VA expanded VBMS to the Salt Lake City Regional Office in May 2011, which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA Medical Centers and Veterans Service Organizations. National deployment of VBMS will begin in 2012, with full implementation by the end of 2013.

The Veterans Relationship Management (VRM) initiative engages, empowers and serves Veterans and other claimants with seamless, secure and on-demand access to benefit and service information. VRM transforms the national call centers into service centers by expanding the call agents' authority to update Veterans' accounts and establish eligibility for premium eBenefits accounts. With VRM and through the eBenefits portal, Veterans can submit claims for benefits, administer their accounts, and receive status updates. The eBenefits web portal standardizes claim intake and enables collaboration with VSOs to assist Veterans with all interactions with VA. VBA continues to expand the capabilities available through the eBenefits portal.

Rating Schedule Modernization

VA is updating and revising the VA Schedule for Rating Disabilities (VASRD) to more accurately reflect rating criteria based on current medical principles and the impact on earnings in the modern economy. In connection with this update, public forums were conducted to capture current medical science information, and George Washington University (GWU) is conducting an earnings loss study for the Musculoskeletal System. GWU and VA have formed relationships with DoD, IRS, and SSA to securely obtain relevant earnings data.

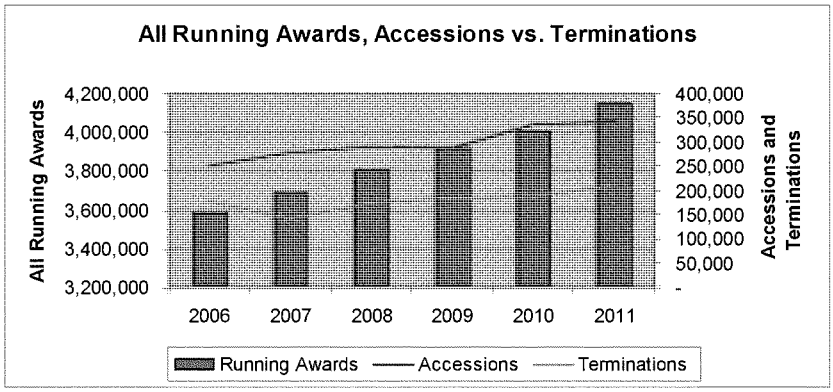
Workload

The following chart provides a summary of VBA disability determination workload and FTE projections, discussed in greater detail in this section.

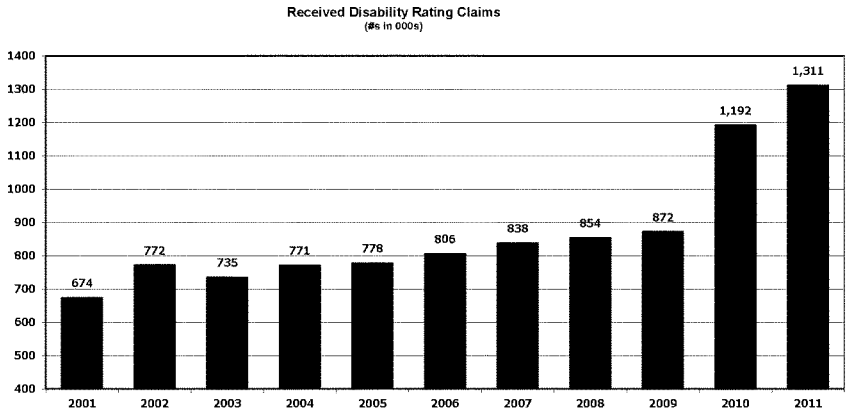
Projected Workload and FTE Requirements	2010	2011	2012 Estimate	2013 Estimate
C&P Direct Labor FTE	13,555	14,039	14,320	14,520
Receipts	1,192,346	1,311,091*	1,200,000	1,250,000
Year-end Inventory	531,698	810,455	835,455	685,455
Production	1,076,983	1,032,334	1,175,000	1,400,000
Average Days to Complete Compensation and Pension Rating Related Claims	166**	188	230	200
Average Days to Complete Pension Entitlement Claims	132	113	109	90
Average Days to Complete Pension Maintenance Claims	105	109	105	105

**Reflects increased receipts (230,778) resulting from the addition of Agent Orange presumptive conditions.*
***Corrected*

Since 2001, the demand for benefits and services from Veterans, dependents and survivors has steadily increased. Accessions have outpaced terminations each of the last 10 years.



The growth in the number of Veterans and survivors filing for and receiving benefits results in increased follow-on work. This includes award adjustments due to dependency changes; requests for ancillary benefits such as automobile grants, clothing allowances and housing grants; income adjustments in need-based programs; requests for eligibility certifications for use in determining entitlement to benefits and services from other agencies; program reviews; and appeals when Veterans disagree with one or more parts of VA's determination. Historically, VBA has found that characterizing work in terms of claims requiring disability assessments received and completed (called rating claims) is a good proxy for overall client demand.



Over the past 10 years, disability rating claims received from Veterans have grown at a tremendous rate. This growth is driven by a number of factors, including our extensive outreach efforts; improved access to benefits through the joint VA and DoD Pre-Discharge programs; Agent Orange presumptive disabilities for Veterans who served in the Republic of Vietnam; increased demand as a result of ten years at war; the aging of our Veteran population; new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and posttraumatic stress disorder; and the impact of a difficult economy.

VBA is forecasting that the growth in disability claims volume will continue. Over the next few years, VBA expects new and subsequent claims due to Servicemembers returning from wars, and Veterans seeking service connection for complications of serious injuries characteristic of the recent mid-east conflicts, such as traumatic brain injury.

Although the workload in the last ten years has nearly doubled, with additional employees, advanced technologies, and training, VBA completed an unprecedented number of disability claims. For the second consecutive year, VBA completed over 1 million disability claims in 2011. VBA expects production levels to continue to increase each year through transformational process changes and technological advances.

Unprecedented growth in received claims has driven VBA's claims inventory projections to historic levels as well. Our pending inventory is projected to continue to increase into 2012 as a result of the increased claims volume. However, new business processes and technologies will enable us to increase production in 2013,

and we project that our decisions on claims will outpace claims receipts, allowing us to reduce our pending inventory.

VBA assigns work credits for various types of work performed. These work credits assist VBA in monitoring the workload, i.e., tracking and reporting on claims. This system additionally acts as a management tool to monitor individual and regional office performance. This work is aggregated into the categories listed below.

✓ **Compensation and Pension Entitlement Claims** - claims that traditionally require a rating decision.

- **Compensation Entitlement** – Claims filed by Veterans for benefits based upon the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. Also includes claims received from surviving spouses, dependent children, and dependent parents based upon the Veteran's death due to service-related causes.
- **Pension Entitlement** – Claims for benefits from Veterans and survivors that have never before applied for pension, as well as claims for aid and attendance, and housebound benefits. Some pension entitlement claims require a rating decision.

✓ **Additional Compensation Workload**

- **Compensation Award Adjustments** – Involves the modification of benefits based upon additional ancillary factors. Such activity usually occurs when a Veteran or survivor is currently entitled and receiving benefits, such as adjudication of dependency issues.
- **Compensation Program Reviews** – These actions are not initiated by Veterans or survivors. All program integrity actions are initiated by internal VBA controls and mandates. These actions are classified as internal controls necessary to audit, review, and ensure that benefits and entitlements are proper and the intent of laws and regulations is being followed.
- **Compensation Other** - Combination of workload received from Veterans, survivors, and internal sources that do not have any effect on entitlement, nor do they require any adjustment to monetary benefits, such as responding to Freedom of Information Act (FOIA) requests.

✓ **Additional Pension Workload**

- **Pension Award Adjustments** - Involve the modification of benefits based upon income changes.
- **Pension Program Reviews** - These actions are not initiated by Veterans or survivors. All program review actions are initiated by internal VBA controls and mandates. These actions are classified as internal controls necessary to

audit, review, and ensure that benefits and entitlements are proper and the intent of laws and regulations is being followed.

- **Pension Other** – Combination of workload from Veterans, survivors, and internal sources that do not have any effect on entitlement, nor do they require any adjustment to monetary benefits.

✓ Other Workload

- **Burial** - Provides honor and assistance with the burial of Veterans through an enhanced burial benefit for those whose post-service death was due to or hastened by a service-connected disability. The burial program also provides assistance with the burial of Veterans entitled to pension; Veterans who die while under VA care; and Veterans entitled to compensation but who die from other causes.
- **Accrued** - Benefits not paid prior to the death of a Veteran or survivor based upon a pending claim at the time of death that is later granted.
- **Appeals** - Appealed cases include compensation, pension, burial, and accrued benefits and decisions.

Received Claims	2009	2010	2011
Traditional VA Disability Rating Claims	**1,013,712**	**1,192,346**	**1,311,091**
Compensation and Pension Entitlement*	**1,034,560**	**1,239,573**	**1,205,707**
Compensation Entitlement	869,127	1,044,457	1,026,960
Compensation Award Adjustments	585,191	535,011	499,443
Compensation Program Reviews	283,975	275,960	245,808
Compensation - Other	349,613	342,609	397,586
Pension Entitlement	165,433	195,116	178,747
Pension Award Adjustments	179,519	300,162	297,856
Pension Program Reviews	30,506	7,561	3,000
Pension - Other	194,719	198,888	90,395
Burial	146,316	145,225	142,139
Accrued	6,855	8,408	14,057
Appeals	124,295	141,483	127,318
All Workload Actions	**2,935,549**	**3,194,880**	**3,023,309**

**Reflects compensation and pension workload indicators in VBA Monday Morning Workload Report.*

Completed Claims	2009	2010	2011
Traditional VA Disability Rating Claims	**977,219**	**1,076,983**	**1,032,334**
Compensation and Pension Entitlement*	**984,618**	**1,142,015**	**1,032,902**
Compensation Entitlement	838,132	932,855	901,415
Compensation Award Adjustments	545,313	586,837	437,610
Compensation Program Reviews	279,848	275,620	235,205
Compensation - Other	348,583	339,008	389,958
Pension Entitlement	146,486	209,160	131,487
Pension Award Adjustments	110,477	291,037	288,566
Pension Program Reviews	28,214	22,694	13,211
Pension - Other	49,035	62,238	64,481
Burial	145,235	139,247	113,471
Accrued	6,392	7,147	10,909
Appeals	109,433	118,309	100,558
All Workload Actions	**2,607,148**	**2,984,152**	**2,686,871**

**Reflects compensation and pension workload indicators in VBA's Monday Morning Workload Report.*

Compensation for Veterans and Survivors

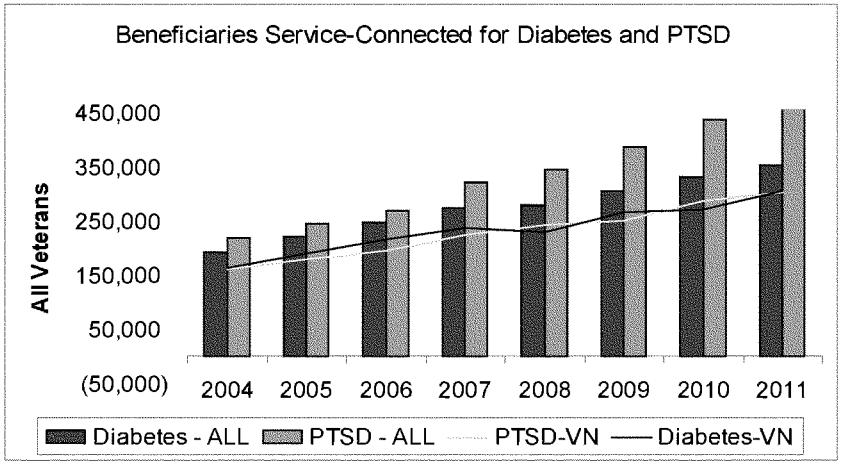
The compensation program provides monthly payments in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. The disability compensation program also provides monthly payments to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by a Veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability.

Two challenges to the continuous improvement in delivery of benefits and services are the overall increase in total claims received and the relative complexity of the claims received:

- The number of Veterans receiving benefits has significantly increased, both in terms of whole numbers and as a percent of the Veteran population. The current Veteran population demonstrates similar disability profiles as their predecessors in terms of the body systems affected. However, an increasing number of Veterans are claiming, on average, eight or more disabilities. Orthopedic, mental health, cardiovascular, endocrine, and hearing problems

predominate. Most of these conditions can be characterized as chronic progressive disabilities resulting in repeat claims.

- The average degree of disability for Veterans on the rolls has increased steadily from 32.2 percent in 2001 to 43.5 percent in 2011, reflecting both the existence of large, unique disability cohorts such as traumatic brain injury, mental disorders, diabetes, heart disease, and cancers, as well as the general aging of the earlier service population. The chart below reflects the major drivers in claim activity for Vietnam Veterans.

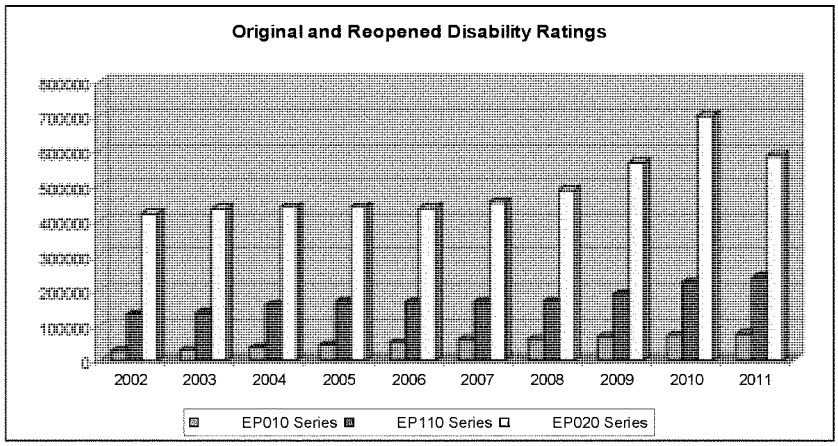


Disability Claims

The total number of disability claims received nearly doubled from 674,219 in 2001 to 1,311,091 in 2011.

Additionally, original disability claims with eight or more claimed issues increased by 230 percent from 22,776 in 2001 to 75,107 in 2011.

After ten years of sustained combat in Iraq and Afghanistan and the addition of the Agent Orange presumptive conditions, the number of Veterans receiving compensation has increased by more than 39 percent since 1999, from just over 2.3 million Veterans to over 3.2 million in 2011.



During 2011, reopened disability compensation claims and Agent Orange claims comprised 62 percent of all disability claims received. VA anticipates that reopened claims for increased benefits will continue to grow as compensation recipients' age and their conditions worsen.

Pensions for Veterans and Survivors
The pension program provides monthly payments to eligible wartime Veterans who are permanently disabled due to a non-service connected condition or who have attained age 65. Additionally, eligible surviving spouses and dependent children of deceased wartime Veterans may receive survivor benefits.

VA's three Pension Management Centers (PMCs) provide a clear picture of how targeted specialization can be beneficial. Consolidation of all Veteran and survivor pension claims was completed in 2008. From 2008 to 2011, the national accuracy rate for pension entitlement claims improved from 87 percent to 98 percent. During the same time period, the national accuracy rate for pension maintenance claims improved from 93 percent to 97 percent. The PMCs provide a glimpse into VA's future claims processing environment where all claims are completed in a paperless environment, eliminating the need for hard copy claims folders, allowing work to be completed without regard to where the decision maker is physically located, and allowing multiple individuals simultaneous access to the record regardless of their location.

Award Adjustments
During fiscal year 2011, VBA completed over 2.5 million award actions, of which approximately 1 million were VA disability rating decisions. As previously

indicated, approximately 4.1 million Veterans and beneficiary clients receiving benefits, the annual award adjustment workload is substantial. The combination of the higher numbers of beneficiaries on our rolls and the sustained and projected high levels of original claims activity results in continued growth in award adjustment actions, such as guardianship activity transactions, benefit certifications for other programs, dependency issues, and income adjustments.

Burial Program for Veterans
The burial program provides assistance with the burial of Veterans through an enhanced burial benefit for those whose post-service death was due to or hastened by a service-connected disability; a burial and/or plot allowance to assist with the burial of Veterans whose death was not related to a service-related condition but who were in receipt of, or entitled to receive, benefits from VA; or who died while hospitalized at VA, or VA expense. Full coverage of the plot cost is available to any Veteran buried in a national cemetery or in a state-sponsored Veteran's cemetery. VA may reimburse transportation charges associated with the burial of certain qualifying Veterans. Public Law 111-275, Veterans' Benefit Act of 2010, increased burial and funeral expenses and plot allowances for certain Veterans from $300 to $700, effective October 1, 2011.

Fiduciary Program
In 2011, the pension and fiduciary program functions were separated from the compensation program, creating a separate Pension and Fiduciary Service to address the critical need for greater oversight of pension and fiduciary benefits administration. This change also allows VBA to give greater focus to the complex and challenging workload and policy issues in our compensation program.

Compensation and pension program resources support VA's fiduciary program for beneficiaries who are incapable of managing their own funds. VA's fiduciary program supervises more than 122,000 beneficiaries who are unable to manage their financial affairs. The combined estate value requiring supervision exceeds $3.3 billion and the combined home value exceeds $3.4 billion. VBA completed over 100,000 field examinations and accounting audits in 2011. These include initial appointment field examinations and regular follow-ups, as well as other actions associated with administering the fiduciary program. Field examiners traveled an estimated 4.5 million miles to complete their duties in 2011. The workload of the fiduciary program continues to grow as the age of our Veterans increases.

Program Actions
Through the actions discussed below, VA will continue to anticipate Veterans' needs and provide services and benefits through means that Veterans and survivors find useful.

Homeless Veterans Outreach
VA has made the elimination of homeless Veterans a top priority. VBA is actively contributing to VA's Plan to End Homelessness and the U.S. Federal Strategic Plan for preventing and ending Veteran homelessness by 2015. HUD data from 2009 indicates that 1 in 10 Veterans living in poverty experience homelessness. VA is addressing the needs of the homeless Veteran population and their families through the newly funded Supportive Services for Veteran Families (SSVF) program. In SSVF, grantees provide outreach, case management, assistance in obtaining VA benefits, as well as provide or coordinate efforts to obtain needed entitlements and other community services.

In 2013, VBA will hire 200 additional homeless Veterans outreach coordinators (HVOCs) to support the Agency Priority Goals. The additional resources in 2013 will accelerate services for an additional 43,000 Veterans and their families by decreasing the frequency and duration of their episodes of homelessness. The resources will also assist Veterans and their family members maintain safe and permanent housing, get connected to employment opportunities, and improve their overall healthcare status.

Pre-Discharge Claims Processing
The joint Department of Veterans Affairs (VA) and Department of Defense (DoD) Pre-Discharge Program affords Servicemembers the opportunity to file disability compensation claims up to 180 days prior to separation or retirement from active duty or full time National Guard or Reserve duty (Titles 10 and 32).

Benefits Delivery at Discharge Program
The Benefits Delivery at Discharge (BDD) program is available to Servicemembers who have 60-180 days remaining on active duty and are able to complete their scheduled VA medical examinations prior to leaving their point of separation. This program allows separating and retiring Servicemembers to apply for disability compensation benefits prior to separating from military service. Program participants receive a single cooperative medical examination that meets the requirements for a VA disability rating and military separation examination. BDD provides decisions on disability claims as close as possible to Servicemembers' separation from active duty as part of the overall goal of ensuring a seamless and successful transition to civilian life. The BDD program provides centralized decision-making by dedicated staffs at two sites, Winston-Salem and Salt Lake City. In 2011, VA received 30,893 BDD claims and the average processing time was 122 days following discharge.

Quick Start Program
The Quick Start program is available to Servicemembers who have 1 to 59 days remaining on active duty, or those who do not otherwise meet the BDD program

criteria requiring availability for all examinations prior to discharge. Similar to the BDD program, the Quick Start program provides for centralized decision-making by dedicated staffs at two sites, Winston-Salem and San Diego. However, unlike BDD, Quick Start examinations are typically done after a Servicemember separates or retires. In 2011 VA received 30,275 Quick Start claims, and the average processing time was 235 days.

Integrated Disability Evaluation System

In coordination with DoD, VA has developed and implemented the Integrated Disability Evaluation System (IDES). IDES provides wounded, ill or injured Servicemembers fair determinations on their fitness for continued military service and, if separated, expeditious payment of VA benefits.

The goal of IDES is to improve the previous legacy Physical Evaluation Board (PEB) process, where DoD and VA operated consecutive and often duplicative processes. In the legacy process, Servicemembers waited approximately 540 days from their referral to the medical evaluation board to the receipt of VA benefits. By using a single set of examinations and a single disability evaluation, IDES aims to reduce processing time to 295 days for active duty members, and 305 days for members of Reserve components. IDES increases the transparency and understanding of the disability evaluation and claim processes. IDES participants have consistently reported higher levels of satisfaction than Servicemembers in the legacy system.

Since IDES was initiated as a pilot program in November 2007, there have been 32,816 Servicemembers referred into the program. VA has conducted 27,991 medical examinations and completed 16,116 rating decisions. There have been 10,011 Servicemembers who have successfully completed IDES, transitioned to civilian life, and now receive VA benefits.

The transition from the legacy process to IDES is now complete. Worldwide expansion of IDES was accomplished on September 30, 2011. IDES has been implemented at 139 military treatment facilities, and covers nearly 100 percent of all eligible Servicemembers referred to medical evaluation boards.

Contract Examinations

VBA provides disability examinations through contracted private examiners. These contracts help to better serve Veterans and supplement the capacity of the Veterans Health Administration, which conducts most examinations. VBA has hired three private companies to perform contract examinations at 18 regional offices, in addition to various military bases in support of IDES program throughout the United States. The areas include urban centers as well as rural areas where Veterans would have to travel greater distances to undergo VA examinations. In 2011, VA contracted

202,780 examinations. VA estimates that in 2012, 258,328 Veterans will be examined by a private source and that number will increase to 260,911 in 2013.

Skill Certification Program
The skill certification program is an essential element in VBA's strategic goal of achieving a high-performing workforce. Currently, certification tests are used or are under development for Veterans service representatives, rating Veterans service representatives, decision review officers, and managers in Veterans service centers, pension management centers, and the Appeals Management Center (AMC). Since the inception of the skill certification testing, 5,586 of the 9,718 individuals who have taken the tests have passed. This number reflects that approximately 57 percent of test takers are successfully obtaining certification. VBA provides enhanced training opportunities and feedback to personnel to retake the certification test successfully.

Quality Assurance Program
The quality assurance program is a four-tiered program focusing on program accuracy, station oversight, special focus reviews, and rating consistency. Based on the findings of these reviews, VA publishes guidelines and provides significant training to decision makers to ensure claims are processed accurately and consistently across all 57 regional offices, PMCs, the Day-1 Brokering Centers (D1BCs) and the AMC.

Accuracy
The Systematic Technical Accuracy Review (STAR) program is the national system for measuring the accuracy of compensation, pension, and fiduciary claims. Reviews measure quality at regional offices and PMCs, and quality in the IDES program. The STAR staff works closely with the Veterans Health Administration through the Disability Evaluation Management Office (DEMO) and the VBA contract examination program to review the quality of examination requests and examination results.

Station Oversight
Site visits encompass a thorough review of all operational elements of claims processing to improve the consistency and accuracy of benefits delivery and ensure compliance with approved policies and procedures throughout VBA's regional offices, the PMCs, and the D1BCs. Site visits include the following elements:

- Review of consolidated workload processes, such as development resource centers, and appeals resource centers
- Review of priority claims from seriously injured and very-seriously injured Servicemembers and Veterans
- Review of initial claims from returning combat-theater Veterans, homeless Veterans, and Veterans facing financial hardship
- Review of outreach efforts and the coordinating efforts in place at offices

designed to improve communication with the Veteran and survivor population being served
- The efficacy of transition assistance briefings for separating Servicemembers to ensure that benefit programs, including pre-discharge programs, are publicized and properly explained
- Special emphasis on management controls, training, program and data integrity areas, and the security of personal identifying information

Special Focus Reviews

Special focus reviews address issues of special interest to VBA or other stakeholders where accuracy and consistency are an issue. They may involve a nationwide review or a review of specific regional offices. The quality assurance staff is available to conduct special focused reviews as needed to support agency needs. Some special focus reviews are ongoing each month such as quality reviews of IDES cases and the review of cases completed by the AMC. In addition to planned reviews, the quality assurance staff expects to continue receiving requests for additional ad hoc reviews as areas for improvement are identified.

Consistency Reviews

The consistency component of quality assurance involves conducting nationwide analysis of regional office rating data with the goal of improving overall consistency in service connection rates and assigned disability percentages. Statistical data is collected to identify regional offices where potential variations in grant rates and assigned disability percentages exist. This data is used to focus on identifying areas for more in-depth analysis, diagnostic test questionnaires and reviews, with the goal of assisting the regional office.

Committees

VA's advisory committees provide advice and recommendations to the Secretary about specific Veterans' groups or issues. Advisory groups work with the concerns of former Prisoners of War, Veterans engaged in radiation risk activities, women Veterans, minority Veterans, homeless Veterans, and the rating schedule modernization plan.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in bold)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Enable 21st Century benefits delivery and services **(MI)**	**Percentage of Compensation and Pension pending inventory that is more than 125 days old (Supports Agency Priority Goal)**	**N/Av**	**N/Av**	**36**	**60**	**60**	**40**	**0**
		Percentage of pension maintenance claims pending inventory that is more than 90 days old	**N/Av**	N/Av	N/Av	N/Av	Baseline	TBD	0
		National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	**86%**	**84%**	**84%**	**84%**	**87%**	**90%**	**98%**
		National accuracy rate – pension maintenance claims	**93%**	**95%**	**96%**	**97%**	**97%**	**97%**	**98%**

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in bold)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Enable 21st Century benefits delivery and services **(MI)**	Compensation and Pension entitlement claims – average days to complete **(Supports Agency Priority Goal)**	179	161	166	188	230	200	90
		Compensation maintenance claims – average days to complete	N/Av	N/Av	99	106	85	80	60
		Percentage of compensation maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	0
		Burial claims processed – average days to complete	84	78	76	113	70	65	21
		Percentage of burial claims pending inventory that is more than 60 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	0
		National accuracy rate – compensation maintenance claims	95%	95%	96%	97%	97%	97%	98%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in bold)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	
		National accuracy rate – pension entitlement claims	87%	95%	96%	98%	98%	98%	98%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Enable 21st Century benefits delivery and services **(MI)**	Compensation and Pension National accuracy rate – fiduciary work	81%	82%	85%	89%	92%	92%	98%
		National accuracy rate – burial claims processed (Compensation)	96%	93%	96%	97%	98%	98%	98%
		Appeals Resolution Time (From NOD to Final Decision) (Average Number of Days) (Joint Measure with BVA)	645	709	656	747	675	650	400
		Average days to complete Income Verification Matches (New)	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Average days to complete original death pension (New)	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
		Performance Measures Data								
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	**Strat. Target**
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Build VRM capability to enable convenient, seamless interactions **(MI)**	Number of registered eBenefits users **(Supports Agency Priority Goal)**	N/Av	N/Av	N/Av	1M (Baseline)	1.65M	2.5M	3.5M
		Percent of claims where a portion of the required forms were filed electronically	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline*	75%
		Percentage of separating Servicemembers who are provided with VA and DoD benefit information within 6 months of the expiration of their term of service ETS through the eBenefits Portal	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline**	TBD
		National Call Center Successful call rate***	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD

**VONAPP Direct Connect, a Web-based program for Veterans to file claims electronically, is being developed. Nationwide deployment is expected in 2012. The baseline year has been changed to 2013.*

***The Department of Defense is currently working on an implementation plan that will mandate all Servicemembers obtain a DS Logon for the purposes of accessing the eBenefits portal. This will not be fully achieved until 2013 at which time a baseline for this measurement can be established.*

****This measures applies to all VBA business lines but is placed within the C&P performance plan because most of the calls are C&P-related. The baseline year has been changed to 2012 because a full year of new technology and appropriate staffing will be in place at the call centers in 2012.*

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	**Strat. Target**
D. Provide Veterans and their families with **integrated access** to the most appropriate **services** from VA and our partners	1. Work with DoD to transform the process by which wounded, ill, and injured Servicemembers are evaluated, separated, and provided benefits **(OSE)**	Percent of IDES participants who will be awarded benefits within 30 days of discharge*	N/Av	N/Av	N/Av	N/Av	Baseline**	TBD	TBD
Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested)	**Strat. Target**
D. Engage in two-way communications with Veterans and their families to help them **understand** available **benefits**, get feedback on VA programs, and **build relationships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys **(SI)**	Overall satisfaction rate (%) (Compensation)	N/Av	N/Av	N/Av	N/Av	Baseline***	TBD	TBD
		Overall satisfaction rate (%) (Pension)	N/Av	N/Av	N/Av	N/Av	Baseline***	TBD	TBD

**DES was changed to IDES*
***Baseline changed pending full deployment of IDES in 2012.*
****Targets are TBD as this measure will be captured by customer satisfaction surveys under development.*

Table 2: Performance Measure Supporting Information

1) Percentage of Compensation and Pension pending inventory that is more than 125 days.

a) Means and Strategies:

- Process claims timely, accurately, and consistently
- Service centers are separated into a team concept with distinct functional areas for increased workload specialization and more accurate, efficient, and timely claims processing
- Develop staff expertise for higher quality decisions
- VETSNET online information platform allows claims processing and client service workload to be shifted between regional offices to ensure timely and accurate benefit delivery

b) Data Sources: VBA's systems of record: Benefits Delivery Network (BDN) and VETSNET

c) Data Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-
based Compensation and Pension and Fiduciary Services, which perform quality and consistency reviews on cases from the regional offices with the highest rates of questionable practices. When anomalies are identified, when necessary, VBA staff follows standardized, documented procedures for making necessary changes to previously entered data.

d) Measure Validation: The focus of this measure is improved service delivery to claimants. Additionally, the measure ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.

e) Cross-Cutting Activities:

- VA and DoD are continuously developing a joint examination protocol to satisfy discharge examinations and
  meet the requirements for comprehensive VA examinations that will ultimately improve claims processing timeliness.
- VA is interfacing with DoD's automated Defense Personnel Records Imaging System to receive same-day responses to requests for service personnel records, thereby making the claims process more efficient.

f) External Factors: Significant court decisions or legislative actions requiring readjudication of claims.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

2) and 3) National Accuracy Rate – compensation entitlement claims and National accuracy rate – pension maintenance claims

a) Means and Strategies: Same as measure 1.

b) Data Sources:

- VBA's systems of record: BDN and VETSNET
- Systematic Technical Accuracy Review (STAR) Data Base, which maintains claims processing accuracy

c) Data Verification: C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part of a review of individual performance. Additionally, when a regional office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director.

d) Measure Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.

e) Cross-Cutting Activities: Same as measure 1.

f) External Factors: Same as measure 1.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: Same as measure 1.

Initiatives

The following chart provides initiative data based on receiving the funding requested.

Compensation and Pensions Initiatives
(dollars in thousands)

	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Veterans Benefits Management System (VBMS) Initiative	$3,343	$31,763	$35,106	40	$3,468	$32,243	$35,711	40
Transformation Plan	$836	$29,093	$29,929	10	$1,387	$17,053	$18,440	16
C&P Subtotal	**$4,179**	**$60,856**	**$65,035**	**50**	**$4,855**	**$49,296**	**$54,151**	**56**
VBA-Wide								
Veterans Relationship Management (VRM) Initiative	$1,109	$5,104	$6,213	13	$1,733	$5,186	$6,919	20
VBA-Wide Subtotal	**$1,109**	**$5,104**	**$6,213**	**13**	**$1,733**	**$5,186**	**$6,919**	**20**
C&P Total	**$5,288**	**$65,960**	**$71,248**	**63**	**$6,588**	**$54,482**	**$61,070**	**76**

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines, and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Compensation, Pensions, and Burial programs:

Expanding Initiative: Veterans Benefits Management System Initiative
Total 2013 GOE Initiative Cost: $35,711,000 (+$605,000 and no additional FTE over 2012)

The Veterans Benefits Management System (VBMS) is a business transformation initiative designed to assist VA in eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by a new operating model, enhanced tools and training, and improved business processes and workflows

VBMS will dramatically reduce the amount of paper in the current disability claims process, and will employ rules-based claims development and decision recommendations where possible. Additionally, by using a services-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in technology developed in the marketplace to respond to the changing needs of Veterans over time.

There are three successive phases designed to develop and test process improvements and VBMS technology solutions in a production claims setting.

Phase 1 (November 2010-May 2011) delivered capabilities for a new graphical user interface, in the form of an electronic claims repository and scanning solution, which integrated with existing core business applications in the current legacy platform (VETSNET). The first iteration of the software was tested at the Providence Regional Office.

Phase 2 (May 2011- November 2011) and Phase 3 (November 2011 – May 2012) are intended to provide capability and capacity for national deployment of an end-to-end paperless claims processing system. In addition to building out the core and sustainable system, both phases will increase the number of sites, the number of users, types of claims, and number of claims processed. Full national deployment is scheduled to begin in calendar year 2012. By the end of 2012, this initiative will be operational at more than 10 regional offices in order to aide VA in eliminating the claims backlog.

After national deployment commences and through the remainder of 2013, VBA will continue system development and refinement, and system training for users (e.g., claims processors, Veterans Service Organizations, Board of Veterans Appeals, etc.) as functionality increases.

Delivering the VBMS system will increase efficiencies for the disability claims process, improve quality, reduce inventory backlog, as well as ensure the timely and accurate delivery of disability benefits paid each month to Veterans and their beneficiaries.

Note: There is a corresponding IT budget for VBMS

Initiative: Transformation Plan
Total 2013 Initiative Cost: $18,440,000 (-$11,489,000 and +6 FTE from 2012)
The VBA Transformation Plan is responding to the demands of an era of emerging information technologies, changing demographic realities, and renewed commitments to today's Veterans and their dependents. VBA's efforts to date, as part of its transformation plan, have already begun to attack this backlog while, at the same time, are establishing the momentum of change across all of the various business lines of the organization. The plan is organized into a synchronized and multi-pronged approach through initiatives focused on people, business processes, and technology.

The Transformation Plan also includes strategic communication with both internal and external stakeholders (i.e., ongoing meetings with Congress, Veterans Service

Officers, labor partners, and employees). Many of the initiatives will help VA achieve more timely and accurate benefit and service delivery to our beneficiaries. Other initiatives will impact the culture of VA by demonstrating our advocacy for Veterans. All initiatives will be in support of the overarching Veterans Benefits Management System guiding VBA's transformation.

As of 2012, this initiative will have accomplished the national implementation of Quality Review Teams, a simplified and standardized rating notification process, and completion of 81 Disability Benefits Questionnaires, and begun the nationwide rollout of the new operating model and VBMS. The funding requested for 2013 will support contractual services and the ongoing phased implementation of the Transformation Plan. Strategic communications and project management support will aid VBA in developing and implementing further re-designed tools, business processes, and technologies and track the impact upon timely and accurate service to Veterans.

We are revising our current processes to be more streamlined and Veteran-focused. Many of the initiatives will help VBA deliver more timely and accurate benefits and services, while others will impact the culture of VA by demonstrating our advocacy. We will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. These initiatives will positively impact the lives of Veterans as they will enable 21st Century benefit delivery and service. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, with implementation and training carefully planned and executed using a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

Initiative: Veterans Relationship Management
Total 2013 Initiative Cost: $8,376,000 (+$706,000 and 7 FTE over 2012)
Compensation, Pensions & Fiduciary portion: $6,919,000
Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony

features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of $8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested $706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and

navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

Education

Mission

VA's educational assistance programs honor and reward Veterans, Servicemembers, reservists, survivors, and eligible dependents for sacrifices made in military service to this Nation by assisting them in achieving their educational or vocational goals. This mission is accomplished by providing financial assistance, generally in the form of monthly benefit payments, as mandated in Title 38 and Title 10 USC.

Stakeholders

Stakeholders and clients of VA's educational programs include Veterans, Servicemembers, reservists, dependents of certain Veterans, educational institutions, training establishments, state approving agencies, Congress, Department of Defense, Department of Homeland Security, Department of Health and Human Services, Department of Commerce, Department of Labor, Department of Education, and other VA elements.

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,782	1,429	1,861	1,672	-189
Management Direction and Support	185	166	169	177	8
Total FTE	**1,967**	**1,595**	**2,030**	**1,849**	**-181**
Obligations					
Personal Services	$153,654	$118,077	$146,476	$147,667	$1,191
Travel	2,015	1,915	1,915	1,915	0
Interagency Motor Pool	391	285	285	287	2
Transportation of Things	196	90	90	91	1
Rent, Communications & Utilities	16,280	13,230	13,230	13,804	574
Printing	234	757	757	762	5
Other Services	31,462	14,507	14,507	14,603	96
Supplies and Materials	1,684	977	734	512	-222
Equipment	2,318	1,218	1,218	1,226	8
Insurance Claims	33	33	33	34	1
Total Administrative Obligations	**$208,267**	**$151,089**	**$179,245**	**$180,901**	**$1,656**
Reimbursements	-$216	-$529	-$529	-$537	-$8
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Total Appropriation	**$208,051**	**$150,560**	**$178,716**	**$180,364**	**$1,648**
Outlays (net)	**$195,174**	**$150,930**	**$179,447**	**$176,700**	**-$2,747**

Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $180.4 million is requested to fund the discretionary portion of the Education program in 2013. The funding will support 1,849 FTE, the January 1, 2013, 0.5 percent projected pay raise, the associated level of fringe benefits, inflationary expenses, and maintenance for the Post-9/11 GI Bill program.

Changes from Original 2012 Budget Estimate

Obligations for 2012 increase over the original budget estimate by $28.2 million to retain temporary GI Bill claims processors and to hire additional temporary claims processors, resulting in an increase of 435 FTE. These claims processors will be used to process additional workload resulting from Public Law 112-56, the Vow to Hire Heroes Act of 2011, and from legislative changes made by Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010. The Vow to Hire Heroes Act of 2011 established the Veterans Retraining Assistance Program, which provides retraining assistance to eligible, unemployed Veterans. The Veterans Educational Assistance Improvements Act of 2010

expanded the type of programs eligible for benefits to include non-college degree programs, on-the-job training, flight programs, apprenticeship training, and correspondence courses.

Changes from 2012 Current Estimates to 2013 Request

In 2013, obligations are expected to increase $1.7 million. Decreases to personal services resulting from the release of temporary claims processors are offset by the January 1, 2013, estimated 0.5 percent pay raise and non-pay obligation inflationary increases.

Education
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	$208,267	$179,245
Prior Year FTE	1,967	2,030
Adjustments:		
FTE	63	-181
Personal Services	-$7,178	$1,191
Travel	-100	0
Interagency Motor Pool	-106	2
Transportation of Things	-106	1
Rent, Communications & Utilities	-3,050	574
Printing	523	5
Other Services	-16,955	96
Supplies and Materials	-950	-222
Equipment	-1,100	8
Insurance Claims	0	1
Net Change	**-$29,022**	**$1,656**
Estimated Obligations	$179,245	$180,901
Total FTE	2,030	1,849

Education Average Salary Analysis	
2011 Average Salary (261 days)	**$53,623**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-4,912
One day adjustment	-187
Regular benefits percentage	31.4%
2011 Average Cost	$78,116
2012 Average Salary (260 days)	**$48,525**
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	182
Change in staff composition	3,877
One day adjustment	202
Regular benefits percentage	32.7%
2012 Average Cost	$72,156
2013 Average Salary (261 days)	**$52,786**
Regular benefits percentage	33.9%
2013 Average Cost	$79,863

Program Highlights

Legislation enacted in 2008 and 2011 significantly expanded education benefits and allowed more individuals the opportunity to use the Post-9/11 GI Bill. Additionally, a retraining assistance program for certain unemployed Veterans was created (P.L. 112-56).

Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, made changes to the types of training approved for benefits, tuition and fee payments, and eligible individuals under the Post-9/11 GI Bill. It expanded the Post-9/11 GI Bill to include non-college degree programs, such as on-the-job training, flight training, and correspondence courses. P.L. 111-377 modified the tuition and fee payment under the Post-9/11 GI Bill to allow VA to pay all in-state public school costs and created a national cap for training pursued at a private school. It expanded eligibility under the Post-9/11 GI Bill to include National Guard members who performed certain active duty service under title 32 U.S.C. orders. P.L. 111-377 also modified the housing allowance amount so that it is determined based on a beneficiary's rate of pursuit and allows those who attend school solely through distance learning to receive a reduced amount. Finally, it made break or interval pay no longer payable under any education benefit program unless training is interrupted due to an Executive Order of the President or due to an emergency situation such as a natural disaster or strike.

Section 211 of Public Law 112-56, the Vow to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program for certain unemployed Veterans. The Veterans Retraining Assistance Program offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet in order to participate in the program, which include a Veteran's age, employment status, character of discharge, type of training, and other key elements. The number of Veterans who participate in the program may not exceed 45,000 in 2012 and 54,000 during the period beginning on October 1, 2012, and ending on March 31, 2014, when the authority to make payments under the program will expire. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associate degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the Department of Labor (DOL) to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments expires on March 31, 2014.

Implementation of the Post-9/11 GI Bill and 21st Century Transformation

In August 2009, VBA implemented the Post-9/11 GI Bill using interim manual procedures and processing tools. VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. As of June 2011, five phases have deployed with the Long-Term Solution (LTS). Additional releases through 2012 will implement changes to the Post-9/11 GI Bill required by P.L. 111-377, which mandated changes to the Post-9/11 GI Bill and will result in changes to the LTS system. This law made significant changes to the education benefit programs VA administers with very short implementation timelines. This has impacted the development of the LTS for processing and automating Post-9/11 GI Bill claims. The deployment of the LTS has been adjusted to make the system changes needed. The capability to conduct automated end-to-end processing on some supplemental claims planned for June 2011 was delayed to accommodate the new law. Initial automation of this subset of Post-9/11 GI Bill claims is expected with release 6.0 in July 2012. VA's FTE projections for 2012 reflect the retention of temporary GI Bill claims processors needed as a result of the delay in delivery of full LTS functionality. The retention of these claims processors will help VA to maintain original and supplemental education claims processing timeliness at 24 and 12 days, respectively, in 2012.

In 2013, the focus will be on technological enhancements to expand upon initial end-to-end automation capabilities deployed in 2012. Additionally, LTS changes

will be necessary to meet the requirements of the Treasury Modernization Program.

Accelerating Change in our Operating Model

VA is committed to providing a reliable and beneficial service to Veterans and others using VA education benefits. Drastic increases in trainees and continuous high-level interest in VA education programs require VA, more than ever, to provide efficient and effective service to beneficiaries that enable them to meet education and training objectives. VA's understanding of service delivery has expanded. VA is continuing to strive for improved education claims processing timeliness and accuracy. However, VA has also expanded the support provided to students throughout their educational career and ensures students are afforded the best opportunity to graduate and become gainfully employed. This expansion helps to ensure Veterans who use VA education benefits make sound decisions concerning the right school to attend, are aware of available services if they face academic challenges, and are provided a smooth transition to Federal, state, and local employment services.

VA recognizes the importance of both providing valuable readjustment opportunities for beneficiaries and maximizing our potential to enhance the national workforce. As such, we have enhanced and strengthened many of the services we provide, with a significant expansion of our capacity to actively engage with students throughout their educational experience. This includes:

- Assisting students with choosing the right schools, educational programs, and training opportunities to match their interests, aptitudes and abilities
- Providing support and resources for students through the following stages of educational pursuit
  - Planning to use benefits
  - Academic probation or dismissal issues
  - Graduation
- Linking students to employment resources prior to and at completion of their educational goal

These changes have helped us achieve a comprehensive approach to administering VA education benefits.

Workload and Resource Needs

The table below provides a summary of VBA workload and FTE projections, which are discussed in more detail in the following sections.

	2010	2011	2012 Estimate	2013 Estimate
Direct Labor FTE (cum)	1,773	1,782	1,861	1,672
Increase in Claims Completed (over prev year)	64.8%	19.8%	14.1%	4.7%
Total Claims Completed	2,809K	3,365K	3,840K	4,020K
Avg Days to Process Orig Claims	39*	24	23	18
Avg Days to Process Suppl Claims	16*	12	12	10

**The average days to process original and supplemental claims increased in 2010 due to the increase in the number of original applications for the Post-9/11 GI Bill and limited availability of internal IT resources.*

2012 Workload

The Post-9/11 GI Bill was effective on August 1, 2009, and established eligibility based on qualifying active duty service completed after September 10, 2001. As a result, the workload significantly increased in 2010 and 2011 due to the large population of Veterans that became eligible for the Post-9/11 GI Bill. This increased number of claims is expected to peak in 2011. We expect the number of claims completed in 2012 to increase by 14.1 percent over 2011.

2013 Workload

In 2013, claims completed are expected to increase 4.7 percent. Increased productivity per FTE is expected as a result of more experienced staff and efficiencies gained from the LTS. As a result, fewer FTE are required in 2013 and VA expects a reduction in the average days required to process original and supplemental education claims.

Performance Measures

The following chart provides performance measures and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
		Performance Measures Data								
			Results History			**Future Targets**				
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability, speed,** and **accuracy** of delivery	2. Automate GI Bill benefits **(MI)**	**Average days to complete original Education claims**	**19**	**26**	**39**	**24**	**23**	**18**	**10**
		Average days to complete supplemental Education claims	**9**	**13**	**16**	**12**	**12**	**10**	**7**
		Percentage of claims processed through the automated claims processing system	N/Av	N/Av	N/Av	N/Av	Baseline*	TBD	TBD
		Percent of Montgomery GI Bill or Post-9/11 GI Bill participants who successfully completed an education or training program	N/Av	N/Av	N/Av	N/Av	Baseline*	TBD	TBD

**Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.*

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org. - Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	2. Automate GI Bill benefits **(MI)**	Percent of Eligible Applicants who use the Post-9/11 GI Bill	N/A v	N/A v	N/A v	N/A v	Baseline	TBD	TBD
		Education Claims Completed Per FTE	N/A v	N/A v	N/A v	N/A v	Baseline*	TBD	TBD
		Payment accuracy rate	96	96	95	98	96	97	97

**Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.*

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History: 2008	2009	2010	2011	Future Targets: 2012 (Final)	2013 (Requested Funding)	Strat. Target
A. Improve and integrate **services** across VA to increase **reliability, speed,** and **accuracy** of delivery	2. Automate GI Bill benefits **(MI)**	Education Call Center–Abandoned call rate	5	11	17	20	15	6	5

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History: 2008	2009	2010	2011	Future Targets: 2012 (Final)	2013 (Requested Funding)	Strat. Target
D. Engage in two-way communica-tions with Veterans and their families to help them **understand** available **benefits,** get feedback on VA programs, and **build relationships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys **(SI)**	Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim	N/Av	N/Av	N/Av	N/Av	Baseline*	TBD	TBD

** Targets are TBD as this measure will be captured by customer satisfaction surveys under development.*

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy										
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**								
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**					**Future Targets**		
Integrated Strategies			**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
D. Engage in two-way communica-tions with Veterans and their families to help them **understand** available **benefits**, get feedback on VA programs, and **build relationships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys **(SI)**	Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal	N/Av	N/Av	N/Av	N/Av	Baseline*	TBD	TBD

* *Targets are TBD as this measure will be captured by customer satisfaction surveys under development.*

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

1) and 2) Average days to complete original and supplemental education claims

a) Means and Strategies: With the establishment of the Post-9/11 GI Bill, VA's long-term strategy to implement this new education program is the development of an end-to-end IT solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. The LTS was implemented during 2011 and provides a moderate amount of automated processing which will allow VA to improve overall timeliness.

b) Data Source(s):
- Education claims processing timeliness is measured by using data captured automatically through the Benefits Delivery Network.
- Information is reported through VBA's data warehouse using the Distribution of Operational Resources System.

c) Data Verification:
- Confirmed through ongoing quality assurance reviews performed by Education Service staff
- Samples of cases are reviewed yearly from each regional processing office (RPO) and are selected randomly from a database of quarterly end products. The results are valid at the 95 percent confidence level.

d) Measure Validation: Timeliness is directly related to the volume of work received, the resources available to handle the incoming work, and the efficiency with which the work can be completed.

e) Cross-Cutting Activities:
- Education Service can more quickly complete education claims when school certifying officials submit enrollment data electronically to VA.
- To improve claims processing times, VA can increase use of VA Online Certification of Enrollment (VA ONCE) for school certifying officials (i.e., college officials) and conduct weeklong, online training courses for new school certifying officials.
- In 2011 there were 23,943 school certifying officials using VA ONCE. In the same year we received approximately 3,038,465 electronic documents through VA ONCE, which represented an increase of 673,023, or 28 percent, above the previous year.*

f) External Factors: The legislative expansion of educational benefit programs may have an impact on these goals by increasing the volume of claims submitted to VA.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: These measures support:
- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

**2010 VA ONCE receipts were 2,365,442, which is an update from the 2012 budget.*

Initiatives

The following chart outlines resources requested in support of Education initiatives:

Initiatives
(dollars in thousands)

	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Education Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Veterans Relationship Management Initiative	85	385	470	1	87	385	472	1
VBA-Wide Subtotal	**$85**	**$385**	**$470**	**1**	**$87**	**$385**	**$472**	**1**
Education Total	**$85**	**$385**	**$470**	**1**	**$87**	**$385**	**$472**	**1**

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Education program:

Continuing Initiative: Veterans Relationship Management
Total 2013 Initiative Cost: $8,376,000 (+$711,000 from 2012)
Education Portion: $472,000 (+$2,000 from 2012)
Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and

business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of $8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested $706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

Housing

Mission

The Housing program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. We treat all Veterans and other participants in the program in a courteous, responsive, and timely manner. We endeavor to operate in the most efficient manner possible to minimize cost and ensure the best use of taxpayers' dollars.

Stakeholders

Veterans, active duty personnel, eligible surviving spouses, members of the Reserves and National Guard, and their families are the primary clients of the program. Lenders, loan servicers, others in the housing finance industry, homebuilders, and real estate agents are partners with VA in providing service to Veterans. Employees and fee personnel, such as appraisers, inspectors, and management brokers, are critical to providing Veterans with quality and timely service. Congress, Veterans Service Organizations, state and county Veterans representatives, and the military services are also important stakeholders.

Housing Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	746	838	838	820	-18
Management Direction and Support	88	97	97	87	-10
Total FTE	**834**	**935**	**935**	**907**	**-28**
Obligations					
Personal Services	$78,576	$90,544	$90,653	$93,069	$2,416
Travel	1,816	2,253	2,253	2,043	-210
Interagency Motor Pool	214	300	300	241	-59
Transportation of Things	104	198	198	117	-81
Rent, Communications & Utilities	5,219	9,700	9,700	7,758	-1,942
Printing	76	145	145	85	-60
Other Services	29,492	32,775	32,775	33,673	898
Supplies and Materials	811	731	622	681	59
Equipment	777	430	430	874	444
Insurance Claims	13	25	25	15	-10
Total Administrative Obligations	**$117,098**	**$137,101**	**$137,101**	**$138,556**	**$1,455**
Reimbursements	-$117,098	-$137,101	-$137,101	-$138,556	-$1,455
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$0**	**$0**	**$0**	**$0**	**$0**
Outlays (net)	**$0**	**$0**	**$0**	**$0**	**$0**

Note: Dollar amounts may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Reimbursement authority of $138.6 million is requested from credit accounts to fund the discretionary portion of the Housing program in 2013. Administrative funding includes $137.5 million for the Veterans Housing Program and $1.1 million for the Native American Housing Program. The funding will support 907 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2012 Estimate

Obligations remain unchanged from the original estimate.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are estimated to increase $1.5 million. Personal services increase by $2.4 million for the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff composition, and the associated level of fringe

benefits. Non-payroll categories decrease $1.0 million to more accurately reflect anticipated program requirements.

Housing
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	$117,098	$137,101
Prior Year FTE	834	935
Adjustments:		
FTE	101	-28
Personal Services	$12,077	$2,416
Travel	437	-210
Interagency Motor Pool	86	-59
Transportation of Things	94	-81
Rent, Communications & Utilities	4,481	-1,942
Printing	69	-60
Other Services	3,283	898
Supplies and Materials	-189	59
Equipment	-347	444
Insurance Claims	12	-10
Net Change	**$20,003**	**$1,455**
Estimated Obligations	$137,101	$138,556
Total FTE	935	907

Housing
Average Salary Analysis

2011 Average Salary (261 days)	**$71,294**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	971
One day adjustment	-277
Regular benefits percentage	24.3%
2011 Average Cost	$94,216
2012 Average Salary (260 days)	**$71,988**
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	270
Change in staff composition	3,053
One day adjustment	290
Regular benefits percentage	25.8%
2012 Average Cost	$96,955
2013 Average Salary (261 days)	**$75,601**
Regular benefits percentage	26.3%
2013 Average Cost	$102,612

Workload and Resource Needs

2012 Workload

Total home loans guaranteed in 2011 were 357,594 with a decrease to 304,900 expected in 2012. The number of guaranteed loans expected in 2012 reflects a decreased demand for refinance loans, from 171,006 in 2011 to 122,900 in 2012. In 2012, an increasing interest-rate environment will reduce the number of Veteran borrowers able to lower the interest rates on their home mortgages. Also, the tightened lending environment for home mortgages will continue to make the VA-guaranteed loan program more attractive to Veterans and Servicemembers considering purchasing a home. Purchase loan volume is expected to decrease slightly from 186,588 in 2011 to approximately 182,000 in 2012.

Because VA operates in the broader mortgage marketplace, the VA housing program is affected by the economic troubles in the housing market. These economic troubles lead to declining housing prices and tightening credit. As the mortgage market continues to recover, VA expects that the outcomes of the servicing efforts, offered to borrowers with delinquent VA-guaranteed home loans, will continue to improve. As home equity begins to recover, VA and loan servicers will be better able to use foreclosure-avoidance tools, resulting in more default resolution options.

2013 Workload

VA estimates that 228,400 home loans will be guaranteed in 2013. An estimated 196,900 of these loans will be purchase loans and 31,500 will be refinance loans. The guaranteed loan estimate reflects continued strong volume in purchase loans and a decrease in refinance loans. The currently constrained mortgage-lending environment will continue to increase confidence and use of the guaranteed loan program by the real estate and mortgage-lending industries, upon which VA relies to deliver the home loan benefit to borrowers. The number of refinance loans will decrease as interest rates steadily rise. Defaults and foreclosures will also decrease consistent with the assumption of a recovering housing market and easing of credit in 2013, which also improves the effectiveness of default resolution options.

Transformation Initiative

VA relies on its nationwide appraiser fee panel to appraise properties being considered as security on VA-guaranteed home loans. The panel completes more than 300,000 appraisals annually. VA's oversight of the fee panel and the appraisal process consists of a network of delegated lender staff appraisal reviewers (SARs), who perform a 100 percent review sample, and approximately 300 VA staff who conduct post-closing quality reviews on a random sample of appraisal reports each year. To better protect Veteran borrowers and to reduce risk exposure to the government due to inaccurate appraisals, VA is procuring

appraisal management services (AMS)/automated valuation management (AVM) services.

The AMS will evaluate the accuracy of all VA appraisals and produce a score based on VA appraisal review rules. AMS will improve oversight by enabling VA to concentrate analysis efforts on those appraisals exceeding specified VA risk tolerances. When VA's risk tolerances are exceeded, VA may order AVM services. The AVM will provide VA staff with another independent valuation with additional information, which will assist VA staff in evaluating the accuracy and reasonableness of the appraisal.

VA's AMS/AVM will further improve the quality of the appraiser fee panel and lender SARs by providing performance data that will assist in VA's development of training for both appraisers and reviewers. AMS/AVM will transform the valuation oversight process through automation and improve the overall quality of the home loan benefit for Veterans.

Performance Measures

The following chart provides performance measurements and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org.-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	
A. Improve and integrate **services** across VA to increase **reliability, speed,** and **accuracy** of delivery	1. Enable 21st Century benefits delivery and services **(MI)**	**Default Resolution Rate (%)**	**N/Av**	**71.5**	**76.3**	**83.0**	**81.0**	**82.0**	**85.0**
		Program Review Accuracy Rate	N/Av	N/Av	N/Av	Baseline	TBD	TBD	TBD
		Rate of home-ownership for Veterans compared to that of the general population (%)	115.2	117.2	117.2	122.98	120.0	120.5	122.0
		Default Resolution Efficiency Ratio	N/Av	32.0:1	55.7:1	68.3:1	66.0:1	67.0:1	70.0:1
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Build Veterans Relationship Management (VRM) capability to enable convenient, seamless interactions **(MI)**	Success Rate of Automated Certificate of Eligibility (ACE) System (%)	N/Av	N/Av	Baseline	54.98	62.5	63.0	75.0

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org.-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011** (EOY Est.)	**2012** (Final)	**2013** (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them **understand** available **benefits**, get feedback on VA programs, and **build relationships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys **(SI)**	Lender Satisfaction With VA Loan Guaranty Program (%)	N/Av	95.0	94.5	N/A	96.5	N/A*	97.0
		Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)	N/Av	92.3	N/Av	N/A	Baseline**	TBD	TBD

**The Lender Satisfaction Survey will be conducted on a biennial basis starting in 2012.*

*** Targets are TBD as this measure will be captured by customer satisfaction surveys under development.*

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Default Resolution Rate - Percent of defaulted VA-guaranteed loans on which VA successfully implemented a home retention option or avoided foreclosure.

a) Means and Strategies:
- Implement new business processes and procedures related to the Veterans Affairs Loan Electronic Reporting Interface (VALERI) system (a purchased service) in order to help Veterans with delinquent VA-guaranteed loans
- Provide financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to assist Veterans in retaining their homes and prevent foreclosures

b) Data Source(s): VALERI system

c) Data Verification: VA loan administration staff reviews results data (e.g., loan files) for conformance with VALERI's business rules. Failure to conform to VALERI's business rules affects the accuracy of the data. Loan administration staff works to identify instances of failure in order to continually improve accuracy of performance results.

d) Measure Validation:
- One of Loan Guaranty's objectives is to assist Veterans in retaining home ownership
- Default resolution rate measures VA's and servicers' joint efforts in helping Veterans with delinquent VA-guaranteed loans receive the most advantageous resolution option
- Monitoring delinquent loan servicing means more Veterans will receive timely assistance in helping to prevent foreclosures and retaining their homes

e) Cross-Cutting Activities: None

f) External Factors:
- The volume of new VA-guaranteed loans is closely related to changes in interest rates
- Levels of defaults, foreclosures, and property acquisitions are affected by the performance of the economy

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:
- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Initiatives

The following chart outlines resources requested in support of Housing initiatives:

Initiatives
(dollars in thousands)

	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Housing Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Veterans Relationship Management Initiative	85	279	364	1	87	279	366	1
VBA-Wide Subtotal	**$85**	**$279**	**$364**	**1**	**$87**	**$279**	**$366**	**1**
Housing Total	**$85**	**$279**	**$364**	**1**	**$87**	**$279**	**$366**	**1**

VBA-Wide Initiatives

Specific, crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines, and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Housing program:

Continuing Initiative: Veterans Relationship Management
Total 2013 Initiative Cost: $8,376,000 (+711,000 from 2012)
Housing portion: $366,000 (+$2,000 from 2012)

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities.

This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of $8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested $706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission.

These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

Vocational Rehabilitation and Employment

Mission

The purpose of the Vocational Rehabilitation and Employment (VR&E) VetSuccess program is to provide all services and assistance necessary to enable Veterans with service-connected disabilities to become employable and obtain and maintain suitable employment and, to the maximum extent feasible, achieve independence in daily living.

Stakeholders

Stakeholders and customers of the VR&E VetSuccess program include Veterans, Servicemembers, Reservists; dependents of certain Veterans; Veterans Health Administration (VHA); Department of Labor (DOL); Small Business Administration; Office of Personnel Management; Department of Defense; education, training, and rehabilitation facilities; Congress; and Veterans Service Organizations.

Vocational Rehabilitation and Employment
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,163	1,286	1,297	1,442	145
Management Direction and Support	121	149	149	152	3
Total FTE	**1,284**	**1,435**	**1,446**	**1,594**	**148**
Obligations					
Personal Services	$128,978	$149,535	$150,804	$172,461	$21,657
Travel	2,689	3,525	3,525	3,525	0
Interagency Motor Pool	267	315	315	359	44
Transportation of Things	245	222	222	249	27
Rent, Communications & Utilities	10,819	14,300	14,300	16,605	2,305
Printing	198	285	285	319	34
Other Services	58,243	31,495	31,495	35,284	3,789
Supplies and Materials	1,528	1,460	1,291	1,229	-62
Equipment	1,643	2,407	2,407	3,698	1,291
Insurance Claims	741	36	36	40	4
Total Administrative Obligations	**$205,351**	**$203,580**	**$204,680**	**$233,769**	**$29,089**
Reimbursements	-$327	-$343	-$343	-$346	-$3
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$205,024**	**$203,237**	**$204,337**	**$233,423**	**$29,086**
Outlays (net)	**$196,481**	**$196,223**	**$199,835**	**$223,423**	**$23,588**

Note: Dollars may not add due to rounding in this and subsequent charts.
**2011 includes approximately $13 million in obligations that were erroneously assigned to the VR&E program. These obligations are primarily training-related and support multiple VBA programs.*

Summary of Budget Request

Budget authority of $233.4 million is requested to fund the discretionary portion of the VR&E program in 2013. The funding will support 1,594 FTE, the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff composition, the associated level of fringe benefit costs, and inflationary expenses.

Changes from Original 2012 Estimate

Obligations increase $1.1 million to support an additional 11 FTE for the expansion of the VetSuccess on Campus initiative.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are expected to increase $29.1 million. Personal services obligations increase $21.7 million for 148 additional FTE to support the Integrated Disability Evaluation System (IDES) expansion to include VR&E services and the VetSuccess on Campus initiative. Remaining non-pay categories increase to support additional staff.

Vocational Rehabilitation and Employment
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	$205,351	$204,680
Prior Year FTE	1,284	1,446
Adjustments:		
FTE	162	148
Personal Services	$21,826	$21,657
Travel	836	0
Interagency Motor Pool	48	44
Transportation of Things	-23	27
Rent, Communications & Utilities	3,481	2,305
Printing	87	34
Other Services	-26,748	3,789
Supplies and Materials	-237	-62
Equipment	764	1,291
Insurance Claims	-705	4
Net Change	**-$671**	**$29,089**
Estimated Obligations	$204,680	$233,769
Total FTE	1,446	1,594

Vocational Rehabilitation and Employment
Average Salary Analysis

2011 Average Salary (261 days)	**$74,368**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	2,097
One day adjustment	-293
Regular benefits percentage	26.0%
2011 Average Cost	$100,450
2012 Average Salary (260 days)	**$76,173**
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	286
Change in staff composition	1,400
One day adjustment	299
Regular benefits percentage	27.0%
2012 Average Cost	$104,290
2013 Average Salary (261 days)	**$78,157**
Regular benefits percentage	27.8%
2013 Average Cost	$108,194

Workload and Resource Needs

In 2012 and 2013, VR&E expects workload increases associated with the growth in disability compensation and pension claims and the additional Agent Orange presumptive conditions. Effective August 1, 2011, Section 205 of Public Law (P.L.) 111-377 allows a Veteran entitled to services under Chapter 31 who is also eligible for VA education benefits under Chapter 33 to elect an alternate payment based on a military housing allowance in lieu of the regular Chapter 31 subsistence allowance. This rate is higher than the current Chapter 31 rate in most locations and because of that, we anticipate more Veterans who are eligible for Chapter 33 education benefits will instead apply for Chapter 31 benefits. Additional staff will allow an increased focus on assisting Veterans with significant disabilities to meet the economic challenges of the current labor market, resulting in more Veterans successfully competing for careers and achieving suitable employment that is compatible with their interests, aptitudes, skills, and disability conditions.

The requested staffing levels are critical to meet the needs of new Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) Veterans, as well as continuing to provide assistance to Veterans at all stages of life in achieving and sustaining suitable employment and maximizing independence in their homes and communities.

The table below provides a summary of VR&E workload and FTE projections, which are discussed in more detail in the following sections.

VR&E	2010	2011	2012 Estimate	2013 Estimate
Direct Labor FTE	1,154	1,163	1,297	1,442
End of Year (EOY) Actual Participants	103,814	107,925	118,717	130,588
Increase in Actual Participants (over previous year)	-3%	4%	10%	10%
Rehabilitation Rate	76%	77%	77%	77%

VR&E is actively engaged in a transformation effort to increase awareness of the program, increase participation, streamline operations, and improve accessibility of services. Our transformation includes increased early intervention, outreach, and supportive services to Servicemembers and Veterans by implementing the following:

- The IDES VR&E expansion integrates VR&E opportunities for Servicemembers transitioning through the IDES program, providing concurrent referrals to VR&E and the physical examination boards. With mandatory counseling services, we will assist Servicemembers in developing vocational goals and commencing vocational rehabilitation services to support their successful transition from the

military to their home communities. Additional resources will allow vocational counseling services to commence at the largest IDES sites during the separation process and support the associated workload increases. This initiative supports VA's goals for early intervention to achieve successful reintegration and prevent Veteran unemployment and homelessness.

- VR&E is enhancing and expanding outreach through the Disability Transition Assistance Program (DTAP), using innovative methods through multiple communication channels to reach transitioning Servicemembers and members of the Reserves and National Guard. The goal of DTAP is to assist eligible Servicemembers with early entry into the VR&E program. Additionally, with greater participation by members of the Reserves and National Guard in ongoing military operations, the enhancement of the DTAP program will allow VR&E to ensure that injured and ill Guard and Reservists are aware of VR&E benefits.
- VR&E continues to expand VA's Coming Home to Work (CHTW) program, which provides outreach that targets transitioning OEF/OIF/OND Servicemembers and new Veterans to accelerate their rehabilitation and facilitate their transition to civilian life and career employment. CHTW provides comprehensive VR&E services nationwide. Servicemembers can receive all VR&E services, except subsistence allowance payments, as part of CHTW.
- VR&E's VetSuccess on Campus project will expand to 80 college campuses in 2013, serving approximately 80,000 student Veterans. This forward-looking program is designed to ease the transition of Servicemembers to college life and provide support to student Veterans using the Post-9/11 GI Bill and other education benefit programs. Working collaboratively with VHA's VetCenter program and college Veteran services offices, VetSuccess on Campus staff provide a wide range of benefits assistance, supportive counseling, and medical and mental health referrals – all targeted to Veterans' completion of college programs and entry into career employment.

Program Highlights

VetSuccess

In 2012, VR&E will continue its successful rebrand of the program as "VetSuccess" to increase transparency, aid outreach, and make the VR&E program more Veteran-centric. VetSuccess focuses on providing individualized services that assist Veterans with disabilities to achieve their career goals and live as independently as possible.

Major accomplishments in 2012 will be the redesigned VetSuccess orientation provided to Veterans eligible for the program and increased marketing to both Veterans and the employment community, with a special emphasis on new programs available under the Vow to Hire Heroes Act (P.L. 112-56). VR&E will continue to improve Veteran satisfaction and increase Veteran awareness of the VR&E program through outreach efforts, such as the VetSuccess.gov Web site, a Veteran-centric tool providing

comprehensive transition, career, college, job readiness, and family support resources for all Veterans. As of September 2011, 91,172 Veterans have registered on the site, with the number of new registrations increasing by 77 percent from 2010.

In addition to hosting the VetSuccess.gov Web site, VR&E also currently partners with the Department of Defense and Department of Labor on Veterans' employment and has a link to the National Resource Directory Web site on VA's VetSuccess.gov Web site. Part of the VetSuccess.gov redesign includes an active interface with the National Resource Directory designed to enhance Veteran access to information and resources in a user friendly and easily searchable manner without having to exit the VetSuccess Web site to obtain needed information.

Independent Living (IL) Program

Provision of services to increase independence in daily living for VA's most severely disabled Veterans continues to be a priority for VR&E. The program continues to identify ways to improve IL services to Veterans. These efforts include providing instruction to counselors on how IL objectives may appropriately be included in vocational-oriented rehabilitation plans. A study to identify factors that influence the success of the most severely disabled in obtaining and maintaining employment is scheduled for completion in 2012. Also, a VR&E and VA Loan Guaranty Service task force has been established to improve coordination of the delivery of specially adapted housing services to Veterans with the most severe service-connected disabilities. Specific initiatives include establishing best practices and improving communication about specially adapted housing grant status. The development of the Training and Performance Support System (TPSS) for vocational rehabilitation counselors has also begun, which provides a system of consistent instruction and performance-based practices. TPSS will also include a module on the provision of IL services.

Business Progress Reengineering

The Business Progress Reengineering (BPR) project is primarily focused on streamlining services for Veterans and providing them with more self-service tools. This modernization initiative also has a strong IT focus and will ultimately move VR&E to a fully integrated and paperless model in conjunction with the Veterans Benefits Management System initiative. This initiative will enhance services to Veterans by:

- Streamlining processes
- Speeding Veterans' entry into VR&E services
- Simplifying administrative documentation
- Allowing professional staff to work more efficiently, increasing the focus on providing Veteran counseling and job-placement assistance
- Providing modern IT tools that streamline counselors' administrative workload, allowing more focus on Veteran services
- Providing IT tools that empower Veterans to actively engage in their rehabilitation programs

The BPR project has three main areas of focus: identifying process improvements and cycle time reductions, reviewing and revising staffing roles and performance metrics, and enhancing case management with new technologies. All efforts of the BPR project are designed to improve Veterans' experiences and increase outcomes through the VR&E Program.

The VR&E Knowledge Management Portal provides a one-stop shop for all staff to electronically access all job-related information. VR&E released the Knowledge Management Portal to VR&E field offices in June 2011.

Outreach Activities

Reaching out to new Veterans remains a priority. VR&E is increasing outreach activities through the Coming Home to Work Program and through partnerships with the Yellow Ribbon Program and Post-Deployment Health Re-Assessment Program. VR&E's expansion of DTAP and partnership with TAP provides increased and customized informational briefings on VR&E benefits to Servicemembers, Veterans, and Guard and Reserve members who have, or suspect they have, a service-connected disability or an injury or illness that was aggravated by service. Outreach efforts to transitioning Servicemembers and Veterans will be enhanced by increasing VR&E presence at military installations, military treatment facilities, VA Medical Centers, Community Based Healthcare Organizations, and other coming home events. Servicemembers and Veterans will be educated about the VR&E VetSuccess program and encouraged to apply for services. Outreach efforts will also be enhanced via the use of multiple media and Web outlets such as YouTube, Facebook, and other methods of reaching a younger generation of Veterans.

VetSuccess Contracts

VetSuccess contracts are used to supplement VR&E staff to ensure the availability of services in close geographic proximity to Veterans and to provide timely services when staff turnover occurs. Specialized services may also be provided to complement services provided by VA staff. In 2011 VR&E provided a new contract vehicle to obtain VR&E services solicited on a national basis and awarded at local regional offices. The services performed under this contract include initial assessment/evaluation, case management, employment services, educational and vocational counseling, and discrete services. The fixed-price, indefinite-delivery/indefinite quantity contracts provide contract services within each regional office's area of jurisdiction.

VR&E Longitudinal Study

The VR&E Longitudinal Study originated with the passage of P.L. 110-389, which requires VA to conduct a 20-year longitudinal study of VR&E. The scope of the project includes tracking 20 years of data for each cohort study year (2010, 2012, and 2014). This study will allow VR&E to analyze trends among Veterans receiving services and respond with forward-looking initiatives that adapt services to the changing needs of Veterans.

Benefits Delivery Network (BDN) Migration

VR&E continues to modernize its existing infrastructure to better support Veterans. In 2011, beta testing began on the most significant enhancement to the VR&E case management software tool, CWINRS. This modernization effort removes the dependency on the current BDN legacy payment system, migrating to the VETSNET payment systems application, Financial Accounting System (FAS). In 2012 VR&E will begin national deployment of this new payment system.

Other VR&E Initiatives and Improvements

- The Veterans' Benefits Improvement Act of 2008 (P.L. 110-389) improved services the VR&E program provides to the most seriously disabled Veterans who are unable to work by allowing an extension of IL services beyond 30 months and increasing the limit on new programs of IL to 2,700 participants per fiscal year.

- To continue to improve vocational outcomes for vocational rehabilitation program participants, the Department of Labor's (DOL's) Veterans Employment and Training Service (VETS) and VR&E adopted a team approach to job development and placement activities. The VR&E/DOL Joint Work Group (JWG) meets on a monthly basis to review the regional memorandums of understanding, review partnership assessments, and provide oversight and enhancements to the partnership. The JWG is developing a survey to send to all VR&E and DOL field personnel requesting their input on how they would improve or update the VR&E tracking report and the technical assistance guide. This survey will be sent to VA regional offices and DOL and state partners soliciting their assistance in identifying any outstanding issues and additional best practices to strengthen the current partnership. The Chapter 31 tracking report and the standard operating procedures will be revised as necessary for greater efficiency based on the results of this survey.

- VR&E developed a plan to achieve a 15 percent increase in the number of employment-based rehabilitations (baseline 2009) by 2014. This plan includes enhanced outreach and advocacy to Federal, state, private, and non-profit employers; development of an employment services workgroup to establish best practices and an employment coordinator mentorship program; semi-annual employer webinars; and participation in virtual career fairs.

- VA Innovation Initiative (VAi2) business competition: The VR&E program's VAi2 projects are focused on finding solutions to support Veterans in launching and building businesses by providing effective self-employment preparation and support services using direct and virtual tools. In addition, VR&E participated in a VAi2 self-management initiative to ensure that we use assistive technology, tools, and strategies that assist Veterans with the most severe disabilities obtain employment. VR&E also launched a VBA-wide employee innovation project to

solicit ideas from field staff to make VR&E a highly productive and effective program that meets the needs of our Nation's Servicemembers and Veterans with disabilities.

Performance Measures. The following chart provides performance measures and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Leverage **technology** and **partnerships** to reach Veterans and their families and **advocate** on their behalf	1. Expand and enhance VetSuccess, VR&E's initiative to assist disabled Veterans in their transition from the military to a training or employment environment and reintegration into the community	**Rehabilitation Rate (General)**	**76**	**74**	**76**	77	77	77	**80**
		Serious Employment Handicap (SEH) Rehabilitation Rate * Corrected	76	74	75*	77	77	77	80
		Independent Living Rehabilitation Rate	N/Av	Baseline	93	95	94	94	96
		Speed of Entitlement Decisions in Average Days	48	51	49	44	44	44	40

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy										
		Performance Measures Data								
			Results History				**Future Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011** (EOY Est.)	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Leverage **technology** and **partner-ships** to reach Veterans and their families and **advocate** on their behalf	1. Expand and enhance VetSuccess, VR&E's initiative to assist disabled Veterans in their transition from the military to a training or employment environment and reintegration into the community	Accuracy Rate of Decisions (Services)	82	80	81	82	87	89	96
		Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	96	96	97	97	97	97	99
		Employment Rehabilitation Rate	N/Av	Baseline	73	74	75	77	80
D. Engage in two-way communi-cations with Veterans and their families to help them **understan d** available **benefits**, get feedback on VA programs, and **build relation-ships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys **(SI)**	Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (%)	N/Av	N/Av	N/Av	N/Av	Baseline *	TBD	TBD

** Targets are TBD as this measure will be captured by client satisfaction survey under development.*

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Rehabilitation Rate (General)

a) Means and Strategies:

- Focus on Veteran placement, marketing skills, job development, reasonable accommodations, rehabilitation technology, and community reentry
- Collaborate with key partners including Department of Labor's VETS, Rehabilitation Services Administration, and employers to create employment opportunities for Veterans
- Continue to enhance job-seeking tools, including Web sites and skills training to better equip Veterans to enter suitable careers

b) Data Source(s): Corporate WINRS

c) Data Verification: Data accuracy is verified by semi-annual case reviews

d) Measure Validation:

- The rehabilitation rate is the key indicator of the program's success in meeting its goal.
- The rehabilitation rate illustrates the percentage of Veterans who complete their rehabilitation program plan with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living.

e) Cross-Cutting Activities: VR&E Service has partners with many organizations, such as Department of Labor's VETS, VA's Loan Guaranty Service, Department of Defense (IDES), and Education (VetSuccess on Campus initiative). These partnerships focus on joint efforts to provide career opportunities to Veterans.

f) External Factors:

- Socioeconomic indicators show a current environment of decreasing job availability and an increasing unemployment rate. While not projected to worsen, these conditions are anticipated to continue in the near future.
- Concurrent with this economic climate is a national initiative to prioritize, promote, and increase the hiring of Veterans in both the government and private sectors. To date, this initiative is showing great promise, receiving both positive reception and results.

g) Other Supporting Information:

The rehabilitation rate is calculated as follows:

(a) The number of disabled Veterans who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment* and Veterans with disabilities for which employment is infeasible but who obtain independence in their daily living with assistance from the program, divided by

(b) The total number leaving the program – both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program and have been classified as one of the following:

- Under one of two "maximum rehabilitation gain" categories:
  1) The Veteran is employed in a job other than the planned rehabilitation goal
  2) The Veteran is not currently employed but is employable and has informed VA that he or she is not interested in seeking employment, or is not employable for medical or psychological reasons
- Transferred to Chapter 33: The Veteran has elected to discontinue his or her VR&E plan to pursue educational goals using Post-9/11 GI Bill benefits

*Suitable employment is employment held by the Veteran for a minimum of 60 days and deemed compatible with the Veteran's interests, aptitudes, and abilities.

Table 2: Performance Measure Supporting Information

KEY MEASURES ONLY

The results calculation is a 12 month average through September 2011 shown below:

Base Data

Total number of rehabilitations:	9,862
Discontinued:	5,825
Maximum Rehabilitation Gains (MRGs):	2,935
Transfers to Chapter 33:	1,444
Discontinued (Excluding MRGs & Transfers):	2,890

Results Calculation

9,862/ (9,862+[5,825-2,935]) = 77% rehab rate.

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy B: Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf

Initiatives

The following chart outlines resources requested in support of VR&E initiatives:

Initiatives
(dollars in thousands)

	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
IDES Expansion to Include VR&E	10,123	6,118	16,241	110	18,218	5,707	23,925	200
VetSuccess on Campus	2,638	256	2,894	27	7,318	1,501	8,819	79
VR&E Subtotal	**$12,761**	**$6,374**	**$19,135**	**137**	**$25,536**	**$7,208**	**$32,744**	**279**
VBA-Wide								
Veterans Relationship Management Initiative	85	532	617	1	87	532	619	1
VBA-Wide Subtotal	**$85**	**$532**	**$617**	**1**	**$87**	**$532**	**$619**	**1**
VR&E Total	**$12,846**	**$6,906**	**$19,752**	**138**	**$25,623**	**$7,740**	**$33,363**	**280**

Expanding Initiative: Integrated Disability Evaluation System (IDES) Expansion to Include VR&E Services
Total 2013 Initiative Cost: $23,925,000 (+$7,684,000 and 90 FTE over 2012)
The Vocational Rehabilitation Assistance Study (VRAS) identified a need to incorporate VR&E services into the IDES process. This initiative provides VR&E services to active duty Servicemembers transitioning though the IDES. These services range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes, to support services to identify and maintain employment. By physically placing vocational rehabilitation counselors at the largest IDES locations, benefits delivery timeliness will be improved.

This initiative transforms the way VA supports Servicemembers and Veterans with service-connected disabilities and helps them transition to civilian life. It improves the quality and timeliness of benefits delivery by beginning during the transition process the development of a new career that is uniquely appropriate for each individual's desires and abilities. Early intervention helps combat homelessness and poverty caused by unemployment. Integrating vocational rehabilitation early into the IDES process allows Servicemembers and their families to make a quicker and smoother transition into civilian life and adapt to their service-connected disabilities.

By the end of 2012, this initiative will have served an estimated 12,000 transitioning Servicemembers. The additional 2013 investment of $7.7 million will enable us to serve 22,000 transitioning Servicemembers.

Expanding Initiative: VetSuccess on Campus
Total 2013 Initiative Cost: $8,819,000 (+5,925,000 and 52 FTE over 2012)
This ongoing initiative provides outreach and transition services to the general Veteran population during their transition from the military to college. VetSuccess on Campus will ease the transition and ensure the coordinated delivery of benefits and services to student Veterans, transforming the way VA supports student Veterans and developing a new service-delivery method that is more convenient to Veterans. The mission of the VetSuccess on Campus vocational rehabilitation counselor and the Vet Center outreach coordinator is to collaborate with VA certifying officials, perform outreach, and communicate with student Veterans, ensuring their health, education, and benefit needs are met. This will enable Veterans to stay in college to complete their degrees and enter career employment.

By the end of 2012, this initiative will be operational on 28 campuses, serving an estimated 28,000 students. The additional 2013 investment of $5.9 million will add 52 VetSuccess on Campus sites to be operational at approximately 80 college campuses. These 80 sites will serve an estimated 80,000 Servicemembers, Veterans, and family members with on-campus benefits assistance and adjustment counseling leading to them completing their college educations to prepare them to enter the labor market in viable careers. Once this initiative is expanded nationwide, it will transform the way VA supports student Veterans, developing a new service-delivery method that is more convenient to Veterans.

VBA-Wide Initiatives
Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is a description of a VBA-wide initiative that impacts the Vocational Rehabilitation and Employment program:

Continuing Initiative: Veterans Relationship Management
Total 2013 Initiative Cost: $8,376,000 (no change from 2012)
VR&E portion: $619,000
Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM
will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits.

This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of $8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested $706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims

for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

Insurance

Mission

The Insurance program provides Veterans with life insurance benefits that may not be available from the commercial insurance industry due to lost or impaired insurability resulting from military service. In addition, the Insurance program provides universally available life insurance benefits to Servicemembers and their families, as well as traumatic injury protection insurance for Servicemembers.

The Insurance program also provides a conversion option to either a permanent plan or a renewable term insurance policy after a Servicemember's separation from service. All benefits and services are provided in an accurate, timely, and courteous manner and at the lowest achievable administrative cost. Insurance coverage is provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return is ensured on investments held on behalf of the insured.

Stakeholders

Stakeholders include Veterans who maintain VA life insurance policies and their beneficiaries; Servicemembers and Veterans insured under the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs and their families and beneficiaries; taxpayers; Veterans Service Organizations; the Department of Defense (DoD); the individual service branches; Congress; the SGLI Advisory Council; Prudential Insurance Company of America (the parent company of the Office of Servicemembers' Group Life Insurance (OSGLI); the 24 insurance companies that serve as converters and/or re-insurers for the SGLI program; and employees of the Insurance program and its supporting elements.

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2011 Actuals	2012 Budget Estimate	2012 Current Estimate	2013 Request	2013 - 2012 Increase(+) Decrease(-)
FTE					
Direct	304	330	330	313	-17
Management Direction and Support	48	43	43	39	-4
Total FTE	**352**	**373**	**373**	**352**	**-21**
Obligations					
Personal Services	$26,831	$29,865	$29,865	$29,235	-$630
Travel	121	158	158	158	0
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	1	2	2	2	0
Rent, Communications & Utilities	3,278	3,498	3,498	3,365	-133
Printing	30	30	30	30	0
Other Services	1,084	1,094	1,094	983	-111
Supplies and Materials	207	329	329	285	-44
Equipment	4	295	295	297	2
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$31,569**	**$35,284**	**$35,284**	**$34,368**	**-$916**
Reimbursements	-$30,714	-$34,587	-$34,586	-$33,646	$940
Unobligated SOY	**$0**	**$0**	**$0**	**$0**	**$0**
Economic Stimulus ($7.1M) - 09 / 11	$0	$0	$0	$0	$0
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
Economic Stimulus ($7.1M) - 09 / 11	$0	$0	$0	$0	$0
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Total Appropriation	**$855**	**$697**	**$697**	**$722**	**$25**
Outlays (net)	**$656**	**$548**	**$581**	**$580**	**-$1**

Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $0.7 million is requested to fund the discretionary portion of the Veterans' Mortgage Life Insurance (VMLI) program. Budget authority increases are consistent with slight increases in VMLI processing, while total administrative obligations decline in line with decreases to all other insurance policies in-force. Combined budget authority and offsetting collections of $33.6 million will fund total obligations of $34.4 million. The combined request will provide sufficient funding for the administrative expenses of 352 FTE, the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff

composition, the associated level of fringe benefits, and inflationary expenses. In 2013, the Insurance program will continue to maintain our already high level of performance and client satisfaction. Nearly all insurance work products will be in the electronic workflow system by 2013. We will continue to provide world-class service through our toll-free telephone service and enhance our current alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, social media, and the Insurance self-service Web site, which is being redesigned to provide a more streamlined online experience for Veterans applying for insurance and managing their insurance policies.

Changes from Original 2012 Budget Estimate

Obligations remain unchanged from the original budget estimate.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are expected to decrease by $916 thousand. This decrease is primarily a result of the $630 thousand decrease in personal services from the reduction of 21 FTE. The decrease also includes a $133 thousand decrease in rent, communications, and utilities; a $111 thousand decrease in other services, and a $44 thousand decrease in supplies. Rent, communications, and utilities decrease as a result of the decrease in FTE. Other services and supplies decrease to better reflect program requirements.

Insurance
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	$31,569	$35,284
Prior Year FTE	352	373
Adjustments:		
FTE	21	-21
Personal Services	$3,034	-$630
Travel	37	0
Interagency Motor Pool	0	0
Transportation of Things	1	0
Rent, Communications & Utilities	220	-133
Printing	0	0
Other Services	10	-111
Supplies and Materials	122	-44
Equipment	291	2
Insurance Claims	0	0
Net Change	**$3,715**	**-$916**
Estimated Obligations	$35,284	$34,368
Total FTE	373	352

Insurance
Average Salary Analysis

2011 Average Salary (261 days)	**$58,638**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	1,369
One day adjustment	-230
Regular benefits percentage	23.1%
2011 Average Cost	$76,224
2012 Average Salary (260 days)	**$59,777**
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	224
Change in staff composition	2,570
One day adjustment	241
Regular benefits percentage	25.3%
2012 Average Cost	$80,066
2013 Average Salary (261 days)	**$62,813**
Regular benefits percentage	24.4%
2013 Average Cost	$83,054

Program Highlights

In 2013, the Insurance program will obligate approximately $2.5 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, policy loans, and traumatic injury protection payments. The Insurance program will continue to maintain its already high level of performance and client satisfaction.

We continue to transform operations and procedures by maintaining a paperless electronic workflow system. All major insurance work products are being processed in the electronic workflow system. This has led to significant improvements in timeliness and accuracy and contributes to maintaining a high level of client satisfaction. Client satisfaction will remain high as we continue to provide world-class service through the ease of access to our toll-free telephone service by maintaining blockage at or below one percent and the average speed of answer at or below 20 seconds. We validate our high customer satisfaction with studies performed by the American Customer Satisfaction Index (ACSI), which is produced by a partnership between the University of Michigan Business School, the American Society for Quality, and the Claes Fornell International (CFI) Group. The ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights for companies, industry trade associations, and government agencies. In prior Insurance program ACSI studies, the Insurance program earned scores surpassing both the private sector and other government agencies performing similar functions for awards processing and toll-free telephone service. At the request of Insurance, ACSI has recently performed similar studies on our awards processing and toll-free telephone service (Customer Service Center). Our Insurance awards processing scored an 87, more than 20 points higher than the overall satisfaction rate with the federal government. Our Customer Service Center also scored an 87, nearly 20 points higher than the aggregate of all federal call centers, and was also 10 points higher than the aggregate for private sector call centers. The CFI Group noted that our Customer Service Center has achieved the highest customer satisfaction score ever recorded for a government call or information center.

We will continue to expand the Insurance self-service Web site, which will allow clients improved functionality and access to their insurance benefits. Clients can apply for insurance, change their address, update their beneficiary designation, and apply for a loan, among other services. Clients and stakeholders can also subscribe to an online electronic newsletter that informs them of insurance benefits and services. An SGLI online enrollment system will also be available through the eBenefits portal. Insurance, in cooperation with the DoD, Prudential Insurance Company of America, and IBM, will automate the paper forms process, which will enable Servicemembers to make online changes to their SGLI coverage.

We are designing and developing insurance Web-based training programs to meet the emerging training needs of Insurance employees and employees of other VBA business lines. This training is also applicable to the DoD, the branches of service, and other stakeholders to assist them in serving Veterans, Servicemembers, and their beneficiaries more effectively.

We will continue to enhance our special one-on-one telephone outreach efforts to inform disabled Veterans of their insurance options, with a special emphasis on contacting severely disabled Veterans. We have expanded the outreach process by identifying, in most instances, those Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100 – 200 per month to 1,000 – 1,500 per month.

As a result of the cooperative and productive relationships between Insurance, the DoD, and Prudential Insurance Company of America, we continue to provide Servicemembers and their families in the SGLI, Family SGLI, and SGLI Traumatic Injury Protection programs with compassionate and timely service during their greatest times of need.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	Strat. Target
A. Improve and integrate **services** across VA to increase **reliability, speed,** and **accuracy** of delivery	1. Enable 21st Century benefits delivery and services **(MI)**	Number of disbursements (death claims, loans, and cash surrenders) per FTE	1,756	1,755	1,714	1,808*	1,750	1,750	1,750

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in **bold**)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	Strat. Target
B. Leverage **technology** and **partnerships** to reach Veterans and their families and **advocate** on their behalf	1. Expand outreach and improve access to benefits information and assistance **(OSE)**	Conversion rate of disabled SGLI members to VGLI (%)	45	32	37	55**	40	40	50

** Insurance processed slightly more disbursement with fewer FTE than projected in 2011. FTE dedicated to processing disbursements were less than projected due to losses realized during the year. Future targets of the number of disbursements processed per FTE are based the optimal FTE level necessary to process disbursements Insurance projects to receive.*

*** Insurance created a new outreach unit in 2011 to supplement our existing outreach to disabled Servicemembers eligible to convert their SGLI coverage to VGLI. The initial outreach results from this new unit were very successful. VA is currently in the process of determining the baseline results for this new outreach effort to determine if adjustments in future targets are needed.*

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Performance Measures Data**							
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Future Targets**		**Strat. Target**
			2008	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them **understand** available **benefits**, get feedback on VA programs, and **build relationships** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys[1/] **(SI)**	**Rate of high client satisfaction ratings on Insurance services delivered (%)**	95	96	95	95	95	95	95

[1/] *Insurance uses its own client satisfaction surveys, not the Voice of the Veteran client satisfaction surveys. This supporting initiative was selected because it was the most appropriate choice available.*

Table 2: Performance Measure Supporting Information

Rate of high client satisfaction ratings on Insurance services delivered (Key Measure)

a) Means and Strategies:
- Continue to process disbursements in less than 2.7 workdays
- Maintain toll-free telephone blockage at or below one percent and the average speed of answer at or below 20 seconds

b) Data Source(s): Insurance client survey to 40 randomly selected Veterans and beneficiaries per month for each of 11 end products

c) Data Verification: Insurance Service reviews and tabulates survey responses and independently validates the results of the tabulated responses by re-entering randomly selected monthly responses to determine if similar results are calculated.

d) Measure Validation: This measure provides information on the satisfaction level of Veterans and other beneficiaries in VA's Insurance program. Results help VA identify areas where improvements on service delivery or program administration need to be implemented in order to better meet the needs of Veterans and their beneficiaries.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:
- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy D: Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients

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General Administration

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Departmental General Administration

Appropriation Language

The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and Departmental General Administration. A detailed description of VBA is provided in Part 4 of this volume.

Departmental Administration

General Administration

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, $416,737,000, of which not to exceed $20,837,000 shall remain available until September 30, 2014: Provided, That funds provided under this heading may be transferred to ``General operating expenses, Veterans Benefits Administration''.

Appropriation Highlights
(dollars in thousands)

	2011 Actual	2012 Budget	2012 Current Est	2013 Request
Appropriation	$397,500	$448,225	$416,737	$416,737
Start of Year Unobligated Balances	$26,194	---	$10,641	---
Recission	-$795	---	---	---
Total Direct Budgetary Resources	$381,137	$448,225	$427,378	$416,737
Average Employment (FTE)	2,941	3,315	3,305	3,380

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Program Description

The General Administration account provides funding for the Office of the Secretary, six Assistant Secretaries and three VA-level staff offices, all of which report directly to the Deputy Secretary.

The Board of Veterans' Appeals (BVA) conducts an appellate program for Veterans and family members who appeal original decisions on their entitlement claims. BVA is the final agency decision-maker on all matters concerning benefits appeals.

The Office of General Counsel serves as the Department's legal advisor and ensures that the agency faithfully executes all laws, regulations, and policies that the Secretary is responsible to administer.

The Office of Acquisition, Logistics and Construction oversees the resources, services and projects that comprise VA's capital facilities program and also directs the Department's acquisition and logistics activities (Supply Fund).

The Assistant Secretary for Management provides executive leadership for the Department's budget, financial management, performance measurement and capital asset management. Offices that report directly to the Assistant Secretary include: the Office of Asset Enterprise Management (OAEM), the Office of Budget, the Office of Finance, and the Office of Business Oversight.

The Assistant Secretary for Human Resources & Administration (HR&A) formulates and executes Department-level policies and programs concerning human resources management and labor relations, and equal employment opportunity (including the timely and correct processing of EEO complaints). HR&A is also responsible to formulate and execute VA's Human Capital Investment Plan and also oversees VA Central Office support services which include building management, renovations, and audiovisual requirements.

The Assistant Secretary for Congressional and Legislative Affairs executes the Department's congressional affairs program by maintaining a positive working relationship between the VA and the U.S. Congress and has overall responsibility for the plans, policies, goals, and direction of the Office of Congressional and Legislative Affairs.

The Assistant Secretary for Policy and Planning (OPP) leads the development of initiatives and analysis for the Secretary and VA senior leaders in the areas of Veteran policy, Departmental level policy, interagency policy, program development, strategic planning, and management to support effective and efficient delivery of benefits and services to our Nation's Veterans. OPP ensures alignment of all policy, program, strategy, and operations with the strategic direction of the Administration and Secretary. OPP coordinates the development and implementation of the VA Strategic Plan, leads the Department in data analysis and program assessment, and develops external partnerships to improve services and outcomes for Veterans and their families.

The Assistant Secretary for Security and Preparedness (OSP) will continue to be an active federal partner in VA's continuity of operations in the event of an emergency (whether natural disaster or terrorist assault) with minimal disruption to ongoing services to Veterans and their families. OSP will also lead the Department's efforts in ensuring enforcement of the law and overseeing the protection of VA's infrastructure. Finally, OSP evaluates preparedness programs and develops training programs and exercises that enhance VA's readiness.

The Assistant Secretary for Public and Intergovernmental Affairs provides news media services and public affairs policy guidance to create awareness of VA programs and services. The Office of Public and Intergovernmental Affairs (OPIA) is also responsible for managing and directing intergovernmental and consumer affairs.

General Administration
($ in thousands)

	2011 Actual		2012 Budget		2012 Current Est.		2013 Request	
	Enacted BA	FTE	BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	9,270	86	10,104	89	10,085	89	10,085	89
Board of Veterans' Appeals	73,273	535	78,006	544	78,006	532	78,006	527
Office of General Counsel	80,778	754	84,073	732	83,099	738	83,099	729
Office of Management	43,161	277	46,222	316	45,598	303	45,598	307
Office of Human Resources & Administration	68,590	645	74,343	810	70,379	849	70,379	889
Office of Policy & Planning	26,015	90	28,647	125	26,015	117	26,015	117
Office of Operations, Security & Preparedness	16,746	86	19,873	107	18,510	102	18,510	102
Office of Public and Intergovernmental Affairs	22,079	79	23,981	93	23,286	94	23,037	94
Office of Congressional & Legislative Affairs	6,065	42	6,585	52	6,053	45	6,302	45
Office of Acquisition, Logistics and Construction	50,728	348	76,391	447	55,706	436	55,706	481
Total Budget Authority	**$ 396,705**	**2,941**	**$ 448,225**	**3,315**	**$ 416,737**	**3,305**	**$ 416,737**	**3,380**

Note: FTE levels include staffing supported by reimbursements.

Summary of Budget Request

In 2013, VA is requesting $417 million and 3,380 FTE for the General Administration account, the same funding enacted in 2012. These funds will sustain the management oversight and accountability process implemented during the last 3 years.

The table at the end of this section summarizes the resource level by staff office for the General Administration account. Highlights include:

- In 2013, $10.1 million and 89 FTE are requested to support all operations within the Office of the Secretary, which includes: the Center for Minority Veterans, the Center for Women Veterans, the Center for Faith Based and Neighborhood Partnerships, the Office of Survivors Assistance, the Office of Employment Discrimination Complaint Adjudication (OEDCA) and the immediate Office of the Secretary. The Office of Secretary provides executive leadership to all programs to transform VA into a 21st century organization to ensure Veterans are cared for over a life time, from the day the oath is taken to the day they are laid to rest.

- A total of $78 million in budget authority and 527 FTE are requested for the Board of Veterans' Appeals (BVA) in 2013 to address an increasing number of appeals and growing backlog. The request will also allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.

- In 2013, $83.1 million and 729 FTE are requested for the Office of General Counsel. This will support GC's continuing efforts to address an expanding legal workload, including an increasing number of cases before the United States Court of Appeals for Veterans Claims and to improve the timeliness of publishing regulations for VA's legislative and regulatory programs.

- A total of $45.6 million and 307 FTE are requested for the Office of Management in 2013. The 2013 budget will support priorities and initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. The request includes funding for audits of the Non-VA Care (Fee) Program.

- In 2013, $70.3 million in budget authority and 889 FTE are requested for the Office of Human Resources and Administration. When combined with $381 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives. These include: Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning.

- A total of $26 million and 117 FTE are requested for the Office of Policy and Planning (OP&P) in 2013. The 2013 budget will support the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services, conduct long range planning, and allow for increased VA/DoD Collaboration efforts. In addition, OP&P will partner with other VA organizations on new VA-wide initiatives to maximize economies and efficiencies across the Department. These initiatives include: the Business Intelligence Program Management Office, corporate predictive modeling, interagency data mining, as well as other strategic planning transformation efforts.

- A total of $18.5 million and 102 FTE are requested for the Office Operations, Security, and Preparedness in 2013 for a variety of mission critical activities including the continued refinement and development of the department's continuity programs through crisis management exercises, evaluation and training. The budget also supports: a program office for the Personnel Security and Suitability Program; improvements to the protection of the Department's physical infrastructure to ensure the provision of safe and secure environments for care and service; expanded oversight and inspection of VA Police Operations at VA facilities throughout the country; a program office for HSPD-12 implementation and compliance; and increased requirements for VA Special Access Programs.

- In 2013, $23 million and 94 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for continued outreach, enhancing VA's partnership with Tribal Governments, and sustaining an Office of New Media intended to educate and empower Veterans and their families. In addition, the budget includes funding for grants to the U.S. Paralympics, Inc. and for subsistence payments to Veterans and service members participating in the program.

- A total of $6.3 million and 45 FTE are requested for the Office of Congressional and Legislative Affairs in 2013. This funding will allow VA to continue to address an increasing workload and to become more

proactive in advancing congressional communications and legislative outreach.

- A total of $55.6 million and 481 FTE are requested for the Office of Acquisition, Logistics, and Construction in 2013. This funding supports activities to improve contracting and acquisitions and VA's Facilities Transformation initiatives by: increasing the role of project management at the regional and local levels; integrating facilities management functions to maximize life-cycle performance; expanding facility assessment and planning capability; leveraging technical expertise for minor design, construction and leasing; and increasing VA's return on investment .

Net Change General Administration 2013 Summary of Resource Requirements ($ in thousands)		
2012 President's Budget Request		$448,225
Consolidated Appropriations Acts, 2012		-$31,488
2012 Enacted		**$416,737**
2013 Adjustments		
Pay Raise (0.5 percent)		$1,575
Other Payroll and Benefits Increases		$2,048
OALC BA FTE Increases (27)		$3,752
Other Net FTE Increases (3)		$417
Rents & Utilities		$521
Transportation & Shipments of Things		-$685
Travel		-$600
Printing and Reproduction		-$75
Contractual services		-$4,639
Supplies & Materials		-$324
Equipment		-$1,990
	Subtotal	**$0**
2013 Request		**$416,737**

Employment Summary-FTE by Grade				
General Administration	2011	2012	2013	Change
Grade	Actual	Current	Request	FY13 v FY12
SES	95	107	109	2
GS-15 or >	231	260	265	5
GS-14	937	1052	1078	26
GS-13	613	689	704	15
GS-12	255	287	293	6
GS-11	203	228	233	5
GS-10	5	6	6	0
GS-09	203	228	233	5
GS-08	59	66	68	2
GS-07	133	149	153	4
GS-06	39	44	45	1
GS-05	42	47	48	1
GS-04	46	52	53	1
GS-03	65	73	75	2
GS-02	14	16	16	0
GS-01	1	1	1	0
Total Number of FTE	**2,941**	**3,305**	**3,380**	**75**

Analysis of FTE Distribution - Headquarters/Field		
General Administration	2011	
Grade	HQ-Actual	Field-Actual
SES	73	21
GS-15 or >	201	30
GS-14	706	231
GS-13	479	134
GS-12	161	94
GS-11	146	58
GS-10	5	0
GS-09	135	68
GS-08	50	9
GS-07	81	52
GS-06	21	18
GS-05	37	5
GS-04	40	6
GS-03	63	2
GS-02	14	0
GS-01	1	0
Total Number of FTE	**2,213**	**728**

Office of the Secretary

Mission

The mission of the Office of the Secretary is to support the Department of Veterans Affairs. This includes developing strategies and strategic communications plans, supporting the operations and daily administrative functions, and managing and monitoring all correspondence directed to the Secretary and Deputy Secretary. The Office of the Secretary also supports the special interest offices that report directly to the Secretary and carry out high priority work. These include:

Summary of Budget Request

Budget Authority ($ in 000)	2012 BA	2012 FTE	2013 BA	2013 FTE
Office of the Secretary	$ 6,815	46	6,815	46
Center for Faith-Based and Neighborhood Partnership	640	4	640	4
Center for Minority Veterans	1,176	7	1,176	7
Center for Women Veterans	850	5	850	5
Office of Employment Discrimination Complaint Adjudication 1/	52	24	52	24
Office of Survivors Assistance	552	3	552	3
Total Budget Authority	$10,085	89	$10,085	89

1/ OEDCA has statutory authority to collect reimbursements for costs incurred to carry out its operations. The BA represents the Staff Offices portion of the program, which is funded through GOE.

- The Office of the Secretary provides executive leadership and strategic direction for all VA programs, including VA's efforts to transform the Department into a 21st century organization and to ensure that the Department cares for Veterans over a lifetime, from the day the oath is taken until the day they are laid to rest.

- Other offices under the Secretary carry out specific missions to serve Veterans and report directly to the Secretary and Deputy Secretary.

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Program Description

A major function of the Office of the Secretary is to develop strategies and strategic communications plans to guide the transformation of VA, which are then executed in coordination with the organizations that make up the Department. These activities include strategies on policies, budgets, organizations, communications, and external relations. The immediate Office of the Secretary is composed of strategists, operations, and administrative staff members who carry out and execute Secretarial priorities on a daily basis.

In addition, the Office of the Executive Secretariat oversees, manages, and monitors all correspondence directed to the Secretary and Deputy Secretary as well as oversees the administrative operations of the Office of the Secretary. The Secretary, Deputy Secretary, and other executives within the Office of the Secretary manage high interest communications from the White House, Congress, OMB, and Veterans service organizations (VSOs) and manage items addressing politically sensitive issues for signature.

- The Executive Secretariat provides oversight and guidance to the Under Secretaries, Assistant Secretaries, and other Key Officials to ensure replies are timely, accurate, responsive, and consistent with current policy.
- The Executive Secretariat also manages the budget for the Office of the Secretary, as well as, information technology needs, the management of human resources, and administrative support functions.

The **Center for Minority Veterans' (CMV)** mission is to serve as principal advisor to the Secretary, identify barriers to benefits and health care access, promote awareness of minority Veteran-related issues, develop strategies for improving minority Veterans' participation in existing VA benefits and programs, and provide support for the Secretary's Advisory Committee on Minority Veterans. The CMV also serves as an advocate for minority Veterans, conducts outreach activities to promote the awareness and use of VA benefits and services, and evaluates the overall effectiveness of the provision of VA benefits and services. Specifically, these Veterans include the following minority groups: African American, Hispanic, Asian American, Pacific Islander, and Native American, including American Indian, Alaska Native, and Native Hawaiian.

The Center's activities include:

- Supporting and initiating activities designed to educate and sensitize internal staff within VA to the unique needs of minority Veterans.
- Identifying VA policies and business practices that present obstacles and challenges to minority Veterans.
- Serving as a resource center to internal and external stakeholders for the exchange of information regarding innovative, best practice initiatives, and successful programs that improve services to minority Veterans.
- Conducting statistical analysis of Minority Veterans Program Coordinators (MVPC) Web-based Quarterly Activity Reports to identify opportunities for improvement in outreaching to minority Veterans and leveraging best practices within VA.
- Developing and providing current outreach materials, guidance, and training to approximately 300 MVPCs located within VBA/VHA/NCA.
- Establishing and maintaining collaborative partnerships with other federal, state, local agencies, Veterans' Service Organizations, faith based organizations, and special emphasis groups, as well as internal stakeholders, to increase awareness of minority Veterans issues, and develop collaborative strategies to address unmet needs.

The **Center for Women Veterans' (CWV)** mission is to monitor and coordinate VA's administration of health care and benefits services and programs for women Veterans. The Center serves as an advocate for a cultural transformation (both within VA and in the general public) in recognizing the service and contributions of women Veterans and women in the military, and in raising awareness of the responsibility to treat women Veterans with dignity and respect. The CWV Director serves as the primary advisor to the Secretary on all matters related to policies, legislation, programs, issues, and initiatives affecting women Veterans.

The Center's activities include:

- Identifying and recommending effective VA policies, practices, programs, and related activities for women Veterans, and disseminating information internally and to the general public.
- Promoting a culture that honors the service and contributions of women Veterans and women in the military.
- Advocating and supporting awareness of entitlement to VA benefits by promoting images of women Veterans and women in the military through mass media.
- Proactively and timely communicating with women Veterans and their families on benefits and services.

- Collaborating with other Federal, state and local agencies, VSOs, faith-based and community partners to provide information on women Veterans.
- Providing support to the Secretary's Advisory Committee on Women Veterans, including coordinating annual briefings and a site visit to VA field facilities, and publishing of a biennial report outlining recommendations, concerns, and observations on VA's delivery of benefits and services to women Veterans.

The **Center for Faith-based and Neighborhood Partnerships (CFBNP)** mission is to develop partnerships with and provide relevant information to faith-based and secular organizations and expand their participation in VA programs in order to better serve the needs of Veterans, their families, survivors, and care givers. The CFBNP Director serves as the liaison and point of contact with the White House Office of Faith-based and Neighborhood Partnerships (OFBNP).

The Center's responsibilities include:

- Building partnerships between government agencies, faith-based and community organizations to better serve Veterans, their families, survivors, care givers and communities.
- Supporting the four priorities identified by President Obama and the White House OFBNP:
  - Strengthening the Role of Community Organizations in the Economic Recovery
  - Reducing Unintended Pregnancies, Supporting Maternal and Child Health, and Reducing the Need for Abortion
  - Promoting Responsible Fatherhood and Strong Communities
  - Promoting Interfaith Dialogue and Cooperation

The Center's activities include:

- Co-hosting 4 regional Veterans Roundtables in collaboration with Veterans Benefits Administration (VBA) Vocational Rehabilitation and Employment (VR&E) Service and the Regional Office of the host city. The Veterans Roundtables are designed to provide local leaders, faith-based and secular, with information on the programs and services VA provides and an opportunity to develop relationships with local VA staff.
- Participating in White House briefings convened for faith-based and community leaders.
- Moderating workshop and roundtable discussions at WH OFBNP Connecting Communities for the Common Good conferences convened across the country.

- Collaborating with other Federal, state and local agencies, VSOs, and community partners to provide information on the valuable role of faith-based organizations as partners in serving our Veterans
- Facilitating training for local clergy to better equip them to minister to and work with Veterans returning to their communities.

The **Office of Survivors Assistance (OSA)** mission is to serve as a resource regarding all benefits and services furnished by the Department of Veterans Affairs to survivors and dependents of deceased Veterans and deceased members of the Armed Forces. OSA also serve as the primary advisor to the Secretary on all matters related to the policies, programs, legislative issues, and other initiatives affecting survivors and dependents of survivors and dependents of deceased veterans and members of the Armed Forces.

OSA's responsibilities include:

- Building and maintaining collaborative partnerships with local, state and federal agencies as well as VSOs, faith-based and community organizations and other stakeholder groups in order to increase awareness of benefits and services available to survivors and their dependents.
- Advocating for the needs of survivors in the policy and programmatic decisions of VA.
- Developing and providing communications materials and products for distribution to internal and external partners and organizations
- Providing oversight and outreach programming to survivors.
- Tracking and recommending survivor legislative issues.
- Making appropriate referrals to VA administrations and staff offices so that survivors receive all benefits and services for which they are eligible.
- Developing innovative outreach opportunities to reach survivors who are eligible but are not receiving benefits.

The **Office of Small and Disadvantaged Business Utilization (OSDBU)** headed by the Executive Director, serves as the Department's advocate for the participation of Service-Disabled Veteran-Owned small businesses, Veteran-Owned small businesses, small business concerns, small disadvantaged businesses , women-owned small businesses , and Historically Underutilized Businesses in VA contracts and subcontracts. The OSDBU Executive Director serves as the Department's principal liaison to the Small Business Administration. In matters relating to the Department's socioeconomic acquisition program, the Executive Director is a liaison with the Department of Commerce, GSA, and the Office of Federal Procurement Policy.

Established by statute in 1979, OSDBU works closely with VA program offices and contracting activities to ensure maximum practical opportunity for small businesses in the Department's procurements. Activities include:

- Conducting contract bundling reviews, training acquisition officials, counseling entrepreneurs, participating as small business experts at conferences, distributing informational materials that describe how to do business with the Department and sharing acquisition information with VSOs.
- Negotiating, establishing, and maintaining the Department-wide procurement goals, and reporting on the progress toward accomplishing these goals.
- Monitoring the effectiveness of current policy, procedures, and plans for enhancing utilization of small businesses in future departmental requirements.
- Verifying the eligibility of Veteran-owned small businesses (VOSB) and service-disabled Veteran-owned small businesses (SDVOSB) to receive preference related to contract awards made by the Department of Veterans Affairs.

Although OSDBU reports to the Secretary, funding for this office is provided through VA's Supply Fund.

The **Office of Employment Discrimination Complaint Adjudication (OEDCA)** began operations on February 19, 1998, pursuant to The Veterans Benefits Act of 1997. OEDCA is an independent office responsible for issuing final agency decisions and orders on the substantive merits of employment discrimination complaints filed by employees and applicants for employment. In order to avoid a conflict of interest, complaints alleging that the Secretary or Deputy Secretary personally made a decision directly related to the matters in dispute, or were otherwise personally involved in such matters, will be referred for decision-making to another Federal agency pursuant to a cost-reimbursable agreement. Such a referral will not be made, however, when the action complained of relates merely to routine, ministerial approval of selection recommendations submitted to the Secretary by the Under Secretaries, Assistant Secretaries, or other key officials.

Final agency decisions and orders are rendered in a fair and impartial manner and are based on evidence contained in the investigation report and, if applicable, the hearing transcript and exhibits provided by an Equal Employment Opportunity Commission (EEOC) appointed administrative judge. OEDCA is also responsible for determining equitable relief and issuing final agency

decisions on a complainant's entitlement to compensatory damages, attorney's fees, and costs where the complainant is a prevailing party.

Budget Highlights

The 2013 request provides for the following:

- An average employment of 89 FTE and total obligational authority of $13,445,000 are requested in 2012 to support all operations of the Office of the Secretary, which includes CMV, CWV, CFBNP, OSA, and OEDCA. This request is comprised of $10,085,000 in budget authority, $3,360,000 in reimbursable authority for offices within the account.
- Within the total obligational authority, an average employment of 65 FTE, and budget authority of $10,085,000 is requested to support the operations of the Office of the Secretary.
- In addition to $52,000 in budget authority included above, OEDCA is requesting $3,360,000 in total recoveries to support 24 FTE and its operations. Funding for this office is provided on a reimbursable basis. Recoveries are comprised reimbursements from VHA, VBA, NCA, IG and OI&T. The budget authority represents the staff office share of the operational costs related to OEDCA.

Office of the Secretary *Summary of Employment and Obligations* *(dollars in thousands)*					
		2012			
	2011 Actual	Budget Estimate	Annual Estimate	2013 Estimate	Change FY13 v FY12
FTE	86	89	89	89	0
Obligations:					
Personal services	$12,693	$12,825	$12,861	$12,925	$64
Travel	$491	$379	$488	$279	($209)
Transportation of things	$0	$0	$0	$0	$0
Rents, communications, and utilities	$0	$0	$0	$0	$0
Printing and reproduction	$26	$16	$27	$16	($11)
Other services	$128	$122	$228	$125	($103)
Supplies and materials	$195	$174	$217	$100	($117)
Equipment	$7	$0	$0	$0	$0
Adjustment to Expenditure		*($173)*	*($229)*	*$0*	$0
Total obligations	**$13,540**	**$13,343**	**$13,592**	**$13,445**	**($376)**
Reimbursements (OEDCA)	($3,131)	($3,239)	($3,131)	($3,360)	$0
SOY Carry over (-)	($1,679)	$0	($376)	$0	$376
EOY Carry over (+)	$540	$0	$0	$0	$0
Reallocation	($0)				$0
Total budget authority	**$9,270**	**$10,104**	**$10,085**	**$10,085**	**$0**

Office of the Secretary
Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
			Performance Measures Data						
			Results History				Future Targets		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Meet the Secretary's socio-economic procurement goal achievement (OSE)	**Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses** (OSDBU) (1)VA's data reported may differ from data reported by the SBA due to the timing of when SBA runs the report	12.09%	(1)16.96%	20.0%	18.3%	10.0%	10.0%	10.0%
		Percent of total procurement dollars awarded to Veteran-owned small businesses (OSDBU) (1) See above	15.27%	(1)19.30%	23.0%	20.5%	12.0%	12.0%	12.0%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Develop a range of effective **delivery methods** that are **convenien** t to Veterans and their families	1. Report Secretary's socio-economic procurement goal achievement **(OSE)**	Percent of total procurement dollars awarded to small business concerns (OSDBU) (1) See above	36.35%	(1)34.51%	37.3%	34.4%	34%	34%	34%
		Percent of total procurement dollars awarded to small disadvantaged businesses (OSDBU) (1) See above	9.81%	(1)7.78%	8.4%	7.9%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to women-owned businesses (OSDBU) (1) See above	4.16%	(1)3.42%	3.3%	3.7%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to businesses located in Historically Underutilized Business Zones (OSDBU) (1) See above	2.81%	(1)2.02%	2.1%	2.2%	3.00%	3.00%	3.00%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
			Performance Measures Data						
			Results History				Future Targets		Strat. Target
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their familes to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	1. Increase Veteran participation in VA programs through outreach to, and partnerships with, faith-based and secular organizations **(SI)**	Average number of Veterans that were provided VA program materials by faith-based and secular organizations that participated in VA CFBNP outreach events. (CFBNP) **(NEW)**	N/Av	N/Av	N/Av	100	100	150	200

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
			Performance Measures Data						
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strat. Target
D. Engage in two-way communications with Veterans and their familes to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	2. Educate and empower minority Veterans and their families through proactive outreach and effective advocacy **(SI)**	Average number of Veterans attending outreach programs conducted by Minority Veterans Program Coordinators and CMV (CMV)	N/Av	N/Av	70	60	100	115	130
D. Engage in two-way communications with Veterans and their familes to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	3. Engage and empower women Veterans through effective targeted outreach, education, and monitoring of VA's provision of benefits and services for women Veterans **(SI)**	Percent of attendees at outreach activities who indicate that the information provided by Center staff improved awareness of VA benefits and services for women Veterans (CWV)	N/Av	N/Av	N/Av	N/Av	Baseline	65%	90%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
			Performance Measures Data						
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strat. Target
D. Engage in two-way communications with Veterans and their familes to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	1. Expand small business participation in Federal procurement opportunities through aggressive OSDBU research, enhanced verification, analysis, outreach, training, program modernization, and IT enhancements **(SI)**	Percent of complete verification applications in the Vendor Inforamtion Pages (VIP) database that are processed within 90 days (OSDBU) **(NEW)**	N/Av	N/Av	N/Av	92.7%	90%	95%	95%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Monitor attorney timeliness and provide time-off awards for extra production **(OSE)**	Average processing time for adjudication (in days) (OEDCA)	49	54	78*	69	60	60	49
	2. Send OEDCA attorneys to training and provide updates of EEOC appellate decisions **(OSE)**	Percent of final decisions reversed on appeal by EEOC (OEDCA)	4.0%	3.8%	3.7%	6.0%	3.6%	3.6%	3.0%

* Correction—data had to be recalculated.

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

1. Percent of total procurement dollars awarded to Service-Disabled Veteran-Owned small businesses
(Departmental Management Measure)

a) Means and Strategies:
- Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Service-Disabled Veteran-Owned small businesses (SDVOSB)
- Continue to participate in Integrated Product Teams for acquisitions valued at or above $5M to ensure maximum contracting opportunities for SDVOSB
- Maintain counseling and training to the SDVOSB community regarding how to do business with VA
- Retain counseling and training to the VA contracting and purchasing staff regarding small business programs

b) Data Source(s):
- Federal Procurement Data System - Next Generation: A system that maintains data on all procurement contracts

c) Data Verification:
- VA's Chief Acquisition Officer certifies the accuracy of the data to the Small Business Administration annually

d) Measure Validation:
- Quantifies support of SDVOSB

e) Cross-Cutting Activities:
- OSDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations
- Collaborative efforts include the Interagency OSDBU Director's Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country
- Expand knowledge-based initiatives of contracting opportunities to enhance VA's ability to meet statutory and the Secretary's Socioeconomic Goals

f) External Factors:
- None

g) Other Supporting Information:
- Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments.

h) Link to New Strategic Planning Framework:
- Integrated Objective #1 – Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B – Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

2. Percent of total procurement dollars awarded to Veteran-Owned small businesses (Departmental Management Measure)

a) Means and Strategies:
- Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Veteran-Owned small businesses (VOSB)
- Continue to participate in Integrated Product Teams for acquisitions valued at or above $5M to ensure maximum contracting opportunities for VOSB
- Maintain counseling and training to the VOSB community regarding how to do business with VA
- Retain counseling and training to the VA contracting and purchasing staff regarding small business programs

b) Data Source(s):
- Same as measure 1.

c) Data Verification:
- Same as measure 1.

d) Measure Validation:
- Same as measure 1.

e) Cross-Cutting Activities:
- OSDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations
- Collaborative efforts include the Interagency OSDBU Director's Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country
- Expand knowledge-based initiatives of contracting opportunities to enhance VA's ability to meet statutory and the Secretary's Socioeconomic Goals

f) External Factors:
- None

g) Other Supporting Information:
- Same as measure 1.

h) Link to New Strategic Planning Framework:
- Integrated Objective #1 – Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B – Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families

Board of Veterans' Appeals

Mission

The Board of Veterans' Appeals (BVA or Board) conducts hearings and issues timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law.

The Board is the component of the Department of Veterans Affairs (VA) responsible for making final decisions on behalf of the Secretary for the thousands of claims for Veterans benefits that are presented for appellate review. Despite the dynamic environment in which BVA has operated since the advent of judicial review, the mission has remained relatively unchanged.

Summary of Budget Request

The Board of Veterans' Appeals requests a budget authority of $78,006,000 to support its operations.

Program Description and Accomplishments

The Board provides primary services to appellants – Veterans and Veterans' family members who have filed appeals on VA benefit claims. These appellants represent a subset of those who file claims for VA benefits, which, in turn, is a subset of the potential customer base for VA – all Veterans and their families.

The vast majority of BVA actions derive from claims initiated at Veterans Benefits Administration (VBA) regional offices. The appellate process begins at the field level, and field action may be required at later points in the process if the appeal involves a remand. The Board issues final VA decisions on all appeals for entitlement to veterans benefits, including claims for: service connection, increased disability ratings, total disability ratings, pensions, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, waivers of indebtedness, fee basis medical care, dependency and indemnity compensation, and many more.

Despite this broad range of subject matter, about 96.3 percent of the Board's appellate workload concerns appeals for disability compensation or pension.

In addition to VBA, the Board partners with: (1) the Veterans Health Administration (VHA), which provides expert medical opinions to the Board and administers medical examinations used as evidence in appeals and, in some situations, is the originating agency for claims on appeal; (2) the General Counsel, who provides legal opinions to the Board on questions of law and represents the Department on appeals filed with the United States Court of Appeals for Veterans Claims (Court); and (3) Veterans Service Organizations (VSOs) who represent 82.3 percent of those appellants before BVA.

Proposed Legislation

Legislative proposals are currently under consideration in Congress to improve timeliness in the processing of Veterans benefits appeals including: (1) reduce the time period for initiating an appeal from one year to 180 days; (2) allow the Board to consider evidence filed by the claimant in the first instance, rather than having to remand the case back to the agency of original jurisdiction; (3) allow the Board more flexibility in scheduling video conference hearings in order to reduce the wait time for Veterans, and to minimize travel time and expenses related to conducting in-person travel board hearings; (4) amend the definition of "prevailing party" for purposes of establishing eligibility to receive fees under the Equal Access of Justice Act (EAJA) in order to provide an incentive for increased, continuing attorney representation before the Board; and (5) establish a clear time period for filing a substantive appeal by making the filing of a timely substantive appeal a jurisdictional requirement and by attaching finality to any matter in which a timely substantive appeal is not filed.

Budget Highlights

The 2013 request includes resources to continue the 2012 funding level. In 2012, Congress approved the approximately $5 million increase requested by the President to address the increase in cases that the Board has experienced in the last few years. The Board's goal is to maximize its resources to increase the number of final decisions and continue to reduce the backlog of appeals.

Board of Veterans' Appeals
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 Budget Request	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Average Employment	535	544	532	527	-5
Obligations:					
Personal Services	$72,481	$73,341	$73,341	$74,064	723
Travel	762	1,300	1,300	900	-400
Transportation of Things	76	80	80	80	0
Rents, Communications & Utilities	368	530	530	400	-130
Printing & Reproduction	181	150	150	150	0
Other Services	2,030	2,015	2,603	2,000	-603
Supplies & Materials	575	570	570	400	-170
Equipment	13	20	20	12	-8
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$76,485**	**$78,006**	**$78,594**	**$78,006**	**($588)**
Reimbursements	*0*	*0*	*0*	*0*	*0*
SOY Unobligated Balance (-)	*-3,800*		*-588*	*0*	588
EOY Unobligated Balance (+)	*0*	*0*	*0*	*0*	*0*
Budget Authority	**$73,273**	**$78,006**	**$78,006**	**$78,006**	**$0**

The Board is tasked with conducting hearings and issuing decisions. A direct and proportional correlation exists between the number of employees and decisional output. BVA has explored efficiencies in its processes and has implemented operational changes in the areas of hearings and remands.

The majority of the Board's budget (95%) is allocated to labor costs. Approximately 80% of the Board's employees are on career ladders with step increases, meaning that even when the workforce stays constant, labor costs increase substantially. In FY 2011, BVA reduced its FTE to 535, based on the actual funding level. For FY 2013, BVA will be able to support an FTE level of 527.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Redesign the Expedited Claims Adjudication (ECA) process **(SI)**	**Appeals Resolution Time (ART) (from NOD to final decision) (days)***	645	709	656	747	675	650	400
	2. BVA plans to maximize the number of final decisions and hearings and continue to reduce the backlog of appeals. **(OSE)**	**BVA Appeals Backlog (New)**	N/Av	17,713	21,112	20,287	39,283	65,611	21,000
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Advance key legislative initiatives to streamline the appeals process (automatic waiver of AOJ review for additional evidence, reduce statutory time periods, expedite hearings, etc.) **(OSE)**	**BVA Cycle Time (excludes representative time) (days)**	155	100	99	119	140	140	104
		Appeals Decided Per Veteran Law Judge	754	813	818	784	752	752	800

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
	2. Update technology and expand videoconferencing capability for hearings at the Board of Veterans' Appeals, regional offices and beyond (OSE)	**Percent of Total Hearings that are Conducted via Video Conference**	N/Av	N/Av	N/Av	29%	35%	46%	46%

*The ART is a joint measure shared with VBA that accounts for resolution of appeals pending at the local Regional Office level and at the Board.

Performance Measure Supporting Information

1) Appeals resolution time (Departmental Management Measure)

a) Means and Strategies:

- Reduce the time a case spends at the Board by partnering with VA's Appeals Management Center to reduce administrative impediments that influence appeal resolution time
- Promote use of Expedited Claims Adjudication (ECA)

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: This measure represents the average length of time it takes VA to process an appeal from the date a claimant files a Notice of Disagreement (NOD) until a case is resolved at a VBA regional office or at BVA

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Performance Measure Supporting Information

2) BVA Cycle Time (Departmental Management Measure)
a) Means and Strategies:
- Strive to create final, legally accurate decisions in the shortest time possible by more robust Quality Review to identify problem areas and take appropriate corrective actions such as training and process improvement

b) Data Source(s):
- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:
- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:
- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.
f) External Factors: None.
g) Other Supporting Information: None.
h) Link to New Strategic Planning Framework:
- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

3) Appeals decided per Veteran Law Judge (Departmental Management Measure)
a) Means and Strategies:
- Implemented aggressive training program within BVA to write clear, concise, coherent, and correct decisions
- Created mentoring program to pair up high-producing attorneys with new hires

b) Data Source(s):
- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:
- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:
- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.
f) External Factors: None.
g) Other Supporting Information: Appeals decided depends upon number of decisions produced; but producing a high number of decisions has little meaning without the context of quality
h) Link to New Strategic Planning Framework:
- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

4) Percent of Total Hearings that are Conducted via Video Conference (Departmental Management Measure)
a) Means and Strategies:
- Increase the number of video rooms available to deliver video hearings
- Partner with Regional Offices and Veterans Service Organizations to encourage video hearings thus reducing the hearing wait time for veterans.

b) Data Source(s):
- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:
- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors.

Performance Measure Supporting Information
d) Measure Validation: • This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner." **e) Cross-Cutting Activities:** • Expedited Claims Adjudication (ECA), VRM, VBMS, VLER, VBA Synchronization. **f) External Factors:** • None **g) Other Supporting Information:** • None **h) Link to New Strategic Planning Framework:** • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. • Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.
5) BVA Appeals Backlog (Departmental Management Measure) **a) Means and Strategies:** • Strive to create final, legally accurate decisions in the shortest time possible by more robust Quality Review to identify problem areas and take appropriate corrective actions such as training and process improvement. • Created mentoring program to pair up high-producing attorneys with new hires **b) Data Source(s):** • Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data **c) Data Verification:** • VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors **d) Measure Validation:** • This measure is closely aligned to BVA's mission to issue timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law. **e) Cross-Cutting Activities:** None. **f) External Factors:** None. **g) Other Supporting Information**: Calculations: Backlog from previous year + case receipts from current year minus appeals decided in current year=BACKLOG **h) Link to New Strategic Planning Framework:** • Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness • Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

General Counsel

Mission

The mission of the Office of General Counsel (OGC) is to proactively meet the legal needs of the Department of Veterans Affairs. As the unified national law firm for the Department, OGC must ensure the just and faithful execution of the laws, regulations, and policies that the Secretary has responsibility for administering, and by so doing enable the Department to accomplish its mission of service to our Nation's Veterans.

Our primary stakeholders receive the legal services of OGC. These include the Secretary of Veterans Affairs, the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), the National Cemetery Administration (NCA), and other components of the Department. Secondary stakeholders include the Congress, the United States Court of Appeals for Veterans Claims, other Federal agencies, and Veterans service organizations.

Summary of Budget Request

The OGC budget request includes the following resources in 2013:

Funding:			
Appropriated			$ 83,099,000
Reimbursable:			
MCCF			5,001,000
Credit Reform			5,304,000
Supply			9,216,000
All Other			1,265,000
Total Resources Requirements			**$ 103,885,000**

- In 2013, OGC requests budget authority of $83.1 million, total resources of $103.9 million, and 729 FTE to support its operations.

- Distribution of Resource Requirements over OGC Product Lines

Product Lines:	2011	FTE	2012	FTE	2013	FTE
Benefits Law	$ 22,967,633	170	$ 23,551,080	170	$ 24,932,400	175
Business Law	37,655,660	279	37,886,520	273	39,476,300	277
Employment Law	20,583,611	153	20,479,200	147	20,777,000	146
Health Law	12,680,832	94	12,287,520	89	11,427,350	80
Other Specialized Legal Services	7,856,264	58	8,191,680	59	7,271,950	51
Total Resource Requirements	**$ 101,744,000**	**754**	**$ 102,396,000**	**738**	**$ 103,885,000**	**729**

Program Description and Accomplishments

OGC provides essential, high-quality legal and legislative services to the Department including representation before administrative and judicial forums, formal and informal legal advice, ethics advice, legislative drafting and advocacy, decision writing, legal program administration, rulemaking, training, and liaison with external parties.

By utilizing components at Central Office and in the field, OGC delivers nationwide coverage of legal services to the Department. Twenty-two Regional Counsel Offices located throughout the country support VA's field operations. The Central Office legal staff is made up of six professional staff groups (PSGs) performing substantive legal work, another staff group provides management and operational support to all components of the OGC, and a regulations policy and management office leads the Department's regulation re-write project and oversees rulemaking.

OGC's practice of law may be divided into five broad subject areas or "product lines." These are Employment Law, Health Law, Benefits Law, Business Law, and Other Specialized Legal Services. Within each of these five product lines are a number of legal-specific areas or "product categories."

Product Lines (product categories are in order of service delivery priority):

Employment Law: Within this product line, OGC provides legal services involving the following:

1. Employee disciplinary actions appealed to the Merit Systems Protection Board;
2. Employee complaints of discrimination or harassment taken to the Equal Employment Opportunity Commission (EEOC);
3. Title 38 employee disciplinary actions before Disciplinary Appeals Boards;

4. Labor management issues taken before the Federal Labor Relations Authority;
5. Employee requests for representation by the Department of Justice;
6. Inspector General and criminal investigations;
7. General employment issues (includes Office of Special Counsel investigations, pay and leave policy issues, etc.);
8. Ethics advice and training;
9. Labor relations arbitration matters;
10. General labor-management relations;
11. Employee pay and benefit matters;
12. State licensing board matters;
13. National Practitioner Data Bank; and
14. Military Personnel/Civilian Employee Claims.

Health Law: Within this product line, OGC provides legal services involving the following:

1. Administrative tort claims filed against the Department for injuries alleged to have resulted from VA-provided health care;
2. Administrative tort claims filed against the Department for damages alleged to have resulted from actions involving VA property/employees not related to health care;
3. Issues relating to the administration and management of a health care system;
4. Patient safety;
5. Bioethics;
6. Educational/training programs for health care professionals;
7. Commitment of mentally disturbed/impaired Veterans to VA health care facilities;
8. Medical Research;
9. Eligibility for health care services;
10. Canteen Service operations;
11. Final agency decisions on patent and copyright matters;
12. Administration of the General Post Fund; and
13. Acceptance of gifts to VA.

Benefits Law: Within this product line, OGC provides legal services involving the following:

1. Burial benefits;
2. Loan Guaranty (including management of properties acquired by VA in loan default actions);
3. Appointment and removal of fiduciaries;
4. Compensation and Pensions;

5. Vocational Rehabilitation and Education;
6. Attorney fees for claimant representation;
7. Accreditation of Veterans service organization representatives; and
8. National Service Life Insurance, United States Government Life Insurance and Servicemembers' Group Life Insurance.

Business Law: Within this product line, OGC provides legal services involving the following:

1. Collections (includes debts owed to the United States by liable third parties, insurers, and Veterans);
2. Procurement (includes construction, supply, and service contracts);
3. Expanded sharing of medical facilities, equipment, and information;
4. Acquisition and disposition of real property (includes leases and land acquisitions by/for VA, and easements on land owned by VA but does not include real property acquired in the administration of the loan guaranty program, which is covered under the Benefits product line above);
5. Enhanced-use leases of real property;
6. Compliance with environmental and occupational safety laws; and
7. Non-profit research corporations (issues related to incorporation and management of these corporations).

Other Specialized Legal Services: Within this product line, OGC provides legal services involving the following:

1. Disclosure of information (for example, *Touhy*, FOIA, Privacy Act, etc.);
2. Organization/reorganization of VA and its component parts;
3. Authorized use of appropriated funds and other fiscal matters;
   Federal Records Act;
4. Paperwork Reduction Act; and
5. Laws prohibiting discrimination in programs receiving Federal financial assistance (e.g., title 6 of the Civil Rights Act of 1974, title 9 of the Education Act, as amended, and Section 504 of the Rehabilitation Act, as amended).

Recent Accomplishments

Disability Counsel Assistance Program (DCAP): The DCAP was created in December 2008 following the passage of the National Defense Authorization Act for Fiscal Year 2008 (NDAA), Pub. L. No. 110-181. Section 1612 (b) of the Act required that the Secretaries of Defense and Veterans Affairs develop a policy to improve the conduct of physical disability evaluations by their respective departments, including procedures to eliminate unacceptable discrepancies and improve consistency among military and VA disability ratings. That Act also

required the military services to use the VA Schedule for Rating Disabilities (VASRD), including any applicable case law, when determining the status and condition of wounded, ill or injured service members. The DCAP, led by OGC and assisted by personnel from the Board of Veterans' Appeals and the Veterans Benefits Administration's Compensation Service, serves as a source of information and guidance to attorneys and paralegals from the military service departments who handle disability evaluation cases. During FY 2011, the DCAP provided written opinions in response to more than 70 inquiries from attorneys and paralegals from the Army, Navy, Air Force, Marines, Coast Guard, and the Office of the Secretary of Defense. In addition, DCAP members provided training to military personnel at the Office of General Counsel and the Washington Navy Yard in Washington, DC, and also gave training presentations at conferences in San Antonio, TX, and Huntsville, AL.

Important FY 2011 Rulemakings:

In FY 2011, OGC attorneys and staff helped VA program offices publish a number of regulations of importance to Veterans. New VA regulations supported the goals of the Openness in Government Act, provided supportive services for Veterans families and homeless Veterans, improved health care services for homeless Veterans including those with substance abuse problems, extended coverage for herbicide exposures to certain Veterans in or near the Korean demilitarized zone, liberalized the requirements for modifying VA-guaranteed home loans to help Veterans avoid foreclosures, held down the rising costs of pharmacy co-payments for Veterans, helped prevent homelessness among Veterans released from incarceration, assisted Veterans with disabilities to train for and compete on the U.S. Paralympics team, authorized the continuation of per diem payments for Veterans at state homes during emergency evacuations, implemented new benefits for Veterans needing service dogs, included functional gastrointestinal disorders (FGIDs) within the scope of the existing presumptions of service connection for medically unexplained chronic multi-symptom illnesses, and quickly implemented Congressional amendments in the Post-9/11 Veterans Educational Assistance Improvements Act of 2010.

Budget Highlights

- In 2013, OGC requests budget authority of $83.1 million, total resources of $103.9 million, and 729 FTE to support its operations.

Summary of Employment and Obligations – Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	2013 vs 2012
Average employment	**754**	**732**	**738**	**729**	**-9**
Central Office	316	302	309	305	-4
Field Office	438	430	429	424	-5
Obligations:					
Personal Services	$96,111	$96,058	$95,235	$97,682	$2,447
Travel	791	1,165	952	1,077	125
Transportation of Things	32	0	48	48	0
Rent, Communications, and Utilities	760	1,445	985	1,247	262
Printing and Reproduction	946	910	951	903	-48
Other Services	827	838	1,314	1,122	-192
Supplies and Materials	1,095	1,777	1,204	1,261	57
Equipment	1,166	1,222	1,687	525	-1,162
Insurance/Indemnities/Interest	16	36	20	20	0
Adjustment to Expenditures (-)	0	0	0	0	0
Total Obligations	**$101,744**	**$103,451**	**$102,396**	**$103,885**	**$1,489**
Reimbursements:					
Medical Care Collection Fund	-$4,976	-$4,976	-$4,976	-$5,001	-$25
Credit Reform	-5,304	-5,041	-5,304	-5,304	0
Other reimbursements	-8,119	-9,361	-9,017	-10,481	-1,464
SOY Carryover (-)	-3,840	0	0	0	0
EOY Carryover (+)	1,273	0	0	0	0
Total Budget Authority	**$80,778**	**$84,073**	**$83,099**	**$83,099**	**($0)**

Explanation of increases and decreases:

- FTE – Under the 2013 budget request, OGC will experience a decrease of 16 GOE-funded FTE, with an increase of seven reimbursable FTE, for a net decrease of nine FTE.

- Payroll – Additional funding will provide sufficient resources to pay an anticipated pay raise, within-grade increases and promotions.

- Rent, Communications and Utilities – Funding continues the current plan to move a Regional Counsel (RC) Office to commercial space in 2013, and provides the annual commercial rent for three offices scheduled to move in mid-year 2012.

- Equipment - Furniture funding decreased because OGC has replaced most of its outdated and damaged furniture.

Summary of Workload Indicators

Summary of Workload Indicators				
Cases and Unit				
	2010 Actual	2011 Actual	2012 Current Estimate	2013 Request
Benefits Law	43,774	39,008	41,502	43,774
Business Law	56,669	63,954	65,785	68,980
Employment Law	34,817	34,959	35,612	36,137
Health Law	20,974	21,537	20,963	20,673
Other Specialized Legal Services	12,534	13,343	13,401	13,646
Total	168,768	172,801	177,263	183,210

General Counsel
Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	2012 (Final)	2013 (Requested) Funding)	Strat. Target
C. Improve VA's ability to **adjust capacity dynamically** to meet **changing needs, including** preparedness for **emergencies**	1. Maximize Medical Care Collections Fund (MCCF) collection revenues and efficiencies **(SI)**	Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	$45.6M	$44.1M	$55.9M	$53.1M	$50.3M	$52.0M	$96.0M
		Percent of **referred** MCCF dollars **collected** by Regional Counsel	N/Av	N/Av	31.36%	36.02%	32.60%	32.6%	35%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
		Performance Measures Data								
			Results History				Future Targets			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding	**Strat. Target**
C. Create and maintain an effective, integrated, Department -wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Expedite publication of regulations affecting Veterans' benefits through additional FTE in each OGC PSG to improve regulations processing **(OSE)**	**Average number of months to process VA regulations** ***--Requiring advance notice and public comment (2-stage)*** ***--Without advance notice and public comment (1-stage)***	21.7 7.4	19.4 7.8	19.6 7.5	19.5 7.4	19.6* 7.5*	19.6* 7.5*	19.6* 7.5*
	2. Improve the timeliness and responsiveness of legal service in the areas of personnel law, ethics, procurement, torts, and research to support the Department's transformational initiatives and mission-critical initiatives. **(SI)**	Weighted Satisfaction Index related to: (1) timeliness of legal services (VA client-organization-centered (2) responsiveness of legal services (VA client-organization-centered), (3) tort processing times (Veteran-centered),and (4) OGC employee satisfaction (OGC employee-centered)	N/Av	N/Av	N/Av	Baseline	89.08 %	89.08 %	95.6%

* These targets are "stretch goals" because they accelerate individual project completion dates from Departmental standards of 22.4 months and 10.8 months, respectively. The strategic and interim goals are identical because actual processing times cover multi-years and are measured as performance data only when rulemakings are completed.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Average number of months to process VA regulations:

Requiring advance notice and public comment (2-stage) and Without advance notice and public comment (1-stage) (Departmental Management Measures)

a) Means and Strategies:
- Continue to reduce average processing times by resetting Departmental standards and goals to more stringent standards based upon past performance.
- Establish completion milestones for all VA regulations under development.
- Enforce milestones and report late projects to VA's senior leadership.

b) Data Source(s):
- Federal Register.
- Microsoft Excel and Access data collection systems.

c) Data Verification: OGC's Chief Impact Analyst verifies regulation processing time through three (3) separate automated data collection systems.

d) Measure Validation:
- Timely publication of VA regulations is essential to implement statutory entitlements and provide services and benefits to Veterans and their families.
- Centralized management of VA regulations helps ensure Veteran-friendly regulations that are easy to find, read, understand, and apply.

e) Cross-Cutting Activities:
- Informal coordination with Veterans service organizations and other interested parties improves VA's regulations.
- Collaborative discussions with the Office of Management and Budget help to expedite review and clearance of VA regulations for publication.

f) External Factors:
- Higher priority legislative and litigation tasks can reduce the legal resources available for regulatory reviews.
- Required periods for public comment and/or review by the Office of Management and Budget fall outside of VA's control.

g) Other Supporting Information:
- The Office of Regulation Policy and Management was established in 2004 to provide centralized management of VA's regulatory process. At that time, VA's average processing time for regulations exceeded 33 months.
- From FY 2004 through FY 2007, VA successfully reduced the average processing time by 50 percent and achieved its goal of publishing VA regulations in an average of 17 months or less.
- In FY 2008, VA divided its strategic average goal into two separate goals based upon the type of regulation being published. VA has successfully kept its average processing times below the strategic goals established for each category.

h) Link to New Strategic Planning Framework: These measures support Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**.

Office of Management

Mission

In support of the overall mission of the Department of Veterans Affairs, the Office of Management will provide Departmental leadership, stewardship, and oversight, with a vision for being a trusted advisor and partner in the goal of achieving budgetary, financial, and capital asset management excellence. To support our primary customers including Congress, OMB, and the Department's three Administrations and staff offices, we will initiate actions that will improve VA's ability to provide timely, reliable, accurate, quality and cost effective services, increase business efficiencies through standardized processes, maintain effective stewardship over VA resources, increase accountability and transparency, and provide oversight of the Department's financial and business functions.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Office of Finance	$15,759	100	$15,759	100
Office of Budget	4,803	24	4,803	27
Office of Asset Enterprise Management	6,427	44	6,427	44
Office of Business Oversight	9,963	70	9,963	70
Office of Performance Management	1,698	9	1,698	10
Office of the Assistant Secretary[1]	6,948	14	6,948	14
Total Budget Authority	**$45,598**	**261**	**$45,598**	**265**
Reimbursement:				
Office of Finance	$25,935	0	$26,713	0
Office of Asset Enterprise Management	1,187	8	1,237	8
Office of Business Oversight	7,888	34	8,097	34
Total Reimbursement	**$35,010**	**42**	**$36,047**	**42**
Budgetary Resources	**$80,608**	**303**	**$81,645**	**307**

[1]Includes costs for Department-wide initiatives

- In 2013 the Office of Management is requesting budget authority of $45.6 million and 265 FTE to support its mission which includes priorities and initiatives to improve business practices, enhance financial oversight, and strengthen internal controls.

- Office of Management funding also includes $36 million from reimbursements which will support an additional 42 FTE.

Program Description and Accomplishments

The Office of Management (OM) under the leadership of the Assistant Secretary for Management is a multifunctional organization responsible for directing business activity compliance and budget, financial, performance measurement and reporting, and capital asset management functions of the VA. The office is comprised of five organizational elements: the Offices of Finance, Budget, Asset Enterprise Management, Business Oversight, and Performance Management.

The Assistant Secretary for Management is the Chief Financial Officer (CFO), Chief Budget Officer (CBO), Senior Real Property Officer (SRPO), and the VA official responsible for energy, environment, and transportation.

Office of Finance:

The Office of Finance (OF), under the direction of the Deputy Assistant Secretary for Finance (VA's Deputy Chief Financial Officer), manages more than 500 staff located in the Office of Financial Business Operations, the Office of Financial Policy, the Office of Financial Process Improvement and Audit Readiness, and two field sites: the Financial Services Center (FSC) in Austin, Texas, and the Debt Management Center (DMC) in St. Paul, Minnesota.

OF establishes financial policy for all VA financial entities; provides guidance on all aspects of financial management; manages the Department's financial operations at the FSC and DMC; oversees the management of VA's Franchise Fund, travel and purchase card programs, and the performance and effectiveness of trusts established under VA's enhanced-use leasing program; and is responsible for grants management in VA. The office provides financial systems support for maintenance/modification of VA's core accounting system, the Financial Management System, and the payroll/human resources Personnel Accounting Integrated Data (PAID) system and related self-service applications. VA is currently in the process of developing modifications to its financial system to record recoveries of prior year unpaid and paid obligations. These modifications are currently projected to be implemented for FY 2013 reporting

(FY 2015 budget). OF is responsible for processing payments to vendors and for employee travel and relocation, expanding electronic commerce and electronic data interchange capabilities, and developing and implementing long-range financial systems initiatives. OF also provides Departmental leadership and assistance to VA administrations and staff offices in financial process improvement and audit readiness services as well as remediating audit-related material weaknesses and significant deficiencies. *(Refer to the Franchise Fund Enterprise Centers chapter for budget information on the FSC, DMC, and other Franchise Fund operations.)*

Recent Accomplishments

- VA maintained its unqualified (clean) audit opinion on its consolidated financial statements for the 13th consecutive year and the statements applicable to the VA Franchise Fund for the 14th consecutive year. VA also reduced its overall significant deficiencies from five to two.

- As a result of the centralization of certified invoice payments at the FSC, continued improvements have been made in reducing interest penalty payments and increasing discounts. Centralization resulted in a decrease of 41% in interest penalties per million dollars disbursed to commercial vendors from $35 per million in 2010 to $21 per million in 2011. Also, the centralization of payments enabled VA to earn nearly 97% of the discounts offered for early payments ($5.1 million), allowing reutilization of these funds for other Veteran programs.

- During 2011 the Department aggressively used the Government wide commercial purchase card program. Over 5.2 million transactions were processed, representing $3.5 billion in purchases. As a result of VA's daily electronic billing and payment process for centrally billed accounts and a higher negotiated refund rate with the contract bank, VA earned over $73 million in total charge card refunds, compared to over $70 million during 2010. These refunds are returned to VA entities for use in Veteran programs.

- VA completed a major initiative to develop System to Drive Performance by delivering a set of dashboards that provide cost and workload program data to support and enhance decision making related to budget, performance, and resource allocation, allowing management to derive greater value out of VA resources.

- VA completed an important component of the financial management portion of the Secretary's Integrated Operating Model (IOM) major

initiative by providing financial management training to 5,400 of VA's financial management workforce (80 percent).

- In July 2011 VA completed implementation of its 3-year Financial Policy Improvement Initiative (FPII) to update VA financial policies. VA successfully updated 169 chapters of Departmental financial management guidance.

Office of Budget:

The Office of Budget provides strategic and operational leadership in the development and execution of the Department's budget. The Office provides policy guidance, technical assistance, and Department-level oversight of all program budgets to ensure accuracy and consistency with policy, law, and regulation. The Office also provides the Department with an impartial forum to discuss and resolve budgetary issues to ensure Veterans' programs are carried out in an efficient and effective manner.

Recent Accomplishments

- Ensured the timely, accurate, and informed submission of VA's budget request to OMB and the President's budget request to Congress, while serving multiple roles as coordinator, examiner, mediator, advisor, broker, and advocate.

- Successfully coordinated and implemented the Secretary's budget review cycle made up of three components: a pre-year, mid-year, and end-of-year review. Reviews include an assessment of budget status, funds allocation, initiatives, performance, workload, budget adjustments and lessons learned, providing a comprehensive way to monitor the planning and execution of VA's budget.

Office of Performance Management:

The Office of Performance Management is responsible for coordinating, at the Department level, performance management activities of VA in compliance with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010. In this context, the office manages the development of VA's annual performance plan that is submitted with the annual budget submission to Congress and the development of the Performance and Accountability Report (PAR). The Office also manages the Department's Monthly Performance Review (MPR) process and the OMB-required Priority Goal process.

Recent Accomplishments

- As required by statute, produced the 2011 PAR. The PAR reports on VA's progress against its 2011 performance targets and provides VA's financial statements. The PAR is VA's report card and communicates to the American people how well VA has done toward meeting is mission requirements. The 2011 PAR was published in November 2011 and can be accessed via the following link: http://www.va.gov/budget/report.

- Promoted accountability and transparency through MPRs chaired by VA's Deputy Secretary and attended by Under Secretaries, Assistant Secretaries, and other senior leadership of the Department. MPRs assist senior leadership in monitoring the following:

    - Performance and workload compared to plan,
    - Actual budget spending compared to plan, and
    - Status of major construction and information technology projects.

- In 2011, the MPR was used as a flexible tool to measure progress towards achievement of VA's strategic plan within a balanced scorecard framework and to provide special focus on management of operational risk.

- Inducted into the Palladium Balanced Scorecard Hall of Fame for Executing Strategy. The Hall of Fame honors those organizations that have achieved extraordinary performance results through the use of the Kaplan-Norton Balanced Scorecard, a strategy management framework. A Balanced Scorecard approach was implemented in the Department for presenting results at the MPRs.

Office of Asset Enterprise Management:

The Office of Asset Enterprise Management (OAEM) serves as VA's departmental lead responsible for the corporate-level capital asset management function. This function includes serving as the principal policy office and business advisor regarding investment selection and execution via the Strategic Capital Investment Planning (SCIP) process, portfolio management, and disposal of VA's capital assets. OAEM provides guidance, standards, and technical expertise that are conducive to sound business practices and are necessary to manage assets that support the VA's strategic goals; ensures that VA complies with all Federal real property and capital asset reporting and statutory requirements; and produces a

SCIP 10-Year Action Plan.

As part of its asset management activities, OAEM also serves as the policy and program office for the VA Green Management Program, making certain that VA meets performance and reporting mandates in the areas of sustainable building, energy efficiency and renewable energy, transportation (vehicle fleet), and environmental management. Additionally, OAEM serves as the policy, program, and application office for the enhanced-use (EU) Leasing Program.

Recent Accomplishments

- For the FY 2012 budget submission, OAEM developed and launched the Strategic Capital Investment Planning (SCIP) process and first Department-wide integrated and prioritized list of projects using the SCIP process to address 95 percent of VA performance gaps with the goal to provide improved quality service and benefits delivery to Veterans. Approximately 1,100 business cases were submitted for FY 2012 and 1,300 for FY 2013 for funding consideration. Lessons learned and enhancements were incorporated into the 2013 SCIP process, and decision criteria and gaps were expanded to provide a more robust 2013 plan. VA also developed a web based automated tool that was used in the formulation of the SCIP Action Plans. This submission included all major construction, leases, minor construction, and non recurring maintenance projects. OAEM staff was responsible for managing the successful implementation of four separate SCIP scoring Panels ranking all of the business cases. These scores allowed VA to present an integrated list of projects for approval through the VA governance process for both FY 2012 and again for FY 2013.

- OAEM is responsible for corporate management of the VA real property inventory. This includes collection and reporting of inventory and performance information on all buildings, structures, and land to the Federal Real Property Council (FRPC), and other key internal and external stakeholders. OAEM is the key point of contact to respond to OMB, GSA, GAO, Congressional, and external media inquiries related to the state and usage of our real property assets. OAEM oversees maintenance and enhancements to data systems used to manage VA's real property portfolio. These systems are used to support departmental initiatives and internal processes, including SCIP, Green Management, BURR, Monthly Performance Reviews (MPR), OMB/GSA/GAO reporting, and many other real property related activities. VA launched the SCIP Automation Tool (SAT) Phase I system which VA administrations and staff offices used to develop their SCIP Action Plans. VA is currently working on the Phase II

SCIP Automation Tool (SAT) long term solution which will expand from the 10 year Action Plan to include business case and Office of Management and Budget (OMB) Exhibit 300s, scoring and prioritization of investments, creation of the annual capital budget, and capital budget execution and operational planning.

- In 2011 VA awarded over $300 million in Green Management Program projects, studies, and additional energy efficiency projects. Contracts awarded included on-site renewable energy generation systems and feasibility studies (solar, wind, geothermal and cogeneration), advanced metering for owned facilities nationwide, energy conservation and water-saving measures, retro-commissioning, green building certifications and energy-using equipment and system upgrades. VA began awarding contracts for installation of alternative fueling capability to help increase the use of alternative fuels in the vehicle fleet. In FY 2011 to date we awarded contracts for 33 E85 fueling stations, with up to four more projects anticipated to be awarded before the end of the fiscal year.

- OAEM continued implementation of the Building Utilization Review and Repurposing (BURR) initiative. The BURR initiative assessed the existing real estate portfolio with the potential to develop new housing opportunities for homeless or at-risk Veterans and their families, in part through public-private partnerships and VA's Enhanced-Use Lease (EUL) Program. The Department's expired EUL authority allowed VA to match supply (available buildings and land) and demand among Veterans for housing with third-party development, financing, and supportive services. Although the Department's EUL authority has expired, the Administration will work with the Congress to develop future legislative authorities to enable the Department to futher repurpose the properties identified by the BURR process. Beyond reducing homelessness among our Veterans, additional opportunities identified through BURR may include housing for returning OEF/OIF/OND Veterans and their families, senior and non-senior independent living, assisted living, and other possible uses that will enhance benefits and services to Veterans and their families. Prior to the EUL authority expiring, through BURR VA identified and began developing housing opportunities for homeless or at-risk Veterans and their families at multiple locations nationwide that will add approximately 4,100 units of affordable and supportive housing to the EUL development projects already in operation or under construction, for an estimated total of 5,400 units of affordable and supportive housing. At 34 of these locations, VA will be reusing up to 150 buildings and approximately 596 acres of unused VA land to benefit Veterans and their families by bringing in private sector funding for capital improvements to

VA medical center campuses.

Office of Business Oversight:

The Office of Business Oversight (OBO) supports the Office of Management mission to build public trust through oversight of VA business and financial reporting activities, ensuring their compliance with laws, policies, and directions from external organizations such as OMB, Treasury, GAO, and Congress as well as with internal VA business policies and procedures. OBO is the VA's primary internal review and quality assurance organization for the Department's financial and management activities. OBO also manages the Department's reviews and testing of internal controls over financial reporting required by Appendix A of OMB Circular A-123, *Management's Responsibility for Internal Control*, conducts financial system reviews required under OMB Circular A-127, *Financial Management Systems*, and performs data-quality testing to ensure compliance with the requirements of P.L. 109-282, *Federal Funding Accountability and Transparency Act of 2006*. OBO ensures standards and requirements identified for financial systems, financial operations, logistics, and capital asset management activities are being met in VA.

Recent Accomplishments

- In 2011 OBO's Management Quality Assurance Service (MQAS) provided comprehensive internal oversight for VA financial, logistics, and capital asset management activities. MQAS conducted 77 reviews and special projects at VA field facilities and VA Central Office and made 2,221 recommendations to correct issues identified during these reviews and in annual summary reports. MQAS exceeded its 2011 Annual Review Plan by completing 106% of its minimum planned field reviews, 100% of planned special projects, and three unplanned special projects.

- In 2011 OBO's Internal Controls Service (ICS) completed a comprehensive risk assessment of internal controls over financial reporting and initiated testing of VA's USAspending.gov submission. For its OMB Circular A-123, Appendix A work, ICS visited 25 VA sites including VAMCs, ROs, and CMOPs and tested all identified high-risk and one third of moderate-risk key controls associated with VA financial processes and financial reporting with no additional material weaknesses identified. ICS' testing and review actions supported the SECVA's 2011 "Statement of Assurance" with respect to effectiveness of internal control over operations and financial reporting (Federal Managers' Financial Integrity Act, Section 2). For its testing of VA's USAspending.gov submission, ICS visited 15 VA

sites to measure the accuracy and completeness of VA data reported to USAspending.gov.

- In 2011 OBO's Systems Quality Assurance Service (SQAS) provided independent verification and validation (IV&V) of major VA financial, financial interfacing, and mixed systems. SQAS performed Quality Assurance activities on the SAM project including product technical reviews, process reviews, critical design review analysis, and a comprehensive test readiness review which evaluated key systems engineering baselines. SQAS successfully completed systems integration testing on two releases which included 460 executed scripts which uncovered 361 defects. SQAS staff also participated in SAM project assessment and Way Forward planning activities during the PMAS imposed pause to the project. SQAS completed IV&V testing and coordinated User Acceptance Testing to include every aspect of the PAID system such as Daily Edit and Update, Payroll, OLDE and Web OLDE in response to Executive Order 13478 which restricts the use of Social Security Numbers (SSN) as an identifying number in information systems. In order for the PAID/OLDE system to comply, SSNs were replaced with VA generated Employee Identification Numbers. This affected over 360,000 current and past VA employees and changed the business processes for both the VA human resources and VA payroll communities. Additional IV&V support continued to be provided for ongoing maintenance and changes of PAID, FMS, FEE, CAATS, IGRS, FRDW, and various other interfacing systems.

Budget Highlights

The 2013 request of $45.6 million in budget authority (BA) will provide:

- The Office of the Assistant Secretary with $6.9 million to support 14 FTE to continue the current level of operations and sustain efforts in critical initiatives underway in OM;

- The Office of Finance with $15.8 million to support 100 FTE to continue providing a wide spectrum of financial management services to the entire Department. Included are financial management services for financial policy, analysis, statement preparation, reporting, systems support and maintenance, operations, the Franchise Fund, VA's purchase and travel card programs, financial process improvement, audit readiness, and leadership for remediation of VA's audit-related material weakness and significant deficiencies. This budget authority will also provide resources to support the accomplishment of VA's high-priority financial

improvement initiatives including implementation of a VA web-based time and attendance system; mandated electronic invoicing; systems to drive performance to identify, present and analyze the most relevant cost information and measurements; improvement of financial skills of VA employees through certification and training; and increased transparency, accountability, accuracy, and completeness of VA financial data reported to external sources such as USAspending.gov;

- $4.8 million for the Office of Budget to support 27 FTE in the formulation and execution of VA's budget. The funding level allows for budgetary analysis and oversight to allow the Department to make informed and cost-effective decisions in carrying out VA's mission in a transparent manner. This funding level will also provide for the production, printing, and distribution of VA's Congressional Budget;

- The Office of Performance Management with $1.7 million to support 10 FTE to coordinate and respond to OMB-related performance initiatives such as Priority Goals and other performance related efforts. This funding level supports development of VA's annual performance plan, submitted with the annual budget submission to Congress, and the development, printing, and distribution of the Performance and Accountability Report (PAR). This funding will enable the Office of Performance Management to provide support to Department leadership through the preparation of the Monthly Performance Reviews;

- $6.4 million for OAEM to support 52 FTE (44 plus reimbursable authority for 8 additional FTE) to continue providing services as the principal policy office and business advisor for investment selection and execution, portfolio management, and disposal of VA capital assets. The funding level also supports the staffing needed to provide management policy and oversight responsibility for coordinating public-private ventures through the EU leasing program and Greening VA efforts through the Department's implementation of energy and water conservation, renewable energy development, environmental compliance and management systems, fleet utilization and efficiency, and sustainability (green building practices) at its facilities;

- OBO with $10.0 million and 104 FTE (70 plus reimbursable authority for 34 additional FTE) to conduct reviews of field facilities and VA Central Office business activities and special projects. These reviews and special projects will result in substantive recommendations to correct issues identified.

Budgetary resources in the 2013 budget include $36 million in reimbursements as follows:

- OBO with $3.1 million in reimbursable authority to support 20 FTE and expenses associated with conducting reviews of VHA financial business processes; $1.0 million in reimbursable authority to support 7 FTE and expenses associated with performing logistics reviews; $4.0 million in reimbursable authority to support 7 FTE and expenses, plus contractor support, associated with testing internal controls over VA's financial reporting;

- OAEM with $814 thousand to support 5 FTE for the VA Green Management Program and $423 thousand to support 3 FTE for the VA BURR/Homeless Supporting Initiative to eliminate veteran homelessness;

- OF with $26.7 million in reimbursable authority to pay for payroll processing with the Defense Finance and Accounting Service (DFAS).

Summary of Employment and Obligations- Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-) 2013 v 2012
Average Employment	277	316	303	307	4
Obligations:					
Personal Services	$38,464	$42,630	$42,111	$43,213	$1,102
Travel	961	1,018	967	939	-28
Transportation of Things	14	27	0	0	0
Rents, Communications & Utilities	443	637	496	501	5
Printing & Reproduction	171	186	121	122	1
Other Services	46,522	42,207	41,841	36,509	-5,332
Supplies & Materials	254	327	270	260	-10
Equipment	310	52	561	101	-460
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$87,139**	**$87,084**	**$86,367**	**$81,645**	**-$4,722**
Reimbursements	*-42,910*	*-40,862*	*-35,010*	*-36,047*	-1,037
SOY Unobligated Balance (-)	*-8,086*	*0*	*-5,759*	*0*	5,759
EOY Unobligated Balance (+)	*5,759*	*0*	*0*	*0*	0
Adjustments in Unobligated Balanced (+)(-)[1]	*1,259*				
Budget Authority	**$43,161**	**$46,222**	**$45,598**	**$45,598**	**$0**

[1] *reflects EOY unobligated balances that will be made available in 2012*

- Budget authority for 2013 remains the same as the 2012 budget authority.
- The increase in Personal Services reflects increases in annualized FTE that were hired in 2012 and anticipated pay, within-grade, and benefit increases.
- Other Services decreased because of expected reductions in obligations for contracts and ongoing priorities and initiatives resulting from no EOY unobligated balances carried forward from 2012 into 2013.

- Equipment decreased because of onetime expenses in 2012 for office equipment and furniture for new and expanded office space.

Office of Management
Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data: Measure (Key and Dept. Mgt. Measures in bold)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	Strat. Target
C. Create and **maintain** an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Strengthen corporate decision making by implementing integrated, enterprise-level financial, asset management systems **(OSE)**	**Number of Material Weaknesses (OM)**	3	4	1	1	1	1	0
	2. Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process **(MI)**	**Percent Condition Index (Owned Buildings) (OAEM) *** (Standard government-wide measure required by the Federal Real Property Council)	66%	74%	71%	78%	78%	80%	87%

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data Measure (Key and Dept. Mgt. Measures in bold)	Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	Strat. Target
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	2. Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process (MI)	**Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) *** (Standard government-wide measure required by the Federal Real Property Council) **Corrected	113%	114% **	122% **	116% **	110%	104%	100%
		Ratio of non-mission dependent assets to total assets (OAEM)* (Standard government-wide measure required by the Federal Real Property Council) **Corrected	12%	12%	9%	10% **	10%	10%	10%
		Ratio of operating costs per gross square foot (GSF) (OAEM) * (Standard government-wide measure required by the Federal Real Property Council) **Corrected	$6.47	$6.95	$7.64	$7.94 **	$7.23	$6.04	$6.41
		Percent of Capital Improvement Projects Reviewed Through SCIP (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	N/Av	95%	98%
		Number of Capital Investment and Planning Staff who Receive SCIP Process Training (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	N/Av	95%	97%
	3. Create innovative public-private partnerships that enhance services to Veterans (SI)	**Cumulative percent reduction of vacant square feet through public private partnerships via Enhanced Use Lease(s) (OAEM) (New)**	N/Av	N/Av	N/Av	N/Av	TBD	TBD	25%

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	3. Create innovative public-private partnerships that enhance services to Veterans **(SI)**	**Cumulative Number of Enhanced Use Leases Executed (OAEM) (New)**	N/Av	N/Av	N/Av	N/Av	TBD	TBD	50 Projects
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1. Establish enterprise energy cost reduction and implement a VA-wide greenhouse gas initiative to address VA's carbon footprint – Greening VA **(SI)**	**Percent of CY electricity consumption generated with renewable energy sources (OAEM) ***	4%	3%	7%	12%	5%	15%	15% by 2013
		Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) * **Corrected	N/Av	N/Av	0% **	3%	6%	9%	30% by 2020

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Number of Material Weaknesses (OM) (Departmental Management Measure)

a) Means and Strategies:
- Remediation of the one material weakness is being tracked based on a specific corrective action plan with set milestones and completion dates; these are monitored for completion. The weakness is complex and requires action over several years.

b) Data Source(s):
- Based on findings identified in the annual auditor's report on VA's consolidated financial statements.

c) Data Verification:
- Final Audit Report

d) Measure Validation:
- Final Audit Report

e) Cross-Cutting Activities:
- None

f) External Factors:
- Congressional Oversight

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective#3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent Condition Index (owned buildings) (OAEM) (Departmental Management Measure)

a) Means and Strategies:
- VA calculates condition index annually as the ratio of repair needs to plant replacement value. The higher the Condition Index, the better the condition of the constructed asset. Condition Index will be used to identify assets most in need of repair and plan for upgrades or disposition.

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:
- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management

d) Measure Validation:
- Constructed assets that are in better condition (those with a higher Condition Index) are more efficient and have lower operating and maintenance costs.

e) Crosscutting Activities:
- None

f) External Factors:
- Repairs and upgrades to improve asset condition are dependent on the availability of resources.

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM)
(Departmental Management Measure)

a) Means and Strategies:
- Track space utilization in accordance with Federal Real Property Council requirements for all VA owned and direct-leased buildings. Building performance is evaluated based on predominant use in five categories (i.e., offices, warehouses, hospitals, laboratories, or housing).

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:
- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management

d) Measure Validation:
- Higher levels of utilized space as compared to overall space indicate the optimal use of capital assets.

e) Crosscutting Activities:
- VA continues to reduce underutilized space through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Ratio of non-mission dependent assets to total assets (OAEM) (Departmental Management Measure)

a) Means and Strategies:
- VA identifies mission critical, mission dependent/not critical, or not mission dependent assets as required by the Federal Real Property Council and OMB.

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:
- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:
- The reduction of capital assets that are not critical to or dependent on the Department's mission reduces VA's capital portfolio costs.

e) Crosscutting Activities:
- VA continues to reduce non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:
- Stakeholder concerns and historic issues often constrain VA's ability to dispose of assets in a timely and efficient manner.

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results

Table 2: Performance Measure Supporting Information

Ratio of operating costs per gross square foot (GSF) (OAEM) (Departmental Management Measure)

a) Means and Strategies:
- VA calculates annual operating and maintenance costs on all constructed assets using an OMB-approved allocation model.

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:
- Data is reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:
- Minimizing operating and maintenance costs enables VA to reinvest much needed funds improve services to our Nation's Veterans.

e) Crosscutting Activities:
- VA continues to reduce its inventory of underutilized and non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of Capital Improvement Projects Reviewed Through SCIP (Departmental Management Measure)

a) Means and Strategies:
- The SCIP process is designed to ensure capital investments are directed towards the most critical service gaps. By reviewing all capital projects through SCIP investments are scored and prioritized consistently against departmental level criteria.

b) Data Source(s):
- Data will be obtained through a generated report through the SAT.

c) Data Verification:
- Data will be reviewed by the Capital Asset Policy, Planning, and Strategy Service under the Office of Asset Enterprise Management.

d) Measure Validation:
- This measure was selected because of its key role that the total number of capital projects included in the Action Plan plays in the SCIP review process.

e) Crosscutting Activities:
- The SCIP process includes collaboration with both Federal and Private partners. SCIP investments can make use of Sharing or Agreements of space and services with Federal groups, such as DoD, as well as Private sector partners such as local universities and community healthcare systems. These relationships are a key part of enabling VA to manage its infrastructure and direct investment to the most critical needs first, while improving access to and quality of services delivered.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Number of Capital Investment and Planning Staff who Receive SCIP Process Training (Departmental Management Measure)

a) Means and Strategies:
- Creation of 10 year capital plans is a primary component of the SCIP process. To drive improve quality and consistency of the plans, proper training on the tools and techniques that are used in the SCIP process is a necessity.

b) Data Source(s):
- Data will be obtained via the current manual process or planned automated system.

c) Data Verification:
- Data will be reviewed by the Capital Asset Policy, Planning, and Strategy Service under the Office of Asset Enterprise Management.

d) Measure Validation:
- This measure was selected because of the key role of capital investment and planning staff are in developing data input and output requirements for the SCIP process

e) Crosseutting Activities:
- The SCIP process includes collaboration with both Federal and Private partners. SCIP investments can make use of Sharing or Agreements of space and services with Federal groups, such as DoD, as well as Private sector partners such as local universities and community healthcare systems. These relationships are a key part of enabling VA to manage its infrastructure and direct investment to the most critical needs first, while improving access to and quality of services delivered.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Cumulative percent reduction of vacant square feet through public private partnerships via Enhanced Use Lease(s) (Departmental Management Measure)

a) Means and Strategies:
- By showing the actual percent decrease in vacant property related to public-private partnerships, VA can manage the impact public-private partnerships are having on our portfolio. Public-private partnerships that reuse un-need space help offset VA operational and capital costs, as well as providing necessary services such as homeless housing to support departmental initiatives.

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:
- Data will be reviewed by the Investment and Enterprise Development Service under the Office of Asset Enterprise Management.

d) Measure Validation:
- One of the key drivers of public-private partnerships is to allow the VA to reduce its inventory of vacant property.

e) Crosscutting Activities:
- Supports departmental initiatives such as SCIP, Homeless Housing, and Real Property Cost Savings.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Cumulative Number of Enhanced Use Leases Executed (Departmental Management Measure)

a) Means and Strategies:

- Each enhanced use lease executed provides benefits to the VA by reusing un-needed assets or land, therefore reducing VA operational and capital maintenance burden. Enhanced Use leases also provide consideration, in the form of revenue or services, to the VA in support of the veteran.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by the Investment and Enterprise Development Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- The measure represents actual implementation of projects that are executed, that allows VA to create a public-private partnership to maximize an otherwise vacant or underutilized capital asset currently being held and maintained within the Departments portfolio.

e) Crosscutting Activities:

- Supports departmental initiatives such as SCIP, Homeless Housing, and Real Property Cost Savings.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of CY electricity consumption generated with renewable energy sources (OAEM)
(Departmental Management Measure)

a) Means and Strategies:
- Through the increased utilization of on-site renewable energy technologies, VA will gradually increase its percent of renewable electricity consumed to 7.515% in 2013.

b) Data Source(s):
- Capital Asset Management System (CAMS) based on Administration source databases; OAEM renewable energy certificate purchase documentation.

c) Data Verification:
- Data will be reviewed by Administrations and Green Management Program Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:
- Increased use of renewable energy in VA facilities conserves traditional energy resources, helps control energy costs to the Department, and should result in savings that could be used for improved services to Veterans.

e) Crosscutting Activities:
- VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects.

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs.

Table 2: Performance Measure Supporting Information

Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) (Departmental Management Measure)

a) Means and Strategies:
- VA will reduce traditional energy consumption and other greenhouse gas emitting activities thereby decreasing greenhouse gas emissions.

b) Data Source(s):
- Annual Greenhouse Gas Emissions Inventory.

c) Data Verification:
- Data will be reviewed by the Green Management Program Service under the Office of Asset Enterprise Management.

d) Measure Validation:
- Decrease of greenhouse gas emissions in VA facilities is aligned with the greenhouse gas reduction required by Executive Order 13514, helps control energy and other cost to the Department, and should result in savings that could be used for improved services to Veterans.

e) Crosscutting Activities:
- None

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs.

Human Resources & Administration

Mission

Lead human capital management strategies, policies, and practices which cultivate an engaged, proficient, and diverse workforce to transform VA and continually improve services to Veterans and their families.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Budget Authority:				
Office of the Assistant Secretary	$1,401	8	$1,401	8
Office of Human Resources Management	17,965	145	17,965	145
Office of Administration	43,248	97	43,248	97
Office of Resolution Management	2,795	24	2,795	24
Office of Diversity and Inclusion	2,111	17	2,111	17
Office of Labor-Management Relations	2,859	10	2,859	10
Total Budget Authority	**$70,379**	**301**	**$70,379**	**301**
Reimbursement:				
Human Capital Investment Plan	$287,362	296	$287,362	303
Office of Resolution Management	36,573	235	39,445	267
Miscellaneous Reimbursements	10,736	17	61,663	18
Total Reimbursement	**$334,671**	**548**	**$388,470**	**588**

In 2013, the Office of Human Resources and Administration (HR&A) is requesting budget authority (BA) of $70.4 million. When combined with $388.5 million in reimbursements, these funds will allow for obligations of $458.9 million. Of the total amount of reimbursements, $287.4 million will be used to continue the Human Capital Investment Plan (HCIP) initiatives begun in 2010. A total of 889 FTE will be required to support all HR&A operations, including 267 FTE funded from Office of Resolution Management reimbursements, 18 FTE funded from VA Learning University reimbursements and 303 FTE funded from

reimbursements to support the Human Capital Investment Plan, of which 35 FTE is for the Corporate Senior Executive Management Office.

VA must maintain an investment in its workforce to recruit, train, develop and retain the right people, with the right skills and talent to support a 21st Century VA fully capable of serving our Nation's Veterans. The Human Capital Investment Plan will not only continue, but will advance initiatives focused on people development, workforce engagement, and talent acquisition for the delivery of healthcare, benefits, and other services to Veterans and their families.

- Centrally manage VA's SES leadership in order to improve services to Veterans and their families. Continue activities under the Corporate Senior Executive Management Office established in 2010 to implement a corporate approach to life-cycle management of VA's 407 Senior Executive Service members;

- Increase staff productivity, performance and commitment by building and strengthening competencies through critical skills training in over 42,000 positions (e.g. project management, acquisition, and IT certification);

- Reduce costly staff turnover and obtain the best and the brightest people available through a corporate approach to recruitment, hiring and workforce planning that includes national implementation of a WebHR system to establish e-Class for a paperless position classification environment, and USA Staffing to transform the manner in which VA recruits for talent;

- Reduce the number of administrative HR errors by providing clear and concise oral and written guidance on staffing and placement procedures and policies;

- Improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment;

- Continue to reduce formal Equal Employment Opportunity (EEO) complaints and associated time and cost by promoting the use of Alternative Dispute Resolution (ADR) ;

- Improve the relationship between labor unions and management by providing training to encourage and establish cooperative and productive labor-management relationships; and

- Increase accountability and oversight of HR programs on an enterprise-wide basis through automated systems and strengthening of our process and people.

Further details of these initiatives necessary to provide human capital support for a 21st Century organization can be found in the Human Capital Investment Plan section of this chapter.

Program Description and Accomplishments

VA's Office of Human Resources and Administration (HR&A) is responsible for VA's human resources policy and strategy. HR&A is divided into six major program areas, listed below, for which the Assistant Secretary for Human Resources and Administration (AS/HR&A) provides leadership, direction, and holds direct responsibility for leading both policy and operational functions. In addition to serving as the Chief Human Capital Officer and EEO Director for the Department, the Assistant Secretary also serves as the Designated Agency Safety and Health Official (DASHO) and is responsible for administration of the Occupational Safety and Health and Workers' Compensation Programs. The Assistant Secretary also serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for Alternative Dispute Resolution policy, oversight, and training.

Corporate Senior Executive Management Office (CSEMO):
CSEMO drives a centralized approach to executive life cycle management, including allocation use, selection, assessment, compensation, performance management, and training and development for all 407 Senior Executive positions across VA. CSEMO, working on behalf of the Secretary of VA, ensures uniformity, fairness, equity and transparency in executive life cycle management. CSEMO completed a 100 percent review of SES allocations, ensuring a fair and transparent decision-making process.

Office of Human Resources Management (OHRM):
OHRM develops Department-wide policies, programs, and practices relevant to VA employees including the fundamental human resources functions of staffing, classification, compensation, workforce planning, employee relations and performance management, benefits, oversight, human resources information systems, recruitment and placement, and human capital planning and professional and career development of the VA HR community. OHRM represents the Department before Congress, the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and other Federal agencies on matters relating to human resources management.

Office of Administration (OA):
OA provides quality services to VA employees both nationally and for the VACO Campus. National program responsibilities include VA Occupational Safety and Health and Workers' Compensation Programs, VA's Transit Benefits Program, Executive Correspondence (White House bulk mail), and Protocol matters affecting the Department. VA Central Office responsibilities include leasing and space functions, simplified acquisitions ($100,000 and under), transportation and labor services, and audio/visual and media services needs. OA serves as the facility site manager for twelve Washington area locations and manages special projects in support of the VACO community.

Office of Resolution Management (ORM):
ORM works to promote a discrimination-free work environment focused on serving Veterans by preventing, resolving, and processing EEO discrimination complaints in a timely and high-quality manner. ORM processes EEO complaints for VA employees, applicants for employment, and former employees. Complaint processing services include counseling, procedural decisions, and investigations. These services are provided through a nationwide network of field operations offices. ORM also administers the ADR program for VA to include developing policy and providing oversight and direct support on how to manage conflict and prevent and resolve disputes through mediation, conflict coaching, facilitation, and training. ORM offers the Organizational Climate Assessment Program (OCAP) to VA organizations with the primary goal of helping organizations measure employee satisfaction in their workplace environments. The OCAP model includes: a web-based climate survey; focus groups; individual interviews and analyses of Human Resources and EEO complaint activity. Finally, ORM provides compliance oversight functions on final decisions, appellant reviews, breach of settlement agreements and investigation claims for compensatory damages.

Office of Diversity & Inclusion (ODI):
ODI works to foster a diverse workforce and inclusive environment that ensures equal opportunity through national policy development, workforce analysis, outreach, retention, and education to best serve our Nation's Veterans. This includes strategic planning and annual reporting on workforce diversity and inclusion; recruitment outreach and retention strategies; diversity focused internship and mentoring programs; EEO and diversity training and education; diversity-related communications; implementation of and annual reporting on relevant White House Initiatives; affirmative employment programs for the hiring, placement, and advancement of disabled Veterans, people with targeted disabilities, groups with less than expected participation rates; and special

emphasis programming. ODI is responsible for reviewing and evaluating policies, plans, reports, and programs for conformance with various EEO laws, regulations, and directives relating to EEO, affirmative employment, and workforce diversity.

Office of Labor-Management Relations (LMR):
LMR sets and administers the Department's national labor relations policy through consultation with the Administrations, Staff Offices, and national labor unions; facilitates effective communication between VA management and the Department's national labor unions; provides notice to unions of proposed changes in working conditions requiring bargaining, as well as leadership for management negotiating teams to facilitate agreement and expedite implementation of national initiatives; provides expert advice and counsel to management officials in VACO and field facilities; provides leadership for management negotiating teams at the national level to facilitate agreement and expedite implementation of Department initiatives; provides labor-management relations education and training at all levels; and assists the VA Office of General Counsel in representing the Departments in national labor litigation matters. LMR bargains with VA's five national unions, which represent approximately 80 percent of all VA employees.

VA Learning University (VALU):
The VA Learning University, through a corporate approach to training, is maximizing investments in education to develop agile leaders, ensure employee proficiency, and continuously impress VA core values of service to our Veterans and their families. The VA Learning University mission is to support the agency's mission and business objectives through high quality, cost-effective continuous learning and development that enhances leadership, occupational proficiencies, and personal growth. VALU aligns competency based leader development with driving transformation; delivers cross-cutting, learner-focused educational programs through an established learning technology infrastructure; partners with private and public sector organizations to ensure the learning needs of VA's employees are relevant to an ever-changing, complex and competitive work environment; ensures measurable outcomes link to the Department's strategic goals and have valid educational merit; leverages multiple sources of instructional media and delivery methodologies to offer VA's diverse workforce a greater role in developing their careers; and provides leaders the right learning-anytime-anywhere to meet emerging organizational needs.

HR&A Recent Accomplishments

- CSEMO executed a new SES Orientation Program by conducting four "SES Orientation Forums" where all VA executives participated. CSEMO's commitment is to ensure that all new executives to VA attend an orientation session within their first year. Additionally, new executives are assigned an executive coach and receive on-boarding from CSEMO. Every new executive to VA is provided a robust transition plan to ensure assimilation to VA and to their new position.

- CSEMO is leveraging automation to enhance the recruitment process through USA Staffing. It is also re-engineering recruitment and staffing to improve diversity and ensure that VA is attracting the brightest and best candidates for our SES cadre. This includes having one VA Executive Resources Board and implementing a resume-only recruitment processes.

- The Corporate Senior Executive Management Office continued building upon its multi-faceted process to hold Department executives at all levels accountable for organizational and individual performance. CSEMO completed the required comprehensive, robust review of performance standards across VA in order to meet OPM/OMB Certification of VA's SES Performance Management System. VA is currently certified through 2012. In May 2010, 248 senior executives across VA completed a survey gauging their understanding of performance management. A communications plan was developed which should provide increased visibility of the program and more clarity on the process overall. A mandatory 4 hour comprehensive training session on Performance Management was conducted for all VA's executives addressing concerns identified in the 2009 Performance Review Board and the May 2010 survey. CSEMO is fully engaged in SES performance management reengineering and automating the new system. CSEMO also participated in the President's Management Council Workgroup on SES Performance Management and is implementing best practices from that effort. VA was identified as one of the few Departments that has full senior level engagement and support of the SES Performance Management Program.

- CSEMO completed a 100 percent review of all SES allocations, including best use of 70 new allocations approved by OPM. The allocation review ensured that all stakeholders were represented – there was transparency and fairness to the process. Most importantly, VA leadership was able to ensure that critical allocations were used for VA's most pressing missions.

- Several improvements have been made to enhance VACO emergency preparedness. VA made upgrades to the VACO building's Public Address System and the fire alarm system was upgraded with new software and tested on a regular basis. Quarterly drills were performed to validate evacuation processes and ensure the egress systems are functional. In addition, VA conducted Shelter-in-Place drills to ensure employees were familiar with the Shelter-in-Place concept and Occupant Emergency Response Guides were updated and distributed to employees.

- ADR participation in the EEO complaint process has consistently increased over the last three years from 48 percent in 2009 to 52 percent in 2010, and to 54 percent in 2011 significantly avoiding costs to the Department. The cost of handling a discrimination case through the formal complaint process ranges from $17,000 per complaint to $30,000, excluding the cost of damages that may be payable in the event of a finding of discrimination. In 2011, participation in the ADR process resulted in the resolution of 1,562 disputes outside of the traditional EEO complaint process, resulting in 87 percent of these workplace disputes being resolved using ADR. The overall resolution rate for ADR to include its use before, during, and in lieu of the EEO complaint process increased from 54 percent in 2009 to 60 percent in 2010 to 62 percent in 2011. VA estimates cost avoidance of $92 million as a result of increased use of ADR to resolve workplace disputes and EEO complaints.[3]

- ORM has continued to improve processing times for EEO investigations. In FY 2011, ORM completed investigations in an average of 171.7 days, which is below the Equal Employment Opportunity Commission's mandated 180 days. Additionally, ORM has improved the resolution rate of EEO counseling episodes. Generally, 50 percent of EEO counselor contacts do not result in formal complaints which resulted in a cost avoidance of at least $48 million.

- To comply with the President's Executive Order 13518, which established the Veterans Employment Initiative, the Office of Human Resources and Administration established the Veterans Employment Services Office (VESO) to provide support with three functional areas: Veterans' Recruitment, Veterans' Retention, and Veterans' Reintegration. This initiative will provide VA increased internal and online capacity to recruit, retain and reintegrate Veterans. HR&A has is also playing a leading role in the President's Veterans Employment Council, co-chaired by Secretary Shinseki and DOL Secretary Hilda Solis, and vice-chaired by OPM Director John Berry. The Veterans Employment Coordination Service (VECS) previously responsible for recruiting and hiring Veterans in VA is now part of VESO. VESO includes

[3] Data as of December 16, 2011.

nine Regional Veterans Employment Coordinators (RVEC) located throughout the U.S. They serve as employment case managers for severely injured Veterans and provide varying degrees of employment assistance to all Veterans seeking VA employment. During the first three quarters of 2011, VESO hired more than 8,000 Veterans for VA employment with a significant number being service-connected disabled Veterans returning from Operations Enduring and Iraqi Freedom. VESO is committed to promoting VA as the employer of choice with the desire to hire Veterans.

- OHRM revitalized its recruitment outreach and marketing program by adding a communications component, making it its own service and renaming it Strategic Communications and Outreach Service (SCOS). SCOS was established to create an infrastructure to support communication of OHRM policy, programs and services and foster an innovative and collaborative 1HR ethos/culture, while continuing to exploit marketing approaches that achieve departmental objectives and return on investment. The Service is responsible for leading the Department's efforts in the development and implementation of state-of-the art marketing strategies that enhance VA's image as an "Employer of Choice, as well as its ability to attract a highly qualified, diverse pool of prospective applicants for employment. The Service has oversight responsibility for a number of programs and initiatives, including college and university outreach; mass media advertisement campaigns, and the OHRM Recruitment Tool Kit. It facilitates the corporate marketing of the Department through the distribution of multimedia materials and job fair and career conference participation. This Service also partners with VA's Administrations and Staff Offices to develop initiatives to address employee retention, satisfaction, and the underlying causes for employee turnover, and implements appropriate corrective measures.

- A delegated examining unit was established in Central Office Human Resources Service (COHRS). In addition, COHRS is assessing and improving the services provided by developing and implementing programs to improve customer satisfaction such as: business process reengineering, assessing competency levels of staff, developing service level agreements, standard operating procedures, a workload tracking tool to capture workload and performance metrics, and implementing an on-boarding program, tool and portal.

- OHRM has fully implemented the use of the automated hiring system USA Staffing to electronically rate and rank applicants and submit certificates electronically. This system will allow COHRS to submit certificates to managers in a timely manner, meeting End-to-End Hiring requirements. OHRM was successful in working with the national labor management

organizations to resolve all issues that restricted the use of the USA Staffing system when accepting applications for bargaining positions. Utilizing this system will increase the Department's efforts to attract, recruit and hire highly qualified applicants in a timely manner. All 167 human resources offices throughout VA are fully using the system. Now that the USA Staffing system has been fully implemented the next step in improving the hiring process requires advising and training the HR specialists in the development of customized occupational assessments that reflect the competencies of mission critical occupations. Two Personnel Psychologists have been hired to provide services to USA Staffing users in the application of assessments methods and techniques that are consistent with Uniform Guidelines and OPM qualification standards.

- ODI implemented VA's first Diversity & Inclusion Strategic Plan that presents a living roadmap for fostering a diverse workforce and inclusive work environment. To gauge progress on this Plan, ODI issued VA's first Diversity and Inclusion Annual Performance Report. In addition, ODI developed, implemented, and trained over 26,000 Executives, Managers, and Supervisors on standardized VA-wide EEO, Diversity, and Conflict Management Training; established a mandatory critical performance element on EEO, diversity and inclusion in all SES and supervisory performance plans; established a goal that 2 percent of all new hires be individuals with targeted disabilities; implemented VA's first centralized Reasonable Accommodations Fund to reimburse over 200 accommodations for applicants and employees with disabilities; acquired VA's first centralized Reasonable Accommodations Tracking System; funded eight Workforce Recruitment Program interns with disabilities, and implemented a centralized Diversity Internship Program that allowed VA to build a diverse pipeline to VA employment with over 80 interns.

- LMR has trained or funded training opportunities for managers and our labor partners on Executive Order 13522, Creating Labor-Management Forums to Improve Labor Relations. Furthermore, LMR sponsored VA/AFGE Master Agreement training for approximately 2,430 management and labor teams. LMR developed Labor Relations web based training available on Talent Management System (TMS) to all employees. In addition, LMR worked closely with the unions, VHA, OGC and the Secretary's office to finalize approval of the 7422 Recommendations meant to clarify the meaning of 38 USC 7422 and its application. Extensive joint training has been developed and is being launched.

- LMR has trained or funded training opportunities for managers and our labor partners on Executive Order 13522, Creating Labor-Management Forums to

Improve Labor Relations. Furthermore, LMR launched a mandatory introductory web-based training for Senior Executives, managers and supervisors on the EO. Over 24,000 completed that training.

- Over 519,008 training instances were delivered and over 204,000 VA employees completed at least one training course in five critical areas: transformational leadership, supervisory and management, career technical, project management, and labor partnership. When surveyed, 88 percent of the VA employees who attended classes reported that the training was relevant to their job and that they would recommend the training to others.

- The current VA TMS serves nearly 400,000 users and offers catalogs of training and educational content to all VA employees. The number of system users has nearly doubled in less than three years and continues preparing for future growth and access. Approximately 30,000 course titles are available through VA TMS, of which 10,000 courses provided online content. Since deploying VA TMS, the system has recorded more than 10 million training completions from VA employees.

    - VALU trained 293,000 VA employees completing over 813,000 instances of training in VA's 6 critical focus areas: supervisor and management, transformational leadership, labor partnership, project and program management, and cross cutting technical training.

    - VALU completed the ADVANCE Training Program Year One Evaluation Report. This report summarized the progress and preliminary findings of the ADVANCE cross-initiative evaluation based on activities that occurred between January 2010 and July 2011. Based on year one of the program, ADVANCE training delivers consistent, high-quality learning that prepares VA employees to provide our Veterans with world-class benefits and services. Learners have reacted positively to ADVANCE training courses. On average, 90 percent of learners responded favorably ("Agree" and "Strongly Agree") across five standard questions. Learners showed gains on average of 17 percent between pre-test and post-test; supervisors and employees reported that the VALU/ADVANCE training improved their job performance.

    - VALU launched a new robust VA Talent Management System (TMS) in May 2011. TMS serves approximately 322,916 active employee users and 21,280 active non-employee users and offers catalogs of training and educational content to all VA employees. The TMS offers an online platform to select learning tools, such as face-to-face training, distance

learning, virtual environments and a new MyCareer@VA. The number of system users has nearly doubled in less than three years and continues preparing for future growth and access. Approximately 40,272 course titles are available through VA TMS, of which 14,232 courses provided online content. Since deploying VA TMS and its predecessor the VA Learning Management System (LMS), the system has recorded more than 18 million training completions from VA employees for a total of more then 25 million total learning hours.

- VALU launched the Executive Institute. An array of leader development opportunities are afforded GS-15 and SES. Three candidates were selected for Senior Service College programs. VALU plans to expand to host 10 participants in the 2012-2013 fiscal year. VALU offered courses through Brookings Executive Education and plans to expand the opportunity in 2012-2013 to all GS-14 and 15's who aspire for Senior Executive positions. VALU currently has a cohort of 26 in the Senior Executive Service Candidate Development Program. In FY 2013, VALU plans to expand to two cohorts of at least 30 people. Additional funding is need to continue with curriculum development, design and travel associated with all aspects of the program. VALU launched the first ever VA strategic leadership course at UNC. VALU has two cohorts in FY11 with plans underway to train the entire executive core.

- VALU began the process of mapping the core curriculum of its leadership development programs to the new VA Leadership Competency Model. During the past year, VALU doubled the size of its Aspiring Leaders Program (ALP). To leverage the Leadership Infusion Initiative which allowed for approximately 2,000 seats in OPM Leadership Programs VALU linked the ALP curriculum to the OPM curriculum and enrolled each candidate into the OPM LEAD certificate program. This program provides competency based leadership development. VALU's ALP expanded its use of the online capability for applications to include the development of an online application review, rating and ranking process. Doing so provides a fair, transparent and competitive process.

- VALU assumed fulltime representation on VHA's mentor certification board to ensure uniformity across the Department in the training, development, selection and placement of mentors in VA's leadership development programs.

- VALU began the process of certifying faculty in a select number of Franklin Covey content areas. Doing so leverages the in-house capability to teach these programs and tremendously leverages the funding allotted

for these programs, essentially allowing VA to offer the unlimited ability to offer these much sought-after quality programs for the cost of materials only.

- VALU began building VA-wide intermediate level supervisor and manager training, which will focus on specialized skills beyond the fundamentals to help those leaders who have successfully mastered the basic supervisory skills. These trainings tap into more complex nature of VA, enhance the ability to navigate the Department, and promote a network of these leaders for informal coaching, problem-solving, and innovation.

- VALU initiated the analysis phase for the rebuilding of VA's online Nuts & Bolts course for new supervisors. This program will be updated to include a more energetic and interactive online course for new supervisors.

- Revamping LVA curriculum and selection process, VALU kicked off a new LVA with 80 VA employees. In the coming year, LVA is expected to expand to offer two cohorts (totaling 160 students) in order to meet the anticipated need of a rapidly declining force of VA senior executives over the next few years. In its thirty-three year history, this program has graduated more than 2,400 employees, many of who have advanced to the Senior Executive Service and 70 percent of those who receive awards are LVA graudates.

- VALU manages the Presidential Management Fellows (PMF) Program. The purpose of the program is to attract to the Federal service outstanding men and women from a variety of academic disciplines and career paths who have a clear interest in, and commitment to, excellence in the leadership and management of public policies and programs. Presidential Management Fellows serve as capable, new staff members; each Fellow is an investment in smart succession planning. When agencies hire a Fellow, they commit to developing the leadership potential of high-achieving individuals. The PMF Program is one of the most direct and cost –effective ways to hire emerging leaders for our agency. To date there are 36 PMF hires from the class of 2011, VA is on track to have 50, which will be a 35 percent increase over last year. The average conversion rate for the last three classes is 87 percent.

- VALU launched the "Change Academy", in response to the VA's efforts to transform the organization. More than 613 employees have participated.The Change Academies are customized programs based on the VA strategic goals and the goals, objectives and desired outcomes of

the facility or organization. These programs are highly-interactive and focuses on providing curricula tailored to the individual organization. As the success of Change Academies are replicated throughout the Department of Veterans Affairs, significant growth is expected both in scope and improvement initiatives for FY2012.

- VALU initiated the development of a Leadership Competency Assessment and Certification. The VALU's Certification Program is supported at the highest levels of VA leadership. Both major elements of the Initiative of Certification and Competencies have been reviewed, evaluated, validated, and endorsed by both the Senior Resource Group and Senior Management Council of the Department of Veterans Affairs Governance process. This certification will ensure individuals in leadership roles have the competencies needed to build high performing teams and contribute to a competent organization. The process includes a development component but is fundamentally about an assessment of competency. Program features highlight a portable credential that recognizes the individual's achievement and indicates readiness for increased leadership responsibility. The certification program bestows recognition on the importance of leadership competency on par with technical competency.

- VALU was awarded the United States Distance Learning Association – Best Practices - Gold Award for Distance Learning Programming. The course was developed for e-Learning on Military Cultural Awareness, which aligns Veteran and Customer Focus core competency, supporting VA's efforts to better advocate for Veterans. The course provides an overview of the Armed Services, the conflicts they have served in, and why this information is important and useful in improving services to Veterans. VALU was also awarded the Federal Distance Learning Eagle Award for advocacy, innovation and leadership.

Human Capital Investment Plan

An investment in human capital is necessary to improve the delivery of health care, benefits, and other services to Veterans and their families. This effort will: prepare and develop the leaders of the future and enable them to manage successfully in a rapidly changing health-care and benefits environment; increase staff productivity, performance, and commitment by building and strengthening competencies; reduce costly staff turnover and obtain the best and brightest talent

available; improve employee satisfaction and performance and reduce absenteeism by promoting healthier employees; improve the work environment; and reduce the time and cost associated with workplace disputes by increasing ADR participation in the EEO complaint process. The Human Capital Investment Plan began implementation in 2010 and initiatives will continue through the 2011 and 2012.

- The HCIP initiatives support the facilitation of developing leaders who are agile, innovative and values-centered to lead in a complex and changing environment. Launching a corporate approach to the assessment, and development of 22,000 leaders across VA aligns standards and expectations and provides a consistent approach to develop leaders.

- VALU is building a progressive and sequential competency-based leader development program. The model includes VA Foundations for Aspiring Leaders, Team Leader, Supervisor, Manager and Senior Manager Certification. Core training, elective courses, experiences, self development, and mentoring are essential elements for each certification. While establishing the competency model and VA certification process, VALU offers new and expanded leadership training and assessments mapped to the validated leadership and core competencies. VA is elevating the profile of leadership to a discipline requiring skill and knowledge as in any technical discipline; this sends a strong message about the criticality of outstanding leadership at the VA.

- VALU, in partnership with the National Center of Organizational Development, launched for the first time a Department-wide All Employee Survey. Over 70 percent of the Department participated in this survey. Additionally, nearly 60 percent of all executives participated in a 360 leadership assessment. The data from both of these tools informed training offerings for 2011. Identifying leadership competency gaps targeted specific training offerings across the Nation. In December 2010, VALU finalized performance measures and launched Kirkpatrick Level 3 training evaluation. The findings indicated that 67 percent of supervisors and 77 percent of learners observed job improvement.

    - VA's Corporate Senior Executive Management Office centrally manages the recruitment actions for all 407 slots, has oversight of the VA-wide corporate Executive Resources Board, oversees and manages Executive Performance Management, leads the new VA SES Orientation Program and provides formalized SES On-Boarding. Training efforts include Executive Coaching to enhance executive leadership development, identification of desired training for executives, and mandatory training

for new executives. CSEMO is also implementing a collaborative website exclusively for VA executives for knowledge management and for the leadership to directly communicate with all VA executives.

- HCIP initiatives were designed to increase staff productivity, performance and commitment by building and strengthening competencies including critical skills training in over 42,000 positions (eg. human resources, financial management, project management, acquisition, and IT certification).

  - The VA HR Academy, launched in July 2010, helps the VA attract, develop and retain HR professionals who provide quality services to Veterans and their families. As of late November 2010, the Academy has provided more than 2,400 instances of training to HR professionals and hiring managers around the country. Training is offered in both traditional classroom settings as well as via the web. Course offerings include staffing, consulting skills, effective communications, customer service, position management, pay setting, and Veterans preference. Federal Hiring Reform webinars have been attended by over 1,350 HR professionals through October 2010. All registration and training is recorded and tracked on-line. Work on identification of key HR competencies is complete and curriculum and career mapping is ongoing. The VA is also exploring the possibility of a Federal HR certificate program in collaboration with the Office of Personnel Management and the Society for Human Resources Management.

  - A Knowledge Management office has been established to capture and share ideas, institutional memory, and best practices across the organization. The goal is to create new value by improving the efficiency and effectiveness of individual and collaborative knowledge sharing within the Department while increasing innovation and sharpening decision-making. The Knowledge Management initiative involves the development of a pilot program and pilot implementation strategy. This pilot strategy consists of designing and implementing a collaborative work environment and associated knowledge sharing support through the establishment of Communities of Practice for VA's HR Professional community. The main purpose of this pilot is to expose the entire VA community to the benefit of an online collaborative work and knowledge sharing environment.

  - VALU initiated the assessment phase for Career Mapping and Development. This allows us to continue to develop, deliver, and evaluate training that improves professional proficiency in core and specific job functions, including cross-cutting and mission critical occupations.

- VALU developed an e-Learning course on Military Cultural Awareness, aligned with Veteran and Customer Focus core competency, supports VA's efforts to better advocate for Veterans. The course provides an overview of the armed services, the conflicts they have served in, and why this information is important and useful in improving services to Veterans.

- The Evaluation initiative will establish department-wide standards for training evaluation; fund software development of a rating system for TMS training courses; and create an advisory staff to monitor ratings, gather best practices from highly rated courses and work with subject matter experts and course owners of poorly performing courses. Currently, there are no Department-wide standards for course evaluations so it is impossible to compare the quality of one course over another course. This initiative will enable data collection and return on investment analysis to ensure offices to spend their training dollars more effectively.

- HCIP aims to reduce costly staff turnover and obtain the best and the brightest people available through development of a corporate approach to recruitment, hiring and workforce planning. VA will implement the kinds of hiring reforms called for by the Administration that will reduce the time and expense of hiring.

  - In order to meet succession planning needs into the future, VA will need to strengthen its pipeline. VA will improve recruitment of new employees, the process and tools for hiring, the on boarding process, and retention of acquired talent. Focused recruitment will ensure new talent by increasing the number of Presidential Management Fellows and other student/graduate appointments. USA Staffing is an automated recruitment, assessment, referral, and notification system used by VA HR offices and accessed by over 250,000 employees and public applicants.

  - Funds will be used to increase the number of policy experts in the Recruitment and Placement Policy Service (059). The Recruitment and Placement Policy Service has responsibility for a sizable quantity and range of VA staffing policies and program areas. Though possessing promising potential and already demonstrating valuable staffing expertise, their small number (four) and combined relative inexperience in policy development, maintenance, and guidance pose a challenge to meeting Departmental demands. Continuously updated policies and guidance and user-friendly, supportive tools will facilitate the HR community's ability to assist VA managers in accomplishing their Veteran-centered missions, and present VA as an employer of choice to the talented applicants VA

requires. In recognition of the positive impact the Recruitment and Placement Policy Service can make, the number of policy positions and the journey level of policy positions is required at a higher grade level in order to attract the caliber of seasoned applicants able to quickly perform these duties successfully. Adding six (6) HR Specialists with the GS-14 journey level in policy will better allow the Service to: address multiple, outdated policies and procedures; develop a related topic index for the benefit of the HR community; and provide the related guidance that the HR community needs to ably use available staffing flexibilities.

- The Workforce Planning initiative will coordinate workforce planning for VA at the enterprise level. Workforce planning software is being reviewed that will enable managers throughout VA to assess their staff from their desktop in an effort to better utilize skills and monitor developmental status needs. This information will also feed into agency level data enabling trend analysis and workforce projections, and succession planning.

- The Human Resources Line of Business (HR LoB) Program Management Office staff will be placed in various geographical regions to serve as local HRIS consultants and to assist with the migration to an approved OPM Human Resource Line of Business Shared Service Center (SSC) Provider. Once a SSC provider is selected, HR Core Services will be provided by the new HR solution and the Personnel and Accounting Integrated Data (PAID) System will be replaced. Although the enterprise is supported by a single HR application housed at a Shared Service Center, under the HR delivery model, the delivery of HR support will remain decentralized. The HR field staff would possess knowledge and skill in a variety of HR systems-related areas and serve as a resource; providing answers to questions and subject matter expertise. This staff will be involved with all migration activities to include planning activities; serving on integrated project teams; writing requirements; mapping data; preparing interface control documents and standard operating procedures; data mapping; testing; deployment activities and communication.

- The Human Resources Information Service (HRIS) is responsible for HR policy oversight and HR system maintenance of the VA's current HR processing system, the Personnel and Account Integrated Data System (PAID). In this role, HRIS provides policy, guidance and training to VA-wide HR offices on personnel action processing and personnel records, including the electronic Official Personnel Folder (eOPF). As the HR business owner of PAID and the HR data maintained in PAID, HRIS is also responsible for PAID reports, which includes VA standard and ad-hoc

report reports, reporting outside of VA to HR oversight agencies, such as the Office of Personnel Management (OPM), and assisting other VA departments and organizations with PAID data through approved data interfaces and other means as applicable. HRIS is also responsible for maintaining the Office of Human Resources Management (OHRM) websites and equipment inventory within OHRM. In order to accomplish the HCIP goals in the interim as VA migrates to an HR LoB Shared Services Center (SSC), there is increased dependence on the existing IT resources available with the current HR system, PAID, and the OHRM team that provides the information services. As a result, HRIS has the need for 4 additional FTE to manage the information needs of the various HCIP initiatives. The present staffing levels are insufficient to meet the HCIP demands for data, website development and maintenance and equipment needs.

- HCIP initiative goals are focused on improving employee satisfaction and enhancing work performance by providing educational opportunities, desease preventionand health promotion programs and supporting wellness activities designed to promote a happier and healthier workforce.

- The Health and Wellness initiative has implemented two VA-wide, web-based employee health and wellness programs, Wellness Is Now (WIN) and Worklife for You (WL4Y). The WIN program focuses on the employees needs which is determined after they complete their online Health Risk Assessments. Individual plans for health enhancement, disease prevention and health promotion are available to all employees interested in improving their quality of life. WIN has flexible, customizable tools to identify existing health issues, predict future risks and gauge interest and participation in fitness and health programs. The program is used in conjunction with personal health coaches and program coordinators who can provide on-line wellness coaching, assist employees in reaching their wellness goals and develop instructional programs to address their specific needs (nutrition, weight management, fitness conditioning, hypertension monitoring, etc.) Additionally, the WL4Y program matches clients with timely, cost-effective, high quality solutions to meet life's most important needs: child care, elder care, legal & financial, and other daily needs. Employees can work with a Work/Life Specialist at any time to receive telephonic information as well as referrals specific to their requests. WorkLife4You provides 24/7 access to a website which contains webinars, podcasts, checklists, discounts and more. Employees can also request educational kits at no cost which will assist the employee with major life events such as having a baby, child safety, going to college, and caring for an aged relative.

- The Office of Occupational Safety and Health (OSH) will implement initiatives contained in the Worker's Compensation and Safety Strategic Plans, recommendations made by the Office of Inspector General in collaboration with Administration members of the VA Worker's Compensation and Safety Steering Committees. These initiatives are dedicated to improving safety and workers' compensation program management (e.g., developing and implementing worker's compensation case management), educational products, safety surveys, and additional staff to provide improved program support and oversight. OSH expects to induce a downward trend in increasing program costs through the prevention of injuries and illnesses and by the reduction in employee injury costs, saving VA dollars and returning employees to work.

- The Office of Administration serves as VA's hub for all building and facility related services for the VACO campus. It is imperative that the services required to support a clean, safe, attractive, and accessible work environment are maintained. The Office of Administration will fund staff in the Client Service Center (which receives, screens, and refers calls), Property Management (which conducts the annual equipment inventory for all VACO offices) and Building Management and Resources Management Divisions.

- In response to the recent 2010 Federal Employee Viewpoint Survey findings, VA has established a Task Force to address key results. Survey action plans are under development. These plans are specifically targeted to enhance employee engagement, training and career development opportunities, and performance. In addition to improving employee perceptions, the intent is to improve the Department's productivity.

- Now more than ever, as VA Transforms into the 21st Century, senior leaders must possess the knowledge and skill to effectively manage conflict and resolve disputes. The services we provide to our Nation's Veterans can be adversely affected by workplace disputes which divert time and resources from mission critical functions. In order to promote leadership skills in the areas of effective communication, negotiation and problem solving, ORM has developed Department-wide curriculum for VA leaders on managing conflict. ORM has implemented a program that promotes leadership skills and conflict competency to include awareness of behaviors that escalate conflict, and skill in resolving disputes at the earliest stage possible. Since June 2010, 601 VA officials have completed this training.[4]

[4] Data as of December 16, 2011.

- Additional full-time employees to serve as conflict coaches, facilitators, mediators and trainers were deployed to VISNs 4, 8, 12, 15, 16, and 23 to provide more ADR access at the facility level, meet the increased utilization of ADR to address workplace disputes, and maintain satisfaction with the process. These dedicated resources have improved the efficiency and effectiveness of the ADR program by reducing average processing time for ADR requests in five of the six VISNs, increasing the ADR participation rate in three of the six VISNs, and increasing the ADR resolution rate for informal EEO complaints in four of the six VISNs.[5] Due to these efforts, VA employees had increased opportunities for early resolution of complaints and grievances.

- ORM's Resolution Support Center (RSC), a full-service hotline, is designed to provide employees and managers a forum to ask general questions or referral to a subject matter expert (SME). In FY 2011, RSC handled 1565 calls to the 1-888-56 NEW VA line, 68 percent were resolved. The remainder had to be referred to SMEs. This includes continued support of ADVANCE and WIN initiatives. The RSC is a separate and distinct service from the EEO complaint processing toll-free line. It is not designed to replace the complaint hotline or bypass other dispute resolution avenues (local union, facility program manager, workplace ADR).

- An EEO, Diversity and ADR Dashboard was developed to provide VA leadership an access panel to EEO data that can serve as a barometer of the work environment. The dashboard leverages technology by pulling from various data systems to display key indicators that provide valuable, real time information for managers to determine if there are opportunities for intervention that will improve the work climate. The visual presentation of data captures EEO discrimination complaint activity, efforts towards resolving disputes through ADR and VA workforce demographics. A 90-day dashboard pilot was implemented on September 30, 2010, at VISNs 8, 9 and 16. It was evaluated and measured using customer surveys, customer feedback from dashboard links and monthly usage reports. The intended goal of the dashboard is to provide a management tool that identifies trends and affords managers the opportunity to align strategies and organizational goals that ultimately impact the quality of services VA provides to Veterans. By the end of FY 2011, the dashboard was available to all three administrations.

- Efforts are underway to release an Executive Dashboard that will provide executive level staff a snapshot of the aforementioned information, while providing restricted access for highly sensitive information.

[5] Data as of December 16, 2011.

- VA will continue to implement the Department-wide Diversity and Inclusion Strategic Plan for FY 2009 - 2013. This Plan represents a major transformation of the diversity management function in VA to a broader, more inclusive paradigm. Additional staff in the Office of Diversity and Inclusion will support the implementation of the Plan's strategies such as employee training, leadership development, and compliance oversight in the areas of diversity and disability program management to avoid costly liability associated with non-compliance with statutory obligations and EEOC requirements. ODI will expand its diversity-focused internship program, fully implement an EEOC-compliant Reasonable Accommodations Case Management System and expand the use of its centralized account to fund reasonable accommodations in support of the Americans with Disabilities Act Amendments Act of 2008 (ADAAA).

- The Office of Labor-Management Relations will continue to promote the creation of labor-management forums throughout the agency. This effort will be successful with continued training and guidance to each Administration. LMR promotes successful labor-management relationships that allow the Department to effectively manage its workforce while meeting its labor relations obligations. As VA promotes labor-management cooperation, LMR staff will continue to provide training and will proactively assist field offices with local issues. Also, the office will continue to facilitate effective negotiations with the unions to achieve outcomes consistent with labor laws and contractual requirements.

Budget Highlights

The 2013 budget request includes resources necessary to continue the current level of operations and sustain the critical initiatives in the Human Capital Investment Plan.

- $7.9 million and 18 FTE in reimbursable authority for the VA Learning University to cover program expenses associated with providing educational programs to the Department's employees through an established learning technology infrastructure. Core programs include delivery of the Learning Management System, Leadership VA, Mentor Training to support the VA Central Office Leadership Development Mentoring Program and the Aspiring Leaders Program, as well as provision of competency assessments for agency cross-cutting career fields and support of special emphasis and training programs. VALU's focus is competency-based learning designed to influence

performance and guide improvement and the office will play an integral role in implementing the training initiatives in the Human Capital Investment Plan.

- $39.4 million and 267 FTE in reimbursable authority for the Office of Resolution Management to cover expenses associated with preventing, resolving, and processing EEO complaints. Total ORM recoveries of $42.9 million in 2013 will include all related information technology support, which in turn will be reimbursed to the Information Technology Systems appropriation.

- Reimbursable authority of $287.4 million and 303 FTE for HR&A for the continued implementation of the Human Capital Investment Plan.

Summary of Employment and Obligations – Analyses

Office of Human Resources and Administration
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Average Employment	**645**	**810**	**849**	**889**	**+40**
Obligations:					
Personal services	$79,339	$98,269	$104,127	$108,777	+$4,650
Travel	17,114	28,550	21,955	22,231	+276
Transportation of things	75	72	113	113	0
Rents, communications & utilities	30,548	33,752	33,516	33,590	+74
Printing and reproduction	220	499	434	430	-4
Other services	265,623	309,426	253,752	303,124	+49,372
Supplies and materials	2,674	1,628	2,103	2,109	+6
Equipment	736	2,187	2,251	2,003	-248
Insurance & Indemnities	96	15	15	15	0
Adjustment to Expenditures	-6,360	-8,692	-13,216	-13,542	-326
Total obligations	**$396,338**	**$465,706**	**$405,050**	**$458,850**	**+$53,800**
Reimbursements	-333,093	-391,363	-334,671	-388,471	+53,800
SOY Unobligated Balance (-)	-2,918	…		…	
EOY Unobligated Balance (+)	8,263	…	…	…	
Reallocation		…	…	…	0
Budget authority	**$68,590**	**$74,343**	**$70,379**	**$70,379**	**0**

HR&A's personal services estimate reflects salary requirements for 301 FTE for General Administration activities funded through GOE in 2013. The total estimated FTE of 889 includes 303 reimbursable FTE associated with the Human Capital Investment Plan, 267 for ORM FTE, and 18 for VALU FTE.

The increase in reimbursable FTE and their associated payroll resources is due to execution of the Human Capital Investment Plan. The 2013 request includes the full year costs and FTE associated with implementation of the HCIP during 2011, and 2012. As the HCIP continues through a full year of initiative implementation, there is an increase in estimated resource requirements within HCIP contract costs as well as personal services. This increase is required to fund personnel needed to manage the programs and the travel dollars necessary to ensure trainees are able to participate in offered classes.

The rent, communication and utilities increase is primarily related with ongoing rents and other services required to operate VA headquarters. Rent includes

payment to GSA for buildings occupied by VA and its employees. Office space rental estimates are based on the amount prescribed by GSA in accordance with established fair annual rental appraisals and are in accordance with GSA's current projections. The obligation increase is for estimated rental costs beyond the normal non-payroll inflation increase. The printing and reproduction obligation increase is necessary to publish updated brochures and phamplets for the HCIP program.

The new HR LoB system will replace the PAID system and provide significant upgrades in VA's ability to process personnel actions as well as capture and report HR information. The HR LoB system will eliminate manual transactions and a paper driven processes by allowing VA employees and HR managers to access a common system for all HR transactions. The HR LoB system will provide all core HR functionality and interface with other VA financial and HR systems, including to the e-payroll solution Defense Finance and Accounting Service (DFAS), VA's electronic personnel folder and the USA Staffing solution. The overall goal is to improve efficiency and effectiveness of HR processes by acquiring a State-of-the-Art, 21st century solution from an approved HR shared service center provider. VA strives for improvements in effectiveness and productivity by leveraging IT to streamline HR processes that support and track VA's Title 5 and Title 38 populations. By acquiring a HR solution through a Shared Service Center Provider, VA will be able to improve its HR processing and ensure that we are able to support our HR community, customers, employees and Veterans. Once implemented, funding for this service will be provided by the Administrations and staff offices on a fee for service basis. Since the user fees are considered a service and not an IT expense, these fees will be funded from VA's operating accounts.

The Office of Resolution Management is primarily a reimbursable organization; however, ADR related activities are funded through budget authority. In order to continue encouragement for the use of ADR, several HCIP initiatives for ORM were funded in 2013, including funding a staff of 16, as well as funding for current ADR efforts. ORM requires budget authority of $6.5 million in 2013 to continue efforts to increase the effective use of ADR throughout VA. ORM will offer support and services in effectively managing conflict related to organizational changes, assist VA employees in navigating the changes and provide technical advice to VA managers. ORM's enhanced toll-free services will continue to provide both access to more information for VA employees and consultative services for VA managers through an automated system. Staff will be dedicated to the ADR Program in Headquarters to serve as coach, facilitator, or mediator to VACO staff offices and administrations and to develop and implement executive leadership and other Department-wide training programs.

Training will continue to be implemented Department-wide on managing conflict and organizational change as well as effective communication, negotiation, and problem solving skills.

HR&A's personal services estimate reflects salary requirements for 301 FTE for General Administration activities funded through GOE in 2013, remains the same as the FY 2012 amount. The total estimated FTE of 889 includes 303 reimbursable FTE associated with the Human Capital Investment Plan, 267 for ORM FTE, and 18 for VALU FTE.

Table 1: Performance Summary Table

Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	2008	2009	2010	2011	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	1. Transform human capital management **(MI)**	**Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months**[1].	N/Av	N/Av	20	45	65	75	95
		Percent of training participants who agreed during the post-training evaluation that the training session will help improve job performance	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	80%
	2. Support reform of the Human Capital Process though the entire employee life-cycle. **(OSE)**	**Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process.**	46	48	52	54	53	54	55

[1] HR&A will continue working with customers to determine which occupations are considered mission critical.

Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History			**Annual Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	3. Support reform of the Human Capital Process though the entire employee life-cycle. **(OSE)**	**Percentage of VA employees who are Veterans.**	30	30	31	32	35	38	40
		Workers' Compensation Lost Time Case Rate (LTCR).[2]	1.81	1.82	1.71	1.64	1.57	1.51	1.51
		Percent of Title 5 employees hired through competitive examining process within 80 days. [3]	N/Av	64	45.95	48	49	55	75
	4. Strengthen VA's Human Resources staff to better support service delivery in health care, benefits, and memorial services. **(OSE)** [7]	Increase the percent of Human Resources staff in the field and VACO who participate in Competency based training through HR Academy Annually .	N/Av	N/Av	N/Av	N/Av	Baseline	47	60

[2]This rate indicates the number of injuries and illnesses that have resulted in days away from work or have been documented as lost time cases adjusted for employment changes, per 100 employees. This target meets Department of Labor standards; however, the goal for 2012 has not been issued yet.

3The OPM End-to-End Hiring Initiative outlines an 80-day hiring model which starts with the manager's decision to hire for an open position and ends with the NEW employee's entry on duty. Included in the 80-day model is the period of time between posting the announcement and the initial offer of employment

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History			**Annual Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Request) (Curr Svcs)	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	5. Develop an employee health and wellness program. **(SI)**	Percentage of VA Employees who participate in the VA-wide Health and Wellness program, "WIN – Wellness is Now."	N/Av	N/Av	N/Av	Baseline	14	25	35

Performance Measure Supporting Information

Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (Departmental Management Measure)

a) Means and Strategies:
- Continue to focus on creating a framework for corporate technical/program based traiing by defining competency models.
- Obtain additional support by executing contract to assist in development and deployment of technical program-based training.

b) Data Source(s):
- Training data collected through existing VA Talent Management System (TMS) and other training systems based on completion data for training opportunities tracked in those systems.

c) Data Verification:
- A system is required to identify and track mission critical and key occupations, there is currently no process or system that identifies all of the critical mission and key occupations.

d) Measure Validation:
- Leverage supervisors and managers to elevate the ability of the agency to deliver service to our Veterans and to align our people practices to meet mission and business requirements
- Enable our employees to meet current and future needs, supported by learning and development opportunities, to help drive employee skill capability
- Improve internal client satisfaction by defining what VA employees need to know and what they need to be able to do in order to contribute to our mission and live our core values.

e) Cross-Cutting Activities:
- None

f) External Factors:
- Resource constraints, legislative reform, and Congressional Oversight

g) Other Supporting Information:
- VA's success in this area is also contingent on educating managers and supervisors on the availability of training events and the benefits of continued learning.

h) Link to New Strategic Planning Framework:
- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges.

Performance Measure Supporting Information

Percent of training participants who agreed during the post-training evaluation that the training session will help improve their job performance (Department Management Measure)

a) Means and Strategies:
- Continue focus on creating a framework for corporate technical/program based training by defining competency models.
- Obtain additional support by executing contract to assist in development and deployment of technical-program-based training.

b) Data Source(s):

- Training data collected through existing VA Talent Management System (TMS) and other training systems based on completion data for training opportunities tracked in those systems.

c) Data Verification:
- Data is scrubbed and validated before reporting verification.

d) Measure Validation:
- Leverage supervisors and managers to elevate the ability of the agency to deliver service to Veterans.
- Improve internal client satisfaction as VA employees will feel better trained and better positioned to deliver services to Veterans.

e) Cross-Cutting Activities:
- None

f) External Factors:
- Resource constraints, legislative reform, and Congressional Oversight

g) Other Supporting Information:
- VA's success in this area is also contingent on educating managers and supervisors on the availability of training events and the benefits of continued learning.

h) Link to New Strategic Planning Framework:
- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process (Departmental Management Measure)

a) Means and Strategies:
- Continue ORM's active dispute resolution program designed to equitably resolve complaints by employees before they reach the formal complaint stage.
- Improve coordination between the ORM field office and the facility to ensure ADR is offered and its benefits effectively marketed.
- Continue training and oversight of ADR program staff within VA to ensure timeliness and quality of responses to requests.

b) Data Source(s):
- Complaints Automated Tracking System (CATS) – VA's system of records for EEO complaint information and reports.
- ADR Tracker – VA's system of records for ADR case information and reports.

c) Data Verification:
- Regular dissemination of reports and information to the administrations for verification of results.

d) Measure Validation:
- Measurement of ADR participation rate shows whether VA meets the EEOC mandate of having at least 50 percent ADR participation during pre-complaint process.
- Measurement indicates the effectiveness of VA policies to encourage use of ADR to resolve workplace disputes expeditiously so employees can focus on service to Veterans.
- Measurement indicates VA success in fostering a more productive and harmonious work environment, which ADR is considered to promote.

e) Cross-Cutting Activities:
- None

f) External Factors:
- Funding to support full-time ADR specialists currently located in VISNs 4, 8, 12, 15, 16, and 23, ORM Call Center staff and EEO specialists located in ORM's six field offices.
- Funding for contracts related to CATS, ADRTracker, ORM Call Center, and non-VA neutrals.
- Labor-management relations.

g) Other Supporting Information:
VA's success in this area is also contingent on three other key factors:
- Educating employees, managers, and labor partners on the ADR process and its benefits.
- Training ADR program managers on best practices.
- Maintaining a pool of neutrals to provide ADR services.

h) Link to New Strategic Planning Framework:
- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Percentage of VA employees who are Veterans (Departmental Management Measure)

a) Means and Strategies:
- Provide varying degrees of employment assistance to all Veterans seeking VA employment by promoting the use of special appointing authorities for Veterans to streamline the Federal hiring process and reduce the time it takes managers to fill vacancies in their workforce.
- Work closely with VBA's Vocational Rehabilitation and Employment Service (VR&E) to identify qualified transitioning service members with qualifications to fill critical occupations in VA.
- Attend outreach and recruiting events to promote VA employment.
- Routinely participate in TAP and DTAP briefings, military career fairs, as well as publish national military events lists for all HR recruiters.

b) Data Source(s):
- COIN PAID reports; VISN Support Service Center (VSSC)

c) Data Verification:
- Review by Veterans Employment Service Office (VESO)

d) Measure Validation:
- This measure assesses the degree to which VA's workforce reflects customers we serve, which is considered to enhance VA's ability to execute its mission.
- Identifies VA's progress toward having a diverse workforce reflective of its customers and committed to ensuring the smooth transition of severely injured and other service-connected disabled servicemembers to the civilian workforce.

e) Cross-Cutting Activities:
- None

f) External Factors:
- Known losses from increased rate of retirement-eligible Veterans.
- Compatible or existing skills and qualifications of younger, less experienced Veterans.

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Workers' Compensation Lost Time Case Rate (Departmental Management Measure)

a) Means and Strategies:
- Implement initiatives contained in the Worker's Compensation (WC) and Safety Strategic Plans, recommendations made by the Office of Inspector General in collaboration with Administration members of the VA Worker's Compensation and Safety Steering Committees.
- Improve safety and workers' compensation program management (e.g., developing and implementing worker's compensation case management), educational products and safety surveys to provide improved program support and oversight.
- Implement standardized corporate education on WC and Safety policy and requirements.

b) Data Source(s):
- Workers' Compensation Occupational Safety and Health Management Information System (WC-OSH MIS) through the Department of Labor.

c) Data Verification:
- Quarterly by VA's Office of Occupational Safety and Health (OSH) through the Department of Labor.

d) Measure Validation:
- This measure provides an area of focus to improve both the Safety and Workers' Compensation programs with special emphasis on the effectiveness of the VA safety program to reduce injuries that cause lost work time.
- Aids in the determination of whether claims are being appropriately categorized to accurately reflect whether the case is an actual Lost Time Case.

e) Cross-Cutting Activities:
- None

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges

Policy & Planning

Mission

The Office of Policy and Planning's (OPP) mission is to serve as the principal advisor to the Secretary for policy and strategy; enabling the Secretary to make well informed resource allocation and policy decisions based on verifiable data, sound analysis, and validated strategic projections.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Office of the AS/PDAS	$2,591	12	$2,230	12
Office of VA/DoD Collaboration	$3,280	14	$2,180	14
Corporate Analysis and Evaluation	$4,886	14	$4,575	14
Office of Policy	$4,685	21	$4,150	21
Office of Data Governance & Analysis	$6,483	29	$5,830	29
Enterprise Program Manangement Office	$4,090	7	$7,050	27
Total Budget Authority	**$26,015**	**97**	**$26,015**	**117**
Reimbursement:				
Enterprise Program Management Office	$5,613	20	$0	0
VA Innovation initiative	$261	0	$261	0
Total Reimbursement	**$5,874**	**20**	**$261**	**0**

In 2013, OPP is requesting budget authority (BA) of $26.1 million, reimbursements of $261,000, and a total of 117 FTE to support its mission. This is a net reduction of 8 FTE from the 2012 Presidential Budget request. This budget request includes the following priorities and initiatives:

- $2.2 million for the Office of VA/DoD Collaboration to strengthen collaboration with the Department of Defense (DoD) and foster the development of policies and programs to improve the transition of Service members to Veteran status and produce better outcomes in health care delivery and benefit services for Veterans, Service members, military retirees, and eligible dependents.

- $4.6 million for the Office of Corporate Analysis and Evaluation to further embed a planning, programming, budgeting, and evaluation process in the Department that facilitate strategic decision-making and aligns resources to achieve Department and Administration priorities.

- $4.2 million for the Office of Policy to provide forward-leaning strategic development and concept analysis capabilities that identify long-range issues and drive innovation and transformation across the Department.

- $5.8 million for the Office of Data Governance and Analysis to act as the authoritative clearing house for Veteran data and statistics, statistical analysis, and predictive modeling to inform Department-wide decision making.

- $7.1 million for the Enterprise Program Management Office to ensure successful transition of all major initiatives into the operation at the Department and foster the implementation of program management discipline, standards, and doctrine throughout the Department.

Program Description and Accomplishments

The Department of Veterans Affairs (VA) has experienced a shift in demand for its services due to many factors such as aging Veterans, Veterans with more complex needs, the ongoing commitment of the United States to overseas conflicts, and health care reform legislation. To address these demands and challenges, VA has undertaken significant transformational efforts to serve its beneficiaries and to refine its internal operations. VA has focused on creating a robust Department level decision making capability to more effectively anticipate

change and set direction. As a result, OPP has taken on a more substantive advisory role in support of the Office of the Secretary.

In response to this increased role, OPP has reorganized and expanded its capabilities. This reorganization established a new service, the *Strategic Studies Group,* within the Office of Policy, to aid the organization in developing long-term insights and perspectives on emerging Veterans' issues. OPP's reorganization integrated the program evaluation function into the Corporate Analysis and Evaluation Office and the *Operational Management Review* and *Management Systems Information Services* were integrated into the newly chartered Enterprise Program Management Office. OPP has also expanded its capabilities by leading the implementation of the planning, programming, budgeting, and evaluation (PPBE) process within the Department. As a result, OPP is now comprised of five business lines: the Office of VA/DoD Collaboration, the Office of Corporate Analysis and Evaluation, the Office of Policy, the Office of Data Governance and Analysis, and the Enterprise Program Management Office.

Office of VA/DoD Collaboration

The Office of VA/DoD Collaboration facilitates the development of joint policies and programs between VA and DoD. The goal of this Office is to work collaboratively with DoD to avoid duplication between the Departments, remove organizational barriers, and produce better outcomes in health care delivery and benefit services for Service members and Veterans. The Office is currently engaged in coordinating the implemention of the integrated disability evaluation system (IDES) and streamlining the disability evaluation process through continual process improvements. It is also assisting in the implementation of the joint electronic health record (EHR) and virtual lifetime electronic record (VLER). The Office is also responsible for coordinating VA responses to external requirements and mandates and for coordinating a VA-wide perspective in all VA/DoD collaboration activities and initiatives. In addition, the Office continues to provide support for multiple VA/DoD joint governance bodies such as the VA/DoD Joint Executive Council (JEC) and the Senior Oversight Committee (SOC). In coordination with DoD, the Office develops and monitors the execution of the VA/DoD Joint Strategic Plan (JSP) to synchronize these activities. In coordination with DoD, the Office also develops and publishes the VA-DoD Annual Report to Congress on VA-DoD collaboration issues.

This Office's vision for success is the development and sustainment of a VA/DoD partnership that delivers seamless, cost effective, quality services to beneficiaries and value to the Nation.

Corporate Analysis and Evaluation

The Office of Corporate Analysis and Evaluation (CAE) is a relatively new business line established in 2010 to facilitate long range programming and provide independent program assessments to inform senior leader resource allocation decisions. CAE is responsible for leading the development of a corporate planning, programming, budgeting, and evaluation (PPBE) process and a multi-year programming capability within the VA. CAE is also responsible for evaluating programmatic requirements, resource allocations, programmatic baselines, multi-year programmatic trade-offs, and conducting independent program analysis and evaluation. CAE is comprised of two service areas: *Programming* and *Analysis and Evaluation*. CAE's vision is to establish programmatic excellence that is informed by strategic resource allocation and stewardship of VA resources. CAE will accomplish this by increasing its analytical capabilities on which to base organizational resource allocation and program decisions, while developing the ability to clearly align programmatic outcomes when building the multi-year program.

Office of Policy

The Office of Policy is responsible for policy and strategic analysis and ensuring integration, collaboration, and cooperation across VA with regard to policy and strategy development. The Office leads the strategic planning efforts and is involved with managing the Department's governance process. The Office is currently engaged in the restructuring of the strategic planning process to include the establishment of a collaborative working structure; a Senior level Strategic Planning Council; and revamping the strategic planning process and integrating it with the planning, programming, budgeting, and evaluation process. The strategic planning process will incorporate an environmental scan of the internal and external environments. That scan will look for the potential opportunities or threats, ascertain the top strategic drivers, and identify capabilities that will need

to be added, modified or changed to improve the Department's abilities to meet the changing needs of Veterans. In addition, the Office manages the following governance bodies: the Senior Review Group (SRG); the Strategic Management Council (SMC); and the VA Executive Board (VAEB). In 2012 the Office is standing up the *Strategic Studies Group* to aid the organization in developing long-term insights and perspectives on emerging Veterans' issues.

The Office of Policy is comprised of three service areas: the *Strategic Studies Group*, the *Strategic Planning Service*, and the *Policy Analysis Service*. The purpose of the *Strategic Studies Group* is to develop a forward-leaning concepts analysis capability that identifies long-range issues and drives innovation and transformation. The *Strategic Planning Service* manages a planning and governance capability focused on strategic outcomes that influence strategies, programs, and resources. The *Policy Analysis Service* conducts proactive policy analysis that is externally engaged and internally aligned. The Office of Policy's vision is to enable better strategic decision making among VA senior leaders about services to Veterans and management of the Department.

Office of Data Governance and Analysis

The Office of Data Governance and Analysis is responsible for leading data management, data analysis, and business intelligence capabilities to inform VA-wide decision making. It acts as an authoritative clearinghouse for the collection, analysis, and dissemination of information about Veterans and VA programs. It provides predictive analysis and forecasting capabilities to inform leadership decisions.

The Office of Data Governance and Analysis is comprised of two service areas: the *National Center for Veteran Analysis and Statistics* and the *Office of the Actuary*. The *National Center for Veteran Analysis and Statistics* manages the Department's business intelligence tools and processes to support analysis and planning activities. Its core functions include statistical and data analysis and reporting. The *Office of the Actuary* constructs predictive models to support data-driven decision making about capital investments, actuarial analysis, financial modeling, and cost estimation.

The long-term vision of the Office of Data Governance and Analysis is to build the business intelligence capability and predictive analysis in the Department to provide accurate, informed, and relevant analysis to enable data-driven decision making.

Enterprise Program Management Office

The Enterprise Program Management Office (ePMO) was chartered in 2010 to improve the overall program management in VA. This is being accomplished through the development and implementation of program management standards, doctrines, methodologies, and best practices. The ePMO is also responsible for improving the planning and execution of the 16 major initiatives (listed below) by working with major initiative owners to validate requirements and ensure the synchronization of resources to transition these initiatives into the routine operations of the Department. The ePMO seeks to revolutionize business processes and foster accountability through clearly defined milestones and integration plans. Additionally, ePMO is focused on the integration of major initiatives into the Department's business lines, resulting in improved access, quality, and performance.

The ePMO is comprised of the following service areas: *Program Management Policy, Management Systems Improvement Service* (MSIS) and *Operational Management Review* (OMR).

The ePMO's vision for success is the development of a world class program management capability leading to improved services to our Veterans and their families and to improve Department-wide business processes and foster accountability throughout VA.

16 Major Initiatives

- Eliminate Veteran homelessness.
- Enable 21st century benefits delivery and services.
- Automate GI Bill benefits.
- Create Virtual Lifetime Electronic Records by 2012.
- Improve Veterans' mental health.
- Build Veteran Relations Management (VRM) capability to enable convenient, seamless interactions.

- Design a Veteran-centric health care model to help Veterans navigate the health care delivery system and receive coordinated care.
- Enhance the Veteran experience and access to health care.
- Ensure preparedness to meet emergent national needs.
- Develop capabilities and enabling systems to drive performance and outcomes.
- Establish strong VA management infrastructure and integrated operating model.
- Transform human capital management.
- Perform research and development to enhance the long-term health and well-being of Veterans.
- Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process.
- Health Care Efficiency: Improve the quality of health care while reducing cost.
- Transform health care delivery through health informatics.

Recent Accomplishments

In FY 2011:

The Office of VA/DoD Collaboration contributed to the development and sustainment of the VA/DoD partnership with the following actions:

- Developed the FY 2011-2013 VA/DoD Joint Strategic Plan and continued process improvement of performance based metrics to measure VA-DoD collaboration efforts.

- Assisted in the expansion of the integrated disability evaluation system from 27 to 139 sites, while reducing the VA portion of the integrated process from 182 days to 126 days.

- Coordinated DoD and VA iDES effort to standardize processing procedures and created a Departmental memorandum of understanding for operations at each site.

- Developed, in conjunction with the Veteran Health Administration, a new research population model to provide better insight on service connected environmental exposures.

- Collaborated with DoD to facilitate the coordination for the development of an integrated VA-DoD joint electronic health record and for the continued development of the Virtual Lifetime Electronic Record.

- Developed strategic leadership guidance to drive 2011 activities and direction of the Senior Oversight Committee (SOC) and Joint Executive Council (JEC).

- Led the VA/DoD effort to develop a common set of criteria for performing separation health assessments for eligible Service members who are leaving the military.

- Managed the development of the JEC VA/DoD FY 2010 Annual Report to communicate to Congress the significant outcome oriented accomplishments of VA/DoD.

- Improved a number of programs to enhance the transition of service members to Veteran status.

CAE contributed to establishing programatic excellence; strategic resource allocation; and stewardship of VA resources with the following actions:

- Created a planning, programming, budgeting, and evaluation (PPBE) process, which:
    - Established a 2012 program baseline.
    - Delivered a prototype programming database to demonstrate programming concepts and capabilities.
    - Issued integrated programming/budgeting guidance for the 2013 through 2017 resource cycle.
    - Established a PPBE integration team to ensure synchronization, coordination, and synergy of VA's PPBE efforts.

- Completed cost estimation demonstration projects for 2 of 16 major initiatives; forming the foundation to continue with full cost estimates of remaining initiatives.

- Conducted an assessment of cost estimates for the integrated electronic health record, in collaboration with the Office of the Secretary for Defense's Office of Cost Assessment and Program Evaluation.

- Completed the program evaluations of Mental Health and Oncology. The findings and recommendations will be used to refine and improve VA services.

The Office of Policy supported decision making among VA senior leadership and management of the Department with the following actions:

- Instituted changes to the strategic planning process including the establishment of a collaborative working structure; a Senior level Strategic Planning Council; and formalizing the strategic planning process and integrating it with the planning, programming, budgeting, and evaluation process.

- Established the *Strategic Studies Group* to aid the Department in developing long-term insights and perspectives on emerging Veterans' issues.

- Conducted the VA's first-ever 10-20 year environmental scan – identifying the key issues that will drive the VA over the next 10 years.

- Instituted changes to the Governance process that results in more decisions being brought before cross-organizational senior VA leadership, thus increasing the integration, alignment, and collaboration across VA efforts and entities.

- Facilitated the development of and roll-out the Department's Core Values and Characteristics.
    - ***VA Core Values:*** Integrity | Commitment | Advocacy | Respect | Excellence
    - ***VA Core Characteristics:*** Trustworthy | Accessible | Quality | Innovative | Agile | Integrated

- Was instrumental in the White House's establishment of the President's Policy Council – a White House sponsored routine meeting of all Executive Agency Policy Secretaries.

Office of Data Governance and Analysis contributed to improved business intelligence capability and predictive analysis in the Department with the following actions:

- Supported the implementation of the VA Strategic Capital Investment and Planning models with corporate predictive modeling and forecasting capabilities.

- Established business intelligence (BI) data environment tools and processes to transform data into information to support planning, analytic, and research activities.
- Led the establishment of the VA Data Governance Council and the VA Data Management Working Group to:
    - Improve the quality and value of VA data;
    - Establish VA policies and standards involved in the creation, collection and dissemination of authoritative data;
    - Resolve cross-organizational data sharing issues;
    - Support initiatives, programs or project teams in the access and utilization of common VA data;
    - Inventory and document VA source databases, including all major Administration data systems, a key step in establishing a data baseline that will be used to identify authoritative VA data sources (83 percent complete);
    - Established the VA Data Governance Directive;
    - Launched the new VA data and statistics Web site with more contents on Veteran demographic, socioeconomic, and VA utilization statistics.

- Provided statistical and geospatial analysis to support recurring and ad-hoc reporting. Examples of these statistical products include the geographical distribution of VA expenditures report, the unique Veterans

use of VA benefits and services brief, the VA information pocket card, and the VA disability evaluation system trend analysis.

- Provided actuarial services to the Department on a continuous basis. FY 2011 efforts included development of the VA compensation and pension liability model.

The Enterprise Program Management Office contributed to developing a world class program management organization, transforming Department-wide business processes, and fostering accountability throughout the Department with the following actions:

- Provided program management support and operational planning direction to the 16 major initiatives deemed critical by the Secretary to transform VA into a 21st century organization.

- Conducted detailed execution reviews and *lockdowns* of major initiatives to provide independent assessment of progress, identified barriers to success, and helped define solutions to ensure collective execution of 397 acquisition packages worth $784 million.

- Conducted a business process reengineering study of sanitation operations and biomedical engineering services across the Veterans Health Administration and monitored the implementation of the recently reengineered plant operations and grounds maintenance functions.

Budget Highlights

The 2013 request includes resources necessary for OPP to provide comprehensive analysis to the Secretary and senior leaders in the areas of data governance and analysis; strategic planning; Veteran, departmental, and interagency policy; program analysis and evaluation; and operational planning and management of initiatives to support effective and efficient delivery of benefits and services to our Nation's Veterans and eligible beneficiaries. The highlights of the budget request include:

- A total of 14 FTE will enable the **Office of VA/DoD Collaboration** to implement VA's integrated strategy of creating a collaborative, knowledge

sharing culture with DoD. The Office serves as the agency's point-of-contact for the oversight and integration of programs and strategies between VA and DoD. This collaboration improves support to Service members transitioning to Veteran status. This level of staffing will also support VA's joint strategic planning and performance management capabilities in order to be a proactive partner with DoD.

- $2.5 million in contract dollars and a total of 14 FTE will support the **Office of Corporate Analysis and Evaluation** in its analytical work to support VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions about resource allocation. CA&E will analyze investment options for the Department and provide an analytical basis for deciding among investments in ongoing programs as well as new initiatives. This capability will include the development and maintenance of a programming relational database.

- $900,000 in contract dollars and a total of 21 FTE will support the **Office of Policy** in the development, analysis, and review of the policy issues affecting Veterans and the development of the strategic plan to implement VA's goals and objectives. Its work will enable better decision making among VA senior leaders about service to Veterans and management of the Department.

- $1.4 million in contract dollars and a total of 29 FTE will support the **Office of Data Governance and Analysis** in its mission of providing data analysis and assessment of programs, operations, and procedures to inform VA-wide decision making. This effort supports VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions.

- $3.2 million in contract dollars and a total of 27 FTE will support the **Enterprise Program Management Office** in its mission of developing Department-wide program management standards and doctrine and its support of the Major Initiatives. This effort supports all of VA's Strategic Goals and Integrated Objectives.

Total resources in the 2013 budget include $261,000 in reimbursable authority for the VA Innovation Initiative (VAi2). This will cover contract support and operating expenses associated with its Department-wide mission to tap expertise both inside and outside government to improve access to services, lower costs, improve quality, and enhance the performance of VA operations.

Office of Policy and Planning
Summary of Employment and Obligations
(dollars in thousands)

		2012			
	2011 Acutal	Budget Estimate	Current Estimate	2013 Request	Change FY13 v FY12 Current
Average Employment	**90**	**125**	**117**	**117**	**0**
Obligations:					
Personnel services	$13,267	$20,754	$16,950	$17,250	$300
Travel	$281	$507	$366	$306	($60)
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$0	$1,100	$445	$125	($320)
Printing and reproduction	$89	$179	$125	$90	($35)
Other services	$14,582	$21,425	$14,049	$8,366	($5,683)
Supplies and materials	$289	$344	$204	$139	($65)
Equipment	$245	$0	$0	$0	$0
Grants	$0	$0	$0	$0	$0
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	$28,753	$44,309	$32,139	$26,276	($5,863)
Reimbursements	($2,749)	($15,662)	($5,874)	($261)	$5,613
SOY Carryover (-)	($250)	$0	($250)	$0	$250
EOY Carryover (+)	$261	$0	$0	$0	$0
Reallocation	$0	$0	$0	$0	$0
Total Budget Authority	$26,015	$28,647	$26,015	$26,015	$0

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans and their families, our employees, and other stakeholders efficiently and effectively									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)		**Strategic Target**
c. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.	1. Corporate Planning, Programming, Budgeting, and Evaluation (PPBE) (OSE)	Percentage of VA resource requirements that are aligned to 5-year program, with clear end-state and outcomes	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100%
	4. All MIs	Percent of Major Initiatives adhering to the program/project management standards identified (i.e. requirements, cost, schedule, performance, risks, baseline)	N/Av	N/Av	N/Av	N/Av	Baseline	75%	100%
d. Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times	1. Virtual Lifetime Electronic Record (VLER), Integrated Disability Evaluation System (IDES), Integrated Electronic Health Record (iEHR)	Percentage of high priority programs executed according to plan as identified in the Joint Strategic Plan	N/Av	N/Av	N/Av	N/Av	Baseline	50%	75%

Operations, Security, & Preparedness

Mission

The Office of Operations, Security, and Preparedness (OSP) in coordination with VA's Administrations and Staff Offices, ensures the continuity and integration of essential services. OSP also ensures the safety and security of Veterans, volunteers, employees, and visitors at VA facilities while integrating, improving and increasing VA's operational readiness and ability to execute emergency management, Department of Defense contingency support, and Department of Homeland Security Support missions under the National Response Framework. Additionally, OSP provides trained and credentialed police officers for VA facilities and establishes VA-wide police policy and program direction. OSP also manages the Department's compliance with various Homeland Security Presidential Directives ((HSPDs) (e.g., HSPD-5, 12, and 20)) and Presidential Policy Directive 8.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Assistant Secretary and Office of Resource Management	$1,490	8	$1,490	8
Office of Personal Security & Identity Management (OPS&IM)	3,540	21	3,540	21
Office of Emergency Management (OEM)	5,490	40	5,490	40
Office of Security & Law Enforcement (OS&LE)	7,990	33	7,990	33
Total Budget Authority	**$18,510**	**102**	**$18,510**	**102**

- In 2013, OSP is requesting budget authority of $18.5 million and 102 FTE to support its assigned requirements and operations. This funding level will allow OSP to meet its requirements under the Secretary's Major Initiative of Preparedness. Details of these mission requirements can be found in the Budget Highlights section of OSP FY 2013 President's Budget.

Programs Supporting Transformation of VA to a 21st Century Organization

The Office of Emergency Management (OEM) manages, directs, and provides staffing for the VA Integrated Operations Center (VA IOC). The VA IOC is located in VACO with alternate continuity sites in West Virginia and Virginia. Late in FY 2012 the new VA IOC became operational at central office. The VA IOC provides a fusion point for unified command, integrated planning, and data analysis to present recommendations to VA Senior Leaders as well as to ensure 24/7 coordination with key stakeholders and Federal partners. The IOC is the VA Senior Leadership Operations Center and will employ the Incident Command System (ICS), unified command structure with watch standers from the Administrations, Program Offices, and Staff Offices jointly developing objectives, priorities, strategies, courses of action, and plans. The VA IOC will collect, analyze and synchronize information, employ the Federal Integrated Planning System and present recommendations to VA Senior Leadership for consideration/decision. OEM also operates the Planning Exercise, Training, and Evaluation Service (PETE), manages, coordinates, and directs VA's Continuity of Operations (COOP) and Continuity of Government (COG) programs, Comprehensive Emergency Management program, and Emergency Management Exercise, Training, and Evaluation program. The PNSS reviews all National and Federal level Emergency Management, Homeland Security, and National Security policies and plans on behalf of the Department. The PNSS provides Geospatial Intelligence and has direct links to the Federal Geospatial Intelligence community. The PNSS maintains partnerships with the Federal planning community, the Department of Homeland Security, and the Federal Emergency Management Agency through dedicated liaisons. The PNSS also maintains the Department's secure communications systems and is VA primary office for National Security Clearances.

The Office of Security and Law Enforcement (OS&LE) is responsible for developing policies, procedures and standards that govern VA's infrastructure protection, personal security and law enforcement programs, protecting Veterans, visitors, and staff in and on Department facilities and grounds. OS&LE's goal is delivering the highest quality professional law enforcement services, ensuring the maintenance of law and order, and the protection of persons and property on VA Campuses and in buildings under the jurisdiction of the Department. To facilitate this for field units, OS&LE is composed of two units: Police Services, and the VA Law Enforcement Training Center (LETC). Working under Police Services is the Law Enforcement Oversight & Criminal Investigations Branch, Executive Protection Branch, Infrastructure Protection Branch and the Criminal Predictive Analysis Branch. The Law Enforcement Oversight & Criminal Investigations is responsible for conducting program inspections of the 153 Police units around the nation. In addition, the branch conducts internal investigations on police officers

for various infractions. The LETC is broken down into two branches, the Academic Training Branch and the Technical Training Branch. The LETC trains all VA Police officers.

The Office of Personnel Security & Identity Management (OPS&IM) has a broad technical portfolio that encompasses the Federal Identity Credential and Access Management (FICAM) for VA employees, contractors, and affiliates, including background investigations, security clearances, and compliance with Homeland Security Presidential Directive 12 (HSPD-12). OPS&IM provides daily oversight, policy, and direction for the VA HSPD-12 Program Management Office and the Personnel Security and Suitability (PSS), and the VA Security and Investigations Center (SIC). The VA HSPD-12 Program Management Office is responsible for VA's compliance with HSPD-12, including policies, oversight, and compliance for the Personal Identity Vertification (PIV) federal credential, Physical Access Control Systems (PACS), and Logical Access Control Systems (LACS). The Personnel Security and Suitability Service is responsible for all background investigations conducted on behalf of VA for employees, contractors, and affiliates, to include policy, training, oversight, and compliance for VA adjudications processes and personnel. The VA Security and Investigations Center (SIC), a VA Franchise Fund Center, is responsible for processing and adjudicating background investigations for VA contractors, and for all public trust and security clearance adjudications for VA employees, contractors, and affiliates. The Director of OPS&IM serves as the senior executive lead for the Secretary's Preparedness Initiative, Major Initiative Number Nine. VA is investing $1.9 million to support this office which will be responsible for national compliance with all programs related to HSPD-12 and PSS. This provides funds for staff as well as necessary contractual support. This office provides the expertise in Federal laws, rules, regulations, policies, and standards, and VA policies, and procedures necessary for VA to meet its responsibilities under Federal HSPD-12 programs and federal background investigation requirements. In order to measure performance and progress in the Preparedness Initiative two (2) measures are used: (1) Percent of Employees, Contractors and Affiliates who have a Background Investigation, and (2) Percent of Employees, Contractors and Affiliates who have HSPD-12 compliant PIV cards. These measures are included in the Performance Summary Table on page 6H-9. Although not part of the 2013 budget, the OPS&IM additionally has operational oversight and provides direction to the Security and Investigations Center, a franchise fund center responsible for timely processing and adjudicating of background investigations in support of the Department of Veterans Affairs.

Program Description and Accomplishments

On behalf of the Secretary, the Office of Operations, Security and Preparedness (OSP) oversees Emergency Management, National Security, Physical Security, Personnel Security, and Law Enforcement activities and processes that require coordination across the Department or which call for the application of broad perspective. The component offices within OSP serve the larger mission in the following ways:

The Office of Resource Management (ORM) enables OSP employees, managers, supervisors and executives, to identify, understand, manage, and monitor the delivery and execution of Human Resources, Budget, Procurements, Administrative and Logistics in Operations, Security, and Preparedness. Activities include:

- Enables OSP employees, managers, supervisors and executives, to identify, understand, manage, and monitor the impact of initiatives aimed at improving the delivery of emergency management, security and law enforcement, and personnel security.
- Ensures that OSP receives and effectively uses sufficient resources, through budget formulation and execution, accounting policy, assets and liabilities, reporting of expenses and revenues, receipts and disbursements, and procurements.
- Ensures human resource management, training and labor management.
- Ensures a department-wide effort to expand VA's support of employees' learning and training needs by managing the integrated system (the Talent Management System) that supports the inplementation of an effective talent management strategy for OSP employees.
- Responsible for promoting labor-management cooperation and promulgating labor-management relations policy and programs for OSP.
- Responsible for the timely processing of complaints of employment discrimination and filed by OSP employees.
- Ensures and manages executive correspondence.
- Deals with matters related to information protection including privacy, risk management, records management, safety compliances, Freedom of Information Act (FOIA), and business continuity OSP.
- Ensures VA requirements for the OSP Intranet / Internet website and social media compliance.
- Responsible for administrative actions involving telephone systems, audiovisuals, equipment, information technology oversight, travel, space management and property management.

The Office of Emergency Management (OEM) ensures that VA has comprehensive Emergency Management, Homeland Security, and National Security programs and policies in place across the department. OEM has primary oversight of the Department's All Hazards Continuity Program. Activities include:

- Crisis Management Exercises, Evaluation and Training.
- Development of the All Hazards Continuity of Operations Plans (COOP).
- Development of Continuity of Government Plans (COG).
- Development and coordination of policy and guidance to ensure COOP and COG plans are consistent, integrated, and in place to respond to a disaster or national security emergency.
- Functions as the VA liaison with other Federal agencies on preparedness.
- Develops, implements, and evaluates preparedness training and exercises.
- Manages, directs, and staffs the VA Integrated Operations Center.
- Supports VA's Crisis Response Team (CRT).
- Manages the VACO classified materials program.
- Coordinates VA's Top Secret clearance management in cooperation with the Office of Security and Law Enforcement (OS&LE).

The Office of Security & Law Enforcement (OS&LE) ensures that VA has effective security and law enforcement programs and policies in place across the department. This ensures the protection and safety of Veterans, staff, volunteers, and visitors on Department properties.

- Develops and oversees VA-wide police and physical security programs.
- Functions as the VA liaison with other Federal agencies on critical infrastructure protection, physical security, and law enforcement.
- Determines qualification standards and trains all newly hired VA police officers.
- Monitors and disseminates threat intelligence information to field activities.
- Co-operates in the protection of multiple Federal agencies in VACO campus buildings.
- Provides personal security for VA's Secretary and Deputy Secretary including motor vehicle support.

The Office of Personnel Security and Identity Management (OPS&IM) oversees a broad technical program designed to ensure compliance with HSPD-12, Common Identification Standard for Federal Employees and Contractors, and with applicable laws, Federal Regulations, and Executive Orders pertaining to Personnel Security and Suitability. OPS&IM will lead VA's transformation effort and oversee the HSPD-12 Program, VA-wide, and will develop new policies and

processes in conjunction with Personnel Security and Suitability (PSS) to ensure VA's workforce meets the standards set forth by laws, Federal Regulations, Executive Orders and VA policy. This includes: Directs the HSPD-12 Program Management Office, including Personal Identity Verification (PIV), Physical Access Control Systems (PACS), and Logistical Access Control Systems (LACS) related to the use of PIV credentials.

- Directs, manages, coordinates and evaluates the HSPD-12 Program.
- Leads VA's HSPD-12 compliance process, managing and reporting on the implementation of the Department's HSPD-12 Program and ensuring integration of the VA program with overall federal interoperability requirements.
- Participates in various councils, professional organizations, and working groups, both internal and external to federal government and VA VA related HSPD-12 initiatives as well as Personnel Security and Suitability initiatives.
- Directs, manages, and coordinates the Department's Personnel Security & Suitability (PSS) office.
- PSS ensures tha all VA appointees, employees, contractors, and affiliates have the appropriated level of background investigation commensurate with the position's designated Risk and Sensitivity level.
- PSS provides policy, training, oversight, and compliance for all VA personnel security and suitability processing, adjudication, and reporting.
- Directs, manages, and ensures the VA Security and Investigation Center (SIC) performs timely processing and adjudications for suitability determinations for appointees and employees in Public Trust (Moderate and High Risk) positions, final security eligibility determinations for appointees, employees, contractors and affiliates in National Security positions; and makes suitability/fitness determinations for all contractors who work for or on behalf of VA.

Recent Accomplishments

- In 2011, OSP finalized the design of the new IOC. A construction contract was awarded in the fourth quarter of 2011 with completion of construction planned by the beginning of the third quarter of 2012.
- OSP is a member of an integrated planning team working closely with the Program Manager of the new Capital Region Readiness Center (CRRC). Site B, the VACO primary COOP site, is located at the CRRC. This facility was activated in the second quarter of 2011.
- The design for the VACO Reconstitution Planning Site, Site C, was completed in early 2011. The construction contract for this facility was awarded in mid 2011. Construction is scheduled to be complete in the third quarter of 2012.

Budget Highlights

The 2013 request includes resources necessary to meet the assigned mission requirements of the office. OSP has matured as an organization since first standing up in 2006. Significant external requirements have increased the scope of OSP's mission including Homeland Security Presidential Directives 5, 8, 12, and 20; Executive Orders 10450 and 12968; as well as 5 CFR 731, 732 and CIA Directive 6/4. OSP will continue to be required to meet increasing requirements, as well as those in our base. Areas receiving increased emphasis include the following:

- Continued refinement and development of the VA's continuity programs through crisis management exercises, evaluation and training.
- Program office for HSPD-12 implementation and compliance.
- Program office for VA's Personnel Security and Suitability Program.
- Improving protection of the Department's physical infrastructure to ensure safe and secure environments for care and service.
- Oversight and inspection of VA Police Operations at VA facilities throughout the country. These inspections include facility vulnerability assessments that address the risks to staff, patients, beneficiaries and visitors to VA facilities.
- Increased requirements for VA Special Access Programs.

Summary of Employment and Obligations

An average employment of 102 FTE and $18,510,000 are requested to fulfill the mission of the Office of Operations, Security, and Preparedness in 2013.

Office of Operations, Security and Preparedness
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 President's Budget	2012 Current Estimate	2013 Request	2013 vs 2012
Average employment	**86**	**107**	**102**	**102**	**0**
Central Office	86	107	102	102	0
Field Office	0	0	0	0	0
Obligations:					
Personal services	$11,129	$13,736	$12,699	$12,899	$200
Travel	$869	$763	$763	$763	$0
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$12	$203	$203	$203	$0
Printing and reproduction	$5	$10	$10	$10	$0
Other services	$8,517	$4,400	$4,261	$4,061	($200)
Supplies and materials	$165	$150	$138	$138	$0
Equipment	$279	$611	$1,136	$436	($700)
Total obligations	**$20,976**	**$19,873**	**$19,210**	**$18,510**	**($700)**
Reimbursements (-)	($3,041)	$0	$0	$0	$0
SOY Unobligated Balance (-)	($2,191)	$0	($700)	$0	$700
EOY Unobligated Balance (+)	$1,002	$0	$0	$0	$0
Total Budget Authority	**$16,746**	**$19,873**	**$18,510**	**$18,510**	**$0**

Funds all current service requirements, including contract support requirements.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure Description** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1 Ensure Preparedness to meet emergent national needs. **(MI)**	Percent of VA Employees, Contractors, & Affiliates with Background Investigatons.	N/Av	N/Av	N/Av	Baseline	100%	100%	100%
		Percent of VA Employees, Contractors, & Affiliates with HSPD-12 Compliant PIV Cards.	N/Av	N/Av	28%	70%	100%	100%	100%
		Percent of VA Administrations/Staff Offices that maintain a Continuity of Operations (COOP) Plan.	N/Av	N/Av	N/Av	N/Av	Baseline	100%	100%
	2 Develop and implement a viable Departmental continuity program (OSE)	Percent of Crisis Response Team principals whose organizations can operate from their designated COOP site	N/Av	N/Av	N/Av	Baseline	100%	100%	100%

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information

Percent of VA Employees, Contractors, and Affiliates with Background Investigations
(Departmental Management Measure)

a) Means and Strategies:
- Establish Personnel Security and Suitability (PSS) Program Management Office to provide policy oversight
- Promulgate policies; provide training for personnel issuing VA credentials; and inspect Administrations and Staff Office execution.

b) Data Source(s):
- Records from Office of Personnel Management Systems, Personnel Accounting integrated Data (PAID) System across the Department.

c) Data Verification:
- Inspection program

d) Measure Validation:
- PSS compliance enhances security, increases government efficiency, reduces identity fraud, and protects personal privacy through use of mandatory, government-wide standards for security and reliable forms of identification. This results in a confident VA workforce made of suitable employees, contractors, and affiliates, providing services to Veterans.

e) Cross-Cutting Activities:
- VA serves on interagency boards that address PSS compliance and other credentialing issues

f) External Factors:
- Timelines for implementation of requirements to ensure government-wide interoperable PSS programs.

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of VA Employees, Contractors, and Affiliates with HSPD-12 Compliant PIV Cards
(Departmental Management Measure)

a) Means and Strategies:
- Establish a Homeland Security Presidential Directive 12 (HSPD-12) Program Management Office to provide policy oversight
- Promulgate policies; provide training for personnel issuing VA credentials; and inspect Administrations and Staff Office execution.

b) Data Source(s):
- Records from Office of Personnel Management Systems, Personnel Accounting integrated Data (PAID) System across the Department.

c) Data Verification:
- Inspection program

d) Measure Validation:
- HSPD-12 compliance enhances security, increases government efficiency, reduces identity fraud, and protects personal privacy through use of mandatory, government-wide standards for security and reliable forms of identification. This results in a confident VA workforce made of suitable employees, contractors, and affiliates providing services to Veterans.

e) Cross-Cutting Activities:
- VA serves on interagency boards that address HSPD-12 compliance and other credentialing issues

f) External Factors:
- Timelines for implementation of requirements to ensure government-wide interoperable HSPD-12 programs.

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of VA Administrations/Staff Offices that maintain a Continuity of Operations Plan
(Departmental Management Measure)

a) Means and Strategies:
- Develop and implement a viable Departmental continuity program
- Develop and implement a strong Departmental Exercise, Training & Evaluation Program

b) Data Source(s):
- VA organizational elements/facilities will be responsible for certifying to the next higher organizational level the existence of such plans and, if necessary, provide a copy.

c) Data Verification:
- Data to be verified by Administrations, Assistant Secretaries, and other Key officials and forwarded to OSP.

d) Measure Validation:
- The extent to which a VA facility has a viable continuity of operations plan in place relates directly to that facility's ability to continue to provide services to Veterans

e) Cross-Cutting Activities:
- Coordination with other Federal Departments/Agencies and requirements to comply with Federal Continuity directives

f) External Factors:
- New Federal continuity requirements

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of Crisis Response Team principals whose organizations can operate from their designated COOP site.

a) Means and Strategies:
- Develop and implement a viable Departmental continuity program
- Develop and implement a strong Departmental Exercise, Training & Evaluation Program

b) Data Source(s):
- VA organizational elements/facilities will be responsible to certify to the next higher organizational level their organization's ability to operate from their designated COOP site.

c) Data Verification:
- Data to be verified by Administrations, Assistant Secretaries, and other Key officials and forwarded to OSP.

d) Measure Validation:
- The extent to which a VA organization can operate from their COOP site directly impacts that organization's ability to continue to provide services to Veterans

e) Cross-Cutting Activities:
- Coordination with other Federal Departments/Agencies and requirements to comply with Federal Continuity directives

f) External Factors:
- New Federal continuity requirements

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Public & Intergovernmental Affairs

Mission

The Office of Public and Intergovernmental Affairs (OPIA) helps build and maintain public confidence in the Department of Veterans Affairs by positively reinforcing its commitment and readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, routinely updating and communicating the Department's key messages to many audiences through media relations, public affairs, intergovernmental affairs, outreach, and Veteran engagement intended to reach Veterans and their families, other beneficiaries, and other stakeholders.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Office of Assistant Secretary	$2,580	6	$2,331	6
Office of Public Affairs	7,539	48	7,539	48
Office of Intergovernmental Affairs	2,567	16	2,567	16
Office of National Veterans Sports Programs & Special Events	10,600	9	10,600	9
Total Budget Authority	**$23,286**	**79**	**$23,037**	**79**
Reimbursement				
Homeless Veterans Initiatives Office	$3,340	15	$3,466	15
Total Obligational Authority	**$26,626**	**94**	**$26,503**	**94**

In FY 2013, the Office of Public and Intergovernmental Affairs is requesting budget authority of $23 million and reimbursable authority of $3.5 million, totaling $26.5 million for 94 FTE to support its operations.

The request in 2013 will allow VA to:

- Provide policy development oversight, communication, outreach, coordination, and execution of VA's Plan to Eliminate Veterans Homelessness by 2015.
- Improve its Public Affairs and Outreach capabilities and training.

- Ensure VA's position and key messages are received by Veterans, their family members and the general public.
- Improve VA's social media capabilities and impact.
- Improve partnerships with State Veteran Affairs Directors.
- Improve VA's reputation among Veterans, Key Stakeholders, and the American people.
- Improve outreach and partnerships with Tribal Governments.

Program Description and Accomplishments

Office of the Assistant Secretary:
The Office of the Assistant Secretary provides executive oversight, management and direction to the Offices of Public and Intergovernmental Affairs (OPIA). The Assistant Secretary oversees VA's communications and outreach programs including media relations, media products, social media, intergovernmental affairs, and homelessness. As part of VA's communications and outreach efforts, the Assistant Secretary oversees the Office of National Veterans Sports Programs and Special Events, which coordinates VA activities related to commemorative Veterans programs, the six national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics, Inc. The Assistant Secretary is also the Executive Sponsor and has oversight responsibility for VA's initiative to End Homelessness.

Deputy Assistant Secretary for Public Affairs:
The Deputy Assistant Secretary for Public Affairs is responsible for coordinating and orchestrating the release of external and internal public affairs communication and information for VA. The primary mission of this Office is to coordinate with VA's three Administrations (VBA, VHA and NCA) and other Offices throughout VA to ensure Veterans and their families, other beneficiaries, and stakeholders receive accurate and timely information about Department benefits and programs as well as information on many other topics using all forms of media to communicate.

Deputy Assistant Secretary for Intergovernmental Affairs:
IGA manages the Intergovernmental Affairs Program, the International Affairs Program, the Consumer Affairs Program, and the Office of Tribal Government Relations. All of these programs reside under the Deputy Assistant Secretary, Office of Intergovernmental Affairs.

Homeless Veterans Initiatives Office:
Homeless Veterans Initiatives Office (HVIO) is the Department's office that leads VA's initiative to Eliminate Veterans Homelessness. HVIO is responsible for policy development, inter and intra-agency coordination, developing and

maintaining strategic external partnerships and socializing VA's plan to end Veterans homelessness. HVIO serves as the Department's coordinating office with the US Interagency Council on Homelessness (USICH). A member of the office is the Designated Federal Official for the VA's congressional mandated Advisory Committee on Homeless Veterans. HVIO also coordinates, plans and assists with execution of the Advisory meetings and reports. HVIO coordinates VA involvement in the planning and development in joint conferences and national initiatives with federal departments that assist homeless veterans including Labor, HUD, HHS, and DOJ. HVIO is aligned under the OPIA Executive Director.

Office of National Veterans Sports Programs and Special Events:
Formerly separate offices, VA has combined the Office of National Programs and Special Events and the Paralympic Program Office to integrate VA's existing National adaptive sports programs with VA's Paralympic Office and its network of community organizations that provide ongoing adaptive sport opportunities for Veterans. The consolidation of these offices will enable VA to maximize existing resources and supplement them with community resources funded through Paralympic grants and sponsor donations. The office will continue to coordinate VA activities related to commemorative Veterans programs, six national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics including the Paralympic grant program and Paralympic athlete assistance allowance. Additionally, the office will offer VA clinicians the opportunity for advanced training in adaptive sport programming conducted by the U.S. Olympic Committee and support new initiatives in adaptive sports for Veterans. NVSP&SE is aligned under the OPIA Executive Director.

National Veterans Outreach Office:
National Veterans Outreach Office (NVO) was established within the Office of Public and Intergovernmental Affairs in 2010. NVO's mission is to assess, standardize and coordinate outreach activities for the entire Department of Veterans Affairs. The office is developing outreach plans, web resources and training programs to assist VA administrations and program offices in unifying outreach communications through clear, accurate, consistent and targeted messaging. The Office is also providing project management of significant marketing and advertising contracts, and is working to develop a system to track department-wide performance measures for VA's outreach programs. In addition, the office is responsible for coordinating the report on the outcomes of VA outreach programs to the Secretary of Veterans Affairs; Congress; Veterans Service Organizations; other interested stakeholders; and the American people. NVO is aligned under the OPIA Executive Director.

Office of White House Liaison:
The Office of White House Liaison advises the Secretary, Deputy Secretary, and the Assistant Secretary for Public and Intergovernmental Affairs on the placement of top-level non-career appointments in the Department of Veterans Affairs.

Fiscal Year 2011 Accomplishments

Office of Online Communications:
Website

- Reconstituted and assumed management of the Department's 15-person Web Governance Board (WGB) which is charged with standardization and enforcement oversight of VA's enterprise-wide web presence. The WGB is also responsible for crafting a training strategy for web content managers and points of contact across the agency.

Social media/outreach

- Produced and published VA Directive 6515, *Use of Web-Based Collaboration Technologies*, the Department's policy for using social media tools to interact with Veterans, their families and other VA stakeholders.
- Devised strategy and maintained oversight of the Department's ongoing launch of Facebook pages and Twitter feeds at all 152 VA Medical Centers. As of August 2011, 97 Medical Centers used Facebook and 51 used Twitter.
- VA's primary Facebook page gained over 90,000 new subscribers, bringing its total to nearly 140,000 subscribers—more than any other cabinet-level agency.
- VA's primary Twitter feed gained over 16,000 new followers, bringing its total to over 22,000 followers—more than any Veterans Service Organization.
- VA launched its first blog, *VAntage Point*, which received over 200 posts and 4,600 comments.
    1. *VAntage Point*, unlike any other Federal blog, accepts guest posts allowing VA leadership, Veterans, other agency officials, spouses, students, and VA employees to sound off about important Veteran issues.
- A second VA blog, *VA Careers*, launched in July 2011 to address important hiring concerns of Veterans and civilians seeking employment with VA.
- Expanded the social media team from two full time employees to four full-time and three part-time. 70 percent of the team are Veterans of Afghanistan or Iraq.
- VA reaches more Veterans through social media each day than through the VA website.

Online video

- Posted 315 Veteran-centric videos on the Department's YouTube channel.
- Through July 2011, VA's YouTube videos had been viewed over 540,000 times.

Online photography

- Published over 9,000 VA-related photos on the Department's Flickr page which were viewed over 583,000 times.

Media recognition

- VA's Office of Online Communications was the topic of positive profiles in the *Washington Post, BBC,* the *Houston Chronicle, Stars and Stripes, Federal Times,* the *Huffington Post, NextGov, Mashable.com, Federal News Radio,* on the *Capital Insider* television show, and in other media outlets.

Media Products:

- The American Veteran monthly outreach video program received two Emmy awards.
- The VAnguard magazine won top award for internal magazine in National Association of Government Communicators national awards competition.
- VA News weekly internal video program selected for programming on the Pentagon Channel.

Media Relations:

- Public Affairs Training – More than 300 public affairs officers (PAOs) attended the department's three-day annual training conference in Boston.
- Outreach – In conjuction with OPIA's national training conference, nearly 75 outreach specialists from across the Department held their first-ever training conference in Boston.
- Agent Orange – VA's PAOs informed stakeholders of a major expansion of Agent Orange-related benefits to cover more Veterans in November 2010.
- Caregivers – New benefits for the caregivers of seriously disabled Veterans were the focus of an intense educational campaign nationally, regionally and locally through 2010 and into 2011.
- GI Bill – As the new GI Bill entered its second year in August 2010, PAOs from across the country supported the roll-out and informed Veterans of changes in the program.

Office of Intergovernmental Affairs:

- Worked to increase participation in quarterly meetings with the leadership of the National Association of State Directors of Veterans Affairs (NASDVA).

- Worked to increase participation in monthly conference calls with NASDVA and with leadership of the National Associations of County Veterans Service Officers (NACVSO).
- President Obama tasked all federal departments (November 2009) to develop a detailed plan of action to fully implement Executive Oder 13175 on "Consultation and Coordination with Indian Tribal Governments." The Department of Veterans Affairs developed the plan in 2010 and has been successful in meeting objectives. The end result is to broaden communications between the Department of Veterans Affairs and Native American tribal leaders to improve services to Native American Veterans.
- January 2011- hired a Director, Office of Tribal Government Relations.
- September 2011- recruited, selected and hired 4 Tribal Government Relations Specialist FTEs assigned to work with 565 federally recognized tribal governments located in 4 regions in order to increase access to health care, promote economic sustainability through access to benefits, scholarship and program opportunities, and implement the VA tribal consultation policy plan.
- Facilitated three listening sessions with tribal leaders located in Alaska, North Dakota, South Dakota and Montana from June through August 2011.
- Organized outreach events during the National Congress of American Indians Conference in Milwaukee, WI June 2011.
- Organized Northwest Tribal Veterans training session in collaboration with the State of Washington Department of Veterans Affairs, July 2011.
- Completed draft of Veterans Courts in Indian Country Resource Guide, July 2011.
- May 2011 – August 2011 - Engaged in a series of interagency and intergovernmental dialogue sessions with tribal officials, state, federal and non profit entities focusing on identifying challenges facing American Indian and Alaska Native Veterans living in Indian Country.
- Sponsored 15 tribal leaders and American Indian/Alaska Native Veteran-owned small business owners participation during the August 2011 VA Small Business conference.
- September 2011 - Participated in interagency collaboration summit with SAMHSA focused on needs of American Indian/Alaska Native Veterans and their families.
- January 2011 – September 2011, Participated in Indian Health Service/VA Memorandum of Understanding workgroups which focused on increasing collaboration amongst the two agencies in an effort to increase access to services and benefits for American Indian and Alaska Native Veterans.
- September 2011 - Completed request for proposal scope of work for strategic outreach plan designed to reach Veterans in rural Alaska.

- July 2011 - Staff traveled to Navajo Nation, Hopi and Laguna Pueblo to conduct field research needed to complete the Veterans Court Guide.

Homeless Veterans Initiatives Office:

- Coordinated with HUD on the release of the 2011 point-in-time (PIT) data on homelessness among Veterans. This annual report showed a 12% decline in the number of homeless Veterans.
- Worked with the U.S. Interagency Council on Homelessness to get commitments from other federal partners to assist Veterans.
- Worked collaboratively with VHA and HUD to ensure over 26,000 Veterans were provided permanent housing and comprehensive VA case management through the HUD-VASH Program
- Developed and coordinated critical legislative authorizations and program re-authorizations for FY 2012 which were signed and enacted
- Launched a national homeless outreach campaign which included coordinating 28 homeless Veteran outreach events across the United States; distribution of radio PSAs; undertook media buys (online, bus ads, billboards, ads in periodicals); and pitched Op-Ed stories across to increase awareness of VA services for homeless and at risk Veterans.
- The National Call Center for Homeless Veterans hotline volume increased by over 80 percent after the outreach campaign was launched.
- Participated in the grant review, award development and notification of $10.3 million in Special Need Grants for Homeless Veterans Service Providers. This allowed 26 providers to continue providing enhanced services for homeless Veterans who are seriously mentally ill, women Veterans, including women with children, elderly , or those who may be terminally ill.
- Assisted in developing the Homeless Veteran Supportive Employment Program (HVSEP) which has hired over 360 homeless or formerly homeless Veterans as Vocational Rehabilitation Specialists (VRS). :Participated in the grant review, award development and notification of $59.5 million in Supportive Services for Veteran Families (SSVF) grants to 85 applicants in homeless prevention grants that will serve approximately 22,000 homeless and at-risk Veteran families.
- Worked with HUD to complete Housing Inventory Count (HIC) of available VA funded homeless beds, October 2011. This will assist in accurate assessments of homelessness among Veterans and inform communities about available local resources.

National Veterans Outreach Office:

- Provided support and project management of several contracts for strategic outreach support services to increase veterans awareness of benefits and services.
- Established regular meetings with Outreach Team to develop strategy, plan and resources for the NVO.
- Established an Outreach Workgroup made up of leads responsible for Outreach activities in each of the administrations as well as representatives from various program offices, for example Center for Minority Veterans, Homeless Program, Women Veterans, OIF/OEF.
- Established regular meeting schedule of the work group and convened a subcommittee to develop a curriculum for the 2011 OPIA National Training Conference and Outreach Day.

Office of National Veterans Sports Programs and Special Events:

- Established the Office of National Veterans Sports Programs and Special Events and selected a Director for the office.
- Provided a monthly assistance allowance to over 70 Veterans training for the U.S. Paralympic Team.
- Awarded $7.5 million in grants to the U.S. Olympic Committee and its partners to provide more than 14,000 Veterans the opportunity to engage in adaptive sports in their communities.
- Developed a new adaptive sports Web site providing resources to Veterans, service members, clinicians and family members.
- Conducted VA's six national rehabilitative Special Events programs – including hosting the largest number of participants (more than 900) in the 2011 National Veterans Golden Age Games.
- Reduced staffing levels at VA's national rehabilitative programs while accomplishing the core objectives.
- Hosted the 2011 National Veterans Day Observance at Arlington National Cemetery attended by President Obama. In conjunction with the Veterans Day observance, we produced a video highlighting ways in how America honor Veterans. The video was the most viewed among all of VA's video products combined on its YouTube Website.

Budget Highlights

The request for fiscal year 2013 covers activities of the Office of the Assistant Secretary; the Office of Public Affairs and its seven regional offices in Atlanta, Chicago, Dallas, Denver, Los Angeles, New York, and Washington, DC; the Office of Online Communications, the Office of Intergovernmental Affairs; Homeless Veterans Initiatives Office, the Office of National Veterans Sports Programs and Special Events, and the Office of Tribal Government Relations. The budget provides for employment of 94 FTE and funding of approximately $26.5 million, comprised of $23 million and 79 FTE in budget authority and $3.5 million in reimbursements including 15 FTE for the Homeless Veterans Initiatives Office (HVIO). The budget reimbursements will allow OPIA's HVIO to efficiently coordinate and execute VA's Plan to Eliminate Homelessness among Veterans.

Summary of Employment and Obligations – Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	Incr. (+) Decr. (-)
Average employment	**79**	**93**	**94**	**94**	**0**
Central Office	**61**	**71**	**72**	**72**	**0**
Field Office	**18**	**22**	**22**	**22**	**0**
Obligations:					
Personal services	$10,698	$13,561	$13,783	$14,007	$224
Travel	$638	$660	$1,125	$1,051	-$74
Transportation of Things	$3	$70	$19	$19	$0
Rent, Communications, Utilities	$323	$750	$517	$449	-$68
Printing and reproduction	$309	$745	$518	$518	$0
Other services	$1,056	$1,590	$4,014	$1,509	-$2,505
Supplies and materials	$105	$275	$270	$270	$0
Equipment	$100	$170	$180	$180	$0
Grants	$8,579	$9,500	$8,500	$8,500	$0
Insurance and Indemnities	$54	$0	$0	$0	$0
Total obligations	**$21,865**	**$27,321**	**$28,926**	**$26,503**	**-$2,423**
Reimbursements	($2,637)	($3,340)	($3,340)	($3,466)	-$126
SOY Carryover (-)	($850)	$0	($2,300)	$0	+$2,300
EOY Carryover (+)	$3,701	$0	$0	$0	$0
Total Budget Authority	**$22,079**	**$23,981**	**$23,286**	**$23,037**	**-$249**

The amount of reimbursable funding necessary to support a fully staffed HVIO in 2013 will increase by $126,000. Under P.L. 110-389, VA's Paralympics Program is authorized to expend up to $8 million for grants to providers and $2 million for monthly assistance for participating veterans. This budget requests $7.5 million in grants and $2 million in monthly veterans allowance for this program.

Table 1: Performance Summary Table

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data: Results History 2008	2009	2010	2011	Future Targets 2012 (Final)	2013 (Requested Funding)	Strat. Target
Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Eliminate Veteran homelessness **(MI)**	**Number of homeless Veterans (on any given night) (Supports Agency Priority Goal) [*1] (Joint VHA-OPIA measure)**	131,000	75,609	76,329	67,495	59,000	35,000	0
Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
B. Leverage **technology** and **partnerships** to reach Veterans and their families and **advocate** on their behalf	1. Improve awareness of VA benefits to Native American Veterans **(OSE)**	**Percent of federally recognized Native American tribes contacted by VA for outreach purposes**	1%	1%	80%	85%	90%	95%	100%
	2. Improve usability of VA Website and VA's web presence **(OSE)**	Percent of visitors to VA's Website that indicated that they are satisfied/highly satisfied with information presented	N/Av	N/Av	N/Av	67%	73%	75%	80%
	3. Reach out proactively and in a timely fashion to communicate with Veterans and their families and promote Veteran engagement.	Increase percent of veterans* aware of using benefits, reached through advertising and marketing efforts 24 million veterans, only 9M use VA benefits. Of the remaining 15M, 6M are not aware of benefits.* [2]	N/A	N/A	N/A	N/A	5	10	15

[1] The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).

[2] FY 2010 and 2011's PIT estimates will be released in FY 2011.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**								
			Results History				**Future Targets**			
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Enhance VA image with Veterans, their families and the general public through media relations (OSE)	Percent of news coverage that is neutral to positive in tone	N/Av	N/Av	79.6%	90%	92%	92%	92%

Table 2: Performance Measure Supporting Information Key Measures Only
Number of Homeless Veterans (on any given night) (Supports Agency Priority Goal) **a) Means and Strategies:** • The Department of Housing and Urban Development (HUD) publishes an Annual Homeless Assessment Report (AHAR). HUD's AHAR reports provide the latest counts of homelessness nationwide—including counts of individuals, persons in families, and special population groups such as veterans and chronically homeless people. The report also covers the types of locations where people use emergency shelter and transitional housing; where people were just before they entered a residential program; how much time they spend in shelters over the course of a year; and the size and use of the United States inventory of residential programs for homeless people. • The 2011 AHAR was released in fiscal year FY2012, and revealed a 12 percent decline from the 2010 AHAR report. **b) Data Source(s):** • The AHAR is based on three data sources. o An annual PIT count conducted by thousands of volunteers and staff across the country working with local Continuums of Care (CoC). o The Homeless Management Information System (HMIS), an electronic database designed to record information about the characteristics and service needs of homeless persons staying in shelters and transitional housing. o Reports from VA on Veterans who being treated in transitional treatement programs for homeless veterans. **c) Data Verification:** • VA staff and HUD work closely to ensure that the counts used in the Veterans' AHAR chapter factor in all significant data sources and adjust for known confounding variables. It is expected this collaborative approach will produce the best available estimates on homelessness among Veterans.

Table 2: Performance Measure Supporting Information
Key Measures Only

d) Measure Validation:

- Involvement of providers, homeless cares/case managers, and providers of services to homeless Veterans are situated at the "front lines" of homelessness. Their involvement with outreach and provision of services make them one of our most reliable sources for locating and engaging the homeless Veteran and engaging that Veteran in participation. HUD works closely with the community, training local CoCs to conduct PITs. HUD also maintains HMIS, working closely with CoCs to insure approximate technical support and accurate data entry. VA and HUD's collaborative approach in this process will insure that the most accurate estimate of the number of homeless Veterans is available. Calculation is a risk adjusted HUD PIT count. The PIT uses a simple count to calculate the numbers of homeless Veterans. The PIT is then risk adjusted

e) Cross-Cutting Activities:

- There is ongoing interagency collaboration between VA and HUD as well as other agencies that includes state, federal, county, city, profit and not for profit agencies to accomplish the goal of ending homelessness among Veterans by 2015.

f) External Factors:

- Continued outreach will be core to success, availability of needed services will be critical.

g) Other Supporting Information:

- A PIT estimate has been in place for some time, but this will be the first year VA and HUD have collaborated to produce this PIT.

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

Table 3: Priority Goals Summary (Homeless)

Element #3 Priority Goal Summary

Priority Goal: In conjunction with HUD, reduce the number of homeless Veteran population to 35,000 by June 2013 on the way to eliminating Veteran Homelessness.

- OPIA monitors progress on the priority goal listed above in the Performance Summary Table.

The purpose of the goal is:

- Increase the number and variety of housing options available to at-risk and homeless Veterans - to include permanent, transitional, contracted, community-operated, and VA-operated.
- Increase the number and type of interventions and services to address homelessness among Veterans.
- Increase employment opportunities and rates of employment for homeless and at-risk Veterans.
- Review and evaluate progress in the demonstration programs.
- Provide additional supportive services that prevent homelessness, improve employability, promote recovery and sobriety and facilitate independent living.
- Implement and measure success with data from an electronic Management Information System for the National Homeless Registry and other program reporting requirements.
- Build a comprehensive data reporting structure to include monthly data reports from the field; quarterly reports to the Secretary and VA leadership; and an annual comprehensive report

Table 3: Priority Goals Summary (Homeless)

Key Activities Planned for FY 2013 include:

- Decrease number of Homeless Veterans on any given night to 59,000 (June 2012 High Performance goal with HUD).
- HUD-VASH: Deploy 10,000 vouchers and sustain 47,000 Veterans that were previously allocated vouchers with comprehensive case management to provide permanent supportive housing for Veterans and their families. (Cumulative total would be 57,000 vouchers if appropriated by Congress.)
- Award $250 million in grant and per diem funds for community partners to provide transitional housing, social skills training, and employment assistance.
- Implement the process of transitioning grant and per diem program into permanent housing for homeless and at-risk Veterans.
- Continue making Home Loan Guaranty properties available to community partners for permanent housing for homeless and at-risk Veterans.
- Veterans Justice Outreach (VJO): Provide services to approximately 18,000 Veterans.
- Supportive Services for Veteran Families (SSVF): Award $100 million in supportive service grants and serve approximately 42,000 Veterans and their families (pending congressional appropriation and approval of the President's Budget).

Congressional and Legislative Affairs

Mission

The mission of the Office of Congressional and Legislative Affairs (OCLA) is to improve the lives of Veterans and their families by advancing pro-Veteran legislation and maintaining responsive and effective communications with Congress.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Total Budget Authority	$6,053	48	$6,302	48

The requested funding in 2013 will allow OCLA to accomplish the following:

- This budget submission fully funds the activities of the Office of the Assistant Secretary for Congressional and Legislative Affairs. A total of $6,302,000 and an average employment of 48 FTE are requested in 2013 to support the mission of the office.

- The 48 FTE includes OCLA personnel assigned to Central Office, OCLA's Congressional Liaison Service personnel on Capitol Hill, and the Office of Advisory Committee Management, which was reassigned to OCLA in FY2010. The FY 2013 budget reflects an increase of $249,000 to support the 2 FTE of the Office of Advisory Committee Management. This function was transferred from the Office of Public and Intergovernmental Affairs.

- OCLA will continue to advance responsive and effective congressional communications (i.e., proactive approach to briefings, meetings, requests for information, and constituent services) to improve the knowledge of the Department of Veterans Affairs' programs and services among Members of Congress, congressional committees, and staff.

- Sustain OCLA's transformational re-organization, which commenced in

FY2010, by fully staffing functional teams with subject matter experts and analyst personnel.

- Sustain a congressional legislative liaison team with a strategic and customer service focus and enhanced Veteran constituent casework support capabilities.

- Sustain a congressional knowledge management system to better support Members of Congress, congressional committees, and VA leadership and improve the Department's responsiveness to requests for information from Congress.

Program Description and Accomplishments

OCLA is a small, dynamic office where the work is complex, time sensitive, and of a precise nature. OCLA seeks to provide timely and accurate information to legislators and their staffs. OCLA is focused on communicating the Department's mission and its care and support of Veterans. This involves frequent briefings by senior VA officials, both in Washington, DC and in the field. In addition, OCLA conducts orientation and refresher briefings on VA benefits and services for Members of Congress and their staffs.

OCLA provides executive leadership, direction, and coordination of all communications, both legislative and non-legislative, with Congress; it also serves as the principal advising body for the Secretary, Deputy Secretary, and other senior Department officials regarding all Congressional activity related to Veterans.

The primary function of OCLA is to promote the enactment of legislation that improves Veterans benefits and services by:

- coordinating the development of Veteran-related legislation;
- maintaining responsive communications with Congress through briefings, hearings, correspondence, reports, site visits, and constituent services; and
- maintaining productive working relationships with the Government Accountability Office (GAO).

The office also serves as the Department's primary point of contact for Members of Congress and their staffs on matters regarding policy, oversight, and Members requests. OCLA maintains relationships and encourages the flow of information between VA and Members of Congress and congressional staff through hearings, briefings, meetings, travel, communications and correspondence.

OCLA also supports the Advisory Committee Management Office, which serves as the Department's liaison for VA's 24 advisory committees, 15 of which are established by statute. The Advisory Committee Management Office is responsible for providing clear goals, standards, and procedures with respect to the creation and operations of the VA's advisory committees.

During FY2011, OCLA completed an office transformational re-organization plan that aligned subject matter expert teams with the Department's major functional areas. This resulted in more effective, and responsive, communications between the Department and Congress. In FY2011, OCLA supported 46 hearings and 454 briefings. OCLA also supported 63 GAO Entrance Conferences, 29 GAO Exit Conferences, and commented on 48 draft and 28 final GAO reports. OCLA handled over 22,300 congressional inquiries, including over 7,200 letters from Members of Congress.

OCLA continued to review the concerns of the office's internal and external stakeholders and implemented changes that improved efficiencies and eliminated inefficient processes. During FY2011, OCLA specifically re-engineered how the Department responds to questions for the record from congressional hearings, improving the Department's performance by 78 percent, achieving a 90 percent on time rating for the entire year while processing over 1,800 questions for the record.

Budget Highlights

Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase (+) Decrease(-)
Average employment	42	52	48	48	0
Obligations:					
Personal services	$5,423	$6,063	$5,952	$5733	$249
Travel	$170	$274	$170	$170	$0
Transportation of Things	$0	$0	$0	$0	$0
Rents, communications, and utilities	$0	$0	$0	$0	$0
Printing and reproduction	$15	$13	$21	$21	$0
Other services	$223	$109	$180	$180	$0
Supplies and materials	$146	$126	$198	$198	$0
Equipment	$0	$0	$0	$0	$0
Grants	$0	$0	$0	$0	$0
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	**$5,977**	**$6,585**	**$6,521**	**$6302**	**$249**
SOY Carry over (-)	($549)	0	(468)	0	0
EOY Carry over (+)	$637				
Total Budget Authority	**$6,065**	**$6,585**	**$6,053**	**$6302**	**$249**

The 2013 personal services request of $5,733,000 provides funding for 48 FTE. This includes the shift of the the Advisory Committee Management function as discussed earlier.

A total of $569,000 is requested in 2013 to cover non-pay costs for travel, supplies and materials, other services, and equipment.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
		Performance Measures Data								
			Results History				**Future Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results.**	2. Enhance relationships with Congress by improving responsiveness and communicating more effectively (SI)	**Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe.**	57%	75%	12%	90%	85%	90%	90%
		Percentage of testimony submitted to Congress within the required timeframe.	58%	80%	62%	98%	90%	90%	90%
		Percentage of title 38 reports that are submitted to Congress within the required timeframe.	59%	76%	63%	33%	85%	85%	85%

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

1) Percentage of responses to pre-and post-hearing questions that are submitted to Congress within the required timeframe.

a) Means and Strategies:
- OCLA has reviewed its processes and implemented changes to improve collaboration and responsiveness.
- OCLA has created an internal tracking system for use as a management tool to determine the status and timeliness of questions for the record to Congress.
- The tracking system identifies responses that are past due, coming due, or completed.

b) Data Source(s):
- VA Internet Quorum System and the Monthly Performance Review.

c) Data Verification:
- All offices are required to respond through the VA Internet Quorum System. OCLA uses this system as one of its tools to track the responses to pre-and post hearing questions that are submitted to Congress. OCLA also maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:
- Quantifies VA's compliance with its obligation to provide responses to Congress by the date requested.

e) Cross-Cutting Activities:
- OCLA holds collaborative meetings with Administrations and Staff Offices immediately upon receipt of any questions for the record.

f) External Factors:
- None

g) Other Supporting Information:
- OCLA works proactively with Congress to change the due dates on actions to reflect attainable deadlines.

h) Link to New Strategic Planning Framework:
- **Integrated Objective #3:** Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- **Integrated Strategy C:** Create and maintain an effective, integrated, Department-wide management capability to make data driven decisions, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

2)Percentage of testimony submitted to Congress within the required timeframe

a) Means and Strategies:
- OCLA provides for Departmental coordination for hearing preparation, including the creation and submission of testimony for congressional hearings.
- OCLA reviewed its hearing support and testimony processes and incorporated changes into a new SOP.

b) Data Source(s):
- OCLA works proactively with VA's Administrations and Staff Offices to ensure that congressional deadlines for submission of testimony are met.

c) Data Verification:
- OCLA maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:
- Quantifies VA's fulfillment of its responsibility to meet congressional deadlines for testimony submission and holds VA accountable for timely submission of congressional testimony.

e) Cross-Cutting Activities:
- OCLA works with all Administrations and Staff Offices to ensure the testimony supports the intent of the hearing.

f) External Factors:
- None

g) Other Supporting Information:
- OCLA works proactively with VA's Administrations and Staff Offices to ensure deadlines for submission of testimonies are met.

h) Refer to measure #1.

3) Percentage of title 38 reports that are submitted to Congress within the required timeframe

a) Means and Strategies:
- Monitoring congressionally mandated reports has been centralized with OCLA.

b) Data Source(s):
- OCLA maintains a database of title 38 reports, and reports on the status of these reports during the Monthly Performance Review

c) Data Verification:
- All offices are required to respond through the VA Internet Quorum System. OCLA also maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:
- Quantifies how well VA meets its obligation to provide congressionally mandated reports to Congress by the statutory due date.

e) Cross-Cutting Activities:
- OCLA works with all Administrations and Staff Offices to ensure the content of the report supports the intent of the legislation.

f) External Factors:
- None

g) Other Supporting Information:
- OCLA works proactively with Congress to change the statutory due dates on reports to reflect attainable deadlines.

h) Refer to measure #1.

Acquisition, Logistics, and Construction

Mission

The mission of the Office of Acquisition, Logistics, and Construction is to support the needs of the Administrations and staff offices as they fulfill their missions to serve America's Veterans and their families. We do this by ensuring VA compliance with national policies and laws governing Federal acquisition and logistics management, providing superior cost-effective contracting, supporting oversight of supply-chain processes, and executing the Department's major construction and leasing programs.

Stakeholders

OALC stakeholders include program users, Congress, Veterans Service Organizations, and Veterans. Program users or customers include the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA) and the National Cemetery Administration (NCA), as well as VA Staff Offices. OALC also provides assistance at regional and local levels including Veterans Integrated Service Networks (VISNs), VBA Area Offices, Memorial Service Networks (MSNs), local medical centers and VBA regional offices.

Summary of Budget Request

In order to improve the planning, management and return on investment of VA's construction projects, the Department is requesting to transform the Office of Acquisition, Logistics, and Construction (OALC) into an enterprise wide facility management system. A key aspect of this transformation is the increased role of the Office of Construction and Facilities Management (CFM). CFM will provide increased regional and local support for construction and leasing projects by funding support for the on-site supervision of projects through the Major Construction and Medical Facilities accounts. The table below provides a break out of the funding by account.

1. Also included in the Office of Acquisition, Logistics and Construction is the Office of Acquisition and Logistics (OAL) and the Office of Acquisitions Operations (OAO). Detailed information on the OAL and OAO is included in the Supply Fund budget chapter.

Office of Acquisition, Logistics, and Construction (OALC) 2013 Funding Sources

($ in 000s)	2012		2013		Increases (+) Decreases (-)	
	Funding	FTE	Funding	FTE		
General Administration (GenAd)						
OALC Executive Director's Office	$1,168	6	$1,372	7	$204	1
Construction & Facilities Mgt	$57,038	244	$54,334	266	$-2,704	22
Total GenAd Budget Authority	$58,206	250	$55,706	273	$-2,500	23
Reimbursements:						
From Major Construction	$24,193	140	$24,000	140	$-193	0
From Medical Facilities	$6,425	38	$9,337	58	$2,912	20
From Supply Fund	$1,168	6	$1,372	7	$204	1
From National Cemetery Admin.	$310	2	$310	2	$0	0
Total Reimbursements	$32,096	186	$35,019	207	$2,923	21
Total New Budgetary Resources	**$90,302**	**436**	**$90,725**	**480**	**$423**	**44**

The General Administration appropriation will provide funding for 273 FTE as described within this budget chapter. The Major Construction appropriation will provide funding for on-site supervision of resident engineers for the VA's staff offices' major construction projects located throughout the country. The Medical Facilities appropriation will provide funding for on-site supervision by resident engineers for VHA lease projects located throughout the country. In all circumstances, funding will cover all costs for these employees including salary and benefits, training, travel, permanent change of station funds, etc.

The table below shows the FTE breakout by appropriation for 2013.

Position	Funding Source					
	Major Construction	Medical Facilities	Supply Fund	NCA	Gen Ad	Total
Resident Engineers	140	58	0	0	0	198
Project/Design Managers	0	0	0	0	60	60
Real Property Support	0	0	0	2	18	20
Planning Support	0	0	0	0	62	62
Contracting Officers	0	0	0	0	49	49
Sustainment	0	0	0	0	20	20
Management Support	0	0	7	0	64	71
Total	**140**	**58**	**7**	**2**	**273**	**480**

The requested appropriations support the VA Facilities Management Transformation (VAFM) initiative. This initiative will:

- Implement an enterprise facilities management system.
- Integrate facilities management functions to maximize life-cycle performance. This will include a corporate system of policies and processes and a regionalized approach to project execution that includes resident engineers at the project location.
- Assist VA in effectively meeting facility needs and managing existing facility assets while reducing overall costs.
- Expand and improve urgently needed project planning capability and capacity.
- Increase return on facility investment.

Acquisition Improvement Initiative

The Administration is committed to improving government contracting. To ensure that these improvements are sustainable, VA needs to increase the capacity and capability of the acquisition workforce, and the Department is taking two specific steps to accomplish this. First, VA will increase the size and improve the training of acquisition professions in 2012. Second, VA will be developing an annual acquisition human capital plan that will be used in building VA's budgets beginning in 2013 and beyond. This will build a sustainable process for improving the acquisition workforce in the out years. Contract support will assist the VA in increasing workforce capacity.

Supply Fund Reimbursement

Of the $55,706,000 in base budget authority requested from the General Administration appropriation, $1,372,000 is to provide half of the funding for the OALC front office (14 FTE). The OALC front office provides management direction to the revolving Supply Fund. The Fund, in return, supports the other half of the front office.

OALC manages the CFM, Office of Acquisition and Logistics (OAL) and Office of Acquisitions Operations (OAO). General Administration appropriated funding supports CFM and the General Administration portion of OALC front office. The revolving Supply Fund is funded through collections. The revolving Supply Fund budget is contained in a separate budget chapter.

Program Description and Accomplishments

The Office of Acquisition, Logistics, and Construction (OALC) oversees OAL, OAO and CFM. OALC is funded in part through the Supply Revolving Fund and the General Administration appropriation. The Executive Director serves as the Department's Chief Acquisition Officer. OAL responsibilities include directing Department-wide policy for acquisition, contracting, and contract administration; training; and logistics for the Department. The office also provides acquisition and logistics services to the Department of Defense, Department of Health and Human Services, and other Federal agencies. OAO manages the activities of the Strategic Acquisition Center (SAC) and Technology Acquisition Center (TAC). OAO directs acquisition, contracting, and contract administration for VA staff offices, as well as other government agencies.

CFM responsibilities include overseeing the planning, design and construction of the Department's major construction projects. CFM is also responsible for lease project management, design and construction standards, and historic

preservation services for the Department of Veterans Affairs in order to deliver high-quality and cost-effective facilities in support of our Nation's Veterans.

Major Construction

CFM is responsible for providing on-site supervision for design and construction for VA's major construction projects. Major construction encompasses projects greater than $10 million and includes a large and complex inventory of approximately 55 active projects valued at over $12.6 billion total. Duties include managing, negotiating, awarding, and administering design, construction, and other related contracts. CFM provides support in project scheduling, claims analysis, and risk management.

CFM provides oversight and execution of all Brooks Act Architect and Engineer evaluation and selection processes.

Leasing Services

CFM is responsible for providing supervision for the acquisition, management, and disposal of realty assets for the VA nationwide. Contracts are awarded for leased facility acquisitions, land purchases. Numerous easements, licenses, and permits are granted throughout the country. In 2012, CFM estimates that over 2.1 million square feet of leased space will be procured with an estimated contract value of over $2.3 billion.

Facility Engineering Support

CFM provides support regarding compliance with codes, regulations, historic preservation, cultural resource laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities. CFM provides oversight of Facility Condition Assessments and Electrical Studies. CFM also provides technical quality reviews for the Grants for State Extended Care Facilities and Homeless Providers Grant and Per Diem programs.

Facility Planning Support

CFM is responsible for VA's national quality design and construction standards including master specifications, design guides, technical manuals, and design alerts. CFM also manages several national programs such as the seismic and natural or manmade disaster preparedness program, various sustainability compliance programs, construction cost budgeting, and estimating programs. CFM provides master planning and project planning expertise, resources and tools to facilitate facility planning for the Administrations and staff offices.

Program Highlights

- Awarded approximately 43 major construction contracts in 2011. Total executed program for 2011 was $859 million in contracted obligations.

- Effectively managed a large and complex inventory of 60 major construction projects valued at over $12.8 billion, including high visibility projects at Orlando, FL; Las Vegas, NV; New Orleans, LA; Denver, CO; and Louisville, KY. Other major projects include three polytrauma projects at San Antonio, TX; Tampa, FL; and Palo Alto, CA; and five new national cemeteries.

- Awarded 26 lease contracts, delivered 19 newly leased facilities, and acquired 11 parcels of land, including BRAC transfers from DoD and a site for a new VA Medical Center in New Orleans.

- Granted a number of easements, licenses, and permits throughout the county.

- Completed the new Community Living Center Design Guide and provided design/construction services to the Office of Geriatrics. Managed the technical quality of VA's State Home Grants program that awarded or conditionally approved 65 projects valued at $390 million in construction ($253.5 million in grants) in 2011.

- Updated the Mental Health Design Guide and provided design and construction services to the Office of Mental Health. Assisted in the request for information on all new grants in the Homeless Grant and Per Diem Program. Managed the technical quality of VA's 28 homeless grants worth $21.7 million in construction ($14.1 million in grants).

- Provided extensive architectural, engineering, scheduling, and other technical consultant services to VA Medical Centers for budget development, review of capital projects, facility condition assessments, operations and maintenance issues, scheduling and estimating for the preparation of VA's major construction budget, and cost control assistance for projects under design with a value of $11.3 billion. Monitored the progress of major projects under construction and assisted in claims related issues.

Budget Highlights

The 2013 General Administration request includes resources necessary to continue the current level of operations and sustain efforts on critical initiatives underway. The budget request will provide for:

- Fixed rent increases.
- Funding for the Acquisition Improvement Initiative.
- Funding for the VAFM Transformation Initiative.
- Implementation of the first and second phase of the VAFM initiative will allow the VA to expand and improve urgently needed project planning and project management capability and capacity. This increase will establish facility master plans, implement a robust project management planning process and establish professional training for facility management staff. This will facilitate greater efficiency while meeting facility needs and reducing overall costs.

Office of Acquisition, Logistics and Construction
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Request	2013 Request	From 2012 Increase (+) Decrease (-)
Average employment:					
Field	204	307	294	340	+46
Central Office	144	140	142	140	-2
Total	**348**	**447**	**436**	**480**	**44**
Obligations:					
Personal services	$46,516	$64,213	$62,796	$66,900	$4,104
Travel	$1,991	$5,855	$5,386	$4,908	$-478
Transportation of things	$244	$1,221	$1,182	$562	$-620
Rents, communications, and Utilities	$2,669	$3,213	$3,784	$4,123	$339
Printing and reproduction	$1	$9	$3	$3	$0
Other services	$1,313	$36,028	$16,856	$13,894	$-2,962
Supplies and materials	$152	$200	$196	$210	$14
Equipment	$18	$283	$99	$125	$26
Land and structures	$0	$0	$0	$0	$0
Facilities	$88	$0	$0	$0	$0
Insurance Claims and Indemnities	$0	$0	$0	$0	$0
Total obligations	**$52,992**	**$111,022**	**$90,302**	**$90,725**	**$423**
Reimbursements	-$3,232	-$34,631	-$32,096	-$35,019	$2,923
SOY Carry over (-)	-$2,031	$0	$-2,500	$0	$-2,500
EOY Carry over (+)	$2,999	$0	$0	$0	$0
Total budget authority	**$50,728**	**$76,391**	**$55,706**	**$55,706**	**$0**
Government-wide acquisition initiative (non-add)		*$23,584*	*$5,000*[1]	***$5,000***[1]	***$0***

[1]*The conference agreement provides $5M within the Office of Acquisition, Logistics, and Construction for the 2012 President's Acquisition initiative and the facilities management transformation.*

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
		Performance Measures Data								
			Results History				Future Targets			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Provide information management tools to support decision making (OSE)	**Percent of annual major construction operating plan executed**	N/Av	N/Av	N/Av	82%	90%	90%	90%
		Percent of contracts that are awarded within required procurement action timeframes (number of weeks between technical clearance of the final construction documents and award of contracts)	N/Av	N/Av	N/Av	53%	85%	85%	90%
		Percent major lease acquisitions that meet final direct lease acquisition target date	N/Av	N/Av	N/Av	76%	78%	80%	90%
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	2. Transform the VA acquisition and facilities management culture (OSE)	Percent of facilities customers that are satisfied with services being provided.	N/Av	N/Av	N/Av	85%	70%	85%	90%

Table 2: Performance Measure Supporting Information

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

Percent of annual major construction operating plan executed.

a) Means and Strategies:

- Establish a Project Planning and Development Service (PPDS).
- Develop comprehensive/detailed plans for major construction projects.
- Initiate project development plans prior to completion of the budget prospectuses and continually update plans until construction contracts are awarded.
- Assist organizations in their planning efforts regarding the selection of projects and include master planning efforts.

b) Data Sources(s):

- Construction & Facilites Management Information System (CFMIS).

c) Data Verification:

- Data are entered by the appropriate office and verified through checks performed against the appropriation and the annual operating plan.
- Monthly meetings are conducted in order to review project status.
- Interfaces with existing systems such as the Electronic Contract Management System (ECMS) serve as a verifying source.

d) Measure Validation:

- Awarding various phases of contracts within operating plan target dates is essential in order to complete projects on schedule.
- On-time project completion provides veterans with timely access to facilities necessary for required treatments, and final resting places.

e) Cross-Cutting Activities: none

f) External Factors:

- Unanticipated legislative action.
- Unanticipated economic conditions.
- Land acquisition delays or other problems.
- Unforeseeable conditions resulting from environmental and/or Section 106 issues under the National Historic Preservation Act (law that requires federal agencies to consider the potential impact to historic properties that could occur as a result of proposed action by the agency).

g) Other Supporting Information: none

h) Link to new Strategic Planning Framework: This measure supports

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy C: Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

Inspector General

Appropriation Language

For necessary expenses of the Office of Inspector General (OIG), to include information technology, in carrying out the provisions of the Inspector General Act of 1978, $113,000,000 [$112,391,000] of which $6,000,000 shall remain available until September 30, 2014 [2013].

Mission

The Inspector General is responsible for conducting and supervising audits, investigations, and healthcare inspections; recommending policies designed to promote economy and efficiency in the administration of, and to prevent and detect waste, mismanagement, and criminal activity in VA programs and operations; and for keeping the Secretary and Congress fully informed about problems and deficiencies in VA programs and operations and the need for corrective action.

Stakeholders

OIG oversight work encompasses all VA programs, services, functions, and funding. As such, stakeholders in the OIG's work and results may include the Secretary, Congress, VA managers and staff, beneficiaries, affiliated health care and educational institutions, taxpayers, contractors, other Federal agencies, law enforcement organizations, and other OIGs.

Summary of Budget Request

($ in 000)	2012	FTE	2013	FTE
Office of Inspector General				
Regular Appropriation	$112,391	620	$113,000	615
Total Budget Authority	**$112,391**	**620**	**$113,000**	**615**
Reimbursement	$4,716	29	$4,811	29
Budgetary Resources	**$117,107**	**649**	**$117,811**	**644**

For 2013, the OIG is requesting budget authority of $113,000,000 and 615 FTE to carry out its mission. OIG funding will also include $4,811,000 from reimbursements, which will support an additional 29 FTE.

Program Description and Accomplishments

Office of Inspector General Programs

The OIG conducts operations through four Offices, each headed by an Assistant Inspector General, and the Office of Contract Review, which is directed by the Counselor to the Inspector General.

Office of Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts independent and timely performance and financial audits and other evaluations of VA health care, benefits, financial management, procurement, and information management programs. The audits and evaluations contribute to improved management of VA programs by providing useful and practical recommendations to improve the economy, efficiency, and effectiveness of VA management, programs, services, operations, and systems. OAE also conducts cyclical inspections of benefits processing activities at VA regional offices (VAROs). Additionally, OAE oversees the annual Consolidated Financial Statement audit that assesses VA's financial management systems and information under the requirements of the *Chief Financial Officers Act of 1990* and the annual evaluation of VA's information security programs and controls required by the *Federal Information Security Management Act of 2002.*

Office of Healthcare Inspections. The Office of Healthcare Inspections (OHI) conducts oversight aimed at enhancing the quality of VA health care programs and promoting continuous quality improvement. OHI helps safeguard the quality of Veterans Health Administration (VHA) medical care for Veterans by conducting inspections, evaluations, Combined Assessment Program (CAP), and other cyclical reviews that evaluate quality of care issues at VA medical facilities, and clinical consultations in support of criminal investigations. OHI also conducts oversight of VHA's quality assurance programs and the Office of the Medical Inspector.

Office of Investigations. The Office of Investigations (OI) conducts criminal and administrative investigations of wrongdoing in VA programs and operations. Criminal investigations focus on such activities as fraud against VA committed by beneficiaries, fiduciaries, contractors, and employees; illegal pricing by pharmaceutical firms; embezzlement, extortion, and bribery by VA employees; theft and diversion of drugs by employees and others; theft of VA resources and data; identity theft; assaults involving employees and patients; threats against employees,

patients, facilities, and computer systems; mortgage fraud; and workers compensation fraud. Administrative investigations focus on misuse of Government resources, abuse of authority, and travel irregularities by senior officials. Through criminal prosecutions, administrative sanctions, and monetary recoveries, these investigations promote integrity, patient safety, efficiency, security, and accountability in VA.

Office of Management and Administration. The Office of Management and Administration (OMA) provides a wide range of administrative and operational support functions to OIG offices and employees. OMA operates the VA Hotline, providing the means for VA employees and others to report allegations of fraud, waste, and abuse to OIG and to ensure that these referrals are resolved timely and appropriately. Information technology units nationwide provide a broad array of information technology support and security services, as well as data gathering and analysis support for audits, inspections, and investigations. OMA also provides follow-up on OIG report recommendations and other administrative, human resources, logistics, budget, and fiscal services for the entire OIG organization.

Office of Contract Review. The Office of Contract Review, which is overseen by the Counselor to the Inspector General, provides preaward, postaward, and other reviews of vendor proposals and contracts under a reimbursable agreement with VA's Office of Acquisition and Logistics. The Counselor also provides independent legal advice and representation on issues arising from OIG activities and directs OIG's *Freedom of Information Act* and *Privacy Act* activities.

Office of Inspector General Accomplishments

OIG is dedicated to helping VA provide Veterans and their families the care, support, and recognition they have earned through their service to our country. Through its program oversight, OIG seeks to help VA become the best managed service delivery organization in Government by working as a catalyst for positive change, and proactively working to help ensure VA is fully prepared to meet the demands of a new generation of Veterans as well as to care for our older Veterans with their own particular needs.

In the 12 months covered by the last two OIG *Semiannual Reports to Congress*, OIG identified $7.1 billion in actual and potential monetary benefits; issued 301 reports on VA programs and operations; and achieved 488 arrests, 360 indictments, 167 criminal complaints, 344 convictions, 464 administrative sanctions, and 56 pretrial diversions. OIG operations provided a return on investment of $76 in total monetary benefits for each $1 of OIG resources expended, including a return of $6 from recoveries returned to the Government for every $1 of OIG resources. Some recent noteworthy accomplishments include:

- An OIG audit of 42 businesses found that VA had awarded sole source and set-aside Veteran-Owned Small Business (VOSB) and Service-Disabled Veteran-Owned Small Business (SDVOSB) program contracts totaling $46.5 million to 32 ineligible businesses. The businesses were not eligible because they were not owned or controlled by Veterans or improperly passed through work or otherwise exceeded thresholds for subcontracting with nonveteran-owned businesses. OIG recommended improvements in VOSB/SDVOSB program oversight and contracting practices.

- A joint OIG, Small Business Administration, General Services Administration, and Department of Defense investigation resulted in the indictment of a SDVOSB company and the arrest of four subjects. The investigation determined that the company acted as a pass-through for a larger company and the owner was not a service-disabled Veteran. The company had four contracts valued at almost $18 million with VA. Based on information provided by OIG, VA suspended the company and the four subjects from doing business with the Federal Government. OIG has a number of similar cases under active investigation.

- A public law-mandated OIG review assessed VA's capabilities to address combat stress in women Veterans. Utilizing data on 500,000 Veterans, the review identified a number of findings significant to health care and adjudication of disability benefits for women Veterans. For example, female Veterans were more likely to transition to and continue use of VA health care; a higher proportion of female Veterans were diagnosed with mental health conditions by VA but a lower proportion were diagnosed with PTSD and traumatic brain injury (TBI); and a higher proportion of female Veterans were receiving disability benefits for mental health conditions but at a lower proportion for PTSD and TBI. The review recommended that VBA develop longitudinal data on Veterans disability claims activity, assess the consistency of claims for military sexual trauma, and improve communications with women Veterans.

- An OIG audit found that VARO staff did not correctly process or adequately control permanent and temporary 100 percent disability compensation evaluations for about 27,500 (15 percent) of 181,000 Veteran claimants. VARO staff did not always diary future medical examinations in VBA's electronic records system, monitor future examination notifications, schedule examinations, or base permanent 100 percent disability ratings on current medical evidence. As a result, since 1993, Veterans have been paid $943 million in disability compensation without adequate medical evidence of total disability.

- Congressionally-requested OIG healthcare inspections confirmed longstanding problems in sterilization of reusable medical equipment (RME) and infection

control procedures in the dental activities at two VA medical centers, which had put patients at risk of blood-borne and other infections. At one medical center, a dentist had not been following infection control guidelines over an extended period of time and other dental staff knew of these longstanding infractions. The inspection recommended actions to improve compliance with infection control guidelines and address dental clinic staffing issues. At another medical center, dental RME was improperly cleaned, sterilized, and reprocessed over a long period of time.

- A Congressionally-requested healthcare inspection evaluated program oversight and quality assurance for diagnostic and therapeutic radiation services provided at VHA medical facilities, focusing on radiation therapy, computed tomography (CT), fluoroscopy, and nuclear medicine. The inspection recommended improvements in physician peer reviews, monitoring of radiation dosages delivered to patients, data on cumulative radiation exposure, and risk-based criteria for CT scan informed consent procedures.

- A Congressionally-required follow-up inspection to a comprehensive 2009 review of VHA residential mental health facility programs found significant progress in implementing some of the 2009 recommendations and little or moderate progress for others, and identified new areas of concern, including insufficient residential program staffing and weaknesses in procedures for referring patients with occupational dysfunction to vocational rehabilitation programs.

- An audit determined that VA medical facilities had not billed third-party insurers for 46 percent of billable fee non-VA provider medical care. These missed billing opportunities resulted from ineffective processes for identifying billable claims, inadequate training of staff, a lack of collection goals, and ineffective program monitoring. Improved collection processes and controls could increase collections by $110 million annually.

- An audit evaluated VA's program for issuing secure and reliable Personal Identity Verification (PIV) credentials to employees and contractors. The audit found widespread control lapses and procedural deficiencies that resulted in thousands of PIV credentials being issued when PIV staff had not determined if applicants were known or suspected terrorists, confirmed that source identity documents were genuine, verified background checks, or complied with separation of duty controls.

- As a result of an OIG and FBI investigation, a former VA field examiner and a court-appointed Fiduciary plead guilty to theft of Government funds and conspiracy. For about 10 years, the defendants had embezzled nearly $900,000,

much of which they lost gambling, from the bank accounts of 12 disabled Veterans under their supervision.

- As a major component of oversight to ensure effective and high-quality health care delivery, OIG conducted cyclical CAP reviews at 55 VA medical facilities and 85 reviews at community-based outpatient clinics. As appropriate, recommendations were made to VHA network and local facility management for improvements in such areas as: quality management, credentialing and privileging of medical staff, environment of care, cardiopulmonary resuscitation training, and security of patient personally identifiable information.

- An OIG audit evaluated Office of Information Technology (OI&T) implementation of the Project Management Accountability System (PMAS), which was intended for use in improving VA's success in completing technology development projects. The audit found that OI&T had made progress towards implementing PMAS, but needed to address issues pertaining to leadership, staffing, planning, data reliability, project compliance, and cost controls to improve PMAS's effectiveness in overseeing technology projects.

- OIG benefits inspections at 20 VAROs resulted in 117 recommendations for improvement in the processing of disability compensation determinations related to temporary total disability, TBI, and herbicide exposure claims and other systemic issues in quality assurance reviews, beneficiary competency determinations, and mail handling procedures.

- An administrative investigation substantiated that a senior VA official was assigned to a duty station outside of the Washington, DC, commuting area, requiring his frequent travel to Washington to perform the duties of his position. As a result, the official, with the knowledge and approval of his supervisor, misused more than $130,900 in Government travel funds to commute from his residence to Washington, DC, to avoid relocating.

- As a result of an OIG/Department of Labor investigation, a VAMC canteen service employee, who had concealed his earnings as a manager of a contracting business for 5 years while receiving workers compensation benefits for a work-related injury, pled guilty to theft of Government funds. The loss to VA was about $175,000.

- An OIG review assessed VHA compliance with a 2006 VA directive that provided detailed guidance for sole source contracts with medical schools and other affiliates. The review summarized the results of preaward and postaward reviews for contracts awarded over the past 5 years, finding inadequate acquisition planning, pricing deficiencies, interference in contract negotiations by

medical facility managers, poorly defined services, and problems in billing and contract administration. The review recommended improved program oversight, development of a centralized data system, and standardized training for VHA contracting and non-procurement officials involved in these contracts.

- Preaward and postaward reviews of VA contracts resulted in $392 million in savings and recoveries, of which $21 million was returned to the Government.

- The OIG Hotline received over 30,000 contacts, opened 1,184 cases, and closed 1,018 cases with a substantiation rate of 42 percent.

Budget Highlights

The budget request of $113,000,000 from appropriations will support an employment level of 615 FTE, a reduction of 5 FTE from 2012. This level of resources will allow OIG to accomplish a similar or slightly reduced number of oversight audits, healthcare and benefits inspections, evaluations, and criminal and administrative investigations of VA programs and activities compared with 2012 performance targets.

Budget Submission Requirements of the *Inspector General Act*

This budget request was prepared in accordance with Section 6 (f) (1) of the *Inspector General Act of 1978*. The Inspector General's initial budget request transmitted to the Secretary of Veterans Affairs was $114,423,000, which included $324,041 to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) and $913,000 for OIG employee training.

The current request is $113,000,000 and includes a pass-through of $468,000 to support CIGIE operations and $1,021,000 for employee training. The Inspector General certifies that the requested amounts will meet known 2013 requirements for CIGIE support and OIG employee training. In addition, OIG requested that $872,000 for renovation and modernization of OIG offices be included in the 2013 VA Minor Construction appropriation request.

OIG is complying with the spirit of Executive Order 13589, *Promoting Efficient Spending*, by identifying efficiencies and opportunities to reduce costs in travel, conferences, technology, and other areas covered in the Order. However, OIG must travel to VA locations across the country in order to conduct its statutory oversight of VA programs. The Inspector General designated a senior official who reviewed, developed, and implemented policies and controls to ensure that spending on travel and other covered areas is an efficient use of OIG resources.

Summary of Employment and Obligations—Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2012			Increase (+)
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	Decrease (-) from 2012
Average employment:					
Headquarters functions	107	96	108	108	0
Operations functions	526	516	541	536	-5
Total employment	**633**	**612**	**649**	**644**	**-5**
Obligations:					
Personal services	$90,407	$87,208	$92,284	$93,427	+$1,143
Travel	$6,130	$6,191	$6,203	$6,071	-$132
Transportation of things	$77	$173	$251	$254	+$3
Rents, communications, and utilities	$4,808	$6,459	$6,459	$6,558	+$99
Printing and reproduction	$30	$33	$33	$30	-$3
Other services	$9,661	$10,818	$9,669	$9,405	-$264
Supplies and materials	$395	$398	$399	$399	-
Equipment	$1,008	$2,507	$2,116	$1,667	-$449
Insurance	–	–	–	–	–
Total obligations	**$112,516**	**$113,787**	**$117,414**	**$117,811**	**+$397**
Reimbursements	-$3,739	-$4,396	-$4,716	-$4,811	-$95
SOY Unobligated Balance (-)	-$521	–	-$307	–	$307
EOY Unobligated Balance (+)	$526	–	–	–	–
Adjustments in Unobligated Balances (+/-)	–	–	–	–	–
Total Budget Authority	**$108,782**	**$109,391**	**$112,391**	**$113,000**	**+$609**

For 2012, the enacted budget authority supports an estimated employment level of 620 FTE from appropriations. However, given inflation, the proposed pay raise and other necessary payroll increases, and other fixed non-payroll increases, the 2013 request of $113,000,000 does not fully support current services. With continuing efforts to identify and realize cost efficiencies in internal OIG operations, this 2013 request will support staffing at 615 FTE from appropriations, a reduction of 5 FTE from the 2012 level. The personal services estimate reflects the requested FTE, including the proposed pay raise and changes in staff composition and career ladder advancements. Other amounts reflect the requirements for travel, rents for office space, communications, other contractual services, information technology and equipment replacement and upgrades, and operating supplies to support OIG staffing at the requested FTE level.

The following table summarizes the net changes in resource requirements between the 2012 budget authority and this request for 2013.

Net Change 2013 Summary of Resource Requirements (dollars in thousands)	
	Budget Authority
2012 Budget Authority	**$112,391**
Adjustments	-
Adjusted 2012 Budget Authority	**$112,391**
2013 Increases/Decreases:	
Pay Raise and Other Career Ladder/Staff Composition Adjustments	$1,375
Required Personnel Benefits Increases	$388
FTE Decrease Adjustment	-$694
Non-pay Inflation (1.5%)	$359
Subtotal	**$1,428**
Other Fixed Increases/Decreases	
Decreases in Travel, Services, Printing, Equipment	-$819
Reductions and Efficiencies	
None	-
2013 Total Current Request	**$113,000**
2013 Initiatives:	
None	-
2013 Total Budget Authority Request	**$113,000**

The following tables present analyses of OIG employment levels by grade and by headquarters and operational functions.

Employment Summary—FTE by Grade				
Grade	2011 Actual	2012 Estimate	2013 Request	Incr./Decr. from 2012
Senior Executive Service (SES)	15	15	15	0
Senior-Level (SL)	3	3	3	0
GS-15	60	60	60	0
GS-14	106	106	106	0
GS-13	316	323	325	2
GS-12	38	40	32	-8
GS-11	27	29	30	1
GS-10	1	0	0	0
GS-9	34	37	37	0
GS-8	20	16	16	0
GS-7	10	15	15	0
GS-6	0	0	0	0
GS-5	3	5	5	0
GS-1—4	0	0	0	0
Total FTE	**633**	**649**	**644**	**-5**

Analysis of 2011 Actual FTE Distribution Headquarters/Operations		
Grade	Headquarters	Operations
Senior Executive Service (SES)	13	2
Senior Level (SL)	1	2
GS-15	16	44
GS-14	32	74
GS-13	26	290
GS-12	7	31
GS-11	4	23
GS-10	0	1
GS-9	4	30
GS-8	2	18
GS-7	1	9
GS-6	0	0
GS-5	2	1
GS-1—4	0	0
Total FTE	**108**	**525**

Other Requirements

Physicians' Comparability Allowance Worksheet

The Office of Management and Budget directed that following information on OIG's use of Physician Comparability Allowance (PCA) be included in this budget submission.

VA Office of Inspector General

		PY 2011 (Actual)	CY 2012 (Estimates)	BY 2013* (Estimates)
1) Number of Physicians Receiving PCAs		8	8	8
2) Number of Physicians with One-Year PCA Agreements		–	–	–
3) Number of Physicians with Multi-Year PCA Agreements		8	8	8
4) Average Annual PCA Physician Pay (without PCA payment)		$165,294	$170,000	$170,000
5) Average Annual PCA Payment		$29,000	$29,000	$30,000
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position	–	–	–
	Category II Research Position	–	–	–
	Category III Occupational Health	–	–	–
	Category IV-A Disability Evaluation	–	–	–
	Category IV-B Health and Medical Admin.	8	8	8

*FY 2013 data will be approved during the FY 2014 Budget cycle.

7) If applicable, list and explain the necessity of any additional physician categories designated by your agency (for categories other than I through IV-B). Provide the number of PCA agreements per additional category for the PY, CY and BY.

Not applicable.

8) Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category.

Physicians with 48 months or more of Government service at the GS-15, SL, or SES levels may receive a maximum of $30,000 annually. OIG will pay the minimum PCA amount required to overcome recruitment and retention problems. Accordingly, OIG will base the amount on such considerations as relative earnings, responsibilities, expenses, workload, working conditions, and benefits for comparable physician positions inside and outside the Federal Government.

9) Explain the recruitment and retention problem(s) for each category of physician in your agency (this should demonstrate that a current need continues to persist). *(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

VA OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38

physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered. At the beginning of 2011, VA OIG had three unfilled physician positions. PCA availability helped in the recruitment of highly trained and qualified physicians who could have made substantially more in salary if employed in Title 38 or private sector positions.

10) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year. *(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

PCA has made a significant difference in attracting new physician talent during a period of expansion in OIG's Office of Healthcare Inspections. Prior to OIG receiving approval to offer PCA, it was very difficult to recruit physicians, which demonstrates how PCA is critical in OIG's recruitment and retention of Board-certified physicians. As a result of PCA utilization, OIG has retained 80 percent of its physicians over the past 2 years and successfully recruited additional highly qualified physicians. VA OIG had five physicians receiving PCA in 2010 and eight physicians receiving PCA in 2011.

11) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

With about 120 employees, the Office of Healthcare Inspections is the smallest of OIG line organizations. The recent hiring of additional physicians is appropriate based upon OHI's mission of providing independent oversight of VHA, which is responsible for providing health care to more than 6 million Veterans at hundreds of medical facilities with more than 200,000 employees.

Further, the Secretary of Veterans Affairs has established many new health care mandates, such as improving Veteran mental health care, designing a Veteran-centric health care model, and expanding health care access. In addition to these initiatives, the expansion of VHA health care services to accommodate the increasing numbers of Veterans receiving care following service in Operations Enduring Freedom/Iraqi Freedom/New Dawn underscores the need and importance of OIG increasing the number of Board-certified physicians to ensure effective oversight of the quality of VA health care.

Program Goals, Objectives, and Performance Measures

Office of Inspector General Strategic Plan, Goals, and Measures

OIG has developed and implemented a strategic planning process to improve overall performance and to assist VA in achieving its strategic goals. The OIG's *Strategic Plan 2009–2015* includes five strategic areas—health care delivery, benefits processing, financial management, procurement practices, and information management. The plan encompasses key issues, management challenges, and high risks facing VA in the coming years.

- **Strategic Goal 1 — Health Care Delivery.** Improve Veterans' access to high quality health care by identifying opportunities to improve the management and efficiency of VA's health care delivery systems, and by detecting, investigating, and deterring fraud and other criminal activity.

- **Strategic Goal 2 — Benefits Processing.** Improve the delivery of benefits and services to Veterans by identifying opportunities to improve the quality, timeliness, and accuracy of benefits processing, while reducing criminal activity in the delivery of benefits through proactive and targeted audit, inspection, and investigative efforts.

- **Strategic Goal 3 — Financial Management.** Assist VA in achieving its financial management mission of providing all VA activities with accurate, reliable, and timely information for sound oversight and decision making by identifying opportunities to improve the quality, management, and efficiency of VA's financial management systems.

- **Strategic Goal 4 — Procurement Practices.** Ensure that VA's acquisition programs support our Nation's Veterans, other Government entities, and the taxpayer by providing customers with quality and reasonably priced products, services, and expertise delivered on time.

- **Strategic Goal 5 — Information Management.** Assess information systems and policies within VA to ensure that they protect information security and integrity, are cost effective, meet the needs of users, and are used in a lawful and ethical manner; and investigate fraud and other computer-related crimes against VA.

OIG performance measures primarily focus on intended outcomes and demonstrate the critical linkages between work and results, effort and effect, and appraise the influence on both interim and long-term VA mission-related outcomes in each of the five strategic goal areas.

Table 1. Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively										
		Performance Measures Data								
			Results History				**Future Targets**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. **Anticipate** and proactively prepare for the **needs of Veterans, their families,** and our **employees**	Conduct independent oversight of VA health care, benefits, financial management, procurement, and information management programs and activities (OSE)	**1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action**	212	235	263	301	275	275	300
		2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions	1,884	2,250	1,929	1,939	1,900	1,900	2,300
		3) Monetary benefits ($ in millions) from audits, investigations, contract reviews, inspections, and other evaluations	$500	$2,931	$1,914	$7,122	$1,200	$1,200	$1,500
		4) Return on investment (monetary benefits ÷ cost of operations in dollars)*	6 to 1	38 to 1	20 to 1	76 to 1	12 to 1	12 to 1	15 to 1

*Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG's September 2011 *Semiannual Report to Congress*, page 5, http://www.va.gov/oig/publications/semiannual-reports.asp).

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.										
		Performance Measures Data								
			Results History				**Future Targets**			
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
A. Anticipate and proactively prepare for the needs of Veterans, their families, and our employees	Conduct independent oversight of VA health care, benefits, financial management, procurement, and information management programs and activities (OSE)	**5) Percentage of:**							
		• **Prosecutions successfully completed**	94%	94%	97%	99%	94%	94%	95%
		• **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA**	88%	94%	86%	87%	90%	90%	95%
		• **Recommended recoveries achieved from postaward contract reviews**	N/Av	N/Av	N/Av	100%	95%	96%	98%
		6) Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):							
		• **Investigations**	4.6	4.9	4.9	4.9	4.5	4.5	5.0
		• **Audits and Evaluations**	4.0	4.0	4.0	4.4	4.0	4.0	5.0
		• **Healthcare Inspections**	4.7	4.7	4.6	4.6	4.3	4.3	5.0
		• **Contract Review**	N/Av	4.6	4.7	4.8	4.2	4.2	5.0

Table 2. Performance Measure Supporting Information

Performance Measure Supporting Information
1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action. a) **Means and Strategies:** OIG conducts an extensive program of audits, health care inspections, evaluations, CAP reviews, and contract reviews in the five OIG strategic goal areas and issues reports with recommendations for improvement actions in VA programs. b) **Data Sources**: Data for completed audits, health care inspections, and other reviews are maintained in the automated OIG Master Case Index system. c) **Data Verification:** OIG publishes performance results in its *Semiannual Reports to Congress* and in the annual VA *Performance and Accountability Report*, which undergo rigorous quality control reviews and validation processes before publication. d) **Measure Validation:** OIG periodically reassesses strategic and performance goals and measures in consideration of mission, organizational priorities, resources, and accomplishments. e) **Cross-Cutting Activities:** OIG actively participates in the Council of Inspectors General for Economy and Efficiency on the major challenges facing the Federal Government and other issues of common interest to the Inspector General community. OIG routinely works with other Inspectors General, the Government Accountability Office, and other Federal departments and agencies. OIG also participates in Recovery Accountability and Transparency Board activities on planning, coordinating, conducting, and reporting of Government-wide oversight required for Recovery Act-funded programs. f) **External Factors:** None. g) **Other Supporting Information:** None. h) **Link to Strategic Planning Framework:** • **Integrated Objective 3.** Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively. • **Integrated Strategy A.** Anticipate and proactively prepare for the needs of Veterans, their families, and our employees.
2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions. a) **Means and Strategies:** OIG conducts an extensive program of proactive and reactive criminal and administrative investigations that result in arrests, convictions, sanctions, and other appropriate outcomes. b) **Data Sources:** Data for completed investigations is maintained in the automated OIG Master Case Index system. c) **Data Verification:** Same as measure 1. d) **Measure Validation:** Same as measure 1. e) **Cross-Cutting Activities:** OIG routinely works with Department of Justice, FBI, Secret Service, and other Federal, state, and local law enforcement agencies. f) **External Factors:** None g) **Other Supporting Information:** None. h) **Link to Strategic Planning Framework:** Same as measure 1.

Performance Measure Supporting Information

3) Monetary benefits ($ in millions) from audits, investigations, contract reviews, inspections, and other evaluations.

a) **Means and Strategies:** OIG audits, investigations, and other reviews identify monetary benefits, including better use of funds, savings, cost avoidance, questioned costs, fines, penalties, restitution, and civil judgments.

b) **Data Sources:** Data summarizing monetary benefits is maintained in the automated OIG Master Case Index system.

c) **Data Verification:** Same as measures 1.

d) **Measure Validation:** Same as measure 1.

e) **Cross-Cutting Activities:** None.

f) **External Factors:** None.

g) **Other Supporting Information**: None.

h) **Link to Strategic Planning Framework:** Same as measure 1.

4) Return on investment (monetary benefits ÷ cost of operations in dollars).

a) **Means and Strategies:** OIG return on investment goals are defined as monetary benefits from audits, investigations and other reviews as multiples of annual resource levels.

b) **Data Sources:** Monetary benefits data is maintained in the automated OIG Master Case Index system and resource data is taken from OIG budget data.

c) **Data Verification:** Same as measure 1.

d) **Measure Validation:** Same as measure 1.

e) **Cross-Cutting Activities:** None.

f) **External Factors:** None.

g) **Other Supporting Information:** None.

h) **Link to Strategic Planning Framework:** Same as measure 1.

5) Percentage of:

- **Prosecutions successfully completed**
- **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA**
- **Recommended recoveries achieved from postaward contract reviews**

a) **Means and Strategies:** OIG tracks these percentages as measures of outcome quality.

b) **Data Sources:** Same as measures 1 and 2

c) **Data Verification:** Same as measure 1.

d) **Measure Validation:** Same as measure 1.

e) **Cross-Cutting Activities:** Same as measure 1.

f) **External Factors:** None.

g) **Other Supporting Information:** None.

h) **Link to Strategic Planning Framework:** Same as measure 1.

Performance Measure Supporting Information
6) Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high): • **Audits and Evaluations** • **Investigations** • **Healthcare Inspections** • **Contract Review** a) **Means and Strategies:** After each audit, investigation, evaluation, and other review, OIG requests performance feedback from VA program and/or facility managers or other stakeholders using a customer satisfaction instrument. b) **Data Sources:** Records of completed customer satisfaction surveys. c) **Data Verification:** Same as measure 1. d) **Measure Validation:** Same as measure 1. e) **Cross-Cutting Activities:** None. f) **External Factors:** None. g) **Other Supporting Information:** None. h) **Link to Strategic Planning Framework:** Same as measure 1.

Office of Acquisition and Logistics/Office of Acquisition Operations: Supply Fund

Mission

The Office of Acquisition and Logistics (OAL) and Office of Acquisition Operations (OAO) are organizational elements within the Office of Acquisition, Logistics, and Construction (OALC)[1]. OAL provides policy and oversight to VA's acquisition and logistics programs. In addition, OAL provides acquisition services to customers in VA and Other Government Agencies (OGAs) through its National Acquisition Center (NAC) and Denver Acquisition and Logistics Center (DALC). OAO provides a broad spectrum of acquisition services to VA customers through the Technology Acquisition Center (TAC), the Center for Acquisition Innovation, and the Strategic Acquisition Center (SAC).

Summary of Budget Request

The Supply Fund is a self-sustaining, revolving fund. As such, no Congressional appropriation is required. Revenue is realized from fees on acquisitions of goods and services from both VA and OGA customers.

Office of Acquisition and Logistics: Supply Fund
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012 Estimate	2013 Estimate
FTE	841	1,100	1,300
Appropriation	$0	$0	$0
Obligations:			
Operating	$220,634	$250,000	$270,000
Merchandising	$959,749	$1,640,000	$1,720,000
Total Obligations	$1,180,383	$1,890,000	$1,990,000
Outlays	$45,830	$0	$0

[1] Also included under OALC is the Office of Construction and Facility Management (CFM). Detailed information on the OALC front office staff and CFM is included in the Office of Acquisition, Logistics, and Construction budget chapter.
Note: 2012 and 2013 outlays reflected in the table above differ from the President's Budget Appendix. Corrections to the Appendix will be reflected in the Errata to the President's Budget.

Program Description and Accomplishments

OAL provides direct, operational support to the Department's Administrations in the areas of:

1. *Federal Supply Schedule, National Contracts and Hearing Aid acquisitions* – under delegated authority from the General Services Administration, OAL manages nine multiple award schedule programs. OAL also develops and maintains national contracts associated with High Tech Medical Equipment and Prime Vendor Distribution Programs. Finally, OAL procures and distributes hearing aids for veterans worldwide.

2. *Logistics operations* - provides the full range of logistics services to VA and OGA's. OAL provides such services as distribution of interment flags; inspection of x-ray and laundry equipment; sale of precious metals; and design, printing, and distribution of VA forms and publications.

3. *Acquisition and logistics program oversight and policy* - develops VA-wide acquisition and logistics policy and oversees these programs to ensure Departmental compliance with laws and regulations. OAL manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff nationwide, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers. Program management responsibility for VA's metric system and value engineering rests within this organization.

OAO provides direct, operational support to the Department's Administrations in the areas of:

1. *Acquisition operations* – procures goods, services and provides innovative solutions to VA's acquisition challenges. This office awards and administers cost-effective contracts to meet supply, service, and equipment needs of VA organizations.

2. *Information technology (IT) acquisitions* – provides acquisition and program management expertise and support for the life cycle management of enterprise-wide solutions for the Office of Information and Technology (OIT).

3. *Strategic sourcing acquisitions* – leverages the Department's resources by obtaining lower prices and enhanced services from vendors with enterprise-wide contract vehicles.

The Supply Fund is the source of funding for the following organizations/activities:

- OAL awards and administers cost-effective national contracts to meet supply and equipment needs of VA facilities around the country and many OGAs. These contracts include medical-related Federal Supply Schedules (authority delegated by the General Services Administration); blanket purchase agreements; direct delivery (for high-tech medical equipment and systems); centralized purchases; and prime vendor distribution contracts. VA facilities and OGAs use prime vendor contracts to purchase pharmaceuticals; medical, surgical, and dental equipment and supplies; information technology equipment and services; nonperishable food items; consulting services; and other health-care items needed to operate the largest integrated health-care system in the Nation.
- OAL develops Department-wide acquisition policy, manages VA's acquisition training program, and offers continuing education programs for VA procurement staff around the country through the VA Acquisition Academy (VAAA). OAL also manages VA's Federal Acquisition Certification Programs for Contracting, and Program/Project Management.
- OAL is responsible for warranting all VA contracting officers and oversees the Internal Management Accountability and Control Assessments required by Office of Management and Budget (OMB) Circular A-123. To ensure the integrity of VA's acquisition program, this office conducts reviews of all major contract actions and, when necessary, makes site visits to VA contracting offices.
- OAO awards and administers IT contracts in support of VA's major program areas.
- In support of the Department's strategic sourcing program, OAO will award and administer high dollar value and complex contracts for all of VA's goods and services.
- The Procurement and Logistics Office, an organizational element within the Veterans Health Administration (VHA), serves as VHA's senior advisor on all matters pertaining to VHA purchasing; including logistics, procurement, and standardization of commodity and equipment.
- The Office of Small and Disadvantaged Business Utilization is an organizational element within the Office of the Secretary of Veterans Affairs. Its mission is to advocate for the maximum practicable participation of small businesses in VA acquisitions, with special emphasis on service-disabled Veteran-owned and Veteran-owned small businesses.

Recent Accomplishments:

- Completed a reorganization authorized by an Executive Decision Memorandum signed by Secretary Shinseki on April 29, 2010. OALC now has two separate organizations in the Supply Fund: OAL and OAO. OAL will

focus on the Department's acquisition and logistic policy development and enforcement. OAO will award and administer cost-effective enterprise-wide contracts for VA and OGAs.

- Obtained a fifth successive "clean" audit opinion on financial statements, with no material weaknesses or significant deficiencies. These audits were performed by a Certified Public Accounting (CPA) firm.
- Hired key staff and obtained office space for the SAC. The reimbursement rates were also established for the SAC.
- Completed 15 Business Case Analyses (BCA) that identified opportunities for savings through strategic sourcing. These BCAs will be assigned to the SAC for implementation.
- The TAC awarded 14 major contracts for an estimated program ceiling of $12 billion in support of the Transformation 21 Total Technology (T4) program. The T4 program is intended to provide IT solutions in support of the OIT. The five year program will help VA transform into a 21st century organization and meet VA's long-term technology needs. T4 will enable VA to provide Veterans high-quality services and health care. Services shall include total IT solutions encompassing the entire life-cycle of a system, including but not limited to program management and strategy planning, systems/software engineering, enterprise network, cyber security, operations and maintenance, and IT facilities.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS - ANALYSES

Summary of Employment and Obligations (*dollars in thousands*)					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase(+) Decrease(-)
FTE:					
OAL/OAO - Field	596	700	725	800	+75
OAL/OAO - Central Office	134	170	245	370	+125
VHA P&LO	77	90	90	90	
OSDBU	34	40	40	40	
Total FTE	**841**	**1,000**	**1,100**	**1,300**	**+200**
Obligations:					
Personal Services	$93,789	$123,000	$112,732	$118,665	+5,933
Travel	11,589	7,500	9,981	10,507	+525
Transportation of Things	1,521	17,927	3,523	3,708	+185
Rents, Communications & Utilities	7,815	10,573	12,330	12,979	+649
Printing and Reproduction	54,840	26,725	29,357	30,902	+1,545
Other Services*	325,021	476,246	557,787	587,145	+29,357
Supplies and Materials	458,667	1,176,124	704,574	741,656	+37,083
Equipment	227,138	823,612	464,716	494,438	+24,722
Total Obligations	**$1,180,380**	**$2,661,707**	**$1,890,000**	**$1,990,000**	**+100,000**

*Includes reimbursable funding for: 53 FTE in Office of General Counsel; 27 FTE in Office of Inspector General; 7 in Office of Business Oversight, and 21 FTE in Office of Information and Technology.

Income Statement
(dollars in thousands)

		2012		
	2011 Actual*	Budget Estimate	Current Estimate**	2013 Estimate
Income	$198,308	$236,000	$185,000	$270,000
Expense	220,634	256,000	250,000	270,000
Net Income	**$(22,326)**	**$(20,000)**	**$(65,000)**	**$0**
Analysis of Retained Earnings				
Retained Earnings, BOY	**$288,370**	**$266,044**	**$266,044**	**$201,044**
Retained Earnings, EOY	**$266,044**	**$246,044**	**$201,044**	**$201,044**

*Reflects Actual Billing Holiday of $65M
**Reflects planned Billing Holiday of $65M.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				Future Targets		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Det. Mgt. Measures in **bold**)	**2008**	**2009**	**2010**	**2011)**	**2012** (Final)	**2013** (Requested Funding)	**Strategic Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Provide information management tools to support decision making (OSE)	**Percentage of contracts competitively awarded**	N/Av	N/Av	74%	75%	65%	65%	65%
		Number of audit qualifications identified in the auditor's opinion on the VA Supply Fund	0	0	0	0	0	0	0
		Percent of contracts that meet the established procurement action lead times/milestone dates. *(Procurement Action Lead Time)*	N/Av	N/Av	N/Av	71%	90%	90%	90%

Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Franchise Fund Oversight Office) and six self-supporting business entities (Enterprise Centers). The Enterprise Centers' mission is to supply common administrative services at competitive prices. The Enterprise Centers (Corporate Data Center Operations, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center, and the VA Records Center and Vault) are adopting more efficient business processes and increasing sales to new and existing customers. This conserves scarce VA resources by spreading fixed costs over a larger business base. VA can then devote more resources to its primary mission. As we successfully market our services to other Federal agencies, we will enable the programs in those agencies to derive similar benefits.

Stakeholders

External stakeholders include: Veterans and their families, private sector vendors, Office of Management and Budget, Department of Agriculture, Department of Defense, Department of Energy, Department of Health and Human Services, Department of the Interior, Department of the Treasury, Environmental Protection Agency, General Services Administration, Government Accountability Office, National Aeronautics and Space Administration, National Archives and Records Administration and other Federal agencies.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and other staff offices within VA.

Functions/Activity

The entrepreneurial organizations of the VA Franchise Fund provide a wide range of functions and activities:

Corporate Data Center Operations (CDCO). The CDCO provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers. The CDCO supports over 100 customer applications that provide mission-critical data for financial management, payroll, human resources, logistics, medical records, eligibility benefits, and supply functions. In addition, the CDCO offers a full complement of technical solutions (information technology system hosting, application management, information assurance, customer business continuity, configuration management, and data conversion and data interfacing) to best meet customers' varied projects. The CDCO comprises the Austin Information Technology Center (AITC), Hines Information Technology Center (HITC), Philadelphia Information Technology Center (PITC), and Capital Region Data Center (CRDC). The integration of these centers into CDCO is an integral part of the transition of the Department of Veterans Affairs (VA) Information Technology (IT) Management System. The goal of the integration is an even more efficient data processing environment that will allow VA to maximize knowledge transfer opportunities.

Debt Management Center (DMC). Located in St. Paul, MN, the DMC is a centralized facility that provides services to directly collect delinquent consumer debt owed to VA resulting from an individual's participation in VA's education, pension or disability compensation programs.

Financial Services Center (FSC). Located in Austin and Waco, TX, the FSC provides VA and other government agencies (OGA) with a full range of financial and accounting services, which include financial reports and accounting, invoice payments, credit card payments, medical claims adjudication and payments, vendor file maintenance, discount subsistence purchases, payroll processing, customer support help desks for travel and payment processing, electronic commerce/electronic data interchange, automated document management, audit recovery, data matching and reconciliation, permanent change of station (PCS) and Temporary Duty (TDY) travel pay processing, common administrative services, accounting training, and consulting.

Law Enforcement Training Center (LETC). Located in Little Rock, AR, the LETC provides special training for police officers working in a health care or service-oriented environment. Emphasizing training in medical center patient situations, the LETC is available to approximately 2,700 law enforcement personnel working

at VHA health care facilities and to Federal law enforcement professionals at other Federal agencies.

VA Records Center and Vault (VA RCV). Located in a subterranean, climate-controlled facility in a remote Midwestern part of the country, the RCV provides records storage, protection, and retrieval services for official federal records. The facility is certified by the National Archives and Records Administration to operate as an agency records center. The RCV can store records in any type of medium. This includes general and vital records on paper, film, and electronic media as well as offsite storage of systems backups.

Security and Investigations Center (SIC). Located in Little Rock, AR, the SIC provides quality and timely background investigations and adjudications for employees and contractors in sensitive positions for all VA entities nationwide. .

Franchise Fund Oversight Office (FFO). Located in Washington, DC, the FFO, supports the Enterprise Centers and is responsible for the overall fund operations including administering the financial resources of the fund, coordinating all business activities, and serving as the liaison between the Enterprise Centers, their customers, and the Franchise Fund Board of Directors.

Assumptions, Opportunities, and Constraints

The entrepreneurial organizations are designed to deliver common administrative services to Federal entities. These services allow VA and other Federal agency customers to conserve their budgetary resources through innovative methods and/or efficiencies of scale with the same or lower unit costs, while improving the quality of services provided.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114 in FY 2006.

The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality. The VA Enterprise Centers must meet all operational expenses through revenue collection unless unforeseen changes in a customer's budget or requirements create a need for modification of this approach. Modifications could range from accessing retained earnings or operating reserves to renegotiations with impacted customers. When activities join the VA Franchise Fund, appropriated resources that directly fund those activities are moved from the general operating expenses

(GOE) to their VA customers' operating budget accounts and they pay the Franchise Fund on a fee-for-service basis.

The Enterprise Centers' operations are totally dependent upon revenues realized from customer purchase of services. After the Board of Directors approves annual rates and service levels, the Enterprise Centers work with their customers to determine the appropriate mix of services within budget constraints. They also market their services to other Federal agencies. Successful market penetration spreads the Franchise Fund's fixed costs over a larger unit base, which leads to lower costs for all customers. This economy of scale leads to more effective use of taxpayer dollars.

VA Enterprise Center Highlights (dollars in thousands)			
	2011 Actual	2012 Estimate	2013 Estimate
Average Employment	1,054	1,200	1,249
Appropriation			
Obligations[1]	$470,724	$506,183	$541,239
Outlays (Net)	($54,809)	$24,000	($8,000)

Summary of Budget Request

In 2013, the Franchise Fund estimates total obligations of $541 million and an average employment of 1,249 FTE to support the operations of the VA Enterprise Centers. Total obligations are primarily attributed to increases in personnel services which reflect the salary requirements for 1,249 FTE located nationwide; ongoing rents, communications, and utilities required to operate; and contractual resources, equipment replacements, and upgrades necessary to continue the current level of operations and sustain efforts on new product offerings and critical initiatives underway. These attributes will result in improved customer service, productivity, and efficiency. The increase in FTEs is primarily the result of the consolidation of data centers into the Franchise Fund.

[1] The total amount of obligations contained in our budget submission exhibits, as reported in SF-133 includes Intrafund transactions.

VA Enterprise Centers
Summary of Obligations
(dollars in thousands)

Parent Organization/Service Activity	2013 Obligations	FTE
Office of Management:		
Financial Services Center	$217,001	424
Debt Management Center	15,969	139
Franchise Fund Oversight Office	1,736	5
Subtotal	$234,706	568
Office of Information & Technology:		
Corporate Data Center Operations	$280,428	600
VA Records Center and Vault	4,830	13
Subtotal	$285,258	613
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	$10,250	44
Security and Investigations Center	11,025	24
Subtotal	$21,275	68
Total	**$541,239**	**1,249**

Summary of Revenue and Expenses

Revenues represent the total income received from all customers (both internal and external) of the VA Enterprise Centers. Expenses represent the full cost of operations.

In 2013, the VA Enterprise Centers anticipate revenues, including external customers, of $545 million.

Revenue, Expense, and Retained Earnings
(dollars in thousands)

	2011 Actual	2012 Current Budget	2013 Request
Sales Program:			
Revenue	$439,532	$511,084	$545,086
Expense	$407,094	$506,184	$541,239
Net Income	$32,438	$4,900	$3,847
Reserves, SOY	$81, 576	$122,253	$90,461
Net Income	$32, 438	$4,900	$3,847
Capital Transactions[2]	$8,239	$-36,692	$6,575
Reserves, EOY	$122,253	$90,461	$87,733

[2] Acquisition or improvements to assets with a value greater than or equal to $100,000.

Franchise Fund
Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets[1]**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Continue to ensure that collection services for delinquent customer debt meet customer needs **(OSE)**	Total collections per dollar spent on collection activities (DMC)	$84	$101	$149	$136	$107	$104	$105

[1] The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and 2013 targets are based on business plans for anticipated revenues/expenses.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets**[1]		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	1. Develop and implement training programs for quality improvement and customer service **(OSE)**	Class graduation rate (LETC)	98.5%	96.8%	97.2%	96.6%	95.0%	95.0%	95.0%
	2. Protect the availability and integrity of customer data and processes **(OSE)**	Percent of investigations that are completed within the established timeframes (SIC)	96%	99%	98%	94.0%	98.0%	98.0%	95.0%
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage result**	1. Ensure that payroll and financial services meet customer needs and requirements **(OSE)**	Payment processing accuracy rate (FSC)	98.4%	98.6%	98.9%	99.3%	98.5%	99.0%	99.1%
	2. Ensure that financial integrity is maintained in the Franchise Fund. **(OSE)**	Number of audit qualifications for the VA Enterprise Centers (FFO)	0	0	0	0	0	0	0

[1] The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and 2013 targets are based on business plans for anticipated revenues/expenses.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets[1]**		
Integrated Strategies	**Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)**	**Measure** (Key and Dept. Mgt. Measures in bold)	**2008**	**2009**	**2010**	**2011**)	**2012** (Final)	**2013** (Requested Funding)	**Strat. Target[2]**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1. Ensure that all applications-processing support and general support are of the highest quality **(OSE)**	Corporate Data Center Operatons Customer Satisfaction Rating (based on an interval scale that has not yet been determined) (CDCO)	N/Av	N/Av	N/Av	N/Av	TBD	TBD	TBD

[1] The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and FY 2013 targets are based on business plans for anticipated revenues/expenses.

[2]Beginning in 2011, VA used the American Customer Satisfactory Index (ACSI) survey. The survey results do not have any performance measures applicable to CDCO.

Table 2: Performance Measure Supporting Information

Debt Management Center (DMC)

Total collections per dollar spent on collections activities

a) Means and Strategies:

- Maximize use of www.pay.va.gov Web site as a means of collection
- Leverage administrative offset authority

b) Data Source(s):

- General ledger reports and income statements

c) Data Verification:

- Monthly management reviews of performance statistics are reconciled with financial reports

d) Measure Validation:

- Rate of return directly gauges the effectives of the collection process

e) Crosscutting Activities:

- Use of the Treasury Offset Program (TOP) and Treasury cross servicing program for collection if applicable

f) External Factors:

- Unanticipated legislation impacting collection activities

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

Law Enforcement Training Center (LETC)

Class graduation rate

a) Means and Strategies:

- Collaborate with VA police officers to develop assessment instruments and needs-based training measurement plans
- Emphasize criteria for successful course completion to students

b) Data Source(s):

- Periodic review of automated class records, including student critiques

c) Data Verification:

- Monthly management review of class assessments and critiques
- Failure notifications are immediately sent to VA Medical Center Directors and Chiefs of Police

d) Measure Validation:

- A graduate is assumed to have achieved a certain level of knowledge, skills, and competence. Measuring the rate of graduation is an indicator of the quality of our students as well as a way to determine if the curriculum and course work is set at an appropriate level
- The measure is important to make sure students are grasping the material

e) Crosscutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B: Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges

Security and Investigations Center (SIC)
Percent of investigations that are completed within established timeframes
a) Means and Strategies:
- Development of a secure electronic request system for initiation of employee background investigations
- Implementation of the OPM Equip system across VA

b) Data Source(s):
- Background initiation documentation provided by employees
- OPM data and reports
- Records and data contained in the security database

c) Data Verification:
- Monthly review of the security database by management

d) Measure Validation:
- The measure assesses compliance with processing timeframes set forth by OPM
- It also assesses process efficiency with could impact customer satisfaction

e) Crosscutting Activities:
- None

f) External Factors:
- Unanticipated new OPM requirements and adjudication of background investigations

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B: Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges

Financial Services Center (FSC)
Payment processing accuracy rate
a) Means and Strategies:
- Perform routine analysis of interest penalty and discount data
- Compile and submit regular reports to management outlining key performance measurement data
- Maximize the use of electronic invoice submission technologies, automated workflow, and business rules to reduce manual effort and improve payment accuracy

b) Data Source(s):
- Financial reports from FMS

c) Data Verification:
- Management reviews of monthly/quarterly audit reports

d) Measure Validation:
- Payment accuracy rate gauges the effectiveness of the payment product line in meeting customer expectations

e) Crosscutting Activities:
- Pursuing a VA Acquisition Regulation change to require vendors to submit invoices electronically to the FSC to minimize payment errors and improve both timeliness and accuracy

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy C: Create and maintain and effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage result.

Franchise Fund Oversight Office (FFO)
Number of audit qualifications for the VA Enterprise Centers

a) Means and Strategies:
- Leverage the Management Letter provided by independent auditors to improve and enhance internal control processes
- Engage the Franchise Fund Board of Directors to ensure fiduciary responsibility is maintained by the VA Administration and Staff Offices

b) Data Source(s):
- Audits of the VA Franchise Fund Consolidated Financial Statements

c) Data Verification:
- Annual audits performed by an independent CPA firm

d) Measure Validation:
The measure assesses the effectiveness of financial reporting and stewardship within the VA Franchise Fund

e) Crosscutting Activities:
- None

f) External Factors:
- A material weakness and other reportable conditions that are noted in VA's consolidated financial statements could potentially impact the VA Franchise Fund

g) Other Supporting Information:
- None

h) Link to Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy C: Create and maintain and effective, integrated, Department-wide management capability to i data-driven decisions, allocate resources, and manage result

Corporate Data Center Operations(CDCO)
Corporate Data Center Operations Customer Satisfaction Rating (based on an interval scale that has not yet been determined)

a) Means and Strategies:
- Conduct periodic customer surveys
- Measure performance by application and customer via Service Level Agreements
- Provide monitoring services on critical and essential support servers, as well as offering tiered monitoring services to customers

b) Data Source(s):
- American Customer Satisfaction Index (ASCI) Survey

c) Data Verification:
None

d) Measure Validation:
- The survey will be conducted by an independent third party, thereby ensuring that the results are without bias
- Quality customer service, and customer satisfaction, is an integral component of a fee-for-service organization

e) Crosscutting Activities:
- None

f) External Factors:
- None

g) Other Supporting Information:
- None

h) Link to New Strategic Planning Framework:
- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy E: Manage physical and virtual infrastructure plans and execution to meet emerging needs.

Pershing Hall Revolving Fund

Program Description

The Pershing Hall Revolving Fund provides for the obligation and receipt of funds associated with the operation and redevelopment of Pershing Hall, an asset of the United States, located in Paris, France. The United States acquired the property in 1935 from the American Legion under the provisions of Public Law 74-171.

In 1991, VA obtained jurisdiction and control over Pershing Hall through the enactment of Public Law 102-86, which provided for the building's redevelopment and the establishment of a memorial to General Pershing through a long-term lease of up to 35 years. Two years later, Public Law 103-79 authorized a lease period not to exceed 99 years. On October 20, 1998, the Department leased Pershing Hall for a period of 99 years to the French firm of L.A. Partners. The lease provides for the building's redevelopment as a hotel and the establishment therein of a memorial. In addition to the memorial, the lease also provides for the payment of consideration to VA.

Public Law 102-86 allowed for the transfer to the Pershing Hall Revolving Fund, at such time or times as the Secretary may determine and without limitation as to year, amounts as determined by the Secretary, not to exceed $1,000,000 in total, from funds appropriated to VA for the construction of major projects. The account from which any such amount is transferred must be reimbursed promptly from other funds as they become part of the Pershing Hall Revolving Fund. Proceeds of the Pershing Hall Revolving Fund are available to be used for two separate activities. First, the Secretary may use up to $100,000 annually from the Fund to support projects, activities, and facilities determined by the Secretary to be in keeping with the mission of the Department. In addition, necessary expenses to operate and maintain Pershing Hall may be funded from revenue in the Pershing Hall Revolving Fund.

From 2010 - 2014, a payment of 800,000 French Francs (FF) or the equivalent in Euros will be made to the fund, using an exchange rate of 6.50 FF per US dollar, which is expected to yield $193,000 in annual receipts. From 2015 – 2097 annual payments have been negotiated at 1.2 million FF ($180,180). All payments, however, are subject to updating as described in the lease.

Funding Highlights (dollars in thousands)				
		2012		
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate
Budget authority	$0	$0	$0	$0
Receipts	$176	$193	$193	$193
Obligations	$100	$193	$193	$193
Unobligated balance:				
SOY	$876	$999	$952	$952
EOY	$952	$999	$952	$952
Outlays (net)	-$76	$0	$0	$0