Volume III
Benefits and Burial Programs and Departmental Administration,

Congressional Submission, FY 2012

Table of Contents

Part 1. National Cemetery Administration
Performance Plan and Fund Summary 1A-1
Operations and Maintenance Appropriation 1B-1
Construction Program 1C-1
Grants for Construction of State Veterans Cemeteries 1D-1
Facilities Operation Fund 1E-1
National Cemetery Gift Fund 1F-1

Part 2. Benefits
Compensation and Pensions 2A-1
Readjustment Benefits 2B-1
Vocational Rehabilitation Loan Program 2C-1
Post-Vietnam Era Veterans' Education Account 2D-1
Veterans Housing Program 2E-1
Native American Veterans Housing Loan Program 2F-1
Insurance Benefits 2G-1
Filipino Veterans Equity Compensation Fund 2H-1

Part 3. Summary of General Operating Expenses **3-1**

Part 4. Veterans Benefits Administration
Executive Summary 4A-1
Compensation, Pension and Burial 4B-1
Education 4C-1
Housing Program 4D-1
Vocational Rehabilitation and Employment 4E-1
Insurance 4F-1

Part 5. General Administration
Summary 5A-1
Office of the Secretary 5B-1
Board of Veterans' Appeals 5C-1
Office of General Counsel 5D-1
Office of Management 5E-1
Office of Human Resources and Administration 5F-1

Office of Policy and Planning 5G-1
Office of Operations, Security & Preparedness 5H-1
Office of Public and Intergovernmental Affairs 5I-1
Office of Congressional and Legislative Affairs 5J-1
Office of Acquisition, Logistics, & Construction 5K-1

Part 6. Office of the Inspector General **6-1**

Part 7. Acquisition and Materiel Management: Supply Fund **7-1**

Part 8. Franchise Fund – Enterprise Centers **8-1**

Part 9. Pershing Hall Revolving Fund **9-1**

National Cemetery Administration

Table of Contents

Performance Plan and Funding Summary	1A-1
Operations and Maintenance Appropriation	1B-1
Construction Program	1C-1
Grants for Construction of State Veterans Cemeteries	1D-1
Facilities Operation Fund	1E-1
National Cemetery Gift Fund	1F-1

This page intentionally left blank

National Cemetery Administration Performance Plan & Funding Summary

Mission

VA honors Veterans with final resting places in national shrines and with lasting tributes that commemorate their service 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.

State 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 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;
- 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.

2012 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 2012 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.

New Burial Policies

NCA is close to achieving a significant strategic target. We anticipate that by 2012, nearly 90 percent (89.8%) 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 included in the 2011 budget. New policies include:

- 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.

The 2012 budget positions NCA to continue to meet Veterans' emerging burial and memorial needs in the decades to come through the implementation of these new burial policies. The new policies will increase 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 to 94 percent.

National Shrine Commitment

The 2012 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 2012 budget will also allow NCA to pursue renewable energy projects through the use of wind and 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 Budget Authority for NCA Programs
(dollars in thousands)

	2010 Actual	2011 Budget Estimate	2011 Current Estimate 1/	2012 Request	Change FY12 v FY10
Operations and Maintenance..	$250,000	$250,504	$250,000	$250,934	**+$934**
Major Construction.....	112,200	106,900	112,200	38,200	**-74,000**
Minor Construction.....	55,200	43,573	55,200	41,628	**-13,572**
Grants for Construction of Veterans Cemeteries	46,000	46,000	46,000	46,000	**0**
Facilities Operation Fund	150	100	100	100	**-50**
National Cemetery Gift Fund	215	250	250	250	**35**
Compensation and Pensions:					
Headstones & Markers.....	57,579	61,290	71,166	76,208	**18,629**
Graveliners & OBR Reimbursements	29,020	34,233	21,676	22,273	**-6,747**
Total Budget Authority	**$550,364**	**$542,850**	**$556,592**	**$475,593**	**-$74,771**

1/ Reflects the Annual Continuing Resolution Funding Level

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 the new VA 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 659,000 in 2011, and will continue to slowly decline. Interments in 2010 were approximately 112,000 and are expected to peak at about 120,000 in 2015. Interments will begin to decline gradually to approximately 113,000 in 2016. The total number of gravesites is expected to increase from approximately 3.1 million in 2010 to over 3.2 million in 2012. The number of gravesites maintained is expected to exceed 3.5 million in 2016.

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 2010, NCA

processed over 355,000 applications for headstones and markers for placement in cemeteries. The number of headstone and marker applications processed is expected to be over 342,000 in 2012 and nearly 324,000 in 2016.

NCA issued over 800,000 Presidential Memorial Certificates (PMC) in 2010. The number of Presidential Memorial Certificates issued in 2012 is expected to be approximately 860,000 and is expected to be over 880,000 in 2016. 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 addition, system enhancements will 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 increase 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 to 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 2009 had increased performance to 93%. Although in 2010 NCA processed less than 90% of applications within the 20-day target, performance exceeded our baseline effort. 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. Baseline client satisfaction for the quality of headstones and markers, as well as Presidential Memorial Certificates was high and enables NCA to set ambitious performance targets for the future. In 2010 NCA also established baseline performance for the timely processing of Presidential Memorial Certificates. In 2010 17% of requests were processed within 20 days of receipt. This baseline along with analysis of process and staff performance provides NCA with information to drive significant improvement in providing this service to Veteran families in a timely fashion.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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 (Supports Priority Goal)**	38%	95%	93%	74%	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**	94%	93%	95%	94%	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%	96%	98%	98%	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	75%	84%	82%	85%	90%	90%	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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	69%	65%	64%	67%	73%	78%	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	N/Av	N/Av	84%	84%	87%	88%	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 **(Supports Priority Goal)**	72%	72%	73%	77%	80%	84%	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	83%	86%	90%	89%	89%	90%	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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 **(Supports Priority Goal)**	N/Av	N/Av	N/Av	17%	70%	80%	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 (1) Corrected	98%	98%	(1) 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**	83.4%	84.2%	87.4%	88.1%	89.0%	89.8%	94.0%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	2. Create Virtual Lifetime Electronic Record by 2012 **(MI)**	Percent of headstone and marker applications from private cemeteries and funeral homes received electronically via fax or Internet **(Supports Priority Goal)**	N/Av	46%	52%	56%	60%	65%	75%
		Percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet) **(Supports Priority Goal)** *Measure first introduced in FY 2009, but baseline period has been moved to FY 2012.	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	50%

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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%	94%	95%	95%	97%	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**	97%	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	N/Av	94%	94%	95%	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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	N/Av	96%	96%	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							
	2007	2008	2009	2010	2011	2012	2016
Number of headstone and marker applications processed.	359,530	361,192	351,951	355,640	346,595	342,338	323,944
Number of PMCs Issued	423,143	511,353	655,752	803,675	825,000	860,000	880,000

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 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

(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 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

(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 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

	2007	2008	2009	2010	2011	2012	2016
Interments performed							
Full casket	57,845	58,725	57,634	59,500	60,100	62,700	61,400
In ground cremains	27,054	27,472	28,719	31,700	30,500	26,400	25,000
Columbaria niche	15,286	17,078	20,007	20,600	23,800	26,400	26,700
Total Interments	100,185	103,275	106,360	111,800	114,400	115,500	113,100

The number of interments performed includes interments of both Veterans and eligible family members. Detail is provided to show type of interment. In 2010, cremations comprised approximately 45% of all interments in national cemeteries.

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 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 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 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 is working with VA's Office of the General Counsel (OGC) and outside patent counsel to obtain patents for NCA "technology" related to cemetery and grounds maintenance.

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

	2007	2008	2009	2010	2011	2012	2016
Occupied graves maintained:							
In-ground casket	2,430,440	2,470,798	2,513,539	2,552,628	2,595,000	2,643,000	2,817,000
In-ground cremain	305,420	322,445	341,259	360,808	379,000	390,000	447,000
Columbaria niches	107,117	121,329	136,333	152,297	172,000	195,000	281,000
Total	2,842,977	2,914,572	2,991,131	3,065,733	3,146,000	3,228,000	3,545,000
Developed acres maintained	7,413	7,566	7,873	8,149	8,506	8,759	9,080

The number of graves and developed acres that must be maintained in accordance with NCA standards continues to increase.

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 E: Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs.

This Page Intentionally Left Blank

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 therefore; 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 of which not to exceed $25,100,000 shall be available until September 30, 2013.

Appropriation Highlights
(dollars in thousands)

	2010 Actual 2/	2011 Budget Estimate	2011 Current Estimate/1	2012 Request	Change FY12 v FY10
Average Employment	1,670	1,686	1,686	1,696	+26
Field Activities:					
Cemetery Programs.....	$193,146	$199,328	$191,080	$192,014	-$1,132
Memorial Programs.....	7,290	10,012	7,308	7,308	+18
Operations Support Center ...……...	3,891	4,146	3,901	3,901	+10
Recovery Act	27,042	0	0	0	-27,042
Headquarters:					
Central Office	23,014	20,210	23,065	23,065	+51
Memorial Service Networks……	24,670	17,008	24,946	24,946	+276
Total Obligations.....	**$279,053**	**$250,704**	**$250,300**	**$251,234**	**-$27,819**
Reimbursements (-)	-170	-178	-264	-264	-94
Unob. Bal. Trans. to Unexpired Acct. (-)	0	0	0	0	0
Available Balance BOY (-)	-31,517	-255	0	0	+31,517
Available Balance EOY	0	255	0	0	0
Recycling Revenue (-).....	-36	-22	-36	-36	0
Unobligated Balance Not Yet Available	2,670	0	0	0	-2,670
Budget Authority.....	**$250,000**	**$250,504**	**$250,000**	**$250,934**	**+$934**
Appropriation	**$250,000**	**$250,504**	**$250,000**	**$250,934**	**+$934**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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 four related programs: the Veterans' Cemetery Grants Program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, and Outer Burial Receptacle (OBR) reimbursements. 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 2012, 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; and
  - Processing requests for partial reimbursements for privately purchased Outer Burial Receptacles (OBRs).

- 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) has three application processing sites, an Applicant Assistance Unit, and a First Notice of Death office. MPS is directly responsible for administering the Headstone and Marker and the Presidential Memorial Certificate programs. MPS activities include:

- Receiving and processing applications for headstones and markers;
- Determining eligibility of decedent, type of headstone or marker 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 Logistics Management Service and the Finance Service. Currently, the Finance Service provides accounting and finance services to the Logistics Management Service, which in turn provides a portion of the contract negotiation and administration and other procurement support needed by NCA programs, including:

  - The entire headstone and marker program;

  - Important segments of the construction and National Shrine Commitment contracting; and

  - Critical and other select 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 $250,934,000 in budget authority and 1,696 FTE for Operations and Maintenance in 2012.

Workloads continue to grow at existing cemeteries. An amount of $700,000 is requested to staff appropriately for increased interments and $3,000,000 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 (NCA) 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 2012 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Analysis of Increases and Decreases – Obligations

(dollars in thousands)

	2011 Estimate 1/	2012 Request
Prior year regular obligations	**$279,053**	**$250,300**
American Reinvestment and Recovery Act	-27,042	0
	$252,011	**$250,300**
Interment workload increases at existing cemeteries	+1,123	+700
Maintenance workload increases at existing cemeteries	+2,173	+3,000
Pay and staff composition changes	+1,933	+613
Changes in benefits	+898	+689
Inflation	+1,018	0
Centralized payments	+22	0
Transit increase	+201	0
Renewable Energy	+3,000	0
Change in Contracts	-12,079	-4,068
Total obligations	**$250,300**	**$251,234**

1/ Reflects the Annual Continuing Resolution Funding Level

Summary of Employment and Obligations
(dollars in thousands)

	2010 Actual 2/	2011 Budget Estimate	2011 Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	1,670	1,686	1,686	1,696	+26
Obligations:					
Personal services	$124,753	$128,925	$128,252	$130,254	+$5,501
Travel	3,198	3,518	3,499	3,499	+301
Transportation of things	1,558	2,046	1,792	1,792	+234
Rent, communications, and utilities	8,210	8,565	8,708	8,708	+498
Printing and reproduction	1,733	1,353	1,775	1,784	+51
Other services	106,676	91,362	87,099	86,022	-20,654
Supplies and materials	11,026	11,750	10,620	10,620	-406
Equipment	21,760	3,185	5,555	5,555	-16,205
Land and Structures	0	0	3,000	3,000	+3,000
Insurance Claims and Indemnities	139	0	0	0	-139
Total obligations	**$279,053**	**$250,704**	**$250,300**	**$251,234**	**-$27,819**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Employment Summary – FTE by Grade				
# of FTE	**2010 Actuals**	**2011 Estimate**	**2012 Request**	**Change FY12 v FY10**
SES	4	7	11	+7
GS -15	18	19	20	+2
GS – 14	64	65	66	+2
GS -13	101	99	97	-4
GS -12	41	40	39	-2
GS -11	66	66	65	-1
GS -10	0	0	0	0
GS -9	69	69	69	0
GS -8	12	12	12	0
GS -7	140	140	139	-1
GS -6	101	101	101	0
GS -5	89	97	101	+12
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)	956	962	967	+11
Total Number of FTE	1,670	1,686	1,696	+26

Analysis of FTE Distribution Headquarters/Field		
# of FTE	2010 HQ-Actuals	2010 Field-Actuals
SES	4	0
GS -15	10	8
GS – 14	45	19
GS -13	46	55
GS -12	13	28
GS -11	12	54
GS -10	0	0
GS -9	23	46
GS -8	0	12
GS -7	28	112
GS -6	2	99
GS -5	3	86
GS -4	1	8
GS -3	0	0
GS -2	0	0
GS -1	0	0
Wage Grade (non-GS)	1	955
Total Number of FTE	188	1,482

Net Change
National Cemetery Administration
2012 Summary of Resource Requirements
(dollars in thousands)

	BA	FTE
Original 2011 President's Budget	**$250,504**	**1,686**
Adjustments	-504	0
Adjusted 2011 Budget Estimate	**$250,000**	**1,686**
2012 Current Services Increases:		
Pay and staff composition changes (.2%).....	+613	0
Changes in benefits (.3%)	+689	0
Subtotal	**$251,302**	**1,686**
Other Fixed Increases/Decreases		
Interment workload increases (.2%)	+700	+10
Maintenance workload increases (1.2%)	+3,000	0
Other decreases (Contracts)	-4,068	0
2012 Total Budget Authority Request	**$250,934**	**1,696**

2011 Average Salary Methodology	
2010 average salary (261 days)	**$53,971**
Annualization of 2.0% 2010 pay raise (.05 percent)	+270
Change in staff composition	+814
2011 average salary (261 days)	**$55,055**
Regular benefits percentage	30.60%
2011 average salary with benefits	**$71,902**

The 2011 average salary reflects a net increase of 2.0 percent above the $53,971 average salary for 2010. This includes annualization of the 2010 pay raise of 2.0 percent in January 2010, and a change in staff composition.

2012 Average Salary Methodology	
2011 average salary (261 days)	**$55,055**
Less One Day	-211
Change in staff composition	+538
2012 average salary (260 days)	**$55,382**
Regular benefits percentage	30.60%
2012 average salary with benefits	**$72,329**

The 2012 average salary reflects a net .6 percent increase over the $55,055 average salary for 2011. This includes staff composition changes.

Detail of Budget Estimates (dollars in thousands)					
	2010 Actual	**2011 Budget Estimate**	**2011 Current Estimate 1/**	**2012 Request**	**Change FY12 v FY10**
Average employment					
Field activities:					
Cemetery programs	1,412	1,431	1,425	1,435	+23
Memorial programs	64	62	64	64	0
Operations Support Center:					
Business Office	33	32	33	33	0
Headquarters:					
Central Office.....	104	107	107	107	+3
Memorial Service Networks .	57	54	57	57	0
Total FTE	**1,670**	**1,686**	**1,686**	**1,696**	**+26**
Wage grade employment	956	959	962	967	+11
GS employment	714	727	724	729	+15
Personal services	**$124,753**	**$128,925**	**$128,252**	**$130,254**	**+$5,501**

1/ Reflects the Annual Continuing Resolution Funding Level

The 2012 request for personal services reflects funding for additional 10 FTE to address interment workload increases.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Travel:					
Employee travel	$2,533	$2,689	$2,724	$2,724	+$191
GSA vehicle rental	665	829	775	775	+110
Total	**$3,198**	**$3,518**	**$3,499**	**$3,499**	**+$301**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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 2012, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Transportation of things	**$1,558**	**$2,046**	**$1,792**	**$1,792**	**+$234**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate 1/**	**2012 Request**	**Change FY12 v FY10**
Rents, communications, and utilities:					
Equipment rental.....	$286	$333	$333	$333	+$47
SLUC.....	1,523	1,545	1,904	1,904	+381
Utility and other charges.....	6,401	6,687	6,471	6,471	+70
Total.....	**$8,210**	**$8,565**	**$8,708**	**$8,708**	**+$498**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate 1/**	**2012 Request**	**Change FY12 v FY10**
Printing and reproduction.....	**$1,733**	**$1,353**	**$1,775**	**$1,784**	**+$51**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Other services:					
Maintenance of other equipment	$481	$467	$512	$512	+$31
Maintenance and repair projects	86,794	75,063	69,947	69,029	-17,765
Franchise Fund	723	1,111	725	725	+2
Operational and other services .	18,678	14,721	15,915	15,756	-2,922
Total	**$106,676**	**$91,362**	**$87,099**	**$86,022**	**-$20,654**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Maintenance of equipment provides for maintaining and repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators, trucks, passenger vehicles, office machines, and computer equipment.

Maintenance and repair projects address deficiencies with any of the approximately 800 buildings and structures, and over 18 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 mowing and trimming, trash disposal, rodent and pest control, environmental compliance, and training, land and structures and insurance claims and indemnities. 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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Supplies and materials total.....	**$11,026**	**$11,750**	**$10,620**	**$10,620**	**-$406**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Equipment:					
Cemetery maintenance and interment equipment.....	$9,123	$2,727	$4,761	$4,761	-$4,362
Office and other equipment....	12,637	458	794	794	-11,843
Total, equipment.....	**$21,760**	**$3,185**	**$5,555**	**$5,555**	**-$16,205**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Land and Structures……	**$0**	**$0**	**$3,000**	**$3,000**	**+$3,000**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Land and structures requests include fixed equipment for renewable energy projects utilizing solar, wind and geothermal power.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2010 Actual 2/	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**Change FY12 v FY10**
Insurance Claims and Indemnities……..	**$139**	**$0**	**$0**	**$0**	**-$139**

1/ Reflects the Annual Continuing Resolution Funding Level
2/The 2010 Actual includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Insurance and indemnity claims requests include benefit payments from the social insurance and Federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act.

This Page Intentionally Left Blank

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.

New 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 2012 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Burial Access

NCA is close to achieving a significant strategic target. We anticipate that by 2012, 90.5 percent 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.

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 ($\geq$170,000) and state cemeteries ($\leq$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), 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 2012 minor construction budget contains construction funding for a columbaria facility to serve Veterans in the Chicago, IL area who are currently served by Abraham Lincoln National Cemetery.

Increase the current strategic target for percent of the Veteran population served to 94 percent.

- The current target for the percent of Veterans served by a burial option in a national, state or tribal government Veterans cemetery is 89.8 percent. NCA expects to meet that target in 2012 by activating currently planned new national, state, and tribal government Veterans' cemeteries.
- A burial option is described as the availability of a first interment gravesite, either casket or cremation, in a national, state, or tribal government Veterans' cemetery within 75 miles of the Veteran's residence.
- The combined actions of lowering the Veteran population threshold for establishing new national cemeteries to 80,000, establishing the identified new national cemeteries, and activating anticipated new state or tribal government Veterans' cemeteries will enable NCA to achieve this goal.

Explore New Burial Practices and Methods

- New burial practices continue to emerge and gain popularity, such as "green" or eco-friendly burial methods.
- In 2012 NCA expects to receive and consider the results of an independent study on emerging burial practices and the preference Veterans have for new burial options in national cemeteries.
- Information gathered will be used to inform leadership consideration and recommendations.

Major Construction Projects

This section provides an overview of NCA projects and activities requested for funding in 2012.

Major Construction Funding for NCA Programs
(dollars in thousands)

Construction	2010 Actual	2011 Budget Estimate	2011 Current Estimate 1/	2012 Request	Change FY12 v FY10
Cemetery Expansion and Improvement:					
Abraham Lincoln, IL – Phase 2 Gravesite Exp	$38,300	$0	$0	$0	-$38,300
Houston, TX – Phase 4 Gravesite Exp	$35,000	$0	$0	$0	-$35,000
Indiantown Gap, PA – Phase 4 Dev	$0	$23,500	$23,500	$0	$0
Los Angeles, CA - Columbaria Exp	$0	$27,600	$27,600	$0	$0
Tahoma, WA - Phase 2 Development	$0	$25,800	$25,800	$0	$0
National Memorial Cemetery of the Pacific Columbarium Expansion/Admin Building	$0	$0	$0	$23,700	+$23,700
Advance Planning Fund	$13,400	$20,000	$25,300	$4,500	-$8,900
Land Acquisition	$25,500	$10,000	$10,000	$10,000	-$15,500
Total, Major Projects	**$112,200**	**$106,900**	**$112,200**	**$38,200**	**-$74,000**
*Jefferson Barracks Rightsizing (CARES)** (non-add)*	***$19,700***	***$0***	***$0***	***$0***	***$0***

** 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.

1/ Reflects the Annual Continuing Resolution Funding Level

The 2012 major construction request for NCA includes funding to continue implementation of the new burial access policies through advanced planning activities for new national cemeteries. These new policies will provide a burial option to an additional 500,000 Veterans and eligible family members.

Funding is also requested for the expansion of the cremation burial site and relocation of the administration building at the National Memorial Cemetery of the Pacific.

National Memorial Cemetery of the Pacific Columbarium Expansion and Administration Building

This project provides for columbarium development at the National Memorial Cemetery of the Pacific. Located in Honolulu, Hawaii, the cemetery serves approximately 105,000 Veterans in the State of Hawaii, conducting 1,052 interments in 2009 and over 50,000 interments since opening in 1948. The National Memorial Cemetery of the Pacific is projecting depletion of columbarium niche space by 2017. This project will develop new columbarium niches to provide an estimated 15 additional years of capacity.

The project will develop approximately 9,000 columbarium niches in two separate areas, one on the western side of the cemetery where the maintenance facility is currently located, and a second in the southeastern section of the cemetery where the existing administration building and public restroom is currently located. The existing buildings will be demolished and replaced in different locations. In addition to the columbarium development and new building construction, the project will provide Memorial Walls; improvement of phase one columbarium caps; electronic message board; replacement of the existing signage and site furnishings throughout the cemetery; utilities, irrigation for areas of development, and supporting infrastructure; access roads; energy (LEED) improvements; global positioning system site integration; environmental and historic preservation mitigation as needed; and road improvements. New buildings will incorporate enhanced information technology and physical security requirements. Renewable energy measures will be incorporated.

Advance Planning Fund

The advance planning fund request includes funds for activities such as master planning for expansion at existing national cemeteries and environmental assessments at national cemeteries. The APF request also includes funding for the New Burial Policies described above.

Land Acquisition

The 2012 request includes $10 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)					
	2010 Actual	**2011 Budget Estimate**	**2011 Current Estimate** 1/	**2012 Request**	**% Change FY12 v FY10**
Annual appropriations bill.....	$55,200	$43,573	$55,200	$41,628	-24.6%
Total, Minor Projects.....	**$55,200**	**$43,573**	**$55,200**	**$41,628**	**-24.6%**
1/ Reflects the Annual Continuing Resolution Funding Level					

NCA's 2012 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. The 2012 budget request also contains construction funding for a columbaria facility to serve Veterans in the Chicago, IL area who are currently served by Abraham Lincoln National Cemetery.

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)

	2010 Actual	2011 Budget Estimate	2011 Current Estimate	2012 Request	Change FY 12 v FY10
Obligations	$47,738	$46,000	$50,038	$46,000	-1,738
Unobligated balances:					
Start of year (-)	-5,776	0	-4,038	0	+5,776
End of year	4,038	0	0	0	-4,038
Budget authority (appropriation)	**$46,000**	**$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 2010, nearly 28,000 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 2012. 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 2012 and 2017, it is projected States and tribal governments will open 28 new Veterans cemeteries.

Total Obligations by State From program inception in 1980 through 09/30/10 (dollars in thousands)	
Arizona	8,002
Arkansas	13,060
California	8,822
Colorado	6,007
Connecticut	682
Delaware	14,588
Georgia	13,515
Guam	5,841
Hawaii	22,088
Idaho	8,238
Illinois	235
Indiana	5,662
Iowa	7,625
Kansas	19,503
Kentucky	29,035
Louisiana	11,756
Maine	13,484
Maryland	15,070
Massachusetts	19,020
Minnesota	3,894
Mississippi	6,990
Missouri	26,278
Montana	5,960
Nebraska	5,520
Nevada	17,096
New Hampshire	5,264
New Jersey	22,783
North Carolina	4,368
North Dakota	3,111
Pennsylvania	23
Rhode Island	8,938
Saipan, CNMI	1,867
South Carolina	5,184
Tennessee	8,617
Texas	33,311
Utah	868
Vermont	859
Virginia	15,368
Washington	8,795
West Virginia	14,119
Wisconsin	14,775
Wyoming	1,789
Total	**$438,010**

This Page Intentionally Left Blank

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)

	2010 Actual	2011 Budget Estimate	2011 Current Estimate	2012 Estimate
Obligations …….	$0	$100	$100	$100
Unobligated balances:				
Start of Year (-)……	-196	-346	-257	-257
End of Year …….	257	346	257	257
Budget Authority (from collections)…….	$61	$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 2012. 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.

This Page Intentionally Left Blank

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)

	2010 Actual	2011 Budget Estimate	2011 Current Estimate	2012 Estimate
Appropriation (permanent, indefinite)…..	$349	$250	$250	$250
Obligations……..	$166	$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 2012. 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.

This Page Intentionally Left Blank.

Benefits

Table of Contents

Compensation and Pensions	2A-1
Readjustment Benefits	2B-1
Vocational Rehabilitation Loan Program	2C-1
Post-Vietnam Era Veterans' Education Account	2D-1
Veterans Housing Program	2E-1
Native American Veterans Housing Loan Program	2F-1
Insurance Benefits	2G-1
Filipino Veterans Equity Compensation Fund	2H-1

This page intentionally left blank

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 Servicemembers 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, $58,067,319,000 to remain available until expended. Provided that not to exceed $32,187,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses", "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)

		2011			
	2010 Actual	**Budget Estimate**	**"CR"**	**2012 Estimate**	**Increase(+) Decrease(-)**
Compensation Obligations					
Veterans	$38,094,049	$42,431,164	$53,928,385	$46,322,650	$-7,605,735
Survivors	5,197,804	5,938,381	8,772,775	6,272,508	-2,500,267
Special Benefits for Children	19,652	20,200	19,669	19,862	+193
Clothing Allowance	64,411	74,259	68,121	71,327	+3,206
Other (REPS, SAFD, EAJA)	19,406	14,500	19,431	19,778	+347
Medical Exam Pilot Program	144,390	169,987	169,987	205,494	+35,507
OBRA Payments to VBA	197	503	503	-	-503
OBRA Payments to ITS	32	55	55	-	-55
Health and Human Services	-	2,996	3,554	-	-3,554
Total Compensation Obligations:	**$43,539,941**	**$48,652,044**	**$62,982,479**	**$52,911,619**	**$-10,070,860**
Pensions Obligations					
Veterans	$3,186,627	$3,340,402	$3,246,189	$3,343,038	$+96,849
Survivors	1,157,787	1,286,332	1,367,956	1,594,163	+226,207
Medical Exam Pilot Program	1,458	$1,717	1,717	$2,076	+359
Income Verification Match	-	-	-	$6,005	+6,005
OBRA Payment to VBA	3889	9,932	9,932	-	-9,932
OBRA Payment to ITS	4,120	9,060	7,508	-	-7,508
OBRA Payment to VHA	10,697	10,874	10,977	-	-10,977
Total Pension Obligations:	**$4,364,578**	**$4,658,316**	**$4,644,279**	**$4,945,282**	**$+301,003**
Burial Obligations					
Burial Allowance	$25,789	$28,097	$26,694	$41,811	$+15,117
Burial Plot	9,116	10,939	9,682	23,206	+13,524
Service Connected Deaths	29,944	30,535	31,183	32,677	+1,494
Burial Flags	13,842	16,780	14,137	14,243	+106
Headstones/Markers/Allowances	57,579	61,290	71,166	76,208	+5,042
Graveliners/OBR	29,020	34,233	21,676	22,273	+597
Total Burial Obligations:	**$165,290**	**$181,874**	**$174,538**	**$210,418**	**$35,880**
Total C&P Obligations	**$48,069,809**	**$53,492,234**	**$67,801,296**	**$58,067,319**	**$-9,733,977**
Funding:					
Unobligated balances (SOY)	$-188,967		$-13,823,111	-	$+13,823,111
Unobligated balance from RB transfer	$527,011	-	-	-	-
Unobligated balances (EOY)	$13,823,111	-	-	-	-
Adjusted Budget Authority (Net)	$61,176,942	$53,492,234	$53,978,185	$58,067,319	$+4,089,134
Appropriation	$60,773,295	$53,492,234	$53,978,185	$58,067,319	$+4,089,134
Adjusted Appropriation	$61,176,942	-	$53,978,185	$58,067,319	$+4,089,134
Transfers to/from RB	$+403,647	-	-	-	-
Outlays	$47,901,439	$57,109,059	$71,603,643	$53,348,575	$-18,255,,068
Distribution of Budget Authority (net):					
Compensation	$56,647,074	$48,652,044	$49,159,368	$52,911,619	$+3,752,251
Pension	$4,364,578	$4,658,316	$4,644,279	$4,945,282	$+301,003
Burial	$165,290	$181,874	$174,538	$210,418	$+35,880
Distribution of Outlays (net):					
Compensation	$43,376,912	$51,952,827	$66,446,515	$48,596,207	$-17,850,308
Pension	$4,359,237	$4,974,358	$4,982,590	$4,541,950	$-440,640
Burial	$165,290	$181,874	$174,538	$210,418	$+35,880

Caseload Summary					
		2011			
	2010 Actual	Budget Estimate	"CR"	2012 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	3,154,727	3,434,556	3,458,818	3,588,315	+129,497
Average Payment	$12,075	$12,354	$15,592	$12,909	$-2,683
Survivors:					
Cases	343,039	380,525	386,281	388,214	+1,933
Average Payment	$15,152	$15,606	$22,711	$16,157	$-6,554
Other Caseload:					
Special Benefits for Children	1,184	1,213	1,185	1,186	+1
Clothing Allowance	89,960	103,714	95,142	98,730	+3,588
REPS	278	85	329	335	+6
Special Allowance for Dependents	471	48	471	471	-
Equal Access to Justice Act	2,828	2,542	2,828	2,828	-
Pensions					
Veterans:					
Cases	311,648	308,829	307,690	303,783	-3,907
Average Payment	$10,225	$10,816	$10,550	$11,005	$+455
Survivors:					
Cases	194,675	194,210	200,256	203,178	+2,922
Average Payment	$5,947	$6,623	$6,831	$7,846	$+1,015
Burial Caseload					
Burial Allowance	56,180	61,733	58,151	59,731	+1,580
Burial Plot	31,181	36,462	32,275	33,152	+877
Service-Connected Deaths	16,032	15,267	16,695	17,495	+800
Burial Flags	489,574	500,010	500,002	500,002	0
Headstones/Markers/Allowances	353,851	348,558	347,149	347,983	+834
Graveliners/Outer Burial Receptacles	50,214	89,325	52,764	52,895	+131

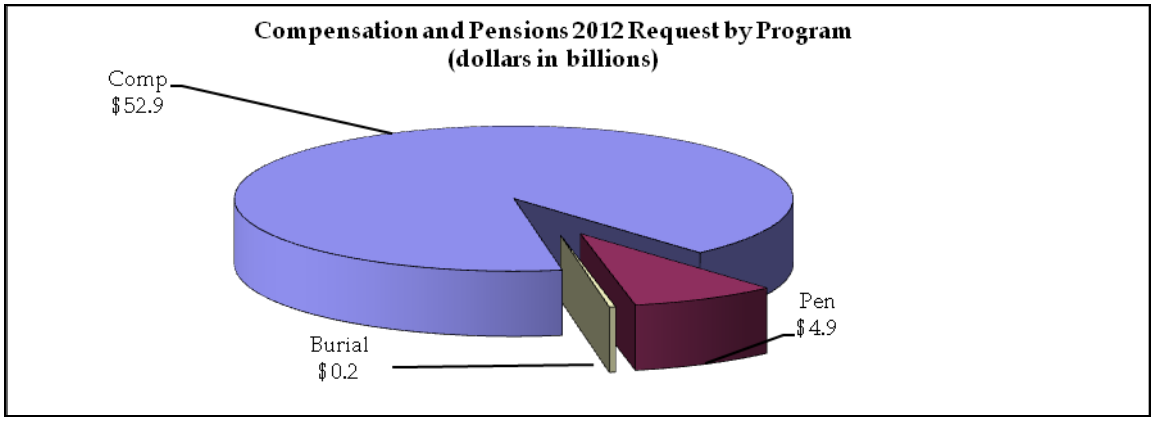
Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $58.1 billion is estimated for 2012 to support the benefit programs funded by the Compensation and Pensions appropriation account. The 2012 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. The current Omnibus Budget Reconciliation Act (OBRA) provision for data matching expires on September 30, 2011. 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. The expiration of this provision at the end of 2011 will result in an increase in obligations in 2012.

In 2012, funding for Compensation is estimated at nearly $52.9 billion, for payments to 3,588,315 Veterans, 388,214 survivors, and 1,186 children receiving special benefits. The Pensions program will provide benefits to an estimated 303,783 Veterans and 203,178 survivors totaling to just over $4.9 billion. Of the total requested, $210.4 million is estimated for 2012 to provide burial benefits on behalf of eligible deceased Veterans. This funding will provide 59,731 burial allowances, 33,152 burial plot allowances, 17,495 service-connected death awards, 500,002 burial flags, 347,983 headstones or markers, and 52,895 graveliners or reimbursement for privately purchased outer burial receptacles.



Changes from Original 2011 Budget Estimate

Current estimated obligations for 2011 for the Compensation and Pensions program increase $14.3 billion from the original estimate. Of this amount, $13.4 billion is associated with the Agent Orange presumptive conditions and the remaining $931.9 million is the result of increases in the compensation program, net of decreases in the pensions and burial programs reflecting 2010 actual experience. This increase is primarily the result of an increase in the compensation caseload and average payment to beneficiaries. The $13.4 billion increase associated with the Agent Orange presumptive conditions is primarily the result of the Secretary of Veterans Affairs announcing his intent on October 13th, 2009 to establish service connection for Parkinson's disease, ischemic heart disease (IHD), and hairy cell/B cell leukemia for Veterans who served in the Republic of Vietnam. This decision was based on analysis of findings in the Institute of Medicine's seventh biennial update, "*Veterans and Agent Orange Committee to Review the Health Effects in Vietnam Veterans and Exposure to Herbicides.*" VA received supplemental funding of $13.4 billion in 2010 in connection with the new presumptive conditions. With the final publication of the rule on August 30, 2010 and in conjunction with the

Congressional Review Act, VA began incurring obligations late October of 2010 (fiscal year 2011). An estimated 86,069 Vietnam beneficiaries will be eligible to receive retroactive payments for the new presumptive conditions under the provisions of 38 C.F.R 3.816 (*Nehm*er) in 2011. An estimated 28,340 Veterans currently on the compensation rolls are expected to reopen their claims and receive a higher combined disability rating beginning in 2011. An estimated 32,270 and 20,265 potential accessions are also expected in the same year for Veterans and Survivors respectively.

Compensation

The Compensation program current estimated obligations for 2011 increases $14.3 billion from the original estimate. Of this total, $13.4 billion is mainly the result of the decision on service connection for the three presumptive conditions. The remaining $953.2 million is the result of increases in caseload and average payment based on 2010 actual experience. Discounting the effects of Agent Orange, the average annual benefit payments for Veterans have increased $187 from the 2011 original estimate ($12,541 vs. $12,354), amounting to a $645.9 million increase from the previous estimate. Survivor average annual benefit payments have also increased $18 from the original estimate ($15,624 vs. $15,606), increasing obligations by $6.9 million. Veteran caseload has increased 24,019 (3,458,575 vs. 3,434,556), increasing costs $296.7 million. Survivor caseload also increased 317 (380,842 vs. 380,525) resulting in an increase of $4.9 million.

Compensation benefits also include, Clothing Allowance, Reinstated Entitlement Program for Survivors (REPS), Special Allowance for Dependents (SAFD), and Equal Access to Justice Act (EAJA) payments, Health and Human Services reimbursement, Special Benefits for Children, Medical Exam Pilot Program, VBA OBRA payments, and Information Technology Services (ITS). A decrease of $7.1 million in obligations from the 2011 budget submission to the 2011 current estimate is a result of decreases in the following in programs; Clothing Allowance, Special Benefits for Children, EAJA and SAFD. An increase of $5.9 million in obligations is due to a combined increase in REPS and reimbursement to Health and Human Services.

Pensions

There is a decrease of $14.0 million in obligations for the Pensions program from the 2011 budget estimate. Based on 2010 actual experience, the average payment for Veterans decreased ($10,550 vs. $10,816), decreasing obligations by $82.0 million. Survivor average payment increased ($6,831 vs. $6,623), increasing obligations by $41.7 million. A decrease in Veteran caseload and an increase in survivor caseload result in a net increase of $27.7 million. Other pension obligations include the Medical Exam Pilot Program and OBRA reimbursements to VBA, ITS, and VHA. Obligations for IT OBRA decreased $1.6 million from the

2011 Presidents Budget and VHA OBRA increased $103 thousand resulting in a net decrease of $1.4 million.

Burial

The current 2011 Burial benefits budget estimate of $174.5 million is $7.3 million less than the original budget estimate of $181.9 million. An increase in the number of preplaced crypts purchased in prior years has decreases the need for graveliners in 2011 and outyears. A decline in caseload for graveliners (18,075 vs. 52,587) combined with a decrease in average payment ($278 vs. $302) result in a total decrease of $11.7 million. An increase in average payments for headstones and markers ($205 vs. $176) and a decrease in caseload result in a net increase of $10.9 million in obligations. A decrease in caseload and average payments for burial flags results in a total decrease $3.0 million. A decrease in average payment ($480 vs. $499) and a decrease in the number of crypts result in an overall decrease of $1.7 million. Average payment for burial allowance increased ($459 vs. $455) while caseload declined (58,151 vs. 61,733) from the 2011 budget estimate with an overall reduction of $1.4 million in obligations. Burial plot caseload decreased (32,275 vs. 36,462) reducing obligations $1.3 million. Changes in average payment and caseload resulted in an increase in obligations of $841 thousand.

Analysis of Increases and Decreases (dollars in thousands)		
	2011 Estimate	**2012 Estimate**
Prior Year Obligations	$48,069,809	$67,801,296
Compensation		
Veterans Caseload and average payment changes (net)	$+5,279,412	$+2,686,781
Survivor Caseload and average payment changes (net)	+752,706	+255,815
Agent Orange Presumptive	+13,377,189	-13,377,189
PL 111-037 COLA 0%, effective 12/01/09	-	-
PL 111-247 COLA 0%, effective 12/01/10	-	-
Proposed COLA 0.9%, effective 12/01/11	-	+328,592
Other Benefits		
Special Benefits for Children	$+17	$+193
Clothing Allowance	+3,710	+3,206
Other (REPS, SAFD, EAJA)	+25	+347
Medical Exams Pilot Program	+25,597	+35,507
Payments for VBA OBRA	+306	-503
Payments for ITS OBRA	+23	-55
Health and Human Services	+3,554	-3,554
Total Compensation Net Change	**$+19,442,538**	**$-10,070,860**
Pensions		
Income Verification Match	-	+6,005
Caseload and average payment changes (net)	$+269,731	$+291,969
COLAs	-	+31,087
Payments for VBA OBRA	+6,043	-9,932
Payments for ITS OBRA	+3,388	-7,508
Payments for VHA OBRA	280	-10,977
Medical Exams Pilot Program	+259	+359
Total Pensions Net Change	**$+279,701**	**$+301,003**
Burial	**$+9,248**	**$+35,880**
Total Net Change	**$+19,731,487**	**$-9,733,977**
Estimated Obligations	**$67,801,296**	**$58,067,319**

Analysis of Increases and Decreases

Compensation
Compensation obligations for 2012 are estimated to decrease by $10.1 billion from the 2011 estimate. This decrease is primarily due to the expectation of paying the Agent Orange retroactive Veteran and survivor claims (86,069) in 2011 in addition to the Veterans currently receiving compensation and potential Veteran and Survivor accessions. Discounting the effects of Agent Orange claims in 2011, caseload and average payment would resume the normal annual trend in 2012. Obligations (without the impact of the Agent Orange presumptive) for 2012 continue to increase due to growth in productivity levels, which result in an increase in caseload. The continued increase in average degree of disability and the rise in the number of recipients for Individual Unemployability (IU) and special monthly compensation are contributing factors to the growth in obligations. An increase in Veteran caseload and average payment contributes to an increase of $2.7 billion in costs in 2012. A rise in Survivor caseload and average payments increases obligations by $255.8 million from the 2011 estimate.

The 2012 COLA (0.9 percent) is expected to add $328.6 million to the cost of the program. The cost-of-living adjustment provides rate increases to all Disability Compensation beneficiaries, including DIC spouses and children. Rates are matched with the Consumer Price Index and are automatically tied to that afforded to Social Security beneficiaries.

Under the category of Other Benefits, costs are projected to increase by $35.1 million from 2011 to 2012. The addition of the Integrated Disability Evaluation System (IDES) sites to the areas already being served by contract medical examinations results in an increase in the number of Veterans and service members receiving exams. This results in an increase of $35.5 million for Contract Medical Examinations over the 2011 level. The reimbursement to Health and Human Services provision expires on September 30, 2011, resulting in a decrease of $3.6 million in obligations. Clothing Allowance increased $3.2 million over the prior year. Due to the OBRA provision expiring in 2012, payments for OBRA resulted in a decrease of $558 thousand from the prior year. An increase in Special Benefits for Children, Equal Access to Justice Act (EAJA) and Special Allowance for Dependents results in a combined increase of $302 thousand from the 2011 level. The REPS program increased $238 thousand from 2011.

Pensions
In 2012, Pension obligations are expected to increase $301.0 million from the 2011 level. Caseload declines for Veterans by 3,907 cases and increases for survivors by 2,922 cases, while annual average payment increases by $455 for Veterans and $1,015 for survivors over the 2011 level. This results in a net increase in obligations of $292.0 million. The 2012 0.9 percent COLA is expected to add $31.1 million to the cost of the program in 2012. A decrease in OBRA payments results

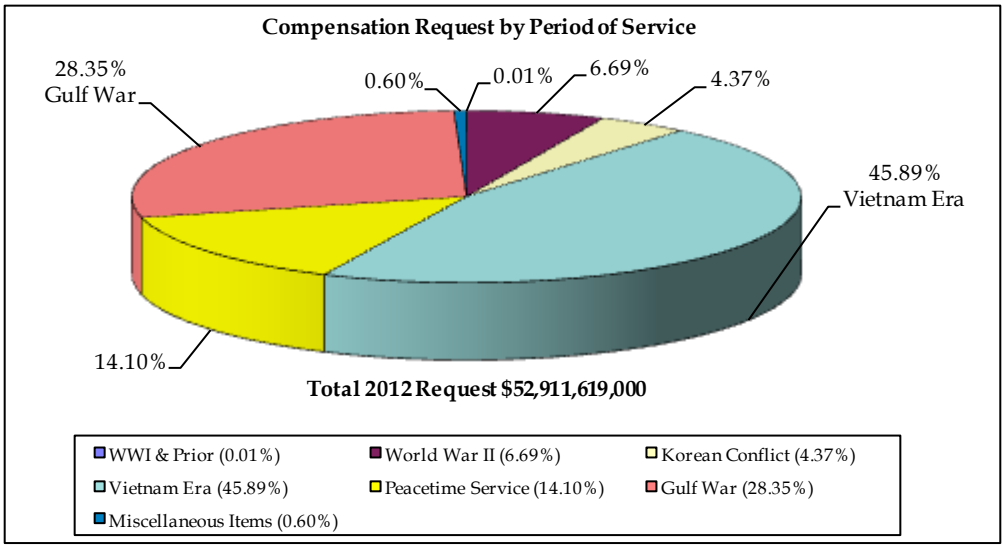
in a decrease of $28.4 million. As a result of the OBRA provisions expiring on September 30, 2011, an increase of $6.0 million in obligations will incur in 2012. An increase of $359 thousand is due to Contract Medical Exams.

Burial

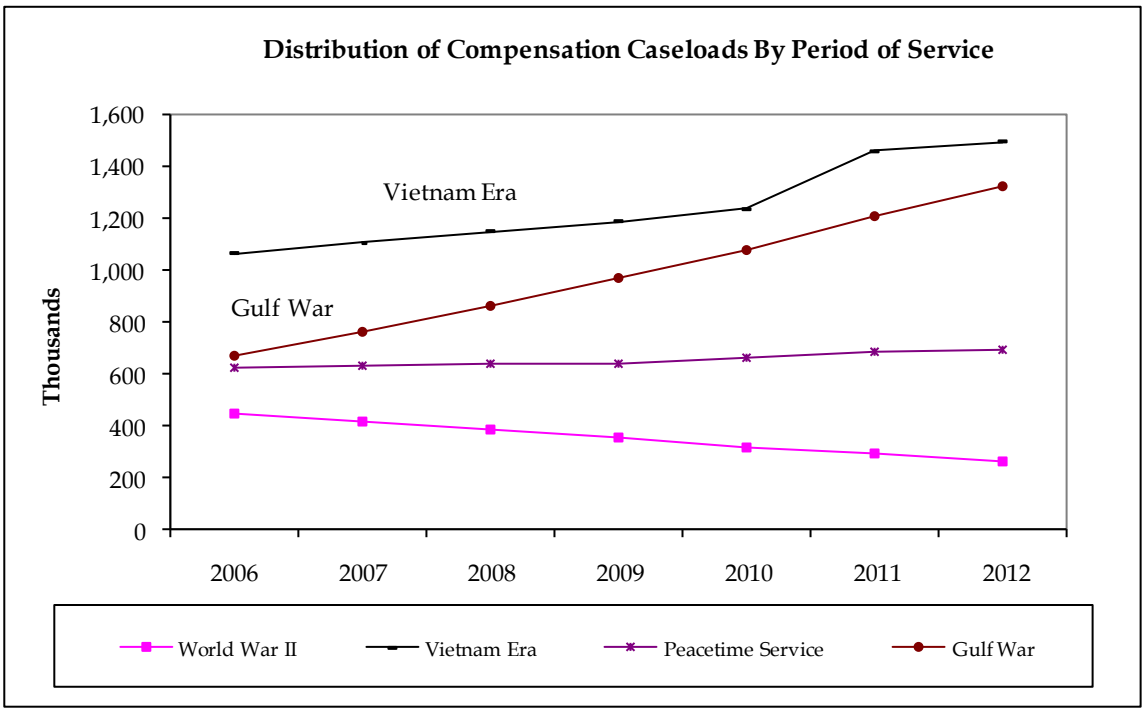
In 2012, burial benefits obligations are projected to increase by $35.9 million. Public Law 111-275 increases basic burial allowance and plot allowance from $300 to $700 beginning in 2012. This increase combined with a rise in caseload result in an increase of $15.1 million in obligations over 2011. A rise in the number of burial plots and average payment increase obligations $13.5 million. Caseload and average payments both increase from the 2011 level for headstones and markers contributing to $5.0 million in obligations in 2012. A rise in the anticipated number of service-connected deaths increases obligations $1.5 million. The number of preplaced crypts and average payment grow in 2012, while caseload for graveliners decrease and average payments increase which result in a net impact of $597 thousand. Burial flag obligations increased $106 thousand over the 2011 level.

Compensation Program Highlights

In 2012, Compensation benefit obligations are expected to total $52.9 billion and be made to 3,976,529 beneficiaries (3,588,315 Veterans and 388,214 survivors). The estimated obligations for 2012 will decrease $10.1 billion over the 2011 level (from $63.0 billion to $52.9 billion). Approximately 99.6 percent of total compensation obligations are direct benefit payments to Veterans and their survivors. In 2012, 90 percent of the estimated cases will receive benefits under the Veteran's portion of the Compensation program, which accounts for over 88 percent of the program cost. As shown in the graphic below on "Compensation Request by Period of Service," the Vietnam Era accounts for 46 percent of program obligations followed by the Gulf War Era at 28 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.



In 2012, benefits in the Compensation program are estimated to be dispersed to 3,588,315 Veterans, 388,214 survivors, and 1,186 children. The 2012 Veteran and survivor caseload estimate is distributed among World War I & Prior (411), World War II (265,903), Korean Conflict (184,818), Vietnam Era (1,499,132), Gulf War (1,329,508), and Peacetime (696,757) 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.



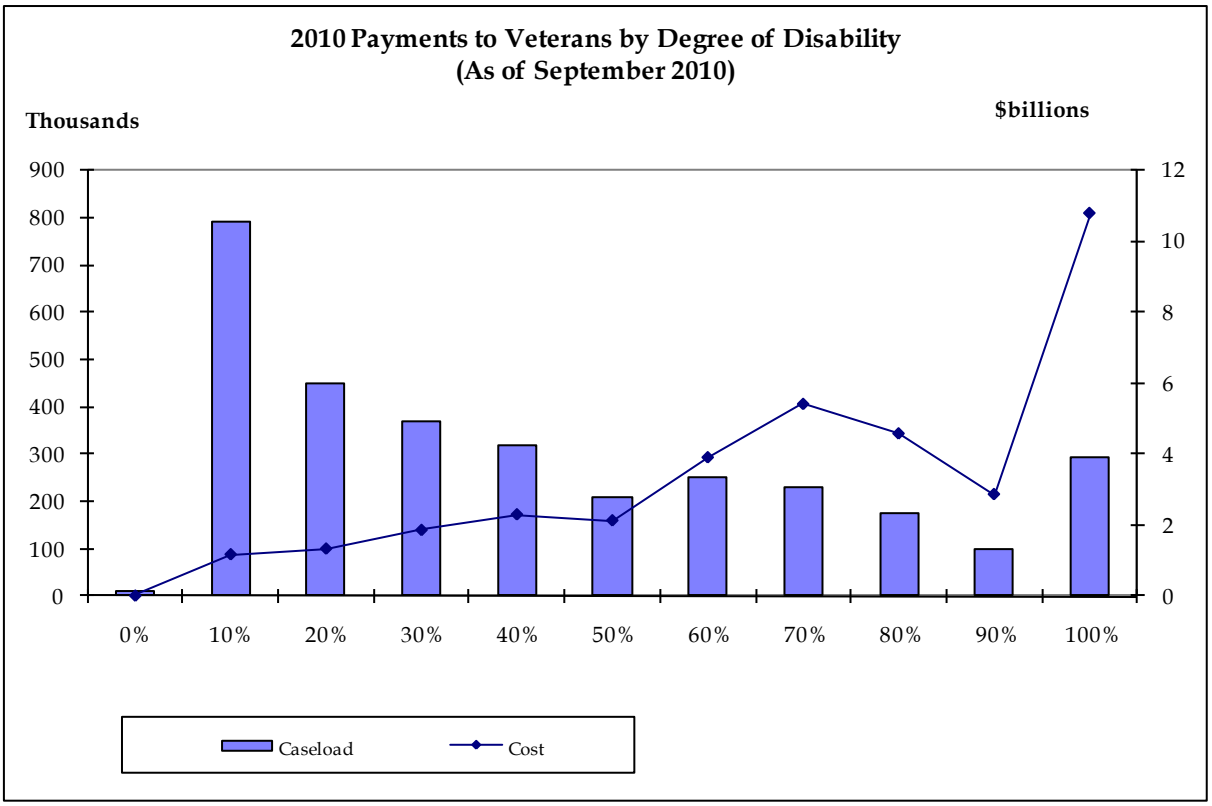
Numerous factors contribute to the total cost of the Compensation program. Some factors that influence cost fluctuations are increasing average degree of disability, additional benefits from enacted legislation or regulations, variations in the number of dependents, increasing number of Individual Unemployability (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 2012 and the outyears. The average degree of disability for Veterans increased from 41.3 percent in 2009 to 42.2 percent in 2010. 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 2010)

Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2005	14,725	773,805	407,589	326,092	246,323	151,569	172,258	152,811	102,699	54,014	228,222	38.3%
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%

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 and Pension 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 2010, over 190,000 Veterans received an increase to their disability benefits, as shown on the following chart. This is an increase of 12 percent from the 2009 level of 169,083 Veterans with amended claims.

Veterans Compensation 2010 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	**Total**
0%	82	92	44	75	31	39	16	8	3	43	**433**
10%	-	11,615	6,992	6,357	2,198	3,180	1,534	706	224	1,916	**34,722**
20%	-	-	8,498	8,810	3,055	3,489	1,466	1,340	428	1,987	**29,073**
30%	-	-	-	8,935	6,414	4,114	3,115	1,424	438	2,308	**26,748**
40%	-	-	-	-	7,474	9,215	4,574	2,778	862	2,546	**27,449**
50%	-	-	-	-	-	7,443	6,001	2,888	1,000	2,561	**19,893**
60%	-	-	-	-	-	-	9,130	6,464	2,178	3,452	**21,224**
70%	-	-	-	-	-	-	-	8,242	3,259	3,903	**15,404**
80%	-	-	-	-	-	-	-	-	6,652	3,768	**10,420**
90%	-	-	-	-	-	-	-	-	-	4,710	**4,710**
Total	**82**	**11,707**	**15,534**	**24,177**	**19,172**	**27,480**	**25,836**	**23,850**	**15,044**	**27,194**	**190,076**

As of September 2010, almost 1.3 million out of nearly 3.2 million Veteran cases received additional compensation for dependents. The number of dependents totaled 2.0 million, or 1.59 dependents per case, up slightly from the 2009 average of 1.51. 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 2010, there were 271,713 Veterans receiving IU, an increase of 13,551 cases over 2009. IU caseload continues to increase at a gradual rate.

Veterans Compensation **Individual Unemployability**							
	2004	2005	2006	2007	2008	2009	2010
Without Dependents	55,492	62,035	64,497	65,808	71,009	74,502	78,985
With Dependents	144,826	159,057	164,138	171,513	176,384	183,660	192,728
Total	**200,318**	**221,092**	**228,635**	**237,321**	**247,393**	**258,162**	**271,713**

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**							
	2004	2005	2006	2007	2008	2009	2010
Without Dependents	82,431	89,552	96,345	103,702	112,368	121,967	132,010
With Dependents	125,206	141,161	154,555	172,643	189,590	210,707	234,571
Total	**207,637**	**230,713**	**250,900**	**276,345**	**301,958**	**332,674**	**366,581**

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 2010, retroactive payments were 8.6 percent of total compensation obligations. In 2011, retroactive payments are expected to increase above the normal trend by an estimated $12.3 billion as a result of the decision on establishing service connection for the three new presumptive conditions.

Compensation Retroactive Payments (Dollars in millions)							
	2004	2005	2006	2007	2008	2009	2010
Retro Payments	$2,302	$2,184	$2,002	$2,486	$2,786	$3,257	$3,760
Compensation Payments	$26,330	$28,643	$30,833	$33,639	$36,280	$40,063	$43,292
Percent of Retro to Total	8.7%	7.6%	6.5%	7.4%	7.7%	8.1%	8.6%

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)							
	2004	2005	2006	2007	2008	2009	2010
Veterans	70,082	81,405	99,014	106,551	107,763	117,009	141,699
Survivors	5,052	5,568	3,344	4,286	11,256	2,771	5,360
Total	**75,134**	**86,973**	**102,358**	**110,837**	**119,019**	**119,780**	**147,059**

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							
	2004	2005	2006	2007	2008	2009	2010
0%	412	467	495	496	502	575	574
10%	41,102	44,960	50,850	51,393	51,063	56,561	65,269
20%	28,569	30,465	32,752	33,054	32,180	33,488	35,568
30%	20,543	23,486	24,775	25,705	26,360	27,473	29,489
40%	16,286	18,774	20,324	21,218	21,795	23,102	24,656
50%	10,852	12,617	12,889	14,028	15,065	16,243	17,539
60%	9,251	11,104	11,949	13,359	15,004	16,618	17,940
70%	7,783	8,737	8,478	9,648	11,037	12,503	14,101
80%	3,797	4,665	4,864	5,816	7,062	8,499	9,872
90%	1,788	2,138	2,162	2,564	3,348	4,217	5,092
100%	9,338	9,309	8,829	9,591	10,327	12,486	13,294
Total	**149,721**	**166,722**	**178,368**	**186,872**	**193,743**	**211,765**	**233,394**
Avg. Degree	**35.3%**	**38.5%**	**34.8%**	**35.5%**	**36.9%**	**37.7%**	**37.5%**

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							
	2004	2005	2006	2007	2008	2009	2010
Total	**18,211**	**18,551**	**17,876**	**17,507**	**24,737**	**18,850**	**21,654**

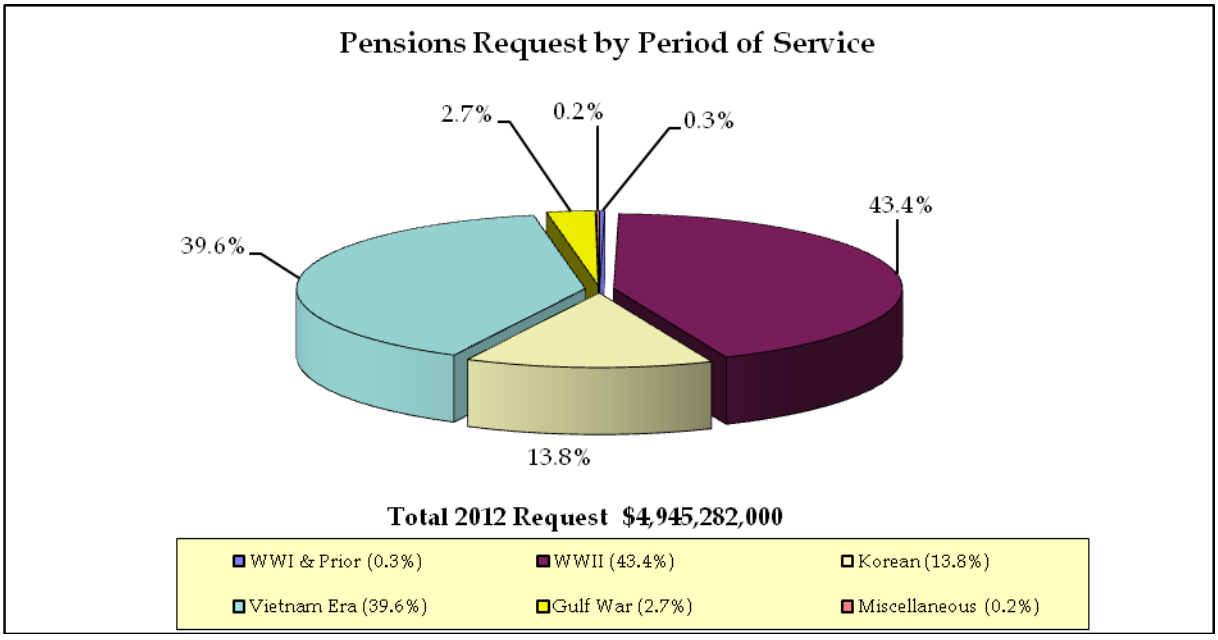
For surviving spouses of Veterans who were not rated totally disabled to become eligible, they must meet at least one of three requirements. The Veteran must have died from; (1) a service connected disease or injury incurred or aggravated while on active duty; (2) an injury was incurred or aggravated 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 2010, 13,535 cases acceded to the DIC rolls within the first three years after the Veteran terminated.

Pensions Program Highlights

In 2012, Pensions benefit obligations are expected to total $4.9 billion and be made to 506,961 pension beneficiaries. The 2012 request continues a trend of net 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 survivors are holding steady, and Korean War survivors to present are increasing. Approximately, 95 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 43.4 percent of program obligations, largely associated with survivor benefit payments. The Vietnam Era is the second largest group of pension recipients accounting for 39.6 percent of the total request. This percentage will continue to increase as Vietnam Era Veterans become 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

	2010			2011			2012		
	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	475,947	$8,580	$4,308,776	481,193	$9,520	$4,580,953	483,389	$10,150	$4,906,246
Prior Law	30,165	$1,175	$35,442	26,580	$1,245	$33,088	23,432	$1,319	$30,897
Old Law	211	$925	$195	173	$603	$104	141	$411	$58
Veterans									
Improved Law	307,051	$10,349	$3,177,569	303,838	$10,657	$3,237,964	300,555	$11,098	$3,335,565
Prior Law	4,543	$1,977	$8,980	3,807	$2,147	$8,172	3,190	$2,331	$7,438
Old Law	54	$1,449	$78	46	$1,153	$53	38	$918	$35
Survivors									
Improved Law	168,896	$6,698	$1,131,208	177,355	$7,572	$1,342,989	182,834	$8,591	$1,570,681
Prior Law	25,622	$1,033	$26,462	22,773	$1,094	$24,916	20,241	$1,159	$23,460
Old Law	157	$745	$117	127	$406	$52	103	$221	$23

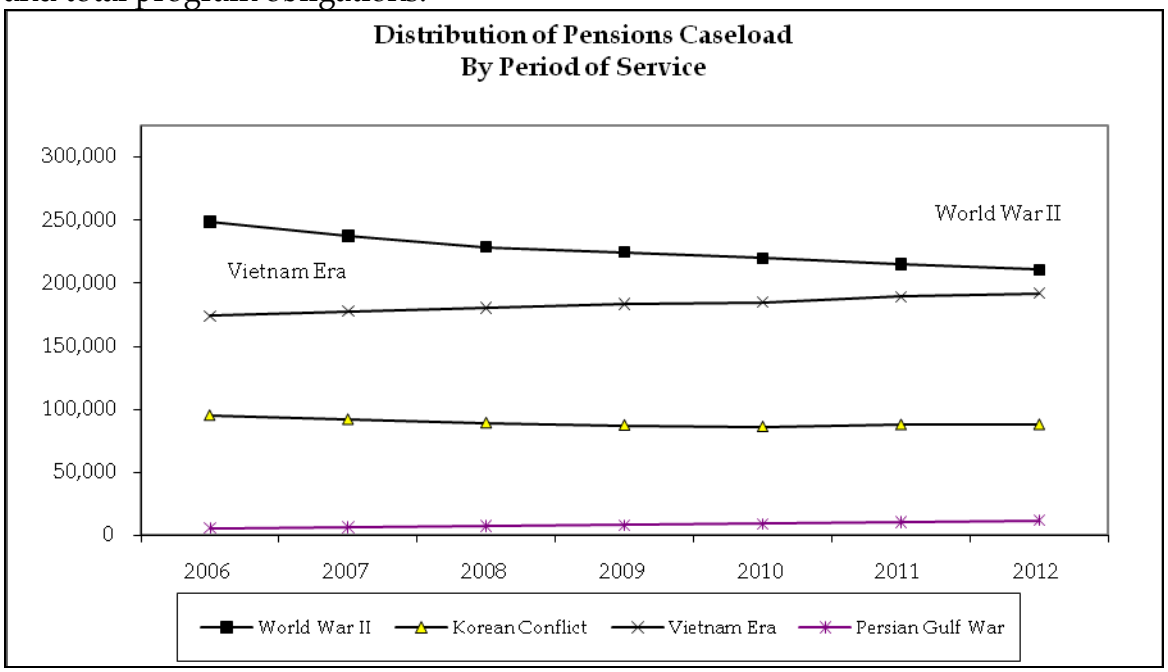
A major factor of the cost of the Pensions program is the impact of the automatic cost-of-living adjustment. However, the COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to be 0.9 percent in 2012. Since rates for pensioners 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, $2,686 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.

Pensions PL 95-588 Income Limitations (As of December 2010)			
Veterans		**Survivors**	
Without dependents	$11,830	Spouses without dependents	$7,933
With one dependent	$15,493	Spouses with one dependent	$10,385
Each additional dependent	$2,020	Each additional dependent	$2,020

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.

Total pension caseload is expected to slightly decline through 2012. The decline is net of slight increases in survivor pensions, offset by decreases in Veteran pensions, especially as the WWII and Korean War Veteran population age. WWII and Vietnam account for the largest pension caseload, 210,735 and 192,125 respectively, or nearly 80 percent of all caseload. Of the 210,735 WWII beneficiaries, only 72,475 are Veterans, with the remaining caseload being survivors. The opposite is true of the Vietnam Veteran Era with 165,857 of the total 192,151 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, 2010, the average age of Veterans who received pension was 72. 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 2010, Gulf War and Vietnam Era Veteran caseloads increased (net) by 964 and 1,936, 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 2010)

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	33	-	-	**33**	128	-	-	**128**
25 – 35	1,202	-	-	**1,202**	175	-	-	**175**
36 - 45	5,352	-	-	**5,352**	1,038	1	-	**1,039**
46 – 55	23,955	17	-	**23,972**	9,067	41	-	**9,108**
56 -65	120,347	392	-	**120,739**	19,482	342	-	**19,824**
66 – 75	31,585	336	1	**31,922**	19,451	1,077	-	**20,528**
Over 75	126,528	3,421	48	**129,997**	118,538	14,744	69	**133,351**
Total	**309,002**	**4,166**	**49**	**313,217**	**167,879**	**16,205**	**69**	**184,153**

Note: Veteran pension age data does not include 101 cases with unknown age and 5 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**							
	2004	2005	2006	2007	2008	2009	2010
Accessions	44,956	42,208	40,213	40,574	42,930	42,633	47,852
Terminations	48,589	49,300	46,146	47,426	48,257	46,021	48,548
Net Delta	-3,633	-7,092	-5,933	-6,852	-5,327	-3,388	-696

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 2010)

"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
2005	136	<0.1	81	55	287	0.2	277	10	140
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

"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
2005	10,100	3.0	4,682	5,418	33,496	17.5	31,855	1,641	10,317
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

"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
2005	325,551	97.0	237,026	88,525	157,758	82.4	154,806	2,952	5,140
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

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2010			2011			2012		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total 1/	**3,497,766**	**$12,377**	**$43,291,853**	**3,845,099**	**$16,307**	**$62,701,160**	**3,976,529**	**$13,226**	**$52,595,158**
Veterans Total	**3,154,727**	**$12,075**	**$38,094,049**	**3,458,818**	**$15,592**	**$53,928,385**	**3,588,315**	**$12,909**	**$46,322,650**
World War I	1	$27,104	$27	1	$27,104	$27	1	$27,104	$27
World War II	231,272	10,853	2,510,079	206,190	11,148	2,298,646	183,828	11,451	2,105,022
Korean Conflict	153,166	11,270	1,726,123	150,190	11,560	1,736,217	147,272	11,858	1,746,371
Vietnam Era	1,077,832	15,805	17,034,779	1,255,568	24,417	30,657,692	1,287,491	16,239	20,907,252
Peacetime Service	632,204	9,841	6,221,686	655,661	10,134	6,644,693	662,538	10,437	6,914,853
Gulf War	1,060,252	$9,999	$10,601,356	1,191,209	$10,570	$12,591,109	1,307,185	$11,207	$14,649,124
Survivors Total	**343,039**	**$15,152**	**$5,197,804**	**386,281**	**$22,711**	**$8,772,775**	**388,214**	**$16,157**	**$6,272,508**
Spanish-American War	4	$13,492	$54	4	$13,492	$54	4	$13,492	$54
Mexican Border Period	1	13,848	14	1	13,848	14	1	13,848	14
World War I	545	12,586	6,860	470	13,715	6,446	405	14,944	6,056
World War II	90,390	15,315	1,384,327	86,211	16,340	1,408,697	82,075	17,453	1,432,448
Korean Conflict	36,284	15,621	566,798	36,910	15,356	566,799	37,546	15,096	566,800
Vietnam Era	162,063	14,958	2,424,156	207,572	28,598	5,936,099	211,640	15,930	3,371,398
Peacetime Service	33,756	14,974	505,455	33,987	15,439	524,719	34,219	15,919	544,718
Gulf War	19,996	$15,510	$310,140	21,128	$15,617	$329,947	22,323	$15,724	$351,019
Other Total			**$248,088**			**$281,320**			**$316,461**
Spec. Ben. For Children	1,184	$16,598	$19,652	1,185	$16,598	$19,669	1,186	$16,747	$19,862
Clothing Allowance	89,960	716	64,411	95,142	716	68,121	98,730	722	71,327
Other (REPS, SAFD, EAJA)	3,577	5,425	19,406	3,628	5,356	19,431	3,634	5,443	19,778
OBRA Payment to VBA	-	-	197	-	-	503	-	-	-
OBRA Payment to ITS	-	-	32	-	-	55	-	-	-
Medical Exam Pilot Prgm	-	-	144,390	-	-	169,987	-	-	205,494
HHS	-	-	-	-	-	3,554	-	-	-
Pensions Total 1/	**506,323**	**$8,580**	**$4,344,414**	**507,946**	**$9,084**	**$4,614,145**	**506,961**	**$9,739**	**$4,937,201**
Veterans Pensions Total	**311,648**	**$10,225**	**$3,186,627**	**307,690**	**$10,550**	**$3,246,189**	**303,783**	**$11,005**	**$3,343,038**
World War I	1	$9,516	$10	1	$9,694	$10	1	$10,170	$10
World War II	81,220	11,652	946,413	76,828	12,484	959,103	72,475	13,534	980,866
Korean Conflict	58,143	8,070	469,211	56,255	8,497	477,982	54,429	9,044	492,242
Vietnam Era	163,565	10,173	1,663,995	164,803	10,286	1,695,101	165,857	10,525	1,745,674
Gulf War	8,719	$12,271	$106,994	9,803	$11,629	$113,993	11,021	$11,273	$124,246
Survivors Pensions Total	**194,675**	**$5,947**	**$1,157,787**	**200,256**	**$6,831**	**$1,367,956**	**203,178**	**$7,846**	**$1,594,163**
Civil War	2	$1,163	$2	2	$1,000	$2	2	$1,000	$2
Spanish- American War	121	2,406	291	98	2,040	200	79	1,901	151
Mexican Border Period	55	6,604	363	45	7,277	331	38	7,602	286
World War I	5,592	2,962	16,561	4,769	3,137	14,961	4,068	3,285	13,361
World War II	138,693	6,060	840,451	138,477	7,194	996,226	138,262	8,418	1,163,839
Korean Conflict	28,006	4,994	139,861	31,445	5,253	165,185	33,492	5,748	192,523
Vietnam Era	21,607	7,178	155,088	24,669	7,456	183,945	26,300	8,152	214,386
Gulf War	599	$8,630	$5,169	750	$9,478	$7,105	938	$10,248	$9,616
Other Pensions Total			**$20,164**			**$30,134**			**$8,081**
OBRA Payment to VBA			$3,889			$9,932			-
Income Verification Match			-			-			6,005
OBRA Payment to ITS			4,120			7,508			-
OBRA Payment to VHA			10,697			10,977			-
Medical Exams Pilot Pgm			$1,458			$1,717			$2,076

1/ Does not include "other" caseload or obligations.

Proposed Legislation

IRS Income Data Matching for VA Eligibility Determinations

Section 6103 (I) (7) of the Internal Revenue Code of 1986 (26 U.S.C Section 6103 (I)(D)) requires the Secretary of the Treasury and the Commissioner of Social Security to disclose certain income information to any governmental agency administering certain programs, including VA's pension, dependency and indemnity compensation and compensation, and health-care programs. Section 5317 of title 38, United States Code, governs VA's use of that information. The duty of the Secretary of the Treasury and the Social Security Commissioner to disclose that information and VA's authority to obtain it from them will expire 9/30/2011. This proposal seeks to extend the expiration date for five years. During the first year, the full cost of implementing this authority ($32 million) will be reimbursed from the Compensation, Pension and Burial (CPB) mandatory account. The savings during the first year are estimated to total $47 million, consisting of $39 million in savings in the VHA discretionary appropriation and $6 million net benefits savings to the mandatory CPB account. In future years, VHA will assume its share of the cost to implement this authority, yielding a net five year discretionary savings to VHA of $118 million. Over the same five year period, the net mandatory CPB savings will total $41 million.

Special Monthly Pension Amendment

In Hartness v. Nicholson, 20 Vet. App. 216 (2006), the United States Court of Appeals for Veterans Claims interpreted 38 U.S.C. §§ 1513(a) and 1521(e) to require an award of special monthly pension to a wartime Veteran if, in addition to being at least 65 years old, he or she is considered permanently housebound or possesses a minimum disability rating of 60 percent. Under the court's interpretation, elderly wartime Veterans who are not permanently and totally disabled could receive a greater pension than elderly wartime Veterans who are permanently and totally disabled. The court compounded its error in Chandler v. Shinseki, 24 Vet. App. 23 (2010) (en banc), by disregarding 38 U.S.C. § 1513(b) to provide special monthly pension to Veterans without an additional disability who are entitled to pension based on total disability regardless of age. This proposal would make section 1513(a) consistent with what VA believes was Congress' original intent to retain the requirement in section 1521(e) that permanent and total disability is a necessary predicate for entitlement to special monthly pension and would thereby avoid inequities in the pension program. The Veterans Benefits Administration (VBA) estimates that enactment of this proposal would result in cost savings of $6.3 million in the first year and $65 million over the 5-year period through FY 2016. The Veterans Benefits Administration estimates that enactment of this proposal would result in cost savings of $217 million over the 10 year period through FY 2020.

Use of Health and Human Services (HHS) Data for Purposes of Adjusting VA Benefits

Public Law 110-157 requires independent verification of HHS data for purpose of adjusting VA benefits based on economic need. This proposal seeks to extend the expiration date of September 30, 2011 for an additional 10 years through 2021. Benefit costs are estimated to be $3.6 million in 2012 with net savings of $13 million over 10 years.

Elimination of Benefit Payments to the Estates of Deceased *Nehmer* Class Members and to the Survivors of Certain Class Members

Amend title 38 U.S.C. to clarify that no accrued or retroactive benefits are payable to the estates of deceased Veterans who may have been eligible for retroactive benefits pursuant to court decisions included in *Nehmer versus United States Veterans' Administration*. The court decision obligates VA to pay people not otherwise eligible under Title 38. Specifically, paying benefits to an estate contravenes the plain language of the law and undermines Congress' fundamental purpose of establishing statutory mandates that direct VA to pay the accrued benefits of a deceased Veteran to the "Veteran's" surviving spouse, child, or dependent parent, as detailed in 38 U.S.C. § 5121. This proposal would direct that payments of retroactive benefits due deceased Veterans under the *Nehmer* stipulation be paid only to "the first individual listed that is in existence at the time of payment: the Veteran's spouse, regardless of current marital status; the Veteran's child(ren), regardless of age or marital status (if more than one child exists, payment will be made in equal shares to each, accompanied by an explanation of the division); or the Veteran's parent(s), regardless of dependency (if both parents are alive, payment will be made in equal shares to each, accompanied by an explanation of the division)." VA's proposal, therefore, parallels current 38 U.S.C. § 5121. VA believes, notwithstanding the court's decision in *Nehmer* that it has no statutory authority to make future payments to estates beyond the current new Agent Orange Presumptions Nehmer class. Enactment of this provision does not result in benefit costs or savings.

Clarification of Surviving Spouses entitlement to Veterans Compensation or Pension Benefits for the Month of Death

Amend Title 38 U.S.C. 5310 and 5111 (c) (1) to clarify that all surviving spouses are entitled to receive payment in the amount of the Veteran's compensation or pension rate for the month of the Veteran's death, and to simplify administration of the month-of-death benefit. Enactment of this provision does not result in benefit costs or savings.

Exemption to the Right to the Financial Privacy Act by Fiduciaries of VA beneficiaries

Amend title 38 U.S.C. § 5502 to authorize an exemption to the Right to Financial Privacy Act, as stipulated in 12 U.S.C. § 3401, for enhanced access by VA to financial accounts held by fiduciaries of VA beneficiaries. VA is seeking to add a new subsection to 38 U.S.C. § 5502, which contains VA's authority to oversee and monitor the activities of fiduciaries. This new subsection will authorize an exemption to the Right to Financial Privacy Act (12 U.S.C. § 3401), so that VA will have enhanced access to financial accounts held by all fiduciaries of VA beneficiaries. The Veterans Benefits Administration (VBA) estimates that enactment of this provision does not result in benefit costs or savings.

Extension of Time for Medical Examinations for Veterans with Mental Disorders

Amend title 38 U.S.C. § 1156(a)(3) to extend the time for which VA is required to schedule medical examinations from the current 6 months to a proposed 18 months for those Veterans discharged from the military due to a mental disorder. This legislative proposal would require VA to schedule a medical examination for Veterans discharged from the military due to a mental disorder no later than 18 months, rather than 6 months, after separation or discharge of such Veteran from active duty. Evaluating mental disorders to determine if the condition is stable at 6 months after discharge is premature when considering the trauma experienced by the Veteran, the limited treatment time that has elapsed, and the stressful nature of transitioning into civilian life. Performing the examination no later than 18 months after discharge allows the clinician to more accurately evaluate the severity, stability, and prognosis of the condition. This would better align with VA's current practice of scheduling reexaminations for mental disorders. The Veterans Benefits Administration (VBA) estimates that enactment of this provision does not result in benefit costs or savings.

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, 2010. 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 0.9%. That increase would result in an increase of $330 million in 2012 and $2.1 billion over the five year period.

.

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, 51, 53, 55, and 61 of title 38, United States Code, $11,011,086,000, 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)

		2011			
	2010 Actual	Budget Estimate	"CR"	2012 Estimate	Increase (+) Decrease (-)
Obligations:					
Post 9-11 GI Bill (33)	$5,542,843	$8,618,638	$7,939,707	$8,481,280	+$541,573
Veterans/Sevicemembers (30/34)	1,659,694	442,323	1,305,270	1,041,133	-264,137
Reservists (1606)	195,223	274,010	230,630	250,739	+20,109
Reservists (1607)	109,026	56,453	90,834	87,791	-3,042
Dependents' Education and Training (35)	507,294	489,721	536,378	554,346	+17,968
VR&E Subsistence Allowance	297,222	285,972	301,397	308,041	+6,644
VR&E Books, Tuition, Supplies, Fees, etc	463,254	528,033	495,495	531,500	+36,005
Specially Adapted Housing Grants	68,318	79,323	71,620	78,692	+7,072
Automobile Grants	19,972	15,900	20,200	20,200	-
Adaptive Equipment	55,429	59,700	64,300	74,600	+10,300
Tuition Assistance	14,684	426	426	-	-426
National Call to Service	169	-	-	-	-
Licensing & Certification Tests	1,258	191	633	475	-158
National Exams 1/	43	15	21	16	-5
Work-Study 2/	27,470	18,298	27,983	26,877	-1,106
State Approving Agencies	18,958	19,000	19,000	19,000	-
Reporting Fees	4,467	5,413	6,411	6,206	-205
Reimbursement to GOE and IT	613	2,768	2,869	530	-2,339
Total Obligations	**$8,985,938**	**$10,896,184**	**$11,113,174**	**$11,481,427**	**+$368,252**
Funding:					
Unobligated balance (SOY)	-$560,227	-	-$275,844	-	+$275,844
Transfer from UOB to Compensation	527,011	-	-	-	-
Unobligated balance (EOY)	275,844	-	-	-	-
Budget authority (gross)	9,228,566	10,896,184	10,837,330	11,481,427	+644,096
Offsetting collections	-406,844	-455,939	-441,224	-470,341	-29,117
Budget authority (net)	**$8,294,711**	**$10,440,245**	**$10,396,106**	**$11,011,086**	**+$614,980**
Appropiation	9,232,369	10,440,245	10,396,106	11,011,086	+614,980
Transfer to Compensation	403,647	-	-	-	-
Transfer to Insurance	7,000	-	-	-	-
Appropiation adjusted	8,821,722	10,440,245	10,396,106	11,011,086	+614,980
Outlays (net)	**$8,316,712**	**$10,533,161**	**$10,766,928**	**$10,910,937**	**+$144,010**
Total Obligations	**$8,985,938**	**$10,896,184**	**$11,113,174**	**$11,481,427**	**+$368,252**
Education Program	8,217,081	10,074,346	10,306,644	10,632,185	+325,541
VR&E Program 3/	768,857	821,838	806,531	849,242	+42,711
Budget authority (net)	**$8,294,711**	**$10,440,246**	**$10,396,106**	**$11,011,086**	**+$614,980**
Education Program	7,525,854	9,618,407	9,589,575	10,161,844	+572,268
VR&E Program	768,857	821,838	806,531	849,242	+42,711
Outlays (net)	**$8,316,712**	**$10,533,161**	**$10,766,928**	**$10,910,937**	**+$144,010**
Education Program	7,556,544	9,703,092	9,947,364	10,069,919	+122,555
VR&E Program	760,168	830,069	819,563	841,019	+21,455

Note: Dollars may not add due to rounding in this and subsequent charts.

1/ National Exams includes chapter 30 and 35

2/ Includes chapter 1606 work-study reimbursement

3/ Includes chapter 31 work-study

Readjustment Benefits
Summary of Appropriation Highlights (cont'd)
(dollars in thousands)

		2011			
	2010 Actual	Budget Estimate	"CR"	2012 Estimate	Increase (+) Decrease (-)
Workload Data and Other Items					
Workload:					
Post 9-11 GI Bill (33)	365,640	510,149	492,773	512,752	+19,979
Veterans/Sevicemembers (30/34)	247,075	40,630	178,595	129,153	-49,442
Reservists (1606) 1/	67,381	103,581	78,666	84,427	+5,761
Reservists (1607)	30,281	13,379	24,929	23,785	-1,144
Dependents' Education and Training (35)	89,811	83,207	91,112	92,882	+1,770
VR&E Subsistence Allowance	61,405	60,476	61,529	62,078	+549
VR&E Books, Tuition, Supplies, Fees, etc	19,184	17,750	19,568	19,763	+196
VR&E Rehab, Evaluation, Planning and Service 2/	21,416	21,418	21,844	23,103	+1,259
Specially Adapted Housing Grants	1,811	1,948	1,878	1,948	+70
Automobile Grants	1,834	1,743	1,834	1,834	-
Adaptive Equipment	7,319	7,037	7,319	7,319	-
National Call to Service	54	-	-	-	-
Average cost:					
Post 9-11 GI Bill (33)	$14,466	$16,894	$16,096	$16,527	+$431
Veterans/Sevicemembers (30/34)	$6,717	$10,688	$7,309	$8,061	+$753
Reservists (1606)	$2,897	$2,645	$2,932	$2,970	+$38
Reservists (1607)	$3,600	$4,220	$3,644	$3,691	+$47
Dependents' Education and Training	$5,648	$5,886	$5,887	$5,968	+$81
VR&E Subsistence Allowance	$4,840	$4,729	$4,898	$4,962	+$64
VR&E Books, Tuition, Supplies, Fees, etc	$5,748	$6,750	$6,110	$6,494	+$384
Specially Adapted Housing Grants	$37,724	$40,714	$38,140	$40,397	+$2,257
Automobile Grants	$10,891	$9,132	$11,000	$11,000	-
Adaptive Equipment	$7,573	$8,483	$8,787	$10,196	+$1,409
National Call to Service	$3,123	-	-	-	-
Total Cost:					
Post 9-11 GI Bill (33)	$5,289,393	$8,618,638	$7,931,627	$8,474,080	+$542,453
Veterans/Sevicemembers (30/34)	$1,659,694	$434,243	$1,305,270	$1,041,133	-$264,137
Reservists (1606)	$195,223	$274,010	$230,630	$250,739	+$20,109
Reservists (1607)	$109,026	$56,453	$90,834	$87,791	-$3,042
Dependents' Education and Training	$507,294	$489,721	$536,378	$554,346	+$17,968
VR&E Subsistence Allowance	$297,222	$285,972	$301,397	$308,041	+$6,644
VR&E Books, Tuition, Supplies, Fees, etc	$463,254	$528,033	$495,495	$531,500	+$36,005
Specially Adapted Housing Grants	$68,318	$79,323	$71,620	$78,692	+$7,072
Automobile Grants	$19,972	$15,900	$20,200	$20,200	-
Adaptive Equipment	$55,429	$59,700	$64,300	$74,600	+$10,300
National Call to Service	$169	-	-	-	-

1/ Work-study cost not included
2/ No monetary benefit payment assoicated with these cases

Summary of Budget Request

Budget authority of over $11.0 billion, when combined with $470.3 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.

Post 9-11 GI Bill (Chapter 33) Highlights

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. Under the original authority for Chapter 33, based on length of active duty service and training rate, students are entitled to a percentage of the following[1]:

- Cost of tuition and fees, not to exceed the most expensive in-state undergraduate tuition at a public institution of higher education (paid to school);
- 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.

As expected, chapter 33 has become the most used education benefit that VA offers. In 2012, VA projects 512,752 participants under chapter 33. Of those participants, over 402,924 are expected to be Veterans. In addition, chapter 33 is expected to account for nearly $8.5 billion in obligations out of a total $11.5 billion in the entire 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

[1] The Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (P.L. 111-377) was signed into law on January 4, 2011. This law amends the benefits available under chapter 33 and is discussed in more detail later in this chapter.

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.

Changes from Original 2011 Budget Estimate

The current estimated obligation of over $11.1 billion for 2011 for the Readjustment Benefits program increases nearly $217 million from the original budget estimate of $10.9 billion. The increased estimates for 2011 is driven by a $863 million increase in obligations under chapter 30 due to a larger number of participants remaining in the chapter 30 program after the implementation of chapter 33 than initially expected. This is partially offset by a decrease from our original 2011 estimate in expected participation as well as yellow ribbon average cost in chapter 33, which decreases obligations by $679 million. Changes in the current estimate for other programs are driven by 2010 actual data and include increases of $47 million under chapter 35, $34 million in chapter 1607, $8 million under work-study programs (excluding chapter 31 work-study), $1 million for Special Assistance Grants, and $1 million for reporting fees. Offsetting these increases are decreases to chapter 1606 of $43 million and Vocational Rehabilitation and Employment (including work-study) of $15 million. The appropriation request of $10.4 billion combined with an unobligated balance of nearly $276 million available at the start of 2011, will fund the increased obligation.

Education Program

Current estimated obligations for 2011 reflect an increase of $232 million from the original budget estimate of nearly $10.1 billion. The estimate for 2011 reflects an increase in expected participation in chapter 30 for 2011 from 40,630 in the original estimate to 178,595, resulting in an $863 million increase in obligations. This change was made to reflect actual data during 2010. Expected participation in chapter 30 for 2011 remains a significant decrease from actual 2010 participation of 247,075, however, participation in chapter 30 is decreasing at a slower rate than initially expected since the implementation of chapter 33. Offsetting this increase, the estimate for 2011 includes a $491 million decrease reflecting actual experience in 2010 with the Yellow Ribbon program. Average cost of the Yellow Ribbon program was significantly lower than expected, and participation was also less than the original 2011 estimate. Additionally, a decrease of 17,376 participants in chapter 33 lowers expected obligations by $188 million. Chapter 35 obligations have increased by $47 million from the original estimate based on 2010 actual beneficiaries. A $34 million increase in chapter 1607 is due to fewer participants electing chapter 33 over 1607 than originally projected. Higher participation as well as an extension of work-study provisions increased obligations by $8 million for education programs. Additionally, the current 2011 estimate increases obligations for Special Assistance Grants and reporting fees by $1 million each. Slightly offsetting these increases is a decrease

in chapter 1606 obligations of $43 million due to lower participation in 2010 than expected.

Vocational Rehabilitation & Employment Program

Current estimated obligations for 2011 reflect a decrease of $15 million from the original budget estimate of nearly $822 million. Although participation and average cost of subsistence allowance is higher than the original estimate, the expected average cost of books, tuition, supplies, and fees has decreased as a result of 2010 actual data, decreasing obligations by a net $17 million. Slightly offsetting this decrease, costs associated with the workstudy program increased obligations by a $2 million.

Readjustment Benefits
Analysis of Increases and Decreases
(dollars in thousands)

	2011 Estimate	2012 Estimate
Prior year obligations	**$8,985,938**	**$11,113,174**
Chapter 33 (Post 9/11 GI Bill)		
COLA	+$182,021	+$221,605
Caseload	+1,839,122	+321,573
Average Payment	+375,721	-1,604
Net Changes	**+$2,396,864**	**+$541,573**
Chapter 30 (Montgomery GI Bill)		
COLA	+$70,220	+$53,898
Caseload	-460,007	-361,347
Average Payment	+35,363	+43,312
Net Changes	**-$354,425**	**-$264,137**
Chapter 35 (Dependent Education)		
COLA	+$13,960	+$7,114
Caseload	+14,455	+10,854
Average Payment	+669	-
Net Changes	**+$29,084**	**+$17,968**
Chapter 1606 (Reservists)		
COLA	+$2,735	+$3,218
Caseload	+32,693	+16,891
Average Payment	-21	-
Net Changes	**+$35,407**	**+$20,109**
Chapter 1607 (Reservists)		
COLA	+$1,077	+$1,127
Caseload	-19,269	-4,169
Average payment	-	-
Net Changes	**-$18,192**	**-$3,042**
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	+$32,896	+$35,406
Caseload	+4,792	+7,321
Average payment	-1,272	-78
Net Changes	**+$36,416**	**+$42,649**
Special Assistance For Disabled Veterans		
Housing Grants	+$3,302	+$7,072
Automobile Grants	+228	-
Adaptive Equipment	+8,871	+10,300
Net Changes	**+$12,401**	**+$17,372**
Miscellaneous		
National Exams	-$22	-$5
Tuition Assistance	-14,258	-426
Licensing and Certification	-625	-158
Work-Study	+513	-1,106
National Call to Service	-169	-
Reimbursement to GOE	+2,256	-2,339
State Approving Agencies	+42	-
Reporting Fees	+1,944	-205
Net Changes	**-$10,318**	**-$4,240**
Total Net Change	**$2,127,236**	**$368,253**
Estimated obligations	**$11,113,174**	**$11,481,427**

Analysis of Increases and Decreases

Obligations are expected to increase $2.1 billion from 2010 to 2011 due to the following:

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 beginning on August 1, 2009. Basic benefits for chapter 33 include tuition, fees, housing allowance, and a books and supplies stipend. Total obligations are expected to increase over $2.4 billion dollars in 2011. The increase in obligations is primarily a result of an expected increase of 127,133 trainees electing chapter 33, which increases costs by $1.8 billion. The average benefit unrelated to the COLA is expected to increase obligations by $376 million. The COLA is expected to increase obligations by $182 million.

All-Volunteer Force Educational Assistance Program (Chapter 30)

Chapter 30, or the Montgomery GI Bill, provides education benefits at a monthly rate for eligible Veterans and servicemembers attending an institution of higher learning or other eligible institutions. The decrease in chapter 30 obligations is projected to be nearly $354.4 million. 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 68,480 trainees, resulting in obligations decreasing $460.0 million. Partially offsetting this decrease, the COLA is projected to increase obligations by $70.2 million and the average benefit unrelated to the COLA is expected to increase obligations by $35.4 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)

Chapter 35 provides education and training opportunities to eligible dependents of veterans who are permanently and totally disabled due to a service-related condition, or who died while on active duty or as a result of a service related condition. The total increase in obligations attributed to chapter 35 is expected to be $29.1 million. Estimated caseload is expected to increase by 338 for children and 963 for spouses, increasing total obligations $14.4 million. The COLA will increase obligations by $14.0 million. The overall average benefit unrelated to COLA will increase obligations by $669 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)

Chapter 1606 is an education benefit offered by the Department of Defense for members of the selected reserve with 6-year commitment. The benefit is administered by VA and reimbursed by DoD's Education Benefits Trust Fund. Chapter 1606 obligations are projected to increase over $35.4 million. An increase in obligations of $32.7 million results from an expected increase in chapter 1606 trainees of 11,285. The COLA is expected to increase obligations $2.7 million. The

average benefit unrelated to COLA slightly decreases obligations by $21 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Chapter 1607 is an education benefit offered by the Department of Defense for members of the Reserve components called or ordered to active duty for a minimum of 90 days in response to a war or national emergency. The benefit is administered by VA and reimbursed by DoD's Education Benefits Trust Fund. Obligations for chapter 1607 are expected to decrease $18.2 million. A decrease in obligations of $19.3 million results from an expected decrease in chapter 1607 trainees of 5,352. This decrease is due to trainees expected to choose chapter 33 benefits instead of chapter 1607. Eligibility requirements for both programs are similar, and chapter 33 is the better benefit in most cases. The COLA is expected to increase obligations $1.0 million. There are no expected changes in the average benefit unrelated to COLA.

Vocational Rehabilitation and Employment (Chapter 31)
Chapter 31 assists Veterans with service-connected disabilities to prepare for, find, and keep suitable jobs as well as achieve independence in daily living. The total increase in chapter 31 obligations is $36.4 million from 2010 to 2011. The COLA is expected to increase obligations by $32.9 million. An increase of 508 in subsistence allowance trainees yields a $4.8 million increase in program costs. The average cost unrelated to the COLA decreases slightly for subsistence allowance and tuition, books, and supplies, which decrease obligations $1.3 million.

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 67 in 2011 resulting in a $3.3 million increase in obligations. An increase of $8.9 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 $228 thousand.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $10.3 million. Tuition Assistance is expected to drop $14.3 million due to the continued transition from chapter 30 to chapter 33 benefits. Licensing and Certification is projected to decrease by $625 thousand and National Call to Service is expected to phase out and decrease by $169 thousand. National Exams are expected to decrease $22 thousand. Partially offsetting these decreases, the reimbursement to GOE is expected to increase by $2.3 million. Reporting fees will increase $1.9 million and work-study costs are expected

increase $513 thousand. State Approving Agencies are expected to increase $42 thousand.

Obligations are expected to increase $368 million from 2011 to 2012 due to the following:

Post 9-11 GI Bill (Chapter 33)
Chapter 33 benefits are anticipated to increase nearly $541.6 million in 2012. An anticipated 19,979 additional trainees will result in an increase in obligations of $321.6 million. The COLA will increase obligations $221.6 million. A slight decrease in average payment unrelated to the COLA results in a decrease of $1.6 million in obligations.

All-Volunteer Force Educational Assistance Program (Chapter 30)
The decrease of $264.1 million in chapter 30 obligations is primarily attributed to continued enrollment of chapter 33. The caseload is expected to decrease by 49,442 trainees, due to more participants electing chapter 33. The drop in caseload results in a $361.3 million decrease in obligations. This decrease is partially offset by both the COLA, which will increase obligations $53.9 million, and anticipated increase in the average payment excluding the COLA, resulting in an increase of $43.3 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be nearly $18.0 million. Estimated caseload is expected to increase by 1,770 for children, increasing obligations $10.9 million. Caseload for spouses is expected to remain constant. The COLA is expected to increase obligations $7.1 million. There are no expected changes in the average benefit unrelated to COLA.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
An increase in obligations attributed to chapter 1606 is expected to be $20.1 million. Of this total, $16.9 million is due to an estimated increase of 5,761 reservist trainees. The COLA is expected to increase obligations $3.2 million. No change in average payment unrelated to the COLA is anticipated for 2012.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Obligations for chapter 1607 are expected to decrease by $3.0 million. A decrease in obligations of $4.2 million is due to a decrease of 1,144 trainees. The COLA is expected to increase obligations $1.1 million. There are no expected changes in the average benefit unrelated to COLA.

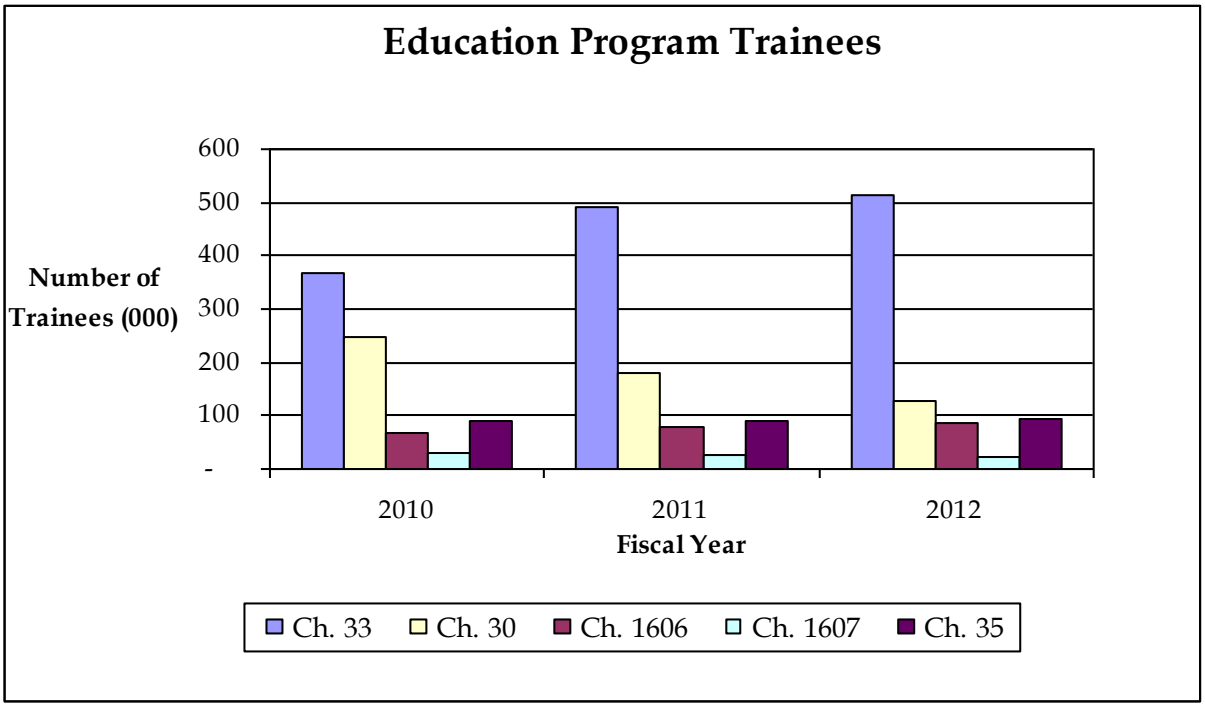
Vocational Rehabilitation and Employment (Chapter 31)
The increase in chapter 31 obligations is expected to be $42.6 million from 2011 to 2012. The COLA is expected to increase obligations by $35.4 million. Caseload is expected to increase by 745, increasing obligations by $7.3 million. Average payment unrelated to the COLA will decrease slightly lowering obligations by $78 thousand.

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 70 in 2012 resulting in a $3.5 million increase in obligations. The Cost of Construction Index is expected to increase obligations for housing grants by $3.6 million. An increase of $10.3 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability. Obligations for automobile grants remain constant.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $4.2 million. Reimbursement to GOE will decrease $2.3 million and work-study is expected to decrease $1.1 million. Tuition Assistance is expected to drop $426 thousand due to the continued transition from chapter 30 to chapter 33 benefits. For the same reason, Licensing and Certification will decrease by $158 thousand. Reporting fees will decrease $205 thousand and National Exams will decrease $5 thousand. State Approving Agencies and National Call to Service will remain constant.

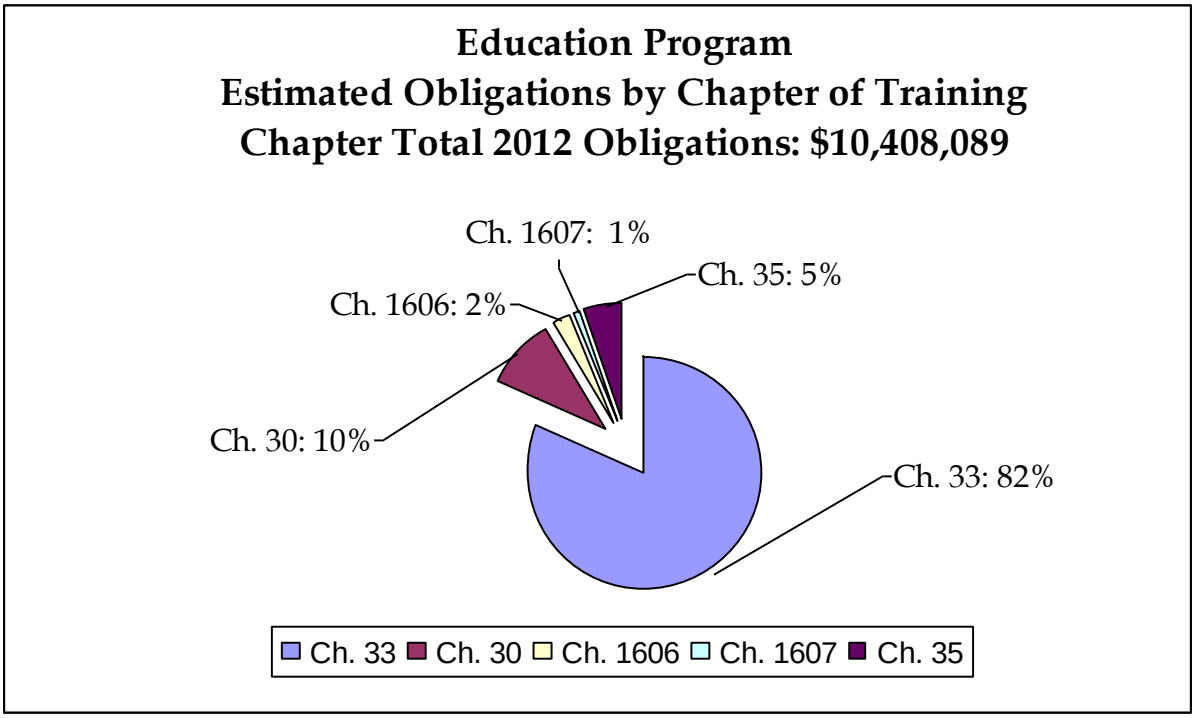
Education Program Highlights

In 2010, education benefit obligations of over $8.2 billion provided benefits to 801,242 trainees (excluding Tuition Assistance payments). Education obligations will continue to increase, reaching over $10.6 billion in 2012. In 2012, we anticipate the number of education program trainees to reach to 842,999. Chapter 30 and chapter 1607 trainees and benefits are expected to continue to move into chapter 33. Chapter 1606 will not be impacted by chapter 33 and will continue to experience historical trends. The chart below shows the anticipated trend, based on actual data from 2010 and prior years, in cumulative trainees for each education program.



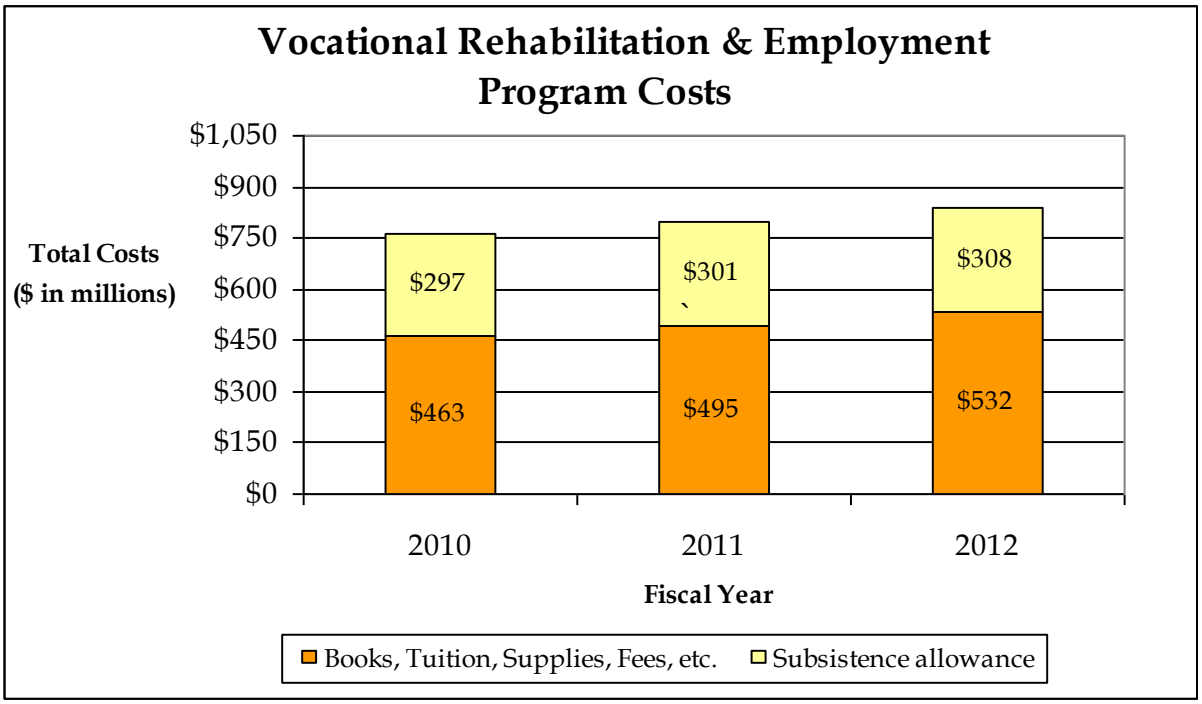
The average cost per trainee is highest for chapter 33, reaching $16,527 in 2012. Chapter 30 average costs per trainee ($8,061 by 2012) are less than chapter 33, causing the majority of eligible trainees to transfer programs. Chapter 1606, chapter 1607, and chapter 35 average benefits ($2,970, $3,691, and $5,968 by 2012, 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 2010, chapter 33 became the largest education program, and is expected to reach 512,752 trainees in 2012, accounting for nearly 82 percent of total training obligations. Prior to 2010, Chapter 30 was largest education program, but workload reduces to 129,153 trainees and 10 percent of education funding by 2012. Chapter 1606 and chapter 1607 account for 2 percent and 1 percent of funding in 2012, respectively. Chapter 35 remains at a historical size and represents 5 percent of education obligations.

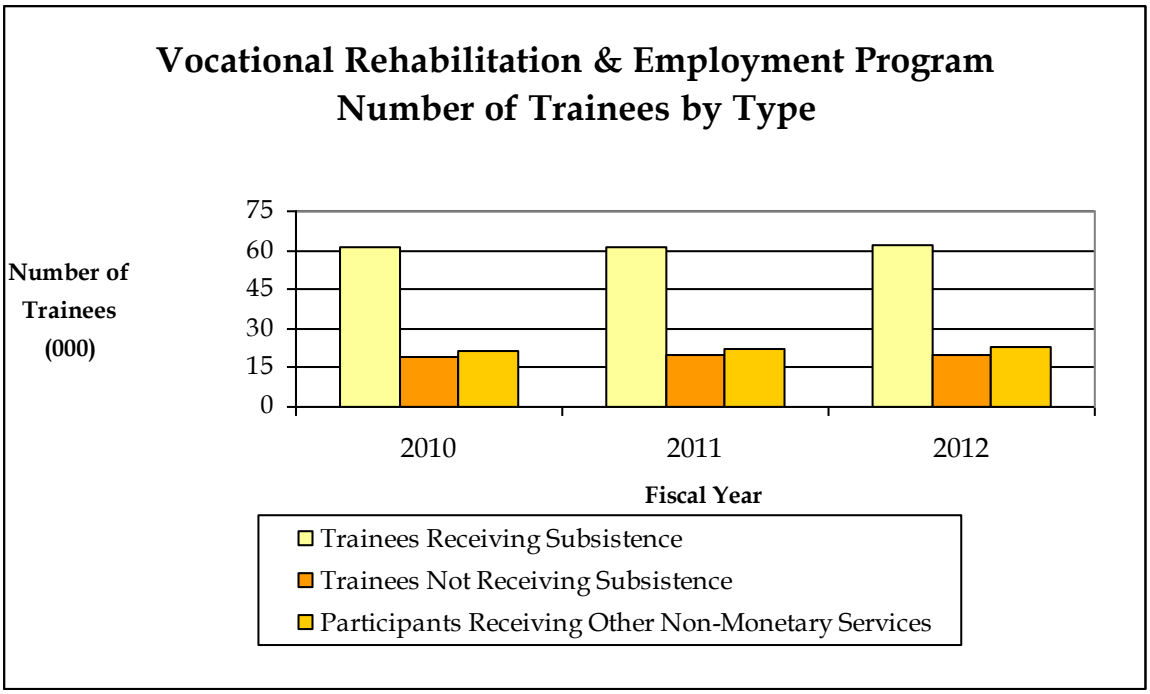


Vocational Rehabilitation & Employment Program Highlights

The number of participants receiving direct benefits in the program increased to 80,589 in 2010 and is expected to reach 81,842 by 2012. Program costs were $760.5 million in 2010 and will increase to $839.5 million in 2012. VR&E participation is contingent on individuals having a compensable service-connected disability. Based on historical trends, the average degree of disability will continue to increase. Despite some migration of participants to chapter 33, program use will continue to increase.



Participation and average cost per participant will continue to increase through 2012. Books, tuition, and supplies, coupled with subsistence allowance, accounted for 99 percent of program costs in 2010.



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 accounts for over 36 percent of the costs. 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 résumé 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)									
	2010			2011			2012		
	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations
Total chapters 33, 30, 1606, 1607, 35, 31	880,777	$ 9,675	$ 8,521,107	947,172	$ 11,499	$ 10,891,631	924,841	$ 12,162	$ 11,247,631
All-volunteer force educational assistance:									
Chapter 33	365,640	$ 14,466	$ 5,289,393	492,773	$ 16,096	$ 7,931,627	512,752	$ 16,527	$ 8,474,080
Chapter 30-total	247,075	$ 6,717	$ 1,659,694	178,595	$ 7,309	$ 1,305,270	129,153	$ 8,061	$ 1,041,133
Veterans	231,660	$ 6,909	$ 1,600,618	166,650	$ 7,536	$ 1,255,868	119,884	$ 8,339	$ 999,678
Servicepersons	15,415	$ 3,832	$ 59,077	11,945	$ 4,136	$ 49,401	9,269	$ 4,472	$ 41,455
Reservists (1606)	67,381	$ 2,897	$ 195,223	78,666	$ 2,932	$ 230,630	84,427	$ 2,970	$ 250,739
Reservists (1607)	30,281	$ 3,600	$ 109,026	24,929	$ 3,644	$ 90,834	23,785	$ 3,691	$ 87,791
Education and training:									
Dependents total	89,811	$ 5,648	$ 507,294	91,112	$ 5,887	$ 536,378	92,882	$ 5,968	$ 554,346
Sons and daughters-total	75,437	$ 5,850	$ 441,306	75,775	$ 6,135	$ 464,848	77,545	$ 6,214	$ 481,886
College	72,737	$ 5,837	$ 424,579	72,981	$ 6,133	$ 447,623	74,751	$ 6,213	$ 464,437
Bellow College Level	2,616	$ 6,187	$ 16,184	2,710	$ 6,224	$ 16,868	2,710	$ 6,305	$ 17,087
On-the-job-training	84	$ 6,466	$ 543	84	$ 4,246	$ 357	84	$ 4,301	$ 361
Spouses and widows (ers)-total	14,374	$ 4,591	$ 65,988	15,337	$ 4,664	$ 71,530	15,337	$ 4,725	$ 72,460
College	13,475	$ 4,607	$ 62,085	14,386	$ 4,701	$ 67,622	14,386	$ 4,762	$ 68,502
Bellow College Level	774	$ 4,927	$ 3,813	826	$ 4,647	$ 3,840	826	$ 4,707	$ 3,890
Correspondence	115	$ 356	$ 41	115	$ 209	$ 24	115	$ 212	$ 24
On-the-job-training	10	$ 4,847	$ 48	10	$ 4,390	$ 44	10	$ 4,447	$ 44
Chapter 31	80,589	$ 9,436	$ 760,476	81,097	$ 9,826	$ 796,892	81,842	$ 10,258	$ 839,541
Tuition Assistance	15,695	$ 936	$ 14,684	500	$ 853	$ 426	0	$ -	$ -
Licensing and Certification Tests	3,120	$ 403	$ 1,258	1,660	$ 381	$ 633	1,230	$ 386	$ 475
Work-study	16,993	$ 1,617	$ 27,470	17,310	$ 1,617	$ 27,983	16,626	$ 1,617	$ 26,877
State Approving Agencies			$ 18,958			$ 19,000			$ 19,000
Reporting Fees			$ 4,467			$ 6,411			$ 6,206

Note: total caseload is not a count of unique individuals. Trainees switching chapters are counted in each chapter they trained in during the fiscal year. Total average benefit is skewed based on double counting.

Recent Legislation

The Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (P.L. 111-377)

The President signed P.L. 111-377 into law on January 4, 2011. Due to the timing of P.L. 111-377, it was not incorporated into this budget and will be incorporated into the next budget submission.

P.L. 111-377 amends the Post-9/11 GI Bill benefit program 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 institution of higher learning (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, on the job (OJT) training, apprenticeship training, flight program, or a correspondence program
- Allowing individuals to be reimbursed for licensure and certification exams and national exams
- Modifying the amount of supplemental education benefits or 'kickers' an individual may receive 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 education benefit and entitlement programs
- Expanded the delimiting date extension authority for Montgomery GI Bill (chapter 30) 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 Post-9/11 GI Bill 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

Proposed Legislation for 2012 Budget

Vocational Rehabilitation for Servicemembers

This proposal seeks to amend Public Law 110-181, the National Defense Authorization Act for Fiscal Year 2008, by extending an existing delimiting date in Section 1631(b)(2) from December 31, 2012 to December 31, 2015. Section 1631(b)(2), provides authority under which Servicemembers with serious illnesses or injuries who have not yet received VA service-connected disability compensation ratings may receive the same vocational rehabilitation benefits (except subsistence allowance) to which Veterans may be entitled. Because of the nature of their illnesses or injuries, these individuals would normally expect to receive VA disability ratings after separation from military service that would qualify them for vocational rehabilitation services. The Veterans Benefits Administration (VBA) estimates that enactment of this provision does not result in mandatory benefit costs or savings.

Promotion of Employment and Training Opportunities for Veterans Participating in the Vocational Rehabilitation and Employment Program
Under this proposal, VA would be able to expand eligibility for incentives paid to employers who provide training and employment opportunities for Veterans with service-connected disabilities who may be difficult to place in suitable jobs. The proposed amendment would remove the existing requirement that a Veteran must have been rehabilitated to the point of employability before employers may qualify for incentive payments. Benefit costs are estimated to be $276 thousand during the first year, $1.4 million for five years, and $3.0 million over ten years.

Index Temporary Residence Adaptation (TRA) Grants
Under this proposal, VA would adjust annually the amounts of the Temporary Residence Adaptation (TRA) assistance available pursuant to 38 U.S.C. § 2102A(b) to keep pace with a cost-of-construction index in the same manner as the Specially Adapted Housing (SAH) grants authorized by § 2101(a) and (b). No benefit costs are expected for this proposal as the TRA grants are currently counted toward the maximum allowable SAH grant amounts under Chapter 21 of Title 38, United States Code.

Extend Authority to issue Temporary Residence Adaptation (TRA) Grants
Amend 38 U.S.C. § 2102A(e) to extend from December 31, 2011, to December 31, 2021, VA's authority to issue Temporary Residence Assistance (TRA) grants to provide temporary Specially Adapted Housing (SAH) assistance to an eligible individual who is residing in a home owned by a family member. No benefit costs are expected for this proposal as the TRA grants are currently counted toward the maximum allowable SAH grant amounts under Chapter 21 of Title 38, United States Code.

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 $3,019,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $343,000, which may be paid to the appropriation for "General operating expenses".

Summary of Net 2012 Estimates
(dollars in thousands)

	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	$362	$362	$0	$0
Direct Loan Financing Account	0	0	-54	-54
Total	$362	$362	-$54	-$54

Summary of Budget Request

An appropriation of $362,000 is being requested to provide subsidy payments of $19,000 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse $343,000 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)					
		2011			
	2010 Actual	Budget Estimate	"CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$29	$48	$29	$19	-$10
Upward Reestimate	121	0	190	0	-190
Interest on Reestimates	58	0	5	0	-5
Administrative expenses	328	337	328	343	+15
Total obligations	**$536**	**$385**	**$551**	**$362**	**-$189**
Unobligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	0	0	0	0	0
Budget authority (net)	**$536**	**$385**	**$551**	**$362**	**-$189**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	0	0	0	0	0
Outlays (net)	**$536**	**$385**	**$551**	**$362**	**-$189**
Workload:					
Number of loans established	2,766	3,286	1,995	3,215	+$449
Average loan amount (dollars)	$819	$926	$926	$939	+$120
Total Loan Amount	$2,266	$3,042	$1,847	$3,019	+$752
Loan subsidy rate	1.27%	1.57%	1.57%	0.63%	-0.64%
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 decreases by 0.64 percent in 2012. Approximately 3,215 loans are expected to be made in 2012, with an average loan amount of $939, resulting in a $3.019 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 $343,000 is requested for 2012.

Changes from Original 2011 Budget Estimate

In 2011, the "CR" Vocational Rehabilitation Program Account budget authority of $551,000 is an increase of $166,000 from the original 2011 budget estimate. This is the result of an increase of $194,000 in upward reestimates, a decrease of $19,000 in subsidy and a decrease of $9,000 in Administrative expenses.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2011 "CR"	2012 Estimate
Prior year outlays (net)	$536	$551
Increases (+) and Decreases (-)		
Loan Subsidy	$0	-$10
Upward Reestimates	+15	-194
Administrative expense	0	+15
Change in obligated balance/other	0	0
Net Change	**+$15**	**-$189**
Estimated Outlays (net)	$551	$362

In 2011, outlays are projected to increase by $15,000, due to an increase in upward reestimates of $15,000 ($194,000 vs. $179,000). The subsidy is also expected to increase from 1.27 percent to 1.57 percent.

In 2012, outlays will decrease by $189,000, primarily due to lower subsidy upward reestimates ($0 vs. $194,000). The 2012 upward reestimates will not be calculated until the end of 2011 and will be shown in the 2013 Congressional Budget submission. Also contributing to the decrease is a decrease in subsidy from 2011 to 2012 of $10,000. The decrease in outlays is slightly offset by an increase in administrative expenses of $15,000 from the 2011 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			
	2010 Actual	**Budget Estimate**	**"CR" Estimate**	**2012 Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Direct loans	$2,266	$3,042	$1,847	$3,019	+$1,172
Downward Reestimates	196	0	44	0	-44
Interest on Treasury borrowings	43	0	0	0	0
Total obligations	**$2,506**	**$3,042**	**$1,891**	**$3,019**	**+$1,128**
Unobligated Balance:					
Start of year	$213	$0	$0	$0	$0
End of year	202	0	0	0	0
Obligated Balance:					
Start of year	$8	$8	$3	$3	$0
End of year	3	8	3	3	0
Offsetting Collections:					
Loan Repayments	$2,606	$2,737	$1,631	$3,028	+ $1,397
Interest on Un-invested Funds	19	24	24	25	+1
Payments from Program Account	29	48	29	19	-10
Upward Reestimate	179	0	194	0	-194
Total offsetting collections	**$2,839**	**$2,809**	**$1,878**	**$3,072**	**+$1,194**
Financing:					
Financing authority, net	-$260	$233	+$12	-$54	-$66
Financing disbursements, net	-$244	$233	+$12	-$54	-$66

Summary of Off-Budget Financing Account

Approximately $3.019 million in direct loans is expected for 2012, an increase of $1.2 million from the 2011 level. The increase is due to a higher number of loans expected to be established (3,215 vs. 1,995) at a lower subsidy rate (0.63 percent vs. 1.57 percent).

Offsetting collections in 2012 are estimated to be $3.1 million, an increase of $1.2 million from the 2011 level. The increase is due primarily to a $1.4 million increase in loan repayments, and is offset by decreases of $194,000 in upward reestimates and $10,000 in subsidy payments from the Vocational Rehabilitation Program

Account. The 2012 reestimates will not be calculated until the end of 2011 and shown in the 2013 Congressional Budget submission.

In 2012, offsetting collections of $3.1 million exceed obligations of $3.0 million, requiring a negative net financing authority of $54,000.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2011 "CR"	2012 Estimate
Prior year Financing Disbursement (net)	-$244	+$12
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	-$419	+$1,172
Downward Reestimates	-153	-44
Interest on Treasury borrowing	-43	0
Offsetting collections		
Loan Repayments	-975	-1,397
Interest on Un-invested Funds	-5	-1
Payments from Program Account	0	+10
Upward Reestimate	-15	+194
Change in obligated balance/other	-84	0
Net Change	**+$256**	**-$66**
Estimated Financing Disbursement (net)	+$12	-$54

In 2011, net financing disbursements will increase by $256,000. This is due primarily to a net decrease in collections that exceeds a net decrease in obligations. The net decrease in obligations of $615,000 is mainly due to a decrease in direct loans of $419,000. There is also a decrease in downward reestimates of $153,000 and a decrease in interest on Treasury borrowing of $80,000. The net decrease in offsetting collections of $871,000 is primarily due to a decrease in loan repayments of $975,000.

In 2012, net financing disbursements will decrease by $66,000. This is due to an increase in net offsetting collections of $1.2 million (driven mainly by an increase of $1.4 million in loan repayments) that exceeds an increase in net obligations of $1.1 million. The 2012 reestimates will be calculated at the end of 2011 and shown in the 2013 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)					
		2011			
	2010 Actual	Budget Estimate	Current Estimate	2012 Estimate	Increase (+) Decrease (-)
Obligations:					
Training	$269	$508	$261	$248	($13)
Section 901 Training PL	$491	$455	$477	$453	($24)
Disenrollments	$736	$738	$669	$602	($67)
Total Obligations	**$1,496**	**$1,701**	**$ 1,406**	**$ 1,302**	**($104)**
Budget Authority (trust fund, indefinite)	**$894**	**$907**	**$719**	**$683**	**($36)**
Outlays	$1,498	$1,728	$1,428	$1,196	($233)
Unobligated balance, start of year	$65,138	$64,275	$64,536	$63,849	($687)
Unobligated balance, end of year	$64,536	$63,481	$63,849	$63,231	($619)
Workload					
Trainee	286	426	277	264	(14)
Section 901 Trainees	22	22	21	20	(1)
Participants, end of year	193,912	192,226	193,152	192,456	(696)
Disenrolllments	548	537	498	448	(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 2012 portion of the cost for VEAP will be over $683 thousand for 284 trainees.

Changes From the Original 2011 Estimate

The current estimated obligations for FY 2010 decreases by $295 thousand associated with 150 fewer trainees. FY 2011 estimates were based on actual FY 2010 experience.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM Analysis of Increases and Decreases (dollars in thousands)		
	2011 Estimate	**2012 Estimate**
Prior year obligations	**$1,496**	**$1,406**
Training	-8	-13
Training Under section 901	-15	-24
Disenrollments	-67	-67
Net change	-90	-104
Estimated obligations	**$1,406**	**$1,302**

Analysis of Increases and Decreases

In 2012, obligations are projected to be over $1.3 million, a decrease of $104 thousand from the 2011 level of over $1.4 million. Training obligations are projected to decline by $13 thousand due to fewer trainees (264 vs. 277) and average payments are expected to remain constant. One fewer Section 901 trainee will result in a decrease in obligations of $24 thousand. Disenrollment obligations are projected to decline by $67 thousand as a result of fewer participants disenrolling (448 vs. 498).

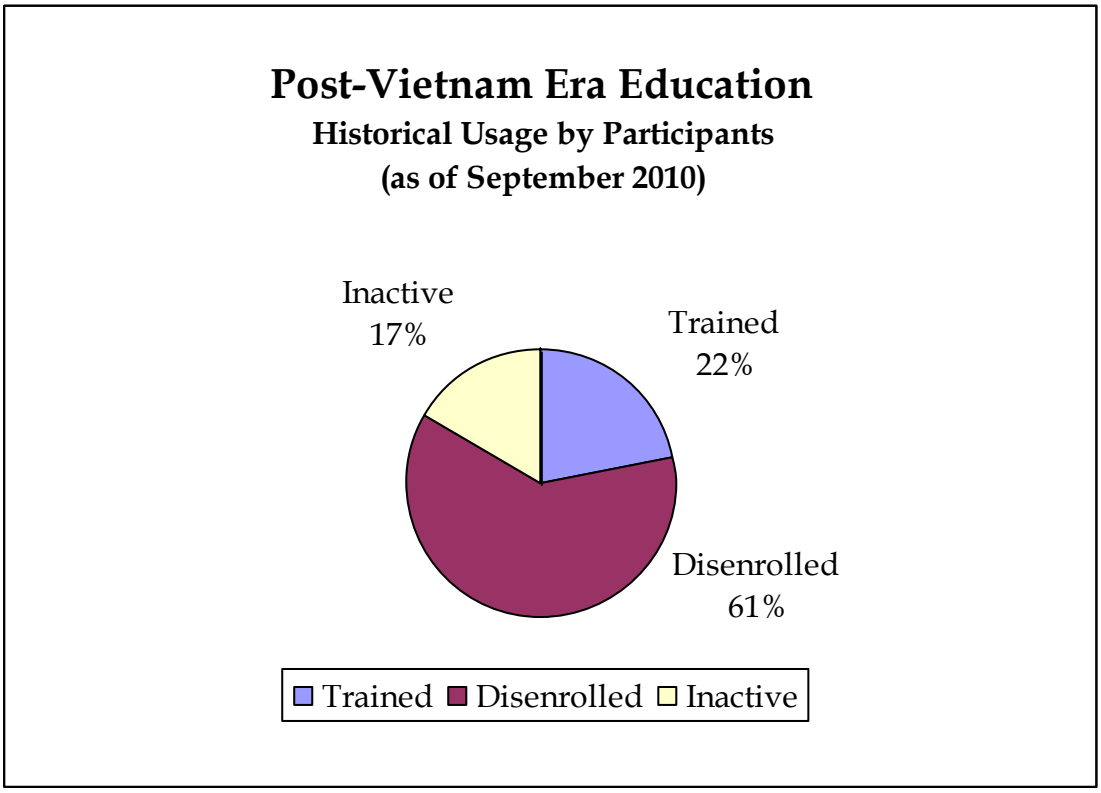
POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM Summary of Workloads & Obligations (dollars in thousands)					
		2011			
	2010 Actual	Budget Estimate	Current Estimate	2012 Estimate	Increase (+) Decrease (-)
Participants, End of Year	193,912	192,226	193,152	192,456	(696)
Trainees	286	426	277	264	(14)
Average per Trainee (whole dollars)	$939	$1,193	$939	$939	0
Obligations for Training	$269	$508	261	248	(13)
Section 901 Trainees	22	22	21	20	(1)
Average per Trainee (whole dollars)	$22,329	$20,827	$22,329	$22,329	0
Obligationes for Section 901	$491	$455	$477	$453	($24)
Disenrollmments	548	537	498	448	(50)
Averages Per trainee (whole dollars)	$1,343	$1,374	$1,343	$1,343	0
Obligations for Disenrollments	$736	$738	$669	$602	($67)
Soucers of budget authority:					
Contributions of Servicepersons	$6	$46	$6	$6	0
Transfers from DoD:					
Matching Payments for Training	$214	$207	$95	$91	($5)
Bonus "Kickers"	$469	$199	$141	$134	($7)
Section 901 Training	$205	$455	$477	$453	($24)
Section 903 Training	0	0	0	0	0
Total Budget Authority	**$894**	**$907**	**$719**	**$683**	**($36)**

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 2012, 264 participants are expected to train under this program resulting in obligations of $248 thousand. In addition, 20 individuals are expected to train under section 901 of PL 96-342 with obligations totaling $453 thousand. During 2012, 448 participants are expected to disenroll from this program and receive $602 thousand in refunds.

Through the end of 2010, a total of 1,163,568 individuals have contributed to the VEAP program. Of these contributors, 257,653 have received some educational assistance; 711,987 have disenrolled and received a refund without receiving educational assistance; 193,912 are in an inactive status, never having received educational assistance or disenrolled, and 16 are currently on active duty and contributing.



This Page Intentionally Left Blank

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 fiscal 2012, 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, $154,680,000.

Total Housing
Summary of Appropriation Highlights
(dollars in thousands)

Housing Program and Liquidating Accounts	2010 Actual	2011 Budget Estimate	2011 "CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Obligations:					
Liquidating Account	$13,015	$8,111	$10,754	$8,936	-$1,818
Program Account	952,191	182,723	1,568,516	473,310	-1,095,206
Total Obligations	**$965,206**	**$190,834**	**$1,579,270**	**$482,246**	**-$1,097,024**
Budget Authority:					
Mandatory, Program Account	$808,096	$19,078	$1,403,434	318,612	-$1,084,822
Mandatory, Liquidating Account	-6,884	-8,027	-7,106	-6,267	+839
Discretionary Program Account	144,095	163,645	165,082	154,698	+10,603
Total Budget Authority (net)	**$945,307**	**$174,696**	**$1,561,410**	**$467,043**	**-$1,094,366**
Outlays:					
Liquidating Account	-$9,892	-$8,027	-$4,742	-$6,267	-$1,525
Program Account	952,191	182,723	1,568,516	473,310	-1,095,206
Total Outlays (net)	**$942,300**	**$174,696**	**$1,563,774**	**$467,043**	**-$1,096,731**

Note: Dollar amounts may not add due to rounding in this and subsequent charts.

Summary of Budget Request

The 2012 appropriation request includes funding for the mandatory and discretionary requirements of the Housing program. The mandatory request of $318.6 million for the Housing program account includes estimated funding for subsidy payments (costs to the government) for the Guaranteed, Loan Sales and Direct Acquired Loan programs. 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 $154.7 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Guaranteed Loan, Guaranteed Loan Sales Securities and Direct Acquired Loan subsidies reflect 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 2012, based on the estimated number of loans guaranteed (263,440) and average loan amount ($218,147), $57.5 billion in guaranteed loans is expected. The subsidy estimate of $201.1 million is based on a subsidy rate of 0.35 percent applied to the total value of loans guaranteed. The rate is calculated after discounting the estimated risk-adjusted net cash flows associated with the loan disbursements 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.

For Guaranteed Loan Sales Securities, based on the estimated number of loans sold (9,858) and the average loan amount ($106,134), loan sales totaling $1.0 billion are estimated to be sold. The subsidy estimate of $112.5 million is based on a subsidy rate of 10.75 percent. 589 Direct Acquired loans are estimated in 2012 at an average loan amount of $207,332, for a total expected loan level of $122.1 million. The subsidy estimate of $5.0 million is based on a subsidy rate of 4.09 percent. Both Loan Sales Securities and Direct Acquired subsidy rates are calculated in a similar manner to Guaranteed Loans, using the same discount rates.

The Guaranteed Transitional Housing budget for fiscal year 2012 requires no funding for guaranteed transitional housing loan obligations.

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. 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 and Public Law 110-389 § 501, the guaranty amount from January 1, 2009 through December 31, 2011 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;
- 25 percent for loans in excess of $144,000 up to $417,000 or;
- The lesser of 25 percent of the loan amount or the maximum guaranty amount for loans greater than $417,000. The maximum guaranty amount varies depending on the location of the property.
  (1) For all locations in the United States other than Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the maximum guaranty amount is the greater of 25 percent of (a) $417,000 or (b) 125 percent of the area median price for a single-family residence, but in no case will the guaranty exceed $273,656.25.
  (2) In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the maximum guaranty amount is the greater of 25 percent of (a) $625,500 or (b) 125 percent of the area median price for a single-family residence, but in no case will the guaranty exceed $410,484.38.
  (3) The maximum guaranty amounts set forth above will be adjusted October 1, 2011 and will affect loans closed on October 1, 2011 through December 31, 2011.
  (4) Beginning with loans closed on January 1, 2012, the maximum guaranty amounts will be based on the Freddie Mac county loan limits as determined under 12 U.S.C. § 1454(a)(2).

Assisting borrowers experiencing financial difficulties is critical to VA. Loan servicers and VA take aggressive intervention actions when loans are more than 60 days delinquent. Benefits of assisting borrowers in default include the Veteran retaining his or her home and averting the impact of foreclosure. These intervention actions also result in cost avoidance 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.

Loan Fee Structure for Guaranteed Loans		
	Veterans	**Reservists**
First Time Use		
Down payment:		
Less than 5 percent:		
- Before January 1, 2004	2.00%	2.75%
- January 1 until October 1, 2004	2.20%	2.40%
- October 1, 2004 until October 1, 2011	2.15%	2.40%
- On or after October 1, 2011	1.40%	1.65%
At least 5 percent but less than 10 percent:		
- Before October 1, 2011	1.50%	1.75%
- On or after October 1, 2011	0.75%	1.00%
10 percent or more:		
- Before October 1, 2011	1.25%	1.50%
- On or after October 1, 2011	0.50%	0.75%
Second and Subsequent Use		
Down payment:		
Less than 5 percent:		
- Before January 1, 2004	3.00%	3.00%
- January 1, 2004 until October 1, 2006	3.30%	3.30%
- October 1, 2006 until October 1, 2007	3.35%	3.35%
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 1, 2013	2.15%	2.15%
- On or after October 1, 2013	1.25%	1.25%
At least 5 percent but less than 10 percent	1.50%	1.75%
10 percent or more	1.25%	1.50%
Refinancing Loans		
Interest rate reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected veterans	0.00%	N/A

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 executed and no additional program account dollars are required to service the one existing loan.

Housing Liquidating and Program Accounts
Summary of Appropriation Highlights
(dollars in thousands)

	2010 Actual	2011		2012 Estimate	Increase (+) Decrease (-)
		Budget Estimate	"CR" Estimate		
Liquidating:					
Program Obligations	$13,015	$8,111	$10,754	$8,936	-$1,818
Unobligated Balance:					
Start of year	5,118	0	2,163	0	-2,163
End of year	2,163	0	0	0	0
Transfer to General Fund	-11,860	-8,027	-9,269	-6,267	+3,003
Offsetting Collections	21,991	16,138	17,861	15,203	-2,658
Budget Authority (net)	-6,884	-8,027	-7,106	-6,267	+839
Outlays (net)	-9,892	-8,027	-4,742	-6,267	-1,525
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	$0	$0	$0	$201,140	+$201,140
Veterans Housing Loan Sales	5,486	19,078	19,794	112,479	+92,685
Veterans Housing Direct Acquired	0	0	0	4,993	+4,993
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	673,910	0	1,263,599	0	-1,263,599
Veterans Housing Loan Sales	14,036	0	32,592	0	-32,592
Veterans Housing Direct Acquired	114,565	0	82,576	0	-82,576
Veterans Housing Direct Vendee	98	0	4,873	0	-4,873
Administrative Expenses:					
Veterans Benefits Administration	119,959	135,987	137,162	136,005	+16,046
General Counsel	5,244	5,354	5,284	5,021	-223
Information Technology	18,892	22,305	22,636	13,672	-5,220
Obligations	**$952,191**	**$182,723**	**$1,568,516**	**$473,310**	**-$1,095,206**
Unobligated Balance:					
Unobligated Balance Expiring	$0	$0	$0	$0	$0
Start of year	43,387	43,387	43,387	43,387	0
End of year	43,387	43,387	43,387	43,387	0
Budget Authority (net)	**$952,191**	**$182,723**	**$1,568,516**	**$473,310**	**-$1,095,206**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	0	0	0	0	0
Outlays (net)	**$952,191**	**$182,723**	**$1,568,516**	**$473,310**	**-$1,095,206**
Total Obligations	**$965,206**	**$190,834**	**$1,579,270**	**$482,246**	**-$1,097,024**
Budget Authority:					
Appropriation, mandatory	$808,096	$19,078	$1,403,434	$318,612	-$1,084,822
Appropriation, discretionary	144,095	163,646	165,082	154,698	+10,603
Liquidating Account	-6,884	-8,027	-7,106	-6,267	+839
Total Budget Authority (net)	**$945,307**	**$174,696**	**$1,561,410**	**$467,043**	**-$1,094,366**
Total Outlays (net)	**$942,300**	**$174,696**	**$1,563,774**	**$467,043**	**-$1,096,731**

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated $15.2 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). Obligations for 2012 are estimated at $8.9 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 $473.3 million is requested for the Housing Program Account for 2012 to provide funding for administrative expenses of $154.7 million and subsidy payments of $318.6 million to the Guaranteed Loan Financing Account, the Guaranteed Loan Sales Financing Account and the Direct Acquired Loan Financing Account. A subsidy appropriation is not required for the Direct Vendee Loan program, which has a negative subsidy rate in 2012. 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 2012. 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 2011 Budget Estimate

Current "CR" 2011 Housing Program Account budget authority of $1.6 billion is an increase of $1.4 billion from the original 2011 budget estimate. This is primarily the result of an increase of $1.4 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)

	2011 "CR"	2012 Estimate
Prior Year Outlays	$942,300	$1,563,774
Liquidating:		
Liquidating Obligations	-$2,260	-$1,818
Liquidating Collections	+4,130	+2,658
Liquidating Change in Obligated Balance	+3,351	-2,364
Change in Uncollected Customer Payments	-71	0
Housing Program:		
Guaranteed Loan Subsidy	0	+201,140
Loan Sales Loan Subsidy	+14,308	+92,685
Direct Acquired Loan Subsidy	0	+4,993
Transitional Housing Loan Subsidy	0	0
Upward reestimate, with interest:		
Guaranteed Loans	+589,689	-1,263,599
Loan Sales Securities	+18,556	-32,592
Direct Acquired Loans	-31,989	-82,576
Direct Vendee Loans	+4,774	0
Change in Obligated Balances/other	0	-4,873
Administrative Expenses	+20,987	-10,384
Net Change	**+$621,474**	**-$1,096,731**
Estimated Outlays (net)	**$1,563,774**	**$467,043**

Outlays for mandatory programs in 2011 are projected to increase by $621.5 million from the 2010 level. This is primarily due to an increase of $613.0 million in upward reestimates for the Guaranteed Loan, Loan Sale Securities, and Direct Vendee Loan programs. Additionally, there is an increase of $14.3 million in Loan Sales Loan Subsidy, and an increase of $21.0 million in Administrative Expenses. These increases are slightly offset by a decrease of $32.0 million in upward reestimates for Direct Acquired Loans.

Outlays for mandatory programs in 2012 are currently projected to decrease by $1.1 billion from 2011. This is primarily due to a decrease of $1.4 billion in upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired Loans programs. The 2012 upward reestimates will not be calculated until the end of 2011 and will be shown in the 2013 Congressional Budget submission. Also contributing to the decrease is a decrease in Administrative Expenses of $10.4 million. The 2012 outlay decrease is slightly offset by an increase in subsidy of $298.8 million for the Guaranteed Loan, Loan Sales Securities and Direct Acquired Loan programs.

Financing Accounts – Non-Budgetary Financial Summary (dollars in thousands)					
		2011			
	2010 Actual	Budget Estimate	"CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Guaranteed Loans:					
Obligations	$3,405,657	$2,173,492	$2,419,655	$2,204,035	-$215,620
Collections	3,075,165	2,553,877	3,735,233	2,371,112	-1,364,121
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	111,744	-385,262	-1,095,712	-167,350	+928,363
Loan Sales Securities:					
Obligations	$272,477	$963,057	$998,559	$1,053,918	+$55,359
Collections	249,929	993,436	1,066,000	1,097,897	+31,897
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	23,182	-30,379	-68,075	-43,979	+24,097
Direct Loans:					
Obligations	$386,024	$1,320,117	$1,225,565	$1,367,682	+$142,117
Collections	477,045	1,093,623	1,172,033	1,169,745	-2,287
Financing Authority (net)	62,490	226,494	53,532	197,936	+144,404
Financing Disbursements (net)	-63,181	226,369	46,579	194,948	+148,369
Transitional Housing Loans:					
Obligations	$516	$248	$334	$4	-$331
Collections	511	313	256	197	-59
Financing Authority (net)	-29	-59	-30	-3	+27
Financing Disbursements (net)	-5	-64	78	-194	-272
Housing Financing Accounts Totals:					
Obligations	$4,064,674	$4,456,914	$4,644,113	$4,625,638	-$18,475
Collections	3,802,651	4,641,248	5,973,522	4,638,951	-1,334,571
Financing Authority (net)	62,461	226,435	53,502	197,933	+144,431
Financing Disbursements (net)	71,739	-189,335	-1,117,130	-16,574	+1,100,556

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a subsidy rate of 0.35 percent in 2012 and will require $201.1 million in subsidy to guarantee 263,440 Veterans Housing loans, totaling $57.5 billion. Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, included some changes to the Loan Guaranty Program. The Act extends the authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30,

2012. The Act also increases the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans can now be made up to 100 percent of the appraised value of the home. Lastly, the Act extends the increase to the maximum guaranty from January 1, 2009 through December 31, 2011.

Public Law 111-275, the Veterans' Benefits Improvement Act of 2010 became effective October 13, 2010. Section 204 of the Act allows the housing program to originate loan guarantees without funding fees for Veterans with service connected disabilities called to active duty.

$112.5 million (on-budget) in Loan Sales subsidy for 2012 is required to finance 9,858 loan commitments at a subsidy rate of 10.75 percent, totaling $1.0 billion. The Veterans Housing Direct Acquired Loan Program has a subsidy rate of 4.09 percent in 2012 and will require $5.0 million in subsidy to finance 589 loans, totaling $122.1 million. The Veterans Housing Direct Vendee Loan Program has a negative subsidy rate in 2012 and will not require any subsidy to finance 5,111 loans, totaling $1.1 billion. VA will continue to refund or acquire guaranteed loans based on current laws and normal operating procedures.

Analysis of Financing Account Increases and Decreases
Non-Budgetary Disbursements
(dollars in thousands)

Financing	2011 "CR"	2012 Estimate
Prior Year Net Disbursements	$71,739	-$1,117,130
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	-$986,002	-$215,620
Offsetting collections	-660,068	+1,364,121
Change in obligated balances	+472,135	-220,138
Change in Uncollected Customer Payments	-33,521	0
Loan Sales Securities:		
Obligations	+726,083	+55,359
Offsetting collections	-816,070	-31,897
Change in obligated balances	-1,270	+635
Change in Uncollected Customer Payments	0	0
Direct Loans:		
Obligations	+839,541	+142,117
Offsetting collections	-694,987	+2,287
Change in obligated balances	-33,914	+3,964
Change in Uncollected Customer Payments	-879	0
Transitional Housing Loans:		
Obligations	-182	-331
Offsetting collections	+256	+59
Change in obligated balances	+10	0
Change in Uncollected Customer Payments	0	0
Net Change	**-$1,188,869**	**+$1,100,556**
Estimated Net Disbursements	-$1,117,130	-$16,574

In 2011, total financing net disbursements (outlays) are projected to decrease by $1.2 billion, mostly due to an increase in overall offsetting collections that exceeds an increase in overall obligations. Net disbursements for Guaranteed Loans are estimated to decrease by $1.2 billion, due to an increase in offsetting collections of $660.1 million and a decrease in obligations of $986.0 million. Net disbursements for Loan Sales Securities are estimated to decrease by $91.3 million, due to an increase in offsetting collections of $816.1 million that exceeds an increase in obligations of $726.1 million. These decreases are slightly offset by an increase of $109.8 million in Direct Loan net disbursements.

In 2012, total financing net disbursements (outlays) are projected to increase by $1.1 billion, mainly due to a net decrease in overall offsetting collections that exceeds a net decrease in overall obligations. Net disbursements for the GLFA are currently

projected to increase $928.4 million in 2012, primarily due to a decrease in offsetting collections of $1.4 billion and slightly offset by a decrease in obligations of $215.6 million. Net disbursements for Direct Loans are projected to increase by $148.4 million, primarily due to an increase in obligations of $142.1 million. For Loan Sales Securities, an increase in net disbursements of $24.1 million is expected in 2012, due to an increase in obligations of $55.4 million that exceeds an increase in offsetting collections of $31.9 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 2011 and shown in the 2013 Congressional Budget submission.

Loan Data Summary
(dollars in thousands)

	2010 Actual	2011 Budget Estimate	2011 "CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	-0.17%	-0.31%	-0.31%	0.35%	+0.66%
Number of guaranteed loans	303,701	240,117	319,217	263,440	-55,777
Amount of guaranteed loans	$63,139,583	$53,570,035	$68,407,260	$57,468,626	-$10,938,634
Average loan amount (full dollars)	$207,900	$223,100	$214,297	$218,147	+$3,850
Loan Sales Securities:					
Subsidy rate	2.42%	2.00%	2.00%	10.75%	+8.75%
Guaranteed loans sold:					
Number of loans sold	2,190	12,249	9,456	9,858	+403
Amount of loans sold	$226,696	$953,892	$989,711	$1,046,320	+$56,608
Average loan amount (full dollars)	$103,514	$77,873	$104,669	$106,134	+$1,465
Gross proceeds from sale	$229,379	$963,172	$999,372	$970,399	-$28,973
Direct Loans:					
Acquired Loans:					
Subsidy rate	-10.15%	-0.13%	-0.13%	4.09%	+4.22%
Number of Loans	36	543	500	589	+89
Total amount of loans	$5,844	$92,291	$100,764	$122,068	+$21,304
Average loan amount (full dollars)	$162,326	$169,970	$201,528	$207,332	+$5,805
Vendee Loans:					
Subsidy rate	-4.45%	-2.42%	-2.42%	-2.12%	+0.30%
Number of Loans	1,081	7,112	4,567	5,111	+544
Total amount of loans	$227,750	$1,009,843	$980,836	$1,113,710	+$132,874
Average loan amount (full dollars)	$210,685	$141,988	$214,753	$217,899	+$3,145
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

Proposed Legislation for 2012 Budget

Amend Funding Fee Waiver Requirements
Amend 38 U.S.C. § 3729 (c) to allow individuals to receive a fee waiver if they have a memo disability rating issued during a pre-discharge program based on existing medical evidence, such as service treatment records, rather than a pre-discharge examination. This change will allow all Veterans and Servicemembers who are entitled to a fee waiver, including seriously injured individuals who cannot undergo an examination, to proceed with purchasing a home without having to pay a VA funding fee. The enactment of this proposal would result in no additional loan subsidy costs.

Two-Year Extension of Vendee Loan Pooling Authority
Amend 38 U.S.C. § 3720(h)(2) to extend from December 31, 2011, to December 31, 2013, the Secretary's existing authority to issue and guarantee the timely payment of principal and interest on certificates or other securities evidencing an interest in a pool of mortgage loans made in connection with the sale of Department of Veterans Affairs (VA) acquired properties. This would allow VA to obtain the best pricing for the securitized loans and to continue selling loans at a greater return without any additional risk. The estimated loan subsidy savings that would result from enactment of this proposal is $177.9 million over the period FY2012-FY2014.

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.

First Lien Exemption for Public Entities
Legislation will be proposed to expand the exemption from the first lien requirement in 38 U.S.C. § 3703(d)(3) beyond private entities to include a public entity that has provided, or will provide, assistance in response to a major disaster as determined by the President under the Disaster Relief and Emergency Assistance Act (42 U.S.C. §§ 5121, et seq.) This would provide VA with the administrative flexibility necessary to authorize the subordination of its guaranteed and direct loans to public disaster relief agencies, so that Veterans would have more options in the types of assistance available. No significant costs are anticipated.

Two-Year Extension of Authority to Transfer Certain Acquired Properties to Nonprofit Organizations

Amend 38 U.S.C. § 2041(c) to extend, through December 31, 2013, the Secretary's existing authority to enter into agreements with homeless providers for the purpose of selling, leasing, or donating homes acquired through the guaranteed loan program. Under current law, this authority is set to expire on December 31, 2011. This would allow the Secretary to use homes acquired through the guaranteed loan program to help provide shelter to homeless veterans. VA estimates the loan subsidy costs as insignificant.

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, $1,116,000.

Summary of Net 2012 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	$1,116	$1,116	$0	$0
Direct Loan Financing Account	0	0	8,178	9,680
Total	**$1,116**	**$1,116**	**$8,178**	**$9,680**

Summary of Budget Request

An appropriation of $1.116 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 2012 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 make direct loans to Veterans who are members of Federally-recognized tribes to purchase, construct, or improve homes located on Federal trust lands, or to refinance a loan previously made under this program to lower the interest rate. These homes must be occupied as the primary residence.

The potential maximum loan amount under this authority ranges from $417,000 in standard areas up to $1,641,937.50 in high cost areas. Veterans pay a funding fee of 1.25 percent of the loan amount but Veterans with service-connected disabilities 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)					
		2011			
	2010 Actual	Budget Estimate	"CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Obligations					
Loan modification subsidy	$0	$0	$0	$0	$0
Upward reestimates, including interes	1,454	0	4,508	0	-4,508
Administrative expenses:					
Veterans Benefits Administration	644	687	644	1,096	+452
General Counsel	20	20	20	20	0
Total administrative expenses	664	707	664	1,116	+452
Total obligations	**$2,118**	**$707**	**$5,172**	**$1,116**	**-$4,056**
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)	**$2,118**	**$707**	**$5,172**	**$1,116**	**-$4,056**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	0	0	0	0	0
Outlays (net)	**$2,118**	**$707**	**$5,172**	**$1,116**	**-$4,056**
Financing:					
Appropriation, discretionary	$664	$707	$664	$1,116	+$452
Mandatory Indefinite	1,454	0	4,508	0	-4,508
Workload:					
Number of direct loans established	108	60	147	60	-87
Average direct loan amount (dollars)	$146,246	$151,210	$147,709	$149,776	+$2,068
Amount of direct loans established	$15,795	$9,073	$21,713	$8,987	-$12,727
NA direct loan subsidy rate	-32.78%	-13.65%	-13.65%	-11.97%	+1.68%

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 2012.

To provide for origination, servicing, management, investment and common overhead expenses, $1.116 million is required for the Program Account. This amount will provide VBA seven FTE at a cost of $1.1 million payroll and non-payroll 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)		
	2011 "CR"	**2012 Estimate**
Prior year outlays (net)	**$2,118**	**$5,172**
Increases (+) and Decreases (-)		
Loan Modification Subsidy	$0	$0
Upward reestimates, including interest	+3,054	-4,508
Administrative expenses	0	+452
Change in obligated balance/other	0	0
Net Change	**+$3,054**	**-$4,056**
Estimated Outlays (net)	**$5,172**	**$1,116**

In 2011, outlays will total $5.2 million, an increase of $3.1 million from the 2010 level. This is due to an increase of $3.1 million in the direct loan upward reestimates from $1.5 million to $4.5 million.

In 2012, outlays will total approximately $1.1 million, a decrease of $4.1 million from the 2011 level. The decrease is mainly the result of a decrease in upward reestimates of $4.5 million, slightly offset by an increase in administrative expenses of $452,000. The 2012 upward reestimates will not be calculated until the end of 2011 and will be shown in the 2013 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)					
		2011			
	2010 Actual	Budget Estimate	"CR" Estimate	2012 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$15,790	$9,073	$21,713	$8,987	-$12,727
Negative subsidy	5,197	1,238	2,964	1,076	-1,888
Interest on Treasury borrowings	3,000	1,456	1,416	1,660	+173
Property expenses	15	41	8	13	+5
Other Expenses	0	0	0	0	0
Treasury Receipt account:					
Downward Reestimates	1,366	0	2,546	0	-2,546
Int. on Downward Reestimates	502	0	654	0	-654
Total obligations	**$25,869**	**$11,808**	**$29,373**	**$11,736**	**-$17,637**
Unobligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	1,181	0	0	0	0
Obligated Balance:					
Start of year	$314	$2,968	$1,526	$3,522	+$1,997
End of year	1,526	3,516	3,522	2,020	-1,502
Offsetting Collections:					
Payments from Program account	$1,454	$0	$4,508	$0	-$4,508
Loan Modification Subsidy	0	0	0	0	0
Interest on Un-invested funds	744	0	0	0	0
Loan repayments	9,611	4,739	442	2,144	+1,702
Interest received on loans	2,142	3,157	781	1,297	+517
Fees	60	76	131	83	-48
Other	12	33	28	34	+6
Total offsetting collections	**$14,023**	**$8,005**	**$5,889**	**$3,558**	**-$2,331**
Financing:					
Financing authority, net	$13,665	$3,803	$23,484	$8,178	-$15,306
Financing disbursements, net	$10,635	$3,255	$21,487	$9,680	-$11,807

Summary of Off-Budget Financing Account

Obligations are estimated at $11.7 million for 2012 and are expected to support 60 direct loans to Native American Veterans with a value of almost $9.0 million. Obligations also reflect interest on Treasury borrowing of $1.7 million and property expenses of $13,000. 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 2012 are estimated at $3.6 million, including $2.1 million in repayments and prepayments of principal, $1.3 million from borrower's interest

payments, $83,000 from fees on loans, and $34,000 from other collections. Collections are $2.3 million lower in 2012 than in 2011 mainly as a result of upward reestimates of $4.5 million. The 2012 upward reestimates will not be calculated until the end of 2011 and shown in the 2013 Congressional Budget submission.

Changes from Original 2011 Budget Estimate

The "CR" obligation estimate for 2011 is almost $17.6 million higher than the original estimate primarily due to an increase in direct loan obligation of over $12.6 million. There is also an increase in the negative subsidy of $1.7 million, as well as an increase in downward reestimates of approximately $3.2 million. These increases are slightly offset by a decrease in property expenses of $33,000.

Native American Direct Loan Financing Account – Off-Budget Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2011 "CR"	2012 Estimate
Prior year outlays (net)	$10,635	$21,487
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$5,923	-$12,727
Negative Subsidy	-2,233	-1,888
Interest on Treasury borrowing	-1,512	+173
Property Expenses	-7	+5
Other Expenses	0	0
Payments to Treasury Receipt account:		
Downward Reestimates	+1,180	-2,546
Int. on Downward Reestimates	+152	-654
Offsetting collections:		
Payments from Program account	-3,054	+4,508
Loan Modification Subsidy	0	0
Interest on Un-invested funds	+744	0
Loan repayments	+9,169	-1,702
Interest received on loans	+1,362	-517
Fees	-71	+48
Other	-15	-6
Change in obligated balances	-785	+3,499
Change in Uncollected Customer Payments	0	0
Net Change	**+$10,852**	**-$11,807**
Estimated Outlays (net)	$21,487	$9,680

In 2011, outlays are estimated at $21.5 million, an increase of $10.9 million from 2010. The overall outlay increase is due to a net decrease in offsetting collections that exceeds a net increase in obligations. Net offsetting collections decrease by $7.3 million, mainly due to a decrease in loan repayments of $9.2 million. This decrease is slightly offset by an increase in payments from the program account of $3.1 million. The net increase in obligations for 2011 is $3.5 million. This increase is mainly due to an increase in direct loan obligations of $5.9 million and is slightly offset by decreases in negative subsidy and interest on Treasury borrowing of $2.2 million and $1.5 million, respectively.

In 2012, outlays are estimated at $9.7 million, a decrease of $11.8 million from 2011. The overall outlay decrease is due to a net decrease in obligations that exceeds decreases in offsetting collections and obligated balance. The net decrease in obligations of $17.6 million is primarily the result of a $12.7 million decrease in direct loan obligations. The net decrease in offsetting collections of $5.8 million is mainly due to a $4.5 million decrease in payments from the program account. The 2011 reestimates will not be calculated until the end of 2010 and shown in the 2012 Congressional Budget submission.

This Page Intentionally Left Blank

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, $100,252,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

		2011			
	2010 Actual	Budget Estimate	"CR" Estimate	2012 Request	Increase (+) Decrease(-)
Lives Insured:[1]					
Veterans (Administered Programs)	1,024,180	934,510	962,328	895,757	-66,571
Veterans (VGLI)	426,650	442,400	429,600	430,100	+500
Servicemembers (SGLI)	2,433,500	2,390,000	2,427,000	2,421,000	-6,000
Spouses and Children (FSGLI)	3,272,000	3,152,000	3,264,000	3,256,000	-8,000
Total Lives Insured	**7,156,330**	**6,918,910**	**7,082,928**	**7,002,857**	**-80,071**
Face Amount In Force	**$ 1,355,363,727**	**$ 1,336,891,080**	**$ 1,354,152,560**	**$ 1,352,685,500**	**$ -1,467,060**
Obligations:					
Death Claims	$ 1,098,149	$ 1,126,323	$ 1,143,700	$ 1,133,700	$ -10,000
Dividends	293,624	263,070	261,250	219,870	-41,380
Premiums Paid to Prudential	821,899	832,150	836,133	833,923	-2,210
Transfers to Insurance Funds	342,702	54,289	337,435	83,702	-253,733
Payments for Administrative Expenses	40,234	45,366	47,933	48,669	+736
Capital Investments	74,093	85,470	80,000	79,320	-680
All Other Obligations	179,188	177,510	180,314	182,672	+2,358
Total Obligations	**$ 2,849,890**	**$ 2,584,178**	**$ 2,886,765**	**$ 2,581,856**	**$ -304,909**
Funding:					
Offsetting Collections					
Premiums	$ 100,250	$ 97,240	$ 100,330	$ 101,600	$ +1,270
SGLI Premiums	823,952	834,290	839,010	836,910	-2,100
Interest on U.S. Securities	141,718	133,280	132,460	123,870	-8,590
Payments for S-DVI	45,688	53,879	67,115	83,432	+16,317
Extra Hazard Payments	216,633	0	210,000	0	-210,000
TSGLI Payments	80,000	0	60,000	0	-60,000
All Other Collections	261,740	224,420	238,226	219,580	-18,646
Total Collections	**$ 1,669,981**	**$ 1,343,109**	**$ 1,647,141**	**$ 1,365,392**	**$ -281,749**
Unobligated balance (SOY)	**$ -9,305,630**	**$ -8,666,509**	**$ -8,757,331**	**$ -8,103,556**	**$ +653,775**
Unobligated balance (EOY)	**$ 8,757,331**	**$ 8,011,659**	**$ 8,103,556**	**$ 7,430,424**	**$ -673,132**
Budget Authority, net:					
Insurance Benefit (VI&I)	$ 49,288	$ 62,589	$ 77,589	$ 100,252	$ +22,663
Transfer From Other Sources	$ 7,000	$ 0	$ 0	$ 0	$ 0
Trust Funds	$ 1,082,377	$ 1,115,630	$ 1,098,108	$ 1,046,472	$ -51,636
Total:					
Budget Authority (net)	**$ 1,138,665**	**$ 1,178,219**	**$ 1,175,697**	**$ 1,146,724**	**$ -28,973**
Outlays (net)	**$ 1,249,270**	**$ 1,311,881**	**$ 1,325,740**	**$ 1,308,365**	**$ -17,375**

[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 2012, the VI&I account will require an appropriation of $100.25 million to finance its operation. This will enable VA to transfer $83.4 million to the S-DVI program, $16.6 million to the VMLI program, and $270,000 to the NSLI program (detailed explanations for these transfers are included under Insurance – VI&I Appropriated Fund).

Changes from Original 2011 Budget Estimate

The 2011 "CR" estimate for total obligations increase by $302.6 million from the original 2011 estimate. The majority of this increase is a result of a $283.1 million increase in transfers to insurance funds.

The change in transfers to insurance funds is mainly due to an increase of $210 million in extra hazard payments and $60 million in transfers to fund the Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) program. Extra hazard payments are payments that fund the difference between death claims incurred during hostile military action and what would be expected under peacetime experience. TSGLI payments are extra hazard payments that are transferred from DoD to fund the excess of TSGLI claims paid over TSGLI premiums received since the premium is intended to cover the civilian incidence of traumatic injuries.

Offsetting collections in 2011 are projected to increase by $304 million from the original 2011 estimate. The majority of this increase is the result of increases in extra hazard payments of $210 million and TSGLI payments of $60 million (discussed above). SGLI premiums, 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.

VI&I Budget Authority increases by $15 million from the original 2011 estimate to cover the anticipated rise in S-DVI obligations. S-DVI obligations are projected to increase as a result of the new Agent Orange presumptive conditions (Parkinson's Disease, Ischemic Heart Disease and Hairy Cell and B Cell Leukemia) for in-country Vietnam Veterans, as well as the increase in the prior year experience of new S-DVI policy issues which has resulted in higher than projected death claims.

Insurance Analysis of Increases and Decreases (dollars in thousands)		
	2011 "CR"	**2012 Request**
Prior Year Outlays	$ 1,249,270	$ 1,325,740
Increases (+) and Decreases(-)		
Obligations:		
Death Claims	+45,551	-10,000
Dividends	- 32,374	-41,380
Premiums Paid to Prudential	+14,234	-2,210
Transfers to Insurance Funds	-5,267	-253,733
Payments for Administrative Expenses	+7,699	+736
Capital Investments	+5,907	-680
All Other Obligations	+1,126	+2,358
Offsetting collections:		
Premiums	-80	-1,270
SGLI Premiums	-15,058	+2,100
Interest on U.S. Securities	+9,258	+8,590
Payments for S-DVI	-21,427	-16,317
Extra Hazard Payments	+6,633	+210,000
TSGLI Payments	+20,000	+60,000
All Other Collections	+23,514	+18,646
Change in Obligated Balances	+16,754	+5,786
Net Change	**$ +76,469**	**$ -17,375**
Estimated Outlays (net)	$ 1,325,740	$ 1,308,365

In 2011, outlays increase by $76.5 million above the prior year. The increase in net outlays is primarily a result of an increase in death claims, 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 are projected to increase in 2011 based on the projected mortality rates of policyholders. 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.

Payments for S-DVI increase by $21.4 million in 2011 primarily as a result of an anticipated increase in claims associated with the new Agent Orange presumptive conditions and a re-estimate of the projected mortality of S-DVI policyholders as a result of prior year experience. Increases in payments for S-DVI also increase transfers to S-DVI (included in transfers to insurance funds) by the same amount and therefore, do not affect net outlays.

In 2011, SGLI premiums and premiums paid to Prudential increase by $14.2 million. Extra hazard payments and TSGLI payments received from DoD decrease by $26.6 million, and transfers to insurance funds from VA to Prudential also decrease by the same amount. These obligations and collections offset each other and as a result, do not affect net outlays.

In 2012, outlays are projected to decrease by $17.4 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 major decreases in extra hazard payments ($210 million) and TSGLI payments ($60 million) and increases in payments for S-DVI. However, as mentioned above, these changes in collections are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

Summary of Insurance Programs 2012
(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	2,400	512,992	2,130	135,054	21,009	222,172	2,421,000	3,256,000	430,100	7,002,857
Number of Polices Inforce										
Term insurance	2,400	137,690	n/a	10,230	n/a	81,450	n/a	n/a	N/a	231,770
Permanent plans	n/a	450,075	2,155	138,302	24,175	174,693	n/a	n/a	N/a	789,400
Tot. policies inforce	**2,400**	**587,765**	**2,155**	**148,532**	**24,175**	**256,143**	**2,421,000**	**3,256,000**	**430,100**	**7,128,270**
Tot. value inforce(1)	**$ 312**	**$ 7,186**	**$ 6**	**$ 2,044**	**$ 247**	**$ 2,667**	**$ 1,142,163**	**$ 134,024**	**$ 64,036**	**$ 1,352,686**
Avg amt. per policy(2)	$ 130,000	$ 12,226	$ 2,784	$ 13,761	$ 10,217	$ 10,412	$ 471,773	$ 41,162	$ 148,886	
Avg age	59.1	85.9	93.0	80.4	86.7	61.9	30.2	32.7(3)	50.2	
Annual death rate per 1,000	102.4	103.5	248.3	51.0	111.5	41.2	1.1	0.8(4)	6.4	

(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 $90,000 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. Public Law (PL) 111-275 increases the maximum amount of VMLI coverage from $90,000 to $150,000, effective October 1, 2011. The maximum coverage will then increase to $200,000 after 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 $20,000 in coverage at standard rates, based on their current age. No waiver of premiums can be granted on the supplemental coverage. PL 111-275 increases 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]

---

[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)

	2010 Actual	2011 "CR"	2012 Request	Increase (+) Decrease (-)
Obligations				
USGLI	$ 4,474	$ 4,122	$ 3,642	$ -480
NSLI	1,296,727	1,290,852	1,220,880	-69,972
SDVI	112,261	138,636	154,072	+15,436
VRI	46,726	47,440	44,680	-2,760
VSLI	210,192	215,580	216,230	+650
SGLI	1,120,585	1,109,010	836,910	-272,100
VI& I	58,924	81,125	105,442	+24,317
Total obligations	**$ 2,849,890**	**$ 2,886,765**	**$ 2,581,856**	**$ -304,909**
Budget authority (gross)				
USGLI	$ 4,474	$ 4,122	$ 3,642	$ -480
NSLI	1,296,727	1,290,852	1,220,880	-69,972
SDVI	109,474	134,505	154,072	+19,567
VRI	25,139	22,220	19,370	-2,850
VSLI	193,312	181,510	171,780	-9,730
SGLI	1,120,612	1,109,030	836,930	-272,100
VI& I	58,917	80,599	105,442	+24,843
Total budget authority (gross)	**$ 2,808,656**	**$ 2,822,838**	**$ 2,512,116**	**$ -310,722**
Outlays (gross)				
USGLI	$ 5,716	$ 5,799	$ 5,172	$ -627
NSLI	1,365,724	1,367,891	1,306,000	-61,891
SDVI	115,448	138,506	153,992	+15,486
VRI	48,747	51,185	48,210	-2,975
VSLI	198,949	214,344	218,030	+3,686
SGLI	1,131,811	1,109,001	836,911	-272,090
VI& I	54,557	86,155	105,442	+19,287
Total outlays (gross)	**$ 2,920,952**	**$ 2,972,881**	**$ 2,673,757**	**$ -299,124**
Offsetting collections				
USGLI	$ 179	$ 130	$ 90	$ -40
NSLI	218,644	196,736	177,960	-18,776
SDVI	109,474	134,505	154,072	+19,567
VRI	25,139	22,220	19,370	-2,850
VSLI	193,312	181,510	171,780	-9,730
SGLI	1,120,603	1,109,030	836,930	-272,100
VI& I (VMLI)	2,629	3,010	5,190	+2,180
Total offsetting collections	**$ 1,669,981**	**$ 1,647,141**	**$ 1,365,392**	**$ -281,749**

Highlights by Account (cont.)
(dollars in thousands)

	2010 Actual	2011 "CR"	2012 Request	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	$ 4,294	$ 3,992	$ 3,552	$ -440
NSLI	1,078,083	1,094,116	1,042,920	-51,196
SDVI	0	0	0	+0
VRI	0	0	0	+0
VSLI	0	0	0	+0
SGLI	0	0	0	+0
VI& I	56,288	77,589	100,252	+22,663
Total budget authority (net)	**$ 1,138,665**	**$ 1,175,697**	**$ 1,146,724**	**$ -28,973**
Outlays (net)				
USGLI	$ 5,537	$ 5,669	$ 5,082	$ -587
NSLI	1,147,080	1,171,155	1,128,040	-43,115
SDVI	5,974	4,001	-80	-4,081
VRI	23,110	28,965	28,840	-125
VSLI	4,434	32,834	46,250	+13,416
SGLI	11,208	-29	-19	+10
VI& I	51,927	83,145	100,252	+17,107
Total outlays (net)	**$ 1,249,270**	**$ 1,325,740**	**$ 1,308,365**	**$ -17,375**
Number of lives insured				
USGLI	3,722	2,887	2,130	-757
NSLI	653,623	581,078	512,992	-68,086
SDVI	185,007	208,096	222,172	+14,076
VRI	27,310	24,103	21,009	-3,094
VSLI	152,137	143,764	135,054	-8,710
SGLI	2,433,500	2,427,000	2,421,000	-6,000
FSGLI	3,272,000	3,264,000	3,256,000	-8,000
VGLI	426,650	429,600	430,100	+500
VI& I (VMLI)	2,381	2,400	2,400	+0
Total number of lives insured	**7,156,330**	**7,082,928**	**7,002,857**	**-80,071**
Dividends				
USGLI	$ 611	$ 490	$ 380	$ -110
NSLI	220,397	193,140	158,670	-34,470
VRI	7,156	5,900	4,510	-1,390
VSLI	65,460	61,720	56,310	-5,410
Total Dividends	**$ 293,624**	**$ 261,250**	**$ 219,870**	**$ -41,380**

The table totals may differ from OMB MAX totals due to rounding.

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 almost $216 million were issued through January 2011; however, approximately $12 million of those checks have been returned and the funds made available for future obligations.

Filipino Veterans Equity Compensation Status of Funds

($ in thousands)

	2009	2010	2011	2012
Obligations	$82,438	$113,131	$69,431	$0
SOY Unobligated Balance	$0	$115,562	$69,431	$0
EOY Unobligated Balance	$115,562	$69,431	$0	$0
Appropriation	$198,000			$0
Transfer		$67,000		$0
Outlays	$82,438	$113,131	$69,431	$0

The table above assumes all appeals of denied claims are resolved during FY2011. If not, some balances and obligations may be carried over into FY2012.

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
Total			17,949		$215,511
Filipino Citizen	$9,000	41,746	8,954	23,797	$80,586
U.S. Citizen	$15,000		8,995		$134,925

*From 2009 through January 31, 011

All claims production is centralized at the Manila Regional Office (RO) in the Philippines. As of January 31, 2011, less than 400 initial claims remain undecided. The predominant work in FY2011, which may possibly extend into FY2012, is addressing the large number of Notices of Disagreement (NOD's) received. Through January 2011, 3,800 NOD's had been received and projections suggest between the upper limit may be in the 4,500-5,000 range. Of the 3,800 NOD's, only 360 have been resolved with another 560 pending re-opening by the Manila regional office.

This Page Intentionally Left Blank

GOE Summary

Appropriation Language

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, and the Department of Defense for the cost of overseas employee mail, $2,466,989,000: 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 the Veterans Benefits Administration shall be funded at not less than $2,018,764,000: Provided further, That of the funds made available under this heading, not to exceed $128,000,000 shall remain available until September 30, 2013: 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[.]: Provided further, That of the funds made available under this heading, $23,584,000 is to strengthen the Department's acquisition workforce capacity and capabilities: Provided further, That, with respect to the previous proviso, such funds may be transferred by the Secretary to any other account in the Department to carry out the purposes provided herein: Provided further, That, with respect to the previous proviso, such transfer authority is in addition to any other transfer authority provided in this Act: Provided further, That, with respect to the fifth proviso, such funds shall be available for training, recruitment, retention, and hiring members of the acquisition workforce as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.): Provided further, That, with respect to the fifth proviso, such funds shall be available for information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.

Program Description

The GOE Appropriation, along with reimbursements from: (1) the credit appropriations; (2) surplus earnings from certain insurance programs; and (3) other miscellaneous accounts provides funding for the administration of all non-

medical benefits and support functions within the Department of Veterans Affairs. This encompasses two broad activities: the Veterans Benefits Administration (VBA) and General Administration. This amount includes $23,584,000 provided to GOE to increase the Department's acquisition workforce capacity and capabilities.

VBA operates a national network of 57 regional offices and other specialized centers which are the main contact points for Veterans regarding benefits matters with the Department of Veterans Affairs. All applications for non-medical benefits are processed through these locations.

General Administration consists of the Office of the Secretary, six Assistant Secretaries and three Department level staff offices. The Office of the Secretary provides Department-level policy guidance. The Assistant Secretaries and the three independent staff offices provide policy guidance, subject matter expertise, and management support to the Veterans Health Administration, VBA, National Cemetery Administration, and the Chief Information Officer.

General Operating Expenses
Appropriation Highlights
(dollars in thousands)

	2010	2011		2012
	Actual	Budget	Current Est [1/]	Request
Appropriation				
Veterans Benefits Administration	$1,689,207	$2,148,776	$2,148,776	$2,018,764
General Administration	$397,500	$463,197	$397,500	$448,225
Subtotal	**$2,086,707**	**$2,611,973**	**$2,546,276**	**$2,466,989**
Total Appropriations	**$2,086,707**	**$2,611,973**	**$2,546,276**	**$2,466,989**
Start of Year Unobligated Balances [2/]	$212,261	$5,557	$44,804	---
Rescission (3yr ARRA Balance)	-$6,100	---	---	---
Total Direct Budgetary Resources	$2,292,868	$2,617,530	$2,591,080	$2,466,989
GOE Average Employment				
Veterans Benefits Administration	19,605	21,248	20,333	20,321
General Administration	2,753	3,297	3,139	3,315
Total Average (FTE)	**22,358**	**24,545**	**23,472**	**23,636**

1/ Reflects the annual funding level for the current Continuing Resolution

2/ 2010 Actual balances include $82.9M in GOE funds, $123.2M in "2yr" ARRA funds, $6.2M in "3 yr" ARRA funds, and recycling proceeds.

Summary of Budget Request

The total General Operating Expenses (GOE) Appropriation request for 2012 is $2,466,989,000 and 23,636 FTE. This includes $2,018,764,000 for the Veterans Benefits Administration to administer entitlement programs such as service connected disability compensation, education benefits, and vocational rehabilitation services. A total of $448,225,000 is requested to support the staff offices within the General Administration account, including the Office of the Secretary, six Assistant Secretaries, the Board of Veterans' Appeals, General Counsel, and the Office of Acquisition, Logistics and Construction. This amount includes $23,584,000 for VA's acquisitions workforce. For additional details on the GOE funding request and associated performance metrics, please refer to the individual program chapters included in this volume.

This Page Intentionally Left Blank

Veterans Benefits Administration

Table of Contents

Executive Summary	4A-1
Compensation, Pensions, and Burial	4B-1
Education	4C-1
Housing	4D-1
Vocational Rehabilitation and Employment	4E-1
Insurance	4F-1

This page intentionally left blank

Veterans Benefits Administration

VBA Mission Statement

The mission of the Veterans Benefits Administration 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.

VBA Core Values

- Veterans have earned our respect and are our reason for being, our common purpose. All our efforts are directed toward meeting their needs.
- We are committed to communicating to our Veterans and among ourselves in a timely, thorough, accurate, understandable, and respectful manner.
- We openly share our concerns and views and listen to those of Veterans in order to bring about improvements in benefits and services, and the climate in which they are provided.
- We value understandable business processes that consistently produce positive results.
- We foster an environment that promotes personal and corporate initiative, risk taking, and teamwork.
- We are open to challenge and flexible in our attitudes.

- Respect, integrity, trust, and fairness are hallmarks of all our interactions.
- We value a culture where everyone is involved, accountable, respected, and appreciated.

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2012 Budget Submission.

Program Highlights

VA is actively pursuing transformation into a 21st Century organization that is Veteran-centric, results-driven, and forward-looking. This transformation is demanded by a new era, emerging technologies, the latest demographic realities, and renewed commitments to today's Veterans. To this end, VA must deliver first-rate and timely benefits and other services to our Nation's Veterans, families, and survivors. One of VA's highest priority goals is to eliminate the disability claims backlog and ensure no Veteran has to wait more than 125 days for a high-quality decision. VBA is attacking the claims process and backlog through a focused and multi-pronged approach. At its core, our approach relies on three pillars:

- Culture: A culture change inside VA to one that is centered on accountability to and advocacy for our Veterans;

- Reengineering business processes: Collaborating with internal and external stakeholders (VA employees, administrations, and staff; Congress; Veterans Service Organizations (VSOs); public and private entities) to constantly improve our claims process using best practices and ideas; and

- Technology and infrastructure: Deploying leading-edge, powerful 21st Century IT solutions to create a smart, paperless claims system which simplifies and improves claims processing for timely and accurate decisions the first time.

Four key and interdependent technology initiatives support achievement of our high priority goals, each providing a unique service:

1) Veterans Benefits Management System (VBMS) replaces the current paper-centric claims environment with capabilities to process claims electronically from any location. The initiative began in January 2010 with the development of the Virtual Regional Office, which produced a graphical representation of the business requirements needed to develop the VBMS software. The first iteration of the VBMS software was deployed

for testing purposes to the Providence Regional Office in November 2010. Two additional pilots will be used to test and refine the software and validate new business processes prior to beginning national deployment of VBMS in 2012.

2) Veterans Relationship Management (VRM) is enabling 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 approach. This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and the VA, regardless of the communications method (phone, Web, email). The framework will provide our clients with the ability to:
   - Access VA through multiple methods (telephone, Web, email, and kiosk);
   - Uniformly find information about VA's benefits and services;
   - Complete actions relevant to their VA benefits/services;
   - Be quickly identified by VA without having to repeat information; and
   - Seamlessly access VA across multiple service lines (health, compensation, education, etc.).

3) Post-9/11 GI Bill Automated Solution uses rules-based, industry-standard technologies to modernize the delivery of education benefits. The Post-9/11 GI Bill eligibility rules and benefit determinations will work well with rules-based technology that requires minimal human intervention.

4) Virtual Lifetime Electronic Record (VLER) creates a system that will ultimately contain administrative and medical information from the day an individual enters military service, throughout their military career and after they leave the military (including private sector providers who care for Veterans and their beneficiaries). VLER will streamline VA's use of data and information resulting in:
   - Less burden on Servicemembers and Veterans to provide information;
   - More effective and efficient delivery of care and benefits;
   - Higher quality for Servicemembers, their families, and Veterans; and
   - Reduced costs through decreased errors and reduced test duplication.

These technology initiatives will:

- Improve communications and enable VBA to become better advocates for Veterans;
- Allow VBA to process claims faster through a robust and efficient 21st Century electronic claims processing platform;

- Invest in 21st Century technology that will enable improvements to business processes and policies, enhance our Veterans' VA experience, and increase our transparency.

Disability Compensation and Pensions

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 grew 51 percent when comparing receipts from 2005 to 2010 (788,298 to 1,192,346, an increase in excess of 404,000). In 2011, we anticipate claims receipts will continue to rise to 1,480,492. This estimate includes nearly 230,000 Agent Orange-related claims for the three new presumptive conditions (Ischemic Heart Disease, Parkinson's Disease, and Hairy Cell Leukemia (HCL) and other Chronic B-cell Leukemias). Of these claims, approximately 93,000 are covered by the *Nehmer* settlement, in that they were previously denied and must be readjudicated. These claims are very complex; therefore, the rate of production is less than half the normal production. We estimate claims receipts will be 1,325,953 in 2012. Several factors contributing to the surge in claims include nine years of sustained combat in Iraq and Afghanistan, the addition of the aforementioned presumptive conditions resulting from exposure to Agent Orange, improved access to benefits through pre-discharge programs, and the impact of a difficult economy. Due to the volume of anticipated workload in the immediate future, VA's pending inventory is projected to increase from 2010 to 2012. The 2012 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.

The complexity of the workload will continue to grow because Veterans are claiming greater numbers of disabilities and the nature of disabilities such as post-traumatic stress disorder (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 has increased from 43,655 in 2005 to 70,620 in 2010 (a 62 percent increase).

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.
The Pensions 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.

VA's three Pension Management Centers (PMCs) provide a clear picture of how beneficial targeted specialization can be. Consolidation of all Veteran and survivor pension claims was completed in 2008. 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, and allowing multiple individuals simultaneous access to the record regardless of their location.

Education

VBA's Education programs provide Veterans, Servicemembers, Reservists, and certain family members with educational resources. Our 2012 budget request reflects our commitment to their needs. These programs are meant to assist in the readjustment to civilian life, to help the armed forces both recruit and retain members, and to 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 GI Bill 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.

Public Law 111-32, the Marine Gunnery Sergeant John David Fry Scholarship, amended the Post-9/11 GI Bill to include the children of Servicemembers who die in the line of duty after September 10, 2001. The benefit was effective August 1, 2009, and VA began paying benefits under the Fry Scholarship on August 1, 2010. Eligible children attending school may receive up to the highest public, in-state undergraduate tuition and fees, plus a monthly living stipend and book allowance under the Post-9/11 GI Bill.

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 utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits. The Post-9/11 GI Bill eligibility rules and benefit determinations will work well with rules-based technologies that require minimal human intervention. The high-level goals of the solution are to provide a flexible architecture to support benefit changes, an efficient workflow, and a model and framework that support code reuse across future VA projects. P.L. 111-377 made significant changes to the education benefit programs VA administers with very short implementation timelines. This has delayed some of the automation enhancements scheduled to be included in the later releases of the long-term IT solution for the Post-9/11 GI Bill.

Education Service will continue to work with our partners and stakeholders, such as the Department of Defense, 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, 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 2010, VBA rehabilitated 10,041 Veterans through placement in suitable employment or gains in independence in daily living. We anticipate that the number of individuals leaving military service and being rehabilitated through VR&E services will increase. 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.

In 2012, VR&E will expand its efforts for early intervention to support successful reintegration to an estimated 16,500 Servicemembers by physically placing vocational rehabilitation counselors (VRCs) at Integrated Disability Evaluation System (IDES) locations. 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 (MEB) prior to separation. By integrating VRCs into the IDES process, Servicemembers will receive vocational rehabilitation services 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 new 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 vocational rehabilitation counselors 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, VR&E Service will expand the VetSuccess on Campus initiative to nine additional campuses, serving approximately 9,000 additional Veteran-students.

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 VA vocational rehabilitation program, partners collaborate to facilitate Veterans' adjustment to the workplace, enhance self-awareness, and connect Veterans to employers. Vital partnerships include: Department of Defense, 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. VR&E provided DTAP briefings to over 35,000 Veterans in 2010.

Through VR&E's business process reengineering project, VR&E will enhance direct Veteran service 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. During 2010, VetSuccess.gov continued to meet the needs of Veterans seeking career opportunities and employers searching for qualified Veterans to hire. The number of new Veteran registrations increased 125 percent, from 9,928 to 22,353. New employer registrations increased by 340 percent, from 168 to 739. Veterans' resume postings increased by 242 percent, from 1,078 to 3,692.

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 2010, VA guaranteed approximately 314,000 loans. In 2011, we expect yearly loan volumes will increase to 319,200, reflecting continued demand for both refinance and purchase loans. In 2012, VA estimates the yearly loan volume will decrease to 263,400, largely due to the decline in the number of refinance loans. The decline in the number of refinance loans is a result of the expected increase in

interest rates from the lower levels in 2011. 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.

VA also administers the Specially Adapted Housing (SAH) program. The SAH program provides a barrier-free living environment that affords the Veteran or Servicemember a level of independent living he or she may not otherwise enjoy. Veterans and Servicemembers with specific service-connected disabilities are eligible for the SAH benefit. Eligible individuals may use the grant to construct an adapted home or to modify an existing one to meet their special needs. In 2010, VA awarded 1,549 grants to eligible individuals. VA expects grant volumes in 2011 and 2012 to increase to 1,800 grants annually, largely due to the effect of legislative changes over the past few years.

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, 1.5 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 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.

In 2010, the Insurance Program obligated $2.9 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 2012, the Insurance Program will obligate a projected $2.6 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.

The workload associated with the Pre-World War II, World War II, and Korean Era insurance programs is declining in line with the advancing age of the policyholders in these programs. Conversely, the workload associated with our Service-Disabled Veterans Insurance (S-DVI) program will increase in line with the projected increase in new disability claims approved by the Compensation Program as discussed above. Veterans who were released from active duty after April 25, 1951, and were granted a rating for a new disability have two years from the date they are notified of the rating to apply for S-DVI.

Most of Insurance processes are performed via a paperless electronic workflow system, which will continue to be phased into the remaining areas of insurance processing. This will help us continue to process disbursements more quickly than the insurance industry average. We will continue to provide world-class service through our toll-free call center and continue to utilize additional means for Veterans and their representatives to reach us, including email, the Interactive Voice Response system, and our self-service Web site. As part of the VA's transformational initiatives, Insurance will participate in the Veterans Relationship Management (VRM) technology initiative. In addition, by 2012, the Insurance self-service features and other elements will be accessible through the e-benefits portal.

P.L. 111-275, the Veterans' Benefits Act of 2010, signed into law October 13, 2010, provides significant enhancements to the Insurance programs. Some of the changes include increasing the maximum amount of Supplemental Service-Disabled Veterans Insurance from $20,000 to $30,000, and increasing the maximum coverage under the Veterans Mortgage Life Insurance program from $90,000 to $200,000 in 2012. Also, effective April 2011, Veterans insured under the Veterans Group Life Insurance program will have the option to purchase at five-year intervals an additional $25,000 of coverage up to the maximum amount provided for by law (currently $400,000) until the age of 60.

FTE Tables

The following tables display the allocation of FTE in Y2010 by grade and location and the distribution of all grades from FY2010 through the FY2012 budget request.

Analysis of FTE Distribution HQ/Field

		2010 Actuals	
Grade	HQ	Field	Total
SES	15	45	60
GS-15	40	98	138
GS-14	144	196	340
GS-13	307	1,203	1,510
GS-12	69	3,074	3,143
GS-11	42	2,759	2,801
GS-10	0	2,494	2,494
GS-9	22	3,448	3,470
GS-8	4	83	87
GS-7	15	2,807	2,822
GS-6	2	910	912
GS-5	2	970	972
GS-4	0	781	781
GS-3	0	66	66
GS-2	0	8	8
GS-1	0	1	1
Total	662	18,943	19,605

Employment Summary-FTE by Grade

Grade	2010 Actuals	2011 Estimate	2012 Request	2012-2011 Increase/ Decrease
SES	60	63	63	0
GS-15	138	138	148	10
GS-14	340	340	362	22
GS-13	1,510	1,515	1,525	10
GS-12	3,143	3,203	3,306	103
GS-11	2,801	3,101	3,001	(100)
GS-10	2,494	2,858	3,792	934
GS-9	3,470	4,520	3,529	(991)
GS-8	87	87	87	0
GS-7	2,822	1,739	1,870	131
GS-6	912	912	912	0
GS-5	972	1,001	870	(131)
GS-4	781	781	781	0
GS-3	66	66	66	0
GS-2	8	8	8	0
GS-1	1	1	1	0
Total	19,605	20,333	20,321	(12)

Net Changes

The following table displays the net change from the FY2011 President's Budget Request to the FY2012 appropriations request for VBA discretionary accounts.

Net Change VBA Discretionary Programs 2012 Summary of Resource Requirements (dollars in thousands)	
	BA
Original FY 2011 President's Budget	**$2,148,776**
Adjusted FY 2011 Budget Estimate	**$2,148,776**
2012 Current Services Increases:	
Non-pay Inflation (1.3%)	$6,687
Required Personnel Benefits Increases (4.1%)	$15,303
Change in staff composition	$9,186
Subtotal	**$31,176**
Other Fixed increases or decreases:	
Undistributied Reduction	**-$185,496**
2012 Total Current Services	**$1,994,456**
2012 Initiative:	
Veterans Benefits Management System ($35.1M, 40 FTE)	-$8,316
Veterans Relationship Management ($7.7M, 16 FTE)	$3,865
Post-9/11 GI Bill ($7.8M, 0 FTE), PL 111-377 ($17.5M, 274 FTE)	-$18,503
Claims Transformation Plan	$29,929
VetSuccess on Campus Initiative	$1,092
Integrated Disability Evaluation System (IDES) VR&E Expansion	$16,241
Subtotal	**$24,308**
2012 Total BA Request	**$2,018,764**

Total VBA Summary - 2012 President's Budget
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	17,560	19,123	18,208	18,203	643
Management Direction and Support	2,045	2,125	2,125	2,118	73
Total FTE	**19,605**	**21,248**	**20,333**	**20,321**	**716**
ARRA (direct non-add)	2,203	0	0	0	-2,203
Obligations					
Personal Services	$1,591,966	$1,765,909	$1,718,430	$1,730,432	$138,466
Travel	25,225	46,348	46,504	29,052	3,827
Interagency Motor Pool	3,827	3,448	3,444	3,980	153
Transportation of Things	2,048	2,188	2,188	2,141	93
Rent, Communications & Utilities	154,936	206,944	207,322	178,872	23,936
Printing	3,402	4,433	4,430	4,020	618
Other Services	321,404	421,940	489,872	416,540	95,136
Supplies and Materials	14,975	40,969	40,963	15,721	746
Equipment	17,549	13,493	13,494	19,349	1,800
Insurance Claims	422	122	121	454	32
Total Administrative Obligations	**$2,135,754**	**$2,505,794**	**$2,526,768**	**$2,400,561**	**$264,807**
Reimbursements	-$304,297	-$357,018	-$359,112	-$381,797	-$77,500
Unobligated SOY	**-$186,682**	**-$5,557**	**-$19,120**	**$0**	**$186,682**
Economic Stimulus ($150M)	-$123,200	$0	$0	$0	$123,200
Economic Stimulus ($7.1M)	-$6,171	-$5,557	-$120	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$57,285	$0	-$19,000	$0	$57,285
Recycling	-$26	$0	$0	$0	$26
Unobligated EOY	**$25,256**	**$5,557**	**$120**	**$0**	**-$25,256**
Economic Stimulus ($150M)	$11	$0	$0	$0	-$11
Economic Stimulus ($7.1M)	$6,220	$5,557	$120	$0	-$6,220
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$19,000	$0	$0	$0	-$19,000
Recycling	$25	$0	$0	$0	-$25
Economic Stimulus Rescission ($7.1M)	-$6,100	$0	$0	$0	$6,100
Economic Stimulus Balance Carried Forward ($7.1M)	$120	$0	$120	$0	-$120
Unobligated Bal expiring	$19,176	$0	$0	$0	-$19,176
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,689,207**	**$2,148,776**	**$2,148,776**	**$2,018,764**	**$329,557**
Outlays (net)	**$1,594,679**	**$2,017,999**	**$2,204,892**	**$2,102,279**	**$507,600**

The following charts summarize VBA's 2012 discretionary budget request by program.

Disability Compensation, Pensions & Burial
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Total Direct FTE	13,555	15,299	14,190	14,320	765
Management Direction and Support	1,554	1,669	1,669	1,663	109
Total FTE	**15,109**	**16,968**	**15,859**	**15,983**	**874**
ARRA (direct non-add)	1,907	0	0	0	-1,907
Obligations					
Personal Services	$1,210,182	$1,388,679	$1,331,258	$1,342,411	$132,229
Travel	17,828	38,222	38,222	21,201	3,373
Interagency Motor Pool	2,899	2,361	2,358	3,067	168
Transportation of Things	1,542	1,714	1,714	1,629	87
Rent, Communications & Utilities	116,375	160,383	160,190	138,144	21,769
Printing	2,650	2,360	2,358	2,803	153
Other Services	242,328	340,044	409,430	336,669	94,341
Supplies and Materials	11,573	32,534	32,529	12,224	651
Equipment	14,201	10,407	10,407	14,999	798
Insurance Claims	326	109	109	360	34
Total Administrative Obligations	**$1,619,904**	**$1,976,814**	**$1,988,575**	**$1,873,507**	**$253,603**
Reimbursements	-$151,515	-$184,182	-$183,783	-$209,237	-$57,722
Unobligated SOY	**-$140,038**	**-$5,557**	**-$19,120**	**$0**	**$140,038**
Economic Stimulus ($150M)	-$106,991	$0	$0	$0	$106,991
Economic Stimulus ($7.1M)	-$6,171	-$5,557	-$120	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$26,850	$0	-$19,000	$0	$26,850
Recycling	-$26	$0	$0	$0	$26
Unobligated EOY	**$25,256**	**$5,557**	**$120**	**$0**	**-$25,256**
Economic Stimulus ($150M)	$11	$0	$0	$0	-$11
Economic Stimulus ($7.1M)	$6,220	$5,557	$120	$0	-$6,220
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$19,000	$0	$0	$0	-$19,000
Recycling	$25	$0	$0	$0	-$25
Economic Stimulus Rescission ($7.1M)	-$6,100	$0	$0	$0	$6,100
Economic Stimulus Balance Carried Forward ($7.1M)	$120	$0	$120	$0	-$120
Unobligated Bal expiring	$19,176	$0	$0	$0	-$19,176
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,372,783**	**$1,792,632**	**$1,785,912**	**$1,664,270**	**$291,487**
Outlays (net)	**$1,298,803**	**$1,672,548**	**$1,858,517**	**$1,754,578**	**$455,775**

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,773	1,521	1,635	1,429	-344
Management Direction and Support	188	177	177	166	-22
Total FTE	**1,961**	**1,698**	**1,812**	**1,595**	**-366**
ARRA (direct non-add)	296	0	0	0	-296
Obligations					
Personal Services	$145,535	$126,141	$132,860	$118,077	-$27,458
Travel	2,305	2,206	2,206	1,915	-390
Interagency Motor Pool	350	200	200	285	-65
Transportation of Things	111	146	146	90	-21
Rent, Communications & Utilities	14,754	16,828	16,828	13,230	-1,524
Printing	328	1,362	1,362	757	429
Other Services	14,023	19,049	19,049	14,507	484
Supplies and Materials	1,201	3,085	3,085	977	-224
Equipment	1,497	1,197	1,197	1,218	-279
Insurance Claims	40	1	1	33	-7
Total Administrative Obligations	**$180,144**	**$170,214**	**$176,934**	**$151,089**	**-$29,055**
Reimbursements	-$517	-$2,768	-$2,768	-$529	-$12
Unobligated SOY	**-$46,644**	**$0**	**$0**	**$0**	**$46,644**
Economic Stimulus ($150M)	-$16,209	$0	$0	$0	$16,209
GOE Carry Over	-$30,435	$0	$0	$0	$30,435
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
Economic Stimulus ($150M)	$0	$0	$0	$0	$0
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Economic Stimulus Rescission ($7.1M)	$0	$0	$0	$0	$0
Economic Stimulus Balance Carried Forward ($7.1M)	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$132,983**	**$167,446**	**$174,166**	**$150,560**	**$17,577**
Outlays (net)	**$124,449**	**$164,255**	**$163,047**	**$150,930**	**$26,481**

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	767	833	838	838	71
Management Direction and Support	108	97	97	97	-11
Total FTE	**875**	**930**	**935**	**935**	**60**
Obligations					
Personal Services	$82,480	$90,888	$90,544	$90,544	$8,064
Travel	2,109	2,881	2,881	2,253	144
Interagency Motor Pool	281	559	559	300	19
Transportation of Things	185	137	137	198	13
Rent, Communications & Utilities	8,266	10,785	10,785	9,700	1,434
Printing	136	169	169	145	9
Other Services	26,037	29,096	29,886	32,775	6,738
Supplies and Materials	684	1,451	1,451	731	47
Equipment	402	700	700	430	28
Insurance Claims	23	7	7	25	2
Total Administrative Obligations	**$120,603**	**$136,674**	**$137,119**	**$137,101**	**$16,498**
Reimbursements	-$120,603	-$136,674	-$137,119	-$137,101	-$16,498
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
Adjustments	$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 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,154	1,155	1,215	1,286	132
Management Direction and Support	147	134	134	149	2
Total FTE	**1,301**	**1,289**	**1,349**	**1,435**	**134**
Obligations					
Personal Services	$127,293	$131,888	$133,968	$149,535	$22,242
Travel	2,834	2,884	3,040	3,525	691
Interagency Motor Pool	286	314	314	315	29
Transportation of Things	207	188	188	222	15
Rent, Communications & Utilities	11,745	15,346	15,346	14,300	2,555
Printing	258	511	511	285	27
Other Services	38,007	32,750	30,506	31,495	-6,512
Supplies and Materials	1,296	3,599	3,599	1,460	164
Equipment	1,276	897	897	2,407	1,131
Insurance Claims	33	4	4	36	3
Total Administrative Obligations	**$183,235**	**$188,382**	**$188,373**	**$203,580**	**$20,345**
Reimbursements	-$328	-$337	-$328	-$343	-$15
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
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$182,907**	**$188,045**	**$188,045**	**$203,237**	**$20,330**
Outlays (net)	**$170,923**	**$180,702**	**$182,834**	**$196,223**	**$25,300**

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	311	315	330	330	19
Management Direction and Support	48	48	48	43	-5
Total FTE	**359**	**363**	**378**	**373**	**14**
Obligations					
Personal Services	$26,476	$28,313	$29,800	$29,865	$3,389
Travel	149	155	155	158	9
Interagency Motor Pool	11	13	13	13	2
Transportation of Things	3	3	3	2	-1
Rent, Communications & Utilities	3,796	3,602	4,173	3,498	-298
Printing	30	30	30	30	0
Other Services	1,009	1,001	1,001	1,094	85
Supplies and Materials	221	299	299	329	108
Equipment	173	293	293	295	122
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$31,868**	**$33,710**	**$35,767**	**$35,284**	**$3,416**
Reimbursements	-$31,334	-$33,057	-$35,114	-$34,587	-$3,253
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
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$534**	**$653**	**$653**	**$697**	**$163**
Outlays (net)	**$504**	**$494**	**$494**	**$548**	**$44**

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.

2012 President's Budget Submission VBA Initiative Investments (000s)								
	2011 Estimate				2012 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Claims Transformation Plan	0	0	0	0	836	29,093	29,929	10
Veterans Benefits Management System Initiative	2,801	40,621	43,422	21	3,343	31,763	35,106	40
C&P Subtotal	**$2,801**	**$40,621**	**$43,422**	**21**	**$4,179**	**$60,856**	**$65,035**	**50**
VBA-Wide:								
Veterans Relationship Management	0	2,931	2,931	0	1,109	5,104	6,213	13
VBA-Wide Subtotal	**$0**	**$2,931**	**$2,931**	**0**	**$1,109**	**$5,104**	**$6,213**	**13**
C&P Total	**$2,801**	**$43,552**	**$46,353**	**21**	**$5,288**	**$65,960**	**$71,248**	**63**
EDUCATION								
Education Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	0	391	391	0	85	385	470	1
VBA-Wide Subtotal	**$0**	**$391**	**$391**	**0**	**$85**	**$385**	**$470**	**1**
Education Total	**$0**	**$391**	**$391**	**0**	**$85**	**$385**	**$470**	**1**
VOCATIONAL REHABILITATION & EMPLOYMENT								
Integrated Disability Evaluation System Expansion to VR&E	0	0	0	0	10,123	6,118	16,241	110
VetSuccess on Campus	0	0	0	0	836	256	1,092	9
VR&E Subtotal	**$0**	**$0**	**$0**	**0**	**$10,959**	**$6,374**	**$17,333**	**119**
VBA-Wide:								
Veterans Relationship Management	0	277	277	0	85	532	617	1
VBA-Wide Subtotal	**$0**	**$277**	**$277**	**0**	**$85**	**$532**	**$617**	**1**
VR&E Total	**$0**	**$277**	**$277**	**0**	**$11,044**	**$6,906**	**$17,950**	**120**
HOUSING								
Housing Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	0	201	201	0	85	279	364	1
VBA-Wide Subtotal	**$0**	**$201**	**$201**	**0**	**$85**	**$279**	**$364**	**1**
Housing Total	**$0**	**$201**	**$201**	**0**	**$85**	**$279**	**$364**	**1**
INSURANCE	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Veterans Relationship Management	0	3,800	3,800	0	1,365	6,300	7,665	16
VBA-Wide Subtotal	**$0**	**$3,800**	**$3,800**	**0**	**$1,365**	**$6,300**	**$7,665**	**16**
TOTAL OBLIGATIONS	**$2,801**	**$44,421**	**$47,222**	**21**	**$16,503**	**$73,530**	**$90,032**	**185**

Disability Compensation, Pensions & Burial

Mission

The mission of the Compensation, Pension, 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.

The Veterans Benefits Administration (VBA) seeks to provide all possible benefits under the law to eligible claimants in a timely, accurate, and compassionate manner and, to the extent possible, apprise potential claimants of possible entitlement to benefits. This budget, in conjunction with the Office of Information and Technology budget, supports VA's transformation into a 21st Century organization.

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 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct Compensation	12,361	14,138	12,970	13,099	738
Direct Pensions	1,077	1,045	1,103	1,104	27
Direct Burial	117	116	117	117	0
Total Direct FTE	**13,555**	**15,299**	**14,190**	**14,320**	**765**
Management Direction and Support	1,554	1,669	1,669	1,663	109
Total FTE	**15,109**	**16,968**	**15,859**	**15,983**	**874**
ARRA (direct non-add)	1,907	0	0	0	-1,907
Obligations					
Personal Services	$1,210,182	$1,388,679	$1,331,258	$1,342,411	$132,229
Travel	17,828	38,222	38,222	21,201	3,373
Interagency Motor Pool	2,899	2,361	2,358	3,067	168
Transportation of Things	1,542	1,714	1,714	1,629	87
Rent, Communications & Utilities	116,375	160,383	160,190	138,144	21,769
Printing	2,650	2,360	2,358	2,803	153
Other Services	242,328	340,044	409,430	336,669	94,341
Supplies and Materials	11,573	32,534	32,529	12,224	651
Equipment	14,201	10,407	10,407	14,999	798
Insurance Claims	326	109	109	360	34
Total Administrative Obligations	**$1,619,904**	**$1,976,814**	**$1,988,575**	**$1,873,507**	**$253,603**
Reimbursements	-$151,515	-$184,182	-$183,783	-$209,237	-$57,722
Unobligated SOY	**-$140,038**	**-$5,557**	**-$19,120**	**$0**	**$140,038**
Economic Stimulus ($150M)	-$106,991	$0	$0	$0	$106,991
Economic Stimulus ($7.1M)	-$6,171	-$5,557	-$120	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$26,850	$0	-$19,000	$0	$26,850
Recycling	-$26	$0	$0	$0	$26
Unobligated EOY	**$25,256**	**$5,557**	**$120**	**$0**	**-$25,256**
Economic Stimulus ($150M)	$11	$0	$0	$0	-$11
Economic Stimulus ($7.1M)	$6,220	$5,557	$120	$0	-$6,220
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$19,000	$0	$0	$0	-$19,000
Recycling	$25	$0	$0	$0	-$25
Economic Stimulus Rescission ($7.1M)	-$6,100	$0	$0	$0	$6,100
Economic Stimulus Balance Carried Forward ($7.1M)	$120	$0	$120	$0	-$120
Unobligated Bal expiring	$19,176	$0	$0	$0	-$19,176
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,372,783**	**$1,792,632**	**$1,785,912**	**$1,664,270**	**$291,487**
Outlays (net)	**$1,198,888**	**$1,672,548**	**$1,733,894**	**$1,625,882**	**$426,994**

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 funding will support 15,983 FTE, the associated level of fringe benefit costs, and inflationary expenses.

Changes from Original 2011 Budget Estimate

Obligations increase $11.8 million for Other Services above the funding reallocated from FTE from the original budget estimate.

Changes from 2010 Actuals to 2012 Request

Obligations are expected to increase $253.6 million. Personal services obligations increase $132.2 million for 874 additional FTE, the associated level of fringe benefit costs, and the anticipated changes in staff composition. Additional direct FTE are required to process increased disability claims workload and contribute toward VA's goal of breaking the back of the claims backlog.

Travel obligations increase to support Challenge training for newly hired claims processors. Rent, communications, and utilities increase to support increased occupancy at regional offices. Other non-pay categories increase to support additional staff.

Disability Compensation, Pensions & Burial
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2011 Continuing Resolution	2012 Estimate (vs 2010)
Prior Year Obligations	$1,619,904	$1,619,904
Prior Year FTE	15,109	15,109
Adjustments:		
FTE	750	874
Personal Services	$121,076	$132,229
Travel	20,394	3,373
Interagency Motor Pool	-541	168
Transportation of Things	172	87
Rent, Communications & Utilities	43,815	21,769
Printing	-292	153
Other Services	167,102	94,341
Supplies and Materials	20,956	651
Equipment	-3,794	798
Insurance Claims	-217	34
Net Change	**$368,671**	**$253,603**
Estimated Obligations	$1,988,575	$1,873,507
Total FTE	15,859	15,983

Disability Compensation, Pensions & Burial
Average Salary Analysis

2010 Average Salary (261 days)	**$58,700**
Annualization of 2.0% 2010 raise (+0.5%)	294
Annualization of 0% 2011 raise (0%)	0
Change in staff composition	1,377
Regular benefits percentage	26.7%
2010 Average Cost	$80,097
2011 Average Salary (261 days)	**$60,370**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-762
One day adjustment	-228
Regular benefits percentage	28.1%
2011 Average Cost	$83,943
2012 Average Salary (260 days)	**$59,380**
Regular benefits percentage	29.3%
2012 Average Cost	$83,990

Program Highlights

21st Century Transformation

VA is actively pursuing transformation into a 21st Century organization that is Veteran-centric, results-driven, and forward-looking. This transformation is demanded by a new era, emerging technologies, the latest demographic realities, and renewed commitments to today's Veterans. To this end, VA must deliver first-rate and timely benefits and services to our Nation's Veterans, families, and survivors. One of VA's highest priority goals is to implement a 21st Century paperless claims processing system in 2012 to ultimately eliminate the disability claims backlog backlog by 2015 such that no veteran has to wait more than a 125 days for a high quality decision. VBA is attacking the claims process and backlog through a focused and multi-pronged approach. At its core, our approach relies on three pillars:

- Culture: A culture change inside VA to one that is centered on accountability to and advocacy for our Veterans;

- Reengineering business processes: Collaborating with internal and external stakeholders (VA employees, administrations, and staff; Congress; VSOs; public and private entities) to constantly improve our claims process using best practices and ideas; and

- Technology and infrastructure: Deploying leading-edge, powerful, 21st Century IT solutions to create a smart, paperless claims system which simplifies and improves claims processing for timely and accurate decisions the first time.

VBA's Claims Transformation Plan includes initiatives that will transform our tools, claims process, workforce, and management. We are examining 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 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 Claims Transformation Plan initiatives will positively impact the lives of Veterans, as they will enable 21st Century benefits delivery and services as follows:

- Improve the VA claims process through both business process reengineering and additional technology
- Improve services to Veterans with more timely and accurate claims processing

- Enhance advocacy and interaction with Veterans and their families
- Foster strategic communication with both internal and external stakeholders (i.e., ongoing meetings with Congress, Veterans Service Officers, labor partners, and employees)
- Fully integrate with the development of the Veterans Benefits Management System (VBMS)

Transforming our disability claims processing system involves identifying short-term changes with immediate impact to streamline the way we currently do business, improving business processes, enabling practices which will best leverage technology, and hiring staff to bridge the gap until we fully implement our mid-range plan.

Some of the initiatives are being quickly implemented to build momentum and reach out to our Veterans. For example, claims processing staff are now required to call Veterans, instead of relying solely on written communications, to obtain the evidence needed to resolve their claims. Additionally, VA is testing whether a specialized contract can yield private medical records required to process Veterans' disability compensation claims more quickly. To minimize the need for VA medical examinations and avoid processing delays in scheduling and completing those examinations, VA is developing 79 new medical questionnaires that are specifically aligned with the VA Schedule for Rating Disabilities for use by Veterans' personal physicians.

VA's transformation strategy for the claims process leverages the power of 21st Century technologies applied to redesigned business processes. We are applying technology improvements to the new streamlined processes so that the overall service we provide is more efficient, timely, and accurate. We are harvesting the knowledge, energy, and expertise of our employees, VSOs, and the private and public sectors to bring to bear ideas to accomplish this claims process transformation. Our end goal is a smart, paperless, IT-driven system that empowers our VA employees and engages our Veterans. While we work to develop this system, we are making immediate changes to improve our business processes and simultaneously incorporating the best of those changes into VBMS, our signature program. Our efforts are also synchronized and coordinated with VA's Virtual Lifetime Electronic Record and Veterans Relationship Management (VRM) programs.

VBMS is VA's business transformation initiative supported by technology that is designed to dramatically improve benefits delivery. VBMS is a holistic solution with an integrated business-transformation strategy to address process and people, along with delivery of 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 high quality decisions.

The VBMS initiative began in January 2010 with the development of the Virtual Regional Office, which produced a graphical representation of the business requirements needed to develop the software component. VA is using a series of pilots to refine the software and validate new business processes prior to national deployment of VBMS in 2012. The first VBMS pilot was deployed to the Providence Regional Office in November 2010.

In conjunction with the Claims Transformation Plan and its approach to leverage new technologies, VBA will deliver a system-wide transformation that will:

- Move the claims process to a paperless environment
- Transition electronic records directly from DoD to VA
- Enhance the level of cooperation between VBA and VHA to secure examinations vital to the disability claims process
- Enhance training for VBA employees
- Make advancements to the current VA Schedule for Rating Disabilities
- Expand quality review procedures
- Continue consolidation of specific processes to improve efficiencies and accuracy
- Participate as an equal partner with DoD in the development of an improved and more efficient joint VA/DoD disability evaluation system
- Develop new examination templates
- Engage Veterans' private treating physicians in disability assessment
- Leverage existing VHA and DoD treatment records in lieu of special exams

We recognize that technology is not the sole solution for our claims-processing challenges; however, it is the hallmark of a forward-looking organization and must be at the core of our efforts. Combined with a renewed commitment and focus toward increasing advocacy for our Veterans, VBA's Claims Transformation Plan combines a business transformation and re-engineering effort with enhanced technologies, giving an overarching and clear vision for improving service delivery to our nation's Veterans.

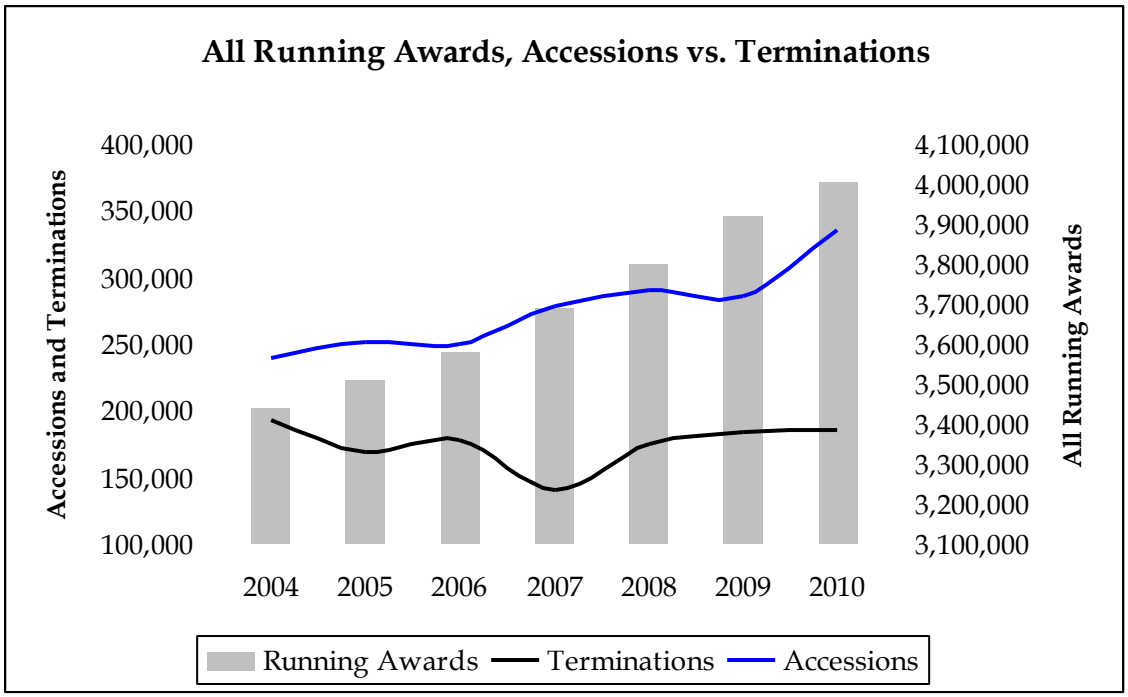
Workload

The following chart provides a summary of VBA disability determination workload and FTE projections, discussed in greater detail in this section.

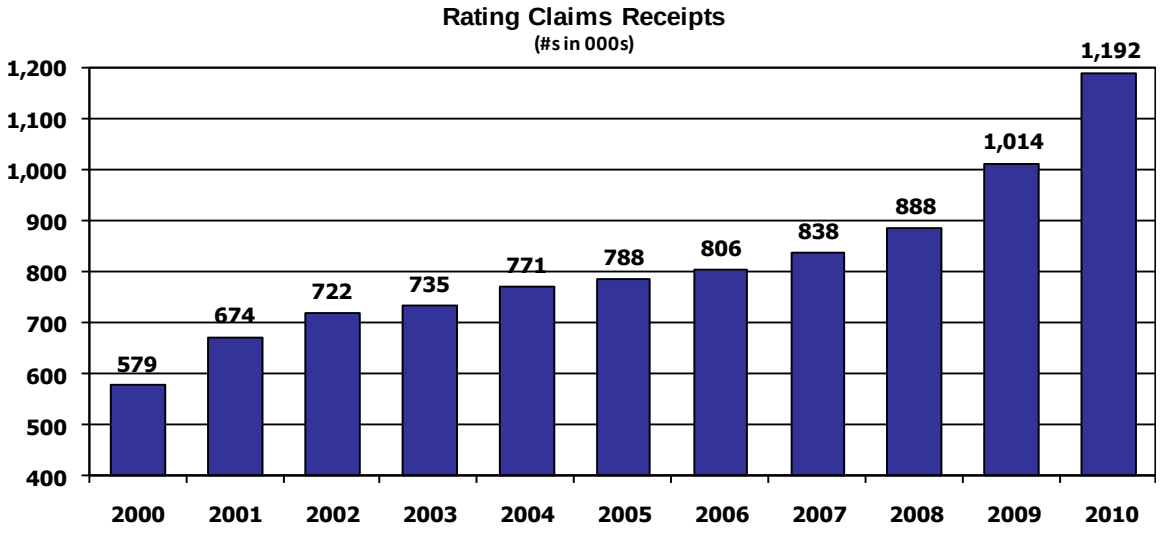
Projected Workload and FTE Requirements	2009	2010	2011 Continuing Resolution	2012 Estimate
C&P Direct Labor FTE	11,868	13,555	14,190	14,320
Receipts	1,013,712	1,192,346	1,480,492*	1,325,953
Year-end Inventory	416,335	531,698	882,435	934,365
Production	977,219	1,076,983	1,129,755	1,274,022
Average Days to Complete Compensation and Pension Rating Related Claims	161	165	190	230
Average Days to Complete Pension Entitlement Claims	93	132	125	90
Average Days to Complete Pension Maintenance Claims	101	105	105	105

**2011 projected receipts reflect nearly 230,000 additional claims due to Agent Orange-related presumptions for the three new conditions.*

Since 2001, the demand for benefits and services from Veterans, dependents, and survivors has steadily increased. Accessions have outpaced terminations each of the last seven years. More than 37 percent of the Veterans returning from current conflicts are filing claims for benefits. Increased need for services can also be seen from Veterans of earlier combat and service periods. At the end of 2010, 30 percent of all original disability claims pending were from Veterans discharged during the Vietnam era.



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 initial determination. Historically, VBA has found that characterizing work in terms of claims requiring disability assessments (called rating claims) is a good proxy for overall client demand.



Over the past ten years, disability rating claims received from Veterans have grown at a tremendous rate. Although the workload in the last ten years has doubled, additional employees, advanced technologies, and training enabled VA to complete an unprecedented number of disability claims – nearly 1.2 million during 2010. The growth in received disability claims is driven by improved access to benefits through the joint VA and DoD Pre-Discharge Program, increased demand as a result of nearly ten years of maintaining a wartime footing, the establishment of new disabilities that are presumptive of herbicide exposure in Vietnam and other new regulations, and the impact of a difficult economy prompting America's Veterans to pursue entitlement to the benefits they earned during their military service.

These influences are still present and, as a result, VBA is forecasting continued high levels of growth in disability claims volume. The claims growth, with the new Agent Orange-related presumptions, is expected to increase disability claims by 24 percent in 2011. Included in this growth is the influx of claims due to the addition of Ischemic Heart Disease (IHD), Parkinson's Disease (PD), and Hairy Cell Leukemia (HCL) and other B-Cell Chronic Leukemias (BCL) to the list of conditions subject to the presumption of service connection as a result of exposure to Agent Orange. The majority of the Agent Orange-related claims will be received in 2011, so receipts in 2012 are less than receipts in 2011. Of these claims, approximately 93,000 are covered by the *Nehmer* settlement, in that they were previously denied. These claims are very complex and can be completed at a rate of production that is less than half the normal expectation. However, we anticipate that 2012 claims receipts (exclusive of Agent Orange claims for the new presumptives) will increase 10 percent over 2010 non-Agent Orange claim receipts.

Unprecedented growth in received claims has driven VBA's claims inventory projections to historic levels. Our pending inventory is projected to continue to increase into 2012 as a result of the increased claims volume. New business processes and technologies, primarily the Veterans Benefits Management System, will enable us to increase production beginning in 2012. Output is expected to

outpace receipts beginning in 2013. However, with the implementation of our paperless processing system, to ultimately eliminate the backlog, our goal continues to be that no Veteran has to wait more than 125 days for a high quality decision.

Significant increases in workload and commensurate resource demands require VBA to employ innovative measures to successfully meet Veterans' needs. As such, VBA continues to explore process and policy simplification, short-term technology enablers, and contracted service support to address the unprecedented demand.

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	2008	2009	2010
Traditional VA Disability Rating Claims *	**888,112**	**1,013,712**	**1,192,346**
Compensation and Pension Entitlement**	**900,674**	**1,034,560**	**1,239,573**
Compensation Entitlement	761,956	869,127	1,044,457
Compensation Award Adjustments***	446,977	585,191	535,011
Compensation Program Reviews***	256,243	283,975	275,960
Compensation – Other***	336,119	349,613	342,609
Pension Entitlement	138,718	165,433	195,116
Pension Award Adjustments***	241,946	179,519	300,162
Pension Program Reviews***	41,721**	30,506	7,561
Pension – Other***	39,857	194,719	198,888
Burial	146,134	146,316	145,225
Accrued	5,936	6,855	8,408
Appeals	108,693	124,295	141,483
All Workload Actions	**2,524,300**	**2,935,549**	**3,194,880**

**Reflects VBA's traditional compensation and pension workload that characterizes claims received and completed in terms of rating determinations needed.*
***Reflects compensation and pension workload indicators in VBA Monday Morning Workload.*
*** In 2008, two years of income verification match workload were processed.*
****Adjustments to Compensation and Pension for overlapping EP bundled workload.*

Completed Claims	2008	2009	2010
Traditional VA Disability Rating Claims *	**899,863**	**977,219**	**1,076,983**
Compensation and Pension Entitlement**	**926,572**	**984,618**	**1,142,015**
Compensation Entitlement	774,508	838,132	932,855
Compensation Award Adjustments***	453,201	545,313	586,837
Compensation Program Reviews***	254,949	279,848	275,620
Compensation – Other***	337,514	348,583	339,008
Pension Entitlement	152,064	146,486	209,160
Pension Award Adjustments***	227,290	110,477	291,037
Pension Program Reviews	53,545**	28,214	22,694
Pension – Other***	40,077	49,035	62,238
Burial	153,534	145,235	139,247
Accrued	6,367	6,392	7,147
Appeals	101,566	109,433	118,309
All Workload Actions	**2,554,615**	**2,607,148**	**2,984,152**

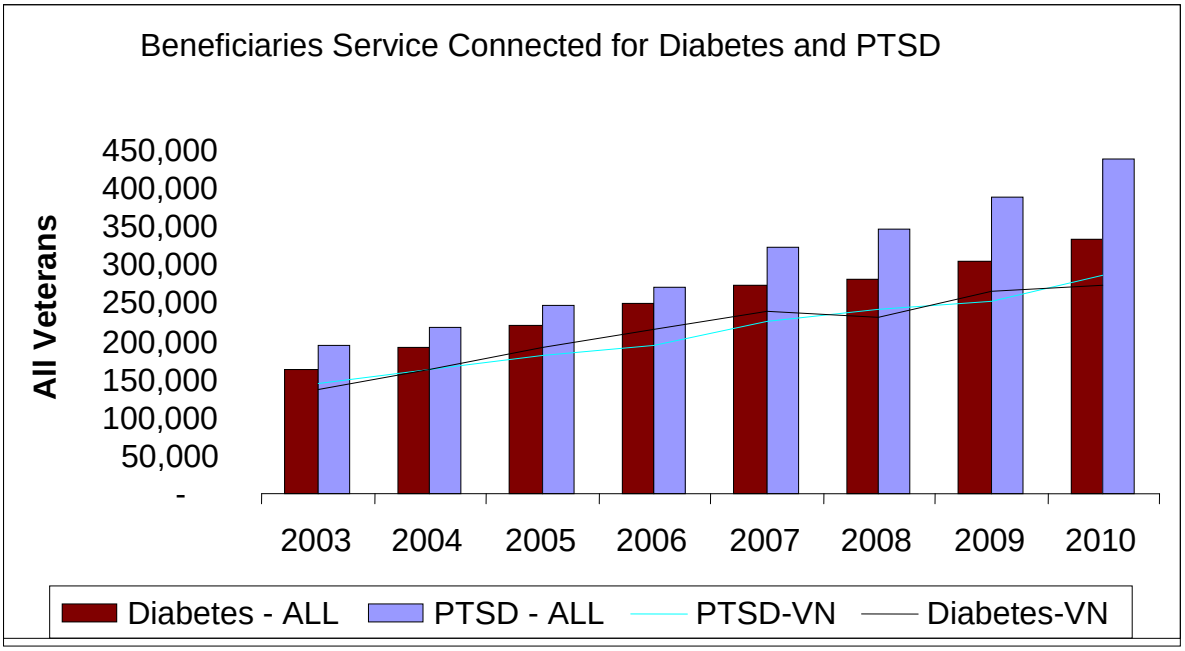
**Reflects VBA's traditional compensation and pension workload that characterizes claims received and completed in terms of rating determinations needed.*
***Reflects compensation and pension workload indicators in VBA's Monday Morning Workload Reports.*
*** In 2008, two years of income verification match workload were processed.*
****Adjustments to Compensation and Pension for overlapping EP bundled workload.*

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 as described below:

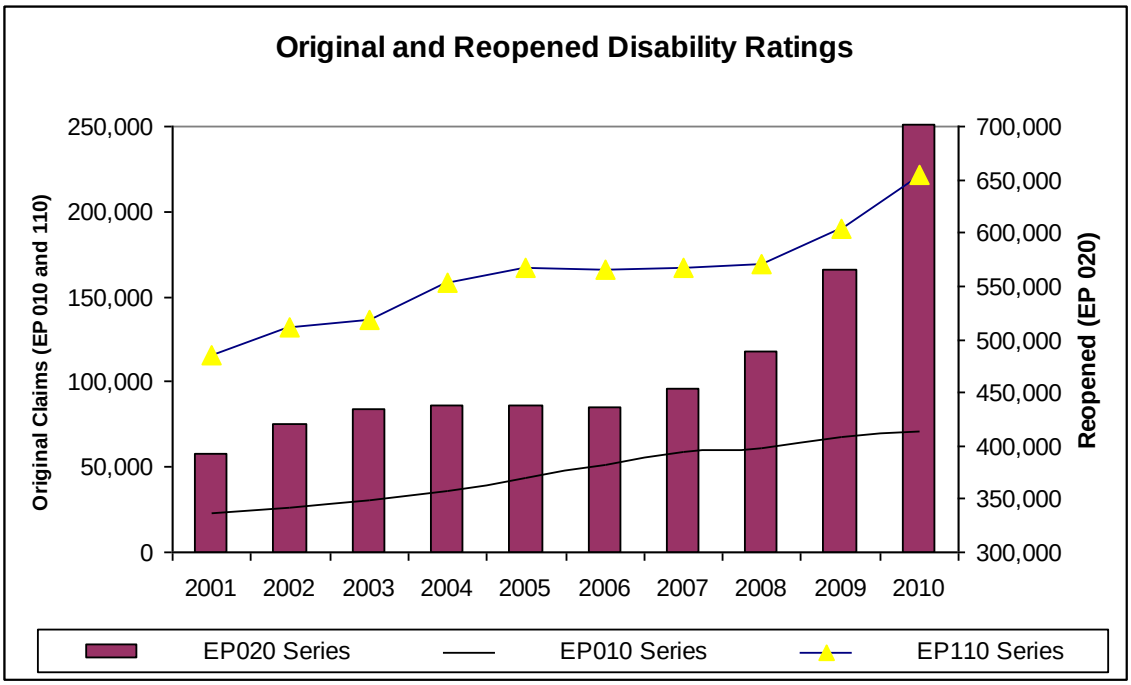
- The number of Veterans receiving benefits has significantly increased, both in terms of whole numbers and as a percent of the Veteran population. The current Veteran population demonstrates similar disability profiles as their predecessors in terms of the body systems affected. However, an increasing number of Veterans are claiming 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 42.2 percent 2010, 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 most prevalent disabilities for Vietnam Veteran beneficiaries.



Reopened Disability Claims

After nine 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 nearly 3.2 million in 2010. VA anticipates that reopened claims for increased benefits will also continue to grow as compensation recipients, many of whom suffer from chronic progressive disabilities (such as diabetes, mental illness, and cardiovascular disabilities) age and their conditions worsen. During 2010, reopened disability compensation claims comprised 59 percent of all disability claims received.



Increasing Number of Claimed Conditions

Increased claim receipts drive our staffing level request. The total number of disability claims received has increased from 674,219 in 2001 to 1,192,346 during 2010, while original disability claims with eight or more claimed issues has increased from 22,776 in 2001 to 70,620 during 2010.

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 beneficial targeted specialization can be. Consolidation of all Veteran and survivor pension claims was completed in 2008. The National Accuracy Rate improved to 96 percent in 2010 for both pension entitlement claims and pension maintenance claims.

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, and allowing multiple individuals simultaneous access to the record regardless of their location.

Burial Program for Veterans

The burial program provides honor and assistance with the burial of deceased 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 Veterans cemetery. VA may reimburse transportation charges associated with the burial of certain qualifying Veterans. Public Law 110-389 increases both the benefit amount and the complexity of the burial program in 2012.

Award Adjustments

During 2010, VBA completed nearly 3.2 million award actions, of which 1,076,983 were VA disability rating decisions. With over four million Veterans and beneficiaries 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.

Fiduciary Activities

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 110,000 incompetent beneficiaries. The combined estate value requiring supervision exceeds $3.2 billion and a combined home value exceeds $3.1 billion. During 2010, VBA completed over 91,000 field examinations and accounting audits. These include initial appointment field examinations and regular follow-ups, as well as other actions associated with administering the fiduciary program. Field examiners traveled over one million miles to complete their duties in 2010. The workload of the fiduciary program continues to grow as the age of our Veterans increases. The number of Veterans who are enrolled in C&P programs and are 85 years of age or older is projected to increase 32 percent between now and 2018. This is primarily the result of aging Vietnam Veterans. The Veterans Benefits Improvement Act of 2004 established important new safeguards for beneficiaries not able to independently manage their funds and increases

responsibilities when appointing fiduciaries and monitoring the execution of their duties.

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.

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 updating the rating schedule.

Pre-Discharge Claims Processing

The joint VA and 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 provides transitional assistance to separating or retiring Servicemembers by offering a single cooperative medical examination that meets the requirements of both VA disability rating and military separation examinations. It is focused on providing decisions on disability claims as close as possible to Servicemembers' separation from active duty as part of the overall goal of providing a seamless and successful transition to civilian life. Participation in the BDD program is open to Servicemembers who are between 60 and 180 days of being released from active duty and who are able to complete their scheduled VA medical examinations prior to leaving their point of separation.

In 2010, VA received 27,160 BDD claims, and the average processing time was 75 days following discharge.

Quick Start Program

The Quick Start program is available to Servicemembers within 1 to 59 days of separation from service or Servicemembers who do not otherwise meet the BDD criteria requiring availability for all examinations prior to discharge. Like the BDD program, the Quick Start program provides for centralized decision-making by a dedicated staff at two sites. However, unlike BDD, Quick Start examinations are typically done after Servicemembers are separated or retired.

In 2010 VA received 32,990 Quick Start claims, and the average processing time was 145 days.

Integrated Disability Evaluation System

In coordination with DoD, VA implemented the Integrated Disability Evaluation System (IDES) program that allows wounded, ill, and injured Servicemembers to receive ratings prior to discharge from the military. Forty eight percent of all Servicemembers undergoing disability evaluation are enrolled in the IDES. Our goal is to reach 100 percent by October 2011.

IDES utilizes a single disability examination based upon VA examination standards to produce a single disability rating by VA that is used by both VA and DoD for those Servicemembers who incur injury, wounds, or illness that may preclude further military service. The strategic goal of IDES is to provide a smooth transition to those found no longer qualified to remain in service and eliminate a delay in the payment of disability benefits from VA, if entitled. In the legacy DES process, DoD and VA operate consecutive and, in some respects, redundant processes. In that process, the average time from referral to the medical evaluation board to the receipt of VA benefits was approximately 540 days. Through September 2010, the average time in IDES for active component Servicemembers without pre-separation leave is 299 days. Active component Servicemembers who completed the IDES averaged 314 days (including pre-separation leave). This is 42 percent faster than the legacy DES system.

As of September 2010, IDES has assisted 3,401 Servicemembers to successfully transition to civilian life with a greater understanding of the benefits and services available to them through VA. During IDES processing, Servicemembers are introduced to VA healthcare while on active duty. This familiarizes them with VA healthcare and fosters the new relationship. As of September 30, 2010, 11,028 exams and 5,702 ratings have been completed through the IDES process.

Full implementation of the IDES process will affect approximately 30,000 Servicemembers per year being cared for at 132 military treatment facilities (MTFs) worldwide. IDES is currently operating at 54 MTFs in the continental United States and Alaska. Deployment to all sites will occur in a phased process through October 2011. Overseas sites will have exams done by DoD and VA military service coordinators will be stateside conducting exams via videoconference.

Contract Examinations

The contract exam program 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.

VA hired three private companies to perform this service at eighteen regional offices and various military bases in support of the IDES program throughout the United States. The areas include high-utilization urban centers as well as rural areas where Veterans would have to travel greater distances to undergo VA examinations. The average time for a completed examination in the contract exam program is 38 days. In 2010, VA contracted nearly 180,000 examinations. VA estimates that in 2011, 189,000 Veterans will be examined by a private source and that number will increase to 198,000 in 2012.

Skill Certification

The skill certification program is an essential element in VBA's strategic goal of achieving a skilled, high-performing workforce. The Veterans Benefits Improvement Act of 2008 (PL 110-389) expanded on and enhanced VA's existing efforts in skill certification that began several years earlier. 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, PMCs, and the Appeals Management Center (AMC). Since the inception of the skill certification testing, 3,951 of the 7,383 individuals who have taken the tests have passed. This number reflects that approximately 54 percent of test takers are successfully obtaining certification.

Quality Assurance Reviews

The Compensation and Pension Service 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 consistently across all 57 regional offices, the PMCs, the Day One Brokering Centers (D1BCs) (formerly the resource centers), and the AMC.

Accuracy

The Systematic Technical Accuracy Review (STAR) program is the national system for measuring compensation, pension, and fiduciary claims processing accuracy. Reviews measure quality at regional offices and PMCs, and quality in the IDES pilot. The STAR staff works closely with the Veterans Health Administration through the Disability Evaluation Management Office (DEMO) – formerly Compensation and Pension Examination Program (CPEP) Office – and the VBA contract examination program to review the quality of examination requests and examination results.

Station Oversight

Compensation and Pension Service site visits encompass a thorough review of all operational elements of claims processing in an effort to improve the consistency and accuracy of benefits delivery as well as compliance with approved policies and procedures throughout VBA's 57 regional offices, the PMCs, and the D1BCs. Site

visits include reviews of consolidated workload processes such as development resource centers, PMCs, and appeals resource centers. They also include reviews of priority processing of our nation's seriously injured and very-seriously injured Servicemembers and Veterans, initial claims from returning combat theater Veterans, homeless Veterans, and Veterans facing financial hardship. The visits include review of outreach efforts and of the coordinating efforts in place at offices designed to improve communications with Veterans and survivor s. Team members review 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 is placed 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 . They may involve a nationwide review or review of specific regional offices. The Quality Assurance staff is available to conduct special focused reviews as needed to support agency needs, such as quality reviews of the IDES cases, and the review of cases completed by the AMC.

Consistency Reviews

The consistency component of quality assurance involves conducting nationwide reviews of regional office rating decisions 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 outliers on grant rates and assigned disability percentages exist. This data is used to focus on identifying areas for more in depth reviews and analysis with the goal of assisting the regional office.

Technology

Leveraging new and emerging technologies continues to play a key role in the delivery of benefits and services to Veterans and Servicemembers. The overall VBA strategy is centered on the VBMS initiative and is supported by systems that store electronic images of submitted or acquired paper documents such as service treatment records, dependency documents, and private treatment records. This strategy provides modern computing capability where data is entered once and used many times for various reasons by multiple users, eventually including the Veterans Lifetime Electronic Record (VLER); electronic training tools; decision support systems; and electronic interfaces with claimants, beneficiaries, other agencies, and third-party providers. While predominantly a business transformation effort, the goal of the VBMS initiative is to improve service to our nation's Veterans by migrating from a paper-intensive claims process to a claims process supported with electronic data and services.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**Strat. Tar-get**
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 Priority Goals)**	**N/Av**	**N/Av**	**N/Av**	**36%**	**60%**	**65%**	**0**
		Percentage of pension maintenance claims pending inventory that is more than 90 days old (NEW)	**N/Av**	**N/Av**	**N/Av**	**N/Av**	**N/Av**	**Baseline**	**0**
		National accuracy rate - compensation entitlement claims (Supports Priority Goals)	**88%**	**86%**	**84%**	**84%(1)**	**90%**	**92%**	**98%**
		National accuracy rate – pension maint. claims	**91%**	**93%**	**95%**	**96(1)**	**95%**	**95%**	**98%**

(1) 2010 Data through July 31

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**Strat. Tar-get**
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 maintenance claims – average days to complete	N/Av	N/Av	N/Av	99	89	79	60
		Compensation entitlement claims – average days to complete (corrected)	N/Av	N/Av	N/Av	169 (1)	158	148	90
		Percentage of Compensation Maintenance claims pending inventory that is more than 90 days old (NEW)	N/Av	N/Av	N/Av	N/Av	N/Av	Base-line	0
		Burial claims processed – average days to complete	91	84	78	76	70	60	21
		Percentage of Burial claims pending inventory that is more than 60 days old (NEW)	N/Av	N/Av	N/Av	N/Av	N/Av	Base-line	0
		National accuracy rate – compensation maintenance claims	92%	95%	95%	96% (1)	96%	97%	98%
		National accuracy rate – pension entitlement claims	91%	87%	95%	96% (1)	96%	96%	98%

(1) 2010 Data through July 31

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**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)**	Compensation and Pension National accuracy rate – fiduciary work	84%	81%	82%	85% (1)	90%	92%	98%
		National accuracy rate – burial claims processed	95%	96%	93%	96% (1)	98%	98%	98%
		Appeals Resolution Time (From NOD to Final Decision) (Average Number of Days) (Joint Measure with BVA)	660	645	709	656	695	690	400
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)**	Percent of claims where a portion of the required forms were filed electronically **(New)** (Supports Priority Goals)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Percentage of separating Servicemembers that 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	Baseline	TBD	TBD

(1) 2010 Data through July 31

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**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 DES participants that will be awarded benefits within 30 days of discharge	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	95

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organizatio n-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**Strat. Tar-get**
D. Engage in two-way communicatio ns 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	Baseline (2)	TBD (3)	TBD	TBD
		Overall satisfaction rate (%) (Pension)	N/Av	N/ Av	N/ Av	Baseline	TBD	TBD	TBD

(2) Baseline work will provide FY 2010 results but these will not be available until the end of FY 2011

(3) Once FY 2010 baseline results are available, a 2011 target will be established and a 2011 survey will be conducted in early FY 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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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)**	National Call Center Successful call rate* (NEW) (Supports Priority Goals)	N/Av	N/Av	N/Av	N/Av	Base-line	TBD	TBD

**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.*

Table 2: Performance Measure Supporting Information

1) and 2) Percentage of Compensation and Pension pending inventory - more than 125 days old and Percentage of pension maintenance claims pending inventory - more than 90 days old

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 Source(s): 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 C&P Service, which performs 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 these measures is improved service delivery to claimants. Additionally, the measures ensure that claimants receive the benefits to which they are entitled in a consistent and timely manner.

e) Cross-Cutting:

- 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 Factors: 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

3) and 4) National Accuracy Rate – compensation entitlement claims and National accuracy rate – pension maintenance claims

a) Means and Strategies: Same as measures 1 and 2.

b) Data Source(s):

- 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: Same as measures 1 and 2.

f) External Factors: Same as measures 1 and 2.

g) Other Supporting Factors: None

h) Link to New Strategic Planning Framework: Same as measures 1 and 2.

Table 3: Priority Goals Summary (Paperless Claims Processing)
Priority Goal: Implement a 21st Century paperless claims processing system by 2012 to ultimately eliminate the disability claims backlog such that no Veteran has to wait more than 125 days for a high-quality decision. This Priority Goal is supported by the following performance measures: • Compensation and pension disability rating claims – average days to complete • National accuracy rate – compensation entitlement claims • Percentage of compensation and pension pending inventory that is more than 125 days old To be less reliant on the acquisition and movement of paper documents for benefits delivery, we are deploying the Veterans Benefits Management System. **The purpose of this goal is to:** • Achieve less reliance on the receipt, movement, and storage of paper; • Eliminate efficiency constraints associated with claims files; • Ensure the security of Veterans' personal information; and • Substantially contribute to the overall efforts to reduce average days to complete compensation and pension claims. **Key activities for 2012 include:** • Deploying Pilot 3 of VBMS to at least one regional office during 2012. Pilot 1 and Pilot 2, deployed during 2011, will continue to process claims using VBMS. Pilot 3 will integrate new and improved business processes with the software solution that was developed, refined, and validated during the Virtual Regional Office (VRO) and the two previous pilots. The integrated pilot will be deployed in a production environment for 6 months, and will be used to validate the VBMS technology and improved business processes. VA will begin execution of a nationwide deployment strategy for the modern paperless claims processing solution in calendar year 2012.

Table 3: Priority Goals Summary (Veterans Relationship Management)
Priority Goal: Deploy a Veterans Relationship Management (VRM) program to improve VA Clients' access to VA services and benefits by June 2012. This Priority Goal is supported by the following performance measures: • National Call Center Successful Call Rate **The purpose of this goal is to:** • Provide the capabilities to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veteran-clients' self-service experience through a multi-channel customer relationship management approach. This initiative is designed to improve the speed, accuracy, and efficiency in which information is exchanged between VA and clients, regardless of the communications method (phone, web, email, etc.). **Key activities for 2012 include:** • Expand knowledge management solution for external VA client use • Pilot customer relationship management capabilities • Implement common identity-proofing practices Department-wide • Expand Web self-service capabilities through the eBenefits.gov portal

Initiatives

The following chart provides initiative data based on receiving the funding requested.

Compensation and Pensions Initiatives (dollars in thousands)								
	2011 Estimate				2012 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Veterans Benefits Management System (VBMS) Initiative	$2,801	$40,621	$43,422	21	$3,343	$31,763	$35,106	40
Claims Transformation Plan	-	-	-	-	$836	$29,093	$29,929	10
C&P Subtotal	**$2,801**	**$40,621**	**$43,422**	**21**	**$4,179**	**$60,856**	**$65,035**	**50**
VBA-Wide								
Veterans Relationship Management (VRM) Initiative	-	$2,931	$2,931	-	$1,109	$5,104	$6,213	13
VBA-Wide Subtotal	**$0**	**$2,931**	**$2,931**	**0**	**$1,109**	**$5,104**	**$6,213**	**13**
C&P Total	**$2,801**	**$43,552**	**$46,353**	**21**	**$5,288**	**$65,960**	**$71,248**	**63**

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:

Initiative: Veterans Benefits Management System Initiative (formerly Paperless Delivery of Veterans Benefits)

Total 2012 Initiative Cost: $35,106,000 C&P Portion: $35,106,000

The Veterans Benefits Management System initiative is a business transformation initiative supported by technology and designed to improve VBA service delivery, beginning with the Compensation business line. VBMS is a holistic solution that integrates a Business Transformation Strategy (BTS) to address process, people, and organizational structure factors, and an information technology solution to provide a 21st Century paperless claims processing system. The information technology solution, the VBMS, is a corresponding investment reflected in the VA IT Appropriation.

The program plan for the VBMS initiative has been developed to align with VA's Strategic Plan to address VBA's increased claims inventory. VBMS is designed to transition VBA from paper-intensive claims processing to a paperless environment. VBMS will improve reliability, speed, and accuracy of current and future benefits delivery to Veterans.

VBMS is focused on five key elements: (1) **Business process re-engineering** will streamline and improve claims workflows, and enable continuous improvement, (2) **Communications and change management** will address the "people and organizational structure" sides of the transformation effort, (3) **Metrics and measurement systems** will enable continuous feedback and improvement and increase accountability for performance, (4) Enhanced **data mining and predictive capabilities** will help anticipate Veterans needs, and (5) **Technology modernization** will provide secure, end-to-end electronic claims workflow and data storage technology – VBMS. Focusing on these five elements will enable VBA to achieve its goal to continuously deliver improved service and provide a high-quality experience for Veterans.

The VBMS initiative began in January 2010 with the development of the VRO, whose focus was to produce a graphical representation of the business requirements needed to develop the software component. The first iteration of the VBMS software was deployed at a pilot site, the Providence VA Regional Office, in November 2010. A subsequent pilot will be deployed in 2011 and will further refine and strengthen the technology platform.

During 2012, a third pilot will be deployed and will integrate new and improved business processes with the software solution that was developed, refined, and validated during the VRO and the two previous pilots. VA will begin execution of a nationwide deployment strategy for the modern paperless claims processing solution in 2012.

Initiative: Claims Transformation Plan
Total 2012 Initiative Cost: $29,929,000
Ongoing transformation is occurring in VBA to include coordinating and tracking the impact of approximately 40 Claims Transformation Plan initiatives that will improve interaction with Veterans and improve the VA claims process through both business process reengineering and additional technology. The Claims Transformation Plan also includes strategic communication with both internal and external stakeholders (i.e., ongoing meetings with Congress, Veterans Service Organizations, labor partners, and employees). Many of the initiatives will help VA provide more timely and accurate benefits and services to Veterans. Other initiatives will impact the culture of VA by demonstrating our advocacy for Veterans. All initiatives will be in support of the overarching VBMS guiding VBA's transformation.

The funding requested for 2012 will support contractual services for vendors to obtain private medical records in support of Veterans' claims and strategic communications and project management support as VBA develops and implements

further redesigned business processes and strategies and tracks their impact upon timely and accurate service to Veterans.

The Claims Transformation Plan initiatives will ensure VBA is increasingly Veteran-centric, forward-looking, and results-oriented. We will improve our services to Veterans with more timely and accurate claims processing and enhance our advocacy with Veterans and their families. We will track metrics (e.g., number of claims pending over 125 days and quality of rating decisions) to show the impact of Transformation Plan initiatives, both at local and national levels. These initiatives will positively impact the lives of Veterans as they will enable improved 21st Century benefits delivery and services.

Initiative: Veterans Relationship Management
Total 2012 Initiative Cost: $7,665,000 **C&P Portion: $6,213,000**
Veterans Relationship Management (VRM) is a broad, multi-year initiative to improve Veterans' secure access to health care and benefits information and assistance. VRM will provide VA employees with up-to-date tools to better serve Veterans and their families, and Veterans will be empowered through enhanced self-service capabilities.

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. 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, e-mail). The focus of this program includes 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 CRM systems, and integration of self-service capabilities with multiple communication channels.

The VRM program will help VA accomplish the following strategic business objectives:

- Empower Veterans and beneficiaries through multiple accurate and flexible communication channels
- Manage knowledge to capture, store, share, and search for information across all VA organizations
- Maintain a shared record of all contacts among all VA organizations and our clients through state-of-the-art CRM

- Integrate information management among all VA organizations to ensure continuity of services to our clients
- Modernize VA telephone services to enhance our clients' experience when communicating with our agency
- Introduce identity and access management processes and systems to provide, manage, and seamlessly share unique digital identities for all clients; and robustly enforce access by authenticated and authorized clients to protected VA information assets
- Enhance business processes and information systems to provide self-service capabilities

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM program. The total projected cost of $7.7 million will be used primarily for payroll and contractual services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Proposed Legislation

Extend authority for operations of the Manila VA Regional Office (RO):
Legislation will be proposed to extend the authority currently provided by 38 USC 315(b) to maintain the operations of the Manila RO from December 31, 2011 to December 31, 2016. It is more cost effective to maintain the facility in Manila than it would be to transfer its functions and hire equivalent numbers of employees to perform those functions on the U. S. mainland. In addition, our ability to manage potential fraud is significantly enhanced by our presence in Manila. For these reasons, there is no increased cost associated with this proposal.

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)

Discretionary	2010	2011 Budget Estimate	2011 Continuing Resolution	2012 Request	2012 - 2010 Increase(+) Decrease(-)
FTE					
Direct	1,773	1,521	1,635	1,429	-344
Management Direction and Support	188	177	177	166	-22
Total FTE	**1,961**	**1,698**	**1,812**	**1,595**	**-366**
ARRA (direct non-add)	296	0	0	0	-296
Obligations					
Personal Services	$145,535	$126,141	$132,860	$118,077	-$27,458
Travel	2,305	2,206	2,206	1,915	-390
Interagency Motor Pool	350	200	200	285	-65
Transportation of Things	111	146	146	90	-21
Rent, Communications & Utilities	14,754	16,828	16,828	13,230	-1,524
Printing	328	1,362	1,362	757	429
Other Services	14,023	19,049	19,049	14,507	484
Supplies and Materials	1,201	3,085	3,085	977	-224
Equipment	1,497	1,197	1,197	1,218	-279
Insurance Claims	40	1	1	33	-7
Total Administrative Obligations	**$180,144**	**$170,214**	**$176,934**	**$151,089**	**-$29,055**
Reimbursements	-$517	-$2,768	-$2,768	-$529	-$12
Unobligated SOY	**-$46,644**	**$0**	**$0**	**$0**	**$46,644**
Economic Stimulus ($150M)	-$16,209	$0	$0	$0	$16,209
Economic Stimulus ($7.1M)	$0	$0	$0	$0	$0
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$30,435	$0	$0	$0	$30,435
Recycling	$0	$0	$0	$0	$0
Unobligated EOY	**$0**	**$0**	**$0**	**$0**	**$0**
Economic Stimulus ($150M)	$0	$0	$0	$0	$0
Economic Stimulus ($7.1M)	$0	$0	$0	$0	$0
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$0	$0	$0	$0	$0
Recycling	$0	$0	$0	$0	$0
Economic Stimulus Rescission ($7.1M)	$0	$0	$0	$0	$0
Economic Stimulus Balance Carried Forward ($7.1M)	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$132,983**	**$167,446**	**$174,166**	**$150,560**	**$17,577**
Outlays (net)	**$124,449**	**$164,255**	**$163,047**	**$150,930**	**$26,481**

Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $150.6 is requested to fund the discretionary portion of the Education program in 2012. The funding will support 1,595 FTE, the anticipated changes in staff composition, the associated level of fringe benefits, inflationary expenses, and maintenance for the Post-9/11 GI Bill program.

Changes from Original 2011 Budget Estimate

Obligations increase by $6.7 million to retain GI Bill claims processors through the end of the fiscal year instead of through the third quarter, as previously budgeted.

Changes from 2010 Actuals to 2012 Request

In 2012, obligations are expected to decrease $29.1 million. This decrease is the result of the staffing reduction due to the implementation of the long-term, automated claims processing system for the Post-9/11 GI Bill program, offset by increases to account for the 73% growth in anticpated claims receipts and for additional work to integrate changes from Public Law 111-377, the Post-9/11 GI Bill Veterans Educational Assistance Improvements Act of 2010, into the program; the anticipated changes in staff composition; and associated increases to fringe benefits.

Education

Analysis of Discretionary Increases and Decreases

(dollars in thousands)

	2011 Continuing Resolution	2012 Estimate (vs 2010)
Prior Year Obligations	$180,144	$180,144
Prior Year FTE	1,961	1,961
Adjustments:		
FTE	-149	-366
Personal Services	-$12,675	-$27,458
Travel	-99	-390
Interagency Motor Pool	-150	-65
Transportation of Things	35	-21
Rent, Communications & Utilities	2,074	-1,524
Printing	1,034	429
Other Services	5,026	484
Supplies and Materials	1,884	-224
Equipment	-300	-279
Insurance Claims	-39	-7
Net Change	**-$3,210**	**-$29,055**
Estimated Obligations	$176,934	$151,089
Total FTE	1,812	1,595

Education Average Salary Analysis	
2010 Average Salary (261 days)	**$51,068**
Annualization of 2.0% 2010 raise (+0.5%)	255
Annualization of 0% 2011 raise (0%)	0
Change in staff composition	-1,229
Regular benefits percentage	31.2%
2010 Average Cost	$74,215
2011 Average Salary (261 days)	**$50,094**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-629
One day adjustment	-190
Regular benefits percentage	31.7%
2011 Average Cost	$73,322
2012 Average Salary (260 days)	**$49,276**
Regular benefits percentage	33.4%
2012 Average Cost	$74,029

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.

Public Law 111-377, the Post-9/11 GI Bill 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.

Public Law 111-32, the Marine Gunnery Sergeant John David Fry Scholarship, amended the Post-9/11 GI Bill to include the children of Servicemembers who die

in the line of duty after September 10, 2001. The benefit was effective August 1, 2009, and VA began paying benefits under the Fry Scholarship on August 1, 2010. Eligible children attending school may receive up to the highest public, in-state undergraduate tuition and fees, plus a monthly living stipend and book allowance under the Post-9/11 GI Bill.

Implementation of the Post-9/11 GI Bill and 21st Century Transformation

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 utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits. The Post-9/11 GI Bill eligibility rules and benefit determinations will work well with rules-based technology that requires minimal human intervention. The high-level goals of the solution are to provide a flexible architecture to support benefit changes, an efficient workflow, and a model and framework that support code reuse across future VA projects.

VA's long-term claims processing solution (LTS) is scheduled to be released in five phases to provide incremental capability to the users in the regional processing offices. Release 1 of this effort was successfully deployed on March 31, 2010, and provided functionality to calculate new original awards; automated calculation of awards including tuition and fees, housing, books and supplies, the yellow ribbon program, and supplemental educational assistance (i.e., kickers); automated calculation of awards for overlapping terms and intervals, including interval rules for summer terms; and demographic and service data from the VA and Department of Defense Identity Repository (VADIR). Release 2, which was deployed on June 30, 2010, serves as the foundation from which VA will retire the Interim processing solution and automate the education benefits business processes. Release 3, which was deployed on October 30, 2010, provided a school enrollment interface between our VA Online Certification program and the LTS. Release 4, deployed on December 20, 2010, contained the interface to the Benefits Delivery Network (BDN) payment system in order to pre-populate data and automate payments.

P.L. 111-377 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. Release 5 of the LTS, scheduled for delivery by June 30, 2011, is being reprioritized to make the system changes needed to implement provisions of P.L. 111-377. The capability to conduct automated end-to-end processing on some supplemental claims planned for June 2011 will be delayed to accommodate the P.L.111-377 changes. VA's FTE projections for 2011 and 2012 reflect the

additional FTE needed as a result of the delay in delivery of full LTS functionality.

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.

	2009	2010	2011 Continuing Resolution	2012 Estimate
Direct Labor FTE (cum)	1,282	1,773	1,635	1,429
Increase in Claims (over previous year)	4.3%	64.8%	1.8%	3.1%
Total Claims Received	1,704K	2,809K	2,860K	2,950K
Avg Days to Process Orig Claims	26	39*	23	23
Avg Days to Process Suppl Claims	13	16*	12	12

*****_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._

2011 Workload

The projected 2011 increase of 1.8 percent follows an increase of 1,545,694 education claims between 2004 and 2010, from 1,263,151 to 2,808,845 a cumulative 122 percent increase as a result of increases to benefit rates and establishment of the Post-9/11 GI Bill.

To handle the additional claims work, direct FTE increased 164 percent between 2004 and 2010 (from 672 to 1,773). Most of this increase, 905 FTE, occurred with the implementation of the Post-9/11 GI Bill during 2009 and 2010, more than doubling Education staffing. This was due to the complexity of the program and the need for extensive manual processing of claims until a permanent, automated system could be developed.

Implementation of the first four releases of the Post-9/11 GI Bill LTS allowed us to achieve claims processing efficiencies and improve timeliness. Additional planned efficiencies will be delayed due to programmatic changes made by P.L. 111-377. While claims processing functionality provided by the LTS in the first four releases has allowed us to become more productive and has improved processing efficiency, we will continue to need additional FTE to address the increased workload. In 2011, 1,635 direct FTE, including temporary claims examiners, will process the increased workload and improve the average days to complete original and supplemental claims.

2012 Workload

In 2012, we expect a 3.1 percent increase in workload over 2011 due to the Post-9/11 GI Bill. As staff become more experienced in the new program and additional LTS functionality is delivered in future releases, we anticipate maintaining claims processing timeliness even with a lower FTE level of 1,429 FTE.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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 (Supports Priority Performance Goal)**	**32**	**19**	**26**	**39**	**23**	**23**	**10**
		Average days to complete supplemental Education claims (Supports Priority Performance Goal)	**13**	**9**	**13**	**16**	**12**	**12**	**7**
		Percentage of claims processed through the automated claims processing system	N/Av	N/Av	N/Av	N/Av	Base-line	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	Base-line	TBD*	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									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org. -Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**Strat. Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	2. Automate GI Bill benefits **(MI)**	Montgomery GI Bill Usage Rate (%) Veterans who have passed their 10-year eligibility period (Measure being dropped after FY 2011)	70	70	70	*71	71	N/Ap	80
		Percent of Eligible Applicants who use the Post-9/11 GI Bill **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Education Claims Completed Per FTE	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Payment accuracy rate	95	96	96	95	95	96	97

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req.)	**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	14	5	11	17	10	7	5

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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	Baseline*	TBD**	TBD	TBD

* Baseline work will provide FY 2010 results but these will not be available until the end of FY 2011

** Once FY 2010 baseline results are available, a 2011 target will be established and a 2011 survey will be conducted in early FY 2012

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**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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	Base-line*	TBD**	TBD	TBD

* Baseline work will provide FY 2010 results but these will not be available until the end of FY 2011

** Once FY 2010 baseline results are available, a 2011 target will be established and a 2011 survey will be conducted in early FY 2012

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

1) and 2) Average days to complete original and supplemental education claims (Key Measures)

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 information technology solution that utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits. The long-term solution will be implemented during 2011 and will provide 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 2010 there were 20,354 school certifying officials utilizing VA ONCE. In the same year we received approximately 2,208,000 electronic documents through VA ONCE, which represented an increase of 738,500, or 50 percent, above the previous year.

f) External Factors: Legislative changes to educational benefit programs may have an impact on these goals by affecting the volume of claims submitted to VA.

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

Table 3: Priority Goals Summary (GI Bill)
Priority Goal: Build and deploy an automated GI Bill benefits system to speed tuition and housing payments for all eligible Veterans by December 2010. In addition to tracking various program development milestones, Education Service monitors progress on the priority goal via two performance measures listed below and above in the Performance Summary Table: • Average days to complete original Education claims • Average days to complete supplemental Education claims **The purpose of this goal is to:** • Improve processing and payment timeliness. • Mitigate the potential impacts of increased benefits usage due to the Post-9/11 GI Bill. To accomplish this, VA is pursuing development of an automated processing system for Post-9/11 GI Bill claims. The Education Service and VA Office of Information and Technology, in partnership with the Space and Naval Warfare Systems Command (SPAWAR), are overseeing the development of this system, which will provide automated processing and payment functionality incrementally. When fully deployed, this system will assist VA in improving average claims processing timeliness in 2012 to 23 days for original claims and 12 days for supplemental claims.

Initiatives

The following chart outlines resources requested in support of Education initiatives:

Initiatives (dollars in thousands)								
	2011 Estimate				2012 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	-	391	391	-	85	385	470	1
VBA-Wide Subtotal	**$0**	**$391**	**$391**	**0**	**$85**	**$385**	**$470**	**1**
Education Total	**$0**	**$391**	**$391**	**0**	**$85**	**$385**	**$470**	**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:

Initiative: Veterans Relationship Management
Total 2012 Initiative Cost: $7,665,000 Education Portion: $470,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to improve Veterans' secure access to health care and benefits information and assistance. VRM will provide VA employees with up-to-date tools to better serve Veterans and their families, and Veterans will be empowered through enhanced self-service capabilities.

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. 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, e-mail). The focus of this program includes 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 CRM systems, and integration of self-service capabilities with multiple communication channels.

The VRM program will help VA accomplish the following strategic business objectives:

- Empower Veterans and beneficiaries through multiple accurate and flexible communication channels
- Manage knowledge to capture, store, share, and search for information across all VA organizations
- Maintain a shared record of all contacts among all VA organizations and our clients through state-of-the-art CRM
- Integrate information management among all VA organizations to ensure continuity of services to our clients
- Modernize VA telephone services to enhance our clients' experience when communicating with our agency
- Introduce identity and access management processes and systems to provide, manage, and seamlessly share unique digital identities for all clients; and robustly enforce access by authenticated and authorized clients to protected VA information assets
- Enhance business processes and information systems to provide self-service capabilities

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM program. The total projected cost of $7.7 million will be used primarily for payroll and contractual services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

This Page Intentionally Left Blank

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 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	767	833	838	838	71
Management Direction and Support	108	97	97	97	-11
Total FTE	**875**	**930**	**935**	**935**	**60**
Obligations					
Personal Services	$82,480	$90,888	$90,544	$90,544	$8,064
Travel	2,109	2,881	2,881	2,253	144
Interagency Motor Pool	281	559	559	300	19
Transportation of Things	185	137	137	198	13
Rent, Communications & Utilities	8,266	10,785	10,785	9,700	1,434
Printing	136	169	169	145	9
Other Services	26,037	29,096	29,886	32,775	6,738
Supplies and Materials	684	1,451	1,451	731	47
Equipment	402	700	700	430	28
Insurance Claims	23	7	7	25	2
Total Administrative Obligations	**$120,603**	**$136,674**	**$137,119**	**$137,101**	**$16,498**
Reimbursements	-$120,603	-$136,674	-$137,119	-$137,101	-$16,498
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
Adjustments	$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 $137.1 million is requested from credit accounts to fund the discretionary portion of the Housing program in 2012. Administrative funding includes $136 million for the Veterans Housing Program and $1.1 million for the Native American Housing Program. The funding will support 935 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2011 Estimate

Five additional FTE are required for the LoanSTAR (Statistical and Technical Accuracy Review) unit, which will be responsible for evaluating regional loan center performance. These increases were accommodated within the original appropriation request total for Housing administrative costs.

Changes from 2010 Actuals to 2012 Request

In 2012, obligations are estimated to increase by $16.5 million to support 60 additional FTE and fund changes in staff composition and fringe benefit increases. Other services increases $6.7 million as a result of increases to the Appraisal Management Service/Automated Valuation Model contract, Housing's portion of contracts supporting the Veterans Relationship Management initiative, and must-fund contracts to internal and external customers. Other non-pay categories increase to support additional staffing and inflation.

Housing
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2011 Continuing Resolution	2012 Estimate (vs 2010)
Prior Year Obligations	$120,603	$120,603
Prior Year FTE	875	875
Adjustments:		
FTE	60	60
Personal Services	$8,064	$8,064
Travel	772	144
Interagency Motor Pool	278	19
Transportation of Things	-48	13
Rent, Communications & Utilities	2,519	1,434
Printing	33	9
Other Services	3,849	6,738
Supplies and Materials	767	47
Equipment	298	28
Insurance Claims	-16	2
Net Change	**$16,516**	**$16,498**
Estimated Obligations	$137,119	$137,101
Total FTE	935	935

Housing Average Salary Analysis	
2010 Average Salary (261 days)	**$71,082**
Annualization of 2.0% 2010 raise (+0.5%)	355
Annualization of 0% 2011 raise (0%)	0
Change in staff composition	1,338
Regular benefits percentage	24.6%
2010 Average Cost	$94,263
2011 Average Salary (261 days)	**$72,775**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-537
One day adjustment	-277
Regular benefits percentage	24.8%
2011 Average Cost	$96,839
2012 Average Salary (260 days)	**$71,961**
Regular benefits percentage	25.7%
2012 Average Cost	$96,839

Workload and Resource Needs

2011 Workload

Total home loans guaranteed in 2010 were 314,000 with an increase to 319,200 expected in 2011. The number of guaranteed loans expected in 2011 reflects a continued demand for refinance loans, from approximately 121,400 in 2010 to 121,500 in 2011. In 2011, the sustained low interest rate environment will allow Veteran borrowers to reduce the interest rates on their home mortgages. Also, a 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 increase from approximately 192,600 in 2010 to 197,700 in 2011.

Since VA operates in the broader mortgage marketplace, the 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 recovers, VA expects that servicing efforts, offered to borrowers with delinquent VA-guaranteed home loans, will begin to improve. Most notably, an end to the decline in home equity will assist the effectiveness of foreclosure-avoidance tools that are available, resulting in more default resolution options.

The Specially Adapted Housing (SAH) program approved 1,549 grants in 2010. Of these SAH grants, 64 percent were first-time-use grants and 36 percent were subsequent-use grants. The subsequent use of SAH grants is due to a legislative

change that authorized three usages of grant benefits, up to the aggregate maximum amount allowable by law. Legislative changes over the past few years have also expanded eligibility criteria, increased grant amounts, and allowed for yearly adjustments based on a cost of construction index. As a result of these changes, the SAH program expects to approve 1,801 grants in 2011.

2012 Workload

VA estimates that 263,400 home loans will be guaranteed in 2012. An estimated 233,600 of these loans will be purchase loans and 29,800 will be refinance loans. The guaranteed loan estimate reflects a continuing increase in purchase loans and a decrease in refinance loans. The cautious mortgage-lending environment will continue to increase confidence and usage 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 rise from the lower levels of 2011. Defaults and foreclosures will also decrease consistent with the assumption of increasing home prices and easing of credit in 2012, which also improves the effectiveness of default resolution options. Additionally, VA estimates the SAH grant program workload will be similar to that in 2011.

Transformation Initiative

Eligibility determination is the first step in obtaining the VA home loan benefit. VA's performance of this function, particularly the timeliness of eligibility determinations, is critical to our clients' and lending community's participation in our program. VA's current online system for processing eligibility requests automates a large portion of the eligibility determination process and has served our clients and partners well in past years. Recently, VA enhanced the system and redesigned associated processes to meet Veterans' and lenders' expectations for on-demand processing.

A key enhancement to the system is the capability for Veterans and Servicemembers to obtain their Certificate of Eligibility (COE) online through VA's portal. VA also validated and corrected source data and added new functionality and business logic to the system. These efforts have resulted in a steady decline in paper-based applications and COE issuances, and an increase in the online COE issuance success rate. VA will continue to market this improved functionality to our clients and lending communities to ensure they are aware of this enhancement.

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									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org.-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**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)**	**Default Resolution Rate (%)**	**N/Av**	**N/Av**	71.5	**76.3**	**73.0**	**74.0**	**75.0**
		Program Review Accuracy Rate **(New)**	N/Av	N/ Av	N/Av	N/Av	Base-line	TBD	TBD
		Rate of home-ownership for Veterans compared to that of the general population (%)	N/Av	115.2	117.2	117.2	118.0	118.5	119.0
		Default Resolution Efficiency Ratio	N/Av	N/ Av	32.0:1	55.7:1	36.0:1	37.0:1	38.0:1
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	N/ Av	Base-line	62	TBD	75.0

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org.-Specific Efforts (OSEs)	**Performance Measures Data**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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)**	Lender Satisfaction With VA Loan Guaranty Program (%)	92.0	N/Av	95.0	94.5	94.5	96.5	97.0
		Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)	91.7	N/Av	92.3	Base-line*	TBD**	TBD	97.0

* Baseline work will provide FY 2010 results but these will not be available until the end of FY 2011

** Once 2010 baseline results are available, a 2011 target will be established and a 2011 survey will be conducted in early FY 2012

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Default Resolution Rate - Percent of defaulted VA-guaranteed loans that are successfully resolved via a loss mitigation option

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)								
	2011 Continuing Resolution				2012 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	-	201	201	-	85	279	364	1
VBA-Wide Subtotal	**$0**	**$201**	**$201**	**0**	**$85**	**$279**	**$364**	**1**
Housing Total	**$0**	**$201**	**$201**	**0**	**$85**	**$279**	**$364**	**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:

Initiative: Veterans Relationship Management
Total 2012 Initiative Cost: $7,665,000 **Housing Portion: $364,000**

Veterans Relationship Management (VRM) is a broad, multi-year initiative to improve Veterans' secure access to health care and benefits information and assistance. VRM will provide VA employees with up-to-date tools to better serve Veterans and their families, and Veterans will be empowered through enhanced self-service capabilities.

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. 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, e-mail). The focus of this program includes 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 CRM systems, and integration of self-service capabilities with multiple communication channels.

The VRM program will help VA accomplish the following strategic business objectives:

- Empower Veterans and beneficiaries through multiple accurate and flexible communication channels
- Manage knowledge to capture, store, share, and search for information across all VA organizations
- Maintain a shared record of all contacts among all VA organizations and our clients through state-of-the-art CRM
- Integrate information management among all VA organizations to ensure continuity of services to our clients
- Modernize VA telephone services to enhance our clients' experience when communicating with our agency
- Introduce identity and access management processes and systems to provide, manage, and seamlessly share unique digital identities for all clients; and robustly enforce access by authenticated and authorized clients to protected VA information assets
- Enhance business processes and information systems to provide self-service capabilities

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM program. The total projected cost of $7.7 million will be used primarily for payroll and contractual services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Vocational Rehabilitation and Employment

Mission

The purpose of the Vocational Rehabilitation and Employment (VR&E) 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 program include Veterans, Servicemembers, reservists; dependents of certain Veterans; Veterans Health Administration; Department of Labor; 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 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,154	1,155	1,215	1,286	132
Management Direction and Support	147	134	134	149	2
Total FTE	**1,301**	**1,289**	**1,349**	**1,435**	**134**
Obligations					
Personal Services	$127,293	$131,888	$133,968	$149,535	$22,242
Travel	2,834	2,884	3,040	3,525	691
Interagency Motor Pool	286	314	314	315	29
Transportation of Things	207	188	188	222	15
Rent, Communications & Utilities	11,745	15,346	15,346	14,300	2,555
Printing	258	511	511	285	27
Other Services	38,007	32,750	30,506	31,495	-6,512
Supplies and Materials	1,296	3,599	3,599	1,460	164
Equipment	1,276	897	897	2,407	1,131
Insurance Claims	33	4	4	36	3
Total Administrative Obligations	**$183,235**	**$188,382**	**$188,373**	**$203,580**	**$20,345**
Reimbursements	-$328	-$337	-$328	-$343	-$15
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
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$182,907**	**$188,045**	**$188,045**	**$203,237**	**$20,330**
Outlays (net)	**$170,923**	**$182,834**	**$180,702**	**$196,223**	**$25,300**

Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

Budget authority of $203.2 million is requested to fund the discretionary portion of the Vocational Rehabilitation and Employment program in 2012. The funding will support 1,435 FTE, the anticipated changes in staff composition, the associated level of fringe benefits costs, and inflationary expenses.

Changes from Original 2011 Estimate

Obligations remain unchanged from the original estimate. However, there is an increase of 60 FTE as a result of realigning funding currently used to purchase contract counseling services to hire additional vocational rehabilitation and employment

counselors. These VA employees can provide a higher quality of individualized services for Veterans, are more cost-effective, and will address increasing workload.

Changes from 2010 Actuals to 2012 Estimate

In 2012, obligations are expected to increase $20.3 million. Personal services obligations increase $22.2 million for 134 additional FTE, the associated level of fringe benefits costs, and the anticipated changes in staff composition. The additional FTE are for the Integrated Disability Evaluation System (IDES) expansion to include VR&E services, the VetSuccess on Campus initiative, additional vocational rehabilitation and employment counselors to address increasing workload, and increased management direction and support FTE for expanded VR&E operations. Other services decrease as a result of realigning contract counseling funds to support additional vocational rehabilitation counselors. Remaining non-pay categories increase to support additional staff.

Vocational Rehabilitation and Employment Average Salary Analysis	
2010 Average Salary (261 days)	**$73,247**
Annualization of 2.0% 2010 raise (+0.5%)	366
Annualization of 0% 2011 raise (0%)	0
Change in staff composition	-312
Regular benefits percentage	25.1%
2010 Average Cost	$97,842
2011 Average Salary (261 days)	**$73,301**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	2,787
One day adjustment	-292
Regular benefits percentage	26.2%
2011 Average Cost	$99,309
2012 Average Salary (260 days)	**$75,797**
Regular benefits percentage	27.3%
2012 Average Cost	$104,206

Workload and Resource Needs

In 2011 and 2012, VR&E expects workload increases associated with the growth in disability compensation and pension claims and the additional Agent Orange presumptive conditions. Additionally, PL 111-377 takes effect in August 2011, which enables Veterans to elect the higher Chapter 33 (Post-9/11 GI Bill) monthly allowance rate under Chapter 31. Due to this change, more Veterans are expected to retain and 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, while 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	2009	2010	2011 Continuing Resolution	2012 Estimate
Direct Labor FTE	1,156	1,154	1,215	1,286
End of Year (EOY) Actual Workload	106,841	103,814	109,005	119,905
Increase in Actual Workload (over previous year)	10%	-3%	5%	10%
Rehabilitation Rate	74%	76%	77%	77%

VR&E's transformation includes increased early intervention, outreach, and supportive services to Servicemembers and Veterans by implementing the following:

- The Integrated Disability Evaluation System (IDES) VR&E Expansion integrates VR&E opportunities for Servicemembers transitioning through the IDES Program, providing concurrent referrals to VR&E, the medical evaluation boards (MEBs), and the physical examination boards (PEBs). 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. Based on projections developed by DoD for full implementation of the IDES initiative, there will be approximately 30,000 MEBs per year. 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 avoid Veterans' underemployment and homelessness.
- VR&E is enhancing and expanding outreach through the Disability Transition Assistance Program (DTAP), using new innovative methods through multiple communication channels to reach transitioning Servicemembers and members of the Reserves and National Guard. VR&E's goal is that DTAP will encourage eligible Servicemembers to apply for 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 in order to accelerate their rehabilitation and facilitate their transition to civilian life. In particular, VA will build on the success of the San Diego Regional Office's VA Assistance Program (VAAP) by adding two additional VAAP sites in areas of the country with significant transition activity. VBA is in the process of site selection and anticipates the two sites will be selected by October 2011.
- VR&E's VetSuccess on Campus project currently has pilot sites on eight college campuses. This forward-looking program is designed to ease the transition of Servicemembers to college life and provide support to Veteran-students using the Post-9/11 GI Bill and other educational 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 2009, VR&E launched the "VetSuccess" initiative to increase transparency, enhance outreach, streamline processes, 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.

Using the VetSuccess name and logo, VR&E rebranded the program and in fiscal year 2010 continued to develop a marketing campaign to increase visibility and transparency of the program. This includes revising our orientation video, providing marketing tools to staff members who interact with Veterans and business communities, and significantly enhancing our Veteran-facing Web site, VetSuccess.gov. The enhancements to VetSuccess.gov align with the Veterans Relationship Management (VRM) initiative and VA's joint efforts with DoD on the eBenefits initiative. VR&E's VetSuccess.gov Web site is a Veteran-centric tool providing comprehensive employment resources for Veterans. It serves as a virtual employment resource center for Veterans seeking employment and for employers who want to hire Veterans. Employers can list current vacancies and find qualified Veteran applicants. Veterans can browse job listings, post resumes, and apply for positions online. Veterans can also apply for the VR&E program and other VA benefits online. VetSuccess.gov provides access to two job bank systems and links to 10 additional job banks:

- A specialized job bank tailored specifically for employers to list job openings for Veterans with disabilities who are participating in the VR&E program
- JobCentral, a database of more than 4 million job openings listed by Fortune 500 companies and state workforce organizations

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. During fiscal year 2010, VetSuccess.gov continued to meet the needs of Veterans seeking career opportunities and employers searching for qualified Veterans to hire. The number of new Veteran registrations increased 125 percent, from 9,928 to 22,353. New employer registrations increased by 340 percent, from 168 to 739. Veterans' resume postings increased by 242 percent, from 1,078 to 3,692.

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. While training and ongoing individual VR&E Service quality assurance case reviews ensure feedback and communication of best practices to the field, the program continues to identify ways to improve services to Veterans. A study to identify factors that influence the most severely disabled in obtaining and maintaining employment is in progress. 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 improvements include establishing best practices and improved communication about specially adapted housing grant status. The development of the Training and Performance Support System (TPSS) for vocational rehabilitation counselors has also commenced, which will provide a system of consistent instruction and performance-based practice. TPSS will include a module on the provision of IL services.

Business Progress Reengineering

The Business Progress Reengineering (BPR) project 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 (VBMS) initiative. Both the VetSuccess.gov and CWINRS IT initiatives 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

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' experience and increase outcomes through the VR&E Program.

Outreach Activities

Reaching out to new Veterans remains a priority as VR&E increases 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 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.

Other VR&E initiatives and improvements

- The Veterans' Benefits Improvement Act of 2008 (Public Law 110-389) positively affected services the VR&E program provides to the most seriously disabled Veterans, who are unable to work by allowing an extension of independent living services beyond 30 months and increasing the limit on new programs of independent living to 2,700 participants per fiscal year. The law also established a requirement for two studies; a study on the completion of vocational rehabilitation programs and a 20-year longitudinal study of three cohorts of VR&E applicants. These studies 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.

- VR&E's partnership with the Department of Labor's Veterans Employment and Training Service (VETS) was enhanced nationally through the rollout of a coordinated best-practice model for assisting Veterans to obtain employment. This model reinforces the working relationship between VR&E Employment Coordinators, VETS Disabled Veterans' Outreach Program Coordinators, and local Veterans' Employment Representatives, and provides Veterans with maximum exposure to employment opportunities and assistance.

- VetSuccess contracts will be used to supplement VR&E staff to assure 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. National contracts have been redesigned and competed and VetSuccess contracts will be awarded in March 2011.

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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**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)**	**73**	**76**	**74**	**76**	**77**	**77**	**80**
		Serious Employment Handicap (SEH) Rehabilitation Rate	73	76	74	76	77	77	80
		Independent Living Rehabilitation Rate	N/Av	N/Av	Baseline	93	92	92	95
		Speed of Entitlement Decisions in Average Days	54	48	51	49	45	45	40
		Average Annual Cost of Professional Counseling Per Participant (Using Constant 2009 Dollars)	N/Av	N/Av	$810	$825	$862	$844	N/Ap*

**A strategic target has not been established for this measure because it is for transparency and not benchmarking purposes.*

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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)	77	82	80	81	85	85	96
		Accuracy Rate of Vocational Rehabilitatio n Program Completion Decisions	93	96	96	97	97	97	99
		Employ-ment Rehabilitatio n Rate	N/ Av	N/ Av	Baselin e	73	75	77	80
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 relationship s** with them as our **clients**	1. Enhance VA's advocacy role through *Voice of the Veteran* client satisfaction surveys[1/] **(SI)**	Veterans' satisfaction with the Vocational Rehabilitatio n and Employment Program (%)	N/Av	90%	N/Av	Baseline*	TBD**	TBD	TBD

[1/] Targets changed to TBD as this measure will be captured by the "Voice of the Veteran" Customer Satisfaction Survey

* Baseline work will provide FY 2010 results but these will not be available until the end of FY 2011

** Once 2010 baseline results are available, a 2011 target will be established and a 2011 survey will be conducted in early FY 2012

.

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. These partnerships focus on joint efforts to provide career opportunities to Veterans.

f) External Factors:

- Socio-economic indicators influence job availability and the unemployment rate. The Administration has unrolled a national initiative to prioritize, promote, and increase the hiring of Veterans in both the government and private sectors.

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 utilizing Post-9/11 GI Bill benefits (Chapter 33).

*Suitable employment is employment held by the Veteran for a minimum of 60 days and deemed compatible to 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 2010 shown below:

Base Data

Total number of rehabilitations:	10,041
Discontinued:	7,160
Maximum Rehabilitation Gains (MRGs):	3,958
Transfers to Chapter 33:	2,101
Discontinued (Excluding MRGs & Transfers):	3,202

Results Calculation

10,041/ (10,041+[7,160-3,958]) = 76% rehab rate.

Rehabilitation totals are provided below for the past 6 years[2/]:

Year	Employment	Independent Living	Total
2005	9,320	2,693	12,013
2006	9,277	2,840	12,117
2007	8,468	2,540	11,008
2008	8,831	2,235	11,066
2009	8,284	2,019	10,303
2010	8,161	1,880	10,041

A correction was made in the calculation utilized to separate independent living (IL) and employment rehabilitations. This correction slightly impacts the employment and IL individual numbers but does not impact the overall rehabilitations total. The table above reflects the corrected data for all years.

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)								
	2011 Estimate				2012 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
IDES Expansion to Include VR&E	-	-	-	-	10,123	6,118	16,241	110
VetSuccess on Campus	-	-	-	-	836	256	1,092	9
VR&E Subtotal	**$0**	**$0**	**$0**	**0**	**$10,959**	**$6.374**	**$17,333**	**119**
VBA-Wide								
Veterans Relationship Management Initiative	-	277	277	-	85	532	617	1
VBA-Wide Subtotal	**$0**	**$277**	**$277**	**0**	**$85**	**$532**	**$617**	**1**
VR&E Total	**$0**	**$277**	**$277**	**0**	**$11,044**	**$6,906**	**$17,950**	**120**

Initiative: Integrated Disability Evaluation System (IDES) Expansion to Include VR&E Services
Total 2012 Initiative Cost: $16,241,000

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. Rating Veterans Service Representatives (RVSRs) will provide preliminary determinations of eligibility prior to discharge to expedite the claims process.

This new initiative transforms the way VA supports 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 under-employment. Integrating Vocational Rehabilitation early into the IDES process allows Servicemembers and their families to make a quicker and smoother transition into civilian life and change for the test adapt to their service-connected disabilities.

Initiative: VetSuccess on Campus
Total 2012 Initiative Cost: $1,092,000

This 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

Veteran-students. The mission of the VetSuccess on Campus Vocational Rehabilitation Counselor and the Vet Center Outreach Coordinator is to collaborate with the VA certifying officials, perform outreach, and communicate with Veteran-students, 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. VetSuccess on Campus will transform the way VA supports Veteran-students, developing a new service-delivery method that is more convenient to Veterans.

A phased approach of implementation will be taken, which starts with continuation of the eight pilot campuses and nine additional campuses. These seventeen sites combined will serve an estimated 17,000 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.

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:

Initiative: Veterans Relationship Management

Total 2012 Initiative Cost: $7,665,000 VR&E Portion: $617,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to improve Veterans' secure access to health care and benefits information and assistance. VRM will provide VA employees with up-to-date tools to better serve Veterans and their families, and Veterans will be empowered through enhanced self-service capabilities.

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. This program is designed to improve the speed, accuracy, and efficiency with which information is exchanged between Veterans and VA, regardless of the communications method (phone, Web, e-mail). The focus of this program includes 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 CRM systems, and integration of self-service capabilities with multiple communication channels.

The VRM program will help VA accomplish the following strategic business objectives:

- Empower Veterans and beneficiaries through multiple accurate and flexible communication channels
- Manage knowledge to capture, store, share, and search for information across all VA organizations
- Maintain a shared record of all contacts among all VA organizations and our clients through state-of-the-art CRM
- Integrate information management among all VA organizations to ensure continuity of services to our clients
- Modernize VA telephone services to enhance our clients' experience when communicating with our agency
- Introduce identity and access management processes and systems to provide, manage, and seamlessly share unique digital identities for all clients; and robustly enforce access by authenticated and authorized clients to protected VA information assets
- Enhance business processes and information systems to provide self-service capabilities

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM program. The total projected cost of $7.7 million will be used primarily for payroll and contractual services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Insurance

Mission

The Insurance Service 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 Service provides universally available life insurance benefits to Servicemembers and their families, as well as traumatic injury protection insurance for Servicemembers. The Service 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 will be provided in an accurate, timely, and courteous manner and at the lowest achievable administrative cost. Insurance coverage will be provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return will be 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 26 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)					
		2011			2012 - 2010
Discretionary	**2010**	**Budget Estimate**	**Continuing Resolution**	**2012 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	311	315	330	330	19
Management Direction and Support	48	48	48	43	-5
Total FTE	**359**	**363**	**378**	**373**	**14**
Obligations					
Personal Services	$26,476	$28,313	$29,800	$29,865	$3,389
Travel	149	155	155	158	9
Interagency Motor Pool	11	13	13	13	2
Transportation of Things	3	3	3	2	-1
Rent, Communications & Utilities	3,796	3,602	4,173	3,498	-298
Printing	30	30	30	30	0
Other Services	1,009	1,001	1,001	1,094	85
Supplies and Materials	221	299	299	329	108
Equipment	173	293	293	295	122
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$31,868**	**$33,710**	**$35,767**	**$35,284**	**$3,416**
Reimbursements	-$31,334	-$33,057	-$35,114	-$34,587	-$3,253
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
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$534**	**$653**	**$653**	**$697**	**$163**
Outlays (net)	**$504**	**$494**	**$494**	**$548**	**$44**

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. Combined budget authority and offsetting collections of $34.6 million will fund total obligations of $35.3 million. The combined request will provide sufficient funding for the administrative expenses of 373 FTE, the anticipated changes in staff composition, and inflationary expenses. In 2012, the Insurance Program will continue to maintain our already high level of performance and client satisfaction, and meet the anticipated rise in our clients' expectations. Paperless electronic workflow will be phased into nearly all areas of insurance processing and will be completed by 2012. 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 2011 Budget Estimate

The current administrative obligations for 2011 increased by $2.1 million from the original estimate as a result of a $1.5 million increase in personal services and a $571 thousand increase in rent, communications and utilities. Total FTE increased by 15 direct FTE in order to meet the anticipated increase in the level of Service-Disabled Veterans Insurance (S-DVI) workload, resulting from the new Agent Orange presumptive conditions (Parkinson's Disease, Ischemic Heart Disease, and Hairy Cell and other B Cell Leukemias) for in-country Vietnam Veterans. The additional FTE increased personal services' obligations by $900 thousand from the original 2011 estimate. The remaining $600 thousand increase in personal services' obligations is a result of a higher average salary associated with new positions in the Insurance operating divisions. Rent, communications and utilities increased to accommodate the additional FTE.

Changes from 2010 Actuals to 2012 Request

Total administrative obligations in 2012 increase by $3.4 million from the 2010 actuals. This is the result of an increase in personal services for 14 more FTE, changes in staff composition, and increases in fringe benefit costs. Direct FTE increase by 19 to meet projected workload. Management direction and support FTE decrease by 5 to more accurately reflect projected needs. Other services increase for higher contract costs for after-hours building maintenance, guard services, and shredding. The increase to supplies and materials reflects the expansion of our Outreach Program, which requires additional mailings to recently separated disabled Servicemembers. Equipment increases due to planned upgrades.

Insurance
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2011 Continuing Resolution	2012 Estimate (vs 2010)
Prior Year Obligations	$31,868	$31,868
Prior Year FTE	359	359
Adjustments:		
FTE	19	14
Personal Services	$3,324	$3,389
Travel	6	9
Interagency Motor Pool	2	2
Transportation of Things	0	-1
Rent, Communications & Utilities	377	-298
Printing	0	0
Other Services	-8	85
Supplies and Materials	78	108
Equipment	120	122
Insurance Claims	0	0
Net Change	**$3,899**	**$3,416**
Estimated Obligations	$35,767	$35,284
Total FTE	378	373

Insurance
Average Salary Analysis

2010 Average Salary (261 days)	**$57,234**
Annualization of 2.0% 2010 raise (+0.5%)	286
Annualization of 0% 2011 raise (0%)	0
Change in staff composition	2,592
Regular benefits percentage	22.4%
2010 Average Cost	$73,749
2011 Average Salary (261 days)	**$60,113**
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	750
One day adjustment	-233
Regular benefits percentage	23.7%
2011 Average Cost	$78,836
2012 Average Salary (260 days)	**$60,630**
Regular benefits percentage	24.3%
2012 Average Cost	$80,067

Program Highlights

In 2012, the Insurance Program will obligate approximately $2.6 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 and meet the anticipated rise in our clients' expectations.

We continue to transform operations and procedures by maintaining a paperless electronic workflow system. The majority of Insurance operations are currently in electronic workflow, with the remaining scheduled to be completed by 2012. This system contributes to maintaining a high level of client satisfaction due to increased processing efficiencies. 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.

In addition, expansion of the Insurance self-service Web site 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. Future enhancements include a Web-based client satisfaction survey in June 2011 to provide feedback and suggestions for improvements to the Insurance Web site. As part of VA's transformation, the Insurance self-service features and other elements will be accessible through the eBenefits portal by spring of 2011.

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, the Department of Defense, the branches of service, and other stakeholders to assist them in serving Veterans and Servicemembers more effectively.

We will enhance our special one-on-one telephone outreach efforts to inform disabled Veterans of their insurance options, with a special emphasis on severely disabled Veterans. We are expanding the outreach process by identifying those Veterans whose disabilities would prevent them from purchasing life insurance in the private sector.

We will continue coordination and cooperation with the Department of Defense to provide exceptional service to our clients through the SGLI, Family SGLI, and SGLI Traumatic Injury Protection programs.

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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**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	1,724	1,756	1,755	1,714	1,750	1,750	1,750

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**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Req)	**Strat. Target**
B. Leverage **technology** and **partnerships** to reach Veterans and their families and **advocate** on their behalf	2. Expand outreach and improve access to benefits information and assistance **(OSE)**	Conversion rate of disabled SGLI members to VGLI (%)	40	45	32	37	39	40	50

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**							
			Results History				**Future Targets**		
Integrated Strategies		**Measure** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**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[1/] **(SI)**	**Rate of high client satisfaction ratings on Insurance services delivered (%)**	**96**	**95**	**96**	**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 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 in order 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

+

General Administration

Table of Contents

Summary of General Administration	5A-1
Office of the Secretary	5B-1
Board of Veterans' Appeals	5C-1
Office of General Counsel	5D-1
Office of Management	5E-1
Office of Human Resources & Administration	5F-1
Office of Policy and Planning	5G-1
Office of Operations, Security & Preparedness	5H-1
Office of Public and Intergovernmental Affairs	5I-1
Office of Congressional and Legislative Affairs	5J-1
Office of Acquisition, Logistics, & Construction	5K-1

This page intentionally left blank

General Administration

`

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)	2010 Actual		2011 Budget		2011 Current Est. 1/		2012 Request	
	Enacted BA	FTE	BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	9,270	83	10,808	94	9,270	89	10,104	89
Board of Veterans' Appeals	73,273	549	75,198	557	73,273	549	78,006	544
Office of General Counsel	80,778	744	91,049	764	80,778	738	84,073	732
Office of Management	43,956	267	48,557	295	43,956	301	46,222	316
Office of Human Resources & Administration	68,590	549	76,177	736	68,590	769	74,343	810
Office of Policy & Planning	26,015	67	28,783	103	26,015	103	28,647	125
Office of Operations, Security & Preparedness	16,746	76	22,091	102	16,746	95	19,873	107
Office of Public and Intergovernmental Affairs	22,079	69	23,705	82	22,079	90	23,981	93
Office of Congressional & Legislative Affairs	6,065	36	7,247	50	6,065	46	6,585	52
Office of Aquisition, Logistics and Construction	50,728	313	79,582	514	50,728	359	76,391	447
Total Budget Authority	**$ 397,500**	**2,753**	**$ 463,197**	**3,297**	**$ 397,500**	**3,139**	**$ 448,225**	**3,315**

1/ Reflects the annual funding level for the current Continuing Resolution

Summary of Budget Request

A total of $448.2 million in budget authority (BA) and 3,315 FTE are requested to support the General Administration account in FY 2012. Details of the 2012 General Administration request can be found in the individual staff office chapters. Highlights of the request are noted below:

- In 2012, $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 544 FTE are requested for the Board of Veterans' Appeals (BVA) in 2012 to address an increasing number of appeals of original claims decisions, reverse the trend of a growing backlog, and reduce case disposition time. The request will also allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.

- In 2012, $84.1 million and 732 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 $46.2 million and 316 FTE are requested for the Office of Management in 2012. The 2012 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 and enhancements to the tracking of construction projects.

- In 2012, $74.3 million in budget authority and 810 FTE are requested for the Office of Human Resources and Administration. When combined with $391.4 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives begun in 2010, such as Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning. Reimbursements will also support the Office of Resolution Management, the VA Learning University, the Office of Administration, and the Offices of Human Resources Management and Labor Management. Details of these initiatives can be found in the Human Resources and Administration chapter in Volume 3.

- A total of $28.6 million and 125 FTE are requested for the Office of Policy and Planning (OP&P) in 2012. The 2012 budget will allow for: expanded coverage of the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services and 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 $19.9 million and 107 FTE are requested for the Office Operations, Security, and Preparedness in 2012 for a variety of mission critical activities including: continued refinement and development of the VA's continuity programs through crisis management exercises, evaluation and training; a program office for the Personnel Security and Suitability Program; improving 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. Beginning in 2012, VA will change the way the Federal Protective Service (FPS) security guards contract is funded in the national capital region. Currently the FPS guards contract for VA Central Office buildings is funded by the Office of Operations, Security and Preparedness (OS&P). Beginning in 2012, VA's administrations and program offices will begin budgeting for and pay for its share of the guards contract which will be based on the percentage of square feet occupied. OS&P will continue to budget for and pay the Staff Offices' portion of the guards contract. The total cost of the FPS contract is expected to be $6.3 million in 2012.

- In 2012, $23.9 million and 93 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for additional outreach, funding to enhance VA's partnership with Tribal Governments and to establish 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 local partners to help plan and implement VA's paralympic program and for subsistence payments to Veterans and service members participating in the program.

- A total of $6.6 million and 52 FTE are requested for the Office of Congressional and Legislative Affairs in 2012. This funding will allow VA to continue to address an increasing workload, become proactive in advancing congressional communications and legislative outreach, and improve the image of VA.

- A total of $76.4 million and 447 FTE are requested for the Office of Acquisition, Logistics, and Construction (OALC) in 2012. This includes $23.6 million for a new Presidential initiative to improve contracting and acquisitions across government. In addition, the budget request will provide funding to transform OALC into an enterprise-wide facilities management system 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 2012 Summary of Resource Requirements ($ in thousands)		
2011 President's Budget Request		$463,197
Adjustments:		
Funding Reduction under the Current Annual CR		-$65,697
Adjusted 2011 Budget Estimate		$397,500
2012 Adjustments		
Fixed Increases:		
Non-pay inflation adjustment		$967
Increases for other payroll and benefits		$6,558
GSA rent increases for existing space		$2,301
	Subtotal	$9,826
Other Adjustments:		
Funding to sustain on-board BVA FTE		$4,000
Shift of Responsibility to fund DHS Guards to each program		-$1,000
	Subtotal	$3,000
2012 Initiatives		
President's Acquisition Improvement Initiative		$23,584
Emergency Preparedness and HSPD-12 mandate		$2,900
Facilities Management Transformation		$2,000
Audits of Non-VA Care (Fee) Program		$1,600
General Counsel Court Litigation and Regs Teams		$1,889
Alternative Dispute Resolution		$2,766
VA/DoD Collaboration		$880
Corporate Analysis & Evaluation		$77
Operational Review and Strategic Planning		$533
New Media Office		$350
Tribal Government & Public Affairs Outreach		$800
Legislative Communications		$520
	Subtotal	$37,899
2012 Total Budget Authority Request		$448,225

Employment Summary-FTE by Grade				
General Administration	2010	2011	2012	Change
Grade	Actual	CR	Request	FY12 v FY10
SES	73	98	105	32
GS-15	271	283	281	10
GS-14	840	917	1001	161
GS-13	532	566	567	35
GS-12	272	525	583	311
GS-11	210	204	224	14
GS-10	8	7	7	-1
GS-9	199	198	201	2
GS-8	65	67	67	2
GS-7	112	110	112	0
GS-6	54	58	60	6
GS-5	44	45	45	1
GS-4	31	31	33	2
GS-3	30	19	18	-12
GS-2	10	9	9	-1
GS-1	2	2	2	0
Title 38	0	0	0	0
Wage Grade (non-GS)	0	0	0	0
Total Number of FTE	**2,753**	**3,139**	**3,315**	**562**

Analysis of FTE Distribution Headquarters/Field		
Grade	2010 HQ- Actual	2010 Field-Actual
SES	63	11
GS-15*	182	38
GS-14	629	215
GS-13	418	131
GS-12	157	98
GS-11	137	66
GS-10	6	0
GS-9	137	67
GS-8	47	8
GS-7	79	44
GS-6	30	22
GS-5	31	11
GS-4	32	7
GS-3	67	3
GS-2	12	1
GS-1	1	1
Total Number of FTE	2,028	725

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)	2011 BA	2011 FTE	2012 BA	2012 FTE
Office of the Secretary	$ 5,872	45	6,669	45
Center for Faith-Based and Neighborhood Partnership	557	4	576	4
Center for Minority Veterans	1,174	7	1,176	7
Center for Women Veterans	834	5	850	5
Office of Employment Discrimination Complaint Adjudication 1/	52	24	52	24
Office of Survivors Assistance	781	5	781	5
Total Budget Authority	$ 9,270	89	$10,104	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.

Program Description

The Office of the Secretary – 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 Under Secretaries, Assistant Secretaries, Key Officials and Staff Office Heads 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 supplies, information technology needs, and human resources, and provides administrative support and telephone coverage to the Secretary and immediate staff.

The **Center for Minority Veterans'** (CMV) mission is to serve as principal advisor to the VA Secretary, identify barriers to benefits and health care access, increase local awareness of minority Veteran-related issues, and develop strategies for improving minority participation in existing VA benefits and programs. The Center for Minority Veterans serves as an advocate for minority Veterans by conducting outreach activities to promote the awareness and use of VA benefits and services by evaluating the overall effectiveness of the provisions of VA benefits and services.

The Center's activities include:

- Supporting and initiating activities designed to educate and sensitize internal staff within the VA to the unique needs of minority Veterans.

- Identifying VA policies and business practices that present obstacles/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 Web Based Quarterly Activity Reports to identify opportunities for improvement in outreaching and leveraging best practices within the VA.

- Developing and providing current outreach materials, guidance, and training to approximately 300 Minority Veterans Program Coordinators (MVPC) located within VBA/VHA/NCA.

- Establishing and maintaining new 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.

- Providing support to the Secretary's Advisory Committee on Minority Veterans (ACMV), including annual briefings, site visits and publishing of an ACMV Annual Report to Congress outlining recommendations, concerns, and observations on VA's delivery of benefits and services to minority Veterans.

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 Director, Center for Women Veterans, 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 VeteransProviding support to the Secretary's Advisory Committee on Women Veterans (ACWV), 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** mission is to develop partnerships 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, and survivors. The CFBNP Director serves as the liaison and point of contact with the White House OFBNP.

The Center's responsibilities include:

- Building partnerships between government agencies, faith-based and community organizations to better serve Veterans, their families and communities.
- Supporting the four priorities identified by President Obama and the White House Office of Faith-based and Neighborhood Partnerships:Strengthening the role of community organizations in the economic recovery
- Reducing unintended pregnancies, supporting maternal and child health, and reducing the need for abortions
- Promoting responsible fatherhood and strong communities
- Promoting interfaith dialogue and cooperation

The **Office of Survivors Assistance** (OSA) mission is to serve as the principal advisor to the Secretary on all policies, programs, legislative issues, and other initiatives affecting survivors and dependents of deceased veterans and service members. OSA will serve as a resource regarding all benefits and services furnished by VA.

OSA's responsibilities include:

- Monitoring VA's delivery of benefits and services to survivors and dependents.
- Acting as an advocate for survivors both internal and external to the Department of Veterans Affairs.
- Providing oversight and designs outreach programming to survivors.
- Tracking and recommending survivor legislative issues.
- Making appropriate referrals to VA administration and offices so that survivors receive all benefits and services for which they are eligible.
- Exploring innovative 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 (SDVOSBs), Veteran-Owned small businesses (VOSBs), small business concerns (SBCs), small disadvantaged businesses (SDBs), women-owned small businesses (WOSBs), and Historically Underutilized Businesses (HUBZone) 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.

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 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 2012 request provides for the following:

- An average employment of 89 FTE and total obligational authority of $13,343,000 are requested in 2012 to support all operations of the Office of the Secretary, which includes the Center for Minority Veterans, the Center for Women Veterans, Center for Faith Based and Community Initiatives, Office of Survivors Assistance, and the Office of Employment Discrimination Complaint Adjudication (OEDCA). This request is comprised of $10,104,000 in budget authority, $3,239,000 in reimbursable authority and $173,000 in expenditure adjustments for offices within the account.
- Within the total obligational authority, an average employment of 65 FTE, and budget authority of $10,104,000 is requested to support the operations of the Office of the Secretary, which includes the Center for Minority Veterans, Center for Women Veterans, Center for Faith Based and Neighborhood Partnership, the Office of Employment Discrimination Complaint Adjudication, and the Office of Survivors Assistance.
- In addition to $52,000 in budget authority included above, OEDCA is requesting $3,412,000 in total recoveries to support 24 FTE and the operations of OEDCA. Funding for this office is provided on a reimbursable basis. Recoveries are comprised of $3,239,000 in reimbursements from VHA, NCA, IG and OI&T, and $173,000 in expenditure adjustments from VBA. Since expenditure adjustments are an intra-appropriation transaction they are not scored as a net obligation to OEDCA for accounting purposes. 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)*					
		2011			
	2010 Actual	Budget Estimate	Annual CR [1]	2012 Estimate	Change FY12 v FY10
FTE	83	94	89	89	6
Obligations:					
Personal services	$11,908	$13,143	$12,800	$12,825	$917
Travel	$583	$592	$495	$379	($204)
Transportation of things	$18	$0	$0	$0	($18)
Rents, communications, and utilities	$0	$0	$0	$0	$0
Printing and reproduction	$59	$33	$37	$16	($43)
Other services	$3	$218	$246	$122	$119
Supplies and materials	$286	$176	$272	$174	($112)
Equipment	$8	$0	$0		($8)
Adjustment to Expenditure	*($171)*	*($173)*	*($173)*	*($173)*	($2)
Total obligations	**$12,694**	**$13,989**	**$13,677**	**$13,343**	**$649**
Reimbursements (OEDCA)	($2,636)	($3,181)	($3,181)	($3,239)	($603)
SOY Carry over (-)	($1,400)	$0	($1,226)	$0	$1,400
EOY Carry over (+)	$669	$0	$0	$0	($669)
Reallocation	($57)				$57
Total budget authority	**$9,270**	**$10,808**	**$9,270**	**$10,104**	**$834**

The $834 thousand increase in 2012 budget authority will provide funding to sustain the 2011 FTE levels.

[1] Reflects the annual funding level under the current Continuing Resolution.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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 <u>service-disabled Veteran-owned</u> 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	7.09%	12.09%	(1)16.96	20.0%	10.0%	10.0%	10.0%
		Percent of total procurement dollars awarded to <u>Veteran-owned</u> 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	10.13%	15.27%	(1)19.30%	23.0%	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										
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**			
			2007	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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)	23.00%	36.35%	(1)34.51%	37.3%	33.5%	33.5%	33.5%
		Percent of total procurement dollars awarded to small disadvantaged businesses (OSDBU)	5.00%	9.81%	(1)7.78%	8.4%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to women-owned businesses (OSDBU)	5.00%	4.16%	(1)3.42%	3.3%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to businesses located in Historically-Underutilized Business Zones (OSDBU)	3.00%	2.81%	(1)2.02%	2.1%	3.00%	3.00%	3.00%

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**		
			2007	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. Increase Veteran participation in VA programs through outreach to, and partnerships with, faith-based, and secular organizations. **(SI)**	Average number of Veterans attending outreach programs conducted by faith-based and secular organizations that participate in diverse VA CFBNP outreach events. (CFBNP) **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
	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) **(New)**	N/Av	N/Av	N/Av	67	85	100	130
	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) **(New)**	N/Av	N/Av	N/Av	N/Av	N/Ap	Baseline	90%

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**		
			2007	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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. Expand smalll business participation in Federal procurement opportunities through aggressive OSDBU research, enhanced verification, analysis, outreach, training, program modernization, and IT enhancements **(SI)**	Percent of Verification *renewal* applications in the Vendor Information Pages (VIP) database that are processed within 60 days (OSDBU) **(New)**	N/Av	N/Av	N/Av	N/Ap	95%	99%	99%

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**							
			Results History				**Future Targets**		
		Measure (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. Monitor attorney timeliness and provide time-off awards for extra production **(OSE)**	Average processing time for adjudication (in days) (OEDCA)	55	49	54	67	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) (*Measure description and calculation changed beginning in 2008. Prior to 2008, the results reflect the rate of affirmances of OEDCA's merits decisions on appeal.)	85%	*4.0%	*3.8%	3.7%	*3.6%	*3.6%	*3.0%

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
- OSDBU continues to represent VA's support for Veterans who may have benefitted from other VA services, including health care, education, and in some cases, vocational rehabilitation. As such, contracting with these concerns directly relates to the VA's mission.

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

This Page Intentionally Left Blank

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 79.3 percent of those appellants before BVA.

Proposed Legislation

The Board resubmitted legislative proposals 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 2012 request includes resources necessary to continue the 2011 level of operations as well as adding permanent base funding to deal with 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			
	2010 Actual	President's Budget	Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	**549**	**557**	**549**	**544**	**(5)**
Obligations:					
Personal services	$70,654	$72,436	$72,387	$73,341	$2,687
Travel	$948	$850	$1,100	$1,300	$352
Transportation of Things	$67	$50	$70	$80	$13
Rent, Communications, Utilities	$542	$318	$363	$530	($12)
Printing and reproduction	$150	$261	$188	$150	$0
Other services	$1,414	$923	$2,555	$2,015	$601
Supplies and materials	$650	$212	$400	$570	($80)
Equipment	$40	$148	$10	$20	($20)
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Total obligations	**$74,465**	**$75,198**	**$77,073**	**$78,006**	**$3,541**
SOY Carryover (-)	($5,250)	$0	($3,800)	$0	$5,250
EOY Carryover (+)	$4,058	$0	$0	$0	($4,058)
Total Budget Authority	**$73,273**	**$75,198**	**$73,273**	**$78,006**	**$4,733**

1/ Reflects the annual funding level for the current Continuing Resolution

From 2008 to 2010 case receipts at the Board increased 22%. The Board receives appeals in an average of 5% of all claims decided at VBA's Regional Offices, regardless of the accuracy of the original decision. As VBA's workload increases, the Board's workload likewise increases. From 2008 to 2012 we expect a 63% increase in case receipts or from 40,916 cases to 66,600 cases. Additional funding is being requested to transition temporary staffing funded through carryover funds to permanent staffing.

Funding is also requested for grade and within grade increases for approximately 80% of the Board's employees whose career ladder requires these increases from GS 9 to GS 14, and step increases thereafter. The total level of funding requested in the 2012 budget will allow the Board to sustain the 2011 level of FTE.

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**							
		Measure (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Future Targets**		
Integrated Strategies			**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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 (from NOD to final decision) (days)**	660	645	709	656	695	690	675
B. Develop a range of effective **delivery methods** that are **convenien**t 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 representativ e time) (days)**	136	155	100	99	140	140	104
		Appeals Decided Per Veteran Law Judge	721	754	813	818	752	752	800
	2. Update technology and expand videoconferencing capability for hearings at the Board of Veterans' Appeals, regional offices and beyond. (**SI**)	**Percent of Total Hearings that are Conducted via Video Conference (New)**	N/Ap	N/Ap	N/Ap	N/Ap	35%	35%	35%

The majority of the Board's budget (95%) is allocated to labor costs. Therefore, a significant and direct correlation exists between the Board's resources and its output. These performance measures reflect that relationship.

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

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

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: 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.**

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.

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 2012:

Funding:	
Appropriated	$84,073,000
Reimbursable:	
MCCF	4,976,000
Credit Reform	5,041,000
Supply	8,793,000
All Other	568,000
Total Resource Requirements	**$103,451,000**

- In 2012, the OGC is requesting budget authority of $84.1 million, total resources of $103.5 million, and 732 FTE to support its operations.

- Distribution of Resource Requirements over OGC Product Lines

Product Lines:		2010	FTE		2011	FTE		2012	FTE
Benefits Law	$	24,105,627	184	$	25,042,551	182	$	25,564,461	181
Business Law		33,435,508	255		34,735,059	253	$	35,458,971	251
Employment Law		19,695,381	150		20,460,890	149	$	20,887,314	148
Health Law		12,846,229	98		13,345,528	97	$	13,623,661	96
Other Specialized Legal Services		7,464,834	57		7,754,972	57	$	7,916,593	56
Total Resource Requirements	**$**	**97,547,579**	**744**	**$**	**101,339,000**	**738**	**$**	**103,451,000**	**732**

- New Initiatives:

  - Veterans Court Litigation Group (PSG VII)—A multi-year budget initiative to increase the Secretary's timeliness in meeting litigation deadlines set by the US Court of Appeals for Veterans Claims and thereby decreasing the length of time to decide a Veteran's appeal. By establishing one (1) additional litigation teams in Professional Staff Group (PSG) VII, comprising 10 FTE, and associated non-payroll expenses, such as books, furniture, training, supplies, etc. ($1.2M), OGC projects it can bring the average active caseload of PSG VII attorneys to a number which historically equates to approximately 87% timeliness. In FY 2010, OGC was meeting 86% of deadlines without having to request an extension.

  - Regulations Attorneys—A multi-year budget initiative to improve the timeliness of publishing the Secretary's regulations for legislative and regulatory program implementation. Comprising 5 FTE and associated non-payroll expenses, such as books, furniture, training, supplies, etc. ($684K), the additional personnel would be dedicated to working with our clients to expedite regulation development and publication and shorten the time to deliver new or amended benefits to Veterans.

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

Significant Legislation:

•Caregiver Support Program - Public Law 111-163: OGC continues to play a significant role assisting VHA with implementing many aspects of the Caregiver Support Program mandated by the law. OGC provides legal advice to the Caregiver Steering Committee which is charged with developing this program and OGC will be instrumental in crafting the regulations and other guidance necessary to implement it.

•Health Care Reform - Public Laws 111-148, 111-152, and 111-173: As Congress was debating health care reform, OGC provided technical review and suggestions to OMB regarding the impact the various bills would have on Veterans and VA. OGC has consulted with HHS and Treasury and continues to provide legal support to VA as the Department analyzes the impact this legislation will have on VA health care.

Significant Regulatory Initiatives Benefiting Veterans:

•With regard to the Secretary's establishment of presumptions of service connection for three additional diseases--Parkinson's disease, B-cell leukemia, and ischemic heart disease--based on herbicide exposure, OGC attorneys participated in the development of recommendations to the Secretary and the drafting of Federal Register notices, including ensuring adequate responses to some 670 public comments concerning the rulemaking, advising on legal issues regarding implementation, and assisting with press inquiries.

•OGC attorneys also played a major role in the development of regulations to eliminate the requirement for corroboration of the occurrence of a claimed stressor in a post-traumatic stress disorder (PTSD) claim if the stressor is related to a Veteran's fear of hostile military or terrorist activity and a VA psychiatrist or psychologist, or a psychiatrist or psychologist with whom VA has contracted, confirms that the claimed stressor is adequate to support a diagnosis of PTSD and that the Veteran's symptoms are related to the claimed stressor.

•In FY 2010, OGC attorneys and staff helped VA program offices publish a number of other regulations of great importance to Veterans. New VA regulations established a presumption of service connection for amyotrophic lateral sclerosis (ALS); provided new opportunities and verification procedures for service-disabled Veteran-owned small businesses and Veteran-owned small businesses to increase their federal contracting opportunities; held down the rising costs of pharmacy co-payments for Veterans; and established rules governing grants for the operation and maintenance of State Veterans cemeteries.

VA's Transformation into the 21st Century Initiatives: OGC played a critical role in the Department's progress toward realizing the 13 Transformation Initiatives that are part of the Strategic Plan. Many of the initiatives are acquisition and IT focused, and OGC attorneys are members of the mandated integrated product teams (IPTs) for procurements over five million dollars. OGC provided comprehensive support regarding the following initiatives:

•Eliminate Veteran homelessness:

- Worked with the Office of Information Technology (OIT) and the Office of Acquisition, Logistics & Construction (OALC) on the acquisition of the Homelessness Management Information System (HMIS). This effort seeks to create a database where homelessness can be better ascertained and monitored.

- Consistent with VA's strategic plan, OGC attorneys and staff worked on several regulations addressing homelessness, including a revision of the rule on the homeless-grant-and-per diem program, and a rule addressing health care for homeless veterans.

- OGC furthered work on the strategic plan by drafting and coordinating views for a number of Congressional hearings addressing legislation to eliminate homelessness.

•Enable 21st century benefits delivery and services (e.g. backlog reduction): Participated in acquisition strategy planning and development for the Veterans

Benefits Management System (VBMS), designed to transition from paper-intensive claims processing to a paperless environment. OGC worked with OIT and OALC on the acquisition of VBMS Virtual Regional Office (VRO). The VRO will be used to prototype an enterprise solution for data integration, imaging, and messaging and workflow. Additionally, OGC teamed with OALC, OIT, and VBA on the acquisition of services in support of the Agent Orange Claims Processing System.

•Create a Virtual Lifetime Electronic Record (VLER) by 2012: OGC worked with OALC and OIT in the development of the acquisition for software technical design, development, testing, delivery and operational services required to help the VA team provide programmatic oversight on VLER initiative programs and projects.

•Improve Veteran Mental Health: Participated in IPTs in support of this initiative including acquisitions for mental health treatment planner software enterprise license and servers and My HealtheVet VistA software enhancements.

•Build Veteran Relationship Management (VRM) capability to enable convenient seamless interactions: The VRM Program is comprised of seven separate work streams: Voice Access Modernization (VAM), Identity and Access Management (IAM), Customer Relationship Management (CRM), Unified Desktop, Web/Self Service, Knowledge Management (KM) and Member and Integration Services. OGC is a critical participant in the Integrated Product Team's development of the acquisition plan and development.

•Transform human management: OGC was an integral part of the Human Resources and OALC team responsible for supporting this initiative that included entering into interagency agreements with the Office of Personnel Management.

• VA's Acquisition Transformation Initiative: OGC played a critical role in the Department's development of the Integrated Acquisition Model, as well as its implementation. An Assistant General Counsel served on the Senior Procurement Council, the body responsible for the high-level evaluation and recommendation to the Secretary. OGC attorneys are members of IPTs tasked with making recommendations on business process and policy decisions necessary to fully implement the Integrated Acquisition Model, including staffing requirements, facilities and equipment for the Strategic Acquisition Center, and strategic sourcing.

<u>"Gold standard" for Information Security</u>: Consistent with VA's strategic plan to be the "gold standard" for information security in the Federal Government, OGC worked closely with OIT and OALC to develop an information data security

clause to be included in contracts in which the contractors will have physical or electronic access to VA information. OGC also worked closely with OIT and OALC on the new handbook establishing Department-wide procedures to implement policy and communicate responsibilities for VA contracts and acquisitions.

Enhanced VA/DoD partnership, including 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 and Pension 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 2010, the DCAP provided written opinions in response to more than 50 inquiries from attorneys and paralegals from the Army, Navy, Air Force, Marines, and Coast Guard. In addition, members of the DCAP were active in providing training to military personnel. DCAP members provided training to Army attorneys both at the Office of General Counsel and at the Judge Advocate General's School in Charlottesville, Virginia. In addition, DCAP members conducted several training sessions at the Washington Navy Yard for personnel from the Navy, Marines, and Coast Guard.

Favorable court decisions regarding significant litigation:

Vietnam Veterans of America (VVA) Lawsuit: The Court of Appeals for the District of Columbia Circuit (D.C. Circuit) affirmed the district court's decision in this case that it did not have jurisdiction to address the claims of two Veterans groups alleging that VA's delays in processing claims and appeals violated the Administrative Procedure Act and the Due Process Clause of the Constitution. Although the D.C. Circuit panel agreed with the appellants that the district court confused the merits of the case with the issue of standing, it nevertheless concluded that the district court lacked jurisdiction because the appellants failed to establish the causation element of standing.

Henderson v. Shinseki Litigation: In a precedential en banc decision, the Court of Appeals for the Federal Circuit (Federal Circuit) affirmed the decision of the

Court of Appeals for Veterans Claims (Veterans Court), which had dismissed this appeal for lack of jurisdiction due to untimely filing of the notice of appeal. Relying on the Supreme Court's decision in *Bowles v. Russell*, the Federal Circuit expressly overruled its own earlier en banc decisions that had held that the time period for appeal of a Board of Veterans' Appeals decision to the Veterans Court set forth in 38 U.S.C. § 7266(a) is subject to equitable tolling. The Federal Circuit held that section 7266(a) is a time of review provision, rather than a statute of limitations, and is thus mandatory and jurisdictional. The court noted that Congress may amend section 7266(a) to provide for equitable tolling if it chooses to do so, and OGC attorneys subsequently drafted a legislative proposal to establish a reasonable, limited good-cause exception concerning the appeal filing period. Following the Supreme Court's grant of a petition to hear the case on certiorari, OGC attorneys assisted attorneys from the Office of the Solicitor General in preparation for argument before that Court.

National Trust for Historic Preservation vs. VA, et al., Civil Action No. 09-5460, US District Court, Eastern District of LA: Working alongside Department of Justice attorneys, OGC was instrumental in obtaining a favorable decision by the US District Court. The 58-page opinion addressed in detail each of the challenges to the Programmatic Environmental Assessment (PEA) and the Findings of No Significant Impact (FONSI) which formed the basis for the Secretary deciding upon the site in New Orleans for the future new medical facility. Plaintiffs contended that VA and other named federal agencies violated the National Environmental Policy Act ("NEPA"), and the Administrative Procedures Act. Specifically, as to VA, the Trust alleged that VA unlawfully segmented its NEPA analysis, that VA failed to adequately consider connected actions and cumulative impacts, and that VA relied on mitigation measures to avoid completion of an Environmental Impact Statement. The court issued an order granting the Government's motion for summary judgment on all counts, and denying the Trust's motion for summary judgment. The court denied the Trust's motion to alter or amend the judgment and the Trust did not appeal. The opinion is significant not just for the acquisition of the New Orleans site, but also as a guidebook for future NEPA compliance.

VA Boston Health Care System and AFGE Local 221 and NAGE Local R-187: The FLRA ruled in VA's favor in an important negotiability appeal concerning a Boston Healthcare System (BHS) policy that required all BHS employees to undergo annual tuberculosis (TB) screening and testing but allowed for alternatives to be considered when an employee provided "proper medical documentation" to establish the validity of an alternative test. The Union maintained that TB screening and testing should be voluntary and filed a negotiability appeal when the BHS refused to accept its proposals concerning voluntary TB testing. After the Under Secretary for Health (USH) issued a 38

USC 7422 decision in which he determined the issue concerned or arose out of the professional conduct or competence of the 38 USC 7421(b) employees in the AFGE bargaining unit, the FLRA dismissed the Union's petition to the extent it covered those employees since the Secretary, and by delegation the USH, has sole authority to make such a determination. However, the FLRA went on to evaluate the BHS policy as it related to Title 5 and hybrid employees and ultimately (1) determined that the Union's five proposals affected management's right to determine its internal security practices and were not appropriate arrangements; and; (2) dismissed the case.

Budget Highlights

- In 2012, the OGC is requesting budget authority of $84.1 million, total resources of $103.5 million, and 732 FTE to support its operations.

Summary of Employment and Obligations – Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2011			
	2010 Actuals	Budget Estimate	Current Estimate 1/	2012 Request	Change FY 12 v FY 10
Average Employment					
Field	438	433	434	430	-8
Central Office	306	331	304	302	-4
Total	**744**	**764**	**738**	**732**	-12
Obligations:					
Personal Services 2/	$92,236	$98,532	$94,354	$96,058	$3,822
Travel	785	2,932	1,108	1,165	380
Transportation of things	19	-	-	-	-19
Rents, communications & utilities	505	1,137	964	1,445	940
Printing and reproduction	1,204	2,027	900	910	-294
Other Services	447	901	814	838	391
Supplies and materials	1,314	2,095	1,541	1,777	463
Equipment	993	1,776	1,632	1,222	229
Insurance claims	40	15	15	16	-24
Interest and dividends	5	1	11	20	15
Total Obligations	**$97,548**	**$109,416**	**$101,339**	**$103,451**	**$5,903**
Reimbursements:					
Medical Care Collection Fund	-$4,888	-$4,956	-$4,976	-$4,976	-88
Credit Reform	-5,264	-5,337	-5,374	-5,041	223
Other Reimbursements	-6,776	-8,074	-8,711	-9,361	-2,585
Carryover	-1,561	0	-1,500	0	1,561
Carryover current year	1,719	0	0	0	-1,719
Total Budget Authority	**$80,778**	**$91,049**	**$80,778**	**$84,073**	**$3,295**

1/ Reflects the annual funding level for the current Continuing Resolution

2/ The 2011 and 2012 budget assumes a pay raise freeze in 2011 and 2012

Explanation of increases and decreases:

- Payroll – Additional funding will allow General Counsel to pay within grades and promotion increases.
- Rents, Communications & Utilities – Six additional Regional Counsel Offices will be required to pay rent to GSA in 2012 compared to 2010.

Summary of Workload Indicators

Summary of Workload Indicators Cases and Unit	2009 Actual	2010 Actual	2011 Current Estimate	2012 Request
Benefits Law	41,502	43,774	45,080	49,460
Business Law	57,565	56,669	56,659	56,411
Employment Law	33,909	34,817	39,667	43,363
Health Law	22,117	20,974	21,852	22,082
Other Specialized Legal Services	12,852	12,534	13,647	14,437
Total	167,945	168,768	176,905	185,753

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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 **(SIs)**	Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	$29.6M	$45.6M	$44.1M	$55.9M	$43.0M	$50.3M	$96.0M
		Percent of referred MCCF dollars collected by Regional Counsel	N/Av	N/Av	N/Av	31.36%	32.40%	TBD	35%

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. Expedite publication of regulations affecting Veterans' benefits through additional FTE in each OGC PSG to improve regulations processing **(OSEs)**	**Average number of months to process VA regulations**							
		--Requiring advance notice and public comment (2-stage)	N/Av	21.7	19.4	19.6	19.6*	19.6*	19.6*
		--Without advance notice and public comment (1-stage)	N/Av	7.4	7.8	7.5	7.5*	7.5*	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.	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) **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	86.9%	95.6%

* These targets are "stretch goals" because they accelerate individual project completion dates. The goals will be applied prospectively. All rulemaking actions already in progress will retain their current completion milestones. Strategic and interim goals are identical because actual processing times cover multi-years and are measured as performance data 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**.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

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)

a) Means and Strategies:

- Program Execution: Timeliness and responsiveness established goals will be integrated into program management for case categories identified by OGC clients (customers) as the most important toward meeting their needs for OGC support.
- Communication: Client and employee satisfaction surveys will provide outreach tools to measure satisfaction levels and identify areas which may need OGC emphasis for improvement.

b) Data Source(s):

- Timeliness and Responsiveness: Timeliness and accuracy of tort claims processing will be measured through case data input from The Office of General Counsel's General Counsel Legal Automated Workload System (GCLAWS).
- Employee Satisfaction: Data will be collected from annual National Center for Organizational Development surveys
- Client Satisfaction: Data will be collected from annual OGC Client Satisfaction Survey

c) Data Verification:

- Timeliness and accuracy of tort claims processing measured against daily input of cases by OGC personnel regarding cases for which they provide legal services via the General Counsel Legal Automated Workload System (GCLAWS). Data verification is required from management personnel monthly.
- Employee satisfaction data will be obtained and verified from an annual All Employee Survey conducted by the National Center for Organizational Development (NCOD).
- Client Satisfaction data will be obtained and verified from an annual Client Satisfaction Survey conducted by OGC and supported by an approved web application.

d) Measure Validation:

- This measure promotes VA's increased emphasis towards program timeliness and responsiveness to Veterans and their families. The measure serves as a "leading indicator" for client satisfaction and is a direct indicator of employee satisfaction.

e) Cross-Cutting Activities:

- (If applicable)

f) External Factors:

- Requires customer and employee participation for surveys responses
- (Other if applicable)

g) Other Supporting Information:

- (If applicable)

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 a: Anticipate and proactively prepare for the needs of Veterans, their families, and our employees

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)	2011[1]	FTE	2012	FTE
Office of Finance	$16,480	113	$16,677	116
Office of Budget	4,868	27	4,911	29
Office of Asset Enterprise Management	6,084	50	6,272	49
Office of Business Oversight	8,201	91	9,962	101
Office of Performance Management	1,282	7	1,294	7
Office of the Assistant Secretary[2]	7,041	13	7,106	14
Total Budget Authority	**$43,956**	**301**	**$46,222**	**316**

[1] reflects the annual funding level under the current Continuing Resolution
[2] Includes costs for Department-wide initiatives

- The Office of Management's budget request of $46.2 million and a total of 316 FTE (34 of these FTE will be funded from reimbursements) includes the following priorities and initiatives to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department:
  - $1.6 million for audits of the Non-VA Care (Fee) Program
  - $90,000 to enhance the tracking of construction projects to strengthen internal controls and transparency

In 2011 the budget and performance functions under the Office of Management have been restructured to now reflect a new Office of Performance Management.

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, and manages the Department's financial operations at the FSC and DMC. 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. OF also 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. The office is responsible for processing payments to vendors and for employee travel and relocation. OF is also responsible for expanding electronic commerce and electronic data interchange capabilities and developing and implementing long–range financial systems initiatives. It 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 12th consecutive year and the statements applicable to the VA Franchise Fund for the 13th consecutive year.

- In 2010 VA was successful in remediating 3 of 4 longstanding material weaknesses, a 75 percent reduction in just one year.

- 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 24% in interest penalties per million dollars disbursed to commercial vendors from $47 per million in 2009 to $35 per million in 2010. Also, the centralization of payments enabled VA to earn 96% of the discounts offered for early payments ($4.8 million), allowing reutilization of these funds for other Veteran programs.

- During 2010 the Department aggressively used the Government wide commercial purchase card program. Over 5 million transactions were processed, representing $3.3 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 $70 million in total charge card refunds, compared to over $64 million during 2009. These refunds are returned to VA entities for use in Veteran programs.

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 implemented a new 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, and budget adjustments providing a comprehensive way to monitor the planning and execution of VA's budget.

Office of Performance Management:

The Office is responsible for coordinating, at the Department level, the performance management activities of VA in compliance with the Government Performance and Results Act of 1993 (GPRA). 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 2010 PAR. The PAR reports on VA's progress against its 2010 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 towards meeting is mission requirements. The 2010 PAR was published in November 2010 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 2010, the MPR process was restructured to be a flexible tool used to measure progress towards achievement of VA's new strategic plan within a balanced scorecard framework.

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

- Developed, formulated, and launched VA's first 10-Year Action Plan and first Department-wide integrated and prioritized list of projects using the SCIP process to address 95 percent of VA performance gaps in safety and security issues, Veterans geographic access, utilization (bed days of care and outpatient stops), facilities space, condition, and energy usage with the goal to provide improved quality service and benefits delivery to Veterans. Approximately 1,100 business cases were submitted for 2012 funding consideration. This submission included all major construction, leases, minor construction, and non recurring maintenance projects. OAEM staff was responsible for validating the business cases and managing the successful implementation of three 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.

- In 2010 VA awarded over $487 million in energy efficiency, renewable energy, and energy infrastructure improvement projects funded through the American Recovery and Reinvestment Act of 2009 (ARRA) and another $339 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, and energy-using equipment and system upgrades.

- VA completed an alternative fueling study and identified 91 sites for installing alternative fueling capability to help increase the use of alternative fuels in the vehicle fleet. Procurements will start in 2011 once environmental assessment processes are completed.

- As an expansion upon the Mission Homeless effort in 2009, OAEM initiated the Building Utilization Review and Repurposing (BURR) project. This initiative is a strategic effort to identify and repurpose unused and underutilized VA land and buildings nationwide in support of the Secretary's goal to end Veteran homelessness. The BURR initiative is assessing existing real estate assets with the potential to develop new housing opportunities for homeless or at-risk Veterans and their families through public-private partnerships and VA's EU Leasing Program. The Department's EU leasing authority allows VA to match supply (available buildings and land) and demand among Veterans for housing with third-party development, financing, and supportive services. This approach has the dual benefit of helping to reduce homelessness among our Veterans while leveraging underutilized assets and transferring the operation and maintenance costs to an EU lease developer.

- As of the end of 2010, VA awarded a total of 60 EU leasing projects. VA's Enhanced-Use Leasing Program is providing VA with the means to consolidate and transform the two VA Cleveland campuses located 22 miles apart. The Wade Park (inner city) and Brecksville (suburban) campus realignment will improve access, quality of care and satisfaction to Northeast Ohio Veterans and has already served to expand community partnerships and bring jobs and economic growth to Cleveland. On October 1, 2009, VA executed an enhanced-use lease with the Veterans Development, LLC of the State of Ohio to finance, design and develop a parcel consisting of approximately 100 acres, which represents the entire Brecksville campus of Louis Stokes Cleveland VA Medical Center (VAMC). The redevelopment of the Brecksville campus will include more than 1.2 million square feet of private medical, higher education and business office space. In addition to the redevelopment of the Brecksville Campus, the redevelopment plan includes as consideration transitional housing for homeless Veterans, parking structure and an administrative/medical office building adjacent to the Wade Park Campus.

- Volunteers of America partnered with VA through an EU lease to develop, renovate, construct, operate, and maintain Building 400 on the Dayton, VA Medical Center campus in Ohio. This transitional housing facility offers 50 units of transitional housing and supportive services for eligible Veterans and non-Veterans. Opening for operations in 2010, the facility is designed to provide safe, drug- and alcohol-free housing and supportive services to eligible Veterans and non-Veterans of the community. The lease will provide income consideration and result in cost savings for utilities and maintenance and significant cost avoidance to VA by reducing reliance on inpatient and domiciliary resources.

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 OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix A, *Internal Control Over Financial Reporting*, and financial system reviews required under OMB Circular A-127, *Financial Management Systems*. 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 2010 OBO's Management Quality Assurance Service (MQAS) provided comprehensive internal oversight for VA financial, logistics, and capital asset management activities. MQAS conducted 89 reviews and special projects at VA field facilities and VA Central Office and made 1,529 recommendations to correct issues identified during these reviews and in annual summary reports. MQAS exceeded its 2010 Annual Review Plan by completing 105% of its minimum planned field reviews, 100% of planned special projects, and three unplanned special projects.

- In 2010 MQAS implemented a Non-VA Care (Fee) Review Team, significantly expanding the 2009 limited review of field Fee financial management operations. The reviews provide the VHA Chief Business Office, Chief Financial Officer, and VA Central Office senior leadership with oversight of Fee financial management at VHA medical facilities and assist medical facility personnel with improving Fee financial operations. During 2010 the Fee Team performed one pilot and three Financial Management Fee Reviews. Detailed review reports were issued that included findings, recommendations, and opportunities for improvement in Fee claims processing and the payment cycle.

- During 2010 OBO's Internal Controls Service (ICS) completed a comprehensive risk assessment of internal controls over financial reporting. The assessment identified key controls over VA financial reporting. VA tested all identified high risk and one-third of moderate risk controls associated with financial processes and financial reporting. Based on the results of VA's internal control assessment, no additional material weaknesses were identified in 2010.

- In 2010 OBO's ICS developed VA's management plan to implement OMB's Data Quality initiative. ICS then developed a business plan with recommendations for managing the Department's overall Data Quality initiative, including establishment of a new Data Quality Service.

- In 2010 OBO's Systems Quality Assurance Service (SQAS) provided independent verification and validation (IV&V) of major VA financial systems. SQAS performed Quality Assurance technical reviews of FLITE Program and project documentation and provided on-site support for SAM pilot project activities in Milwaukee. SQAS continued to perform Quality Assurance and Systems Integration Testing of VA PAID system software releases for enhancements and maintenance changes and also participated in the IPT and technical evaluation for the time and attendance system replacement project, VATAS. The conversion from OPM's Employee Express to DOD's MyPay system was successfully completed in June 2010. Additional IV&V support was also provided for ongoing maintenance and changes for FMS, FEE, CAATS and various other interfacing systems.

Budget Highlights

The 2012 request of $46.2 million in budget authority (BA) will provide:

- The Office of the Assistant Secretary with $7.1 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 $16.7 million to support 116 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; improvements in miscellaneous obligations; expansion of the use of purchase cards and centrally billed (travel) accounts; 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.;

- $4.9 million for the Office of Budget to support 29 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 $1.3 million to support 7 FTE to coordinate and respond to OMB-related performance initiatives such as Priority Goals and other related efforts. This funding level will also support 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 to provide support to Department leadership through the preparation of the Monthly Performance Reviews;

- $6.3 million for OAEM to support 49 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. Included in this funding is $90,000 to enhance the tracking of construction projects to strengthen internal controls and transparency;

- OBO with $9.9 million and 101 FTE (67 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. Included in this funding is $1.6 million for a new initiative to support regular, recurring compliance reviews of VA Fee program business operations. OBO's budget authority will also provide resources to support an entity-wide risk assessment of internal controls over financial reporting, perform tests of controls, and remediate the significant deficiencies and material weaknesses found during the testing of internal controls over financial reporting.

Total resources in the 2012 budget include $40.9 million in reimbursements, with $3.3 million in reimbursable authority for OBO to cover 20 FTE and expenses associated with conducting reviews of VHA financial business processes, $1.0 million in reimbursable authority for OBO to support 7 FTE and expenses

associated with performing logistics reviews, $3.9 million in reimbursable authority for OBO to fund 7 FTE and expenses, plus contractor support, associated with testing internal controls over VA's financial reporting, and $32.7 million in reimbursable authority for OF 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)					
		2011			
	2010 Actual	**Budget Estimate**	**Current Estimate[1]**	**2012 Estimate**	**Increase (+) Decrease (-) 2012 v 2010**
Average Employment	267	295	301	316	+49
Obligations:					
Personal Services	$37,466	$41,344	$41,453	$42,630	+$5,164
Travel	1,419	2,029	973	1,018	-401
Transportation of Things	19	0	42	27	+8
Rents, Communications & Utilities	446	429	653	637	+191
Printing & Reproduction	170	207	182	186	+16
Other Services	39,316	37,847	50,971	42,207	+2,891
Supplies & Materials	309	316	307	327	+18
Equipment	52	30	335	52	0
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$79,197**	**$82,202**	**$94,916**	**$87,084**	**$+7,887**
Reimbursements	*-33,385*	*-33,645*	*-40,022*	*-40,862*	*-7,477*
SOY Unobligated Balance (-)	*-9,859*	*0*	*-10,938*	*0*	*+9,859*
EOY Unobligated Balance (+)	*10,938*	*0*	*0*	*0*	*-10,938*
Adjustments in Unobligated Balances (+)(-)[2]	*1,408*				*-1,408*
Reallocation	*-4,343*				*+4,343*
Budget Authority	**$43,956**	**$48,557**	**$43,956**	**46,222**	**$+2,266**

[1] reflects the annual funding level under the current Continuing Resolution

[2] reflects EOY unobligated balances that will be made available in 2011

- The increase in Personal Services reflects the increases in FTE necessary to support ongoing and new priorities and initiatives and increases in benefits.

- The increase in Other Services reflects increases in contracts mainly from increases in the estimated DFAS payment.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request 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. Strengthen corporate decision making by implementing integrated, enterprise-level financial, asset management systems **(OSE)**	**Number of Material Weaknesses (OM)**	4	3	4	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) * (1) Corrected** (Standard government-wide measure required by the Federal Real Property Council)	74%	66%	74%	(1)71%	76%	78%	**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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. 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) * (1) Corrected** (Standard government-wide measure required by the Federal Real Property Council)	112%	113%	113%	(1)121%	108%	102%	**100%**
		Ratio of non-mission dependent assets to total assets (OAEM) * (1) Corrected (Standard government-wide measure required by the Federal Real Property Council)	12%	12%	(1)12%	(1)9%	11%	10%	**10%**
		Ratio of operating costs per gross square foot (GSF) (OAEM) * (1) Corrected (Standard government-wide measure required by the Federal Real Property Council)	$5.80	$6.47	$6.95	(1)$7.64	$7.38	$7.23	**$6.41**
	Create innovative public-private partnerships that enhance services to Veterans. (SI)	A new measure is being developed for this initiative.	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	N/Ap	**N/Ap**

* 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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
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) ***	3%	4%	3%	N/Av	5%	5%	**15% by 2013**
		Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) *	N/Av	N/Av	N/Av	N/Av	3%	6%	**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.

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 Office of Management staff.

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) Cross-Cutting 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 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

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 is reviewed by Administrations and Office of Management staff.

d) Measure Validation:

- Higher levels of utilized space as compared to overall space indicate the optimal use of capital assets.

e) Cross-Cutting 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 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.

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 Office of Management staff.

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) Cross-Cutting 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 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

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 Office of Management staff.

d) Measure Validation:

- Minimizing operating and maintenance costs enables VA to reinvest much needed funds improve services to our Nation's Veterans.

e) Cross-Cutting 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 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.

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 7.5% in 2013.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Office of Management staff.

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) Cross-Cutting 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 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

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 Investment and Enterprise Development 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) 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 E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs.

This Page Intentionally Left Blank

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)	2011 [1]	FTE	2012	FTE
Budget Authority:				
Office of the Assistant Secretary	$1,233	8	$1,576	9
Office of Human Resources Management	17,863	145	19,027	145
Office of Administration	41,864	97	45,170	97
Office of Resolution Management	4,136	24	4,574	24
Office of Diversity and Inclusion	2,131	17	2,427	17
Office of Labor-Management Relations	1,363	10	1,569	10
Total Budget Authority	**$68,590**	**301**	**$74,343**	**302**
Reimbursement:				
Human Capital Investment Plan	$288,577	221	$287,362	226
Office of Resolution Management	32,885	229	39,510	264
Miscellaneous Reimbursements	62,899	18	64,491	18
Total Reimbursement	**$384,361**	**468**	**$391,363**	**508**

In 2012, the Office of Human Resources and Administration (HR&A) is requesting budget authority (BA) of $74.3 million. When combined with $391.4 million in reimbursements, these funds will allow for obligations of $465.7 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 810 FTE will be required to support all HR&A operations, including 264 FTE funded from Office of Resolution Management reimbursements, 18 FTE

[1] Reflects the Annual Continuing Resolution Funding Level

funded from VA Learning University reimbursements and 226 FTE funded from reimbursements to support the Human Capital Investment Plan, of which 31 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;

- Improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment;

- Continue to reduce the time and cost associated with workplace disputes by increasing Alternative Dispute Resolution (ADR) participation in the Equal Employment Opportunity (EEO) complaint process;

- Improve the relationship between labor unions and management by providing training to encourage and establish cooperative and productive labor-management partnerships; 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

The Assistant Secretary for Human Resources and Administration (AS/HR&A) provides leadership and direction over the seven major program areas listed below. They hold direct responsibility for leading both policy and operational functions in their respective program areas. 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. In addition, the Assistant Secretary serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for ADR policy, oversight, and training.

Corporate Senior Executive Management Office (CSEMO):
VA successfully implemented corporate SES management in VA with the stand up of CSEMO on October 1, 2009. The organizational is fully staffed and operating. 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, executive development, workforce planning, employee relations and performance management, benefits, oversight, human resources information systems, recruitment and placement, Veteran employment coordination, and human capital planning and development of the 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 determinations, and investigations. These services are provided through a nationwide network of field operations offices. ORM also provides guidance and support to Alternative Dispute Resolution programs throughout VA on how to manage conflict and prevent and resolve disputes. ORM also 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.

Office of Diversity & Inclusion (ODI):
ODI develops Department-wide policies, strategic plans, and program evaluations in the areas of workforce diversity management and equal employment opportunity. ODI performs national policy development, guidance, central direction, and technical assistance for major workforce diversity programs in VA. This includes strategic planning and annual reporting on workforce diversity and inclusion; workforce analysis; 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 minorities, women, disabled Veterans, and people with disabilities; 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):
Department of Veterans Affairs Learning University (VALU) is a corporate university that systematizes the training function to maximize the investment in training and education of the VA workforce in order to enhance services provided to Veterans and their families. The VA Learning University mission is to direct the training and education plans of the Department by creating and providing high quality opportunities and services that enhance leadership, occupational proficiencies and personal growth while fostering a spirit of diversity and lifelong learning. 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 organizational emergent needs.

HR&A Recent Accomplishments

- During 2010, HR&A established the Corporate Senior Executive Management Office. The office is fully staffed and operational.

- 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 in the last fiscal year has increased from 48 percent in 2009 to 52 percent at the end of 2010, significantly avoiding costs to the Department. The cost of handling a discrimination case through the formal complaint process ranges from $18,000 per complaint to $60,000, excluding the cost of damages that may be payable in the event of a finding of discrimination. In 2010, participation in the ADR process resulted in the resolution of 1,094 disputes outside of the traditional EEO complaint process, resulting in 86 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. VA estimates cost avoidance of $82 million as a result of increased use of ADR to resolve workplace disputes.

- ORM has continued to improve processing times for EEO investigations. By the end of 2010, ORM completed investigations in an average of 170 days, which is below the Equal Employment Opportunity Commission's mandated 180 days. Additionally, ORM has improved the resolution rate of EEO counseling episodes. Approximately 50 percent of EEO counselor contacts do not result in formal complaints which resulted in a cost avoidance of at least $41 million.

- HR&A is overseeing several programs that support the President's Executive Order which calls for increased hiring of Veterans by federal agencies. A new initiative currently under development would provide VA increased internal and online capacity to recruit and retain Veterans. HR&A has also been 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. In addition, within HR&A, the Veterans Employment Coordination Service (VECS) continues to serve as the lead office to attract, recruit, and hire Veterans into VA. VECS consists of nine Regional Veterans Employment Coordinators (RVEC) located throughout the U.S. RVECs serve as employment case managers for severely injured Veterans and provide varying degrees of employment assistance to all Veterans seeking VA employment. During 2010, VECS reached more than 30,000 Veterans, promoting VA as an employer of choice with the desire to hire them. Direct contact by RVECs contributed to over 400 Veterans gaining VA employment through their direct involvement, with over 11,400 Veterans gaining VA employment, with a significant number being service connected disabled Veterans returning from Operations Enduring and Iraqi Freedom.

- OHRM revitalized its recruitment outreach and marketing program to focus on providing advice and guidance to hiring managers on recruitment outreach and hiring solutions to recruit and hire for entry level positions;

develop career paths; and build pipeline resources thru student employment educational programs.

- A delegated examining unit is almost fully staffed 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, developing service level agreements, standard operating procedures, a workload tracking tool to capture workload and performance metrics, and developing 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 158 human resources offices throughout VA are expected to be fully using the system by March 2011.

- 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 and implemented standardized VA-wide EEO, Diversity, and Conflict Management Training for all Executives, Managers, and Supervisors; established a mandatory critical performance element on EEO, diversity and inclusion in all SES and supervisory performance plans; implemented VA's first centralized Reasonable Accommodations Fund to support people with disabilities; acquired VA's first centralized Reasonable Accommodations Tracking System; and implemented a centralized Diversity Internship Program to build a diverse pipeline to VA employment.

- 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.

- After seven years of negotiations, LMR completed negotiations of the VA/AFGE Master Agreement. As part of the negotiations, the VA was able to start implementation of USA Staffing, expediting the hiring process in the agency.

- 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 LMS 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 LMS, of which 10,000 courses provided online content. Since deploying VA LMS, the system has recorded more than 10 million training completions from VA employees.

- VALU developed a VA-wide Leadership Competency Model and has performed competency assessments and recommended training for cross-cutting career fields such as Human Resources, Information Technology and Engineers. VALU also supported cross-cutting training and special emphasis conferences; nearly 1,500 finance employees were trained receiving 55,000 continuing education units resulting in learner's knowledge increasing by 43 percent.

- VALU launched the "Change Academy", in response to the VA's efforts to transform the organization. The Change Academy provides curricula tailored to the needs of VA offices and medical centers. Muskogee Medical Center was the first to identify their requirements and launched the first academy. The training was pivotal in this facility's increase in mission critical performance measures from 78 percent to 99 percent, making Muskogee Medical Center one of the top 10 VA hospitals. This model has now been replicated across the VA to other organizations in VHA and VBA.

- During this past year, 80 VA employees completed Leadership VA. In its thirty-two year history, this program has graduated more than 2,400 employees, many of who have advanced to the Senior Executive Service and approximately 70 percent of the Leadership VA graduates since 2006 have been recipients of the Presidential Rank Award. In addition, Mentor Training is offered to support the VA Central Office Leadership Development

Mentoring Program (LDMP) and the Aspiring Leaders Program (ALP). The LDMP graduated 19 participants and the ALP graduated 26.

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 create 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 people 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 budget years.

- 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 and a recertification for senior executives. 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 draft 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 L3 training evaluation.

- 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 current plan is to conduct the pilot at the HR conferences next Spring and Summer 2011. 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 LMS 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. This initiative will fund innovative new media advertising on outlets such as Career TV and high visibility web-based information and networking sites. Also, additional funds will be

provided for the Veterans Employment Coordination Service (VECS) to attract, recruit, and hire Veterans into the VA, particularly qualified, severely injured Veterans from Operations in Iraq and Afghanistan. A staff of 5 FTE will be used in the field to serve as regional liaisons for training and user support of the enterprise-wide implementation of USA Staffing. USA Staffing is an automated recruitment, assessment, referral, and notification system which will be used by the majority of VA HR offices and accessed by over 250,000 employees and public applicants.

- 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.

- Human Resources Information System (HRIS) liaisons will be placed in various geographical regions to serve as local HRIS consultants. HRIS is the Personnel and Accounting Integrated Data System (PAID) replacement element that will be provided by an approved OPM Human Resource Line of Business Shared Service Center (SSC). Although the enterprise is supported by a single HRIS application housed at a Shared Service Center, under the HR delivery model, the delivery of HR support will remain decentralized. The HRIS 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.

- HCIP initiatives aim to improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment.

  - The Health and Wellness initiative has implemented a VA-wide, web-based employee health and wellness program. The health promotion program will perform population health and needs assessment and provide plans for health enhancement programs. The tool 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 active program coordinators who provide on-line wellness coaching and fitness goals and can develop instructional programs (nutrition, weight management, fitness conditioning, injury prevention, etc.)

- 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 the 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.

- 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 three of the six VISNs and increasing the ADR participation rate in four of the six VISNs. Due to these efforts, VA employees had increased opportunities for early resolution of complaints and grievances.

- ORM stood up a full-service hotline, designed to provide employees and managers a forum to ask general questions or questions related to Transformation-21 initiatives, and learn about avenues to address workplace conflict and disputes. Beginning in July 2010, the call center successfully supported the roll-out of HCIP and most recently the Wellness is Now program in September 2010. In 2010, the call center answered over 1,000 calls and 200 emails. This new service 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). Benefits of the call center include increased use of ADR, decreased EEO complaint activity, increased opportunities to market and distribute accurate information about T-21 initiatives, and improved ability to educate employees and managers on a variety of issues that often result in workplace disputes.

- An EEO/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 will be 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. In 2011, an Executive Dashboard will be developed to provide executive level staff a snapshot of the aforementioned information, while providing restricted access for highly sensitive information.

- 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 partnership, LMR staff will lead training and 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 2012 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.

- $39.5 million and 264 FTE in reimbursable authority for the Office of Resolution Management to cover expenses associated with preventing,

resolving, and processing workplace disputes. When these reimbursements are combined with an additional $3.4 million in expenditure adjustments from VBA and the staff offices, total ORM recoveries will be $42.9 million in 2012. Total ORM recoveries 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 226 FTE for HR&A for the continued implementation of the Human Capital Investment Plan.

Office of Human Resources and Administration
Summary of Employment and Obligations
(dollars in thousands)

	2010 Actual	2011 Budget Estimate	2011 Current Estimate [2]	2012 Request	Change FY 12 v FY10
Average Employment	**549**	**736**	**769**	**810**	**+261**
Obligations:					
Personal services	$69,522	$92,033	$92,890	$98,269	+$28,747
Travel	10,308	17,664	27,272	28,550	+18,242
Transportation of things	49	386	61	72	+23
Rents, communications & utilities	27,030	29,978	32,317	33,752	+6,722
Printing and reproduction	211	420	454	499	+288
Other services	294,141	320,663	308,905	309,426	+15,285
Supplies and materials	1,441	1,432	1,510	1,628	+187
Equipment	1,465	1,506	2,096	2,187	+722
Insurance & Indemnities	46	15	15	15	-31
Adjustment to Expenditures	-8,305	-7,516	-8,100	-8,692	-387
Total obligations	**$395,908**	**$456,581**	**$457,420**	**$465,706**	**+$69,798**
Reimbursements	-330,365	-380,404	-384,361	-391,363	-60,998
SOY Unobligated Balance (-)	-1,032	…	-4,469	…	+1,032
EOY Unobligated Balance (+)	+4,479	…	…	…	-4,479
Reallocation	-400	…	…	…	+400
Budget authority	**$68,590**	**$76,177**	**$68,590**	**$74,343**	**+$5,753**

Summary of Employment and Obligations – Analyses

HR&A's personal services estimate reflects salary requirements for 302 FTE for General Administration activities funded through GOE in 2012. The total estimated FTE of 810 includes 226 reimbursable FTE associated with the Human Capital Investment Plan, 264 for ORM FTE, and 18 for VALU FTE.

[2] Reflects the Annual Continuing Resolution Funding Level

The increase in reimbursable FTE and their associated payroll resources is due to execution of the Human Capital Investment Plan. The 2012 request includes the full year costs and FTE associated with implementation of the HCIP during 2010 and 2011. As the HCIP continues through a full year of initiative implementation, there is a shift in estimated resource requirements from HCIP contract costs to funding for personnel needed to manage the programs and the travel dollars necessary to ensure trainees are able to participate in offered classes.

Travel funds are expected to increase as more employees avail themselves of training opportunities requiring HCIP travel funding. These travel funds will be used to reimburse facilities which may not otherwise be able to send employees to training because of a lack of travel dollars.

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 decrease in HCIP contract cost is more than offset by a $50.3 million reimbursable contract increase for the Human Resources Information System (HRIS). This project is the central component of an overall VA HR enterprise-level initiative that will upgrade and support the lifecycle activities of human capital and human resources management for the Agency. The HRIS component is the Personnel and Accounting Integrated Data System (PAID) replacement element that will be provided by an approved OPM Human Resources Line of Business Shared Service Center (SSC). The SSC provider will offer modern HRIS services to VA for a fee based on the nature of the services provided and the number of employees serviced in a year. The funding model for HRIS will be similar to that currently used for PAID, on a reimbursable basis with each VA organization paying for their employees. Service will eliminate the manually laden basic transactional and maintenance work by current HR staff associated with PAID, paper driven process, and disconnected applications.

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 will be funded in 2012, including funding a staff of 16, as well as funding for current ADR efforts. ORM requires new budget authority of $4.6 million in 2012 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 will enhance current toll-free services and offer both access to more information for VA employees and consultative services for VA managers through development of 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.

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** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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.** [3]	**N/Av**	**N/Av**	**N/Av**	**20**	**45**	**65**	**95**
	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.**	**28**	**46**	**48**	**52**	**53**	**54**	**55**

[3] 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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	2. Support reform of the Human Capital Process though the entire employee life-cycle. **(OSE)**	**Percentage of VA employees who are Veterans.**	**31**	**30**	**30**	**31**	**31**	**31**	**33**
		Workers' Compensation Lost Time Case Rate (LTCR). [4]	**1.87**	**1.81**	**1.82**	**1.71**	**1.64**	**1.64**	**1.64**
		Percent of Title 5 employees hired through competitive examining process within 80 days. [5]	N/Av	N/Av	64	45.95	48	49	75
	3. Strengthen VA's Human Resources staff to better support service delivery in health care, benefits, and memorial services. **(OSE)** [6]	Percent of all Human Resources staff in the field and VACO who are certified in Human Resources disciplines.	N/Av	N/Av	N/Av	8	15	20	65
	4. 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." **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	14	25

[4] 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.

[5] The 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.

[6] The ability to improve performance of Human Resources field staff is dependent on appropriate training and the support of officials from each Administration.

Table 2: Performance Measures Supporting Information

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 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 Learning Management System (LMS) based on completion data for training opportunities tracked in LMS . **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 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.
- Continued implementation of Memoranda of Understanding with VHA, VBA, and NCA.

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 coordinators 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 VA Human Resources Line of Business (HRIS)

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

This Page Intentionally Left Blank

Policy & Planning

Mission

The Office of Policy and Planning's (OPP) mission is to serve as the principle advisor to the Secretary for Policy and Strategy.

OPP provides comprehensive analysis to the Secretary and senior leaders in the areas of 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. OPP ensures alignment of all policy, programs, strategy, and operations with the strategic direction of the Administration and the Secretary.

Summary of Budget Request

($ in 000)	**2011**	**FTE**	**2012**	**FTE**
Office of the AS/PDAS	$2,776	11	$3,058	12
Office of VA/DoD Collaboration	$3,335	13	$4,215	16
Corporate Analysis and Evaluation	$5,089	9	$5,166	13
Office of Policy	$5,899	23	$6,390	26
Office of Data & Evaluation	$8,916	37	$9,818	38
Total Budget Authority	**$26,015**	**93**	**$28,647**	**105**
Reimbursement:				
Enterprise Program Management Office	$8,840	10	$14,597	20
VA Innovation initiative	$1,065	0	$1,065	0
Total Reimbursement	**$9,905**	**10**	**$15,662**	**20**

In fiscal year (FY) 2012, OPP is requesting budget authority (BA) of $28.6 million, reimbursements of $15.7 million, and a total of 125 FTE to support its mission. Approximately $3.1 million (BA) is requested to support the Office of the Assistant Secretary for Policy and Planning (12 FTE) which leads the development of intitiaves and analysis for the Secretary and VA senior leaders in the areas of Veteran policy, strategic planning, and program development.

Funding of $4.2 million (BA) is requested for the Office of VA/DoD Collaboration (16 FTE) to improve the transition of services members to Veteran status and the benefits they receive. OPP requests $5.2 million (BA) for the Office of Corporate Analysis and Evaluation (13 FTE) which facilitates the development of program evaluations and long term programmatic planning for the Department. The request for the Office of Policy (26 FTE), which leads the Department's development, analysis, and review of the policy issues affecting Veterans and provides oversight for transformation efforts across the Department, is $6.4 million (BA). Funding of $9.8 million (BA) is requested for the Office of Data and Evaluation (38 FTE) which leads the Department's data analysis and assessment of programs, operations, and procedures to inform VA-wide decision making. OPP's budget request includes $1.1 million in reimbursable authority (RA) to support VA Innovation initiative contracts, and $14.6 million (RA) to support the Enterprise Program Management Office (ePMO), which is described in more detail below.

The ePMO was chartered in 2010 with the mission to improve the planning and execution of the Major Initiatives; and improve overall program management in the Department. The ePMO is responsible for acting as an integrator and facilitator working with Major Initiative owners to ensure a clear understanding and articulation of transformational initiative and program requirements as well as work across transformational initiatives and programs to make the connections. To accomplish this, ePMO is developing project management standards, methodologies, doctrine, and processes to be used Department-wide and share and drive project management best practice implementation throughout the Department. Additionally, ePMO will develop VA's workforce by mentoring and teaming, and be a catalyst for business process reengineering (BPR) in partnership with business process owners.

Program Description and Accomplishments

OPP is comprised of four programmatic offices: (1) the Office of VA/DoD Collaboration; (2) the Office of Corporate Analysis and Evaluation; (3) the Office of Policy; and (4) the Office of Data and Evaluation.

Office of VA/DoD Collaboration

The Office of VA/DoD Collaboration facilitates the development of joint policies and programs between VA and DoD. The Office contributes to:

- VA Strategic Goal #1 to improve the quality and accessibility of health care, benefits, and memorial services while optimizing value;

- VA Integrated Objective #3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA Integrated Strategy #3d to 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.

The Office works with DoD to produce better outcomes in health care delivery and benefit services for Veterans, Service members, military retirees, and eligible dependents. Specific functions include:

- Leading VA's efforts and providing staff support for multiple VA/DoD joint governing bodies, including:
    - VA/DoD Joint Executive Council
    - VA/DoD Wounded, Ill and Injured Senior Oversight Committee
- Coordinating VA responses to external requirements and mandates, such as those created by Congress
- Developing a VA-wide perspective in all VA/DoD collaboration activities
- Developing the VA/DoD Joint Strategic Plan in coordination with DoD

Corporate Analysis and Evaluation

The Office of Corporate Analysis and Evaluation facilitates the development of programs evaluations and long term programmatic planning for the Department. The Office contributes to VA Integrated Strategy #3c to create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

The Office performs analysis to inform investment decision making and development of resourcing options and priorities to produce better outcomes in health care delivery and benefit services for Veterans. Specific functions include:

- Leading VA's multi-year programming and analysis to strengthen planning efforts
- Providing independent analysis to align VA resource allocations with investments that best serve Veterans, including evaluation of programs, projects, and capabilities
- Developing and using analytical tools and methods to analyze program resources
- Producing independent cost analysis and presenting program alternatives to determine the most effective and efficient solutions

Program Evaluation Service

- Leads the design of studies and analysis in support of corporate strategic decision making

Office of Policy

The Office of Policy leads the Department's development, analysis, and review of the policy issues affecting Veterans. The Office is responsible for transformation efforts across the Department and executing the Strategic Plan to implement VA's goals and objectives. Its work enables better decision making among VA senior leaders about services to Veterans and management of the Department. The Office contributes to:

- VA Strategic Goal #1 to improve the quality and accessibility of health care, benefits, and memorial services while optimizing value;
- VA Strategic Goal #4 to improve internal customer satisfaction with management systems and support services and make VA an employer of choice by investing in human capital;
- VA Integrated Objective #3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA Integrated Strategy #3c to create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

The Office of Policy is comprised of three service areas.

Policy Analysis Service

- Develops policy proposals for the Secretary
- Provides independent review and recommendations on proposed policies and legislation
- Supports policy committees and task forces charged with reviewing policy issues
- Supports intergovernmental efforts with analysis of policy implications

Strategic Planning Service: Leads the continual development and refresh of the VA Strategic Plan in partnership with the administrations and staff offices

Transformation and Innovation Service

- Leads operational planning development within the Department.

- Leads the operational management review process to oversee and synchronize the execution of transformational initiatives in VA
- Leads innovation process to identify and anticipate new trends affecting Veterans and proactively identify solutions to the challenges confronting the Department and Veterans

Office of Data and Evaluation

The Office of Data and Evaluation leads the Department's data analysis and assessment of programs, operations, and procedures to inform VA-wide decision making. The Office provides actuarial estimates and projections and Veteran population estimates, and acts as a central clearinghouse for the collection, analysis, and dissemination of information about Veterans and VA programs and services. The Office manages and directs survey research, including national surveys. The Office contributes to:

- VA Strategic Goal #2 to increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services;
- VA Integrated Objective #3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA Integrated Strategy #3c to create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

The Office of Data and Evaluation is comprised of three service areas.

National Center for Veterans Analysis and Statistics

- Manages VA-wide business intelligence tools and processes to support analysis and planning activities
- Develops statistical analyses and reports for the Department on a broad range of topics
- Operates VA's data and statistics web portal for the dissemination of Veteran data and statistics
- Develops estimates and projections on the Veteran population
- Conducts analyses and survey research including the National Survey of Veterans

Office of the Actuary

- Constructs formal and predictive models to support data-driven decision making about VA capital investments, incorporating models for future

demand for VA services and benefits
- Consults with the administrations and staff offices on actuarial analysis, financial modeling, and cost estimation
- Develops compensation, pension, and burial liability estimates
- Reviews VA actuarial calculations including medical malpractice, health care enrollment, and life insurance reserves

Management Systems Improvement Service:

- Oversees Department-wide management analysis/business process reengineering efforts
- Manages the Secretary's annual Robert W. Carey Performance Excellence Awards program
- Coordinates the Departments response to the Federal Activities Inventory Reform (FAIR) Act
- Provides advice and consultation on competitive sourcing

Recent Accomplishments

In FY 2010, OPP enhanced services for Veterans and their families by designing and managing client policy for the Department, by supporting the development and implementation of Departmental transformation initiatives, and by cultivating strategic external partnerships. During FY 2010, OPP:

- Completed the **National Survey of Veterans,** a comprehensive nationwide survey of Veterans, active duty service members, activated National Guard and Reserve members and family members and survivors, designed to help VA plan its future programs and services for Veterans. The information gathered through this survey helped VA identify the needs of Veterans and then allocate resources in ways that ensured these needs are met, all of which are important aspects of implementing Integrated Strategy #3c.

- Established the **Office of Corporate Analysis and Evaluation (CA&E)** to facilitate long-range planning and provide independent data to inform senior level decision making about resource allocation. CA&E is an independent body dedicated to aligning VA resource allocations with investments that best serve our Veterans, their families, dependents, and survivors. CA&E informs capital investment decision-making activities and enables development of resourcing options and priorities. This contributes to VA's Integrated Strategy #3c of creating an integrated, Department-wide management capability to make data-driven decisions and allocate resources.

- Implemented the new **strategic management process** for VA. This process uses strategy to drive the budget and performance plans and aligns the execution of VA strategy with performance management and organizational and individual accountability in an iterative way. This process centers on implementing the strategic goals, integrated objectives, and integrated strategies throughout VA. This accomplishment helped VA implement Integrated Objective #3 of building internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

- Created an **innovation capability** to identify and anticipate future needs of Veterans and incorporate those needs into policy and program design and implementation across VA. This created opportunities for VA employees, private sector entrepreneurs, and academic leaders to contribute cutting edge solutions to timely VA questions and problems prioritized the most promising ideas and solutions to those challenges. This new capability allowed VA to move forward in implementing its Integrated Strategy #3a of anticipating and preparing for the needs of Veterans.

- Established VA **data governance policy and processes** with the establishment of the business intelligence program (BIP) which implemented an initial set of VA-wide tools, technologies, and processes to turn data into information and information into knowledge that optimizes VA business actions. The BIP functions encompass data integration; data warehousing and reporting; predictive data analysis; and geospatial tools. The business intelligence toolset is used by internal and external stakeholders via the VA Intranet and Internet. The work helped VA implement Integrated Strategy #3c of creating a Department-wide management capability to make data-driven decisions.

- Conducted a nationwide **management analysis/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.

- Contributed to transforming **VA/DoD Collaboration**, especially in the areas of implementing a revised disability evaluation system, completing a joint VA/DoD integrated mental health strategy, and improving a number of programs to enhance the transition of service members to Veteran status. These accomplishments helped VA implement its Integrated

Strategy #3d of creating a collaborative, knowledge sharing culture with DoD.

- Improved VA policy toward **Gulf War Veterans** by advocating for the implementation of recommendations made by the Advisory Committee on Gulf War Veterans. Produced a comprehensive annual report on the use of selected VA benefits and services by pre-9/11 Gulf War Era Veterans.

- Ensured the **success of major transformation initiatives via oversight and monitoring in the operational management review process**. This included intensive mid-year reviews and problem solving sessions with all major transformation initiatives that provided independent assessment of progress, identified barriers to success, helped define solutions, and elevated issues to senior leadership, as required.

- Developed **VA Strategic Capital Investment and Planning models**, corporate predictive modeling and forecasting operation for data driven decision making to be completed and implemented in FY 2011.

- 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 women Veterans 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 an ongoing basis. FY 2010 efforts included development of the VA compensation and pension liability model.

- Updated **VA's official estimates and projections of the Veteran population** by State, county and congressional district from 2009 to 2039. Veteran population estimates are projected with characteristics such as: age, gender, period of service, race, ethnicity, rank (officer/enlisted), and branch of service.

- Completed a **program evaluation of VA's Mental Health Program**. This 4 year study provided VA with information about the services it provides, the impact on Veterans, how VA compares to the private sector, patient outcomes, and costs. Study findings and recommendations are used to refine and improve VA services by suggesting policy and operating changes.

- Established the ePMO which has contributed to the overall success of the Major Initiatives transforming VA into a world-class organization providing the absolute best services and support of our nation's Veterans. In addition to the activities that ePMO was chartered with ePMO has been instrumental in the stand-up of the CA&E Team, implementation of the planning, programming, budgeting and execution process, supporting the Joint Task Force for Information Technology Hiring Initiative, and supporting the reorganization of the Office of Health Information.

Budget Highlights

The FY 2012 request includes resources necessary for OPP to provide comprehensive analysis to the Secretary and senior leaders in the areas of 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. The highlights of the budget request include:

- $4.2 million in contract dollars and a total of 16 FTE will enable the **Office of VA/DoD Collaboration** to implement VA's Integrated Strategy #3d 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 funding will also support the further expansion of VA's joint strategic planning and performance management capabilities in order to be a proactive partner with DoD.

- $5.2 million in contract dollars and a total of 13 FTE will support the **Office of Corporate Analysis and Evaluation** in its analytical work to support VA's Integrated Strategy #3c 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 an *after action review model* for driving accountability through the transformed organization.

- $6.4 million in contract dollars and a total of 26 FTE will support the **Office of Policy** in the development, analysis, and review of the policy issues affecting Veterans; transformation efforts across the Department; and execution 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.

- $9.8 million in contract dollars and a total of 38 FTE will support the **Office of Data and Evaluation** 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 #3c of creating a Department-wide management capability to make data-driven decisions.

Total resources in the 2012 budget include $15.7 million in reimbursements, with a total of $1 million in reimbursable authority for the VA innovation initiative to cover the work associated with implementation and execution of Department-wide innovation activities and a total of $14.7 to support the enterprise Program Management Office to cover 20 FTE and expenses associated with developing Department-wide program management standards and doctrine and its support of the major initiatives.

Office of Policy and Planning *Summary of Employment and Obligations* *(dollars in thousands)*					
		2011			
	2010 Actual	President's Budget	Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	**67**	**103**	**103**	**125**	**58**
Obligations:					
Personal services	$9,725	$16,817	$17,307	$20,754	$11,029
Travel	$112	$220	$406	$507	$395
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$0	$339	$1,062	$1,100	$1,100
Printing and reproduction	$552	$110	$168	$179	($373)
Other services	$17,192	$11,067	$16,906	$21,425	$4,233
Supplies and materials	$533	$230	$321	$344	($189)
Equipment	$27	$0	$0	$0	($27)
Grants	$0	$0	$0	$0	$0
Insurance/Indemnities/Interest	$20	$0	$0	$0	($20)
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	**$28,161**	**$28,783**	**$36,170**	**$44,309**	**$16,148**
Reimbursements	$0	$0	($9,905)	($15,662)	($15,662)
SOY Carryover (-)	($4,000)	$0	($250)	$0	$4,000
EOY Carryover (+)	$754	$0	$0	$0	($754)
Reallocation	$1,100	$0	$0	$0	($1,100)
Total Budget Authority	**$26,015**	**$28,783**	**$26,015**	**$28,647**	**$2,632**

1/ Reflects the annual funding level for the current Continuing Resolution

The additional FTE are requested for 2012 to enhance capabilities in:

- The Office of VA/DoD Collaboration in its development of joint policies and programs with DoD which will improve support to service members as they transition to Veteran status; and produce better outcomes in health care delivery and benefit services for Veterans, Service members, military retirees, and eligible dependents.

- The Office of Corporate Analysis and Evaluation in its work to provide the Department with an analytical basis for deciding among investments in ongoing programs as well as new initiatives. This capability which will include an *after action review model* for driving accountability through the transformed organization; and will inform investment decision making and development of resourcing options and priorities to produce better outcomes in health care delivery and benefit services for Veterans.

- The Office of Policy in its development, and review of policy issues affecting Veterans; oversight of transformation efforts across the Department; and execution 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.

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**)	**2007**	**2008**	**2009**	**2010** (EOY Est)	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
A. Anticipate and proactively prepare for the **needs of Veterans**, **their families**, and our **employees**	1. Enhance capabilities in VA's Data Governance process to strengthen strategic, data-driven, Department-wide decision-making. (SI)	Percentage increase in client satisfaction that can be attributed to the adoption of innovation proposals. (T&I)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**TBD**

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**)	**2007**	**2008**	**2009**	**2010** (EOY Est)	**2011** (Final)	**2012** (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. Enhance capabilities in VA's Data Governance process to strengthen strategic, data-driven, Department-wide decision-making. (SI)	Percent of cost saving programmatic options implemented at VA (CA&E)	N/Av	N/Av	N/Av	N/Av	10%	15%	**100%**
	2. Enhance capabilities in VA's Data Governance process to strengthen strategic, data-driven Department-wide decision-making. (SI)	Percentage increase in client satisfaction that can be attributed to the adoption of transformation initiatives (T&I)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**TBD**
	3. Improve the overall performance (quality, cost, and effectiveness) of VA operations through periodic assessment versus current Baldrige Performance Excellence Criteria (OSE)	Average percentage improvement in overall score of Carey trophy applicants participating for 3 consecutive years.	N/Av	N/Av	N/Av	N/Av	5%	10%	**10%**
	4. Enhance capabilities in VA's Data Governance process to strengthen strategic, data-driven, Department-wide decision-making. (SI)	Percentage of National Center for Veterans Analysis and Statistics products produced on schedule. (NCVAS)	N/Av	N/Av	N/Av	N/Av	80%	85%	**100%**

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, 8, 12, and 20)).

Summary of Budget Request

($ in 000)	**2011**	**FTE**	**2012**	**FTE**
Office of the Assistant Secretary	$951	10	$1,559	11
Office of Personal Security & Identity Management (OPS&IM)	2,110	18	3,702	22
Office of Emergency Management (OEM)	5,439	33	6,233	38
Office of Security & Law Enforcement (OS&LE)	8,246	34	8,379	36
Total Budget Authority	**$16,746**	**95**	**$19,873**	**107**

Note: OPS&IM was called the VA HSPD-12 Program in the 2011 President's Budget. The new organization includes an SES Director, the HSPD-12 Program Management Office, the Veterans Affairs Central Office (VACO) Personal Identity Verification (PIV) Enrollment Office, and the Office of Personnel Security and Suitability (PSS).

- In 2012, OSP is requesting budget authority of $19.9 million and 107 FTE to support its operations. This represents an increase of $3.1 million and 31 FTE above the 2010 actual execution level. This funding level will significantly enhance OSP's capability to meet its requirements under the Secretary's Major Initiative of Preparedness and the expanding mission of the office. Details of

these increases can be found in the Budget Highlights section of OSP FY 2012 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 will be located in VACO. FY 2010 minor construction funds are being used to build this facility. The VA IOC provides a fusion point for Unified Command, integrated planning, and data analysis to present recommendations to VA Senior Leaders and to coordinate with 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 individuals 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 and National Security Service (PNSS) manages, coordinates, and directs VA's Continuity of Operations program, 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 increase in funding for OS&LE will provide 1 FTE for coverage for the IOC.

The Office of Personnel Security & Identity Management (OPS&IM) encompasses the VA HSPD-12 Program Office and the Personnel Security and Suitability Program (PSS). The Director of OPS&IM is the executive lead for the Secretary's Preparedness Initiative. VA is investing $9.9 million (GOE Funds), an increase of $2.9 million, to support this office which will be responsible for national compliance with all programs related to HSPD-12. This increase provides funds for additional staff as well as necessary contractual support. This office will provide 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. PSS is responsible for carrying out the Department's responsibilities to maintain a personnel security and suitability program as authorized by laws, regulations, Executive Orders, and VA Directives. This includes establishing criteria and procedures for making suitability and fitness determinations. In order to measure performance and progress in the Preparedness Initiative two (2) new measures have been put in place to report on the, (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 2012 budget, the OPS&IM additionally has operation oversight and provides direction to the Security and Investigations Center, a franchise fund center responsible for timely adjudications of background investigations and suitability 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 Staff was added under the Office of the Assistant Secretary as an effective support organization to enable OSP to provide exceptional service for the safety and security of employees, veterans, volunteers, and visitors at VA facilities. Activities include:

- We enable all 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.
- We ensure 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.
- Manage the human resource management, training, and labor management.
- Ensures and manages executive correspondence, privacy, records management, and the OSP web site.
- 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:

- Manages the HSPD-12 Program Office, including personal identity verification (PIV), physical access control systems, and logical access control systems related to PIV credentials.
- Leads VA's HSPD-12 transformation process, managing the development and implementation of the Department's HSPD-12 Program.
- Participates in various councils, professional organizations, and working groups, both internal and external to VA related HSPD-12 initiatives as well as Personnel Security and Suitability initiatives.
- Directs, manages, coordinates and evaluates the HSPD-12 Program.
- Develops goals and objectives and provides leadership, policy formulation and guidance in program planning and development for a VA-wide rollout and successful implementation of HSPD-12.
- Develops policy and guidance surrounding the implementation of the HSPD-12 initiative and the correlation with PSS.
- Provides oversight on change management efforts resulting from HSPD-12 requirements.
- Responsibility for the coordination and resolution of technical and business issues related to the implementation of HSPD-12.
- Directs, manages, and coordinates the Department's Personnel Security & Suitability Program Office.
- Ensures appointees and/or employees for a Public Trust or National Security position receives the appropriate background investigation commensurate with the position's designated Risk and Sensitivity level.
- Ensures the Security and Investigation Center (SIC) makes suitability

determinations for appointees and employees in Public Trust (Moderate and High Risk) positions, makes final security eligibility determinations for appointees and employees in National Security positions; and makes fitness determinations for all contractor-employees who work for or on behalf of VA.

Recent Accomplishments

- In 2010, OSP completed and funded the design of the new IOC. Construction award is expected in the first quarter of 2011 with completion of construction at the end of the Fiscal Year.
- OSP is a member of an integrated team working closely with the Program Manager of the new Capital Region Readiness Center (CRRC), Site B. Construction has been completed and occupancy is expected before the end of 2011.
- OSP has hired a senior executive to direct the OPS&IM Office. This manager is working closely with all stakeholders, internally and externally, to establish a compliant HSPD-12 Program and functions as the Lead to the Preparedness Initiative.

Budget Highlights

The 2012 request includes resources necessary to meet the expanding mission 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.

The $3.1 million increase will be applied in the following areas: increased staffing and personnel benefits; utilities; contractor support; and new equipment.

Summary of Employment and Obligations

An average employment of 107 FTE and $19,873 million are requested to fulfill the mission of the Office of Operations, Security, and Preparedness in 2012.

Office of Operations, Security and Preparedness
Summary of Employment and Obligations
(dollars in thousands)

	2010 Actual	2011 President's Budget	2011 Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	**76**	**102**	**95**	**107**	**31**
Central Office	**0**	**0**	**0**	**0**	
Field Office	**0**	**0**	**0**	**0**	
Obligations:					
Personal services	$9,776	$12,593	$11,589	$13,736	$3,960
Travel	$684	$1,025	$700	$763	$79
Transportation of Things	$0	$0	$0	$0	$0
Rent, Communications, Utilities	$2	$130	$200	$203	$201
Printing and reproduction	$11	$5	$10	$10	($1)
Other services	$7,748	$8,005	$7,300	$4,400	($3,348)
Supplies and materials	$151	$170	$150	$150	($1)
Equipment	$102	$163	$583	$611	$509
Total obligations	**$18,474**	**$22,091**	**$20,532**	**$19,873**	**$1,399**
Reimbursements	($3,041)	$0	($3,045)	$0	$3,041
SOY Carryover (-)	$0	$0	($741)	$0	$0
EOY Carryover (+)	$1,013	$0	$0	$0	($1,013)
Reallocation	$300	$0	$0	$0	($300)
Total Budget Authority	**$16,746**	**$22,091**	**$16,746**	**$19,873**	**$3,127**

1/ Reflects the annual funding level for the current Continuing Resolution

- Funds all current service requirements, including contract support requirements.
- The Preparedness Initiative's funding profile is increased by $2.9 million dollars for personnel and contract support.

The majority of the change in the budget from 2010 to 2012 is in support of the Preparedness Initiative.

Beginning in 2012, VA will change the way the Federal Protective Service (FPS) security guards contract is funded in the national capital region. Currently the FPS guards contract for VA Central Office buildings is funded by the Office of Operations, Security and Preparedness (OS&P). Beginning in 2012, VA's administrations and program offices will begin budgeting for and pay for its share of the guards contract which will be based on the percentage of square feet occupied. OS&P will continue to budget for and pay the Staff Offices' portion of the guards contract. The total cost of the FPS contract is expected to be $6.3 million in 2012.

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**)	**2007**	**2008**	**2009**	**2010**	**Current Year 2011** (Final)	**Budget Year 2012** (Request)	**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 time (Based on a 24x7 schedule) the VA's Integrated Operations Center is operational **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	100%	100%
		Percent of VA Employees, Contractors, & Affiliates with Background Investigaitons (NEW.)	N/Av	N/Av	N/Av	N/Av	Baseline	100%	100%
		Percent of VA Employees, Contractors, & Affiliates with HSPD-12 Compliant PIV Cards **(NEW).**	N/Av	N/Av	N/Av	28%	100%	100%	100%
	2 Develop and implement a viable Departmental continuity program (OSE)	**Percent of VA Administrations/Staff Offices that maintain a Continuity of Operations Plan (NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100%
		Percent of Crisis Response Team principals whose organizations can operate from their designated COOP site **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	100% (Annual Report)	100%

Table 2: Performance Measure Supporting Information

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 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

This Page Intentionally Left Blank

Public & Intergovernmental Affairs

Mission

The Office of Public and Intergovernmental Affairs (OPIA) builds confidence in the Department of Veterans Affairs and its readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, maintaining, and communicating the Department's message through media relations and public, intergovernmental and Veteran engagement to empower Veterans and their families.

Summary of Budget Request

($ in 000)	2011	FTE	2012	FTE
Office of Assistant Secretary	$1,890	9	$2,525	12
Office of Public Affairs	6,117	44	6,982	46
Office of Intergovernmental Affairs	2,593	12	2,870	12
Office of National Programs & Special Events & Paralympic Program Office	11,230	8	11,604	8
Office of Advisory Committee Management	249	2		0
Total Budget Authority	**$22,079**	**75**	**$23,981**	**78**
Reimbursement				
Homeless Veterans Initiatives Office	$2,700	15	$3,340	15
Total Obligational Authority	**$24,779**	**90**	**$27,321**	**93**

In FY 2012, the Office of Public and Intergovernmental Affairs is requesting budget authority of nearly $24 million and reimbursable authority of $3.3 million for 93 FTE to support its operations.

The requested increase in 2012 will allow VA to:

- Provide policy development oversight, communication, outreach, coordination, and execution of VA's Plan to End Homelessness among Veterans
- Continue to develop and improve its Public Affairs and Outreach training capabilities
- Ensure VA's message is received by all Veterans, their family members and the general public
- Continue to monitor and coordinate VA's social media efforts

Program Description and Accomplishments

Office of the Assistant Secretary:
The Office of the Assistant Secretary provides executive management to the Offices of Public and Intergovernmental Affairs (OPIA). The Assistant Secretary oversees VA's communications and outreach programs including media relations, media products, intergovernmental affairs, and homelessness. As part of VA's communications and outreach efforts, the Assistant Secretary oversees the Office of National Programs and Special Events and Paralympic Program Office, 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 lead for VA's initiative to End Homelessness.

Deputy Assistant Secretary for Public Affairs:
The Deputy Assistant Secretary for Public Affairs is responsible for producing and managing all external and internal public affairs communication for VA. The primary mission of this Office is to coordinate with the Administrations and other Offices throughout VA to ensure that Veterans and their families receive accurate and timely information about Department benefits and programs using all appropriate forms of media to communicate.

Deputy Assistant Secretary for Intergovernmental Affairs:
The Deputy Assistant Secretary for Intergovernmental Affairs (IGA) is the Department's liaison to state, local, tribal, insular, and international government officials. IGA coordinates VA's participation in intergovernmental initiatives and insular affairs, state veterans home and consumer affairs working groups . IGA also coordinates VA's outreach activities across the Department and manages the Consumer Affairs Program and Consumer Response Services. The Office of Intergovernmental Affairs, Office of Tribal Government Relations, National Outreach Office, Office of Insular and International Affairs, and the Office of Consumer Affairs all reside under the Deputy Assistant Secretary for Intergovernmental Affairs.

Homeless Veterans Initiatives Office:
Homeless Veterans Initiatives Office (HVIO) is the Department's newly established office that leads VA's initiative to Eliminate Veteran Homelessness. HVIO is responsible for policy development, inter and intra-agency coordination, developing/maintaining strategic external partnerships and socializing VA's plan to end Veteran homelessness. HVIO serves as the Department's coordinating office with the US Interagency Council on Homelessness (ICH). In addition, the HVIO serves as the office to assist and a member of its staff serves as the Designated Federal Office for VA's congressional mandated 15 member Advisory

Committee on Homeless Veterans. HVIO coordinates VA involvement in the planning and development in joint conferences with federal departments that assists homeless veterans including Labor, HUD, HHS, and DOJ.

Office of National Programs and Special Events and Paralympic Program Office:
The Office of National Programs and Special Events and Paralympic Program Office coordinates VA activities related to commemorative Veterans programs, six national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics. Such activities include the National Veterans Day Observance, National Disabled Veterans Winter Sports Clinic, National Veterans Wheelchair Games, National Veterans Golden Age Games, National Veterans Creative Arts Festival, National Veterans Summer Sports Clinic, the National Veterans TEE Tournament, a Paralympic grant program, and Paralympic athlete assistance allowance.

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.

Office of Advisory Committee Management:
The Advisory Committee Management Office serves as the Department's liaison for VA's 25 advisory committees and is responsible for providing clear goals, standards, and uniform procedures with respect to the creation and operations of the advisory committees.

Fiscal Year 2010 Accomplishments

New Media:
Website

- Assumed editorial control of the newly-redesigned VA.gov homepage and provided daily updates throughout the year

Social media/social networking/blogs

- Consolidated disparate social media operations across VA under a single authority
- Produced a draft social media policy applicable throughout the Department
- Guided launch and provided oversight of 32 VA Facebook pages (including 25 administered by VA medical centers)

- In August 2009, VA's primary Facebook page had 879 subscribers. By the end of August 2010, VA's primary Facebook page had over 50,000 subscribers—more than any other cabinet-level agency
- Guided launch and provided oversight of 25 VA Twitter feeds (including 15 administered by VA medical centers)
- In August 2009, VA had no primary Twitter feed. By the end of August 2010, VA's primary Twitter feed had over 6,000 followers—more than any Veterans Service Organization (VSO)
- Reached new audiences by facilitating blog postings by Secretary Shinseki and Assistant Secretary Duckworth on prominent sites like *The Huffington Post* and *Military.com*
- Hired VA's first official blogger—charged with communicating VA's message directly to Veterans
- Began design of VA's first official blog (with an anticipated launch date of September 1, 2010)
- Now estimated (though overlap makes this difficult) that VA reaches more Veterans through social media each day than through the VA website

Online video

- Launched VA's first Department-wide YouTube channel in November 2009
- Oversaw redesign of VA's YouTube channel in July 2010 and integrated video capability for VHA, VBA, and NCA into the same channel
- Added over 120 Veteran-centric videos to VA's YouTube channel which were viewed over 150,000 times

Online photography

- Launched VA's first photo-sharing site using the Flickr platform
- Published nearly 3,000 VA-related photos which were viewed over 130,000 times

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 325 public affairs officers (PAOs) attended the department's three-day annual training conference in Atlanta

- Credentialing –VA has begun a formal relationship with the Public Relations Society of American to credential the department's PAOs
- GI Bill Launch – VA's PAOs across the country supported the roll-out of the Post-9/11 GI Bill, drawing local media attention to the new benefit
- Recovery Act – PAOs in communities nationwide also highlighted the new local jobs and new construction generated by Recovery Act funding

Office of Intergovernmental Affairs:

- Instituted quarterly meetings with the leadership of the National Association of State Directors of Veterans of Veterans Affairs (NASDVA)
- Instituted 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
- VA sent an invitation to tribal leaders of Federally Recognized tribes to participate in listening sessions held in January 2010
- A Tribal Consultation e-mail address was established to improve the timeframe for communications between VA and tribal leaders
- Update the VA's Native American Action Plan based on suggestions received from tribal leaders
- VA staff attended conferences hosted by Native American organizations. Staff had the opportunity to speak during conference events and present an update on programs at VA for Native American Veterans
- During March 2010, VA launched a Tribal Government Website
- The new VA Office of Tribal Government Engagement was defined in March 2010
- Throughout the year, VA attended listening sessions with tribal leaders and members of Native American organizations to brief on the status of the developing consultation policy and to receive a briefing from tribal leaders
- The VA Native American Consultation Policy was finalized in August 2010
- The VA Office of Tribal Government Engagement is expected to be operational in 2011

National Programs and Special Events and Paralympic Program Office:

- Developed regulations necessary for payment of a monthly assistance allowance for Veterans training, competing or participating in U.S. Paralympic training activities
- Developed application procedures for VA to award grants to the United States Paralympics to expand community-based sporting opportunities for disabled Veterans
- Conducted 6 national rehabilitation special events consisting of sport and art therapy programs to enhance the lives of Veterans who receive care at VA medical facilities. Nearly 5,000 Veterans participated in these programs

Budget Highlights

The request for fiscal year 2012 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 Intergovernmental Affairs; Homeless Vetarans Initiatives Office and the Office of National Programs and Special Events and Paralympic Program Office. The budget provides for employment of 93 FTE and funding of approximately $27.3 million, comprised of nearly $24 million in budget authority and $3.3 million in reimbursements including 15 FTEs for the Homeless Veterans Initiatives Office (HVIO). The budget reimbursements will allow OPIA's HVIO to efficiently coordinate and execute VA's Plan to End Homelessness among Veterans.

All increases below are presented with respect to the FY 2010 enacted budget.

New Initiatives:

OPIA is requesting $800,000 and 5 FTE to enhance VA's partnership with Tribal Governments. There are more than 383,000 American Indian and Alaska Native Veterans living today, with more than one-fifth age 65 or older. With greater proportions of American Indian and Alaska Natives in today's military, their proportion of the Veteran population is projected to increase. Native American Veterans account for a higher percentage of the overall Native American population as compared to the general population, yet have significantly lower utilization rates of VA services. This initiative will allow OPIA staff to increase outreach efforts to the more than 550 federally recognized Tribal governments and to encourage Native American Veterans enrollment in VA services.

OPIA began to transform VA's new media presence. Resources were allocated to improve the VA.gov website and to manage VA's social and new media presence.

To continue this transformation, OPIA is requesting $350,000 and 2 FTEs to strengthen the Office of New Media. The Office of New Media will be responsible for ensuring all VA.gov sites comply with Federal and VA policy. Additionally, VA must be able to both reach out to and receive feedback from Veterans. New media is a primary method by which VA can educate and empower Veterans and their families. This initiative enables the Department to improve its relationships with Veterans by offering additional avenues of communication and ensuring clear, accurate, consistent, and targeted messages to build awareness of VA's benefits amongst employees, Veterans and their families, and other stakeholders.

OPIA requests an additional $245,000 in funding for 2 new FTE in the Office of the Assistant Secretary for 2 OPIA training coordinators. As OPIA continues to develop and improve its Public Affairs and Outreach training capabilities, there will be an increasing need for full time staff to manage the various training sessions throughout the country. Currently, OPIA must reallocate its resources in order to provide the management, oversight and coordination of its annual Public Affairs training conference and its various regional training conferences.

OPIA requests an additional $310,000 in funding for 2 new FTE in the Office of Public Affairs. One FTE, a Latino Media Relations Coordinator, will serve as a Spokesperson for the Department with all Hispanic media outlets. This position will help ensure VA's message is received by all Veterans, their family members and the general public. The other FTE, a Social Marketing Coordinator, will help monitor and coordinate VA's social marketing efforts. OPIA recognizes the importance of advertising and communicating with Veterans and their families the services and benefits to which they are entitled. This FTE will help VA coordinate and monitor its social marketing and advertising efforts.

OPIA requests an additional $100,000 in funding for 1 new FTE in the Office of the Assistant Secretary. The Staff Assistant to the Assistant Secretary will coordinate schedules and write speeches/correspondences for the Assistant Secretary and senior level principles.

The 2012 OPIA budget reflects an additional $640,000 in reimbursable funding to fully staff (approximately 11 FTE) and stand up of the Homeless Veterans Initiatives Office to continue the oversight, communication, coordination, and execution of VA's Plan to End Homelessness among Veterans.

We believe that our FY 2012 budget allows OPIA to begin to make the critical investments necessary to achieve our multi-year transformation plan. Through diligent stewardship of our resources, OPIA will provide high quality communications and outreach services to Veterans and their families, while enhancing VA's ability to be Veteran-centric, results-driven, and forward-looking well into the 21st century.

Summary of Employment and Obligations - Analyses

Office of Public and Intergovernmental Affairs *Summary of Employment and Obligations* *(dollars in thousands)*					
		2011			
	2010 Actual	President's Budget	Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	**69**	**82**	**90**	**93**	**24**
Central Office	**52**	**60**	**68**	**71**	
Field Office	**17**	**22**	**22**	**22**	
Obligations:					
Personal services	$9,087	$11,782	$12,925	$13,561	$4,474
Travel	$394	$803	$550	$660	$266
Transportation of Things	$18	$0	$45	$70	$52
Rent, Communications, Utilities	$318	$124	$665	$750	$432
Printing and reproduction	$766	$408	$520	$745	($21)
Other services	$2,148	$834	$858	$1,590	($558)
Supplies and materials	$194	$109	$225	$275	$81
Equipment	$75	$145	$120	$170	$95
Grants	$7,500	$9,500	$9,500	$9,500	$2,000
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	**$20,500**	**$23,705**	**$25,408**	**$27,321**	**$6,821**
Reimbursements	($1,200)	$0	($2,700)	($3,340)	($2,140)
SOY Carryover (-)	$0	$0	($629)	$0	$0
EOY Carryover (+)	$629	$0	$0	$0	($629)
Reallocation	$2,150	$0	$0	$0	($2,150)
Total Budget Authority	**$22,079**	**$23,705**	**$22,079**	**$23,981**	**$1,902**

1/ Reflects the annual funding level for the current Continuing Resolution

Increase in reimbursement FTE and associated cost is for the Homeless Veterans Initiatives Office. The increase includes full-year cost and FTE associated with the implementation and execution of the HVIO. Under P.L. 110-389, VA's Paralypmics Program is authorized to expend up to $8 million for grants to providers and $2 million for monthly assistance for veterans' who are participating in the games. This budget requests $7.5 million in grants and $2 million in monthly veterans allowance for this program.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
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 Priority Goal)**	154,000	131,000	107,000	TBD	80,000	59,000	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%	1%	80%	80%	N/Ap	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	N/Av	Baseline	N/Ap	80%

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** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. 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	N/Av	79.6%	80%	N/Ap	85%

Table 2: Performance Measure Supporting Information
Key Measures Only

<u>Number of Homeless Veterans (on any given night)</u> (Supports Priority Goal)

a) Means and Strategies:

- The Department of Housing and Urban Development (HUD) publishes the Annual Homeless Assessment Report (AHAR) every year. 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.
- In the first quarter of fiscal year FY2011, for the first time, the AHAR will include a special chapter on Veterans.

b) Data Source(s):

- Beginning in FY2011 the AHAR will be the data source for the estimate on homelessness among Veterans, replacing the Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) survey previously used by VHA to estimate incidence of Veteran Homelessness.
- The AHAR is based on two 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.
- Over the past three years, CHALENG has increasingly relied upon HUD's point in time (PIT) counts as the basis for its own estimate. CHALENG will continue to independently collect and report survey results on the identified needs of homeless Veterans but the AHAR will serve as the authoritative source for estimating the number of homeless Veterans. The AHAR estimate is based on HUD's PIT count. HUD PIT data is reported at: http://www.hudhre.info/index.cfm?do=viewCoCMapsAndReports

c) Data Verification:

- VA staff and HUD work closely to ensure that the estimates made 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 in the AHAR.

e) Cross-Cutting Activities:

- To accomplish goal of decreasing number of homeless Veterans there will need to be joint efforts with VA and HUD as well as other agencies including state, federal, county, city profit and not for profit agencies.

f) External Factors:

- Outreach efforts 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 2: Performance Measure Supporting Information
Key Measures Only

2) Percent of federally recognized Native American tribes contacted by VA for outreach purposes (Departmental Management Measure)

a) Means and Strategies:

- Communication: Direct contact with tribal leaders via telephone, e-mail contact, correspondence, conferences and outreach and consultation with tribal leaders.
- People: Increase staff and provide new skills training to work with tribal government leaders.
- Technology: New automation of tribal contact information. Spreadsheets for tracking of contact information and follow-up for special requests.
- Program Execution: New policies and procedures; tracking of quarterly targets and individual performance measures.

b) Data Source(s):

- Information will be collected in Excel spreadsheets so that statistical information can be extracted and quarterly reports prepared.

c) Data Verification:

- Internal tracking system is reviewed by Intergovernmental Affairs staff for accuracy.

d) Measure Validation:

- Tracking the number of contacts and return requests for information would provide a means to track the success of outreach.
- Preparation of quarterly data reports can be confirmed with a manual review of statistical data.
- Tracking the points-of-contact and follow-up requests for information would quantify the effectiveness of the outreach to Tribal Native American leaders and tribal Veterans.

e) Cross-Cutting Activities: None.

f) External Factors:

- Native American tribal governments tend to be difficult to contact and a measure of trust needs to be developed before significant change is possible. This is a new initiative; we can expect some resistance.

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 B: Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf

Table 3: Priority Goals Summary (Homeless)

Priority Goal: In conjunction with HUD, reduce the number of homeless Veteran population to 59,000 by June 2012 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 to:

- 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.
- Provide additional supportive services that prevent homelessness, improve employability, promote recovery and sobriety and facilitate independent living.
- Develop and implement 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

Key Activities Planned for FY 2012 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 to provide permanent supportive housing for Veterans and their families. (Cumulative total would be 50,000 vouchers if appropriated by Congress.)
- 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 19,500 Veterans and their families (pending congressional appropriation and approval of the President's Budget).
- In coordination with the US Interagency Council on Homelessness (US ICH) develop and implement a Web-based tool kit to promote best practices for homeless services related to permanent supportive housing.
- Homeless Veteran Dental Program (HVDP): Provide one time course of dental care treatment to approximately 20,000 Veterans.

Other measures related to this priority goal can be found in VHA's budget chapter.

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)	2011	FTE	2012	FTE
Total Budget Authority	$6,065	46	$6,585	52

The requested increase in 2012 will allow OCLA to accomplish the following:

- This budget submission fully funds the activities of the Assistant Secretary for Congressional and Legislative Affairs. A total of $6,585,000 and an average employment of 52 FTE are requested in 2012 to support the mission of this office.

- OCLA will advance responsive and effective congressional communications (i.e., proactive approach to briefings, meetings, hearings, and constituent services) to improve the knowledge of the Department of Veterans Affairs among Members of Congress and staff.

- Complete 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 constituent casework support capabilities.

- Sustain a congressional knowledge management system to better support

VA and Congressional leadership and improve the Department's responsiveness to requests for information.

Program Description and Accomplishments

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 pro-Veteran legislation and advising the Secretary on legislative strategy;
- 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 constituent casework. 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 is a small office where the work is complex, specialized, of a sensitive nature, and very dynamic. OCLA seeks to provide timely information to legislators and their staffs. Focused primarily on communicating the Department's mission and its service delivery, this involves frequent briefings by senior VA officials in Washington, DC. In addition, OCLA conducts orientation and refresher briefings on VA benefits and services for newly elected Members of Congress and their staffs.

During FY2010, OCLA supported 105 hearings, 322 briefings, 168 notifications, and 72 GAO conferences. OCLA's liaison team fielded over 13,300 telephone inquires and processed over 7,700 letters in support of constituent casework. OCLA began implementing an office transformational re-organization plan that aligned subject matter expert teams with the Department's major functional areas. This resulted in more effective communications between the Department and Congress.

OCLA completed a comprehensive and detailed review of all internal operating processes and procedures. OCLA reviewed the concerns of the office's internal and external constituents and implemented changes that eliminated inefficiencies and redundant actions and improved the Department's responsiveness to Congressional requests for information. OCLA published the first all inclusive Standing Operating Procedures (SOP) for OCLA which codifies the changes and provides a detailed reference document for all employees. OCLA specifically re-engineered how the Department responds to questions for the record. In instituting a collaborative process with the Department's Administrations and Staff Offices, OCLA was able to transform an ineffective and often late process into a highly effective and responsive process.

Budget Highlights

Congressional and Legislative Affairs Summary of Employment and Obligations (dollars in thousands)					
		2011			
	2010 Actual	President's Budget	Current Estimate 1/	2012 Request	Change FY12 v FY10
Average employment	**36**	**50**	**46**	**52**	**16**
Obligations:					
Personal services	$4,942	$6,721	$5,839	$6,063	$1,121
Travel	$152	$270	$270	$274	$122
Transportation of Things	$18	$0	$0	$0	($18)
Rent, Communications, Utilities	$0	$13	$0	$0	$0
Printing and reproduction	$12	$0	$13	$13	$1
Other services	$116	$108	$108	$109	($7)
Supplies and materials	$109	$135	$135	$126	$17
Equipment	$1	$0	$0	$0	($1)
Grants	$0	$0	$0	$0	$0
Insurance/Indemnities/Interest	$0	$0	$0	$0	$0
Adjustment to Expenditures	$0	$0	$0	$0	$0
Total obligations	**$5,350**	**$7,247**	**$6,365**	**$6,585**	**$1,235**
Reimbursements	$0	$0	$0	$0	$0
SOY Carryover (-)	$0	$0	($300)	$0	$0
EOY Carryover (+)	$565	$0	$0	$0	($565)
Reallocation	$150	$0	$0	$0	($150)
Total Budget Authority	**$6,065**	**$7,247**	**$6,065**	**$6,585**	**$520**

1/ Reflects the annual funding level for the current Continuing Resolution

- The 2012 personal services request of $6,063,000 supports 52 FTE.
- Travel requirements in 2012, which include congressional delegation site visits, are $274,000.
- 2012 printing and contractual service needs are estimated to be $122,000.
- Aggregate supplies and materials requirements in 2012 are $126,000.

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**)	**2007**	**2008**	**2009**	**2010** (EOY Est.)	**2011** (Final)	**2012** (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.**	27%	57%	75%	12%	85%	85%	90%
		Percentage of testimony submitted to Congress within the required timeframe.	75%	58%	80%	62%	85%	90%	90%
		Percentage of title 38 reports that are submitted to congress within the required timeframe.	40%	59%	76%	63%	85%	90%	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								
		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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
D. Provide Veterans and their Families with **integrated access** to the most appropriate services from **VA and our partners**	2. Enhance relationships with Congress by improving responsiveness and communicating more effectively **(SI)**	**Percent of executive correspondence actions completed on time (New)**	N/Av	N/Av	N/Av	N/Av	85%	90%	90%

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 by using VA data based systems.

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 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.
- The office is working at establishing a link on OCLA's Web Page to provide status information on the reports.

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.

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

4) Percent of executive correspondence action completed on time (New)

a) Means and Strategies:

- The department uses the VA Internet Quorum system to manage workflows regarding congressional correspondence.
- The system provides reports regarding timeliness of workflow processes.

b) Data Source(s):

- VA Internet Quorum.

c) Data Verification:

- All offices are required to respond through the VA Internet Quorum System. The Office of the Executive Secretary and OCLA use this system as the source for congressional correspondence workflow information.

d) Measure Validation:

- Quantifies how timely VA is with respect to responding to congressional correspondence.

e) Cross-Cutting Activities:

- OCLA works with all Administrations and Staff Offices to ensure congressional correspondence supports the request for information.

f) External Factors:

- None

g) Other Supporting Information:

- This measure is reported at Monthly Performance Reviews.

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 D**: Provide Veterans and their Families with integrated access to the most appropriate services from VA and our partners

This Page Intentionally Left Blank

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 breakout of the funding by account.

Office of Acquisition, Logistics, and Construction (OALC) 2012 Funding Sources

($ in thousands)	2011[1]		2012		Increases (+)	
	Funding	FTE	Funding	FTE	Decreases (-)	
General Operating Expenses						
OALC Executive Director's Office	$654	4	$1,168	6	$514	2
Construction & Facilities Mgt.	$51,905	326	$51,639	244	($266)	-82
GOE Appropriation subtotal	$52,559	330	$52,807	250	$248	-80
Acquisition Improvement Init.	$0	0	$23,584	0	$23,584	0
GOE Appropriation Total	**$52,559**	**330**	**$76,391**	**250**	**$23,832**	**-80**
Reimbursements						
From Major Construction	$0	0	$24,193	140	$24,193	140
From Medical Facilities	$4,477	26	$9,270	51	$4,793	25
From Supply Fund	$654	3	$1,168	6	$514	3
Total Reimbursements	**$5,131**	**29**	**$34,631**	**197**	**$29,500**	**168**
Total New Budgetary Resources	**$57,690**	**359**	**$111,022**	**447**	**$53,332**	**88**

The GOE appropriation will provide funding for 250 FTE as described within this budget chapter. The Major Construction appropriation will provide funding for on-site supervision of resident engineers for the Veterans Health Administration's (VHA), the Veterans Benefits Administration's (VBA), and the National Cemetery Administration's (NCA) 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 2012.

Position	**Funding Source**				
	Major Construction		Medical Facilities	Supply Fund	GOE
Resident Engineers	140		51	0	0
Project/Design Managers	0		0	0	47
Real Property Support	0		0	0	30
Planning Support	0		0	0	62
Contracting Officers	0		0	0	27
Sustainment	0		0	0	20
Management Support	0		0	6	57
General Counsel	0		0	0	7
Total	**140**		**51**	**6**	**250**[1]

The requested appropriations support the VA Facilities Management Transformation 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 decentralized approach to project execution.
- ✓ 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.
- ✓ Leverage CFM core mission expertise for minor design, construction, and leasing.
- ✓ Provide urgently needed technical support for local facilities engineers.

[1] End of year strength is projected to be 319.

- ✓ 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 Reimbursement

The OALC front office (12 FTE) provides management direction to the Supply Revolving Fund and CFM. Total budgetary resources of $2.34 million are requested to support this office in 2012. The GOE appropriation provides half of the required funding ($1.17 million) in the form of direct budget authority. The other half is collected as a reimbursement from the Supply Revolving Fund. The Supply Revolving Fund budget is described in a separate budget chapter.

Program Description and Accomplishments

The Office of Acquisition, Logistics, and Construction (OALC) oversees the Office of Acquisition and Logistics (OAL – funded in part through the Supply Revolving Fund) and the Office of Construction and Facilities Management (CFM). OAL responsibilities include directing Department-wide acquisition, contracting, 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.

CFM responsibilities include overseeing the planning, design and construction of the Department's major construction projects and overseeing financial reporting of minor construction projects. Additionally, CFM is responsible for lease project management, design and construction standards, and historic preservation services and expertise 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 the Veterans Health Administration (VHA), National Cemetery Administration (NCA), and Veterans Benefits Administration (VBA) major construction projects. Major construction encompasses projects greater than $10 million and includes a large and complex inventory of approximately 66 active projects valued at over $10.7 billion total. Duties include managing, negotiating, awarding, and administering design, construction, and other related contracts. Additionally, 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. Lease contracts are awarded for facility and land acquisitions, and numerous easements, licenses, and permits are granted throughout the country. In 2011 CFM is estimating that over 365,000 square feet of leased space will be procured with an estimated contract value of over $500 million.

Facility Engineering Support

CFM provides support to VHA, NCA, VBA, and staff offices regarding compliance with codes, regulations, historic preservation and cultural resources laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities and oversight of Facility Condition Assessments and Electrical Studies. In addition, CFM 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 including seismic and other natural and man-made disaster preparedness, various sustainability compliance programs, construction cost budgeting and estimating. 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 40 major construction contracts in 2010. Total executed program for 2010 was approximately $900 million in contracted obligations.

- Effectively managed a large and complex inventory of 66 major construction projects valued at over $10.7 billion, including high visibility projects at Orlando, FL; Las Vegas, NV; New Orleans, LA; and Denver, CO. Other major projects include three polytrauma projects at San Antonio, TX; Tampa, FL; and Palo Alto, CA; and six new national cemeteries.

- Awarded 17 lease contracts, delivered 10 newly leased facilities, and acquired a 17,000 square foot building for VHA including leases at Las Vegas, NV, Baltimore, MD and Jacksonville, FL. Granted numerous easements, licenses, and permits throughout the county.

- Conducted 16 architect/engineer selections for VHA and NCA major construction projects valued at $2.98 billion.

- Initiated a 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 44 projects valued at $437 million in construction ($284 million in grants) in 2010.

- Completed a new Mental Health Design Guide and provided design and construction services to the Office of Mental Health. Assisted in the review of over 200 applications for new grants in the Homeless Grant and Per Diem Program. Managed the technical quality of VA's 35 Homeless Grants worth over $26 million in construction ($17 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 $10.1 billion. Monitored the progress of major projects under construction and assisted in claims related issues.

Budget Highlights

The 2012 General Operating Expense (GOE) request includes resources necessary to continue the current level of operations and sustain efforts on critical initiatives underway. The budget request will provide for:

- Funds to cover inflation.
- Fixed rent increases.
- Funding for the Acquisition Improvement Initiative.
- Funding for additional FTE to support the VA Facilities Management (VAFM) Initiative will be available due to the change in funding support for resident engineers through the major construction and medical facilities reimbursements.

The following VAFM requirements will be funded within the OALC FY 2012 GOE request:

- Enhancement of the Facilities Management Training School established in 2011.
- The establishment of the Facilities Management Board to oversee all facility management procedures.

Office of Acquisition, Logistics and Construction *Summary of Employment and Obligations* *(dollars in thousands)*					
		2011			**From 2010**
	2010 Actual	**Budget Estimate**	**Annual CR[2]**	**2012 Request**	**Increase (+) Decrease (-)**
Average employment:					
Field	175	382	223	307	+132
Central Office	138	132	136	140	+2
Total	**313**	**514**	**359**	**447**	**134**
Obligations:					
Personal services	$42,808	$69,981	$49,139	$64,213	$21,405
Travel	$2,429	$6,324	$2,926	$5,855	$3,426
Transportation of things	$438	$1,147	$215	$1,221	$783
Rents, communications, and utilities	$1,799	$3,009	$2,411	$3,213	$1,414
Printing and reproduction	$1	$6	$3	$9	$8
Other services 1/	$5,206	$34,934	$2,777	$36,028	$30,822
Supplies and materials	$188	$701	$159	$200	$12
Equipment	$109	$237	$60	$283	$174
Land and structures	$270	$0	$0	$0	$-270
Insurance Claims and Indemnities	$120	$0	$0	$0	$-120
Total obligations	**$53,368**	**$116,339**	**$57,690**	**$111,022**	**$57,654**
Reimbursements	-3,041	-$36,757	-$5,131	-$34,631	-$31,590
SOY Carry over (-)	-$2,462	$0	$-1,831	$0	$2,462
EOY Carry over (+)	$1,763	$0	$0	$0	$-1,763
Reallocation	$1,100				
Total budget authority	**$50,728**	**$79,582**	**$50,728**	**$76,391**	**$26,763**
1/ *Includes $23.6M for the President's Govt.-wide acquisition initiative*				*$23,584*	

[2] Reflects the Annual Continuing Resolution Funding Level.

- 2012 increases are the result of funding for the Acquisition Improvement Initiative and funding for contracts related to the VA Facilities Management Initiative.

- The continued implementation of VA Facilities Management Initiative **w**ill 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.

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** (Key and Dept. Mgt. Measures in **bold**)	**2007**	**2008**	**2009**	**2010** (EOY Est.)	**2011** (Final)	**2012** (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	N/Av	Baselining	TBD	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	N/Av	Baselining	TBD	90%
		Percent major lease acquisitions that meet final direct lease acquisition target date	N/Av	N/Av	N/Av	N/Av	Baselining	TBD	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	N/Av	Baselining	TBD	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 & Facilities 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.

This Page Intentionally Left Blank

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, $109,391,000 of which $6,000,000 shall remain available until September 30, 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 work and results of the OIG 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)	2011 Annual CR	FTE	2012	FTE
Office of Inspector General				
Regular Appropriation	$109,000	600	$109,391	585
Total Budget Authority	**$109,000**	**600**	**$109,391**	**585**
Reimbursement	$4,060	25	$4,396	27
Budgetary Resources	**$113,060**	**625**	**$113,787**	**612**

For 2012, the OIG is requesting budget authority of $109,391,000 and 585 FTE to support its operations. OIG funding will also include $4,396,000 from reimbursements, which will support an additional 27 FTE.

Program Description and Accomplishments

Office of Inspector General Programs

The OIG carries out 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, 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 general administrative, logistical, and financial support 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 $1.9 billion in actual and potential monetary benefits; issued 263 reports on VA programs and operations; and achieved 465 arrests, 298 indictments, 170 criminal complaints, 344 convictions, 574 administrative sanctions, and 39 pretrial diversions. The OIG Hotline received 29,337 contacts, of which 885 became OIG cases. OIG operations provided a return on investment of $20 in monetary benefits for each $1 of OIG resources expended. Some recent noteworthy accomplishments include:

- An OIG review substantiated that the Veterans Benefits Administration (VBA) inappropriately made 37,700 emergency payments totaling $111 million to ineligible recipients during the rollout of the Post-9/11 GI Bill Program. VBA lacked a contingency plan for disbursing emergency payments, did not clearly communicate eligibility requirements, and lacked adequate controls for determining eligibility for the emergency payments. These emergency payment initiative deficiencies increased VA's administrative burdens and resulted in unrecoverable debts totaling $87 million.

- An OIG audit found that VA medical centers improperly paid 28 percent of claims for non-VA fee inpatient care for Veteran patients. Inadequate guidance for eligibility determinations, use of incorrect rates in claims processing, and inadequate controls to detect errors contributed to net overpayments of $120 million in 2009. In addition, consolidating fee claims processing to gain efficiencies could save at least $134 million over 5 years.

- A comprehensive healthcare inspection of the prostate brachytherapy program at a VA medical center confirmed that an incident where a prostate cancer patient had been inadvertently implanted with radioactive seeds of the wrong strength was isolated. The review also found that recurrence and relapse rates for brachytherapy patients were within norms and adverse events and complications were not excessive. However, there were numerous process deficiencies in quality management, information technology, and contracting with the affiliated university.

- An OIG audit found that VA medical facilities have not always committed sufficient resources to ensure Compensation and Pension (C&P) medical examinations were completed timely, which delayed the delivery of disability benefits to eligible Veterans. VBA and VHA needed to effectively collaborate on issues affecting the timely completion of C&P examinations and develop performance standards that measure how promptly examination requests are completed.

- An OIG audit determined that contracting oversight was not adequate to ensure VHA patient transportation services contracts were effectively developed, awarded, or administered. Contracts were not always awarded competitively, and invoices were not adequately reviewed when certifying payments. Improved contracting practices could save $92 million over 5 years.

- An OIG, Social Security Administration, and Internal Revenue Service investigation resulted in the indictment of a court-appointed attorney acting as a fiduciary and guardian and his wife for stealing $2.3 million from the bank accounts of 54 Veterans.

- A heath care evaluation of selected pharmacy management processes for controlled substances at 43 VA medical facilities found that pharmacies generally complied with controlled substance security and reporting requirements. Recommendations were made to improve compliance with guidelines for controlled substance inspection programs, compounded sterile products, and clinical reviews of polypharmacy in high-risk patient populations.

- OIG CAP reviews at 35 VA medical facilities evaluated compliance with VHA requirements for credentialing and privileging physicians. The reviews found that the facilities generally met physician credentialing requirements. However, privileging practices could be strengthened by more thorough documentation, and monitoring of physicians' competence to perform the requested privileges.

- OIG benefits inspections at 14 VA regional offices identified systemic problems in disability rating decisions, control of appeals workload, quality assurance reviews, and mail handling procedures.

- An OIG, Small Business Administration, and Department of the Army investigation led to the arrest of the chief executive officer of a construction management company for defrauding the Government. The defendant had falsely certified that the company was an eligible Service-Disabled Veteran-Owned Small Business and Veteran-Owned Small Business on bids for several Government contracts awarded to the company. The company had contracts valued at $16 million for projects at several VA facilities.

- An administrative investigation substantiated that a senior VA official engaged in prohibited personnel practices, abused his authority, misused his position to appoint two subordinates, and made false statements. The investigation also substantiated allegations of misconduct by five other employees.

- As part of American Recovery and Reinvestment Act (ARRA) oversight efforts, OIG has issued 8 audit and evaluation reports on VA ARRA-funded programs, opened 53 criminal investigations, and conducted 270 fraud awareness training and outreach sessions across the country attended by over 9,000 VA and other officials responsible for managing or overseeing ARRA programs and projects.

- Preaward and postaward reviews of VA contracts resulted in $396 million in savings and recoveries, of which $21.6 million was returned to VA's Supply Fund.

Budget Highlights

The budget request of $109,391,000 from appropriations will support an employment level of 585 FTE. This level of resources will allow OIG to conduct oversight audits, evaluations, and investigations of VA programs and activities at a similar or somewhat reduced level of activity compared with the performance goals for 2011.

In addition, OIG has requested that $860,000 for renovation and modernization of OIG offices be included in the 2012 VA Minor Construction appropriation request.

Budget Submission Requirements of the *Inspector General Act*

The 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 $117,307,000, which included $2,635,000 and 12 FTE for a new OIG oversight initiative focusing on Veterans homelessness and mental health programs. The initial request also included $1,267,000 for OIG employee training and $305,000 to support the Council of Inspectors General on Integrity and Efficiency (CIGIE).

The current request is $109,391,000, and includes $1,100,000 for employee training and $455,000 for CIGIE support. The $455,000 is a pass-through that will support CIGIE activities. After accounting for the pass-through and an estimated transfer of financial responsibility from a VA component to OIG of $292,000, but without funding, the amount available for OIG operations in 2012 is less than either the levels of the President's Budget Request or proposed Continuing Resolutions for 2011. At this reduced level of resources, OIG will have to further triage reactive oversight work requested by the Secretary and the Congress. OIG funding at this level may increase risks for Veterans in the critical areas of quality of health care; quality and timeliness of claims processing for monetary benefits; and the transition back to civilian life for Operation Enduring Freedom/Iraqi Freedom service members. The Inspector General certifies that the amounts requested for employee training and CIGIE support will meet all known 2012 OIG training requirements and planned contributions to support CIGIE operations.

Summary of Employment and Obligations—Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2011			
	2010 Actual	Budget Estimate	Annual CR[1]	2012 Request	Increase (+) Decrease (-) from 2010
Average employment:					
Headquarters functions	96	90	96	96	—
Operations functions	457	486	529	516	59
Total employment	**553**	**576**	**625**	**612**	59
Obligations:					
Personal services	$79,317	$82,176	$88,726	$87,208	$7,891
Travel	$5,161	$5,754	$6,254	$6,191	$1,030
Transportation of things	$327	$246	$246	$173	-$154
Rents, communications, and utilities	$9,162	$4,616	$5,945	$6,459	-$2,703
Printing and reproduction	$28	$32	$32	$33	+$5
Other services	$10,317	$16,672	$8,754	$10,818	+$501
Supplies and materials	$778	$390	$390	$398	-$380
Equipment	$6,936	$3,571	$3,234	$2,507	-$4,429
Insurance	0	0	0	0	—
Total obligations	**$112,026**	**$113,457**	**$113,581**	**$113,787**	**+$1,761**
Reimbursements	-$3,628	-$4,090	-$4,060	-$4,396	-$768
SOY Unobligated Balance (-)	-$51	0	-$521	0	+$51
EOY Unobligated Balance (+)	$653	0	0	0	-$653
Adjustments in Unobligated Balances (+/-)	0	0	0	0	—
Budget Authority	**$109,000**	**$109,367**	**$109,000**	**$109,391**	**+$391**
Regular Appropriations	$109,000	$109,367	$109,000	$109,391	+$391
ARRA	0	0	0	0	—
Total Budget Authority	**$109,000**	**$109,367**	**$109,000**	**$109,391**	**+$391**

[1]Reflects the annual funding level under the fourth Continuing Appropriations Act that is scheduled to end March 4, 2011.

OIG increased staffing in late 2010 and early 2011 from savings achieved from cost efficiencies gained in 2010 from newly awarded service procurements and management decisions to bring some work previously done under contracts in-house. The subsequent decreases in FTE and personal services for 2012 reflect the staffing level that can be supported by the requested funding. Other changes reflect the estimated requirements for travel, transportation, and other services to support OIG operations at the reduced staffing level. The reductions in rents, equipment, and supplies reflect the changes from 2010 levels when additional start-up costs associated with the furnishing of office space and equipment for the additional FTE and other one-time and cyclical information technology upgrades were incurred.

The increase in the 2012 Reimbursement reflects an increase of two FTE to conduct additional contract reviews.

The following tables present analyses of OIG employment levels by grade and by headquarters and operational functions.

Employment Summary—FTE by Grade				
Grade	2010 Actual	2011 Estimate	2012 Request	Increase/ Decrease from 2010
Senior Executive Service (SES)	15	15	15	—
Senior-Level (SL)	3	3	3	—
GS-15	51	54	54	+3
GS-14	97	99	99	+2
GS-13	258	307	308	+50
GS-12	36	35	35	-1
GS-11	20	26	30	+10
GS-10	3	3	3	—
GS-9	26	38	30	+4
GS-8	27	23	23	-4
GS-7	16	19	12	-4
GS-6	1	0	0	-1
GS-5	0	3	0	—
GS-1—4	0	0	0	—
Total FTE	**553**	**625**	**612**	**+59**

Analysis of 2010 Actual FTE Distribution Headquarters/Operations		
Grade	Headquarters	Operations
Senior Executive Service (SES)	13	2
Senior Level (SL)	1	2
GS-15	13	38
GS-14	28	69
GS-13	17	241
GS-12	6	30
GS-11	5	15
GS-10	0	3
GS-9	5	21
GS-8	4	23
GS-7	4	12
GS-6	0	1
GS-5	0	0
GS-1—4	0	0
Total FTE	**96**	**457**

The following table summarizes the net changes in resource requirements from the President's budget requests for 2011 and 2012.

Net Change 2012 Summary of Resource Requirements (dollars in thousands)	
	Budget Authority
2011 President's Budget Request	**$109,367**
Adjustment (proposed Annual Continuing Resolution level)	-$367
Adjusted 2011 Budget Estimate	**$109,000**
2012 Increases/Decreases:	
Pay Raise Assumption—reflects pay freeze	—
Net change in FTE and changes in staff/grade composition	-$1,739
Non-Pay Inflation (1.1%)	$345
Required Personnel Benefits Increases	—
Subtotal	**-$1,394**
Other Fixed Increases/Decreases	
Other Services (contractual obligations for human resources, payroll, finance, security, CIGIE, audit, and other services)	$2,901
Rent for additional leased office space	$405
Other decreases (travel, relocation, training, equipment)	-$1,521
2012 Total Current Request	**$1,785**
2012 Initiatives: None	—
Subtotal	**—**
2012 Total Budget Authority Request	**$109,391**

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 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 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.									
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**		**Strategic Target**
			2007	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	
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 arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions**	2,303	1,884	2,250	1,929	2,300	2,300	2,750
		2) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	217	212	235	263	240	240	300

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**Strategic 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)**	**3) Monetary benefits ($ in millions) from audits, investigations, contract reviews, inspections, and other evaluations**	$820	$500	$2,931	$1,914	$1,000	$1,000	$1,500
		4) Return on investment (monetary benefits ÷ cost of operations in dollars)*	11 to 1	6 to 1	38 to 1	20 to 1	11 to 1	11 to 1	15 to 1
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**	95%	94%	94%	97%	94%	94%	95%
		• **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA**	86%	88%	94%	86%	90%	90%	95%

*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 the OIG's September 2010 *Semiannual Report to Congress*, page 4).

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Request)	**Strategic 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**	• **Recommended recoveries achieved from postaward contract reviews (New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	98%
		6) Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):							
		• **Investigations**	4.9	4.6	4.9	4.9	4.5	4.5	5.0
		• **Audits and Evaluations**	3.7	4.0	4.0	4.0	4.0	4.0	5.0
		• **Healthcare Inspections**	4.4	4.7	4.7	4.6	4.6	4.3	5.0
		• **Contract Review**	N/Av	N/Av	4.6	4.7	4.2	4.2	5.0

Table 2. Performance Measure Supporting Information

Performance Measure Supporting Information
1) 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 case outcomes. b) **Data Sources:** Data for completed investigations is maintained in the automated OIG Master Case Index system and other records. 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 annual performance goals and measures in consideration of mission, organizational priorities, resources, and accomplishments. e) **Cross-Cutting Activities:** OIG routinely works with other Inspectors General, Department of Justice, Federal Bureau of Investigation, Secret Service, Bureau of Prisons, and other Federal, state, and local law enforcement agencies. OIG actively participates in the Council of Inspectors General on Integrity and Efficiency on the major management challenges facing the Federal Government and other issues of common interest to the Inspector General community. The OIG also participates in Recovery Accountability and Transparency Board activities on planning, coordinating, conducting, and reporting of Government-wide oversight work required for ARRA-funded programs. f) **External Factors:** None. 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 A**. **Anticipate** and proactively prepare for the **needs of Veterans, their families,** and our **employees.**
2) 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:** 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.

Performance Measure Supporting Information
h) **Link to New Strategic Planning Framework:** Same as measure 1.
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 and 2. d) **Measure Validation:** Same as measure 1. e) **Cross-Cutting Activities:** None. f) **External Factors:** None. **g) Other Supporting Information:** None. h) **Link to New 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 New 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 New 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, 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 New Strategic Planning Framework:** Same as measure 1.

This Page Intentionally Left Blank

Office of Acquisition and Logistics: Supply Fund

Mission

The Office of Acquisition and Logistics (OAL) is an organizational element within the Office of Acquisition, Logistics, and Construction (OALC)[1] and provides policy and oversight to VA's acquisition and logistics programs. In addition, OAL provides best value acquisition of goods and services through its National Acquisition Center (NAC), Denver Acquisition and Logistics Center (DALC), and Technology Acquisition Center (TAC).

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 other Government Agency (OGA) customers.

Office of Acquisition and Logistics: Supply Fund Summary of Employment and Obligations (dollars in thousands)			
	2010 Actual	2011 Estimate	2012 Estimate
FTE	696	880	1,000
Appropriation	$0	$0	$0
Obligations:			
Operating	$206,374	$218,000	$256,000
Merchandising	$1,038,225	$2,216,360	2,405,707
Total Obligations	$1,244,599	$2,434,360	$2,661,707
Outlays	$0	$0	$0

[1] Also included under the Office of Acquisition, Logistics, and Construction 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.

Program Description and Accomplishments

OAL 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 facilities and of many OGAs.

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.

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.

- 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:

- Obtained unqualified "clean" opinion on financial statements from a private sector auditing firm with no material weaknesses or significant deficiencies.
- Achieved 100% Federal Acquisition Certification Contracting (FAC-C) Level III certification and 99% FAC-C Level II certification across VA.
- Established and implemented the VA Senior Procurement Council (VASPC) to serve as a policy and initiative review body and assist in making recommendations to the Chief Acquisition Officer (CAO). Co-chaired by the CAO and Senior Procurement Executive, members include the Heads of Contracting Activities throughout VA. The VASPC collaborates to achieve economies of scale in acquisition, alignment of management information, reporting, standards, best practices, and performance metrics across the Department, as well as to assess and address recruitment, training, and retention of the VA acquisition workforce.
- Established and implemented a program for the execution of OMB's mandated A-123 reviews. OALC completed A-123 reviews of the DALC, NAC and National Cemetery Administration.
- In FY 2010, VAAA established the Program/Project Management School. It provided training to 1,500 personnel in a 4-week curriculum over the course of the fiscal year.
- VAAA increased the number of 40-hour contracting officer's technical representative (COTR) training courses offered. VAAA completed 16 resident courses through September 2010 and started delivering 30 COTR courses at field activities throughout VA.
- In an Executive Decision Memorandum signed by Secretary Shinseki on April 29, 2010, OAL was directed to establish clear ownership and accountability of the Department's procurement mission; increase standardization and enhance strategic sourcing opportunities; manage procurement data to drive acquisition mission outcomes; implement necessary policy and process

changes, while ensuring transparency to our customers and stakeholders; and, professionalize the development and utilization of our acquisition workforce. Part of this effort includes the establishment of a new organization, the Strategic Acquisition Center (SAC). When fully staffed, the SAC will have over 200 acquisition professionals with responsibility for high dollar value and complex contracts for all of VA's goods and services.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS - ANALYSES

Summary of Employment and Obligations (*dollars in thousands*)					
		2011			
	2010 Actual	Budget Estimate	Current Estimate	2012 Estimate	*Increase(+) Decrease(-)
FTE:					
Field	515	711	730	800	+70
Central Office	181	210	150	200	+50
Total FTE	**696**	**921**	**880**	**1,000**	**+120**
Obligations:					
Personal Services	$79,205	$95,515	$111,000	$123,000	+12,000
Travel	6,314	7,500	7,323	7,500	+177
Transportation of Things	5,173	11,913	16,548	17,927	+1,379
Rents, Communications & Utilities	8,768	7,025	9,760	10,573	+813
Printing and Reproduction	23,665	17,760	24,669	26,725	+2,056
Other Services	247,940	294,555	419,407	476,246	+56,839
Supplies and Materials	638,702	1,304,371	1,085,653	1,176,124	+90,471
Equipment	234,832	651,361	760,000	823,612	+63,612
Total Obligations	**$1,244,599**	**$2,390,000**	**$2,434,360**	**$2,661,707**	**$227,347**

*The increases noted on the chart, above, are primarily due to the addition of employees at the TAC, additional acquisition interns at the VAAA, and the establishment of the SAC.

Income Statement *(dollars in thousands)*				
		2011		
	2010 Actual	Budget Estimate	Current Estimate*	2012 Estimate
Income	$223,874	$160,000	$135,000	$236,000
Expense	189,511	190,000	$218,000	$256,000
Net Income	**$34,363**	**$(30,000)**	**$(83,000)**	**$(20,000)**
Analysis of Retained Earnings				
Retained Earnings, BOY	**$252,700**	**$252,700**	**$288,370**	**$205,370**
Retained Earnings, EOY	**$288,370**	**$252,700**	**$205,370**	**$185,370**

*Reflects planned Billing Holiday of $65M and $18M investment associated with establishing the SAC.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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	73 %	74%	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	91%	90%	90%	90%

Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Franchise and Trust 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. Effective FY 2011, Hines Information Technology Center, Philadelphia Information Technology Center, and the Capital Region Data Center will be part of the Franchise Fund under CDCO. 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 RC&V). Located in a subterranean, climate-controlled facility in a remote Midwestern part of the country, the RC&V 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 RC&V 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 and Trust Fund Oversight Office (FTO). Located in Washington, DC, the FTO, 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)			
	2010 Current	2011 Estimate	2012 Estimate
Average Employment	852	1,269	1,484
Appropriation			
Obligations[1]	$380,790	$489,599	$536,930
Outlays (Net)	($28,243)	$0	$0

Summary of Budget Request

In 2012, the Franchise Fund estimates total obligations of $537 million and an average employment of 1,484 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 1,484 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	**2012** **Obligations**	**FTE**
Office of Management:		
Financial Services Center	$216,240	614
Debt Management Center	9,575	98
Franchise and Trust Fund Oversight Office	2,477	10
Subtotal	$228,292	722
Office of Information & Technology:		
Corporate Data Center Operations	$283,028	684
VA Records Center and Vault	4,793	13
Subtotal	$287,821	697
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	$10,291	42
Security and Investigations Center	10,526	23
Subtotal	$20,817	65
Total	**$536,930**	**1,484**

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 2012, the VA Enterprise Centers anticipate revenues, including external customers, of $543 million.

Revenue, Expense, and Retained Earnings
(dollars in thousands)

	2010	2011 Current Budget	2012 Request
Sales Program:			
Revenue	$372,094	$496,728	$543,478
Expense	$361,878	$489,599	$536,929
Net Income	$10,216	$7,129	$6,549
Reserves, SOY	$80,875	$80,735	$63,223
Net Income	$10,216	$7,129	$6,549
Capital Transactions[2]	-$10,356	-$24,641	$4,551
Reserves, EOY	$80,735	$63,223	$74,323

[2] Acquisition or improvements to assets with a value greater than or equal to $100,000.

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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic 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)	$80	$84	$101	$133	$120	$121	**$120**
	2. Secure archival storage, protection, and retrieval of Veterans' records **(OSE)**	Percent of recalled records that are shipped securely and accurately to requesting facilities within established timeframes (RC&V) (**DROPPED measure after FY 2011)**	99.6%	99.9%	99.9%	99.0%	99.0%	N/Ap	**99.0%**

[1] The Franchise Fund is a non-appropriated entity; therefore, both the FY 2011 and FY 2012 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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (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. Develop and implement training programs for quality improvement and customer service **(OSE)**	Class graduation rate (LETC)	96.5%	98.5%	96.8%	97.2%	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)	98%	96%	99%	98.5%	98%	98%	**98.0%**
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)	98.0%	98.4%	98.6%	98.9%	98.5%	98.5%	**99.1%**
	2. Ensure that financial integrity is maintained in the Franchise Fund. **(OSE)**	Number of audit qualifications for the VA Enterprise Centers (FTO)	0	0	0	0	0	0	**0**

[1] The Franchise Fund is a non-appropriated entity; therefore, both the FY 2011 and FY 2012 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									
	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**)	**2007**	**2008**	**2009**	**2010**	**2011** (Final)	**2012** (Requested Funding)	**Strategic Target**
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)**	Austin Information Technology Center Customer Satisfaction Rating (based on an interval scale that has not yet been determined) (AITC)	N/Av	N/Av	N/Av	N/Av	TBD[2]	N/A	**TBD**

[1] The Franchise Fund is a non-appropriated entity; therefore, both the FY 2011 and FY 2012 targets are based on business plans for anticipated revenues/expenses.

[2]Beginning in FY 2011, VA will use the American Customer Satisfaction Index (ACSI) survey. At this time, the interval scale to be used with the ACSI survey is unknown. Given the aforementioned uncertainty, targets for FY 2011, or FY 2012, and the Strategic Target are yet to be determined.

Table 2: Performance Measure Supporting Information
Austin Information Technology Center **1) Austin Information Technology Center 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) Cross-Cutting** Activities: • None **f) External Factors:** • None
Debt Management Center **2) 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 effectiveness of the collection process **e) Cross-Cutting Activities:** • Use of the Treasury Offset Program (TOP) for collection if applicable **f) External Factors:** • Unanticipated legislation impacting collection activities

Table 2: Performance Measure Supporting Information

Financial Services Center

3) 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 use of Electronic Commerce/Electronic Data Interchange for vendor invoice payments

b) Data Source(s):

- Financial reports from FMS

c) Data Verification:

- Annual audits performed by an independent CPA firm
- Management Quality Assurance Services reviews

d) Measure Validation:

- Payment accuracy rate gauges the effectiveness of the payment product line in meeting customer expectations

e) Cross-Cutting Activities:

- Consult with IKON Office Systems Incorporated and Kofax Incorporated to design and implement Optical
- Character Recognition software

f) External Factors:

- None

Law Enforcement Training Center

4) 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 reviews 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) Cross-Cutting Activities:

- None

f) External Factors:

- None

Table 2: Performance Measure Supporting Information
Security and Investigations Center **5) Percent of investigations that are completed within the established timeframes** **a) Means and Strategies:** • Development of a secure electronic request system for initiation of employee background investigations • Implementation of the OPM E-Qip 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 which could impact customer satisfaction **e) Cross-Cutting Activities:** • None **f) External Factors:** • Unanticipated new OPM requirements for initiation and adjudication of background investigations
Records Center and Vault **6) Percent of recalled records shipped securely and accurately to requesting facility within established timeframes** **a) Means and Strategies:** • Implementation of enhancements to the Records Retrieval Systems (RRS) • Expansion of the RC&V facility to increase storage capacity **b) Data Source(s):** • Data extracted from the Records Retrieval Systems (RRS) and Federal Express Insight **c) Data Verification:** • RC&V staff conduct random sample audits to authenticate data sources **d) Measure Validation:** • The measure assesses the effectiveness of the records storage and retrieval business line **e) Cross-Cutting Activities:** • None **f) External Factors:** • Delivery delays by the express mail carrier
Franchise and Trust Fund Oversight Office **7) 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 Administrations 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) Cross-Cutting Activities:** • None **f) External Factors:** • A material weakness and other reportable conditions that are noted in the VA's consolidated financial statements could potentially impact the VA Franchise Fund

This Page Intentionally Left Blank

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)				
		2011		
	2010 Actual	Budget Estimate	Current Estimate	2012 Estimate
Budget authority	$0	$0	$0	$0
Receipts	$268	$193	$193	$193
Obligations	$175	$193	$193	$193
Unobligated balance:				
SOY	$656	$656	$749	$749
EOY	$749	$656	$749	$749
Outlays (net)	-$93	$0	$0	$0