Volume III
Benefits and Burial Programs and Departmental Administration,

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National Cemetery Administration

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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 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 state 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;

- State Cemetery Grants: Provide aid to states in establishing, expanding, or improving state veterans cemeteries;

- Headstones and Markers: Furnish headstones and markers for the graves of eligible persons in national, state, and private cemeteries;

- Presidential Memorial Certificates: Provide certificates to families of deceased veterans, recognizing the veteran's contribution and service to the Nation; and

- 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.

Summary of Budget Authority for NCA Programs (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Operations and Maintenance	$160,231	$166,809	$193,858 1/	$180,959	-$12,899
Major Construction.....	53,400	167,400	167,400	105,000	-62,400
Minor Construction	25,000	24,400	75,000	25,000	-50,000
Grants for Construction of State Veterans Cemeteries.	32,000	32,000	39,500	32,000	-7,500
Facilities Operation Fund ...	40	40	10	100	+90
National Cemetery Gift Fund.....	128	120	180	180	0
Compensation and Pensions:					
Headstones & Markers.....	41,846	40,500	44,200	44,800	+600
Graveliners & OBR Reimbursements	37,039	77,400	61,300	37,100	-24,200
Total Budget Authority...	**$349,684**	**$508,669**	**$581,448**	**$425,139**	**-$156,309**

1/ The 2008 current estimate reflects the transfer of 7 FTE to the Department's new Office of Construction and Facilities Management.

Relationships Among Programs and Appropriations

NCA receives funding from eight appropriation accounts. The Operations and Maintenance appropriation funds the operation of 125 existing national cemeteries, the continued activation of six new 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 State 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, and the establishment and expansion of state veterans cemeteries. 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 State Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of state 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.

Performance Plan

Performance Summary Table: National Cemetery Administration							
Measure Description (Key measures are in bold)	Results				Targets		Strategic Target [1]
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	**75.3%**	**77.1%**	**80.2%**	**83.4%**	**83.7%**	**88%**	**90.0%**
2) Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	**94%**	**94%**	**94%**	**94%**	**97%**	**98%**	**100%**
3) Percent of graves in national cemeteries marked within 60 days of interment	**87%**	**94%**	**95%**	**94%**	**95%**	**95%**	**98%**
4) 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	**N/A**	**13%**	**62%**	**38%**	**75%**	**80%**	**90%**
5) Percent of respondents who rate national cemetery appearance as excellent	**98%**	**98%**	**97%**	**97%**	**99%**	**99%**	**100%**
6) Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	73%	73%	74%	72%	80%	81%	93%
7) Percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet)	N/A	N/A	N/A	N/A	N/A	Baseline	50%
8) Percent of headstones and markers that are delivered undamaged and correctly inscribed	97%	96%	96%	96%	96%	98%	98%
9) Percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet)	N/A	N/A	N/A	N/A	Baseline	50%	75%

[1] Strategic Targets represent long-range target level of performance.

Performance Summary Table: National Cemetery Administration							
Measure Description (Key measures are in bold)	Results				Targets		Strategic Target [1]
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
10) Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	98%	98%	98%	99%	99%	100%
11) Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	64%	70%	67%	69%	72%	78%	90%
12) Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	76%	72%	77%	75%	80%	84%	90%
13) Percent of gravesites that have grades that are level and blend with adjacent grade levels	79%	84%	86%	83%	88%	90%	95%
14) Percent of national cemetery buildings and structures that are assessed as acceptable according to National Shrine standards	N/A	N/A	N/A	N/A	N/A	Baseline	90%

[1] Strategic Targets represent long-range target level of performance.

Program Highlights

Annual veteran deaths were estimated at 686,000 in 2007, and with the opening of new national cemeteries, annual interments will increase from 100,000 in 2007 to an estimated peak of 111,000 in 2009 and then begin to decline gradually. Interments in 2013 are expected to be about 109,000, a 9 percent increase from 2007. The total number of graves maintained is also expected to increase during the planning time frame from 2.8 million in 2007 to over 3.3 million in 2013.

In 2009, NCA will encompass 131 national cemeteries, including the on-going activation of six new national cemeteries, and 33 other cemeterial installations. As annual interments and total gravesites used increase, cemeteries deplete their inventory of space and are no longer able to accept casketed or cremated remains of first family members for interment. This reduces the burial options available to veterans. At the end of 2009, 71 will contain available, unassigned gravesites for the burial of both casketed and cremated remains; 16 will accept only cremated remains and remains of family members for interment in the same gravesite as a previously deceased family member; and 44 will perform only interments of family members in the same gravesite as a previously deceased family member. New national cemeteries to provide service to veterans in the areas of Sacramento, California, and South Florida began interment operations in 2007.

By 2009, six new national cemeteries will open to serve veterans in the areas of Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota County, Florida; and Southeastern Pennsylvania. By the year 2013, one more national cemetery, Fort Rosecrans (CA) National Cemetery, will exhaust its supply of available, unassigned gravesites. However, overlapping service areas will reduce the potential number of veterans losing reasonable access to a burial option. After 2013, Fort Rosecrans will continue to accept the remains of family members for interment in the same gravesite as a previously deceased family member.

As cemetery service capabilities decrease, veterans served by those cemeteries may lose access to burial options located within a reasonable distance of their homes. In order to ensure that burial options are provided for eligible veterans and their family members, NCA needs to ensure that unserved centers of veteran

population are provided a burial option; expand existing national cemeteries where appropriate; maintain a national cemetery presence in existing service areas, develop more effective use of available burial space; and encourage individual states to develop state veterans cemeteries through the State Cemetery Grants Program.

All VA national cemeteries are valuable historic assets of our Nation and important sites for patriotic and commemorative events. NCA needs to continue to emphasize the use of VA's national cemeteries to teach American history to students and communities, with a special emphasis on veterans and their role in the history of our Nation. NCA also needs to continue to focus on hosting ceremonies and memorial services at national cemeteries to honor those who made the supreme sacrifice.

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 2007, NCA processed nearly 360,000 applications for headstones and markers for placement in national, state, other public, or private cemeteries. The number of headstone and marker applications processed is expected to be about 328,000 in 2013. NCA issued more than 423,000 Presidential Memorial Certificates in 2007, and expects to issue about 369,000 in the year 2013.

Program Goals, Objectives, and Performance Measures

The Department's Strategic Plan includes three objectives that define outcomes for VA burial programs:

Objective 3.4: Ensure that the burial needs of veterans and eligible family members are met.

Objective 3.5: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Objective 4.5: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

NCA's performance plan is structured around these three objectives as identified in the Department's Strategic Plan. Their supporting performance goals are detailed below. This performance plan is centered on the key attributes and characteristics of primary mission-related activities. Performance goals and workload indicators included in the annual performance plan are those that provide a numerical target level or other measurable value.

VA is continually reviewing its internal structure and processes to identify potential improvements and re-engineering automated systems to improve efficiency and effectiveness. VA is committed to supporting its interment, acreage, and grounds maintenance needs through the cost-conscious and environmentally sound use of natural resources.

Department Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Department Strategic Objective 3.4: Ensure that the burial needs of veterans and eligible family members are met.

Performance Goal 1: In 2009, increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance (75 miles) of their residence to 88 percent.

Performance Goal 2: In 2009, increase the percent of respondents who rate the quality of service provided by the national cemeteries as excellent to 98 percent.

Performance Goal 6: In 2009, increase the percent of funeral directors who respond that national cemeteries confirm scheduling of the committal service within 2 hours to 81 percent.

Performance Goal 7: In 2009, baseline the percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet).

Performance Summary Table: National Cemetery Administration							
Measure Description (Key measures are in bold)	**Results**				**Targets**		**Strategic Target [1]**
	2004	**2005**	**2006**	**2007**	**2008 (Final)**	**2009 (Initial)**	
1) Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence [2]	**75.3%**	**77.1%**	**80.2%**	**83.4%**	**83.7%**	**88.0%**	**90.0%**
2) Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	**94%**	**94%**	**94%**	**94%**	**97%**	**98%**	**100%**
6) Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	73%	73%	74%	72%	80%	81%	93%
7) Percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet)	N/A	N/A	N/A	N/A	N/A	Baseline	50%

[1]. Strategic Targets represent long-range target level of performance.

[2] Actual performance for 2004 - 2005 is based on a revised VetPop2000 model using 2000 census data. For 2006 - 2007 actual performance and projected targets, the number of veterans served was extracted from the VetPop2004 version 1.0 model using 2000 census data.

Means and Strategies

VA will increase the percent of veterans served by a burial option in a national or state veterans cemetery within a reasonable distance (75 miles) of their residence to 90 percent. In order to achieve this objective, VA needs to increase access by developing additional national cemeteries; expanding existing national cemeteries to continue to provide service to meet projected demand, including the development of columbaria and the acquisition of additional land; and developing alternative burial options consistent with veterans' expectations. It is also necessary that state veterans cemeteries be established or expanded to complement VA's system of national cemeteries.

Between 2007 and 2009, NCA will have established eight new national cemeteries. The development of these cemeteries is consistent with current policy to locate national cemeteries in areas with the largest concentration of veterans. Each location will provide a burial option to at least 170,000 veterans not currently served. In 2007, two new national cemeteries began operation, providing reasonable access to a burial option for nearly 800,000 veterans in the areas of Sacramento, California and South Florida.

As directed by the National Cemetery Expansion Act of 2003, Public Law 108-109, action is underway to establish six new national cemeteries to serve veterans in the areas of Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota County, Florida; and Southeastern Pennsylvania. These cemeteries are expected to provide service to about a million veterans.

NCA will expand existing national cemeteries by completing phased development projects in order to make additional gravesites or columbaria available for interments. Phased development is a part of the routine operation of an open national cemetery. It is the practice of NCA to design a cemetery by sections or areas so that it may be developed sequentially as the need approaches. National cemeteries that will close due to depletion of grave space are identified to determine the feasibility of extending the service period of the cemetery by the acquisition of adjacent or contiguous land, or by the construction of columbaria.

NCA will request a new land acquisition line item in the Major Construction account. The funds will be used to purchase land as it becomes available in order to ensure the continuation of a National Cemetery in current service areas. This will allow NCA to achieve and maintain its strategic target of serving 90% of veterans with a burial option within 75 miles of their homes.

Workload Indicators – Objective 3.4							
	2004	2005	2006	2007	2008	2009	2013
Interments performed:							
Full-casket	57,480	57,201	57,620	57,845	58,600	62,900	61,900
In-ground cremain	23,817	24,679	26,108	27,054	28,100	29,700	27,000
Columbaria niche	11,736	11,365	13,069	15,286	15,800	18,400	20,200
Total interments	93,033	93,245	96,797	100,185	102,500	111,000	109,100

The number of interments performed includes interments of both veterans and eligible family members. Detail is provided to show type of interment. In 2007, more than 42 percent of all interments in national cemeteries were cremations.

To reach the 98% satisfaction level, 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, including focusing our efforts properly and achieving our target.

Veterans and their families have indicated that they need to know the interment schedule as soon as possible in order to finalize necessary arrangements. To meet this expectation, NCA will strive to schedule committal services at national cemeteries within two hours of the request. To achieve this, NCA has established a Nationwide Scheduling Center in St. Louis to increase efficiencies and expedite eligibility determinations and interment scheduling. As a one-stop phone center, it ensures consistent eligibility determinations and will provide faster interment scheduling for families and funeral homes. Funeral Homes are no longer required to provide a paper application; veteran or dependent information can be provided via phone or fax. The Nationwide Scheduling Center is currently serving cemeteries in Memorial Service Network IV and all new national cemeteries as activated. A phased implementation will ultimately include service for all national cemeteries. In addition, NCA and the VA Office of Information Technology are developing an Internet-based system to enable funeral homes to electronically submit applications for interment at national cemeteries.

To increase awareness of benefits and services provided, VA conducts outreach and education activities for the veteran community and the general public through the use of news releases, articles appearing in veterans service organization publications, public service announcements, and presentations to schools and community organizations.

In addition to building, operating, and maintaining national cemeteries, NCA administers the State Cemetery Grants Program (SCGP). The SCGP provides grants to states of up to 100 percent of the cost of establishing, expanding, improving or operating state veterans cemeteries, including the acquisition of initial operating equipment. These cemeteries may be located by the states in areas where there are no plans for NCA to operate and maintain a national cemetery. Sixty-nine operating state veterans cemeteries have been established, expanded, or improved using the SCGP. In 2007, 3 states opened new veterans cemeteries in Fort Knox, Kentucky; Shreveport, Louisiana; and Mission, Texas. A new veterans cemetery was also opened in Saipan, CNMI. From 2008 through 2009, the states are projected to open 9 new veterans cemeteries in Anderson, South Carolina; Glennville, Georgia; Des Moines, Iowa; Williamstown, Kentucky; Abilene, Texas; Missoula, Montana; Fort Riley, Kansas; Fort Leonard Wood, Missouri; and Springvale, Maine. It is difficult to project future activity beyond the budget year for this program because requests for grants are generated from individual states, which must enact legislation to commit funding to a project that will serve a clearly defined population and require state funds for operations and maintenance in perpetuity. However, 15 new state veterans cemeteries are in various stages of design or planning, and are expected to begin burial operations in 2010 to 2013. In 2007, state veterans cemeteries provided a burial option to more than 2 million veterans and their families.

VA also provides burial and plot allowances to veterans in certain circumstances to help defray burial costs. These benefits are part of VA's Compensation and Pension Program, which is managed by the Veterans Benefits Administration (VBA). Information on the Compensation and Pension Program, including performance data on burial claims processing, can be found in VBA's Discretionary Compensation, Pensions & Burial budget chapter.

Data Sources

NCA determines the percent of veterans served by existing national and state veterans cemeteries within a reasonable distance of their residence by analyzing census data on the veteran population. For 2004 through 2005, the number of veterans and the number of veterans served were extracted from a revised VetPop2000 model using 2000 census data. For 2006 through 2007 actual figures and the projected targets, the number of veterans and the number of veterans served were extracted from the VetPop2004 version 1.0 model using 2000 census data.

NCA's annual Survey of Satisfaction with National Cemeteries is the source of data for the percent of respondents who rate the quality of service provided by the national cemeteries as excellent and for the percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.

In 2009 NCA's Burial Operations Support System (BOSS) will be the source of data for the percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet). NCA plans to add an indicator to the BOSS Record of Interment to identify those requests for interment that are received electronically. This indicator will be used to determine the baseline percentage of all interment requests that are received electronically.

Data Verification

In 1999, the VA's Office of the Inspector General performed an audit assessing the accuracy of the data used to determine the percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence. Data were revalidated in the 2002 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.

VA Headquarters staff oversees the data collection process for data used to measure the percent of respondents who rate the quality of service provided by

national cemeteries as excellent; percent of funeral home directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours; and, percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet). VA Headquarters staff provides an annual report on both measures at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level reports are provided to NCA management.

NCA's Burial Operations Support System (BOSS) will be enhanced so that an electronic application will be recognized as different from a traditional application. The indicator field will be populated automatically upon receipt ensuring that data and resulting tabulations are accurate.

Goal Validation

One of the primary objectives of VA is to ensure that the burial needs of veterans and eligible family members are met. This budget has been prepared on the assumption that the burial needs of veterans are met for those veterans who have reasonable access to a burial option. 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 or state veterans cemetery is available within 75 miles of the veteran's place of residence. VA established a 75-mile service area standard because NCA data show that more than 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at the time of death.

NCA strives to provide high-quality, courteous, and responsive service in all of its contacts with veterans, their families and friends, funeral home directors, and all those who visit VA national cemeteries. These contacts include scheduling the committal service, arranging for and conducting interments, and providing information about the cemetery and the location of specific graves. In addition to measuring the overall quality of service, the timeliness with which committal services are scheduled and the availability of information at national cemeteries are important factors in the level of service provided at VA national cemeteries. VA will implement an on-line scheduling system for funeral home directors.

Crosscutting Activities

NCA partners with the states to provide veterans and their eligible family members with burial options through the State Cemetery Grants Program. This program provides grants to states for up to 100 percent of the cost of establishing, expanding, or improving state veterans cemeteries, including the acquisition of initial operating equipment. Since 2003, states have submitted grant payment requests to VA electronically through the Department of Health and Human Services Payment Management System.

NCA works closely with all State Directors of Veterans Affairs and meets regularly with delegations from states and cities to facilitate the partnership to meet the burial needs of veterans. VA has an active outreach program, and, at the request of state officials, NCA meets with governors and legislators and testifies at state hearings.

NCA has established a process to conduct triennial reviews at state veterans cemeteries to ensure that states are operating and maintaining the cemeteries according to NCA standards and measures.

NCA has also developed a planning model to encourage and help individual states in establishing state veterans cemeteries through the State Cemetery Grants Program. This model, which includes an "applicant information kit," a "standard pre-design briefing," and information about costs, size, and style of buildings, and other development guidelines, is available on the VA Web site.

NCA works closely with components of DoD and veterans service organizations to provide military funeral honors at national cemeteries. While NCA does not provide military funeral honors, national cemeteries facilitate the provision of funeral honors ceremonies and provide logistical support to funeral honors teams.

NCA is working closely with funeral home directors in the development of an internet-based system for submitting interment requests.

External Factors

Veterans and their families have indicated that the provision of military funeral honors for the deceased veteran is important to them. Veterans and their families may experience feelings of dissatisfaction when their expectations concerning the

committal service, including military funeral honors, are not met. Dissatisfaction with military funeral honors or services provided by the funeral home can adversely affect the public's perceptions regarding the quality of service provided by the national cemetery.

NCA continues to work with funeral homes and veterans service organizations to find new ways to increase awareness of benefits and services. Funeral directors and members of veterans service organizations participate in regularly conducted focus groups to identify not only what information they need but also the best way to ensure that they receive it.

Program Assessment Rating Tool (PART)

PART for the Burial Benefits program is addressed under Objective 4.5.

Major Management Challenges

There are no major management challenges that will affect the achievement of this goal.

Initiatives

In 2005, NCA initiated a joint effort with VBA and VA's Office of Policy and Planning to begin a comprehensive program evaluation of the full array of burial benefits and services that VA provides to veterans and their families. The program evaluation, which is expected to be completed in 2008, will assess, develop, and update program outcomes, goals, and objectives and compare actual program results with established goals.

Veterans and their families have indicated that they need to know the interment schedule as soon as possible in order to finalize necessary arrangements. To improve the process for scheduling interments at national cemeteries, NCA and the VA Office of Information Technology will develop and implement a web based system. The application will allow funeral directors to electronically (Internet) schedule an interment at a national cemetery.

Department Strategic Objective 3.5: Provide veterans and their families with timely and accurate symbolic expressions of remembrance.

Performance Goal 3: In 2009, maintain the percent of graves in national cemeteries marked within 60 days of interment at 95 percent.

Performance Goal 4: In 2009, increase the 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 to 80 percent.

Performance Goal 8: In 2009, maintain the percent of headstones and markers that are undamaged and correctly inscribed at 98 percent.

Performance Goal 9: In 2009, increase the percent of headstone and marker applications from private cemeteries and funeral homes received electronically to 50 percent.

Performance Summary Table: National Cemetery Administration							
Measure Description (Key measures are in bold)	**Results**				**Targets**		**Strategic Target [1]**
	2004	**2005**	**2006**	**2007**	**2008 (Final)**	**2009 (Initial)**	
3) Percent of graves in national cemeteries marked within 60 days of interment	**87%**	**94%**	**95%**	**94%**	**95%**	**95%**	**98%**
4) 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	**N/A**	**13%**	**62%**	**38%**	**75%**	**80%**	**90%**
8) Percent of headstones and markers that are delivered undamaged and correctly inscribed.	97%	96%	96%	96%	96%	98%	98%
9) Percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet)	N/A	N/A	N/A	N/A	Baseline	50%	75%

[1] Strategic Targets represent long-range target level of performance.

Means and Strategies

VA furnishes headstones and markers for the graves of eligible persons in national, state, other public, and private cemeteries. VA also furnishes memorial headstones and markers, bearing the inscription "In Memory of" as their first line, to memorialize eligible veterans whose remains were not recovered or identified, were buried at sea, donated to science, or cremated and scattered. Presidential Memorial Certificates (PMCs), bearing the President's signature, are issued to recognize the contributions and service of honorably discharged deceased veterans. VA also provides an American flag to drape the casket of an eligible deceased veteran. Far more veterans receive a headstone or marker, a Presidential Memorial Certificate, and/or an American flag from VA than are buried in a national cemetery. Delivery of these benefits is not dependent on interment in a national cemetery.

NCA is reengineering 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. NCA's local inscription program decreases the time it takes to mark a grave after an interment in a national cemetery. Performing inscriptions locally decreases headstone and marker manufacturing and shipping times, which improves the timeliness of marking graves in national cemeteries.

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.

NCA will use, to the maximum extent possible, modern information technology to automate its operational processes. Online ordering using NCA's Automated Monument Application System (AMAS) and electronic transmission of all headstone and marker orders to contractors increases the efficiency of the headstone and marker ordering process. Also, VA will implement an on-line application to enable private cemeteries and funeral homes to submit requests for headstones and markers through the Internet.

NCA will continue to ensure PMCs are delivered accurately and timely. A PMC conveys to the family of the veteran the gratitude of the Nation for the veteran's service. To convey this gratitude, it is essential that the certificate be accurately inscribed. The accuracy rate for PMCs provided by NCA is consistently 98 percent or better.

Workload Indicators – Objective 3.5							
	2004	2005	2006	2007	2008	2009	2013
Number of headstone and marker applications processed	350,690	363,627	336,266	359,530	347,300	344,700	327,600
Number of PMCs issued	435,574	487,809	405,538	423,143	391,700	388,700	369,500

The number of applications processed for Government-furnished headstones and markers includes those that have been disapproved and cancelled orders. Processing includes determining eligibility, verifying data accuracy, and resolving any discrepancies with the applicant. Headstones and markers are furnished upon determination of eligibility of the decedent.

Data Sources

Data to measure the percent of graves in national cemeteries marked within 60 days of interment are entered by field personnel using NCA's Burial Operations Support System (BOSS). VA Headquarters staff oversees the data collection process to validate its accuracy and integrity. Monthly and fiscal-year-to-date reports are provided at the national, MSN, and cemetery levels.

Data for two measures, the timeliness of processing headstone and marker applications for the graves of veterans who are not buried in national cemeteries, and the percent of headstones and markers that are undamaged and correctly inscribed, are entered by field personnel using AMAS and/or BOSS.

NCA's Automated Monument Application System (AMAS) will be the source of data for the percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet). NCA plans to add an indicator to the AMAS Record to identify those requests for interment that are received electronically. This indicator will be used to determine the baseline percentage of all headstone and markers requested by private cemeteries and funeral homes that are received electronically.

Data Verification

VA Headquarters staff oversee the data collection process to verify data accuracy and integrity for these four measures. Headquarters staff review data collection systems to minimize the collection of inaccurate or erroneous data. Headquarters staff also review monthly and fiscal-year-to-date reports at the national, MSN, and cemetery levels to identify and investigate outliers or other questionable data.

NCA's Automated Monument Application System (AMAS) will be enhanced so that an electronic application will be recognized as different from a traditional application. The indicator field will be populated automatically upon receipt ensuring that data and resulting tabulations are accurate.

Goal Validation

The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. The amount of time it takes to mark the grave after an interment is important to veterans and their family members.

Applications for headstones and markers for the graves of veterans who are not buried in national cemeteries are received, processed, and ordered by NCA. It is important that NCA process these applications to ensure timely delivery of the headstones and markers.

Headstones and markers must be replaced when either the Government or the contractor makes errors in the inscription, or if the headstone or marker is damaged during delivery or installation. When headstones and markers must be replaced, it further delays the final portion of the interment process, the placing of the headstone or marker at the gravesite. NCA will continue to improve accuracy and operational processes in order to reduce the number of inaccurate or damaged headstones and markers delivered to the gravesite.

Crosscutting 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, and Andrew Johnson National Cemetery and Andersonville National Cemetery, which are administered by DOI, order headstones and markers directly through NCA's Burial Operations Support System (BOSS).

NCA furnishes headstones and markers to state veterans cemeteries. State veterans cemeteries are encouraged to place their orders for headstones and markers directly into NCA's BOSS. In 2007, 90 percent of headstones and markers ordered by other federal and state veterans cemeteries were ordered online using NCA's BOSS.

NCA administers the White House program for PMCs. A PMC is an engraved paper certificate, bearing the President's signature, to honor the memory of honorably discharged deceased veterans. Eligible recipients include the deceased veteran's next of kin and loved ones.

External Factors

Headstones and markers are supplied by outside contractors throughout the United States whose performance greatly affects the quality and timeliness of service provided to veterans and their families. The timeliness of delivery of headstones and markers is dependent not only on the performance of the manufacturer, but also on the performance of the contracted shipping agent.

Expectations regarding the quality of the materials and engraving and the timeliness of delivery of headstones and markers are clearly stated in contract requirements. Extremes in weather, such as periods of excessive rain or snow, or extended periods of freezing temperatures that impact ground conditions, can also cause delays in the delivery and installation of headstones and markers.

Program Assessment Rating Tool (PART)

PART for the Burial Benefits program is addressed under Objective 4.5.

Major Management Challenges

There are no major management challenges that will affect the achievement of this goal.

Initiatives

The Veterans Education and Benefits Expansion Act of 2001, Public Law 107-103, as amended by the Veterans Benefits Improvement Act of 2002, Public Law 107-330, allows VA to furnish an appropriate marker for the graves of eligible veterans buried in private cemeteries, whose deaths occur on or after September 11, 2001, regardless of whether the grave is already marked with a non-government headstone or marker. Authority provided under this legislation was originally due to expire on December 31, 2006. In February 2006, VA submitted a report to Congress recommending that the VA be granted permanent authority to furnish headstones and markers for graves in private cemeteries previously marked with a non-government headstone or marker, and that the date of death clause under the authority be changed to November 1, 1990. Congress extended the authority to furnish headstones and markers under this legislation through December 31, 2007 but did not make the authority permanent or change the date of death clause. P.L. 110-157, The Dr. James Allen Veteran Vision Equity Act,

signed on December 26, 2007 grants permanent authority for these markers and changes the date of death clause to November 1, 1990..

The amount of time it takes to mark the grave after an interment is important to veterans and their family members. To improve the processing of headstone and marker applications submitted for the graves of veterans who are not buried in a national cemetery, NCA and the VA Office of Information Technology will develop and implement an Internet-based headstone and marker application. This application will enable private cemeteries and funeral homes to submit requests for a VA headstone or marker electronically via the Internet.

In 2005, NCA initiated a joint effort with VBA and VA's Office of Policy and Planning to begin a comprehensive program evaluation of the full array of burial benefits and services that VA provides to veterans and their families. Among the research topics to be addressed is symbols of remembrance. The program evaluation, which is expected to be completed in 2008, will assess, develop, and update program outcomes, goals, and objectives and compare actual program results with established goals for appropriately commemorating a veteran's service.

Department Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Department Strategic Objective 4.5: Ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Performance Goal 5: In 2009, maintain the percent of respondents who rate national cemetery appearance as excellent at 99 percent.

Performance Goal 10: In 2009, maintain the percent of respondents who would recommend the national cemetery to veteran families during their time of need at 99 percent.

Performance Goal 11: In 2009, increase the percent of headstones and/or markers in national cemeteries that are at the proper height and alignment to 78 percent.

Performance Goal 12: In 2009, increase the percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations to 84 percent.

Performance Goal 13: In 2009, increase the percent of gravesites that have grades that are level and blend with adjacent grade levels to 90 percent.

Performance Goal 14: In 2009, baseline the percent of national cemetery buildings and structures that are assessed as acceptable according to National Shrine standards.

Performance Summary Table: National Cemetery Administration							
Measure Description (Key measures are in bold)	Results				Targets		Strategic Target [1]
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Percent of respondents who rate national cemetery appearance as excellent	**98%**	**98%**	**97%**	**97%**	**99%**	**99%**	**100%**
10) Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	98%	98%	98%	99%	99%	100%
11) Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	64%	70%	67%	69%	72%	78%	90%
12) Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	76%	72%	77%	75%	80%	84%	90%
13) Percent of gravesites that have grades that are level and blend with adjacent grade levels	79%	84%	86%	83%	88%	90%	95%
14) Percent of national cemetery buildings and structures that are assessed as acceptable according to National Shrine standards	N/A	N/A	N/A	N/A	N/A	Baseline	90%

[1] Strategic Targets represent long-range target level of performance.

Means and Strategies

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 periodically re-set, re-aligned, and cleaned. Stone surfaces of columbaria require cleaning; caulking and grouting between the units, and surrounding walkways, must be maintained. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, grounds, walks, and drives must be repaired as needed.

NCA provides an Outer Burial Receptacle (OBR) or a monetary allowance toward the private purchase of an OBR for all casket burials in open VA national cemeteries. An OBR may help prevent the ground over and around the casket from sinking, help prevent headstones from sinking and tilting, and help ensure the continuation of regular ground surface contours in national cemeteries. An OBR is typically a pre-cast concrete or thermoplastic structure in the form of a box with a removable lid. OBRs include grave liners, burial vaults, pre-placed crypts, and other similar types of containers for caskets.

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

Workload Indicators – Objective 4.5							
	2004	2005	2006	2007	2008	2009	2013
Occupied graves maintained:							
In-ground casket	2,309,089	2,349,786	2,391,128	2,430,381	2,471,900	2,517,200	2,693,600
In-ground cremain	257,527	272,543	289,175	305,194	323,100	342,100	408,900
Columbaria niches	74,309	83,725	94,331	107,130	120,100	135,400	200,400
Total	2,640,925	2,706,054	2,774,634	2,842,705	2,915,100	2,994,700	3,302,900
Developed acres maintained	7,156	7,186	7,272	7,413	7,684	7,990	8,648

VA has established standards and measures by which the National Cemetery Administration can determine the effectiveness and efficiency of its operations. These standards and measures identify performance expectations in key operational processes including interments, grounds maintenance, and headstones and markers.

NCA has also established an Organizational Assessment and Improvement (OAI) Program to identify and prioritize continuous improvement opportunities, and to enhance program accountability throughout NCA by providing managers and staff at all levels with one NCA "Scorecard." The scorecard consists of selected NCA operational standards and measures considered most important to the visual impact the cemetery has on veterans and families and cemetery visitors. A framework of regular self assessments and periodic independent site visits serves to identify strong, successful performers, provide information that identifies and prioritizes improvement opportunities and helps to ensure standardization and consistency across NCA. As part of the OAI Program, assessment teams drawn from national cemeteries, MSNs, and NCA Central Office conduct site visits to all national cemeteries on a rotating basis to validate performance reporting through the use of this scorecard format. Each cemetery's scorecard performance is used to measure the cemetery's progress toward achieving national shrine status.

NCA will also continue its participation in a joint venture with VHA, under which national cemeteries provide therapeutic work opportunities to veterans receiving treatment in the Compensated Work Therapy/Veterans Industries program. In return for giving veterans the opportunity to work for pay, regain lost work habits, and learn new work skills, the national cemeteries are provided a supplemental work force that is valuable to maintaining national cemeteries as national shrines.

All national cemeteries are important sites for patriotic and commemorative events. NCA will continue to host ceremonies and memorial services at national cemeteries to honor those who made the supreme sacrifice. To preserve our Nation's history, NCA will continue to conduct educational tours and programs for schools and civic groups. NCA will develop videos and other outreach products that will be used as educational tools at national cemeteries. These outreach products, which will be available for viewing by the general public, will provide a history of the National Cemetery Administration and of VA cemeteries from their inception during the Civil War to the present. An example is the NCA-developed video, "Landscapes of Honor and Sacrifice—the History of National Cemeteries."

In order to ensure a high-performing, well-trained workforce, the National Cemetery Administration Training Center was established. The center provides employees with the training necessary to continue to provide high quality service to veterans and their families and to maintain our national cemeteries as national shrines. Initially focused on training cemetery directors and assistant directors, the new facility is expanding its classes to train foremen, equipment operators, grounds keepers, cemetery representatives, and other employees. As new national cemeteries become operational, the center's efforts will ensure consistency in operations throughout the national cemetery system as well as a high-performing workforce and well-trained staff for key positions.

The Nationwide Gravesite Locator (NGL), originally established in 2004, includes more than three million records of veterans and dependents buried in VA's national cemeteries since the Civil War. It also includes records of some burials in state veterans cemeteries, records of burials in Arlington National Cemetery from 1999 to the present, and data for headstones and markers that are furnished to mark the graves of veterans who are not buried in national cemeteries. The NGL also includes maps of cemetery burial sections to assist families, friends, and researchers in finding the exact burial location of loved ones. These maps can be accessed from the VA website and conveniently printed from home computers or at national cemetery kiosks.

Data Sources

NCA's annual Survey of Satisfaction with National Cemeteries is the source of data for the percent of respondents who rate the appearance of national cemeteries as excellent and the percent of respondents who would recommend the national cemetery to veteran families during their time of need. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.

Each national cemetery conducts a periodic inspection, based on national standards and definitions, of a statistically valid sample of gravesites to obtain data for the percent of headstones and/or markers in national cemeteries that are at the proper height and alignment; the percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations; and the percent of gravesites that have grades that are level and blend with adjacent grade levels.

Each national cemetery completes an annual Facility Condition Assessment, Building and Structure Score Sheet to obtain data for the percent of national cemetery buildings and structures that are assessed as acceptable according to National Shrine standards.

Data Verification

VA Headquarters staff oversees the data collection process for NCA's annual Survey of Satisfaction with National Cemeteries and provides an annual report at the national level that describes the sampling plan and survey methodology used to determine the percentage of survey respondents who rate national cemetery appearance as excellent and the percent of respondents who would recommend the national cemetery to veteran families during their time of need. In addition, MSN and cemetery level reports are provided to NCA management.

Data collected to measure the cleanliness, height, and alignment of headstones, markers, and niche covers and to measure the grade levels of gravesites are derived from statistically significant, randomly generated samples of gravesites in national cemeteries. VA Headquarters staff oversees the sampling and data collection process to validate its accuracy and integrity.

Each VA National Cemetery completes an annual Facility Condition Assessment Building/Structure Score Sheet on all building and structures on their grounds. Assessments are prepared according to standard definitions developed by VA Headquarters staff. VA Headquarters staff oversee the data collection process to ensure its accuracy and integrity.

Goal Validation

Each national cemetery exists as a national shrine and as such serves as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national shrine provides an enduring memorial to their service, as well as a dignified and respectful setting for their final rest.

National cemeteries also carry expectations of appearance that set them apart from private cemeteries. Our Nation is committed to create and maintain these sites as national shrines, transcending the provision of benefits to an individual. As national shrines, VA's cemeteries serve a purpose that continues long after burials have ceased and visits of families and loved ones have ended.

A national shrine is a place of honor and memory that declares to the visitor or family member who views it that within its majestic setting each and every veteran may find a sense of serenity, historic sacrifice, and nobility of purpose. Each visitor should depart feeling that the grounds, the gravesites, and the environs of the national cemetery are a beautiful and awe-inspiring tribute to those who gave much to preserve our Nation's freedom and way of life.

NCA will continue to maintain the appearance of 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 one(s). Our Nation's veterans have earned the appreciation and respect not only of their friends and families, but also of the entire country and our allies. National cemeteries are enduring testimonials to that appreciation and should be places to which veterans and their families are drawn for dignified burials and lasting memorials.

The willingness to recommend the national cemetery to veteran families during their time of need is an expression of loyalty toward that national cemetery and a validation of VA's commitment to honor veterans with final resting places in national shrines.

The appearance of headstones, markers, and niche covers is of paramount importance to the appearance of national cemeteries as national shrines. The rows of pristine, white headstones that are set at the proper height and correct alignment provide the vista that is the hallmark of many VA national cemeteries. In-ground gravesites (casket and cremain) require maintenance to correct ground sinkage and to keep the headstones and markers aligned.

Cemetery facilities and structures are highly visible components of national cemeteries. Maintaining the safety and appearance of cemetery facilities is an important component of maintaining national cemeteries as national shrines.

All national cemeteries are important sites for patriotic and commemorative events. The impact of public ceremonies and events at national cemeteries on the public's perception of national cemeteries as national shrines dedicated to honoring the service and sacrifice of veterans is paramount to the Nation. These efforts preserve our Nation's history, promote patriotism, broaden public understanding of the role national cemeteries play in the community as well as the nation to engender appreciation for the contributions of veterans to the Nation.

Crosscutting Activities

NCA will enhance its partnerships with various civic organizations to promote patriotism and broaden public understanding and appreciation for the contributions of veterans in our Nation's history. New opportunities will be identified to educate the general public on veterans' history and the role of national cemeteries.

NCA will also continue its partnerships with various other federal and civic organizations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries. For example, an interagency agreement with the Bureau of Prisons provides for the use of selected prisoners to perform work at national cemeteries.

External Factors

Maintaining the grounds, graves, and grave markers of national cemeteries as national shrines is influenced by many different factors. As time goes by, cemeteries experience a variety of environmental changes that may require extensive maintenance. Extremes in weather, such as excessive groundwater, rain, or drought, can result in or exacerbate sunken graves, sunken markers, soiled markers, inferior turf cover, and weathering of columbaria.

Program Assessment Rating Tool (PART)

Program Name	Burial Benefits	*Rating*	Moderately Effective	*CY Rated*	2002

Follow-up Action #5: Use data results from three new performance measures to drive improvements in program operations (National Shrine Commitment).

Status: Action taken, but Not Completed

Response

Collected baseline data during 2004 for the three new National Shrine Commitment measures. As a result, the gap between current performance and strategic goals has been identified. These data are now regularly collected and reported and are helping to drive performance improvements. A new performance measure related to the condition of national cemetery facilities was added to the FY 2009 budget submission to further drive improvements in maintaining national cemeteries as national shrines.

Follow-up Action #6: Continue to strengthen methods to link performance, budget and accountability.

Status: Action taken, but Not Completed

Response

As a Performance Improvement PMA scorecard deliverable, VA will demonstrate, using a subset of measures in the Burial Program, its ability to estimate the cost of achieving different levels of performance. This is an important step towards aligning budget requests with performance.

Follow-up Action #7: Use performance data to increase managers' performance.

Status: Action taken, but Not Completed

Response

Established an Organizational Assessment and Improvement Program. OAI enhances program accountability through a one-NCA scorecard, provided to management at all levels, that combines cemetery self-assessments with independent assessments. Through FY 2007, NCA has completed 35 site visits assessing 59 cemeteries as part of this initiative. Approximately 12 visits per year are scheduled as part of this continuous improvement program.

Major Management Challenges

There are no major management challenges that will affect the achievement of this goal.

Initiatives

NCA is working with VA's Office of the General Counsel (OGC) and outside patent counsel to obtain patents for NCA "technology." VA has applied for patents for NCA's combined mower/trimmer invention and for the swiveling hearse carrier. NCA is also working with OGC to develop a licensing strategy for the potential transfer of technologies to private sector entities.

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National Cemetery Administration Operations and Maintenance

Appropriation Language

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; [and] hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the Department, [$195,000,000] $180,959,000, of which not to exceed [$20,000,000] $9,048,000 shall be available until September 30, [2009] 2010.

Explanation of Language Change

NCA intends to establish a non-recurring maintenance (NRM) program focusing on the correction of deficiencies cited in the Facility Condition Assessments and Five Year Plan. Specific appropriation language is needed in this account to allow for such activities.

Appropriation Highlights
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate 1/	2009 Estimate	Increase(+) Decrease(-)
Average employment	1,541	1,582	1,552	1,603	+51
Funding:					
Field Activities:					
Cemeterial programs.....	$126,765	$133,386	$162,144	$146,391	-$15,753
Memorial programs.....	5,228	5,157	5,431	5,586	+155
Operations Support Center ...	4,637	3,240	2,416	2,521	+105
Headquarters:					
Central Office	19,649	17,594	18,401	19,244	+843
Memorial Service Networks	6,868	7,589	7,155	7,374	+219
Total obligations.....	**$163,147**	**$166,966**	**$195,547**	**$181,116**	**-$14,431**
Reimbursements (-)	-88	-135	-135	-135	0
Unob. Bal. Trans. to Unexpired Acct. (-)	-1,760	0	-810	0	+810
Available Balance BOY (-)	-2,620	-221	-722	0	+722
Available Balance EOY	+722	+221	0	0	0
Recycling Revenue (-).....	-2	-22	-22	-22	0
Balance Expiring.....	+832	0	0	0	0
Budget authority	**$160,231**	**$166,809**	**$193,858**	**$180,959**	**-$12,899**
Transfer to GOE.....	+516	0	+1,142	0	-1,142
Appropriation.....	**$160,747**	**$166,809**	**$195,000**	**$180,959**	**-$14,041**

1/ The 2008 current estimate reflects the transfer of 7 FTE to the Department's new Office of Construction and Facilities Management.

Program Activities and Administration

The Operations and Maintenance appropriation funds the operation of 125 existing national cemeteries, and 33 other cemeterial installations. It also funds the opening and activation of six new national cemeteries, as well as the maintenance of all national cemeteries and installations as national shrines. It also directly funds the costs of administering four related programs: the State Cemetery Grants program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, and Outer Burial Receptacle (OBR) reimbursements. The costs of producing and mailing PMCs are also funded from this appropriation. The grant awards to the states are funded from a separate appropriation. The purchase and transportation costs of the headstones and markers 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

The immediate, day-to-day accomplishment of the Cemeterial, Headstone and Marker, and Presidential Memorial Certificate programs is carried out by field activities. The field activities also provide centralized contracting and finance support. Field activities are functionally and organizationally grouped into cemeterial programs, memorial programs, and the Operations Support Center. Critical Information Technology (IT) and operational support to the field is provided by the VA Office of Information and Technology.

Cemeterial Programs

In 2009, cemeterial activities will encompass 131 national cemeteries, including the activation of six new national cemeteries, and 33 soldiers' lots, plots, and monument sites. These activities can be grouped into two main functional categories:

- Administrative and clerical support functions include the following:
    - Managing cemeterial 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, as well as an Applicant Assistance Unit. 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; and

- Administering the Presidential Memorial Certificate Program, by providing certificates to families of deceased veterans, recognizing the veteran's contribution and service to the Nation.

Operations Support Center

The Operations Support Center encompasses the Systems Integration Center and the Business Office. These organizations perform the following functions:

- The Systems Integration 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 Systems Integration Center is provided by the VA Information Technology (IT) appropriation.

- The Business Office consists of the Logistics Management Service and the Finance Division. Currently, the Finance Division 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.

The greatest portion of contracting and procurement services, as well as direct finance and accounting support, however, are provided to the national cemeteries by the nearest VA medical facility, or in a few cases by a regional office.

In 2009, NCA will continue the implementation of a phased approach to assuming responsibility for all contracting, procurement, and finance and accounting support for all VA national cemeteries. This management improvement will increase the efficiency and accountability of these services for NCA programs.

Headquarters Activities

Headquarters functions are performed by a central office staff and by 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 State 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 the development and construction of new national cemeteries, and also the development and construction projects for expansion and improvements to currently existing cemeteries;
- Preparing, coordinating, reviewing, and controlling engineering studies and projects;
- Administering the State Cemetery Grants Program, as well as fostering state 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 the budget formulation and execution processes 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 cemeterial 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. These 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 $180,959,000 in budget authority and 1,603 FTE for Operations and Maintenance in 2009.

Workloads continue to grow at existing cemeteries, and $5,539,000 is requested to fund an additional 8 FTE, contract maintenance personnel and operating supplies. This funding is essential to maintain existing service levels, which is NCA's highest priority. In addition to these requirements, costs for pay raise and benefits, current staffing, and for general non-payroll inflation will be funded by the 2009 budget request.

In 2009, additional funding of $5,000,000 and 43 FTE is required to continue daily operations, as well as interment activities, of the six new national cemeteries in the following areas: Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota County, Florida; and Southeastern Pennsylvania. Establishment of these six new national cemeteries is directed by the National Cemetery Expansion Act of 2003, Public Law 108-109.

A total of $2,000,000 is requested to establish a non-recurring maintenance (NRM) program focusing on the correction of deficiencies cited in the Facility Condition Assessments and Five Year Plan. This program is consistent with the approach already undertaken by VHA. At present, NCA funds NRM projects through the minor construction account (i.e., mini/minor projects). Examples of these projects include the replacement of roofs, flagpoles and HVAC systems.

This budget contains a net increase of $181,000 for payments to the Office of Resolution Management and the Veterans Benefits Administration. Also an additional $140,000 is requested to reimburse the Defense Finance and Accounting Service for support provided to the National Cemetery Administration.

Analysis of Increases and Decreases – Obligations (dollars in thousands)		
	2008 Estimate	2009 Estimate
Prior year obligations	**$163,147**	**$195,547**
Interment workload increases at existing cemeteries	+883	+611
Maintenance workload increases at existing cemeteries	+612	+60
January pay raises	+3,534	+2,708
Changes in benefits	+1,248	+663
Inflation	+991	+1,497
Reimbursements to other VA offices	0	+181
DFAS services	0	+140
New cemetery activations and operations	+2,347	+5,000
Gravesite Renovation Projects	+28,191	-28,191
Transfer, IT Adjustment	-3,364	+900
Transfer, Facilities Management Adjustment	-626	0
Non recurring maintenance program	0	+2,000
Other adjustments	-1,416	0
Total obligations	**$195,547**	**$181,116**

Changes from Original 2008 President's Budget Request (dollars in thousands)			
	2008		
	Budget Estimate	Current Estimate 1/	Increase(+) Decrease(-)
Average employment	1,582	1,552	-30
Funding:			
Personal services	$107,684	$107,494	-$190
Travel	2,846	2,846	0
Transportation of things	1,369	1,369	0
Rents, communications, and utilities	5,956	5,956	0
Printing and reproduction	682	682	0
Other services	34,290	63,061	+28,771
Supplies and materials	7,820	7,820	0
Equipment	6,319	6,319	0
Total obligations	**$166,966**	**$195,547**	**+$28,581**
Reimbursements (-)	-135	-135	0
Recycling Revenue (-)	-22	-22	0
Unob. Bal. Trans. to Unexpired Acct.	0	-810	-810
Available Balance BOY	-221	-722	-501
Available Balance EOY	+221	0	-221
Budget Authority	**$166,809**	**$193,858**	**+$27,049**
Transfer to GOE	0	+1,142	+1,142
Appropriation	**$166,809**	**$195,000**	**+$28,191**

1/ The 2008 current estimate reflects the transfer of 7 FTE to the Department's new Office of Construction and Facilities Management.

The 2008 current estimate for personal services reflects a $190,000 net decrease in obligations. This is the result of an approved transfer of $1,142,000 ($1,090,000 in payroll) to the Department's Office of Construction and Facilities Management, offset by an adjustment of $900,000 in the enacted 2008 appropriations for the recent reorganization of information technology programs.

The FY 2008 Omnibus Appropriations bill appropriates $28,191,000 more than the President's budget request. This increase in Other services will be used to address gravesite renovation projects as part of our commitment to elevate our cemeteries to national shrine status. This increase will allow us to renovate turf and raise, realign, and clean headstones and to make progress towards meeting our strategic performance targets on the condition of gravesites.

Summary of Employment and Obligations
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate 1/	2009 Estimate	Increase(+) Decrease(-)
Average employment	1,541	1,582	1,552	1,603	+51
Obligations:					
Personal services	$104,853	$107,684	$107,494	$114,305	+$6,811
Travel	2,778	2,846	2,846	3,040	+194
Transportation of things...	1,276	1,369	1,369	1,452	+83
Rent, communications, and utilities.....	6,259	5,956	5,956	6,510	+554
Printing and reproduction	603	682	682	759	+77
Other services	33,875	34,290	63,061	39,553	-23,508
Supplies and materials	8,104	7,820	7,820	8,278	+458
Equipment.....	5,399	6,319	6,319	7,219	+900
Total obligations.....	**$163,147**	**$166,966**	**$195,547**	**$181,116**	**-$14,431**

1/ The 2008 current estimate reflects the transfer of 7 FTE to the Department's new Office of Construction and Facilities Management.

2008 Average Salary Methodology	
2007 average salary (260 days)	**$49,679**
Annualization of 2007 pay raise (0.550 percent)	+273
2008 3.5% pay raise (2.625 percent annualized impact)	+1,304
Increase of two days (0.769 percent)	+382
Change in staff composition	-1,393
2008 average salary (262 days)	**$50,245**
Regular benefits percentage	29.35%
2008 average salary with benefits	**$64,992**

The 2008 average salary reflects a net increase of 1.1 percent above the $49,679 average salary for 2007. This includes annualization of the 2007 pay raise of 2.2 percent in January 2007, the January 2008 pay raise of 3.5 percent, an increase of two paid days and a change in staff composition. This change reflects the transfer of 7 FTE to VA's new Office of Construction and Facilities Management.

2009 Average Salary Methodology	
2008 average salary (262 days)	**$50,245**
Annualization of 2008 pay raise (0.875 percent)	+440
2009 2.9% pay raise (2.175 percent annualized impact)	+1,093
Decrease of one day (0.382 percent)	-192
Change in staff composition	-22
2009 average salary (261 days)	**$51,564**
Regular benefits percentage	30.20%
2009 average salary with benefits	**$67,136**

The 2009 average salary reflects a net 2.6 percent increase over the $50,245 average salary for 2008. This includes annualization of the 2008 pay raise of 3.5 percent, the projected January 2009 pay raise of 2.9 percent, a decrease of one paid day, and a change in staff composition.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Average employment				
Field activities:				
Cemeterial programs	1,271	1,314	1,365	+51
Memorial programs	53	53	53	0
Operations Support Center:				
Systems Integration Center	20	0	0	0
Business Office	33	33	33	0
Headquarters:				
Central Office.....	115	103	103	0
Memorial Service Networks	49	49	49	0
Total FTE	**1,541**	**1,552**	**1,603**	**+51**
Wage grade employment	901	919	943	+24
GS employment	640	633	660	+27
Personal services	**$104,853**	**$107,494**	**$114,305**	**+$6,811**

The 2009 request for personal services reflects the annualization of the 3.5 percent 2008 pay raise, a projected 2.9 percent pay raise in January 2009, associated benefits costs, and funding for additional FTE.

The request includes 8 FTE to address the increase in interment workload at existing cemeteries in 2009.

The budget requests 43 FTE to sustain progression of cemeterial operations at the six new national cemeteries in the areas of Bakersfield, California; Birmingham, Alabama; Columbia/Greenville, South Carolina; Jacksonville, Florida; Sarasota County, Florida; and Southeastern Pennsylvania.

Detail of Budget Estimates (cont'd) (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Travel:				
Employee travel.....	$2,234	$2,340	$2,463	+$123
GSA vehicle rental	544	506	577	+71
Total	**$2,778**	**$2,846**	**$3,040**	**+$194**

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 in regard to maintenance and construction projects, inspections and other official travel required in administering the State Cemetery Grants Program, and local travel. In 2009, cemeterial activities will encompass 131 national cemeteries, including the activation of six new national cemeteries, and 33 soldiers' lots, plots, and monument sites throughout the United States.

Costs for travel associated with the staffing of six new national cemeteries that NCA is establishing are included in this request.

	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Transportation of things	**$1,276**	**$1,369**	**$1,452**	**+$83**

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)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Rents, communications, and utilities:				
Equipment rental	$354	$340	$431	+$91
SLUC	1,336	1,350	1,458	+108
Other leased space	464	487	511	+24
Utility and other charges	4,105	3,779	4,110	+331
Total	**$6,259**	**$5,956**	**$6,510**	**+$554**

Rental costs include rental of equipment at national cemeteries; payment of standard level user charges (SLUC) to GSA; and other leases for space occupied by the staffs of Central Office and Memorial Programs Service. Utility costs include electricity, water, and gas, which are required for the operation and maintenance of the national cemeteries. The 2009 request contains funding for utility costs resulting from the opening and activation of six new national cemeteries.

Detail of Budget Estimates (cont'd) (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Printing and reproduction	**$603**	**$682**	**$759**	**+$77**

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.

Other services:				
Maintenance of other equipment	$280	$195	$261	+$66
Maintenance and repair projects (recurring)	21,158	43,104	15,813	-27,291
Franchise Fund	586	714	798	+84
Operational and other services .	11,851	19,048	20,681	+1,633
Non-Recurring Maintenance (NRM)	0	0	2,000	+2,000
Total	**$33,875**	**$63,061**	**$39,553**	**-$23,508**

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 involve over 800 buildings and structures, and over 16 thousand acres of land contained within 158 cemeterial installations. These projects include 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. Operational and other services also include payments to support

activities performed by other VA Departmental staff offices for centralized programs within the department. Operational and other services costs associated with the opening and activation of the six new national cemeteries are included in this request. The request includes funding for costs associated with payroll processing by the Defense Finance and Accounting Service.

The request for non-recurring maintenance will establish a program focusing on the correction of deficiencies cited in the Facility Condition Assessments and Five Year Plan. Examples of these projects include the replacement of roofs, flagpoles and HVAC systems.

Detail of Budget Estimates (cont'd)
(dollars in thousands)

	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Supplies and materials:				
Office supplies	$557	$538	$730	+$192
Fuel and petroleum	1,136	1,096	1,221	+125
Operating supplies	2,925	2,823	2,887	+64
Grounds maintenance supplies	2,952	2,848	2,913	+65
Miscellaneous supplies	534	515	527	+12
Total.....	**$8,104**	**$7,820**	**$8,278**	**+$458**

Fuel and petroleum products are used in motor vehicles and cemetery maintenance equipment. Operating, grounds maintenance, and miscellaneous supplies include fertilizer, grass seed, humus, salt hay, top soil, weed killers, lime, mulches, insecticides, fungicides, rodenticides, paint and brushes, tires, tubes, batteries, cement, sand, shovels, spades, picks, employee uniforms and protective clothing, and office furniture and fixtures.

Included in this request is funding for supplies and materials associated with the opening and activation of the six new national cemeteries.

Detail of Budget Estimates (cont'd) (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Equipment:				
Cemetery maintenance and interment equipment	$4,733	$5,751	$6,651	+$900
Sedans for cemeterial operations	18	18	18	0
Office and other equipment	637	550	550	0
Total, equipment	**$5,388**	**$6,319**	**$7,219**	**+$900**
Equipment replacement	$3,786	$4,440	$5,073	+$633
Additional equipment	1,602	1,879	2,146	+267
Total, equipment	**$5,388**	**$6,319**	**$7,219**	**+$900**

Cemetery maintenance and interment equipment includes grave excavating and grounds maintenance equipment such as backhoes, casket lowering devices, air compressors, pneumatic hammers, power mowers, trimmers, pickup trucks, dump trucks, stake trucks, and tractors. Office and other equipment include facsimile machines, copiers, and similar equipment.

Included in this request are funds to purchase equipment required to open and activate the six new national cemeteries, mandated by the National Cemetery Expansion Act of 2003, Public Law 108-109.

Location and Status of National Cemetery Gravesites
September 30, 2007

National Cemetery	FY 2007 Interments	Cumulative Occupied Gravesites	Gravesites (Full Casket) Available[1.]	Gravesites (Full Casket) Undeveloped Potential	Cemetery Status[2.]	Projected Depletion Date Full Casket Gravesites	Projected Depletion Date Cremation Gravesites
Abraham Lincoln, IL	2,404	14,647	5,639	329,350	Open	2030+	2030+
Alexandria, LA	41	7,799	27	0	Cremation Only	(1995)	2008
Alexandria, VA	2	4,091	13	0	Cremation Only	(1967)	2030+
Alton, IL	1	519	6	0	Cremation Only	(1961)	2030+
Annapolis, MD	0	2,945	0	0	Closed	(1961)	(2001)
Balls Bluff, VA	0	25	0	0	Closed	(1889)	(1889)
Baltimore, MD	193	36,698	0	0	Cremation Only	(1970)	2008
Barrancas, FL	1,207	29,676	589	23,530	Open	2030+	2030+
Bath, NY	281	13,104	1,489	0	Open	2018	2018
Baton Rouge, LA	5	5,120	0	0	Cremation Only	(1960)	2030+
Bay Pines, FL	1,113	21,970	4	0	Cremation Only	(1987)	2026
Beaufort, SC	420	17,449	523	5,220	Open	2030+	2030+
Beverly, NJ	185	41,549	0	0	Closed	(1966)	(2003)
Biloxi, MS	646	15,040	4,104	0	Open	2018	2018
Black Hills, SD	689	16,165	1,781	7,020	Open	2030+	2030+
Calverton, NY	6,656	171,879	23,343	246,630	Open	2030+	2030+
Camp Butler, IL	641	16,945	5,427	0	Open	2030+	2018
Camp Nelson, KY	399	11,483	2,449	0	Open	2030+	2030+
Cave Hill, KY	3	5,863	0	0	Closed	(1939)	(1998)
Chattanooga, TN	1,018	38,786	6,589	0	Open	2019	2019
City Point, VA	8	5,545	0	0	Closed	(1971)	(1994)
Cold Harbor, VA	1	979	0	0	Closed	(1970)	(1997)
Corinth, MS	49	7,012	8,743	0	Open	2030+	2030+
Crown Hill, IN	0	795	0	0	Closed	(1959)	(1959)
Culpeper, VA	231	8,695	4,001	0	Open	2030+	2030+

Location and Status of National Cemetery Gravesites
September 30, 2007

National Cemetery	FY 2007 Interments	Cumulative Occupied Gravesites	Gravesites (Full Casket)		Cemetery Status	Projected Depletion Date	
			Available	Undeveloped Potential		Full Casket Gravesites	Cremation Gravesites
Cypress Hills, NY	4	18,588	0	0	Closed	(1954)	(2003)
Dallas - Ft. Worth, TX	3,093	17,897	3,210	292,180	Open	2030+	2030+
Danville, IL	170	9,714	2,652	16,470	Open	2030+	2030+
Danville, KY	0	394	0	0	Closed	(1952)	(1990)
Danville, VA	0	2,166	0	0	Cremation Only	(1970)	2030+
Dayton, OH	867	40,596	3,916	9,560	Open	2030+	2017
Eagle Point, OR	716	11,502	688	10,640	Open	2030+	2030+
Fayetteville, AR	256	6,439	744	0	Open	2015	2030+
Finn's Point, NJ	66	2,953	0	0	Cremation Only	(1963)	2008
Florence, SC	307	8,601	461	5,500	Open	2030+	2030+
Florida	7,076	77,319	3,277	33,130	Open	2030+	2030+
Ft. Bayard, NM	114	3,504	494	0	Open	2017	2017
Ft. Bliss, TX	1,242	36,040	470	8,500	Open	2026	2030+
Ft. Custer, MI	1,065	19,883	3,988	140,000	Open	2030+	2030+
Ft. Gibson, OK	552	16,223	742	9,000	Open	2030+	2030+
Ft. Harrison, VA	5	1,123	0	0	Closed	(1967)	(2005)
Ft. Leavenworth, KS	126	19,466	0	0	Cremation Only	(1982)	2008
Ft. Logan, CO	3,512	73,255	1,391	16,995	Open	2020	2020
Ft. Lyon, CO	37	1,920	270	23,180	Open	2030+	2030+
Ft. Mcpherson, NE	259	7,087	4,247	0	Open	2030+	2030+
Ft. Meade, SD	0	188	0	0	Closed	(1948)	(1948)
Ft. Mitchell, AL	441	5,584	540	128,700	Open	2030+	2030+
Ft. Richardson, AK	214	4,157	2,027	9,000	Open	2030+	2030+
Ft. Rosecrans, CA	2,552	75,361	6	0	Cremation Only	(1966)	2010
Ft. Sam Houston, TX	3,565	93,335	5,344	65,220	Open	2030+	2030+

Location and Status of National Cemetery Gravesites
September 30, 2007

National Cemetery	FY 2007 Interments	Cumulative Occupied Gravesites	Gravesites (Full Casket)		Cemetery Status	Projected Depletion Date	
			Available	Undeveloped Potential		Full Casket Gravesites	Cremation Gravesites
Ft. Scott, KS	142	4,963	3,061	0	Open	2030+	2030+
Ft. Sill, OK	333	1,502	13,488	0	Open	2030+	2016
Ft. Smith, AR	338	11,172	882	47,850	Open	2012	2030+
Ft. Snelling, MN	4,569	145,575	12,760	106,000	Open	2030+	2030+
G.B.H. Solomon Saratoga, NY	932	6,016	2,586	218,000	Open	2030+	2030+
Georgia, GA	821	1,204	27,180	47,750	Open	2030+	2030+
Glendale, VA	1	1,304	0	0	Closed	(1970)	(2005)
Golden Gate, CA	518	112,514	158	0	Closed	(1967)	(1998)
Grafton, WV	2	2,107	6	0	Closed	(1961)	(1961)
Great Lakes, MI	1,743	3,196	1,576	303,360	Open	2030+	2030+
Hampton (VAMC), VA	0	22	0	0	Closed	(1899)	(2000)
Hampton, VA	69	25,830	48	0	Closed	(1993)	(1993)
Hot Springs, SD	0	1,480	1	0	Closed	(1964)	(1964)
Houston, TX	2,705	55,027	7,886	114,500	Open	2030+	2030+
Indiantown Gap, PA	1,898	25,614	4,750	258,200	Open	2030+	2030+
Jefferson Barracks, MO	4,421	131,910	19,449	0	Open	2017	2017
Jefferson City, MO	3	1,652	4	0	Closed	(1969)	(1996)
Keokuk, IA	113	4,005	1,520	3,400	Open	2030+	2030+
Kerrville, TX	0	462	0	0	Closed	(1957)	na
Knoxville, TN	21	8,241	1	0	Cremation Only	(1990)	2030+
Leavenworth, KS	860	29,334	3,564	0	Open	2018	2020
Lebanon, KY	167	4,533	3,838	2,550	Open	2030+	2030+
Lexington, KY	0	1,389	0	0	Closed	(1939)	(1988)
Little Rock, AR	109	22,203	9	0	Closed	(2001)	(2001)
Long Island, NY	1,952	243,451	0	0	Cremation Only	(1978)	2030+

Location and Status of National Cemetery Gravesites
September 30, 2007

National Cemetery	FY 2007 Interments	Cumulative Occupied Gravesites	Gravesites (Full Casket)		Cemetery Status	Projected Depletion Date	
			Available	Undeveloped Potential		Full Casket Gravesites	Cremation Gravesites
Los Angeles, CA	160	76,049	0	0	Closed	(1976)	(1997)
Loudon Park, MD	0	6,497	0	0	Closed	(1970)	(1994)
Marietta, GA	26	17,076	15	0	Closed	(1970)	(1997)
Marion, IN	239	8,315	1,306	4,050	Open	2030+	2030+
Massachusetts	2,254	37,245	4,030	127,330	Open	2030+	2030+
Memphis, TN	153	36,332	11	0	Cremation Only	(1992)	2030+
Mill Springs, KY	91	2,774	1,250	0	Open	2030+	2030+
Mobile, AL	6	3,830	1	0	Closed	(1963)	(2004)
Mound City, IL	50	7,690	146	1,790	Open	2030+	2025
Mountain Home, TN	362	11,657	2,603	27,900	Open	2030+	2030+
Nashville, TN	152	31,579	6	0	Cremation Only	(1993)	2021
Natchez, MS	102	6,628	1,590	0	Open	2029	2030+
NCOTA, PA	648	1,247	2,431	161,530	Open	2030+	2030+
New Albany, IN	61	6,471	4	0	Cremation Only	(1991)	(2009)
New Bern, NC	28	6,735	0	0	Closed	(1992)	(1995)
NMC of Arizona	2,888	42,297	4,833	0	Open	2030+	2018
NMCP, HI	980	41,145	5	58,580	Cremation Only	(1991)	2030+
Ohio Western Reserve, OH	1,760	9,173	11,678	41,150	Open	2030+	2030+
Philadelphia, PA	3	11,044	0	0	Closed	(1962)	2006
Port Hudson, LA	363	11,289	626	0	Open	2010	2020
Prescott, AZ	324	3,256	0	0	Cremation Only	(1974)	2030+
Puerto Rico	1,547	38,203	679	6,300	Open	2020	2020
Quantico, VA	1,216	19,919	5,144	338,640	Open	2030+	2030+
Quincy, IL	1	563	0	0	Closed	(1994)	(2000)
Raleigh, NC	31	5,245	0	0	Closed	(1990)	(1998)

Location and Status of National Cemetery Gravesites
September 30, 2007

National Cemetery	FY 2007 Interments	Cumulative Occupied Gravesites	Gravesites (Full Casket)		Cemetery Status	Projected Depletion Date	
			Available	Undeveloped Potential		Full Casket Gravesites	Cremation Gravesites
Richmond, VA	6	7,419	0	0	Closed	(1963)	(2005)
Riverside, CA	8,257	150,680	33,739	353,900	Open	2030+	2030+
Rock Island, IL	621	21,379	1,940	13,840	Open	2030+	2030+
Roseburg, OR	202	3,300	4	0	Cremation Only	(1981)	2016
Sacramento Valley VA, CA	1,721	1,616	4,053	307,810	Open	2030+	2030+
Salisbury, NC	492	20,646	4,054	0	Open	2030+	2030+
San Antonio, TX	0	3,010	0	0	Cremation Only	(1961)	(1992)
San Francisco, CA	65	26,467	29	84,400	Closed	(1962)	2030+
San Joaquin Valley, CA	1,519	25,468	2,723	0	Open	2030+	2018
Santa Fe, NM	1,634	34,618	7,018	0	Open	2018	(2001)
Seven Pines, VA	2	1,138	0	310	Closed	(1964)	2023
Sitka, AK	13	970	0	144,460	Open	2030+	2030+
South Florida VA	1,353	1,290	1,326	0	Open	2030+	2030+
Springfield, MO	140	11,453	46	0	Cremation Only	(1995)	(1997)
St. Augustine, FL	5	1,232	1	7,870	Closed	(1949)	2030+
Staunton, VA	2	849	0	0	Closed	(1983)	(2001)
Tahoma, WA	2,563	17,719	5,976	48,150	Open	2030+	2030+
Togus, ME	0	5,371	0	0	Closed	(1961)	(1961)
West Virginia	250	2,997	4,577	5,070	Open	2030+	2030+
Willamette, OR	3,364	106,925	2,156	2,000	Open	2030+	2019
Wilmington, NC	23	5,135	0	0	Closed	(1987)	(1995)
Winchester, VA	5	5,172	12	0	Closed	(1969)	(2001)
Wood, WI	173	33,813	0	0	Closed	(1997)	(2001)
Woodlawn, NY	120	8,098	10	0	Cremation Only	(2003)	2030+
Zachary Taylor, KY	60	11,172	11	0	Closed	(1989)	(1995)
Systemwide Totals	**100,184**	**2,842,976**	**305,994**	**4,216,515**			

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.

Objective 3.4 is to ensure that the burial needs of veterans and eligible family members are met. Achievement of this objective is measured by two key performance measures which are impacted by NCA's construction program. The first of these measures is the percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence. The second measure is the percent of respondents who rate the quality of service provided by the national cemeteries as excellent.

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. Construction of committal shelters, public restrooms, and public information centers improves service to veterans and their families.

Objective 4.5 is to ensure that national cemeteries are maintained as shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made. Achievement of this objective is measured by one key performance measure which is impacted by NCA's construction program. That 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.

Major Construction Funding for NCA Programs

(dollars in thousands)

Construction	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request
New Cemeteries:				
Bakersfield, CA Area - Phase 1 Development	0	19,500	19,500	0
Birmingham, AL Area - Phase 1 Development	0	18,500	18,500	0
Columbia/Greenville, SC Area - Phase 1 Development	0	19,200	19,200	0
Jacksonville, FL Area - Phase 1 Development	0	22,400	22,400	0
Sarasota, FL Area - Phase 1 Development	0	27,800	27,800	0
Southeastern Pennsylvania Area – Phase 1 Development	0	29,600	29,600	0
Cemetery Expansion and Improvement:				
Calverton, NY – Gravesite Expansion	0	0	0	29,000
Fort Sam Houston, TX - Gravesite Development	0	29,400	29,400	0
Gerald B.H. Solomon-Saratoga, NY - Phase 2 Gravesite Expansion	7,600	0	0	0
Dallas/Fort Worth, TX - Phase 2 Gravesite Expansion	13,000	0	0	0
Great Lakes, MI - Phase 1B Development	16,900	0	0	0
Massachusetts, MA – Phase 3 Gravesite Expansion	0	0	0	20,500
Puerto Rico, PR – Gravesite Expansion	0	0	0	33,900
Subtotal, Construction	**$37,500**	**$166,400**	**$166,400**	**$83,400**
Design Fund				
Various Locations	**$2,300**	**$0**	**$0**	**$0**
Advance Planning Fund				
Various Locations	**$13,600**	**$1,000**	**$1,000**	**$6,000**
Construction Initiatives				
Land Acquisition	0	0	0	$5,000
Energy Initiatives	0	0	0	$10,600
	0	**0**	**0**	**$15,600**
Total, Major Projects	**$53,400**	**$167,400**	**$167,400**	**105,000**
Jefferson Barracks Rightsizing (CARES) (non-add)*	***$7,000***	***$0***	***$0***	***$5,000***

Funding excludes the cost of pre-placed crypts, which are funded by the Compensation and Pensions appropriation.

* The project is included in the Veterans Health Administration list of major construction projects.

Major Construction Projects

This section provides brief summaries of NCA projects requested for funding in 2009. Funding is requested for the expansion of Calverton, Massachusetts, and Puerto Rico National Cemeteries, Advance Planning Fund, and Land Acquisition.

Calverton, NY - Gravesite Expansion and Cemetery Improvements

The project will develop approximately 30,000 full casketed gravesites, including up to 17,000 with pre-placed crypts, up to 3,000 columbarium niches, and 500 sites for the in-ground interment of cremated remains. Also included will be infrastructure repairs and upgrades as identified in the Study on Improvements to Veterans Cemeteries. In addition to the gravesite development, the project will include renovation and expansion of the administration and maintenance buildings; extension of the irrigation system into the newly developed areas and repairs or renovations of the infrastructure; global positioning system site integration; wetland preservation and mitigation; landscaping; energy (LEEDS) improvements; and extension of access roads and utilities into new burial sections.

Massachusetts, MA – Phase 3 Gravesite Expansion and Cemetery Improvements

The project will develop approximately 8,000 full casketed gravesites, including up to 7,500 with pre-placed crypts, up to 3,800 columbarium niches, and up to 1,000 sites for the in-ground interment of cremated remains. Also included will be infrastructure repairs and upgrades as identified in the Study on Improvements to Veterans Cemeteries. In addition to the gravesite development, the project will include a new administration building with public information center and electronic gravesite locator; new maintenance building; demolition of the existing administration and maintenance buildings; repairs, renovation and improvements to the supporting infrastructure; energy (LEED) improvements; global positioning system site integration; wetland preservation and mitigation; and access roads.

Puerto Rico - Gravesite Expansion and Cemetery Improvements

The project will develop approximately 8,000 full casketed gravesites, including up to 8,000 with pre-placed crypts, and up to 3,000 columbarium niches. Also included will be infrastructure repairs and upgrades as identified in the Study on Improvements to Veterans Cemeteries. In addition to the gravesite

development, the project will include renovation or replacement of the administration building and other buildings, and public parking; repairs to the entrance area and gate; renovation of committal shelters and the flag assembly area; repairs to the infrastructure systems; landscaping improvements; energy (LEEDS) improvements to buildings; global positioning system site integration; and environmental preservation and mitigation.

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.

Construction Initiatives

Land Acquisition

The FY 2009 budget request includes $5 million for a new land acquisition line item in the Major Construction account. This line item 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.

This line item will allow NCA to achieve and maintain its strategic target of serving 90% of veterans with a burial option within 75 miles of their homes.

Land to be purchased from the Land Acquisition Line Item must be (1) contiguous to an existing National Cemetery, (2) within an existing 75-mile service area or (3) in a location that will serve the same veteran population center. The land must be suitable for burials.

NCA will evaluate and prioritize decisions regarding land purchases based on the following factors. These criteria will be used to assess possible land acquisition opportunities as well as provide justification for not acquiring land that does not meet service needs.

- Date of first interment depletion of an existing National Cemetery
- Annual interment rate
  a. casket
  b. ground cremation
  c. columbarium

- Projected interment rate until depletion
  a. casket
  b. ground cremation
  c. columbarium
- Veteran population served in the entire 75-mile service area
  a. current
  b. projected – depletion and beyond
- Name, location and remaining capacity of nearest available burial option
- Proximity of new land to veteran population center and/or existing cemetery.

NCA currently has the legal authority to acquire land for establishing new national cemeteries and to expand existing cemeteries. Any purchase of land through the line item must be approved by the Secretary of VA.

Energy Initiatives

The FY 2009 budget request includes $10.6 million to add funding to each major project in the 2006, 2007, and 2008 construction budgets to implement energy requirements for the: Energy Policy Act (EPAct – 2005) and Executive Order 13423 - Strengthening Federal Environmental, Energy, Transportation Management, and VA's Green Building Action Plan.

Minor Construction Projects

Minor Construction Funding for NCA Programs
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate
Annual appropriations bill…….	$25,000	$24,400	$75,000	$25,000
Total, Minor Projects……	**$25,000**	**$24,400**	**$75,000**	**$25,000**

NCA's 2009 Minor Construction request provides for gravesite expansion and columbaria projects to keep existing national cemeteries open. The minor request will also address infrastructure deficiencies and other requirements necessary to support National Cemetery operations including repair projects identified in the Facility Condition Assessment report of the Millennium Act study on improvements to veterans cemeteries. Projects for irrigation improvements, renovation and repair of buildings, and roadway repairs and

drainage improvements are critical to serving veterans and ensuring that the cemeteries are maintained as national shrines. Projects will also address administrative and management functions that support cemetery operations.

In addition, these funds are used for any of the 125 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 State Veterans Cemeteries

Appropriation Language

For grants to aid States in establishing, expanding, or improving State veterans cemeteries as authorized by section 2408 of title 38, United States Code, [$39,500,000] $32,000,000, to remain available until expended.

Appropriation Highlights
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Obligations……..	$45,888	$32,000	$39,838	$32,000	-$7,838
Unobligated balances:					
Start of year (-)…….	-14,226	$0	-338	0	338
End of year……...	338	$0	0	0	0
Budget authority (appropriation)……	**$32,000**	**$32,000**	**$39,500**	**$32,000**	**-$7,500**

Program Description

Grants are provided to states for the establishment, expansion, improvement or operation of state veteran cemeteries. The state veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting Objective 3.4 of ensuring that the burial needs of veterans and eligible family members are met. In 2007, 23,269 veterans and eligible family members were buried in state veterans cemeteries that have been assisted by the program.

NCA data show 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 or state 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 veterans cemeteries is a means to provide a burial option to those veterans who may not have reasonable access to a national cemetery. States 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 $32,000,000 to fund grants for state veterans cemeteries in 2009. Grants to states play a crucial role in achieving NCA's strategic target of providing 90 percent of veterans with reasonable access to a burial option. States are planning to open 14 new state veterans cemeteries between 2008 and 2013. These new state cemeteries, along with the six new national cemeteries for which construction funds are requested in the Major Construction appropriation, should allow NCA to achieve its strategic target by 2013.

Total Obligations by State From program inception in 1980 through 2007 (dollars in thousands)	
Arizona	$8,003
Arkansas	5,892
California	8,822
Colorado	6,007
Connecticut	682
Delaware	11,017
Georgia	11,723
Guam	5,438
Hawaii	14,997
Idaho	8,238
Illinois	231
Indiana	5,662
Iowa	7,625
Kansas	12,749
Kentucky	21,537
Louisiana	5,621
Maine	8,641
Maryland	10,608
Massachusetts	19,020
Minnesota	3,894
Missouri	16,536
Montana	5,959
Nevada	14,249
New Hampshire	4,327
New Jersey	20,066
North Carolina	2,402
North Dakota	3,111
Pennsylvania	23
Rhode Island	8,880
Saipan, CNMI	1,667
South Carolina	5,184
Tennessee	3,905
Texas	24,857
Utah	868
Vermont	852
Virginia	8,048
Wisconsin	9,360
Wyoming	1,781
Total	**$308,482**

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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)

	2007 Actual	2008 Budget Estimate	2008 Current Services	2009 Estimate	Increase(+) Decrease(-)
Obligations	$0	$53	$75	$100	+$25
Unobligated balances:					
Start of year (-)	-69	-83	-109	-44	+65
End of year	109	+70	44	44	0
Budget Authority (from collections)	$40	$40	$10	$100	+$90
Outlays	$0	$0	$0	$0	$0

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 2009. The fund became operational in March 2005. The fund is used to cover costs incurred by the National Cemetery Administration in the operation and maintenance of its property. The Facilities Operation Fund contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

National Cemetery Gift Fund

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)

	2007 Actual	2008 Budget Estimate	2008 Current Services	2009 Estimate	Increase (+) Decrease(-)
Appropriation (permanent, indefinite)	$128	$120	$180	$180	$0
Obligations	$117	$120	$180	$180	$0
Outlays	$115	$120	$180	$180	$0

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 $180,000 in 2009. 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.

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Benefits

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Compensation & Pensions

Appropriation Language

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the 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,$43,111,681,000, to remain available until expended: Provided, That not to exceed $26,798,000 of the amount appropriated under this heading shall be reimbursed to ``General operating expenses'', ``Medical services'', and "Information technology systems" for necessary expenses in implementing the provisions of chapters 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)

		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Compensation Obligations					
Veterans	$29,091,160	$32,416,448	$32,456,880	$34,689,066	$+2,232,186
Survivors	4,547,883	4,666,027	4,751,938	4,974,508	+222,570
Special Benefits for Children	18,254	18,648	18,706	19,207	+501
Clothing Allowance	58,685	61,157	62,409	66,506	+4,097
Other (REPS, SAFD, EAJA)	10,873	7,514	13,376	16,011	+2,635
Medical Exam Pilot Program	84,972	88,390	88,390	99,000	+10,610
OBRA Payments to VBA	1,395	1,722	834	857	+23
OBRA Payments to ITS	0	0	94	97	+3
Health and Human Services	0	0	0	1,000	+1,000
Total Compensation Obligations:	**$33,813,223**	**$37,259,907**	**$37,392,627**	**$39,866,252**	**$+2,473,625**
Pensions Obligations					
Veterans	$2,834,696	$2,883,173	$2,972,505	$3,053,154	$+80,649
Survivors	828,121	889,971	896,414	952,792	+56,378
Medical Exam Pilot Program	858	1,050	1,050	1,000	-50
OBRA Payment to VBA	14,641	7,860	11,749	8,996	-2,753
OBRA Payment to ITS	0	0	3,900	3,056	-844
OBRA Payment to VHA	11,901	15,450	12,007	13,792	+1,785
Total Pension Obligations:	**$3,690,217**	**$3,797,505**	**$3,897,625**	**$4,032,790**	**$+135,165**
Burial Obligations					
Burial Allowance	$30,066	$36,572	$37,430	$39,107	$+1,677
Burial Plot	15,105	21,482	20,275	20,751	+476
Service Connected Deaths	24,933	30,576	29,465	30,672	+1,207
Burial Flags	19,386	18,879	19,758	20,169	+411
Headstones/Markers/Allowances	41,846	42,500	44,200	44,800	+600
Graveliners/OBR	37,539	28,900	61,300	37,100	-24,200
Total Burial Obligations:	**$168,875**	**$178,910**	**$212,428**	**$192,598**	**$-19,830**
Total C&P Obligations	**$37,672,315**	**$41,236,322**	**$41,502,682**	**$44,091,640**	**$+2,588,958**
Funding:					
Unobligated balances (SOY)	$-296,274	$0	$-1,246,319	$-979,959	$+266,360
Unobligated balances (EOY)	$1,246,319	$0	$979,959	$0	$-979,959
Adjusted Budget Authority (Net)	$38,622,360	$41,236,322	$41,236,322	$43,111,681	$+1,875,359
Appropriation	$38,172,360	$41,236,322	$41,236,322	$43,111,681	$+1,875,359
Transfers from RB	$450,000	$0	$0	$0	$0
Outlays	$34,599,803	$41,045,688	$41,360,190	$43,940,145	$+2,579,955
Distribution of Budget Authority (net):					
Compensation	$34,763,268	$37,259,907	$37,126,268	$38,886,293	$+1,760,025
Pension	$3,690,217	$3,797,505	$3,897,626	$4,032,790	$+135,164
Burial	$168,875	$178,910	$212,428	$192,598	$-19,830
Distribution of Outlays (net):					
Compensation	$31,055,100	$37,079,496	$37,263,586	$39,728,674	$+2,465,088
Pension	$3,375,828	$3,787,283	$3,884,175	$4,018,873	$+134,698
Burial	$168,875	$178,910	$212,428	$192,598	$-19,830

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

Caseload Summary					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	2,789,490	2,879,329	2,899,829	3,014,841	+115,012
Average Payment	$10,429	$11,258	$11,193	$11,506	$+313
Survivors:					
Cases	332,837	340,702	336,824	341,502	+4,678
Average Payment	$13,664	$13,695	$14,108	$14,567	$+459
Other Caseload:					
Special Benefits for Children	1,163	1,207	1,165	1,167	+2
Clothing Allowance	88,744	91,196	92,254	95,913	+3,659
REPS	112	120	95	80	-15
Special Allowance for Dependents	65	75	65	65	0
Equal Access to Justice Act	1,534	803	1,989	2,444	+455
Pensions					
Veterans:					
Cases	325,378	320,378	322,066	318,786	-3,280
Average Payment	$8,712	$8,999	$9,230	$9,577	$+347
Survivors:					
Cases	198,047	192,656	200,317	198,949	-1,368
Average Payment	$4,181	$4,619	$4,475	$4,789	$+314
Burial Caseload					
Burial Allowance	67,219	89,214	82,111	84,038	+1,927
Burial Plot	50,310	71,608	67,583	69,169	+1,586
Service-Connected Deaths	14,200	15,288	14,732	15,336	+604
Burial Flags	500,000	515,579	500,000	500,000	0
Headstones/Markers/Allowances	334,257	353,169	346,315	343,702	-2,613
Graveliners/Outer Burial Receptacles	121,184	97,643	169,341	112,493	-56,848

Summary of Budget Request

Budget authority of $43.1 billion combined with $980 million in unobligated balance for 2009 will fund the Compensation and Pensions appropriation account. The 2009 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. Continued funding is requested for the medical exam pilot program (PL 104-275) and payments for discretionary expenses associated with the Omnibus Budget Reconciliation Act (OBRA). OBRA payments allow the VA to perform program integrity matches that help ensure payments are made to eligible beneficiaries. The 2009 appropriation request is decreased by the $980 million due to the anticipated unobligated balance carried forward from 2008. During the 2008 Mid-session Review, the 2008 estimated unobligated balance carried into 2009 was estimated to be $453 million. Based on 2007 actual data,

including the actual end of year balance carried forward into 2008, the estimated unobligated balance increased by $527 million to the current projection.

In 2009, funding for Compensation is estimated at nearly $39.9 billion, for payments to 3,014,841 veterans, 341,502 survivors, and 1,167 children receiving special benefits. The Pensions program will provide benefits to an estimated 318,786 veterans and 198,949 survivors totaling to over $4.0 billion. Of the total requested, $192.6 million is estimated for 2009 to provide burial benefits on behalf of eligible deceased veterans. This funding will provide 84,038 burial allowances, 69,169 burial plot allowances, 15,336 service-connected death awards, 500,000 burial flags, 343,702 headstones or markers, and 112,493 graveliners or reimbursement for privately purchased outer burial receptacles.

Changes From Original 2008 Budget Estimate

Current estimated obligations for 2008 for the Compensation and Pensions program increase $266.4 million from the original estimate. While the cost of living adjustment increased from the 2008 President's Budget (2.3 percent vs. 1.4 percent), total average payment for the compensation programs decreased due to other factors. The revised estimates for 2008 are based on an analysis of actual compensation and pension cases and average cost observed during 2007. The estimated unobligated balance carried over from 2007 increased to $1.2 billion. While estimated obligations for 2008 have increased, the unobligated balance will provide funding for the change.

Compensation

The Compensation program accounts for $132.7 million of the $266.4 million increase over the original estimate. Driving the increase is the higher estimated cost associated with the average payment for survivors. Average annual benefit

payments have increased $413 from the original estimate ($14,108 vs. $13,695), amounting to a $139.1 million increase from the previous estimate. This increase is offset by a decrease in survivor caseload of 3,878 (336,824 vs. 340,702), decreasing costs $53.1 million. Veteran cases have increased by 20,500 (2,899,829 vs. 2,879,329) increasing obligations by $230.8 million. Based on 2007 actual figures, the average annual payment for veterans is $65 less than previously estimated ($11,193 vs. $11,258), resulting in a $188.5 million decrease in obligations, including the effect of a higher COLA (2.3 percent vs. 1.4 percent). This also includes the increase due to a higher average degree of disability and the associated costs. The overall compensation increase is also due to the enactment of HR 797. Section one of this bill, the "Dr. James Allen Veteran Vision Equity Act," provides an increase in compensation for veterans who currently receive service-connected compensation for vision impairment in one eye and have vision impairment in the non service-connected eye.

Compensation benefits also include Special Benefits for Children, Clothing Allowance, Reinstated Entitlement Program for Survivors, Special Allowance for Dependents, Equal Access to Justice Act (EAJA) payments, Medical Exam Pilot Program, VBA OBRA payments, and ITS OBRA payments. The costs for these benefits increased $6.4 million. This is primarily due to a $5.9 million increase in Equal Access to Justice Act (EAJA), Special Allowance for Dependents (SAFD), and Reinstated Entitlement Program for Survivors (REPS). An additional increase of $1.3 million is due to Clothing Allowance. These increases were offset by a decrease of $794 thousand in OBRA.

Pensions

There is an increase of $100.1 million in obligations for the Pensions program from the 2008 budget estimate. Caseload increases for both veterans (1,688) and survivors (7,661), result in a combined increase of $50.6 million. While the average payment for veterans increased ($9,230 vs. $8,999), survivors' average payment decreased ($4,475 vs. $4,619). The overall impact of the change in average payment results in an increase of $45.6 million in obligations. Other pension obligations include the Medical Exam Pilot Program and OBRA reimbursements to VBA, ITS and VHA. In the 2008 President's Budget, ITS OBRA was not shown separately, but was included with VBA OBRA. The largest change is due to the OBRA payments to ITS of $3.9 million. While VBA OBRA increased by $3.9 million from the 2008 President's Budget, VHA OBRA decreased by $3.4 million.

Burial

The current 2008 Burial benefits budget estimate of $212.4 million is $33.5 million more than the original budget estimate of $178.9 million. This increase in funding is primarily due to an anticipated increase of 79,500 pre-placed crypts. Combining this increase with a lower estimate for graveliners results in a net increase of $32.4

million. Headstones and Markers average payment increased from the original estimate ($128 vs. $120), amounting to a $1.7 million increase from the 2008 budget estimate. Combined increases in average payment in both burial allowance and flags have increased obligations by $1.7 million. Burial plots and service-connected deaths have decreased by $1.2 and $1.1 million respectively, primarily due to anticipated decreases in caseload.

Analysis of Increases and Decreases (dollars in thousands)		
	2008 Estimate	**2009 Estimate**
Prior Year Obligations	$37,672,315	$41,502,682
Compensation		
Veterans Caseload and average payment changes (net)	$+2,692,558	$+1,539,267
Survivor Caseload and average payment changes (net)	+90,503	+103,905
HR 797: Veteran Vision Equity Act	+19,441	+1,183
HR 797: National Directory of New Hires	-	-940
PL 109-361 COLA 3.3%, effective 12/01/06	+168,090	…
PL 110-111 COLA 2.3%, effective 12/01/07	+599,184	+124,107
Proposed COLA 2.5%, effective 12/01/08	…	+687,235
Other Benefits		
Special Benefits for Children	$+452	$+501
Clothing Allowance	+3,724	+4,097
Other (REPS, SAFD, EAJA)	+2,504	+2,635
Medical Exams Pilot Program	+3,417	+10,610
Payments for VBA OBRA	-561	+23
Payments for ITS OBRA	+94	+3
Health and Human Services	-	+1,000
Total Compensation Net Change	**$+3,579,405**	**$+2,473,625**
Pensions		
Caseload and average payment changes (net)	$+115,933	$+42,442
COLAs	+90,170	+94,584
Payments for VBA OBRA	-2,892	-2,753
Payments for ITS OBRA	+3,900	-844
Payments for VHA OBRA	+106	+1,785
Medical Exams Pilot Program	+192	-50
Total Pensions Net Change	**$+207,409**	**$+135,165**
Burial	**$+43,553**	**$-19,830**
Total Net Change	**$+3,830,367**	**$+2,588,958**
Estimated Obligations	**$41,502,682**	**$44,091,640**

Analysis of Increases and Decreases

Compensation

In 2009, Compensation obligations are estimated to surpass the 2008 level by $2.6 billion, from $41.5 billion to $44.1 billion. The 2008 COLA (2.3 percent) and ten months of the anticipated 2009 COLA (2.5 percent) are expected to add $811.3

million to the cost of the program in 2009. These public laws provide 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.

The net effect of projected higher caseloads and changes in average payments will increase costs by $1.6 billion over 2008. The significant changes in average payments and caseloads are primarily the result of both increased workload and increased rating-related claims processing expected in 2009. The expected production will result in a significant number of new beneficiaries as well as payment adjustments for re-evaluated claims as a result of worsening disabilities. We also anticipate a significant increase in the average degree of disability, which impacts dependency payments, eligibility for individual unemployability and the amount of retroactive average payments. The enactment of HR 797 will also result in a net increase of $242 thousand in 2009 when the cost of the Veteran Vision Equity Act is combined with savings from the National Directory of New Hires.

Under the category of Other Benefits, costs are projected to increase by over $18.9 million from 2008 to 2009. This is primarily due to increases in each of the following program areas: Medical Examinations ($10.6 million), Clothing Allowance ($4.1 million), Equal Access to Justice ($2.8 million), Special Benefits for Children ($501 thousand), payments for OBRA ($26 thousand), and Special Allowance for Dependents ($5 thousand). There is also an increase of $1 million due to the provision in HR 797, requiring a reimbursement to Health and Human Services for access to the National Directory of New Hires. These increases are partially offset by the decrease in payments for REPS ($217 thousand).

Pensions

In 2009, Pensions obligations are expected to increase by $135.2 million from the 2008 level. The 2008 2.3 percent COLA and ten months of the proposed 2009 COLA (2.5 percent) are expected to add $94.6 million to the cost of the program in 2009. Obligations are also increased due to higher average payments. Although caseload estimates continue to decrease (517,736 vs. 522,383), the increase in average payment ($7,737 vs. $7,406) causes a greater increase to pension obligations. Caseload declines for veterans by 3,280 cases and for survivors by 1,368 cases, but annual average payment increases by $347 for veterans and $314 for survivors. Additional decreases in pension obligations are due to declining reimbursement costs for OBRA ($1.8 million), and Medical Examinations ($50 thousand).

Burial

In 2009, Burial benefits obligations are projected to decrease by $19.8 million. The decrease of $24.2 million in graveliners and pre-placed crypts is partially offset by the increase in the other burial benefits. An increase in headstones and markers and service-connected deaths, due to the projected increase in veterans' deaths, along with fluctuations in the average price, will increase obligations by $1.8 million. Workload associated with the increase in veterans' deaths and slight changes in average payments for burial allowances will increase the 2008 estimate by $1.7 million. Obligations for burial plots, as well as burial flags, will increase burial benefits costs by $887 thousand, primarily due to an increase in burial plot workload.

Compensation Program Highlights

The 2009 request continues historical trends. In 2009, Compensation benefit obligations are expected to total nearly $39.9 billion and be made to 3,356,343 beneficiaries (3,014,841 veterans and 341,502 survivors). The estimated obligations for 2009 will increase almost $2.5 billion over the 2008 level (from $37.4 billion to $39.9 billion). In 2009, 90 percent of the estimated cases will receive benefits under the veteran's portion of the Compensation program, which accounts for over 87 percent of the program cost. As shown in the graphic below on "Compensation Request by Period of Service", the Vietnam Era accounts for nearly 48 percent of program obligations. This percentage is projected to increase in the outyears.

In 2009, benefits in the Compensation program are estimated to be dispersed to 3,014,841 veterans, 341,502 survivors, and 1,167 children. The 2009 veteran and survivor caseload estimate is distributed among World War I & Prior (649), World War II (364,617), Korean Conflict (193,602), Vietnam Era (1,186,017), Gulf

War (975,564), and Peacetime (635,895) periods of service. The older periods of service 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, a number of retroactive payments, and variable numbers of accessions and terminations. Deviations in these factors alter average payments, therefore increasing program obligations.

Based on historical data, the average degree of disability is forecasted to increase through 2009 and the outyears. The average degree of disability for veterans increased from 38.9 percent in 2006 to 39.6 percent in 2007. 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 2007)												
Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2002	16,337	803,067	386,622	312,354	214,011	128,173	138,029	106,802	67,391	32,793	186,281	34.9%
2003	15,899	789,374	395,571	317,367	227,288	136,181	151,058	123,606	80,326	40,218	201,751	36.2%
2004	15,287	780,818	401,416	320,365	236,116	142,936	160,640	138,167	91,285	46,686	214,939	37.2%
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%

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 beneficiary'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 2007, more than 135,000 veterans received an increase to their disability benefits, as shown on the following chart.

Veterans Compensation 2007 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	**Total**
0%	71	76	45	44	16	29	15	4	2	43	**345**
10%	-	9,294	5,747	4,441	1,576	2,190	969	432	186	1,568	**26,403**
20%	-	-	6,894	7,046	2,149	2,437	1,074	818	268	1,480	**22,166**
30%	-	-	-	6,879	4,864	2,915	2,144	874	260	1,874	**19,810**
40%	-	-	-	-	5,905	6,454	3,127	1,793	539	1,836	**19,654**
50%	-	-	-	-	-	5,171	4,364	1,856	599	2,043	**14,033**
60%	-	-	-	-	-	-	6,256	4,026	1,287	2,578	**14,147**
70%	-	-	-	-	-	-	-	5,096	1,916	2,924	**9,936**
80%	-	-	-	-	-	-	-	-	3,655	2,473	**6,128**
90%	-	-	-	-	-	-	-	-	-	2,824	**2,824**
Total	**71**	**9,370**	**12,686**	**18,410**	**14,510**	**19,196**	**17,949**	**14,899**	**8,712**	**19,643**	**135,446**

As of September 2007, 1.1 million out of 2.8 million veteran cases received additional compensation for dependents, with an average of 1.01 dependents per case. As the average age of veterans from the older war periods increases, the number of dependents decreases. During 2007, Gulf War veterans accounted for the largest number of dependents per case.

Veterans Compensation Average Dependents per case							
	2001	2002	2003	2004	2005	2006	2007
World War I	1.62	1.00	1.33	0.63	0.63	0.62	0.62
World War II	1.02	1.02	1.02	0.63	0.63	0.62	0.62
Korean Conflict	1.05	1.04	1.04	0.69	0.69	0.69	0.68
Vietnam Era	1.40	1.35	1.31	0.86	0.83	0.80	0.78
Gulf War	2.24	2.19	2.19	1.66	1.63	1.59	1.57
Peacetime Service	1.79	1.78	1.75	1.13	1.09	1.04	1.00

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 regardless of their compensable rating. Increases in the IU benefit affect the average payment, resulting in increased program costs. In 2007, there were 237,321 veterans receiving IU, an increase of 8,686 cases over 2006. Although IU caseload continues to increase, the rate at which it increases has declined over the past few years.

Veterans Compensation **Individual Unemployability**							
	2001	2002	2003	2004	2005	2006	2007
Without Dependents	32,304	38,920	47,960	55,492	62,035	64,497	65,808
With Dependents	92,535	106,937	127,575	144,826	159,057	164,138	171,513
Total	**124,839**	**145,857**	**175,535**	**200,318**	**221,092**	**228,635**	**237,321**

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. The increasing number of Special Monthly Compensation payments partially contributes to an increasing trend in average payments.

Veterans Compensation **Special Monthly Compensation**							
	2001	2002	2003	2004	2005	2006	2007
Without Dependents	63,396	68,999	76,543	82,431	89,552	96,345	103,702
With Dependents	83,803	94,274	110,851	125,206	141,161	154,555	172,643
Total	**147,199**	**163,273**	**187,394**	**207,637**	**230,713**	**250,900**	**276,345**

The majority of retroactive payments are one-time payments dispersed 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. During 2007, retroactive payments were 7.4 percent of total disability compensation obligations. The retroactive awards have returned to a more consistent rate since the increases in the percentage of retroactive awards in 2002 and 2003.

Compensation Retroactive Payments (Dollars in millions)							
	2001	2002	2003	2004	2005	2006	2007
Retro Payments	$1,537	$2,498	$2,613	$2,302	$2,184	$2,002	$2,486
Compensation Payments	$20,180	$22,341	$24,686	$26,330	$28,643	$30,833	$33,639
Percent of Retro to Total	7.6%	11.2%	10.6%	8.7%	7.6%	6.5%	7.4%

The Compensation program model considers 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 rolls.

Accessions are derived from the Compensation and Pension Service's workload projections. These projections consider recently enacted legislation, regulation changes, and the "normal" applications of veterans. Estimates of veteran accessions are distributed among the disability ratings using historical trends.

Veterans Compensation Accession Trends							
	2001	2002	2003	2004	2005	2006	2007
0%	345	408	584	412	467	495	496
10%	27,209	30,635	42,313	41,102	44,960	50,850	51,393
20%	19,725	30,038	33,691	28,569	30,465	32,752	33,054
30%	14,459	16,711	22,494	20,543	23,486	24,775	25,705
40%	10,236	13,292	18,018	16,286	18,774	20,324	21,218
50%	7,002	8,349	11,514	10,852	12,617	12,889	14,028
60%	5,452	6,908	10,096	9,251	11,104	11,949	13,359
70%	4,263	5,625	8,424	7,783	8,737	8,478	9,648
80%	1,906	2,764	4,248	3,797	4,665	4,864	5,816
90%	727	1,260	1,964	1,788	2,138	2,162	2,564
100%	4,808	6,934	9,602	9,338	9,309	8,829	9,591
Total	**96,132**	**122,924**	**162,948**	**149,721**	**166,722**	**178,368**	**186,872**
Avg. Degree	**33.1%**	**34.1%**	**35.2%**	**35.3%**	**38.5%**	**34.8%**	**35.5%**

Based on an analysis of veteran trends, there is a relationship between veterans terminating from the compensation rolls and survivors accessing 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.

For surviving spouses of veterans who were not rated totally disabled to become eligible, they must meet at least one of three requirements: (1) the veteran died from a disease or injury incurred or aggravated while on active duty; (2) the veteran's injury was incurred or aggravated in the line of duty while on inactive duty training; or (3) the veteran had 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.

Survivor Compensation
Accession Trends

	2001	2002	2003	2004	2005	2006	2007
Total	**14,383**	**13,366**	**17,421**	**18,211**	**18,551**	**17,876**	**17,507**

Veteran termination data has demonstrated that survivors typically access the compensation rolls within three years. In 2007, 12,704 cases accessed the DIC rolls within the first three years after the veteran terminated. As shown in the chart below, the net delta for 2006 and 2007 was impacted because of increased accessions. This impact has been considered in future projections.

Compensation
Net Effect (Accession Minus Terminations)

	2001	2002	2003	2004	2005	2006	2007
Veterans	24,277	64,381	86,591	70,082	81,405	99,014	106,551
Survivors	1,735	3,024	5,224	5,052	5,568	3,344	4,286
Total	**26,012**	**67,405**	**91,815**	**75,134**	**86,973**	**102,358**	**110,837**

Pensions Program Highlights

In 2009, Pensions benefit obligations are expected to total $4.0 billion and be made to 517,736 pension beneficiaries. The 2009 request continues the historical trends of decreasing caseload and increasing obligations. Over 91 percent of the estimated cases will receive benefits under the Improved Law program, accounting for nearly 99 percent of the program's cost. As shown in the "Pensions Request by Period of Service" chart, the Vietnam Era accounts for 43 percent of program obligations. 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 access 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 caseloads in these programs are from earlier periods of service and will continue to decline.

Pensions
Summary by Law

	2007			2008			2009		
	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	477,372	$7,561	$3,609,645	480,712	$7,946	$3,819,828	479,987	$8,251	$3,960,560
Prior Law	45,625	$1,154	$52,671	41,307	$1,177	$48,624	37,439	$1,201	$44,950
Old Law	428	$1,170	$501	364	$1,282	$467	310	$1,408	$436
Veterans									
Improved Law	317,477	$8,883	$2,820,249	315,435	$9,384	$2,959,977	313,222	$9,713	$3,042,290
Prior Law	7,803	$1,837	$14,335	6,551	$1,898	$12,433	5,500	$1,961	$10,784
Old Law	99	$1,127	$112	80	$1,184	$95	64	$1,245	$80
Survivors									
Improved Law	159,895	$4,937	$789,395	165,277	$5,202	$859,851	166,765	$5,506	$918,270
Prior Law	37,823	$1,014	$38,336	34,756	$1,041	$36,191	31,939	$1,070	$34,166
Old Law	329	$1,183	$389	284	$1,310	$372	245	$1,451	$356

A major factor of the cost of the Pensions program is the impact of the automatic cost-of-living adjustment. The COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to increase 2009 rates and income limitations by 2.5 percent. Rate increases afforded by COLAs are responsible for most of the average cost increases. 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.

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 pensions payment, which in turn controls the majority of total cost of the Pensions program.

If veterans are entitled to Improved Law Pensions based on service during the Mexican Border Period or World War I, $2,538 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 2007)			
Veterans		**Survivors**	
Without dependents	$11,181	Spouses without dependents	$7,498
With one dependent	$14,643	Spouses with one dependent	$9,815
Each additional dependent	$1,909	Each additional dependent	$1,909

Total Pensions caseloads for both veterans and survivors are expected to continue to decline through 2009. The 2009 veteran and survivor caseload estimate is distributed among World War I & Prior (6,698), World War II (229,696), Korean Conflict (86,050), Vietnam Era (186,969), and Gulf War (8,322). Caseloads for the earlier periods of service are declining, however the most recent eras are expected to continue to increase. 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 veterans and their survivors are the largest group of pension recipients but do not account for the majority of program cost. This is a result of lower average payments since there are still veterans and survivors receiving benefits under the "Old Law" program. In addition, the Pensions program currently assisted 213 survivors of veterans from the Spanish-American War and the Civil War in 2007.

A significant factor in forecasting obligations is the age distribution of both veterans and survivors. As of September 30, 2007, the average age of veterans

who received pension was 70. The age of survivors of veterans who received a pension was higher at 77. 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 2007, Gulf War and Vietnam Era veteran caseloads increased (net) by 714 and 2,295, respectively. VA estimates that the increasing average age will eventually slow down due to the increasing number of veterans from recent periods of service accessing the rolls.

Pensions
Age of Pensions Recipients
(As of September 2007)

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	40	-	-	**40**	22	-	-	**22**
25 – 35	1,136	-	-	**1,136**	185	-	-	**185**
36 - 45	3,934	-	-	**3,934**	1,449	3	-	**1,452**
46 – 55	46,533	70	-	**46,603**	11,637	95	-	**11,732**
56 -65	104,518	548	-	**105,066**	20,842	507	-	**21,349**
66 – 75	37,972	1,067	5	**39,044**	25,774	2,090	1	**27,865**
Over 75	121,491	5,476	85	**127,052**	95,354	22,530	175	**118,059**
Total	**315,624**	**7,161**	**90**	**322,875**	**155,263**	**25,225**	**176**	**180,664**

The Pensions program forecasting model considers the effects of accessions (new claims 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 increase or decrease.

Pensions
Accessions and Terminations

	2001	2002	2003	2004	2005	2006	2007
Accessions	37,976	37,124	47,489	44,956	42,208	40,213	40,574
Terminations	48,798	38,913	47,515	48,589	49,300	46,146	47,426
Net Delta	-10,822	-1,789	-26	-3,633	-7,092	-5,933	-6,852

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 because it affects the amount of average payment. For each program category, pensioners with dependents receive additional benefits.

Pensions Program Trends

(As of September 2007)

"Old Law" Pensions Cases

"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
2002	231	<0.1	134	97	633	0.3	620	13	208
2003	191	<0.1	113	78	482	0.2	471	11	182
2004	160	<0.1	94	66	362	0.2	351	11	158
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	.01	171	5	114

"Prior Law" Pensions Cases

"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
2002	16,856	4.9	7,405	9,451	49,342	23.1	47,171	2,176	11,542
2003	14,288	4.1	6,449	7,839	43,903	21.2	41,933	1,970	11,173
2004	11,976	3.5	5,458	6,518	38,305	19.2	36,485	1,820	10,719
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	3,364	3,797	25,225	14.0	23,884	1,341	9,534

"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
2002	329,492	95.1	231,954	97,538	163,579	76.6	159,936	3,643	5,572
2003	332,077	95.8	236,446	95,631	162,878	78.6	159,361	3,517	5,520
2004	330,767	96.4	237,833	92,934	160,948	80.6	157,660	3,288	5,340
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

Proposed Legislation for 2009 Budget

Cost of Living Adjustment

Legislation will be proposed to provide a 2.5 percent rate increase to all Compensation beneficiaries, including DIC spouses and children as well as REPS spouses, effective December 1, 2008. A 2.5 percent increase is the expected increase in the Consumer Price Index and it is the same increase estimated for Social Security benefits. The cost of this increase in 2009 is estimated to be $687 million in the first year.

Make permanent the authority for IRS Income Data Matching for VA Eligibility determinations

Section 6103(l)(7) of the Internal Revenue Code of 1986 (26 USC § 6103(l)(7)(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 pension, dependency and indemnity compensation, compensation, and health-care programs. Section 5317 of title 38, USC, governs VA's use of that information. The duty of the Secretary and the Commissioner to disclose that information and VA's authority to obtain it will expire on September 30, 2008. Expiration of this authority would cause interruption of this income verification process. The IRS matching agreement authorizes the VBA's Income Verification Match (IVM) program, which verifies the self-reported household income and net worth information of veterans and insures the integrity of VBA's compensation and pension programs. Benefit costs are included in the baseline estimate.

Expand Eligibility for Memorial Headstones or Markers for Remarried Spouses for Placement in a National or State Veterans Cemetery

This proposal would allow NCA to be able to fulfill a request for interment or memorialization for a veteran's surviving spouse who married a non-veteran after the veteran's death, regardless of whether remains are available. Lack of eligibility for memorial headstones or markers for remarried spouses is inconsistent with provisions of title 38, United States Code that permit remarried spouses to be buried in a national cemetery. The cost for this proposal would be nominal. NCA does not anticipate receiving many such requests. The average cost of a memorial headstone or marker, including transportation, ranges between $90 and $100.

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2007			2008			2009		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total 1/	**3,122,327**	**$10,774**	**$33,813,223**	**3,236,654**	**$11,496**	**$37,392,628**	**3,356,343**	**$11,817**	**$39,866,252**
Veterans Total	**2,789,490**	**$10,429**	**$29,091,160**	**2,899,829**	**$11,193**	**$32,456,880**	**3,014,841**	**$11,506**	**$34,689,066**
World War I	2	$21,940	$44	2	$21,940	$44	2	$21,940	$44
World War II	314,258	9,570	3,007,501	289,803	10,070	2,918,436	267,250	10,597	2,832,009
Korean Conflict	159,570	10,263	1,637,711	158,627	10,640	1,687,801	157,690	11,031	1,739,424
Vietnam Era	968,262	13,922	13,480,008	1,001,269	15,276	15,295,305	1,031,410	16,308	16,820,732
Peacetime Service	600,514	8,460	5,080,080	603,503	9,694	5,850,507	602,399	10,285	6,195,555
Gulf War	746,883	7,881	5,885,817	846,625	7,919	6,704,786	956,090	7,427	7,101,302
Survivors Total	**332,837**	**$13,664**	**$4,547,883**	**336,824**	**$14,108**	**$4,751,938**	**341,502**	**$14,567**	**$4,974,508**
Spanish-American War	3	$8,560	$26	3	$8,560	$26	3	$8,560	$26
Mexican Border Period	1	12,736	13	1	12,736	13	1	12,736	13
World War I	881	11,770	10,369	752	12,072	9,084	643	12,382	7,957
World War II	103,336	13,449	1,389,744	100,279	13,912	1,395,072	97,367	14,387	1,400,814
Korean Conflict	36,319	14,145	513,745	36,115	14,225	513,746	35,912	14,306	513,747
Vietnam Era	141,693	13,671	1,937,143	147,987	14,173	2,097,384	154,607	14,686	2,270,624
Peacetime Service	34,780	13,383	465,465	34,132	13,820	471,713	33,496	14,272	478,045
Gulf War	15,824	14,622	231,378	17,554	15,090	264,901	19,474	15,574	303,282
Other Total			**$174,180**			**$183,809**			**$202,678**
Spec. Ben. For Children	1,163	$15,696	$18,254	1,165	$16,057	$18,706	1,167	$16,458	$19,207
Clothing Allowance	88,744	661	58,685	92,254	676	62,409	95,913	693	66,506
Other (REPS, SAFD, EAJA)	1,711	6,355	10,873	2,149	6,224	13,376	2,589	6,184	16,011
OBRA Payment to VBA	-	-	1,395	-	-	834	-	-	857
OBRA Payment to ITS	-	-	-	-	-	94	-	-	97
Medical Exam Pilot Pgm	-	-	84,972	-	-	88,390	-	-	99,000
HHS	-	-	-	-	-	-	-	-	1,000
Pensions Total1/	**523,425**	**$6,998**	**$3,690,217**	**522,383**	**$7,406**	**$3,897,626**	**517,736**	**$7,737**	**$4,032,790**
Veterans Pensions Total	**325,378**	**$8,712**	**$2,834,696**	**322,066**	**$9,230**	**$2,972,505**	**318,786**	**$9,577**	**$3,053,154**
World War I	3	$12,602	$38	3	$12,602	$38	3	$12,602	$38
World War II	97,312	8,559	832,888	91,428	9,808	896,703	85,613	10,887	932,066
Korean Conflict	65,043	6,544	425,634	62,330	6,909	430,611	59,729	7,294	435,645
Vietnam Era	156,904	9,616	1,508,847	161,322	9,721	1,568,257	165,468	9,655	1,597,528
Gulf War	6,116	11,002	67,288	6,983	11,012	76,897	7,973	11,022	87,877
Survivors Pensions Total	**198,047**	**$4,181**	**$828,121**	**200,317**	**$4,475**	**$896,414**	**198,949**	**$4,789**	**$952,792**
Civil War	3	$584	$2	3	$584	$2	3	$584	$2
Spanish- American War	210	2,766	581	179	2,881	517	153	3,001	460
Mexican Border Period	78	5,137	401	71	5,295	376	65	5,457	352
World War I	9,228	2,584	23,844	7,729	2,665	20,598	6,474	2,749	17,795
World War II	140,317	4,025	564,799	144,149	4,374	630,576	144,083	4,746	683,754
Korean Conflict	27,030	4,035	109,075	26,673	4,184	111,607	26,321	4,339	114,197
Vietnam Era	20,843	6,095	127,029	21,169	6,133	129,831	21,501	6,172	132,694
Gulf War	338	7,073	2,391	343	8,472	2,908	349	10,147	3,538
Other Pensions Total			**$27,400**			**$28,706**			**$26,844**
OBRA Payment to VBA			$14,641			$11,749			$8,996
OBRA Payment to ITS			-			$3,900			$3,056
OBRA Payment to VHA			11,901			12,007			13,792
Medical Exams Pilot Pgm			858			1,050			1,000

1/ Includes the 2.5 percent COLA, effective December 1, 2008. Does not include "other" caseload or obligations.

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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, 34, 35, 36, 39, 51, 53, 55, and 61 of title 38, United States Code, $3,086,944,000, 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)

		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease(-)
Obligations:					
Veterans/servicemembers	$1,991,078	$2,108,619	$2,134,929	$2,209,673	$+74,744
Reservists (1606)	133,931	252,359	185,477	204,189	+18,712
Reservists (1607)	189,196	178,800	163,641	169,512	+5,871
Dependents' Education and Training	423,335	478,342	450,646	478,067	+27,421
VR&E Subsistence Allowance	226,390	252,982	237,498	250,367	+12,870
VR&E Books, Tuition, Supplies, Fees, etc.	341,866	409,965	371,008	402,114	+31,106
Specially Adapted Housing Grants	27,763	26,520	35,910	35,910	0
Automobile Grants	14,917	14,200	14,900	14,900	0
Adaptive Equipment	38,526	38,800	42,400	46,700	+4,300
Tuition Assistance	24,710	20,970	25,328	26,113	+785
National Call to Service	132	680	132	132	0
Licensing and Certification Tests	1,961	1,504	2,010	2,072	+62
National Exams 1/	56	70	57	58	+1
Work-Study 2/	18,997	23,945	19,297	19,564	+267
State Approving Agencies	17,211	13,000	13,000	13,000	0
Reporting Fees	3,634	3,756	3,780	3,838	+58
Reimbursement to GOE	1,258	2,260	6,106	1,292	-4,814
Total Obligations	**$3,454,960**	**$3,826,772**	**$3,706,118**	**$3,877,502**	**+171,384**
Funding:					
Unobligated balance (SOY)	$-511,302	$0	$-294,821	$-329,756	$-34,934
Unobligated balance (EOY)	294,821	0	329,756	0	-329,756
Budget authority (gross)	3,238,480	3,826,772	3,741,053	3,547,747	-193,306
Offsetting collections	-426,474	-526,483	-440,764	-460,803	- 20,039
Budget authority (net)	**$2,812,006**	**$3,300,289**	**$3,300,289**	**$3,086,944**	**$-213,345**
Appropriation	3,262,006	3,300,289	3,300,289	3,086,944	-213,345
Transfer to Compensation	- 450,000	0	0	0	0
Appropriation adjusted	2,812,006	3,300,289	3,300,289	3,086,944	-213,345
Outlays (net)	**$2,999,469**	**$3,287,542**	**$3,252,744**	**$3,403,504**	**$+150,760**
Total Obligations	**$3,454,960**	**$3,826,772**	**$3,706,118**	**$3,877,502**	**$+171,384**
Education Program	2,879,917	3,155,024	3,090,657	3,217,911	+127,255
VR&E Program 3/	575,043	671,748	615,462	659,591	+44,129
Budget authority (net)	**$2,812,006**	**$3,300,289**	**$3,300,289**	**$3,086,944**	**-$213,345**
Education Program	2,236,962	2,628,541	2,684,827	2,427,353	-257,474
VR&E Program	575,043	671,748	615,462	659,591	+44,129
Outlays (net)	**$2,999,469**	**$3,287,542**	**$3,252,744**	**$3,403,504**	**$+150,760**
Education Program	2,429,746	2,619,709	2,639,559	2,746,845	+107,286
VR&E Program	569,722	667,833	613,185	656,659	+43,474

Note: Dollars may not add due to rounding in this and subsequent charts.
1/ National Exams includes chapter 30 and chapter 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)

		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase(+) Decrease(-)
Workload Data and Other Items					
Workload:					
Veterans/servicemembers	343,751	340,912	348,153	351,927	+3,774
Reservists (1606)1/	57,239	130,913	77,335	82,577	+5,242
Reservists (1607)	39,716	45,794	33,514	33,672	+158
Survivors' Dependents' Education and Training	77,436	82,174	80,409	82,728	+2,319
VR&E Subsistence Allowance	52,477	56,207	53,709	54,917	+1,208
VR&E Books, Tuition, Supplies, Fees, etc.	14,748	14,934	15,117	15,457	+340
VR&E Rehab, Evaluation, Planning and Service 2/	23,446	23,360	24,032	24,573	+541
Specially Adapted Housing Grants	805	620	811	811	0
Automobile Grants	1,317	1,317	1,317	1,317	0
Adaptive Equipment	7,198	7,508	7,198	7,198	0
National Call to Service	31	200	31	31	0
Average cost:					
Veterans/servicemembers	$5,801	$6,096	$6,093	$6,244	$+151
Reservists (1606)	$2,340	$1,928	$2,398	$2,473	$+74
Reservists (1607)	$4,764	$3,904	$4,883	$5,034	$+151
Survivors' Dependents' Education &Training	$5,467	$5,821	$5,604	$5,779	$+174
VR&E Subsistence Allowance	$4,314	$4,501	$4,422	$4,559	$+137
VR&E Books, tuition, supplies, fees, etc.	$5,085	$5,763	$5,391	$5,714	$+323
Specially Adapted Housing Grants	$34,489	$42,774	$44,279	$44,279	0
Automobile Grants	$10,880	$10,817	$10,880	$10,880	0
Adaptive Equipment	$5,352	$5,166	$5,894	$6,490	$+596
National Call to Service	$4,245	$3,400	$4,245	$4,245	0
Total Cost:					
Veterans/servicemembers	$1,994,084	$2,078,119	$2,121,289	$2,197,353	$+76,064
Reservists (1606) 3/	$133,931	$252,359	$185,477	$204,189	$+18,712
Reservists (1607)	$189,196	$178,800	$163,641	$169,512	$+5,871
Survivors' Dependents' Education & Training	$423,335	$478,342	$450,646	$478,067	$+27,421
VR&E Subsistence Allowance	$226,390	$252,982	$237,498	$250,367	$+12,870
VR&E Books, tuition, supplies, fees, etc.	$341,866	$409,965	$371,008	$402,114	$+31,106
Specially Adapted Housing Grants	$27,763	$26,520	$35,910	$35,910	0
Automobile Grants	$14,917	$14,200	$14,900	$14,900	0
Adaptive Equipment	$38,526	$38,800	$42,400	$46,700	$+4,300
National Call to Service	$132	$680	$132	$132	0

1/ FY 2007 1606 and 1607 caseload does not include 1,672 and 3,059 trainees participating in out of system activities such as OJT and Apprenticeship training.
2/ No monetary benefit payment associated with these cases
3/ Work-study costs not included

Summary of Budget Request

Budget authority of nearly $3.1 billion, when combined with $460.8 million in offsetting collections from the Department of Defense, provides funding for estimated Readjustment Benefits obligations. This account 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. This funding will also provide for subsistence allowance and the cost of books, supplies, tuition, and fees under the Vocational Rehabilitation and Employment program.

Changes from Original 2008 Budget Estimate

The current estimated obligation of over $3.7 billion for 2008 for the Readjustment Benefits program decreases nearly $120.7 million from the original budget estimate of over $3.8 billion. The revised estimates for 2008 are based on an analysis of actual participation rates and average cost observed during 2007. In addition to the overall decrease in obligations, the unobligated balance start of year increased by $294.8 million from the original budget estimate. Based on the anticipated decrease in obligation coupled with the increase of the unobligated balance carried over from 2007, there is a projected end of the year unobligated balance of $329.8 million.

Education Program

Current estimated obligations for 2008 reflect a decrease of $64.4 million from the original budget estimate of nearly $3.2 billion. This results primarily from a decrease in participation in the chapter 1606 and 1607 reservist programs and the chapter 35 program. These decreases are partially offset by an increase in the chapter 30 program.

The 2008 current obligations for chapters 1606 and 1607 are revised with the latest Department of Defense estimates provided by the Office of the Actuary. Current 2008 estimated obligations are decreasing by $66.9 million in total for chapter 1606. The chapter 1606 estimated caseload has decreased by 53,578, decreasing obligations by $103.3 million. Partially offsetting the anticipated decrease, the COLA and changes in average payment ($2,398 vs. $1,928) increased obligations by $36.4 million.

Chapter 1607 current 2008 estimated obligations have decreased by $15.2 million in total from the original estimate. The chapter 1607 caseload has decreased by 12,280, decreasing obligations by $47.9 million. The change in COLA and increases in average payment ($4,883 vs. $3,904) reflecting current program trends increased obligations by $32.8 million.

Current 2008 obligations have decreased by $27.7 million for the chapter 35 program. Chapter 35 caseload has decreased by 1,765 from the 2008 budget estimate decreasing obligations $10.3 million. The decrease in average payment ($5,604 vs. $5,821) accounts for an additional $17.4 million of the overall decrease in obligations.

Current 2008 estimated obligations are increasing by $26.3 million for chapter 30. A projected increase in caseload of 7,241 has increased obligations by $44.1 million. Although the COLA increased from the original budget submission (2.5 percent vs. 2.3 percent), average payment declined overall ($6,093 vs. $6,096) decreasing obligations $1 million. A decrease in the change in selected resources has decreased obligations almost $16.9 million from the original budget estimate.

For the Special Assistance programs, the number of anticipated specially adapted housing grants has increased by 191, increasing obligations from $26.5 million to $35.9 million. The amount of each automobile grant increased by $63, increasing obligations from $14.2 million to $14.9 million. The average adaptive equipment grant has increased by $728, increasing obligations from $38.8 million to $42.4 million. Tuition Assistance has increased by $4.4 million. Work-study obligations decreased by $4.6 million from the original budget estimate.

Vocational Rehabilitation & Employment Program

The current obligation estimate for 2008, $615.5 million, is $56.3 million less than the original estimate ($671.7 million). The revised estimates for 2008 are based on an analysis of actual participation rates during 2007. Caseload has decreased by 2,498 decreasing obligations by $11.2 million. In addition, a decrease in average subsistence allowance of $79 ($4,422 vs. $4,501) decreases obligations $4.2 million. Payments for books, tuition, supplies, and fees are expected to be $39.1 million less than the original budget estimate. In addition, anticipated work study obligations decrease by $1.8 million based on an estimated decrease of 1,073 contracts.

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

	2008 Estimate	2009 Estimate
Prior year obligations	$3,454,960	$3,706,118
Chapter 30 (Montgomery GI Bill)		
COLA	$+49,310	$+63,517
Caseload	+25,537	+22,998
Average Payment and other adjustments	+69,005	-11,771
Net Changes	**+143,851**	**+74,744**
Chapter 35 (Survivors' and Dependents' Education)		
COLA	+10,992	+14,374
Caseload	+16,262	+13,003
Average Payment	+56	+44
Net Changes	**+27,311**	**+27,422**
Chapter 1606 (Reservists)		
COLA	+4,513	+6,170
Caseload	+47,025	+12,572
Average Payment and other adjustments	+8	-30
Net Changes	**+51,546**	**+18,712**
Chapter 1607 (Reservists)		
COLA	+3,980	+5,092
Caseload	-29,546	+774
Average Payment	+11	+5
Net Changes	**-25,555**	**+5,871**
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	+5,793	+6,106
Caseload	+13,533	+13,686
Average Cost	+20,924	+24,183
Net Changes	**+40,250**	**+43,975**
Special Assistance for Disabled Veterans		
Housing Grants	+8,147	0
Automobile Grants	-17	0
Adaptive Equipment	+3,874	+4,300
Net Changes	**+12,004**	**+4,300**
Miscellaneous		
National Exams	+1	+1
Tuition Assistance	+618	+785
Licensing and Certification	+49	+62
Work-Study	+300	+267
National Call to Service	0	0
Reimbursement to GOE	+4,848	-4,814
State Approving Agencies	-4,211	0
Reporting Fees	+147	+58
Reimbursement to GOE	**+1,752**	**-3,640**
Net Changes		
Total Net Change	**$+251,158**	**$+171,384**
Estimated Obligations	$3,706,118	$3,877,502

Analysis of Increases and Decreases

Obligations are expected to increase $251.2 million from 2007 to 2008 due to the following:

All-Volunteer Force Educational Assistance Program (Chapter 30 MGIB)
The increase in chapter 30 obligations is projected to be $143.9 million. The COLA is expected to increase obligations by $49.3 million in 2008. Trainees for the chapter 30 program are expected to increase by 4,402, raising obligations an additional $25.6 million. This increase is based on historical trends according to force separation data and benefit usage rates provided by Department of Defense. In addition, an increase of $69.0 million due to changes in average payment not related to the COLA is anticipated. Average benefit payments for chapter 30 and for the other programs are based on eligibility criteria such as time in service, educational curriculum, and establishment and change in the number of dependents. Also, the 2008 current estimate is revised with the latest Department of Defense supplemental benefit estimates.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be $27.3 million. Estimated caseload is expected to increase by 2,541 for children and 432 for spouses, increasing obligations by $16.3 million. The COLA will increase obligations an additional $11.0 million.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
Chapter 1606 obligations are projected to increase by $51.5 million. An increase in obligations of $47 million results from an expected increase in chapter 1606 trainees of 20,096. The COLA applied to the entitlement rate for reservist education is expected to increase obligations by $4.5 million.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Chapter 1607 obligations are projected to decrease by $25.6 million. Trainees are projected to decrease from the 2007 total by 6,202 leading to a decrease in obligations of $29.5 million. These decreases are partially offset by the anticipated combined average payment and the COLA increases of almost $4 million.

Special Assistance for Disabled Veterans
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled veterans or servicepersons. An increase of six grants and an increase in the expected average grant paid for the specially adapted housing program increased obligations by $8.1 million. Workload for automobile grants and adaptive equipment is expected to remain constant. Automotive grants are limited to $11,000 and the maximum housing grant is $50,000.

Miscellaneous
A net increase of $1.8 million is attributed to changes in all other programs. Reimbursement to General Operating Expenses is expected to increase by $4.8 million. The majority of the GOE reimbursement increase is attributed to PL 108-454 that identified $3 million for computer system modifications for apprenticeship payments. These funds were not expended in 2007 and are available for use in 2008. In addition, Tuition Assistance has increased obligations by $618 thousand. Work-study obligations have increased by $300 thousand and reporting fees paid to educational institutions have increased by $147 thousand. Net against these increases, the obligation for State Approving Agencies is limited to $13 million from the RB appropriation, resulting in a decrease of $4.2 million from the actual 2007 obligation.

Vocational Rehabilitation and Employment (Chapter 31)
The total increase in program obligations is approximately $40.3 million from 2007 to 2008. Approximately $20.9 million reflects average cost increases for subsistence allowance and tuition, books, and supplies. A greater number of trainees (+1,601) yields an additional $13.5 million in program costs. A $5.8 million increase is attributable to the COLA for subsistence allowance.

Obligations are expected to increase $171.3 million from 2008 to 2009 due to the following:

All-Volunteer Force Educational Assistance Program (Chapter 30)
The increase in obligations attributed to chapter 30 is expected to be $74.7 million. The COLA increases obligations by $63.5 million. Chapter 30 estimates assumed a modest caseload increase based on historical data and are expected to increase by only 3,774 from 348,153 to 351,927 cases, raising obligations $23.0 million. These increases are partially offset by an anticipated decline in the average payment, excluding the COLA, and other adjustments, resulting in a decrease of $11.8 million. The decrease in average payment reflects a slight decrease in trainees training at the full-time rate.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be $27.4 million. Estimated caseload is expected to increase by 1,983 for children and 336 for spouses, increasing obligations by $13.0 million. The COLA is expected to increase costs by $14.4 million. An increase in the average payment, excluding the COLA, for children and spouses is expected to account for an increase in obligations of $44 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
An increase in obligations attributed to chapter 1606 is expected to be $18.7 million. An estimated increase of 5,242 reservist trainees is expected to increase obligations by $12.6 million. The COLA applied to the entitlement rate for reservist education is expected to increase obligations by $6.2 million.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Obligations for chapter 1607 are expected to increase by $5.9 million. An increase in the COLA results in obligations rising by $5.1 million. A slight increase in caseload of 158 trainees adds another $774 thousand to obligations.

Special Assistance for Disabled Veterans
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled veterans or servicemembers. The workload is expected to remain constant through 2009. An increase of $4.3 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the veteran's disability.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $3.6 million. Reimbursement to GOE is expected to decrease by $4.8 million. While net obligations decrease, there are several programs with increases in obligations from 2008 to 2009. Tuition Assistance obligations are expected to increase by $785 thousand. Work-study obligations will increase by $267 thousand. Reporting Fees are expected to increase by $58 thousand and Licensing and Certification is projected to increase by $62 thousand. National Call to Service will remain constant.

Vocational Rehabilitation and Employment (Chapter 31)
The total increase in chapter 31 obligations is almost $44.0 million from 2008 to 2009. Approximately $24.2 million reflects average cost increases for subsistence allowance and tuition, books, and supplies. A greater number of trainees (+1,548) yields an additional $13.7 million in program costs. Approximately $6.1 of the obligation increase is due to an increase in the subsistence allowance COLA.

Education Program Highlights

In 2007, education benefit obligations of almost $2.9 billion provided benefits to 518,173 trainees (excluding Tuition Assistance payments). The anticipated total number of trainees increases to over 539,442 in 2008 and rises to almost 550,936 by 2009, contributing to increases in obligations. Chapter 30 and chapter 35 participants are increasing minimally while reservist's usage expands. The increases in chapter 1606 trainees are partially offset by projected decreases in chapter 1607 trainees. The chart below shows the increasing trend in trainees for veterans/servicemembers, dependents, and reservists.

Among the education programs, chapter 30 has the largest number of trainees, almost 352,000 in 2009, and accounts for 72 percent of total training obligations. Chapter 1606 and 1607 accounts for 12 percent of the funding, as opposed to 16 percent for chapter 35. The average cost per trainee for chapter 30 and chapter 35 is higher ($6,244 and $5,779, respectively) than chapter 1606 ($2,473) and 1607 ($5,034) due to larger monthly entitlement rates based on the training period. Average benefit payments for all programs can be affected by time in service eligibility, type of educational program or institution, change in dependents, and other eligibility criteria.

Vocational Rehabilitation & Employment Program Highlights

The number of participants in the program is increasing; consequently program costs are also rising. VR&E participation is contingent on individuals having a compensable service-connected disability. Based on historical trends, the number of compensation claims is projected to increase along with significant increases in the average degree of disability. The increase in trainees can also be attributed to an increase in program outreach efforts through the Transition Assistance Program (TAP) and Disabled Transition Assistance Program (DTAP).

This increase in participation, compounded by increases in the average cost per participant, results in increases in the total cost of the VR&E program. Books, tuition, and supplies, coupled with subsistence allowance, account for 99 percent of program costs.

Trainees for VR&E are broken down into three categories: trainees receiving a monthly subsistence allowance, trainees not receiving subsistence, and trainees 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. Thus, it is this particular category in the VR&E program that accounts for nearly 63 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 resumé preparation, job hunting strategies, interview preparation, and other assistance designed to move the veteran into a suitable job.

Summary of Readjustment Benefit Requirements
(dollars in thousands)

	2007			2008			2009		
	Caseload	Average Benefit	Obligations	Caseload	Average Benefit	Obligations	Caseload	Average Benefit	Obligations
Total chapters 30, 1606, 1607, 35, 31	585,367	5,653	3,308,802	608,237	5,803	3,529,559	621,279	5,958	3,701,603
All-volunteer force educational assistance:									
Chapter 30 total	343,751	5,801	1,994,084	348,153	6,093	2,121,289	351,927	6,244	2,197,353
Veterans	322,694	5,961	1,923,613	325,138	6,283	2,042,785	327,170	6,451	2,110,550
Servicepersons	21,057	3,347	70,470	23,015	3,411	78,504	24,757	3,506	86,803
Reservists (1606)	57,239	2,340	133,913	77,335	2,398	185,477	82,577	2,473	204,189
Reservists (1607)	39,716	4,764	189,196	33,514	4,883	163,641	33,672	5,034	169,512
Education and training:									
Dependents total	77,436	5,467	423,335	80,409	5,604	450,646	82,728	5,779	478,067
Sons and Daughters total	65,926	5,591	368,579	68,467	5,731	392,379	70,450	5,909	416,273
College	63,536	5,599	355,764	66,077	5,739	379,245	68,060	5,917	402,731
Below College Level	2,281	5,391	12,297	2,281	5,526	12,604	2,281	5,697	12,995
On-the-job training	109	4,747	517	109	4,865	530	109	5,016	547
Spouses and widow (ers) Total	11,510	4,757	54,757	11,942	4,879	58,266	12,278	5,033	61,794
College	10,792	4,838	52,208	11,224	4,959	55,654	11,560	5,112	59,100
Below College Level	608	4,078	2,479	608	4,180	2,541	608	4,310	2,620
Correspondence	97	192	19	97	197	19	97	203	20
On-the-job training	13	3,891	51	13	3,988	52	13	4,112	53
Chapter 31	67,225	8,453	568,256	68,826	8,841	608,506	70,374	9,272	652,481
Tuition Assistance	24,469	1,010	24,710	24,469	1,035	25,328	24,469	1,067	26,113
Licensing and Certification Tests	5,081	386	1,961	5,081	396	2,010	5,081	408	2,072
Work-study	13,927	1,364	18,997	14,148	1,364	19,297	14,343	1,364	19,564
State Approving Agencies			17,211			13,000			13,000
Reporting Fees			3,634			3,780			3,838

Proposed Legislation for 2009 Budget

Establishment of Temporary Residence Assistance Grants

Under the Specially Adapted Housing (SAH) program, legislation will be proposed to permit VA to provide Temporary Residence Assistance (TRA) grants to active duty service members who are residing in a home owned by a family member. There would be no additional cost to correcting the legislative oversight that barred them from receiving TRA grants while residing with a family member. Any amounts received, as part of a temporary grant would be deducted from the total amount of SAH grants for which they might be eligible.

Five-Day Waiting Period for Correspondence Courses

The statutory 10-day period is twice the requirement of the Distance Education and Training Council (DETC) accrediting body standard, which states that institutions will allow a full refund of all tuition expenses paid if a student cancels within five days after enrolling in a course. Reducing the affirmation waiting period to five days would make the statute consistent with the DETC standard and eliminate confusion. It would also permit eligible individuals to begin their programs sooner. Should they decide at any time not to affirm the enrollment agreement, the eligible individuals will still be entitled to a refund of all amounts paid. There is no cost to this proposal.

Eliminate Application Requirement for Program Changes

Under the proposal, VA would accept the new program enrollment based on certification from the school. The certification is already submitted by a school official, but in addition to the enrollment certification, the current law requires the claimant submit an application to VA. VA would still have oversight of program changes by reviewing school records as we currently do during compliance visits. This proposal would allow VA to increase the number of claims processed by our Electronic Certification Automated Processing (ECAP) program without manual review by a veteran's claims examiner. There is no cost for this proposal.

Eliminate Reporting Requirement for Non-Accredited Courses

Amend 38 U.S.C. Section 3676(c)(4) to eliminate the requirement that educational institutions providing non-accredited courses report to VA any credit that was granted for an eligible person's prior training. Currently for non-accredited courses, the statute requires the school to notify VA and the veteran regarding the amount of prior credit the school grants for previous training. The requirement for accredited courses differs in that the school does not have to notify VA or the claimant. We propose to amend the rule to make it similar to that for accredited courses. VA will still have oversight, just as they do with accredited courses. VA will review records during compliance visits to assure the institution is evaluating and appropriately reducing programs for prior training. There is no cost for this proposal.

Eliminate Wage Earning Requirement for Self-Employment Program

Amend 38 U.S.C. 3677(b)(1)(A) to eliminate the requirement that wages be earned by veterans attending the self-employment training provided by Public Law 108-183, section 301. There is no cost for this proposal.

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Vocational Rehabilitation Loan Program

Appropriation Language

For the cost of direct loans, $61,000, 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; *Provided further*, That the funds made available under this heading are available to subsidize gross obligations for the principal amount of direct loans not to exceed $3,180,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $320,000, which may be paid to the appropriation for General Operating Expenses.

Summary of Net 2009 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	$381	$381	$0	$0
Direct Loan Financing Account	$0	$0	-$83	-$83
Total	$381	$381	-$83	-$83

Summary of Budget Request

An appropriation of $381,000 is being requested to provide subsidy payments of $61,000 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse $320,000 to the General Operating Expenses appropriation for administrative expenses.

Program Description

Currently, loans of up to $1,041, 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 participating 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 $8,453 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)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$53	$53	$71	$61	-$10
Upward Reestimate	654	0	55	0	-55
Interest on Reestimates	23	0	28	0	-28
Administrative expenses	301	306	311	320	+9
Total obligations	**$1,031**	**$359**	**$464**	**$381**	**-$83**
Unobligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Budget authority (net)	**$1,031**	**$359**	**$464**	**$381**	**-$83**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$1,031**	**$359**	**$464**	**$381**	**-$83**
Workload:					
Number of loans established	3,173	4,349	4,239	4,021	-218
Average loan amount	$757	$756	$775	$791	+$16
Total Loan Amount	$2,403	$3,287	$3,287	$3,180	-$107
Loan subsidy rate	2.00%	2.16%	2.16%	1.93%	-0.23%
Average employment:					
Veterans Benefits Administration	3	5	3	3	0

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

Detail of Budget Request

The subsidy rate decreases from 2.16 percent in 2008 to 1.93 percent in 2009. The default rate for these loans remains less than .5 percent. Approximately 4,021 loans are to be made in 2009, with an average loan amount of $791, resulting in a $3,180,000 direct loan level and $61,000 in direct loan subsidy. For administrative expenses to provide issuance and accounting of all loans disbursed, an average employment level of 3 FTE and $320,000 is requested during 2009.

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 obligations. 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)					
		2008			
	2007 Actual	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Direct loans	$2,403	$3,287	$3,287	$3,180	-$107
Downward Reestimates	46	0	701	0	-701
Interest on Treasury borrowings	181	12	12	36	+24
Total obligations	**$2,630**	**$3,299**	**$4,001**	**$3,216**	**-$784**
Unobligated Balance:					
Start of year	$162	$138	$165	$0	-$165
End of year	$165	$126	$0	$0	$0
Obligated Balance:					
Start of year	$0	$24	$3	$3	$0
End of year	$0	-$36	$3	$3	$0
Offsetting Collections:					
Loan Repayments	$2,514	$3,040	$2,804	$3,238	+$434
Interest on Uninvested Funds	143	0	0	0	0
Payments from Program Account	48	71	71	61	-10
Upward Reestimate	677	0	82	0	-82
Total offsetting collections	**$3,382**	**$3,111**	**$2,958**	**$3,300**	**+$342**
Financing:					
Financing authority, net	-$749	$176	$1,043	-$83	-$1,126
Financing disbursements, net	-$749	$176	$1,043	-$83	-$1,126

Summary of Off-Budget Financing Account

Approximately $3,180,000 in direct loans will be made in 2009, a decrease of $107,000 from the 2008 level. The decrease is due to a decrease in the number of loans expected to be established (4,021 vs. 4,239) at a higher average loan amount ($791 vs. $775).

Offsetting collections in 2009 are estimated to be $3,300,000, an increase of $342,000 from the 2008 level. The increase is due to the $434,000 increase in Loan Repayments slightly offset by a $10,000 decrease in subsidy payments from the Vocational Rehabilitation Program Account.

In 2009, offsetting collections of $3,300,000 exceed obligations of $3,216,000, requiring net financing authority of negative $83,000.

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.

The enactment of PL 108-454 sections 103 and 106 extended educational assistance for VEAP participants. Section 103 of PL 108-454 increased benefits for individuals pursuing apprenticeship training beginning October 1, 2005, and before January 1, 2008. 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)

		2008			
	2007 Actual	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Training	$872	$951	$872	$846	$-26
Section 901 Training	540	274	540	540	0
Disenrollments	844	401	844	787	-58
Total Obligations	**$2,256**	**$1,626**	**$2,256**	**$2,172**	**$-84**
Budget Authority (trust fund, indefinite)	**$360**	**$564**	**$899**	**$1,427**	**$+528**
Outlays	$2,200	$1,665	$2,305	$2,219	$-86
Unobligated balance, start of year	$69,236	$67,725	$67,340	$65,983	$-1,357
Unobligated balance, end of year	$67,340	$66,663	$65,983	$65,238	$-745
Workload					
Trainee	439	550	550	495	-55
Section 901 Trainees	42	31	42	42	0
Participants, end of year	195,206	194,196	194,099	193,089	-1,010
Disenrollments	644	300	644	600	-44

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 the 2009 portion of the cost for VEAP will be nearly $1.4 million for 537 trainees.

Changes From the Original 2008 Estimate

In revising the 2008 budget estimate, obligations increased by $630 thousand from the 2008 original estimate. The number of anticipated disenrollments has increased by 344, resulting in an increase of $443 thousand in disenrollment obligations. Section 901 trainees increase by 11 coupled with an increase in average payments ($12,857 vs. $8,907) result in an increase of $266 thousand in obligations. Chapter 32 trainees remained consistent from the 2008 original estimate. However, obligations decrease by $79 thousand due to a decrease in average payment of $143 ($1,585 vs. $1,728). Budget authority has increased by $335 thousand from the original estimate.

Post-Vietnam Era Veterans' Education Program
Analysis of Increases and Decreases
(dollars in thousands)

	2008 Estimate	**2009 Estimate**
Prior year obligations	$2,256	$2,256
Training	0	-26
Training under Section 901	0	-0
Disenrollments	0	-58
Net Change	**$0**	**$-84**
Estimated Obligations	$2,256	$2,172

Analysis of Increases and Decreases

In 2009, obligations are projected to be nearly $2.2 million, a decrease of $84 thousand from the 2008 level of almost $2.3 million. Disenrollment obligations are projected to decline as a result of fewer participants disenrolling (600 vs. 644). Training obligations are projected to decline by $26 thousand due to fewer trainees (495 vs. 550) and are offset by the increase in average cost ($1,709 vs. $1,585). Section 901 trainees and obligation remain constant at the 2008 level. Budget authority of $1.4 million reflects anticipated transfers from DoD and deposits from participating service persons.

Post-Vietnam Era Veterans' Education Program Summary of Workloads & Obligations (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Participants, End of Year	195,206	194,196	194,099	193,089	-1,010
Trainees	439	550	550	495	-55
Average Per Trainee (whole dollars)	$1,986	$1,728	$1,585	$1,709	$+124
Obligations for Training	$872	$938	$872	$846	$-26
Section 901 Trainees	42	31	42	42	0
Average Per Trainee (whole dollars)	$12,857	$8,907	$12,857	$12,857	0
Obligations for Section 901	$540	$274	$540	$540	0
Disenrollments	644	300	644	600	-44
Average Refund (whole dollars)	$1,311	$1,337	$1,311	$1,311	0
Obligations for Disenrollments	$844	$401	$844	$787	$-58
Sources of budget authority:					
Contributions of Servicepersons	$230	$337	$230	$223	$-7
Transfers from DoD:					
Matching Payments for Training	$130	0	0	$334	$+334
Bonus "Kickers"	0	227	219	331	+112
Section 901 Training	0	0	450	540	+90
Section 903 Training	0	0	0	0	0
Total Budget Authority	**$360**	**$564**	**$899**	**$1,427**	**$+528**

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 2007, 439 participants trained under this program and received payments totaling $872 thousand. In addition, 42 individuals trained under section 901 of PL 96-342 and received payments of $540 thousand. During 2007, 644 participants disenrolled from this program and received $844 thousand in refunds.

Through the end of 2007, a total of 1,154,009 individuals have contributed to the VEAP program. Of these contributors, 252,180 have received some educational assistance; 706,601 have disenrolled and received a refund without receiving educational assistance; 195,206 are in an inactive status, never having received educational assistance or disenrolled, and 22 are currently on active duty and contributing.

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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 year 2009, within the resources available, not to exceed $500,000 in gross obligations for direct loans is authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $157,210,000. For the administrative expenses to carry out the guaranteed transitional housing loan program authorized by subchapter VI of chapter 20 of title 38, United States Code, not to exceed $750,000 of the amounts appropriated by this Act for ''General operating expenses'' and ''Medical services'' may be expended.

Total Housing
Summary of Appropriation Highlights
(dollars in thousands)

Housing Program and Liquidating Accounts	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations:					
Liquidating Account	$15,913	$7,451	$16,573	$14,319	-$2,254
Program Account	$201,845	$171,951	$970,040	$165,359	-$804,681
Total Obligations	**$217,759**	**$179,402**	**$986,613**	**$179,678**	**-$806,935**
Budget Authority:					
Mandatory, Program Account	$49,518	$17,389	$815,478	$1,979	-$813,499
Mandatory, Liquidating Account	-42,000	- 50,861	-20,794	-15,750	+$5,044
Discretionary Program Account	154,284	154,562	154,562	157,210	+$2,648
Total Budget Authority (net)	**$161,803**	**$121,090**	**$949,246**	**$143,439**	**-$805,807**
Outlays:					
Liquidating Account	-$28,340	- $50,861	-$18,437	-$15,750	+$2,686
Program Account	$206,708	$171,951	$970,040	$160,129	-$809,911
Total Outlays (net)	**$178,368**	**$121,090**	**$951,604**	**$144,378**	**-$807,225**

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

Summary of Budget Request

The 2009 appropriation request includes funding for the mandatory and discretionary requirements of the Housing and Guaranteed Transitional programs. The mandatory request of $2.0 million for the Housing program account includes estimated funding for subsidy payments (costs to the government) for the Veterans Housing Direct Acquired Loan program. The Liquidating account does not require an appropriation to fund account obligations because sufficient resources are available from offsetting collections (borrower's principal and interest payments, sale of homes, etc.). The discretionary request of $157.2 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Direct acquired loan subsidies reflect the portion of loan disbursements the government does not expect to recover; i.e., the cost to the government, in net present value terms. In 2009, based on the number of loans acquired (464) and the average loan amount ($140,151), $65.1 million in direct acquired loans is estimated. The subsidy estimate of $2.0 million is based on a subsidy rate of 3.04 percent applied to the total value of direct loans made. 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.

Two (2) Guaranteed Transitional Housing program loans are expected to be obligated during 2009. The total amount of the loans will be over $6.2 million with a subsidy rate of 99.18 percent and a corresponding $6.2 million in subsidy obligations. It is anticipated the loans will be disbursed over a two-year period. The subsidy requirements of the Guaranteed Transitional Housing program in 2009 will be funded from the unobligated balance of the initial $43.4 million appropriation.

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 Housing Loan Program into three accounts, the Program Account, the Direct 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. This account also holds the unobligated balance of the original appropriation for subsidy associated with the Guaranteed Transitional Housing Loans for Homeless Veterans Program. The Administrative costs for this program, typically funded from this account, are funded from the Medical Administration and General Operating Expenses appropriations and may not exceed $750,000 of the amount appropriated.

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. Guaranteed Transitional Housing Loans will be financed by the Federal Financing Bank (FFB) and, for budgetary and accounting purposes, 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 principal objective of the loan guarantee program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families. The program operates by substituting the Federal Government's guarantee for a down payment that might otherwise be required when a veteran or reservist purchases a home.

Eligible veterans are thus able to finance home purchases even though they may not have the resources to qualify for conventional loans. Under current law, the guarantee amount is as follows:

- 50 percent for loans of $45,000 or less;
- $22,500 for loans greater than $45,000, but no more than $56,250;
- The lesser of $36,000 or 40 percent of the loan amount for loans greater than $56,250, but not more than $144,000 or;
- For certain loans in excess of $144,000 the guarantee will be the lesser of: 25 percent of the Freddie Mac conforming loan limitation for a single family residence, as adjusted for the year involved; or 25 percent of the loan; or the veteran's available entitlement.

Avoiding foreclosure is critical to VA and veterans. VA's goal is to reduce the likelihood of foreclosure through aggressive intervention actions when loans are referred to VA as delinquent for three payments (or after 90 days). Costs to the government are reduced when VA is able to pursue an alternative to foreclosure. Veterans are helped either by saving their home or avoiding the expense and damage to their credit rating caused by foreclosure.

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.

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/or 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 PL 105-368, the "Veterans Benefits Enhancement Act of 1998". The program is 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 must enforce sobriety standards and provide a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, will be required to pay a reasonable fee.

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

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Liquidating:					
Program Obligations	$15,913	$7,451	$16,573	$14,319	-$2,254
Unobligated Balance:					
Start of year	$22,882	$0	$7,432	$0	-$7,432
End of year	$7,432	$0	$0	$0	$0
Transfer to General Fund	-$42,000	-$50,861	-$28,226	-$15,750	+$12,476
Offsetting Collections	$47,219	$58,312	$37,367	$30,069	-$7,298
Budget Authority (net)	-$42,000	- $50,861	-$20,794	-$15,750	+$5,044
Outlays (net)	-$28,340	- $50,861	-$18,437	-$15,750	+$2,686
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	$0	$0	$0	$0	$0
Veterans Housing Loan Sales	0	0	9,340	0	-$9,340
Veterans Housing Direct Acquired	7,806	17,389	6,064	1,979	-4,085
Veterans Housing Direct Vendee	0	0	0	0	$0
Veterans Transitional Housing Loans	0	0	0	6,170	+$6,170
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	28,326	0	662,774	0	-662,774
Veterans Housing Loan Sales	9,427	0	115,616	0	-115,616
Veterans Housing Direct Acquired	3,959	0	20,376	0	-20,376
Veterans Housing Direct Vendee	0	0	1,309	0	-1,309
Administrative Expenses:					
Veterans Benefits Administration	125,711	117,847	114,216	116,903	+$2,687
General Counsel	4,885	4,989	4,989	5,140	+$151
Information Technology	21,731	31,726	35,357	35,167	-$190
Obligations	**$201,845**	**$171,951**	**$970,040**	**$165,359**	**-$804,681**
Unobligated Balance:					
Unobligated Balance Expiring	-$1,957	$0	$0	$0	$0
Start of year	$43,387	$0	$43,387	$43,387	$0
End of year	$43,387	$0	$43,387	$37,217	-$6,170
Budget Authority (net)	**$203,803**	**$171,951**	**$970,040**	**$159,189**	**-$810,851**
Obligated Balance:					
Start of year	$4,863	$0	$0	$0	$0
End of year	$0	$0	$0	$5,231	+$5,231
Outlays (net)	**$206,708**	**$171,951**	**$970,040**	**$160,129**	**-$809,911**
Total Obligations	**$216,302**	**$179,402**	**$986,613**	**$179,678**	**-$806,935**
Budget Authority:					
Appropriation, mandatory	$49,518	$17,389	$815,478	$1,979	-$813,499
Appropriation, discretionary	$154,284	$154,562	$154,562	$157,210	+$2,648
Liquidating Account	-$42,000	- $50,861	-$20,794	-$15,750	+$5,044
Total Budget Authority (net)	**$161,803**	**$121,090**	**$949,246**	**$143,439**	**-$805,807**
Total Outlays (net)	**$178,368**	**$121,090**	**$951,604**	**$144,378**	**-$807,225**

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated $30.1 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). Obligations for 2009 are estimated at $14.3 million which, when netted with collections, results in a negative budget authority of $15.8 million. The Liquidating Account includes activity for all loans disbursed prior to fiscal year 1992. These loans do not fall under the requirements of credit reform and subsidy is not calculated for the Liquidating Account.

Budget authority of $159.2 million is requested for the Housing Program Account for 2009 to provide funding for administrative expenses of $157.2 million and subsidy payments of $2.0 million to the Veterans Housing Direct Acquired Loan Financing Account. A subsidy appropriation is not required for the Veterans Housing Guaranteed Loan, Direct Vendee Loan, Guaranteed Loan Sales Securities, and Guaranteed Transitional Housing programs for 2009. The Veterans Housing Guaranteed Loan and Direct Vendee Loan programs have negative subsidy rates in 2009, and the Guaranteed Loan Sales Securities program has projected zero loan sales in 2009. The Guaranteed Transitional Housing program has a positive subsidy (rate), which is 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 2009. 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 2008 Budget Estimate

Current 2008 Housing Program Account budget authority of over $970 million is an increase of $798.1 million from the original 2008 budget estimate. This is primarily the result of an increase of $800.1 million in subsidy upward reestimates for the Guaranteed, Loan Sales Securities, and Direct Loan housing programs, and an increase of $9.3 million in subsidy for a projected loan sale. These increases in budget authority are offset by a decrease of $11.3 million in subsidy for direct acquired loans.

Housing Liquidating and Program Accounts
Analysis of Increases and Decreases - Outlays
(dollars in thousands)

	2008 Current Estimate	2009 Estimate
Prior Year Outlays	$178,368	$951,604
Liquidating:		
Liquidating Obligations	+$659	-$2,254
Liquidating Collections	+9,851	+7,298
Liquidating Change in Obligated Balance	+4,148	-2,358
Change in Uncollected Customer Payments	-4,755	0
Housing Program:		
Loan Sales Loan Subsidy	+9,340	-9,340
Direct Acquired Loan Subsidy	-1,743	-4,085
Transitional Housing Loan Subsidy	0	+6,170
Upward reestimate, with interest:		
Guaranteed Loans	+634,448	-662,774
Loan Sales Securities	+106,189	-115,616
Direct Acquired Loans	+16,417	-20,376
Change in Obligated Balances/other	-3,554	-6,639
Administrative Expenses	+2,235	+2,648
Net Change	**+$773,236**	**-$807,225**
Estimated Outlays (net)	**$951,604**	**$144,378**

Outlays for mandatory programs in 2008 are projected to increase by $773.2 million from the 2007 level. This is primarily due to an increase by $753.5 million in upward reestimates for the Guaranteed Loans, Loan Sale Securities, and Direct Acquired Loan programs. Additionally, there are increases of $9.9 million in the Liquidating Account outlays, $7.6 million (net) in loan subsidies for Loan Sales securities and Direct Acquired loans, and $2.2 million in administrative expenses.

Outlays for mandatory programs in 2009 are currently projected to decrease by almost $807.2 million from 2008. This is primarily due to a decrease of $798.8 million in upward reestimates for the Guaranteed Loans, Loan Sales Securities, and Direct Acquired Loans programs. The 2009 upward reestimates will not be calculated until the end of 2008 and will be shown in the 2010 Congressional Budget submission. The 2009 outlay is also reduced by decreases of $9.3 million in Loan Sales Securities subsidy estimate and almost $4.1 million in Direct Acquired Loan subsidy. These decreases in outlays are offset by a decrease in Liquidating Account cash collections of $7.3 million.

Financing Accounts – Non-Budgetary Financial Summary (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Guaranteed Loans:					
Obligations	$1,777,474	$2,585,710	$2,731,486	$2,226,587	-$504,899
Collections	$1,308,059	$2,483,330	$3,115,965	$2,437,483	-$678,482
Financing Authority (net)	$0	$107,687	$0	$236,389	+$236,389
Financing Disbursements (net)	$510,901	$116,126	-$386,790	-$209,285	+$177,505
Loan Sales Securities:					
Obligations	$109,131	$32,249	$536,908	$31,674	-$505,234
Collections	$12,428	$19,366	$585,246	$32,632	-$552,615
Financing Authority (net)	$67,126	$0	$0	$0	$0
Financing Disbursements (net)	$92,213	$12,883	-$58,192	$8,897	+$67,090
Direct Loans:					
Obligations	$314,797	$690,677	$1,147,512	$516,569	-$630,943
Collections	$212,644	$221,026	$601,507	$154,646	-$446,861
Financing Authority (net)	$496,468	$469,650	$595,686	$361,924	-$233,762
Financing Disbursements (net)	$114,276	$469,650	$579,459	$383,812	-$195,647
Transitional Housing Loans:					
Obligations	$136	$11,534	$92	$6,221	+$6,129
Collections	$5,090	$2,586	$347	$1,286	+$939
Financing Authority (net)	$2,474	$11,314	-$70	$6,211	+$6,280
Financing Disbursements (net)	-$2,506	$151	-$347	-$339	+$8
Housing Financing Accounts Totals:					
Obligations	$2,201,538	$3,320,170	$4,415,998	$2,781,052	-$1,634,947
Collections	$1,538,222	$2,726,309	$4,303,065	$2,626,046	-$1,677,019
Financing Authority (net)	$566,068	$588,651	$595,616	$604,523	+$8,908
Financing Disbursements (net)	$714,884	$598,810	$134,130	$183,086	+$48,956

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a negative subsidy rate in 2009 and will not require any subsidy to guarantee 180,000 Veterans Housing loans totaling $35.9 billion. Public Law 108-454, the Veterans Benefits Improvement Act of 2004, included some changes to the Loan Guarantee Program. The Veterans Housing Guaranteed Loan Hybrid Adjustable Rate Mortgage (ARM) demonstration project originally mandated for 2004 and 2005

has been extended through 2008 and will allow VA to guarantee both hybrid and traditional ARMs. The Act also increased the maximum loan guarantee amounts to be indexed to the current Freddie Mac conforming loan limitation.

The $2.0 million (on-budget) in Direct Acquired Loan subsidy for 2009 is to finance 464 loans totaling $65.1 million. The $6.2 million in Guaranteed Transitional Loan subsidy for 2009 is to finance 2 loans totaling $6.2 million, which will be financed from unobligated funds. The Veterans Housing Direct Vendee Loan Program has a negative subsidy rate in 2009 and will not require any subsidy to finance 2,230 loans totaling $256.6 million.

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

Financing	**2008 Current Estimate**	**2009 Estimate**
Prior Year Net Disbursements	$714,884	$134,130
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	+$954,011	-$504,899
Offsetting collections	-1,807,906	+678,482
Change in obligated balances	+4,543	+3,921
Change in Uncollected Customer Payments	-48,339	0
Loan Sales Securities:		
Obligations	+427,778	-505,234
Offsetting collections	-572,818	+552,615
Change in obligated balances	-9,855	19,709
Change in Uncollected Customer Payments	+4,490	0
Direct Loans:		
Obligations	+832,715	-630,943
Offsetting collections	-388,862	+446,861
Change in obligated balances	+23,012	+10,605
Change in Uncollected Customer Payments	+44,341	-22,171
Transitional Housing Loans:		
Obligations	-$43	$6,129
Offsetting collections	+$4,743	-$939
Change in obligated balances	+$2,322	+$49
Change in Uncollected Customer Payments	-4,863	-5,231
Net Change	**-$580,754**	**$48,956**
Estimated Net Disbursements	$134,130	$183,086

In 2008, total financing net disbursements (outlays) are projected to decrease almost $580.8 million, mostly due to decreases in both the Guaranteed Loan and Loan Sales Securities financing accounts. Net disbursements for the Guaranteed

Loan Financing Account (GLFA) are estimated to decrease $897.7 million, primarily due to an increase in offsetting collections. Net disbursements for Loan Sales Securities are estimated to decrease by $150.4 million also due to an increase offsetting collections. These decreases are offset by an increase in net disbursements for Direct Loans, primarily due to an increase in obligations.

In 2009, total financing net disbursements (outlays) are projected to increase $49.0 million. Net disbursements for the GLFA are currently projected to increase $177.5 million in 2009. This decrease is due to an increase in offsetting collections of $678.5 million combined with a decrease in obligations of almost $504.9 million. Most of the decrease in obligations is due to a decrease in downward reestimates, which will not be calculated until the end of 2008 and shown in the 2010 Congressional Budget submission. Offsetting the increase is a decrease in net disbursements for Direct Loans by $195.6 million in 2009, primarily due to a decrease in obligations for subsidy downward reestimates and to a decrease in offsetting collections from no sale of Vendee loans. Also, net disbursements for the Loan Sales Securities are projected to decrease $67.1 million, primarily due to less obligations and offsetting collections, associated with no loan sales.

Workload Summary
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Veterans Housing Benefit Program:					
Liquidating Account:					
Property acquisitions	224	188	174	135	- 39
Properties sold	393	599	304	236	- 68
Guaranteed Loans:					
Subsidy rate	-0.36%	-0.37%	-0.37%	-0.66%	-0.29%
Number of guaranteed loans	129,261	180,000	180,000	180,000	0
Amount of guaranteed loans	$24,186,118	$29,104,463	$34,761,311	$35,816,558	+$1,055,247
Average loan amount (full dollars)	$187,111	$161,691	$193,118	$198,981	+$5,862
Loan Sales Securities:					
Subsidy rate	0.00%	0.00%	2.14%	0.00%	-2.14%
Guaranteed loans sold:					
Number of loans sold	0	0	4,883	0	-4,883
Amount of loans sold	0	0	$436,435	0	-436,435
Average loan amount (full dollars)	0	0	$89,385	0	-89,385
Gross proceeds from sale	0	0	$439,849	0	-439,849
Direct Loans:					
Acquired Loans:					
Subsidy rate	10.43%	8.84%	8.84%	3.04%	-5.80%
Number of Loans	642	2,631	500	464	-35
Total amount of loans	$74,122	$196,708	$68,592	$65,099	-$3,493
Average loan amount (full dollars)	$115,454	$74,779	$137,243	$140,151	+$2,908
Vendee Loans:					
Subsidy rate	-3.46%	- 1.59%	-1.59%	-3.29%	-1.70%
Number of Loans	501	2,883	2,389	2,230	-160
Total amount of loans	$44,837	$329,907	$268,007	$256,649	-$11,357
Average loan amount (full dollars)	$89,494	$114,425	$112,169	$115,107	+$2,938
Transitional Housing:					
Subsidy rate	0.00%	72.10%	0.00%	99.18%	+99.18%
Number of guaranteed loans	0	2	0	2	+2
Amount of guaranteed loans	0	$11,515	0	6,221	+6,221
Average loan amount (full dollars)	0	$5,758	0	3,110,565	+3,110,565

Native American Veterans Housing Loan Program

Appropriation Language

For administrative expenses to carry out the direct loan program authorized by subchapter V of chapter 37 of title 38, United States Code, $646,000.

Summary of Net 2009 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	$646	$646	$0	$0
Direct Loan Financing Account	0	0	$10,721	$10,699
Total	**$646**	**$646**	**$10,721**	**$10,699**

Summary of Budget Request

An appropriation of $646,000 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 2009 and therefore will not require any subsidy from the program's $2.3 million unobligated balance.

Program Description

The Native American Veterans Housing Loan Program is authorized by 38 U.S.C. chapter 37, section 3761 to provide direct loans to veterans living on trust lands. The loans are available to purchase, construct or improve homes to be occupied as the veteran's residence. The principal amount of a loan under this authority is limited to the Federal Home Loan Mortgage Corporation single-family conventional conforming loan limit. Veterans pay a funding fee of 1.25 percent of the loan amount but veterans with service-connected disability are exempt from paying the fee. The law also requires that before a direct loan can be made, the veteran's tribal organization sign a Memorandum of Understanding with the Department of Veterans Affairs with respect to the terms and conditions of the loan.

The Native American Veterans Housing Loan Program is a program that began in 1993 as a pilot program. Indefinite subsidy authority of $4.5 million was provided for by PL 102-389, "Departments of Veterans Affairs and Housing and Urban

Development, and Independent Agencies Appropriation Act, 1993". Initial authority for this pilot program expired September 30, 1997. Authority was extended through December 31, 2001 by PL 105-114, "Veterans Benefits Act of 1997", through December 31, 2005 by PL 107-103, "Veterans Education and Benefits Expansion Act of 2001", extended through December 31, 2008, by PL 108-454, "Veterans Benefits Improvement Act of 2004", and became permanent by PL 109-233, "Veterans Housing Opportunity and Benefits Act of 2006".

Credit Reform

The "Federal Credit Reform Act of 1990," PL 101-508, changed the accounting for Federal credit programs to more accurately measure the costs of credit programs and to make credit programs consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy costs, the cost to the government, from the non-budgetary cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, credit programs separate the Native American Housing Loan Program into two accounts, the Program Account and the Direct Loan Financing Account.

Program Account

The Native American Veterans Housing Loan Program, Program Account was established to provide appropriations for the payment of subsidies to the Native American Veterans Housing Loan Program, 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)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$0	$0	$0	$0	$0
Upward reestimate, including interest	2,634	0	5,233	0	-5,233
Administrative expenses:					
Veterans Benefits Administration	564	608	608	626	+18
General Counsel	20	20	20	20	0
Total administrative expenses	584	628	628	646	+18
Total obligations	**$3,218**	**$628**	**$5,861**	**$646**	**-$5,215**
Unobligated Balance:					
Start of year	-$2,334	-$2,334	-$2,334	-$2,334	$0
End of year	$2,334	$2,334	$2,334	$2,334	$0
Budget authority (net)	**$3,218**	**$628**	**$5,861**	**$646**	**-$5,215**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$3,218**	**$628**	**$5,861**	**$646**	**-$5,215**
Financing:					
Appropriation, discretionary	$584	$628	$628	$646	+$18
Mandatory Indefinite	$2,634	$0	$5,233	$0	-$5,233
Workload:					
Number of direct loans established	38	30	60	60	0
Average direct loan amount (dollars)	$202,669	$122,268	$207,128	$211,270	+$4,142
Amount of direct loans established	$7,701	$3,668	$12,428	$12,676	+$248
NA direct loan subsidy rate	-13.46%	-14.48%	-14.48%	-10.07%	4.41%

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 been experiencing 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 2009.

To provide for origination, servicing, management, investment and common overhead expenses, $646,000 is required for the Program Account. This amount will provide VBA seven FTE at a cost of $626,000 payroll and nonpayroll expenses. The Office of the General Counsel will be reimbursed $20,000 to support one FTE.

Native American Direct Loan Program Account Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2008 Current Estimate	**2009 Estimate**
Prior year outlays (net)	**$3,218**	**$5,861**
Increases (+) and Decreases (-)		
Upward reestimate, including interest	+$2,599	-$5,233
Administrative expenses	+44	+18
Change in obligated balance/other	0	0
Net Change	**+$2,643**	**-$5,215**
Estimated Outlays (net)	**$5,861**	**$646**

In 2008, outlays will total $5.9 million, an increase of $2.6 million from the 2007 level. This is due to an increase of $2.6 million in the direct loan upward reestimate from $2.6 million to $5.2 million.

In 2009, outlays will total $646,000, a decrease of $5.2 million from the 2008 level. The decrease is a result of the 2008 upward reestimates. The 2009 upward reestimates will not be calculated until the end of 2008 and will be shown in the 2010 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 obligations. 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)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$8,509	$3,668	$12,428	$12,676	+$249
Negative subsidy	664	525	1,800	1,276	-523
Interest on Treasury borrowings	2,864	2,046	2,195	2,709	+514
Property expenses	-29	6	2	2	0
Other Expenses	0	9	3	3	0
Treasury Receipt account:					
Downward Reestimate	854	0	1,278	0	-1,278
Int. on Downward Reestimate	190	0	558	0	-558
Total obligations	**$13,052**	**$6,254**	**$18,263**	**$16,667**	**-$1,596**
Unobligated Balance:					
Start of year	-$1,404	$0	$9,867	$0	-$9,867
End of year	$9,867	$0	$0	$0	$0
Obligated Balance:					
Start of year	$2,084	$0	$3,809	$1,649	-$2,160
End of year	$3,809	$0	$1,649	$1,671	+$22
Offsetting Collections:					
Payments from Program account	$2,634	$0	$5,233	$0	-$5,233
Reimbursements from NADL	0	402	0	0	0
Interest on Uninvested funds	0	0	571	0	-571
Loan repayments	2,223	615	2,629	3,212	+583
Interest received on loans	1,554	2,271	2,103	2,623	+520
Fees	72	19	84	94	+10
Other	90	0	15	17	+2
Total offsetting collections	**$6,573**	**$3,307**	**$10,634**	**$5,946**	**-$4,688**
Financing:					
Financing authority, net	$22,192	$2,947	$7,628	$10,721	+$3,092
Financing disbursements, net	$4,753	$2,947	$9,788	$10,699	+$911

Summary of Off-Budget Financing Account

Obligations are estimated at almost $16.7 million for 2009 and are expected to support 60 direct loans to Native American veterans with a value of almost $12.7 million. Obligations also reflect interest on Treasury borrowing of $2.7 million and $1.3 million in negative subsidy. Interest on Treasury borrowing is computed based on average financing authority net of offsetting collections, using current interest rate assumptions on Treasury securities.

Total collections in 2009 are estimated at over $5.9 million, including $3.2 million in repayments and prepayments of principal, $2.6 million from borrower's interest payments, $94,000 from fees on loans, and $17,000 from other collections. Collections are almost $4.7 million lower in 2009 than in 2008 because of upward reestimates. The 2009 upward reestimates will not be calculated until the end of 2008 and will be shown in the 2010 Congressional Budget submission.

Changes From Original 2008 Budget Estimate

The current obligation estimate for 2008 is over $12.0 million higher than the original estimate primarily due to an increase of loans of almost $8.8 million, a downward reestimate of over $1.8 million, and an increase in estimated interest payments to Treasury for borrowing of over $149,000.

Native American Direct Loan Financing Account – Off-Budget
Analysis of Increases and Decreases – Outlays
(dollars in thousands)

	2008 Current Estimate	2009 Estimate
Prior year outlays (net)	$4,753	$9,788
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+$3,919	+$249
Negative Subsidy	+1,135	-523
Interest on Treasury borrowing	-669	+514
Property Expenses	+32	0
Other Expenses	+3	0
Payments to Treasury Receipt account:		
Downward Reestimate	+424	-1,278
Int. on Downward Reestimate	+368	-558
Offsetting collections:		
Payments from Program account	-2,599	+5,233
Reimbursement from NADL	0	0
Interest on Uninvested funds	-571	+571
Loan repayments	-406	-583
Interest received on loans	-549	-520
Fees	-12	-10
Other	+75	-2
Change in obligated balances/other	+3,886	-2,182
Net Change	**+$5,035**	**+$911**
Estimated Outlays (net)	$9,788	$10,699

In 2008, outlays are estimated at almost $9.8 million, an increase of over $5.0 million from 2007. The overall outlay increase is due to increases in obligations and decreases in obligated balances. Obligations increase by $5.2 million primarily as the result of an increase of $3.9 million in direct loans, an increase of $1.1 million in negative subsidy, and an increase of $792,000 in downward reestimates ($1.8 million vs. $1.0 million). The obligation increases are slightly offset by a $669,000 decrease in interest on Treasury borrowing. The change in obligated balances increases outlays by $3.9 million. Offsetting the overall increase in outlays is an increase in offsetting collections of $4.1 million, due to an increase of $2.6 million in upward reestimates, an increase of $549,000 in interest received on loans, and an increase of $406,000 in loan repayments.

In 2009, outlays are estimated at almost $10.7 million, an increase of $911,000 from 2008. The increase is primarily the result of the $5.2 million upward reestimate shown in 2008 and increases in obligated balances of $3.9 million. Offsetting this increase is the result of the $1.8 million downward reestimate shown in 2008. The 2009 upward and downward reestimates will be calculated at the end of 2008 and presented in the 2010 Congressional Budget submission.

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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, $42,300,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease(-)
Lives Insured:[1]					
Veterans (Administered Programs)	1,263,927	1,138,920	1,176,462	1,089,655	-86,807
Veterans (VGLI)	430,600	444,670	443,300	455,300	+12,000
Servicemembers (SGLI)	2,353,500	2,387,500	2,347,600	2,342,000	-5,600
Spouses and Children (FSGLI)	3,075,000	2,982,000	3,047,000	3,044,000	-3,000
Total Lives Insured	**7,123,027**	**6,953,090**	**7,014,362**	**6,930,955**	**-83,407**
Face Amount In Force	**$ 1,086,208,680**	**$ 1,116,485,168**	**$ 1,084,386,180**	**$ 1,084,861,900**	**$ +475,720**
Obligations:					
Death Claims	$ 1,085,229	$ 1,150,470	$ 1,085,178	$ 1,085,115	$ -63
Dividends	374,770	349,340	358,100	338,120	-19,980
Premiums Paid to OSGLI	840,737	860,170	834,450	832,360	-2,090
Transfers to Insurance Funds	544,772	33,180	525,658	34,902	-490,756
Payments for Administrative Expenses	36,191	42,502	39,140	38,910	-230
Capital Investments	86,038	90,230	85,072	83,830	-1,242
All Other Obligations	181,379	188,791	190,298	186,303	-3,995
Total Obligations	**$ 3,149,116**	**$ 2,714,683**	**$ 3,117,896**	**$ 2,599,540**	**$ -518,356**
Funding:					
Offsetting Collections					
Premiums	$ 98,860	$ 99,117	$ 97,930	$ 95,180	$ -2,750
SGLI Premiums	842,474	861,670	836,180	834,090	-2,090
Interest on U.S. Securities	158,065	151,750	152,380	146,490	-5,890
Payments for S-DVI	41,850	32,400	33,668	34,322	+654
Extra Hazard Payments	486,927	0	450,000	0	-450,000
TSGLI Payments	15,400	0	41,400	0	-41,400
All Other Collections	308,814	293,247	296,505	280,160	-16,345
Total Collections	**$ 1,952,390**	**$ 1,438,184**	**$ 1,908,063**	**$ 1,390,242**	**$ -517,821**
Unobligated balance (SOY)	**$ -10,718,842**	**$ -10,232,051**	**$ -10,305,341**	**$ -9,816,998**	**$ +488,343**
Unobligated balance (EOY)	**$ 10,305,341**	**$ 9,678,812**	**$ 9,816,998**	**$ 9,275,320**	**$ -541,678**
Budget Authority, net:					
Insurance Benefit (VI&I)	$ 49,850	$ 41,250	$ 41,250	$ 42,300	$ +1,050
Trust Funds	$ 1,142,518	$ 1,183,012	$ 1,126,530	$ 1,121,470	$ -5,060
Total:					
Budget Authority (net)	**$ 1,192,368**	**$ 1,224,262**	**$ 1,167,780**	**$ 1,163,770**	**$ -4,010**
Outlays (net)	**$ 1,215,254**	**$ 1,296,702**	**$ 1,223,790**	**$ 1,239,149**	**$ +15,359**

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

[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".*

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, Veterans' Mortgage Life Insurance (VMLI), and supervises two additional programs for the benefit of servicepersons, veterans, 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 redemption of U.S. securities.

In 2009, the VI&I account will require an appropriation of $42.3 million to finance its operation. This will enable VA to transfer $34.3 million to the S-DVI program, $7.4 million to the VMLI program and $580,000 to the NSLI program (detailed explanations for these transfers are included under Insurance – VI&I Appropriated Fund).

Changes from Original 2008 Budget Estimate

Total obligations in 2008 are estimated to increase by $403.2 million from the original 2008 estimate. The majority of this increase is in transfers to insurance funds, particularly transfers to the Office of Servicemembers' Group Life Insurance (OSGLI). Transfers to insurance funds are expected to increase by $492.5 million due to an increase in extra hazard payments and transfers to fund the TSGLI program. There will be a $450 million transfer to OSGLI from DoD to finance extra hazard payments. 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. In addition, a $41.4 million transfer will be made for the Traumatic Injury Protection Insurance (TSGLI) program during 2008. Public Law 109-13 established TSGLI under the SGLI program effective December 1, 2005. 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 $41.4 million payment is composed of an estimated $36 million to provide TSGLI coverage for ongoing excess claim costs and $5.4 million in retroactive costs. Retroactive costs are associated with the provision in TSGLI that provides benefits to any servicemember who suffered a qualifying loss as a direct result of a traumatic injury incurred in Operation Enduring Freedom (OEF) or Operation Iraqi Freedom (OIF) on or after October 7, 2001 and through and including November 30, 2005.

Extra hazard payments and the payments for TSGLI are transferred from DoD to VA and then transferred by VA to OSGLI. Therefore, the transfer will appear as both a collection and an obligation. Offsetting collections are projected to increase by $469.9 million. The majority of this increase is the result of the transfers to SGLI discussed above.

Insurance Analysis of Increases and Decreases (dollars in thousands)		
	2008 Estimate	**2009 Estimate**
Prior Year Outlays	$ 1,215,254	$ 1,223,790
Increases (+) and Decreases(-)		
Obligations:		
Death Claims	-51	-63
Dividends	-16,670	-19,980
Premiums Paid to OSGLI	-6,287	-2,090
Transfers to Insurance Funds	-19,114	-490,756
Payments for Administrative Expenses	+2,949	-230
Capital Investments	-966	-1,242
All Other Obligations	+8,919	-3,995
Offsetting collections:		
Premiums	+930	+2,750
SGLI Premiums	+6,294	+2,090
Interest on U.S. Securities	+5,685	+5,890
Payments for S-DVI	+8,182	-654
Extra Hazard Payments	+36,927	+450,000
TSGLI Payments	-26,000	+41,400
All Other Collections	+12,309	+16,345
Change in Obligated Balances	-4,571	+15,894
Net Change	**$ +8,536**	**$ +15,359**
Estimated Outlays (net)	$ 1,223,790	$ 1,239,149

In 2008, outlays increase by $8.5 million above the prior year. The major changes in obligations and collections that impact outlays are decreases in dividends and decreases in NSLI premiums (included in all other collections). There are also major changes to extra hazard payments, TSGLI payments and transfers to insurance funds; however, these obligations and collections offset each other and as a result, do not affect net outlays.

The projected decrease in dividends in 2008 is attributed to a lower average rate of return on securities, resulting in decreased investment earnings, which results in lower dividend distributions. The decrease in NSLI premiums is a result of the decline in the number of NSLI policies in force. The combined increase in TSGLI payments and decrease in extra hazard payments are offset by the decrease in

transfers to insurance funds. These changes to SGLI and TSGLI obligations and collections do not affect net outlays because in each case, VA collects money from DoD and sends it to OSGLI for the operation of the SGLI and TSGLI programs.

In 2009, outlays will increase by $15.4 million. Similar to 2008, the major increases and decreases in obligations and collections that impact net outlays are decreases in dividends and NSLI premiums (included in all other collections). There are also major increases and decreases to SGLI and TSGLI obligations and collections; however, these offset each other and as a result, do not affect net outlays.

Summary of Insurance Programs 2009
(dollars in millions)

	VI&I (VMLI)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII-Korean)	SDVI (Open)	SGLI (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	2,250	719,201	4,660	158,810	30,378	174,356	2,342,000	3,044,000	455,300	6,930,955
Number of Polices Inforce										
Term insurance	2,250	195,360	n/a	12,640	n/a	71,080	n/a	n/a	n/a	281,330
Permanent plans	n/a	632,692	4,740	162,160	35,130	130,373	n/a	n/a	n/a	965,095
Tot. policies inforce	**2,250**	**828,052**	**4,740**	**174,800**	**35,130**	**201,453**	**2,342,000**	**3,044,000**	**455,300**	**7,087,725**
Tot. value inforce(1)	**$ 164**	**$ 9,650**	**$ 14**	**$ 2,298**	**$ 346**	**$ 2,032**	**$ 888,350**	**$ 122,962**	**$ 59,046**	**$ 1,084,862**
Avg amt. per policy(2)	$ 72,889	$ 11,654	$ 2,954	$ 13,146	$ 9,849	$ 10,087	$ 379,313	$ 40,395	$ 129,686	
Avg age	56.9	83.6	90.9	77.5	84.4	60.7	30.1	33.0(3)	47.2	
Annual death rate per 1,000	54.4	83.6	146.5	35.3	92.9	31.6	1.5	0.79(4)	4.7	

(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 insureds 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 and disability payments being made where the disability was caused by the extra hazards of military service. By law, these extra hazard costs are borne by the government.

VMLI provides up to $90,000 of mortgage protection life insurance to disabled veterans who have received a grant for specially adapted housing. Policies are issued at standard premium rates to individuals who are considered health risks. A subsidy is necessary to support the VMLI program.

Servicemembers' Group Life Insurance - Public Enterprise Fund -

Includes Veterans' Group Life Insurance[2] (VGLI), Family Servicemembers' Group Life Insurance (FSGLI) and 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 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 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.

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[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.*

The SGLI program is supervised by VA and administered, under a contractual agreement, by Prudential Insurance Company of America through OSGLI. VA collects premiums from each of the uniformed services and disburses those funds to OSGLI 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 SGLI premium rate is 7.0 cents per month 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. Public Law 109-13 established the TSGLI program as a rider under the SGLI program effective December 1, 2005. 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 OEF or OIF. 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.

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 up to $20,000 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, except for claims traceable to the extra hazards of service in the armed forces. [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.*

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. [4]

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 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.

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.[4]

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[4] *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)

	2007 Actual	2008 Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations				
USGLI	$ 5,835	$ 5,390	$ 4,960	$ -430
NSLI	1,406,319	1,377,820	1,357,010	-20,810
SDVI	82,029	95,210	97,350	+2,140
VRI	55,823	55,570	52,730	-2,840
VSLI	202,368	212,280	208,900	-3,380
SGLI	1,344,801	1,327,580	834,090	-493,490
VI& I	51,941	44,046	44,500	+454
Total obligations	**$ 3,149,116**	**$ 3,117,896**	**$ 2,599,540**	**$ -518,356**
Budget authority (gross)				
USGLI	$ 5,835	$ 5,390	$ 4,960	$ -430
NSLI	1,406,319	1,377,820	1,357,010	-20,810
SDVI	91,977	84,838	86,752	+1,914
VRI	34,235	31,180	28,140	-3,040
VSLI	211,219	205,565	198,540	-7,025
SGLI	1,344,826	1,327,610	834,110	-493,500
VI& I	51,866	43,440	44,500	+1,060
Total budget authority (gross)	**$ 3,146,277**	**$ 3,075,843**	**$ 2,554,012**	**$ -521,831**
Outlays (gross)				
USGLI	$ 7,319	$ 6,838	$ 6,440	$ -398
NSLI	1,436,540	1,406,236	1,398,900	-7,336
SDVI	83,892	95,155	97,310	+2,155
VRI	57,208	57,044	54,670	-2,374
VSLI	185,995	194,696	193,480	-1,216
SGLI	1,344,801	1,327,580	834,091	-493,489
VI& I	51,889	44,304	44,500	+196
Total outlays (gross)	**$ 3,167,644**	**$ 3,131,853**	**$ 2,629,391**	**$ -502,462**
Offsetting collections				
USGLI	$ 316	$ 260	$ 220	$ -40
NSLI	267,801	256,420	240,280	-16,140
SDVI	91,977	84,838	86,752	+1,914
VRI	34,235	31,180	28,140	-3,040
VSLI	211,219	205,565	198,540	-7,025
SGLI	1,344,826	1,327,610	834,110	-493,500
VI& I (VMLI)	2,016	2,190	2,200	+10
Total offsetting collections	**$ 1,952,390**	**$ 1,908,063**	**$ 1,390,242**	**$ -517,821**

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

	2007 Actual	2008 Estimate	2009 Estimate	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	$ 4,000	$ 5,130	$ 4,740	$ -390
NSLI	1,138,518	1,121,400	1,116,730	-4,670
SDVI	0	0	0	0
VRI	0	0	0	0
VSLI	0	0	0	0
SGLI	0	0	0	0
VI& I	49,850	41,250	42,300	+1,050
Total budget authority (net)	**$ 1,192,368**	**$ 1,167,780**	**$ 1,163,770**	**$ -4,010**
Outlays (net)				
USGLI	$ 7,003	$ 6,578	$ 6,220	$ -358
NSLI	1,168,739	1,149,816	1,158,620	+8,804
SDVI	-8,085	10,317	10,558	+241
VRI	22,973	25,864	26,530	+666
VSLI	-25,224	-10,869	-5,060	+5,809
SGLI	-25	-30	-19	+11
VI& I	49,873	42,114	42,300	+186
Total outlays (net)	**$ 1,215,254**	**$ 1,223,790**	**$ 1,239,149**	**$ +15,359**
Number of lives insured				
USGLI	6,606	5,613	4,660	-953
NSLI	880,321	799,036	719,201	-79,835
SDVI	162,630	168,789	174,356	+5,567
VRI	37,806	34,036	30,378	-3,658
VSLI	174,196	166,678	158,810	-7,868
SGLI	2,353,500	2,347,600	2,342,000	-5,600
FSGLI	3,075,000	3,047,000	3,044,000	-3,000
VGLI	430,600	443,300	455,300	+12,000
VI& I (VMLI)	2,368	2,310	2,250	-60
Total number of lives insured	**7,123,027**	**7,014,362**	**6,930,955**	**-83,407**
Dividends				
USGLI	$ 1,075	$ 900	$ 760	$ -140
NSLI	290,622	277,140	264,710	-12,430
VRI	10,215	9,340	7,920	-1,420
VSLI	72,858	70,720	64,730	-5,990
Total Dividends	**$ 374,770**	**$ 358,100**	**$ 338,120**	**$ -19,980**

Proposed Legislation for 2009 Budget

Cost of Technical Amendments to Sections 1967, 1968, 1969, and 1973 of Title 38
Legislation will be proposed (1) to extend Family SGLI coverage to the reservists who volunteer for assignment to a mobilization category in the IRR, as defined in section 1965(5)(C) of title 38 of the United States Code; (2) to provide that SGLI with respect to an insurable dependent of a service member will be determined by 120 days after the member's separation or release from service, rather than the date of termination of insurance on the member's life; (3) to provide that VA has the authority to set varying age group premiums for service members' spouses; and (4) to clarify that any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections, refuses to perform service in the Armed Forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to both Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI). The cost of these changes/clarifications is estimated to be zero (none).

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, $1,699,867,000: 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 $1,371,753,000:* Provided further, *That of the funds made available under this heading, not to exceed $83,000,000 shall be available for obligation until September 30, 2010: 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.*

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 Department of Veterans Affairs non-medical benefits and support functions for the entire Agency. It includes two activities: the Veterans Benefits Administration (VBA) and General Administration.

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 independent 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.

Appropriation Highlights
(dollars in thousands)

Total General Operating Expenses	2007 Enacted	2008 Estimate Budget	2008 Estimate Current	2009 Request
Appropriation				
Veterans Benefits Administration	$1,250,567	$1,198,294	$1,327,001	$1,371,753
General Administration	$314,105	$273,543	$277,999	$328,114
Total Appropriated	**$1,564,672**	**$1,471,837**	**$1,605,000** 1/	**$1,699,867**
Transfers for Construction Facilities Mgt.	$22,950	$0	$46,561	$0
Transfers to DoD and GSA.	-$1,953	$0	$0	$0
Start of Year unobligated balances	$68,836	$0	$128,418	$62,307
Total (direct) Budgetary Resources	$1,654,505	$1,471,837	$1,779,979	$1,762,174
GOE Average Employment				
Veterans Benefits Administration	13,504	13,065	14,857	15,570
General Administration	2,901	2,264	2,512	2,575
Total Average (FTE)	**16,405**	**15,329**	**17,369**	**18,145**

1/ Consistent with VA's 2008 Appropriation Act, $6 million of the 2008 GOE appropriation is for payment to State Approving Agencies necessary to carry out Section 3674 of Title 38, U.S. Code.

Summary of Budget Request

The General Operating Expenses (GOE) Appropriation request in 2009 is $1,699,867,000 and 18,145 FTE in average employment to accomplish the missions of the Veterans Benefits Administration (VBA) and the General Administration activity. Specifically, the VBA portion of this request is $1,371,753,000 and for the General Administration activity, $328,114,000. All payroll and non-payroll IT requirements for VBA and General Administration are budgeted for in the Department-wide IT account and are not included in the above request. A description of this centralized IT request can be found in the Department's IT Budget Chapter.

Veterans Benefits Administration

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Veterans Benefits Administration

VBA Mission Statement

The mission of the Veterans Benefits Administration, in partnership with the Veterans Health Administration and the National Cemetery Administration, is to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner in recognition of their service to the nation.

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 2009 OMB Budget Submission.

Program Highlights

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 2009 budget provides resources to support an additional 694 FTE to help timely and accurately process a claims workload that continues to increase in quantity and complexity. The 2007 Emergency Supplemental and the 2008 Appropriation will also help improve claims processing, providing nearly 2,000 direct FTE above the 2007 level.

Disability compensation and pension claims receipts requiring a rating decision are projected to be 854,904 in 2008 and 872,002 in 2009. It is projected that our pending workload will decrease throughout 2008, ending the year with 368,292 claims pending in our inventory. The 2009 funding levels are essential if VBA is to reduce the pending claims inventory, achieve our timeliness and accuracy performance goals, and enhance the overall delivery of service and benefits to claimants.

The disability claims workload from returning war veterans, as well as from veterans of earlier periods, has continuously increased since 2000. VBA annual claims receipts grew 45 percent from 2000 to 2007 – from 578,773 to 838,141, an increase of 259,368. In 2008 and 2009, we anticipate claims receipts will increase to 854,904 and 872,002, respectively. 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), complex combat injuries, diabetes and related conditions, and environmental diseases are becoming increasingly more complex. For example, the number of original claims with eight or more disabilities claimed increased 168 percent from

21,814 in 2000 to 58,532 in 2007. Of the 225,173 original claims received in 2007 26 percent claimed eight or more disabilities.

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. We are also now required to review the claims at more points in the decision process. With a workforce that is sufficiently sized and correctly balanced, VBA can successfully meet the needs of our veterans, while also ensuring stewardship of taxpayer funds.

VBA will continue efforts to enhance our data collection systems and provide additional automated tools to improve the timeliness and accuracy of the delivery of benefits and services. Ongoing VBA initiatives include: expansion of Web-based technology and deliverables (i.e., Web portal, Training and Performance Support Systems); Virtual VA paperless processing; enhanced veteran self service and access to benefit application, status, and delivery; single ID (PIN) for veterans; enhanced phone technologies; data integration across business lines; use of the corporate database; information exchange, primarily with DoD; quality assurance programs and controls; and employee skills certification and training. IT initiatives are funded in the VA IT appropriation.

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. The 2009 pensions budget request is sufficiently funded to support improvements in timeliness, accuracy and services to our veterans and their survivors.

In 2002, the Pension Maintenance Centers (PMCs) were established to consolidate processing of Eligibility Verification Reports, Income Verification Matches, and other matching programs. In 2003, income changes and dependency adjustments were added to the workload; Committee on Waivers and Compromises decisions were added in 2004. These efforts improved quality and productivity and reduced the time for processing pension cases. Consolidation of original pension claims processing to the three PMCs began in August 2007 with training on processing original pension claims. Full transfer of original pension claims is anticipated in calendar year 2008. This initiative will relieve regional offices of their remaining pension work, allowing them to focus solely on compensation claims processing and related actions.

Education

VBA's Education programs provide veterans, servicemembers, reservists, and certain family members with educational resources. Our 2009 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. The selection of opportunities is wide-ranging as well, from traditional degree attainment to vocational programs, such as commercial flight training or on-the-job and apprenticeship training.

In 2009, Education Service will create the Education Management Development Program. It is designed to identify and enrich a diverse group of potential future leaders within the Education workforce. The program will be for non-supervisory Education Regional Processing Office personnel at the GS 9 through 11 levels in the following positions: Journeyman Veterans Claims Examiner (VCE), Education Case Manager, and Senior Veterans Claims Examiner (SrVCE).

Education Service will continue in 2009 the process of centralizing Regional Processing Office call centers, which accept all calls directed to the 1-888-GIBILL1 number. These call centers handle inquires regarding payments, status of the claims, and all other questions related to education programs. Our call volume relates directly to our pending workload inventory. Centralizing telephone workload will enable our Veterans Claims Examiners to focus their efforts on processing claims. We anticipate this will improve veterans' access to information and assistance, as well as our ability to process claims in a timely manner. We will continue streamlining our business processes which will improve our service to veterans.

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

The Vocational Rehabilitation and Employment (VR&E) Program provides 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.

In 2009, VBA will continue to provide VR&E services to veterans and will rehabilitate an estimated 10,000 veterans through placement in suitable employment or gains in independence in daily living. The rate at which veterans transition from military careers to civilian careers influences the demand for program services. We anticipate that the number of individuals leaving military service will increase and 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. To meet this demand, we will continue our outreach efforts through the Disabled Transition Assistance Program (DTAP) and provide standardized and consistent information regarding program options early in the transition process. VR&E will also continue to study ways to streamline processes in order to provide expedited and cost-effective service to veterans and servicemembers.

VR&E will continue to grow in the area of increasing partnerships with other agencies and organizations. A few of the partnerships VR&E has cultivated include: Department of Defense, Department of Labor's Veterans Employment and Training Service, Helmets to Hardhats, Army Materiel Command: Always A Soldier, and Home Depot. Partners provide a variety of important services in combination with the VA vocational rehabilitation program that can help with adjustment to disabilities in the work place, enhance self-awareness, and connect people to employers. VR&E will capitalize on our relationships with the Veterans Health Administration, in the spirit of "One-VA," to bring more effective, efficient, and timely services to veterans and their families.

VR&E's Job Resource Labs were fully deployed in all regional offices in 2006. These labs include all the necessary equipment, supplies, and resource materials to aid VR&E staff and veterans in conducting comprehensive analyses of local and national job outlooks, developing job search plans, preparing for interviews, developing resumés, and conducting thorough job searches. These self-service job resource labs aid veterans in the job search process through the use of a comprehensive online employment preparation and job-seeking tool.

VR&E will continue to expand and further develop the "Coming Home to Work" initiative, which is a collaborative partnership between VR&E and federal agencies to provide civilian work experiences to interested servicemembers who are in a medical-hold status at military treatment facilities and who meet the eligibility requirements for the VR&E program. The "Coming Home to Work" initiative provides all necessary rehabilitation and employment services to veterans with disabilities so they may have access to job opportunities – especially servicemembers returning from OIF and OEF, and those who are medically discharged from the military.

Currently, the VR&E program is managed under a structure of 57 regional offices and over 120 outbased stations. The case-management activities will always need to remain in veterans' local communities. In 2007, VBA permanently consolidated the administrative and management functions of the VR&E New England offices. VR&E is considering standardizing support positions and examining other opportunities for streamlining administrative functions to include evaluating the feasibility of consolidating subsistence allowance award processing, purchase card processing, contract management, and quality assurance activities.

Housing

VA provides assistance to veterans in purchasing homes on terms not generally available to non-veterans. VA's partial guaranty on loans made by private lenders enables veterans, service personnel, and members of the reserve and National Guard to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance. Unless exempt, veterans pay a fee to VA, which is usually financed in the mortgage loan, and used to partially offset costs incurred due to default and foreclosure. In 2007, VA guaranteed 129,261 loans totaling $24.2 billion. In 2008 and 2009, loan volume is estimated to increase to 180,000 as more veterans and lending professionals are attracted to fixed-rate, no downpayment VA-guaranteed loans.

Some veterans, like other homeowners, experience financial difficulties that may cause them to default on their home loans. When this occurs, VA strives to help veterans retain their homes through loan-servicing efforts. In addition to counseling, VA may intervene directly on behalf of the veteran to work out a repayment plan to reinstate the loan. Of particular note was the level of successful interventions in 2007. There were 8,453 reinstatements with VA's direct assistance, saving an estimated $181.3 million. In 2008 and 2009, VA will be implementing significant improvements in the management of defaults with emphasis on loan holders being compensated for foreclosure avoidance through loss mitigation. In limited circumstances, VA may buy the loan from the holder and the veteran will make future payments directly to VA. In the event of foreclosure, VA usually acquires the property from the mortgage loan holder. The property is then transferred to a private contractor to be sold on VA's behalf.

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 renewable

term insurance policy after a servicemember's separation from service. In addition, the program provides life insurance to veterans who have lost the ability to purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service. VA insurance programs provide $1.1 trillion of insurance coverage to 2.4 million servicemembers, 1.6 million veterans, and 3.0 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 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, located 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 answering all insurance questions 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 awards, which is considered one of the most important services provided by the Insurance Program.

In 2007, the Insurance Program disbursed $3.2 billion to servicemembers, veterans and their beneficiaries in the form of insurance death benefits, policy loans and cash surrender benefits and traumatic injury protection payments. In 2009, the Insurance Program will disburse a projected $3.1 billion to servicemembers, veterans and their beneficiaries while continuing to maintain its already high level of performance and customer satisfaction and meet the anticipated rise in our customers' expectations.

Paperless electronic workflow will continue to be phased in to all areas of insurance processing. This will help us to continue to process disbursements more quickly than the insurance industry average. We will continue to provide world-class service through our toll-free telephone service and continue to improve alternative means for veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and the Insurance self-service Web site.

The following chart reflects VBA's total 2009 discretionary budget request.

Total VBA Summary Discretionary Appropriation Highlights (dollars in thousands)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase (+) Decrease (-)**
FTE					
Direct	11,299	11,364	13,382	14,095	713
Information Technology	727	221	0	0	0
Management Direction and Support	1,478	1,480	1,475	1,475	0
Total FTE	**13,504**	**13,065**	**14,857**	**15,570**	**713**
Obligations:					
Personal Services	$1,080,626	$1,108,829	$1,180,391	$1,240,015	$59,625
Travel	16,889	14,933	33,293	22,933	-10,360
Interagency Motor Pool	2,891	2,972	2,971	3,293	321
Transportation of Things	1,658	3,578	3,579	2,853	-725
Rent, Communications & Utilities	131,579	137,671	154,527	168,241	13,714
Printing	3,392	4,121	4,132	4,233	101
Other Services	190,377	165,981	208,658	235,016	26,358
Supplies and Materials	11,784	9,741	9,741	11,394	1,653
Equipment	10,165	9,030	24,092	7,702	-16,391
Insurance Claims	111	93	93	105	12
Total Administrative Obligations	**$1,449,472**	**$1,456,950**	**$1,621,476**	**$1,695,784**	**$74,307**
Reimbursements	-$264,787	-$258,656	-$252,177	-$261,724	-$9,547
Unobligated balance SOY	-$47,018	$0	-$104,770	-$62,307	$42,463
Unobligated balance EOY	$104,770	$0	$62,307	$0	-$62,307
Transfers in from other accounts	$0	$0	$0	$0	$0
Miscellaneous adjustments	$6,808	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,249,245**	**$1,198,294**	**$1,326,837**	**$1,371,753**	**$44,916**
Outlays (net)	**$1,153,533**	**$1,194,649**	**$1,282,944**	**$1,333,755**	**$50,811**

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

The following charts summarize VBA's 2009 discretionary budget request by program.

Disability Compensation, Pensions & Burial Summary of Discretionary Appropriation Highlights (dollars in thousands)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase(+) Decrease(-)**
FTE					
Direct Compensation	6,972	6,882	8,923	9,886	963
Direct Pensions	1,255	1,287	1,263	1,011	-252
Direct Burial	126	151	118	101	-17
Total Direct FTE	**8,353**	**8,320**	**10,304**	**10,998**	**694**
Information Technology	476	154	0	0	0
Management Direction and Support	1,096	1,085	1,113	1,122	9
Total FTE	**9,925**	**9,559**	**11,417**	**12,120**	**703**
Obligations:					
Personal Services	$791,354	$804,004	$895,342	$944,073	$48,731
Travel	11,344	9,392	27,812	16,207	-11,605
Interagency Motor Pool	2,117	1,981	1,981	2,231	250
Transportation of Things	1,235	1,743	1,743	2,018	275
Rent, Communications & Utilities	97,537	98,787	115,353	127,106	11,752
Printing	2,507	2,163	2,163	2,398	235
Other Services	140,389	113,430	157,492	183,090	25,597
Supplies and Materials	8,095	5,949	5,949	6,553	604
Equipment	7,628	4,992	19,590	4,066	-15,524
Insurance Claims	85	74	73	93	20
Total Administrative Obligations	**$1,062,292**	**$1,042,514**	**$1,227,498**	**$1,287,834**	**$60,336**
Reimbursements	-$103,782	-$101,545	-$104,037	-$111,991	-$7,955
Unobligated balance SOY	-$47,018	$0	-$104,770	-$62,307	$42,463
Supplemental	$0	$0	-$74,750	$0	$74,750
Conference Mark	$0	$0	$0	-$36,218	-$36,218
GOE	-$47,018	$0	-$30,020	-$26,089	$3,931
Credit	$0	$0	$0	$0	$0
Unobligated balance EOY	$104,770	$0	$62,307	$0	-$62,307
Supplemental	$74,750	$0	$0	$0	$0
Conference Mark	$0	$0	$36,218	$0	-$36,218
GOE	$30,020	$0	$26,089	$0	-$26,089
Credit	$0	$0	$0	$0	$0
Miscellaneous adjustments	$6,808	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,023,070**	**$940,969**	**$1,080,998**	**$1,113,536**	**$32,537**
Outlays (net)	**$926,320**	**$938,920**	**$1,045,826**	**$1,083,552**	**$37,726**

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

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2007	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
FTE					
Direct	790	772	879	902	23
Information Technology	72	21	0	0	0
Management Direction and Support	96	101	92	89	-3
Total FTE	**958**	**894**	**971**	**991**	**20**
Obligations					
Personal Services	$69,767	$70,097	$71,956	$76,269	$4,313
Travel	1,162	945	948	1,189	241
Interagency Motor Pool	186	196	196	211	15
Transportation of Things	152	99	99	188	89
Rent, Communications & Utilities	8,804	10,331	11,083	12,381	1,298
Printing	243	1,254	1,254	941	-313
Other Services	5,405	11,322	4,759	5,427	667
Supplies and Materials	733	712	712	698	-14
Equipment	594	832	1,291	679	-612
Insurance Claims	8	6	6	2	-4
Total Administrative Obligations	**$87,053**	**$95,794**	**$92,304**	**$97,985**	**$5,681**
Reimbursements	-$585	-$2,260	-$2,260	-$1,292	$968
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$86,468**	**$93,534**	**$90,044**	**$96,693**	**$6,649**
Outlays (net)	**$87,817**	**$94,946**	**$87,599**	**$93,440**	**$5,841**

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

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2007	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increases(+) Decreases(-)
FTE					
Direct	763	762	778	778	0
Information Technology	109	32	0	0	0
Management Direction and Support	111	99	110	110	0
Total FTE	**983**	**893**	**888**	**888**	**0**
Obligations:					
Personal Services	$83,452	$81,539	$78,794	$81,170	$2,376
Travel	2,104	2,587	2,557	2,617	59
Interagency Motor Pool	314	525	525	538	13
Transportation of Things	66	369	369	377	8
Rent, Communications & Utilities	8,830	9,600	9,600	9,813	213
Printing	274	346	346	351	5
Other Services	29,553	20,547	19,690	19,674	-16
Supplies and Materials	952	1,177	1,177	1,205	28
Equipment	721	1,759	1,759	1,777	18
Insurance Claims	9	7	7	7	0
Total Administrative Obligations	**$126,275**	**$118,455**	**$114,824**	**$117,529**	**$2,705**
Total Reimbursements	**-$126,275**	**-$118,455**	**-$114,824**	**-$117,529**	**-$2,705**
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other 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.

Vocational Rehabilitation and Employment
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2007	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
FTE					
Direct	1,020	1,102	1,073	1,073	0
Information Technology	43	14	0	0	0
Management Direction and Support	124	144	112	106	-6
Total FTE	**1,187**	**1,260**	**1,185**	**1,179**	**-6**
Obligations					
Personal Services	$104,323	$119,661	$106,223	$109,708	$3,485
Travel	2,121	1,851	1,836	2,779	942
Interagency Motor Pool	263	260	260	302	42
Transportation of Things	202	1,367	1,367	269	-1,098
Rent, Communications & Utilities	11,556	13,691	13,692	14,191	499
Printing	306	327	327	500	173
Other Services	13,770	19,609	25,641	25,736	95
Supplies and Materials	1,690	1,574	1,574	2,602	1,029
Equipment	868	1,136	1,136	862	-274
Insurance Claims	10	6	6	3	-4
Total Administrative Obligations	**$135,110**	**$159,482**	**$152,062**	**$156,952**	**$4,890**
Reimbursements	-$306	-$311	-$311	-$320	-$8
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$134,804**	**$159,171**	**$151,751**	**$156,632**	**$4,881**
Outlays (net)	**$134,229**	**$156,431**	**$145,542**	**$152,234**	**$6,692**

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

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2007	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
FTE					
Direct	373	408	348	344	-4
Information Technology	27	0	0	0	0
Management Direction and Support	51	51	48	48	0
Total FTE	**451**	**459**	**396**	**392**	**-4**
Obligations:					
Personal Services	$31,730	$33,528	$28,076	$28,795	$719
Travel	157	158	140	142	2
Interagency Motor Pool	11	11	10	11	1
Transportation of Things	3	1	1	1	0
Rent, Communications & Utilities	4,852	5,262	4,799	4,751	-48
Printing	61	31	42	42	0
Other Services	1,259	1,074	1,075	1,090	15
Supplies and Materials	315	329	329	336	6
Equipment	354	311	316	316	0
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$38,742**	**$40,705**	**$34,789**	**$35,484**	**$695**
Reimbursements	-$33,839	-$36,085	-$30,745	-$30,592	$154
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$4,903**	**$4,620**	**$4,044**	**$4,892**	**$849**
Outlays (net)	**$5,167**	**$4,352**	**$3,977**	**$4,529**	**$552**

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

The following is a brief summary of the resources and FTE planned for each initiative. A complete description of all the VBA initiatives can be found in each respective program chapter.

2009 Congressional Submission VBA Initiative Investments (000s)								
	2008 Estimate				2009 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Training Package	-	-	-	-	-	4,691	4,691	-
C&P Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$4,691**	**$4,691**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	-	766	766	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$766**	**$766**	**0**
C&P Total	**$0**	**$0**	**$0**	**0**	**$0**	**$5,458**	**$5,458**	**0**
EDUCATION								
Stakeholder Training	-	400	400	-	-	-	-	-
Education Training Package	-	-	-	-	-	78	78	-
Education Subtotal	**$0**	**$400**	**$400**	**0**	**$0**	**$78**	**$78**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	-	73	73	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$73**	**$73**	**0**
Education Total	**$0**	**$400**	**$400**	**0**	**$0**	**$151**	**$151**	**0**
VOCATIONAL REHABILITATION & EMPLOYMENT								
Process Consolidation	220	300	520	4	-	-	-	-
Coming Home to Work	758	183	941	8	-	-	-	-
CER Folder retirement	-	1,500	1,500	-	-	-	-	-
Disabled Transition Assistance Program (DTAP)	-	4,260	4,260	-	-	-	-	-
VR&E Training Package	-	375	375	-	-	2,090	2,090	-
Study of Long Term Outcomes	-	-	-	-	-	345	345	-
VR&E Subtotal	**$978**	**$6,618**	**$7,596**	**12**	**$0**	**$2,435**	**$2,435**	**0**
VBA-Wide:								
Finance Consolidation of VR&E Voucher Audit	-	-	-	-	-	1,157	1,157	-
VBA-Wide Training Package	-	-	-	-	-	105	105	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$1,263**	**$1,263**	**0**
VR&E Total	**$978**	**$6,618**	**$7,596**	**12**	**$0**	**$3,698**	**$3,698**	**0**
HOUSING								
Appraisal Mgmt System	-	1,400	1,400	-	-	-	-	-
Real Estate On-Line	-	300	300	-	-	-	-	-
Handbook & Manual Modernization	-	-	-	-	-	549	549	-
LGY Training Package	-	-	-	-	-	852	852	-
Housing Subtotal	**$0**	**$1,700**	**$1,700**	**0**	**$0**	**$1,401**	**$1,401**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	0	70	70	0
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$70**	**$70**	**0**
Housing Total	**$0**	**$1,700**	**$1,700**	**0**	**$0**	**$1,471**	**$1,471**	**0**
INSURANCE	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Finance Consolidation of VR&E Voucher Audit	-	-	-	-	-	1,157	1,157	-
VBA-Wide Training Package	-	-	-	-	-	1,015	1,015	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$2,172**	**$2,172**	**0**
TOTAL OBLIGATIONS	**$978**	**$8,718**	**$9,696**	**12**	**$0**	**$10,777**	**$10,777**	**0**

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 1.2 Compensation: National accuracy rate (core rating work)	Processing accuracy for claims that normally require a disability or death determination. Review criteria include: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.	Findings from C&P Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&I information storage database.	Case reviews are conducted daily. The review results are tabulated monthly and on a 12-month rolling basis.	None	**Verification:** C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part 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. **Validation:** This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.
Objective 1.2 Compensation and Pension: Rating-related actions - average days to process	The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); Hospitalization Adjustment (EP320); Original Disability Pension (EP180); and Reopened Pension (EP120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.	Data source is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.	Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.	None	**Verification:** Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. **Validation:** This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 1.2 Compensation: Rating-related actions - average days pending	The measure is calculated by counting the number of days for all pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation-Rating includes End Products: 110, 010, 020, 140, 310, and 320.	The source of data for this measure is the Benefits Delivery Network (BDN).	The element is a snapshot of the age of the inventory at the end of each processing day.	None	**Verification:** Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. **Validation:** This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
Objective 1.3 Vocational Rehabilitation and Employment Rehabilitation rate	The rehabilitation rate calculation is 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 under one of three "maximum rehabilitation gain" categories: (1) the veteran accepted an employment position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, or (3) the veteran is not employed and not employable for medical or psychological reasons.	VR&E management reports	Quality Assurance Reviews evaluate the accuracy and reliability of data and are conducted twice a month.	None	**Verification:** Quality assurance (QA) reviews are completed by each station and VR&E Service. The QA program was set up to review samples of cases for accuracy and to provide scoring at the RO level. The VR&E service reviews 76 cases per station each year and all field stations conduct local QA Reviews on 10 percent of their caseload. **Validation:** The primary goal of the VR&E program is to assist service-disabled veterans in becoming employable. The rehabilitation rate is the key indicator of the program's success in meeting this goal, as it represents the number of veterans successfully reentering the workforce following completion of their VR&E program.

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 1.4 **Compensation: Average days to process - DIC actions**	The average length of time it takes to process a DIC claim (EP140) from the date of receipt of claim in VA until the date of completion.	Benefits Delivery Network (BDN)	Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.	None	**Verification:** Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. **Validation:** This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
Objective 2.2 **Average days to complete original and supplemental education claims**	Elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are those for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim.	Education claims processing timeliness is measured by using data captured automatically through VBA's Benefits Delivery Network. This information is reported through VBA's data warehouse using the Distribution of Operational Resources (DOOR) system.	Monthly	None	**Verification:** The Education Service staff in VA Central Office confirms reported data through ongoing quality assurance reviews conducted on a statistically valid sample of cases. Dates of claims are reviewed in the sample cases to ensure they are reported accurately. Each year, Central Office staff reviews a sample of cases from each of the four RPOs. Samples are selected randomly from a database of all quarterly end products. The results are valid at the 95 percent confidence level. **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, and is thus the best quantifying measure for education processing.

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 3.2 **Compensation and Pension: Rating-related actions - average days to process**	The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); Hospitalization Adjustment (EP320); Original Disability Pension (EP180); and Reopened Pension (EP120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.	Data source is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.	Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.	None	**Verification:** Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. **Validation:** This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
Objective 3.2 **Pension: Non-rating actions - average days to process**	The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Pension Non-Rating includes: Disability and Death Dependency (EP130); Income, Estate and Election Issues (EP150); IVM Match Cases - DIC (EP154); EVR Referrals (EP155); and Original Death Pension (EP190). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.	The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.	Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.	None	**Verification:** Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. **Validation:** This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 3.2 **Pension: National accuracy rate (authorization work)**	Processing accuracy for claims that normally require determinations and verifications of income as well as dependency and relationship matters. Review criteria include: all Pension authorization work such as correct decision, correct effective date, and correct payment date when applicable. It also includes Veterans Claims Assistance Act (VCAA)-compliant development. Accuracy rate is determined by dividing the total number of cases with no errors in any one category by the number of cases reviewed.	Findings from C&P Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&I information storage database.	Case reviews are conducted daily. The review results are tabulated monthly and annually.	None	Verification: C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part 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. Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.
Objective 3.3 **Average number of days to process TSGLI disbursements**	Traumatic Injury Protection Program (TSGLI) is a disability rider to the SGLI program that provides automatic traumatic injury coverage to all servicemembers covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from $25,000 to a maximum of $100,000 depending on the type and severity of injury. Processing time begins when the veteran's claim is complete and ends when the internal controls staff approves the disbursement.	Data on processing time are collected and stored through the Life Claims Management System (LCMS).	Monthly	None	**Verification:** The Insurance Service will periodically evaluate the calculation of average processing time for TSGLI disbursements made by the Office of Servicemembers' Group Life Insurance (OSGLI). **Validation:** The purpose of TSGLI is to provide rapid financial assistance to traumatically injured servicemembers so that their families can be with them during an often-extensive recovery and rehabilitation process. The timeliness of disbursements is the primary reflection of this purpose and provides a clear indication of the ability to process the workload in a quality, timely manner.

Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
Objective 3.6 **Foreclosure avoidance through servicing (FATS) ratio**	The FATS ratio measures the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure.	Data are extracted from the Loan Service and Claims (LS&C) System. This system is used to manage defaults and foreclosures of VA-guaranteed loans.	Data are collected on a monthly basis.	There are five components that make up the FATS ratio. The four involving financial transactions are auditable. The fifth component, successful interventions, is based on employee interpretation of established criteria.	**Verification:** Data for the FATS ratio are validated on a monthly basis by Regional Loan Center (RLC) field review of all components of the ratio, followed by Central Office review of a percentage of successful interventions. **Validation:** The primary goal of Loan Guaranty Service is to assist veterans in obtaining home ownership. The FATS ratio measures VA's ability to assist veterans in maintaining home ownership during periods of personal financial strain.

Disability Compensation, Pensions & Burial

Mission

To provide 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, as specified by law, to a surviving spouse, 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. In addition, the pensions program provides monthly payments, as specified by law, 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 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.

VBA provides benefits and services to nearly 3.7 million veterans and beneficiaries currently receiving compensation and pension benefits, as well as to hundreds of thousands more who apply for VA disability and survivors' benefits each year. In 2007, 277,000 new beneficiaries were added to the compensation and pension rolls.

We received 838,141 disability claims in 2007. We estimate we will receive 854,904 disability claims in 2008 and 872,002 disability claims in 2009. Compensation and pension payments in 2007 totaled $37.6 billion. Special near-term workload reduction initiatives undertaken in 2007 that include employment of rehired annuitants and expanded use of overtime will continue into 2008, enabling us to increase decision output. Nearly 825,000 claimants received decisions on their claims in 2007. We project that over 878,000 will receive decisions on their claims in 2008, and nearly 943,000 in 2009. VBA will also process nearly 1.5 million other award adjustments and account maintenance actions (e.g., dependency adjustments, death pension awards, income adjustments, etc.) each year from 2008 to 2009.

Stakeholders

Stakeholders include any veteran, dependent of a veteran, survivor of a veteran, interest groups, and partners such as the Veterans Health Administration, National Cemetery Administration, Board of Veterans' Appeals (BVA), Veterans Service Organizations, Department of Defense (DoD), National Archives and Records Administration, Department of Labor (DoL), and Social Security Administration.

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

		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase(+) Decrease(-)**
FTE					
Direct Compensation	6,972	6,882	8,923	9,886	963
Direct Pensions	1,255	1,287	1,263	1,011	-252
Direct Burial	126	151	118	101	-17
Total Direct FTE	**8,353**	**8,320**	**10,304**	**10,998**	**694**
Information Technology	476	154	0	0	0
Management Direction and Support	1,096	1,085	1,113	1,122	9
Total FTE	**9,925**	**9,559**	**11,417**	**12,120**	**703**
Obligations:					
Personal Services	$791,354	$804,004	$895,342	$944,073	$48,731
Travel	11,344	9,392	27,812	16,207	-11,605
Interagency Motor Pool	2,117	1,981	1,981	2,231	250
Transportation of Things	1,235	1,743	1,743	2,018	275
Rent, Communications & Utilities	97,537	98,787	115,353	127,106	11,752
Printing	2,507	2,163	2,163	2,398	235
Other Services	140,389	113,430	157,492	183,090	25,597
Supplies and Materials	8,095	5,949	5,949	6,553	604
Equipment	7,628	4,992	19,590	4,066	-15,524
Insurance Claims	85	74	73	93	20
Total Administrative Obligations	**$1,062,292**	**$1,042,514**	**$1,227,498**	**$1,287,834**	**$60,336**
Reimbursements	-$103,782	-$101,545	-$104,037	-$111,991	-$7,955
Unobligated balance SOY	-$47,018	$0	-$104,770	-$62,307	$42,463
Supplemental	$0	$0	-$74,750	$0	$74,750
Conference Mark	$0	$0	$0	-$36,218	-$36,218
GOE	-$47,018	$0	-$30,020	-$26,089	$3,931
Credit	$0	$0	$0	$0	$0
Unobligated balance EOY	$104,770	$0	$62,307	$0	-$62,307
Supplemental	$74,750	$0	$0	$0	$0
Conference Mark	$0	$0	$36,218	$0	-$36,218
GOE	$30,020	$0	$26,089	$0	-$26,089
Credit	$0	$0	$0	$0	$0
Miscellaneous adjustment	$6,808	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$1,023,070**	**$940,969**	**$1,080,998**	**$1,113,536**	**$32,537**
Outlays (net)	**$926,320**	**$938,920**	**$1,045,826**	**$1,083,552**	**$37,726**

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

Summary of Budget Request

Budget authority of $1.1 billion is requested to fund the discretionary portion of the Disability Compensation, Pensions, and Burial programs. The request will provide sufficient funding for the administrative expenses of 12,120 FTE, the January 1, 2009 2.9 percent pay raise, associated level of fringe benefits, and inflationary expenses.

Changes from Original 2008 Budget Estimate

The $185 million net increase in obligations reflects resources provided by the 2007 Emergency Supplemental Appropriation and the 2008 appropriations act. Funds will be used to hire over 2,000 additional FTE and their associated costs such as Challenge training and travel, increased rent, and equipment.

Changes from 2008 Current Estimate to 2009 Estimate

Obligations for personal services increase $48.7 million in order to fund an additional 703 FTE, the 2.9 percent pay raise, and associated fringe benefit increases. Travel and equipment decreases because of the one-time demand to support the FTE increase in 2008. Funding for interagency motor pool and transportation of things reflects increased fuel costs. Increased funds are required for rent, communications and utilities; printing and reproduction; and supplies and materials to accommodate additional FTE and inflation. The increase to other services includes new employee Challenge training, additional funding for contract medical exams, and more accurately reflects current required annual expenditures.

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

	2008 Estimate	2009 Estimate
Prior Year Obligations	$1,062,292	$1,227,498
Prior Year FTE	9,925	11,417
Adjustments:		
Program FTE	1,492	703
Administrative Obligations:		
Personal Services	$103,988	$48,731
Travel	16,467	-11,605
Interagency Motor Pool	-136	250
Transportation of Things	508	275
Rent, Communications and Utilities	17,817	11,752
Printing and Reproduction	-345	235
Other Services	17,103	25,597
Supplies and Materials	-2,147	604
Equipment	11,962	-15,524
Insurance Claims	-11	20
Net Change	**$165,206**	**$60,336**
Estimated Obligations	$1,227,498	$1,287,834
Total FTE	11,417	12,120

Disability Compensation, Pensions & Burial
Average Salary Analysis

2007 Average Salary (260 days)	**$58,595**
Annualization of 2.2% 2007 raise (+0.6%)	322
Annualization of 3.5% 2008 raise (+2.6%)	1,538
Change in staff composition	-3,235
Two day adjustment	440
Regular benefits percentage	26.5%
2007 Average Cost	$79,733
2008 Average Salary (262 days)	**$57,660**
Annualization of 3.5% 2008 raise (+0.9%)	505
Annualization of 2.9% 2009 raise (+2.2%)	1,254
Change in staff composition	-2,832
One day adjustment	-216
Regular benefits percentage	26.5%
2008 Average Cost	$78,422
2009 Average Salary (261 days)	**$56,371**
Regular benefits percentage	27.6%
2009 Average Cost	$77,893

Workload and Resource Needs

Since 2000, VBA has experienced a steady increase in the number and complexity of claims filed as well as other claims workload generated by improved direct contact with increasing numbers of servicemembers and veterans. The requested resources will enable VBA to handle this increased workload, decreasing the pending claims. Disability claims from returning war veterans, as well as from veterans of earlier periods, increased by 45 percent from 2000 to 2007.

In 2003, VBA was successful in reducing the inventory of pending disability claims to 253,000. Since 2004, increased claims receipts and court decisions requiring new procedures and readjudication of claims have precluded VBA from sustaining previous gains. The pending inventory of disability claims rose to 391,593 at the end of 2007.

Special near-term workload and inventory reduction initiatives undertaken in 2007 will continue in 2008, enabling us to increase decision output and stem the upward climb of the pending inventory. Examples of these initiatives are employment of rehired annuitants, expanded use of overtime, and expansion of our claims development centers.

The 2008 and 2009 FTE funding levels in this budget are essential if VBA is to reduce the pending claims inventory, improve timeliness, and provide the level of service expected by the American people for those who have sacrificed so much in defense of our freedom. With a workforce that is sufficiently large and correctly balanced, VBA can successfully meet the needs of our veterans while ensuring good stewardship of taxpayer funds.

The table below provides a summary of VBA workload and FTE projections, which are discussed in more detail in the following sections. It is important to note that achieving performance goals in 2008 depends upon the success of the aforementioned near-term workload reduction initiatives we implemented in 2007.

Projected Workload and FTE Requirements	2006	2007	2008 Estimate	2009 Estimate
C&P Direct Labor FTE	7,858	8,353	10,304	10,998
Receipts	806,382	838,141	854,904	872,002
Year-end Inventory	378,296	391,593	368,292	297,587
Output per FTE[1/]	98.5	98.7	85.2	85.7
Production	774,378	824,844	878,205	942,706
Average Days to Process Compensation and Pension Rating Related Claims	177	183	169	145

[1/] All direct FTE (including clerical, public contact, non-rating claim processors, etc.) are used in this calculation.

2009 FTE Requirements

Current staffing levels do not enable VA to reduce the pending claims inventory and provide timely service to veterans. Therefore, VBA requests direct FTE of 10,304 in 2008 and 10,998 in 2009. The productivity of the additional staffing will increase throughout 2008, 2009, and subsequent years as these new employees receive training and gain experience.

We anticipate disability claims receipts will increase to 854,904 in 2008 and 872,002 in 2009. Based upon a direct labor force of 10,304 in 2008 and 10,998 in 2009, we anticipate completing 878,205 claims in 2008 and 942,706 claims in 2009. The increased FTE level and near-term workload reduction efforts will enable VBA to reduce the pending inventory to approximately 368,292 claims by the end of 2008 and 297,587 by the end of 2009. The additional staffing will enable VA to improve claims processing timeliness, reduce appeals workload, improve appeals processing timeliness, and enhance services to veterans returning from the Global War on Terrorism.

Recent decisions of the Court of Appeals for Veterans Claims (CAVC) have also had an impact on VBA's ability to bring claims inventories into a more acceptable range and make progress in achieving our timeliness goals. These decisions may significantly expand VA's statutory duty to notify, both in terms of content and the timing of that notice (per the Veterans Claims Assistance Act of 2000 or VCAA). These decisions have long-term implications for the next two to three years for claims already under development prior to decision. This is especially true for those claims that result in appeals. Court decisions that mandate the specific content of our notices to claimants and the specific timing of the notice impose both highly complex and problematic duties in a claims system that was designed to be informal. In such an environment, continual rework and re-notice are becoming unavoidable. Since VCAA's enactment in November 2000, the

Court has issued at least 17 precedential decisions imposing stringent requirements affecting the content and timing of notice, with the most recent decisions of *Sanders v. Nicholson* and *Hupp v. Nicholson*. Therefore, increased staffing is needed to meet this challenge.

In projecting our claims production, we use a ratio of all direct Compensation, Pensions, and Burial FTE (disability claims decision-makers, non-rating claims processors, public contact staff, as well as clerical staff) to rating-related disability claims completed. Although disability claims (both original claims and claims for increase) are the primary subset of claims by which we measure production and output, there are other major work efforts that C&P must manage in order to deliver the full range of benefits and services to disabled veterans and their survivors. The other major workload efforts that are critical to the overall delivery of compensation and pension benefits include the following:

- Appeals,
- Account maintenance activities for beneficiaries already receiving benefits that are derived from rating related claims processed,
    - Program integrity activities (such as Income Verification Match; Individual Unemployability annual recertification; matches with Social Security, DoD, and other agencies)
    - Income and dependency adjustments
    - Reductions based on hospitalization
    - Clothing allowance and automobile claims
    - Fiduciary program matters
    - Adjustments due to incarceration
- Burial benefits,
- Outreach,
- Telephone and personal interview activity, and
- Guardianship activities.

These workload activities also increase as disability claim receipts and beneficiaries on our rolls increase, resulting in additional resource requirements.

While additional claims processors are critical to deal with this workload, the quality of claims decisions and the services provided are also essential. VBA's robust training program is the key to improving the quality and consistency of our decisions and will enable us to be flexible and responsive to changing workload volumes. VBA is engaged in an ongoing effort to improve its training systems for new employees and to raise the skill levels of its existing staff. Improved quality and consistency require resources dedicated to providing employees with more and better training, up-to-date tools, and IT systems to support their decisions.

Increasing Disability Claims Workload

The number of veterans filing initial disability compensation claims and claims for increased benefits has increased every year since 2000. Disability claims from returning war veterans as well as from veterans of earlier periods increased from 578,773 in 2000 to 838,141 in 2007, an increase of 259,368 claims, or 45 percent. In addition to the increased claim rate, there are two other factors that drive future claims activity. First, over this same period of time the number of veterans receiving benefits has significantly increased, both in terms of whole numbers and as a percent of the veteran population. These veterans, like their predecessors, demonstrate similar disability profiles. Orthopedic, mental health, cardiovascular, endocrine, and hearing problems predominate. Most of these conditions can be characterized as chronic progressive disabilities resulting in repeat claims. Second, the average degree of disability for veterans on the rolls has increased steadily from 33.9 percent in 2001 to 39.6 percent in 2007, reflecting the aging population. Similar to the chronic condition issue, the aging process is likely to result in additional claims for increased benefits.

The table below represents the rise in claims receipts over the past seven years and anticipated trends through 2009, in thousands.

Claims Receipts

(#s in 000s)

The 838,141 disability claims received in 2007 are nearly four percent higher than the 806,382 claims received in 2006. We anticipate disability claims receipts will increase to 854,904 in 2008, and 872,002 in 2009.

Performance Statistics

The following chart displays output projections for 2008 through 2009.

	2007 Actual	2008	2009
FTE	8,353	10,304	10,998
Rating decisions completed	824,844	878,205	942,706
Projected pending rating inventory	391,593	368,292	297,587
Award actions of all types	Over 2.2 million	Over 2.2 million	Over 2.3 million
Phone calls answered	6.5 million	6.9 million	7.1 million
Non-claim related correspondence	Over 356,000	Over 342,000	Over 352,000
Fiduciary activities (incl. exams and audits)	76,494	Over 78,000	Nearly 80,000
Anticipated servicepersons briefed	390,000 briefed in 8,500 briefings annually		
Hours of outreach	73,000 annually		
Personal interviews conducted	Nearly 1 million each year		

2008 Workload Challenges

The factors driving 2008 claims activity include the following:

Operations Enduring Freedom and Iraqi Freedom

Ongoing hostilities in Afghanistan and Iraq, and the Global War on Terrorism in general, are expected to continue to increase the compensation workload. As of September 2007, more than 1.62 million servicemembers have deployed in support of the Global War on Terrorism including 1,172,814 Active Duty members, 252,446 National Guard members, and 199,346 Reserve members. Of the 451,792 National Guard and Reserve personnel deployed, about 24 percent have been deployed more than once.

Whether deployed to foreign duty stations or maintaining security in the United States, the authorized size of the active force, as well as the mobilization of thousands of citizen soldiers, means the size of the force on active duty has significantly increased.

The claim rate for Gulf War Era veterans is significant. In 2007, there were over 800,000 veterans and nearly 17,000 survivors of the Gulf War Era receiving benefits, comprising the second largest population of beneficiaries after those of the Vietnam Era. The Gulf War Era covers all veterans and activated Guard and Reserve personnel who have served since August 2, 1990.

Reopened Disability Claims

The number of veterans receiving compensation has increased by more than 500,000 since 2000, from just over 2.3 million veterans to over 2.8 million in 2007. The compensation recipients, many of whom suffer from chronic progressive disabilities such as diabetes, mental illness, and cardiovascular disabilities, will continue to reopen more claims for increased benefits in the coming years as they age and their conditions worsen. During 2007, reopened disability compensation claims comprised slightly more than 54 percent of disability claims.

More veterans applying for and receiving benefits not only increases our rating workload, it increases the need for direct veterans' services. The 2003 and 2004 Customer Satisfaction Surveys indicate applicants called for information an average of three times during the claims process. An increase in claimants and beneficiaries on the rolls has a direct relationship to the workload in the public contact area of telephone interviews, personal interviews, and correspondence, including electronic correspondence. In 2007, VBA employees conducted more than 6 million telephone interviews and over 858,000 personal interviews.

Prioritization of Global War on Terrorism (GWOT) Veterans and Other High Priority Claims

Claims received from servicemembers who participated in the Global War on Terrorism, to include Operation Iraqi Freedom and Operation Enduring Freedom, receive priority handling. We also provide priority handling of claims from terminally ill veterans, homeless veterans, veterans with severe financial hardship, former prisoners of war, and veterans over age 70.

With an increasing number of disabled and seriously injured veterans from the GWOT separating from service, VA has, and expects to continue to receive, a high volume of claims. This affects the staffing needs, claims inventories, and the length of time it take to process a claim.

Expanded Outreach to Active Duty Servicemembers and Veterans

VA has increased outreach to active duty personnel and we continue to expand our outreach efforts. These outreach efforts result in significantly higher claim rates. In 2004, the greatest increase in rating receipts was in original claims – an increase of 17 percent (from 167,105 in 2003 to 194,706 in 2004). Original claims increased by an additional nine percent (to 210,504) in 2005 and by an additional four percent (to 217,343) in 2006, which is a 30 percent increase over the last four years. The 225,173 original claims received in 2007 are almost four percent higher than the 217,343 original claims received in 2006. We believe these increases are directly related to our aggressive outreach programs and that the increases will continue.

The Military Services Program provides transition assistance and other VA benefits briefings to nearly 300,000 active duty servicemembers and returning Guard and Reserve members. Separating military personnel also receive enhanced services through the Benefits Delivery at Discharge (BDD) program.

The chart below provides data on our benefits briefings for separating servicemembers (including active duty, Guard/Reserve, and overseas locations).

Year	Briefings	Attendees
2003	5,840	210,025
2004	7,834	276,574
2005	8,184	326,664
2006	8,541	393,345
2007	8,154	296,855

Outreach to veterans of other periods of service must also increase. Presently, over 3.1 million of the 23.5 million living veterans and over 550,000 survivors are receiving compensation or pension benefits. Outreach efforts have been expanded to reach veterans, particularly older veterans, who may not be aware of the benefits to which they are entitled.

In addition to outreach, the other major components of our public contact program are our telephone and personal interview activities. In 2007, public contact teams conducted 6.5 million phone interviews and over 858,000 personal interviews in offices, hospitals, and other locations.

Combat Related Special Compensation and Concurrent Retired and Disability Pay

Combat Related Special Compensation (CRSC), a benefit available from the Department of Defense for certain military retirees with qualifying combat or combat-like disabilities, became effective July 1, 2003. The program was expanded effective January 1, 2004. As of the end of September 2007, more than 59,000 military retirees were in receipt of this benefit. The military is adding between 1,500 and 2,000 retirees to the CRSC rolls monthly. This benefit and Concurrent Retired and Disability Pay (CRDP), another DoD program that permits partial to total restoration of retired pay previously waived to receive VA compensation, further contribute to increased claims activity. These claims are exceptionally complex, involving significant coordination with service retired pay centers to determine if retroactive benefits are payable.

There is now significant incentive for retirees, even those with relatively minor disabilities, to file claims and receive benefits from VA because their waived retired pay may be restored and may not be subject to waiver in the future. Over 200,000 retirees receive CRDP. Since the advent of these programs, the number of military retirees receiving VA compensation exceeds 832,000. There are a total of 1,843,796 military retirees as of September 2007, which means that 45 percent of military retirees are currently receiving VA compensation benefits.

In 2007, VA estimated 80,000 records would need to be adjusted based on DoD's change in policy regarding retroactivity of CRSC and the need to modify

computer systems at the Defense Finance and Accounting Service. As of the beginning of 2008, over 41,000 records still require adjustment by VA. While our plan is to automate these adjustments to the maximum extent possible, the potential exists for thousands of cases to require manual adjustment.

Court Action

On August 16, 2006, the U.S. Court of Appeals for Veterans Claims, in *Haas v. Nicholson*, determined that Vietnam veterans who served in the waters off Vietnam but did not set foot in Vietnam are entitled to a presumption of exposure to herbicide agents, including Agent Orange. This class of veterans is generally known as "blue water" Navy veterans; but any claim, regardless of branch of service, may be a *Haas* case. Prior to this decision, VA's interpretation of 38 CFR 3.307(a)(6)(iii) was that a servicemember had to have actually set foot on Vietnamese soil or served on a craft in its rivers (also known as "brown water") in order to be entitled to the presumption of exposure to herbicides. VA has appealed the *Haas v. Nicholson* decision to the U.S. Court of Appeals for the Federal Circuit. Additionally, VA is seeking legislative relief from the effect of this decision. Since the decision in August 2006, we have received almost 11,000 *Haas* claims through September 30, 2007. If the *Haas* precedent stands, VA will be required to extend this presumption to all "blue water" Navy veterans. Further, all previously denied claims of this type will likely need to be re-adjudicated as a result of the Nehmer stipulation described below.

A recent ruling by the Federal District Court for the Northern District of California in *Nehmer v. U.S. Department of Veterans Affairs* has extended the reach of the Agent Orange Settlement Agreement to Chronic Lymphocytic Leukemia (CLL) based upon the extension of the lapsed Agent Orange Act. VA has identified almost 1,500 cases that must be reviewed and readjudicated. Furthermore, the court order required VA to mail an outreach notice to approximately 26,000 additional claimants. VA is required to review and readjudicate cases for those claimants who respond to the mailing. Thus far, the mailing has produced over 1,700 claims that do not all involve CLL but they all must be reviewed under the Nehmer protocol. Due to the unique rules in the *Nehmer* settlement and the stringent time requirements imposed, these cases require significantly more development and management oversight than normal claims. They also require priority processing.

Increasing Complexity of the Workload

The increase in claims receipts is not the only change in the claims processing environment that affects staffing requirements. More FTE are needed to complete claims in an accurate and timely manner due to the greater number of disabilities veterans now claim, the increasing complexity of the disabilities being claimed, and changes in law and process. In 2002, 159,078 original compensation claims

were received and 17 percent (26,678) of them contained eight or more issues. In 2007, 26 percent, or 58,532 of the 225,173 original claims received contained eight or more issues.

Increasing Number of Disabilities Claimed

The number of disabilities claimed by veterans has increased significantly. The number of directly claimed conditions increases the number of variables that must be considered and addressed, making the claim more complex. Multiple regulations, multiple sources of evidence, multiple potential effective dates and presumptive periods, preparation of adequate and comprehensive Veterans Claims Assistance Act notices, as well as adequate and comprehensive rating decisions increase proportionately, and sometimes exponentially, as the number of claimed conditions increases. Furthermore, as the number of claimed conditions increases, the potential for additional unclaimed but secondary, aggravated, and inferred issues increases. Since veterans appeal decisions on specific disabilities, the increasing number of claimed conditions significantly increases the potential for appeal.

VA's experience since 2000 demonstrates that the trend of increasing numbers of conditions claimed is system-wide, not just at special intake locations such as BDD sites. The number of cases with eight or more disabilities claimed increased by 168 percent from 21,814 in 2000 to 58,532 in 2007. The 58,532 cases with eight or more issues received in 2007 represent a 14 percent increase over the 51,260 cases received in 2006. On a monthly basis, in 2007, we received an average of 606 more cases where the claimant had eight or more issues.

The following charts illustrate the rise in original claims for service connection (EP 110), as well as the rise in the number of original claims with eight or more issues (EP 010).

Increasingly Complex Disabilities

Combat and deployment of U.S. forces to underdeveloped regions of the world have resulted in new and complex disability claims based on environmental and infectious risks, traumatic brain injuries, complex combat injuries involving multiple body systems, concerns about vaccinations, and other conditions.

In addition, the aging veteran population that is service-connected for diabetes adds to the complexity of claimed disabilities. In 2007, over 271,000 veterans were service-connected for diabetes. More than 236,000 of these disabilities were based upon herbicide exposure in Vietnam. As veterans with diabetes reach and move past the ten-year point since initial diagnosis, additional secondary conditions tend to manifest. VA has started to see increasingly complex medical cases resulting in neuropathies, vision problems, cardiovascular problems, and other issues directly related to diabetes. As previously discussed, much like original claims with more than eight claimed disabilities, diabetes claims routinely present multiple variables with which the rating specialist must deal. If secondary conditions are not claimed, the rating specialist must be alert to identify them. This increasing complexity of disabilities adds to the increased complexity of our workload and the resources needed to process it.

The number of veterans submitting claims for post-traumatic stress disorder (PTSD) has also grown dramatically and contributed to increased complexity in claims processing. From 1999 through 2007, the number of veterans receiving compensation benefits for PTSD has increased from 120,000 to nearly 300,000. These cases present unique processing complexities because of the evidentiary requirements to substantiate the event causing the stress disorder.

Vietnam Era Veterans Retiring

In addition to considering the continuing conflicts in Iraq, Afghanistan, and other areas, and the high volume of pending claims, there are two issues surrounding

Vietnam Era veterans that will affect VA's workload.

The first issue is the anticipated third wave of Vietnam Era veterans that will soon be seeking assistance. As of November 1987, there were 7.9 million male veterans who had served during the Vietnam Era. The highest concentrations of those veterans (67 percent) were between the ages of 35 and 44. That cohort is now between the ages of 55 and 64 and is retirement age. About half of these veterans actually served in the Vietnam Theater of operations – Vietnam, Laos, Cambodia, and nearby waters and airspace. This translates to a large number of veterans who are receiving or are possibly eligible for benefits. Additionally, as these veterans age and retire, they will seek new or increased benefits from VA.

The second issue is the current need to increase the size of the armed forces due to continuing conflict and to replace those Vietnam Era servicemembers who are retiring. An increase in the armed forces today will cause an increase in veterans and dependents in the future.

Compliance with the Veterans Claims Assistance Act

The Veterans Claims Assistance Act of 2000 has 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. We are now required to review the claims at more points in the decision process. Additionally, positions advanced by some advocates, if sustained in court, will further aggravate the current situation. VCAA requires VA to provide written notice to claimants of the evidence required to substantiate a claim and notification of which party (VA or the claimant) is responsible for acquiring the evidence. VA's duty to assist the claimant in perfecting and successfully prosecuting his or her claim extends to obtaining government records, assisting in getting private records, and obtaining all necessary medical examinations and medical opinions. As a claim progresses, additional notifications to the veteran may be required. Although VCAA has been in effect for six years, the Court of Appeals for Veterans Claims continues to expand and interpret it. As a result of a decision in early 2006, it was necessary for VA to send more than 450,000 supplemental notice letters. This continued uncertainty with regard to VCAA continues to fuel rework and appeals to the Board of Veterans' Appeals and the Court of Appeals for Veterans Claims.

In summary, the number of conditions claimed, the nature of severe traumatic multiple body system combat injuries, highly complex medical conditions, and enhanced legal requirements substantially increase the complexity of the claims process. The resources required to enable us to keep up with the increasingly complex workload are, therefore, significantly greater.

Appeals and Other Workload

Disability claims receipts are only part of the C&P program workload VBA manages. Other major workload beyond disability determinations includes appeals, account maintenance activities for beneficiaries already receiving benefits, outreach, telephone and personal interview activity, and guardianship activities. As claims receipts and the number of beneficiaries on our rolls increase, the appeals and other workloads also increase. This significantly increases our resource requirements.

Appeals

As VBA renders more disability decisions, a natural outcome of that process is more appellate work from veterans and survivors who disagree with various parts of the decisions made in their case. Veterans can appeal decisions to deny service connection for any conditions claimed and disposed of by a denial. They may also appeal the effective date of an award and the evaluation assigned to a disability. In recent years, the appeal rate on disability determinations has climbed from an historical rate of approximately 7 percent of all disability decisions being appealed to a current rate that ranges from 11 to 14 percent. The 824,844 disability decisions in 2007 generated 97,510 appeals. The 878,205 projected completed disability decisions in 2008 and the 942,706 projected for 2009 will likely generate between 96,600 and 132,000 appeals. At the end of 2007, there were almost 143,000 appeals pending in regional offices and the Appeals Management Center (AMC). In addition, at the end of 2007, there were slightly more than 30,000 appeals pending at the Board of Veterans' Appeals.

This increase in appellate workload seriously impacts our ability to devote resources to initial and reopened claims processing. Appeals are one of the most challenging types of cases to process because of their complexity and the growing

body of evidence that must be reviewed in order to process them. In 2001, we received 39,000 notices of disagreement, the initial step in the appeals process. In 2007, we received more than 97,000 notices of disagreement. The number of appeals received is proportionate to the number of decisions made. As workload and the number of decisions made increase, so too will the number of appeals. Likewise, the number of actions taken in response to our appellate workload has increased. In 2001, we processed more than 47,600 statements of the case and supplemental statements of the case. In 2007, we processed over 130,000 statements of the case and supplemental statements of the case.

In 2007, 99,941 appeals were resolved and the average days pending was 660. As shown in the chart below, 73 percent (72,700) of the 2007 appeals have been resolved prior to certifying the appeal to the Board of Veterans' Appeals.

Appeals Resolved In 2007	Number of Cases	Percentage of Total Appeals Resolved
Prior to receipt of Appeal Form-9	21,682	22%
Failure to Respond to Statement of the Case	39,230	39%
After Form 9 Received	11,788	12%
BVA Decision	24,451	24%
After BVA Remand	2,790	3%
Total	99,941	100%

Attorney Representation
Effective June 20, 2007, attorneys are allowed to charge fees for representing veterans in the claims process at the notice of disagreement (NOD) stage. We do not have data on the impact of this, but we anticipate additional work related to the discovery process where attorneys are involved at the NOD stage of an appeal.

Account Maintenance (Non-rating) Award Actions
In 2007, C&P completed more than 2.2 million award actions, of which over 800,000 are disability rating decisions. As previously indicated, the number of veterans on our rolls has increased by more than 500,000 in recent years, and the total number of veterans and survivors on our rolls is now nearly 3.7 million. The combination of the higher numbers of beneficiaries on our rolls and the sustained and projected high levels of new claims activity will result in continued growth in account maintenance activities and in the resources required to process these activities.

Fiduciary Activity
C&P resources also support a fiduciary program for beneficiaries who are incapable of managing their own funds. During 2007, VBA completed 76,500

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. Currently VBA's fiduciary program supervises slightly more than 100,000 incompetent beneficiaries. On a monthly basis, the combined VA benefits for these beneficiaries exceed $119 million and the combined estates for these beneficiaries total more than $3 billion. Like our other work, the pace of activity in the fiduciary program is not diminishing. Additionally, the Veterans Benefits Improvement Act of 2004 imposed new requirements including fiduciary qualification, onsite review, and misuse determination requirements for fiduciary activities.

Overseas Military Services Program

Under the Overseas Military Services Program (OMSP) VA conducts benefits briefings for active duty military personnel stationed overseas. Briefings are given at 60 military installations abroad, with employees assigned to host sites in five countries: England, Germany, Italy, Korea, and Japan, including the prefecture of Okinawa. These briefings are a part of the Transition Assistance Program. The overseas program was created by a 1993 Memorandum of Agreement (MOA) between VA and the Department of Defense which provides that VA furnish the trained personnel to conduct the briefings and that DoD pay for the overseas travel costs, as well as coordinating logistics at overseas installations. Effective 2007, DoD terminated funding of the OMSP, and VA began funding the program. Effective 2008, VA will expand coverage of OMSP from 9 months to 12 months. Funding for this program is included in the 2009 budget request.

Changes in C&P's Quality Assurance Program

C&P service is significantly expanding its quality assurance program. The Quality Assurance program is a four-tiered program focusing on program accuracy, station oversight, special focus reviews and rating consistency.

> Tier 1: Program Accuracy includes the Systematic Technical Accuracy Review (STAR) program and the Compensation and Pension Examination Program (CPEP). During 2008, the national quality sample numbers will double for STAR reviews.
>
> Tier 2: Station Oversight consists of site surveys of regional offices to address compliance with procedures, both from a management perspective in the operation of the service center and from a program administration perspective, with particular emphasis on the current consistency issue.
>
> Tier 3: Special Focus Reviews consist of ad hoc quality reviews, special reviews requested through joint VA/DoD efforts, such as the Disability

Evaluation Pilot, and other focused reviews, such as the 25K and 250K/8-Year Retroactive Administrative Review.

Tier 4: Rating Consistency consists of focused rating consistency reviews. C&P Service has begun a process of identifying unusual patterns of variance by diagnostic code, and then reviewing selected disabilities to assess the level of decision consistency among regional offices. The outcome of these studies and STAR accuracy reviews will be used to identify the need for additional guidance and training to improve consistency and accuracy, as well as to drive procedural or regulatory changes.

Even though not part of the four-tiered Quality Assurance Program, the national silent monitoring of telephone interviews continues to expand, as does the National Quality Review Program for electronic inquiries received through the Inquiry and Information Referral System associated with the VA Web site.

C&P's Training Program

Our need to continually enhance our national quality assurance and training programs necessitates additional staffing that will improve consistency, quality, certification, and timeliness. It is critical that our employees receive the essential guidance, materials, and tools to meet the ever-changing and increasingly complex demands of their decision-making responsibilities. Highlights of our enhanced training efforts include the following:

- A monthly cycle of three weeks of centralized basic training for Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs). Training for these new employees continues onsite at the regional offices for a one-year period.
- Beginning in 2009, a two-week centralized training program will be implemented for employees who work at the eight consolidated tele-centers responding to veterans who contact VA through toll-free telephone service.
- Core training for all C&P business line staff was developed and includes curricula that are reviewed and updated annually.
- Additional training is being developed and deployed to decrease errors and increase accuracy through our computer-based training program, Training and Performance Support System, and through new Electronic Performance Support System job aids.
- Satellite broadcasts are conducted on an as-needed basis to address special issues, areas of inconsistency, and misunderstanding.
- Training letters providing guidance on the development and evaluation of specific disabilities are provided to decision makers.

Workload Data

The following tables provide statistical information addressing Compensation and Pensions workload between 2004 and 2009.

Claims Received Workload Projections – Compensation

Types of claims Specific end products (EPs) shown	2004	2005	2006	2007	2008 Estimate	2009 Estimate
All Compensation Rating-Related Actions	**683,758**	**703,167**	**720,988**	**750,856**	**765,874**	**781,191**
Original Compensation (EP110)	158,305	166,849	166,083	166,641	169,975	173,374
Original Compensation (EP 010)	36,401	43,655	51,260	58,532	59,703	60,897
Original DIC (EP 140)	28,752	28,244	28,179	28,324	28,890	29,468
Reopened Compensation (EP 020)	437,723	438,812	436,845	453,296	462,362	471,609
Routine Future Examinations (EP 310)	15,321	18,119	31,550	37,773	38,528	39,299
Hospital Reviews (EP 320)	7,256	7,488	7,071	6,290	6,416	6,544
All Compensation Non-Rating Actions	**261,551**	**246,068**	**233,954**	**244,912**	**249,811**	**254,806**
Dependency Claims (EP 130)	187,089	173,088	162,650	167,474	170,824	174,240
Claims for Accrued Benefits (EP 165)	3,748	3,400	4,915	3,949	4,028	4,108
Other special eligibility determinations (EP 290)	70,714	69,580	66,389	73,489	74,959	76,458
All Compensation Other Actions	**471,529**	**430,898**	**438,367**	**445,592**	**454,503**	**463,593**
Ch 31 eligibility determinations (EP 095/295)	74,216	77,375	72,777	76,412	77,941	79,499
Hospital adjustments (EP 135)	544	698	614	520	530	540
Committee on Waivers & Compromises (EP 293)	4,955	5,035	4,303	5,888	6,006	6,126
Income Verification Match Service-connected Individual Unemployability (EP 314)	6,716	7,653	30,623	15,648	15,961	16,280
Spina bifida (EP 410, 420, 450, 470)	517	473	400	356	363	370
Special controlled correspondence (EP 500)	37,715	37,990	34,732	38,951	39,730	40,525
Privacy Act Requests (EP 510)	39,576	46,620	46,263	50,982	52,001	53,041
Predetermination notices (EP 600)	38,624	39,057	40,854	47,592	48,543	49,514
Special rating reviews (EP 680, 682, 683, 684)	97,788	37,032	30,828	29,992	30,592	31,204
Special authorization reviews (EP 690, 692, 693, 694)	15,171	13,032	19,912	22,121	22,564	23,015
Supplemental Statement of the Case release; partial grant; and certification to BVA (EP 070)	49,945	54,329	48,592	49,596	50,588	51,600
Statement of Case release; award of benefits on appeal (EP 172)	42,284	41,794	39,674	38,212	38,976	39,756
Informal hearing or withdrawal of disagreement (EP 173)	3,887	4,651	3,455	3,267	3,332	3,399
Decision Review Officer action (EP 174)	59,591	65,159	65,340	66,055	67,376	68,724

Public Contact and Fiduciary Workload Projections – Compensation

	2004	2005	2006	2007	2008 Estimate	2009 Estimate
Public Contact (All)	**7,641,500**	**7,345,952**	**7,572,458**	**7,455,738**	**7,604,853**	**7,756,950**
Compensation Public Contact	**4,584,899**	**4,407,572**	**4,543,475**	**4,473,442**	**4,562,912**	**4,654,170**
Telephone Interviews – (EP- 1701)	3,939,518	3,805,441	3,984,995	3,958,349	4,037,516	4,118,267
At Office Interviews – (EP- 1720)	522,576	486,074	443,791	427,287	435,833	444,550
Away from Office Interviews – (EP- 1721)	75,226	75,670	84,851	61,082	62,304	63,550
Patient Interviews – (EP- 1722)	47,579	40,387	29,838	26,724	27,259	27,803
Fiduciary Workload (All)	**78,341**	**77,196**	**78,609**	**76,494**	**78,024**	**79,584**
Compensation Fiduciary Workload	**62,673**	**61,756**	**62,888**	**61,196**	**62,420**	**63,667**
Field Examinations	44,164	43,970	43,050	42,010	42,850	43,706
Accounts Prepared/Audited	18,509	17,786	19,838	19,186	19,570	19,961

Claims Received Workload Projections – Pensions

Types of claims **Specific end products (EPs) shown**	2004	2005	2006	2007	2008 Estimate	2009 Estimate
Pensions Rating-Related Actions	**87,357**	**85,131**	**85,394**	**87,285**	**89,030**	**90,811**
Original Pensions (EP 180)	33,945	33,476	35,390	35,371	36,078	36,800
Reopened Pensions (EP 120)	53,412	51,655	50,004	51,914	52,952	54,011
Pensions Non-Rating Actions:	**343,782**	**329,906**	**308,925**	**336,651**	**343,384**	**350,257**
Original Death Pensions (EP 190)	41,273	41,483	43,277	46,822	47,758	48,714
Dependency Issues – (EP 130)	62,363	57,696	54,217	55,825	56,941	58,080
Income Issues (EP 150)	120,827	115,280	99,797	97,830	99,787	101,788
Income Verification Match (EP 154)	30,545	29,571	30,623	54,905	56,003	57,123
Eligibility Verification Report (EVR) (EP 155)	70,158	67,631	63,577	61,910	63,148	64,411
Claims for Accrued Benefits (EP 165)	937	850	837	987	1007	1027
Other special eligibility determinations (290)	17,679	17,395	16,597	18,372	18,740	19,114
Pensions - Other Activities:	**237,774**	**209,182**	**269,365**	**303,028**	**308,976**	**315,154**
Hospital Adjustments (EP 135)	4,894	6,285	5,530	4,676	4,769	4,864
EVR – No referral (EP 050)	9,537	8,517	8,622	10,476	10,686	10,899
Committee on Waivers & Compromises Decisions (EP 293)	11,561	11,749	10,041	13,739	14,014	14,294
Special Controlled Correspondence (EP 500)	9,429	9,497	8,683	9,738	9,933	10,131
Privacy Act Requests (EP 510)	9,894	11,655	11,566	12,745	13,000	13,260
Predetermination Notices (EP 600)	38,624	39,057	40,854	47,592	48,543	49,514
Special reviews (EP's 690, 692, 693, 694)	136,535	117,290	179,211	199,092	203,074	207,136
Statement Supplemental of Case release; partial grant; and certification to BVA (EP 070)	5,549	1,680	1,503	1,534	1,565	1,596
Statement of Case release; award of benefits on appeal (EP 172)	4,698	1,293	1,227	1,260	1,205	1,230
Informal hearing or withdrawal of disagreement (EP 173)	432	144	107	101	103	105
Decision Review Officer action (EP 174)	6,621	2,015	2,021	2,075	2,084	2,125

Public Contact and Fiduciary Workload Projections – Pensions

	2004	2005	2006	2007	2008 Estimate	2009 Estimate
Public Contact (All)	**7,641,500**	**7,345,952**	**7,572,458**	**7,455,738**	**7,892,818**	**8,129,602**
Pensions Public Contact	**2,161,133**	**2,076,938**	**2,138,904**	**2,104,777**	**2,146,871**	**2,189,810**
Telephone Interviews – (EP- 1701)	1,838,442	1,775,872	1,859,664	1,847,230	1,884,174	1,921,858
At Office Interviews – (EP- 1720)	261,288	243,037	221,895	213,644	217,916	222,275
Away from Office Interviews – (EP- 1721)	37,613	37,835	42,426	30,541	31,152	31,775
Patient Interviews – (EP- 1722)	23,790	20,194	14,919	13,362	13,629	13,902
Fiduciary Workload (All)	**78,341**	**77,196**	**78,609**	**76,494**	**78,024**	**79,584**
Pensions Fiduciary Workload	**15,668**	**15,440**	**15,721**	**15,298**	**15,604**	**15,917**
Field Examinations	11,041	10,993	10,762	10,502	10,712	10,927
Accounts Prepared/ Audited	4,627	4,447	4,959	4,796	4,892	4,990

Other Compensation and Pensions Program Highlights

Workload Reduction Initiatives

The workload reduction initiatives listed below support VBA's efforts to reduce inventory of pending claims and improve claims processing timeliness. The intent of these initiatives is to develop a well-trained workforce that is sized commensurate with current and projected claims workload. They enable us to effectively use the VSRs being hired as a result of the 2007 Emergency Supplemental Appropriation and funding provided by the 2008 appropriations act. These initiatives will increase the contributions by the new hires to completing claims decisions in 2008 through focused and specialized training, while deferring much of their training in other claims processing aspects and responsibilities to 2009.

- New VSR Training Program – The first initiative involves modification to our centralized Challenge VSR training program to immediately focus newly hired employees on processing burial and dependency claims. This will allow them to become productive shortly after returning to their home station and will free the more experienced regional office staff for disability claims processing. Training in other areas of VSR responsibility for these new employees will be deferred until 2009. We estimate this initiative will result in an additional 4,000 completed claims during 2008. However, given the very limited scope of this modified training program, VBA will devote a greater amount of staff resources in 2009 to training these VSRs on the complete claims process.

- Centralization of Death Pension Processing – Under this initiative, VBA is hiring new VSRs at the three Pension Maintenance Centers and began centralization of death pension claims to the three centers in August 2007.

This initiative allows regional offices to increase resources assigned to working disability claims and will result in an estimated 4,000 additional completed disability rating claims during 2008.

- Increase Rehired Annuitants – One of our successful workload reduction initiatives involves utilization of retired claims processors to return to work as rehired annuitants. VBA currently employs 70 rehired annuitants contributing to claims processing, equating to 46.2 full time employees. These rehired annuitants are projected to complete 23,000 rating decisions in 2008. We also have 24 additional rehired annuitants dedicated to mentoring and training new employees.

Seamless Transition

VBA will continue the Seamless Transition program for servicemembers who are medically separated or retired. VBA works with active duty personnel at the start of the military Medical Evaluation Board and/or Physical Evaluation Board process through personal interviews at military treatment facilities and/or outpatient facilities, claims assistance, vocational rehabilitation and employment evaluations, and health care eligibility discussions. VBA will also continue briefing separating and retiring servicemembers about VA benefits and services through military services programs including, but not limited to, the formal Transition Assistance Program co-sponsored by the Departments of Defense and Labor. A joint VBA/VHA Seamless Transition Coordination Office was created in central office to monitor and coordinate VA efforts with respect to healthcare and benefits, with a focus on the successful reintegration of seriously injured servicemembers into civilian society.

Benefits Delivery at Discharge

Currently, the BDD program is available at 140 military installations within the United States, Germany, and Korea. Seven of the sites are with the Coast Guard under the Department of Homeland Security. Under the VA/DoD Joint Strategic Plan, VA and DoD signed a Memorandum of Agreement (MOA) to create a cooperative separation process/examination on November 17, 2004. This MOA allows servicemembers to begin the VA application process 180 days prior to separation and incorporates a single examination using VA's protocols if the service department requires an exam prior to separation. This MOA supports VA efforts to provide seamless transition services for separating servicemembers. VA and DoD have signed 95 local MOAs covering 130 facilities under this national agreement.

Restructuring of Program Delivery and Improving Productivity

In accordance with GAO Report 05-47, VBA continues to pursue opportunities to achieve efficiencies and improvements in our business processes and to improve productivity.

VBA consolidated the disability determination aspects of the BDD program into two rating activities located in Salt Lake City and Winston-Salem. Consolidation of original pension claims processing to the three pension maintenance centers (PMCs) began in August 2007 with training on processing original pension claims. Full transfer of original pension claims is anticipated in calendar year 2008. This initiative will relieve field stations of their remaining pension work, allowing both regional offices and PMCs to specialize.

In January 2007, the Office of Resource Management implemented a plan to consolidate the processing of requests for waiver of Compensation indebtedness to the three PMCs. Once complete, this will move a significant workload to a dedicated group of experts. The anticipated outcomes are improvements in the consistency of decisions and collection of debts.

VBA brokers claims between offices to help manage pending inventory. Each month, regional office inventories are reviewed to determine the gap between current inventory and end-of-year targets. Decisions on brokering are based on numerous factors including inventory, the number of cases that are ready for a decision, and staff experience levels.

Technology Improvements

VBA continues to enhance the information technology tools supporting C&P processing, including Compensation and Pension Records Interchange (CAPRI) and the VETSNET suite of applications. The VETSNET applications that have been fully implemented include Share, Modern Award Processing-Development (MAP-D), and Rating Board Automation (RBA 2000).

- CAPRI supports the VA/DoD Benefits Executive Council goal to share beneficiary data and medical records through secure and interoperable information systems. CAPRI allows C&P to obtain instantaneous online medical evidence from VHA, as well as select categories of medical evidence from DoD utilizing the Federal Health Information Exchange (FHIE) architecture. Building on FHIE technical advancements, Bidirectional Health Information Exchange (BHIE) enables real-time sharing of select categories of medical evidence for patients treated at both VA and DoD facilities.

- Share is a Microsoft Windows-based application that allows regional office employees to query against legacy information, such as beneficiary identification, payment history, and information from other agencies (e.g., SSA). Share automatically creates claim data in the Benefits Delivery Network (BDN) and the VBA corporate database.

- MAP-D provides regional offices with a single processing capability that addresses complete claims development, claims status and case management functions.

- RBA 2000 supports the creation and generation of disability rating decisions.

- Awards and the Finance and Accounting System (FAS) complete the suite of VETSNET applications that replace the legacy Benefits Delivery Network (BDN) system. All regional offices were authorized some level of use of these applications during 2006. Currently, over 200,000 veterans are receiving their monthly compensation benefits via VETSNET. The remaining functionality for new compensation claims was delivered in 2007. Functionality to allow processing of survivor benefits and income-based pension programs will be delivered in 2008. In addition, conversion of existing records from the BDN is underway. All compensation records will be converted to VETSNET by December 2008; conversion of Dependency, Indemnity, and Compensation (DIC) and Pension records will be completed by June 2009. At that time, all C&P claims processing activities will be off the BDN system.

Paperless Processing

Through the use of the Virtual VA program, VBA established the framework for reduction of long-term storage and maintenance of paper-based documentation in the C&P business line. Imaging is currently in use in pensions processing and is being expanded to BDD sites.

- **Pilot Paperless BDD Processing:** The goal of this initiative is to electronically capture servicemembers' disability claim applications, service treatment records, and other evidence prior to discharge. This will enable VBA to expedite service to separating servicemembers by reducing the time required to obtain claims information and drastically increasing document security, eliminating the risk of lost or misplaced files. Recent enhancements to Virtual VA has allowed for the automated capture of rating decisions and award decision letters. Further enhancements will allow VHA medical records to be electronically captured into the repository. Furthermore, VBA will work at the Department level to migrate Virtual VA to a production-level platform capable of supporting national expansion.

- **Enhance Pension Paperless Processing:** Requirements for a full pension claims workflow, integrated with payment and accounting components, will be documented. The framework will be designed for expansion,

bridging hardcopy evidence submissions with electronic data receipt. As electronic data input increases, so will the level of automated processing. We will also explore development of a Web-based portal, where beneficiaries and their representatives can log in from home, VA facilities, or from Veterans Service Officer locations to complete eligibility verification report actions. Additionally, a scanning support center will be expanded to support national processing, and key interfaces with both VA and non-VA systems will be incorporated prior to national implementation.

- **Rules-Based Claims Processing:** C&P Service proposes to design and develop a Web-enabled, rules-based automated information system to improve the business process of C&P claims adjudication. C&P Service will use business rules engine software to develop the rules base in discrete project modules to support various aspects of C&P claims processing. C&P Service will engage in business process re-engineering to improve the overall claims process. Business rules engine technology complements business process re-engineering.

Performance Measures. The following charts provide performance measurements and expectations based on receiving the funding requested:

Performance Summary Table: Disability Compensation Program							
Measure Description (Key Measures are in **bold**)	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) National accuracy rate – core rating work (%)[1/]	**87**	**84**	**88**	**88**	**90**	**92**	**98**
2) Rating–related actions – average days pending	**120**	**122**	**130**	**132[2/]**	**120**	**100**	**100**
3) Average days to process – DIC actions	**125**	**124**	**136**	**132**	**118**	**115**	**90**
4) Overall satisfaction rate (%)	59	58	N/A[3/]	TBD[3/]	65	68	90
5) National accuracy rate (authorization work) (%)[1/]	90	90	91	92	93	94	98
6) Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a servicemember's discharge	N/A	55	46 [4/]	53	50	52	65
Outcome Measures							
7) Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans	N/A	N/A	N/A	TBD[5/]	TBD[5/]	TBD[5/]	50
8) Percent of compensation recipients who were kept informed of the full range of available benefits	43	44	N/A[3/]	TBD[3/]	53	54	60
9) Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing their quality of life	N/A	N/A	N/A	TBD[5/]	TBD[5/]	TBD[5/]	70
10) Percent of DIC recipients who are satisfied that VA recognized their sacrifice	80	N/A	N/A	TBD[5/]	TBD[5/]	TBD[5/]	90

[1/]Projections are based on a 12-month cumulative average from the STAR database.
[2/]Corrected
[3/]No customer satisfaction survey was performed for 2006. 2007 data will be available by year-end 2008.
[4/]The 2006 result was recalculated to capture workload not included in the initial calculation. This result is a more accurate depiction of BDD participation as VBA moved to a new automated data collection methodology in 2006.
[5/] Pending review of results from the Veterans' Disability Benefits Commission that concluded its work in October 2007.

Performance Summary Table: Pensions Program							
Measure Description (Key Measures are in **bold**)	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
11) Non-rating actions – average days to process	**58**	**68**	**92**	**104**	**84**	**82**	**60**
12) National accuracy rate — authorization work (%)[1/]	**84**	**86**	**88**	**91**	**92**	**94**	**98**
13) National accuracy rate- core rating work (%)[1/]	93	90	90	91	93	95	98
14) Rating related actions – average days pending	77	83	90	89	90	85	65
15) Overall satisfaction rate (%)	66	65	N/A[2/]	TBD[2/]	71	74	90
Outcome Measures							
16) Percent of recipients who were informed of the full range of available benefits	40	41	N/A[2/]	TBD[2/]	45	47	60
17) Percent of recipients who said their claim determination was very or somewhat fair	64	65	N/A[2/]	TBD[2/]	70	72	75
18) Percent of pension recipients who believe that the processing of their claim reflects the courtesy, compassion, and respect due to a veteran [3/]	N/A	78	N/A[2/]	TBD[2/]	82	84	95

[1/] Projections are based on a 12-month cumulative average from the STAR database.
[2/]No customer satisfaction survey was performed for 2006. 2007 data will be available by year-end 2008.
[3/] New measure added during Pensions PART review.

Performance Summary Table: Combined Measures							
Measure Description (Key Measures are in **bold**)	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
19) Rating – related actions – average days to process	**166**	**167**	**177**	**183**	**169**	**145**	**125**
20) Appeals Resolution Time (Number of Days) (Joint Measure with BVA) [1/]	529	622	657	660	700[2/]	700[2/]	675[2/]
21) Productivity Index (%)[3/]	N/A	N/A	90	88	90	92	100
22) National accuracy rate - (fiduciary work) (%)[4/]	81	85	83	84	85	88	98

Note: Original disability compensation claims and pension claims are essentially worked by the same direct FTE at the regional offices. Consequently, some of the above performance measures either cannot accurately be separated by appropriation or the data are not currently available separately for each program.
[1/]Joint Measure with BVA; previously solely reported by BVA but now reported by both VBA and BVA.
[2/] 2008, 2009, and strategic targets established by BVA.
[3/]New measure added to 2007 budget in compliance with GAO Report 05-47. Productivity Index = Generated Veterans Service Center (VSC) employees/Actual VSC employees. In this case, generated VSC employees are the result of multiplying completed end products by the work rate standard and dividing by 1576.
[4/]Projections are based on a 12-month cumulative average from the STAR database.

Performance Summary Table: Burial Program							
Measure Description (Key Measures are in **bold**)	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
23) Average number of days to process a claim for reimbursement of burial expenses	48	57	72	91	84	80	21
24) National Accuracy Rate for burial claims processed (%)[1/]	94	93	94	95	96	97	98

[1/] Projections are based on a 12-month cumulative average from the STAR database.

Compensation Performance

Departmental Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Department Strategic Objective 1.2: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

Performance Goals 1, 2, and 19: In 2009, attain 92 percent national accuracy rate for core rating work, 100 days for rating-related actions average days pending, and 145 days for combined C&P rating-related actions average days to process.

Performance Goal Table							
Measure Description	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) National accuracy rate – core compensation rating work (%)[1/]	87	84	88	88	90	92	98
2) Compensation rating-related actions – average days pending	120	122	130	132	120	100	100
19) Compensation and pension rating – related actions – average days to process	166	167	177	183	169	145	125

[1/]Projections are based on a 12-month cumulative average from the STAR database

Department Strategic Objective 1.4: Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.

Performance Goal 3: In 2009, average days to process DIC actions will be 115 days.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Average days to process – DIC actions	125	124	136	132	118	115	90

Means and Strategies

VBA serves beneficiaries best by getting claims processed quickly and accurately. Separating the VBA Service Center into teams with distinct, functional areas has allowed for greater workload control, development of expertise by the staff, higher quality of decisions, and more efficient and timely processing.

In 2009, we expect continuation of high claim rates and increasing complexity. Therefore, increasing the number of claims processors is critical to achieving the current targets. The requested funding level will provide additional resources to improve performance and to reduce the pending inventory. Specifically, we will be able to lower the pending inventory, improve claims processing timeliness, reduce the appeals workload, improve appeals processing timeliness, decrease remands on appeals, and enhance direct services to veterans and separating service personnel.

The proposed Web-enabled rules based claims processing information system will improve the business process and quality of decisions made when adjudicating compensation and pension claims.

Compensation and pension benefit payments continue to migrate from the legacy Benefits Delivery Network to VETSNET as more functionality is added and records are converted to the new system. The VETSNET online information platform allows claims processing and customer service workload to be shifted between regional offices to ensure timely and effective service delivery.

Pensions Performance

Departmental Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Department Strategic Objective 3.2: Provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity by processing pensions claims in a timely and accurate manner.

Performance Goals 11, 12, and 19: In 2009, attain 82 days for non rating-related actions average days to process, 94 percent national accuracy rate for authorization work, and 145 days for combined C&P rating-related actions average days to process.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
11) Non-rating pension actions – average days to process	58	68	92	104	84	82	60
12) National accuracy rate—pension authorization work (%)[1/]	84	86	88	91	92	94	98
19) Compensation and pension rating – related actions – average days to process	166	167	177	183	169	145	125

[1/]Projections are based on a 12-month cumulative average from the STAR database.

Means and Strategies

VBA serves beneficiaries best by getting claims processed quickly and accurately. Separating the VBA Service Center into teams with distinct, functional areas has allowed for greater workload control, development of expertise by the staff, higher quality of decisions, and more efficient and timely processing.

In 2009, we expect continuation of high claim rates and increasing complexity. Therefore, increasing the number of claims processors is critical to achieving the current targets. The requested funding level will allow us to more quickly consolidate remaining pension workload at the pension centers, improve quality and timeliness, and enhance program oversight and integrity activities.

The proposed Web-enabled rules based claims processing information system will improve the business process and quality of decisions made when adjudicating compensation and pension claims.

Compensation and pension benefit payments continue to migrate from the legacy Benefits Delivery Network to VETSNET as more functionality is added and records are converted to the new system. The VETSNET online information

platform allows claims processing and customer service workload to be shifted between regional offices to ensure timely and effective service delivery.

Compensation and Pensions Data Source
Claims Processing Timeliness/Average Days to Process
The timeliness of claims processing is measured using data captured automatically by the Benefits Delivery Network as part of claims processing.

National Accuracy Rate
C&P Service's current program for measuring claims processing accuracy is the STAR system. It includes review of work in three areas: claims that usually require a disability rating decision; claims that generally do not require a rating decision (authorization); and fiduciary work. Reviews are conducted after completion of all required processing actions on a claim.

Accuracy rates are captured based on the following review categories:

- Issue identification
- Compliance with VBA's duty to notify and duty to assist in claims processing
- Correct decisions
- Correct payment rates and dates

This core accuracy measurement is labeled "benefit entitlement." It is the reported and official accuracy rate for compensation and pensions claims processing.

Compensation and Pensions Data Verification
This information is presented in the key measures data table in the VBA Executive Summary, chapter 4A in volume 3.

Compensation and Pensions Goal Validation
This information is presented in the key measures data table.

Compensation and Pensions Crosscutting Activities
Collaborative Efforts with the Department of Defense
Under the Benefits Executive Council, VBA continues to pursue several efforts with VHA and DoD to improve timeliness, accuracy, and overall service delivery.

VA/DoD Cooperative Separation Process/Examination: VBA worked with VHA and DoD to develop a joint examination protocol that satisfies each service department's requirements for a proper discharge examination, as well as VA's requirement for a comprehensive C&P examination. VA and DoD signed a memorandum of agreement on November 17, 2004, to implement a cooperative

separation process/examination at all BDD sites. Since that time, VA and DoD have signed 131 local memoranda of understanding. This effort is designed to reduce costs to the government, better use scarce medical resources, and improve baseline documentation of servicemembers' medical status at the time of separation, which will improve decision making in future years with regard to service-connection.

- **DoD's Joint Requirements and Integration Office**: VBA is working with DoD's Joint Requirements and Integration Office to continue to improve VA's access to active duty personnel data. This access will enable VBA to obtain servicemembers' combat history, service in various theaters of operation, reserve status/drill dates, dependency information, history of exposure to radiation and toxins, etc. In late 2008, DoD will begin to provide VA electronic information from its Defense Integrated Military Human Resources System (DIMHRS). This will enhance the quality of decision-making.

- **Interface to Defense Personnel Records Imaging System (DPRIS):** VA has been electronically requesting and receiving imaged personnel records from the Army, Navy, Air Force, and Marine Corps through an interface between VA's Personnel Information Exchange System (PIES) and DPRIS. VBA is currently working with DoD to test a Web-based DPRIS application. This application is easier to use and provides a much quicker response for imaged personnel records, reducing the turn-around from four days to one. This increased efficiency will help improve the timeliness of processing veterans' claims. VBA is currently running a pilot program for Web-based DPRIS at four regional offices (Columbia, Waco, Winston-Salem, and Salt Lake City). VBA is planning to expand the application nationally in 2008.

Compensation and Pensions External Factors

Accuracy

Accuracy statistics are generated by the core compensation and pension programs. There are several factors that could affect the programs' key accuracy measures. Positive impact will be realized if performance resulting from BDD and Pension consolidation and enhanced training is as anticipated. Negative impact could result if more experienced claims staff retire than expected.

Timeliness

There are several factors that could affect the programs' key timeliness measures. Positive impact will be realized if there are no significant court decisions mandating large-scale re-adjudication and the Defense Threat Reduction Agency is able to resolve the large number of pending radiation cases (thus eliminating

the more than 2,000 cases pending over one year).

Negative impact could be realized if workload receipts are significantly higher than anticipated, more experienced staff retires than expected, the appeal rate increases beyond current levels, and legislative or judicial action requires re-adjudication of a substantial number of claims.

Program Assessment Rating Tool (PART) – Compensation
VA's Compensation Program was reviewed under OMB's PART during 2002 and was assigned the rating "results not demonstrated." C&P Service worked closely with OMB and the VA budget office to develop an improvement plan, which contains five follow-up actions as shown below.

Program Name	Disability Compensation	***Rating***	Results Not Demonstrated	***CY Rated***	2002
Follow-up Action #1: Develop capability to begin reporting on five new performance measures.					
Status: Action taken, but not completed					
Response					
Five new long-term outcome measures were added to the 2005 budget submission and a new cost-efficiency measure (productivity index) was added to the 2007 budget submission. We developed capability to report on the cost-efficiency measure and two outcome measures: percent of compensation recipients who were kept informed of the full range of available benefits and percent of DIC recipients above the poverty level. Capability to report on the remaining three outcome measures is dependent on the program outcome study to be scheduled since the President's Commission on the Care for Returning Wounded Warriors and the Veterans' Disability Benefits Commission issued their reports in 2007. A request for proposal for the study has been posted and we anticipate the study will be complete in the fall of 2008.					
Follow-up Action #2: Develop analyses of how results information from new measures is used and how this information impacts program performance.					
Status: Action taken, but not completed					
Response					
VA is currently analyzing results for two of the new outcome measures and the cost efficiency measure to determine impacts on program performance.					
Follow-up Action #3: Evaluate recommendations from the Veterans' Disability Benefits Commission.					
Status: Action taken but not completed.					
Response					
The Veterans' Disability Benefits Commission concluded its review and issued its report in October 2007. The recommendations are currently being evaluated.					

Program Name	Disability Compensation	*Rating*	Results Not Demonstrated	*CY Rated*	2002
Follow-up Action #4: Improve management of total disability benefit based on individual unemployability.					
Status: Action taken, but not completed					
Response					
In response to GAO report 06-309, we reinstated VA forms 21-4140, 21-8940, and 21-4192 to verify and monitor entitlement to the individual unemployability (IU) benefit. Additionally, per the enactment of P.L. 110-57, VA is reviewing the potential benefits of using a new hires database maintained by the Department of Health and Human Services to verify the employment status of beneficiaries. We now send a motivational letter to all new IU beneficiaries to advise them of potential eligibility to Vocational Rehabilitation and Employment Benefits.					
Follow-up Action #5: Develop a measure related to rating consistency.					
Status: Action taken, but not completed					
Response					
VA is developing the means to monitor rating consistency based on rating data, through comparative statistical analysis of benefit grant rates and evaluations across all regional offices.					

Program Assessment Rating Tool (PART) - Pensions

OMB conducted a PART review of the Pensions Program in 2005 and rated it "adequate." C&P Service has worked closely with OMB and the VA budget office to develop an improvement plan, which contains three follow-up actions as shown below.

Program Name	Pensions	*Rating*	Adequate	*CY Rated*	2005
Follow-up Action #1: The program will collect and use data to implement three new performance measures regarding access, income, and dignity.					
Status: Action taken, but not completed					
Response					
Two new performance measures were added to the 2007 budget submission for the purpose of measuring income and dignity, joining the access-related measure which has been in place for a number of years. In response to GAO Report 05-47 and during the Pensions PART process, VA developed a productivity measure as well. Dignity is measured by responses to the customer satisfaction survey regarding processing of the claim. The proposed income measure (i.e., Percent of VA beneficiaries receiving financial assistance for medical expenses) was discontinued because the results data would not have provided program management with valid information. VA is determining the best approach to take to develop a new income measure.					

Program Name	Pensions	*Rating*	Adequate	*CY Rated*	2005

Follow-up Action #2: The program will use information derived from new performance measures to identify and make program improvements.

Status: Action taken, but not completed

Response

VA is using this information to identify and make necessary program improvements. This follow-up action is ongoing as the Pensions program leadership continually uses performance information to identify and make improvements.

Follow-up Action #3: The program will provide initial steps in linking performance to budget.

Status: Action taken, but not completed

Response

The 2007 C&P budget submission contains detailed information about the C&P workload, the performance required to maintain the workload, and the FTE needed to maintain the workload. Thus, this information links the discretionary budget request to performance.

Initiatives

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

Compensation and Pensions Initiatives
(dollars in thousands)

	2008 Estimate				2009 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Training Package	-	-	-	-	-	4,691	4,691	-
C&P Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$4,691**	**$4,691**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	-	766	766	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$766**	**$766**	**0**
C&P Total	**$0**	**$0**	**$0**	**0**	**$0**	**$5,457**	**$5,457**	**0**

Initiative: C&P Training Package
C&P Resource Requirements in 2009: $4,691,000

This initiative combines Centralized Challenge Training for Virtual Information Center (VIC) and Public Contact Team (PCT) telephone personnel ($691,000), New Veterans Service Representative (VSR) Training and Performance Support System (TPSS) ($2,200,000), and Legal Instrument Examiner (LIE) Training and Performance Support System (TPSS) ($1,800,000).

The Centralized Challenge Training initiative for VIC and PCT telephone personnel will be similar to the centralized Challenge training program that is currently provided to new VSRs and RVSRs. C&P Service intends to develop and

update training materials, as well as provide a two-week training program to new VIC and Public Contact Team employees at centralized locations. Centralized training ensures that standardized and accurate information is disseminated to new employees.

C&P will build an integrated, granular TPSS for VSRs, based on completed job and task analysis, requirements stemming from Centralized Challenge, and evaluation reports. The new training system would include Centralized Challenge Training, at-station training, and TPSS.

C&P will build a TPSS for LIEs, based on a job and task analysis performed in 2007 and scheduled in 2008.

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 are descriptions of VBA-wide initiatives that affect the Compensation, Pensions, and Burial programs:

Initiative: VBA-Wide Training Package
Total 2009 Initiative Cost: $1,015,000 **C&P Portion: $766,000**
This initiative combines Finance National Training Strategy (FNTS) ($675,000), Management Analyst Training ($90,000), and Labor and Employee Relations Training ($250,000).

FNTS was developed to identify the training processes and procedures necessary to maintain a skilled workforce and to recognize training-related best practices. This plan will enable effective financial services in support of regional offices and VBA CO finance activities.

Management Analyst Training will address the needs of new and seasoned regional office management analysts.

Labor and Employee Relations Training will enable VBA to equip HR practitioners with the skills and knowledge needed to conduct research, determine what is relevant to the situation at hand, compose critical documentation, advise leaders on actions that should and should not be taken, and ensure greater success before third parties in an increasing number of cases.

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Education

Mission

VBA'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 customers of the programs administered by Education Service include veterans, servicemembers, reservists, dependents of certain service-disabled or deceased 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)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase(+) Decrease(-)**
FTE					
Direct	790	772	879	902	23
Information Technology	72	21	0	0	0
Management Direction and Support	96	101	92	89	-3
Total FTE	**958**	**894**	**971**	**991**	**20**
Obligations					
Personal Services	$69,767	$70,097	$71,956	$76,269	$4,313
Travel	1,162	945	948	1,189	241
Interagency Motor Pool	186	196	196	211	15
Transportation of Things	152	99	99	188	89
Rent, Communications & Utilities	8,804	10,331	11,083	12,381	1,298
Printing	243	1,254	1,254	941	-313
Other Services	5,405	11,322	4,759	5,427	667
Supplies and Materials	733	712	712	698	-14
Equipment	594	832	1,291	679	-612
Insurance Claims	8	6	6	2	-4
Total Administrative Obligations	**$87,053**	**$95,794**	**$92,304**	**$97,985**	**$5,681**
Reimbursements	-$585	-$2,260	-$2,260	-$1,292	$968
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$86,468**	**$93,534**	**$90,044**	**$96,693**	**$6,649**
Outlays (net)	**$87,817**	**$94,946**	**$87,599**	**$93,440**	**$5,841**

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

Summary of Budget Request

Budget authority of $96.7 million will fund 991 FTE, the January 1, 2009, 2.9 percent pay raise, the associated level of fringe benefits and health costs, and inflationary expenses.

Changes from Original 2008 Budget Estimate

The current administrative obligations for 2008 are $92.3 million, a decrease of $3.5 million from the original budget estimate. The increase in personal services, due to a net increase of 77 FTE, is offset by the reduction to other services resulting from elimination of the Contact Management Support Center initiative. The rent, communications, and utilities and equipment increases are required due to the net increase of 77 additional FTE.

Changes from 2008 Current Estimate to 2009 Estimate

In 2009, obligations are expected to increase $5.7 million. The $4.3 million increase in personal services reflects a net increase of 20 FTE, a 2.9 percent pay raise, and associated increases to fringe benefits. Funding for travel, interagency motor pool, and transportation of things reflects expenses associated with new FTE and increased fuel costs. Increased funds are required for rent, communications and utilities and other services to accommodate additional FTE and inflation. The decreases in other categories more accurately reflect current required annual expenditures.

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

	2008 Estimate	2009 Estimate
Prior Year Obligations	$87,053	$92,304
Prior Year FTE	958	971
Adjustments:		
FTE	13	20
Personal Services	$2,189	$4,313
Travel	-214	241
Interagency Motor Pool	10	15
Transportation of Things	-53	89
Rent, Communications & Utilities	2,279	1,298
Printing	1,011	-313
Other Services	-645	667
Supplies and Materials	-20	-14
Equipment	697	-612
Insurance Claims	-2	-4
Net Change	**$5,251**	**$5,681**
Estimated Obligations	$92,304	$97,985
Total FTE	971	991

Education Average Salary Analysis	
2007 Average Salary (260 days)	**$54,256**
Annualization of 2.2% 2007 raise (+0.6%)	298
Annualization of 3.5% 2008 raise (+2.6%)	1,424
Change in staff composition	-984
Two day adjustment	423
Regular benefits percentage	25.5%
2007 Average Cost	$72,826
2008 Average Salary (262 days)	**$55,418**
Annualization of 3.5% 2008 raise (+0.9%)	485
Annualization of 2.9% 2009 raise (+2.2%)	1,205
Change in staff composition	484
One day adjustment	-220
Regular benefits percentage	25.2%
2008 Average Cost	$74,130
2009 Average Salary (261 days)	**$57,372**
Regular benefits percentage	25.5%
2009 Average Cost	$76,962

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.

	2006	2007	2008 Current Estimate	2009 Estimate
Direct Labor FTE (cum)	726	790	879	902
Increase in Claims (over previous year)	2.4%	12.2%	4.3%	4.3%
Total Claims	1,366K	1,533K	1,599K	1,668K
Avg Days to Process Orig Claims	40	32	24	19
Avg Days to Process Suppl Claims	20	13	11	10

2008 Workload

Total claims for 2008 are projected to be 1,599,147, an increase of 4.3 percent over the 2007 actual of 1,533,219, or an increase of 65,928 claims. The projected 2008 increase follows an increase of 528,311 education claims between 2001 and 2007, from 1,004,908 to 1,533,219, a cumulative 53 percent increase.

To handle the additional claims work, direct FTE rose 20 percent between 2001 and 2007 (from 663 to 790). Productivity improvements were gained as new staff

became more experienced, thus enabling them to complete claims more quickly and accurately. The supplemental appropriation passed by Congress during calendar year 2007 enabled even faster claims processing. Of the total 89 direct FTE increase between 2007 and 2008, 40 were funded by the supplemental appropriation. In 2008, increased workload and performance goals will be accomplished by 879 direct FTE.

2009 Workload

We expect to work 1,667,910 education claims in 2009, a 4.3 percent increase over 2008. With the 902 direct FTE, however, we anticipate addressing the additional workload while still improving claims processing timeliness.

Program Highlights

In addition to benefit rate increases which have significantly raised Montgomery GI Bill (MGIB) payments, recent enacted legislation expands eligibility for spouses and children of servicemembers and broadens the scope of educational assistance available for members of the Ready Reserve. The most noteworthy provisions are summarized below:

(1) From 2001 to 2007, the MGIB rate has risen from $672 per month for a full-time student to $1,101 per month. The number of students has increased from almost 323,000 in 2001 to approximately 343,751 in 2007, a 6.4 percent increase.

(2) Public Law 109-461 expanded eligibility in the Dependent's Education Assistance program for spouses and children of servicemembers who are hospitalized or receiving outpatient care for a permanent and total service-connected disability while still on active duty.

(3) The Reserve Educational Assistance Program (REAP/Chapter 1607) provides an increased benefit for reservists and those in the National Guard who are activated for more than 90 days due to an emergency or contingency as defined by the President or Congress.

VA had 41,388 students receiving REAP benefits at the end of fiscal year 2007, an increase of 74 percent over the 23,747 receiving benefits at the end of 2006. The number of Chapter 1607 claims processed in 2006 was 39,281. As of the end of fiscal year 2007, we have processed 117,792 claims for Chapter 1607.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Performance Summary Table: Education Program							
Measure Description (Key Measures are in **bold**)	Results				Targets		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Average days to complete original claims	**26**	**33**	**40**	**32**	**24**	**19**	**10**
2) Average days to complete supplemental claims	**13**	**19**	**20**	**13**	**11**	**10**	**7**
3) Montgomery GI Bill Usage Rate (%) Veterans who have passed their 10-year eligibility period	71	71	70	70	71	71	80
4) Percent of Montgomery GI Bill participants who successfully completed an education or training program[1/]	N/A	N/A	TBD	TBD	TBD	TBD	TBD
5) The 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[1/]	N/A	N/A	TBD	TBD	TBD	TBD	TBD
6) Customer satisfaction-high rating (%)	86	N/A[2/]	N/A[2/]	TBD[2/]	89	90	95
7) Telephone activities–Blocked call rate (%)	20	38	43	32	20	18	10
8) Telephone activities–Abandoned call rate (%)	10	17	20	14[3/]	10	9	5
9) Payment accuracy rate (%)	94	96	94	95	96	96	97

[1/]Measure under development
[2/]No customer satisfaction survey was performed for 2005 or 2006. 2007 data will be available by year-end 2008.
[3/]Corrected

Education Performance

Department Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.2: Enhance the ability of veterans and servicemembers to achieve educational and career goals by providing timely and accurate decisions on education claims and continuing payments at appropriate levels.

Two new outcome measures were added in the 2006 budget: the percentage of MGIB participants who have successfully completed an education or training program and the percentage of beneficiaries who believe their VA educational assistance has been helpful or very helpful in the attainment of their educational or vocational goals. In 2007, we issued a contract solicitation to identify companies that can assist VA in evaluating these new measures. In 2008,

Education Service will develop a survey instrument to determine the percentage of beneficiaries who believe their VA assistance has been helpful in the attainment of their educational or vocational goals. We will collect baseline data that will be used to determine a strategic target for both outcome measures.

Performance Goals 1, 2, and 9: In 2009, process original and supplemental claims in an average of 19 and 10 days, respectively. Attain a payment accuracy rate of 96 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Average days to complete original claims	26	33	40	32	24	19	10
2) Average days to complete supplemental claims	13	19	20	13	11	10	7
9) Payment accuracy rate (%)	94	96	94	95	96	96	97

Means and Strategies

Adequate staffing will be critical to achieving Education Service's performance goals in 2009. The additional FTE requested for 2009 will enhance Education Service's ability to address the increasing number of claims received annually, while simultaneously improving claims processing timeliness and payment accuracy.

The attainment of Education Service's strategic goals is dependent upon the implementation of The Education Expert System (TEES) which will allow VA to receive application and enrollment information and process that information electronically, reducing the need for human intervention.

Data Source

Information on average days to complete claims is presented in the key measures data table in the VBA Executive Summary, chapter 4A in volume 3.

The payment accuracy rate is the ratio of the number of claims reviewed that have been paid correctly to the total number of claims reviewed. Because quality assurance reviews measure each of the four Education programs separately, approximately equal numbers from each are in the review sample. Their actual proportion of the workload differs significantly. Consequently, VBA calculates the ratio separately for each program, multiplies each ratio by the program's

workload percentage, and adds the four resulting products to obtain the payment accuracy rate.

Data Verification
Information on the average days to complete original and supplemental claims is presented in the key measures data table.

To accomplish data verification for the payment accuracy rate, a random sample of claims for each program is selected quarterly by central office staff from a database listing all claims completed during the review period. Reports based on the quality review of the selected claims are issued quarterly to the director of the Regional Processing Office (RPO) being reviewed. The results are shared with the station's business line management and are used to determine the RPO's payment accuracy rate. Action is taken to correct errors and refresher training is provided as needed.

Goal Validation
For average days to complete claims, this information is presented in the key measures data table.

Payment accuracy measures how well decisions reflect payment at the proper rate for the correct period of time. This is critical to the veteran who needs to make tuition payments on time and is dependent on VA for education assistance.

Crosscutting Activities
Education case managers rely on accurate enrollment information from school officials to process claims from veterans and other eligible beneficiaries. Conflicting or confusing information could lead to errors and hinder payment accuracy. We will continue to work with representatives from education and training institutions to assure the submission of reliable, accurate enrollment information. For example, we continue to conduct weeklong, online training courses for new school certifying officials. These courses are available to school officials who are new to the job and in need of "just-in-time" training. In addition, VA Online Certification of Enrollment (VA-ONCE), an application to transmit enrollment data electronically to VA, has been well received by school certifying officials and has been in use since 2003. In 2007, approximately 85 percent of all enrollment data were received electronically.

External Factors
Legislative expansion of educational benefit programs may have an impact on these goals.

Performance Goal 3: In 2009, achieve 71 percent usage rate for those veterans who have passed their 10-year eligibility period.

The extent to which eligible beneficiaries use their earned benefit is one measure of program success. A greater number of veterans using the MGIB will contribute to a more highly educated and productive national workforce, thus enhancing the nation's competitiveness. Veterans use the benefit to readjust to civilian life and achieve educational and vocational objectives that might not have been attainable had they not entered military service and enrolled in MGIB. The Department of Defense uses the MGIB as a successful recruiting and retention tool.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Montgomery GI Bill Usage Rate (%) Veterans who have passed their 10-year eligibility period	71	71	70	70	71	71	80

Means and Strategies

Education Service believes that a better-informed separating servicemember is more likely to use education benefits. To that end, Education Service distributes a series of informational brochures that target servicemembers after 12 and 24 months of active duty service and again six months prior to separation from service. The brochures are specifically tailored toward servicemembers who are eligible for the MGIB (Chapter 30), and are designed to enhance their awareness and understanding of the education benefit. Mailings are sent to approximately 90,000 active duty members on a quarterly basis.

Education Service will continue to enhance current outreach efforts to better serve the informational needs of servicemembers, veterans, reservists, and dependents potentially eligible for and/or currently using VA education benefits. We will develop and disseminate informational materials and promotional items to both active duty members and veterans. In 2007, Education Service attended nine military organization conferences to distribute and discuss information on MGIB. These conferences had 3,000 to 10,000 attendees each. We expect to attend a similar number of conferences during 2008 and 2009.

Education Service will continue to expand Internet-based options for obtaining information about benefits and contacting VA. In February 2006, the GI Bill Web site was updated to mirror VA's new look and to be more user friendly. VA

Education RPOs respond to over 8,000 electronic inquiries per month from current and potential beneficiaries.

The first phase of migration to the TEES corporate environment is completion of the Web-Enabled Approval Management System (WEAMS). WEAMS is the approval repository for educational and job training programs, licensing and certification tests, and national exams maintained in the VA corporate environment. WEAMS merged two existing approval systems: the Online Approval File (OLAF), which contained educational and job training programs, and Licensing and Certification Approval System (LACAS), which contains the approvals for national exams. The consolidation of these legacy applications and the manual process for national exam approvals into a single repository allows Education Liaison Representatives (ELRs) to process and maintain approval information more efficiently. In March 2007, the public began accessing WEAMS online to ascertain which programs are approved for VA training. In 2009, we expect WEAMS to generate reports which summarize data for approved organizations offering: degrees; courses or programs of education or vocational training not leading to a standard college degree; correspondence training; flight training; on-the-job and apprenticeship training; licenses or certifications; and national tests.

Data Source
The data used to produce the MGIB-Active Duty Usage Rate are derived from the Defense Manpower Data Center's (DMDC) MGIB file. The data are a compilation of data elements from the military's active duty files, the pay file, the Military Entrance Processing Station Command's file, and the current VA extract. The report is an analysis of all active duty records on the MGIB file by service and record status aggregated by enrollment status.

Data Verification
DMDC runs basic edits to validate the data before sending the MGIB file to VA.

Goal Validation
The MGIB Usage Rates portray the number of eligible beneficiaries who use their earned benefit. A greater number of veterans using the MGIB will contribute to a more highly educated and productive national workforce, thus enhancing the nation's competitiveness. Veterans use the benefit to readjust to civilian life and achieve educational and vocational objectives that might not have been attainable had they not entered military service and enrolled in MGIB.

Crosscutting Activities
In keeping with the President's initiative to include faith-based and community organizations in government programs, Education Service will initiate a pilot

program entitled "VA Education Benefit Outreach Program." The purpose of the pilot is to expand the outreach efforts currently undertaken by Education Service by allowing faith-based and community organizations to assist in outreach by distributing informational materials on VA Education benefits. This will ensure that we reach more veterans, reservists, and dependents who are potentially eligible for benefits.

External Factors
The rate of separation from military duty may have an impact on the usage rate of the MGIB.

Program Assessment Rating Tool (PART)
OMB and VA evaluated the All-Volunteer Force Educational Assistance Program (Chapter 30/MGIB) and the Educational Assistance for Members of the Selected Reserve (Chapter 1606) programs using the PART during the development of the 2005 budget. The PART provided a comprehensive evaluation designed to improve the administration of the two programs. OMB rated the programs as "Results Not Demonstrated." The primary reason for this rating was the absence of a strong, long-term outcome measure. OMB also recommended refinement of the Chapter 30 usage measure.

Included in the 2006 Education budget were two outcome measures designed to measure the effectiveness of VA's educational assistance programs. The first was an outcome measure to determine the percentage of beneficiaries who believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goals. The second outcome measure would provide the percentage of MGIB participants who successfully completed an education or training program.

Education has worked closely with OMB and the VA budget office to develop an improvement plan, which contains three follow-up actions as shown below.

Program Name	Education	***Rating***	Results Not Demonstrated	***CY Rated***	2003
Follow-up Action #1: Determine the optimum level of monthly benefits required to accomplish the military recruitment and retention goals.					
Status: Actions taken but not completed					
Response					
VA is still unable to determine the optimum benefit amount that is required to accomplish recruitment and retention goals. However, VA assumes benefit levels are sufficient because DoD surveys indicate education benefits are a valuable tool in meeting recruitment and retention goals. DoD recruitment levels were met in 2007. DoD surveys indicate education benefits rank as the second reason individuals enlist behind pay and money.					

Program Name	Education	*Rating*	Results Not Demonstrated	*CY Rated*	2003

Follow-up Action #2: Create an outcome measure on veterans' readjustment to civilian life due to the benefit received in this program.

Status: Actions taken but not completed

Response

1. A degree attainment analysis contract was awarded on September 5, 2007. We anticipate receiving the results before the end of 2009.

2. We have funds available to permit us to award a contract for a customer satisfaction survey to determine how customers perceive how the GI Bill assisted their readjustment. We anticipate awarding a contract in 2008 with results anticipated in 2009.

Follow-up Action #3: Reinstate a cost-effectiveness measure such as the "administrative cost per trainee" measure.

Status: Actions Taken but not completed

Response

VA has designed a model to assess the cost effectiveness of the program. Although preliminary tests lead us to believe this could be a useful tool to measure efficiency based on the cost per trainee measure, we currently are unable to determine if this model will generate data that could predict changes in performance due to resource adjustments. Those predicted changes in performance could ultimately improve program performance. We require two years of actual data to establish targets.

Initiatives

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

Initiatives (dollars in thousands)								
	2008 Estimate				**2009 Estimate**			
	Payroll	**Non-pay**	**Total**	**FTE**	**Payroll**	**Non-pay**	**Total**	**FTE**
Stakeholder Training	-	400	400	-	-	-	-	-
Education Training Package	-	-	-	-	-	78	78	-
Education Subtotal	**$0**	**$400**	**$400**	**0**	**$0**	**$78**	**$78**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	-	73	73	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$73**	**$73**	**0**
Education Total	**$0**	**$400**	**$400**	**0**	**$0**	**$151**	**$151**	**0**

Initiative: Education Training Package
Education Resource Requirements in 2009: $78,000
This initiative combines the Education Service Senior Veterans Claims Examiner Training Program ($38,000) and the Education Service Management Development Program ($40,000).

Currently, Education Service has a formal training program for new hire Veterans Claims Examiners (VCE) and Education Case Managers (ECM). Supervisors attend leadership classes at the VBA Training Academy. However, there is no formal training program in place for VCEs who are promoted to Senior VCE positions. While technically not supervisory positions, these employees perform many of the daily first line supervisory tasks in the RPO. Senior VCEs are thrust into mentor roles with little or no additional training. The Education Service Senior Veterans Claims Examiner training program would fill this void.

The Education Management Development Program is designed to identify and enrich a diverse group of potential future leaders within the Education workforce. The program is designed for non-supervisory Education Regional Processing Office personnel at the GS 9-11 level in the following positions: Journeyman Veterans Claims Examiner (VCE), Education Case Manager, and Senior Veterans Claims Examiner (SrVCE).

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 are descriptions of VBA-wide initiatives that impact the Education program:

Initiative: VBA-Wide Training Package
Total 2009 Initiative Cost: $1,015,000 Education Portion: $73,000
This initiative combines Finance National Training Strategy (FNTS) ($675,000), Management Analyst Training ($90,000), and Labor and Employee Relations Training ($250,000).

FNTS was developed to identify the training processes and procedures necessary to maintain a skilled workforce and to recognize training-related best practices. This plan will enable effective financial services in support of regional offices and VBA CO finance activities.

Management Analyst Training will address the needs of new and seasoned

regional office management analysts.

Labor and Employee Relations Training will enable VBA to equip HR practitioners with the skills and knowledge needed to conduct research, determine what is relevant to the situation at hand, compose critical documentation, advise leaders on actions that should and should not be taken, and ensure greater success before third parties in an increasing number of cases.

Housing

Mission

The Housing program will help veterans and active duty personnel purchase and retain homes in recognition of their service to the Nation. We will treat all veterans and other participants in the program in a courteous, responsive, and timely manner. We will 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, and their families are the primary customers 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 key to providing veterans with quality and timely service. Congress, Veterans Service Organizations, state and county veteran representatives, and the military services are also important stakeholders.

Housing Summary of Discretionary Appropriation Highlights (dollars in thousands)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increases(+) Decreases(-)**
FTE					
Direct	763	762	778	778	0
Information Technology	109	32	0	0	0
Management Direction and Support	111	99	110	110	0
Total FTE	**983**	**893**	**888**	**888**	**0**
Obligations:					
Personal Services	$83,452	$81,539	$78,794	$81,170	$2,376
Travel	$2,104	$2,587	$2,557	$2,617	59
Interagency Motor Pool	$314	$525	$525	$538	13
Transportation of Things	$66	$369	$369	$377	8
Rent, Communications & Utilities	$8,830	$9,600	$9,600	$9,813	213
Printing	$274	$346	$346	$351	5
Other Services	$29,553	$20,547	$19,690	$19,674	-16
Supplies and Materials	$952	$1,177	$1,177	$1,205	28
Equipment	$721	$1,759	$1,759	$1,777	18
Insurance Claims	$9	$7	$7	$7	0
Total Administrative Obligations	**$126,275**	**$118,455**	**$114,824**	**$117,529**	**$2,705**
Total Reimbursements	**-$126,275**	**-$118,455**	**-$114,824**	**-$117,529**	**-$2,705**
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other 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 $117.5 million is required from credit accounts to fund the discretionary portion of the Housing program in 2009. Administrative funding includes $116,903 thousand for the Veterans Housing Program and $626 thousand for the Native American Housing Program. The funding will support 888 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2008 Estimate

The current administrative obligations for 2008 are $114.8 million. A reduction of $3.3 million includes the transfer of 32 IT FTE and associated payroll and non-payroll funds to the VA IT Appropriation, in addition to more accurately reflecting current actual expenditures.

Changes from 2008 Current Estimate to 2009 Estimate

In 2009, obligations are projected to increase $2.7 million. The $2.4 million increase in personal services is due to the 2.9 percent pay raise, as well as associated fringe benefits and health costs. Increases to other non-pay categories reflect normal inflationary trends.

Housing Analysis of Discretionary Increases and Decreases (dollars in thousands)		
	2008 Estimate	2009 Estimate
Prior Year Obligations	$126,275	$114,824
Prior Year FTE	983	888
Adjustments:		
FTE	-95	0
Personal Services	-$4,658	$2,376
Travel	453	59
Interagency Motor Pool	211	13
Transportation of Things	303	8
Rent, Communications & Utilities	770	213
Printing	72	5
Other Services	-9,864	-16
Supplies and Materials	225	28
Equipment	1,039	18
Insurance Claims	-1	0
Net Change	**-$11,451**	**$2,705**
Estimated Obligations	$114,824	$117,529
Total FTE	888	888

Housing Average Salary Analysis	
2007 Average Salary (260 days)	**$65,484**
Annualization of 2.2% 2007 raise (+0.6%)	360
Annualization of 3.5% 2008 raise (+2.6%)	1,719
Change in staff composition	-410
Two day adjustment	517
Regular benefits percentage	22.9%
2007 Average Cost	84,895
2008 Average Salary (262 days)	**$67,671**
Annualization of 3.5% 2008 raise (+0.9%)	592
Annualization of 2.9% 2009 raise (+2.2%)	1,472
Change in staff composition	-888
One day adjustment	532
Regular benefits percentage	23.7%
2008 Average Cost	88,732
2009 Average Salary (261 days)	**$69,378**
Regular benefits percentage	24.1%
2009 Average Cost	91,408

Workload and Resource Needs

2008 Workload

Total loans guaranteed in 2007 were 129,261 and are estimated to increase to 180,000 in 2008. Rising interest rates should make the guaranteed loan program more attractive than alternative mortgage products (AMPs) such as interest only loans and payment option adjustable rate mortgages. AMPs that defer or give the option of repayment of principal for a time period result in higher monthly payments once the loan deferment period is over in a rising interest rate environment. Also, the past lax credit underwriting standards used in the sub prime mortgage markets will increase confidence and usage of the guaranteed loan program. Additionally, VA expects an increase in defaults and foreclosures from historic lows in 2007. There is a distinct upward trend in guaranteed loan delinquencies in the states of Michigan, Indiana, and Ohio, as well as Louisiana and Mississippi.

2009 Workload

VA estimates that the workload in 2009 will be approximately 180,000 loans guaranteed. Defaults and foreclosures will continue to increase consistent with the large volume of loans guaranteed in 2003 and 2004.

The program emphasis is on developing and implementing information technology solutions to provide more timely service to our customers at a

reduced cost. Important benchmarks are the quality and efficiency of service provided by private entities because they set the level of expectations for all real estate transactions.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Performance Summary Table: Housing Program							
Measure Description (Key Measures are in **bold**)	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Foreclosure avoidance through servicing (FATS) ratio %	**44.0**	**48.0**	**54.0**	**57.0**	**56.0**	**56.5**	**57.0**
2) Statistical quality index %	98.0	98.0	99.0	99.2	98.0	98.0	98.5
3) Veterans' satisfaction level %[1/]	N/A	N/A	93.1	Avail. Dec. 2008	95.0	95.0	97.0
4) Rate of homeownership for veterans compared to that of the general population %[2/]	N/A	N/A	N/A	N/A	108.0	109.0	110.0
5) E-FATS (The ratio of dollars saved through successful loan interventions, to dollars spent by VA on Loan Administration FTE who perform intervention work)	N/A	N/A	7.0:1	6.8:1	7.0:1	7.5:1	8.0:1
6) Specially Adapted Housing Independence (Percent of Specially Adapted Housing (SAH) grant recipients who indicate that grant-funded housing adaptations increased their independence)	N/A	N/A	93.2	Avail. Dec. 2008	98.0	98.0	99.0
7) Lender Satisfaction (Percent of lenders who indicate that they are satisfied with the VA Loan Guaranty Program) [1/]	N/A	N/A	93.2	Avail. Dec. 2008	94.0	94.0	95.0

[1/]No Housing survey was completed for 2004 and 2005.
[2/] New measure added to 2008 budget and strategic plan. For 2005, the homeownership rate for the general population was 69%.

Housing Performance

Departmental Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Department Strategic Objective 3.6: Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Performance Goal 1: In 2009, achieve a Foreclosure Avoidance Through Servicing (FATS) Ratio of 56.5 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Foreclosure avoidance through servicing (FATS) ratio %	44.0	48.0	54.0	57.0	56.0	56.5	57.0

One of VA's critical functions is to assist veterans after they receive their housing benefit. Lenders report to VA when veterans are seriously delinquent (a payment is 90 days in default) on their mortgages. The veteran is responsible for repayment of the loan. VA is responsible for contacting the veteran and offering assistance to help retain his or her home, or resolve the issue at the lowest possible cost to the veteran and VA.

VA uses the FATS ratio to measure its success in assisting veterans who are facing foreclosure. This measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure. Benefits of foreclosure avoidance include a cost savings to the government and the veteran avoiding damage to his/her credit rating. Of particular note is the level of successful interventions in 2007. There were 8,453 reinstatements with VA's direct assistance, saving an estimated $181.3 million. There are four alternatives to foreclosure:

Successful intervention – VA may intervene with the holder of the loan on behalf of the borrower to set up a repayment plan or take other action that results in the loan being reinstated.

Refunding – VA may purchase the loan when the holder is no longer willing or able to extend forbearance but VA believes the borrower has the ability to make mortgage payments or will have the ability in the near future.

Voluntary conveyance – VA may accept the deed in lieu of foreclosure from the borrower if it is in the best interest of the government.

Compromise Claim – If a borrower in default is trying to sell the home, but it cannot be sold for an amount greater than or equal to what is owed on the loan,

VA may pay a compromise claim for the difference in order to complete the sale.

As different alternatives are appropriate in different situations, VA does not have goals for each type of alternative. Field stations have the discretion to decide which alternative should be pursued in each situation.

Means and Strategies
To improve VA's ability to effectively assist veterans who are delinquent on their mortgages, nearly 12 years ago VBA consolidated most of its supplemental servicing activities into Loan Administration sections at nine Regional Loan Centers (RLCs). This helped assure the quality of servicing to veterans by increasing access to VA in an environment of shrinking staff resources. Customer service was improved by providing veterans with toll-free telephone access and increased hours of operation. This consolidation, coupled with implementation of the Loan Service and Claims (LS&C) system, which had been initiated prior to the staff consolidation, led to revisions of numerous procedures within VA.

VA began a complete review and redesign of guaranteed loan default servicing in 2002. New processes and procedures will be fully implemented by 2008. This will bring VA very close to performance and operational standards used by large private sector servicers and lenders. The emphasis will be on providing financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to prevent foreclosures, which will in turn improve the FATS ratio.

Data Source
This information is presented in the key measures data table in the VBA Executive Summary, chapter 4A in volume 3.

Data Verification
This information is presented in the key measures data table.

Goal Validation
This information is presented in the key measures data table.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
Loan Guaranty workload can fluctuate significantly. New loan guaranties are closely related to changes in interest rates and the state of the overall economy. The levels of defaults, foreclosures, and property acquisitions are also related to the economy and are particularly sensitive to regional downturns. Changes and fluctuations in these factors will result in associated increases in workload. A significant increase above and beyond the capacity of the current FTE level could

have a proportional negative effect on quality of work products and therefore on the FATS, Statistical Quality Index, and Veterans' Satisfaction measures.

Performance Goal 2: In 2009, maintain the accuracy of Loan Guaranty activities (measured by the Statistical Quality Index) at 98.0 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Statistical quality index %	98.0	98.0	99.0	99.2	98.0	98.0	98.5

The objective is to provide an accurate evaluation of the quality of services performed by field stations. This needs to be a comprehensive analysis that includes all business processes in connection with delivery of services to veterans, as well as prudent management of government assets.

Means and Strategies

The quality review process requires an examination of a sample of loan files by supervisors at the RLCs and a second review of those same files by staff in Loan Guaranty Service in central office. Reviews look at the quality and timeliness of work end-products, in relation to standards established in program operational manuals. Accuracy is measured under each quality criteria schedule in terms of the number of defects or incorrect actions ("NO" answers) as a percentage of all reviewed actions. The defect rate for each schedule is stated as the number of "NO" answers as a percent of the number of actions. Timeliness is stated as the number of actions which were taken within the number of days considered timely, as a percentage of the total number of cases reviewed in which timeliness could be measured. Staffing changes, training, policy reviews, and other management actions are directed toward processes and performance that need improvement.

Data Source

Quality review findings are recorded with comments on separate documents with the appropriate loan file number. The aggregate of review findings is summarized on an electronic spreadsheet, which is the source for reporting performance.

Data Verification

The second level reviews by Central Office serve as the validation of the quality findings made at the RLCs.

Goal Validation
The Statistical Quality Index measures how well VA is meeting or exceeding the industry standards for loan origination and default servicing to prevent foreclosure as veterans transition to civilian occupations.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
Please refer to the external factors of Performance Goal 1.

Performance Goal 3: In 2009, achieve a veterans' satisfaction level of 95.0 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Veterans' satisfaction level %[1/]	N/A	N/A	93.1	Avail. Dec. 2008	95.0	95.0	97.0

[1/]No Housing survey was completed for 2004 and 2005.

The objective is to provide veterans with courteous, responsive, and timely service in obtaining a VA-guaranteed loan. This will be measured in the form of a Veteran Satisfaction Score.

Means and Strategies
VA relies heavily on the lending industry to deliver the home loan benefit. Ultimately, the level of veteran satisfaction is directly dependent on how well VA can meet the expectations of lenders, builders, real estate brokers, and appraisers. This means adapting the delivery of our services to industry best practices and making timely changes as technology generates improvements in the loan origination process.

For example, VA has recently implemented several applications that support electronic submission of appraisals and electronic data interchange-based default status updates and has expanded the use of electronic applications for guaranty. The Automated Certificate of Eligibility application permits lenders to request a certificate of eligibility online in a matter of seconds.

The current version of the Funding Fee Payment System calculates fee amounts for lenders, thereby reducing errors. The system also supports automated refunds of overpayments. The Web-based Loan Summary application allows lenders to request and receive loan guaranties electronically in seconds. The

speed and ease of use make the VA Home Loan program a cost effective product for lenders by eliminating paper and mail delays.

Data Source
The source of data is the Veteran Customer Service Satisfaction Survey. A professional contractor administers the survey with oversight by VBA program and survey specialists.

Data Verification
Contractor and VBA program oversight ensures appropriate survey content, sample size, and interpretation of results.

Goal Validation
The survey provides feedback on how well VA assisted veterans directly or indirectly in obtaining a VA-guaranteed home loan.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
Please refer to the external factors of Performance Goal 1.

Performance Goal 4: In 2009, increase the rate of homeownership for veterans compared to that of the general population to 109.0 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Rate of homeownership for veterans compared to that of the general population %1/	N/A	N/A	N/A	N/A	108.0	109.0	110.0

1/ New measure added to 2008 budget and strategic plan.

An independent contractor completed an evaluation of the Loan Guaranty Program in 2004. Data and recommendations from that evaluation were reviewed and other research on performance measures was conducted. Based on this analysis, and also in response to Program Assessment Rating Tool (PART) review findings and recommendations, the Loan Guaranty Program developed this new outcome measure for fiscal year 2008. As individuals are adversely affected by military service in establishing the credit needed to secure a conventional home loan, a key component of the program's mission is to encourage and facilitate the extension of favorable credit terms by private lenders to eligible veterans and servicemembers. Achievement of this mission will be

measured in terms of the veteran homeownership rate compared to that of the general population.

Means and Strategies
VA relies heavily on the participation of lenders, builders, real estate brokers, and appraisers in the VA Loan Guaranty Program. This participation is critical to VA's ability to deliver the home loan guaranty benefit to veterans. Without their participation, veterans' ability to use their earned loan guaranty benefit would be limited and many veterans would be precluded from purchasing homes.

VA will also continue to make veterans aware of the Loan Guaranty benefit through various outreach efforts. Examples include maintaining a robust Web site and Internet portal that allow all veterans and active duty personnel to obtain information on the VA home loan program; providing input for Veterans Service Center personnel who conduct Transition and Disability Transition Assistance briefings to active duty personnel ready to be released; attending industry and government housing seminars to provide attendees with current, accurate information about the program; and continuing grassroots community involvement at the RLCs.

Data Source
The source of data will be the United States Census Bureau population and housing data, which is collected biennially. The source of data on the homeownership rate for the general population will also be the Census Bureau's tabulation of the national homeownership rate, which is released to the general public on a quarterly basis.

Data Verification
Analysis of raw data will be conducted in accordance with generally accepted standards for statistical data analysis, producing the rate of veteran homeownership for the fiscal year.

Goal Validation
This measure provides a gauge of how well VA is able to facilitate and encourage favorable credit terms by private lenders to veterans. A veteran homeownership rate on par (or better) with that of the general population illustrates that the key purpose of the program has been met, in that veterans, for their service in the Armed Forces, are not harmed in terms of establishing the credit standing necessary for home purchase.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
Homeownership rates will fluctuate with changes in interest rates and the state of the overall economy. The scope and success of other Federal, state, and local government policies and programs targeted at increasing homeownership also contribute to the fluctuation of homeownership rates in the United States. Veteran homeownership rates will also be directly affected by changes in the size and demographics of the veteran population. Economic downturns and increases in interest rates will adversely affect the overall homeownership rate.

Program Assessment Rating Tool (PART)

As part of the formulation of the 2006 budget, the Administration evaluated the Housing program using the PART. The PART is an analytical tool used to assess programs in a systematic, consistent, and transparent manner using a standardized questionnaire. With the aim of evaluating the Federal Government's effectiveness in designing and managing programs, PART results can be used to help improve program management and budget decision-making.

The Housing program received a rating of "Results Not Demonstrated." It was recommended that the Housing program develop improved performance measures that focus more on program outcomes and on the efficiency of program operations. In response to this finding, the Housing program continues to develop improved program outcome and efficiency measures. The program office has worked closely with OMB and the VA budget office to develop an improvement plan, which contains two follow-up actions as shown below.

Program Name	Housing	***Rating***	Results Not Demonstrated	***CY Rated***	2004
Follow-up Action #1: Develop analyses of how results information from new measures is used and how this information impacts program performance.					
Status: Action Taken, but Not Completed					
Response					
Analysis of these new measures is in process to determine if/how they will impact program performance.					

Program Name	Housing	Rating	Results Not Demonstrated	CY Rated	2004
Follow-up Action #2: Develop the capability to report on mortgage delinquencies at a point earlier than the current requirement of '105 days delinquent'.					
Status: Action Taken, but Not Completed					
Response					
In order to have the ability to intervene at an earlier point in the delinquency cycle, and consequently have the ability to assist veterans in avoiding foreclosure, Veterans Home Loans undertook a comprehensive Business Process Reengineering (BPR) initiative known as LARD (Loan Administration ReDesign). The result of this BPR was a new comprehensive servicing business model which, among other things, allows VA and the servicing industry to provide world-class service to veterans by operating more efficiently and effectively. The redesigned VA business environment will be supported by and managed through the VA Loan Electronic Reporting Interface (VALERI), which will be a Web-based, rules-driven application that electronically connects servicers and VA.					

Initiatives

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

Initiatives (dollars in thousands)								
	2008 Estimate				**2009 Estimate**			
	Payroll	**Non-pay**	**Total**	**FTE**	**Payroll**	**Non-pay**	**Total**	**FTE**
Appraisal Mgmt System	-	1,400	1,400	-	-	-	-	-
Real Estate On-Line	-	300	300	-	-	-	-	-
Handbook & Manual Modernization	-	-	-	-	-	549	549	-
Housing Training Package	-	-	-	-	-	852	852	-
Housing Subtotal	**$0**	**$1,700**	**$1,700**	**0**	**$0**	**$1,401**	**$1,401**	**0**
VBA-Wide:								
VBA-Wide Training Package	-	-	-	-	0	70	70	0
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$70**	**$70**	**0**
Housing Total	**$0**	**$1,700**	**$1,700**	**0**	**$0**	**$1,471**	**$1,471**	**0**

Initiative: Handbook and Manual Modernization
Housing Resource Requirements in 2009: $549,000

This initiative modernizes the lender handbook and operations manual to improve ease of use and organization, enhance readability, and take advantage of technology (such as search capabilities, hyperlinks, etc.). Furthermore, we plan to

organize the handbooks and manuals such that changes can be made quickly and easily to the documents and provide sufficient notification to stakeholders about such changes.

Initiative: Housing Training Package
Housing Resource Requirements in 2009: $852,000
This initiative combines Web-based Eligibility TPSS Module ($376,000) and Web-based Appraisal Review TPSS Module ($476,000).

The Web-based Eligibility TPSS module would teach the basic criteria of eligibility – length of service, character of service, etc., in a Web-based environment that is convenient (24/7) for program participants and VA staff. Also, the module would cover the process of obtaining an eligibility determination and encourage use of the WebLGY application. The module would explain the mechanics of obtaining a certificate of eligibility online and submitting an electronic application along with uploaded documents.

Between now and 2009, the Loan Guaranty Service will be exploring overall appraisal policy and procedures in order to identify ways to improve customer service and lower the cost of this function. We are in the process of evaluating automated tools for appraisal oversight that might be procured as a service by VA. The purchase and use of this service (Appraisal Management Service or AMS) will coincide with the implementation of an entirely new policy/procedure related to liquidation appraisals (Servicer Appraisal Processing Program or SAPP). Dealing with the changes that will result from the implementation of AMS and SAPP requires training of staff and program participants in the associated tools and procedures. An assessment of the potential recipients of VA appraisal training indicates that their training needs can be best addressed via computerized training. Consequently, it has been determined that a computerized (preferably Web-enabled) training tool would be desirable in order to teach stakeholders how to process appraisals in the new automated appraisal oversight environment as well as under SAPP policies and procedures. It is believed that a single training tool can successfully address these two related elements.

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 are descriptions of VBA-wide initiatives that impact the Housing program:

Initiative: VBA-Wide Training Package
Total 2009 Resource Requirements in 2009: $1,015,000 Housing Portion: $70,000
This initiative combines Finance National Training Strategy (FNTS) ($675,000), Management Analyst Training ($90,000), and Labor and Employee Relations Training ($250,000).

FNTS was developed to identify the training processes and procedures necessary to maintain a skilled workforce and to recognize training-related best practices. This plan will enable effective financial services in support of regional offices and VBA CO finance activities.

Management Analyst Training will address the needs of new and seasoned RO management analysts.

Labor and Employee Relations Training will enable VBA to equip HR practitioners with the skills and knowledge needed to conduct research, determine what is relevant to the situation at hand, compose critical documentation, advise leaders on actions that should and should not be taken, and ensure greater success before third parties in an increasing number of cases.

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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)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase(+) Decrease(-)**
FTE					
Direct	1,020	1,102	1,073	1,073	0
Information Technology	43	14	0	0	0
Management Direction and Support	124	144	112	106	-6
Total FTE	**1,187**	**1,260**	**1,185**	**1,179**	**-6**
Obligations					
Personal Services	$104,323	$119,661	$106,223	$109,708	$3,485
Travel	2,121	1,851	1,836	2,779	942
Interagency Motor Pool	263	260	260	302	42
Transportation of Things	202	1,367	1,367	269	-1,098
Rent, Communications & Utilities	11,556	13,691	13,692	14,191	499
Printing	306	327	327	500	173
Other Services	13,770	19,609	25,641	25,736	95
Supplies and Materials	1,690	1,574	1,574	2,602	1,029
Equipment	868	1,136	1,136	862	-274
Insurance Claims	10	6	6	3	-4
Total Administrative Obligations	**$135,110**	**$159,482**	**$152,062**	**$156,952**	**$4,890**
Reimbursements	-$306	-$311	-$311	-$320	-$8
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$134,804**	**$159,171**	**$151,751**	**$156,632**	**$4,881**
Outlays (net)	**$134,229**	**$156,431**	**$145,542**	**$152,234**	**$6,692**

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

Summary of Budget Request

Budget authority of $156.6 million is needed to fund the discretionary portion of the Vocational Rehabilitation and Employment program in 2009. The funding will support 1,179 FTE, the January 1, 2009, 2.9 percent pay raise, the associated level of fringe benefits and health costs, and inflationary expenses. Additionally, this request will provide funding for VR&E's program initiatives: VR&E Training Package, Study of Long Term Outcomes, Finance Consolidation of VR&E Voucher Audit, and VBA-Wide Training Package discussed later in this chapter.

Changes from Original 2008 Budget Estimate

The current administrative obligations for 2008 are $152.1 million, a decrease of $7.4 million from the original budget estimate. The decrease to personal services includes the FTE transfer to the VA IT Appropriation. Other services increase to more accurately reflect current actual expenditures.

Changes from 2008 Current Estimate to 2009 Estimate

In 2009, obligations are expected to increase $4.9 million. Personal services reflect a $3.5 million increase as a result of the 2.9 percent pay raise, the associated level of fringe benefits and health costs, and inflationary expenses. Travel, rent, communications and utilities, and supplies and materials increase to support the VR&E Task Force recommendations. Other increases to non-pay categories reflect inflationary trends. Decreases to transportation of things and equipment more accurately reflect current actual expenditures.

Vocational Rehabilitation & Employment
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2008 Estimate	2009 Estimate
Prior Year Obligations	$135,110	$152,062
Prior Year FTE	1,187	1,185
Adjustments:		
FTE	-2	-6
Personal Services	$1,900	$3,485
Travel	-285	942
Interagency Motor Pool	-3	42
Transportation of Things	1,165	-1,098
Rent, Communications & Utilities	2,135	499
Printing	21	173
Other Services	11,871	95
Supplies and Materials	-116	1,029
Equipment	267	-274
Insurance Claims	-4	-4
Net Change	**$16,952**	**$4,890**
Estimated Obligations	$152,062	$156,952
Total FTE	1,185	1,179

Vocational Rehabilitation and Employment Average Salary Analysis	
2007 Average Salary (260 days)	**$66,318**
Annualization of 2.2% 2007 raise (+0.6%)	365
Annualization of 3.5% 2008 raise (+2.6%)	1,741
Change in staff composition	-1,372
Two day adjustment	516
Regular benefits percentage	24.5%
2007 Average Cost	87,888
2008 Average Salary (262 days)	**$67,568**
Annualization of 3.5% 2008 raise (+0.9%)	591
Annualization of 2.9% 2009 raise (+2.2%)	1,470
Change in staff composition	566
One day adjustment	-268
Regular benefits percentage	24.6%
2008 Average Cost	89,639
2009 Average Salary (261 days)	**$69,926**
Regular benefits percentage	24.8%
2009 Average Cost	93,043

Workload and Resource Needs

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	2006	2007	2008 Estimate	2009 Estimate
Direct Labor FTE	948	1,020	1,073	1,073
Increase in Workload (over previous year)	-3.2%	-2.5%	2.5%	2.25%
Total Workload	89,728	87,485	89,672	91,690
Rehabilitation Rate	73%	73%	75%	76%

In 2008, the VR&E workload is expected to increase by 2.5 percent to 89,672. In 2009, it is expected to increase by another 2.25 percent to 91,690. The increased workload can be attributed to the following factors:

- The VBA-wide effort to increase outreach activities to separating servicemembers and veterans. As part of this effort, VR&E is working to improve the quality and increase the consistency and regularity of the Disability Transition Assistance Program (DTAP). The goal of DTAP is to

encourage and assist potentially eligible servicemembers in making an informed decision about the VR&E program. Additionally, with greater participation by members of National Guard and Reserve forces in our recent conflicts, VA has to continually adjust its resources to ensure that this important audience receives this vital benefit information.

- VR&E anticipates that the effects of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) will result in more seriously injured veterans who will likely qualify for the VR&E program.
- As a result of an increased focus on employment and VR&E's new Five-Track Employment Model, more veterans are expected to enter into Job Ready Services, the status when a veteran has acquired the skills necessary to obtain employment.

VR&E is poised to meet the additional demands of an increasing workload through implementing the VR&E Task Force recommendations as outlined in its report, *"The Vocational Rehabilitation and Employment Program for the 21st Century Veteran."* VR&E has already implemented over eighty of the Task Force recommendations, and we plan to continue to implement the remaining recommendations based on receiving the requested levels of funding and FTE. VR&E must maintain direct staffing levels to continue implementation of Task Force recommendations, particularly the contracting/purchasing staff and professional staff for the field stations.

FTE Needs in 2009

In an effort to reduce the average caseload per counselor and evenly distribute the caseload size throughout the nation, VR&E will realign FTE functions in 2009. VR&E will realign functions to the appropriate staff by assigning contracts by sub area and eliminating the contracting oversight from the case manager's responsibilities, allowing the case manager to concentrate on working directly with veterans. The oversight of contractors is an inherently governmental task and must be accomplished by a government employee who has the appropriate level of skills and knowledge of the VR&E program and rules and regulations of contracting.

Field positions affected by the realignment are employment coordinator positions to support employment activities at stations with larger, out-based offices; counselor positions at stations with a larger average caseload per counselor; and contracting specialists to monitor contracts. VR&E will look at central office positions including an Independent Living (IL) Specialist position to improve the quality of IL services provided to veterans with the most serious injuries and disabilities; an Employment Specialist who will develop outreach services for National Guard and Reserve servicemembers as well as assist in DTAP; and a

Vocational Rehabilitation Counselor for the Quality Assurance (QA) team who will conduct QA reviews and participate in site visits.

Program Highlights

VR&E has successfully deployed nationally the Job Resource Labs and Five-Track Employment Delivery Model. The Job Resource Labs aid veterans and staff in the job search process through the use of a comprehensive online employment preparation and job-seeking tool. Areas that are addressed include: developing job search plans, preparing for interviews, developing resumes, and conducting thorough job searches.

VR&E has initiated a contract for the Rehabilitation Outreach and Oversight program, which will oversee the follow-up of veterans in interrupted, job ready, and discontinued case statuses. This program will assist approximately 150 to 250 veterans a year with their return to active participation in the rehabilitation program.

VR&E has continued to grow in the area of increasing partnerships with agencies/organizations such as the federal sector, state/local government sector, private sector, unions sector, and faith based/non-profit/community initiatives. In conjunction with the VA Vocational Rehabilitation program, partners provide a variety of important services that facilitate adjustment to the workplace, enhance self-awareness, and connect people to employers. A few of the organizations VR&E has developed partnerships with include: Department of Defense, Department of Labor's Veterans Employment and Training Service, Helmets to Hardhats, U.S. Army Materiel Command, Always A Soldier, Federal Aviation Administration, Naval Air Systems Command, Integrated Biometric Technology, and Home Depot.

VR&E continues to expand and further develop the Coming Home to Work project, which is a collaborative partnership between VR&E and other federal agencies to provide civilian work experiences to interested servicemembers in a medical hold capacity at military treatment facilities who meet Chapter 31 eligibility requirements. The Coming Home to Work project provides all necessary rehabilitation and employment services to veterans with disabilities so they may access job opportunities, especially servicemembers returning from OIF and OEF, and those who are medically discharged from the military.

The expansion of VR&E's DTAP program has allowed VR&E to provide extensive information regarding VR&E benefits to servicemembers and veterans 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. DTAP encourages and assists potentially eligible

servicemembers and veterans in making informed decisions about VR&E programs. VR&E recently hired an Employment Coordinator to focus primarily on DTAP, which enables VR&E to reach more veterans and servicemembers, ensuring that accurate and up-to-date information about all services offered by VR&E is accessible and presented in a format that is beneficial to the servicemember.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Performance Summary Table: Vocational Rehabilitation and Employment							
Measure Description (Key Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Rehabilitation rate %	**62**	**63**	**73**	**73**	**75**	**76**	**80**
2) Speed of entitlement decisions in average days[1/]	57	62	54	54	52	51	40
3) Accuracy of decisions (Services) %	86	87	82	77	79	80	96
4) Customer Satisfaction (Survey) %[2/]	79	N/A	N/A	TBD	84	TBD	92
5) Accuracy of Vocational Rehabilitation Program completion decisions %	94	97	95	93	94	95	99
6) Serious Employment Handicap (SEH) Rehabilitation Rate %	N/A	N/A	73	73	75	76	80
Common Measures[3/]							
7) Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	N/A	72	80
8) Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	N/A	72	85
9) Average cost of placing participant in employment	N/A	N/A	N/A	$8,856	$8,000	$8,000	$6,500
10) Percent change in earnings from pre-application to post program employment	N/A	N/A	N/A	N/A	N/A	TBD	TBD

1/VR&E anticipates fluctuations in performance measures while in the process of implementing Task Force recommendations.
2/VR&E did not have a customer satisfaction survey completed for 2005 or 2006. 2007 data will be available by year-end 2008.
3/These are "common" measures that are used by other agencies that manage vocational rehabilitation programs. They support the President's Management Agenda. Targets shown above are estimates and may change.

VR&E Performance

Departmental Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Department Strategic Objective 1.3: Provide eligible service-connected disabled veterans with the opportunity to become employable and obtain and maintain employment, while delivering special support to veterans with serious employment handicaps.

Performance Goals 1, 6, 7, 8, and 9: In 2009, maintain a rehabilitation rate of at least 76 percent. Achieve a serious employment handicap rehabilitation rate of at least 76 percent of all veteran participants. Achieve 72 percent of participants employed in the first quarter after program exit. Achieve 72 percent of those participants still employed three quarters after program exit. The average cost of placing a participant in employment will be approximately $8,000.

Performance Goal Table

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Rehabilitation rate %	62	63	73	73	75	76	80
6) Serious Employment Handicap (SEH) Rehabilitation Rate %	N/A	N/A	73	73	75	76	80
7) Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	N/A	72	80
8) Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	N/A	72	85
9) Average cost of placing participant in employment	N/A	N/A	N/A	$8,856	$8,000	$8,000	$6,500

Means and Strategies

For many disabled veterans, the vocational rehabilitation program is the best opportunity they have to establish themselves in suitable employment or to achieve the maximum level of functioning in daily living activities. The VR&E program is committed to helping veterans complete their programs successfully. Five performance measures exist for this objective: the percentage of veterans who exit the program through successful rehabilitation; the percentage of

veterans who have a serious employment handicap who exit the program through successful rehabilitation; the percentage of participants employed first quarter after program exit; the percentage of participants employed third quarter after program exit; and the average cost of placing a participant in employment.

The implementation of the Job Resource Labs and the new Five-Track Employment Delivery Model increased the number of VR&E personnel working with employers and conducting marketing initiatives. The Job Resource Labs aid veterans in the job search process through the use of a comprehensive online employment preparation and job-seeking tool. We will continue to provide our staff with employment services training in recruitment and placement (marketing skills), job development, and reasonable accommodations to ensure suitable employment is obtained and maintained. We will ensure that our staff has the type and level of skills needed to provide excellent service to accomplish our mission.

Data Source
Corporate WINRS is the data source.

Data Verification
Accuracy of these data is validated by semi-annual case reviews.

Goal Validation
The rehabilitation rate is the key indicator of the program's success in meeting this goal, as it illustrates the percentage of veterans successfully reentering the workforce following completion of their VR&E program.

Crosscutting Activities
VR&E signed several Memorandums of Understanding (MOUs) with organizations such as Department of Labor's Veterans Employment and Training Service, Council of State Administrators of Vocational Rehabilitation programs, U.S. Army Materiel Command, Helmets to Hardhats, Home Depot, Federal Aviation Administration, Integrated Biometric Technology, and Naval Air Systems Command. These MOUs focus on joint efforts to provide career opportunities to veterans.

External Factors
VR&E is anticipating an increase of program participants as a result of OIF and OEF. We expect this increase as long as the United States is engaged in military conflicts overseas.

Performance Goal 2: In 2009, the average time to complete an entitlement determination will be 51 days or less.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Speed of entitlement decisions in average days	57	62	54	54	52	51	40

Means and Strategies
Improving the veteran's access to VR&E staff and information will help the program to achieve and maintain timeliness goals to make entitlement determinations. We will continue to expand our use of Internet resources to allow veterans to access program services and resources electronically. Maintaining the staffing level will lower the number of cases handled by each case manager and allow the staff to improve the quality and speed of services provided to each veteran. Case managers will have more time in the application processing phase, which includes several face-to-face counseling sessions required to collect and evaluate information to determine the veteran's need for rehabilitation services. Also, as we continue to study the feasibility of additional consolidation of administrative functions, benefits may be found to improve the quality of services to veterans.

Data Source
Corporate WINRS is the data source.

Data Verification
Accuracy of these data is validated by semi-annual case reviews.

Goal Validation
This performance measure is used to monitor the time required to complete an entitlement determination. It directly affects the timely services provided to the veteran in that a rehabilitation plan and progress to obtain employment cannot be accomplished until this determination has been completed.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
The timely receipt of supporting medical documentation to determine eligibility for the VR&E program and proceed with the preliminary processes to participate in the vocational rehabilitation program affects performance of this measure.

Performance Goals 3 and 5: In 2009, maintain the accuracy of decisions (services) made in evaluation, planning, and rehabilitation services at 80 percent. Maintain the accuracy of vocational rehabilitation program completion decisions at 95 percent.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Accuracy of decisions (Services) %	86	87	82	77	79	80	96
5) Accuracy of Vocational Rehabilitation Program completion decisions %	94	97	95	93	94	95	99

Means and Strategies

For those veterans who establish entitlement and pursue rehabilitation planning, it is critical that the evaluation of their unique circumstances, as well as the plans for specific rehabilitation services, be accurate. This process is critical to the selection of the proper goal for the veteran. The above two performance measures exist for this objective: the accuracy of decisions made in the evaluation and planning process and the accuracy of program outcomes.

The accuracy of decisions will be improved by maintaining the current staffing level and by providing the necessary key skills training to field staff. The staff must be trained in the most up-to-date processes and procedures in order to provide veterans with the best services to meet each individualized rehabilitation requirement.

In addition to field surveys, our ongoing quality assurance program provides reviews of field casework and qualitative feedback. The case reviews and field surveys will also serve to validate our data and program integrity.

Data Source

Corporate WINRS is the data source.

Data Verification

Accuracy of these data is validated by semi-annual case reviews.

Goal Validation

This goal reflects the accuracy of the primary goal of the VR&E program to assist

service-disabled veterans in becoming employable. VR&E's Quality Assurance reviews validate that the rehabilitation plan and final outcome are accurate.

Crosscutting Activities
There are no crosscutting activities that will affect these goals.

External Factors
There are no external factors that would affect this goal. All processes relating to this goal are internal to the VR&E program.

Program Assessment Rating Tool (PART)
The PART review of the Vocational Rehabilitation and Employment program was conducted in 2006. OMB rated the program as "Adequate." VR&E worked closely with OMB and the VA budget office to develop an improvement plan, which contains three follow-up actions as shown below.

Program Name	Vocational Rehabilitation and Employment	***Rating***	Adequate	***CY Rated***	2006
Follow-up Action #1: Collect data on both established and newly developed measures to evaluate performance and use these results to improve program performance.					
Status: Action taken, but not completed					
Response					
VR&E is continuing to collect data on established measures and is working with the Department of Labor to develop a method of collecting/verifying income from one national source rather than from each state. The estimated completion date for this follow up action is October 2008.					
Follow-up Action #2: Cooperate with the Government Accountability Office (GAO) on an evaluation of the program to assess the effectiveness of recent program changes, including the implementation of the Five Track Employment model.					
Status: Action taken, but not completed					
Response					
VR&E Service cooperated with GAO on an evaluation of the effectiveness of the recent changes to the VR&E program to include implementation of the Five Tracks to Employment Model. GAO to date has not released a final report on this study.					

Program Name	Vocational Rehabilitation and Employment	*Rating*	Adequate	*CY Rated*	2006

Follow-up Action #3: Work with the Department of Labor and Department of Defense to assess results of collaboration and use these results to enhance future efforts to coordinate services for veterans with disabilities.

Status: Action taken, but not completed

Response

The VR&E-DOL/VETS Joint Work Group (JWG) drafted a long-range implementation plan, with both short and long-term goals and initiated a pilot plan to improve program performance. The pilot will be implemented at eight locations (Denver, Manchester, Montgomery, Oakland, Philadelphia, St. Louis, St. Petersburg and Little Rock). On November 1-2, 2007, several members of the JWG held a pre-pilot site visit with the Alabama State Vocational Rehabilitation, Department of Labor/Veterans Employment and Training Service (DOL/VETS) and the State workforce Agency (SWA). Information was gathered on how the agencies developed their strategies; participants implemented a process to successfully work together and provide excellent services to disabled veterans. Another JWG meeting was on December 11- 13, 2007, in Washington, DC to finalize the pilot project model for implementation starting in January 2008.

Initiatives

The following chart outlines resources requested in support of VR&E initiatives:

Initiatives
(dollars in thousands)

	2008 Estimate				2009 Estimate			
	Payroll	**Non-pay**	**Total**	**FTE**	**Payroll**	**Non-pay**	**Total**	**FTE**
Process Consolidation	220	300	520	4	-	-	-	-
Coming Home to Work	758	183	941	8	-	-	-	-
CER Folder Retirement	-	1,500	1,500	-	-	-	-	-
Disabled Transition Assistance Program (DTAP)	-	4,260	4,260	-	-	-	-	-
VR&E Training Package	-	375	375	-	-	2,090	2,090	-
Study of Long Term Outcomes	-	-	-	-	-	345	345	-
VR&E Subtotal	**$978**	**$6,618**	**$7,596**	**12**	**$0**	**$2,435**	**$2,435**	**0**
VBA-Wide:								
Finance Consolidation of VR&E Voucher Audit	-	-	-	-	-	1,157	1,157	-
VBA-Wide Training Package	-	-	-	-	-	105	105	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$1,263**	**$1,263**	**0**
VR&E Total	**$978**	**$6,618**	**$7,596**	**12**	**$0**	**$3,698**	**$3,698**	**0**

Initiative: VR&E Training Package
VR&E Resource Requirements in 2009: $2,090,000
This initiative combines Independent Living (IL) Training ($90,000), Assistive Technology (AT) Training ($100,000), and VR&E New Counselor Training Performance Support System (TPSS) ($1,900,000).

The purpose of the IL Training initiative is to develop training for VR&E field staff in the following areas as they relate to independent living (IL) services administered by the VR&E Program:

- assessment of feasibility of pursuit of a vocational goal
- identification of IL needs
- determination of the feasibility of achieving IL goals
- development of IL plans and objectives
- case support during IL service delivery
- modification of IL plans
- transitioning from IL to other rehabilitation services
- termination of IL services
- advances in assistive technology

The purpose of AT Training initiative is to develop training modules in the area of assistive technology for VR&E staff. This training is designed to provide information about assistive technology and to train key personnel in each regional office to provide consultation on veterans' cases. Due to the Operation Enduring Freedom and Operation Iraqi Freedom conflicts, veterans and servicemembers are sustaining disabilities at an early age. With AT accommodation veterans will be able to increase their independence in the community and expand employment opportunities. VR&E Service does not currently have comprehensive or consistent AT training. There is no central point of contact in the regional offices where staff can go to receive consultation on determining the appropriate AT needs of veterans with disabilities.

The New Counselor TPSS initiative would provide a means for VR&E to deliver high quality, consistent training to new counselors in field stations via a TPSS module. The primary product would be an electronic training system that a vocational rehabilitation counselor could use during the first year of his or her employment to better understand the process, policies, and law regarding the delivery of vocational rehabilitation benefits. This initiative will assist in building and testing new counselors' knowledge and skills sets. The TPSS initiative will include modules for each of the following job duties: conduct pre-evaluation services; conduct vocational evaluation; plan development; case management; employment services; and case closure activities. It is projected that the six modules will be completed by September 30, 2011.

Initiative: Study of Long Term Outcomes
VR&E Resource Requirements in 2009: $345,000
This initiative will fulfill the VR&E 2004 Task Force recommendation of determining specifics of the VR&E veteran population and providing valid information concerning the "long term outcomes" of veterans in VR&E plans and programs. Contractor support will be needed in 2009 to assist in the design of the study and survey instrument.

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 are descriptions of VBA-wide initiatives that affect the Vocational Rehabilitation and Employment program:

Initiative: Finance Consolidation of VR&E Voucher Audit
VR&E Resource Requirements in 2009: $1,157,000
To meet the Secretary's directive to centralize finance functions across VA, this initiative builds upon the past success VBA has achieved in the consolidation of such finance functions as administrative accounting, mortgage loan accounting, electronic funds transfer processing for veterans benefits payments, check tracer, State Approving Agency payments, clothing allowance, work study payments, and permanent change of station travel. This initiative will begin the final phase to consolidate and centralize voucher audit, agent cashier, purchase card, and payroll financial operations currently being performed by 57 regional offices. We expect to complete the consolidation by 2012. In 2008, we will begin consolidation of the automobile adaptive equipment finance function.

Initiative: VBA-Wide Training Package
Total 2009 Initiative Cost: $1,015,000 VR&E Portion: $105,000
This initiative combines Finance National Training Strategy (FNTS) ($675,000), Management Analyst Training ($90,000), and Labor and Employee Relations Training ($250,000).

FNTS was developed to identify the training processes and procedures necessary to maintain a skilled workforce and to recognize training-related best practices. This plan will enable effective financial services in support of regional offices and VBA CO finance activities.

Management Analyst Training will address the needs of new and seasoned RO management analysts.

Labor and Employee Relations Training will enable VBA to equip HR practitioners with the skills and knowledge needed to conduct research, determine what is relevant to the situation at hand, compose critical documentation, advise leaders on actions that should and should not be taken, and ensure greater success before third parties in an increasing number of cases.

Insurance

Mission

To provide universally available life insurance benefits to servicemembers and their families, as well as providing traumatic injury protection insurance for servicemembers. To also provide a conversion privilege to either a permanent plan or a renewable term insurance policy after a servicemember's separation from service. In addition, to provide 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. 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, their beneficiaries, servicemembers and veterans insured under the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs and their beneficiaries, taxpayers, veterans service organizations, the Department of Defense (DoD), the individual service branches, Congress, the SGLI Advisory Council, Prudential Financial (the parent company of the Office of Servicemembers' Group Life Insurance (OSGLI)), the 49 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)					
		2008			
Discretionary	**2007**	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase(+) Decrease(-)**
FTE					
Direct	373	408	348	344	-4
Information Technology	27	0	0	0	0
Management Direction and Support	51	51	48	48	0
Total FTE	**451**	**459**	**396**	**392**	**-4**
Obligations:					
Personal Services	$31,730	$33,528	$28,076	$28,795	$719
Travel	157	158	140	142	2
Interagency Motor Pool	11	11	10	11	1
Transportation of Things	3	1	1	1	0
Rent, Communications & Utilities	4,852	5,262	4,799	4,751	-48
Printing	61	31	42	42	0
Other Services	1,259	1,074	1,075	1,090	15
Supplies and Materials	315	329	329	336	6
Equipment	354	311	316	316	0
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$38,742**	**$40,705**	**$34,789**	**$35,484**	**$695**
Reimbursements	-$33,839	-$36,085	-$30,745	-$30,592	$154
Unobligated balance SOY	$0	$0	$0	$0	$0
Unobligated balance EOY	$0	$0	$0	$0	$0
Miscellaneous adjustments	$0	$0	$0	$0	$0
Transfers in from other accounts	$0	$0	$0	$0	$0
Other adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$4,903**	**$4,620**	**$4,044**	**$4,892**	**$849**
Outlays (net)	**$5,167**	**$4,352**	**$3,977**	**$4,529**	**$552**

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

Summary of Budget Request

Budget Authority of $4.9 million is requested to fund the discretionary portion of the Insurance Program. Combined budget authority and offsetting collections of $30.6 million will fund total obligations of $35.5 million. The combined request will provide sufficient funding for the administrative expenses of 392 FTE, the January 1, 2009, 2.9 percent projected pay raise, associated level of fringe benefits, and inflationary expenses.

In 2009, the Insurance Program will continue to maintain our already high level of performance and customer satisfaction, and meet the anticipated rise in our

customers' expectations. Paperless electronic workflow will continue to be phased in to all areas of insurance processing. We will continue to provide world-class service through our toll-free telephone service and offer alternative means for veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and the Insurance self-service Web site.

Changes from Original 2008 Budget Estimate

The current administrative obligations for 2008 of $34.8 million reflects a reduction of $5.9 million for the associated payroll and non-payroll costs resulting from the transfer of 48 IT FTE to the VA IT Appropriation. Remaining changes more accurately reflect current actual expenditures.

Changes from 2008 Current Estimate to 2009 Estimate

In 2009, obligations are expected to increase by $695 thousand. The increase of $719 thousand to personal services is due to the 2.9 percent pay raise, as well as associated fringe benefits and health costs. The $48 thousand decrease to rent, communications, and utilities reflects the projected decrease in postage costs associated with a decline in mailings as the number of Insurance policyholders decreases. Increases to other non-pay categories reflect inflationary trends.

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

	2008 Estimate	2009 Estimate
Prior Year Obligations	$38,742	$34,789
Prior Year FTE	451	396
Adjustments:		
FTE	-55	-4
Personal Services	-3,654	719
Travel	-17	2
Interagency Motor Pool	-1	1
Transportation of Things	-2	0
Rent, Communications & Utilities	-53	-48
Printing	-19	0
Other Services	-184	15
Supplies and Materials	14	6
Equipment	-38	0
Insurance Claims	0	0
Net Change	**-$3,954**	**$695**
Estimated Obligations	$34,789	$35,484
Total FTE	396	392

Insurance Average Salary Analysis	
2007 Average Salary (260 days)	**$55,474**
Annualization of 2.2% 2007 raise (+0.6%)	305
Annualization of 3.5% 2008 raise (+2.6%)	1,456
Change in staff composition	-3,012
Two day adjustment	417
Regular benefits percentage	21.2%
2007 Average Cost	70,356
2008 Average Salary (262 days)	**$54,640**
Annualization of 3.5% 2008 raise (+0.9%)	478
Annualization of 2.9% 2009 raise (+2.2%)	1,188
Change in staff composition	48
One day adjustment	-215
Regular benefits percentage	22.9%
2008 Average Cost	70,899
2009 Average Salary (261 days)	**$56,140**
Regular benefits percentage	23.6%
2009 Average Cost	73,457

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Performance Summary Table: Insurance Program							
Measure Description (Key Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Performance Measures							
1) Average number of days to process TSGLI disbursements	**N/A**	**N/A**	**3.8**	**3.0**	**5**	**5**	**5**
2) Rate of high veterans' satisfaction ratings on services delivered (%)	96	96	96	96	95	95	95
3) Number of disbursements (death claims, loans, and cash surrenders) per FTE	N/A	1,692	1,697	1,724	1,725	1,730	1,750

Outcome Measures							
1) Percent of servicemembers covered by SGLI (%)	N/A	98	99	99	98	98	98
2) Conversion rate of disabled SGLI members to VGLI (%)	N/A	35	41	40	50	50	50
3) Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average enlisted servicemember	N/A	1.9	1.8	1.8	1.7	1.6	1.0
4) Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average officer	N/A	1.0	0.9	0.9	0.9	0.8	1.0
5) Ratio of premium rates charged per $1,000 by other organizations compared to the SGLI premium rates charged per $1,000 by VA for similar coverage	N/A	1.4	1.3	1.2	1.0	1.0	1.0
6) Ratio of premium rates charged per $1,000 by other organizations compared to the VGLI premium rates charged per $1,000 by VA for similar coverage	N/A	0.9	0.9	0.9	1.0	1.0	1.0

Insurance Performance

Departmental Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Department Strategic Objective 3.3: Maintain a high level of service to insurance policyholders and their beneficiaries to enhance the financial security of veterans' families.

Performance Goal 1: In 2009, the average number of workdays to process Traumatic Injury Protection (TSGLI) program disbursements will be five workdays.

Traumatic Injury Protection (TSGLI) is a disability rider to the SGLI program that became effective December 1, 2005, and provides automatic traumatic injury coverage to all servicemembers covered under the SGLI program who suffer certain scheduled losses due to traumatic injuries. TSGLI payments range from $25,000 to a maximum of $100,000 depending on the type and severity of injury. The purpose of the program is to provide rapid financial assistance to traumatically injured servicemembers so their families can be with them during the often-extensive recovery and rehabilitation process.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Average number of days to process TSGLI disbursements	N/A	N/A	3.8	3.0	5	5	5

Means and Strategies
The Department of Defense branches of service receive and certify TSGLI claims. The branches forward the certified claims to OSGLI for payment. The Insurance Service provides written guidance for TSGLI claim processing and performs oversight through daily contact and monthly conference calls. Reports are regularly provided to VA from OSGLI on the number of awards processed, claim amounts paid out, and average processing time. The Insurance Service also has access to TSGLI claim data through a Web reporting application. VA Insurance personnel monitor this report to ensure that OSGLI is meeting the goal of five workdays to process TSGLI disbursements.

Benchmarking data
There are no benchmarking data at this time.

Data Source
Data on processing times are collected and stored in the OSGLI Life Claims Management System (LCMS). Processing time begins when OSGLI receives the completed veteran's claim, and ends when the OSGLI internal controls' staff approves the disbursement.

Data Verification
This information is presented by OSGLI and reviewed by the Insurance Service for validation.

Goal Validation
This performance goal supports Objective 3.3 by providing severely injured servicemembers who suffer a loss as a direct result of a traumatic injury with rapid monetary assistance to help the member and the member's family through an often long and arduous treatment and rehabilitation period. In many instances, the family of a member who suffers a traumatic loss must physically relocate in order to be with the member during this period to provide the member with emotional support. Relocating an entire family is not only disruptive, but can and does result in economic hardship to the member and the member's family, brought on by new and/or additional living expenses, and in some cases, the loss of a job. Processing TSGLI claims quickly helps to lessen that economic burden by providing immediate financial relief.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
There are no external factors that will affect this goal.

Performance Goal 2: In 2009, the Insurance Program will receive high veterans' satisfaction ratings on at least 95 percent of services delivered.

The Insurance Program's performance goal is to maintain the high percentage of veterans who are satisfied with our services and to meet the anticipated rise in our customers' expectations. Insurance utilizes a veterans' satisfaction survey instrument for the purpose of measuring satisfaction. Veterans are asked to evaluate different aspects of service delivery on a five-point scale and the results are compiled for analysis. The measure for this objective is the percentage of veterans' responses falling into the top two categories, Agree and Strongly Agree.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Rate of high veterans' satisfaction ratings on services delivered (%)	96	96	96	96	95	95	95

Means and Strategies
We ensure our customers are satisfied with the service we provide by processing disbursements in less than 2.7 workdays. Customer satisfaction will remain high as we continue to provide world-class service through our toll-free telephone

service by maintaining blockage at only one percent and the average speed of answer at 20 seconds. In addition we will continue to use other means of communication, including e-mail, the Interactive Voice Response system, and the Insurance self-service Web site.

The customer satisfaction surveys contain a section titled "What could we do better?" We analyze the responses to determine where we can make improvements in our processes. We make an effort to implement customer suggestions where appropriate to increase the effectiveness and efficiency of operations and increase customer satisfaction.

Although there is a projected reduction of four direct FTE from 2008 to 2009, Insurance will be able to maintain its high level of customer satisfaction due to efficiencies resulting from our paperless electronic workflow system combined with reductions in overall insurance workload. This system provides employees with online access to policyholder information, allowing them to perform their work in a more efficient and timely manner.

Benchmarking data

No benchmarking data are available for this measure. However, the Insurance Service has contracted with the American Customer Satisfaction Index (ACSI), which is produced by a partnership between the University of Michigan Business School, the American Society for Quality, and the Claes Fornell International (CFI) Group. The ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights for companies, industry trade associations, and government agencies.

The Insurance Program earned scores surpassing both the private sector and other government agencies performing similar functions for awards processing and toll-free telephone service. The ACSI recommended VA continue to maintain the current high level of customer satisfaction in those areas.

A follow-up action in the Program Assessment Rating Tool (PART) improvement plan is to have ACSI validate our customer satisfaction survey results. This validation is scheduled for 2009.

Data Source

The Insurance customer survey was developed by the Insurance Service and approved by a VBA survey research specialist. We survey 40 randomly selected veterans and beneficiaries per month for each of 11 insurance end products. The percentage of high and low ratings is determined from the responses received and yields a 95 percent confidence rate with a one percent error rate. The final

high and low ratings for returned responses are a weighted calculation based on the number of responses and end products in each category of service sampled.

Data Verification
The Insurance Service reviews and tabulates the survey responses. We also independently validate the results of the tabulated responses by re-entering randomly selected monthly responses in order to determine if similar results are calculated.

Goal Validation
The rate of high veterans' satisfaction ratings on services delivered measures how well the Insurance program achieves Objective 3.3.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
There are no external factors that will affect this goal.

Performance Goal 3: In 2009, the Insurance Program will process 1,730 disbursements per FTE.

Disbursements, which are loans, cash surrenders, and death claim awards, are considered the most important service provided by the Insurance Program to veterans and their beneficiaries. Disbursements provide veterans with needed cash via policy loans and cash surrenders, and proceeds to beneficiaries in the form of death benefits. Disbursements per FTE are the total number of disbursements processed, divided by the FTE required to process these disbursements.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Number of disbursements (death claims, loans, and cash surrenders) per FTE	N/A	1,692	1,697	1,724	1,725	1,730	1,750

Means and Strategies
The most significant factor impacting this performance goal is the paperless electronic workflow system. We will increase the number of disbursements per

FTE by improving efficiency and ensuring FTE are aligned with projected workload.

Benchmarking data
There are no benchmarking data for this measure.

Data Source
Data on the number of disbursements and FTE are collected and stored in the Distribution of Operational Resources (DOOR) system. The number of disbursements per FTE is derived by dividing the total number of disbursements by the FTE required to process those disbursements.

Data Verification
The disbursements per FTE measure is calculated by the Insurance Service and is subject to periodic review by Insurance Service personnel.

Goal Validation
The number of disbursements per FTE is the key indicator of the efficiency of the Insurance program in achieving Objective 3.3. Program operations are funded primarily by policyholder premiums, and increasing efficiency of operations shows good stewardship of program resources.

Crosscutting Activities
There are no crosscutting activities that will affect this goal.

External Factors
There are no external factors that will affect this goal.

Outcome Goals 1, 3, 4, and 5: In 2009, 98 percent of servicemembers will be covered by SGLI. In 2009, SGLI coverage available to the average enlisted servicemember will be 1.6 times greater than the amount of group life insurance provided in the private sector, while the amount of SGLI coverage available to the average officer will be 80 percent of the amount of coverage provided in the private sector. In 2009, the ratio of premium rates charged per $1,000 by other organizations offering similar coverage compared to SGLI premium rates charged per $1,000 will be 1.0.

Performance Goal Table							
Measure Description (Outcome Measures)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of servicemembers covered by SGLI (%)	N/A	98	99	99	98	98	98
3) Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average enlisted servicemember	N/A	1.9	1.8	1.8	1.7	1.6	1.0
4) Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average officer	N/A	1.0	0.9	0.9	0.9	0.8	1.0
5) Ratio of premium rates charged per $1,000 by other organizations compared to the SGLI premium rates charged per $1,000 by VA for similar coverage	N/A	1.4	1.3	1.2	1.0	1.0	1.0

Means and Strategies

We will keep the participation rate of the SGLI program at 98 percent by providing adequate amounts of life insurance coverage at competitive premium rates. We believe that if the SGLI program offers an amount of life insurance that is equal to or greater than the amount of insurance offered by the private sector and the premium is competitive with premium rates charged by other organizations that offer similar coverage, then SGLI participation will remain high.

Benchmarking Data

SGLI Coverage Compared to Coverage Offered by the Private Sector

A 2001 study entitled, "Program Evaluation of Benefits for Survivors," indicated that most large-scale employers offer employees the opportunity to obtain life insurance coverage in the amount of four to six times their annual salary. Annual salary for this measure includes salary plus military housing and subsistence allowances. For these measures we take the average salary of the group that we

are measuring, multiply it by six, and compare it to the maximum SGLI coverage of $400,000.

SGLI Premium Rates Compared to Similar Insurers
SGLI premium rates are compared to the rates offered by other organizations that offer similar coverage.

Data Source
SGLI Participation
The individual service branches provide Insurance with the total number of active duty servicemembers as well as the number of those who have SGLI coverage.

SGLI Coverage Compared to Coverage Offered by the Private Sector
The pay data for these measures are derived from the 2007 Monthly Military Basic Pay Table, including allowances for housing and subsistence. The Defense Manpower Data Center provides the number of officers and enlisted servicemembers by pay grade and years of service.

SGLI Premium Rates Compared to Similar Insurers
We obtain SGLI premium data from OSGLI. We obtain premium data from the Web sites of other organizations that offer similar coverage to servicemembers. These include Army and Air Force Mutual Aid Association, Navy Mutual Aid Association, Armed Forces Benefit Association, Uniformed Services Benefit Association, and the Armed Services Military Benefit Association.

Data Verification
SGLI Participation
We will verify the number of active duty servicemembers that have SGLI coverage by comparing it to the service branches' monthly premium reports.

SGLI Coverage Compared to Coverage Offered by the Private Sector
Each year we will verify the ratio of SGLI coverage to coverage offered by the private sector by analyzing the Military Basic Pay Table and allowances for housing and subsistence to determine if the available coverage is six times the average salary for officers and enlisted servicemembers.

SGLI Premium Rates Compared to Similar Insurers
We will verify the ratio of premiums of similar insurers to SGLI premiums each year by analyzing premium charts available from Web sites of other organizations that offer similar coverage and comparing them to SGLI premium data from OSGLI.

Goal Validation
These goals support the program purpose to provide universally available life insurance benefits at competitive rates to servicemembers that may not be available from the commercial industry due to the hazards of war and/or lost or impaired insurability resulting from military service.

Crosscutting Activities
There are no crosscutting activities that will affect these goals.

External Factors
Decreases in premium rates in private industry would have a negative impact on these goals.

Outcome Goals 2 and 6: In 2009, 50 percent of SGLI members with a DoD disability rating of 50 percent or greater will convert to VGLI. In 2009, the ratio of premium rates charged per $1,000 by other organizations offering similar coverage compared to VGLI premium rates charged per $1,000 will be 1.0.

Performance Goal Table							
Measure Description (Outcome Measures)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Conversion rate of disabled SGLI members to VGLI (%)	N/A	35	41	40	50	50	50
6) Ratio of premium rates charged per $1,000 by other organizations compared to the VGLI premium rates charged per $1,000 by VA for similar coverage	N/A	0.9	0.9	0.9	1.0	1.0	1.0

Means and Strategies
We continue to monitor the premium rates of other organizations that offer insurance coverage similar to VGLI to ensure that our rates remain competitive. We will also continue our special outreach efforts to inform veterans of their insurance options with a special emphasis on severely disabled veterans. Insurance personnel contact recently separated servicemembers who were granted a DoD disability rating of 50 percent or greater to inform them of their insurance options. They are informed of their conversion privilege to VGLI without needing to meet health requirements. They are also informed that they may be eligible for a free extension of the SGLI coverage they held while in

service. The personal contact with these disabled veterans regarding their insurance needs has contributed to increased VGLI conversion rates for these servicemembers.

Benchmarking data

Conversion Rate of SGLI Members to VGLI

There are no data available to benchmark against for the conversion rate of SGLI members with a disability rating of 50 percent or greater to VGLI. However, it is well known in the industry, as exemplified in the book entitled *Group Benefits: Basic Concepts and Alternatives* by B. Beam, Jr., that the conversion rate for group life insurance is usually very low. It is estimated that only one to two percent of employees eligible actually take advantage of the conversion privilege. A follow-up action in our PART improvement plan scheduled for 2008 is to conduct an independent evaluation of the conversion privilege from SGLI to VGLI. This evaluation will help VA identify the proper strategies and strategic target for this measure.

VGLI Premium Rates Compared to Similar Insurers

VGLI premiums will be benchmarked against the premiums charged by other organizations that offer similar coverage.

Data Source

Conversion Rate of Disabled SGLI Members to VGLI

Defense Finance and Accounting Service (DFAS) provides to OSGLI the total number of servicemembers discharged with a military disability rating of 50 percent or higher.

VGLI Premium Rates Compared to Similar Insurers

We obtain premium data from the Web sites of other organizations that offer similar coverage to servicemembers. These include Army and Air Force Mutual Aid Association, Navy Mutual Aid Association, Armed Forces Benefit Association, Uniformed Services Benefit Association, and the Armed Services Military Benefit Association.

Data Verification

Conversion Rate of Disabled SGLI Members to VGLI

OSGLI compares the DFAS data to a file of servicemembers who have converted to VGLI. The data are verified by periodic VA site reviews from Insurance Service personnel and independent database sweeps by Philadelphia Development Center personnel.

VGLI Premium Rates Compared to Similar Insurers
We will verify the ratio of premiums of similar insurers to VGLI premiums each year by analyzing premium charts available from Web sites of other organizations that offer similar coverage and comparing them to VGLI premium data from OSGLI.

Goal Validation
These goals support the program purpose to provide universally available life insurance benefits at competitive rates to veterans that may not be available from the commercial industry due to the hazards of war and/or lost or impaired insurability resulting from military service.

Crosscutting Activities
There are no crosscutting activities that will affect these goals.

External Factors
Decreases in premium rates by companies offering similar coverage in private industry would impact these goals.

Program Assessment Rating Tool (PART)
During the development of the 2007 budget, the Performance Assessment Rating Tool (PART) was used to assess VA's Insurance Program as part of the President's initiative to better integrate budget and performance. Insurance received a "Moderately Effective" rating.

The PART review found that the program provides high levels of service to veterans and beneficiaries in an efficient manner and has surpassed many of its strategic targets. The program regularly meets many of its long-term and annual performance goals. The program has won numerous awards for efficiency and has been recognized as a leader in the insurance industry.

The Insurance Service worked closely with OMB and the VA budget office to develop an improvement plan, which contains three follow-up actions as shown below.

Program Name	Insurance	***Rating***	Moderately Effective	***CY Rated***	2005
Follow-up Action #1: Develop first steps in aligning budget requests to performance.					
Status: Action Taken, but Not Completed					
Response					
As a PMA scorecard deliverable, VA will demonstrate, using a subset of measures in three programs, its ability to estimate the cost of achieving different levels of performance. This is an important step towards aligning budget requests with performance.					
Follow-up Action #2: Conduct an independent evaluation of the conversion privilege from SGLI to VGLI.					
Status: No Action Taken					
Response					
An independent evaluation of the conversion privilege from SGLI to VGLI is scheduled to begin in fiscal year 2008.					
Follow-up Action #3: Validate the results from our customer satisfaction survey using the American Customer Satisfaction Index (ACSI).					
Status: No Action Taken					
Response					
Validation of results from the American Customer Satisfaction Index (ACSI) is scheduled to begin in fiscal year 2009.					

Initiatives

There are no initiatives planned for 2009.

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General Administration

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General Administration

Program Description

The General Administration account provides funding for the Office of the Secretary, six Assistant Secretaries, two VA-level staff offices, and the Office of Construction and Facilities Management (CFM). The Assistant Secretaries, two VA-level staff offices, and CFM report directly to the Deputy Secretary.

The two VA-level staff offices include the following: The Board of Veterans' Appeals, which conducts a VA-wide appellate program for persons not satisfied with the original decisions on their benefits applications; and the General Counsel, which serves as the Department's legal advisor.

CFM manages and oversees the resources, services and projects of VA's capital program and provides advice to Secretary and Deputy Secretary.

The Assistant Secretary for Management directs the management of the agency's budgetary, financial, and acquisition operations. Offices that report to the Assistant Secretary include: the Office of Acquisition and Logistics (the Supply Fund), the Office of Asset Enterprise Management (OAEM), the Office of Budget, the Office of Finance, the Office of Business Oversight, and the Financial and Logistics Integrated Technology Enterprise (FLITE) office.

The Assistant Secretary for Human Resources & Administration (HR&A) formulates and executes Department-level policies and programs concerning human resources management and labor relations, equal employment opportunity (including the timely and correct processing of EEO complaints of discrimination), and security and law enforcement. Finally, HR&A is responsible for VA Central Office support services (including building management 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 coordinates the Department's strategic planning and management process and implements portions of the Government Performance & Results Act; supports the development, analysis, and review of issues affecting veterans' programs; provides quantitative and actuarial analysis in support of major policy deliberations; serves as the Department's focal point for access to and availability of official data; coordinates the independent evaluation of program performance focusing on program outcomes, service quality, customer satisfaction, and management efficiencies; coordinates the Department's Competitive Sourcing activities and fosters management improvement initiatives throughout VA; and coordinates the activities of the VA and DoD Joint Executive Council.

The Assistant Secretary for Security and Preparedness (OSP) will play a key role in the 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; and evaluating preparedness programs and developing 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 is also responsible for managing and directing intergovernmental and consumer affairs.

General Administration ($ in thousands)	2007 Actual		2008 Budget		2008 Current		2009 Request	
	BA	FTE	BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	7,782	79	7,747	79	8,267	82	8,530	82
Board of Contract Appeals [1/]	1,181	1		0	0	0	0	0
Board of Veterans' Appeals	55,309	444	58,545	468	62,269	466	64,744	487
Office of the General Counsel	65,442	669	65,185	645	68,405	657	69,739	671
Office of Management	39,691	262	38,184	285	37,161	263	36,946	267
Office of Information & Technology [2/]	35,846	604	0	0	0	0	0	0
Office of Human Resources & Admin.	64,664	498	62,437	527	61,291	533	61,901	533
Office of Policy & Planning	17,150	65	14,775	68	14,456	55	14,602	65
Office of Security & Preparedness [3/]	12,062	57	11,911	69	11,911	70	12,025	70
Office of Public and Intergovernmental Affairs	10,543	70	10,425	83	9,905	73	10,005	73
Office of Congressional Affairs	4,436	33	4,334	40	4,334	40	4,379	38
Office of Construction & Facilities Mgt. [4/]	23,021	119	0	0	46,725	273	45,243	289
Total Budget Authority	**$ 337,127**	**2,901**	**$ 273,543**	**2,264**	**$ 324,724**	**2,512**	**$ 328,114**	**2,575**

[1/] Of this amount $703k was transferred to GSA effective January 7, 2007 to reflect a federal government consolidation of contract appeals within GSA.
[2/] Reflects the transfer of all OI&T funding to the IT Systems account beginning 2008 associated with the IT reorganization.
[3/] A new Office of Operations, Security and Preparedness was approved in FY 2006. This budget reflects funding for the new office beginning fiscal year 2007. Funds were shifted in 2007 from the Office of Policy and Planning where most of the security and preparedness function previously resided.
[4/] OMB approved the reorganization to establish this office effective April 1, 2007. Funding was provided through approved BA transfers from VHA and NCA to GOE to support operations through September 30, 2007.

Summary of Budget Request

A total of $328.1 million in budget authority (BA) and 2,575 FTE are requested to support the General Administration account in FY 2009. Beginning FY 2008, all OI&T FTE costs are reflected in the IT Systems account. Previously, OI&T payroll and administrative costs were paid from the GOE account. Details of the 2009 General Administration request can be found in the individual staff office chapters. Several highlights are noted below:

The Board of Veterans' Appeals (BVA)

$64.7 million and 487 FTE for the Board of Veterans' Appeals (BVA) to address an increasing number of appeals on decisions of veterans claims, to reverse the trend of a growing backlog of appeals, and to reduce case disposition time. The request also includes funds to continue to contract for hearing transcription services and for access to electronic research materials essential for accurate decision writing.

The Office of the General Counsel (OGC)

$69.7 million and 671 FTE for the Office of the General Counsel (GC) to address increasing legal workload, including a growing number of cases before the United States Court of Appeals for Veterans Claims.

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Office of the Secretary

Mission

The mission of the Office of the Secretary is to support the Secretary and Deputy Secretary as they run the Department. This includes managing and monitoring all correspondence directed to the Secretary and Deputy Secretary and providing support for daily administrative functions. The mission of the Centers for Minority and Women Veterans is to monitor established programs and to promote and propose new programs, benefits, and services for minority and women veterans. The mission of the Center for Faith-Based and Community Initiatives (CFBCI), is identifying and proposing pilot and demonstration programs and existing programs within the Department of Veterans Affairs and collaborative partnerships with Federal agencies and faith-based and community organizations to address veterans social and community services needs. The mission of the Office of Small and Disadvantaged Business Utilization (OSDBU) is to advocate for the maximum practicable participation of service-disabled veteran-owned small business, veteran-owned small business, Historically Underutilized Business Zone (HUBZone) small business, small disadvantaged business, women-owned small business and all other small business concerns in contracts awarded by VA, and in subcontracts which are awarded by VA's prime contractors. The mission of the Office of Employment Discrimination Complaint Adjudication (OEDCA) is to issue the Department's final decisions and orders on employment discrimination complaints filed by employees and applicants for employment. The mission of the Office of Regulation Policy and Management (ORPM) to provide centralized management and control for the formulation and coordination of all future regulations and to perform a comprehensive review, reorganization, and rewrite of existing VA regulations to improve clarity and logical consistency. In addition, the Office of Construction & Facilities Management (OCFM) reports to the Office of the Secretary. However, funds to support this office are requested separately within the General Administration account. The mission of the (OCMF) is to provide design, major construction and lease project management, design and construction standards, and historic preservation services and expertise to the Department of Veterans Affairs in delivering high quality and cost effective facilities in support of our Nation's veterans.

Stakeholders

The principal stakeholders include the Secretary, Deputy Secretary, Chief of Staff, Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), Inspector General (IG), General Counsel (GC), staff offices, VA managers and executives, and employees. External stakeholders include veterans, veterans service organizations (VSOs) and the general public.

Performance Summary Table							
Measure Description (Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Office of Executive Secretary							
Percent of correspondence answered timely	90%	95%	97%	97%	98%	99%	100%
Center for Minority Veterans							
Percentage of Minority Veterans Program Coordinators (MVPC) operating plans that are fully accomplished and/or executed.	30%	30%	30%	40%	75%	90%	100%
Center for Women Veterans							
1) Number of Transition Assistance Program (TAP) presentation briefing materials assessed for quality of or focus on women veterans-specific content	4	4	4	4	4	4	4

Performance Summary Table							
Measure Description (Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of collaborative meeting and outreach activity attendees who believe that meetings/ outreach significantly improved (or will significantly improve) communication with women veterans on Center's mission, goals, current activities, as well as VA benefits and services for which they are entitled.	N/A	N/A	N/A	N/A	N/A	60%	80%
Center for Faith-Based and Community Initiatives							
Number of pilot, demonstration, and existing programs implemented by VA in which faith-based and community organizations participate	N/A	4	6	12	12	12	14
Office of Small Disadvantaged Business Utilization							
1) Attainment of statutory minimum goals for <u>service-disabled veteran-owned small businesses</u> expressed as a percent of total procurement (*Corrected) (**Estimated: Final data available 08/2008)	1.25%	2.15%*	3.58%	6.94**%	3.0%	3.0%	3.0%

Performance Summary Table							
Measure Description (Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Attainment of statutory minimum goals for small business concerns expressed as a percent of total procurement (*Corrected) (**Estimated: Final data available 08/2008)	28.5%	27.8%*	28.8%*	32.5**%	23.0%	23.0%	23.0%
3) Attainment of statutory minimum goals for small disadvantaged businesses expressed as a percent of total procurement (*Corrected) (**Estimated: Final data available 08/2008)	9.2%	9.5%*	8.2%*	8.8%**	5.0%	5.0%	5.0%
4) Attainment of statutory minimum goals for women-owned businesses expressed as a percent of total procurement (*Corrected) (**Estimated: Final data available 08/2008)	4.5%	5.3%*	4.89%*	4.94%**	5.0%	5.0%	5.0%
5)Attainment of statutory minimum goals for Historically-Underutilized Business Zones (*Corrected) (**Estimated: Final data available 08/2008)	3.1%	3.6%*	3.25%*	3.27%**	3.0%	3.0%	3.0%
Office of Employment Discrimination Complaint Adjudication							
1) Average processing time for adjudication (in days)	65	60	55	55	55	54	50

Performance Summary Table							
Measure Description (Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of OEDCA's final decisions reversed on appeal by EEOC (*Measure description and calculation has changed)	5%	5%	5%	4.5%	4%	3.8%	3%
Office of Regulation Policy and Management							
Average processing time for VA regulations (number of months) (*Estimated)	34.5	24.5	10.5	11.9	≤17*	≤17*	≤17

Function/Activity

A major function of the Office of the Executive Secretary is to oversee, manage, and monitor all correspondence directed to the Secretary and Deputy Secretary as well as oversee the administrative operations of the Office of the Secretary. High interest communications from the White House, Congress, OMB, veterans service organizations, and items addressing politically sensitive issues are controlled for signature by the Secretary, Deputy Secretary, and other executives within the Office of the Secretary. The Office of the Executive Secretary 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.

Public Law 103-446 specifies the functions of the Center for Minority Veterans and the Center for Women Veterans. These include serving as the principal advisor to the Secretary on the adoption and implementation of policies and programs affecting minority and women veterans, analyzing and evaluating internal and external programs and services, and tracking complaints made by or on behalf of minority or women veterans on the adequacy and timeliness of services provided to them. The Centers disseminate information and serve as resource centers for the exchange of information regarding innovative and successful program implementation to improve VA responsiveness to the unique needs of minority and women veterans. Their missions also include assuring equality is afforded minority and women veterans, and that VA service providers treat all veterans with respect and dignity.

Executive Order 13342 dated June 1, 2004, created Center for Faith-Based and Community Initiatives (CFBCI). CFBCI coordinates Department-wide efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social and community services to veterans. The Center serves as the liaison and point of contact with the White House Office of Faith-Based and Community Initiates with unique operational and White House liaison responsibilities and reporting requirements.

OSDBU has two divisions: the Office of Small Business Programs (OSBP) and the Center for Veterans Enterprise (CVE). OSBP is responsible for the development of Department-wide policies, programs, and practices relating to small business concerns and veteran entrepreneurship. This includes educating and training VA staff, negotiating prime and subcontracting goals with the Small business Administration (SBA), monitoring achievements, and managing information

system reports to VA executives. This staff advises contracting officials on acquisition strategies to ensure equitable opportunities for small business concerns, conducts small business programs and contract bundling reviews, and performs market research to identify small business sources for VA acquisition opportunities.

The CVE was established within OSDBU on February 14, 2001, as part of VA's implementation of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. CVE promotes business development for veterans and service-disabled veterans and provides support to those veterans considering business ownership as a career option. This office has specific responsibilities under Executive Order 13360 to assist Federal agencies in their utilization of service-disabled veteran-owned small businesses and in verifying the accuracy of contractor registration databases with regard to service-disabled veterans businesses. Under Public Law 106-50, the CVE partners with support sector organizations and other Federal agencies to support veterans who are establishing or expanding businesses.

OSDBU is organizationally aligned with the Office of the Secretary in compliance with Public Law 95-507; however, it is funded from the Supply Fund, which is managed by the Office of the Assistant Secretary for Management.

OEDCA is responsible for issuing final Department decisions and orders on the substantive merits of employment discrimination complaints, including final decisions and orders regarding remedial relief such as attorney fees and compensatory damages. OEDCA also has authority, in certain cases, to issue procedural dismissal decisions on individual and class claims and final decisions in breach of settlement claims.

ORPM is responsible for the centralized management, control, and coordination of all VA regulations. This includes devising and implementing procedures to centralize control and improve Secretarial oversight, management, drafting efficiency, policy resolution, impact analysis, and coordination of diverse VA regulations. ORPM also supervises the implementation of VA's Regulation Rewrite Project, a comprehensive effort to review, reorganize, and rewrite VA's compensation and pension regulations lacking clarity, consistency, or logical organization.

OCFM is organizationally aligned with the Office of the Secretary in compliance with Public Law 109-461 dated December 22, 2006, however, funding for this office is requested as a separate line item within the General Administration account. OCFM provides expert advice to the Secretary, Deputy Secretary, Under Secretary's and other senior VA officials on a wide variety of issues concerning VA's capital facilities program.

Assumptions, Opportunities, and Constraints

Because of the size and complexity of the Department's acquisition programs, VA OSDBU is recognized as a leader throughout the Federal Government. As such, VA personnel receive numerous invitations to educate both the vendor and Government employee communities about small business programs. The Federal Acquisition Reform Act (FARA), the Federal Acquisition Streamlining Act (FASA) and Public Law 109-461, the Veterans Benefits, Healthcare and Information Technology Act of 2006 dramatically changed both business philosophy and procedures, creating a continuous learning environment.

The Centers for Minority and Women Veterans must ensure that statutory requirements are met in determining the specific needs of each unique group of veterans. Using statistical studies, reports, and projections, the Centers will determine the needs and services required by women and minority veterans, as VA continues to be a provider of health care and benefits to these veteran populations.

CFBCI must ensure that all responsibilities have been fulfilled as stipulated in the Executive Order 13342, which includes providing outreach and technical assistance, equal treatment reviews, data collection and analysis, expansion of faith based programs and evaluation of those programs.

OEDCA must ensure that employees receive timely final Department decisions on their discrimination complaints, and that the decisions are fair, objective, and consistent with EEO law, regulations, and procedures. Since commencing operation, OEDCA has delivered on its promise in this regard. Ensuring timeliness in decision-making will become even more challenging in the future, due to ever-increasing complexity of EEO laws and regulations.

ORPM must ensure that the VA has an efficient, timely, and transparent rulemaking process. In addressing both Congressional and judicial concerns and the findings of internal VA self-evaluations, ORPM is serving two purposes: (1) improving the clarity and consistency of existing VA regulations; and, (2) providing a coordinated approach to drafting future regulations.

Program Goals, Objectives, and Performance Measures

Office of Executive Secretary

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-2: Improve communication with veterans, employees, and stakeholders about VA's mission, goals, and current performance, as well as benefits and services that the Department provides.

Performance Goal: In 2009, achieve 99% percent rate of correspondence answered timely.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Percent of correspondence answered timely	90%	95%	97%	97%	98%	99%	100%

Means and Strategies – To achieve the FY 2009 target of 99%, the Office of the Executive Secretary will do the following:

- Provide overdue and coming due reports to program offices;
- Continually update a Website with guidance on preparing correspondence;
- Develop a major revision to VA's Correspondence Manual;
- Perform outreach to its customers through an open houses, quarterly meetings and distribute printed guidance to frequent users; and
- Initiate group and individual training to include workshops and rotations to focus on the needs of specific offices and assure that the quality and timeliness are improved

In addition, the Office is the project sponsor for replacement of the current electronic document management system. The Executive Secretariat promotes information security awareness and encryption capabilities. The Office is coordinating with the Office of Information and Technology to assure that the transition to the new tracking system in 2008 meets all needed requirements, to protect personal identifiable information for correspondence across all of VA's overall business lines. The office continues to explore other means to improve the process of correspondence with the goal of overall quality and timeliness.

Data Source: Data compiled directly from VA's current electronic tracking system (WebCIMS). This tracking system provides modern technology and functions to manage executive level correspondences and controlled documents.

Center for Minority Veterans

Program Highlights:
The Center for Minority Veterans was established under Public Law 103-446. The Center is responsible for promoting the use of VA benefits, programs and services by minority veterans and assessing the needs of minority group members. Under the law, the Center's work focuses on the unique and special needs of five distinct groups of veterans: African Americans, Hispanics, Asian Americans, Pacific Islanders, and Native Americans, including American Indians, Native Hawaiians, and Alaska Natives. The Center also oversees the administrative functions of VA's Advisory Committee on Minority Veterans.

In 2008, the Center will continue its efforts to improve communications with minority veterans, minority community-based organizations, VA's Minority Veterans Program Coordinators and other interested stakeholders. Since its inception the Center has participated in an excess of one hundred town hall meetings, conferences and veterans information forums to inform and educate minority veterans, as well as to learn first-hand about the concerns and unique challenges facing minority veterans. Such efforts will continue in 2008 to increase VA's commitment to better serve all veterans. Information on the Center is accessible thru its website http**://www1.va.gov/centerforminorityveterans/**

2008 Initiatives:

- Establish collaborative partnerships with key individuals and program managers in VBA/VHA/NCA and VACO.
- Increase frequency of the Minority Veterans Program Coordinators (MVPC) Annual Activities Report to quarterly and automate the submission process to better track and measure effectiveness, identify best practices and opportunities for improvement.
- Identify strategic partners that can expand VA's telemedicine/telehealth delivery to service disabled minority veterans living in remote/rural areas.
- Participate in special events, programs, community activities and other external forums that impact disabled minority veteran participation in VA services and programs.
- Promote education within VA on diversity and cultural sensitivity.
- Collaborate with the VHA/DoD Outreach Program personnel, VHA, VBA and NCA to ensure minority veterans are provided timely information and support.

- Gather data to determine minority veteran challenges and obstacles to access quality care.
- Ensure representation on key inter and intra agency task forces, councils, and other VA policy-making bodies.
- Consult with other stakeholders about ways to improve education and communication focused on service-disabled minority veterans.
- Participate in special events that focus on service-disabled minority veterans.
- Use the Minority Veterans Program Coordinators (MVPC) to increase awareness outreach, inform and educate the minority veterans' community on benefits and services.
- Use the Advisory Committee on Minority Veterans (ACMV) to identify barriers, address minority veterans concerns and provide recommendations and solutions on the utilization of services and benefits to minority veterans.

Ongoing Activities:

- Increase the Department's awareness and/or help identify solutions to removing obstacles service-disabled minority veterans face in accessing benefits and healthcare services. Activities will include Center's participation in Veteran serving programs, forums and inter/intra agency committees.
- Monitor and coordinate the implementation of recommendations made by the ACMV. These recommendations will enhance the delivery of benefits, programs, and services to minority veterans.
- Increase Departmental awareness and identify obstacles minority veterans face in accessing benefits and healthcare services when transitioning from military service to civilian life. Activities include Center for Minority Veteran's proactive participation in conferences and other special events that target minority veterans.
- Increase Departmental awareness and identify obstacles minority veterans face in accessing benefits and healthcare services when transitioning from military service to civilian life. Activities include Center for Minority Veteran's proactive participation in conferences and other special events that target minority veterans.
- Partner with Veterans Health Administration to: promote health care disparity forums; to increase minority veteran participation in medical research and to co-sponsor a conference on effective treatment modalities for minority veterans diagnosed with PTSD.
- Coordinate with VA Learning University to develop cultural competency and cultural sensitivity training videos for VA healthcare providers, Veterans Benefit and Memorial Affairs personnel.
- Continue to explore opportunities to integrate other federal organizations in the planning and execution of programs that serve minority veterans.

- Continue to identify disparities in delivery of service and benefits to minority veterans residing in rural areas and to work with VA to amend and improve policies to address these disparities.
- Collaborate with VA administrations and staff offices, other Federal agencies, state veterans' affairs offices, minority community based organizations, and VSOs to discuss minority veterans' issues and concerns, and to ensure they are addressed by individual program offices and appropriate Department officials.
- Conduct town hall meetings, site visits, and community-based forums to discuss VA programs and benefits for minority veterans at different locations across the country and work with field personnel to ensure that outreach activities are incorporated into the MVPC Strategic Plans.
- Continue to assist the Advisory Committee on Minority Veterans with the formulation of measurable recommendations that are presented to the Secretary. The Advisory Committee on Minority Veterans will conduct site visits to pre-identified regions with large minority veteran populations or those regions where minority veterans have particular challenges preventing their access to benefits and services.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-2: Improve communication with veterans, employees, and stakeholders about VA's mission, goals, and current performance, as well as benefits and services that the Department provides.

Performance Goal: In 2009, 90% of Minority Veterans Program Coordinators' will have operating plans that are fully accomplished and/or executed.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Percentage of Minority Veterans Program Coordinators (MVPCP) operating plans that are fully accomplished and/or executed.	30%	30%	30%	40%	75%	90%	100%

Means and Strategies – To achieve the FY 2009 target articulated in the plan, the Center will need to pursue the following:

- Monitor the MVPC Strategic Plans and resulting outreach activities to measure effectiveness, benchmark best practices, and identify opportunities for improvement. Additionally, increased coordination with VISN, MSN, and Regional Directors regarding their minority veteran outreach programs will further strengthen the Center's efforts. The CMV will conduct the biennial MVPC training conferences.
- Continue the monthly telephone conference program for MVPCs to provide updates on the Center's activities, to share information on program execution and identify best practices.
- Ensure minority veterans are knowledgeable of and have access to the benefits, programs, and services to which they are entitled, the Center for Minority Veterans (CMV) will continue to put increased emphasis on reengineering the Minority Veterans Program Coordinators (MVPC) efforts.

Center for Women Veterans

Program Highlights:
Open forums, town hall meetings, and community-based meetings are held with representatives of veterans service organizations, veterans' advocacy groups, and women veterans throughout the country. The women veterans' community discusses concerns regarding VA services for women with Center staff and VA's Advisory Committee on Women Veterans, and identifies problems they encounter when accessing VA benefit programs and health care services.
Site Visits
Site visits are made to VA healthcare facilities, women veterans' comprehensive healthcare centers, regional offices, national cemeteries, veterans' readjustment counseling centers, and local community programs. Site visits provide Center staff and the Advisory Committee on Women Veterans an opportunity to discuss women veterans' issues with Department officials and to identify potential gender-based barriers to the provision of and access to VA care and services by women.

Educational Presentations

Center staff incorporates educational programs on women veterans' issues into most site visits. Other educational initiatives include: fostering VA's participation in educational activities on women's issues; providing consultation on program development and content; and serving as faculty and attending conferences and training sponsored by federal, state, and local governments, community agencies, and veterans' organizations.

Research

The Center promotes health and social science research focusing on women veterans' issues and consults with many groups and organizations (both internal and external) involved in women's health research. The Center Director serves on the Health Services Research and Development (HSR&D) Conference Workgroup. The Center actively monitors HSR&D's plan for developing a comprehensive VA women's health research agenda. The goal of the research agenda is to establish a framework by which VA research contributes to the development, evaluation, and improvement of health care services and programs that meet the needs of our increasing number of women veterans and positions VA as a national leader in women's health research.

Collaborative Activities Intra-VA:

Women Veterans Who are Homeless

The Associate Director is a member of the Secretary's Working Group on Homelessness and the Faith Based and Community Initiatives Workgroup.

Veterans Health Administration (VHA)

Center staff collaborates with representatives from the Office of the Under Secretary of Health and the Women Veterans Health Strategic Healthcare Group to identify health care issues that present unique challenges to VA in developing and enhancing its services to women veterans. The Center Director is a member of VHA's Mammography Standards Committee, Ambulatory Care Expert Panel, Healthier US Veterans Communications Workgroup, and National Center for Health Promotion and Disease Prevention Preventive Nursing Technical Advisory Group. The Director is also a consultant to the Women Veterans Health National Strategic Work Group. A VHA employee serves as an ex-officio member on the Advisory Committee for Women Veterans.

Veterans Benefits Administration (VBA)

Center staff collaborates with the Under Secretary for Benefits and other VBA representatives to ensure that women veterans are afforded equal access to the non-health care benefits administered by VBA. The Associate Director serves on the Benefits and Services Working Group of the Benefits Executive Council. The Center promotes the importance of quality outreach initiatives, and regularly consults with VBA on all benefit issues affecting women veterans. A VBA

employee serves as an ex-officio member on the Advisory Committee for Women Veterans

National Cemetery Administration (NCA)
The Center provides consultation services and works collaboratively with NCA. An NCA employee serves as an advisor to the Advisory Committee on Women Veterans.

National Summit on Women Veterans Issues
In 1996 and 2000, 2004, and most recently in June 2008, VA's Center for Women Veterans in conjunction with AMVETS (American Veterans), Disabled American Veterans (DAV), Veterans of Foreign Wars of the U.S. (VFW), and The American Legion co-sponsored National Summits on Women Veterans Issues. Attendees included Federal agency representatives, VA women veterans coordinators, community partners, state departments of veterans affairs coordinators, and women veterans from across the country. Summit proceedings are published by the Center for Women Veterans and distributed to the House and Senate Veterans Affairs Committees, veterans service organizations, directors of state departments of veterans affairs, Federal, State and community-based agencies, and all VA health care facilities and administrations.

Veteran Inquiries and Complaints
The Center receives and responds to an enormous amount of written, telephonic, and electronic inquiries, requests for assistance, and complaints from veterans. Inquiry topics range from requests for general VA benefit and health care information to requests for specific assistance in acquiring both VA and non-VA benefits and health care services.

Center for Women Veterans Web Site
Information about VA services, benefits, and special initiatives for women veterans is available on VA's Web site at http://www.va.gov/womenvet. The Center's Web site contains a number of links to other sites for accessing information on related veterans' issues. Veterans accessing this Web site may correspond with the Center via e-mail.

Interagency Collaboration
The Center for Women Veterans identifies inter-agency collaboration as a priority initiative. The Center staff works with the following agencies:

- Department of Health and Human Services
  - Office of Women's Health
  - Indian Health Service
  - Office of Disabilities
  - Centers for Disease Control and Prevention

- Department of Defense
    - Defense Advisory Committee on Women in the Services
    - Sexual Assault Prevention and Response Office
- Department of Labor
    - Veterans' Employment and Training Service
    - Women's Bureau
- States' Departments of Veterans Affairs
- States' Women Veterans Coordinators
- State, local, and private organizations

Secretary's Advisory Committee on Women Veterans

The Secretary's Advisory Committee on Women Veterans is a statutory committee that meets three times a year. The Committee is made up of a diverse group of individuals, who represent all branches of the armed services, enlisted and officer ranks, various eras of service, veterans service organizations, and the women veterans' community. The Director of the Center for Women Veterans is the Designated Federal Officer for this Committee. The Center's budget allocation includes resources to support Committee members' travel and related administrative and operational costs. The Committee advises the Secretary on issues related to the administration of VA benefits for women veterans with respect to health care, rehabilitation, compensation, outreach, and other relevant programs. The Committee is briefed annually by VA top administrations regarding initiatives for women veterans; Committee members openly discuss their concerns with VA representatives. In this way, the Committee monitors changes from both the Department and consumer perspectives. Each even-numbered year, the Committee submits to the Secretary a report which identifies areas of progress and concerns. The report also includes specific recommendations that address unresolved issues and problems. The Center for Women Veterans staff tracks and provides follows-up to unresolved recommendations.

Center for Women Veterans Initiatives:

- Improve access to information for women veterans via the Internet and media publications.
- Increase emphasis on outreach to elderly, rural and minority women veterans.
- Review Transition Assistance Program briefings and materials to ensure they meet the needs of separating service women.
- Enhance partnership with DoD. Collaborate with the Defense Advisory Committee on Women in the Services, and other DoD components involved with women's issues.
- Review VA programs, policies, and legislation to ensure that the needs of women veterans are met.

Department Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

Objective 2.1: Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits, and services.

Performance Goal: In 2009, the Center for Women Veterans will review a minimum of four TAP presentation briefing materials from different locations across the country to assess the quality of or focus on women veterans-specific content.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Number of Transition Assistance Program (TAP) presentation briefing materials assessed for quality of or focus on women veterans-specific content	4	4	4	4	4	4	4

Means and Strategies:
The Center for Women Veterans will review materials used by Transition Assistance Program (TAP) representatives in briefings sponsored jointly by the Departments of Veterans Affairs, Defense, and Labor, to ensure the inclusion of gender-specific information and assistance for separating women servicemembers. The Center will review the quality of information provided to women and emphasize the importance that TAP briefings include relevant VA health care and benefit program information, as well as assistance for women departing military service.

Data Source: The Center will monitor the number TAP presentation briefing materials assessed by using an internal log.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communications and management of people, technology, business processes, and financial resources.

Objective E-2: Improve communication with veterans, employees, and stakeholders about VA's mission, goals, and current performance, as well as benefits and services that the Department provides.

Performance Goal: In 2009, sixty percent of attendees at women veterans' outreach events and collaborative meetings will state that the meetings/outreach improved (or will improve) their understanding of VA benefits and services for which women veterans are entitled, as well as improved their knowledge of Center for Women Veterans' mission, goals, and current activities.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of collaborative meeting and outreach activity attendees who believe that meetings/outreach significantly improved (or will significantly improve) communication with women veterans on Center's mission, goals, current activities, as well as VA benefits and services for which they are entitled.	N/A	N/A	N/A	N/A	N/A	60%	80%

Means and Strategies:
The Center for Women Veterans will conduct town meetings, site visits and community-based forums to discuss VA programs and benefits for women veterans at different locations across the country. The Center for Women Veterans will also collaborate with VA administrations and services, other Federal agencies, state departments of veterans affairs, and veterans service organizations to discuss women veterans' issues and concerns, and to ensure they are addressed by individual program offices and appropriate Department officials. The Center for Women Veterans will survey attendees of meetings and outreach events to ascertain their satisfaction with the information provided. Information obtained from collaborative meetings and outreach events will be used to determine VA's effectiveness in meeting the needs of women veterans, and identify areas in need of improvement.

Data Source: The Center will monitor the percent of collaborative meeting and outreach activity attendees who believe that meetings/outreach significantly improved (or will significantly improve) communication with women veterans by surveying attendees and recording data in an Excel spreadsheet.

Center for Faith-Based and Community Initiatives

Program Highlights:
On June 1, 2004, the President of the United States issued Executive Order 13342 creating the Department of Veterans Affairs Centers for Faith-Based & Community Initiatives (CFBCI). The new center was set up in order to help the Federal Government coordinate a national effort to expand opportunities for faith-based and other community organizations and to strengthen their capacity to better meet America's social and community needs.

CFBCI is coordinating a comprehensive agency effort to incorporate faith-based and other community organizations (FBCOs) in agency programs and initiatives to the greatest extent possible. As a direct result of that, CFBCI is working to remove administrative and regulatory barriers and to develop innovative programs and initiatives that foster partnerships between VA and FBCOs. For this reason, VA seeks to work more closely with and engage faith-based and community organizations to help us serve veterans.

Interactions with existing offices and advisory committees:

(a) Offices:

- OPIA: VA Homeless Veterans Programs Office
- Office of Asset Enterprise Management:
- Office of Small and Disadvantaged Business Utilization
- Office of Regulation Policy and Management
- Center for Women Veterans
- Center for Minority Veterans
- Office of Acquisition and Material Management
- Office of Policy, Planning and Preparedness
- General Counsel
- VHA:
    - National VA Chaplain Service,
    - Health Care for Homeless Veterans,
    - Social Work Service,
    - Voluntary Service Office
    - Seamless Transition Office
- VBA:
    - Vocational Rehabilitation and Employment
    - Home Loan Guaranty
    - Compensation and Pension Service
- NCA: Office of Deputy Under Secretary for Memorial Affairs
    - Communications Management Office

(b) Advisory Committees: Advisory Committee on Homeless Veterans

Facilitating participation, working with and assisting existing offices:

CFBCI has a Faith-Based and Community Initiatives Steering Committee to advise the Director on Center's efforts in support of Executive Order 13342. The steering committee meets on a quarterly basis and is comprised of a diverse panel that represents the various administration and staff offices that are involved with FBCOs groups. Committee members advise the Director on how to best coordinate VA efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social and community services. The committee members also recommend creative and innovative solutions for VA efforts in pilot, existing and demonstration programs, and outreach efforts.

FY 2009 Initiatives:

- Maintaining green/green on the PMA Scorecard. This requires higher sustained efforts to demonstrate new progress in the following areas: outreach and technical assistance, equal treatment, data collection, expanded use of programs, outcome evaluations and quarterly progress reports.
- Initiate all OMB five best practices for implementing an aggressive strategy to facilitate the expanded participation of grassroots faith-based and community organizations in VA programs
- The nine additional programs targeted in FY 2007 for expanded participation of grassroots FBCOs will have implemented the five best practices and will be making improvements based on the evaluations
- Employ OMB two new best practices for equal treatment regulations at the state and local levels
- Meet with all Faith-Based and Community Initiatives (FBCI) pilots and expanded participation programs to provide feedback on quarterly reports and evaluations
- Assist Loan Guarantee pilot in expanding by recruiting new applicants for the program
- All three pilots will have expanded use on a national basis
- Four new grant programs will have been approved by Congress and the VA will have them in operation with full participation by grassroots FBCOs
- Additional new programs identified and added as part of the VA effort for continued expanded participation of grassroots FBCOs
- Develop communication plan on telling the VA FBCI story
- Communication plan fully implemented with both VA staff and the public informed on a consistent basis on VA's FBCI story
- Develop, coordinate and conduct departmental outreach efforts to approximately 1.5 million non-profits at the national, state and local level.

- Oversight and direct involvement in three pilots and nine existing programs that will expand participation of grassroots FBCOs in the services provided to veterans. This includes development of implementation plans, evaluation plans and assistance in implementation and evaluation.
- WHOFBCI and OMB Requirements: develop and maintain 21 best practices, participate and assist in conducting conferences and roundtables, conduct communication activities to tell the VA story.
- Assist all program offices working on FBCI in the planning, development, implementation and evaluation of FBCI activities. Develop reports, proposals, and research papers, conduct document searches and complete special research projects in support of policy development and program activities.

On-going

- Coordinate with VA Center for Faith-Based and Community Initiatives steering committee on agency outreach efforts and issues related to WHOFBCI conferences
- Coordinate with OPIA on VA communication efforts to tell the VA FBCI story
- Coordinate with OMB examiner on quarterly scorecards
- Monitor status of draft legislation proposal for new funded grant programs sent to congress. If draft legislation is passed, then assist program offices for implementation.
- Operation and customer support: communication and coordination with all State FBCI offices, respond to phone and email inquiries from veterans, general public, FBCOs, and government agencies, maintain and enhance website, listserv, and communication materials, conduct open houses, conference calls, roundtables, presentations and manage the steering committee.

Department Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.

Department Strategic Objective 2.1: Ease the reentry of new veterans into civilian life by increasing awareness of, access to , and use of VA health care, benefits and services.

Performance Goal 1: In 2009, increase the number of pilots, demonstration and existing programs implemented by VA in which faith-based and community organizations participate to 12.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Number of pilot, demonstration, and existing programs implemented by VA in which faith-based and community organizations participate	N/A	4	6	12	12	12	14

Means and Strategies: The Center for Faith-Based and Community Initiatives (CFBCI) receives guidance from the White House Office of Faith-Based and Community Initiatives (WHOFBCI) and the Office of Management and Budget (OMB) on the appropriate methodology to be used in order to achieve its program objectives. CFBCI uses this guidance to achieve our targets in the implementation of pilot, demonstration and existing programs in which FBCOs participate. To achieve our targets we are doing the following: propose new grant legislation; review new and existing programs for FBCOs participation; provides technical assistance during the planning and implementation phases of the development of the programs. Program owners then submit project plans to the CFBCI to show how FBCOs will participate in the program. CFBCI submits the program project plans to the WHOFBCI for guidance and concurrence on which pilots should be selected for grading purposes on the PMA scorecard. The PMA scorecard is used to track the progress and success of the pilot, demonstration and existing programs and provides a quarterly graded score. CFBCI provides program owners with guidance on the implementation of project and evaluation plans that are required in order to measure their impact. The results of the evaluation plans are submitted to the WHOFBCI. The Center has a steering committee whose members represents the Department's various administrations and staff offices and advises the Center on how to best coordinate agency efforts to support the programs, test new strategies and provide success stories.

Data Source(s)

CFBCI uses WHOFBCI data collection forms and program owner's data collection instruments in order to collect data that is needed for the PMA scorecard. Program project plans that are submitted to CFBCI have an outcome-based evaluation plan component. Evaluation plans are used to measure and validate the impact of programs and for future expanded use.

Data Verification
A database is used to store faith-based and community organizations contact information and a list-serve is use to communicate applicable information and periodic verification of accuracy.

Goal Validation
The CFBCI in concurrence with the WHOFBCI have identified the programs that will be used for quarterly grading purposes on the PMA scorecard which in turn is used to track the progress and success of the pilot , demonstration and existing programs.

Crosscutting Activities
CFBCI has oversight and direct hands-on development, management and support to VA program offices across all three administrations, WHOFBCI, other government agencies, FBCOs and to veterans. CFBCI has oversight and direct involvement in three pilots and nine existing programs and FBCOs. CFBCI has WHOFBCI and OMB PMA Scorecard quarterly requirements; Federal, State and Local government outreach activities; FBCOs and internal outreach activities. CFBCI has communication and coordination with all State FBCI offices, respond to phone and email inquiries from veterans, general public, FBCOs, and government agencies, maintain and enhance website, listserv, and communication materials, conduct open houses, conference calls, roundtables, presentations and manages the CFBCI steering committee.

External Factors
CFBCI has WHOFBCI, OMB and State FBCI offices requirements that affect the Center's operations. CFBCI uses VA programs across all three administrations to outreach to FBCOs in order to educate, inform and engage them to participate in the service to veterans. CFBCI has an obligation to support the WHOFBCI in its conferences roundtable session as well as all Executive Order requirements. CFBCI is an initiative on the PMA Scorecard, which is the catalyst of the Center's quarter operation.

Office of Small and Disadvantaged Business Utilization

Program Highlights:
OSDBU small business initiatives are described below:

Veterans First Contracting Program: Sections 502 and 503 of Public Law 109-461, the Veterans Benefits, Healthcare and Information Technology Act of 2006 (December 22, 2006), provides VA with unprecedented and extraordinary authorities in contracting with service-disabled veteran-owned small businesses and veteran-owned small businesses. Implemented in VA effective June 20, 2007,

as the "Veterans First Contracting Program," P.L. 109-461 establishes in statute a small business program hierarchy within VA that places service-disabled veteran-owned small businesses and veteran-owned small businesses first and second, respectively, in acquiring supplies and services on the open market. In addition, the law provides VA with unique authority to set-aside acquisitions exclusively for veteran-owned small businesses, restricting competition to those firms owned and controlled by veterans. The law also authorizes sole source awards for service-disabled veteran-owned small businesses and veteran-owned small businesses up to $5 million. In order to receive awards under the authorities of P.L. 109-461, or to be counted for subcontracting credit by large prime contractors, service-disabled veteran-owned and veteran-owned small businesses must be registered and verified as eligible in the Vendor Information Pages (VIP) Database maintained by VA at www.VetBiz.gov.

Historically Underutilized Business Zone (HUBZone) Program: This statutory program took effect in 1999 and applied to only 10 Federal departments and agencies, which included VA. The program provides economic incentives to select communities across the nation through set-asides, sole source awards and pricing evaluation preferences in full and open competition acquisitions. This program requires significant vendor outreach and employee education. In October 2000, the HUBZone program was expanded to apply to all Federal agencies that employ contracting officers. By Federal statute the HUBZone Program is a higher priority program than ordinary small business set-asides. SBA conducts electronic surveillance of agency contracting actions advertised in the Federal Business Opportunities System as ordinary small business set-asides for possible inclusion in the HUBZone Program.

8(a) Business Development Program: "8(a)" refers to Section 8(a) of the Small Business Act. This statutory program permits non-competitive and competitive awards to eligible vendors. In 1999, SBA relaxed vendor eligibility requirements, greatly expanding the number of businesses that potentially qualify for the program. Teaming, joint venturing and mentor-protégé arrangements are now permitted, making determinations of vendor responsibility very complex. At the same time, SBA shifted most contracting responsibilities to participating agencies. In December 2000, VA entered into a partnership agreement with the Small Business Administration to streamline set-aside and contracting procedures under this program that allows direct contracting between VA and the SBA 8(a) subcontractor. These procedural changes resulted in a major education initiative for VA staff and intensive vendor counseling about current operating guidelines and procedures. The partnership agreement was extended in 2007 by mutual agreement until September 30, 2009.

Small Disadvantaged Business Participation Program (SDB): This regulatory program authorized by the Federal Acquisition Streamlining Act (FASA) of 1994,

established price evaluation adjustments for businesses in some industry groups. Statutory authority for civilian agencies and departments to apply the SDB price evaluation adjustment expired December 9, 2004. Although the authority for the price evaluation adjustment expired, the statutory goal of 5 percent of total acquisition dollars be spent with SDBs continues and requires continuing and extensive education of VA and vendor personnel about this program.

Small Business Competitiveness Demonstration Program and Emerging Small Business Set-Asides: This statutory program requires "Emerging Small Business Set-asides" in targeted industries and prohibits small business set-asides in industries where benchmark data show small businesses are gaining sufficient awards absent a preferential procurement program. This program, like the Small Disadvantaged Business Program, is heavily dependent upon the quality of data reported by contracting activities. Acquisitions in the designated industry groups must continue to be considered for placement under the Service-Disabled Veteran-Owned Small Business Contracting Program, the 8(a) Program and the HUBZone Program.

Small Business Set-Asides: This statutory program is the "father" of small business programs. Recently the trends in standardization, consolidation of requirements previously performed at facility-level has created a new emphasis on all aspects of small business set-asides, which include: total small business set-asides; partial small business set-asides and class set-asides. In 1997, out of concern about the erosion of support for small business concerns, Congress deemed it necessary to legislate procedures to be followed by contracting offices when consolidating, also referred to as "contract bundling" requirements. This legislation and the resulting rules on bundling have far-reaching implications in the conduct of Government acquisitions. In October 2002, the Office of Management and Budget published a report containing a 9-point action plan to mitigate the effects of contract bundling on small businesses as part of the President's Small Business Agenda. Final rules to facilitate implementation of the 9-point action plan were published in October 2003.

Subcontracting Program: Public Law 95-507 requires formal written subcontracting plans from large business prime contractors who receive awards exceeding $550,000 ($1 million for construction). Changes to the Small Disadvantaged Business Program have added to this program. Consolidating requirements expands subcontracting program plans requiring negotiation, administration and reporting. VA has one of the largest subcontracting programs in the Federal Government. This program has been, and will continue to be, the subject of extensive education and training of VA's prime contractors and staff. The program's continued growth is expected to continue in future years, as vendor past performance on subcontracting plans becomes a rating element in gaining new contract awards. Subcontracting is identified as one of the 9-point

Action Plan issued in October 2002 by the Office of Management and Budget as part of the President's Small Business Agenda.

Women's Entrepreneurship: In December 2000, legislation was adopted to permit set-aside mechanisms in certain industries that have been traditionally underrepresented by women-owned small business concerns. The Federal Acquisition Streamlining Act (FASA) of 1994 established a statutory goal that 5 percent of all Federal procurement dollars be spent with women-owned small business concerns, but did not provide a set-aside mechanism to achieve this goal. Federal departments and agencies are awaiting promulgation of implementing regulations by the U.S. Small Business Administration so that acquisition professionals may use this much-needed mechanism. In addition, Executive Orders issued in 2000 reiterate the Government's commitment to expanding business opportunities for women-owned small business concerns, and set forth steps to enhance accomplishments in these important areas.

Federal Procurement Data System—Next Generation (FPDS-NG): Every agency is required to report its acquisition expenditures to the Federal Procurement Data Center at the General Services Administration using FPDS-NG. VA is second only to the Department of Defense in total procurement transactions. FPDS-NG is used by the White House, the Congress, and the Small Business Administration to measure agency small business program accomplishments and compliance with statute and track Federal acquisition trends using this data. Data reported to the center is critical, as 70 percent of all requests for this data come from non-Government sources. VA's OSDBU prepares the Department's socioeconomic accomplishment reports monthly and administers the Secretary's Socioeconomic Achievement Awards Program using this data.

Business Opportunities Information: Public law 100-656 requires each Federal agency to annually publish a Forecast of Contracting Opportunities (FCO). VA exceeds this legal requirement through the use of an interactive Web site whereby contracting activities continually update their forecast data as new requirements are identified or as forecasted requirements change. OSDBU publishes information on its Web site, http://www.va.gov/osdbu, to further assist small businesses.

VetBiz.gov Web Portal for Veterans in Business: A principal CVE function is administration of the Federal Web portal for veterans in business, http://www.VetBiz.gov. This web site is a primary resource for exchanging information with owners, buyers and stakeholders. Under Public Law 106-50, the CVE has responsibility to inform Federal agencies about the products and services available from service-disabled veteran-owned small businesses. The VetBiz Vendor Information Pages (VIP) database located on the Web portal satisfies this legal duty. Under Public Law 109-461 the Secretary of Veterans

Affairs must also verify ownership and control of veteran-owned small businesses participating in VA's unique procurement program. The VIP database also satisfies this duty.

Results

OSDBU has responded to myriad changes in public laws affecting small business programs with minimal increases in staffing and budget. Through reorganization, business process re-engineering, exploitation of information technology resources, and electronic commerce, OSDBU continues to provide high quality support to the small business community ensuring equitable opportunities. In 2007, over $3.7 billion, over 32.5 percent of VA's total acquisition dollars, were spent with small business. In 2007, VA exceeded the statutory 3 percent procurement goal for service-disabled veteran-owned business concerns, spending over $807 million with these concerns, over 6.9 percent of total dollars reported by VA. Over $1.1 billion, approximately 10.1 percent of total dollars reported by VA, was spent with all veteran-owned small businesses, marking the first time VA's spending with veteran entrepreneurs exceeded spending with small disadvantaged businesses. The new authorities under P.L. 109-461 will build upon those accomplishments. OSDBU and the CVE continue their outreach initiatives in this important area to inform VA acquisition professionals, program officials and service-disabled veteran-owned small businesses of the unique and extraordinary authorities granted VA in contracting with veteran entrepreneurs.

Service Improvements

OSDBU continually strives to identify ways to improve customer service to the small business community and the contracting activities it supports. To enhance this support, OSDBU deploys its resources in a manner that facilitates its operations in the areas of prime contracting, vendor outreach and counseling, subcontracting, data analysis, subcontracting and veterans' entrepreneurship. OSDBU's outreach efforts have expanded without commensurate increases in outreach funding. The OSDBU Director works with the Federal OSDBU Directors' Interagency Council to coordinate outreach efforts supporting trade shows and business conferences. OSDBU coordinates numerous outreach efforts with local VA facilities and acquisition professionals to more efficiently provide VA representation at reduced costs. Each of the many invitations VA receives annually is carefully considered to ensure maximum return on VA's investment in participating. VA receives many compliments on the monthly Vendor Day sessions conducted by OSDBU. An important part of OSDBU's outreach efforts, Vendor Day was restructured to provide more "face time" between prospective contractors and program officials.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Strategic Goal 4: Contribute to the public health, emergency management, socio-economic well-being, and history of the Nation.

Objective 4-4: Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veterans benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.

Program Objective: Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments.

Performance Goal 1: In 2009, ensure VA will meet the three percent statutory minimum goal for service-disabled veteran-owned businesses.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Attainment of statutory minimum goals for <u>service-disabled veteran-owned small businesses</u> expressed as a percent of total procurement (*Corrected) (**Estimated: Final data available 08/2008)	1.25%	2.15%*	3.58%	6.94%**	3.0%	3.0%	3.0%

Performance Goal 2: In 2009, continue to meet the 23 percent statutory minimum goal for small business concerns.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Attainment of statutory minimum goals for small business concerns expressed as a percent of total procurement dollars (*Corrected) (**Estimated: Final data available 08/2008)	28.5%	27.8%*	28.8%*	32.5%**	23.0%	23.0%	23.0%

Performance Goal 3: In 2009, VA will meet the five percent statutory minimum goal for small disadvantaged business concerns.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Attainment of statutory minimum goals for small disadvantaged businesses expressed as a percent of total procurement dollars (*Corrected) (**Estimated: Final data available 08/2008)	9.2%	9.5%*	8.2%*	8.8%**	5.0%	5.0%	5.0%

Performance Goal 4: In 2009, VA will meet the five percent statutory minimum goals for women owned small business concerns.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2007 (Final)	2008 (Initial)	
4) Attainment of statutory minimum goals for women-owned businesses expressed as a percent of total procurement dollars (*Corrected) (**Estimated: Final data available 08/2008ed)	4.5%	5.3%*	4.89%*	4.94%**	5.0%	5.0%	5.0%

Performance Goal 5: In 2009, continue to meet the three percent statutory minimum goal for Historically Underutilized Business Zone (HUBZone) small business concerns.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Attainment of statutory minimum goals for Historically-Underutilized Business Zones (*Corrected) (**Estimated: Final data available 08/2008)	3.1%	3.6%*	3.25%*	3.27%**	3.00%	3.00%	3.00%

Means and Strategies for Goals 1 though 5: To attain the FY 2009 targets, OSDBU will provide goal accomplishment reports, educational assistance, and outreach information to VA program officials, acquisition professionals, and the vendor community. OSDBU will also continue to conduct Small Business Program and contract bundling reviews for specific acquisitions provided by contracting activities to ensure maximum practicable opportunities for all small businesses. Small business subcontracting plans will continue to be reviewed to ensure consistency with requirements of the Federal Acquisition Regulation and VA's subcontracting goals. The CVE will continue to provide support to veterans who are considering business ownership as a career option and to help veterans who are expanding their businesses.

Data Source: The Federal Procurement Data Center (FPDC) is the official repository of information to track awards in support of small business program goals, and is used by the White House, the Congress, the Small Business Administration, and the private sector to measure agency small business program accomplishments and acquisition trends. OSDBU will use these data for monitoring progress in goal accomplishments.

Office of Employment Discrimination Complaint Adjudication

Program Highlights:
The Office of Employment Discrimination Complaint Adjudication (OEDCA) was established in February 1998, by Public Law 105-114 as part of an overall reorganization of VA's EEO complaint process. As an independent and neutral adjudicatory body, its mission is to issue the Department's final decisions and orders on complaints of employment discrimination filed by employees and applicants for employment.

OEDCA continues to provide timely and high quality service. To date, OEDCA's average processing time for substantive (*i.e.,* merits) decisions is 55 days and its overall processing time for all actions is only 40 days. Its reversal rate in appellate cases decided by the EEOC is 4.5%.

OEDCA continues to work closely with the Office of Resolution Management (ORM) to ensure that its investigators produce quality reports. OEDCA provides annual training to ORM's investigators and intake specialists, and periodically updates the investigation manual developed in OEDCA. OEDCA also provides instruction at training sessions for EEO liaisons sponsored by ORM field offices. Moreover, OEDCA continues to communicate information about VA's new EEO complaint resolution system to VA's managers, supervisors, and employees by means of the *OEDCA Digest*. This widely-distributed quarterly publication includes summaries of significant OEDCA decisions, EEOC decisions and guidance, court decisions, and other information that enables supervisors and employees to understand their rights and responsibilities under Title VII of the *Civil Rights Act of 1964* and other applicable civil rights laws and regulations. The *OEDCA Digest* is available on the web at http://www.va.gov/orm/**oedca.asp.**

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E-1: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

Performance Goal 1: By **2009**, reduce the average processing time for adjudication or other appropriate disposition to 54 days from date of receipt in OEDCA.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Average processing time for adjudication (in days)	65	60	55	55	55	54	50

Performance Goal 2: By **2009**, achieve an appellate reversal rate by the EEOC not to exceed 3.8%.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of OEDCA's final decisions reversed on appeal by EEOC (Measure description and calculation has changed)	5%	5%	5%	4.5%	4%	3.8%	3%

(*Note: EEOC currently has a two to three-year backlog in deciding appeals from final agency decisions. Accordingly, EEOC is not expected to review and decide all decisions and orders issued by OEDCA in* ***2009*** *until approximately* ***2011*** *or* ***2012****. Hence, complete appellate data for cases decided by OEDCA through* ***2009*** *may not be available until* ***2012****.)*

Means and Strategies:
OEDCA will continue to closely monitor the inventory of cases pending adjudication to ensure timeliness in the adjudication process and, on a monthly basis, will review workloads and reassign cases based on the workload and difficulty of the cases. OEDCA will continue to contract out, on an as- needed basis, for certain types of technical analyses required in the adjudication process to prevent increases in its pending case inventory that could significantly impact processing times or the ability to produce high quality decisions. To ensure quality and fairness in the adjudication process, the office will track and study the Equal Employment Opportunity Commission's (EEOC) appellate findings relating to OEDCA's decisions to ensure that those decisions are both accurate and fair. Adjustments will be made, if necessary, based on that review process to ensure OEDCA's approach is consistent with that of the EEOC. OEDCA has an arrangement with the Office of the General Counsel, which is responsible for handling EEO appeals, to obtain copies of all EEOC appellate decisions relating to OEDCA-decided cases. Also with respect to quality, the Director will arrange for attorneys to receive appropriate formal and informal training and mentoring in EEO law, as available or needed; ensure that each attorney receives individual copies of weekly, bi-weekly, or monthly updates from EEO law reporting services; ensure that office law library resources are sufficient and up-to-date; and make sure the supervisory review process results in decisions that contain the appropriate factual and legal analysis. Finally, to ensure overall quality in the Department's EEO complaints processing program, OEDCA has initiated a new program to provide in-depth training to the Office of Resolution Management's (ORM) intake specialists regarding complaint acceptability determinations.

Data Source: OEDCA has a comprehensive database that tracks cases processed within the office. This database is used by the Director to provide quarterly reports to the Secretary showing OEDCA's performance during the preceding quarter in terms of production, inventory/backlog reduction, average processing time, and the amount of time cases have been pending in OEDCA. It also tracks EEOC appellate dispositions relating to OEDCA's decisions and orders.

Office of Regulation Policy and Management

Program Highlights:

The Office of Regulation Policy and Management (ORPM) was established in 2003 to provide centralized management, control, and coordination for all VA regulations. ORPM also was assigned responsibility for supervising and coordinating VA's Regulation Rewrite Project, a comprehensive effort by detailed employees to review, reorganize, and rewrite VA regulations lacking clarity, consistency, or logical organization. The office is succeeding in accomplishing both missions.

To better manage the regulation development process, ORPM established "workplans" as prerequisites to regulatory drafting. Workplans require sponsoring offices to clearly articulate the policy reasons for their proposed regulations, identify the expected results, analyze the associated costs and benefits, determine the proposal's relationship to other VA regulations, and state the known views of stakeholders inside and outside the VA. Workplans streamline the regulatory process by clarifying and resolving significant policy issues incorporated in proposed regulations early in the process. They eliminate major causes of delay during the drafting process and provide the VA senior leadership with better understanding and control over the VA's rulemaking process. Workplans set milestones for regulation completion and publication so that all parties are working toward an established and mutually understood goal. Properly executed workplans improve VA's interaction and coordination with both OMB and the public.

The Secretary formed a Regulatory Policy Council (RPC) for the purpose of providing senior level oversight and policy perspectives to VA's rulemaking process. The Council is responsible for overall policy integration across the VA. It assists in the development of the coherent rulemaking bridge between our statutory authority and the ultimate delivery of benefits to the veterans. ORPM serves as the Executive Secretariat for the RPC.

ORPM also has efficiently managed and standardized the rulemaking process in VA and improved the Secretary's ability to articulate and implement his priorities, policies, and goals. ORPM instituted regulatory work plans, aided

early policy articulation, and set goals for regulatory development and publication against which progress could be measured. In 2007, ORPM met its average processing time strategic goal for developing and publishing VA regulations in 17 months or less (which represents over a 50% reduction in the time it historically has taken VA to publish its regulations). ORPM's cumulative processing time average from October 1, 2003 to September 30, 2007, was 11.9 months. However, this artificially low cumulative average is expected to rise in 2008 and 2009 as more multi-year regulations are published. The number of "stale" regulations in VA's active 2007 inventory also has been reduced from 64 to 9 (86%) since ORPM began managing the regulatory process. ORPM also continues to exceeded its performance objective for customer satisfaction by achieving satisfactory ratings on 100% of its customer satisfaction surveys.

For more than twenty years, there has been a recognized need to perform a comprehensive review of VA regulations. The current regulations represent a patchwork of provisions that are difficult for veterans and their families to understand. These confusing regulations lead to delays in processing veterans' claims and sometimes-inconsistent adjudication of similar claims.

Since 2004, ORPM's detailees, consisting of employees from the Board of Veterans' Appeals, the Veterans Benefits Administration, and the Office of General Counsel, have completely reorganized and redrafted 276 Compensation and Pension Service (C&P) adjudication regulations contained in Part 3 of 38 Code of Federal Regulations (CFR). The Project's work was coordinated informally with interested Veterans Service Organizations, and significant portions of their comments and ideas are incorporated into the Project to produce more user-friendly regulations for veterans. By October 2007, 14 of the Project's 20 proposed rule packages have been published in the Federal Register for public comment and ORPM will have begun drafting the Final Rule document.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-4: Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting, and performance.

Performance Goal 1: By October 2009, reduce and maintain the average overall processing time for VA regulations to 17 months or less.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
Average processing time for VA regulations (number of months) (*Estimated)	34.5	24.5	10.5	11.9	≤17*	≤17*	≤17

Means and Strategies: ORPM manages a standardized process that serves as a key tool in helping set goals for regulatory development and publication. In addition, ORPM manages an improved regulatory tracking system that is easily accessed, understandable, and useful to VA leaders and managers. Together, both the standardized process and the tracking system are necessary tools that will enable VA to publish regulations in a more timely manner.

Data Source: ORPM collects and analyzes data to monitor milestone completion during the development of each regulation.

Goal Validation: Timely issuance of regulations is an important facet of VA's service to veterans. As new legislation is passed and/or new priorities are established by the Secretary, those VA professionals who are delivering services and implementing various programs and initiatives must have the most current regulations for reference to properly implement VA's programs and deliver services.

Summary of Budget Request

Total Office of the Secretary

An average employment of 82 FTE and total obligational authority of $11,641,000 are requested in 2009 to support the 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, ORPM, and OEDCA. This request is comprised of $8,530,000 in budget authority, $3,111,000 in reimbursable authority and $167,000 in expenditure adjustments for offices within the account. OEDCA serves as the Department's final decision authority for substantive merits of employment discrimination complaints. Workload costs to adjudicate these complaints are distributed across VHA, NCA, and VBA and are recovered by OEDCA via reimbursements or expenditure adjustments, as appropriate. The Office of Small and Disadvantaged Business Utilization is organizationally aligned with the Office of the Secretary; however, it is funded via the Supply Fund, which is managed by the Office of Acquisition and Logistics.

Office of the Secretary - Ongoing activities

An average employment of 58 FTE, budget authority of $8,530,000 is requested to support the operations of the Office of the Secretary, which includes the Centers for Minority Veterans and Women's Veterans, Center for Faith Based and Community Initiatives, and the Office of Regulation Policy and Management. As shown in the Center's Summary of Employment and Obligations table, resources for the Centers include funding of the Secretary's Advisory Committees on Women and Minority Veterans. The Advisory Committees are mandated to meet at least twice each year in order to assess VA's administration of health care and benefit programs provided to women and minorities. The Center's budgets include funds to pay for the Advisory Committee travel associated with these meetings, as well as, a stipend for each member.

Office of Employment Discrimination Complaint Adjudication (OEDCA)

In 2009, funding for this office will be provided on a reimbursable basis. Offices within the GOE appropriation, where OEDCA is housed, will cover their portion through an adjustment to expenditure.

In 2009 24 FTE, total recoveries of $3,278,000, and budget authority of $52,000 are requested to support the operations of OEDCA. Recoveries are comprised of $3,111,000 in reimbursements from VHA and NCA, and $167,000 in expenditure adjustments from VBA. Since expenditure adjustments are an intra-appropriation transaction they are not scored as an obligation to OEDCA. The budget authority represents the staff office share of the operational costs related to OEDCA.

Changes from Original 2008 Budget Estimates *(dollars in thousands)*		
	2008	
	Budget Estimate	Current Estimate
Average Employment	79	82
Budget Authority	**$7,747**	**$8,267**
Reimbursement	+$3,023	+$2,913
Adjustment to Expenditure (non add)	(-$125)	(-$235)
Carryover	$0	$0
Total Obligations	**$10,770**	**$11,180**

Office of the Secretary *Summary of Employment and Obligations* *(dollars in thousands)*				
		2008		
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate
Average employment (VACO)				
Immediate Office of the Secretary	31	32	32	32
Center for Minority Veterans	7	7	7	7
Center for Women Veterans	5	5	5	5
Center for Faith Based & Community Initiatives	1	0	3	3
ORPM	11	11	11	11
OEDCA:				
Appropriated	1	1	1	1
Reimbursable	23	23	23	23
Subtotal	24	24	24	24
Total	**79**	**79**	**82**	**82**

Office of the Secretary *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Obligations:					
Personal services	$9,201	$9,803	$10,204	$10,756	$552
OEDCA (non-add)	*$2,355*	*$2,784*	*$2,784*	*$3,005*	*$221*
Travel	$492	$347	$306	$281	($25)
OEDCA (non-add)	*$11*	*$16*	*$16*	*$16*	*$0*
Transportation of things	$0	$0	$0	$0	$0
OEDCA (non-add)	*$0*	*$0*	*$0*	*$0*	*$0*
Rents, communications, and utilities	$1	$21	$45	$40	($5)
OEDCA (non-add)	*$0*	*$0*	*$0*	*$0*	*$0*
Printing and reproduction	$29	$63	$70	$69	($1)
OEDCA (non-add)	*$0*	*$2*	*$2*	*$0*	*($2)*
Other services	$375	$432	$528	$432	($96)
OEDCA (non-add)	*$13*	*$264*	*$264*	*$173*	*($91)*
Supplies and materials	$376	$178	$196	$172	($24)
OEDCA (non-add)	*$25*	*$94*	*$94*	*$96*	*$2*
Equipment	$5	$51	$66	$58	($8)
OEDCA (non-add)	*$*	*$40*	*$40*	*$40*	*$0*
Adjustment to Expenditure	*-$197*	*-$125*	*-$235*	*-$167*	*$68*
Total obligations	**$10,282**	**$10,770**	**$11,180**	**$11,641**	**$461**
OEDCA (non-add)	*$2,207*	*$3,075*	*$2,965*	*$3,163*	*$198*
Reimbursements (OEDCA)	-$2,155	-$3,023	-$2,913	-$3,111	($198)
Carry over (-)	($345)	$0	$0	$0	$0
Carry over (+)	$0	$0	$0	$0	$0
Total budget authority	**$7,782**	**$7,747**	**$8,267**	**$8,530**	**$263**

Center for Women Veterans *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
FTE	4	5	5	5	$0
Obligations:					
Personal services	$542	$586	$586	$668	$82
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Travel	$79	$68	$68	$50	($18)
Advisory Committee (non-add)	*$43*	*$42*	*$41*	*$40*	($1)
Transportation of things	$0	$0	$0	$0	$0
Advisory Committee (non-add)	$0	$0	$0	$0	$0
Rents, communications, and utilities	$0	$5	$5	$0	($5)
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Printing and reproduction	$39	$15	$15	$16	$1
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Other services	$56	$55	$55	$56	$1
Advisory Committee (non-add)	*$32*	*$30*	*$29*	*$0*	($29)
Supplies and materials	$4	$20	$20	$10	($10)
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Equipment	$0	$2	$2	$2	$0
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Total obligations	**$720**	**$751**	**$751**	**$802**	**$51**
Advisory Committee (non-add)	*$75*	*$72*	*$70*	*$40*	*($30)*
SOY Carry over (-)	$0	$0	$0	$0	$0
Advisory Committee (non-add)	$0	$0	$0	$0	$0
EOY Carry over (+)	$0	$0	$0	$0	$0
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Total budget authority	**$720**	**$751**	**$751**	**$802**	**$51**
Advisory Committee (non-add)	*$75*	*$72*	*$70*	*$40*	*($30)*

Center for Minority Veterans *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
FTE	7	7	7	7	$0
Obligations:					
Personal services	$740	$857	$881	$912	$31
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Travel	$87	$154	$100	$100	$0
Advisory Committee (non-add)	*$25*	*$45*	*$25*	*$25*	$0
Transportation of things	$0	$0	$0	$0	$0
Advisory Committee (non-add)	$0	$0	$0	$0	$0
Rents, communications, and utilities	$0	$11	$34	$33	($1)
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Printing and reproduction	$1	$10	$2	$1	($1)
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Other services	$80	$53	$80	$78	($2)
Advisory Committee (non-add)	*$17*	*$40*	*$60*	*$60*	$0
Supplies and materials	$35	$11	$4	$9	$5
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Equipment	$0	$5	$0	$0	$0
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Total obligations	**$943**	**$1,101**	**$1,101**	**$1,133**	**$32**
Advisory Committee (non-add)	$42	$85	$85	$85	*$0*
Carry over (+)	$0	$0	$0	$0	$0
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Carry over (-)	$0	$0	$0	$0	$0
Advisory Committee (non-add)	*$0*	*$0*	*$0*	*$0*	$0
Total budget authority	**$943**	**$1,101**	**$1,101**	**$1,133**	**$32**
Advisory Committee (non-add)	*$42*	*$85*	*$85*	*$85*	*$0*

Center for Faith Based and Community Initiatives *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual*	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
FTE	1	0	3	3	
Obligations:					
Personal services	$151	$0	$393	$421	$28
Travel	$7	$0	$29	$20	($9)
Transportation of things	$0	$0	$0	$0	$0
Rents, communications, and utilities	$0	$0	$0	$0	$0
Printing and reproduction	$0	$0	$20	$20	$0
Other services	$2	$0	$60	$55	($5)
Supplies and materials	$0	$0	$10	$9	($1)
Equipment	$0	$0	$8	$8	$0
Total obligations	**$160**	**$0**	**$520**	**$533**	**$13**
Carry over (+)	$0	$0	$0	$0	$0
Carry over (-)	$0	$0	$0	$0	$0
Total budget authority	**160**	**$0**	**$520**	**$533**	**$13**

*2007 funds cover the last six months of fiscal year. Effective April 1, 2007 CFBCI was realigned from Office of Public and Intergovernmental Affairs to the Office of the Secretary.

Office of Regulation, Policy, and Management *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
FTE	11	11	11	11	
Obligations:					
Personal services	$1,210	$1,237	$1,221	$1,287	$66
Travel	$1	$27	$10	$10	$0
Transportation of things	$0	$0	$0	$0	$0
Rents, communications, and utilities	$1	$5	$6	$7	$1
Printing and reproduction	$2	$5	$0	$0	$0
Other services	$20	$40	$49	$50	$1
Supplies and materials	$20	$27	$42	$22	($20)
Equipment	$1	$4	$16	$8	($8)
Total obligations	**$1,255**	**$1,345**	**$1,344**	**$1,384**	**$40**
Carry over (+)	$0	$0	$0	$0	$0
Carry over (-)	$0	$0	$0	$0	$0
Total budget authority	**$1,255**	**$1,345**	**$1,344**	**$1,384**	**$40**

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$96,945**
Annualization of 2007 2.2 percent pay raise (.55 percent)	533
Impact of 2008 3.5 percent pay raise (2.63 percent)	2,564
Two Day Adjustment (.769 percent)	770
Adjustment--Changes in Staff Composition	-2,171
2008 Average Salary (262 Days)	**$98,641**
Regular Benefits Percentage	25%
2008 Average Salary with Benefits	**$123,301**

2009 Average Salary Methodology	
2008 Average Salary (262 Days)	**$98,641**
Annualization of 2008 3.5 percent pay raise (.88 percent)	868
Impact of 2009 2.9 percent pay raise (2.18 percent)	2,169
One Day Adjustment (.382 percent)	-388
Adjustment--Changes in Staff Composition	2538
2009 Average Salary (261 Days)	**$103,828**
Regular Benefits Percentage	25%
2009 Average Salary with Benefits	**$129,785**

Detail of Budget Estimates
(dollars in thousands)

	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Personal Services	$9,201	$10,204	$10,925	$721
OEDCA (non-add)	*$2,355*	*$2,784*	*$3,005*	*$221*

Personal service funds are required to support 82 FTE in 2009. The 2009 request includes the annualized impact of the 3.5 percent pay raise in 2008 and 2.9 percent pay raise in 2009. Personal services costs also include overtime, awards and the government's cost for regular benefits such as the transit benefit, retirement, health insurance, life insurance, and Medicare.

Travel	$492	$306	$301	($5)
OEDCA (non-add)	*$11*	*$16*	*$16*	*$0*

Travel funding is being requested for employees in the Office of the Secretary, CMV, CWV, ORPM and OEDCA for transportation related to training, conferences, etc.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Transportation of things	$0	$0	$0	$0

Funds are not being requested for this object class in 2009.

Rents, communications, and utilities	$1	$45	$40	($5)

The primary use of funds in this category is for the rental of office equipment, such as copiers and fax machines, and communications (local and long distance telephone services, record/data transmission services, facsimile, etc.).

Printing and reproduction	$29	$70	$69	($1)
OEDCA (non-add)	*$0*	*$2*	*$0*	*($2)*

This funding is for the printing of letterhead, invitations, envelopes, and reproduction of necessary items used in the efficient operation of the Office of the Secretary. Printing funds are also included for information distributed by the Center for Minority Veterans and the Center for Women Veterans.

Other services	$375	$528	$432	($96)
OEDCA (non-add)	*$13*	*$264*	*$173*	*($91)*

Other services funds are requested for technical analysis to assist in OEDCA caseload adjudication. The request also includes funding for Westlaw services used in the preparation of OEDCA case work, Advisory Committee consultant fees, seminars, conferences and training, as well as furniture and equipment maintenance and repairs.

Supplies and materials	$376	$196	$202	$6
OEDCA (non-add)	*$25*	*$94*	*$96*	*$2*

This funding request is for normal recurring requirements for office supplies, furniture, computer software and miscellaneous operating supplies used for staff meetings, briefings, and top management programs.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Equipment	$5	$66	$66	$0
OEDCA (non-add)	$0	$40	$40	$0

These funds are for normal replacement and upgrades of equipment and furnishings that meet the Department's standard for replacement.

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Board of Veterans' Appeals

Mission Statement

The Board of Veterans' Appeals (BVA or 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. The Board's mission is:

> " . . . to conduct hearings and consider and dispose of appeals properly before the Board in a timely manner." 38 U.S.C. § 7101(a). "All questions in a matter which . . . is subject to decision by the Secretary shall be subject to one review on appeal to the Secretary. Final decisions on such appeals shall be made by the Board." 38 U.S.C. § 7104(a).

Stakeholders

The Board provides primary services to appellants – veterans and veterans' family members who have filed appeals on VA benefit claims. These appellants represent a relatively small 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. In addition to appellants, numerous organizations and individuals are stakeholders in VA's appellate process.

A chief stakeholder and primary business partner of the Board is the Veterans Benefits Administration (VBA). The vast majority of BVA actions derive from claims initiated at VA regional offices. The preliminary steps of the appellate process occur at the field level, and field action may be required at later points in the process if the appeal involves a remand.

In addition to VBA, other VA stakeholders include: (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; and (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).

Veterans service organizations are major stakeholders in the appellate program. Most appellants (98.3 percent) are represented before BVA, and veterans service organizations represent 91.5 percent of those appellants. Other stakeholders include the Court, Members of Congress and, of course, U. S. taxpayers.

Performance Summary Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Deficiency-free decision rate	93.0%	89.0%	93.0%	94.0%	92.0%	92.0%	92.0%
2) Appeals resolution time (Number of Days) (Joint BVA and VBA measure) (1)	529	622	657	660	700	700	675
3) BVA Cycle Time (Days) (2)	98	104	148	136	150	150	104
4) Appeals decided per Veterans Law Judge (BVA)	691	621	698	721	752	752	800
5) Cost per case (BVA time only)	$1,302	$1,453	$1,381	$1,337	$1,648	$1,619	$1,619

(1) Joint VBA and BVA measure that includes the time from receipt of a Notice of Disagreement (NOD) in VBA to the rendering of a *final* decision (not a remand) by either VBA or BVA.

(2) BVA time from receipt of an appeal until dispatch of a Board decision excluding time the case was with the appellant's service organization representative.

Functions and Activities

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 percent of the Board's appellate workload concerns appeals for disability compensation or pension. It is for this reason that the Board and its appellate program have been positioned within the Compensation and Pension business lines for Departmental strategic planning under the aegis of the Government Performance and Results Act (GPRA).

Judicial review brought some ancillary functions to the Board's mission. In addition, Public Law 105-111, enacted on November 21, 1997, provides VA

benefit claimants and appellants the right to request a revision of a prior BVA decision based on an allegation of clear and unmistakable error. This legislation created an additional decision-making function to the Board's mission, since clear and unmistakable error claims are matters of original jurisdiction for BVA, rather than appeals of determinations made elsewhere within the Department.

The Veterans' Claims Assistance Act of 2000 (VCAA) has had a tremendous and ongoing impact on the Board's caseload, resulting in the need for a significantly increased number of remands for additional evidentiary development and due process actions. This large additional remand caseload, along with increases in development time for pending cases, has imposed a great burden on the entire appellate system.

Since the fall of 2004, the Board has been working jointly with VBA and the General Counsel's Office to identify the root causes of remands and to provide appropriate training in order to reduce the number of "avoidable remands." Remands impose substantial additional workload requirements on both the Board and the regional offices. More importantly, remands can add significantly to the amount of time it takes for a veteran to receive a final decision on his or her claim for benefits. Effective training is critical here and the Board participates with VBA and the General Counsel's Office to address key issues with regional office staff to ensure, to the extent possible, files are complete when they reach the Board. The Board has been closely searching each file for the evidence and other documentation that enables a final decision to be rendered without the need for a remand, including consideration of the doctrine of harmless error. Harmless error is a procedural deficiency that does not adversely impact the substantive rights of an appellant. Each case the Board can properly decide rather than remand to the agency of original jurisdiction is a service to our deserving veterans. These joint efforts have already resulted in a significant decrease in the Board's remand rate.

Assumptions, Opportunities, and Constraints

The Board is VA's final decision-maker on all appeals for entitlement to veterans' benefits. Historically, the VA appellate program has been a high volume activity. Between 44,000 to 50,000 new appeals are added to the appellate docket annually and the appellate backlog continues to grow. The Board will focus on eliminating the backlog, within existing resources, by concentrating on: eliminating avoidable remands; strengthening our intra-agency partnerships; writing clear, concise, coherent, and correct decisions; utilizing employee incentives, mentoring, and training programs; using overtime; increasing our use of paralegals; and providing improved on-line

legal research tools and analytical frameworks. Recent judicial precedent had significant effect on the Board's workload:

- **Informal Claims:** In *Ingram v. Nicholson*, 21 Vet. App. 232 (2007) (*Ingram II*), the Veterans Court reconsidered its earlier decision in *Ingram v. Nicholson*, 20 Vet. App. 156 (2006) (*Ingram I*), in light of the Federal Circuit's decision in *Deshotel v. Nicholson*, 457 F.3d 1258 (Fed. Cir. 2006).

  Previously, in *Ingram I*, the Court had held that the Board erred by imposing a strict pleading requirement and by failing to take a sympathetic reading of the pro-se claimant's filings. The Court held that a reasonably raised claim remains "pending" until there is an explicit adjudication of the claim or an explicit adjudication of a subsequent claim for the same disability.

  In *Deshotel v. Nicholson*, 457 F.3d 1258 (Fed. Cir. 2006), however, the Federal Circuit had held that where the veteran files more than one claim with the regional office (RO) at the same time, and the RO's decision acts (favorably or unfavorably) on one of the claims but fails to specifically address the other claim, the second claim is deemed denied, and the appeal period begins to run. The Federal Circuit rejected the theory that an implied claim remains pending and unadjudicated.

  Upon reconsideration sought by the Secretary in *Ingram II*, the Court rejected the Secretary's argument that *Deshotel* controlled and found that, if strictly applied, the general holding in *Deshotel* would produce nonsensical results. The Court reasoned that if a claim could be denied *sub silentio* by failing to be addressed by VA when deciding other contemporaneous claims, the veteran would have no reason to know that the claim had been decided. As such, the Court interpreted *Deshotel* to mean that an RO decision may only constitute an adjudication of a claim where the RO decision addresses the claim "in a manner sufficient for a claimant to deduce that the claim was adjudicated."

  Consequently, the Court held that a reasonably raised claim remains pending "until there is either recognition of the substance of the claim in an RO decision from which a claimant could deduce that the claim was adjudicated or an explicit adjudication of a subsequent "claim" for the same disability."

- ***Haas v. Nicholson,*** 20 Vet. App. 207 (2006): The Veterans Court reversed a Board decision that denied claims for service connection for various disabilities as a result of exposure to herbicides. The Board determined that, although the appellant had served in the waters off the shores of the

Republic of Vietnam, such service did not warrant application of the presumption of herbicide exposure because the appellant never set foot on land in that country. The Veterans Court reversed the Board's decision, holding that a VA Adjudication Procedure Manual provision created a presumption of herbicide exposure based on receipt of the Vietnam Service Medal for purposes of service connection for diseases associated with herbicide exposure. The Court also found that neither the statute nor the regulation governing herbicide exposure claims precludes application of the presumption of herbicide exposure to persons who served aboard ship in close proximity to the Republic of Vietnam. For purposes of applying the presumption of exposure to herbicides under 38 C.F.R. § 3.307(a)(6)(iii), the Court held that "service in the Republic of Vietnam" will, in the absence of contradictory evidence, be presumed based upon the veteran's receipt of a Vietnam Service Medal, without any additional proof required that a veteran who served in waters offshore of the Republic of Vietnam actually set foot on land. Since there were potentially a large number of cases on appeal that might be affected by *Haas* while an appeal is being sought to the Federal Circuit, the Secretary of Veterans Affairs issued a memorandum on September 21, 2006, directing the Board to stay action on and refrain from remanding all claims for service connection based on exposure to herbicides in which the only evidence of exposure is the receipt of the Vietnam Service Medal or service on a vessel off the shores of Vietnam. The purpose of this stay action is to avoid burdens on the adjudication system, delays in the adjudication of other claims, and unnecessary expenditure of resources through remand or final adjudication of claims based on judicial precedent that may ultimately be overturned on appeal. Oral argument in *Haas* was held before the Federal Circuit on November 7, 2007.

- ***Veterans Claims Assistance Act of 2000 (VCAA):***

  - ***Mayfield v. Nicholson,*** 07-7130 (Fed. Cir. September 17, 2007)

The appellant filed a claim for dependency and indemnity compensation (DIC), claiming that her husband's death was related to his service in the military. In a May 2002 decision the Board denied DIC. With respect to the VCAA, the Board found that the duty to notify had been satisfied by the combined contents of three documents that had been sent to the appellant, including a December 1999 rating decision, a June 2000 Statement of the Case (SOC), and a January 2002 Supplemental Statement of the Case (SSOC). Although a notice letter had been sent by

the regional office in March 2001, the Board made no reference to this letter.

In *Mayfield I* (*Mayfield v. Nicholson*, 19 Vet. App. 103 (2005)), the Veterans Court affirmed the Board's May 2002 decision by looking at the March 2001 letter (which the Board had not discussed in its May 2002 decision) and concluding that VA had fulfilled its obligations under the statutory notice requirements by sending this letter.

In *Mayfield II* (*Mayfield v. Nicholson*, 444 F.3d 1328 (Fed. Cir. 2006)), the Federal Circuit reversed and remanded, noting that the Veterans Claims Court's decision in *Mayfield I* violated the longstanding principle of administrative law that a court reviewing an agency decision generally may not sustain the agency's ruling on a ground different from that invoked by the agency (the "*Chenery* doctrine"). By sustaining the Board's determination that the notification requirement had been satisfied, but basing its ruling on an entirely different ground—i.e., the adequacy of the March 2001 notice letter versus the cobbled-together notice relied upon by the Board—the court violated these principles. The Federal Circuit remanded the case for a determination by the Board in the first instance whether the March 2001 letter satisfied the notice requirements of the VCAA. In December 2006 the Board issued another decision concluding that the March 2001 letter fulfilled VA's notice obligations under the VCAA. In *Mayfield III* (*Mayfield v. Nicholson*, 20 Vet. App. 537 (2006)) the Veterans Court affirmed the Board's decision noting that: (1) the March 2001 letter provided adequate notice under the VCAA; (2) the January 2002 SSOC was a "subsequent decision on her case;" and (3) harmless error was a basis for finding that the notice was adequate.

On appeal before the Federal Circuit for a second time the Federal Circuit affirmed the decision in *Mayfield III*. The Federal Circuit found, in pertinent part, in *Mayfield IV* that because the March 2001 letter served as adequate notice under the VCAA, and the January 2002 SSOC served to readjudicate the appellant's claim, there was no deficiency in notice and a harmless error analysis was not necessary.

- ***Sanders v. Nicholson*, 487 F.3d. 881 (Fed. Cir. 2007), and *Simmons v. Nicholson*, 487 F.3d. 892 (Fed. Cir. 2007)**

Both of these decisions addressed the issue of application of the prejudicial error rule in the context of the VCAA, including who has the burden of proving before the United States Court of Appeals for Veterans Claims that any error committed by VA in providing notice of

the information and evidence necessary to substantiate a claim for benefits under 38 U.S.C. § 5103(a) was prejudicial.

In *Sanders*, the United States Court of Appeals for the Federal Circuit held that any error by VA in providing the notice required by 38 U.S.C. § 5103(a) and 38 C.F.R. § 3.159(b)(1) is presumed prejudicial, and that once an error is identified by the Veterans Court as to any of the four notice elements the burden shifts to VA to demonstrate that the error was not prejudicial to the appellant. The Federal Circuit stated that requiring an appellant to demonstrate prejudice as a result of any notice error is inconsistent with the purposes of both the VCAA and VA's uniquely pro-claimant benefits system.

Instead, the Federal Circuit held in *Sanders* that all VCAA notice errors are presumed prejudicial and require reversal unless VA can show that the error did not affect the_essential fairness of the adjudication. To do this, the VA must show that the purpose of the notice was not frustrated, such as by demonstrating that any defect was cured by actual knowledge on the part of the claimant, or that a reasonable person could be expected to understand from the notice what was needed, or that benefits could not have been awarded as a matter of law.

In *Simmons*, the Federal Circuit, in applying the holdings in the concurrently issued decision in *Sanders*, affirmed the Veterans Claims Court's holding that an error by VA in providing notice of the information and evidence necessary to substantiate a claim under 38 U.S.C. § 5103(a) is presumptively prejudicial, and that in such a case the burden shifts to VA to demonstrate that the error was not prejudicial to the appellant.

- ***Hupp v. Nicholson****, 20 Vet. App. 1 (2006):*

In this significant case, the Court addressed VA's section 5103(a) notice obligations in the context of a claim for DIC benefits. In the context of DIC claims, the Court held that section 5103(a) notice must include: (1) a statement of the conditions, if any, for which a veteran was service-connected at the time of his or her death; (2) an explanation of the evidence and information required to substantiate a DIC claim based on a previously service-connected condition; and (3) an explanation of the evidence and information required to substantiate a DIC claim based on a condition not yet service-connected. In addition, the content of the section 5103(a) notice letter will depend upon the information provided in the claimant's application. While VA is not required to assess the weight, sufficiency, credibility, or probative value of any assertion made in the claimant's application for benefits, the Court noted that VCAA

notice letters for DIC claims should be "tailored," and must respond to the particulars of the application submitted.

The Board continued efforts to help VA regional offices reduce their backlog of cases on appeal through the Travel Board program. For most Travel Boards, an attorney travels with a VLJ to assist in preparing for scheduled hearings. An average of more than 40 hearings are scheduled each week. By mid-week, the cases have been briefed, and the attorneys assist the regional office for the remainder of the visit. In Fiscal Year 2007, 137 attorneys provided assistance to 55 regional offices. The attorneys conducted training for adjudication personnel at 49 of the regional offices visited. Additionally, the attorneys, on request, provided non-binding legal advice to adjudicators in 587 cases that were informally reviewed.

At VHA's request, BVA participated in conference calls with VHA staff members across the country who handle appeals to the Board. In addition, BVA provided training on medical center appeals at several locations.

Program Goals, Objectives, and Performance Measures

To fulfill its mission, the Board must achieve three basic goals: (1) deliver quality services; (2) deliver timely services; and (3) deliver those services in the most efficient manner utilizing available resources to their maximum. It is incumbent on the Board to achieve continuous improvement in the quality and timeliness of its decisions through effective and efficient decision-making processes and methods. Continuous improvement will be achieved only by continuous refinement of our processes to ensure optimal performance.

Since the inception of judicial review in 1988, the Board has been the Department's link between VA's administrative benefit claims adjudication system and the U. S. Court of Appeals for Veterans Claims. The Board is the filter through which the Court's jurisprudence reaches VA and is assimilated into the VA system. BVA has worked hard to comply with requirements imposed by precedential Court decisions. The Board realizes it must effectively respond to Court mandates and incorporate the Court's guidance in Board decisions. This can be accomplished through a concerted effort to qualitatively improve BVA's own decisions. However, we envision the practical results of such qualitative improvements to have a much broader influence throughout the Department's adjudication system. The Board will more effectively disseminate information conveyed in Court decisions throughout VA by way of high-level cooperative and close relationships with leaders in VBA, VHA, and the General Counsel's Office. This cross-organizational approach conforms to recommendations made by the Court, as well as by the numerous commissions and extradepartmental reviewing bodies that have examined VA's adjudication system over the years.

Department Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Department Strategic Objective 1.2: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

Program Objective 1.2.1: Achieve incremental improvements in the quality of decisions made by the Board.

Performance Goal: In 2009, maintain the long-term, deficiency-free decision rate at 92 percent.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Deficiency-free decision rate	93.0%	89.0%	93.0%	94.0%	92.0%	92.0%	92.0%

Means and Strategies: BVA has a formal quality review program to review the quality of decisional products and to identify areas in which professional training is needed. In this quality review process, an on-going, statistically valid sample of BVA decisions is reviewed and components deemed essential to a quality appellate decision are assessed on a pass/fail basis according to established standards. The five areas examined and scored are: (a) identification of issues; (b) findings of fact; (c) conclusions of law; (d) reasons and bases/rationale for preliminary orders such as remands; and (e) due process. A quantified baseline for decision quality was established for the first time at the outset of 1999. This provided the Board a foundation for establishing quantified decision quality goals and pursuing continuous improvement in the quality of decisions through repeated measurements. In accordance with a GAO recommendation, we consider only substantive deficiencies in our quality assessment. However, while the primary focus is on identifying, quantifying, and correcting substantive errors, we still address minor deficiencies and seek to improve all aspects of our decisions. Areas of deficiency highlighted through this process are used to determine BVA training needs.

Data Source(s) and Verification: The Board's primary source of workload data for all performance measures is its main business and operating system, Veterans Appeals Control & Locator System (VACOLS). Where feasible, edits have been built into the system to prevent data entry errors. There are checks

and balances throughout the system to detect errors, and procedures are in place for correcting these errors. Data from this system are reliable, accurate, and the best available for use in monitoring the Board's performance. We rely on VA's central payroll/financial systems for all financial and personnel data. These sources and verification methods apply to all BVA measures.

Goal Validation: BVA chose its performance measures from processes that closely reflect our mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner."

Crosscutting Activities: Not applicable to BVA.

External Factors: Refer to BVA's "Assumptions, Opportunities, and Constraints" on pages 7C-3 through 7C-8.

Program Objective 1.2.2: Reduce the time a case spends at the Board to facilitate reduction of the appeals resolution time.

Performance Goal 2: In 2009, appeals resolution time will not exceed 700 days.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Appeals resolution time (Number of Days) (Joint BVA and VBA measure) (1)	529	622	657	660	700	700	675

(1)Joint VBA and BVA measure that includes the time from receipt of a Notice of Disagreement (NOD) in VBA to the rendering of a *final* decision (not a remand) by either VBA or BVA.

Means and Strategies: Appeals resolution time is 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, including resolution at a regional office or by a final decision by the Board. This measure is widely used in BVA's and VBA's Department strategic plans, budgets, and performance plans. It has been constructed from the veteran's viewpoint, making no distinction between VBA and BVA but, rather, looking at the adjudication process as the action of "VA."

Remand rate reduction is a central component of our strategy to reduce appeals resolution time. Remands represent a rework within the appellate cycle. Remands delay not only the individually affected cases, but, because by law we must process the oldest cases first, processing of newer appeals is delayed when remanded appeals are returned to the Board for re-adjudication. The decline in

expected performance in recent years is the result of increased workload and complexity of the cases. To mitigate the decline, BVA is aggressively pursuing a remand rate reduction strategy to train and share information between BVA and regional offices during Travel Board trips and to respond to numerous e-mail and telephone inquiries from regional office staff. BVA is also developing improved bases of information that can be used to better analyze trends concerning what types of cases have been remanded and why. This focuses efforts on avoiding future remands. The Board's annual remand rate decreased from 56.8 percent in 2004 to 35.4 percent in 2007.

Appeals Resolved thru September 2007	**Number of Cases**	**Percentage of Total Appeals Resolved**
Prior to Receipt of Appeal Form 9	21,682	21.7%
Failure to Respond to Statement of the Case	39,230	39.2%
After Form 9 Received	11,788	11.8%
BVA Decision	24,451	24.5%
After BVA Remand	2,790	2.8%
Total	**99,941**	**100.0%**

Program Objective 1.2.3: Contain BVA cycle time to within reasonable limits.

Performance Goal 3: In 2009, BVA cycle time will not exceed 150 days.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) BVA Cycle Time (Days) (2)	98	104	148	136	150	150	104

(2) BVA time from receipt of an appeal until dispatch of a Board decision excluding time the case was with the appellant's service organization representative.

Means and Strategies: BVA cycle time measures the time a case spends at the Board, other than the time the case file is in the possession of a veterans service organization. The Board strives to enter final, legally accurate decisions in the shortest time possible.

Program Objective 1.2.4. Maintain productivity, as measured by appeals decided per Veterans Law Judge, at the level necessary to meet timeliness objectives.

Performance Goal 4: In 2009, decide 752 appeals per Veterans Law Judge.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Appeals decided per Veterans Law Judge (BVA)	691	621	698	721	752	752	800

Means and Strategies: The number of appeals decided per Veterans Law Judge is a matter of record in VACOLS and is dependent on the number of decisions produced. These numbers have increased significantly due to an aggressive training program within BVA to write concise, coherent, and correct decisions and a successful mentoring program that pairs up high-producing attorneys with new hires. The Board's strategy is to maintain a critical balance between timeliness and quality. Producing a large number of decisions has little meaning without the context of quality. Appellants do not care about the number of decisions made by BVA in the aggregate over the course of a year – they are only interested in receiving timely decisions on *their* appeals.

Program Objective 1.2.5. Maintain reasonable and relatively constant annual cost per case.

Performance Goal 5: In 2009, BVA's annual cost per case will not exceed $1,619.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Cost per case (BVA time only)	$1,302	$1,453	$1,381	$1,337	$1,648	$1,619	$1,619

Means and Strategies: Cost per case is the corollary to BVA's productivity measure, appeals decided per Veterans Law Judge. As productivity rises or falls, cost per case will typically follow in an inverse relationship. The main reason for this is that about 94 percent of the Board's dollar resources are devoted to personal services. Our strategy in this area is to continue to employ management tools to seek out and take advantage of opportunities for economics in our operations.

Summary of Budget Request

The Board of Veterans' Appeals requests an average employment level of 487 full time employee equivalents (FTE) and $64,744,000 to support its operations in 2009.

Summary of Employment and Obligations by Object (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Average employment:					
Executive, Management and Administrative Support	141	137	135	135	0
Decision Teams (Board Members and Counsel)	303	331	331	352	0
Total	**444**	**468**	**466**	**487**	**+21**
Obligations:					
Personal services	$50,935	$54,762	$60,486	$61,661	+1,175
Travel	641	607	607	720	+113
Transportation of things	51	40	40	35	-5
Rents, comm., and utilities	341	488	488	380	-108
Printing and reproduction	130	117	117	245	+128
Other services	1,428	1,892	1,892	1,481	-411
Supplies and materials	172	391	391	181	-210
Equipment	299	248	248	41	-207
Total obligations	**$53,997**	**$58,545**	**$64,269**	**$64,744**	**+475**
SOY unobligated balance (-)	**(1,400)**	**0**	**(2,000)**	**0**	**+2,000**
EOY unobligated balance (+)	**2,712**	**0**	**0**	**0**	**0**
Budget Authority	**$55,309**	**$58,545**	**$62,269**	**$64,744**	**+2,475**

The increase for 2009 provides for inflation, pay raises, and regular benefits increases.

BVA implemented an aggressive program to maximize productivity and has had significant success: (a) VA's remand rate decreased from 56.8% in 2004 to 35.4% in 2007. This was accomplished by working with VBA to improve case development. (b) The Board's quality review program increased our accuracy rate from 89.0% in 2005 to 94.0% in 2007. (c) The Board provides on-going training to write more concise, coherent, and correct decisions. (d) Within budgetary constraints, attorneys work overtime. (e) The Board encourages high-producing, high-quality attorneys to mentor and train new hires. (f) BVA is expanding its flexi-place program up to 88 high-achieving attorneys. These attorneys have voluntarily committed to exceed normal productivity expectations by at least fourteen decisions per attorney per year.

Changes from Original 2008 Budget Estimates (dollars in thousands)			
	2008		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Average employment	468	466	- 2
Funding:			
Personal services	$54,762	$60,486	+ 5,724
Travel	607	607	+0
Transportation of things	40	40	+0
Rents, communications, and utilities	488	488	+0
Printing and reproduction	117	117	+0
Other services	1,892	1,892	+0
Supplies and materials	391	391	+0
Equipment	248	248	+0
Total obligations	**$58,545**	**$64,269**	**+5,724**
SOY unobligated balance (-)	**0**	**(2,000)**	**-2,000**
EOY unobligated balance (+)	**0**	**0**	**+0**
Budget Authority	**$58,545**	**$62,269**	**+3,724**

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$91,282**
Annualization of 2007 2.2 percent pay raise (.55 percent)	502
Impact of 2008 3.5 percent pay raise (2.625 percent)	2,409
Two Day Adjustment (.769 percent)	725
Adjustment – Changes in Staff Composition	1,096
2008 Average Salary (262 days)	**$96,014**
Regular Benefits Percentage	25.0%
2008 Average Salary with Benefits	**$119,991**

2009 Average Salary Methodology	
2008 Average Salary (262 days)	**$96,014**
Annualization of 2008 3.5 percent pay raise (.75 percent)	720
Impact of 2009 2.9 percent pay raise (2.175 percent)	2,104
One Day Adjustment (.382 percent)	-377
Adjustment – Changes in Staff Composition	1,494
2009 Average Salary (261 days)	**$99,955**
Regular Benefits Percentage	25.0%
2009 Average Salary with Benefits	**$124,916**

The Board will hire a large group of new attorneys in 2008 at the lower levels of a GS-09 to GS-14 career ladder. As they work their way to the journeyman GS-14 level, the average salary will steadily increase.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Personal services	$50,935	$54,762	$60,486	$61,661	+1,175

Personal services include base pay, cash awards, SES bonuses, overtime, terminal leave, and the government's cost for regular benefits such as retirement, health benefits, life insurance, Medicare, travel subsidy, and child care subsidy. The requested increase will fund the anticipated 2009 pay raise.

Executive, Management, and Administrative Support consists of all personnel in the Office of the Chairman, the Appellate Group, and the Management and Administration Division. General responsibilities include executive direction, development and implementation of Board policy, planning, direction of operations, and coordination of resources of the Board of Veterans' Appeals to ensure accomplishment of its mission. Included in this group are personnel responsible for quality review program operations, attorney fee program matters, and the Board's Research Center operations. Also included are personnel to maintain the docket; schedule hearings; and provide correspondence, mail and record management activities, information systems support, secretarial services, transcription, records designation responsibilities relative to appeals filed with the Court, and other administrative support.

Decision Teams are comprised of Veterans Law Judges and Counsel. Veterans Law Judges consider all appeals properly before them, conduct hearings, evaluate evidence of record, and enter written decisions on issues presented on appeal. Board counsel conduct research and prepare decisions for review and approval. On cases requiring development, Board counsel are also responsible for preparing a remand decision setting out evidence to be obtained prior to entry of a decision.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Travel	641	607	607	720	+113

These funds are used primarily for visits of traveling Veterans Law Judges to field stations to conduct formal hearings. During the past few years, the Board

has been conducting record numbers of Travel Board hearings in response to growing demand, while at the same time conducting record numbers of videoconference hearings. Other travel expenses include trips of the Chairman and other Board staff to participate in initiatives with VA appellate program implications, and to attend conferences and other meetings involving veterans' affairs. These funds are also used for travel in conjunction with executive development and other training. The requested funds will also provide for Board attorneys to accompany Veterans Law Judges on Travel Board trips to VA regional offices to assist in conducting the hearings and to provide training and other assistance to regional office adjudication personnel. Current practice is to send one attorney on Travel Boards except for trips to St. Petersburg and Waco, where two attorneys are sent. St. Petersburg and Waco are the regional offices with the highest number of pending Travel Board requests. The attorneys are of particular assistance to these regional offices by providing training to their personnel and ensuring that pending hearing cases are properly prepared for BVA consideration.

Detail of Budget Estimates
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Transportation of things	51	40	40	35	-5

These funds will cover shipping costs of recordings to the Board's transcription unit in Wilkes-Barre, Pennsylvania and vendors who provide transcription services, as well as pay for shipping claims folders and miscellaneous appeals documentation to VA regional offices, medical schools, VA medical centers, and other sources utilized to obtain outside medical opinions and other shipments relative to pending appeals.

Detail of Budget Estimates
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Rents, comm., and utilities	341	488	488	380	-108

These funds will be used to cover rental costs for copiers and miscellaneous office equipment.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Printing and reproduction	130	117	117	245	+128

These funds will be used to cover the cost of copier paper and printing the Annual Report, the Veteran's Law Review, forms, pamphlets, manuals, and other information necessary to accomplish the Board's mission.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Other services	1,428	1,892	1,892	1,481	-411

The Board contracts for transcription services, electronic research tools, payroll and financial services, and training for professional and leadership development.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Supplies and materials	172	391	391	181	-210

This budget object classification includes funds for general office supplies, operating supplies, office automation supplies, books, professional periodicals, and other reference materials for case-related research.

Detail of Budget Estimates (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Request	Increase (+) Decrease (-)
Equipment	299	248	248	41	-207

Requested funds will be used toward the acquisition and/or replacement of dictating equipment, transcription devices, and other office equipment in

accordance with equipment acquisition and replacement schedules. Additional equipment will be required to set up workstations for new FTE.

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.

Stakeholders

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.

Performance Summary Table

Measure Description (Departmental Management measure is in **bold**)	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of tort claims decided accurately at the administrative stage.	89.0%	88.4%	92.2%	92.6%	91.5%	91.5%	91.5%
2) Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	$20.9M	$28.2M	$27.0M	$29.6M	$26.8M	$28.0M	$28.0M

Functions/Activity

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.

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 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, the 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, the 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, the 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, the 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, *supra*);
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).

Specialized Legal Services: Within this product line, the OGC provides legal services involving the following:

1. Disclosure of information (e.g., *Touhy*[1], FOIA, Privacy Act, etc.);
2. Organization/reorganization of VA and its component parts;
3. Authorized use of appropriated funds and other fiscal matters;
4. Federal Records Act;
5. Paperwork Reduction Act; and
6. 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).

Assumptions, Opportunities and Constraints

The following assumptions were used in developing the 2009 plan:

1. The demand for legal services will continue to increase, as demonstrated by workload increases from 2004 to 2007 (Other Specialized Legal Services – 80%; Health Law – 76%; and Employment Law – 54%);

[1] Fn *United States ex rel. Touhy v. Ragen, 340 U.S. 462 (1951); 38 CFR 14.800 through 14.810,* "Testimony of Department Personnel and Production of Department Records in Legal Proceedings."

2. The caseload at the U.S. Court of Appeals for Veterans Claims (CAVC) increased 76% from 2004 to 2007. It is assumed that appeals to that court will continue to increase at the same rate, and that there will be a proportionate increase in appeals from that court to the U.S. Court of Appeals for the Federal Circuit;
3. There will be no major economic disruptions that would result in consequences significantly affecting the workload of the OGC.

Program Goals, Objectives, and Performance Measures

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-4: Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Program Objective E.4.1: Effectively evaluate tort claims to defend health care providers and the Department against claims that lack merit or are otherwise legally insufficient, and to fairly compensate veterans who have been injured by substandard medical treatment. Administrative settlement of meritorious claims and vigorous defense of dubious claims will reduce the cost of handling tort claims against the Government.

Performance Goal: In 2009, OGC will maintain the percentage of claims decided accurately at the administrative stage at the 2008 level of 91.5 percent. We aim to effectively evaluate all claims and attempt to settle or otherwise dispose of claims administratively, thereby fairly compensating injured veterans and their dependents, protecting health care providers from claims that lack merit, and reducing the cost of malpractice claims to the Government. OGC's proficiency in evaluating these cases can be measured by comparing the results of litigated cases to those closed administratively. This can be expressed as a proficiency factor, calculated via the following formula:

$$\frac{\text{\# of claims closed administratively - \# of claims paid in litigation}}{\text{\# of claims closed administratively}}$$

A higher resulting percentage generally indicates that cases were properly evaluated and, when appropriate, settled before a lawsuit was filed, although too high a factor may be indicative of excessive or inappropriate settlements. To avoid settling cases for an inappropriate amount, some must be litigated. Such litigation deters both frivolous claims and excessively high demands for damages and provides an indication of whether the claim was properly evaluated at the administrative stage, even though some are inevitably paid in litigation, and these payments reduce the proficiency factor. To account for this scenario, the strategic goal for the factor has been set at no more than 91.5 percent.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of tort claims decided accurately at the administrative stage.	89.0%	88.4%	92.2%	92.6%	91.5%	91.5%	91.5%

Means and Strategies: OGC's ability to effectively evaluate medical malpractice claims significantly impacts veterans and their dependents who have been injured by substandard medical care. Settling meritorious claims during the administrative phase of the tort claim process enables VA to deliver fair compensation for injuries sustained by veterans and their dependents more quickly and with less expense and stress for the injured party than during protracted litigation. At the same time, OGC's proper evaluation of claims protects providers from claims that lack merit. Claims paid may result in adverse publicity and may expose providers to National Practitioner Data Bank reporting, which could adversely affect their careers and reputations. Extended litigation can result in stressful working conditions and can strain resources better utilized to provide medical care to our Nation's veterans.

The average dollar amount of litigation payments is triple the average amount paid administratively. The settlement of a case at the administrative level – before the claimant files suit in court – reduces the cost of settlement by over 60 percent, not including the costs of deposition, discovery, and other litigation costs.

OGC has conducted training for attorneys who adjudicate and litigate medical malpractice claims filed against VA. The instructors have emphasized the importance of effectively and accurately evaluating these claims, and have provided suggestions and legal tools to accomplish this objective. Regional Counsel and the attorneys in the Torts, Hospital Collections, Real Estate Finance, and Education/Vocational Rehabilitation Group monitor the effectiveness of the training through routine analysis of the settlements negotiated.

Data Sources: The Office of General Counsel maintains a computerized Tort Claims Information System (TCIS) into which data on tort claims and litigation are entered throughout the pendency of a case.

Data Verification: Using monthly reports of closed cases involving payment, the Office of General Counsel will review the data for accuracy on a monthly basis and again at the close of the fiscal year.

Goal Validation: This goal promotes VA's increased emphasis towards settling meritorious tort claims administratively in order to compensate deserving veterans and their families for medical error as rapidly as possible. Administrative settlement may often serve to avoid undue stress for the veteran, while at the same time avoiding unnecessary expense to the government.

Program Objective E.4.2: Evaluate and pursue legally sufficient collection cases arising out of VA medical treatment to ensure timely collection from responsible third parties (e.g., insurance companies, workers compensation carriers, and third-party tortfeasors).

Performance Goal: In 2009, increase the revenue collected in Medical Care Collection Fund claims through the efforts of the Regional Counsel to $28.0 million. We aim to effectively evaluate all referred medical treatment claims for which a third party may be responsible for reimbursing the Department for medical care provided to the veterans. OGC's proficiency in evaluating these cases can be measured by reviewing the results in cases identified as having a legally sufficient basis for the Department to pursue. Additionally, the amount collected by RCs will be reflective of the Department's medical centers' proficiency in identifying and referring cases that have initially been identified as having legal merit.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	$20.9M	$28.2M	$27.0M	$29.6M	$26.8M	$28.0M	$28.0M

Means and Strategies: OGC's ability to effectively evaluate claims for assertion against third parties can have a significant impact on the Department's ability to deliver health care to the nation's veterans. The Department's 22 Regional Counsel (RC) Offices receive, review, and pursue legally sufficient medical care claims against third parties on behalf of the Department and in accordance with guidance established by the General Counsel. The RC offices will continue to increase the amount of training and assistance to the Department's medical centers nationwide to assist in the initial identification and evaluation of third parties who may be legally responsible for the costs of treatment. In addition, the RC Offices provide necessary training to personnel in the Department's medical centers to identify possible legal issues that arise from potential claims against health-plan contracts that may be responsible for reimbursing the Department for routine health care provided to veterans. This training allows for the identification of more responsible parties and enhances the ability of the RC Offices to pursue the recovery of the costs of medical care for which a third party may be responsible.

The dollar amount recovered by OGC in medical collection cases increased significantly in 2005 when we negotiated a substantial settlement of health insurance claims. We expect that the level of collections will increase slightly in 2009, but we do not expect a similar large settlement in 2008 or 2009.

Data Sources: The Office of General Counsel maintains a computerized collection database into which data on cases and collections are compiled on a monthly basis for each fiscal year.

Data Verification: Using monthly reports of closed cases in which the Department has recovered payment from the responsible third party, the Office

of General Counsel will review the data for accuracy on a monthly basis and again at the close of the fiscal year.

Goal Validation: The actual collections generated by the efforts of OGC's headquarters and field personnel provide the best measurements of success as they demonstrate the priority and level of effort our managers and their employees have invested in collection work. In addition, the dollar values of our collections are clear, objective measurements visible to OGC and to our Veterans Health Administration clients.

Resource Requirements

OGC is requesting the following resources in 2009

Funding:	
Appropriated	$69,739,000
Reimbursable:	
Medical Care Collection Fund	4,793,000
Credit Reform	5,160,000
Supply	4,158,000
All Other	589,000
Total Resource Requirements	**$84,439,000**

Product Line:	
Benefits Law	$13,813,807
Business Law	26,748,168
Employment Law	17,020,927
Health Law	17,563,860
Other Specialized Legal Services	9,292,238
Total Resource Requirements	**$84,439,000**

Changes from 2008 President's Budget Request **(dollars in thousands)**			
	2008		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Average employment:	645	657	+12
Obligations:			
Personal services	$70,959	$77,009	$+6,050
Travel	962	1,256	+294
Transportation of things	329	0	-329
Rents, communications and utilities	397	636	+239
Printing and reproduction	1,686	1,686	0
Other services	529	553	+24
Supplies and materials	984	1,142	+158
Equipment	387	361	-26
Insurance claims	18	17	-1
Interest & Dividends	0	13	+13
Total Obligations	$76,251	$82,673	+$6,422

OGC estimates an increase of FTE from our Budget Estimate as a result of additional Contract Attorneys reimbursed by the Supply Fund. By utilizing relocation bonuses instead of fully funded moves, OGC has reduced the anticipated costs under "Transportation of things." Also, "Rents, communications and utilities" are increased to cover the copier rentals in our Veterans Court Litigation Group (PSG VII). "Interest and dividends" addresses costs associated with lease payments to the Supply Fund for our nationwide copier purchase in 2006.

Summary of Budget Request

The Office of General Counsel (OGC) requests $69,739,000 in budget authority and an average employment level of 671 for 2009. This is an increase of $1,334,000 above the 2008 current estimate. The increase includes funds for the 2009 2.9% pay raise, and increased non-payroll requirements.

OGC continues to address growing workloads in virtually all areas. Our workload statistics demonstrate a significant and prolonged upward trend in our existing areas of practice, and we encounter new areas of practice each year. OGC will review its existing range of legal services and prioritize and reallocate resources as necessary in order to maximize FTE within the budgeted levels. The impact will be felt in certain offices, particularly those offices in which the workload is not readily transferable to another office.

Summary of Employment and Obligations (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Average employment:					
Field	407	400	412	425	+13
Central Office 1/	262	245	245	246	+1
Total	**669**	**645**	**657**	**671**	**+14**
Obligations:					
Personal services	$72,526	$70,959	$77,009	$77,997	$988
Travel	977	962	1,256	1,262	6
Transportation of things	2	329	0	0	0
Rents, communications and utilities	537	397	636	923	287
Printing and reproduction	156	1,686	1,686	1,686	0
Other services	504	529	553	633	80
Supplies and materials	951	984	1,142	1,401	259
Equipment	481	387	361	513	152
Insurance claims	112	18	17	17	0
Interest & Dividends	17	0	13	7	-6
Total obligations	**$76,263**	**$76,251**	**$82,673**	**$84,439**	**+$1,766**
Reimbursements					
Medical Care Collection Fund	$-4,566	$-4,653	$-4,653	$-4,793	-$140
Credit Reform	-4,905	-5,009	-5,009	-5,160	-151
Other Reimbursements	-1,301	-1,404	-4,190	-4,747	-557
Carryover	-465	0	-416	0	416
Current Year Carryover	416				0
Total budget authority	**$65,442**	**$65,185**	**$68,405**	**$69,739**	**+$1,334**

1/ Currently 19 FTE assigned to VACO are physically located in the field.

Summary of Workload Indicators			
Cases and Unit			
	2007 Actual	2008 Current Estimate	2009 Estimate
Benefits Law	31,650	33,332	33,661
Business Law	64,243	65,444	65,179
Employment Law	31,218	37,903	41,476
Health Law	31,605	38,265	42,799
Other Specialized Legal Services	16,599	20,182	22,643
Dollars collected (in thousands) 1/	$32,583	$33,781	$35,169

1/ These include collections for MCCF, Debt Collection, Bankruptcy, escheat/general post fund, probate, VA property damage, and other recoveries.

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$84,141**
Annualization of the 2.2 percent 2007 pay raise (0.55 percent)	463
Impact of the 3.5 percent 2008 pay raise (2.63 percent)	2,224
Two day adjustment (+0.77 percent)	669
Changes in composition of staff	(513)
2008 Average salary (262 days)	**$86,984**
Regular benefits percent	25%
2008 Average salary with benefits	**$108,730**

2009 Average Salary Methodology	
2008 Average salary (262 days)	**$86,984**
Annualization of the 3.5 percent 2008 pay raise (0.88 percent)	765
Impact of the 2.9 percent pay raise in 2009 (2.18 percent)	1,914
One day Adjustment (-0.382 percent)	(343)
Changes in composition of staff	3,467
2009 Average salary (261 days)	**$92,787**
Regular benefits percent	25%
2009 Average salary with benefits	**$115,984**

Detail of Budget Estimates *(dollars in thousands)*			
	2007 Actual	2008 Current Estimate	2009 Request
Personal services	$72,526	$77,009	$77,997

Payroll requirements include base pay as well as special pay, locality pay, normal pay increases, cash awards, overtime, SES bonuses, terminal leave, transit benefits, severance pay, benefits associated with translocation costs, and the Government's cost for regular benefits such as retirement, health insurance, life insurance, and Medicare.

Travel			
Employee travel	$925	$1,200	$1,200
GSA car rental	52	56	62
Total	**$977**	**$1,256**	**$1,262**

These funds provide for temporary duty travel necessary to provide legal services to VA medical centers, domiciliaries, outpatient clinics and nursing home care installations, VA regional offices, national cemeteries, readjustment counseling centers, and other facilities.

Transportation of things	$2	$0	$0

These funds provide for necessary expenses involved in the movement of household goods that arise from the official transfer of employees to new duty stations.

Rents, communications, and utilities	$537	$636	$923

These expenditures are for rent and the rental of non–ADP office equipment.

Detail of Budget Estimates (*dollars in thousands*)			
	2007 Actual	2008 Current Estimate	2009 Request
Printing and reproduction	$156	$1,686	$1,686

These funds are for the printing of Regional Counsel correspondence materials, General Counsel Circulars and Bulletins, and other internal publications. External publications, such as the Congressional Record, Comptroller General Decisions, Congressional and Executive Office publications, materials, reports, and various directories, are also included.

Other Services	$504	$553	$633

OGC plans to move, from PSG VII, the responsibility of disassembling claims files, copying the contents, and reassembling the files by contracting an outside vendor. Other funds are included for training, repair of equipment and furniture, court and legal fees, depositions, court reporters' fees, and notary public fees.

Supplies and materials	$951	$1,142	$1,401

Funds are included for the purchases of legal reference materials for the law libraries in Central Office and in Regional Counsel Offices. Also included are non-ADP office and operating supplies.

Equipment	$481	$361	$513

The funds will also be used to continue on an OGC-wide basis, the replacement of aging photocopying equipment and other obsolete and/or non-serviceable equipment such as typewriters, faxes, and tape recorders. Replacement furniture is also funded from this account.

Insurance claims	$112	$17	$17

OGC will continue to pay for Federal Torts Claims Act (FTCA) claims filed against various VACO components (e.g., Inspector General, National Cemetery Administration, and OGC). This is a non-discretionary expenditure.

Detail of Budget Estimates *(dollars in thousands)*			
	2007 Actual	2008 Current Estimate	2009 Request
Interest & Dividends	$17	$13	$7

The funds will be used for the interest portion of the leased copiers currently under contract through the Supply Fund.

Assistant Secretary for Management

Mission

The Office of Management has two distinct missions. Our first mission is to support the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), Board of Veterans' Appeals (BVA), and staff offices as VA provides benefits and services to our Nation's veterans. We do this by providing strategic and operational leadership for budget, financial management, acquisition, logistics, and corporate management of capital assets, including stewardship of VA's environmental, energy, and transportation programs. Our second mission is to promote public confidence through stewardship and oversight of VA business activities ensuring their consistency with national policies, laws, and regulations.

Stakeholders

External stakeholders include veterans and their families, private sector vendors, Department of the Treasury, Government Accountability Office (GAO), General Services Administration (GSA), Office of Personnel Management (OPM), Office of Management and Budget (OMB), Congress, Department of Defense (DoD), Federal Accounting Standards Advisory Board (FASAB), CFO Council, Federal Real Property Council (FRPC), Veterans Service Organizations (VSOs), and other government agencies.

Internal stakeholders include VHA, VBA, NCA, BVA, and staff offices.

Performance Summary Table

Performance Summary Table: Office of Management							
Measure Description (Departmental Measures are in **bold**)	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0
2) Number of material weaknesses identified during the annual independent financial statement audit or separately identified by management (VA's material weaknesses identified during the annual independent financial statement audit are also considered weaknesses under FMFIA). ***Corrected**	4	4	4*	4	4	3	0
3) Percent of space utilization as compared to overall space (owned and direct-leased) *Corrected	80% Baseline	98%	104%*	112%	95%	95%	95%
4) Percent Condition Index (owned buildings)	N/A	82% Baseline	79%	74%	85%	85%	87%

Performance Summary Table: Office of Management							
Measure Description (Departmental Measures are in **bold**)	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Ratio of non-mission dependent assets to total assets	N/A	22% Baseline	15%	12%	13%	12%	10%
6) Ratio of operating costs per gross square foot (GSF) (Target conform with Federal Real Property Council Tier 1 definitions)	$4.52 (Baseline)	$4.85	$5.59	$5.80	$4.52	$4.52	$4.52
7) Cumulative percentage decrease in facility traditional energy consumption per GSF from the 2003 baseline *Corrected	N/A	N/A	4%*	6%	9%	12%	30%
8) Percent of total facility electricity consumption that is renewable	N/A	N/A	3%	3%	3%	3%	7.5%
*Operating costs have been adjusted to reflect Federal Real Property Council Tier 1 definitions.							

Function/Activity

The Office of Management (OM) is a multifunctional organization responsible for directing the Department of Veterans Affairs' budgetary, financial, logistical, acquisition, and capital asset management functions. The Assistant Secretary for Management is the Chief Financial Officer (CFO), Chief Acquisition Officer (CAO), Chief Budget Officer (CBO), Senior Real Property Officer (SRPO), Senior Environmental Official, Senior Energy Official, and Senior Transportation Official for the Department of Veterans Affairs. The Office is comprised of six organizational elements: the Offices of Asset Enterprise Management, Budget, Finance, Business Oversight, Financial & Logistics Integrated Technology Enterprise (FLITE), and Acquisition and Logistics (Supply Fund).

OM has two fundamental roles. First, we have an operational role to provide budget, finance, capital asset management (including energy, environmental, and transportation program leadership), logistics, and acquisition support to the Department's Administrations and staff offices so they can accomplish their missions. Second, we have oversight responsibility on behalf of the Secretary to ensure VA complies with laws, policies, and directions from Executive Branch partners, such as OMB, Treasury, GSA, as well as GAO and Congress.

The Office of Management provides direct, operational support to the Department's Administrations and staff offices in the areas of:

(1) *Financial operations and systems services* - directs and manages the Department's financial operations and systems and many of the legacy stovepipe systems which interface with them. In addition, the Office of Finance is responsible for the following activities:

- directs and manages the Department's financial operations through the Financial Services Center (FSC) and VA Central Office Financial Operations staff;
- directs and manages the Department's debt management activities through the Debt Management Center (DMC);
- oversees the maintenance and modification of VA's corporate financial accounting systems, the Financial Management System (FMS), and the Personnel Accounting Integrated Data (PAID)/payroll system and related self-service applications;
- provides stewardship and maintenance support for peripheral financial systems that interface to FMS;

- develops and implements long-range financial systems initiatives in concert with applicable VA offices such as OIT;
- ensures all corporate financial management systems, including FMS and PAID/payroll system and related self-service applications, are in compliance with financial systems policy and automated financial data exchange requirements;
- ensures systems passing financial information to FMS comply with Government-wide accounting principles and standards;
- oversees financial aspects of enhanced-use leasing and trust accounts applicable to VA;
- provides financial management guidance and oversight of the VA's Enterprise Centers which operate through VA's Franchise Fund (FF) as well as providing administrative support to the FF Board of Directors;
- processes nationwide payroll, employee travel and relocation, and vendor payments;
- expands electronic commerce and electronic data interchange capabilities;
- provides financial management training to users of the Department's financial management systems;
- provides Help Desk financial support for other VA offices and commercial vendors;
- maintains the VA FMS vendor file consisting of approximately 500,000 active vendor records; and
- Department level oversight of the development of the Financial & Logistics Integrated Technology Enterprise (FLITE) project.

(2) *Financial policy* - provides VA-wide policy, guidance, and advice. The Office of Finance is responsible for developing, coordinating, issuing, evaluating, and reviewing VA's financial policies, systems, and procedures for compliance with all laws and regulations. It serves the Department's CFO as the liaison with OMB, GAO, Treasury, GSA, FASAB, and the government-wide CFO Council for all financial policy. It also prepares comprehensive financial reports and assists VA's Budget Office in preparing the Annual Performance and Accountability Report. This office also provides Department-wide customer support through:

- financial integrity and cost accounting guidance;
- financial statement development;
- appropriations law guidance;
- preparation of VA's financial reports;
- analysis of expenditures and collection of funds;
- payroll, cash, travel, and debt management oversight; and
- asset property and inventory management oversight.

(3) *Acquisition operations* - procures goods and services for VA. The Office of Acquisition and Logistics provides innovative solutions for 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 other government agencies.

(4) *Logistics operations* - provides a full range of logistics services to VA and other government agency customers. The Office of Acquisition and Logistics 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.

(5) *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. The Office of Acquisition and Logistics manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff around the country, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers. To ensure the integrity of VA's acquisition program, this office conducts acquisition reviews of major contract actions and provides leadership for VA's procurement working group, an intradepartmental body that seeks to reduce vulnerability to procurement fraud. Program management responsibility for VA's metric system and value engineering rests within this organization.

(6) *Capital asset planning and management* – provides VA-wide capital asset policy, investment, and management strategies. The Office of Asset Enterprise Management (OAEM) is the principal policy office and business advisor to the Assistant Secretary for Management and the Secretary regarding investment selection and execution, portfolio management, and disposal of all VA capital assets. OAEM also provides guidance, standards, and technical expertise with respect to the implementation of such activities. OAEM provides oversight in the capital asset arena to ensure a consistent and cohesive Department approach to capital asset management, including development of the VA 5-Year Capital Plan, Asset Management Plan, and leveraging assets in support of VA's portfolio goals. This approach helps VA align asset decisions closely with its strategic goals, elevate awareness of its assets, and employ performance management techniques to monitor asset performance on a regular basis through the entire lifecycle of an asset. At the core of VA's capital asset business strategy is value management – striving to return value to VA's business and managing existing value for greater return. VA monitors its entire capital asset portfolio, examining all assets at all lifecycle stages, in concert with VA's portfolio goals and VA's strategic goals. VA's innovative portfolio analysis and decision support tool, Capital Asset

Management System (CAMS), enables VA to more efficiently and effectively manage its vast array of capital assets. Only through this corporate portfolio perspective can VA begin to achieve its overall capital asset business strategy of value management.

In line with the supplement to OMB Circular Number A-11, *Capital Programming Guide,* VA's Strategic Management Council (SMC) performs a high-level strategic review of major capital proposals to ensure investment decisions are based on sound business principles and support Departmental strategic goals. VA's 5-year Capital Plan enhances stewardship of capital assets toward the goal of maximum efficiency and benefit to both veterans and taxpayers.

VA's asset management activities also include innovative strategies such as enhanced-use leasing and energy, environment and transportation fleet management initiatives. VA's enhanced-use leasing authority puts low-performing assets to better use by allowing VA to obtain needed facilities, space, services, and/or money in return for granting long-term leases of underutilized VA property. VA has been able to leverage its underutilized assets to acquire needed assets such as office buildings, long-term care/skilled nursing home services, transitional housing, energy facilities, garages, hospice care, research and medical facilities, and adult and child care centers. VA is actively engaged in approximately 49 current enhanced-use lease projects and has executed 53 leases to date.

VA has expanded its energy management office to encompass energy, environment and transportation (EE&T) management policy and program responsibilities, in order to better position VA to fulfill Executive Order 13423 (Strengthening Federal Environmental, Energy and Transportation Management) and manage assets throughout their lifecycle according to the specified environmental, sustainability and other principles. Executive Order 13423 signed January 2007 set new, more stringent mandates for federal agency performance in energy and water efficiency, renewable energy, toxics reduction, recycling, sustainable buildings, electronics stewardship, and alternative fuel use in vehicles. The President's Council on Environmental Quality issued detailed implementing instructions in April 2007 to which agencies are also required to adhere. Key VA initiatives include:

- Sustainable Buildings. VA has developed a new sustainable design standard applicable to all new construction and major renovation projects. This is anticipated to result in more energy- and water- efficient new facilities that feature a number of sustainable characteristics.
- Utilities Metering. Advanced metering systems will be installed for all VA facilities to monitor building-level electricity consumption and key sources of

thermal energy and water consumption.

- Renewable Energy/Alternative Fuels. Initial screening for renewable energy opportunities has been performed for all VA facilities, and pilot projects are underway for several technologies. Alternative fuel vehicles are being identified with garaged addresses so that all potential options for accessing alternative fuels can be identified.
- Electronics Stewardship. Starting with personal computer leases, VA is working to ensure that solicitation and contract language for electronic assets reflects the appropriate acquisition, use and disposal practices put forward in the Executive Order.

These initiatives are promoting energy and water efficiency in building design and operations, environmentally responsible stewardship of assets throughout their lifecycle, and efficient utilization of fleet assets.

The Department has demonstrated excellent progress in implementing both the principles and practices of performance-based management. In creating its capital investment process in 1997, VA was the first civilian agency to develop an agency-wide capital planning process that allows for investment trade-offs both among and between categories of assets (e.g., medical and non-medical equipment, infrastructure, and leases). VA's capital investment process is evaluated annually for opportunities for improvement and refinement. In 2004 VA completed implementation of its Capital Asset Management System (CAMS) and created a Web-based OMB exhibit 300 permitting on-line business case applications for significant capital assets. CAMS is a tool that VA uses to track and monitor key investment project cost and schedule, as well as to manage ongoing capital assets, monitoring performance against VA portfolio goals and measures. In addition, CAMS has been augmented to address Federal Real Property inventory reporting requirements, Tier 1 performance metrics and Federal Asset Sales approved by the Federal Real Property Council and Energy reporting in response to the Energy Policy Act of 2005 (EPAct 2005) and Executive Order 13423. The capital asset management methodology employed by VA ensures all assets are managed across their lifecycle from formulation to execution to steady state and finally to disposal.

(7) *Budget formulation* – is a multi-phase process of budget development, justification, and decision making that culminates with the enactment of an appropriation bill. The ultimate objective of budget formulation is to ensure the timely, accurate, and informed submission of VA's budget request to OMB and the President's budget request to Congress. To achieve these objectives, VA's Budget Office must meet a series of deadlines during the year while navigating a complex institutional and political environment. This office is uniquely positioned as the focal point in all phases of the formulation process – serving

multiple roles as coordinator, examiner, mediator, advisor, broker, and advocate.

During the formulation process VA's Budget Office acts as an impartial agent in translating policy decisions into resource decisions. In a time of fiscal constraints the office analyzes and negotiates resource levels among competing interests and makes recommendations to senior management. This office maintains communications with program officials to ensure budget requests are technically accurate and performance-based, reflective of Secretarial priorities, and consistent with statutory requirements and other budget-related guidance. In addition, this office consults routinely with the Office of General Counsel concerning proposed legislation and reviews VA's legislative package for accurate cost/savings calculations.

VA's Budget Office also serves as the primary liaison with OMB and relevant congressional committees during the formulation process, defending and promoting VA's program plans and budget estimates before examiners and committee staff.

Budget formulation products are tangible and time-sensitive. Examples include production and distribution of the OMB and Congressional budget submissions; briefing packages for OMB hearings and general briefing packages for Congressional staff, press, and the public; meetings/briefings with committee staff; preparation/update of briefing books for pre-hearing sessions; coordination of responses to pre and post-hearing appropriations questions; review of hearing transcripts; status reports on committee report language directives; and reviewing committee templates for appropriation language accuracy.

(8) *Budget execution* – involves the continuous review and control of the allocation of funds to insure consistency with the Department's operating plans while maintaining a fiduciary responsibility to the American taxpayer. VA's Budget Office takes the lead role in the execution process ensuring funds are spent in compliance with law, guidance, and directives from OMB and Congress, as well as Departmental policies and plans. Examples of production items include: operating plans; apportionments and allotments for control of financial resources; reprogramming actions and other funding adjustments; and detailed reports and responses to VA officials, Members of Congress, and OMB.

(9) *Performance planning and reporting* - responsibilities include the development and publication of the Department's Annual Performance and Accountability Report, promoting greater integration of performance and budget information for the Department's budget submission in accordance with GPRA[1] as well as the

[1] Government Performance and Results Act of 1993

Performance Improvement Initiative component of the President's Management Agenda, coordinating the Program Assessment Rating Tool (PART) reviews and updates, compiling the Quarterly Status Report to Congress, and coordinating the Deputy Secretary's monthly performance reviews. As needed, guidance and oversight on the Department's performance measurement efforts is provided through communication of performance measurement techniques and approaches. Monthly Performance Reviews (MPR) were established during fiscal year 2002 and are the means through which all Administrations and Staff Offices update the Deputy Secretary on the status of the financial, FTE, workload, and program performance data.

(10) *Business Oversight* – The Office of Business Oversight (OBO) supports the Office of Management mission to promote public confidence through oversight of VA business activities, ensuring their compliance with laws, policies, and directions from Executive Branch partners such as OMB and Treasury as well as GAO and Congress and with internal VA business policies and procedures. OBO is the VA's primary internal review and quality assurance organization for the Department's financial, acquisition, logistics, and capital asset management activities. OBO also manages the Department's reviews 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 System Requirements*. OBO ensures standards identified for financial systems, financial operations, acquisition, logistics, and capital asset management activities are being met in VA.

Good government requires oversight of operations to insure public policies are faithfully executed. Through good stewardship, we promote public confidence in our ability to conduct public business in a responsible way. Each of OM's six component offices provides its VA customers an extensive range of policy and procedural guidance and program-specific information and oversight. The offices prepare mandated Departmental budget, financial management, and acquisition reports for external customers. They also promote the quality and integrity of the Department's capital asset planning, budget, financial management, and acquisition programs through program reviews and specialized studies, in partnership with program officials. The list below is the major legislative and regulatory drivers of the stewardship activities for the component offices in OM.

- Anti-Deficiency Act
- Budget and Accounting Act of 1921, as amended
- Congressional Budget Act of 1974

- Balanced Budget and Emergency Deficit Control Act of 1985
- Budget Enforcement Act of 1990
- Chief Financial Officers Act (CFO) of 1990
- Energy Policy Acts of 1992 (EPAct) and 2005 (EPAct 2005)
- Government Performance and Results Act (GPRA) of 1993
- Paperwork Reduction Act of 1995
- Federal Acquisition Streamlining Act (FASA) of 1994
- Government Management Reform Act (GMRA) of 1994
- Debt Collection Improvement Act (DCIA) of 1996
- Federal Managers' Financial Integrity Act (FMFIA) of 1982
- Improper Payments Information Act of 2002
- Government Paperwork Elimination Act of 1996
- Federal Financial Management Improvement Act (FFMIA) of 1996
- Federal Property and Administrative Services Act of 1949, as amended
- Office of Federal Policy Act of 1974, as amended
- Code of Federal Regulations (CFR)
- United States Code (USC)
- OMB Circular A-11
- OMB Capital Programming Guide - (Supplement to A-11)
- OMB Circular A-123 Management's Responsibility for Internal Control
- OMB Circular A-127 Financial Management System Requirements
- OMB Circular A-130 Management of Federal Information Resources
- Federal Acquisition Regulation (FAR)
- Federal Travel Regulations (FTR)
- Federal Property Management Regulations
- Federal Accounting Standards Advisory Board (FASAB) Accounting Standards
- Medical Care Cost Recovery Fund – Title 38, Chapter 17, Section 1729 - Recovery by U.S. of the Cost of Certain Care and Services
- Resource Conservation and Recovery Act (RCRA) of 1976
- Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980
- National Environmental Policy Act (NEPA) of 1970
- Energy Independence and Security Act of 2007

(11) Financial & Logistics Integrated Technology Enterprise (FLITE) – The FLITE Program Office is responsible for implementing an enterprise-wide financial and logistics system to modernize VA's aging core financial management and logistics systems and many of the legacy stovepipe systems interfacing with the core accounting system. The two primary components of FLITE are the Integrated Financial Accounting System (IFAS) and Strategic Asset Management (SAM) project. FLITE implementation has three primary objectives: (1) to effectively

integrate and standardize financial/asset management data and processes across all VA offices; (2) to provide management with access to timely and accurate financial, logistics, budget, asset and related information on VA-wide operations as well as on specific programs and projects; and (3) to establish an advanced technology environment which provides the VA with the greatest capability and an extended life cycle. Implementation of FLITE will address VA's long standing major Federal Financial Management Integrity Act material weakness, the lack of an integrated financial management system.

The FLITE Program Office is also responsible for the implementation of a new Financial Reporting Data Warehouse (FRDW), a key component of VA remediation efforts associated with the material weakness, "lack of an integrated financial management system".

In FY 2007, the program office completed the prerequisite planning, which included developing and implementing the FLITE governance framework and updating baseline cost estimates, documenting requirements, establishing an acquisition strategy, determining the COTS solution for SAM and conducting a stakeholder analysis and communications needs assessment as well as other project management strategies. In FY 2008, VA will award individual implementation/integration contracts for SAM and release the RFP for IFAS. The pilot test for SAM will be deployed at the Milwaukee VA medical center in FY 2009, and the pilot preparation for IFAS will start in FY 2009. FY 2010 will include deployment of additional beta sites for SAM and pilot testing for IFAS.

In 2007, The FRDW warehouse initiative has been successfully implemented for two of the nine interfaces that interface with the core accounting system. The remaining interfaces will be completed by the end of FY 2009

Assumptions, Opportunities, and Constraints

Outside of the Department, the CFO Act, GPRA, DCIA, PPA, FMFIA, FFMIA, GMRA, and OMB guidelines for Federal financial management systems established standards for VA financial systems and operations. Compliance with these Government-wide standards and financial management improvement initiatives are driving change in our financial systems. Internally, there are major changes occurring which affect office goals. VA organizational changes, such as establishing VHA's Veterans Integrated Service Networks (VISNs) and collocating or integrating field stations and activities, are driving change in financial systems. Modifications and enhancements of VA's financial systems are needed to support policy and programmatic changes in a cost-effective way and to meet overall performance objectives.

VA received Congressional approval to begin operating a Franchise Fund (VA Enterprise Centers) in 1996. P.L. 104-204, as amended by VA's 2006 Appropriation Act, P.L. 109-114, gives the Franchise Fund permanent authority. The entrepreneurial organizations operating in the Department's Franchise Fund are: the Financial Services Center (FSC), the Corporate Franchise Data Center (CFD), the VA Records Center and Vault (VA RC&V), the VA Law Enforcement Training Center (LETC), the Security and Investigations Center (S&IC), and the Debt Management Center (DMC). In addition, the Enterprise Fund Office (EFO) performs overall business activities for the VA Enterprise Centers (ECs). VA's products and services are marketed actively to other Federal agencies to provide greater economies of scale and help VA further control costs.

Over the past few years, the Office of Finance's (OF) versatility and ingenuity have led to the implementation of several major initiatives resulting in improved operational efficiencies and substantial savings. Examples include expanded use of a Government Purchase Card for the procurement of micro purchases up to $3,000 for paying prescribed and approved fees to Non-VA Health Care Providers providing services to veterans; establishment of the Prime Vendor Payment Program to create a streamlined, electronic payment process for large dollar contract purchases; centralization of certified payments and Permanent Change of Station moves; online certification of payments to reduce interest penalty payments; use of electronic commerce to create a paperless business cycle process; implementation of Optical Character recognition technology to speed processing of nearly 1 million invoices annually; and implementation of an interactive voice response system which allows customers to query the status of payments via a touch tone phone. Savings resulting from these types of initiatives are redirected to provide better quality service to veterans and their family members.

Managing the Department's performance measurement programs and providing stewardship over limited resources requires a strong capital planning process to provide world-class service to our customers. New and changing legislative requirements make it absolutely necessary for all levels of the Department to plan collaboratively as *One VA* to achieve the best mix of business solutions for the Department. Pursuing budgetary obstacles and constraints as Departmental challenges and not individual organizational barriers will enable VA to demonstrate a sound capital planning and investment policy and provide the business case for increased funding and flexibility.

Finally, we will continue to reach across Department boundaries for opportunities and innovative ways in which we can work collaboratively with other Federal departments to realize efficiencies and economies. The Office of Finance is closely involved with the e-Payroll and e-Travel projects under the

Administration's e-Gov initiative to improve government-wide payroll and travel processing. By engaging in a cooperative effort with the Department of Defense, VA took advantage of Treasury's On-line Payment and Collection System to accept payments for VA's insurance, education, and research sharing accounts. As we develop and refine marketing and customer service strategies, we will continue to form partnerships. The VA Enterprise Centers provide common administrative services on a fee-for-service basis to other Federal agencies, continuing to lower unit costs while improving service delivery. The FSC provides financial solutions and the DMC provides debt collection services, and both centers have positioned themselves to provide services to other Federal departments. The Office of Acquisition and Logistics continues to partner with other Federal agencies to leverage purchasing power and provide cost-effective acquisition and logistics services.

Program Goals, Objectives, and Performance Measures

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business process, and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Program Objective E.4.2. Maintain an *unqualified ("clean") audit opinion* on VA's Annual Consolidated Financial Statements.

Performance Goal 1: In 2009, the number of audit qualifications will remain zero.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0

Means and Strategies: VA has achieved a clean audit opinion on its Consolidated Financial Statements since 1999. To maintain this opinion, VA will continue to enhance and improve financial systems and processes, as well as develop and retain qualified staff.

Data Source(s): IG audit of VA's Consolidated Financial Statements.

Data Verification: IG audit and audits by independent certified public accounting (CPA) firms of VA's Financial Statements.

Goal Validation: A clean audit opinion with no qualifications is considered an important component of effective financial stewardship. Goal is supported by requirements for meeting "Green" standards within the President's Management Agenda scorecard for Improved Financial Performance.

Program Objective E.4.3. To correct material weaknesses identified during the annual financial statement audit or identified by VA management.

Performance Goal 2: In 2009, the number of material weaknesses identified during the annual financial statement audit or identified by VA management will be 3. (Note: VA's audit-related material weaknesses are also considered weaknesses under FMFIA).

Financial Statement Audit/FMFIA Material Weaknesses

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Number of material weaknesses identified during the annual independent financial statement audit or separately identified by management (VA's material weaknesses identified during the annual independent financial statement audit are also considered weaknesses under FMFIA). *Corrected	2	3	4*	4	4	3	0

Means and strategies: On a monthly basis, track and monitor progress in resolving financial statement audit-related/FMFIA identified material weaknesses. Reassess internal control standards to strengthen and improve the effectiveness and efficiency of the internal control program. Revise internal controls program to reflect the seamless integration of management controls into the daily operation of the VA workforce; improve reporting systems or mechanisms used to monitor and track corrective action plans and accomplishments on line via Intranet; streamline the process for obtaining written assurance statements to meet new accelerated deadlines; schedule quarterly organizational meetings; and facilitate as needed to minimize audit surprises.

Data Source(s): Internal IG reports; Audits of VA's Consolidated Financial Statements.

Data Verification: Audits by independent certified public accounting firms of VA's Consolidated Financial Statements.

Goal Validation: Lack of material weaknesses or resolutions of existing weaknesses are considered important components of effective financial stewardship. Goal is supported by requirements for meeting "Green" standards within the President's Management Agenda scorecard for Improved Financial Performance.

Program Objective E.4.5. VA will be examining underutilized space to achieve optimal use of its capital asset portfolio.

Performance Goal 3: In 2009, the percent of space utilization as compared to overall space (owned and direct-leased) will be 95 percent or higher.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percent of space utilization as compared to overall space (owned and direct-leased) *Corrected	80% Baseline	98%	104*%	112%	95%	95%	95%

Means and Strategies: In accordance with the Federal Real Property Council's requirements, usage designations will be accomplished for all VA owned and direct-leased buildings. Building performance will be evaluated based on predominant use in five categories (e.g., offices, warehouses, hospitals, laboratories, or housing).

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: Higher levels of utilized space as compared to overall space indicates the optimal use of capital assets.

Crosscutting Activities: VA continues to reduce underutilized space through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

Program Objective E.4.6. To assist in restoring assets to a condition equivalent to the originally intended and designed capacity, efficiency, or capability.

Performance Goal 4: In 2009, increase the Percent Condition Index (owned buildings) to 85 percent.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Percent Condition Index (owned Buildings)	N/A	82% Baseline	79%	74%	85%	85%	87%

Means and Strategies: VA will calculate 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.

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: Constructed assets that are in better condition (those with a higher Condition Index) are more efficient and have lower operating and maintenance costs.

Crosscutting Activities: Not applicable.

External Factors: Repairs and upgrades to improve asset condition are dependent on the availability of resources.

Program Objective E.4.7. VA seeks to decrease non-mission dependent assets.
Performance Goal 5: In 2009, decrease the ratio of non-mission dependent assets to total assets to 12 percent.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Ratio of non-mission dependent assets to total assets	N/A	22% Baseline	15%	12%	13%	12%	10%

Means and Strategies: VA will identify mission critical, mission dependent/not critical, or not mission dependent assets as required by the Federal Real Property Council and OMB.

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: The reduction of capital assets that are not critical to or dependent on the Department's mission reduces VA's capital portfolio costs.

Crosscutting Activities: VA continues to reduce non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

External Factors: Politics and historic issues often constrain VA's ability to dispose of assets in a timely and efficient manner.

Program Objective E.4.8. VA seeks to minimize maintenance and operation costs through increasing the efficient use of space, decreasing the number of assets that have exceeded their useful life, and by lowering costs to commercial benchmarks for operating and maintenance.

Performance Goal 6: In 2009, the ratio of operating costs per gross square foot (GSF) will be $4.52.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
6) Ratio of operating costs per gross square foot (GSF) (Target conform with Federal Real Property Council Tier 1 definitions)	$4.52 Baseline	$4.85	$5.59	$5.80	$4.52	$4.52	$4.52

Means and Strategies: VA will calculate annual operating and maintenance costs on all constructed assets using an OMB-approved allocation model.

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: Minimizing operating and maintenance costs enables VA to reinvest much needed funds in improving services to our nation's veterans.

Crosscutting Activities: VA continues to reduce its inventory of underutilized and non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities. Disposition reduces VA's responsibility for operating and maintaining these assets.

Program Objective E.4.9. VA seeks to achieve a cumulative 30 percent energy consumption intensity reduction in its facilities by 2015, as called for in

Presidential Executive Order 13423, at a 3 percent per year consumption intensity reduction rate starting in 2006. The baseline to measure the consumption reduction is the 2003 energy consumption per gross square foot.

Performance Goal 7: In 2009, achieve a cumulative 12 percent decrease in facility traditional energy consumption per GSF from the 2003 baseline.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
7) Cumulative percentage decrease in facility traditional energy consumption per GSF from the 2003 baseline *Corrected	N/A	N/A	4%*	6%	9%	12%	30%

Means and Strategies: Through life-cycle cost-effective measures, VA will reduce energy consumption per gross square foot of its facilities.

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: Reducing the energy consumption intensity in VA facilities conserves energy resources, reduces energy costs to the Department, and should result in savings that could be used for improved services to veterans.

Crosscutting Activities: VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects. VA continues to work with the Department of Energy to ensure availability and support of appropriate energy efficiency investment financing that enhance federal agencies' ability to implement energy projects.

Program Objective E.4.10. VA seeks to achieve the 7.5 percent renewable energy goal by 2013 by generating and purchasing electricity produced from solar, wind, geo-thermal, and bio-fuel resources at its facilities as called for in EPAct 2005, at 3 percent from 2006 to 2009, 5 percent from 2010 to 2012, and 7.5 percent by 2013.

Additionally, VA seeks to ensure that the renewable electricity is composed of the percentages of new sources specified in Executive Order 13423.

Performance Goal 8: In 2009, achieve 3% percent in total facility electricity consumption that is renewable.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
8) Percent of total facility electricity consumption that is renewable	N/A	N/A	3%	3%	3%	3%	7.5%

Means and Strategies: Through the increased utilization of renewable technologies, VA will achieve 7.5% renewable electrical consumption for its facilities by 2013.

Data Source(s): Capital Asset Management System (CAMS) based on Administration source databases.

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

Goal Validation: Reducing the energy consumption through increased use of renewable energy in VA facilities conserves energy resources, reduces energy costs to the Department, and should result in savings that could be used for improved services to veterans.

Crosscutting Activities: VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects.

Budget Authority Request

Program Level Activities: ($ in 000)	2008	FTE	2009	FTE
Financial Policy, Systems and Operations	$13,299	98	$13,831	98
Budget Formulation/Execution, Performance Planning/Reporting	3,613	26	3,763	27
Capital Planning/Asset Enterprise Management	4,975	40	5,175	39
Business Oversight	5,411	79	5,631	79
Integrated Financial & Logistics Development 1/	1,674	9	1,742	11
All Other 2/	8,189	11	6,804	13
Budget Authority	**$37,161**	**263**	**$36,946**	**267**

1/ Funds for corporate level management of the Financial and Logistics Integrated Technology Enterprise (FLITE) project. Project funding for FLITE is requested in the IT Systems account.
2/ All Other represents the budget authority for department-wide initiatives and department level management and oversight by the Office of Management.

Summary of Budget Request

In 2009, the Office of Management is requesting budget authority of $36.9 million and a total of 267 FTE to support its operations, which includes 40 FTE funded by $4.9 million in reimbursable authority for the Office of Business Oversight. Refer to the Supply Fund and the Franchise Fund Enterprise Centers chapters for detailed analysis of their budgets including resource requirements, program goals, objectives, and performance measures.

On-going Programs and Initiatives:

The Department of Veterans Affairs Financial Policy Improvement Initiative (FPII) will continue to support the remediation of VA's financial statements audit material weakness concerning operational oversight as well as findings under VA's implementation of OMB Circular A-123, Appendix A, concerning improving internal controls over financial reporting.

In performing its audit of VA's fiscal year 2006 financial statements, Deloitte and Touche (D&T) noted a material weakness concerning operational oversight. They found that VA continues to have difficulty assuring key internal controls and reconciliation processes are performed consistently and completely, and at times, fails to ensure appropriate management review of the detail and support for the financial statements. One of D&T's recommendations was that VA update its financial management policies and procedures.

Current VA financial management policies and procedures are contained in various formats: Manual Procedures (many of which are 30+ years old), directives, handbooks, and bulletins, making it difficult for VA organizations to ensure that they are working with the most current policies and procedures. Further complicating an already difficult situation, the Administrations typically further expand upon Departmental policies. Also, the field accounting and financial management community occasionally finds the guidance provided by these various formats lacking sufficient detail to execute their day-to-day responsibilities, making it difficult to determine which policies and procedures are most authoritative. Inconsistencies between policies and procedural guidance contained within a given format result in varying degrees of usability from the end-user perspective.

One of the President's Management Agenda items is the Financial Management Line of Business (FMLOB). A central point of the FMLOB initiative is standardization of financial processes and data elements, such as an accounting code structure. A standardized accounting code structure will provide agencies with the ability to seamlessly integrate financial data among agency business systems and help the agency reduce its costs in acquiring, developing, and implementing future financial management systems. Updating VA's financial policies and procedures supports the FMLOB initiative.

VA is embarking on a major initiative to update, modernize, and standardize its Department core accounting and logistics management systems and supporting business processes and practices. The new initiative is Financial & Logistics Integrated Technology Enterprise (FLITE). The successful implementation of FLITE requires that standardized policies and procedures be in place and institutionalized prior to system deployment. This is the ideal time to update VA's financial policies and procedures.

Standardization and integration of business processes across VA is not only instrumental to the successful implementation of FLITE, but also will be helpful in remediating VA's material weakness - - "Lack of an Integrated Financial Management System ".

All IT initiatives are funded from the Department's IT Systems appropriation. A description of several key IT programs managed by the Office of Management is provided below:

- The Office of Management will provide management oversight, administrative support, and policy direction for the Department's new Financial and Logistics Integrated Technology Enterprise (FLITE) project. FLITE will effectively integrate and standardize financial and asset

management data and processes across all VA offices. The modernized environment will provide management with access to timely, accurate information on VA-wide operations related to financial, logistics, budget, capital asset, and other critical data. Work will continue on review of financial functional requirements, standardization of major financial and logistics processes that are critical to project success as well as other requirements. Once implemented, this new system will provide data transparency and standardization and lead to seamless data integration. The result will be more timely and accurate data supporting the goal of improved stewardship of VA's resources.

- The Office of Finance will support the migration of VA's payroll system to the Defense Finance and Accounting Service (DFAS), as required by the Administration's e-Payroll initiative. VA will complete migration to DFAS by an agreed-upon phased in migration schedule with the final group of VA employees being migrated in February 2009. The Department IT 2009 budget request includes $7.319 million required to complete the migration. Future requests will be based on the resource requirements to this phased migration. Funds are also requested in the IT Systems account to continue maintaining VA's current Payroll/HR system (PAID) by implementing mandatory requirements until migration to DFAS is complete.

- Funds are also included in the Department's IT account to continue maintaining VA's current accounting system, FMS, as VA conducts the necessary assessment/analysis of a replacement system under the FLITE program. Funds are necessary to sustain FMS contract support to: maintain basic accounting functions in FMS and its interfacing systems, to keep software current and under warranty, to provide technical support to VA users, and to accomplish any mandatory modifications required by statute.

The 2009 budget request includes resources necessary to continue the current level of operations and sustain critical efforts underway:

- Continuing progress on improving financial systems, operations, policy and management issues related to retaining a clean audit opinion, reducing material weaknesses, and issuing quarterly financial statements.
- Expanding and improving VA financial systems and the VA Government Purchase Card program. Expanded system capabilities will remediate financial deficiencies and improve VA financial statement preparation processes and reporting. Expanded use of the purchase card will increase related rebates/refunds and operational efficiencies.

Department-wide Asset Enterprise Management Function

The need for a comprehensive corporate-level capital asset management function in the Department of Veterans Affairs has been known for some time and has been validated by VA's own internal experiences, as well as bodies outside of the Department such as OMB, GAO, and independent consultants. Most major corporations have a corporate asset management function. They recognize the vital role asset management plays and consider their capital as financial assets.

OMB, in collaboration with VA and other major agencies and departments, developed the *Capital Programming Guide* (Supplement to Part 3 of OMB Circular A-11). The *Capital Programming Guide* was intended to assist federal agencies in planning, budgeting, procuring, and managing capital assets and integrated the requirements of GPRA, the Clinger-Cohen Act, FASA, and other Federal initiatives, providing a comprehensive reference that agencies should use in all phases of capital investment decision-making. The *Capital Programming Guide* expedited VA's pursuit of a comprehensive asset plan and investment policy.

OAEM is responsible for the following areas of capital asset management:

- Recommending and promulgating Departmental capital asset policies;
- Establishing and coordinating the Department's 5-Year Capital Plan and Asset Management Plan;
- Establishing a major capital asset inventory of current assets by type, utilization, cost, market value, size, location, historical status, environmental issues, physical assessment, liabilities, etc., and managing this inventory by establishing appropriate performance measures;
- Establishing and overseeing the Capital Asset Management System (CAMS) to track and monitor key milestones such as cost, schedule, and performance of newly acquired assets and manage VA's portfolio performance;
- Developing new and innovative strategies for investment and enterprise activities;
- Providing the analytical tools, resources, and expertise necessary to ensure VA maximizes its limited capital resources; and
- Providing technical tools and assistance to the Administrations to assist in developing capital investment proposals.

Since OAEM's creation, the size, scope, and complexity of responsibilities have grown significantly. Activity level has grown at a continuous rate for the enhanced-use leasing program, capital asset management system, and newly revamped energy, environment and transportation fleet management programs, which are now under the auspices of OAEM.

OAEM continues to assist the Administrations and staff offices with the simple and routine enhanced-use lease projects but now manages the larger, more complex, and third-party financed Departmental enhanced-use lease priorities. Of note, a huge increase in demand for these services is anticipated as a result of the CARES program and national CARES plan. Through experience to date, VA has gained a better understanding and appreciation for the depth and breadth of work required in establishing and implementing its Department-wide portfolio and associated performance management system, CAMS, for both existing and new capital assets. CAMS was fully deployed in September 2004 and is an invaluable tool in analyzing and monitoring VA's capital asset performance. VA centralized its energy management efforts under OAEM in order to develop a more cohesive and comprehensive Departmental approach, establishing a Department-wide energy program providing policy, guidance, and oversight for accomplishing VA energy investments and initiatives. With the enactment of Executive Order 13423, VA expanded the energy program office to serve the same role for Department-level environmental stewardship and transportation fleet management as well.

Summary of Employment and Obligations (Dollars in thousands)					
		2008			
	2007 Actual	**Budget Estimate**	**Current Estimate**	**2009 Estimate**	**Increase (+) Decrease (-)**
Average Employment	262	285	263	267	+4
Obligations:					
Personal Services	$32,928	$35,824	$34,210	$35,742	+$1,532
Travel	1,057	1,141	1,463	965	-498
Transportation of Things	34	16	0	0	0
Rents, Communications & Utilities	375	268	435	390	-45
Printing & Reproduction	141	99	164	19	-145
Other Services	5,643	5,091	20,618	4,573	-16,045
Supplies & Materials	277	246	276	156	-120
Equipment	113	277	129	18	-111
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$40,568**	**$42,962**	**$57,295**	**$41,863**	**-$15,432**
Reimbursements	*-4,688*	*-4,778*	*-4,778*	*-4,917*	*-139*
SOY Unobligated Balance (-)	*-15,341*	*0*	*-15,356*	*0*	*+15,356*
EOY Unobligated Balance (+)1/	*19,152*	*0*	*0*	*0*	*0*
Budget Authority	**$39,691**	**$38,184**	**$37,161**	**$36,946**	**-$215**

1/ $3.8 million is available but not yet apportioned for FY 2008 use

Detail of Budget Estimates *(Dollars in thousands)*				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Personal Services	$32,928	$34,210	$35,742	+$1,532

Funding to cover personnel compensation which includes pay, pay raises, and locality pay along with benefits which include retirement, health benefits, life insurance, Medicare, Federal Employees' Compensation, and State Unemployment Compensation.

Travel	$1,057	$1,463	$965	-$498

Funds are required in support of the enhanced-use lease program to conduct site visits, town hall meetings, negotiations with developers, and public hearings; to conduct training sessions; for field site visits to ensure standards identified for

financial operations, financial systems, acquisition, logistics, and capital asset management activities are being met; for site visits for systems testing, development and implementation; for site visits for change management activities related to new systems, processes, and procedures; and for conference attendance and staff training.

Detail of Budget Estimates *(Dollars in thousands)*				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Transportation of Things	$34	$0	$0	$0

Funding to cover permanent change of station moves and delivery or shipping charges related to office supplies and equipment.

Rents, Communications & Utilities	$375	$435	$390	-$45

Funding to cover possession and use of land, structures, or equipment owned by others, and communication and utility services. Includes standard level user charges assessed by GSA.

Printing & Reproduction	$141	$164	$19	-$145

Funding to cover the printing and production of the congressional justification budget volumes, VA Performance and Accountability Report, and Congressional and finance related forms, reports, and manuals.

Other Services	$5,643	$20,618	$4,573	-$16,045

Funding to cover maintenance and repair services, tuition and registration fees in connection with training and attendance at conferences or meetings, and contracts and agreements.

Detail of Budget Estimates (Dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Supplies & Materials	$277	$276	$156	-$120

Funding to cover the purchase of recurring operating supplies.

Equipment	$113	$129	$18	-$111

Funding to cover the purchase of office equipment and furnishings.

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$91,515**
Two-day adjustment (.769 percent)	704
Annualization of 2.2 percent 2007 pay raise (.55 percent)	503
Impact of 3.5 percent 2008 pay raise (2.62 percent)	2,398
Adjustment – changes in staff composition	260
2008 Average salary (262 days)	**$95,380**
Regular benefits percent	20%
2008 Average salary with benefits	**$114,456**
2009 Average Salary Methodology	
2008 Average salary (262 days)	**$95,380**
One-day adjustment (-.382 percent)	-364
Annualization of 3.5 percent 2008 pay raise (.88 percent)	839
Impact of 2.9 percent 2009 pay raise (2.17 percent)	2,070
Adjustment – changes in staff composition	-116
2009 Average salary (261 days)	**$97,809**
Regular benefits percent	20%
2009 Average salary with benefits	**$117,371**

Changes from Original 2008 Budget Estimates (dollars in thousands)			
	2008		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment	285	263	-22
Obligations:			
Personal Services	$35,824	$34,210	-$1,614
Travel	1,141	1,463	+323
Transportation of Things	16	0	-16
Rents, Communications & Utilities	268	435	+167
Printing & Reproduction	99	164	+65
Other Services	5,091	20,618	+15,527
Supplies & Materials	246	276	+30
Equipment	277	129	-148
Insurance & Indemnities	0	0	0
Total Obligations	**$42,962**	**$57,295**	**$14,333**
Reimbursements	*-4,778*	*-4,778*	*0*
SOY Unobligated Balance (-)	*0*	*-15,356*	*-15,356*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**$38,184**	**$37,161**	**-$1,023**

The 2008 current estimate for budget authority and FTE are less than the 2008 original budget as a result of the funding levels provided in the 2008 appropriation. However obligations are expected to be higher than the original budget due to unobligated balances carried into 2008 for various department wide contracts.

HR&A General Administration Activities

Mission

The mission of the Office of Human Resources and Administration (HR&A) is to provide leadership and support to the Department in its human resources, diversity management, equal employment opportunity, workplace alternative dispute resolution, labor-management relations, and provide administrative services to the VA Central Office (VACO) community.

Because HR&A's mission is so varied, each of its component organizations has established individual missions. These are:

Office of Human Resources Management (HRM) - Leading the Department in developing HR policy and in promoting best practices and programs which will enable VA to attract, educate, train, and retain people who provide quality services to veterans and their families and providing human resource services to the VACO community.

Office of Labor-Management Relations (LMR) – Supporting the VA's mission of providing world-class service to Veterans and their families by promoting successful labor-management relationships that allow the Department to effectively manage its workforce while meeting its statutory and contractual labor relations obligations.

Office of Diversity Management & Equal Employment Opportunity (DM&EEO) - Creating and sustaining an environment free of discrimination through policy development, oversight, prevention education, and outreach programs that enable VA employees to achieve their full potential.

Office of Administration - Providing quality services to VACO and other nationwide customers in occupational safety and health, transit benefits, protocol support and other administrative areas, and to manage special projects in support of the VACO community.

Office of Resolution Management (RM) – Promoting a discrimination free work environment focused on serving veterans by preventing, resolving, and processing workplace disputes in a timely and high quality manner.

Stakeholders

HR&A's stakeholders are as varied as its mission.

OHRM - VA senior leaders, managers, supervisors, and employees; applicants for employment; and human resources management officers and their staffs; VA managers, supervisors, and employees.

LMR - VA managers, supervisors, and employees; and labor union officials.

ODM&EEO - VA managers, supervisors, and employees; applicants for employment; veterans; and community stakeholders such as the Hispanic Association of Colleges and Universities, Historically Black Colleges and Universities, and the American Indian Higher Education Consortium.

Office of Administration – Primary stakeholders are the Office of the Secretary and other employees of VACO. In addition, this office provides transit benefit policy, and safety and occupational health guidance for the entire Department.

ORM – Stakeholders are VA employees, former employees, and applicants for employment, the Office of Employment Discrimination Complaint Adjudication, the Equal Employment Opportunity Commission (EEOC), the Department of Justice, and VA labor unions.

Performance Summary Table							
Measure Description (Departmental Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of VA employees who are veterans	26%	28%	30%	32%	33%	33%	33%
2) The Alternative Dispute Resolution (ADR) participation rate in the Equal Employment Opportunity (EEO) complaint process	13%	17%	22%	25%	30%	32%	35%

Performance Summary Table							
Measure Description (Departmental Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percentage of VA HR Offices and Delegated Examining Units that accept job applications on-line	10%	20%	25%	10%	45%	60%	100%

Program Goals, Objectives, and Performance Measures

Department Enabling Goal: Deliver world-class service to veterans and their through effective communication and management of people, technology, business processes, and financial resources.

Department Strategic Objective E-1.2: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

Performance Goal: In 2009, VA must undertake strategies to hire a sufficient number of veterans into the VA workforce to maintain its target level of 33%.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of VA employees who are veterans	26%	28%	30%	33%	33%	33%	33%

Means and Strategies: Current initiatives include VA/DOD Partnership. This initiative will streamline the process for service members to identify VA careers in healthcare, while also allowing VA to identify transitioning service members with the qualifications and experience to fill critical hard to fill occupations. A Veteran Employment Coordinator (VEC) has been designated at each HR Office to lead local efforts to attract, recruit and retain veterans in VA's workforce. Veteran inquires relating to employment in the Federal government, VA, veterans' preference, and other employment related issues continue to be addressed through IRIS, VA's web-based inquiry response system. Military Career Fairs Listing are posted on the VA's National Veterans Employment Program (NVEP) website and the VA Recruiters global address listing. NVEP is also working with VHA on an initiative to attract physicians to VA and the National Guard through

a joint partnership offering funds for professional education, development and training.

Data Source(s): The VISN Support Service Center (VSSC), an intranet site maintained by VHA, providing numerous automated reports of personnel data and COIN PAID reports: Computer Output Identification Number Personnel and Accounting Integrated Data system reports are the historical source for automated personnel data in VA.

Data Verification: Accuracy of base data and reports reviewed by VA Human Resources Line of Business (HRIS). An integrated HRIS is outlined in the "Expanded Electronic Government" in the President's Management Agenda and will replace VA's antiquated system.

Goal Validation -Through targeted recruitment of veterans, the VA workforce will reflect the customers we serve. This measure identifes VA's progress towards having a work force reflective of its customers.

External Factors: Facing potential knowledge loss from an increased rate of retirements, and different skill sets and motivation in younger employees. The challenge will be to maintain skill sets, but at the same time, maintain or increase the percent of employees that are veterans.

Department Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Department Strategic Objective E-1.2: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

Performance Goal: In 2009, 32% of VA employees will elect to use ADR in the EEO complaint process.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) The Alternative Dispute Resolution (ADR) participation rate in the Equal Employment Opportunity (EEO) complaint process.	13%	17%	22%	28%	30%	32%	35%

Means and Strategies: ORM has an ongoing, active dispute resolution program designed to head off and equitably resolve complaints by employees before they reach the stage of a formal complaint. Improve coordination between the ORM field office and the facility to ensure ADR is offered and that the benefits are effectively marketed to the aggrieved. Continue training and oversight of ADR programs within VA to ensure timely and quality processing of requests.

Data Source(s): Complaints Automated Tracking System (CATS) and ADR Tracker

Data Verification: Regular dissemination of reports and information to the administrations for verification.

Goal Validation: Measuring the participations rate enables VA to measure progress in this area. The Department has developed policies that encourage the use of ADR to resolve workplace disputes expeditiously so that employees can focus their energy on serving veterans. These policies make the Department's work environment more productive and harmonious. VA's strategic target is based on achieving EEOC's mandate that participation in ADR during the pre-complaint process will be 50%.

External Factors: Educating employees, managers, and labor partners on the ADR process and its benefits. Training ADR coordinators on best practices to promote the use of and satisfaction with ADR. Maintaining a pool of skilled neutrals to provide a variety of ADR services.

Department Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Department Strategic Objective E-1.2: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high-quality service to veterans and their families.

Performance Goal: In 2009, increase the percentage of VA HR Offices and Delegated Examining Units that accept job applications on line to 60%.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percentage of VA HR Offices and Delegated Examining Units that accept job applications on-line	10%	20%	25%	10%	45%	60%	100%

Means and Strategies HR will continue to implement the use of the USA Staffing, a web-based HR assessment tool. This internet-accessible software, automates the recruitment, assessment, referral, and notification processes. USA Staffing enables HR staffs to electronically develop and post vacancy announcements; develop or select assessment tools; accept e-applications including rating and ranking information; develop and issue certificates and applicant notifications.

Data Source(s): USA Staffing Management Reports maintained by the Office of Human Resources Management.

Data Verification: Accuracy of data is available or can be verified on OPM USA Jobs Web site, as well as the USA Staffing which allows verification of data.

Goal Validation: The on-line application process will bring the benefits of standardization and automation to the hiring process which will greatly reduce the amount of time to fill critical positions and recruit hard to fill positions.

External Factors: OPM management of the software program including revisions and new releases.

Summary of Budget Request - Total HR&A

The FY 2009 President's budget request is for $96,489,000 in obligational authority. This total contains $61,901,000 in budget authority for the GOE appropriation and an estimated $34,588,000 in reimbursements. An additional $2,795,000 in estimated expenditure adjustments is anticipated. FTE levels are 533 for all HR&A operations, including 240 FTE funded from ORM's reimbursements.

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

		2007 Actual	2008 President's Budget	2008 Current Estimate	2009 Estimate	Change
Average Employment		**498**	**527**	**533**	**533**	**--**
	ORM (non-add)	*220*	*249*	*243*	*247*	*4*
Obligations:						
Personal services		$56,281	$56,834	$59,039	$62,419	$3,380
	ORM (non-add)	*$24,812*	*$24,342*	*$24,646*	*$26,033*	*$1,387*
Travel		$1,153	$1,300	$1,864	$1,815	-$49
	ORM (non-add)	*$732*	*$1,040*	*$1,231*	*$1,228*	*-$3*
Transportation of things		$363	$5	$357	$211	$-146
	ORM (non-add)	*$10*	*$5*	*$7*	*$11*	*$4*
Rents, communications & utilities		$23,573	$25,000	$25,772	$26,759	$987
	ORM (non-add)	*$1,103*	*$1,161*	*$1,122*	*$1,706*	*$584*
Printing and reproduction		$199	$50	$187	$187	--
	ORM (non-add)	*$59*	*$40*	*$47*	*$49*	*$2*
Other services		$15,407	$12,500	$9,150	$6,664	-$2,486
	ORM (non-add)	*$3,749*	*$2,584*	*$2,614*	*$2,694*	*$80*
Supplies and materials		$908	$1,000	$1,008	$850	-$158
	ORM (non-add)	*$229*	*$679*	*$381*	*$397*	*$16*
Equipment		$413	$300	508	$377	-$131
	ORM (non-add)	*$54*	*$10*	*$43*	*$47*	*$4*
Insurance & Indemnities		$6	$0	$1	$2	*$1*
	ORM (non-add)	*$6*	*$0*	*$1*	*$2*	*$1*
Adjustment to Expenditure		**-$5,176**	**-$2,884**	**-$2,866**	**-$2,795**	**$71**
ORM (non-add)		-$5,176	-$2,002	-$1,930	-$1,944	**-$14**
Total obligations		**$93,127**	**$94,105**	**$95,020**	**$96,489**	**$1,469**
	ORM (non-add)	*$25,578*	*$27,859*	*$28,162*	*$30,223*	*$2,061*
Reimbursements		**-$29,536**	**-$31,668**	**-$32,329**	**-$34,588**	**-$2,259**
	ORM (non-add)	*-$23,876*	*-$26,023*	*-$26,326*	*-28,346*	*-$2,020*
SOY Unobligated Balance (-)		-$1,380	…	-$1,400	…	
	ORM (non-add)	…	…	…	…	
EOY Unobligated Balance (+)		$2,453 [1/]	…	…	…	
	ORM (non-add)	…	…	…	…	
Budget authority		*$64,664*	*$62,437*	*$61,291*	*$61,901*	*$610*
ORM (non-add)		*$1,702*	*$1,836*	*$1,836*	*$1,877*	*$41*

[1/] $1.053 million is available but not yet apportioned for use

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$78,274**
Annualization of 2.2 percent 2007 pay raise (.55 percent)	$431
Impact of 3.5 percent 2008 pay raise (2.625 percent)	$2,066
Adjustment – change in staff composition	-$3,167
2 day Adjustment	$598
2008 Average salary (262 days)	**$78,201**
Regular benefits percent	25%
2008 Average salary with benefits	**$97,751**

2009 Average Salary Methodology	
2008 Average salary (260 days)	**$78,201**
Annualization of 3.5 percent 2008 pay raise (.875 percent)	$684
Impact of 2.9 percent 2009 pay raise (2.18 percent)	$1,775
Adjustment – change in staff composition	+$1,399
1 day Adjustment	-$301
2009 Average salary (261 days)	**$81,758**
Regular benefits percent	26%
2009 Average salary with benefits	**$103,015**

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	**2008 Current Estimate**	**2009 Estimate**	**Change**
Personal services	$56,281	$59,039	$62,419	$3,380

HR&A's personal services estimate reflects salary requirements for 533 FTE for General Administration activities funded through GOE in 2009. The total estimated FTE of 533 includes 247 for ORM which is comprised of 240 reimbursable FTE and 7.0 budgeted FTE .

All estimates for 2009 include base pay, as well as funding for cash awards, SES bonuses, overtime, terminal leave, translocation, and the government's cost for regular benefits such as retirement, health benefits, life insurance, and Medicare.

Travel	$1,153	$1,864	$1,815	-$49

Travel funds are used to defray lodging and other travel-related expenses incurred by HR&A staff in the course of providing support to the Office of the Secretary, executive training programs, human resources planning, conducting wage surveys, recruitment, and for technical assistance visits to field stations. Travel funds are also required to cover the cost of GSA and commercially rented vehicles.

ORM travel funds are used for travel of EEO investigators, counselors, and management engaged in complaint processing activities for environmental assessments and to support workplace ADR awareness, training, and the provision of ADR services, such as mediation and group facilitation. Funds are also required for travel-related expenses for training of ORM employees.

Transportation of things	$363	$357	$211	-$146

These funds will be used to defray costs for shipping audiovisual exhibits and supplies, and equipment from VACO to other VA installations. Funds are also requested for the rental of two trucks from the GSA motor pool to transport furniture, supplies, and office equipment between buildings housing employees. Funds cover the estimated cost of shipment of household goods and personal effects of field station employees transferring to HR&A.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	**2008 Current Estimate**	**2009 Estimate**	**Change**
Rents, communications, and utilities	$23,573	$25,772	$26,759	$987

Funding is required for ongoing rents and other services required to operate VA headquarters. This includes payment to GSA for space rental as required by the Amendments to the Public Buildings Act (40 U.S.C.). The estimate for 2009 provides for rental of space in nine buildings occupied by VA and its employees. Office space rental estimates are based on 100 percent of the amount prescribed by GSA in accordance with established fair annual rental (FAR) appraisals and are in accordance with GSA's current projections for 2008 SLUC bills. Funds are also required for telecommunications needed to ensure continuity of Departmental operations during periods of national emergency; reimbursement to GSA for FTS service; regular mail reimbursement to the Postal Service for mailing costs incurred by VACO activities; and rental of postage meter machines.

ORM funding is required for ongoing telecommunications services to enhance its complaint tracking system, for video teleconferencing, for local recurring commercial and other telephone and postal costs. In addition, funds are needed for postage and for express mail. Estimated rent costs of $560 thousand are also included for an enhanced use lease for Houston and Cleveland field offices. Currently, these field offices are located at VAMC facilities that are scheduled to close in 2009.

Printing and reproduction	$199	$187	$187	$0

These funds are used for the printing, reproduction, and distribution of VA manuals, circulars and interim issues, forms and form letters, the VA "Employee Handbook," the VA "Recruitment Bulletin," the VA "Organizational Briefing Book", the Office of Administration's "Guide to Services," and territorial and address bulletins.

ORM funds will be used for printing and reproduction of training manuals, circulars, EEO updates, brochures, posters, forms, form letters and workplace ADR publications and materials.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	**2008 Current Estimate**	**2009 Estimate**	**Change**
Other services	$15,407	$9,150	$6,664	-$2,486

Other services funds are used by HR&A to offset the cost of a wide range of services. These include: health services to VACO employees, recruitment advertising, training materials and other resources for HR&A-sponsored training programs attended by individuals throughout the Department; maintenance and repair of furniture and equipment; various service contracts for VA headquarters (e. g., CO guard service, mail and messenger service); and training of HR&A employees

ORM funding will be used to train employees for continuous improvement of the EEO process, to contract for assistance in EEO investigations, to acquire services needed for transcription of affidavits, and to pay for services provided by the Austin Finance Center and Health Revenue Center.

Supplies and materials	$908	$1,008	$850	$-158

This funding provides for the purchase of office furnishings, supplies and parts for VACO building maintenance and repair, wrapping paper, tape, mailing tubes, etc. Funds are also requested for special supplies, such as years-of-service pins, subscriptions to professional journals, and engraving of plaques and medals authorized by the Secretary of Veterans Affairs.

Funds requested for ORM will provide for the purchase of general office supplies and consumables.

Equipment	$413	$508	$377	-$131

Funds are for the routine purchase of standard office equipment (Non IT) throughout HR&A.

Insurance Claims and Indemnities	$6	$1	$2	$1

This funding is for settlement of EEO complaints.

Policy and Planning

Mission

The Office of Policy and Planning (OPP) provides comprehensive advice, counsel, plans and reports for the Secretary and other VA senior leaders in the areas of corporate policy, strategic planning and management to support VA's endeavors to provide benefits and services to our Nation's veterans in an effective and efficient manner. The Office provides expert guidance and support to all VA organizational entities with a focus on ensuring alignment of operational activities with the policies and strategic direction of the Secretary and the Administration.

Stakeholders

Veterans and their families, the Secretary, Department managers, Congress, other Federal agencies, veterans service organizations, state and county officials, VA employees, administrations and staff offices, patients, visitors at VA facilities, other interested groups and individuals, and the American people.

Performance Summary Table: Policy and Planning							
Measure Description (Key Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Cumulative percent of FTE (compared to total planned) included in Management Analysis/Business Process Reengineering studies initiated	**N/A**	**0%**	**0%**	**33%**	**54%**	**96%**	**100%**
2) Percent of VA employees who indicate they understand VA's Strategic Plan and how their work contributes to the achievement of VA's overall mission and goals	**N/A**	**N/A**	**N/A**	**N/A**	**80%**	**80%**	**90%**
3) Number of surveys conducted of specific population cohorts	1	1	0	3	1	2	2
4) Number of program evaluations initiated	2	2	2	2	2	1	3
5) Number of Material Weaknesses of an actuarial nature	0	0	0	0	0	0	0

Functions/Activity

The Office of Policy and Planning oversees, on behalf of the Secretary, certain management activities and processes that require coordination across the Department or which call for the application of broad perspective.

The Office of Policy coordinates, facilitates, and leads the Department's development, analysis, and review of policy issues affecting veterans programs. Analysts support the Office of the Secretary by reviewing and analyzing internal and external policy issues and legislative initiatives; participating in the development of the Department's legislative proposals and associated cost estimates; and facilitating cooperative and collaborative improvement across the Department. The Office provides support to a wide range of internal and intergovernmental efforts, including advisory committees and task forces. The Office of Policy also manages and directs survey research including national surveys. The Office acts as a central clearinghouse for the collection, analysis, and dissemination of information and data about veterans and veterans' programs and services. Actuarial estimates and projections are also provided by this Office. Official veteran population estimates and projections are developed and validated by this Office.

The Office of Planning and Evaluation manages VA's strategic planning process including development of the Department's integrated Strategic Plan. Functions for this office also include the management of the Department's Governance Process in which policy and management issues are discussed and decisions made. Staff oversee the conduct of program evaluations required under the Government Performance and Results Act (GPRA) wherein the effectiveness and efficiency of Federal programs are measured against outcome goals and objectives. The Office serves as the Department's internal coordinator and external liaison for strategic planning, development of the FAIR Act Inventory, Management Analysis/Business Process Reengineering and competitive sourcing, and other management improvement initiatives including the Secretary's Robert W. Carey Performance Excellence Awards, quality awards, benchmarking, and best practices. As part of the planning and governance process, staff also coordinate the activities of the VA/DoD Joint Executive Council and are responsible for developing and tracking the joint VA/DoD Strategic Plan.

Assumptions, Opportunities and Constraints

- The Department is committed to being the Administration's principal advocate on policies affecting veterans and to being a leader in the implementation of the Government Performance and Results Act (GPRA).

- The Department is committed to developing an integrated *VA Strategic Plan* that will clearly define VA's future direction over the next five years and beyond. The plan will clearly articulate VA's strategic goals, objectives, and performance targets.

- The Department is committed to a data-centric policy development process to support tactical and strategic decision making processes. In fulfilling this commitment, the Department performs a range of analyses and modeling activities to make future estimates and projections of near and long term trends in the veteran population to include demographics and cohort characteristics, disability levels, and benefits and services utilization rates. The Department also uses these analytical capabilities to support cost benefit, life cycle cost, and operational workload analyses.

- The Department is committed to fostering the use of quality management tools and techniques in all of its programs to ensure that VA continues to focus on improving operational effectiveness and efficiency, as well as the satisfaction of those who use VA's services. The Department promotes and assists facilities in the use of these tools and techniques through the Secretary's Baldridge-criteria based Carey award program, benchmarking, and best practices sharing activities.

- The Department will pursue a Management Analysis/Business Process Reengineering initiative and integrate it with workforce planning as a means to achieve enhanced services at lower costs.

Program Goals, Objectives, and Performance Measures

Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business process, and financial resources

Objective E.2: Improve communications with veterans, employees, and stakeholders about VA's mission, goals, and current performance as well as benefits and services that the Department provides.

Program Objective E.2.1: Increase internal and external understanding of VA's strategic direction and priorities by leading VA strategic planning efforts to develop a series of VA strategic planning documents for multiple audiences, including a *VA Strategic Plan for FY 2008-2013,* a *VA Strategic Plan for Employees FY 2008-2013,* a VA/DoD Joint Strategic Plan for FY 2009-2011, and a *VA/DoD Annual Report for FY 2008*.

Performance Goal 1: In 2009, due to wide distribution of the *VA Strategic Plan for Employees* and other communication activities, employees will better understand the Department's strategic goals. OPP will conduct an electronic survey of a representative group of VA employees to determine the percent of employees who indicate they understand VA's strategic plan. OPP will also conduct a follow-up verification survey utilizing a subsample of those employees who originally responded to our electronic survey to determine whether or not they actually understood VA's Strategic Plan. This subsample survey will help to determine the accuracy and reliability of the overall measure.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of VA employees who indicate they understand VA's Strategic Plan and how their work contributes to the achievement of VA's overall mission and goals	N/A	N/A	N/A	N/A	80%	80%	90%

Means and Strategies: OPP will work with VA Administrations and staff offices to develop a series of strategic planning documents (VA Strategic Plan and VA Strategic Plan for Employees) that communicate clearly and concisely the Department's mission, vision, goals, objectives, strategies, and performance measures and targets. The Office will coordinate all development, distribution, communication, and education activities associated with these documents.

Data Source(s) and Verification:

- **Source:** OPP will conduct an electronic survey of a representative sample of VA employees using only a few questions that focus on employees' understanding of VA's strategic goals and their understanding of where their activities fit in the overall VA mission.
- **Verification:** Prior to conducting the survey with a representative sample of VA employees, OPP will develop test questions in order to develop the most effective instrument for the actual survey. OPP will also develop probing questions that will be used to verify the results of the more general question about employees' understanding of the strategic goals. In addition, small focus groups will be used to verify and supplement the results from the survey.

Goal Validation: The data for this measure will be validated by conducting similar subsequent surveys on an annual basis, and conducting a few employee focus groups that will probe employee understanding of the plan, and verify and validate the results of the annual survey.

External Factors: There has been significant Congressional interest in and media coverage of issues related to the care of Returning Global War on Terror Heros, which may cause employees to focus on those specific aspects of the VA Strategic Plan.

Program Objective E.2.2: Provide critical statistical information on current and future veteran demographics, employment, socioeconomic factors, demand for benefits and services and the associated VA workload to facilitate VA's corporate decision making processes and a range of strategic and operational planning activities.

Performance Goal: In 2009, OPP will provide the Department with annual survey data.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Number of surveys conducted of specific population cohorts	1	1	0	3	1	2	2

Means and Strategies: An effective veteran statistical and research function includes a variety of on-going methods, data collection and analyses to develop a body of data and information that characterizes the various cohorts of the veteran population and its demands on VA for benefits and services. These data and information are required to predict benefit eligibility, veteran utilization, and the operational workload and associated resources for processing and delivering veterans' benefits and services including compensation, pension, medical treatment, burial benefits, and memorial services. This research function will be accomplished through three principal strategies.

The first strategy includes improving VA capabilities to reliably estimate the size, composition, and location of the veteran population particularly at the state and county level. There continue to be significant challenges involved in dealing with the uncertainties associated with making these veteran population estimates such as the dynamics of the veteran population, and specialized issues such as veteran migration and mortality. The scope of this estimating process must also be expanded to include significant mining of data on veterans that exists in other VA data bases as well as databases from other Federal agencies and states that can be used to increase the confidence in population estimates and the detailing of demographic and other characteristics of the veteran population. The estimates of the veteran population are published on a periodic basis for public use as determined by the significance of the changes in the estimate. The Office is continuing to look at ways to improve estimates, such as using results from the Bureau of Census American Community Survey.

The second principal strategy includes the administration of the National Survey of Veterans Programs (NSVP). This strategy is designed to improve the Department's integration of on-going veteran survey research and to modernize

the current Office of Policy and Planning survey research program. The NSVP includes a programmatic and technical architecture. The NSVP programmatic architecture seeks to create an umbrella approach for guiding, coordinating, and integrating all surveys with a veteran identifier and creates a multi-agency work group for coordination. This strategy will be guided by a research agenda to achieve a systematic approach to data collection on the veteran population and its cohorts. The NSVP will be capable of conducting quick reaction, contemporary surveys to collect data and provide analysis to address emerging issues that merit time sensitive decisions. A comprehensive national survey of veterans, service members, survivors, and family members will be conducted in FY 2009. This survey will also fulfill the requirements of P.L. 108-454 by collecting valuable information about veteran demographics, benefits use, and awareness of benefits. The National Survey of Veterans and the requirements necessary to carry out P.L. 108-454 are estimated to be approximately $7 million.

The third strategy is the creation of the National Center for Veteran Statistics (NCVS). The NCVS was established in 2005 with the long term goal of the NCVS becoming a VA Federal Statistical Agency. This overall approach will strengthen relationships with DoD, State Directors of Veterans Affairs, Social Security Administration, Bureau of the Census, Department of Labor, Center for Medicare and Medicaid Services and other agency statistical centers to leverage on-going and planned statistical research of veterans and provide more effective data exchanges. This function will continue to focus on specific veteran issues such as employment, service utilization, the guard and reserve population, military retirees, veteran migration, low income, homeless, and other relevant topics to meet unique programmatic needs. These strategies and functions will be implemented through a combination of in-house and contract resources.

Data Source(s) and Verification:

- **Source:** National Survey of Veterans Program.
- **Verification:** Appropriate testing (such as cognitive testing, pre-tests, pilot studies) of survey instruments will be conducted prior to administering the surveys in full samples.

Goal Validation: The dynamic changes in the veteran population and customer needs drive the requirement for recurring updates, usually annually. There are also needs for estimates of special cohorts to support specialized studies. Survey data can be used as one source for refinements in this process. Surveys can also help identify emerging issues, develop planning strategies, and identify outreach opportunities.

Crosscutting Activities:
The Office of Policy continues to promote inter-agency collaboration in the design and conduct of survey research and the sharing of data for production of veteran population estimates. The information derived from survey research provides valuable information not only for VA's leadership, but also for federal and state agencies and Congress. Recent successful partnerships with the Department of Defense (DoD) and the Department of Labor (DoL) enhanced the quality of the data collected by VA and established strong working relationships among the Departments. The Office of Policy also engaged Congressional staff in the development of survey instruments. Office of Policy analysts work closely with their counter parts at DoD on many research and survey efforts. Relationships with DoD are particularly important as DoD is a primary source for providing contact information and identifying potential survey participants. DoL has publicly expressed interest in the results of ongoing VA employment studies.

The Office of the Actuary works with DoD to obtain important datasets for use in veteran population estimates. The partnership with the Bureau of Census allows the office to obtain new American Community Survey data for use in producing veteran population estimates.

External Factors:
VA will continue to collaborate with DoD and DoL to ensure it collects the most appropriate and useful data on veterans and other potential recipients of VA benefits and services. To fulfill the requirements of P.L. 108-454, VA will conduct a national survey of veterans, active duty service members, Reservists and National Guard, survivors and family members of veterans. To accomplish this effort, VA will require support from DoD and other research partners. The successful collaboration with DoD on current VA surveys will positively effect our ability to work together successfully on this next comprehensive national survey.

Program Objective E.2.3: Conduct comprehensive program evaluations to determine if VA programs meet legislated purposes and are prepared to meet veterans' needs in the future.

Performance Goal: In 2009, 1 program evaluation will be initiated to ensure periodic program evaluations for assessing outcome achievement.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Number of program evaluations initiated	2	2	2	2	2	1	3

Means and Strategies: VA will continue to conduct formal evaluations of major VA programs to ensure that intended program outcomes are being achieved. VA will periodically reassess the schedule, scope, and nature of evaluations to determine how many can be accomplished each year. In addition, VA will periodically adjust the listing of programs for evaluation in order to respond to changing priorities needed to best support VA's mission. Evaluations will primarily be conducted under contracts, managed by the Office with full participation of program officials, and include input and advice from stakeholders. The strategic target has been set at two program evaluations per year in order to address the OMB PART requirement that independent program evaluations be conducted on a regular basis. An evaluation of the Vocational Rehabilitation program is planned in order to support Objective 1.3 that focuses on assisting service-connected veteran's access employment opportunities. An evaluation of environmental medicine is also planned in 2009 to support Objective 1.2 that is concerned with providing timely and accurate disability decisions for improving the economic status and quality of life of service-disabled veterans. These program evaluations support the enabling goal to deliver world-class service to veterans and their families.

Data Source(s) and Verification:

- **Source:** The strategic target (initiating 3 program evaluations each fiscal year) is based on historical experience in OPP. It reflects (1) the availability of trained professional program evaluators who can serve as project managers, (2) the willingness of Administration officials to assign program staff to liaison with evaluation team members and contractors, and (3) a response to OMB requirements. (Note: Major program evaluations require that program officials assign a minimum of two subject matter experts on an intermittent basis throughout the study which takes from 18 to 48 months to complete.)
- **Verification:** Since 1998 with a professional staff of 5 trained program evaluators, OPP has published the results of 13 studies, which represent

evaluations of 22 programs. There currently are 3 trained program evaluators on staff.

Goal Validation: The goal of initiating 3 program evaluations is predicated on the number of trained professional analysts on staff who can serve as project managers as well as responding to what is required by OMB. Each major evaluation runs from 18 to 48 months. Currently there are 3 analysts in the unit.

Data Source: Award of contract.

Data Validation: Office of Acquisition and Logistical Management.

Program Objective E.2.4: Ensure the various cost estimates developed by independent specialists and used in VA's consolidated financial statements are reasonable and supportable.

Performance Goal: In 2009, OPP will minimize the risk of an internal control material weakness in the area of independent specialist calculations.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Number of Material Weaknesses of an actuarial nature	0	0	0	0	0	0	0

* As determined by annual review of the calculation of Compensation and Pension liability estimate and the Medical Malpractice and Tort liability calculation.

Means and Strategies: The Office of the Actuary (OACT) has implemented a regular review process of the calculation of cost estimates used in the VA consolidated financial statements. This review includes an assessment of the underlying methods and assumptions supporting the estimate. The methods used by the contractor for estimating Compensation and Pension liability is constantly being enhanced and the estimate is updated each quarter, thus the process needs to be reviewed, in conjunction with VA's independent auditor, throughout the year. The Medical Malpractice and Tort liability calculation is subject to annual review and testing. To ensure the integrity of these liabilities OACT has instituted a regular process of annual reviews for these estimates.

Data Source(s) and Verification:

- **Source:** External Auditor/OIG Report
- **Verification:** Source data used by the contractor as well as all assumptions are reviewed by the Office of the Actuary. This includes reviews of source data and contractors methods of analyses.

Goal Validation: This regular review process is essential for the integrity of VA's consolidated financial statements. The Office of the Actuary review provides the management review of these outside estimates that is required by VA's auditor.

Crosscutting Activities: The Office of the Actuary works with DoD to obtain input data and other relevant information.

External Factors: The recent addition of a Senior Actuary will further support the mission and activities of the Office of the Actuary.

Objective E.4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Program Objective E.4.1: Implement a comprehensive Management Analysis/Business Process Reengineering (MA/BPR) across non-core, commercial competitive (NCCC) functions, and integrate the results into VA's workforce planning efforts.

Performance Goal: In 2009, studies will be completed on 96 percent of the 36,000 NCCC FTEs as presented in VA's MA/BPR Plan.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Cumulative percent of FTE (compared to total planned) included in Management Analysis/Business Process Reengineering studies initiated	N/A	0%	0%	33%	54%	96%	100%

Means and Strategies: OPP will work with each VA organization to develop a detailed plan for conducting MA/BPR studies for the year. This will include planned studies, the number of FTEs to be studied, the scheduled completion date, and target cost savings. Each VA organization will track its MA/BPR activities electronically and report on the cumulative number of FTE included in MA/BPR studies that have occurred, and on the cumulative number of FTE included in MA/BPR studies that are expected to occur in the balance of the fiscal year. The purpose of this reporting requirement is to capture data that outline quality improvements made, and cost savings projected and/or realized through the implementation of recommendations that enhance the effectiveness and efficiency of the functions studied.

Data Source(s) and Verification:

- **Source:** Business Improvement Tracking System (BITS).
- **Verification:** MA/BPR Study Team Leaders are responsible for providing full validation of study data, including FTEs examined, using data collection templates to be developed in conjunction with the MA/BPR piloting process.

Goal Validation: This measure was chosen because it is the most meaningful way of expressing progress toward the goal of study completion. The MA/BPR study plan is based on a particular number of FTE to be examined. Simply reporting the number of studies completed may distort the true picture of progress, since the scope of each study may vary widely in the number of FTE. The best measure of progress is the cumulative number of FTE examined expressed as a percentage of the total FTE in the study plan.

Summary of Budget Request

The budget request provides funding for VA's strategic planning and information needs of the Department and the requirements of the Office of Policy and Planning (OPP). An average employment level of 65 FTE and $14,602,000 are requested to fulfill the mission of the Office of Policy and Planning in 2009.

Summary of Employment and Obligations
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Average employment - FTE	65	68	55	65	10
Obligations:					
Personal Services	$6,951	$8,529	$7,162	$8,632	$1,470
Travel	466	135	190	135	-55
Transportation of Things	14	0	0	0	0
Rent	0	0	0	0	0
Printing and Reproduction	200	110	270	110	-160
Other Services	6,962	5,851	10,977	5,575	-5,402
Supplies and Materials	171	130	130	130	$0
Equipment	0	20	20	20	$0
Total obligations	**$14,764**	**$14,775**	**$18,749**	**$14,602**	**$-4,147**
Reimbursements	0	0	0	0	0
SOY Carryover (-)	-2,056	0	-4,293	0	0
EOY Carryover (+) 1/	+4,442	0	0	0	+4,293
Total budget authority	**$17,150**	**$14,775**	**$14,456**	**$14,602**	**$146**

1/$149,000 of the available balances have not yet been apportioned for use in FY 2008.

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$97,982**
Two day adjustment (.763 percent)	748
Annualization of 2.2 percent 2007 pay raise (.55 percent)	539
Impact of 3.5 percent 2008 pay raise (2.63 percent)	2,577
Changes in composition of staff	1,445
2008 Average salary (262 days)	**$103,291**
Regular benefits percent	23.0%
2008 Average salary with benefits	**$127,047**

2009 Average Salary Methodology	
2008 Average salary (262 days)	**$101,485**
Minus one day adjustment (.383 percent)	-389
Annualization of 3.5 percent 2008 pay raise (.88 percent)	893
Impact of 2.9 percent 2009 pay raise (2.175 percent)	2,207
Changes in composition of staff	233
2009 Average salary (261 days)	**$104,429**
Regular benefits percent	23.0%
2009 Average salary with benefits	**$128,448**

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Personal Services	$6,952	$7,162	$8,631	$1,470

The 2009 request will support 65 FTE. This request includes the impact of the 2008 and 2009 January pay raises. Personal services also include terminal leave payments, transit benefit costs, awards, and the government's cost for regular benefits such as retirement, health insurance, life insurance, and Medicare and support for the department's continuity of government role.

Transportation of Things	$14	$0	$0	$0

Funds were used to pay moving expenses of newly hired employees.

Travel	$466	$190	$135	$-55

Funding is requested for travel to VA facilities associated with actuarial and other analysis activities, data development, quality improvement, and strategic planning. Field visits by staff of VA operations facilities will expand and insure currency of knowledge and information used to support the range of Policy and Planning activities.

Printing and Reproduction	$200	$270	$110	$-160

Requirements include the VA strategic planning documents, program evaluations, various reports, security instructions and analytical documents.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Other Services	$6,962	$10,977	$5,575	$-5,402

These funds provide for program evaluations, actuarial and other statistical research studies, acquisition of data, security guard service contracts, emergency preparedness exercises and evaluations, development and creation of CD-ROMs, maintenance and repair of equipment, employee training, ADP timesharing services, contractual services required for the department's continuity of government role and other administrative services furnished by VA Franchise Fund activities. Funds in 2008 and 2009 will be used to support the National Survey of Veterans, OEF/OIF Committee and Research and Strategic Planning/Performance Budgeting.

Supplies and Materials	$171	$130	$130	$0

These funds are used to purchase all operating supplies, repair parts for office automation equipment, copiers, faxes, etc.

Equipment	$0	$20	$20	$0

The equipment obligations contain money to cover costs associated with furniture and repairs.

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Operations, Security & Preparedness

Mission

The Office of Operations, Security and Preparedness (OSP) mission is, in coordination with VA's Administrations and Staff Offices, to ensure the continuity of essential services and 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 law enforcement, emergency management, Department of Defense contingency support, and Department of Homeland Security support missions under the National Response Plan.

Stakeholders

Veterans and their families, employees, volunteers, other Federal agencies, and state and county officials as well as the American public in general.

Performance Summary Table

Measure Description (Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of confirmed Successors to the Secretary who attend orientation and/or the annual update	N/A	N/A	N/A	N/A	95%	100%	100%
2) Percent of Under Secretaries, Assistant Secretaries and other key officials who self-certify their teams "ready to deploy" to their COOP site	N/A	85%	85%	90%	100%	100%	100%
3) Percent of field police units that are determined to be operating at a satisfactory level	80%	85%	86%	91%	88%	89%	100%

Functions/Activity

The Office of Operations, Security and Preparedness oversees, on behalf of the Secretary, certain management activities and processes that require coordination across the Department or which call for the application of broad perspective.

The Office of Emergency Management (OEM) ensures that VA has effective emergency management programs and policies in place across the department and oversees the development of effective Continuity of Operations (COOP) and Continuity of Government (COG) plans for VA. Functions include development and coordination of policy and guidance to ensure that emergency management plans, COOP and COG plans and operational requirements are consistent, integrated, and in place in the event of a disaster or a national security emergency. The Office acts as the principal VA liaison on preparedness with other Federal agencies and represents VA at the White House Homeland Security Council, the Department of Homeland Security (DHS), Department of Health and Human Services (HHS), and the Department of Defense (DOD), as appropriate. The Office develops, implements, and evaluates preparedness training and exercises. It also assesses the interaction between VA's preparedness plans and those of other Federal preparedness organizations. In addition, the Office manages, directs, and ensures readiness and staffing of VA's Operations Centers; coordinates VA's staffing at other agencies' operations centers; and supports VA's Crisis Response Team (CRT). The Office also manages the transmission, storage, and handling of classified materials in VACO and coordinates top secret clearance management in cooperation with the Office of Security and Law Enforcement (OS&LE).

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 by developing and overseeing VA-wide police and physical security programs. OS&LE determines qualification standards for and trains all newly hired VA police officers; monitors and disseminates threat intelligence information to field activities; and participates in interagency security policy and planning organizations. In addition, OS&LE coordinates the protection of multiple Federal agencies in VA Central Office campus buildings. OS&LE staff provides personal security for the Secretary and Deputy Secretary of Veterans Affairs commensurate with the threat level, to include motor vehicle support. OS&LE also adjudicates national security and high risk clearances based on background investigations. OS&LE also works with the Office of Emergency Management to determine access eligibility to classified information.

Assumptions, Opportunities and Constraints

- The Department is prepared for any emergency situation to ensure it is able to continue its primary mission of service to veterans and their families.

- The Department will serve as a support agency for disaster response and mitigation under the emergency support functions of the National Response Plan and execute the Department's "fourth mission" to provide contingency medical support to DOD in time of war.

- The Department will oversee enforcement of law and order on VA facilities and protect veterans, volunteers, and employees using VA facilities.

- The Department will protect critical infrastructure and key resources under VA control with physical security practices commensurate with known threats, helping to ensure those resources are available to the Nation in an emergency.

Program Goals, Objectives, and Performance Measures

Department Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Department Strategic Objective 4.1: Improve the Nation's preparedness for response to war, terrorism, national emergencies, and natural disasters by developing plans and taking actions to ensure continued service to veterans, as well as to support national, state, and local emergency management and homeland security efforts.

Performance Goals 1 and 2: In 2009, 100 percent of confirmed Successors to the Secretary will have attended orientation and/or the annual update and 100 percent of the Under Secretaries, Assistant Secretaries and other Key Officials will have certified their teams "ready to deploy" to their COOP site.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of confirmed Successors to the Secretary who attend orientation and/or the annual update	N/A	N/A	N/A	N/A	95%	100%	100%
2) Percent of Under Secretaries, Assistant Secretaries, and other key officials who self-certify their teams "ready to deploy" to their COOP site	N/A	85%	85%	90%	100%	100%	100%

Means and Strategies - In order to ensure that the Department meets its 2009 target for succession training, the Office of Emergency Management will:

- Communicate Line of Succession requirements to the leadership
- Monitor the status of the Department's Line of Succession
- Schedule training for newly confirmed Successors, as changes occur
- Schedule annual updates for every confirmed successor

In order to ensure that officials are aware of their requirements, the Office of Emergency Management will:

- Communicate through monthly Emergency Planners meetings and weekly Crisis Response Team meetings

- Provide newly designated Emergency Planners with an orientation on their responsibilities to ensure COOP plans for leadership review and certification are maintained and updated sufficiently

- Ensure that COOP Program Manager engage execution through a regular review of existing COOP plans to determine if they require revision

In addition, construction of upgraded COOP facilities and classified video-teleconferencing facilities, along with new common operating systems are being developed by the Department of Homeland Security to help ensure that VA maintains a high state of readiness for emergency response.

Data Source(s)
VACO Readiness Operations Center (ROC) LOS Training Records and COOP Program Manager Written Records

Data Verification
Conduct a review of LOS Training Records. Official COOP plans are maintained in OEM. Plans are reviewed annually.

Goal Validation
OSP wants to ensure that senior personnel in line to succeed the Secretary in case of his death or inability to manage the Department are trained to assume those duties. Senior leadership is also kept involved by certifying COOP plans.

Crosscutting Activities
The Office of Emergency Management has daily contact with other agencies involved in emergency preparedness. This contact includes routine business and coordination of, and participation in, interagency planning, training, exercises, and evaluations.

External Factors
None

Performance Goal 3: In 2009, 89% percent of field police units will operate at a satisfactory level.

Performance Goal Table							
Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percent of field police units that are determined to be operating at a satisfactory level	80%	85%	86%	91%	88%	89%	100%

Means and Strategies – To achieve the 2009 target and ensure a safe work environment:

- All newly hired VA police officers will complete compulsory training (training curricula will change to meet changing needs)
- Pre-employment background checks will be conducted to ensure that appropriate police personnel are hired
- Cyclical inspections of police units at VA facilities, including increased focus on facilities whose quality of operations need significant improvement, will be conducted with remedial follow-up and oversight
- Policy and guidance will be developed and implemented in accordance with VA needs and external factors
- Cooperative relations will be maintained with other Federal law enforcement agencies
- Classified materials and employee clearances will be managed in accordance with applicable laws, regulations, and Executive Orders

Data Source(s)
Data derived from records of inspections conducted by OS&LE. Five program areas, which incorporate 11 critical areas, are reviewed. Data derived from field vulnerability assessments provided to OS&LE by VHA facilities.

Data Verification
Biennial Inspections are scheduled for police units previously determined to be operating at a satisfactory level. Units determined to be unsatisfactory are revisited within 12 months of the rating.

Goal Validation
The inspection process was selected to measure achievement because it assesses

the comprehensive program. It evaluates VHA's implementation of Department Policy. The review process was selected to measure achievement and facility vulnerability on a broad range of security and law enforcement criteria.

Crosscutting Activities
OS&LE has daily contact with local law enforcement agencies, as well as the Federal Bureau of Investigation, Drug Enforcement Agency, and the Assistant US Attorney. These contacts include routine business, coordination, and participation in interagency planning, training, and exercises.

External Factors
None

Summary of Budget Request

This request will support the Department's emergency preparedness and law enforcement needs and the requirements of the Office of Operations, Security and Preparedness. An average employment of 70 FTE and $12,025,000 are requested to fulfill the mission of the Office of Operations, Security and Preparedness in 2009.

Summary of Employment and Obligations
(dollars in thousands)

	2007 Actuals	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease(-)
Average employment	57	69	70	70	
Obligations:					
Personal services	$6,368	$6,550	$6,550	$7,086	$536
Travel	583	585	585	600	15
Transportation of Things	0	0	0	0	
Rent, Communications, Utilities	127	75	75	77	2
Printing and reproduction	12	12	12	12	
Other services	4,682	4,475	4,475	3,997	(478)
Supplies and materials	168	150	150	153	3
Equipment	122	64	64	100	36
Total obligations	**$12,062**	**$11,911**	**$11,911**	**$12,025**	**$114**
Reimbursements	0	0	0	0	
EOY Carryover (+)	0	0	0	0	
SOY Carryover (-)	0	0	0	0	
Total budget authority	**$12,062**	**$11,911**	**$11,911**	**$12,025**	**$114**

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$82,850**
Annualization of 2007 2.2 percent pay raise (.55 percent)	456
Impact of 2008 3.5 percent pay raise (2.63 percent)	2,191
Adjustment--Changes in Staff Composition	1,743
Add Two Day Adjustment (.769)	658
2008 Average Salary (262 days)	**$87,898**
Regular Benefits Percentage	23%
2008 Average Salary with Benefits	**$108,115**

2009 Average Salary Methodology	
2008 Average Salary (262 days)	**$87,898**
Annualization of 2008 3.5 percent pay raise (.88 percent)	774
Impact of 2009 2.9 percent pay raise (2.18 percent)	1,995
Deduct One Day Adjustment (.382)	-346
Adjustment--Changes in Staff Composition	2,466
2009 Average salary (261 days)	**$92,787**
Regular Benefits Percentage	23%
2009 Average Salary with Benefits	**$114,128**

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request
Personal services	$6,368	$6,550	$6,550	$7,086

The 2009 request will support 70 FTE, no change in OSP from the FY08 budget. Personal services include employee payroll, pay raises, terminal leave payments, transit benefit costs, awards, and the government's cost for regular benefits such as retirement, health insurance, life insurance, and Medicare.

Travel	$583	$585	$585	$600

Funding is requested for travel to VA facilities, training sites, and disaster sites associated with oversight and analysis activities, exercise, emergency response, quality improvement, and planning. Field visits by staff of VA operations facilities will expand and ensure staff development, management oversight, participation in program exercises, and interagency coordination to support the range of OSP activities. Security & Law Enforcement plans extensive travel to provide protection for VA leadership and to continue annual inspections of VA field police forces. OEM travel will enable VA participation in a variety of COOP and emergency preparedness training exercises, interagency coordination, and staff development. Funding is also requested to support hurricane or other natural disaster response efforts by OEM and OS&LE.

Detail of Budget Estimates (dollars in thousands)	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request
Rent, Communications, Utilities	$127	$75	$75	$77

Requirements include non-IT support of OSP communications related to emergency response, law enforcement, and security functions. Funds are included to ensure VA sites are qualified to receive and transmit secure communications required to fulfill responsibilities under the National Response Plan.

Printing and reproduction	$12	$12	$12	$12

Requirements include the OSP strategic planning documents, program evaluations, various reports, security and law enforcement and preparedness instructions and analytical documents.

Other Services	$4,682	$4,475	$4,475	$3,997

These funds provide for program evaluations, research studies, security guard service contracts, emergency preparedness exercises and evaluations, maintenance and repair of equipment, employee training, contractual services required for the department's continuity of government role and other administrative services furnished by VA Franchise Fund activities.

Supplies and Materials	$168	$150	$150	$153

These funds are used to purchase all operating supplies, repair parts for office automation equipment, copiers, faxes, etc. Supplies for responding to natural and terrorism events are required for both preparedness and law enforcement activities. These include MRE's, water, field clothing, ammunition, and other supplies.

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request
Equipment	$122	$64	$64	$100

These funds are used to purchase non-IT related equipment in support of preparedness, law enforcement and security functions; including firearms and associated law enforcement and training equipment, office equipment to fit-out VA mirror sites (continuity of operations sites established to provide redundant off-site capability for Central Office organizations), mobile electrical generation units for field deployment, etc.

Public & Intergovernmental Affairs

Mission

To provide the Department with a modern, comprehensive, and integrated communications capability that supports and reflects Department objectives and initiatives and provides veterans the information they need to access VA benefits and services.

Stakeholders

Current and future veterans, their dependents, veterans with special needs (i.e., women, minorities, homeless, Gulf War veterans, Vietnam veterans and Operation Enduring and Iraqi Freedom veterans), veterans service organizations, VA employees, the news media, and the general public require information on the Department's services, benefits, and actions on behalf of our Nation's veterans, as well as Federal, State, and local government organizations.

Performance Summary Table

Performance Summary Table: Public and Intergovernmental Affairs

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Number of homeless veterans receiving housing/services from VA	30,000	32,000	34,000	38,000	40,000	45,000	60,000
2) Number of information program for homeless service providers in which VA participates	15	17	19	20	20	30	40
3) Number of opportunities developed for VA senior officials to address national, state, and municipal traditional and non-traditional intergovernmental organizations	N/A	N/A	3	5	8	10	20
4) Number of department wide coordinated outreach activities	N/A	N/A	3	4	4	5	6

Functions/Activity

The function of the Office of the Assistant Secretary is to provide executive management of the offices of public and intergovernmental affairs. Such management comprises coordination of the information VA communicates to its various audiences, especially to the general public through the news media, and the provision of policy guidance in public affairs. The Assistant Secretary is responsible for managing and directing intergovernmental, international, homeless, and consumer affairs programs and faith-based community initiatives supporting veterans and special issue groups. The Assistant Secretary also oversees the conduct of four National Rehabilitation Special Events for veterans and coordinates other program activities. The organization works to meet the needs of several audiences--first and foremost, veterans.

The Deputy Assistant Secretary for Public Affairs heads a staff component of the Office of Public and Intergovernmental Affairs and is responsible for providing external and internal communications services and public affairs policy guidance to other Administration and staff operating elements to create awareness of VA programs, services, and responsibilities.

The primary mission of this Office is to provide the Nation's veterans, and their eligible dependents and survivors, information through news media channels about Department benefits and programs. Through the preparation and dissemination of communications vehicles and materials, the Office provides essential information on eligibility and accessibility to a variety of public entities. It maintains close liaison with media representatives and monitors print and broadcast news activities. It provides responses to inquiries concerning data and information about Department operations and policy. The Office provides assessments of public affairs issues to the Secretary and his staff, and assists VA field facilities in the formulation and execution of community public affairs programs. The Office conducts public affairs training to enhance the ability of staff and VA Administration Public Affairs personnel to communicate through the news media. It also communicates information on Administration policy and priorities through a variety of means, including articles, speeches, internal communications and media interviews with agency officials. The Office provides timely advice, information, and counsel to public affairs officers based in field facilities maintained by the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), and the National Cemetery Administration (NCA). The total program is designed to provide the Department with the means by which program objectives can be enhanced through supportive communication activities.

The Office supports publicity surrounding numerous national special events, publishes an annual compilation of Federal benefits information in English and Spanish, and produces the Department's print and electronic employee media. The Office maintains Internet access to the benefits booklet (in English and Spanish), news releases, fact sheets, and other informational materials.

With personnel in Central Office and in seven field offices, the Office provides an array of public information and professional communications media services. These include news and feature releases, fact sheets, statistical summaries, radio and television materials, magazine articles, speeches, and official statements. The Office also provides advice to the Secretary, Under Secretaries, and staff office heads concerning public interest in, and reaction to, VA policies and programs.

The Office produces a number of media specifically aimed at VA's internal audiences - employees, volunteers, veteran patients and other stakeholders. *VAnguard* is VA's premier employee magazine published six times a year and distributed nationally to all VA facilities. *VA News* is a weekly video newscast of events, activities, issues and achievements affecting VA employees. It is broadcast via satellite to all major VA facilities. The office sends via e-mail a daily message for all employees to inform them of VA achievements, initiatives and policy decisions and to recognize VA employees for their achievements. All of these products are posted on the Office of Public Affairs Web site, as well. The Office also uses the employee leave and earnings statement to send messages communicating management priorities and program initiatives.

The Office of the Deputy Assistant Secretary for Intergovernmental Affairs is another staff component of Office of Public and Intergovernmental Affairs activities.

The Intergovernmental Affairs Service acts as the Department's liaison in all intergovernmental affairs matters and serves as the primary contact with Federal, State, and local government officials. The service coordinates VA's participation in intergovernmental affairs initiatives, including White House-sponsored activities. Intergovernmental Affairs Service is responsible for the assessment of issues and concerns of State and local officials and the impact of VA's action in their areas of jurisdiction. The service also facilitates continuous and bilateral communications between the States and VA Central Office to provide early knowledge of State actions and concerns, issues, and supporting programs.

Consumer Affairs Service, created by Executive Order 12160 in 1980, is the Department's liaison with other Cabinet department consumer affairs offices and acts as the Department-level consumer complaint response office. The Department's "consumers" are primarily veterans and their dependents and

survivors, although we include businesses, veterans service organizations, and other groups who have veteran-related interests. In addition to directly responding to veterans and other individuals through the VA Web site, Consumer Affairs Service acts as a consultant and coordinator for other VA offices and field stations in establishing and maintaining their Internet-based customer response activities, as well as their ongoing customer service programs. Consumer Affairs responds to inquiries from State and local government elected officials regarding individual veterans concerns.

International Affairs Service is responsible for developing, managing, and coordinating the Department's international programs. The staff coordinates with the National Security Council (NSC), Department of Defense and the State Department in developing state visit programs and subject matter exchanges for representatives of foreign governments concerning veterans' benefits. These programs provide a venue for the exchange of information on how best to serve veterans, assist countries in developing programs to better serve their veterans, and help to foster our bilateral relations with participating countries. The service is also responsible for coordinating with foreign governments all international commemorative events such as the anniversary of foreign wars, battles, and official recognition by foreign governments of our veterans. A major responsibility of the International Affairs Service is to interface with the diplomatic community on all international matters concerning our veterans and all foreign official travel.

The Office of Homeless Veterans Programs coordinates Department-wide efforts to assist our Nation's homeless veterans. The staff is tasked with developing partnerships with other Federal agencies, State and local governments, national and local homeless service providers, veterans service organizations, and Native American tribal governments to improve internal and external systems of assisting homeless veterans. This office oversees all VA programs and serves as the Department's coordinating office with the Interagency Council on Homelessness (ICH). In addition, this office coordinates the Department's Working Group on Homelessness and provides logistical support to the 15-member Advisory Committee on Homeless Veterans. This office is a key internal partner to the Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans' initiative. The Office coordinates VA involvement in the planning and participation in joint conferences with federal Departments that assist homeless veterans; oversees VA participation with the Department of Labor's pilot to assist incarcerated veterans; and participates as a key component of the Task Force on Access and Availability of Mental Health and Substance Abuse Services.

The Office of National Outreach Programs, established in July 2005, works with VA's administrations and staff offices to coordinate and monitor major Departmental outreach efforts to ensure veterans and their families have timely access to information regarding VA benefits and services. The Office is also responsible for developing and implementing administrative and operational policies related to outreach. The office coordinates with VA's senior leaders and the communications offices in VHA, VBA, and NCA to develop national, regional, and local outreach plans to inform specific veteran populations, their families, and service providers of VA benefits and services and also serves as a liaison with the White House, Congress, and other Federal, State, and local officials on the development of coordinated outreach efforts.

The Center for Faith-Based and Community Initiatives (CFBCI), created by Executive Order 13342 on June 1, 2004, coordinates Department-wide efforts to eliminate regulatory, contracting, and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social and community services to veterans. The Center serves as the liaison and point of contact with the White House Office of Faith-Based and Community Initiatives with unique operational and White House liaison responsibilities and reporting requirements. CFBCI was realigned under the Office of the Secretary in mid 2007.

The Office of National Programs and Special Events coordinates VA activities related to veterans national programs, memorial and commemorative participation, and the four national rehabilitative special events for veterans. Such activities include Veterans Day, Memorial Day, National Disabled Veterans Winter Sports Clinic, National Veterans Wheelchair Games, National Veterans Golden Age Games, National Veterans Creative Arts Festival and nationally recognized historical events. This office also directs the activities of the National Rehabilitation Special Events Management Group currently chaired by the Deputy Secretary and vice-chaired by the Assistant Secretary for Public & Intergovernmental Affairs.

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.

The Advisory Committee Management Office serves as the Department's liaison for VA's 26 advisory committees and is responsible for providing clear goals, standards, and uniform procedures with respect to the creation and operations of the advisory committees.

In coordination with the Office of Information Technology the Office of Public and Intergovernmental Affairs develops and/or participates in the development, communication, implementation and evaluation of policies, plans, guidance and initiatives which directly affect effective and efficient utilization of the organization's information resources.

Assumptions, Opportunities and Constraints

VA has often been described as unique among Cabinet departments in that its mission is totally oriented to the direct delivery of services to segments of the public as defined by law. That being the case, there is the logical expectation that the Department has the ability to communicate what it offers and the means by which to provide delivery of such services to those entitled to VA benefits and programs.

Public and Intergovernmental Affairs activities encompass the broad realm of information-delivery functions within large and complex organizations. Target audiences are focused both within and outside VA based upon the philosophy that the public is better served by employees who are themselves well-informed not only about their specific duties, but also about the Department's responsibilities. VA relies largely on its ability to attract attention from media organizations, all of which are privately operated and which reach both specialized and broadly diverse populations. Maintaining a staff of skilled and versatile specialists with crosscutting experience and talent is crucial to being able to provide communications support for the Department's mission.

Further reinforcing the need for strength in this area of staff support is the historical reality of unforeseen situations that arise from operating a nationwide, multi-million patient health care system. No amount of planning or foresight can obviate the intense demand for response and attention during crises. The lack of a strong public affairs entity subjects organizations to often severe criticism from which recovery is difficult if not impossible.

Expectations must also be tempered by constraints inherent in the Federal mass communications environment, which does not have the latitude found in the private sector. For example, VA cannot engage in institutional advertising and paid public relations efforts, often very important components of total communications strategies.

Program Goals, Objectives, and Performance Measures

Department Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Department Objective 1.1: Maximize the physical, mental, and social functioning of veterans with disabilities and be a leader in providing specialized health care services.

Performance Goal 1: In 2009, increase the number of homeless veterans receiving housing/services from VA to 45,000.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Number of homeless veterans receiving housing/services from VA	30,000	32,000	34,000	38,000	40,000	45,000	60,000

Means and Strategies: To reach the FY 2009 target, the Homeless Veterans Program Office will work with VHA, VBA, and staff offices to enhance communication, collaboration and coordination of Department-wide programs and activities to address the needs of homeless veterans. This office will also continue to serve as liaison to other Federal agencies, State and local governments, veterans service organizations, and non-profit organizations serving homeless veterans and conduct outreach activities that will promote partnerships to expand the range of services for homeless veterans. Monthly meetings of the Secretary's Working Group on the Homeless will be held to continue expansion of its existing organizational membership by five internal organizations each year. These meetings will enhance communication and coordination efforts and optimize resources targeted at the homeless veteran population. Staff will work to maximize participation in the Community Homelessness Assessment Local Education and Networking Groups (CHALENG) by increasing VA facility participation. The Office will coordinate outreach activities to enhance community participation in local CHALENG planning meetings. The Office will serve as a liaison with State and local governments and faith-based and community service providers to expand housing opportunities with VA's loan guarantee for multi-family transitional housing for homeless veterans.

Data Source(s) and Verification:

- **Source:** Homeless Veterans Grant Program grantee records, VHA clinical reporting systems, VBA benefit reporting systems, Department of Labor, Homeless Veterans Reintegration Program (HVRP) and the Department of Housing and Urban Development are all sources used for performance information.
- **Verification:** The Northeast Program Evaluation Center, West Haven VAMC, conducts routine program evaluation and monitoring activities.

Goal Validation: Addressing the needs of homeless veterans is a Department priority. Tracking the number homeless veterans receiving benefits from VA serves as a valid indicator of how effectively VA's Homeless Veterans Program is communicating, collaborating and coordinating with of Department-wide programs and activities to address the needs of homeless veterans.

Crosscutting Activities: The Homeless Veterans Program Office coordinates the development of Departmental homeless programs with VHA's Mental Health and Strategic Health Care Group and VBA's Loan Guaranty Service, Veterans Services, Vocational Rehabilitation Service, and Education Service.

Performance Goal 2: In 2009, increase the number of informational programs for homeless service providers in which VA participates to 30.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Number of information programs for homeless service providers in which VA participates	15	17	19	20	20	30	40

Means and Strategies: The Center for Faith-Based and Community Initiatives in conjunction with the Homeless Veteran Program office will work with VHA, VBA, NCA, and staff offices to enhance communication, collaboration and coordination of Department-wide programs and activities to address the needs of homeless and other veterans in need of social services. The Center will seek advice from responsible parties within the faith-based and community organizations structure to focus communication and coordination efforts on homeless service providers and thereby optimize resources spent on behalf of the homeless and at-risk veteran population.

Data Source(s) and Verification:

- **Source:** Internal tracking mechanisms will be used to collect data.
- **Verification:** Listings of events with staff contacts and participant information are maintained on file and periodically reviewed for accuracy.

Goal Validation: Participation in informational programs for homeless providers is a key element of VA's efforts on behalf of homeless veterans because it strengthens VA's partnerships with faith-based and community organizations – many of which work with homeless veterans, and allows for the testing of new strategies through pilot and demonstration programs.

Crosscutting Activities: The Homeless Veterans Program Office continues to develop and enhance collaborative programs with faith-based and community-based non-profits, veterans service organizations, and State and local governments to serve homeless veterans through "Stand-Downs" and establishment of housing and employment services. Collaborative efforts have been established with non-profit organizations and national veterans service organizations to continue a wider outreach effort for better utilization of VA services.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-2: Improve communications with veterans, employees, and stakeholders about VA's mission, goals, and current performance as well as benefits and services that the Department provides.

Performance Goal 1: In 2009, increase the number of opportunities developed for VA senior officials to address national, state, and municipal traditional and non-traditional intergovernmental organizations to 10.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Number of opportunities developed for VA senior officials to address national, state, and municipal traditional and non-traditional intergovernmental organizations	N/A	N/A	3	5	8	10	20

Means and Strategies: The Office of Intergovernmental Affairs coordinates with VA's senior leaders and the communications offices in VHA, VBA, and NCA to develop plans to inform leadership of The National Governors Association, National Conference of State Legislatures, American Legislative Exchange Council, National Association of Counties, U.S. Conference of Mayors, and the National Foundation for Women Legislators.

Data Source and Verification:

- **Source:** Internal tracking system is maintained.
- **Verification:** Internal tracking system is periodically reviewed for accuracy.

Goal Validation: VA can influence policy regarding veterans by getting on the conference agendas of groups such as the National Governors Association, National Conference of State Legislators, U.S. Conference of Mayors, American Legislative Exchange Council, National Association of Counties, and the National Foundation for Women Legislators and working with elected and appointed officials. Tracking the number of opportunities VA leaders have to address opinion leaders is an indicator of the degree of potential influence VA has on policy formulation at the local, state, and federal levels.

Crosscutting Activities: The Office of Intergovernmental Affairs will work with each Administration and Program Office to develop speaking opportunities for respective senior officials to discuss current veterans issues of interest to state and local governments.

Performance Goal 2: In 2009, increase the number of department-wide coordinated outreach initiatives to 5.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Number of department wide coordinated outreach activities	N/A	N/A	3	4	4	5	6

Means and Strategies: The Office of National Outreach Programs coordinates with VA's senior leaders and the communications offices in VHA, VBA, and NCA to develop national, regional, and local outreach plans to inform specific veteran populations, their families, and service providers of VA benefits and services. The Office will also develop a Departmental Strategic Plan for Outreach. The plan will provide an inventory of current outreach efforts and articulate strategies for improvement and additional outreach efforts where gaps currently exist.

Data Source(s) and Verification:

- **Source:** Under development. The Strategic Plan for Outreach will serve as the primary data source for the Department's national outreach efforts.
- **Verification:** Internal tracking system will be maintained and periodically reviewed for accuracy.

Goal Validation: The Office serves as a liaison with the White House, Congress, and other federal, state, and local officials on the development of coordinated outreach efforts. Tracking the number of outreach initiatives is a good indicator of the degree to which VA's message is reaching the veterans and their families.

Crosscutting Activities: The Office of National Outreach Programs established in July 2005, works with VA's administrations and staff offices to coordinate and monitor major Departmental outreach efforts to ensure veterans and their families have timely access to information regarding VA benefits and services. The Office is also responsible for developing and implementing administrative and operational policies related to outreach.

Summary of Budget Request

The request for 2009 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 Offices of Intergovernmental Affairs; the Office of National Programs and Special Events; and the Advisory Committee Management office. The budget provides for employment of 73 FTE and funding of $10,005,000.

Summary of Employment and Obligations
(dollars in thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Estimate	Increase (+) Decrease(-)
Average employment:					
Central Office	47	54	51	51	0
Field	23	29	22	22	0
Total	70	83	73	73	0
Obligations:					
Personal services	$8,722	$8,699	$9,007	$9,205	$198
Travel	422	375	250	250	$0
Transportation of things	0	0	0	0	$0
Rents, communications, and utilities	214	400	68	70	$2
Printing and reproduction	652	400	250	200	-$50
Other services	389	310	250	200	-$50
Supplies and materials	138	205	80	80	$0
Equipment	33	36	0	0	$0
Total obligations	**$10,570**	**$10,425**	**$9,905**	**$10,005**	**$100**
Reimbursements	0	0	0	0	$0
SOY Unobligated balance (-)	-350	0	0	0	$0
EOY Unobligated balance (+) 1/	323	0	0	0	$0
Total budget authority	**$10,543**	**$10,425**	**$9,905**	**$10,005**	**$100**

1/ Unobligated balances not yet apportioned for use in FY 2008.

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$88,394**
Annualization of 2007 2.2 percent pay raise (0.55 percent)	486
Impact of 2008 3.5 percent pay raise (2.63 percent)	2,338
Two Day Adjustment (.769 percent)	703
Adjustment – Changes in Staff Composition	-9,445
2008 Average Salary (262 days)	**$82,476**
Regular benefits percent	22%
2008 Average Salary with Benefits	**$100,621**
2009 Average Salary Methodology	
2008 Average Salary (262 days)	**$82,476**
Annualization of 2008 3.5 percent pay raise (0.88 percent)	726
Impact of 2009 2.9 percent pay raise (2.18 percent)	1,872
One Day Adjustment (.382 percent)	-325
Adjustment – Changes in Staff Composition	-411
2009 Average Salary (261 days)	**$84,338**
Regular benefits percent	22%
2009 Average Salary with Benefits	**$102,892**

Detail of Budget Estimates (dollars in thousands)				
	2007 Actual	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Personal services	$8,722	$9,007	$9,205	$198

Personal services funding required to support 73 FTE in 2009. The 2009 request includes the impact of an increase of 3.5 percent for the 2008 pay raise and the 2.9 percent 2009 pay raise beginning in January 2009. Personal services also include the government's cost for regular benefits such as the transit benefit, retirement, health insurance, life insurance, Child Care Subsidy and Medicare.

Travel	$422	$250	$250	$0

These funds provide for visits by staff members to establish and maintain contact with local representatives of news media, veterans service organizations, VA facilities and other agencies; to support the Secretary's travel agenda, and attend national service organization meetings, governors' conferences, professional development and program-related conferences; to support four national rehabilitation special events; and for field activity management and oversight, homeless programs, advisory committee meetings and international activities.

Rents, communications, and utilities	$214	$68	$70	$2

These funds provide for the purchase and maintenance of photo copiers and a media reports contract.

Printing and reproduction	$652	$250	$200	-$50

These funds will reimburse the Supply Fund for all printing and reproduction services. Requirements include letterhead, envelopes, news releases, briefing packages, VAnguard, Federal Benefits to Veterans and Dependents, Veterans Day publications, informational brochures, quarterly newsletter on homeless veterans issues, annual homeless report and other reproduction services. This level of funding will allow for a publication distribution of the Federal Benefits to Veterans and Dependents handbook, a companion tri-fold brochure that explains basic VA benefits and VA History in Brief. Contract riders will also be available for the three Administrations.

Detail of Budget Estimates

	(dollars in thousands)			
	2007 Actual	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Other services	$389	$250	$200	-$50

Funds requested provide for services not available within the Department such as the distribution of public service announcements and the production of video products used for internal and external information dissemination. Nationally distributed radio and television public service announcements and other video products detail specific benefits or outreach subjects. Also included are funds to support collateral duty management and executive-level public affairs workshops. These funds also cover wire service contracts, professional training, annual public affairs training conference, consumer affairs conference, intergovernmental affairs activities with State, county, and local governments and international affairs activities with foreign governments, DoD, and other government agencies. In addition, funds include development of a cable access video program, homeless veterans programs, and employee growth and development programs.

Supplies and materials	$138	$80	$80	$0

These funds are used to purchase all operating supplies, software, and repair parts for office automation equipment, copiers and faxes.

Equipment	$33	$0	$0	$0

Funds will be used for the normal replacement and upgrading of equipment and furnishings that meet the Department's standard for replacement.

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Congressional and Legislative Affairs

Mission

The mission of the Office of Congressional and Legislative Affairs (OCLA) is to improve veterans' benefits and services by promoting the Department of Veterans Affairs' (VA) policies, programs, and legislative initiatives through communications, coordination, interaction with and constituent services for Congress.

Stakeholders

External
External Stakeholders include the White House, congressional committees and committee staffs, Members of Congress and their staffs, and the Government Accountability Office (GAO).

Internal
Internal Stakeholders include the Secretary, the Deputy Secretary, and other Department officials representing VA to Members of Congress.

Performance Summary Table

Departmental Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of title 38 reports that are submitted to Congress within the required timeframe	54% w/i 15 days	21% by due date	13% by due date	40% by due date	50% by due date	50% by due date	100%
2) Percentage of responses to pre- & post-hearing questions that are submitted to Congress within the required timeframe	N/A	21%	15%	27%	45%	45%	100%

Departmental Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percentage of testimony submitted to Congress within the required timeframe	N/A	N/A	N/A	75%	90%	90%	100%

Other Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Critical milestones met for submission of VA-approved legislative package	N/A	N/A	25%	50%	75%	75%	100%

Function/Activity

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 Department officials regarding 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 healthy communications with Congress through briefings, hearings, correspondence, and constituent services; and
- maintaining productive working relationships with the Government Accountability Office (GAO).

Legislative activities

OCLA serves as the principal advisor to the Secretary, Deputy Secretary, and other Department officials with respect to legislative activity related to veterans; is responsible for coordinating the development of VA's annual legislative program; and monitors the status of pending legislation affecting VA.

OCLA supervises the coordination, unification, and development of VA's annual legislative program. It reviews legislative documents prepared by the administrations and staff offices.

OCLA monitors legislative proposals, bills, and hearings and advises VA officials on legislation pending in Congress and on legislative activity of interest to VA.

OCLA works closely with congressional personal and committee staff and VA managers to provide information so that legislation can be created consistent with VA's mission.

Communications

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, and correspondence.

Hearings/meetings and briefings

OCLA staff provides guidance to Department officials in their preparation for legislative, oversight, and confirmation hearings. Staff manages congressional hearings, provides background materials and briefs witnesses, and assists in preparing testimony.

The office facilitates ongoing dialog between VA and all Members of Congress by organizing and managing meetings and briefings between Department officials and Members of Congress and their staff.

Correspondence

The office provides a variety of VA-related information to congressional members and staff :

> *Reports.* The office identifies and monitors the preparation of congressionally mandated reports.
>
> *Hearing Questions.* OCLA manages Department responses to Congress on all pre- and post-hearing questions.
>
> *Web Site.* OCLA maintains a Web site that provides testimony, general information, and links to assist veterans, congressional staff, and VA officials.

Constituent

Congressional liaison staff assists Members of Congress in responding to their constituent concerns regarding VA. The office manages the resolution of numerous and often sensitive casework matters raised with Congress through veteran correspondence. The office provides an annual update to congressional staff and an orientation for new congressional Members' staffs on VA programs.

GAO
OCLA serves as the Department's liaison with GAO, manages meeting requests, and prepares and coordinates VA responses to GAO draft reports.

Assumptions, Opportunities and Constraints

OCLA is a small office where the work is complex, specialized, of a sensitive nature, and largely externally driven. OCLA seeks to shape its environment through aggressive outreach to congressional Members. Focused primarily on communicating the Department's mission and its service delivery, this outreach involves frequent briefings by senior VA officials in Washington. In addition, OCLA conducts orientation and refresher briefings on VA benefits and services for newly elected Members of Congress and their staffs. When appropriate, VA ensures top-level involvement in communications to Congress.

OCLA chairs the process of developing VA's annual legislative program. OCLA defines the process internally and encourages timely clearance by the Secretary of Veterans Affairs for submission to OMB for approval. Upon Administration approval, OCLA develops an appropriate strategy for advancement of program items through the Congress.

Program Goals, Objectives, and Performance Measures

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-2: Improve communication with veterans, employees, and stakeholders about VA's mission, goals, and current performance, as well as benefits and services that the Department provides.

Program Objective: Ensure that VA's communications with Congress on policy matters are coordinated, and that VA speaks to Congress with "one voice."

Performance Goal 1. In 2009, 50% of title 38 reports will be submitted to Congress within the required timeframe (Departmental Measure).

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of title 38 reports that are submitted to Congress within the required timeframe	54% w/i 15 days	21% by due date	13% by due date	40% by due date	50% by due date	50% by due date	100%

Means and Strategies: Monitoring congressionally mandated reports has been centralized within OCLA. OCLA maintains a database of title 38 reports, and reports on the status of these reports at the Monthly Performance Review. The office is working to establish a link on OCLA's Web page to provide status information on the reports. In addition, OCLA works proactively with Congress to change the statutory due dates on reports to reflect attainable deadlines.

Goal Validation: VA has an obligation to provide congressionally mandated reports to Congress by the statutory due date.

Crosscutting Activities: VA shares the responsibility of one report with the Department of Defense and works diligently to ensure that the response is provided by the statutorily mandated date.

Performance Goal 2. In 2009, 45% of responses to pre- and post-hearing questions will be submitted to Congress within the required timeframe (Departmental Measure).

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percentage of responses to pre- & post-hearing questions that are submitted to Congress within the required timeframe	N/A	21%	15%	27%	45%	45%	100%

Means and Strategies: OCLA is responsible for ensuring that the Department responds to pre- and post-hearing questions in a timely manner. 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. OCLA reports on the status of Departmental responses at the Monthly Performance Review.

Goal Validation: VA has an obligation to provide responses to Congress by the date requested. Timely responses to questions for the record are an ongoing priority.

Performance Goal 3. In 2009, 90% of testimony will be submitted to Congress within the required timeframe (Departmental Measure).

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Percentage of testimony submitted to Congress within the required timeframe	N/A	N/A	N/A	75%	90%	90%	100%

Means and Strategies: OCLA provides Departmental coordination for hearing preparation, including the creation and submission of testimony for congressional hearings. Congress establishes strict deadlines for submission of testimony and holds the Department responsible for timely submission. OCLA works proactively with VA's Administrations and Staff Offices to ensure that congressional deadlines for submission of testimony are met.

Goal Validation: VA has a responsibility to meet congressional deadlines for testimony submission and is held accountable for timely submission of congressional testimony.

Performance Goal 4. In 2009, 75% of the critical milestones will be met for submission of the VA-approved legislative package.

Measure Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Critical milestones met for submission of VA-approved legislative package	N/A	N/A	25%	50%	75%	75%	100%

Means and Strategies. OCLA assists administrations and staff offices in identifying legislative priorities resulting in the presentation of a coordinated, cohesive legislative package to Congress early in each congressional session. The package includes all legislative proposals--those that have budgetary implications and those that do not. OCLA has established a timeline with critical milestones identified to ensure that the Department's legislative package progresses within VA so that the final package is ready for submission to OMB in accordance with VA internally established dates. OCLA can influence the timeline of the internal

development of VA's legislative program; however, when the legislative program package leaves the Department, there are other factors to consider. The current goal reflects the direct impact OCLA has on the process.

Goal Validation. VA has a responsibility to ensure that the Department's legislative package is ready for submission to OMB in accordance with established dates.

Data Source and Verification and External Factors for Goals 1 through 4:

Data Source and Verification: OCLA uses internal tracking systems to collect the data. The appropriate OCLA Director monitors compliance of the performance goal and verifies the accuracy of data on a monthly basis.

External Factors: Meeting these goals requires the cooperation of the Veterans Health Administration, Veterans Benefits Administration, National Cemetery Administration, and other Staff Offices. Conflicting priorities within each of these Administrations may affect their ability to provide the necessary information within the required timeframes.

Summary of Budget Request

This budget submission covers the activities of the Assistant Secretary for Congressional and Legislative Affairs. Funding of $4,379,000 and an average employment of 38 FTE are requested for 2009 to support the mission of this office.

Summary of Employment and Obligations
(dollars in thousands)

	2007 Actuals	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Average employment	33	40	40	38	+2
Obligations:					
Personal services	$4,109	$4,160	$4,160	$4,160	. . .
Travel	$89	$73	$73	$80	$+7
Rents, communications, and utilities	$28	$20	$20	$20	
Printing and reproduction	$51	$7	$7	$10	$+3
Other services	$123	$50	$50	$75	$+25
Supplies and materials	$36	$24	$24	$29	$+5
Equipment	$0	$0	$0	$5	$+5
Total obligations	**$4,436**	**$4,334**	**$4,334**	**$4,379**	**$+45**
Reimbursements					
Total budget authority	**$4,436**	**$4,334**	**$4,334**	**$4,379**	**$+45**

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$82,517**
Annualization of 2007 2.2 percent pay raise (.55 percent)	454
Impact of 2008 3.5 percent pay raise (2.63 percent)	2,182
Two Day Adjustment (.78 percent)	656
Adjustment--Changes in Staff Composition	-7,847
2008 Average Salary (262 Days)	**$77,962**
Regular Benefits Percentage	25%
2008 Average Salary with Benefits	**$97,453**

2009 Average Salary Methodology	
2008 Average Salary (262 Days)	**$77,962**
Annualization of 2008 3.5 percent pay raise (.88 percent)	686
Impact of 2009 2.9 percent pay raise (2.18 percent)	1,715
One Day Adjustment (-0.382 percent)	-307
Adjustment--Changes in Staff Composition	2,009
2009 Average Salary (261 Days)	**$82,065**
Regular Benefits Percentage	25%
2009 Average Salary with Benefits	**$102,581**

Detail of Budget Estimates
(dollars in thousands)

	2007 Actual	2008 Current	2009 Request	Increase (+) Decrease (-)
Personal services	$4,109	$4,160	$4,160	+0

Personal services funds are required to support 38 FTE in 2009. The 2009 request includes the annualized impact of pay raise increases of 2.9 percent for 2009. Personal services costs also include the government's cost for regular benefits such as the transit benefit, retirement, health insurance, life insurance, and Medicare.

Detail of Budget Estimates *(dollars in thousands)*				
	2007 Actual	2008 Current	2009 Request	Increase (+) Decrease (-)
OCLA Travel	$14	$48	$40	-8
Hill Travel	$75	$25	$40	+15
Total Travel	$89	$73	$80	+7

Travel funds are requested for employees in OCLA to make visits to congressional field hearings, and to accompany the Secretary and Deputy Secretary on travel involving meetings with Members of Congress. These funds will also be used for Congressional staff travel expenses.

Rents, communications, and utilities	$28	$20	$20	+0

The primary use of funds in this category is for the rental of office equipment, such as copiers and fax machines, and communications (local and long distance telephone service, record/data transmission services, facsimile, etc.).

Printing and reproduction	$51	$7	$10	+3

These funds cover printing costs associated with the normal operation of OCLA – letterhead, circulars, and miscellaneous printing requests.

Other services	$123	$50	$75	+25

Funds in Other Services cover the cost of furniture and training, as well as contractual services for Franchise Fund activities and other intra-agency reimbursements.

Supplies and materials	$36	$24	$29	+5

These funds are used to purchase all operating supplies, software, and repair parts for office automation equipment, copiers, faxes, etc. They are also for the purchase of research and informational materials including subscriptions.

Detail of Budget Estimates *(dollars in thousands)*				
	2007 Actual	2008 Current	2009 Request	Increase (+) Decrease (-)
Equipment	$0	$0	$5	+5

All funding for the normal replacement and upgrading of IT equipment is now budgeted for in the new Departmentwide IT Fund. Furnishings will be funded within OCLA's budget to meet the Department's standard for replacement.

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Office of Construction & Facilities Management

Mission

The mission of the Office of Construction & Facilities Management (CFM) is to provide design, major construction and lease project management, design and construction standards, and historic preservation services and expertise to the Department of Veterans Affairs to deliver high quality and cost effective facilities in support of our Nation's veterans.

Stakeholders

The principal stakeholders include the Secretary, Deputy Secretary, Chief of Staff, Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), Inspector General (IG), General Counsel (GC), staff offices, VA managers and executives, and employees. External stakeholders include veterans, veterans service organizations (VSOs), and the general public.

Performance Summary Table

Performance Summary Table: Office of Construction & Facilities Management							
Measure Description (Key or Departmental Management Measures are in **bold**)	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of contract awards (design development, construction documents, construction) that meet operating plan target dates within a 90 day variance.	NA	73.3%	71.4%	73%	75%	80%	90%
2) Percent of direct lease acquisitions that meet target dates.[1]	NA	NA	NA	70%	80%	90%	95%
3) Percent of property acquisitions that meet target dates.[1]	NA	NA	NA	75%	80%	90%	95%
4) Percent of space criteria departmental updates are not older than 3 years.[1]	NA	NA	NA	100%	98%	98%	100%

Function/Activity

Public Law 109-461 dated December 22, 2006 created the position of Director of CFM. CFM is responsible for providing design, major construction and lease project management, design and construction standards, and historical preservation services and expertise to the Department of Veterans Affairs in order to deliver high quality and cost effective facilities in support of our Nation's veterans.

[1] FY2007 results are provided for the last six months of the fiscal year. The reorganization of CFM occurred in April 2007 and the funding for the second half of the fiscal year was covered by transfers approved through the reorganization.

Assumptions, Opportunities, and Constraints

CFM provides expert advice to the Secretary, Deputy Secretary, Under Secretaries, and other senior VA officials on a wide variety of issues concerning VA's capital facilities programs. CFM must focus resources, services, and products to support VA asset management goals and objectives for core product lines including design and construction management, consulting and leasing.

Program Goals, Objectives, and Performance Measures

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E-4: Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budget and performance.

Performance Goal 1: In 2009, the percent of contract awards (design development, construction documents, construction) that meet operating plan target dates within a 90 day variance will be 80%.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percent of contract awards (design development, construction documents, construction) that meet operating plan target dates within a 90 day variance.	NA	73.3%	71.4%	73%	75%	80%	90%

Means and Strategies:
To meet the 80% target, VA will establish a Project Planning and Development Service (PPDS) that will enable CFM to substantially increase the percentage of contract awards that meet operating plan target dates within 90 days of variance. PPDS will develop comprehensive/detailed plans for major construction projects

once they have been selected by the Administrations. Project development plans will be initiated prior to completion of the budget prospectuses and will continue to be updated until the construction contracts are awarded. The service will assist organizations in their planning efforts regarding the selection of projects and will include master planning efforts.

Data Source:
CFM collects data for this performance measure in the Construction Management Information System (CMIS). Construction schedules that are entered into CMIS are analyzed to determine the variance from operating plan target dates.

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. Additionally, interfaces with existing systems such as the Electronic Contract Management System (ECMS) serve as a verifying source.

Goal 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

External Factors:
External factors that affect the accomplishment of the performance goal are bids or negotiations that exceed available funding or significantly exceed the estimated cost, problems with land purchases, and staffing shortages.

Performance Goals 2 and 3: In 2009, obtain a 90% percent rate of lease and property acquisitions by target date.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percent of direct lease acquisitions that meet target dates.[1]	N/A	N/A	N/A	70%	80%	90%	95%
3) Percent of property acquisitions that meet target dates.[1]	N/A	N/A	N/A	75%	80%	90%	95%

Means and Strategies:

Goal #2:

CFM Real Property Service's (RPS) strategy for meeting the above-cited 2009 90% performance target for lease acquisitions includes continued communication with field facilities. Contracting and engineering staffs are integral to the success of major lease projects, and it is imperative that RPS staff work closely with field facilities to provide information that is vital to the successful completion of lease projects. Improved planning and coordination with the Veterans Health Administration's Offices of Operations and Management and Capital Asset Management and Planning Service, regarding space plans, benefit cost analysis, cost estimates, square footage estimates, etc., will ensure that project scopes are correct and projects are not delayed due to lack of planning and coordination.

RPS is in the process of increasing VACO staff and providing training, so as to increase field contracting and engineering staff knowledge of the lease process. Additionally, technology improvements to the lease tracking system will assist RPS management in providing current information to upper management and in measuring performance goals. Process improvements that are now needed are (1) updating Lease Design Guide to include most current security and sustainability guidelines, and (2) revising Directive 7815/Handbook to ensure that field facilities have the most current information regarding their authority for acquiring space and guidance on how to acquire space. New legislation requested in 2009 will increase Congressional notification thresholds on lease acquisitions from $300,000 to $600,000. This will reduce paperwork and duplication of effort.

Goal #3:

Real Property Service's (RPS) strategy for meeting the 90% property acquisitions performance target in 2009 includes continued communication with field facilities to ensure that they know the extent to which VA's authority to acquire property affects how they do business. This includes how to request easements, process licenses and permits, demolish buildings, etc. RPS's increased staffing and training will ensure that staff knows the policies and procedures to accomplish the above actions. Technology improvements to the lease tracking system will assist the RPS management in providing current information to upper management and in measuring performance goals. Written policy and process improvements are being prepared to ensure RPS staff has the tools to perform the tasks to meet those goals.

Data Source:

CFM collects data in the Real Property Planning and Tracking System (RPPTS). This database tracks all leasing (GSA, VA Direct and VAMC Delegated leases) and land actions (land acquisitions, easements, donations, demolitions, etc).

Data Verification:
Project managers enter data into RPPTS and develop target dates based upon estimates. Team leaders for land or leasing review information in RPPTS for accuracy on a monthly basis by cross checking the dates in the database against dates in the executed lease contract, or executed land transaction document.

Goal Validation:
Awarding direct lease and property acquisitions within target dates is essential so that veterans have timely access to facilities.

External Factors:
External factors that affect the accomplishment of the performance goals are time needed to obtain concurrences from other VA offices, delays in receiving Congressional notification, and unforeseen events in the acquisition process. Possible unforeseen events include finding hazardous substances on land proposed for acquisition, thus requiring additional study and possibly mitigation, or a breakdown in price negotiations due to disagreement over an appraisal.

Performance Goal 4: In 2009, obtain a 98% percent rate of space criteria departmental updates that are not older than 3 years.

Performance Goal Table							
Measure Description	**Results**				**Targets**		**Strategic Target**
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Percent of space criteria departmental updates that are not older than 3 years.[1]	NA	NA	NA	100%	98%	98%	100%

Means and Strategies:
The performance target will be accomplished by reviewing space programs which will be performed by VA Criteria Managers, Space Planners, VACO and VAMC Clinical and Administrative Advisory Groups, and as necessary contracting Indefinite Quantity Architect Engineers (IDIQAEs) and/or other consultants. Each chapter of the space criteria departmental updates will be revisited prior to the expiration of a three-year cycle.

All Space Planning Criteria have been updated since June 2006. Criteria published in 2006 will be reviewed by 2009 at the latest, or earlier depending on developments in each specialization.

Data Source:
CFM collects data for this performance measure in the Quality Assurance Database (QAD).

Data Verification:
Data are entered by the appropriate office and verified through checks performed by supervisory overview.

Goal Validation:
Health care facilities are continually evolving to address patient and staff environment of care issues, rapidly changing medical technology and the functional needs of modern health care. Facility space standards must keep abreast of these rapidly changing needs to ensure the highest quality care to Veterans.

Summary of Budget Request

An average employment of 289 FTE and obligational authority of $45,243,000 are requested in 2009 to support the operations of the Office of Construction & Facilities Management (CFM). Funds are included in the budget for the establishment of the Project Planning & Development Service which will strengthen the processes of the major construction project delivery service by enhancing the application, planning and project development processes. Specific areas of improvement include coordination and agreement on space and functional requirements; clearer development of the project scope; better recognition of construction related impacts on facility operations; and more accurate development of baseline and milestone estimates for major projects. CFM will allocate 10 FTE within the budget request for this new function.

Office of Construction & Facilities Management *Summary of Employment and Obligations* *(dollars in thousands)*					
		2008			
	2007 Actual [1]	Budget Estimate	Current Estimate	2009 Estimate	Increase (+) Decrease (-)
FTE	119	0	273	289	16
Obligations:					
Personal services	$14,455	$0	$34,805	$37,391	$2,586
Travel	$900	$0	$2,786	$2,841	$55
Transportation of things	$248	$0	$535	$273	($262)
Rents, communications, and utilities	$761	$0	$1,652	$1,753	$101
Printing and reproduction	$0	$0	$2	$3	$1
Other services	$3,134	$0	$7,708	$2,543	($5,165)
Supplies and materials	$257	$0	$253	$266	$13
Equipment	$210	$0	$135	$173	$38
Total obligations	$19,965	$0	$47,876	$45,243	($2,633)
SOY Carry over (-)	$0	$0	$1,151	$0	$1,151
EOY Carry over (+) [2/]	$3,056	$0	$0	$0	
Total budget authority	$23,021	$0	$46,725	$45,243	($1,482)

[1/] 2007 figures cover the last six months of the fiscal year. The reorganization of CFM occurred in April 2007 and transfers approved through the reorganization covered funding for the second half of the fiscal year
[2/] $1.9 million of the balance available is not yet apportioned.

2008 Average Salary Methodology	
2007 Average Salary (260 days)	**$92,025**
Annualization of 2007 2.2 percent pay raise (.55 percent)	506
Impact of 2008 3.5 percent pay raise (2.63 percent)	2,434
Two Day Adjustment (.77 percent)	731
Adjustment—Changes in Staff Composition	-2,353
2008 Average Salary (262 Days)	**$93,343**
Regular Benefits Percentage	25%
2008 Average Salary with Benefits	**$116,679**

2009 Average Salary Methodology	
2008 Average Salary (262 Days)	**$93,343**
Annualization of 2008 3.5 percent pay raise (.88 percent)	821
Impact of 2009 2.9 percent pay raise (2.18 percent)	2,053
One Day Adjustment (-.382 percent)	-368
Adjustment—Changes in Staff Composition	693
2009 Average Salary (261 Days)	**$96,542**
Regular Benefits Percentage	25%
2009 Average Salary with Benefits	**$120,678**

Detail of Budget Estimates
(dollars in thousands)

	2007 Actual	2008 Current Estimate	2009 Estimate	Increase (+) Decrease (-)
Personal services	$14,455	$34,805	$37,391	$2,586

Personal service funds are required to support 289 FTE in 2009. The 2009 request includes the annualized impact of the 3.5 percent pay raise in 2008 and 2.9 percent pay raise in 2009. Personal services costs also include overtime, awards and the government's cost for regular benefits such as the transit benefit, retirement, health insurance, life insurance, and Medicare.

Travel	$900	$2,786	$2,841	$55

Travel funding is requested for employees in the Office of Construction & Facilities Management to attend training, conferences, etc.

Transportation of things	$248	$535	$273	($262)

The primary use of funds in this category is the transportation of household items related to permanent change of station moves and shipment of equipment to resident engineer office sites throughout the nation.

Rents, communications, and utilities	$761	$1,652	$1,753	$101

The primary use of funds in this category is the rental of office space at 811 Vermont Avenue, as well as rental space at two project management offices in Silver Spring, Maryland, and Mare Island, California.

Printing and reproduction	$0	$2	$3	$1

This funding is for the printing of letterhead, invitations, and envelopes, and reproduction of necessary items used in the efficient operation of the Office of Construction & Facilities Management.

Other services	$3,134	$7,708	$2,543	($5,165)

Other services funds are requested for maintenance and repair services, contracts, non-pay permanent change of station obligations, training costs, interagency agreements, etc.

Supplies and materials	$257	$253	$266	$13

This funding request is for normal recurring requirements for office supplies, , and miscellaneous operating supplies used for staff meetings, briefings, and top management programs.

Equipment	$210	$135	$173	$38

Equipment funds are requested for non-IT equipment items such as copiers, fax machines and furniture.

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Inspector General

Appropriation Language

For necessary expenses of the Office of Inspector General (OIG) in carrying out the provisions of the Inspector General Act of 1978, $76,500,000, of which $3,825,000 shall remain available until September 30, 2010.

Mission

Under the authority of the Inspector General Act of 1978, the Inspector General is responsible for conducting and supervising audits and investigations; recommending policies designed to promote economy and efficiency in the administration of, and to prevent and detect waste, abuse, mismanagement, and criminal activity in Department of Veterans Affairs (VA) programs and operations; and keeping the Secretary and Congress fully informed about problems and deficiencies in VA programs and operations and the need for corrective action.

Function/Activity

The OIG carries out operations through four Assistant Inspectors General and the Office of Counselor to the Inspector General. The Office of Audit contributes to the improvement and management of VA programs and activities by providing customers with timely, balanced, credible and independent financial, performance, and information technology (IT) audits that address the economy, efficiency, and effectiveness of VA operations; the Office of Healthcare Inspections conducts oversight, monitoring, and evaluation of Veterans Health Administration (VHA) quality assurance programs and the activities of the VHA Office of Medical Inspector; the Office of Investigations independently and objectively conducts criminal and administrative investigations of wrongdoing in VA programs and operations; the Office of Management and Administration provides management, planning, and support services to OIG employees nationwide; and the Counselor to the Inspector General provides independent legal advice, counsel, and support to the Inspector General.

Assumptions, Opportunities, and Constraints

VA faces many challenges, particularly in the transition and quality of health care for veterans, timeliness in processing claims for monetary benefits, procurement, and information technology and security. In 2008, VA expects to treat 5.8 million unique patients including veterans who served in Operation Enduring Freedom and Operation Iraqi Freedom. VHA's 2008 budgetary resources request of $36.6 billion for medical care programs provides health care for an increase of 125,000 Priority 1 through 6 veterans, which is 3.3 percent above 2007 estimates. Veterans Benefits Administration's (VBA) budget request includes over $45 billion for entitlement costs, which includes monetary benefits for 3.2 million recipients of compensation benefits. VBA estimates receiving 800,000 disability claims again in 2008, which in the face of estimated pending workload of about 400,000 rating and 180,000 non-rating claims, present serious program management challenges. In addition, starting in 2008, the VA Chief Information Officer will be in charge of all VA information technology development and operations. OIG oversight workload remains a challenge due to the size, diversity, and changes in VA programs and operations.

Stakeholders

OIG is committed to improving VA policies, programs, and procedures as a means of providing the best possible service to our Nation's veterans and their families. To this end, OIG has implemented a strategic planning process designed to identify and address the essential issues facing VA. Strategic planning is an ongoing process that assesses performance, key management challenges, and takes into consideration changing priorities of all OIG stakeholders.

OIG works with VA program offices to improve the delivery of care and services, resolve operational issues, and discuss data integrity issues. OIG senior managers participate, to the extent their independence remains intact, in many VA-wide committees that work on such issues as VA emergency preparedness, the Federal Activities Inventory Reform Act, information technology security, benefits processing, and procurement.

Stakeholders recognize that much of what OIG does may not result in a quantifiable monetary benefit or an immediate result. For example, investigating the untimely death of a veteran, arresting a serial killer, removing a drug dealer from one of our hospitals—while directly related to saving lives and making a safer environment—does not easily translate into the traditional measure of better use of funds. Similarly, much of OIG's mandated work, such as the Consolidated Financial Statement (CFS) audit and Federal Information Security Management

Act (FISMA) testing of information systems security, does not yield direct monetary benefits.

Performance Table

OIG continually strives to enhance performance by focusing on the systemic issues facing the Department. OIG performance goals for 2009 are aimed at assisting the Department in achieving its strategic goals. Previously, Combined Assessment Program (CAP) reviews consolidated the talents of Audit, Investigation, and Healthcare Inspection staff to perform cyclical reviews of VA medical facilities and regional offices. Since 1999, OIG completed hundreds of reviews and provided valuable recommendations regarding operational and managerial issues. These reviews provided a wealth of information that now should be the subject of broader and more detailed national analyses. As a result, OIG focus has shifted from Audit's direct participation in CAP reviews to national audits addressing the most significant systemic issues. Healthcare Inspections and Investigations will continue CAP reviews at VA medical facilities.

Crosscutting 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 President's Council on Integrity and Efficiency, with a goal of focusing attention on the major management challenges facing the Federal government.

Data Source and Validation: Performance measurement data for each audit, health care inspection, investigation, and contract review are maintained in the automated OIG Master Case Index system. OIG publishes performance results in its Semiannual Report to Congress, which undergoes a rigorous quality control review and validation before publication.

Performance Summary Table

Measures	Performance Targets		Strategic Target
	2008 (Final)	2009 (Initial)	
Arrests, indictments, convictions, administrative sanctions, and pretrial diversions.	1,848	1,700	2,200
Audit, inspection, and evaluation reports issued that identify opportunities for improvement and provide recommendations for corrective action.	120	120	165
CAP reports issued that include relevant health care delivery pulse points.	30	30	45
Monetary benefits ($ in millions) from audits, investigations, contract reviews, inspections, and other evaluations.	$500	$500	$1,000
Return on investment (monetary benefits ÷ cost of operations in dollars).	6 : 1	6.2 : 1	10 : 1
Percentage of:			
• Prosecutions successfully completed.	85%	85%	90%
• Recommendations implemented to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA.	80%	80%	90%
• Preaward recommendations sustained during contract negotiations.	63%	63%	65%
Customer satisfaction survey scores (based on a scale of 0 to 5, where 5 is high):			
Investigations	3.0	3.2	5.0
Audit	3.0	3.2	5.0
Healthcare Inspections	3.0	3.2	5.0

Strategic Goals

OIG has developed and implemented a strategic planning process to improve overall performance and to assist VA achieve its strategic goals. Annual OIG performance goals aim to provide quality products in a timely fashion, to maximize the number of projects completed, to have the greatest possible impact, to enhance the cost-effectiveness of operations, and to improve customer service.

The OIG Strategic Plan for 2005–2010 features five goals pertaining to oversight and improvement of VA health care delivery, benefits processing, financial management, procurement practices, and information management. These goals focus on the core VA programs, address VA strategic plan goals, incorporate major management challenges, and support the President's Management Agenda. The OIG Strategic Plan includes output and outcome measures that demonstrate results and impact.

OIG 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.

Objectives: OIG will assess the quality of care at delivery points throughout VA, with a special emphasis on veterans returning from Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) and the transition of care. OIG oversight will focus on a variety of management and program controls and medical care system infrastructure. OIG will continue to investigate instances of patient abuse, health care fraud, drug diversion, and other criminal activities.

Performance Goals:

- Improve the quality of health care provided to veterans.
- Ensure that veterans who require life-sustaining care receive their care in the most appropriate setting.
- Ensure that VHA health care funds are appropriately and efficiently utilized.
- Minimize the impact of fraud, waste, abuse, and criminal activity upon the delivery of quality health care to veterans.

Means and Strategies:

Office of Healthcare Inspections: OIG will continue to focus on issues that affect the delivery of quality medical care. In addition to continuing inspections resulting from complaints to the OIG Hotline, CAP and national reviews will focus on measurable patient care outcomes and will include recommendations for corrective actions. Other OIG measures incorporated during medical center inspections include environment of care reviews, quality management program reviews, surgical mortality, employee and patient surveys, electronic patient medical record reviews, and additional focused clinical reviews. Examples of areas for review include:

- Mental Health Care for Returning OIF/OEF Veterans.
- Effectiveness of Transmission of Health Records between Department of Defense and VA.
- Quality of Care Delivered at VA Community-Based Outpatient Clinics (CBOCs).

Office of Audit: OIG will address how well VA provides specialized health care and support services. National audits will focus on identifying systemic and recurring issues in areas such as:

- Clinical Services Resource Allocation Issues.
- Management of Selected Prescription and Over-the-Counter Medications.
- Outpatient Scheduling Processes.
- Controls and Safeguards in Domiciliary Residential Rehabilitation and Treatment Programs.

Office of Investigations: Most investigations of fraud, waste, and abuse in VA programs come to the attention of OIG through referrals of allegations from various sources including veterans and employees. OIG plans to use VA and Department of Defense databases to examine specific areas susceptible to fraud such as fabricated service records and service-connected disabilities. Examples of other continuing proactive efforts include:

- Patient Care and Health Care Fraud.
- VA Employee Drug Diversion.
- Drug Distribution.
- Patient Identity Theft in VHA.

Outcomes: OIG work in health care will continue to enhance and reinforce VA's mission to ensure that our Nation's veterans receive quality health care and benefits that result in positive change in facility policies, procedures, and practices. OIG efforts will help ensure proper procedures for controlled substances, improve patient care, and deter crime.

OIG 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; and reduce criminal activity in the delivery of benefits through proactive audit and investigative efforts.

Objectives: OIG, principally through selected audits and investigations, will identify actions that VBA can take to improve the timeliness and quality of claims

processed, minimize its exposure to fraud, and reduce the amount of improper payments. OIG investigators will maximize the number of arrests, indictments, administrative sanctions, pretrial diversions, and monetary benefits from its work in VBA.

Performance Goals:

- Ensure timely and accurate delivery of benefits to eligible recipients.
- Reduce improper and fraudulent payments and ensure compliance with all applicable laws and regulations.
- Protect the system from identity theft, misuse, fraud, and inefficiency.
- Ensure data validity of the benefits delivery system.

Means and Strategies:

Office of Audit: OIG plans to assess the timely and accurate provision of benefits to veterans, particularly veterans returning from the OIF/OEF military campaigns. Audit will conduct national audits to identify systemic issues and develop recommendations for program improvement in areas such as:

- Compensation and Pension Disability Rating Systematic Technical Accuracy Review Program.
- Compensation and Pension Disability Examinations.
- Controls over VBA Regional Office Operations.
- Veterans Housing Assistance Program Risk Management Processes.
- Independent Living Services for Veterans with Service-Connected Disabilities.

Office of Investigations: OIG will continue to aggressively pursue leads that provide indications of fraudulent and criminal activity across VA programs. OIG will continue to operate programs such as Death Match and Fugitive Felon—both of which contribute to reducing erroneous payments and deterring benefit fraud. OIG will extend its use of Department of Defense and VA databases to initiate proactive reviews in areas such as:

- Fraudulent Military Service Information Used to Collect Monetary Benefits.
- Domestic State-Based Verification Project to Ensure Proper Receipt of Benefits.

Outcomes: OIG work in the benefits processing area will help assure the proper use of resources and taxpayers' dollars through reviews and investigations that result in policy, procedure, and practice improvements to reduce erroneous payments, security vulnerabilities, and fraud. OIG arrests and convictions will serve as a deterrent for others contemplating crimes against VA or our Nation's veterans.

OIG Strategic Goal #3—Financial Management: OIG oversight will assist VA in achieving its financial management mission of providing VA program managers with accurate, reliable, and timely information for sound oversight and decision making; and identify opportunities to improve the quality, management, and efficiency of VA's financial management systems.

Objectives: OIG will evaluate the effectiveness and efficiency of VA financial organizational structure and the potential for improving services and better controlling costs through streamlining, restructuring, and integrating systems.

Performance Goals:

- Identify material weaknesses.
- Ensure data validity in financial management systems.
- Strengthen internal controls over transaction processing systems.
- Reduce financial fraud.

Means and Strategies:

Office of Healthcare Inspections: OIG will assist in the evaluation of new financial systems, particularly the degree to which they influence the quality and value of health care services through decisions about sharing agreements, fee-basis care, and staffing strategies.

Office of Audit: Under the Chief Financial Officers' Act, OIG will oversee the independent audit of VA financial statements. OIG oversight will determine whether the independent public accountant complied with Government Auditing Standards. The independent public accountant will determine whether VA consolidated financial statements fairly represent VA financial position and results of operations, and report on the adequacy of internal controls and compliance with applicable laws and regulations. Examples of additional planned audits in Financial Management include:

- Financial Logistics Integrated Technology Enterprise System—FLITE.
- VHA Chief Business Office and Medical Care Collection Operations.
- VHA Integration of Budget and Performance Management with the Veterans Equitable Resource Allocation System.
- Oversight of A-133 Audits of State, Local, and Non-Profit Grantees.

Office of Investigations: OIG will assist in the assessment of new financial systems, particularly the degree to which they influence the likelihood of VA

suffering financial crimes, and will aggressively pursue financial crimes committed against VA programs.

Outcomes: OIG work will help assure the integrity and efficiency of resources by assisting the Department in refining its financial systems through timely, meaningful, and practical recommendations that result in policy, procedure, and practice improvements.

OIG Strategic Goal #4—Procurement Practices: Ensure that VA acquisition programs support our Nation's veterans, other Government entities, and taxpayers by providing its customers with quality products, services, and expertise delivered in a timely fashion, for a reasonable price, and to the right place.

Objectives: OIG work will help evaluate VA contracts to assure VA acquires supplies and services needed for efficient operations, at fair prices and terms. OIG will continue the aggressive program of contract and proposal reviews to reduce contract costs, increase dollar recoveries, and improve customer satisfaction scores.

Performance Goals:

- Ensure that VA contract solicitations, awards and administration, and purchasing actions comply with statutory and regulatory provisions and internal VA policies; demonstrate adequate procurement planning; meet the needs of the customer; and protect the interests of the Government.
- Ensure a focus on the identification and prevention of fraud, theft, bribery, antitrust, and other civil or criminal violations that may be associated with the procurement processes and functions.
- Ensure that VA identifies and implements business practices that will result in cost savings, improve the quality of VA's procurement programs, and ensure customer satisfaction.

Means and Strategies:

Office of Audit: OIG will continue to identify opportunities to strengthen and improve procurement management and oversight practices throughout VA. National audit efforts will focus on identifying opportunities to improve acquisition planning and the definition of work requirements, and help control cost escalation in major system development efforts that are heavily dependent on a broad range of acquisition support services. OIG will focus on system issues covering areas such as:

- Veterans Integrated Service Network Acquisition of Supplies and Non-Clinical Services.
- Standardization Initiatives for Medical Supplies and Pharmaceuticals.
- Oversight and Management of Community Nursing Home Contracts.
- Electronic Contract Management.
- Capital Asset Management System.
- Acquisition of High-Cost Medical Equipment.

Office of Healthcare Inspections: OIG will assist in quality of care reviews related to programs such as prime vendor agreements, formularies, sole-source contracts, fee-basis services, and similar approaches to providing medical care services.

Office of Contract Review: This office, working in collaboration with VA's Office of Acquisition and Logistics and Office of General Counsel, will conduct preaward and postaward reviews of individual Federal Supply Schedule proposals and contracts, perform pricing reviews of drug contracts awarded under the provisions of the *Veterans Health Care Act of 1992*, Public Law 102-585, and review sole-source proposals for services provided by affiliated medical schools. Contract Review estimates VA will derive a beneficial monetary impact of $90 million from the preaward and postaward work, which is included as part of the monetary benefits shown in the performance table.

Office of Investigations: OIG will continue efforts through semiannual reviews of purchase card activity data. Currently Investigations receives data from the VA credit card vendor, reviews the data, and stratifies it by merchant category code. Investigations identify unusual purchase activity such as transactions processed at pawnshops, art galleries, and other unexpected places. OIG will concentrate on reviewing more purchase card transactions in areas where itemized detailed data is available.

Outcomes: OIG operations will help assure that VA acquisitions are cost-effective and in compliance with Federal law, regulations, and VA policies. Their reviews and recommendations will result in process, policy, and practice improvements. In instances where problems are found, OIG will provide VA with advice and recommendations that will materially improve processes.

OIG Strategic Goal #5—Information Management: Assess information systems within VA to determine that they are adequately managed and protected to ensure information availability, integrity, authentication, and confidentiality; are used in a lawful and ethical manner; are cost-effective; and meet the needs of

the user/customer. Investigate fraud and other computer-related crimes against VA.

Objectives: OIG work will help assess VA efforts to address information security control weaknesses and to establish a comprehensive integrated security management program.

Performance Goals:

- Assist VA to comply with the FISMA requirements.
- Evaluate data validity in VA IT systems.
- Examine new IT systems for necessary security controls.
- Determine if mission-critical IT applications effectively meet VA user needs.
- Reduce inappropriate use of data and information management resources (for example, identity theft), and eliminate unlawful access to and use of Department information systems.

Means and Strategies:

Office of Healthcare Inspections: OIG will assist in the assessment of VA IT on the quality, access, risk, safety, and value of health care services to veterans; providing their expertise in areas such as telemedicine initiatives and Health Insurance Portability and Accountability Act issues.

Office of Audit: OIG will oversee an independent contractor's efforts to audit information security management throughout VA facilities. OIG also plans to expand national audit coverage to help identify and address security vulnerabilities inherent in VA operations. OIG will address emerging information security issues and ensure VA has appropriate controls and security measures in place to protect sensitive veterans' information. Information management topics for national audits include:

- FISMA.
- Enterprise Architecture.
- Controls over Sensitive Electronic Veterans' Health Care Data.
- Health*e*Vet System Development Initiative

Office of Investigations: OIG will identify fraudulent and other criminal activities associated with the acquisition and maintenance of IT supplies and services; theft of VA IT resources; and unlawful access and use of information systems, data, and IT resources.

Outcomes: OIG work will help assure validity, integrity, and security of VA data and data systems; and that VA is in compliance with Federal law, regulations, and policies by assisting the Department in improving its data systems through recommendations that result in effective changes in VA program operations.

Combined Assessment Program Reviews

Objective: To combine the skills and abilities of OIG Healthcare Inspectors and Criminal Investigators to provide independent, objective, and collaborative assessments of VA medical center operations on a cyclical basis.

Means and Strategies: OIG will conduct proactive reviews that incorporate the use of standardized survey instruments. The reviews evaluate care provided in VA health care facilities and assess procedures for ensuring the appropriateness and safety of patient care. Criminal Investigators will conduct fraud and integrity awareness briefings. These briefings provide key staff at major VA facilities with insight into the types of fraudulent activities that can occur in VA programs. OIG will incorporate the following measures into CAP reviews to establish baselines and track progress in the quality of health care:

- Quality Management Programs.
- Emergency Room Operations.
- Mental Health Programs.
- Supportive Care Programs.

Outcomes: OIG work based upon CAP reviews will continue to enhance and reinforce the VA mission to ensure that our Nation's veterans receive quality health care and offer recommendations that result in positive change in facility policies, procedures, and practices.

Appropriation Highlights

Appropriation Highlights (dollars in thousands)					
	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Funding:					
Appropriation	$70,641	$72,599	$80,500	$76,500	-$4,000
Rescission	0	0	0	0	0
BA unavailable	-7	0	0	0	0
Reimbursements	$3,016	$3,409	$3,513	$3,596	+83
Net Change in Carryover	9	0	9	0	-9
Obligations	$73,659	$76,008	$84,022	$80,096	-$3,926
Average employment	470	470	521	465	-56

Summary of Budget Request

The 2009 budget request for OIG is $76,500,000 from appropriations and $3,596,000 in reimbursable authority. This budget request provides resources to support a staffing level of 465 FTE, 440 from appropriations and 25 from reimbursements.

Changes from Original 2008 Budget Estimates (dollars in thousands)			
	2008 Budget Estimate	2008 Current Estimate	Increase (+) Decrease (-)
Average employment	470	521	+51
Funding:			
Personal services	$60,308	$68,615	+$8,307
Travel	3,913	3,781	-132
Transportation of things	56	96	+40
Rents, communications, and utilities	3,543	4,173	+630
Printing and reproduction	27	30	+3
Other services	7,470	6,429	-1041
Supplies and materials	361	422	+61
Equipment	330	476	+146
Insurance	0	0	0
Total obligations	**$76,008**	**$84,022**	**+$8,014**

Analysis of Increases and Decreases (dollars in thousands)			
	2008 Budget Estimate	2008 Current Estimate	2009 Request
Prior year obligations	$73,659	$73,659	$84,022
Personal services	2,025	10,332	-3,480
Other services	-191	-1,232	-267
Travel	863	731	-8
Equipment	74	220	-30
Rents, communications, and utilities	-443	187	30
Other changes–net	21	125	-171
Total obligations	**$76,008**	**$84,022**	**$80,096**

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$88,394**
Two-day adjustment (.769 percent)	680
Annualization of 2.2 percent 2007 pay raise (.55 percent)	486
Impact of 3.5 percent 2008 pay raise (2.625 percent)	2,320
Adjustment – changes in composition of OIG staff	1,391
2008 Average salary (262 days)	**$93,271**
Regular benefits percent	30%
2008 Average salary with benefits	**$121,252**

2009 Average Salary Methodology	
2008 Average salary (262 days)	**$93,271**
One-day adjustment (-.385 percent)	-359
Annualization of 3.5 percent 2008 pay raise (.875 percent)	816
Impact of 2.9 percent 2009 pay raise (2.175 percent)	2,029
Adjustment – changes in composition of OIG staff	544
2009 Average salary (261 days)	**$96,301**
Regular benefits percent	30%
2009 Average salary with benefits	**$125,191**

Summary of Employment and Obligations (dollars in thousands)					
	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Average employment					
Headquarters functions	70	67	75	75	0
Operational functions	400	403	446	390	-56
Total Employment	**470**	**470**	**521**	**465**	**-56**
Obligations:					
Personal services	$58,283	$60,308	$68,615	$65,135	-$3,480
Travel	3,050	3,913	3,781	3,773	-8
Transportation of things	16	56	96	24	-72
Rents, communications, and utilities	3,986	3,543	4,173	4,203	+30
Printing and reproduction	37	27	30	30	0
Other services	7,661	7,470	6,429	6,162	-267
Supplies and materials	370	361	422	323	-99
Equipment	256	330	476	446	-30
Insurance	0	0	0	0	0
Total obligations	**$73,659**	**$76,008**	**$84,022**	**$80,096**	**-$3,926**
Reimbursements	-3,016	-3,409	-3,513	-3,596	-83
Rescission	0	0	0	0	0
Balance unavailable for new obligations	7	0	0	0	0
Net Change in Carryover	-9		-9	0	+9
Appropriations	**$70,641**	**$72,599**	**$80,500**	**$76,500**	**-$4,000**

Detail of Budget Estimates (dollars in thousands)					
	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request	Increase (+) Decrease (-)
Personal services	$58,283	$60,308	$68,615	$65,135	-$3,480

Funding will support a staffing level of 465 FTE, 440 from appropriations and 25 from reimbursements, and recognizes the pay raise, locality pay, and availability pay; and employee benefits such as retirement, health benefits, and Medicare.

Employee travel	$3,050	$3,913	$3,781	$3,773	-$8

Travel funding addresses the costs of temporary duty travel for OIG employees conducting oversight work at VA facilities and General Services Administration cars to meet criminal investigative needs.

Transportation of things	$16	$56	$96	$24	-$72

These costs represent shipment of personal property when moving from one location to another on permanent assignment for the convenience of the Government.

Rents, communications, and utilities	$3,986	$3,543	$4,173	$4,203	+$30

This provides funding for required GSA space, Federal Technology Service telecommunications operations, telephones, and equipment rentals.

Printing and reproduction	$37	$27	$30	$30	$0

Other services	$7,661	$7,470	$6,429	$6,162	-$267

This provides funding for activities such as VA Franchise Fund services, and contractual services such as the CFS and FISMA audits.

Supplies and materials	$370	$361	$422	$323	-$99

Equipment	$256	$330	$476	$446	-$30

These provide funding for supplies and for selected IT replacement cycle purchases in 2009.

Minor construction funding for OIG facilities is no longer included in the IG presentation. An estimate of $821,000 in minor construction needs for OIG offices was submitted for inclusion in the Department's minor construction appropriation request.

Highlights of OIG Program Outcomes

In the 12 months covered by the last two OIG Semiannual Reports to Congress, OIG identified $820.1 million in actual and potential monetary benefits; issued 217 reports on VA programs and operations; and achieved 580 arrests, 336 indictments, 242 criminal complaints, 389 convictions, 711 administrative sanctions, and 45 pretrial diversions. OIG operations provided a return-on-investment of $11 to $1. Some noteworthy reports and accomplishments include:

- An administrative investigation found that a breakdown in management controls and accountability contributed to the disappearance of a VA-owned external hard drive believed to contain personally identifiable information for over 250,000 veterans and 1.3 million medical providers.
- A health care inspection of the care provided by two VA medical centers in Minnesota to a veteran patient who committed suicide recommended improvements in mental health screening procedures.
- An audit of VHA surgical device implant practices recommended management improvements in inventory, patient privacy, and recall procedures and identified potential cost reductions of $22 million.
- A follow-up audit found that problems previously identified in 2005 concerning outpatient appointment scheduling practices at VA medical facilities and underreporting of patient waiting time data still existed.
- An audit of compensation benefit payment adjustment controls at VA regional offices identified $51 million in avoidable overpayments.
- Preaward and postaward reviews of VA contracts resulted in $150 million in monetary benefits.
- Health care inspections reviewed the health status of and services for OIF/OEF Veterans after traumatic brain injury rehabilitation, and performed multiple reviews of veteran suicides and VA steps to prevent them.
- An investigation resulted in the conviction of a wife who poisoned an active duty Marine to gain VA and Department of Defense survivor benefits.
- An investigation resulted in the conviction of a consolidated mail outpatient pharmacy manager for conflict of interest for receiving more than $115,000 in kickbacks from a vendor.
- An investigation found that a nurse had stolen controlled and non-controlled substances from a VA medical center for 9 years and conspired with relatives to distribute the drugs.

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Office of Acquisition and Logistics: Supply Fund

Name-Change

An organizational assessment of the Office of Acquisition and Materiel Management (OA&MM) has been completed and is scheduled for implementation during fiscal year 2008. As a result of the assessment, the name of OA&MM has been changed to the Office of Acquisition and Logistics (OA&L).

Mission

To support our Nation's veterans and other government customers, we provide acquisition, logistics, and financial solutions.

Stakeholders

External stakeholders include: veterans and their families; Veterans Service Organizations; State Veterans Homes; supply services and recycling vendors; the Congress and other Government agencies (OGAs) including but not limited to Department of Defense (DoD), Health and Human Services, General Services Administration, U.S. Government Printing Office, Department of Treasury, Government Accountability Office, and Office of Management and Budget.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and VA staff offices.

Performance Summary Table: Office of Acquisition & Logistics: Supply Fund							
Performance Measures	Results				Targets	Strategic Target	
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of protested contracts w/ VA position sustained	93%	90%	90%	90%	90%	90%	90%
2) Percentage of service contract dollars converted to performance-based contracts	15.6%	35%	25%	30%	40%	40%	100%
3) Average days to process orders to completion at the Denver Acquisition Logistics Center (DALC)	3.0	3.0	3.0	3.0	3.0	3.0	3.0
4) Average number of orders (prosthetics devices and batteries) processed annually per employee (DALC)	14,394	16,238	16,794	17,577	20,000	22,000	24,000

Function/Activity

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 for both VA and OGA customers. It funds the following three offices:

- The Office of Acquisition and Logistics (OA&L) – formerly OA&MM – which is a staff office within the Office of the Assistant Secretary for Management. OA&L is responsible for maintaining a supply system for VA by providing acquisition, logistics, and Supply Fund financial services and exercising oversight and stewardship responsibilities for the VA acquisition and logistics program to ensure that VA complies with laws, regulations, and national policies governing Federal acquisition and property management.
- The Prosthetics and Clinical Logistics Office (PCLO) which is an organizational element within the Veterans Health Administration. PCLO serves as the expect 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 (OSDBU) which 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 and disadvantaged business concerns in contracts awarded by VA.

OA&L's activities are accomplished at several primary sites:

1. VA Central Office, in Washington, D.C.
2. National Acquisition Center, in Hines, IL
3. Hines Service and Distribution Center, in Hines, IL
4. Denver Acquisition and Logistics Center, in Denver, CO

Assumptions, Opportunities, and Constraints

OA&L, using best business practices technology, is developing a VA Electronic Commerce (EC) acquisition program to automate all Departmental procurement processing activities. EC systems provide the capability to electronically request and receive vendor/supplier quotations, purchase orders, confirmations, invoices, and finally, to electronically remit payments. While primarily dedicated to VA customer order fulfillment, the EC technology is being shared with OGA customers to support their requirements for commodities and service. Thus, emerging EC technology supports customer-driven supply support for VA as well as for OGAs. OA&L will continue to market and provide Center of Excellence EC capability to expand and diversify the Supply Fund revenue base.

Program Goals, Objectives, and Performance Measures

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; and employing resources effectively through enhanced capital asset management, acquisition practices, and competition sourcing; and linking strategic planning; budgeting and performance.

Program Objective E.4.1. Ensure the professionalism of VA's acquisition and materiel management work force.

Performance Goal 1: In 2009, VA's position will be sustained at 90 percent of protested contracts.

Performance Goal Table							
Performance Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
1) Percentage of protested contracts w/ VA position sustained	93%	90%	90%	90%	90%	90%	90%

Means and Strategies: The Office of Acquisition and Logistics (OA&L) is in the process of implementing a Protest Risk Management Program (PRMP) that will include mechanisms that will identify risks in its acquisition program. OA&L will augment its current acquisition staff and hire additional acquisition professionals who will be responsible for managing the program and identifying the risks. Upon identifying the risks, OA&L will take steps to eliminate those risks in an effort to mitigate the number of protests filed against VA procurements. Contract Review Boards (CRB) consisting of subject matter experts will be formed to conduct a review of complex and high-dollar value procurements in an effort to manage the risk throughout the acquisition life cycle. By implementing the PRMP and conducting acquisition reviews through CRBs, OA&L expects to reduce the number of protests as well as reduce the number of instances whereby the protesters' positions are sustained. Consequently, this will mean that VA's position will be sustained at a higher rate in protest cases filed against its procurements.

Data Source(s): An element of the PRMP requires OA&L to upgrade its existing protest database and record extensive data elements that will enable OA&L to identify trends in protests filed against its procurements. OA&L will also utilize its existing Electronic Contract Management System (eCMS) to record and collect pertinent data.

Data Verification: Data will be verified by reviewing contract records that are required to be created and accurately maintained in any federal acquisition program. Because OA&L is involved in the decision or action taken in response to each protest, it will ensure that accurate data is recorded for each protest filed.

Goal Validation: The Department of Veterans Affairs (VA) is charged with providing prompt and high-quality health-care services to our nation's veterans. To achieve this, VA relies heavily on the acquisition process, contracting for supplies and services for the veteran population. Unfortunately, VA spends considerable time and effort reviewing and resolving bid protests filed against its

procurements. The effect of protests has a direct impact on VA providing efficient services to our nation's veterans. In some cases, VA must immediately suspend contract performance until a resolution to the protest is reached and find other means by which to service veterans, some of which are not cost-effective.

Performance Goal 2: In 2009, the percentage of service contract dollars awarded as performance-based contracts will be 40 percent.

Performance Goal Table							
Performance Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Percentage of service contract dollars converted to performance-based contracts	15.6%	35%	25%	30%	40%	40%	100%

Means and Strategies: The use of PBSA provides an enhanced level of service to include improved quality of performance and customer satisfaction. VA is making steady progress in converting new and existing service contracts to performance-based contracts. OA&L will continue to provide training and continuing education on performance-based contracting to VA's contracting workforce in an effort to facilitate the conversion. Performance-Based Service Acquisitions training will be provided to acquisition and program officials during the FAC-C certification process.

Data Source(s): A cyclical reporting mechanism has been established through the Federal Procurement Data System (FPDS) to monitor VA's progress in converting to performance-based contracts.

Data Verification: Through the FPDS process, VA will be able to verify and analyze the types of conversions and the dollars obligated on performance-based contract schedules. The HCA will certify the completeness, currency and accuracy of FPDS-NG data and submit to the Associate Deputy Assistant Secretary for Acquisitions by November 15th of each year.

Goal Validation: This measure was chosen to gauge our progress in achieving our recommended goal of 40 percent conversion, based on the July 21, 2006 memorandum issued by Paul Burton of OMB.

http://www.whitehouse.gov/omb/procurement/pbsa/pba_2006_memo.pdf

Program Objective E.4.2. The Denver Acquisition and Logistics Center (DALC) will continue to provide prosthetic and sensory aid supplies/services to our veteran and facility customers in a timely manner and, where possible, increase the number of shipments by providing support to OGAs.

Performance Goal 3: In 2009, the average number of days to process orders to completion at the DALC will be 3.0.

Performance Goal Table							
Performance Measures	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Average days to process orders to completion at the DDC	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Means and Strategies: VA will expand the number of shipments made by the DALC to directly support veterans and continue to provide a quick turnaround for their requests. This provides service to eligible veterans as they are seen in the medical centers and clinics increasing the number of shipments. In addition, the DALC and OA&L marketing staff are contacting OGAs, in particular the military, to add them as DALC customers for the products they provide. Reducing turnaround time on orders processed will be accomplished through information technology improvements. This will be accomplished incrementally during the next five years.

Data Source(s): The data used to track the results comes from DALC's automated remote ordering entry system (ROES), which is programmed in M programming language, and is transferred to a management information system. This system keeps a complete record of all transactions and provides an audit trail.

Data Verification: The ROES data are available to all medical centers and any mistakes will be brought to the attention of the DALC management to be corrected.

Goal Validation: The average number of days to process an order is a productivity measure that addresses the efficiency and effectiveness of DALC order processing staff and its procedures. This information will be used by management to identify and implement any necessary changes to ensure a continued positive performance pattern.

Crosscutting Activities: The DALC provides Army and Air Force medical centers hearing aids, batteries, and repairs. By providing this service to the Army and

Air Force personnel they will be familiar with the VA system when they become eligible for our services.

Performance Goal 4: In 2009, the average number or orders processed annually per employee will be 22,000.

Performance Goal Table							
Performance Measures	Results				Targets		Strategic Goal
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Average number of orders (DALC) processed annually per employee	14,394	16,238	16,794	17,577	20,000	22,0000	24,000

Means and Strategies: The number of orders per FTE is a productivity measure that addresses the efficiency and effectiveness of DALC programs. This information will be used by management to identify and implement any necessary changes to ensure a continued positive performance pattern.

Data Source(s): The data resides in the DALC computer system database. Orders are entered through the Remote Order Entry System (ROES). Historical records are kept for all transactions. The number of orders is available in printed copy or online by accessing the DALC Sales Reports. These are available to DALC employees and remote clinical users. The number of FTE is available in the monthly FTE report generated centrally in OA&MM.

Data Verification: The number orders per year divided by the number of authorized FTE. Through audits of the DALC Sales Reports the VA will be able to verify and analyze the types and quantity of orders processed at the DALC.

Goal Validation: The number of orders per FTE is a productivity measure that addresses the efficiency and effectiveness of DALC programs. This information will be used by management to identify and implement any necessary changes to ensure a continued positive performance pattern.

Supply Fund Highlights **(dollars in thousands)**				
	2007 Actual	2008 Current Estimate	2009 Estimate	Increase(+) Decrease(-)
FTE	**426**	**480**	**558**	**+78**
Appropriation	**$0**	**$0**	**$0**	**$0**
Obligations:				
Operating	$83,619	$85,000	$100,500	+$15,500
Merchandising	$1,197,358	$2.000,000	$2,068,589	+$68,589
Total Obligations	**$1,280,977**	**$2,085,000**	**$2,169,089**	**+$84,089**
Outlays	**$29,708**	**$0**	**$0**	**$0**

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 for both VA and OGA customers. FTE and obligation estimates for 2009 are 558 and $2,169,089,000 respectively. The FTE increase of 78 is primarily due to the establishment of a Center for Acquisition Innovation to improve customer support for VA central office customers.

Summary of Employment and Obligations (dollars in thousands)					
		2008			
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate	Increase(+) Decrease(-)
FTE:					
Field	254	259	259	326	+67
Central Office	172	221	221	232	+11
Total FTE	**426**	**480**	**480**	**558**	**+78**
Obligations:					
Personal Services	$45,085	$46,964	$46,964	$54,596	+7,632
Travel	2,900	6,580	6,580	7,000	+420
Transportation of Things	5,058	10,306	10,306	10,346	+40
Rents, Communications & Utilities	4,544	4,571	4,571	4,594	+23
Printing and Reproduction	7,952	9,680	9,680	9,780	+100
Other Services	129,376	1,476,842	676,842	690,556	+13,714
Supplies and Materials	448,903	773,365	857,937	871,265	+13,328
Equipment	637,159	472,120	472,120	520,952	+48,832
Total Obligations	**$1,280,977**	**$2,800,428**	**$2,085,000**	**$2,169,089**	**+84,089**

Changes from Original 2008 Budget Estimates (dollars in thousands)			
	2008 Budget Estimate	2008 Current Estimate	Increase (+) Decrease (-)
FTE	480	480	0
Obligations	$2,800,428	$2,085,000	-715,428

Changes

The decrease of $715,428,000 is attributed to cessation of a program whereby four VA medical centers were providing contracting services to Department of Defense entities.

Franchise Fund

Estimated payments to VA's Franchise Fund for 2008 and 2009 are $3,090,855 and $3,161,945 respectively.

Acquisition Workforce Education and Training

Estimated funding for VA's acquisition workforce education and training for both 2008 and 2009 is $2,525,000 and $2,600,000 respectively.

Environmental Management
VA's Environmental Management Program was transferred from OA&L to VA's Office of Enterprise Management during 2007 and is therefore no longer financed by the Supply Fund.

2008 Average Salary Methodology	
2007 Average salary (260 days)	**$75,810**
Annualization of 2.2 percent 2007 pay raise (0.55 percent)	417
Impact of 3.5 percent 2008 pay raise (2.63 percent)	2,005
Two Day Adjustment (.77)	602
Adjustment—Changes in Staff Composition	-901
2008 Average salary (262 days)	**$77,933**
Regular benefits percent	25.0%
2008 Average salary with benefits	**$97,416**

2009 Average Salary Methodology	
2008 Average salary (262 days)	**$77,933**
Annualization of 3.5 percent 2008 pay raise (0.88 percent)	686
Impact of 2.9 percent 2009 pay raise (2.18 percent)	1,714
One Day Adjustment (.382)	-307
Adjustment – Changes in Staff Composition	186
2009 Average salary (261 days)	**$80,212**
Regular benefits percent	25.0%
2009 Average salary with benefits	**$100,265**

Analysis of Increases and Decreases
(dollars in thousands)

	2008 Current Estimate	2009 Estimate
Prior year Obligations	**$1,280,977**	**$2,085,000**
Personal Services	+1,879	+7,632
Non-Personal Services	+802,144	+76,457
Total Net Change	**+804,023**	**+$84,089**
Total Obligations	**$2,085,000**	**$2,169,089**

Income Statement *(dollars in thousands)*				
		2008		
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate
Income	$98,589	$97,000	$96,000	$100,000
Expense	83,043	97,000	96,000	100,000
Net Income	**$15,546**	**$0**	**$0**	**$0**
Analysis of Retained Earnings				
Retained Earnings, SOY	**$92,898**	**$117,887**	**$108,844**	**$108,844**
Retained Earnings, EOY	**$108,844**	**$117,887**	**$108,844**	**$108,844**

Balance Sheet *(dollars in thousands)*				
		2008		
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate
Assets:				
Treasury Balance	$272,77	$450,000	$272,772	$272,772
Accounts Receivable, Net	85,819	100,000	85,0	90,000
Advances	1,428	1,000	1,000	1,000
Inventory	17,649	40,000	25,000	25,000
Fixed Assets, Net	5,924	3,000	3,500	3,500
Total Assets	**383,592**	**594,000**	**387,272**	**392,272**
Liabilities	**186,662**	**426,172**	**190,342**	**195,342**
Equity	181,384	167,828	190,930	196,930
Net Income	15,546	0	0	0
Total Equity	**196,930**	**167,828**	**196,930**	**196,930**
Total Liabilities and Equity	**$383,592**	**$594,000**	**$387,272**	**$392,272**

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Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Enterprise Fund 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 Franchise Data Center formerly known as the Austin Automation Center, 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, 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. We also partner with the Office of Management and Budget.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and other staff offices within VA.

Performance Summary Table

Performance Summary Table: Franchise Fund/Enterprise Centers							
	Results				Targets		
Measures Description	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	Strategic Target
Corporate Franchise Data Center							
1) Ranking in the Information Technology Customer Satisfaction peer database	6%	12%	8%	8%	12.5%	12.5%	Top 10%
Debt Management Center							
2) Total collections per dollar spent on collections activities	$63	$67	$80	$80	$77	$77	$80
Financial Services Center							
3) Payment processing accuracy rate	98.4%	99%	97.9%	98%	98%	98.2%	99.1%
Law Enforcement Training Center							
4) Class graduation rate	95.6%	95%	96.5%	96.5%	95%	95%	95%
Security and Investigations Center							
5) Percent of investigations that are completed within the established timeframes	98%	89%	96%	98%	98%	98%	98%
Records Center and Vault							
6) Percent of recalled records shipped securely and accurately to requesting facility within established timeframes	N/A	N/A	N/A	96.6%	99%	99%	100%
Enterprise Fund Office							
7) Number of audit qualifications for the VA Enterprise Centers	0	0	0	0	0	0	0

Functions/Activity

The entrepreneurial organizations of the VA Franchise Fund provide a wide range of functions and activities:

Corporate Franchise Data Center (CFD). Located in Austin, TX, the CFD provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers. The CFD 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 CFD offers a full complement of technical solutions (information technology system hosting, application management, information assurance, customer business continuity, configuration management, data conversion and data interfacing, and acquisition services) to best meet customers' varied projects.

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. The SIC also issues and manages employee identification badges and provides fingerprint processing for VA employees and other Federal customers.

Enterprise Fund Office (EFO). Located in Washington, DC, the EFO, 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.

Program Goals, Objectives, and Performance Measures

The Enabling Goal. Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Corporate Franchise Data Center

Program Objective E.4.1. Ensure all application processing support and general support are of the highest quality and meet customer needs and requirements.

The CFD strategy is to:

- Partner with customers to provide up-to-date and innovative information technology support in the development of business information management systems.
- Be proactive in implementing the recommendations resulting from the Government Performance and Results Act (GPRA) and the Information Technology Management Reform Act (ITMRA).
- Utilize business processes that enhance customer service.
- Improve processing performance and reduce processing costs.
- Improve customer access to their data by incorporating Internet/Intranet technologies, PCs, graphical user interfaces, download/upload facilities, customer-friendly access tools, etc.
- Enhance major applications.
- Improve and modernize the application development process.
- Reduce rates by expanding the CFD business base.
- Acquire and install computer resources in support of customer initiatives.

Performance Goal. In 2009 achieve a 12.5% ranking in the Information Technology Customer Satisfaction peer database.

Performance Goal Table							
	Results				Targets		
Measures Description	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	Strategic Target
1) Ranking in the Information Technology Customer Satisfaction peer database	6%	12%	8%	8%	12.5%	12.5%	Top 10%

Means and Strategies. The CFD's customer satisfaction survey allows customers to communicate areas of satisfaction and identify opportunities for improvement. By conducting regular customer satisfaction surveys and analyzing the results, specific improvement actions can be undertaken as part of the CFD's continuous improvement efforts. For example, the CFD assigns each customer a customer relationship manager responsible for overseeing project management, system architecture, and coordinating deliverables. The CFD will improve customer access to centralized resources and data through application systems that take advantage of personal computers, local area networks, Internet/Intranet technologies, and enterprise server platforms for large-scale data processing and database management. Service Level Agreements will continue to be used to define and measure performance by application and customer.

Data Source(s). Customer satisfaction is measured through periodic surveys. In 2000, the CFD adopted a survey format designed and developed by Gartner Group. Customers rate the CFD on a set of evaluation criteria common to every Gartner Information Technology Customer Satisfaction survey.

Data Verification. A random sampling technique ensures a wide cross section of customers share their satisfaction with the CFD. This respondent size is sufficient to guarantee a 99 percent confidence level in the overall results. The respondents rate the CFD on a set of evaluation criteria common to every Gartner Information Technology Customer Satisfaction survey. The results from these questions are used for benchmark comparisons. Following analysis, Gartner provides overall results and the raw survey data. The CFD publishes initiatives undertaken to ensure customer satisfaction in their report of survey results and business plans.

Goal Validation. As an enterprise fund entity, the CFD's survival depends on providing the highest quality services. One way to determine if the CFD is meeting customer expectations is to conduct regular customer satisfaction surveys where opportunities for improvement can be identified and actions can be taken for improvement.

Major Management Challenges. CFD is implementing best practices in information technology (IT) service management, such as Information Technology Infrastructure Library and Capability Maturity Model Integration, in order to ensure the CFD is providing the highest level of service to its customers thus achieving high levels of customer satisfaction. Any factors that affect the CFD's ability to implement these best practices may impact achievement of this performance goal.

Crosscutting Activities. Survey responses are analyzed by Gartner to determine actions required to meet our commitment to customer satisfaction. Use of Gartner as an independent, recognized expert in the IT industry minimizes the potential for survey bias.

External Factors. While rare, major events such as Hurricane Katrina, that occur during the time period the survey is being conducted, will lead to fewer customers being able to complete the survey or geographic regions not being represented in the survey results.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Debt Management Center

Program Objective E.4.2. Ensure acceptable rate of return.

Performance Goal. In 2009, provide a rate of return of $77 for every dollar spent on collections activities.

Performance Goal Table

Measures Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
2) Total collections per dollar spent on collections activities	$63	$67	$80	$80	$77	$77	$80

Means and Strategies. Through the use of new technology, specifically the implementation of a pay.va.gov website for processing payments on-line, we anticipate an increase in collections of delinquent consumer debt owed to VA resulting from an individual's participation in VA's education, pension or disability compensation that will help us reach our goal for rate of return. Another means of reaching our goal will be through program execution. We continually look for means to streamline processes and reduce costs associated with the collection operation which will have a direct affect on our rate of return.

Data Source(s). Data will be obtained from general ledger reports and income statements.

Data Verification. The DMC management reviews these statistics on a monthly basis to ensure performance goals are met. The data used is verified against accounting records to ensure collections and expenses are accurate.

Goal Validation: Our mission is to collect benefits in the most cost effective manner possible. The rate of return, which is computed by dividing collections/offsets by operating expenses is a direct gauge of how successful we are in accomplishing our objective.

External Factors. Any legislative action that could hamper our ability to collect a debt could adversely affect our rate of return. In the same vein, any change in contractual services that would significantly increase our operating costs could also adversely affect our rate of return.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Financial Services Center

Program Objective E.4.3. Ensure payroll and financial services meet customer needs and requirements.

Performance Goal 1: In 2009, the payment accuracy rate will be 98.2 percent.

Performance Goal Table							
	Results				Targets		Strategic Target
Measures Description	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
3) Payment processing accuracy rate	98.4%	99%	97.9%	98%	98%	98.2%	99.1%

Means and Strategies. The FSC management actively reviews key performance measurement data and makes regular reports to VA Central Office, Deputy Assistant Secretary for Finance. The FSC regularly analyzes interest penalty payment and discount data to determine a root cause and identify process improvements. Once the FSC determines a cause, necessary actions are taken to modify the payment process to reduce the interest penalties and increase discounts taken.

Data Source(s). This information is derived from a number of the FSC reports and is available on an annual basis. The information used for review will be extracted from reports and data from VA's FMS System.

Data Verification. Prompt payment reporting and other financial reports from FMS and compliance with performance measures agreed upon by the FSC and its customers will provide the data verification. Annual audits performed by an

independent CPA firm, with VA Inspector General oversight, and the Management Quality Assurance Service will confirm full compliance with government-wide and VA cost accounting policies.

Goal Validation. The measure is important because it gauges the effectiveness of the payment product line in meeting customer expectations.

Major Management Challenges. In order to ensure error-free payment processing, the FSC is dependent on the cooperation of VA vendors and customers to provide invoices, receiving reports, and certifications timely. The FSC also requires this cooperation in order to comply with the Prompt Payment Act, to ensure timely follow-up as needed, and to help drive more efficient payment processes and cost savings for VA.

Crosscutting Activities. The FSC developed partnerships with industry leaders in the accounts payable field including IKON Office Systems Incorporated and Kofax Incorporated to design and implement Optical Character Recognition software to improve payment accuracy and timeliness.

External Factors. The FSC payment product line accuracy will be affected by the adoption of the Central Contractor Registration (CCR) initiative. The CCR will require vendors to submit and maintain the accuracy of vendor information required for payment. The Internal Revenue Service Tax Identification Number verification process will also result in improved vendor information available for the payment product line.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Law Enforcement Training Center

Program Objective E.4.4. Ensure VA's work environment is recognized by employees as conducive to productivity and achievement, and fosters respect among all.

Performance Goal: In 2009, class graduation rate will be 95 percent.

Performance Goal Table

Measures Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
4) Class graduation rate	95.6%	95%	96.5%	96.5%	95%	95%	95%

Means and Strategies. Collaborate with customers and other law enforcement training and development units to develop appropriate assessment instruments and needs-based training measurement plans. The training measurement plans will insure the training is focused on our customers needs, and will help us achieve our goals. Criteria for successful completion of courses will be emphasized and measured in phases to ensure adequate time to correct training program deficiencies.

Data Source(s). Data will be collected through periodic review of automated class records, and input from student critiques. The data is collected by the individual instructors and input into our testing and class management system (PARSCORE and PARTEST), which creates testing material, critiques, and surveys.

Data Verification. The LETC management reviews this data monthly and reports to the Office of Security and Law Enforcement. In addition, failure notifications are immediately reported to the individual VA Medical Center Directors and Chiefs of Police**.**

Goal Validation: The measurement is important to make sure the students are grasping the material, and that the customers are satisfied with the training products.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Security and Investigations Center

Program Objective E.4.5. Ensure high quality and timeliness of investigations and adjudications for employees in sensitive/national security and public trust positions and in managing and issuing customer identification badges.

Performance Goal. In 2009, security investigations will be adjudicated within 5 days of the completed and returned background check 98 percent of the time.

Investigations will be scheduled within 5 working days of receipt of the required investigative forms. Final approval for access to classified national security information or eligibility to occupy a public trust position will be processed within 180 working days from the date of scheduling.

Performance Goal Table

Measures Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
5) Percent of investigations that are completed within the established timeframes	98%	89%	96%	98%	98%	98%	98%

Means and Strategies. Establish high-level automated performance management systems that emphasize, align with, and recognize achievement of specific organizational goals. It tracks initiations and all follow-up activity by employee, which allows us to see if someone is having trouble keeping focused

on getting the investigations scheduled and adjudicated. The system should include individual and group accountability for outcomes, promote innovation, and be the basis for individual and group performance plans, rewards, and recognition.

Data Source(s). The individual needing clearance provides the information necessary to conduct background investigations. Based on information provided, the Office of Personnel Management conducts a National Agency Check consisting of the Federal Bureau of Investigation, Department of Defense, and Immigration and Naturalization Service; verifies education claims; and interviews working associates and neighbors. Information found is forwarded to the Security and Investigations Center for adjudication.

Data Verification. Security management will be reviewing the security management database on a monthly basis and making selective contacts with customers to confirm data.

Goal Validation: This measure is important because we need to make sure that the employees are performing at their best, and to keep the customers satisfied.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

VA Records Center and Vault

Program Objective E.4.6. Ensure unparalleled records management and secure archival storage, protection, and retrieval services for veterans and other stored Federal records.

Performance Goal: In 2009, all outbound packages containing sensitive information will be tracked from the time it is picked up at the VA Records Center and Vault by express mail carrier until it is received/signed for by requesting facility.

Performance Goal Table

Measures Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
6) Percent of recalled records shipped securely and accurately to requesting facility within established timeframes[1]	N/A	N/A	N/A	96.6%	99%	99%	100%

[1] This is a new measure. Results were tracked in FY 2007.

Means and Strategies. RC&V identified this measure as a means to support VA's mission to preserve and protect the privacy of personal data gathered or created by VA in the course of performing official duties. The flow of this information is needed to provide and promote high quality health care for our veterans. This measure, which requires additional staff, will gauge the effectiveness of enhanced monitoring and tracking procedures implemented at the RC&V to ensure veteran data is not compromised.

Data Source(s). RCV staff will compile and tabulate data extracted from the RC&V's electronic Records Retrieval System (RRS) and Federal Express Insight.

Data Verification. Daily, the RC&V staff will track each outbound package containing sensitive information from the time it is picked up at the RC&V by express mail until it is received/signed for by the requesting facility. The RC&V staff will conduct random sample audits to authenticate data sources.

Goal Validation. The RC&V's mission is to earn our customers' trust with service that is reliable and responsive. RCV staff will use this information to closely monitor the record recall transfer process to ensure veteran records containing sensitive data are not compromised and vulnerable to data breach.

Major Management Challenges. Each business day, the RC&V staff face the challenge of ensuring 150 plus record recalls are delivered timely, undamaged, and to the correct requesting facility. Electronic failure of the RRS and/or Federal Express Insight would impede our efforts to provide this oversight. In these cases, the RC&V staff would monitor the status via email and/or telephonic means until data validation methods are back online.

External Factors. The RC&V must rely on the express mail carrier to ensure the reliable, prompt delivery of recalled records to the intended recipient once it leaves the RC&V. Closely monitoring the transit process will reduce the chances of misrouted packages becoming permanently lost.

The Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes and financial resources.

Objective E.4. Improve the overall governance and performance of VA by applying sound business principles; ensuring accountability; employing resources effectively through enhanced capital asset management, acquisition practices, and competitive sourcing; and linking strategic planning to budgeting and performance.

Enterprise Fund Office

Program Objective E.4.7. Establish and manage the business aspects of the VA Enterprise Centers.

Performance Goal. In 2009, the number of audit qualifications will remain at 0 on the 2009 audited financial statements of the VA Enterprise Centers.

Performance Goal Table

Measures Description	Results				Targets		Strategic Target
	2004	2005	2006	2007	2008 (Final)	2009 (Initial)	
7) Number of audit qualifications for the VA Enterprise Centers	0	0	0	0	0	0	0

Means and Strategies. Annually, the financial statements and internal controls of the VA Enterprise Center (Franchise Fund) are subject to audit by a private sector CPA firm. This CPA firm performs the necessary reviews and substantive procedures to confirm that the financial statements fairly present the financial position of the Franchise Fund.

Data Source(s). The Franchise Fund financial statements are generated by the Enterprise Fund Office using data from FMS.

Data Verification. Annually, an independent CPA firm audits the financial statements generated by the Enterprise Fund Office. The independent CPA firm plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Goal Validation. Paramount to our success is the accuracy and efficiency of our financial management practices and operations. Hence, the Fund strives for the attainment of an unqualified "clean" audit opinion. In the event that there is an audit finding relating to significant deficiencies in the design or operations of the internal control that, in the auditor's judgment, could adversely affect the Fund's ability to record, process, summarize and report financial data consistent with the assertions by management in the financial statements, it could potentially impact our ability to obtain an unqualified "clean" audit opinion. In the event there is an audit finding, the Fund will strive for a timely resolution and adopt the auditors' recommendations to correct this problem in order to prevent future occurrences.

Major Management Challenges. The Fund faces the challenge of ensuring the highest level of financial integrity, accountability and sound stewardship.

Crosscutting Activities. The VA Franchise Fund consolidated financial statements audit include the activity of six individual business centers of the Fund (Corporate Franchise Data Center, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center and the Records Center and Vault) and one administrative office (Enterprise Fund Office).

External Factors. The VA's consolidated financial statements include the VA Franchise Fund. A material weakness and other reportable conditions that are noted in the VA's consolidated financial statements could potentially impact the VA Franchise Fund.

VA Enterprise Center Highlights (dollars in thousands)			
	2007 Actual	2008 Current Estimate	2009 Estimate
Average Employment	726	955	954
Appropriation			
Obligations[2]	$253,458	$303,037	$304,003
Outlays (Net)	$10,000	-$76,000	-$76,000

Summary of Budget Request

In 2009, the VA estimates 954 FTE and $304 million will be required to support the operations of the VA Enterprise Centers in the Franchise Fund. Total obligations are primarily attributed to increases in personnel services which reflect the salary requirements for 954 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.

[2] The total amount of obligations contained in our budget submission exhibits, as reported in SF-133 includes Intrafund transactions.

VA Enterprise Centers
Summary of Employment and Obligations
(In thousands)

	2007 Actual	2008 Budget Estimate	2008 Current Estimate	2009 Request
Average Employment:				
Central Office	4	4	4	4
Field	722	705	951	950
Total	**726**	**709**	**955**	**954**
Obligations:				
Personal Services	$57,839	$63,186	$88,109	$90,153
Travel	952	2,467	2,701	2,775
Transportation of Things	41	85	104	105
Rents, Communications & Utilities	32,683	33,857	40,716	44,009
Printing & Reproduction	3,275	3,667	3,890	3,903
Other Services	144,284	189,427	156,959	152,155
Supplies & Materials	1,249	1,846	2,807	2,927
Equipment	13,118	3,240	7,643	7,976
Land and Structures	17	37	108	0
Insurance Claims & Indemnities	0	0	0	0
Total	**$253,458**	**$297,812**	**$303,037**	**$304,003**

VA Enterprise Centers *Summary of Obligations*		
Parent Organization/Service Activity	**Obligations (whole $)**	**FTE**
Office of Management:		
Financial Services Center	$73,430,274	267
Debt Management Center	7,919,014	70
Enterprise Fund Office	961,640	4
Subtotal	$82,310,928	341
Office of Information & Technology:		
Corporate Franchise Data Center	$203,428,188	581
VA Records Center and Vault	3,929,101	8
Subtotal	$207,357,289	589
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	$5,538,177	14
Security and Investigations Center	8,796,781	10
Subtotal	$14,334,958	24
Total	**$304,003,175**	**954**

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 2009, the VA Enterprise Centers anticipate revenues, including external customers, of $304 million.

Revenue, Expense, and Retained Earnings *(dollars in thousands)*			
	2007 Actual	2008 Current Budget	2009 Request
Sales Program:			
Revenue	$258,899	$304,659	$305,738
Expense	$253,458	$303,037	$304,003
Net Income	$5,441	$1,622	$1,735
Reserves, SOY	$75,961	$77,214	$57,904
Net Income	$5441	$1,622	$1,735
Capital Transactions[3]	-$4,188	-$20,932	$3,976
Reserves, EOY	$77,214	$57,904	$63,615

[3] Acquisition or improvements to assets with a value greater than or equal to $100,000.

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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 for projects and activities, determined by the Secretary in keeping with the mission of the Department. The Department may utilize up to $100,000 annually, the maximum permitted by the law, for these purposes. In addition, all necessary expenses to operate and maintain Pershing Hall may be funded by the Revolving Fund.

From 2009 - 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)				
		2008		
	2007 Actual	Budget Estimate	Current Estimate	2009 Estimate
Budget authority	$0	$0	$0	$0
Receipts	$193	$145	$193	$193
Obligations	$171	$100	$193	$193
Unobligated balance:				
SOY	$379	$145	$401	$401
EOY	$401	$145	$401	$401
Outlays (net)	-$141	-$45	$0	$0