

President's Management Agenda

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President's Management Agenda

Introduction

The President's Management Agenda is the Administration's strategy that focuses on improving the management and performance of the Federal government. The agenda contains five government-wide and two VA-specific initiatives to improve federal management and deliver results using a scorecard approach. The Office of Management and Budget (OMB) uses the scorecard to track how well the department is executing these initiatives:

Initiative	2002 Status	2003 Status	Progress in Implementing
Human Capital	R	R	G
Competitive Sourcing	R	R	G
Financial Management	R	R	G
E-Government	R	Y	G
Budget and Performance Integration	Y	Y	G
VA-specific (Improved coordination of VA/DoD programs and systems)	Not rated		

The scorecard follows this scoring system:

G = Green for success

Y = Yellow for mixed results, and

R = Red for unsatisfactory

The following narratives describe our plans for making progress in each of the President's Management Agenda (PMA) initiatives.

Strategic Management of Human Capital

Performance Goals

- Establish a systematic process to identify VA's workforce needs and identify workforce planning activities and successes, and then communicate this information to VA organizations.
- Enhance recruitment and marketing efforts at the Departmental level through use of technology, HR flexibilities, and broader outreach. By the end of 2004, VA will have a state-of-the-art Web site with links to vacancies in VA's Administrations and Central Office.

Current Situation Discussion

VA is facing extremely high retirement eligibility rates over the next 3-10 years. VA has taken many steps over the past year to address this issue.

VA completed a Restructuring Plan in support of the President's Management Agenda. The plan includes a workforce analysis of physicians, nurses, and compensation and pension veterans service representatives, including past, current, and projected workforce needs; drivers of change; workforce gaps; and strategies to address the gaps.

VA is making information, tools, and data available to decision makers. VA redesigned its HR Intranet site so managers have the tools to answer their HR questions. VA established a new system of HR policies that is streamlined, user-friendly, and Intranet accessible. VA established a workforce planning Web site that provides planning tools, best practices, and data. Additionally, VA developed an Intranet site that provides customized workforce reports that can be drilled down to the facility level.

VA's Childcare Subsidy Program has been cited as the most comprehensive program in government with the highest number of program participants. At the beginning of FY 2003, about 1,300 employees (with over 1,800 children) were enrolled in the program, and 89 percent of eligible employees indicated in a recent survey that this program is a factor in their "decision" to remain at VA.

To date, VA has agreed upon a universal definition of TeleWork; established a reporting mechanism to capture employee participation rates; conducted a preliminary assessment of employee participation rates and completed a Departmental TeleWork Plan.

Revisions to the existing telecommuting policy have been made to reflect the endorsed participation of Title 38 employees on a case-by-case basis.

A TeleWork Web site that provides an assortment of information on the program has been launched.

In April 2002, VA conducted an in-depth study on the use of recruitment and retention HR flexibilities and is in the process of identifying strategies to improve use of these flexibilities.

Means and Strategies

VA will enhance its focus on Department-wide recruitment and marketing by redesigning its recruitment Web site, identifying outreach efforts to expand applicant pools, establishing a VA-brand, and examining recruitment process impediments to hiring.

VA established a Department-wide Senior Executive Service Candidate Development Program (CDP). In November 2002, VA announced the selection of the first 25 participants in the CDP. The program will train, develop, and certify employees who exhibit outstanding executive potential for SES positions, and deploy them across organizational lines.

The Administrations are moving toward competency-based frameworks that define the core competencies required of every VA employee and the technical competencies required for specific occupations. Each core competency has been extensively researched and behavioral indicators prepared at tiered levels to encompass all levels of employees. Competencies are being mapped to training opportunities and on-the-job developmental experiences. Stratified leadership training programs are being established to provide more uniform learning opportunities for employees at their local, regional, and national levels.

VA is strengthening its focus on diversity management through on-line diversity management tools, monitoring diversity trends VA-wide and briefing them to senior management, and increasing partnerships with minority organizations to attract qualified, diverse candidates.

VA reconstituted its Workforce Planning Council to ensure a better level of coordination among VA leaders on resource requirements and a more corporate approach to implementing workforce and succession planning initiatives.

The National Veterans Employment Program (NVEP) is actively engaged in promoting the use of veterans preference. Through this program, VA has participated in numerous job fairs and career conferences. During last fiscal year, VA provided information on job opportunities to over 1500 veterans. Efforts are currently underway to expand outreach to separating military personnel by actively recruiting them at military transition centers around the country. Marketing and recruitment brochures and posters are being developed for deployment at over 1500 military transition centers around the country and overseas. VA has developed and launched a web based job site that allows applicants to complete applications for jobs using on-line automated technology. VA's on-line job site has been linked to the website for each military service's career alumni programs. NVEP has been most successful in developing a *One VA*

recruitment that includes representation from the three Administrations and staff offices. Team members interview potential candidates and discuss the availability of career options in VA. A pool of highly qualified veteran candidates has been created – these candidates are being assisted in applying for critical positions throughout the agency. As a new initiative, NVEP’s goals have been expanded to include the promotion of employment opportunities in science, health, allied health, and other professional areas. Five tribal-governmental agencies have been identified for the pilot – The Navajo, Sioux, Pueblo, Southern Ute, and the Five Civilized Tribes (in Oklahoma). Since the inception of NVEP, VA’s employment of veterans has increased from 26 percent to almost 30 percent.

External Factors

The economy, competitive salary issues, rapid changes in technology, an increasingly diverse labor pool, and different work expectations are forces that affect VA’s ability to recruit and retain a high quality workforce.

Veterans Health Administration

The Veterans Health Administration (VHA) faces a leadership crisis unprecedented in its history. With 98 percent of our senior executives eligible to retire in three years and most other key occupations facing a similar horizon, a comprehensive workforce succession plan was fundamental to our continued ability to provide quality care for our Nation’s veterans. Recognizing this crisis, in August 2000, the Under Secretary for Health established a broad-based steering committee to develop a comprehensive strategy to meet the challenge.

The committee benchmarked best practices, assessed our current workforce, analyzed drivers of employee satisfaction, and examined statutes, regulations and policies. The final report, approved by the Under Secretary for Health in December 2001, includes over 100 action items that lay out a comprehensive succession plan for VHA. There are six major components to the Plan:

Implement a *comprehensive leadership development program* based on VHA’s *High Performance Development Model*. High potential employees will continually be identified at the local, network, and national levels. In a structured program, these high potential employees will be provided a mentor, a Personal Development Plan, and both formal and informal learning experiences and opportunities. These employees will be selected competitively each year and tracked as they progress through the organization. *Knowledge transfer and retention* strategies will be an integral component of all workforce succession efforts including both personal and Web-based/e-learning coaching and mentoring programs. Increasingly, *retired employees* will be invited to serve in mentoring and teaching roles with compensation provided for time, travel and other expenses.

Ensure that *Workforce and Diversity Planning* is integrated into VHA's *annual strategic plan*. Specific Web-based workforce and diversity assessment tools have been developed to assist managers in this process. A formal workforce strategic planning template has been established and used for the FY 2003 planning cycle. Veterans Integrated Services Networks (VISNs), the VHA operational organizations responsible for geographical service areas, completed a comprehensive and detailed workforce and diversity assessment, developed workforce/diversity strategies and plans to support current and future programs, and submitted their workforce/diversity plan as a component of their overall annual strategic plan. A multi-disciplinary team is developing the national VHA workforce/diversity plan based on the VISN plans. This national workforce/diversity plan will be the update to VHA's original Succession Plan and this strategic workforce planning process will continue as a part of VHA's annual strategic planning process.

Ensure that we continually assess and develop instruments that consistently measure, analyze, and improve *employee satisfaction*. Focusing on reducing or minimizing dissatisfies and accentuating motivators is key to our succession efforts. VHA established the National Center for *Organizational Development* (NCOD) to provide the expertise and support to management to continually improve our working environment and increase productivity. To date, in partnership with other VHA expert staff, comprehensive organizational profiles have been developed using information from two all-employee surveys combined with information on organizational culture and other information reflecting employee satisfaction and morale. These profiles are being presented to VISN management teams along with recommended strategies. This information will be made available to all employees through VA's Intranet. VISNs and VHACO offices will develop and implement action plans, which will be incorporated into their annual strategic workforce plans in the next planning cycle. Progress will be tracked through recurring employee assessments along with monitors of other indicators of employee satisfaction such as number of EEO cases, Unfair Labor Practice complaints, occupational injuries, etc. Information will be accessible through the Intranet and an automated, Web-based system for conducting employee surveys and assessments has been implemented.

To ensure we are able to recruit, retain, and motivate staff the quality of VHA's *Supervisory Staff* needs to be continually developed and enhanced. Recommendations from the succession plan are being woven into all supervisory training programs. Recognizing that the relationship between employee and supervisor is the most important factor in employee satisfaction and retention, VHA is partnering with other elements of VA to implement an *employee exit survey* process as an additional tool in our workforce succession program. In addition, workforce succession and workplace improvement *performance*

measures have been incorporated in all senior executive performance plans. VHA's five-level senior executive *performance assessment* process is being implemented down through the organization with the goal of replacing the current pass/fail performance system for all employees and establishing a more effective *performance recognition* program including increased monetary and other awards in recognition of demonstrated performance excellence.

Sixty-three initiatives that require either *legislative and/or policy changes* have been identified for action and efforts are underway to implement these as rapidly as possible. These initiatives are in the areas of: Classification, Pay and Benefits, Incentives, Performance Management, Recruitment and Staffing, Tours of Duty, Travel and Relocation, and Leave Administration. A VHA *Succession Planning Web site* was developed and contains information on all VHA succession planning programs and efforts, a library of HR Tools and Practices to communicate to and assist management in fully utilizing HR tools and policies that are currently available, and a library of succession planning-related information including links to related Web sites.

Technical Development Programs that focus on specific disciplines will be implemented in FY 2003. These programs are designed to meet the dynamic changes occurring in VHA and will fund approximately *100 internships* each year in a variety of disciplines reflecting the job category priorities established in our workforce/diversity strategic plans. *Recruitment and employee development* strategies along with *employee retention strategies* are being developed and implemented to ensure that VHA has an effective, diverse workforce to accomplish its mission as our older employees retire. To this end, VHA is establishing a Web-based *recruitment data base* containing the numbers of graduates, by diversity category and degree or certificate awarded, from institutions of higher learning across the country. This data base will be updated periodically from information obtained from the Department of Education and will allow local VHA recruitment efforts to target graduates in needed disciplines while ensuring we maintain our richly diverse workforce. A VHA *recruiters Web site* will be established to facilitate cooperative efforts for all local recruitment programs. VHA will partner with other elements in VA to improve public knowledge of and access to VA employment and career opportunities.

Workforce succession is the responsibility of all managers in VHA. Program oversight is provided by the VHA National Leadership Board that is chaired by the Under Secretary for Health and whose membership is comprised of all senior VHA line and staff executives along with senior executives from other VA Administrations and staff offices. The VHA Management Support Office and the Employee Education System are the principal staff offices in VHA that administer and conduct the VHA workforce succession program.

Veterans Benefits Administration

Workforce planning continues to be an important area of focus so that VBA has the talent required to serve veterans and to lead and support employees. Current initiatives that support this focus and ensure that VBA is able to recruit and retain a diverse, talented pool of candidates include:

- Implement a Human Resources Information System. VBA has undertaken design and development of a prototype data analysis tool for field and headquarters managers, analysts and human resources professionals. The prototype is being used for on-going analysis of the most effective ways to present usable data to support workforce decision-making. This system is still in the evaluation phase. VBA anticipates a decision on implementation during the first quarter of fiscal year 2003.
- Implement a leadership competency system for use in the workplace as part of human resources and training systems. An ongoing effort has involved senior leadership and managers across VBA in the development of competencies and job-related behaviors. A validation study has been completed, providing the competency system with a strong foundation for additional tools supporting self-assessment, selection, evaluation, and career guidance. The competency system will support mission accomplishment by providing employees with a clear guide for development of skills needed for success in VBA. This system will complement the Veterans Health Administration High Performance Development Model while addressing VBA organizational goals. VBA leadership is considering the options associated with implementing this system. Decision will be by the end of the calendar year.
- A new Assistant Director Development Program (ADDP) has been designed to address anticipated leadership turnover and opportunities. The curriculum design includes assessment of candidates, followed by a one-year course of experiential and didactic modules on competencies, leadership styles, organizational understanding, and mentoring. The ADDP is a *One-VA* effort, with joint training sessions being conducted for VBA's ADDP participants and participants in similar Veterans Health Administration and National Cemetery Administration programs. The ADDP, which is aligned with the executive core qualifications (ECQs), is part of a developmental leadership pyramid in VBA. Candidates apply to participate in the program. Selected individuals will receive extensive training and, upon successful completion of training, are considered qualified candidates for promotion and/or reassignment to Assistant Director positions in Regional Offices throughout the country. The first class of Assistant Director trainees will include 15 VBA employees participating in the 18-month program. Additionally, recently appointed

VBA Assistant Directors will have the opportunity to participate in the experiential modules. VHA and NCA will have a number of participants who will attend various modules contained in the curriculum.

- To address the anticipated loss of experience and the challenge of a competitive marketplace, VBA has developed aggressive outreach marketing strategies to reach diverse, talented candidate pools. Included in these strategies are recruitment training efforts, supported by a website for applicants, handbooks for trainers, and an assessment tool for candidates from the private sector. Additional efforts, such as employee exit interviews, are being pursued to further address retention issues.

National Cemetery Administration

The National Cemetery Administration (NCA) continues efforts to enhance and develop a fully trained and competent cadre of cemetery directors ready to lead NCA in the 21st Century. Two successful efforts can be reported. The first is the introduction of the Cemetery Director Intern Program whose first six interns began in January 2002. The second is the re-description of the specialized experience used for qualifying cemetery directors, in which we broadened the definition to include managerial and leadership experience as qualifying. This continues to provide NCA with the intended results of higher quality, diversity, and quantity from which to make selections for this mission-critical occupation.

NCA continues to recognize the need for a defined strategy to human capital issues including Workforce Planning. In this regard, the following initiatives have been taken:

- The announcement for the second class of the Cemetery Director Intern Program has closed. It is expected that the class will begin early in 2003. Lessons learned during the first session have formed the basis for program improvements, particularly in the monitoring and evaluation areas.
- NCA is partnering with VBA to offer a developmental program to top performers at the GS-11 through 14 and WS-8 through 12 levels. This program is the Leadership Development Program (LDP). The one-year program focuses on the development of the SES Core Competencies and includes, but is not limited to, training modules; development of an Individual Development Plan (IDP); Mentor-Mentoree relationship development; Community of Practice membership, and detail assignments. Three NCA employees were selected to participate in the first class.
- The scope of the original Workforce Planning group has been expanded to include not only a cemetery director focus but also the broader issues

of recruitment, diversity, other key positions, and employee development. Specific strategies have been identified in each area. Subcommittees composed of VA Central Office and field facilities will develop these strategies to produce workable products for implementation.

- NCA has developed a 40-hour supervisory training course for new NCA supervisors. The first session will be in October 2003, and NCA anticipates that the class will be offered twice yearly.
- NCA has developed and implemented of a balanced scorecard for SES employees and included measures in the performance standards of all service directors.

Competitive Sourcing

Performance Goal

Increase the cumulative percent of competitive sourcing to 25 percent of commercial activities by the end of 2004.

*Definition: OMB issued guidance to the heads of agencies providing a competitive sourcing performance target for 2002. This performance target requires that agencies complete competitions, or directly convert to performance by the private sector, of not less than 5 percent of their Federal Activities Inventory Reform (FAIR) Act inventories of **commercial** activities performed by federal employees by the end of 2002, and increase that to 15 percent by the end of 2003 and 25 percent by the end of 2004. Commercial activities are those conducted by the Federal Government to provide goods or services that could be obtained from a commercial source in the private sector. While VA has a total 190,000 commercial FTE within the Department, VA has submitted a competitive sourcing plan to OMB to make 52,000 (more than 25 percent) commercial FTE eligible for competitive sourcing studies.*

Current Situation Discussion

In response to the OMB Directive M-01-15 on competitive sourcing, VA intends to support the Administration's goals through a variety of approaches. VA has been actively pursuing several avenues over the last few years to improve both the efficiency and effectiveness of our operations.

Over each of the past six years, VA as a whole has steadily increased its contractual services spending while decreasing the number of full-time employees within the Department. In addition, VA's 2002 FAIR Act inventory identifies approximately 86 percent of VA's workforce as being engaged in commercial activities. This continues to be by far the highest percentage of a total agency workforce deemed to be commercial within the President's Cabinet.

Means and Strategies

VA utilizes competitive sourcing and the FAIR Act as part of its basic business management approach, which is predicated on VA's efforts to deliver timely and high-quality service to our Nation's veterans and their families. As part of its normal business operations and as part of the Secretary's priority of applying sound business principles, VA continuously assesses the demand for benefits and services from veterans and ensures that it has the capabilities to meet these needs. This market-based analysis often results in contracts for medical care and other services in specific geographical areas when it is determined to be more cost effective to obtain the services from the private sector than to hire doctors, nurses, cemetery maintenance workers, and other skill sets. It should be noted that this approach does not focus on moving a certain established number of jobs from the public sector to the private sector -- but rather on providing veterans and taxpayers the best value possible.

We are committed to continuing this current approach of strategically identifying opportunities for competitive sourcing. The Office of Policy and Planning led an intra-departmental team, the Competitive Sourcing Working Group, which developed a new streamlined competitive sourcing process. The process was reviewed and approved by the Secretary in June 2001. OMB, on April 4, 2002, approved the use of the newly developed 3-Tier streamlined process for cost comparison studies by the Department. This process focuses more on cost-benefit analysis and less on the solicitation to make the management decision about whether to contract out or retain in-house.

The following reflects an overview of the three tiers that comprise VA's competitive sourcing process and their specific objectives:

Tier 1 competitive sourcing process focuses on cost-benefit analysis for the day-to-day make-or-buy decisions at the local level for 10 or fewer FTE;

Tier 2 focuses on a more detailed and rigorous but internal cost analysis using market research for competitive sourcing for 11 or more FTE; and

Tier 3 requires a formal A-76 study based on the premise that a federal agency must rely on a formal procurement process in order to make a decision about whether to contract out an activity or conduct it in-house.

The newly designed Tier 2 process retains the most effective features of the A-76 process, namely the Performance Work Statement (PWS) and the Most Efficient Organization (MEO). The MEO may include benchmarking with the private sector and business process reengineering.

VHA expects to study the 52,000 FTE prescribed in the competitive sourcing plan by 2008. VHA has identified its laundry function as the first national study to be completed by the end of 2003.

Under VA Directive 7100, and as part of its new tracking system, VA has compiled projections for all competitive sourcing to be conducted during 2003. VA is establishing a new Office of Competitive Sourcing and Management Analysis to provide the leadership necessary to carry out its competitive sourcing strategy and directive.

Improving Financial Performance

Performance Goal

- Implement a new financial management system, CoreFLS,
- Achieve a clean audit opinion.

Current Situation Discussion

An important element of the President's management agenda outlines financial management improvements. Over the past several years, VA has made significant progress in improving financial management and accountability, as evidenced by the "clean" opinion of its FY 1999, FY 2000, FY 2001, and FY 2002 Annual Financial Statements. However, in addition to addressing identified material weaknesses and other areas requiring improvement, the Department faces challenges in maintaining the unqualified opinion, which currently requires a number of manual compilations and extraneous processes that the financial management system should perform. These processes require extraordinary administrative efforts by Department program, financial management, and audit staff. The audit report on VA's FY 2001 and 1998 annual financial statements cited the lack of integrated financial management systems and information technology (IT) security control as material weaknesses.

Means and Strategies

VA has committed resources in both VA staff and contract support to correct material weaknesses. Significant resources are devoted to the development and implementation of coreFLS, a state-of-the-art, fully integrated replacement for VA's core financial and logistics systems, that will improve our ability to produce timely, useful and reliable information and eliminate many manual processes supporting our current systems. In order to correct the IT controls weakness, VA's leadership team initiated cross-organizational funding and established individual and collective IT security requirements and accountability. A new Office of Cyber Security will implement and monitor the correction of this material internal control weakness. Until these internal control material weaknesses and other areas are corrected, additional reporting or audit requirements are needed to meet the challenge of maintaining an unqualified opinion.

New challenges include issuing the annual audited financial statements more timely, developing audited financial statements for VA's major components, and producing quarterly financial statements. These new requirements must be implemented over the next several years, concurrent with correction of the internal control material weaknesses and the implementation of coreFLS. VA is committed to improving its underlying systems and developing

quality human resource capital, enabling it to systematically produce timely, useful and reliable financial statements and information.

External Factors

The difficulty in attracting and hiring qualified financial management personnel presents the greatest challenge. The Department and Administrations have to compete with the private sector to attract potential candidates into the federal government. Among other factors, the private sector offers favorable salaries that are difficult to match.

Expanding Electronic Government

Performance Goal

Complete the plans to develop VA's large-scale foundational systems that provide electronic access to veteran services and information. Increase the number of VA's high-priority transactions and applications to be made electronically available.

Current Situation Discussion

VA has developed an agency-wide Enterprise Architecture (EA). Our goal is to use this architecture to develop the common infrastructure and systems development environment necessary to build and support systems that allow a comprehensive approach to expanded electronic government. These new systems, and as possible, updates to existing legacy systems, will allow for integrated, comprehensive, consistent, veteran-centric, and universally available electronic access to all veteran services and information. It is essential that the foundational infrastructure and architectural disciplines be developed and instituted Department-wide before large-scale applications are fielded to ensure that a common approach to electronic government is achieved. The foundational systems that are currently under development include:

- Telecommunications Infrastructure
 - Telecommunications Modernization Project (TMP)
- Cyber Security Infrastructure
 - Enterprise Cyber Security Infrastructure Project (ECSIP)
 - Authentication and Authorization Infrastructure (AAI) Project,
- Corporate and Regional Data Processing with Continuity Of Operations (COOP)
 - Corporate Data Center Integration (CDCI) Project.

Successful completion of these system initiatives will allow for the implementation of VA's expanded electronic government

VA's Enterprise Architecture is a business line-oriented approach that seeks to understand and capture the major business processes that are required to provide America's veterans with the benefits they have earned in a consistent, timely, efficient, comprehensive, well-managed, and cost-effect environment. The EA will allow for a single, shared database for all veteran information. It will also allow for a common interface for each user category for a consistent look and feel and for a customer application profile that only requires an end user provide necessary information on a one-time basis. Finally, it will allow for a standardized *One VA* approach to electronic government across the spectrum of

government to citizen, government to government, government to business, and internal government efficiencies.

Examples of major business processes that are under development using VA's architectural approach to electronic government include:

- *One VA Registration and Eligibility Project,*
- *One VA Contact Management Project,*
- *VistA Health Vet Health Data Repository (HDR) Project, and*
- *Core Financial and Logistics System (CoreFLS) Project.*

In addition, VA is working with at least five managing partners on cross-agency electronic government projects including e-authentication, e-payroll, e-benefits, e-vital, and Project SafeCom, and is participating in planning of an additional 10 other federal e-government initiatives. While an architected approach is VA's preferred solution for these management initiatives and other congressionally mandated requirements for electronic government, some requirements have a more aggressive timeline than VA's EA process can accommodate. In situations that require a short-term solution, VA will strive to meet related requirements in as compatible and efficient a manner as possible.

VA has established a comprehensive governance process that enables the Department to comply with the various mandates for internal inefficiencies such as the Government Paperwork Elimination Act, as well as the strict requirement for financial and management oversight of information technology dictated by the Clinger-Cohen Act and the Government Information Security Reform Act. This governance process, along with the strict management disciplines imposed by the Enterprise Architecture review process, enable VA to efficiently develop, field, and support information systems that meet the requirements of various stakeholders within and outside VA, while at the same time comply with the challenge of the President's Management Agenda to "...champion citizen-centered electronic government that will result in a major improvement in the federal government's value to the citizen."

Making Greater Use of Performance-based Contracts

Performance Goal

Award contracts over \$25,000 using performance-based contracting for not less than 20 percent of the total eligible service contracting dollars for FY 2004.

Current Situation Discussion

This management reform strives to convert service contracts that are awarded and administered using traditional specifications into an acquisition process that utilizes performance-based contracting. The use of performance-based contracts permits the government to receive an enhanced level of service at a reduction in overall costs. This enhancement occurs as the result of increasing the flexibility of the contractor to perform the work, while reducing the administrative costs of operating such contracts.

VA has made progress in terms of converting existing and new service contracts at both the field station and national contract levels into performance-based service contracts. In addition, the Department demonstrates continued support for performance-based contracting by providing ongoing continuing education on this subject to its contracting officers and allied acquisition professionals.

Means and Strategies

To more fully monitor the Department's level of success in converting to this performance-based contract approach, a cyclical reporting mechanism has been established through the Federal Procurement Data System (FPDS). Through this FPDS process, which began in 2001, the Department will be able to analyze the types of conversions, the dollars obligated, and the level of conversion to performance-based contracts. We are providing training for our contracting officers and also tracking the service contracts and the percentage (represented by dollars) that have been converted to performance-based service contracts.

External Factors

The Office of Federal Procurement Policy has been working with all of the departments and agencies to implement this program of performance-based contracts. Using input from all of the participants the goals have been adjusted so that this program can be implemented throughout the Federal Government. Based upon the success of all of the departments and agencies the goals have been adjusted to reflect the progress being made. This will insure that the goals being set are the same for all.

Expanding On-line Procurement and E-commerce

Performance Goals

Increase the number of Federal Supply Schedule (FSS) contractors' product information available on-line to 300,000 items.

- Increase the use of EC/EDI by 250 percent over the base year of 1997.
- Post 100 percent of the synopses for acquisitions valued at over \$25,000 for which widespread notice is required and all associated solicitations, unless covered by an exemption in the Federal Acquisition Regulation, on the government-wide point of entry Web site (www.FedBizOpps.com).

Current Situation Discussion

VA's Office of Acquisition and Materiel Management (OA&MM) has formed an alliance with the General Services Administration (GSA) to maintain product data in GSA's on-line electronic ordering system, *GSA Advantage!* Today, the VA/GSA partnership makes it possible for VA medical centers and other Government agencies to shop and order health care products and services via the Internet. As of January 2, 2003, VA had all 984 FSS contractors listed and 140 FSS contractors have 99,954 line items on-line at the *GSA Advantage!* Web store. Future plans include the addition of more FSS contractors' catalogs and a broader selection of items that will make *GSA Advantage!* and FSS a primary source for fulfilling buyers' procurement needs. OA&MM has also developed applications to post contract solicitations on the Web and to generate purchase orders to vendors utilizing the 850 Electronic Data Interchange (EDI) transaction set.

VA is in the midst of advancing the configuration and testing of an enterprise resource planning (ERP) information solution, which will enhance and enable significant improvements in VA's e-commerce and e-procurement capabilities. This enterprise level financial and logistics information solution is scheduled to be deployed during 2003 and 2004.

Means and Strategies

The deliverables associated with VA's financial and logistics initiative (designated as "CoreFLS") will include deployment of a fully integrated Web-based information solution that will create the opportunity for VA to accommodate a broad based set of on-line procurement and e-commerce applications. In the area of e-contracting, reform will include the expansion and proliferation of processing standards in the development of contract solicitations, contract milestone tracking, electronic solicitation and task order posting, near real-time receipt of electronic offers and proposals from the vendor community, automated contract award, knowledge-based contract management, and the generation and maintenance of electronic vendor and other catalogs. VA on-line

procurement and e-commerce initiatives in the e-procurement arena will include expanded interaction and use of electronic shopping malls, portals, data warehousing, and data mining to support procurement and acquisition business analysis, planning, and development. This information solution will also be designed to support strategic, functional, and operational information management at every level of VA for a truly dynamic on-line procurement capability that will accommodate, change, and innovate with as minimal difficulty as possible.

External Factors

The implementation of each of these performance goals is dependent upon the support of our business partners in the private sector. The first performance goal depends upon our FSS contractors providing their catalogs and price lists so that we can have GSA put this information into GSA Advantage.

Budget and Performance Integration

The Department has made significant progress in the integration of budget and performance in support of the President's Management Agenda. Each year, the budget has presented better, higher-quality performance information for all program activities, and we are continuing to develop the tools and skills necessary to more effectively link resources with results. This plan describes different approaches designed to emphasize budget and performance integration--budget account restructuring, use of government-wide common measures, and the Program Assessment Rating Tool (PART).

Budget Account Restructuring

VA is submitting its FY 2004 budget using a new account structure that focuses on nine major programs – medical care, research, compensation, pension, education, housing, vocational rehabilitation and employment, insurance, and burial. Medical education, which previously was identified as a separate program, is included as a subset of the medical care program.

As VA implements this new budget account structure, we will be better positioned to:

- More readily determine the full cost of each of our programs;
- Shift resource debates from inputs to outcomes and results;
- Make resource decisions based on programs and their results rather than on other factors;
- Improve planning, simplify systems, enhance tracking, and focus on accountability;
- Prioritize capital investments against recurring expenditures.

The major features of the revised budget account structure are:

- Simplifying the structure by significantly reducing the number of accounts;
- Requesting mandatory and discretionary funding within each program while ensuring the Department fully complies with all provisions of the Budget Enforcement Act;
- Distributing all capital costs (including construction and information technology) among the nine major program accounts;
- Maintaining some non-appropriated accounts (revolving and trust funds) as separate budget accounts to meet government-wide requirements.

During the execution of the FY 2004 budget, VA will coordinate use of the new budget account structure with the existing Financial Management System (FMS). As the Department migrates to the new Core Financial and Logistics

System (CoreFLS), which will replace FMS and up to 20 other legacy systems, the new budget account structure will be utilized. Operational testing of CoreFLS is expected to occur at the beginning of 2004. Full deployment of CoreFLS is anticipated by March 2006.

The implementation of this new account structure is the culmination of a multi-year project. VA and OMB jointly developed and implemented this new set of budget accounts, and we will continue to work closely together on a variety of budget formulation and budget execution activities related to this project. VA officials conducted numerous briefings and meetings with our appropriations and authorizing committees of Congress prior to implementing this new account structure. In order to ensure the transition to the new account structure occurs as smoothly as possible, we will continue to coordinate our efforts with the appropriate Congressional committees.

Common Measures

In support of the President's commitment to a results-oriented government, VA is working with OMB and a number of other federal agencies to develop common measures in the areas of health care, and job training and employment. Agency programs across the government that share similar goals will participate in this effort to gain a better understanding of how these programs operate using a limited set of metrics.

The Veterans Health Administration is collaborating with representatives from the Department of Defense, the Department of Health and Human Services' Indian Health Service and Community Health Centers, and OMB to refine the proposed measures that will allow for comparisons of cost, efficiency, and quality. The challenge is to develop measures that will truly represent the commonalities among the programs that differ in patient mix, disease severity, data availability, and delivery of care in order to compare these programs.

The Veterans Benefits Administration is participating with the Departments of Labor, Housing and Urban Development, Education, and Interior, as well as OMB in defining appropriate job training and employment measures. The proposed measures will address outcomes and efficiency with the goal of understanding which programs are successfully assisting their participants in obtaining employment.

Common Measure	VA Program
Cost - Average cost per unique patient (total federal and other obligations)	Medical Care
Efficiency - Annual number of outpatient visits per medical worker	Medical Care
Quality - Total percentage of diabetic patients taking the HbA1c blood test in the past year	Medical Care
Percent of participants employed first quarter after program exit	Vocational Rehabilitation and Employment
Percent of participants still employed three quarters after program exit	Vocational Rehabilitation and Employment
Percent change in earnings from pre-application to post-program employment	Vocational Rehabilitation and Employment
Average cost of placing participant in employment	Vocational Rehabilitation and Employment

Program Assessment Rating Tool (PART)

Another component of the President's initiative to better integrate budget and performance is the Program Assessment Rating Tool (PART). The PART is an analytical tool comprised of a series of questions designed to provide a consistent approach to rating programs across the Federal government. During the development of the FY 2004 budget, the Administration conducted assessments of about 20 percent of Federal programs using the PART. These program evaluations focused on four areas—program purpose and design; strategic planning; program management; and program results. Because it represents a broad, overall assessment of program effectiveness, the PART includes factors over which agencies have little or no direct control.

During the development of the FY 2004 budget, the PART was used to evaluate three VA programs—medical care; compensation; and burial. These are the Department's most vital and highly visible programs, and they account for about 80 percent of all VA resources. For both medical care and compensation, the overall PART assessment was "results not demonstrated," while the burial program received a rating of "moderately effective."

Future assessments of the medical care program will likely result in a more definitive PART evaluation as VA continues to focus on providing timely,

high-quality health care to our highest priority veterans—those with service-connected conditions, veterans with lower incomes, and those with special health care needs. Additional evaluations of the compensation program will become clearer as the Department continues to work with Congress and other key stakeholders to clarify program outcomes. The PART results for the burial program clearly demonstrate that VA continues to ensure that the burial needs of veterans and eligible family members are met, and that the Department maintains national cemeteries as shrines dedicated to preserving our Nation’s history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

Improved Coordination of VA and DoD Programs and Systems

Medical Centers Providing Electronic Access to Health Information

Performance Goal

Increase the percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons.

Definition: The numerator for this measure is the number of facilities that have Federal Health Information Exchange (FHIE)/formerly Government Computerized Patient Record (GCPR) fully installed and functioning. The denominator is All VHA facilities.

Current Situation Discussion

This is a key performance measure in the VA. The narrative associated with this measure is located under objective 2.1.

Dollar Value of Sharing Agreements with DoD

Performance Goal

Increase the dollar value of sharing agreements with DoD.

Definition: This measure is based on the total dollar value of sharing agreements VA has entered into with DoD.

Current Situation Discussion

This is a key performance measure for the VA. The narrative associated with this measure, including a discussion of the DEERS initiative, is located under the Enabling Goal, objective E.4.

Faith-based/Community Initiatives

Performance Goal

Increase the percentage of faith-based and community organizations providing services to homeless veterans by 20 percent from the FY 2002 baseline.

Current Situation Discussion

On January 29, 2001, President Bush signed two executive orders establishing federal offices to promote his faith-based and community organizations initiatives. One of the orders created an Office of Faith-Based and Community Initiatives in the White House to take the lead in enhancing current efforts and promoting the government's efforts to partner with faith-based and community organizations. His second order established a Center for Faith-Based and Community Initiatives in five federal agencies. That order did not include VA; however, the Department established a Task Force to assess current programs and activities, identify barriers and initiate actions to allow full participation by faith-based and community organizations.

The Office of Public and Intergovernmental Affairs (OPIA) was assigned the oversight and coordination role for this Task Force and the Director, Office of Homeless Veterans Programs, serves as the Department's point of contact. VA's Homeless Programs and the entire VA have a long tradition of working closely with faith-based and community organizations. There are a number of areas where VA programs may provide an opportunity for increased participation by faith-based and community organizations. The Task Force is charged with reviewing each of these programmatic areas.

The VA Task Force and the White House Office of Faith-Based and Community Initiatives will work closely together to:

- Continue to audit our existing policies and practices Department-wide;
- Continue to identify existing barriers to participation by faith-based and other community organizations in providing the delivery of social services;
- Continue to coordinate Department effort to incorporate faith-based organizations in departmental efforts and initiatives.

Propose initiatives to remove barriers:

- Propose pilot programs to increase participation of faith-based organizations;
- Develop and coordinate Department outreach efforts to disseminate information to faith-based organizations with respect to programming changes, contracting opportunities, and other initiatives (including Internet).

Means and Strategies

The Task Force created a baseline survey to establish the level of active involvement by each of VA's Administrations, the attitude of the quality of faith-based and community providers and the suggestions of areas where greater collaboration might occur. That survey was completed in late FY 2002.

VA is working with the National Center for Neighborhood Enterprise (NCNE) and BETAH Associates. A working group of members of the Task Force and representatives from faith-based community service providers are meeting to develop a plan to enhance the delivery of social services.

VA has already proposed to modify an existing regulation that is believed to be a barrier to faith-based service providers.

External Factors

The Task Force is working with NCNE and BETAH Associates to identify ways to improve access to benefits and promote the delivery of social services to veterans provided by faith-based and community organizations. VA will develop strategies to encourage and enhance more effective relationships with these organizations.