



Performance Overview

Purpose of This Report

VA's FY 2006 Performance and Accountability Report (PAR) describes VA's accomplishments and progress during FY 2006 toward fulfilling its mission. The report is designed to enable Department management, our stakeholders, and our employees to assess VA's program and financial performance as compared to its goals and to use this information to make necessary improvements.

How We Measure Performance

VA employs a **four-tiered performance management framework** to measure performance.

<i>Term</i>	<i>Definition</i>
<i>Strategic Goals</i>	The Department's long-term outcomes as detailed in its Strategic Plan and articulated through four strategic goals and one enabling goal.
<i>Strategic Objectives</i>	Broad operational focus areas designed to achieve strategic goals. The Department has 21 strategic objectives.
<i>Performance Measures</i>	Specific measurable values or characteristics used to measure progress towards achievement of strategic objectives. The Department uses different types of measures (i.e., outcome, output, and efficiency) to evaluate performance.
<i>Performance Targets</i>	Associated with specific performance measures, these are quantifiable expressions of desired performance/success levels to be achieved during a given fiscal year.

VA's strategic objectives are supported by 150 performance measures, 23 of which were identified by VA's senior leadership as **mission critical**. The Department's performance measures are a mix of program outcomes that measure the impact that VA programs have on the lives of veterans and their families, program outputs that measure activities undertaken to manage and administer these programs, and program efficiency that measures the cost of delivering an output or desired outcome.

Improvements to the FY 2006 Report

This year's PAR includes several improvements designed to give our stakeholders more complete information on VA's performance.

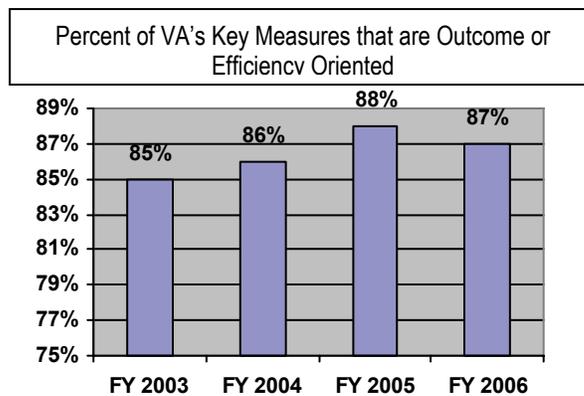
<i>Improvement</i>	<i>Benefit to VA's Stakeholders</i>
<i>Cost Per Measure Data</i>	Consistent with the President's Management Agenda, the Department is improving the integration of performance and budget information. As part of this effort, this year's PAR includes information on the cost of achieving performance targets for three measures. This is in addition to cost estimates provided by strategic goal and objective. We expect to expand our presentation of the cost to achieve individual performance goals in subsequent reports.
<i>Major Management Challenges</i>	This year's report includes an improved presentation of major management challenges. Included for each challenge in an easy-to-read tabular format is an estimated resolution date, a summary of actions taken, and the next steps planned. Together these elements provide a comprehensive analysis of the challenges facing the Department.



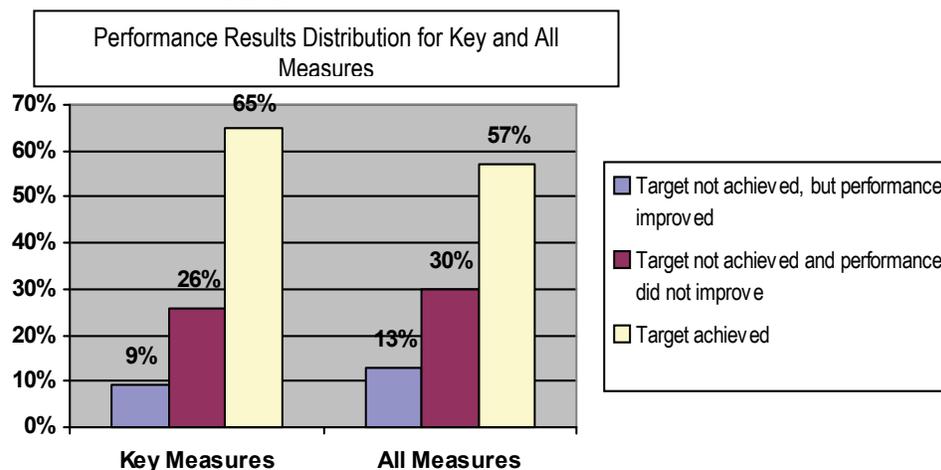
Improvement	Benefit to VA's Stakeholders
Use of Performance Data	For key and other important measures, we have added a short narrative describing how management uses performance data to make operational program improvements. For each measure, this information, coupled with performance trend data and information on how performance results impact the veteran, give a multi-faceted understanding of VA's most important measures.
Strategic Goal Performance	For each strategic goal, a chart showing the percentage of performance targets achieved over the last 3 years demonstrates the progress VA is making toward achieving the broad outcomes expressed by the strategic goal.

2006 Performance -- A Department-Level Summary

Key Measures -- Continuity and Type: Key measures are those that measure mission-critical activities. As of FY 2006, 82 percent of VA's key measures have been in place for at least 3 years. This provides the Department's leadership with the ability to track significant performance trends over time and to make strategic adjustments when necessary. In addition, as shown in the chart below, VA has maintained a focus on the use of outcome and efficiency measures to assess mission-critical performance.



Performance Results: Key vs. All Measures: The chart below shows how well VA performed in meeting its performance targets. As shown, VA achieved the target for 65 percent of its key measures and 57 percent of all measures. In addition, for key measures, nine percent of the targets were not achieved, but performance improved from the prior year. Further details on performance by goal and objective are provided on the following pages.





Cost to Achieve Performance Goals – 3 Selected Measures

For the first time in the Performance and Accountability Report, the Department is providing estimated cost information at the measure level. As in the past, VA is providing an estimate of costs to support strategic goals and objectives. However, as part of the Department’s overall effort to better identify resources required to achieve a certain level of performance, we selected three measures to provide an estimated FY 2006 cost that corresponds with the levels of performance achieved.

In future reports we will increase the number of performance measures for which cost data are provided. For this report, as shown below, we provide measure-specific cost information together with information on how specific performance impacted veterans and how VA uses performance data for three measures.

Measure	Fiscal Year 2006		
	Performance		Estimated Cost (Obligations) (\$ in Millions)
	Target	Result	
Rating Related Compensation Actions – Average Days Pending	150	130	\$559.2
Performance Impact	Although VA met its 2006 target by 20 days, the average increased from 122 days in 2005 to 130 days in 2006. An increase in the average age of the pending claims inventory indicates veterans are waiting longer for decisions on their claims.		
How VA Uses Performance Data	VA uses the results data to manage the compensation and pension programs and to implement performance improvement strategies. For example, as performance is monitored during the year, if performance declines are manifested in certain field offices, management takes corrective actions such as providing additional training.		
Number of Patients Under Non-Institutional Long-Term Care as Expressed by the Average Daily Census	32,105	29,496 (estimated)	\$377.1
Performance Impact	Increasing the number of veterans receiving Home and Community-Based Care (HCBC) services provides veterans with an opportunity to improve the quality of their lives. HCBC promotes independent physical, mental, and social functioning of veterans in the least restrictive settings.		
How VA Uses Performance Data	VA uses the data to project the need for services, evaluate existing services, and promote access to required services.		
Percent of Veterans Served by a Burial Option	81.6%	80.2%	\$79.0
Performance Impact	By the end of 2006, more than 19 million veterans and their families had reasonable access to a burial option. One of VA’s primary objectives is to ensure that the burial needs of veterans and eligible family members are met. Having reasonable access is integral to realizing this objective.		
How VA Uses Performance Data	VA analyzes census data to determine areas of the country that have the greatest unmet need for service by a burial option. This information is used in planning for new national cemeteries and for gravesite expansion projects to extend the service lives of existing national cemeteries, as well as in prioritizing funding requests for state veterans cemetery grants.		