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General

2005 Budget Highlights

Summary

- The 2005 President's budget for the Department of Veterans Affairs (VA) provides approximately \$67.7 billion for veterans' benefits and services: \$32.1 billion in discretionary funding and \$35.6 billion for entitlements. This budget supports a continued focus on health care needs of VA's core group of veterans - those with service-connected disabilities, veterans with lower incomes, and those with special health care needs. With the budget increase in medical care, access to medical facilities for severely disabled veterans is expected to improve, along with a reduction in waiting times for all veterans. The 2005 submission for Medical Care includes policy changes to assure sufficient resources are available to continue timely, high quality health care to all enrolled veterans and to support the focus on core mission veterans. Some of these significant new initiatives are: 1) assess an annual enrollment fee of \$250 for all Priority 7 and 8 veterans; 2) increase pharmacy co-payments from \$7 to \$15 for veterans who have a greater ability to absorb these co-payments - Priority 7 and 8 veterans; 3) reduce the pharmacy co-payment burden for Priority 2-5 veterans that have less ability to incur these costs by raising the income threshold from the Pensions level of \$9,894 to the aid and attendance level of \$16,509; 4) eliminates co-payments for veterans receiving hospice care and former Prisoners of War; 5) allow VA to pay for emergency room care received in non-VA facilities for enrolled veterans; and 6) continue efforts with the Department of Health and Human Services to provide Priority 8 veterans aged 65 or older who cannot enroll in VA's health system access to a new "VA Advantage" Medicare plan. The request for discretionary programs provides \$1.2 billion (with collections) or 3.8 percent, over last year's funding level.
- This budget also includes \$524 million in new construction funding for VA's nationwide infrastructure initiative (CARES) to ensure that VA can put services where veterans live; \$274.4 million in discretionary funding to support VA's burial programs, including funds for the activation and operation of five new national cemeteries in 2005 as well as construction funding for gravesite expansion in Florida, Rock Island, IL, and Sacramento, CA. Funding included for the Veterans Benefits Administration will sustain

the progress made under the Secretary's priority of improving timeliness and accuracy of claims processing.

- The resources requested in the 2005 budget will enable VA to successfully address the three highest priorities of this Department:
 - Provide timely, high-quality health care to our core constituency - veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs;
 - Improve the timeliness and accuracy of claims processing; and
 - Ensure the burial needs of veterans and their eligible family members are met, and maintain veterans' cemeteries as national shrines.

Highlights by Major Component

- **Medical Care Business Line.** The 2005 President's budget includes total budgetary resources of \$29.5 billion (including \$2.4 billion in collections) for the Medical Care business line, an increase of 4.1 percent over the 2004 estimate. With these resources, VA will be able to provide timely, high-quality health care to nearly 5.2 million unique patients. The request reflects a comprehensive set of legislative, regulatory, and management proposals that will continue to concentrate VA's health care resources to meet the needs of our highest priority veterans—those with service-connected conditions, those with lower incomes, and veterans with special health care needs. This set of proposals reduces the 2005 resource request by an estimated \$1.2 billion in appropriation.
- VA will continue to bring balance back to its health care system priorities by remaining focused on meeting the needs of our highest priority veterans. The number of patients within this core service population that we project will come to VA for health care in 2005 will be 12 percent higher than in 2003. By highlighting our focus on our core constituency, we will continue to produce the desired change in the composition of the veteran population that uses our health care services. During 2005, 71 percent of those using VA's health care system will be veterans with service-connected conditions, those with lower incomes, and veterans with special health care needs. The comparable share in 2003 was 66 percent. In addition, we devote 88 percent of our health care resources to meet the needs of these veterans. Due to their advancing age and multiple medical problems, our highest priority veterans require much more

extensive care requiring significantly more resources, on average, than lower priority veterans.

- The 2005 budget request assumes that enrollment of new Priority 8 veterans will remain suspended. To further address the increasing health care workload and to ensure that VA continues to provide timely, high-quality health care to our core population, the budget request includes policy proposals focused primarily on veterans with comparatively higher incomes. These proposals would require lower priority veterans to assume a greater share of the cost of their health care and include the following: assessing an annual enrollment fee and changing the veteran's share of outpatient and pharmacy co-payments. While veterans with higher incomes will pay enrollment fees and higher pharmacy co-payments, the budget eliminates co-payments for veterans receiving hospice care and for former Prisoners of War. In addition, the budget includes a provision that allows VA to pay for emergency room care received in non-VA facilities for enrolled veterans.
- VA's 2005 budget request focuses on the Secretary's priority of providing timely and accessible health care that sets a national standard of excellence for the health care industry. To address this priority, the Department has set a 2005 performance goal of 93 percent for the share of primary care appointments that will be scheduled within 30 days of the desired date. For appointments with specialists, the comparable performance goal is 90 percent.
- There is an increase of \$1.7 billion to support our focus on community-based health care for our core population. These resources are required to meet the changing health care demands that reflect veterans' increasing reliance on pharmaceuticals; the aging of World War II and Korean Conflict veterans, many of whom are in greater need of health care; and helping to ensure the outcome of high veteran satisfaction with VA health care delivery. Of the \$1.7 billion increase, \$1.1 billion is required for payroll and inflation changes over the 2004 estimate to support the Medical Care business line.
- The budget request includes management savings of \$340 million in 2005 that will partially offset the overall cost of health care. These savings will be achieved through improved standardization policies in the procurement of supplies, pharmaceuticals, and other capital purchases, as well as in other operational efficiencies.
- The budget provides capital investment resources of \$582.9 million necessary to ensure VA's infrastructure is adequate to support the delivery of quality health care. Within this level of funding, VA is aggressively moving forward with the Capital Asset Realignment for Enhanced Services (CARES) program; \$523.9 million of capital funding will be invested in 2005 to implement the

recommendations of individual CARES studies. The CARES process provides a systematic evaluation from which to begin improvements to VA's physical plant, ensuring identification of vacant space, optimum access locations to serve veterans, and realignments where necessary. This investment is critical to optimize future investments in infrastructure and redirect funding to critical health care needs.

- VA's cooperative efforts with DoD continue to improve the health care delivery services of both agencies in support of the President's Management Agenda and the Congressional mandate in the 2003 National Defense Authorization Act, Public Law 107-314. The Departments have undertaken unprecedented efforts to improve cooperation and sharing in a variety of areas through the VA/DoD Joint Executive Council (JEC). The two Departments have identified numerous high-priority items for improved coordination such as capital asset planning, adopting the national item (coding) file in logistics, converting Distribution and Pricing Agreements (DAPAs) to VA's Federal Supply Schedules, implementing computerized patient medical records, using joint separation physicals and compensation and pension examinations, and improving capital coordination.
- **Medical Research.** Overall, 2005 resources are estimated to be \$1.7 billion for VA research which is a \$60 million increase from the 2004 level. This funding level is comprised of \$770 million in direct appropriation request, a \$670 million estimate of federal grant resource support, and \$230 million in other non-federal grant funding support. VA R&D's primary focus is to more appropriately target research projects that address the special health care needs that are prevalent in the veteran patient population. This includes research on military occupational and environmental exposures, military service-related limb loss, acute and traumatic injury, aging, mental illness, diabetes, cancer and other diseases. Also included is research on special populations of veterans such as those with spinal cord injury and those that are blind or visually impaired.
- **Veterans Benefits Administration (VBA) Veterans Benefits Business Lines:** The budget request for all of VBA's business lines provides for \$36 billion in mandatory spending including legislative proposals totalling \$212 million in net savings and \$242.4 million in additional funding for the anticipated cost-of-living adjustment in 2005. In discretionary spending, VBA's budget request provides \$1.19 billion and 12,198 FTE. VBA's total discretionary funding would increase \$26 million over 2004. This budget directs \$29.4 million in total obligations for new and on-going initiatives designed to provide better customer service through improved accuracy and access for benefits to the veteran community.

- VBA made excellent progress during the last year in addressing the Presidential priority of improving the timeliness and accuracy of claims processing. VBA is on track to reach an average processing time of 100 days by the end of 2004 and expects to maintain this timeliness standard in 2005.
- To assist in achieving this ambitious goal, VA established benefits delivery at discharge programs at 136 military installations around the country. This initiative makes it more convenient for separating servicemembers to apply for and receive the benefits they have earned, and helps ensure claims are processed more rapidly. Also, the Department has assigned VA rating specialists and physicians to military bases where servicemembers can have their claims processed before they leave active duty military service.
- VBA expects to see an increase in claims resulting from the return of our brave servicemen and women who fought to protect the principles of freedom in Operation Enduring Freedom and Operation Iraqi Freedom. The budget proposes to use \$35 million of the remaining funds available through the war supplemental during 2004 to address the challenges resulting from an increasing claims processing workload in order to assist us in reaching our timeliness goal of 100 days by the end of 2004. The budget proposes to use the remaining \$28 million in 2005 to help sustain this timeliness standard.
- In recognition of the fact that the home loan program is primarily a benefit that assists veterans in making the transition from active duty life to veteran status, the 2005 budget includes a legislative proposal to phase in an initiative to limit eligibility for this program to one-time use. Under our proposal, one-time use of the loan program would apply to any person who becomes a veteran after the date this proposed legislation becomes law. Those who are already veterans, or who will achieve veteran status prior to enactment of the proposed law, would retain their eligibility to use the home loan benefit as many times as they need to for a period of 5 years after the law takes effect. Once that 5-year period has passed, they would no longer be able to use this benefit more than once. This legislative proposal does not change eligibility for active duty personnel who would retain the ability to use this benefit as many times as they need it.
- **Burial Business Line.** The budget requests \$181 million for burial benefits, and \$274.4 million and 1,779 FTE in burial administration funding. The Burial Administration account is \$9 million above the 2004 level and includes operating and capital funding for the National Cemetery Administration, the burial benefits program administered by VBA, and the State Cemetery Grant program. The level of funding includes funds for the activation and operation to complete the activation of new national cemeteries in the areas of Detroit, MI and Sacramento, CA. These are the last two of the six locations identified

in the May 2000 report to Congress. The request includes \$81 million in construction funding for phase I development of the Sacramento, CA cemetery, expansion and improvements at the Florida National Cemetery (Bushnell, FL) and Rock Island National Cemetery, IL, as well as \$32 million for the State Cemetery Grant program. Advanced Planning Funds are also requested for planning activities for 6 new national cemeteries to serve veterans in the Bakersfield, CA; Birmingham, AL; Columbia/Greenville, SC; Jacksonville, FL; Sarasota County, FL; and Southeastern Pennsylvania areas.

- **General Administration.** Budget authority of \$303.1 million and 2,623 FTE are requested to support the General Administration activity in 2005. Of this amount, no more than \$5.5 million is available for construction activities. Realigning the construction funding within this account is consistent with the agency's budget account restructuring effort. The budget request is \$22.7 million above the level reflected in the 2004 Consolidated Appropriations bill of \$280.4 million. The \$22.7 million increase includes a shift of BA from other VA accounts for the Office of Business Oversight (OBO) and for the CIO reorganization. As a result, the General Administration increase is only \$9.5 million above the 2004 level when the transfers are excluded. The new business oversight office and CIO reorganization will allow VA to streamline operations and improve oversight of programs that cross organizational lines. Details of these transfers are discussed in the individual chapters of the respective offices. In total, the General Administration budget authority, combined with \$340.1 million in estimated reimbursements, and an estimated net change in construction carryover of \$2.3 million, will provide for a total obligational authority of \$645.5 million and 2,623 FTE in 2005.
- **Office of the Inspector General.** Budget authority of \$65.4 million and 442 FTE are requested to support the activities of the Office of the Inspector General (OIG) in 2005. Of this amount, no more than \$721 thousand is available for construction activities. The budget authority together with \$3.2 million in estimated reimbursements and an estimated net change in carryover of \$367 thousand will provide for total gross obligations of \$68.9 million in 2005. This budget authority will assist the OIG in overseeing the quality of health care services rendered our veterans, identifying internal control vulnerabilities in benefit payment processes and detecting fraud through extensive review and analysis of VA databases and matching initiatives.
- **Management Improvements.** VA has made excellent progress during the last year in implementing the President's Management Agenda. Our progress in each of the focus areas is currently rated "green" with the exception of competitive sourcing. Currently, existing legislation precludes us from using necessary resources to conduct cost comparisons of competing jobs such as

laundry, food, and sanitation service. The Administration will work with Congress to develop legislation to advance this effort that would free up additional resources to be used to provide direct medical services to veterans. We will continue to take the steps necessary to achieve the ultimate goals the President established for human capital management, competitive sourcing, financial performance, electronic government, budget and performance integration, and VA/DoD coordination.

- VA has several management improvement initiatives underway that will lead to greater efficiency and will be accomplished largely through centralization of several of our major business processes. We are currently realigning our finance, acquisition, and capital asset management functions into business offices across the Department. There will be one business office in each of the 21 Veterans Integrated Service Networks and a single office for the NCA. For the VBA, the majority of the three field functions will be centralized into product lines. The realignment of these business functions will reduce and standardize field business activities into a more manageable size, limit the number of sites to be reviewed, provide for more consistent interpretation of policies and procedures, and promote implementation of performance metrics and data collection related to these business functions. As a result of the realignment, we will significantly strengthen compliance and consistency with finance, acquisition, and capital asset policies and procedures.
- In addition to realigning the business functions within the Administrations, VA will also establish an Office of Business Oversight (OBO) in the Office of Management. This new business oversight office was approved by the Secretary in June 2003, and will report directly to the Assistant Secretary for Management, who also serves as the Chief Financial Officer and Senior Procurement Official for the Department. Currently VA has approximately 150 facilities that have individuals working on financial activities as well as multiple contracting and logistics activities. The long-term goal for this new office is to consolidate and streamline these functions in order to improve finance, acquisition, and capital asset management operations. This effort will consolidate the quality assurance oversight role for financial operations, asset management, contracting, logistics and inventory that currently exist across the Department into one office. Specifically, this includes the oversight activities that reside within VHA, VBA, and the two activities in the Office of Management that report to the Office of Finance and Office of Acquisition and Materiel Management. By consolidating the activities into one office, VA will experience a standard review process, obtain standardization of activities in the field, create efficiencies across organizational lines, and reduce review cycles to a two-year cycle.

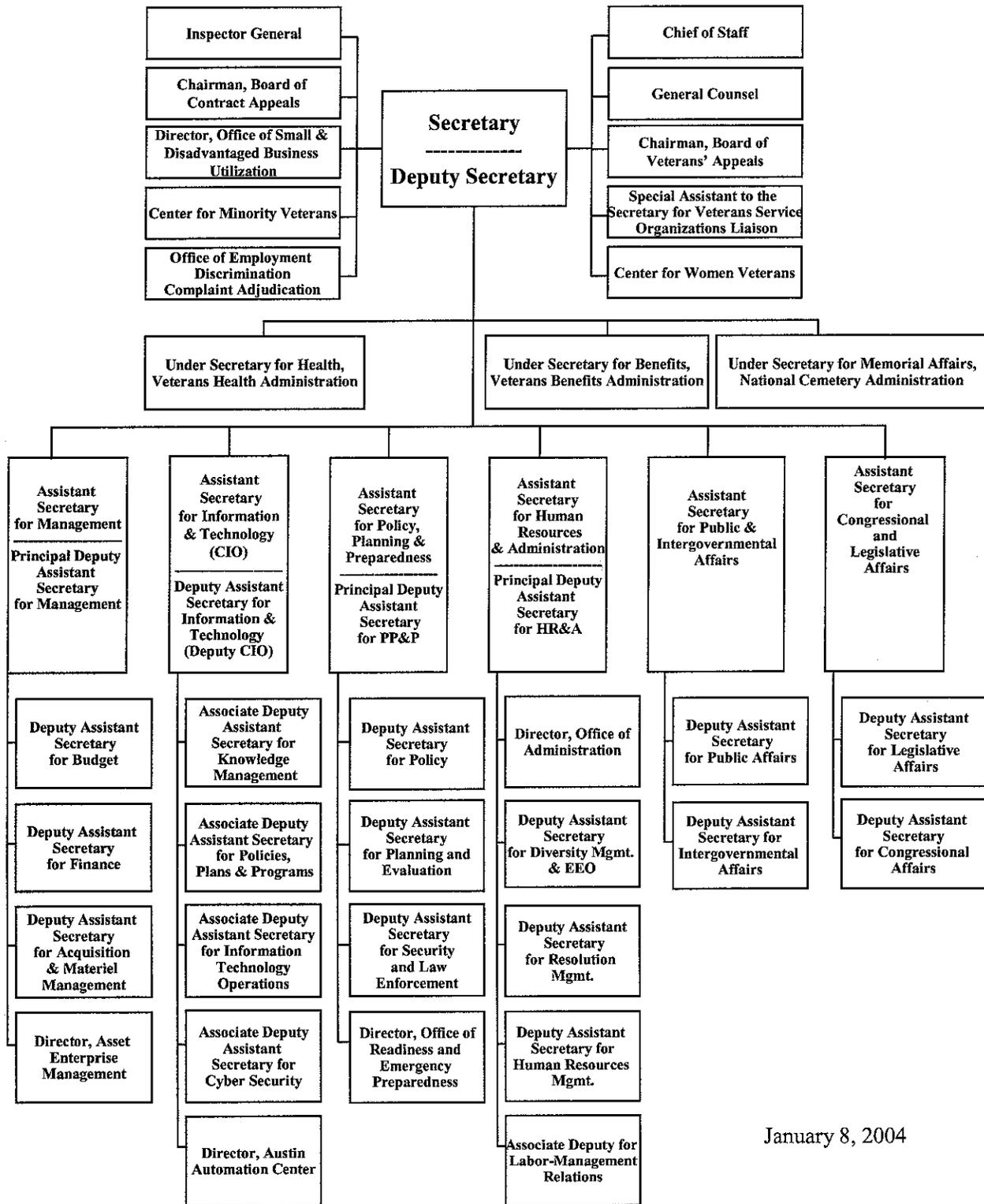
- We continue to make excellent progress in implementing the recommendations of our Procurement Reform Task Force. To date, the Department has completed 43 of the 65 recommendations. By the end of 2004, we expect to implement all of the remaining recommendations. These procurement reforms will optimize the performance of VA's acquisition system and processes by improving efficiency and accountability. We expect to realize savings of about \$250 million by the end of 2004 as a result of these improvement initiatives. This figure will rise after we have completed all 65 recommendations.
- **Departmental Information Technology (IT) Oversight.** The Secretary has centralized the critical components of the Department's information technology (IT) program, including authority, personnel, and funding, in the Office of the Chief Information Officer. This realignment will serve to strengthen the IT program overall and ensure that our efforts remain focused on building the infrastructure needed to better serve our Nation's veterans. This will establish a more disciplined and consistent approach to the Department's IT activities and will help ensure that all IT projects throughout VA are developed in a manner consistent with our One VA Enterprise Architecture. The 2005 budget again places a strong emphasis on improving our cyber security at all VA locations. We will concentrate on securing the Enterprise Architecture and providing continuous protection to all VA systems and networks. This will require purchases of both hardware and software to address existing vulnerabilities.

Budget Account Restructuring

- VA is submitting its 2005 budget using an account structure that focuses on nine major programs. They are medical care, medical research and support, disability compensation (benefits and administration), pensions (benefits and administration), education (benefits and administration), housing program, vocational rehabilitation and employment (benefits and administration), insurance (benefits and administration), and burial (benefits and administration). All costs are reflected within each business program; however, for the benefits programs, separate appropriation language is requested for the mandatory and discretionary portions of the budget.
- As VA implements this new budget account structure, we will be better positioned to:
 - o more readily determine the full cost of each of our programs;
 - o shift resource debates from inputs to outcomes and results;

- o make resource decisions based on programs and their results rather than the previous year's funding level;
 - o improve planning, simplify systems, enhance tracking, and focus on accountability; and
 - o prioritize capital investments against recurring expenditures.
- The major features of the revised budget account structure are:
 - o better aligning the costs and funding within each respective program;
 - o simplifying the structure by significantly reducing the number of accounts;
 - o distributing all capital costs (including construction and information technology) among the nine major discretionary program accounts;
 - o maintaining some non-appropriated accounts (revolving and trust funds) as separate budget accounts to meet government-wide requirements; and
 - o maintaining the ability to account for different programs or activities.
- During the execution of the 2005 budget, VA will coordinate use of the new budget account structure with the existing FMS accounting system. As the Department migrates to the new Core Financial and Logistics System (CoreFLS) (which will replace FMS and 20 other legacy systems), the new budget account structure will be utilized. Operational testing of CoreFLS began at the beginning of 2004. Full deployment of CoreFLS is anticipated by March 2006.
- The implementation of this 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 submitting the budget request under 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.
- To facilitate the transition, the crosswalk tables indicating how accounts and funding under the previous budget account structure align under the proposed structure are included in all volumes including the summary volume. Information is presented for fiscal years 2003-2005. Funding totals provided under the new account structure for 2003 and 2004 represent estimated breakouts under the new format. These totals were derived from fiscal year 2003 actuals and the 2004 Consolidated Appropriations Bill under the previous account structure.

Department of Veterans Affairs



January 8, 2004

Mission and Program Descriptions

*“To care for him who shall have borne the battle, and
for his widow, and his orphan ...”*

President Lincoln’s words guide nearly 212,000 VA employees who have the privilege of serving veterans today. Veterans’ programs have evolved to the comprehensive set of health care, benefits, and memorial services VA provides today and have four broad purposes, which form the basis for VA’s four strategic goals.

- To restore the capability of veterans with disabilities;
- To ensure a smooth transition as veterans return to civilian life in their communities;
- To honor and serve all veterans for the sacrifices they made on behalf of the Nation;
- To contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

The statutory mission authority for VA defines our organizational commitment to America’s veterans: “to administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans.” (38 U.S.C. 301(b)) This mandate sets forth the Department’s role as the principal advocate for veterans and charges VA to ensure that veterans receive the medical care, benefits, social support, and lasting memorials they deserve in recognition of their service to this Nation. The Department accomplishes its mission through partnerships among Veterans Health Administration, Veterans Benefits Administration, National Cemetery Administration, the Board of Veterans’ Appeals, and Departmental staff organizations by integrating related activities and functions of our major programs. VA provides services and benefits through the following nine major business lines:

Medical Care

- VA meets the health care needs of America’s veterans by providing primary care, specialized care, and related medical and social support services. Also included are health care education and training programs designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

Medical Research

- The medical research program contributes to the Nation's overall knowledge about disease and disability.

Compensation

- The compensation program provides monthly payments and ancillary benefits to veterans, in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability, disease, or death incurred in, or aggravated during, active military service. This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents, in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

Pension

- The pension program provides monthly payments, as specified by law, to needy wartime veterans at age 65 or over or who are permanently and totally disabled. This program also provides monthly payments, as specified by law, to needy surviving spouses and dependent children of deceased wartime veterans who die as a result of a disability unrelated to military service.

Education

- The education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals.

Vocational Rehabilitation and Employment

- The vocational rehabilitation and employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities, become employable, and to obtain and maintain suitable employment.

Housing

- The housing program helps eligible veterans, active duty personnel, surviving spouses, and selected reservists to purchase and retain homes.

Insurance

- The insurance program provides veterans, servicemembers, and family members with life insurance benefits, some of which are not available from other providers -- such as the commercial insurance industry -- due to lost or impaired insurability resulting from military service. Insurance coverage is made in reasonable amounts and at competitive 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.

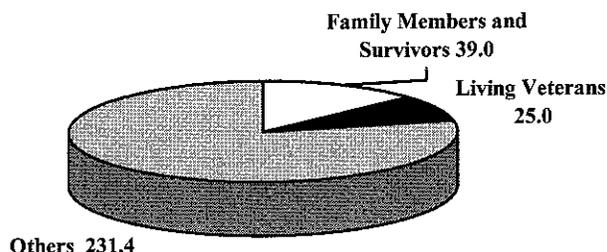
Burial

- Primarily through the National Cemetery Administration, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.

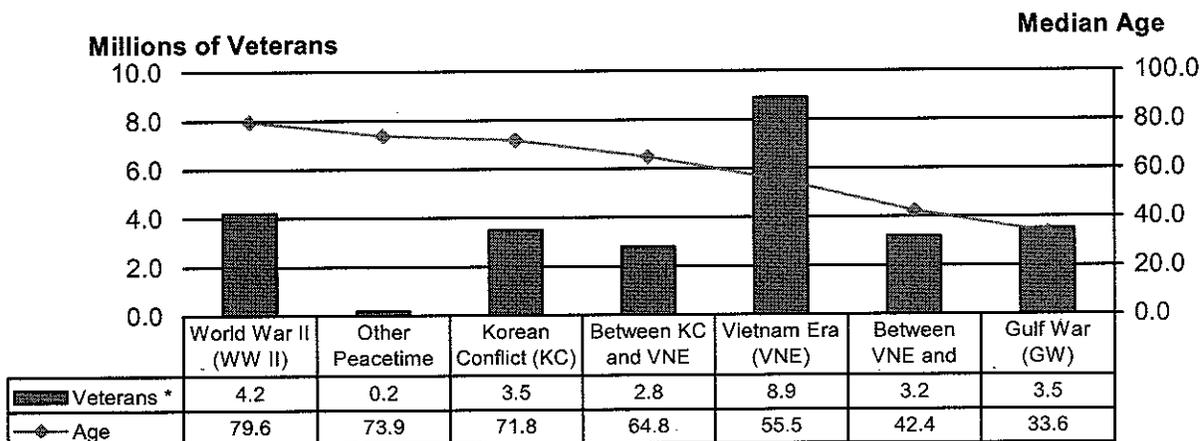
Veterans Population

On September 30, 2003, there were an estimated 25.2 million living veterans with 25.0 million of them in the U.S. and Puerto Rico. There were an estimated 38.4 million family members of the living veterans in the U.S. and Puerto Rico. There were 568,000 survivors of deceased veterans receiving VA benefits. Thus, more than 64 million people, or 21.7 percent of the total estimated resident population of the U.S. and Puerto Rico, (295.4 million), were recipients, or related to recipients, of veterans' benefits provided by the Federal Government.

The pie chart represents the number in the resident population of the U.S. and Puerto Rico classified as living veterans, family members of living veterans and survivors of veterans receiving VA survivor benefits, and others (the remainder of the resident population).



Estimated Number and Median Age of Veterans by Period of Service



* Veterans are counted in all wartime periods in which they served. Thus, period categories do not sum to the total estimated veteran population.

Source: Veterans Actuarial Model Version 3 (VAM3), Office of the Actuary, VA (January 9, 2004)

In compliance with provisions of the Veterans' Judicial Review Act, P. L. 100-687, Section 1404.

Estimates of Combat Theatre Obligations from the National Survey of Veterans
(dollars in millions)

Appropriations	FY 2003 Obligations	Estimate of Combat Theatre Veterans *	Estimated Obligation on Combat Theatre Veterans
Employment Services			
HIRE/CETA	N/A	N/A	
EJTP/VJTP	N/A	N/A	
Compensation	\$20,796	58%	\$12,062
Dependent and Indemnity Compensation	3,890	N/A	
Pensions			
Veterans	2,513	51%	1,282
Survivors	705	N/A	
Inpatient Facilities	10,833	50%	4,997
Outpatient Care	12,610	49%	5,417
Miscellaneous Medical Service	1,499	N/A	
Readjustment Counseling	83	N/A	
Veterans Insurance and Indemnities	30	50.2	15
Specially Adapted Housing	21	N/A	
Burial Benefits	142	49%	79
Educational Assistance	1,638	40%	655
Vocational Rehabilitation	514	43%	221
Survivors' and Dependents' Educational Assistance	279	N/A	
Home Loan Guaranty (Liquidating)	52	43%	22
Automobiles and Adaptive Equipment	42	N/A	

* Combat Theatre is based on the question, "Did you ever serve in a combat or war zone?" from the 2001 National Survey of Veterans (NSV).

N/A - Not available from the 2001 NSV.

Most NSV questions on program usage refer to current usage (2000 - 2001 time period) or in case of burial benefits anticipated usage. However, because education and vocational rehabilitation questions asked if veterans had ever used these programs, answers for this table for those programs were restricted to veterans discharged in the last 10 years. Home Loan Guaranty refers to veterans who used the program since leaving the military.

Participation in VA Programs

Program	Projected FY 2005 Participants
Medical Care	
Unique Patients	5,151,956
Compensation	
Veterans	2,607,300
Survivors/Children	329,400
Pension	
Veterans	343,200
Survivors	207,700
Education	
Veterans/Servicepersons	327,700
Reservists	107,700
Survivors/Dependents	73,400
Vocational Rehabilitation	
Veterans Receiving Services	99,200
Housing	
Loans Guaranteed	300,000
Insurance	
Veterans	1,969,800
Servicepersons/Reservists	2,388,000
Spouses/Dependents	3,004,000
Burial	
Interments	99,400
Graves Maintained	2,715,500
Headstone/Markers (Processed)	348,600
Presidential Memorial Certificates	290,300

How We Measure Performance

- VA uses performance measures, a group of evaluation criteria, to assess progress in areas emphasized in our strategic plan. Senior leadership, in conjunction with the Office of Management and Budget and our constituents, annually identifies measures that can help us assess key performance aspects of the Department's desired outcomes. We set realistic goals consistent with our budget that reflect expected performance for each measure during the fiscal year. We establish the strategic target when a performance measure is first identified. The measures are then communicated throughout the organization and are included in senior leadership performance evaluations.
- In selecting the measures that will best help us achieve our strategic goals, we work to balance output and outcome measures that will aid senior leadership in making management decisions on how best to effectively and efficiently carry out our mission and ultimate goal – to improve the lives of our veterans and their dependents. Output measures track the products of our activities, such as the number of days to process claims for compensation or pension benefits. Outcome measures, such as the Clinical Practice Guidelines Index and the Prevention Index II, are measures that indicate how well VA is doing in improving the health of veterans in important areas.
- This information is tracked at the highest levels of VA through monthly performance review meetings. Instituted in December 2001, administration and staff office heads report once a month to the Deputy Secretary and outline the general conduct and specific performance of their organizations. They discuss adherence to budget, staffing, major projects, and key performance elements. By doing this, we are linking performance directly to our budget plan on a month-by-month basis. Our intent is to ensure that our programs produce the intended results of the legislation that created them and that the outcomes for veterans are those intended by Congress and the American people. The output measures help us monitor the efficiency and effectiveness of our programs and their management.
- Data collection and analysis for performance measures are defined to establish a common understanding for the measure, to describe how and when the data will be collected and interpreted, and to ensure the quality and integrity of the data.
- In 2005, we designated 25 performance measures as 'key.' Key measures represent those few, high-level measures that link directly to Departmental objectives and ultimately to our mission and provide a balanced view of overall Department performance. The following tables display our key

measures by strategic goal and objective and include the financial resources expected to be obligated for each objective as well as historical data and planned goals. We also provide a table describing each of our key measures, their data source, frequency of collection, limitations, and verification and validation.

- In total we include 159 performance measures in 2005 and provide tables describing historical data and planned goals for each measure both by strategic goal and objective and by program.

FY 2005 Strategic Goal Resources by Responsible Program (\$ in millions)						
Responsible Program and Goal	Total Obligations	1. Restore Disabled Veterans	2. Ensure a Smooth Transition	3. Honor and Serve Veterans	4. Support National Goals	Enabling Goal
Medical Care	\$32,607	\$16,957	\$90	\$15,054	\$491	\$15
Medical Research	\$1,001	\$541			\$460	
Compensation	\$30,037	\$30,037				
Pension	\$3,494			\$3,494		
Education	\$2,592	\$259	\$2,332			
Vocational Rehabilitation	\$728	\$728				
Housing	\$288		\$288			
Insurance	\$2,555	\$118	\$543	\$1,894		
Burial	\$458			\$369	\$89	
Departmental Management	\$950	\$47		\$5	<\$1M	\$897
Total (\$ in millions)	\$74,709	\$48,686	\$3,254	\$20,817	\$1,040	\$912

Resources by Objective				
		Program	FY 2004 Obligations \$ in Millions	% of Total VA Resources
			\$74,709	
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.			\$48,686	65.2%
Objective	Key Performance Measures			
1.1 Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.	No key measure		Medical Care Medical Research	\$17,497 23.4%
1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.	National accuracy rate - core rating work		Compensation Staff Offices	\$30,084 40.3%
	Rating-related actions - average days to process			
	Rating-related actions - average days pending			
1.3 Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain suitable employment, while providing special support to veterans with serious employment handicaps.	Vocational Rehabilitation and Employment Rehabilitation rate		Vocational Rehabilitation and Employment	\$728 1.0%
1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.	No key measure		Education Insurance Compensation	\$377 0.5%
Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.			\$3,254	4.4%
Objective	Key Performance Measures			
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.	No key measure		Medical Care Insurance	\$633 0.8%
2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	Average days to complete original education claims		Education	\$2,332 3.1%
	Average days to complete supplemental education claims			
2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	Foreclosure avoidance through servicing (FATS) ratio		Housing	\$288 0.4%
Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.			\$20,817	27.9%
Objective	Key Performance Measures			
3.1 Provide high quality, reliable, accessible, timely and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost,	Percent of patients rating VA health care service as very good or excellent - inpatient and outpatient		Medical Care	\$15,054 20.2%
	Percent of primary care appointments scheduled within 30 days of desired date			
	Percent of specialist appointments scheduled within 30 days of desired date			
	Clinical Practice Guidelines Index			
	Prevention Index II			
3.2 Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standard of living and sense of dignity.	Increase non-institutional long-term care as expressed by average daily census		Pension Staff Offices	\$3,499 4.7%
	Rating-related actions - average days to process			
	Non-rating actions - average days to process			
3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.	National accuracy rate - authorization work		Insurance	\$1,894 2.5%
	Average days to process insurance disbursements			
3.4 Ensure that the burial needs of veterans and eligible family members are met.	Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence		Burial	\$305 0.4%
	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent			
3.5 Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	Percent of graves in national cemeteries marked within 60 days of interment		Burial	\$64 0.1%

Resources by Objective				
		Program	FY 2004 Obligations \$ in Millions	% of Total VA Resources
Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.			\$1,040	1.4%
Objective	Key Performance Measures			
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 support to national, state, and local emergency management and homeland security efforts.	No key measure	Staff Offices Medical Care	<\$1M	0.0%
4.2 Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.	Number of Career Development Awardees by Research Service	Medical Research	\$460	0.6%
4.3 Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality educational experiences for health care trainees.	No key measure	Medical Care	\$491	0.7%
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.	No key measure	Staff Offices	<\$1M	0.0%
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.	Percent of respondents who rate national cemetery appearance as excellent	Burial	\$89	0.1%
Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.			\$912	1.2%
Objective	Key Performance Measures			
E-1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.	No key measure	Staff Offices	\$83	0.1%
E-2 Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as the benefits and services VA provides.	No key measure	Staff Offices	\$15	0.0%
E-3 Implement a One VA information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	No key measure	Staff Offices	\$26	0.4%
E-4 Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.	Ratio of collections to billings (expressed as a percentage)	Medical Care Staff Offices	\$548	0.7%
	Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)			

VA's Key Performance Goals for 2005

Performance Measure	2000	2001	2002	2003	2004	2005	Strategic Target
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.							
National accuracy rate - core rating work (compensation)	57%	80%	80%	86%	88%	88%	98%
Rating-related actions - average days to process (compensation)	185	192	238	193	153	109	90
Rating-related actions - average days pending (compensation)	143	186	179	111	133	96	78
Vocational Rehabilitation and Employment Rehabilitation rate	65%	65%	62%	59%	67%	66%	70%
Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.							
Average days to complete original education claims	36	50	34	23	24	25	10
Average days to complete supplemental education claims	22	24	16	12	12	13	7
Foreclosure avoidance through servicing (FATS) ratio (* correction)	30%	40%	43%	* 45%	47%	47%	47%
Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.							
Percent of patients rating VA health care service as very good or excellent - inpatient (* correction)	66%	64%	70%	* 74%	70%	71%	72%
Percent of patients rating VA health care service as very good or excellent - outpatient (* correction)	64%	65%	71%	* 73%	72%	73%	72%
Percent of primary care appointments scheduled within 30 days of desired date	N/A	87%	89%	93%	93%	93%	90%
Percent of specialist appointments scheduled within 30 days of desired date <small>¹ results as of 9/30, ² reflects cum. for year, ³ expanding number of clinics from 5 to 8 to more accurately reflect patient experience</small>	N/A	84% ¹	86% ¹	89% ²	90% ³	90% ³	90%
Clinical Practice Guidelines Index	N/A	N/A	Baseline	70%	70%	71%	80%
Prevention Index II	N/A	80%	82%	83%	82%	84%	85%

VA's Key Performance Goals for 2005							
Performance Measure	2000	2001	2002	2003	2004	2005	Strategic Target
Increase non-institutional long-term care as expressed by average daily census (* Recalculated to include residential community care program ADC)	N/A	N/A	*24,126	*24,413	*29,631	*36,524	35,271
Rating-related actions - average days to process (pension)	112	127	126	98	82	80	78
Non-rating actions - average days to process (pension)	53	59	65	67	64	73	21
National accuracy rate - authorization work (pension)	47%	62%	76%	81%	84%	84%	98%
Average days to process insurance disbursements	3.2	2.8	2.6	2.4	2.7	2.7	2.7
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	72.6%	73.9%	75.2%	75.3%	83.0%	85.2%
Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	49%	72%	78%	82%	90%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	88%	92%	91%	94%	95%	96%	100%
Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.							
Number of Career Development Awardees by Research Service	195	193	209	210	237	240	240
Percent of respondents who rate national cemetery appearance as excellent	82%	96%	97%	97%	98%	98%	100%
Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.							
Ratio of collections to billings (expressed as a percentage) (Medical Care)	28%	31%	37%	41%	41%	41%	40%
Dollar value of sharing agreements with DoD (Joint Measure for VHA and VBA) (\$ in millions) (*correction)	N/A	\$58	\$83	*\$105	\$116	\$151	\$150

FY 2005 Key Measure Data Elements

Key Performance Measure	Definition	Data Source	Frequency	Data Limitations	Verification and Validation
Compensation: Rating-related actions - average days to process	The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made including the following types of claims: Original Compensation, with 1-7 issues (End Product (EP) 110), Original Compensation, 8 or more issues (EP 010), Original Service Connected Death Claim (EP 140), Reopened Compensation Claims (EP 020), Review Examination (EP 310), Hospitalization Adjustment (EP 320).	The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by employees during the claims process. Results are also extracted from BDN by VA managers. C&P Service owns the data.	Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.	None	Data are analyzed weekly and results are recorded quarterly. Compensation and Pension Service calls the cases in for review from the Regional Offices with the highest rates of questionable practices.
Compensation: Rating-related actions - average days pending	The measure is calculated by dividing the total number of days recorded, from receipt to the last day of the current month, for all the cases yet to be completed in the specified end product categories, by the total number of cases yet to be completed in the specified categories.	The source of data for this measure is the Benefits Delivery Network (BDN).	The element is a snapshot of the age of each processing month as well as annually.	None	Data are analyzed weekly and results are recorded quarterly by Compensation and Pension Service. Cases are called in for review from the Regional Offices with the highest rates of questionable practices.
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 are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PAI information storage database. C&P Service owns the data.	Case reviews are conducted daily. The review results are tabulated monthly and annually.	None	GAO has reviewed the process and reliability in detail. Two individuals from the Systematic Technical Staff examine each case reviewed. Any inconsistencies are addressed with training.
Vocational Rehabilitation and Employment Rehabilitation rate	The number of veterans who acquire and maintain suitable employment and leave the program, divided by the total number leaving the program. For those veterans with disabilities that make employment unfeasible, Vocational Rehabilitation and Employment (VR&E) seeks to assist them on becoming independent in their daily living.	VBA balanced scorecard and VR&E management reports	Quality Assurance Reviews evaluate the validity and reliability of data and are conducted twice a month. A review of balanced scorecard data is completed monthly.	None	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. In response to a FY 2000 IG Audit, the following items were undertaken to address the IG recommendations for improving accuracy of data: 1) Quality Assurance Satellite Broadcast was held on May 7, 2003. 2) VR&E Letter 28-03-03, Policies to Improve Accuracy of Data Used to Compute Rehabilitation Rate, was sent out to the field on April 30, 2003. 3) VR&E Letter 28-03-12, Recent Changes to VR&E Quality Assurance Program, confirms that VR&E service reviews 64 cases per station each year and all field stations are conducting local QA Reviews on 10% of their caseload effective November 2002. 4) VR&E Outcome Accuracy measure has been added to the VARO Directors' performance standards. 5) Letter was sent requiring all field VR&E Officers' signature on all outcome cases.

FY 2005 Key Measure Data Elements

Key Performance Measure	Definition	Data Source	Frequency	Data Limitations	Verification and Validation
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 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 generated through the VBA data warehouse generated reports. (Coin-Door.1016).	Monthly	None	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. Reviewers validate dates of claims for all cases reviewed.
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 and is subject to misunderstanding.	Data for the FATS ratio are validated by a review of a sample of case files during survey visits by the Loan Guaranty Quality Control staff to its Regional Loan Centers.
Clinical Practice Guidelines Index	The Clinical Practice Guideline Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, chronic obstructive pulmonary disease, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators.	External contractor reviews statistically valid random sample of medical records.	Data are collected quarterly with a cumulative average determined annually.	None	Review is performed by an external contract to assure accuracy of findings. In addition, validity and reliability of the collected data are evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter
Prevention Index II	The Prevention Index is an average of nationally recognized primary prevention and early detection recommendations for nine diseases or health factors that significantly determine health outcomes. It consists of 9 separate indicators that include: rate of immunizations for Influenza and Pneumococcal pneumonia, screening for tobacco consumption, alcohol abuse, screening for breast cancer, cervical cancer, colorectal cancer, screening for prostate cancer education and screening for cholesterol levels. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention.	External contractor reviews statistically valid random sample of medical records.	Data are collected quarterly with a cumulative average determined annually	None	Review is performed by an external contract to assure accuracy of findings. In addition, validity and reliability of the collected data are evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter

FY 2005 Key Measure Data Elements

Key Performance Measure	Definition	Data Source	Frequency	Data Limitations	Verification and Validation
Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient	This measure uses a survey that consists of a sample of inpatients and a sample of outpatients who respond to a question on the semi-annual inpatient and the quarterly outpatient surveys. The denominator is the total number of patients sampled who answered the question "Overall, how would you rate your quality of care?" The numerator is the number of patients who respond 'very good' or 'excellent'.	Survey of Health Experiences of Patients	Data are collected monthly and reported quarterly and annually	None	Routine statistical analysis is performed to evaluate the data quality, survey methodology and sampling processes. Questions are routinely analyzed to determine the areas where change would have the biggest impact in overall quality perception
Percent of primary care appointments scheduled within 30 days of desired date.	This measure tracks the time between when the primary care appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator, which is those scheduled within 30 days of desired date (includes both new and established patient experiences), and the denominator, which is all appointments in primary care clinics posted in the scheduling software during the review period.	VHA scheduling software	Monthly	None	Data are routinely validated and verified by program personnel for accuracy
Percent of specialist appointments scheduled within 30 days of desired date.	This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator, which is all appointments scheduled within 30 days of desired date and the denominator, which is all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics.	VHA scheduling software	Monthly	None	Data are routinely validated and verified by program personnel for accuracy
Increase non-institutional long-term care as expressed by average daily census	The number is the Average Daily Census of veterans enrolled in Home and Community-Based Care programs (Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services).	This measure is the average daily census of the non-institutional home and community home-based non-institutional care available for eligible veterans.	Quarterly	None	The data are collected and collated by VHA's Office of Geriatrics and Extended Care (G&EC) Strategic Healthcare Group. The data and reporting sources have remained constant for the past couple of years, thereby enabling the office to validate current data
Pension: Rating-related actions - average days to process	The average elapsed time (in days) it takes to complete claims. The measure is based on the date the claim is received by VA to the date the decision is made including the following types of claims: original pension claims (EP 180) and reopened pension claims (EP 120). 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 employees during the claims process. Results are also extracted from BDN by VA managers. C&P Service owns the data.	Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.	None	Data are analyzed weekly and results are recorded quarterly. Compensation and Pension Service calls the cases in for review from the Regional Offices with the highest rates of questionable practices.
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. Included in this category are the following types of claims: Disability and Death Dependency EP (130), Income, Estate and Election Issues EP (150), and IVM Match Cases - DIC EP (154). 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 employees during the claims process. Results are also extracted from BDN by VA managers. C&P Service owns the data.	Data are collected daily as awards are processed by employees. Results are tabulated at the end of the month and annually.	None	Data are analyzed weekly and results are recorded quarterly. Compensation and Pension Service calls the cases in for review from the Regional Offices with the highest rates of questionable practices.

FY 2005 Key Measure Data Elements

Key Performance Measure	Definition	Data Source	Frequency	Data Limitations	Verification and Validation
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 are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PAI information storage database. C&P Service owns the data.	Case reviews are conducted daily. The review results are tabulated monthly and annually.	None	GAO has reviewed the process and reliability in detail. Two individuals from the Systematic Technical Staff examine each case reviewed. Any inconsistencies are addressed with training.
Average days to process insurance disbursements	Insurance disbursements are death claims paid to beneficiaries, policy loans, and cash surrenders requested by policyholders. Average processing days are a weighted composite for all three types of disbursements based on the number of end products and timeliness for each category. Processing time begins when the veteran's application or beneficiary's fully completed claim is received and ends when the internal controls staff approves the disbursement. The average processing days for death claims is multiplied by the number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements.	Data on processing time are collected and stored through the Statistical Quality Control (SQC) Program and the Distribution of Operational Resources (DOOR) system.	Monthly	None	The Insurance Service periodically evaluates the SQC Program to determine if it is being properly implemented. The composite weighted average processing days measure is calculated by the Insurance Service and is subject to periodic reviews. Timeliness information is considered to be valid for management of operations.
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence.	From 2000 through 2002, the number of veterans served were extracted from the VetPop2000 model using updated 1990 census data. For 2003, the number of veterans and the number of veterans served were extracted from a revised VetPop2000 model using 2000 census data.	Recalculated annually or as required by the availability of updated veteran population census data. Projected openings of new national or state veterans cemeteries and changes in the service delivery status of existing cemeteries also determine the veteran population served.	Provides performance data at specific points in time as veteran demographics change.	In 1999, the OIG performed an audit assessing the accuracy of the data used for this measure. Data were revalidated in the 2002 report entitled Volume I: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	The number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.	NCA's Survey of Satisfaction with National Cemeteries	Annually	None	VA Headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided to NCA management. The mail-out survey provides statistically valid performance information at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.

FY 2005 Key Measure Data Elements

Key Performance Measure	Definition	Data Source	Frequency	Data Limitations	Verification and Validation
Percent of graves in national cemeteries marked within 60 days of interment	The number of graves in national cemeteries for which a marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage.	NCA's Burial Operations Support System (BOSS) as input by field stations.	Monthly	None	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.
Number of Career Development Awardees by Research Service	The objective of the Career Development program is to build and maintain the number of VA clinicians who can conduct research in areas of high relevance to the health care of veterans. The performance measure target is an annual count of all the career development awardees in each of the four services of the VA Research and Development Program: Laboratory Science, Health Services Research, Rehabilitation Research, and Clinical Science.	Annual survey of all facilities by the Research Office	Annually	None	Data are collected within clearly defined parameters. The data and reporting sources have remained constant, thereby enabling the office to validate current data
Percent of respondents who rate national cemetery appearance as excellent	The number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.	NCA's Survey of Satisfaction with National Cemeteries	Annually	None	VA Headquarters staff oversees the data collection process and provides an annual report at the national level. MSN and cemetery level reports are provided to NCA management. The mail-out survey provides statistically valid performance information at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.
Ratio of collections to billings	The collections to billings ratio is a calculation based on the total cumulative fiscal year collections divided by the total cumulative billings. VA cannot collect from Medicare, however, must include 100 percent of charges to assert claims to Medicare supplemental carriers. The resulting ratio is comparatively lower than the private sector standard.	The cumulative collections and billings are extracted from the National Data Base in the Allocation Resource Center (ARC).	Quarterly	None	Data are routinely validated and verified by program personnel and ARC for accuracy
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)	VA and DoD are combining their resources to combine purchasing power and eliminate redundancies. This measure is based on the total dollar value of sharing agreements VA has entered into with DoD.	Data are collected and reported by the VHA Medical Sharing Office based on information reported by VISNs through the VISN Support Services Center.	Quarterly	Data are self-reported by the VISNs, but felt to be accurate.	Data are validated by the VISNs through their normal accounting system

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
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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.

Objective 1.1: Maximize the physical, mental, and social functioning of veterans with disabilities and be recognized as a leader in the provision of specialized health care services.

Prevention Index II (Special Populations)	N/A	N/A	N/A	80%	80%	81%	85%
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	N/A	65%	72%	67%	68%	75%

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

National accuracy rate (core rating work) (Compensation)	57%	80%	80%	86%	88%	88%	98%
National accuracy rate (authorization work) (Compensation)	57%	69%	83%	88%	87%	87%	98%
Average number of days to obtain service medical records (Compensation)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Overall satisfaction (Compensation)	51%	52%	55%	55%	55%	55%	90%
Rating-related actions - average days to process (Compensation)	185	192	238	193	153	109	90
Rating-related actions - average days to process (Compensation & Pension)	173	181	223	182	145	100	90
Rating-related actions - average days pending (Compensation)	143	186	179	111	133	96	78
Non-rating actions - average days to process (Compensation)	51	55	57	51	70	66	17
Non-rating actions - average days pending (Compensation)	72	98	93	101	110	105	47
Telephone activities - abandoned call rate (Compensation & Pension)	6%	6%	9%	9%	3%	3%	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	3%	3%	2%
Appeals resolution time (Days) (Joint measure for BVA and C&P)	682	595	731	633	520	500	365
National accuracy rate (fiduciary work) (Compensation & Pension)	61%	67%	82%	77%	88%	88%	98%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (Compensation & Pension)	4%	10%	11%	11%	8%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (Compensation & Pension)	N/A	N/A	16%	20%	12%	8%	4%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Percent of compensation recipients who were kept informed of the full range of available benefits (Compensation)	N/A	N/A	N/A	N/A	40%	40%	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Compensation)	N/A	N/A	N/A	N/A	50%	50%	70%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Compensation)	N/A	N/A	N/A	N/A	TBD	TBD	50%
Deficiency-free decision rate (BVA)	86%	87%	88%	89%	91%	93%	95%
BVA Cycle Time (Days) (BVA)	172	182	86	135	155	150	120
Appeals decided per Veterans Law Judge (BVA)	594	561	321	604	619	597	668
Cost per case (BVA)	\$1,219	\$1,401	\$2,702	\$1,493	\$1,444	\$1,545	\$1,576

Objective 1.3: Provide all service-disabled veterans with the opportunity to become employable and obtain and maintain employment, while providing special support to veterans with serious employment handicaps.

Speed of entitlement decisions in average days (VR&E)	75	62	65	63	60	62	60
Accuracy of decisions (Services) (VR&E) (*correction)	85%	79%	81%	* 82%	90%	88%	96%
Accuracy of program outcome (VR&E)	N/A	N/A	81%	81%	92%	90%	95%
Rehabilitation rate (VR&E)	65%	65%	62%	59%	67%	66%	70%
Customer satisfaction (Survey) (VR&E) (*correction)	*76%	*74%	*76%	76%	82%	81%	92%
Common Measures							
Percent of participants employed first quarter after program exit (VR&E)	N/A	N/A	N/A	N/A	TBD	92%	TBD
Percent of participants still employed three quarters after program exit (VR&E)	N/A	N/A	N/A	N/A	TBD	87%	TBD
Percent change in earnings from pre-application to post-program employment (VR&E)	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment (VR&E)	N/A	N/A	N/A	N/A	TBD	TBD	TBD

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

Average days to process - DIC actions (Compensation)	122	133	172	149	TBD	TBD	TBD
Percent of DIC recipients above the poverty level (Compensation)	N/A	N/A	N/A	N/A	75%	75%	100%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice (Compensation)	N/A	N/A	N/A	N/A	50%	50%	90%

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.

Percent of claimants who are Benefits Delivery at Discharge (BDD) participants (Compensation)	N/A	N/A	N/A	22%	25%	28%	TBD
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons (Medical Care)	N/A	N/A	0%	100%	100%	100%	100%

Objective 2.2: Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.

Montgomery GI Bill usage rate: All program participants (Education) (*estimated actual)	57%	58%	56%	* 56%	60%	61%	70%
Montgomery GI Bill usage rate: Veterans who have passed their 10 year eligibility period (Education) (*estimated actual)	94%	92%	93%	* 93%	90%	90%	90%
Compliance survey completion rate (Education) (*correction)	94%	92%	93%	* 93%	90%	90%	90%
Customer satisfaction-high ratings (Education) (*estimated actual)	82%	86%	87%	* 87%	87%	87%	95%
Telephone Activities - Blocked call rate (Education)	39%	45%	26%	13%	18%	22%	10%
Telephone Activities - Abandoned call rate (Education)	17%	13%	11%	7%	8%	9%	5%
Payment accuracy rate (Education)	96%	92%	93%	94%	94%	95%	97%
Average days to complete original education claims (Education)	36	50	34	23	24	25	10
Average days to complete supplemental education claims (Education)	22	24	16	12	12	13	7

Objective 2.3: Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

Veterans satisfaction (Housing)	93%	93%	93%	94%	96%	96%	95%
Statistical quality index (Housing)	94%	96%	97%	97%	97%	97%	98%
Foreclosure avoidance through servicing (FATS) ratio (Housing) (*correction)	30%	40%	43%	* 45%	47%	47%	47%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Home Purchase - Percent of active duty personnel and veterans that could not have purchased a home without VA assistance (Housing)	N/A	N/A	N/A	N/A	N/A	TBD	TBD

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

Objective 3.1: Provide high-quality, reliable, accessible, timely, and efficient health care that maximizes the health and functional status for all enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the cost, and those statutorily eligible for care.

Percent of patients rating VA health care service as very good or excellent: Inpatient	66%	64%	70%	* 74%	70%	71%	72%
	64%	65%	71%	* 73%	72%	73%	72%
Outpatient <small>* correction</small>							
Average waiting time for new patients seeking primary care clinic appointments (in days)	N/A	N/A	N/A	42	30	30	30
Average waiting time for patients seeking a new specialty clinic appointment (in days)	N/A	N/A	N/A	45	30	30	30
Percent of primary care appointments scheduled within 30 days of desired date	N/A	87%	89%	93%	93%	93%	90%
Percent of specialist appointments scheduled within 30 days of desired date <small>¹ results as of 9/30, ² reflects cum. for year, ³ expanding number of clinics from 5 to 8 to more accurately reflect patient experience</small>	N/A	84% ¹	86% ¹	89% ²	90% ³	90% ³	90%
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	N/A	63%	65%	67%	65%	67%	90%
Average waiting time for next available appointment in primary care clinics (in days)	N/A	37.5	37	25	34	30	30
Average waiting time for next available appointment in specialty clinics (in days)	N/A	N/A	N/A	45	30	30	30
Percent of all patients evaluated for the risk factors for hepatitis C	N/A	51%	85%	95%	90%	90%	90%
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening	N/A	48%	62%	84%	85%	88%	90%
Clinical Practice Guidelines Index	N/A	N/A	Baseline	70%	70%	71%	80%
Prevention Index II	N/A	80%	82%	83%	82%	84%	85%
Percent of clinical software patches installed on time:							
CPRS	N/A	67%	70%	96%	72%	99%	99%
BCMA	N/A	82%	85%	94%	87%	99%	99%
Imaging	N/A	57%	60%	88%	62%	99%	99%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Increase non-institutional long-term care as expressed by average daily census (* Recalculated to include residential community care program ADC)	N/A	N/A	*24,126	*24,413	*29,631	*36,524	35,271
Percent of outpatient encounters that have electronic progress notes signed within 2 days	N/A	N/A	N/A	N/A	Baseline	50%	85%
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year	N/A	N/A	93%	94%	93%	93%	under development

Objective 3.2: Process pension claims in a timely and accurate manner to provide eligible veterans and their survivors a level of income that raises their standards of living and sense of dignity.

National accuracy rate (core rating work) (Pension)	N/A	78%	80%	91%	93%	93%	98%
Overall satisfaction (Pension)	65%	63%	65%	65%	65%	65%	90%
Rating-related actions - Average days to process (Pension)	112	127	126	98	82	80	78
Rating-related actions - Average days to process (Compensation & Pension)	173	181	223	182	145	100	90
Rating-related actions - Average days pending (Pension)	93	129	100	98	96	83	65
Non-rating actions - Average days to process (Pension)	53	59	65	67	64	73	21
Non-rating actions - Average days pending (Pension)	86	124	90	61	64	73	38
National accuracy rate (authorization work) (Pension)	47%	62%	76%	81%	84%	84%	98%
Telephone activities - abandoned call rate (Compensation & Pension)	6%	6%	9%	9%	3%	3%	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	3%	3%	2%
National accuracy rate (fiduciary work) (Compensation & Pension)	61%	67%	82%	77%	88%	88%	98%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (completed) (%) (Compensation & Pension)	4%	10%	11%	11%	8%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (pending) (%) (Compensation & Pension)	N/A	N/A	16%	20%	12%	8%	4%
Percent of pension recipients who were informed of the full range of available benefits (Pension)	N/A	N/A	N/A	N/A	40%	40%	60%
Percent of recipients who said their claim was very or somewhat fair (Pension)	N/A	N/A	N/A	N/A	53%	53%	75%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
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Objective 3.3: Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.

High customer ratings (Insurance)	96%	96%	95%	95%	95%	95%	95%
Low customer ratings (Insurance)	2%	2%	3%	3%	2%	2%	2%
Percentage of blocked calls (Insurance)	4%	3%	1%	0%	2%	2%	1%
Average hold time in seconds (Insurance)	20	17	18	17	20	20	20
Average days to process insurance disbursements (Insurance)	3.2	2.8	2.6	2.4	2.7	2.7	2.7

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

Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	72.6%	72.6%	73.9%	75.2%	75.3%	83.0%	85.2%
Percent of veterans served by a burial option in a national cemetery within a reasonable distance (75 miles) of their residence	67.5%	66.0%	66.6%	66.6%	66.6%	71.6%	69.4%
Percent of veterans served by a burial option only in a state veterans cemetery within a reasonable distance (75 miles) of their residence	5.1%	6.6%	7.3%	8.6%	8.7%	11.4%	15.8%
Cumulative number of kiosks installed at national and state veterans cemeteries	24	33	42	50	60	68	96
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	88%	92%	91%	94%	95%	96%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	N/A	75%	73%	73%	75%	78%	93%

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

Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	49%	72%	78%	82%	90%
Percent of headstones and markers ordered online by other federal and state veterans cemeteries using BOSS	87%	89%	89%	90%	90%	90%	90%
Percent of individual headstone and marker orders transmitted electronically to contractors	89%	92%	92%	95%	97%	99%	99%
Percent of Presidential Memorial Certificates that are accurately inscribed	98%	98%	98%	99%	99%	99%	98%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	97%	96%	97%	98%	98%	98%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	N/A	N/A	N/A	Baseline	TBD	99%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Average number of days to process a claim for reimbursement of burial expenses	35	40	48	42	40	37	21
National Accuracy Rate for burial claims processed	62%	72%	85%	92%	90%	91%	98%

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

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 support to national, state, and local emergency management and homeland security efforts.

Percent of Group 1 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	30%	60%	60%	75%	85%	95%	100%
Percent of Group 2 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	N/A	N/A	60%	65%	75%	80%	100%

Objective 4.2: Advance VA medical research and development programs that address veterans' needs, with an emphasis on service-connected injuries and illnesses, and contribute to the Nation's knowledge of disease and disability.

Number of Career Development Awardees	195	193	209	210	237	240	240
Sustain 2002 level of partnering opportunities with: Veterans Services Organizations (VSO); other Federal Agencies; non-profit foundations, e.g., American Heart Association, American Cancer Society; and private industry, e.g. pharmaceutical companies	137	139	139	139	139	139	139

Objective 4.3: Sustain partnerships with the academic community that enhance the quality of care to veterans and provide high quality educational experiences for health care trainees.

Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	N/A	84	83	83	82	85	85
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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.

Attainment of statutory minimum goals for small business concerns as a percent of total procurement (*correction)	33%	*32.6%	*31.2%	31.80%	23%	23%	23%
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Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
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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.

Percent of respondents who rate national cemetery appearance as excellent	82%	96%	97%	97%	98%	98%	100%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	N/A	97%	98%	97%	98%	99%	100%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	N/A	N/A	N/A	Baseline	TBD	90%

Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.

Objective E-1: Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.

Percent of cases using alternate dispute resolution (ADR) techniques	13%	29%	54%	58%	70%	72%	75%
Percent of employees who are aware that ADR is an option for addressing workplace disputes	70%	75%	80%	85%	80%	90%	100%

Objective E-2: Improve communications with veterans, employees, and stakeholders about the Department's mission, goals, and current performance as well as benefits and services VA provides.

Participation rate in the monthly Minority Veterans Program Coordinators (MVPC) conference call (*correction)	27%	20%	30%	* 60%	75%	75%	80%
Increase the percent of funded grants providing services to homeless veterans that are faith-based	N/A	N/A	N/A	30%	33%	36%	40%

Objective E-3: Implement a One VA information technology framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.

Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families, to register and update information, submit claims or inquiries, and obtain status	N/A	N/A	N/A	N/A	2	3	8
Percent increase in the annual IT budget above the previous year's budget (excluding pay raise and inflation increases)	N/A	N/A	N/A	0%	0%	0%	0%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Percent decrease of annual IT budget spent on sustainment, shifting corresponding savings to modernization (zero sum gain)	N/A	N/A	N/A	5%	5%	5%	5%

Objective E-4: Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.

Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$176	\$231	\$486	\$685	\$792	\$1,333	\$912
3rd Party (\$ in millions) (* correction)	\$397	\$540	* \$690	\$804	\$917	\$1,037	\$1,053
Acute Bed Days of Care (BDOC)/1000	1,002	895	900	1,000	1,000	1,000	1,000
Outpatient visits/1000:							
Med/Surg	2.7	2.4	2.4	2.4	2.4	2.4	2.4
Mental Health	8.4	8.1	8.1	8.1	8.1	8.1	8.1
Ratio of collections to billings (expressed as a percentage)	28%	31%	37%	41%	41%	41%	40%
Cost - Obligations per unique patient user	N/A	N/A	\$4,928	\$5,202	\$5,536	\$5,933	under development
Efficiency - Average number of appointments per year per FTE	N/A	N/A	2,719	2,856	2,700	2,822	under development
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions) (*correction)	N/A	\$58	\$83	* \$105	\$116	\$151	\$150
Percent increase of EDI usage over base year of 1997	86%	178%	235%	320%	245%	260%	275%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0
Number of material weaknesses identified during the Annual Financial Statement Audit or Identified by Management	11	12	6	5	4	1	0
Cumulative % of commercially eligible FTE on which competitive sourcing studies are completed	N/A	N/A	5%	12%	53%	74%	100%
Decrease underutilized space from FY 03 baseline of 19,930,244 sq ft	N/A	N/A	N/A	Baseline	TBD	TBD	85%
Decrease vacant space from FY 03 baseline of 8,874,544 sq ft	N/A	N/A	N/A	Baseline	TBD	TBD	85%
Reduce facility energy consumption relative to a 1985 baseline	N/A	N/A	N/A	N/A	TBD	18%	35%

Strategic Goals, Objectives, and Performance Measures

Performance Measures	2000	2001	2002	2003	2004	2005	Strategic Target
Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,361	1,655	1,621	1,894	1,950	1,980	2,000
Number of Arrests	338	401	452	624	493	502	502
Number of Indictments	280	376	357	349	460	468	468
Number of Convictions	247	337	331	417	422	430	430
Number of Administrative Sanctions	496	541	481	484	575	580	600
Number of Pretrial Diversions ¹	N/A	N/A	N/A	20	TBD	TBD	TBD
Number of Reports issued:	124	136	169	182 ²	208	218	241
Combined Assessment Reviews (CAPs) -- Total	18	26	33	42	60	76	76
VHA CAPs	18	22	21	34	48	48	57
VBA CAPs	0	4	12	8	12	12	19
Audit Reports	35	26	26	24	29	29	30
Pre-and Post-Award Contract Reviews	40	48	60	65	62	64	70
Healthcare Inspection Reports	15	22	37	24	42	50	50
Administrative Investigations	16	14	12	21	15	15	15
Value of monetary benefits (\$ in millions) from:							
IG Investigations	\$28	\$52	\$85	\$64	\$45	\$60	\$50
IG audits	\$264	\$4,095	\$730	\$8	\$775	\$785	\$800
IG contract reviews	\$35	\$42	\$62	\$82	\$64	\$65	\$75
Customer Satisfaction:							
Combined Assessment Program Reviews	N/A	N/A	4.4	4.1	4.7	4.9	5.0
Investigations	4.6	4.8	4.8	4.9	5	5.0	5.0
Audit	4.4	4.2	4.3	4.2	4.5	4.7	5.0
Contract Reviews	4.9	4.7	4.9	4.5	4.9	5.0	5.0
Healthcare Inspections	4.4	4.2	4.7	4.4	4.9	5.0	5.0
¹ The baseline for pretrial diversions will be established in 2004. ² Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DOD.							

Performance Measures by Program

	2000	2001	2002	2003	2004	2005	Strategic Target
Veterans Health Administration							
	P&F ID Codes:		36-0160-0-1-703;	36-4014-0-3-705;			
			36-8180-0-7-705;	36-4537-0-4-705			
<i>Medical Care</i>							
Resources							
FTE	183,396	183,602	184,209	187,049	193,593	195,924	
Medical care costs (\$ in millions)	\$20,318	\$22,553	\$24,368	\$27,654	\$30,841	\$32,607	
Performance Measures							
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	66%	64%	70%	* 74%	70%	71%	72%
Outpatient	64%	65%	71%	* 73%	72%	73%	72%
* correction							
Average waiting time for new patients seeking primary care clinic appointments (in days)	N/A	N/A	N/A	42	30	30	30
Average waiting time for patients seeking a new specialty clinic appointment (in days)	N/A	N/A	N/A	45	30	30	30
Percent of primary care appointments scheduled within 30 days of desired date	N/A	87%	89%	93%	93%	93%	90%
Percent of specialist appointments scheduled within 30 days of desired date	N/A	84% ¹	86% ¹	89% ²	90% ³	90% ³	90%
<small>¹ results as of 9/30, ² reflects cum. for year, ³ expanding number of clinics from 5 to 8 to more accurately reflect patient experience</small>							
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	N/A	63%	65%	67%	65%	67%	90%
Average waiting time for next available appointment in primary care clinics (in days)	N/A	37.5	37	25	34	30	30
Average waiting time for next available appointment in specialty clinics (in days)	N/A	N/A	N/A	45	30	30	30
Percent of all patients evaluated for the risk factors for hepatitis C	N/A	51%	85%	95%	90%	90%	90%
Percent of all patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening	N/A	48%	62%	84%	85%	88%	90%
Clinical Practice Guidelines Index	N/A	N/A	Baseline	70%	70%	71%	80%
Prevention Index II	N/A	80%	82%	83%	82%	84%	85%
Percent of clinical software patches installed on time:							
CPRS	N/A	67%	70%	96%	72%	99%	99%
BCMA	N/A	82%	85%	94%	87%	99%	99%
Imaging	N/A	57%	60%	88%	62%	99%	99%

Performance Measures by Program

<i>Medical Care (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Percent of outpatient encounters that have electronic progress notes signed within 2 days	N/A	N/A	N/A	N/A	Baseline	50%	85%
Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$176	\$231	\$486	\$685	\$792	\$1,335	\$912
3rd Party (\$ in millions) (*correction)	\$397	\$540	* 690	\$804	\$917	\$1,037	\$1,053
Ratio of collections to billings (expressed as a percentage)	28%	31%	37%	41%	41%	41%	40%
Acute Bed Days of Care (BDOC)/1000	1,002	895	900	1,000	1,000	1,000	1,000
Outpatient visits/1000:							
Med/Surg	2.7	2.4	2.4	2.4	2.4	2.4	2.4
Mental Health	8.4	8.1	8.1	8.1	8.1	8.1	8.1
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions) (*correction)	N/A	\$58	\$83	* \$105	\$116	\$151	\$150
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons	N/A	N/A	0%	100%	100%	100%	100%
Cost - Obligations per unique patient user	N/A	N/A	\$4,928	\$5,202	\$5,536	\$5,933	under development
Efficiency - Average number of appointments per year per FTE	N/A	N/A	2,719	2,856	2,700	2,822	under development
Quality - The percentage of diabetic patients taking the HbA1c blood test in the past year	N/A	N/A	93%	94%	93%	93%	under development
<i>Special Emphasis Programs</i>							
Increase non-institutional long-term care as expressed by average daily census (* Recalculated to include residential community care program ADC)	N/A	N/A	*24,126	*24,413	*29,631	*36,524	35,271
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or Community-based Contract Residential Care (HCHV) Program to an independent or a secured institutional living arrangement	N/A	N/A	65%	72%	67%	68%	75%
Medical residents and other trainees' scores on a VHA Survey assessing their clinical training experience	N/A	84	83	83	82	85	85
Prevention Index II (Special Populations)	N/A	N/A	N/A	80%	80%	81%	85%

Performance Measures by Program

	2000	2001	2002	2003	2004	2005	Strategic Target
<i>Medical Research</i>							
P&F ID Codes: 36-0161-0-1-703; 36-4026-0-3-703; 36-0160-0-1-703;							
Resources							
FTE	3,014	3,019	6,470	6,575	6,499	6,000	
Research cost (\$ in millions)	\$830	\$877	\$964	\$1,022	\$1,068	\$1,001	
Performance Measure							
Number of Career Development Awardees	195	193	209	210	237	240	240
Sustain 2002 level of partnering opportunities with: Veterans Services Organizations (VSO); other Federal Agencies; non-profit foundations, e.g., American Heart Association, American Cancer Society; and private industry, e.g. pharmaceutical companies	137	139	139	139	139	139	139

Veterans Benefits Administration

	P&F ID Codes: 36-0102-0-1-701; 36-0134-0-1-701						
<i>Compensation</i>							
Resources							
FTE	7,123	8,035	6,985	7,346	7,092	7,057	
Benefits cost (\$ in millions)	\$22,070	\$20,289	\$22,493	\$24,865	\$27,254	\$29,286	
Administrative cost (\$ in millions)	\$586	\$564	\$603	\$728	\$770	\$751	
Performance Measures							
National accuracy rate (core rating work)	57%	80%	80%	86%	88%	88%	98%
Percent of claimants who are Benefits Delivery at Discharge (BDD) participants	N/A	N/A	N/A	22%	25%	28%	TBD
Average number of days to obtain service medical records	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Overall satisfaction	51%	52%	55%	55%	55%	55%	90%
Rating-related actions - average days to process	185	192	238	193	153	109	90
Rating-related actions - average days to process (Compensation & Pension)	173	181	223	182	145	100	90
Rating-related actions - average days pending	143	186	179	111	133	96	78
Non-rating actions - average days to process	51	55	57	51	70	66	17
Average days to process - DIC actions	122	133	172	149	TBD	TBD	TBD
Non-rating actions - average days pending	72	98	93	101	110	105	47
National accuracy rate (authorization work)	57%	69%	83%	88%	87%	87%	98%
Telephone activities - abandoned call rate (Compensation & Pension)	6%	6%	9%	9%	3%	3%	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	3%	3%	2%
National accuracy rate (fiduciary work) (Compensation & Pension)	61%	67%	82%	77%	88%	88%	98%

Performance Measures by Program

<i>Compensation (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (completed) (Compensation & Pension)	4%	10%	11%	11%	8%	6%	4%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary Exams (pending) (Compensation & Pension)	N/A	N/A	16%	20%	12%	8%	4%
Percent of DIC recipients above the poverty level	N/A	N/A	N/A	N/A	75%	75%	100%
Percent of DIC recipients who are satisfied that the VA recognized their sacrifice	N/A	N/A	N/A	N/A	50%	50%	90%
Percent of compensation recipients who were kept informed of the full range of available benefits	N/A	N/A	N/A	N/A	40%	40%	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life	N/A	N/A	N/A	N/A	50%	50%	70%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans	N/A	N/A	N/A	N/A	TBD	TBD	50%

Pension

P&F ID Code: 36-0154-0-1-701; 36-0143-0-1-701

Resources							
FTE	N/A	N/A	1,791	1,827	1,699	1,444	
Benefits cost (\$ in millions)	N/A	\$3,018	\$3,168	\$3,226	\$3,284	\$3,346	
Administrative cost (\$ in millions)	N/A	\$142	\$155	\$152	\$163	\$148	
Performance Measures							
National accuracy rate (core rating work)	N/A	78%	80%	91%	93%	93%	98%
Overall satisfaction	65%	63%	65%	65%	65%	65%	90%
Rating-related actions - Average days to process	112	127	126	98	82	80	78
Rating-related actions - Average days to process (Compensation & Pension)	173	181	223	182	145	100	90
Rating-related actions - Average days pending	93	129	100	98	96	83	65
Non-rating actions - Average days to process	53	59	65	67	64	73	21
Non-rating actions - Average days pending	86	124	90	61	64	73	38
National accuracy rate (authorization work)	47%	62%	76%	81%	84%	84%	98%
National accuracy rate (fiduciary work) (Compensation & Pension)	61%	67%	82%	77%	88%	88%	98%
Telephone activities - abandoned call rate (Compensation & Pension)	6%	6%	9%	9%	3%	3%	3%
Telephone activities - blocked call rate (Compensation & Pension)	3%	3%	7%	3%	3%	3%	2%
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (completed) (%) (Compensation & Pension)	4%	10%	11%	11%	8%	6%	4%

Performance Measures by Program

<i>Pension (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Fiduciary Activities - Initial Appt. & Fiduciary - Beneficiary exams (pending) (%) (Compensation & Pension)	N/A	N/A	16%	20%	12%	8%	4%
Percent of pension recipients who were informed of the full range of available benefits	N/A	N/A	N/A	N/A	40%	40%	60%
Percent of recipients who said their claim was very or somewhat fair	N/A	N/A	N/A	N/A	53%	53%	75%

Education

P&F ID Codes: 36-0137-0-1-702; 36-8133-0-7-702;
36-0133-0-1-702

Resources							
FTE	781	852	864	866	926	888	
Benefits cost (\$ in millions)	\$1,181	\$1,371	\$1,691	\$2,056	\$2,312	\$2,498	
Administrative costs (\$ in millions)	\$66	\$64	\$75	\$69	\$91	\$93	
Performance Measures							
Montgomery GI Bill usage rate: All program participants (*estimated actual)	57%	58%	56%	* 56%	60%	61%	70%
Montgomery GI Bill usage rate: Veterans who have passed their 10 year eligibility period (*estimated actual)	N/A	N/A	N/A	* 66%	66%	67%	70%
Compliance survey completion rate (*correction)	94%	92%	93%	* 93%	90%	90%	90%
Customer satisfaction-high ratings (*estimated actual)	82%	86%	87%	* 87%	87%	87%	95%
Telephone Activities - Blocked call rate	39%	45%	26%	13%	18%	22%	10%
Telephone Activities - Abandoned call rate	17%	13%	11%	7%	8%	9%	5%
Payment accuracy rate	96%	92%	93%	94%	94%	95%	97%
Average days to complete original education claims	36	50	34	23	24	25	10
Average days to complete supplemental education claims	22	24	16	12	12	13	7

Vocational Rehabilitation and Employment

P&F ID Codes: 36-0135-0-1-702; 36-0132-0-1-702

Resources							
FTE	940	1,061	1,057	1,091	1,118	1,015	
Benefits cost (\$ in millions)	\$439	\$427	\$487	\$515	\$550	\$587	
Administrative costs (\$ in millions)	\$81	\$109	\$119	\$116	\$137	\$141	
Performance Measures							
Speed of entitlement decisions in average days	75	62	65	63	60	62	60
Accuracy of decisions (Services) (*correction)	85%	79%	81%	* 82%	90%	88%	96%
Rehabilitation rate	65%	65%	62%	59%	67%	66%	70%
Customer satisfaction (Survey) (*correction)	*76%	*74%	*76%	76%	82%	81%	92%

Performance Measures by Program

<i>Vocational Rehabilitation and Employment (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Accuracy of program outcome	N/A	N/A	81%	81%	92%	90%	95%
Common Measures							
Percent of participants employed first quarter after program exit	N/A	N/A	N/A	N/A	TBD	92%	TBD
Percent of participants still employed three quarters after program exit	N/A	N/A	N/A	N/A	TBD	87%	TBD
Percent change in earnings from pre-application to post-program employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average cost of placing participant in employment	N/A	N/A	N/A	N/A	TBD	TBD	TBD

<i>Housing</i>	P&F ID Codes: 36-1119-0-1-704; 36-4025-0-3-704						
Resources							
FTE	2,057	1,759	1,718	1,404	1,390	1,281	
Benefits cost (\$ in millions)	\$1,866	\$540	\$873	\$1,372	\$372	\$131	
Administrative costs (\$ in millions)	\$157	\$162	\$168	\$169	\$157	\$158	
Performance Measures							
Veterans satisfaction	93%	93%	93%	94%	96%	96%	95%
Statistical quality index	94%	96%	97%	97%	97%	97%	98%
Foreclosure avoidance through servicing (FATS) ratio (*correction)	30%	40%	43%	* 45%	47%	47%	47%
Home Purchase - Percent of active duty personnel and veterans that could not have purchased a home without VA assistance	N/A	N/A	N/A	N/A	N/A	TBD	TBD

<i>Insurance</i>	P&F ID Codes: 36-0120-0-1-701; 36-4012-0-3-701; 36-4010-0-3-701; 36-4009-0-3-701; 36-8132-0-7-701; 36-8150-0-7-701; 36-8455-0-8-701; 36-0141-0-1-701						
Resources							
FTE	525	507	479	493	513	513	
Benefits cost (\$ in millions)	\$2,458	\$2,534	\$2,709	\$2,655	\$2,552	\$2,510	
Administrative costs (\$ in millions)	\$40	\$41	\$40	\$40	\$46	\$45	
Performance Measures							
High customer ratings	96%	96%	95%	95%	95%	95%	95%
Low customer ratings	2%	2%	3%	3%	2%	2%	2%
Percentage of blocked calls	4%	3%	1%	0%	2%	2%	1%
Average hold time in seconds	20	17	18	17	20	20	20
Average days to process insurance disbursements	3.2	2.8	2.6	2.4	2.7	2.7	2.7

Performance Measures by Program

<i>National Cemetery Administration (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	N/A	N/A	N/A	Baseline	TBD	90%
Average number of days to process a claim for reimbursement of burial expenses	35	40	48	42	40	37	21
National Accuracy Rate for burial claims processed	62%	72%	85%	92%	90%	91%	98%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	N/A	N/A	N/A	Baseline	TBD	90%

Board of Veterans' Appeals

P&F ID Code: 36-0151-0-1-700

Resources							
FTE	468	455	448	451	448	443	
Administrative cost (\$in millions)	\$41	\$44	\$47	\$47	\$50	\$52	
Performance Measures							
Deficiency-free decision rate	86%	87%	88%	89%	91%	93%	95%
Appeals resolution time (Days) (Joint measure with C&P)	682	595	731	633	520	500	365
BVA Cycle Time (Days)	172	182	86	135	155	150	120
Appeals decided per Veterans Law Judge	594	561	321	604	619	597	668
Cost per case	\$1,219	\$1,401	\$2,702	\$1,493	\$1,444	\$1,545	\$1,576

Departmental Management

P&F ID Codes: 36-0151-0-1-700; 36-4539-0-4-705

Resources							
FTE	2,564	2,674	2,825	2,597	2,841	2,894	
Administrative costs (\$ in millions)	\$416	\$449	\$515	\$617	\$747	\$829	
Performance Measures							
Attainment of statutory minimum goals for small business concerns as a percent of total procurement (*correction)	33%	*32.6%	*31.2%	31.8%	23%	23%	23%
Percent of employees who are aware that ADR is an option for addressing workplace disputes	70%	75%	80%	85%	80%	90%	100%
Percent of cases using alternate dispute resolution (ADR) techniques	13%	29%	54%	58%	70%	72%	75%
Percent increase of EDI usage over base year of 1997	86%	178%	235%	320%	245%	260%	275%
Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families, to register and update information, submit claims or inquiries, and obtain status	N/A	N/A	N/A	N/A	2	3	8

Performance Measures by Program

<i>Departmental Management (continued)</i>	2000	2001	2002	2003	2004	2005	Strategic Target
Percent increase in the annual IT budget above the previous year's budget (excluding pay raise and inflation increases)	N/A	N/A	N/A	0%	0%	0%	0%
Percent decrease of annual IT budget spent on sustainment, shifting corresponding savings to modernization (zero sum gain)	N/A	N/A	N/A	5%	5%	5%	5%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements	0	0	0	0	0	0	0
Number of material weaknesses identified during the Annual Financial Statement Audit or Identified by Management	11	12	6	5	4	1	0
Cumulative % of commercially eligible FTE on which competitive sourcing studies are completed	N/A	N/A	5%	12%	53%	74%	100%
Participation rate in the monthly Minority Veterans Program Coordinators (MVPC) conference call (*correction)	27%	20%	30%	* 60%	75%	75%	80%
Increase the percent of funded grants providing services to homeless veterans that are faith-based	N/A	N/A	N/A	30%	33%	36%	40%
Percent of Group 1 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	30%	60%	60%	75%	85%	95%	100%
Percent of Group 2 emergency preparedness officials who receive training or, as applicable, who participate in exercises relevant to VA's COOP plan on the National level	N/A	N/A	60%	65%	75%	80%	100%
Decrease underutilized space from FY 03 baseline of 19,930,244 sq ft	N/A	N/A	N/A	Baseline	TBD	TBD	85%
Decrease vacant space from FY 03 baseline of 8,874,544 sq ft	N/A	N/A	N/A	Baseline	TBD	TBD	85%
Reduce facility energy consumption relative to a 1985 baseline	N/A	N/A	N/A	N/A	TBD	18%	35%

Performance Measures by Program

	2000	2001	2002	2003	2004	2005	Strategic Target
Office of Inspector General							
P&F ID Codes: 36-0170-0-1-705							
Resources							
FTE	354	370	393	399	442	442	
Administrative cost (\$ in millions)	\$45	\$49	\$56	\$58	\$69	\$69	
Performance Measures							
* Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions:	1,361*	1,655	1,621	1,894	1,950	1,980	2,000
Number of Arrests	338	401	452	624	493	502	502
Number of Indictments	280	376	357	349	460	468	468
Number of Convictions	247	337	331	417	422	430	430
Number of Administrative Sanctions	496	541	481	484	575	580	600
Number of Pretrial Diversions ¹	N/A	N/A	N/A	20	TBD	TBD	TBD
Number of Reports issued:	124	136	169	182 ²	208	218	241
Combined Assessment Reviews (CAPs) -- Total	18	26	33	42	60	76	76
VHA CAPs	18	22	21	34	48	48	57
VBA CAPs	0	4	12	8	12	12	19
Audit Reports	35	26	26	24	29	29	30
Pre-and Post-Award Contract Reviews	40	48	60	65	62	64	70
Healthcare Inspection Reports	15	22	37	24	42	50	50
Administrative Investigations	16	14	12	21	15	15	15
Value of monetary benefits (\$ in millions) from:							
IG Investigations	\$28	\$52	\$85	\$64	\$45	\$60	\$50
IG audits	\$264	\$4,095	\$730	\$8	\$775	\$785	\$800
IG contract reviews	\$35	\$42	\$62	\$82	\$64	\$65	\$75
Customer Satisfaction:							
Combined Assessment Program Reviews	N/A	N/A	4.4	4.1	4.7	4.9	5.0
Investigations	4.6	4.8	4.8	4.9	5.0	5.0	5.0
Audit	4.4	4.2	4.3	4.2	4.5	4.7	5.0
Contract Reviews	4.9	4.7	4.9	4.5	4.9	5.0	5.0
Healthcare Inspections	4.4	4.2	4.7	4.4	4.9	5.0	5.0
<p>* In FY 2000, the cumulative figure for this category included the 85 administrative sanctions obtained by the OIG Hotline Division, while the individual figure for administrative sanctions showed only those obtained by the Office of Investigations. (Since FY 2001, the Hotline Division administrative sanctions have been included in both figures.)</p> <p>¹ The baseline for pretrial diversions will be established in 2004.</p> <p>² Includes 5 CAP summary reports that are not counted in the CAP total and 1 joint review with DOD.</p>							

Public Benefits

VA's inherent responsibility is to serve America's veterans and their families with dignity and compassion, and to be their principal advocate for medical care, benefits, social support, and lasting memorials. VA promotes the health, welfare, and dignity of all veterans in recognition of their service to the Nation. The following illustrations are a few examples of VA innovation and our desire to improve.

Medical Care

A recent article in the *New England Journal of Medicine*, "Effect of Transformation of the Veterans Affairs Health Care System on the Quality of Care," highlighted VHA's success over the past several years in substantially improving quality of care. Although several factors are discussed that influenced VA's performance, the authors stressed that the fundamental catalyst was the reengineering of VA health care, which included implementation of a systematic approach to the measurement of, management of, and accountability for quality.

Although improvements in clinical knowledge are critical in improving care, technology also plays an important role. The ability to access critical patient information or medical knowledge quickly and reliably is becoming increasingly important. VISN 2 was named one of the Nation's Most Wired Hospital and Health Systems in *Hospitals and Health Networks*, the journal of the American Hospital Association.

Homelessness is a problem throughout the country, and veterans comprise approximately 25 percent of the homeless population. During the past year, more than 20,000 homeless and at-risk veterans received medical care from VHA, and more than 19,000 veterans received transitional and supported housing, directly or in partnerships with grant and per diem or contract residential care providers.

Medical Research

VA conducts medical research in a wide array of veterans' illnesses and disabilities, which also benefits the U.S. population as a whole. Some of the exciting advances VA achieved in 2003 include:

- Determining that using the anticonvulsive drug divalproex in combination with either of two commonly used antipsychotic drugs, olanzapine and

risperidone, results in decreased suffering and shorter hospital stays for schizophrenia patients.

- Identifying a synthetic compound that reverses bone loss in mice without affecting the reproductive system, as does conventional hormone replacement therapy. The finding may lead to new treatments to prevent osteoporosis for millions of people and lead to safer alternatives than the hormone treatments recently shown to present greater risks than previously thought.

Benefits

A cornerstone of VA Secretary Principi's pledge to the Nation in 2001 was to reduce the pending workload in VBA to 250,000 rating claims by September 30, 2003. Shortly after taking office, the Secretary created a VA Claims Processing Task Force, chaired by the now-VBA Under Secretary for Benefits, to convert that pledge to an actionable plan. On September 30, 2003, the Secretary made good on his pledge when the VBA inventory reached 253,000 claims. As of December 2003, there are 351,463 claims pending. At this time, the majority of this increase is due to the claims deferred as a result of *PVA et al v Secretary of Veterans Affairs*, requiring the VA to wait a full year before denying a claim.

In 2002, it took an average of 223 days to process a rating-related claim. In 2003, it took about 182 days. Today, the oldest claims are being worked and removed from the system and VBA is on course to reach 100 days processing time for all rating related claims by the end of 2004.

In June 2003, the American Customer Satisfaction Index (ACSI) examined the level of customer satisfaction with the Insurance program's toll-free telephone service. The ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights for companies, industry trade associations, and government agencies. ACSI staff contacted and surveyed a random sample of individuals who called our phone units during one selected week of July 2003. Insurance received an overall score of 80 out of a possible 100. The comparative data from their report indicates the Insurance Center score was on the high end, with only GSA's Federal Consumer Information Center receiving an equivalent score and every other comparable governmental organization receiving a lower score (ranging from 68 to 76).

Burial

Primarily through the National Cemetery Administration, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.

- VA provides interment of veterans and eligible family members upon demand. In 2003, almost 90,000 decedents were interred in 120 VA national cemeteries.
- VA provides headstones and markers for the graves of eligible persons in national, state, other public, and private cemeteries. In 2003, VA processed more than 335,000 applications for headstones and markers and issued over 254,600 Presidential Memorial Certificates. VA also provides an American flag to drape the casket of an eligible deceased veteran. Far more veterans receive a headstone or marker, Presidential Memorial Certificate, and/or American flag from VA than are buried in a national cemetery.
- In 2003, VA maintained about 2.6 million graves and developed nearly 7,000 acres in a manner befitting national shrines, so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave of a loved one.

New Appropriation Structure

The Department of Veterans Affairs has restructured its budget request around nine major programs that more accurately aligns funding with each respective program. A major feature of the revised structure is aligning all costs and funding within each program. However, for the benefits programs, separate appropriations language is being submitted for the mandatory and discretionary portions of the budget in order to properly distinguish each type of funding under the Budget Enforcement Act. In addition, each of the new accounts will include their portion of funding from the minor and major construction appropriations, which would remain available until expended. Besides simplifying the way funds are requested, the new structure will allow VA to more readily determine the full costs of each program and shift resource decisions from inputs to results. Under the Administrative Provisions of the Department's budget, 5% of the administrative funding would be available through September 30, 2006, unless otherwise noted. The new account structure is described below.

Appropriations

MEDICAL CARE BUSINESS LINE: Provides for a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans by financing the operation, maintenance, administration, and capital investments from the following accounts that are required to address the health care needs of eligible veterans.

MEDICAL CARE: Provides for a comprehensive and integrated health care system supporting health care to eligible veterans; a national academic education and training program to enhance the quality of care provided to veterans; and administrative support for capital facilities. This is an annual, multi-year, and no-year account.

NATIONAL PROGRAM ADMINISTRATION (FORMERLY MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES): Provides the corporate leadership and support to VA's comprehensive and integrated health care system by a headquarters staff, including the capital facilities management and development process. Specific activities include the development and implementation of policies, plans, and broad program activities; assistance for the networks in attaining their objectives; necessary follow-up action to ensure complete accomplishment of goals; and facility management and development functions. This is an annual and multi-year account.

CONSTRUCTION, MAJOR (VHA PORTION): For constructing, altering, extending, and improving any VA facility, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is \$7 million or more or where funds for a project were made available in a previous major project account.

CONSTRUCTION, MINOR (VHA PORTION): For constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$7 million. VA medical center projects with minor improvements components costing \$500,000 or more are funded from this account.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: Approved on August 19, 1964, and authorized as an appropriation in 1965. Grants to States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospitals, nursing homes, and domiciliary facilities in State homes. A grant may not exceed 65 percent of the total cost of the project. Public Law 102-585 granted permanent authority for this program. Public Law 104-262 added Adult Day Health Care and another level of care that may be provided by State homes.

DOD VA HEALTH CARE SHARING INCENTIVE FUND: Provides a minimum of \$15,000,000 for a joint incentive program to enable the Departments to carry out a program to identify and provide incentives to implement creative sharing initiatives at the facility, intra-regional, and nationwide levels. Public Law 107-314, the FY 2003 National Defense Authorization Act, section 721, requires each Secretary to contribute a minimum of \$15,000,000 from the funds appropriated to the Secretary's Department fund and to establish the fund effective October 1, 2003. This is a no-year account.

MEDICAL AND PROSTHETIC RESEARCH BUSINESS LINE: Supports research that facilitates and improves the primary function of VHA, which is to provide high-quality and cost-effective medical care to eligible veterans and contribute to the Nation's knowledge about disease and disability. This is a multi-year appropriation and no-year appropriation.

Special Funds

MEDICAL CARE COLLECTIONS FUND: Provides medical collections that are used for specified purposes to support the health care for eligible veterans. The MCCF will be comprised of the following accounts.

MEDICAL CARE COLLECTIONS FUND: Public Law 105-33, the Balanced Budget Act of 1997, established the Department of Veterans Affairs Medical Care Collections Fund (MCCF). It required that amounts collected or recovered after June 30, 1997, be deposited in the MCCF. The amounts collected in the fund are available only for: 1) VA medical care and services during any fiscal year; and 2) VA expenses for identifying, billing, auditing, and collecting amounts owed the government. VA has the authority to collect inpatient, outpatient, medication, and nursing home co-payments; authority for certain income verification; authority to recover third-party insurance payments from veterans for non-service connected conditions; and authority to collect revenue from enhanced use leases. Public Law 108-7, the Consolidated Appropriations Resolution, 2003, granted permanent authority to recover pharmacy co-payments for outpatient medication. VA's authority to do income verification with the Social Security Administration and Internal Revenue Service was extended through September 30, 2008, by section 402(d) of Public Law 106-419, the Veterans Benefits and Health Care Improvement Act of 2000. Public Law 107-135, Department of Veterans Affairs Health Care Programs Enhancement Act of 2001, extended the authority to recover third party insurance payments from service-connected veterans for nonservice-connected conditions through October 1, 2007.

HEALTH SERVICES IMPROVEMENT FUND: Public Law 106-117, the Veterans Millennium Health Care and Benefits Act, authorized the Secretary to increase the \$2 medication co-payment, establish a maximum annual and monthly payment applicable to veterans with multiple outpatient prescriptions, and revise co-payments in outpatient care for "higher-income" veterans. It also authorizes VHA to receive reimbursement from DoD for certain military retirees who use the VA system and are covered by TRICARE and expands VA's enhanced-use lease authority. VA increased the pharmaceutical co-pays to \$7 in 2002. Public Law 108-7, the Consolidated Appropriations Resolution, 2003, transferred the collections from HSIF to the MCCF.

LONG-TERM CARE CO-PAYMENTS (FORMERLY VETERANS EXTENDED CARE REVOLVING FUND): This account was established by Public Law 106-117, the Veterans Millennium Health Care and Benefits Act. This account receives per diems and co-payments from certain patients receiving extended care services as authorized in title 38, U.S.C., § 1701B. Amounts deposited in the account are used to provide extended care services.

COMPENSATED WORK THERAPY PROGRAM (FORMERLY SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND): This program, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for furnishing rehabilitative services to certain veteran beneficiaries receiving medical care and treatment from VA. Funds to operate the various rehabilitative activities and provide therapeutic work for remuneration of patients and members in VA facilities are derived from contractual arrangements with private industry, non-profit organizations, and State and Federal entities. This is a self-sustaining activity that does not require an appropriation.

COMPENSATION AND PENSIONS LIVING EXPENSES PROGRAM (FORMERLY MEDICAL FACILITIES REVOLVING FUND): This program provides for operating expenses of VA medical facilities furnishing nursing home care to certain veterans who receive Pensions. Title 38, U.S.C., provides that a veteran with no spouse or child will receive \$90 per month in Pensions beginning the third full month following the month of admission to VA-furnished nursing home care. The difference between the \$90 the veteran receives and the amount otherwise authorized is transferred to this fund to cover the expenses of the facility furnishing the nursing home care. Public Law 105-368, Veterans Programs Enhancement Act of 1998, has granted permanent authority for the transfer of Pensions funds in excess of \$90 per month from the Compensation and Pensions account, in accordance with the provisions of title 38, U.S.C. § 5503(a)(1)(B). This authority will be retroactive as of October 1, 1997.

PARKING PROGRAM (FORMERLY PARKING REVOLVING FUND): Provides for constructing, altering, and acquiring (including site and lease acquisition) of parking spaces and structures in order to accommodate the vehicles of employees of medical facilities, vehicles used to transport veterans and eligible persons to or from such facilities for examination or treatment, and the vehicles of visitors and other individuals having business at such facilities. Revenue is derived from parking fees.

SALE OF ASSETS (FORMERLY NURSING HOME REVOLVING FUND): Provides for constructing, altering, and acquiring (including site and lease acquisition) of nursing home facilities and may be used only as provided for in Appropriations Acts. Receipts to this account shall be realized from the transfer of any interest in real property that is owned by the United States and administered by VA and that has an estimated value in excess of \$50,000. Amounts realized from the transfer pursuant to title 38, §

8122(a)(2)(C) shall be administered as a revolving fund and shall be available without fiscal year limitation.

DISABILITY COMPENSATION BUSINESS LINE: Provides for compensation payments to service-connected disabled veterans and their survivors and provides other benefits to veterans and their survivors. The restructured business line includes two appropriations and the expenditure transfer from DoD for the Reinstated Entitlement Program for Survivors (REPS). The Disability Compensation Benefits includes the compensation portion of the Compensation and Pensions account, the autos and other conveyances and adaptive equipment portion of the Readjustment Benefits account and the expenditure transfer from DoD for REPS. The Disability Compensation Administration account includes portions of the General Operating Expenses, a portion of what was Major Construction, and a portion of what was Minor Construction.

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS: Restores benefits to certain surviving spouses or children of veterans who died of service-connected causes which occurred before August 13, 1981. Financing is provided in the form of offsetting collections from the Department of Defense.

PENSIONS BUSINESS LINE: Provides for Pensions payments, subject to an income standard, to war-time veterans who are permanently and totally disabled from non-service-connected causes and their survivors. The restructured Pensions business line includes two appropriations. The Pensions Benefits account includes the Pensions portion of the Compensation and Pensions account. The Pensions Administration account includes portions of the General Operating Expenses account, and a portion of what was Major Construction, and a portion of what was Minor Construction.

EDUCATION BUSINESS LINE: Provides payments for education and training for eligible veterans and dependents. Funding provided for this program consists of direct appropriations to this VA account, as well as offsetting collections received primarily from the Department of Defense. The new Education business line includes two appropriations and one trust fund, the Post-Vietnam Era Veterans Education Account. The Education Benefits account includes the consolidation of the educational assistance portion of the Readjustment Benefits account. The Education Administration account merges portions of the General Operating Expenses account, a portion of what was Major Construction, and a portion of what was Minor Construction.

Revolving Funds

EDUCATION LOAN FUND: Provides education loans of up to \$2,500 a school year for certain dependents who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General operating expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond. The program and direct loan financing activities of this account have been shown under the "Miscellaneous Veterans Programs Loan Fund" and the "Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account," respectively, in the President's budget. This program was terminated in 2003, due to lack of demand.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Funding for this account consists of voluntary contributions by eligible servicepersons and Department of Defense matching contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service between January 1, 1977 and June 30, 1985, and are pursuing training under chapter 32 (38 U. S. C.). Public Law 99-576, enacted October 28, 1986, permanently closed the program to new enrollees after March 31, 1987. However, the enactment of Public Law 101-510 allows servicepersons enrolled or eligible to enroll in the program who are involuntarily separated from the service on or after February 3, 1991, an opportunity to receive assistance under the Montgomery GI Bill (MGIB) program in lieu of Post-Vietnam Era Veterans Education Program (VEAP). Public Law 102-484 extended the same opportunity to certain servicepersons who voluntarily separated from the military on or after December 5, 1991. An opportunity to enroll in the MGIB program also was extended to Chapter 32 (and section 903) servicepersons, who were VEAP participants on October 9, 1996, under Public Law 104-275.

VOCATIONAL REHABILITATION AND EMPLOYMENT BUSINESS LINE: Provides eligible service-disabled veterans with services and assistance necessary to enable them to become employable and to obtain and maintain suitable employment to the maximum extent possible. The new Vocational Rehabilitation and Employment (VR&E) business line includes two appropriations. The VR&E Benefits account includes the vocational rehabilitation portion of the Readjustment Benefits account and the Vocational Rehabilitation Loans Program account. The VR&E Administration merges portions of the General Operating Expenses account, the administrative portion of Vocational Rehabilitation Loans

Program, and a portion of what was Major Construction, and a portion of what was Minor Construction.

Revolving Funds

VOCATIONAL REHABILITATION REVOLVING FUND: Loans (advances) of up to \$909.92 will be made in 2004 to disabled veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General Operating Expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond. To facilitate account restructuring and consolidation, the program and direct loan financing accounts also have been shown under the "Miscellaneous Veterans Programs Loan Fund" and the "Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account," respectively, in the President's budget.

HOUSING BUSINESS LINE: The new Housing business line includes the consolidation of seven appropriations. The seven appropriation (on-budget) accounts are: the Veterans Housing Benefit Program Fund Program Account (mandatory and discretionary), Guaranteed Transitional Housing Loans for Homeless Veterans Program Account (mandatory and discretionary), Native American Housing Loan Program Account (mandatory and discretionary), Specially Adapted Housing Grants portion that was previously included under Readjustment Benefits (mandatory), a portion of what was the General Operating Expenses Account (discretionary), a portion of what was Major Construction (discretionary), and a portion of what was Minor Construction (discretionary). The Housing business line also includes the Veterans Housing Benefit Program Fund Liquidating Account (on-budget mandatory) and the following financing (off-budget mandatory) accounts: Veterans Housing Benefit Program Fund Direct Loan Financing Account, Veterans Housing Benefit Program Fund Guaranteed Loan Financing Account, Veterans Housing Benefit Program Fund Loan Sales Securities Account, Guaranteed Transitional Housing Direct Loan Financing Account, and Native American Housing Direct Loan Financing Account.

Revolving Funds

VETERANS HOUSING BENEFIT PROGRAM FUND: The Veterans Housing Benefit Program Fund (VHBPF) reflects the loan financing activity in the Direct Loan Financing Account, Guaranteed Loan Financing Account, and the Loan Sales Securities Guaranteed Loan Financing Account. All direct and guaranteed loans made prior to September 30, 1991, are scored in the VHBPF Liquidating Account. Under the Federal Credit Reform Act of 1990, all direct and guaranteed loans made after September 30, 1991, are financed by subsidy

appropriations to the VHBPF Program Account. This account also receives an appropriation for administrative expenses. The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families.

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM: This program was established in the Veterans Benefits Improvement Act of 1998, Public Law 105-368. The program is a pilot project designed to expand the supply of transitional housing for homeless veterans by authorizing the Secretary to guarantee loans for self-sustaining housing projects specifically designed to create long-term transitional housing for homeless veterans. VA may guarantee up to 15 loans with a maximum aggregate value of \$100 million. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee. All funds authorized for this program were appropriated by the end of 2000; therefore, no appropriation language has been included in this budget. The guarantee loan financing activity of this account is shown under the "Native American and Transitional Housing Direct Loan Financing Account" in the President's budget.

NATIVE AMERICAN VETERANS HOUSING PROGRAM: This program was designed to test the feasibility of enabling VA to make direct home loans to Native American Veterans who live on U.S. trust lands. Annual appropriations are received for administrative expenses associated with this program. Indefinite subsidy budget authority was appropriated in 1993 and was initially available through September 30, 1997. Authority to continue this program was extended through December 31, 2001, pursuant to Public Law 105-114, Veterans Benefits Act of 1997. Public Law 107-103, Veterans Education and Benefits Expansion Act of 2001, further extended the authority for this program through December 31, 2005. The direct loan financing activity of this account is shown under the "Native American and Transitional Housing Direct Loan Financing Account" in the President's budget.

INSURANCE BUSINESS LINE: Provides payment for extra hazard costs to the National Service Life Insurance and United States Government Life Insurance funds, supplements the Service-Disabled Veterans Insurance Fund, and provides direct payment to policyholders. The new Insurance business line includes two appropriations. The Insurance Benefits account includes the Veterans Insurance and Indemnities. The Insurance Administration account merges portions of the General Operating Expenses account, a portion of what was Major Construction and a portion of what was Minor Construction. The Insurance business line

administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veterans Mortgage Life Insurance (VMLI), and supervises two additional programs for the benefit of servicepersons, veterans, and their beneficiaries. The Insurance appropriation is the funding mechanism for the following Government life insurance activities:

Public Enterprise Funds

SERVICE-DISABLED VETERANS INSURANCE FUND: This program finances claim payments on non-participating policies issued to service-disabled veterans who served in the Armed Forces after April 25, 1951. The program provides insurance coverage for service-disabled veterans at standard rates. Claim payments exceed premium receipts each year. Funds are derived mainly from premiums and payments from the Veterans Insurance and Indemnities appropriation. Public Law 106-419 allowed for term premiums to be frozen, effective November 1, 2000, at the first renewal after the insured reaches age 70 and remain frozen thereafter.

VETERANS REOPENED INSURANCE FUND: Established in 1965 as the financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled veterans of World War II and the Korean conflict. Operations are financed from premiums collected from policyholders and interest on investments.

Trust Funds

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as the financing mechanism for World War II insurance. Closed to new issues in 1951. Income is derived from premiums, interest on investments, and transfers from Veterans Insurance and Indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started in 1919 as the financing mechanism for converted insurance issued under the War Risk Insurance Act of 1914, as amended. Closed to new issues April 1951. Income is derived from interest on investments and transfers from the Veterans Insurance and Indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable veterans who served after April 1951 and before January 1, 1957. Income is derived mainly from premiums and interest on investments.

BURIAL BUSINESS LINE: This appropriation provides burial benefits to veterans and their survivors and funding for the administration of all functions associated

with the National Cemetery Administration. Provides, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased service persons and discharged veterans (together with their spouses and certain dependents). The new Burial business line includes two appropriations. The Burial Benefits account includes the burial portion of the Compensation and Pensions account. To facilitate account restructuring and consolidation, the Burial Benefits account reflects budget information for the National Cemetery Gift Fund in the President's budget. The Burial Administration account merges the National Cemetery Administration, the burial administrative portion of the General Operating Expenses account, a portion of what was Major Construction, a portion of what was Minor Construction, and the Grants for the Construction of State Veterans Cemeteries.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES:

Grants to aid States in establishing, expanding or improving State veterans' cemeteries. A grant can be up to 100 percent of the total value of the land and the cost of improvement. Federal funding for the cost of initial equipment when the cemetery is established is also permitted. The States remain responsible for providing the land and paying for all costs related to the operation and maintenance of the state cemeteries, including the cost for subsequent equipment purchases.

GENERAL ADMINISTRATION: This account provides for the Department's top management and administrative support, including data processing, fiscal, personnel and legal services. Operating expenses for the General Counsel's portion of credit reform will be appropriated in the new Housing Business line and be treated as a reimbursement to this account. Under the new account structure, the General Administration appropriation will request its portion of major and minor construction funding.

OFFICE OF THE INSPECTOR GENERAL: Responsible for the audit, investigation, and inspection of all Department of Veterans Affairs programs and operations. Under the new account structure, the Office of Inspector General appropriation includes a portion of Minor Construction.

Other Revolving Funds

MEDICAL CENTER RESEARCH ORGANIZATIONS: Authorized in 1988 to provide a mechanism whereby non-VA funds may be received and administered to perform research by a nonprofit corporation at any VA medical center.

CANTEEN SERVICE REVOLVING FUND: This fund finances the operation of canteens at all medical facilities. These activities are under the management of

the Veterans Canteen Service, established by Congress in 1946. Income from sales makes this a self-sustaining activity.

PERSHING HALL REVOLVING FUND: Established by Public Law 102-86 for the operation and maintenance of Pershing Hall, an asset of the United States located in Paris, France. Receipts generated by the operation of Pershing Hall are also deposited in the revolving fund. To facilitate account restructuring and consolidation, this account reflects budget information for the Nursing Home Revolving Fund and the Grants for the Republic of the Philippines in the President's budget.

Other Intragovernmental Funds

SUPPLY REVOLVING FUND: Established in 1953, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental fund, without fiscal year limitation, it seeks to assure the most timely, cost-effective acquisition of goods and services for VA programs. As a self-sustaining fund, the majority of its operating expenses are recovered through a mark-up on goods sold.

FRANCHISE FUND: VA was chosen as a pilot Franchise Fund agency under Public Law 103-356, the Government Management Reform Act of 1994. The pilot commenced in 1997, funded under VA's General Operating Expenses appropriation. VA's Franchise Fund is a revolving fund used to supply common administrative services on the basis of services supplied.

Other Trust Funds

GENERAL POST FUND: This trust fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries or the general public, patients' fund balances and proceeds from the sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of veterans in hospitals and homes where no general appropriation is available for this purpose. In addition, donations from pharmaceutical companies, non-profit corporations, and individuals to support VA medical research are deposited in this fund.

NATIONAL CEMETERY GIFT FUND: Consists of gifts and bequests which are made for the purpose of beautifying national cemeteries or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona. The activity in this account has been merged with the National Cemetery Administration in the Burial Benefits business line in the President's budget.