

Summary - Volume 4

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General

2008 Budget Highlights

Summary

- The 2008 President's budget for the Department of Veterans Affairs (VA) provides approximately \$86.7 billion for veterans' benefits and services: \$41.8 billion in discretionary funding, including medical care collections, and \$44.9 billion for entitlements. This budget supports a continued focus on health care needs of veterans who count on VA the most—veterans with service-connected disabilities, those with lower incomes, veterans with special health care needs, and veterans returning from service in Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). With the 2008 budget request for medical care, access to health care services is expected to improve. VA is proposing a set of legislative revenue proposals, for approval by the authorizing committees, to change VA's fee structure. These proposals are mandatory receipts, so the discretionary medical care funding request includes the full resource need with no reduction for the savings associated with the new receipts. These initiatives include: 1) assess a three-tiered annual enrollment fee based on the family income of the veteran - Priority 7 and 8 veterans; 2) increase pharmacy co-payments from \$8 to \$15 for veterans who have a greater ability to absorb these co-payments - Priority 7 and 8 veterans; and 3) eliminate the practice of reducing the VA first-party co-payment debts with collection recoveries from third-party health plans.
- The resources requested in the 2008 budget will enable VA to successfully address the three highest priorities of this Department:
 - Provide timely, high-quality health care to those who count on us most - veterans with service-connected disabilities, those with lower incomes, veterans with special health care needs, and those with service in Operation Iraqi Freedom and Operation Enduring Freedom;
 - Address the large increase in claims for compensation and pension benefits while improving processing accuracy for our most challenging compensation claims;
 - 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 Programs.** The 2008 President's budget includes total budgetary resources of \$36.6 billion (including \$2.4 billion in collections) for the three medical care appropriations. VA is requesting \$27.2 billion for the Medical Services appropriation; \$3.4 billion for the Medical Administration appropriation; and \$3.6 billion for the Medical Facilities appropriation. With these resources, VA will be able to provide timely, high-quality health care to 5.8 million unique patients. VA is proposing a set of legislative revenue proposals, for approval by the authorizing committees, to change the VA's fee structure. These proposals are mandatory receipts to the Treasury and will not reduce the medical care appropriations. The 2008 President's discretionary budget fully funds the VA medical care programs with no reduction for the savings associated with the proposed new mandatory receipts. The first proposal is the tiered annual enrollment fee which is structured to charge \$250 for Priority 7 and 8 veterans with family incomes from \$50,000 to \$74,999; \$500 for those with family incomes from \$75,000 to \$99,999; and \$750 for those with family incomes equal to or greater than \$100,000. Veterans with family incomes below \$50,000 will not be assessed an annual enrollment fee. This proposal is estimated to produce \$138 million in mandatory receipts annually, beginning in 2009. The second proposal is the pharmacy co-payment proposal which is projected to produce \$311 million in mandatory receipts beginning in 2008. The third proposal eliminates the current practice of VA offsetting or reducing third-party billings to insurance companies based upon the direct co-payment responsibilities of the veteran. This proposal will increase revenues by \$44 million beginning in FY 2008. These three proposals will increase mandatory receipts by an estimated \$2.3 billion over five years (2008-2012).
- VA continues to focus its health care priorities on meeting the needs of veterans that count on VA the most. The number of patients within this population, Priority 1 through 6 veterans, that we project will come to VA for health care in 2008 will grow by 125,000, or 3.3 percent higher than in 2007. During 2008, 68 percent of those using VA's health care system will be veterans who count on VA the most—those with service-connected conditions, lower incomes, special health care needs, and veterans returning from service in OIF/OEF. The comparable share of these veterans treated in 2006 was 67 percent. In addition, we devote 85 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 using significantly more resources, on average, than lower

priority veterans. While the highest priority veteran population grows over this time period, Priorities 7-8 veterans will decline by 15,000 or 1.1 percent.

- VA's 2008 budget request will support 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, VA has set two key goals for providing timely access to scheduled appointments for veterans. VA will continue our exceptional performance in 2008 by scheduling 96 percent of primary care appointments within 30 days of the desired date and scheduling 95 percent of specialist appointments within 30 days of the desired date. In addition, our new focus will be to aggressively emphasize actions to reduce the waiting times of existing patients using the same techniques that we used for new enrollees. We plan to improve in all areas but will specifically target those patients with appointments who are waiting the longest for care. We will send a plan of action to Congress soon that will include the revised performance goals and measures.
- VA's request for funding in 2008 is required to meet the growing demand for VA health care services due to three major cost drivers. These cost drivers are inflation; health care industry trends that result in providing each patient a higher level, or intensity, of medical services as well as increasing the utilization of health care services; and VA specific utilization trends based on the age, gender, and morbidity characteristics of VA's veteran population. First, the cost of same market basket of products and services is greater in 2008 than in 2007 by 4.45 percent resulting in a total increase for inflation of \$1.4 billion and payroll costs of \$689.6 million. Second, the overall intensity and utilization trends in the U.S. health care industry continue to increase. These two trends increase the VA's cost of doing business regardless of any changes in enrollment, number of patients treated, or program initiatives. The trend in the U.S. health care industry is to provide a higher level, or intensity, of medical services for the same type of patient and medical condition which overall increases the unit cost of medical services. Each year in the U.S., every patient is provided more diagnostic tests, prescriptions, and medical services. This trend increases VA's cost for some medical treatments such as the cost of pharmaceuticals and outpatient visits for each patient. Third, VA is also experiencing increased utilization of its medical services for reasons that are specific to VA's health care system. The patients who seek our care are aging, have lower incomes, and require more complex medical care. VA is also experiencing increasing costs associated with caring for veterans who served in OEF/OIF).
- The \$36.6 billion funding requested in 2008 will deliver community-based health care to our eligible veterans. VA will provide a greater level of

outpatient care to veterans who are scheduling appointments for more outpatient visits in the VA health care system. This outpatient care includes outpatient mental health programs to ensure that the veterans' mental health needs are adequately addressed. VA will treat a greater number of inpatients requiring acute care for general medical ailments and surgery than provided in 2007. Our veterans are also using an increasing number of prescription drugs; this coupled with increasing costs and more expensive medicines is driving up the cost of VA's pharmacy services. VA's goal is to restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of life and that of their families. To achieve this goal resources are needed to buy prosthetics for our veterans; support our Regional Spinal Cord Injury Centers; provide inpatient rehabilitation programs at the Blind Rehabilitation Centers; and care for those who need psychiatric care, who suffer from post-traumatic stress disorder, who require substance abuse treatment, and who experience chronic mental illness and homelessness. This request also ensures that veterans or servicemembers returning with an injury from OEF/OIF have timely access to the Department's special health care services. VA estimates that over 263,000 OEF/OIF veterans will be treated by VA in 2008 at a cost of over \$752 million.

- VA's enhanced cooperative efforts with DoD continue to underscore the health care and benefit delivery services that support the President's Management Agenda and congressional mandates. The Departments have expanded their level of cooperation in many critical areas identified in the VA/DoD Joint Executive Council Strategic Plan. Through this plan, the VA/DoD Joint Executive Council is committed to accomplishing a variety of initiatives in the areas of construction, health care, and benefits. The Construction Planning Committee is developing a framework and methodology to identify and evaluate the prospect of partnering with DoD to optimize capital asset needs. This effort will include a means for VA and DoD to share budget requests to ensure that there is coordination between each entity and no duplication of capital requests. In the health care arena, the Departments are collaborating to improve the access, quality, effectiveness, and efficiency of health care for all beneficiaries. Collaboration will continue on developing joint guidelines and policies for the delivery of high-quality care and the assurance of patient safety. VA and DoD will engage in joint training in multiple disciplines, including ancillary services, and explore opportunities to enhance collaborative activities in Graduate Medical Education. Sharing in deployment-related health care information, research and development, and care coordination will be aggressively supported and encouraged. VA and DoD will utilize interoperable enterprise architectures and data management strategies to support timely and accurate delivery of benefits and services. The emphasis will be on working together to store,

manage, and share data and streamline applications and procedures to make access to services and benefits easier, faster, and more secure.

- **Medical and Prosthetic Research.** Overall, 2008 resources are estimated to be \$1.8 billion for VA research which is comprised of \$411 million in direct appropriation request, \$411 million in medical care support, a \$769 million estimate of non-VA federal grant resource support, and \$206 million in other non-federal grant funding support. VA R&D's mission is to "discover knowledge and create innovations that advance the health and care of veterans and the nation." The primary focus is to more appropriately target research projects that address the special health care needs that are prevalent in the veteran patient population including those service members returning from Iraq and Afghanistan. This includes research to develop new treatments and tools for clinicians to ease the physical and psychological pain of returning veterans and to accelerate discoveries and applications, especially for neurotrauma, sensory loss, amputation, polytrauma, and related prosthetic needs.
- **Veterans Benefits Administration.** The Department's 2008 budget request includes \$45.3 billion for the entitlement costs associated with all benefits administered by the Veterans Benefits Administration (VBA). This total includes an additional \$2.2 billion for disability compensation payments to veterans and their survivors for disabilities or diseases incurred or aggravated while on active duty. Recipients of these compensation benefits will have increased from 2.62 million in 2001 to 3.22 million in 2008.
- The President's budget request includes another \$1.2 billion for the management of the following benefits programs-disability compensation; pensions; education; vocational rehabilitation and employment; and life insurance. In addition, the housing program is funded by \$118 million from VBA credit accounts.
- As a Presidential initiative, improving the timeliness and accuracy of claims processing remains the Department's top priority associated with our benefits programs. Since 2000, VBA has experienced a steady increase in workload: in claims receipts, claims complexity, and workload generated by improved direct contact with increasing numbers of servicemembers and veterans. Disability claims from returning war veterans, as well as from veterans of earlier periods, increased by 39 percent from 2000 to 2006. In 2003, VBA was successful in reducing the inventory of pending disability claims to 253,000. Since 2004, increased claims and court decisions requiring new procedures and readjudication of claims have precluded VBA from sustaining previous gains. In 2007 and 2008, we anticipate receiving 800,000 claims each year.

- The pending inventory of disability claims rose to 378,296 by the end of fiscal year 2006. Special near-term workload reduction initiatives are being undertaken in 2007 to increase decision output and stem the upward climb of the pending inventory. These initiatives include employment of rehired annuitants, expanded use of overtime, expansion of our claims development centers, and establishment of a contract call center. Some of these initiatives will continue into 2008, enabling us to increase decision output in 2008 as well.
- **National Cemetery Administration.** The President's 2008 budget request for the National Cemetery Administration (NCA) includes \$166.8 million and 1,582 FTE for operations and maintenance. The request will allow NCA to address a growing workload at existing cemeteries with additional staff, contract maintenance, supplies, and equipment. In 2008, the number of gravesites maintained will increase by an estimated 74,000 over 2007 levels while developed acres maintained will grow by approximately 267.
- Funds are included to improve the appearance of VA's burial grounds and allow NCA to continue its commitment to maintain our national cemeteries as national shrines.
- In return for the resources requested to support operations and maintenance activities within NCA, we will expand access by increasing the percent of veterans served by a burial option within 75 miles of their residence to 84.6 percent in 2008, which is 4.2 percentage points above the 2006 actual level. In addition, we will continue to increase the percent of respondents who rate the quality of service provided by national cemeteries as excellent to 98 percent in 2008.
- **General Administration.** Budget Authority of \$273.5 million and 2,264 FTE are requested to support the General Administration program in 2008. This level provides funding for the projected 3% payraise, regular benefits increases, and inflation for all staff offices. The 2008 level includes funding for an additional 15 FTE in General Counsel to address significant workload increases coming from the U.S. Court of Appeals for Veterans Claims, and increases in legal casework in the field in health and employment law. In addition, funding is included for an additional 31 FTE for the Board of Veterans Appeals (BVA) to address increases in the incoming appeals caseload. This budget request, along with the management improvements BVA is currently undertaking, will allow the Board to improve both the 2008 accuracy and number of appeals decided from the 2006 actual levels.
- **Capital (Construction and Grants to States).** The President's 2008 budget request includes \$1,088 million in capital funding for VA. Within our total request, \$737 million will be devoted to major construction projects (including

\$10 million in revenue from disposal of assets), \$234 million for minor construction, \$85 million in grants for the construction of state extended care facilities, and \$32 million in grants for the construction of state veterans cemeteries.

- Construction funding for our medical care program is requested at a level of \$750 million—\$560 million from new budget authority, \$10 million in revenue from disposal of assets, and \$180 million for minor construction. All of these resources will be devoted to a continuation of the Capital Asset Realignment for Enhanced Services (CARES) program to renovate and modernize VA’s health care infrastructure and to provide greater access to high-quality care for more veterans, closer to where they live.
- The major construction request for medical care will be for the continued development and construction of six ongoing medical facility projects—\$40.0 million for Consolidation of Campuses at Pittsburgh, PA; \$61.3 million for a new medical facility in Denver, CO; \$35.0 million for a new medical facility and land acquisition at Orlando, FL; \$341.4 million for a new medical facility at Las Vegas, NV; and \$23.8 million for a SCI center in Syracuse, NY. In addition, our request for major construction funding includes \$9.8 million for design of an outpatient clinic in Lee County, FL.
- We are also requesting \$191.8 million to support our burial program--\$167.4 million in major construction funding and \$24.4 million in minor construction resources. Our request for major construction, in accordance with Public Law 108-109, National Cemetery Expansion Act of 2003, includes funds for the Phase 1 Development of new cemeteries at Bakersfield, CA (\$19.5 million), Birmingham, AL (\$18.5 million), Columbia/Greenville, SC (\$19.2 million), Jacksonville, FL (\$22.4 million), Philadelphia, PA (\$29.6 million), Sarasota, FL (\$27.8 million), and for gravesite development at Fort Sam Houston, TX (\$29.4 million).
- The President’s 2008 budget request for VA provides \$85 million for grants for the construction of state extended care facilities and \$32 million for grants for the construction of state veterans’ cemeteries.
- **Office of the Inspector General.** Budget authority of \$72.6 million and 445 FTE, together with \$3.4 million in estimated reimbursements for 25 FTE, are requested to support the activities of the Office of the Inspector General (OIG) and will provide for total gross obligations of \$76 million and 470 FTE in 2008. 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.

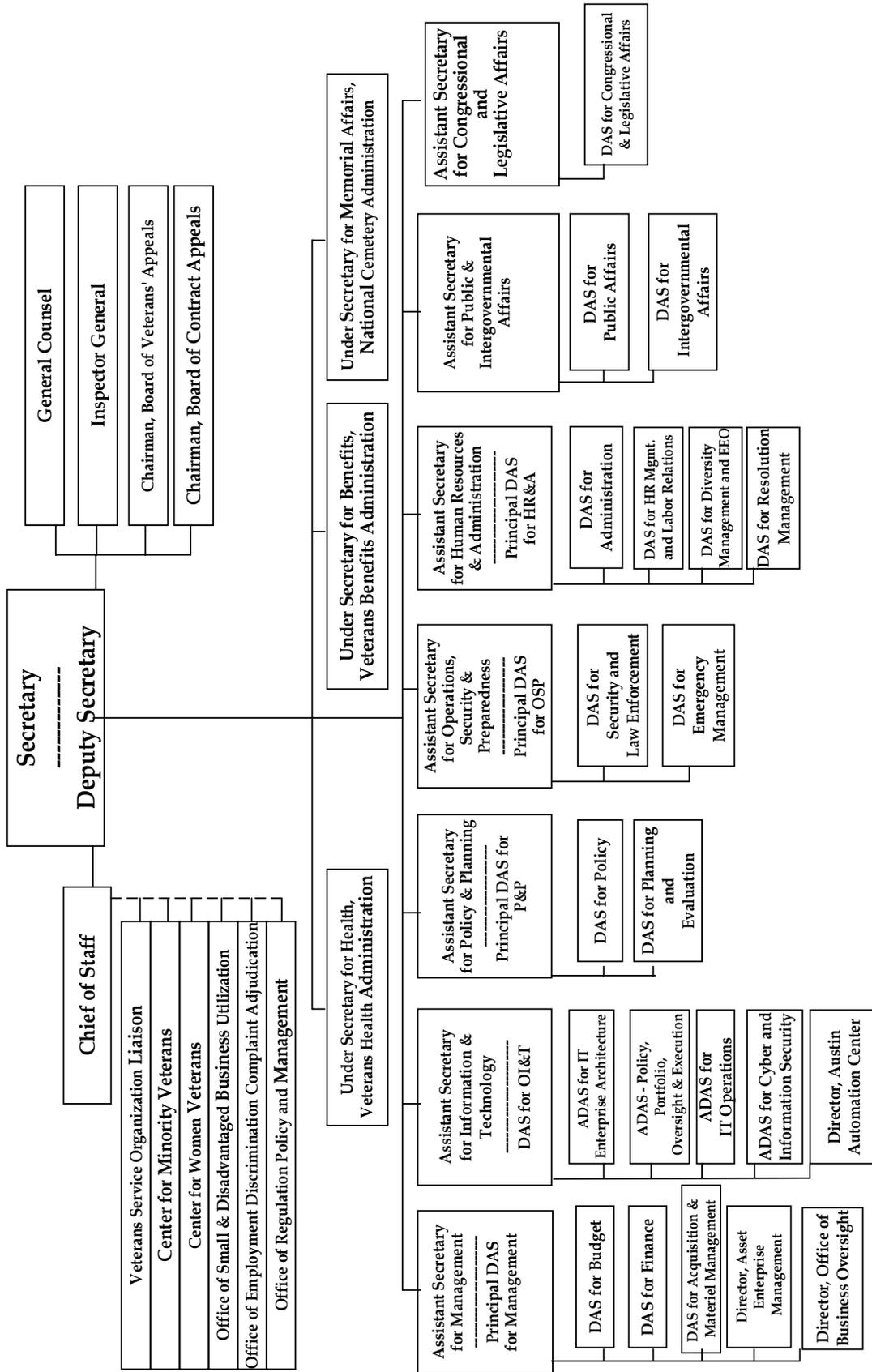
- **Information and Technology Investment.** The President's budget requests \$1.86 billion appropriation to provide recourses for VA's investment in computer systems and telecommunications and data network investments. This request will provide funding for operation and improvement of VA's health care electronic record, VA's benefits information system, expansion of Regional Computing Centers, improvement in VA cyber security efforts, development of an employee electronic record and strengthening of VA's financial and logistic information systems. Starting in 2008, the VA CIO will be in charge of all VA information and technology development and operations.

Leadership and Governance

VA senior leadership makes policy decisions through internal governing boards including those cited below.

Governance	Major FY 2006 Actions
Strategic Management Council	
<p>The Strategic Management Council (SMC), chaired by the Deputy Secretary, includes the six Assistant Secretaries; the Deputy Under Secretaries for Health, Benefits, and Memorial Affairs; the Deputy General Counsel; Chair for the Board of Veterans' Appeals; Chief of Staff; Counselor to the Secretary; and the Senior Advisor to the Deputy Secretary. The SMC serves as a collaborative and deliberative body that provides oversight and guidance on key strategic management issues that confront VA decision-makers.</p>	<p>The Council accomplished the following actions:</p> <ul style="list-style-type: none"> • Validated a new, realigned IT system model as the framework to implement the Secretary's decisions with respect to the IT reorganization within VA. • Approved the establishment of the Office of Operations, Security and Preparedness, and an Assistant Secretary position. • Reviewed and provided direction on the Draft <i>VA Strategic Plan 2006-2011</i>. • Reviewed and provided direction on conducting the program evaluations for the Oncology and Seriously Mentally Ill (SMI) programs. • Reviewed and directed changes to legislative proposals for the FY 2007 VA budget to increase the Survivors' Pension basic benefit from \$6,814 to \$9,500 annually, and the restructuring of the Parents' Dependency and Indemnity Compensation (DIC) program to increase the DIC benefit payable using the same benefits structure as the Survivors' Pension program. • Approved the consolidation of pension programmatic functions, including original claims, death claims, and re-opened claims. • Reviewed and directed changes to the Compensation and Pension Regulation Rewrite Project and the Office of Regulation Policy and Management's role in the centralized management of VA regulations. • Addressed the regulatory requirements of the VA Personal Identification Verification program.
Monthly Performance Reviews	
<p>The Monthly Performance Reviews, chaired by the Deputy Secretary, focus on financial and program performance. In this context, the Department's leadership discusses and makes decisions on mission-critical issues within the context of performance, budget, and workload targets and associated results.</p>	<ul style="list-style-type: none"> • Using financial and performance metrics as the basis, each VA administration and staff office reports on progress in meeting established monthly and/or fiscal-year-to-date goals. • Actual obligations, FTE, workload, and performance levels are compared to those in the operating plans. • Projects are reviewed noting milestones achieved and timeliness of milestone accomplishment. At the end of a given fiscal year, annual results are recorded in the Department's Performance and Accountability Report.

DEPARTMENT OF VETERANS AFFAIRS



To fulfill President Lincoln's promise - "To care for him who shall have borne the battle, and for his widow, and his orphan"- by serving and honoring the men and women who are America's veterans.

Our Mission

The words spoken by President Lincoln nearly 150 years ago are clear and compelling. VA fulfills these words by providing world-class benefits and services to the millions of men and women who have served this country with honor in the military. President Lincoln's words guide the efforts of more than 218,000 VA employees who are committed to providing the best medical care, benefits, social support, and lasting memorials to veterans and their dependents in recognition of veterans' service to this Nation.

Our Programs: What We Do

Veterans Health Administration

Providing Medical Care

VA operates the largest direct health care delivery system in America. In this context, VA meets the health care needs of America's veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VA focuses on providing health care services that are uniquely related to veterans' health or special needs. VA is also the Nation's largest provider of health care education and training for medical residents and other health care trainees. These education and training programs are designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

Conducting Veteran-Centered Medical Research

VA advances medical research and development in ways that support veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect veterans. Shared VA medical research findings contribute to the public good by improving the Nation's overall knowledge of disease and disability.

Veterans Benefits Administration

Delivering Compensation Benefits

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 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.

Providing Pension Benefits

The Pension program provides monthly payments, as specified by law, to income-eligible 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 income-eligible surviving spouses and dependent children of deceased wartime veterans who die as a result of a disability unrelated to military service.

Providing Education Opportunities

The Education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals through financial assistance.

Delivering Vocational Rehabilitation and Employment Services

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

Promoting Homeownership

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

Providing Insurance Service

The Insurance program provides servicemembers and their families with universally available life insurance (available to all servicemembers and their families without underwriting), as well as traumatic injury protection insurance for servicemembers. It also provides for the conversion to a renewable term insurance policy after a servicemember's separation from service. In addition, the program provides life insurance to veterans who have lost their ability to purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service. Insurance coverage is made available in reasonable amounts and at premium rates largely comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

National Cemetery Administration

Delivering Burial Services to Veterans

Primarily through the National Cemetery Administration (NCA), VA honors veterans with final resting places in national shrines and lasting tributes that commemorate their service to the Nation.

Staff Offices

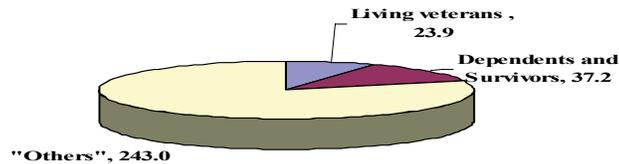
The Department's staff offices are critical to VA's ability to deliver services to veterans in a cost-effective manner. These offices provide a variety of services including human resources management, financial management, information technology, acquisition, and facilities management.

Veterans Population

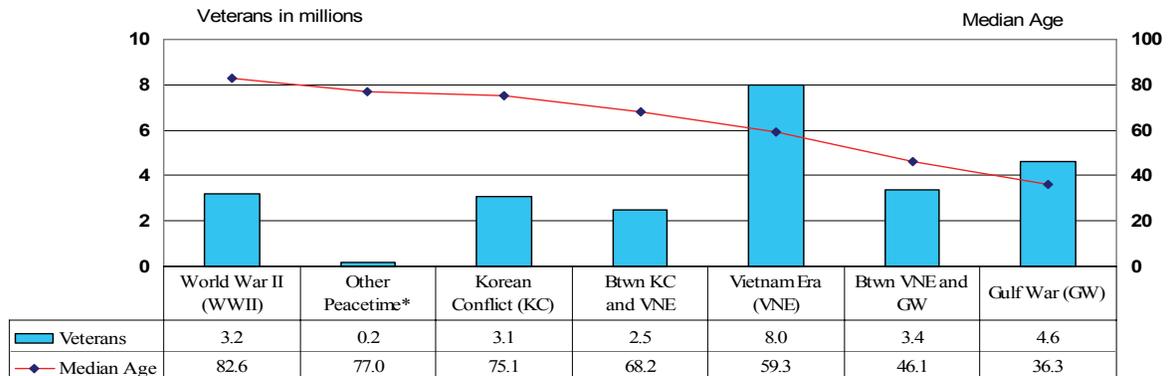
On September 30, 2006, there were an estimated 24.0 million living veterans, with 23.9 million of them in the U.S. and Puerto Rico. There were an estimated 36.6 million dependents (spouses and dependent children) of living veterans in the U.S. and Puerto Rico. There were over 538,000 survivors of deceased veterans receiving VA survivor benefits in the U.S. and Puerto Rico. Thus, more than 61 million people, or 20 percent of the total estimated resident population of the U.S. and Puerto Rico, (304.0 million) were recipients, or potential recipients, of veterans' benefits from the Federal Government.

The pie chart represents the estimated number (in millions) in the resident population of the U.S. and Puerto Rico classified as living veterans, dependents of living veterans and survivors of veterans receiving VA survivor benefits, and others (the remainder of the resident population) as of September 30, 2006.

Estimated Population (in Millions) of Living Veterans, Dependents of Living Veterans, Survivors of Veterans Receiving VA Survivor Benefits, and Others
U.S. and Puerto Rico, September 30, 2006



Estimated Number and Median Age of Veterans by Period of Service*,
September 30, 2006



- Veterans are included in all wartime periods in which they served. Therefore, period categories do NOT add to total veteran population.
- * Pre-KC, not WWII

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

<i>Estimates of Combat Theatre Obligations from the National Survey</i> <i>(dollars in millions)</i>			
Appropriations	2006 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	\$26,470	58%	\$15,353
Dependency and Indemnity	4,363	N/A	
Compensation Pensions			
Veterans	2,747	51%	\$1,401
Survivors	778	N/A	
Inpatient Facilities	13,828	50%	\$6,914
Outpatient Care	16,640	49%	\$8,154
Miscellaneous Medical Service	1,153	N/A	
Readjustment Counseling	77	N/A	
Veterans Insurance and Indemnities	46	50%	\$23
Specially Adapted Housing	26	N/A	
Burial Benefits	141	49%	\$69
Educational Assistance	2,269	40%	\$908
Vocational Rehabilitation	574	43%	\$247
Survivors' and Dependents' Educational Assistance	413	N/A	
Home Loan Guaranty (Liquidating)	11	43%	\$5
Automobiles and Adaptive Equipment	51	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 Participation Category	Estimated FY 2008 Participants ⁽¹⁾
Medical Care	
Unique Patients	5,819,200
Compensation	
Veterans	2,879,300
Survivors/Children	340,700
Pension	
Veterans	320,400
Survivors	192,700
Education	
Veterans/ Servicemembers	345,500
Reservists	154,000
Survivors/ Dependents	86,400
Vocational Rehabilitation	
Program Participants	94,500
Housing	
Loans Guaranteed	180,000
Insurance	
Veterans	1,583,600
Servicemembers/ Reservists	2,387,500
Spouses/ Dependents	2,982,000
Burial	
Interments	104,900
Graves Maintained	2,922,100
Headstones/Markers (Processed)	344,900
Presidential Memorial Certificates	384,300

⁽¹⁾Figures are rounded to nearest hundred.

How We Measure Performance

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

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

VA's strategic goals and objectives are supported by approximately 170 performance measures, 24 of which were identified by VA's senior leadership as **mission critical**. The Department's performance measures are a mix of program outcomes that measure the impact that VA programs have on the lives of veterans and their families, program outputs that measure activities undertaken to manage and administer these programs, and program efficiency that measures the cost of delivering an output or desired outcome.

FY 2008 Obligations Shown by Program and by Strategic Goal (\$ Millions)						
VA's Programs	Total Obligations*	VA's Strategic Goals				Application of Sound Business Principles
		Restore Disabled Veterans	Ensure a Smooth Transition	Honor and Serve Veterans	Support National Goals	
Medical Care	\$38,396	\$26,463	\$120	\$7,703	\$1,665	\$2,446
Medical Research	\$912	\$485			\$427	
Compensation	\$38,164	38,164				
Pension	\$3,949			3,949		
Education	\$3,252	325	2,927			
Vocational Rehabilitation	\$831	831				
Housing	\$188			188		
Insurance	\$2,755	137	867	1,751		
Burial	\$616			502	114	
Board of Veterans Appeals	\$59	59				
Departmental Management	2,180	719	22	67	54	1,318
Total	\$91,303	\$67,182	\$3,935	\$14,160	\$2,261	\$3,764

*Excludes Supply Fund and Franchise Fund.

FY 2008 Obligations by Strategic Goal and Objective			
	Program (s)	FY 2006 Obligations (\$ Millions)	% of Total Resources
	Total	\$91,303	100%
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.	Medical Care & Medical Research	\$27,652	30.3%
1.2 Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.	Compensation & Staff Offices	\$38,223	41.9%
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 & Counseling	\$831	0.9%
1.4 Improve the standard of living and income status of eligible survivors of service-disabled veterans through compensation, education, and insurance benefits.	Education & Insurance	\$476	0.5%
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.	Medical Care & Insurance	\$987	1.1%
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.	Education	\$2,949	3.2%
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.	Medical Care	\$7,720	8.5%
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.	Pension	\$3,996	4.4%
3.3 Maintain a high level of service to insurance policy holders and their beneficiaries to enhance the financial security for veterans' families.	Insurance	\$1,751	1.9%
3.4 Ensure that the burial needs of veterans and eligible family members are met.	Burial	\$438	0.5%
3.5 Provide veterans and their families with timely and accurate symbolic expressions of remembrance.	Burial	\$65	0.1%
3.6 Increase opportunities for veterans and servicemembers to buy a home using their VA Loan Guaranty benefit, and retain that home during times of financial hardship.	Housing	\$190	0.2%

FY 2008 Obligations by Strategic Goal and Objective			
	Program (s)	FY 2006 Obligations (\$ Millions)	% of Total Resources
Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.		\$2,261	2.5%
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.	Staff Offices & Medical Care	\$13	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.	Medical Research	\$461	0.5%
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 Care	\$1,669	1.8%
4.4 Enhance the socioeconomic well-being of veterans, and thereby the Nation and local communities, through veteran's benefits; assistance programs for small, disadvantaged, and veteran-owned businesses; and other community initiatives.	Staff Offices	\$4	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.	Burial	\$114	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.		\$3,764	4.1%
Objective			
E-1 Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.	Staff Offices	\$96	0.1%
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.	Staff Offices	\$14	0.0%
E-3 Implement a <i>One VA</i> 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.	Staff Offices	\$1,061	1.2%
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.	All Offices	\$2,593	2.8%

Key Performance Measures for FY 2008

Strategic Goal/ Key Measure	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
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)	86%	87%	84%	88%	89%	90%	98%
Compensation & Pension rating-related actions - average days to process (Also supports SG #3)	182	166	167	177	160	145	125
Rating-related compensation actions - average days pending	114	120	122	130	127	125	100
Rehabilitation rate % (VR&E)	59%	62%	63%	73%	73%	75%	80%
Average days to process - DIC actions (Compensation)	153	125	124	136	125	120	90
Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.							
Average days to complete original education claims	23	26	33	40	35	25	10
Average days to complete supplemental education claims	12	13	19	20	15	12	7
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	74%	74%	77%	78%	78%	79%	80%
Percent of patients rating VA health care service as very good or excellent - outpatient	73%	72%	77%	78%	78%	79%	80%
Percent of primary care appointments scheduled within 30 days of desired date	93%	94%	96%	96%	96%	96%	96%
Percent of specialty care appointments scheduled within 30 days of desired date	89%	93%	93%	94%	95%	95%	95%
Clinical Practice Guidelines Index II (In FY 2006, changed to Clinical Practice Guidelines Index II)	70%	77%	87%	83%	84%	85%	87%
Prevention Index III (In FY 2006, changed to Prevention Index III)	83%	88%	90%	88%	88%	88%	88%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

Key Performance Measures for FY 2008

Strategic Goal/ Key Measure	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline (1) Baseline = 29,489	N/A	N/A	N/A	(1) Baseline	26.3%	19.1%	9.5%
Non-rating pension actions - average days to process	67	58	68	92	96	86	60
National accuracy rate (authorization pension work) (%)	81%	84%	86%	88%	89%	92%	98%
Average number of days to process TSGLI disbursements (new measure)	N/A	N/A	N/A	3.8	5	5	5
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	75.2%	75.3%	77.1%	80.2%	83.8%	84.6%	90.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	94%	94%	94%	97%	98%	100%
Percent of graves in national cemeteries marked within 60 days of interment	72%	87%	94%	95%	90%	90%	92%
Foreclosure avoidance through servicing (FATS) ratio % (Housing)	45%	44%	48%	54%	51%	50%	51%
Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.							
Progress towards development of one new treatment for post-traumatic stress disorder (PTSD) (Five milestones to be achieved over 4 years)	N/A	33%	40%	47%	67%	80%	100%
Percent of respondents who rate national cemetery appearance as excellent	97%	98%	98%	97%	99%	99%	100%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VBA	Objective 1.2 Compensation: National accuracy rate (core rating work)	Processing accuracy for claims that normally require a disability or death determination. Review criteria include: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed.	Findings from C&P Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&I information storage database.	Case reviews are conducted daily. The review results are tabulated monthly and on a 12-month rolling basis.	None	Verification: C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part of individual performance. Additionally, when a Regional Office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director. Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.
VBA	Objective 1.2 Compensation and Pension: Rating-related actions - average days to process	The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); Hospitalization Adjustment (EP320); Original Disability Pension (EP180); and Reopened Pension (EP120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.	Data source is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.	Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.	None	Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
VBA	Objective 1.2 Compensation: Rating-related actions - average days pending	The measure is calculated by counting the number of days for all pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation-Rating includes End Products: 110, 010, 020, 140, 310, and 320.	The source of data for this measure is the Benefits Delivery Network (BDN).	The element is a snapshot of the age of the inventory at the end of each processing day.	None	Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.
VBA	Objective 1.3 Vocational Rehabilitation and Employment Rehabilitation rate	The number of disabled veterans who acquire and maintain suitable employment and leave VA's vocational rehabilitation program, divided by the total number leaving the program minus those individuals who benefited from but left the program and have been classified under one of three "maximum rehabilitation gain" categories: (1) the veteran accepted a position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, and (3) the veteran is not employed and not employable for medical or psychological reasons. 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.	VR&E management reports	Quality Assurance Reviews evaluate the accuracy and reliability of data and are conducted twice a month.	None	Verification: Quality assurance (QA) reviews are completed by each station and VR&E Service. The QA program was set up to review samples of cases for accuracy and to provide scoring at the RO level. The VR&E service reviews 76 cases per station each year and all field stations conduct local QA Reviews on 10 percent of their caseload. Validation: The primary goal of the VR&E program is to assist service-disabled veterans in becoming employable. The rehabilitation rate is the key indicator of the program's success in meeting this goal, as it illustrates the number of veterans successfully reentering the workforce following completion of their VR&E program.

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VBA	<p>Objective 1.4 Compensation: Average days to process - DIC actions</p>	<p>The average length of time it takes to process a DIC claim (EP140) from the date of receipt of claim in VA until the date of completion.</p>	<p>Benefits Delivery Network (BDN)</p>	<p>Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.</p>	<p>None</p>	<p>Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.</p>
VBA	<p>Objective 2.2 Average days to complete original and supplemental education claims</p>	<p>Elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are those for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim.</p>	<p>Education claims processing timeliness is measured by using data captured automatically through VBA's Benefits Delivery Network. This information is reported through VBA's data warehouse using the Distribution of Operational Resources (DOOR) system.</p>	<p>Monthly</p>	<p>None</p>	<p>Verification: The Education Service staff in VA Central Office confirms reported data through ongoing quality assurance reviews conducted on a statistically valid sample of cases. Dates of claims are reviewed in the sample cases to ensure they are reported accurately. Each year, Central Office staff reviews a sample of cases from each of the four RPOs. Samples are selected randomly from a database of all quarterly end products. The results are valid at the 95 percent confidence level. Validation: Timeliness is directly related to the volume of work received, the resources available to handle the incoming work, and the efficiency with which the work can be completed, and is thus the best quantifying measure for education processing.</p>
VHA	<p>Objective 3.1 Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient</p>	<p>Data are gathered for these measures via VA surveys that are distributed to representative samples of inpatients and outpatients. 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'.</p>	<p>Survey of Health Experiences of Patients</p>	<p>Surveys are conducted as follows: Inpatient - Semi-annually Outpatient - Quarterly.</p>	<p>None</p>	<p>Verification: Routine statistical analyses are performed to evaluate the data quality, survey methodology, and sampling processes. Responses to questions are routinely analyzed to determine which areas of VA's health care delivery system should be focused upon in order to positively impact the quality of health care delivered by VA. Validation: Satisfaction surveys are the most effective way to determine patient expectations and provide a focused critique on areas for improvement.</p>
VHA	<p>Objective 3.1 Percent of primary care appointments scheduled within 30 days of desired date</p>	<p>This measure tracks the number of days between the date of the primary care appointment request (entered into the computer) and the date for which the appointment is actually scheduled. This examines two populations: new patients and established 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 in primary care clinics posted in the scheduling software during the review period.</p>	<p>Vista scheduling software</p>	<p>Monthly</p>	<p>None</p>	<p>Verification: The Vista scheduling software requires minimal interpretation from an employee to ensure accuracy of data collected. Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.</p>

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VHA	Objective 3.1 Percent of specialty care 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.	Vista scheduling software	Monthly	None	Verification: The Vista scheduling software requires minimal interpretation from an employee to ensure accuracy of data collected. Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.
VHA	Objective 3.1 Clinical Practice Guidelines Index II	The Clinical Practice Guidelines 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, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. As clinical indicators become high performers, they are replaced with more challenging indicators. The Index is now in Phase II.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Verification: Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter. Validation: The CPG II demonstrates the degree to which VHA provides evidence-based clinical interventions to veterans seeking care in VA. The measure targets elements of care that are known to have a positive impact on the health of our patients who suffer from commonly occurring acute and chronic illnesses.
VHA	Objective 3.1 Prevention Index III	The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. 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. As prevention indicators become high performers, they are replaced with more challenging indicators. This Index is now in Phase III.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Verification: Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter. Validation: The Prevention Index III demonstrates the degree to which VHA provides evidence-based clinical interventions to veterans seeking preventive care in VA. The measure targets elements of preventive care that are known to have a positive impact on the health and well-being of our patients.
VHA	Objective 3.1 Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline	The percentage increase is based on the Average Daily Census (ADC) of veterans enrolled in Home and Community-Based Care programs (e.g., Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services).	The ADC data are obtained from VHA workload reporting databases designed to capture both VHA-provided care and VHA-paid (fee-based or contracted) care.	Quarterly	None	Verification: VHA data quality/accuracy standards are applied and data undergo audits and ongoing verification to ensure accuracy. This is critical as data are used for budgeting, workload planning, etc. Validation: The measure captures the expansion of access to non-institutional care within VHA programs and/or contracted services. Non-institutional care is deemed to be more desirable and cost efficient for those veterans that are appropriate for this level of care. The measure drives both expansion of the variety of services and expansion of geographic access.

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VHA	<u>Objective 3.1</u> Percent of specialty care 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.	VisiA scheduling software	Monthly	None	Verification: The VisiA scheduling software requires minimal interpretation from an employee to ensure accuracy of data collected. Validation: Provides a reliable measure of timeliness of access to care as well as responsiveness to the patient's stated needs.
VHA	<u>Objective 3.1</u> Clinical Practice Guidelines Index II	The Clinical Practice Guidelines 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, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. As clinical indicators become high performers, they are replaced with more challenging indicators. The Index is now in Phase II.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Verification: Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter. Validation: The CPGI II demonstrates the degree to which VHA provides evidence-based clinical interventions to veterans seeking care in VA. The measure targets elements of care that are known to have a positive impact on the health of our patients who suffer from commonly occurring acute and chronic illnesses.
VHA	<u>Objective 3.1</u> Prevention Index III	The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. 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. As prevention indicators become high performers, they are replaced with more challenging indicators. This Index is now in Phase III.	VHA biostatisticians design and obtain a statistically valid random sample of medical records for review. The findings of the review are used to calculate the index scores.	Data are reported quarterly with a cumulative average determined annually.	None	Verification: Review is performed by an external contractor to ensure accuracy of findings. In addition, the reliability of the collected data is evaluated using accepted statistical methods along with inter-rater reliability assessments that are performed each quarter. Validation: The Prevention Index III demonstrates the degree to which VHA provides evidence-based clinical interventions to veterans seeking preventive care in VA. The measure targets elements of preventive care that are known to have a positive impact on the health and well-being of our patients.
VHA	<u>Objective 3.1</u> Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline	The percentage increase is based on the Average Daily Census (ADC) of veterans enrolled in Home and Community-Based Care programs (e.g., Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services).	The ADC data are obtained from VHA workload reporting databases designed to capture both VHA-provided care and VHA-paid (fee-based or contracted) care.	Quarterly	None	Verification: VHA data quality/accuracy standards are applied and data undergo audits and ongoing verification to ensure accuracy. This is critical as data are used for budgeting, workload planning, etc. Validation: The measure captures the expansion of access to non-institutional care within VHA programs and/or contracted services. Non-institutional care is deemed to be more desirable and cost efficient for those veterans that are appropriate for this level of care. The measure drives both expansion of the variety of services and expansion of geographic access.

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VBA	<p>Objective 3.2 Compensation and Pension: Rating-related actions - average days to process</p>	<p>The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); Hospitalization Adjustment (EP320); Original Disability Pension (EP180); and Reopened Pension (EP120). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.</p>	<p>Data source is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.</p>	<p>Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.</p>	None	<p>Verification: Data are analyzed weekly and results are recorded quarterly by VBAs Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.</p>
VBA	<p>Objective 3.2 Pension: Non-rating actions - average days to process</p>	<p>The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. Pension Non-Rating includes: Disability and Death Dependency (EP130); Income, Estate and Election Issues (EP150); IVM Match Cases - DIC (EP154); EVR Referrals (EP155); and Original Death Pension (EP190). The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed.</p>	<p>The source of data for this measure is the Benefits Delivery Network (BDN). The data are manually input by VBA employees during the claims process. Results are extracted from BDN by VA managers. VBA's C&P Service owns the data and is therefore responsible for validation of data accuracy.</p>	<p>Data are collected daily as awards are processed. Results are tabulated at the end of the month and annually.</p>	None	<p>Verification: Data are analyzed weekly and results are recorded quarterly by VBAs Central Office-based Compensation and Pension Service, which performs quality and consistency reviews on cases from the Regional Offices with the highest rates of questionable practices. Validation: This measure's focus is improved service delivery to claimants. Additionally, it ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.</p>
VBA	<p>Objective 3.2 Pension: National accuracy rate (authorization work)</p>	<p>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.</p>	<p>Findings from C&P Service Systematic Technical Accuracy Review (STAR) are entered in an Intranet database maintained by the Philadelphia LAN Integration Team and downloaded monthly to the PA&I information storage database.</p>	<p>Case reviews are conducted daily. The review results are tabulated monthly and annually.</p>	None	<p>Verification: C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part of individual performance. Additionally, when a Regional Office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director. Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.</p>

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VBA	<p>Objective 3.3 Average number of days to process TSGLI disbursements</p>	<p>Traumatic Injury Protection Program (TSGLI) is a disability rider to the SGLI program that provides automatic traumatic injury coverage to all service members covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from \$25,000 to a maximum of \$100,000 depending on the type and severity of injury. Processing time begins when the veteran's claim is complete and ends when the internal controls staff approves the disbursement.</p>	<p>Data on processing time are collected and stored through the Life Claims Management System (LCMS).</p>	<p>Monthly</p>	<p>None</p>	<p>Verification: The Insurance Service will periodically evaluate the calculation of average processing time for TSGLI disbursements made by the Office of Servicemembers' Group Life Insurance (OSGLI). Validation: The purpose of TSGLI is to provide rapid financial assistance to traumatically injured service members so that their families can be with them during an often-extensive recovery and rehabilitation process. The timeliness of disbursements is the primary reflection of this purpose and provides a clear indication of the ability to process the workload in a quality, timely manner.</p>
NCA	<p>Objective 3.4 Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence</p>	<p>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.</p>	<p>For 2003 through 2005, the number of veterans and the number of veterans served were extracted from a revised VeiPop2000 model using 2000 census data. For 2006 and projected targets, the number of veterans and the number of veterans served were extracted from the VeiPop2004 version 1.0 model using 2000 census data.</p>	<p>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.</p>	<p>Provides performance data at specific points in time as veteran demographics change.</p>	<p>Verification: 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 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P. L. 106-117. Validation: Reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery is available within 75 miles of the veteran's place of residence. VA established a 75-mile service area standard because NCA data show that more than 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at the time of death.</p>
NCA	<p>Objective 3.4 Percent of respondents who rate the quality of service provided by the national cemeteries as excellent</p>	<p>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.</p>	<p>NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.</p>	<p>Annually</p>	<p>The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.</p>	<p>Verification: VA Headquarters staff oversees the data collection process and provides an annual report at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level reports are provided to NCA management. Validation: NCA strives to provide high-quality, courteous, and responsive service in all of its contacts with veterans and their families and friends. These contacts include scheduling the interment service, arranging for and conducting the interments, and providing information about the cemetery and the location of specific graves.</p>

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
VBA	<p>Objective 3.3 Average number of days to process TSGLI disbursements</p>	<p>Traumatic Injury Protection Program (TSGLI) is a disability rider to the SGLI program that provides automatic traumatic injury coverage to all service members covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from \$25,000 to a maximum of \$100,000 depending on the type and severity of injury. Processing time begins when the veteran's claim is complete and ends when the internal controls staff approves the disbursement.</p>	<p>Data on processing time are collected and stored through the Life Claims Management System (LCMS).</p>	<p>Monthly</p>	<p>None</p>	<p>Verification: The Insurance Service will periodically evaluate the calculation of average processing time for TSGLI disbursements made by the Office of Servicemembers' Group Life Insurance (OSGLI). Validation: The purpose of TSGLI is to provide rapid financial assistance to traumatically injured service members so that their families can be with them during an often-extensive recovery and rehabilitation process. The timeliness of disbursements is the primary reflection of this purpose and provides a clear indication of the ability to process the workload in a quality, timely manner.</p>
NCA	<p>Objective 3.4 Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence</p>	<p>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.</p>	<p>For 2003 through 2006, the number of veterans and the number of veterans served were extracted from a revised VeiPop2000 model using 2000 census data. For 2006 and projected targets, the number of veterans and the number of veterans served were extracted from the VeiPop2004 version 1.0 model using 2000 census data.</p>	<p>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.</p>	<p>Provides performance data at specific points in time as veteran demographics change.</p>	<p>Verification: 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 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117. Validation: Reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery is available within 75 miles of the veteran's place of residence. VA established a 75-mile service area standard because NCA data show that more than 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at the time of death.</p>
NCA	<p>Objective 3.4 Percent of respondents who rate the quality of service provided by the national cemeteries as excellent</p>	<p>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.</p>	<p>NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.</p>	<p>Annually</p>	<p>The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.</p>	<p>Verification: VA Headquarters staff oversees the data collection process and provides an annual report at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level reports are provided to NCA management. Validation: NCA strives to provide high-quality, courteous, and responsive service in all of its contacts with veterans and their families and friends. These contacts include scheduling the committal service, arranging for and conducting interments, and providing information about the cemetery and the location of specific graves.</p>

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
NCA	<p><u>Objective 3.5</u> Percent of graves in national cemeteries marked within 60 days of interment</p>	<p>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.</p>	<p>NCA's Burial Operations Support System (BOSS) as input by field stations.</p>	Monthly	None	<p>Verification: 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. Validation: The headstone or marker is a lasting memorial that serves as a focal point not only for present-day survivors but also for future generations. In addition, it may bring a sense of closure to the grieving process to see the grave marked. The amount of time it takes to mark the grave after an interment is important to veterans and their family members.</p>
VBA	<p><u>Objective 3.6</u> Foreclosure avoidance through servicing (FATS) ratio</p>	<p>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.</p>	<p>Data are extracted from the Loan Service and Claims (L-S&C) System. This system is used to manage defaults and foreclosures of VA-guaranteed loans.</p>	<p>Data are collected on a monthly basis.</p>	<p>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.</p>	<p>Verification: Data for the FATS ratio are validated on a monthly basis by Regional Loan Center (RLC) field review of all components of the ratio, followed by Central Office review of a percentage of successful interventions. Validation: The primary goal of Loan Guaranty Service is to assist veterans in obtaining home ownership. The FATS ratio measures VA's ability to assist veterans in maintaining home ownership during periods of personal financial strain.</p>
VHA	<p><u>Objective 4.2</u> Progress towards development of one new treatment for post-traumatic stress disorder (PTSD). (Five milestones to be achieved over 4 years).</p>	<p>PTSD is an anxiety disorder that can develop after a person has been exposed to a terrifying event or ordeal in which physical harm occurred or was threatened, as in the example of combat. PTSD related to combat exposure is a major concern in the health of the veteran population. The long-term goal of this research is to develop at least one new effective treatment for PTSD and publish the results by 2011.</p>	<p>Data are obtained from: (1) the written annual research progress reports, which are submitted electronically through the Office of Research and Development's ePROMISE system; (2) personal communications with the investigator in relation to this performance goal, which will be noted and filed; and (3) submission of an application for VA research funding by the Principal Investigator, which will include a summary of progress.</p>	Annually	None	<p>Verification: Milestones for completing four clinical trials and publishing findings have been identified and published as part of the VHA Performance Plan. Validation: The results from the clinical trials will be published in peer-reviewed scientific journals, providing an evidence base for clinical practice generally and for Clinical Practice Guidelines specifically.</p>

Key Measures Data Table

Owner	Key Performance Measure Sorted by Strategic Objective	Definition	Data Source	Frequency	Data Limitations	Data Verification and Measure Validation
NCA	Objective 4.5 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.	NCA's Survey of Satisfaction with National Cemeteries. The survey collects data from family members and funeral directors who have recently received services from a national cemetery.	Annually	The mail-out survey provides statistically valid performance data at the national and MSN levels and at the cemetery level for cemeteries having at least 400 interments per year.	Verification: VA Headquarters staff oversees the data collection process and provides an annual report at the national level that describes the sampling plan and survey methodology. In addition, MSN and cemetery level reports are provided to NCA management. Validation: NCA will continue to maintain the appearance of national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved one(s). Our Nation's veterans have earned the appreciation and respect not only of their friends and families, but also of the entire country and our allies. National cemeteries are enduring testimonials to that appreciation and should be places to which veterans and their families are drawn for dignified burials and lasting memorials.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

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 a leader in providing specialized health care services.

Percent of Specially Adapted Housing (SAH) grant recipients who indicate that grant-funded housing adaptations increased their independence (new measure)	N/A	N/A	N/A	Avail. 2007	98%	98%	99%
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Objective 1.2: Provide timely and accurate decisions on disability compensation claims to improve the economic status and quality of life of service-disabled veterans.

National accuracy rate (core rating work) % (Compensation)	86%	87%	84%	88%	89%	90%	98%
Rating-related compensation actions - average days pending	114	120	122	130	127	125	100
Compensation & Pension rating-related actions - average days to process	182	166	167	177	160	145	125
Overall satisfaction rate % (Compensation)	58%	59%	58%	Avail. 2007	63%	68%	90%
National accuracy rate (compensation authorization work)	88%	90%	90%	91%	93%	95%	98%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Comp)	N/A	N/A	TBD **	TBD **	TBD **	TBD**	50%
Percent of compensation recipients who were kept informed of the full range of available benefits (Comp)	42%	43%	44%	Avail. 2007	49%	53%	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Comp)	N/A	N/A	TBD **	TBD **	TBD **	TBD**	70%
National accuracy rate (fiduciary work) % (Compensation & Pension)	77%	81%	85%	83%	87%	90%	98%
Productivity Index (Compensation and Pension)	N/A	N/A	N/A	90%	94%	96%	100%
Deficiency-free decision rate (BVA)	89.0%	93.0%	89.0%	93.0%	92.0%	92.0%	92.0%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Appeals resolution time (Number of Days) (Joint BVA-VBA Compensation and Pension measure)	633	529	622	657	685	700	675
BVA Cycle Time (Days)	135	98	104	148	105	104	104
Appeals decided per Veterans Law Judge (BVA)	604	691	621	698	630	752	752
Cost per case (BVA time only)	\$1,493	\$1,302	\$1,453	\$1,381	\$1,580	\$1,627	\$1,627

** Pending results of the Veterans' Disability Benefits Commission that began work in May 2005 and will conclude its work in October 2007.

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

Rehabilitation rate % (VR&E)	59%	62%	63%	73%	73%	75%	80%
Serious Employment Handicap (SEH) Rehabilitation Rate % (VR&E)	58%	N/A	N/A	73%	74%	76%	80%
Speed of entitlement decisions in average days (VR&E) (1) Corrected	63	57	62	(1) 54	53	53	40
Accuracy of decisions (Services) % (VR&E)	82%	86%	87%	82%	85%	87%	96%
Customer satisfaction (Survey) % (VR&E)	N/A **	79%	N/A **	N/A **	82%	84%	92%
Accuracy of Vocational Rehabilitation program completion decisions % (VR&E)	81%	94%	97%	95%	97%	98%	99%
Common Measures ***							
Percent of participants employed first quarter after program exit (VR&E)	N/A	N/A	N/A	TBD	70%	72%	80%
Percent of participants still employed three quarters after program exit (VR&E)	N/A	N/A	N/A	TBD	70%	72%	85%
Percent change in earnings from pre-application to post-program employment (VR&E)	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Average cost of placing participant in employment (VR&E)	N/A	N/A	N/A	TBD	\$8,000	\$8,000	\$6,500

** VR&E did not perform a customer satisfaction survey in 2003, 2005, or 2006.

*** These are designated as "common measures" because they are also used by other agencies that manage vocational rehabilitation programs. They also support the Budget and Performance Integration initiative of the President's Management Agenda. Targets shown above are estimates and may change.

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

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)	153	125	124	136	125	120	90
Percent of DIC recipients above the poverty level (Comp)	N/A	99%	100%	100%	100%	100%	100%
Percent of DIC recipients who are satisfied that VA recognized their sacrifice (Comp)	N/A	80%	TBD **	TBD **	TBD **	TBD**	90%

** Pending results of the Veterans' Disability Benefits Commission that began work in May 2005 and will conclude its work in October 2007.

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 veterans returning from a combat zone who respond "yes completely" to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider	N/A	N/A	N/A	Baseline	68%	70%	72%
Percent of appointments for primary care scheduled within 30 days of desired date for veterans and servicemembers returning from a combat zone	N/A	N/A	N/A	Baseline	90%	92%	94%
Percent of severely-injured or ill OEF/OIF servicemembers/veterans who are contacted by their assigned VA case manager within 7 calendar days of notification of transfer to the VA system as an inpatient or outpatient (new measure)	N/A	N/A	N/A	Baseline	90%	92%	95%
Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a servicemember's discharge (1) The 2006 result is a more accurate depiction of BDD participation as VBA moved to a new automated data collection methodology.	N/A	N/A	55%	(1) 44%	48%	50%	65%
Number of outpatient visits at Joint Ventures and significant sites. (Facilities providing 500 or more outpatient visits and/or admissions per year).	N/A	N/A	N/A	121,229	123,654	126,128	133,845

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

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

Average days to complete original education claims	23	26	33	40	35	25	10
Average days to complete supplemental education claims	12	13	19	20	15	12	7
Montgomery GI Bill usage rate (%): All program participants (1) Corrected	58%	65%	(1) 66%	(1) 67%	68%	68%	75%
Montgomery GI Bill usage rate (%): Veterans who have passed their 10-year eligibility period (1) Corrected	66%	71%	(1) 71%	(1) 70%	72%	71%	80%
Percent of Montgomery GI Bill participants who successfully completed an education or training program Measure under development	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal Measure under development	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Customer satisfaction-high rating (1) No customer satisfaction survey was performed in 2005.	89%	86%	(1) N/A	TBD	88%	89%	95%
Telephone Activities - Blocked call rate (Education) % (1) Corrected	13%	20%	38%	(1) 43%	25%	20%	10%
Telephone Activities - Abandoned call rate (Education) % (1) Corrected	7%	10%	17%	(1) 20%	15%	10%	5%
Payment accuracy rate (Education) % (1) Corrected	94%	94%	96%	(1) 94%	96%	96%	97%

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 of enrolled veterans, with special focus on veterans with service-connected conditions, those unable to defray the costs, and those statutorily eligible for care.

Percent of patients rating VA health care service as very good or excellent:							
Inpatient	74%	74%	77%	78%	78%	79%	80%
Outpatient	73%	72%	77%	78%	78%	79%	80%
Percent of primary care appointments scheduled within 30 days of desired date	93%	94%	96%	96%	96%	96%	96%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percent of specialty care appointments scheduled within 30 days of desired date	89%	93%	93%	94%	95%	95%	95%
Clinical Practice Guidelines Index II (In FY 2006, changed to Clinical Practice Guidelines Index II)	70%	77%	87%	83%	84%	85%	87%
Prevention Index III (In FY 2006, changed to Prevention Index III)	83%	88%	90%	88%	88%	88%	88%
Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline (1) Baseline = 29,489	N/A	N/A	N/A	(1) Baseline	26.3%	19.1%	9.5%
Number of new enrollees waiting to be scheduled for their first appointment (electronic waiting list) (new measure)	N/A	N/A	N/A	10,000	7,500	3,000	fewer than 500
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	67%	69%	73%	74%	76%	80%	90%
Percent of admission notes by residents that have a note from attending physician within one day of admission: Surgery	N/A	N/A	75%	86%	88%	95%	95%

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

Non-rating pension actions - average days to process	67	58	68	92	96	86	60
National accuracy rate (authorization pension work) (%)	81%	84%	86%	88%	89%	92%	98%
Compensation & Pension rating-related actions - average days to process	182	166	167	177	160	145	125
National accuracy rate (core rating-related pension work) %	91%	93%	90%	90%	92%	95%	98%
Rating-related pension actions - average days pending	98	77	83	90	85	80	65
Overall satisfaction rate % (Pension)	66%	66%	65%	Avail. 2007	71%	74%	90%
Percent of pension recipients who were informed of the full range of available benefits	39%	40%	41%	Avail. 2007	43%	45%	60%
Percent of pension recipients who said their claim determination was very or somewhat fair	62%	64%	65%	Avail. 2007	68%	72%	75%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percent of VA beneficiaries receiving financial assistance for medical expenses**	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Percent of pension recipients who believe that the processing of their claim reflects the courtesy, compassion, and respect due to a veteran***	N/A	N/A	78%	Avail. 2007	80%	82%	95%
National accuracy rate (fiduciary work) (%) (Compensation & Pension)	77%	81%	85%	83%	87%	90%	98%
Productivity Index (Compensation and Pension)	N/A	N/A	N/A	90%	94%	96%	100%
Appeals resolution time (Number of Days) (Joint BVA-VBA Compensation and Pension measure)	633	529	622	657	685	700	675

** New measure added during Pensions PART review. Targets for 2007 and 2008, as well as the strategic target, are pending based on receipt of data and research from customer satisfaction surveys.

*** New measure added during Pensions PART review.

Objective 3.3: Maintain a high level of service to insurance policyholders and their beneficiaries to enhance the financial security of veterans' families.

Average number of days to process TSGLI disbursements (new measure)	N/A	N/A	N/A	3.8	5	5	5
Rate of high veterans' satisfaction ratings on services delivered (%)	95%	96%	96%	96%	95%	95%	95%
Percent of servicemembers covered by SGLI (%)	N/A	N/A	98%	99%	98%	98%	98%
Conversion rate of disabled SGLI members to VGLI (%)	N/A	N/A	35%	41%	45%	50%	50%
Ratio of premium rates charged per \$1,000 by other organizations compared to the SGLI premium rates charged per \$1,000 by VA for similar coverage	N/A	N/A	1.4	1.3	1.0	1.0	1.0
Ratio of premium rates charged per \$1,000 by other organizations compared to the VGLI premium rates charged per \$1,000 by VA for similar coverage	N/A	N/A	0.9	0.9	1.0	1.0	1.0
Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average officer	N/A	N/A	1.0	0.9	0.9	0.8	1.0
Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average enlisted servicemember	N/A	N/A	1.9	1.8	1.7	1.6	1.0

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

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	75.2%	75.3%	77.1%	80.2%	83.8%	84.6%	90.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	94%	94%	94%	97%	98%	100%
Average number of days to process a claim for reimbursement of burial expenses	42	48	57	72	60	55	21
National Accuracy Rate for burial claims processed %	92%	94%	93%	94%	95%	97%	98%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	73%	73%	73%	74%	80%	82%	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	72%	87%	94%	95%	90%	90%	92%
Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days	N/A	N/A	13%	62%	70%	75%	90%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	98%	99%	99%	99%	99%	99%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	97%	96%	96%	98%	98%	98%

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

Foreclosure avoidance through servicing (FATS) ratio % (Housing)	45%	44%	48%	54%	51%	50%	51%
Statistical quality index % (Housing)	98%	98%	98%	99%	98%	98%	98%
Veterans satisfaction level % (Housing) (1) No Housing survey was completed in 2004 and 2005.	95%	(1) N/A	(1) N/A	Avail. 2007	95%	95%	97%
Percent of lenders who indicate that they are satisfied with the VA Loan Guaranty Program (1) No Housing survey was completed in 2004 and 2005.	92%	(1) N/A	(1) N/A	Avail. 2007	94%	94%	95%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Rate of homeownership for veterans compared to that of the general population (%) (new measure)	N/A	N/A	N/A	N/A	N/A	104%	105%
Percent of Specially Adapted Housing (SAH) grant recipients who indicate that grant-funded housing adaptations increased their independence (new measure)	N/A	N/A	N/A	Avail. 2007	98%	98%	99%
E-FATS - Ratio of dollars saved through successful loan interventions, to dollars spent by VA on Loan Administration FTE who perform intervention work (new measure)	N/A	N/A	N/A	7:1	8:1	8:1	8:1

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

Percent of confirmed Successors to the Secretary who attend orientation and/or the annual update (OS&P)	N/A	N/A	N/A	N/A	N/A	95%	100%
Percent of Under Secretaries, Assistant Secretaries, and other key officials who self-certify their teams "ready to deploy" to their COOP site (OS&P)	N/A	N/A	N/A	85%	100%	100%	100%

Objective 4.2: Advance VA medical research and develop 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.

Progress towards development of one new treatment for post-traumatic stress disorder (PTSD) (Five milestones to be achieved over 4 years)	N/A	33%	40%	47%	67%	80%	100%
Progress towards development of a standard clinical practice for pressure ulcers. (Six milestones to be achieved over 5 years)	N/A	43%	52%	61%	74%	78%	100%

Objective 4.3: Enhance the quality of care to veterans and provide high-quality educational experiences for health profession trainees, created internally in VA and via partnerships with the academic community.

Medical residents and other trainees' scores on a VHA survey assessing their clinical training experience	83	84	84	85	86	87	89
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¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

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 service-disabled veteran-owned small businesses expressed as a percent of total procurement (OSDBU) (1) Corrected *Estimated	0.49%	1.25%	(1) 2.15%	*3.68%	3.00%	3.00%	3.00%
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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	97%	98%	98%	97%	99%	99%	100%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	97%	98%	98%	99%	99%	100%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	64%	70%	67%	70%	74%	90%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	76%	72%	77%	79%	84%	90%
Percent of gravesites that have grades that are level and blend with adjacent grade levels	N/A	79%	84%	86%	88%	90%	95%

Enabling Goal: Deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

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

Percentage of VA employees who are veterans (HR&A)	24.0%	26.0%	28.0%	30.6%	32.0%	33.0%	33.0%
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Objective E-2: Improve communication with veterans, employees, and stakeholders about VA's mission, goals, and current performance, as well as benefits and services that the Department provides.

Percentage of title 38 reports that are submitted to Congress within the required timeframe (OCLA)	70% w/i 30 days	54% w/i 15 days	21% by due date	13% by due date	45% by due date	50% by due date	100%
Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe (OCLA)	N/A	N/A	21%	15%	35%	45%	100%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percentage of testimony submitted to Congress within the required timeframe (OCLA)	N/A	N/A	N/A	N/A	65%	75%	100%

Objective E-3: Implement a One-VA information technology framework that enables the consolidation of IT solutions and the creation of cross-cutting common services to support the integration of information across business lines and provides secure, consistent, reliable, and accurate information to all interested parties.

Number of distinct data exchanges between VA and DoD (OI&T) *DMDC - Defense Manpower Data Center	N/A	N/A	N/A	20 from *DMDC to VA; 8 from VA to DMDC	8 from DMDC to VA; 1 from VA to DMDC	1 from DMDC to VA; 1 from VA to DMDC	1 from DMDC to VA; 1 from VA to DMDC
Percent of unclassified DoD health records available electronically to VA clinicians (new measure)	N/A	N/A	N/A	N/A	N/A	80%	80%
Percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet) (new measure)	N/A	N/A	N/A	N/A	N/A	Baseline	75%

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

Gross Days Revenue Outstanding (GDRO) for third party collections (VHA)	N/A	N/A	Baseline	54	58	56	54
Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$685	\$742	\$772	\$863	\$985	\$1,057	\$1,019
3rd Party (\$ in millions)	\$804	\$960	\$1,056	\$1,096	\$1,173	\$1,254	\$1,695
Total annual value of joint VA/DoD procurement contracts for high cost medical equipment and supplies (1) Corrected	N/A	N/A	Baseline	(1) \$152M	\$170M	\$200M	\$220M
Obligations per unique patient user (VHA)	\$5,202	\$5,493	\$5,597	\$5,799	\$5,686	\$6,322	TBD
Study subject accrual rate for multi-site clinical trials	N/A	N/A	29%	40%	35%	38%	50%
Number of disbursements (death claims, loans, and cash surrenders) per FTE (VBA Insurance)	N/A	N/A	1,692	1,697	1,702	1,725	1,750
Percent of tort claims decided accurately at the administrative stage (OGC)	86.0%	89.0%	88.4%	92.2%	90.0%	90.0%	90.0%
Cumulative % of FTEs (compared to total planned) included in Management Analysis/Business Process Reengineering studies initiated (OP&P)	N/A	N/A	0%	0%	33%	54%	100%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements (OM)	0	0	0	0	0	0	0
Number of material weaknesses identified during the annual independent financial statement audit or separately identified by management (OM)	5	4	4	3	3	3	0
Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM)	N/A	80% Baseline	98%	100%	95%	95%	95%
Percent Condition Index (owned buildings) (OAEM)	N/A	N/A	82% Baseline	79%	84%	85%	87%
Ratio of non-mission dependent assets to total assets (OAEM)	N/A	N/A	22% Baseline	15%	16%	13%	10%
Ratio of operating costs per gross square foot (GSF) (OAEM) (Targets and results were adjusted to conform with Federal Real Property Council Tier 1 definitions)	N/A	\$4.52 Baseline	\$4.85	\$5.59	\$4.52	\$4.52	\$4.52
Cumulative percentage decrease in facility traditional energy consumption per gross square foot from the 2003 baseline (OAEM)	Baseline	N/A	N/A	2%	4%	6%	20%
Number of arrests, indictments, convictions, administrative sanctions, and pretrial diversions	N/A	N/A	N/A	2,241	1,900	1,848	2,204
Percentage of successful prosecutions	N/A	N/A	N/A	96%	85%	85%	87%
Number of reports issued that identify opportunities for improvement and provide recommendations for corrective action	N/A	N/A	N/A	150	132	128	164
Number of CAP reports issued that include relevant health care delivery pulse points	N/A	N/A	N/A	64	45	45	57
Monetary benefits gained from review of VA activities and processes (dollars in millions)	N/A	N/A	N/A	\$900	\$600	\$504	\$1,033
Number of international and domestic benefit reviews conducted to determine the appropriateness of monetary benefits processing for claimants	N/A	N/A	N/A	0	1	1	3
Maintain unqualified audit opinion of financial statements containing no material weaknesses or reportable conditions (Yes/No)	N/A	N/A	N/A	Yes	Yes	Yes	Yes

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Strategic Goal and Objective

Strategic Goal/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percentage of recommendations implemented to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA	N/A	N/A	N/A	55%	82%	80%	90% *
Percentage of preaward recommendations sustained during contract negotiations	N/A	N/A	N/A	70%	61%	61%	65%
Achieve adoption of recommendations relative to IT systems in compliance with FISMA, regulations, and policies within one year from issuance of a report	N/A	N/A	N/A	0%	90%	90%	100%
Achieve a professional, competent, and credible reputation as a result of work performed (based on a scale of 0 to 5, where 5 is high):							
Investigations	N/A	N/A	N/A	4.9	5.0	5.0	5.0
Audit	N/A	N/A	N/A	4.3	4.8	4.8	5.0
Healthcare Inspections	N/A	N/A	N/A	4.6	4.6	4.6	5.0
CAP Reviews	N/A	N/A	N/A	4.7	4.7	4.7	5.0

* VA OIG intends that VA will implement all recommendations. This goal recognizes that some complex implementation actions may go beyond 2010, which is the out-year for OIG's Strategic Plan.

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Veterans Health Administration							
	P&F ID Codes:		36-0152-0-1-703	36-0160-0-1-703			
	36-0162-0-1-703		36-0181-0-1-703	36-5358-0-1-703			
	36-4014-0-3-705		36-8180-0-7-705	36-0165-0-1-703			
Medical Care Programs							
Resources							
FTE	187,049	194,055	197,650	197,900	200,236	197,117	
Total Program Costs (\$ in millions)	\$27,654	\$30,772	\$31,668	\$33,468	\$39,283	\$38,396	
Performance Measures							
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	74%	74%	77%	78%	78%	79%	80%
Outpatient	73%	72%	77%	78%	78%	79%	80%
Percent of primary care appointments scheduled within 30 days of desired date	93%	94%	96%	96%	96%	96%	96%
Percent of specialty care appointments scheduled within 30 days of desired date	89%	93%	93%	94%	95%	95%	95%
Clinical Practice Guidelines Index II (In FY 2006, changed to Clinical Practice Guidelines Index II)	70%	77%	87%	83%	84%	85%	87%
Prevention Index III (In FY 2006, changed to Prevention Index III)	83%	88%	90%	88%	88%	88%	88%
Dollar value of 1st party and 3rd party collections:							
1st Party (\$ in millions)	\$685	\$742	\$772	\$863	\$985	\$1,057	\$1,019
3rd Party (\$ in millions)	\$804	\$960	\$1,056	\$1,096	\$1,173	\$1,254	\$1,695
Gross Days Revenue Outstanding (GDRO) for third party collections (VHA)	N/A	N/A	Baseline	54	58	56	54
Number of new enrollees waiting to be scheduled for their first appointment (electronic waiting list) (new measure)	N/A	N/A	N/A	10,000	7,500	3,000	fewer than 500
Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities	67%	69%	73%	74%	76%	80%	90%
Percent of unclassified DoD health records available electronically to VA clinicians (new measure)	N/A	N/A	N/A	N/A	N/A	80%	80%
Percent of veterans returning from a combat zone who respond "yes completely" to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider	N/A	N/A	N/A	Baseline	68%	70%	72%
Total annual value of joint VA/DoD procurement contracts for high cost medical equipment and supplies	N/A	N/A	Baseline	(1) \$152M	\$170M	\$200M	\$220M

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Number of outpatient visits at Joint Ventures and significant sites. (Facilities providing 500 or more outpatient visits and/or admissions per year).	N/A	N/A	N/A	121,229	123,654	126,128	133,845
<i>Common Measures</i>							
Obligations per unique patient user (VHA)	\$5,202	\$5,493	\$5,597	\$5,799	\$5,686	\$6,322	TBD
<i>Special Emphasis Programs</i>							
Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline (1) Baseline = 29,489	N/A	N/A	N/A	(1) Baseline	26.3%	19.1%	9.5%
Percent of severely-injured or ill OEF/OIF servicemembers/veterans who are contacted by their assigned VA case manager within 7 calendar days of notification of transfer to the VA system as an inpatient or outpatient (new measure)	N/A	N/A	N/A	Baseline	90%	92%	95%
Percent of appointments for primary care scheduled within 30 days of desired date for veterans and servicemembers returning from a combat zone	N/A	N/A	N/A	Baseline	90%	92%	94%
Medical residents and other trainees' scores on a VHA survey assessing their clinical training experience	83	84	84	85	86	87	89
Percent of admission notes by residents that have a note from attending physician within one day of admission: Surgery	N/A	N/A	75%	86%	88%	95%	95%

P&F ID Codes: 36-0161-0-1-703 36-0160-0-1-703
36-4026-0-3-703

<i>Medical Research</i>							
Resources							
FTE	3,206	3,206	3,206	3,193	3,193	3,000	
Total Program Costs (\$ in millions)	\$1,022	\$1,067	\$851	\$831	\$820	\$912	
Performance Measures							
Progress towards development of one new treatment for post-traumatic stress disorder (PTSD) (Five milestones to be achieved over 4 years)	N/A	33%	40%	47%	67%	80%	100%
Progress towards development of a standard clinical practice for pressure ulcers. (Six milestones to be achieved over 5 years)	N/A	43%	52%	61%	74%	78%	100%
Study subject accrual rate for multi-site clinical trials	N/A	N/A	29%	40%	35%	38%	50%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

Veterans Benefits Administration

Compensation	P&F ID Codes:		36-0102-0-1-701	36-0151-0-1-705			
Resources							
FTE	7,525	7,568	7,538	7,725	7,890	8,069	
Total Program Costs (\$ in millions)	\$25,550	\$27,261	\$29,626	\$31,802	\$35,914	\$38,164	
Performance Measures							
National accuracy rate (core rating work) % (Compensation)	86%	87%	84%	88%	89%	90%	98%
Compensation & Pension rating-related actions - average days to process	182	166	167	177	160	145	125
Rating-related compensation actions - average days pending	114	120	122	130	127	125	100
Average days to process - DIC actions (Compensation)	153	125	124	136	125	120	90
Overall satisfaction rate % (Compensation)	58%	59%	58%	Avail. 2007	63%	68%	90%
National accuracy rate (compensation authorization work)	88%	90%	90%	91%	93%	95%	98%
Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a servicemember's discharge <small>(1) The 2006 result is a more accurate depiction of BDD participation as VBA moved to a new automated data collection methodology.</small>	N/A	N/A	55%	(1) 44%	48%	50%	65%
Percent of veterans in receipt of compensation whose total income exceeds that of like circumstanced veterans (Comp)	N/A	N/A	TBD **	TBD **	TBD **	TBD**	50%
Percent of compensation recipients who were kept informed of the full range of available benefits (Comp)	42%	43%	44%	Avail. 2007	49%	53%	60%
Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life (Comp)	N/A	N/A	TBD **	TBD **	TBD **	TBD**	70%
Percent of DIC recipients above the poverty level (Comp)	N/A	99%	100%	100%	100%	100%	100%
Percent of DIC recipients who are satisfied that VA recognized their sacrifice (Comp)	N/A	80%	TBD **	TBD **	TBD **	TBD**	90%
Appeals resolution time (Number of Days) (Joint Compensation and Pension measure with BVA)	633	529	622	657	685	700	675

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Productivity Index (Compensation and Pension)	N/A	N/A	N/A	90%	94%	96%	100%
National accuracy rate (fiduciary work) % (Compensation & Pension)	77%	81%	85%	83%	87%	90%	98%
Average number of days to process a claim for reimbursement of burial expenses	42	48	57	72	60	55	21
National Accuracy Rate for burial claims processed %	92%	94%	93%	94%	95%	97%	98%
** Pending results of the Veterans' Disability Benefits Commission that began work in May 2005 and will conclude its work in October 2007.							

Pension P&F ID Codes: 36-0151-0-1-705 36-0200-0-1-701

Resources							
FTE	1,827	1,535	1,540	1,561	1,555	1,490	
Total Program Costs (\$ in millions)	\$3,378	\$3,495	\$3,569	\$3,722	\$3,826	\$3,949	
Performance Measures							
Non-rating pension actions - average days to process	67	58	68	92	96	86	60
National accuracy rate (authorization pension work) (%)	81%	84%	86%	88%	89%	92%	98%
Compensation & Pension rating-related actions - average days to process	182	166	167	177	160	145	125
National accuracy rate (core rating-related pension work) %	91%	93%	90%	90%	92%	95%	98%
Rating-related pension actions - average days pending	98	77	83	90	85	80	65
Overall satisfaction rate % (Pension)	66%	66%	65%	Avail. 2007	71%	74%	90%
Percent of pension recipients who were informed of the full range of available benefits	39%	40%	41%	Avail. 2007	43%	45%	60%
Percent of pension recipients who said their claim determination was very or somewhat fair	62%	64%	65%	Avail. 2007	68%	72%	75%
Percent of VA beneficiaries receiving financial assistance for medical expenses**	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Percent of pension recipients who believe that the processing of their claim reflects the courtesy, compassion, and respect due to a veteran***	N/A	N/A	78%	Avail. 2007	80%	82%	95%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Appeals resolution time (Number of Days) (Joint Compensation and Pension measure with BVA)	633	529	622	657	685	700	675
Productivity Index (Compensation and Pension)	N/A	N/A	N/A	90%	94%	96%	100%
National accuracy rate (fiduciary work) (%) (Compensation & Pension)	77%	81%	85%	83%	87%	90%	98%

** New measure added during Pensions PART review. Targets for 2007 and 2008, as well as the strategic target, are pending based on receipt of data and research from customer satisfaction surveys.

*** New measure added during Pensions PART review.

<i>Education</i>		P&F ID Codes:		36-0137-0-1-702		36-8133-0-7-702	
Resources							
FTE		866	841	852	889	930	894
Total Program Costs (\$ in millions)		\$2,189	\$2,495	\$2,690	\$2,844	\$3,303	\$3,252
Performance Measures							
Average days to complete original education claims	23	26	33	40	35	25	10
Average days to complete supplemental education claims	12	13	19	20	15	12	7
Montgomery GI Bill usage rate (%): All program participants (1) Corrected	58%	65%	(1) 66%	(1) 67%	68%	68%	75%
Montgomery GI Bill usage rate (%): Veterans who have passed their 10-year eligibility period (1) Corrected	66%	71%	(1) 71%	(1) 70%	72%	71%	80%
Percent of Montgomery GI Bill participants who successfully completed an education or training program Measure under development	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal Measure under development	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Customer satisfaction-high rating (1) No customer satisfaction survey was performed in 2005.	89%	86%	(1) N/A	TBD	88%	89%	95%
Telephone Activities - Blocked call rate (Education) % (1) Corrected	13%	20%	38%	(1) 43%	25%	20%	10%
Telephone Activities - Abandoned call rate (Education) % (1) Corrected	7%	10%	17%	(1) 20%	15%	10%	5%
Payment accuracy rate (Education) % (1) Corrected	94%	94%	96%	(1) 94%	96%	96%	97%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

Vocational Rehabilitation and Employment

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

36-0151-0-1-705

Resources							
FTE	1,091	1,105	1,115	1,110	1,255	1,260	
Total Program Costs (\$ in millions)	\$631	\$676	\$706	\$702	\$776	\$831	
Performance Measures							
Rehabilitation rate % (VR&E)	59%	62%	63%	73%	73%	75%	80%
Speed of entitlement decisions in average days (VR&E) (1) Corrected	63	57	62	(1) 54	53	53	40
Accuracy of decisions (Services) % (VR&E)	82%	86%	87%	82%	85%	87%	96%
Customer satisfaction (Survey) % (VR&E)	N/A **	79%	N/A **	N/A **	82%	84%	92%
Accuracy of Vocational Rehabilitation program completion decisions % (VR&E)	81%	94%	97%	95%	97%	98%	99%
Serious Employment Handicap (SEH) Rehabilitation Rate % (VR&E)	58%	N/A	N/A	73%	74%	76%	80%
Common Measures ***							
Percent of participants employed first quarter after program exit (VR&E)	N/A	N/A	N/A	TBD	70%	72%	80%
Percent of participants still employed three quarters after program exit (VR&E)	N/A	N/A	N/A	TBD	70%	72%	85%
Percent change in earnings from pre-application to post-program employment (VR&E)	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Average cost of placing participant in employment (VR&E)	N/A	N/A	N/A	TBD	\$8,000	\$8,000	\$6,500
<p>** VR&E did not perform a customer satisfaction survey in 2003, 2005, or 2006.</p> <p>*** These are designated as "common measures" because they are also used by other agencies that manage vocational rehabilitation programs. They also support the Budget and Performance Integration initiative of the President's Management Agenda. Targets shown above are estimates and may change.</p>							

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

Housing

P&F ID Codes: 36-1119-0-1-704 36-4025-0-3-704
 36-0128-0-1-704 36-4127-0-3-704 36-4129-0-3-704
 36-4130-0-3-704 36-0151-0-1-705

Resources							
FTE	1,404	1,256	1,049	1,042	971	893	
Total Program Costs (\$ in millions)	\$1,520	\$389	\$2,072 ^(a)	\$210 ^(b)	\$230	\$188	

(a) Includes positive subsidy, administrative expenses, and upward reestimates, which are required to comply with Credit Reform Act guidelines.

(b) The total program costs do not include any subsidy costs due to a negative subsidy of the Loan Guarantee program.

Performance Measures							
Foreclosure avoidance through servicing (FATS) ratio % (Housing)	45%	44%	48%	54%	51%	50%	51%
Veterans satisfaction level % (Housing) (1) No Housing survey was completed in 2004 and 2005.	95%	(1) N/A	(1) N/A	Avail. 2007	95%	95%	97%
Percent of lenders who indicate that they are satisfied with the VA Loan Guaranty Program (1) No Housing survey was completed in 2004 and 2005.	92%	(1) N/A	(1) N/A	Avail. 2007	94%	94%	95%
Statistical quality index % (Housing)	98%	98%	98%	99%	98%	98%	98%
Percent of Specially Adapted Housing (SAH) grant recipients who indicate that grant-funded housing adaptations increased their independence (new measure)	N/A	N/A	N/A	Avail. 2007	98%	98%	99%
Rate of homeownership for veterans compared to that of the general population (%) (new measure)	N/A	N/A	N/A	N/A	N/A	104%	105%
E-FATS - Ratio of dollars saved through successful loan interventions, to dollars spent by VA on Loan Administration FTE who perform intervention work (new measure)	N/A	N/A	N/A	7:1	8:1	8:1	8:1

Insurance

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 36-0151-0-1-705

Resources							
FTE	493	490	488	482	503	459	
Total Program Costs (\$ in millions)	\$2,695	\$2,580	\$2,580	\$3,344	\$3,415	\$2,755	
Performance Measures							
Average number of days to process TSGLI disbursements (new measure)	N/A	N/A	N/A	3.8	5	5	5
Percent of servicemembers covered by SGLI	N/A	N/A	98%	99%	98%	98%	98%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Conversion rate of disabled SGLI members to VGLI (%)	N/A	N/A	35%	41%	45%	50%	50%
Ratio of premium rates charged per \$1,000 by other organizations compared to the SGLI premium rates charged per \$1,000 by VA for similar coverage	N/A	N/A	1.4	1.3	1.0	1.0	1.0
Ratio of premium rates charged per \$1,000 by other organizations compared to the VGLI premium rates charged per \$1,000 by VA for similar coverage	N/A	N/A	0.9	0.9	1.0	1.0	1.0
Rate of high veterans' satisfaction ratings on services delivered (%)	95%	96%	96%	96%	95%	95%	95%
Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average officer	N/A	N/A	1.0	0.9	0.9	0.8	1.0
Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average enlisted servicemember	N/A	N/A	1.9	1.8	1.7	1.6	1.0
Number of disbursements (death claims, loans, and cash surrenders) per FTE (VBA Insurance)	N/A	N/A	1,692	1,697	1,702	1,725	1,750

National Cemetery Administration

P&F ID Codes: 36-0129-0-1-705 36-0183-0-1-705
36-5392-0-1-705 36-0151-0-1-705

Burial Program

Resources							
FTE	1,476	1,492	1,523	1,527	1,573	1,582	
Total Program Costs (\$ in millions)	\$348	\$406	\$403	\$421	\$453	\$616	
Performance Measures							
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	75.2%	75.3%	77.1%	80.2%	83.8%	84.6%	90.0%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	94%	94%	94%	97%	98%	100%
Percent of graves in national cemeteries marked within 60 days of interment	72%	87%	94%	95%	90%	90%	92%
Percent of respondents who rate national cemetery appearance as excellent	97%	98%	98%	97%	99%	99%	100%
Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	73%	73%	73%	74%	80%	82%	93%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days	N/A	N/A	13%	62%	70%	75%	90%
Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete	N/A	98%	99%	99%	99%	99%	99%
Percent of headstones and markers that are undamaged and correctly inscribed	97%	97%	96%	96%	98%	98%	98%
Percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet) (new measure)	N/A	N/A	N/A	N/A	N/A	Baseline	75%
Percent of respondents who would recommend the national cemetery to veteran families during their time of need	97%	97%	98%	98%	99%	99%	100%
Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	N/A	64%	70%	67%	70%	74%	90%
Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	N/A	76%	72%	77%	79%	84%	90%
Percent of gravesites that have grades that are level and blend with adjacent grade levels	N/A	79%	84%	86%	88%	90%	95%

Board of Veterans' Appeals

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

FTE	451	440	433	452	444	468	
Administrative costs only (\$in millions)	\$47	\$50	\$50	\$54	\$56	\$59	
Performance Measures							
Deficiency-free decision rate (BVA)	89.0%	93.0%	89.0%	93.0%	92.0%	92.0%	92.0%
Appeals resolution time (Number of Days) (Joint BVA-VBA Compensation and Pension measure)	633	529	622	657	685	700	675
BVA Cycle Time (Days)	135	98	104	148	105	104	104
Appeals decided per Veterans Law Judge (BVA)	604	691	621	698	630	752	752
Cost per case (BVA time only)	\$1,493	\$1,302	\$1,453	\$1,381	\$1,580	\$1,627	\$1,627

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	

Departmental Management

P&F ID Codes 36-0151-0-1-705 36-0110-0-1-703
 36-0111-0-1-703 36-4537-0-4-705
 36-4539-0-4-705

	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	Strategic Target
FTE (less BVA and OIG FTE, which are broken out separately)	2,597	2,697	3,167	2,162	3,554	8,514	
Total Costs (\$ in millions) (less BVA and OIG costs, which are broken out separately)	\$617	\$718	\$762	\$928	\$1,233	\$2,176	
Performance Measures							
Attainment of statutory minimum goals for <u>service-disabled veteran-owned small businesses</u> expressed as a percent of total procurement (OSDBU) (1) Corrected *Estimated	0.49%	1.25%	(1) 2.15%	*3.68%	3.00%	3.00%	3.00%
Percentage of VA employees who are veterans (HR&A)	24.0%	26.0%	28.0%	30.6%	32.0%	33.0%	33.0%
Percent of confirmed Successors to the Secretary who attend orientation and/or the annual update (OS&P)	N/A	N/A	N/A	N/A	N/A	95%	100%
Percent of Under Secretaries, Assistant Secretaries, and other key officials who self-certify their teams "ready to deploy" to their COOP site (OS&P)	N/A	N/A	N/A	85%	100%	100%	100%
Cumulative % of FTEs (compared to total planned) included in Management Analysis/Business Process Reengineering studies initiated (OP&P)	N/A	N/A	0%	0%	33%	54%	100%
Percent of tort claims decided accurately at the administrative stage (OGC)	86.0%	89.0%	88.4%	92.2%	90.0%	90.0%	90.0%
Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements (OM)	0	0	0	0	0	0	0
Number of material weaknesses identified during the annual independent financial statement audit or separately identified by management (OM)	5	4	4	3	3	3	0
Number of distinct data exchanges between VA and DoD (OI&T) *DMDC - Defense Manpower Data Center	N/A	N/A	N/A	20 from DMDC to VA; 8 from VA to DMDC	8 from DMDC to VA; 1 from VA to DMDC	1 from DMDC to VA; 1 from VA to DMDC	1 from DMDC to VA; 1 from VA to DMDC
Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe (OCLA)	N/A	N/A	21%	15%	35%	45%	100%

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percentage of testimony submitted to Congress within the required timeframe (OCLA)	N/A	N/A	N/A	N/A	65%	75%	100%
Percentage of title 38 reports that are submitted to Congress within the required timeframe (OCLA)	70% w/i 30 days	54% w/i 15 days	21% by due date	13% by due date	45% by due date	50% by due date	100%
Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM)	N/A	80% Baseline	98%	100%	95%	95%	95%
Percent Condition Index (owned buildings) (OAEM)	N/A	N/A	82% Baseline	79%	84%	85%	87%
Ratio of non-mission dependent assets to total assets (OAEM)	N/A	N/A	22% Baseline	15%	16%	13%	10%
Ratio of operating costs per gross square foot (GSF) (OAEM) (Targets and results were adjusted to conform with Federal Real Property Council Tier 1 definitions)	N/A	\$4.52 Baseline	\$4.85	\$5.59	\$4.52	\$4.52	\$4.52
Cumulative percentage decrease in facility traditional energy consumption per gross square foot from the 2003 baseline (OAEM)	Baseline	N/A	N/A	2%	4%	6%	20%

Office of Inspector General

P&F ID Code: 36-0170-0-1-705

Resources							
FTE	399	434	454	510	474	470	
Administrative costs only (\$ in millions)	\$58	\$66	\$70	\$74	\$73	\$76	
Performance Measures							
Number of arrests, indictments, convictions, administrative sanctions, and pretrial diversions	N/A	N/A	N/A	2,241	1,900	1,848	2,204
Percentage of successful prosecutions	N/A	N/A	N/A	96%	85%	85%	87%
Number of reports issued that identify opportunities for improvement and provide recommendations for corrective action	N/A	N/A	N/A	150	132	128	164
Number of CAP reports issued that include relevant health care delivery pulse points	N/A	N/A	N/A	64	45	45	57
Monetary benefits gained from review of VA activities and processes (dollars in millions)	N/A	N/A	N/A	\$900	\$600	\$504	\$1,033
Number of international and domestic benefit reviews conducted to determine the appropriateness of monetary benefits processing for claimants	N/A	N/A	N/A	0	1	1	3
Maintain unqualified audit opinion of financial statements containing no material weaknesses or reportable conditions (Yes/No)	N/A	N/A	N/A	Yes	Yes	Yes	Yes

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

FY 2008 Performance Measures by Program

Organization/Program/Measure (Key Measures in Bold)	Results				Targets		Strategic Target
	2003	2004	2005	2006	2007 (Final) ¹	2008 (Initial)	
Percentage of recommendations implemented to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA	N/A	N/A	N/A	55%	82%	80%	90% *
Percentage of preaward recommendations sustained during contract negotiations	N/A	N/A	N/A	70%	61%	61%	65%
Achieve adoption of recommendations relative to IT systems in compliance with FISMA, regulations, and policies within one year from issuance of a report	N/A	N/A	N/A	0%	90%	90%	100%
Achieve a professional, competent, and credible reputation as a result of work performed (based on a scale of 0 to 5, where 5 is high):							
Investigations	N/A	N/A	N/A	4.9	5.0	5.0	5.0
Audit	N/A	N/A	N/A	4.3	4.8	4.8	5.0
Healthcare Inspections	N/A	N/A	N/A	4.6	4.6	4.6	5.0
CAP Reviews	N/A	N/A	N/A	4.7	4.7	4.7	5.0

* VA OIG intends that VA will implement all recommendations. This goal recognizes that some complex implementation actions may go beyond 2010, which is the out-year for OIG's Strategic Plan.

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

Appropriation Structure

Appropriations and funds are listed below with a brief description of the scope of the account:

Medical Programs

Appropriations

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

MEDICAL SERVICES: Provides for a comprehensive, integrated health care delivery system that addresses the needs of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the Civilian Health and Medical Programs for the Department of Veterans Affairs (CHAMPVA).

MEDICAL ADMINISTRATION: Provides for the management, security, and administration of the VA health care system through the operation of VA medical centers, other facilities, Veterans Integrated Service Networks (VISN) offices and facility director offices, chief of staff operations, quality of care oversight, legal services, billing and coding activities, procurement, financial management, and human resource management. This appropriation also finances the National Program Administration, VHA headquarters, which provides corporate leadership and support to VA's comprehensive and integrated health care system with a Headquarters' staff that includes a capital facilities management and development process. This is an annual and multi-year account.

MEDICAL FACILITIES: Provides for the operations and maintenance of the VA health care system's vast capital infrastructure required to provide health care to the Nation's veterans. These costs include utilities, engineering, capital planning, leases, laundry services, grounds maintenance, trash removal, housekeeping, fire protection, pest management, facility repair, and property disposition and acquisition. This is an annual, multi-year, and no-year account.

DOD VA HEALTH CARE SHARING INCENTIVE FUND: Provides a minimum

¹ Performance targets assume 2007 enacted funding close to that passed by the House and Senate.

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. Section 8111(d) of title 38, United States Code 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. P.L. 109-364, John Warner National Defense Authorization Act for Fiscal Year 2007, section 743, amended section 8111(d)(4) of title 38, United States Code, to extend the program 3 years to September 30, 2010. This is a no-year account.

MEDICAL AND PROSTHETIC RESEARCH: 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. 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. Public Law 108-199, the Consolidated Appropriations Act, 2004, and P.L. 108-447, the Consolidated Appropriations Act, 2005, require revenue from the following accounts to be deposited into the MCCF beginning in FY 2004:

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): VA collects parking fees for the use of parking facilities at VA facilities.

Other Revolving Funds

MEDICAL CENTER RESEARCH ORGANIZATIONS: The Veterans' Benefits and Services Act of 1988, P.L. 100-322 authorized VA Research and Education Corporations 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.

Other Trust Funds

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 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 other facilities 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.

Benefits Programs

Appropriations

COMPENSATION AND PENSIONS: Provides for compensation payments to service-connected disabled veterans and their survivors; provides for pension payments, subject to an income standard, to war-time veterans who are permanently and totally disabled from non-service-connected causes and their survivors; and provides burial and other benefits to veterans and their survivors.

READJUSTMENT BENEFITS: Provides payments for education and training for eligible veterans and dependents, as well as special assistance to disabled veterans. Funding provided for this program consists of direct appropriations to this VA account, as well as offsetting collections received from the Department of Defense.

VETERANS INSURANCE AND INDEMNITIES: 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. It also provides funds for expenses of the Veterans Mortgage Life Insurance Program.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Funding for this account consists primarily 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.

Revolving Funds

VOCATIONAL REHABILITATION REVOLVING FUND: Loans (advances) will be made 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.

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 loan financing activity of this account is shown under the "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 through December 31, 2005, pursuant to Public Law 107-103, Veterans Education and Benefits Expansion Act of 2001, and recently extended through December 31, 2008, by Public Law 108-454, "Veterans Benefits Improvement Act of 2004". The direct loan financing activity of this account is shown under the "Native American Direct Loan Financing Account" in the President's budget.

SERVICEMEMBER'S GROUP LIFE INSURANCE FUND: Established in 1965 as the financing mechanism to provide Group Life Insurance to members of the uniformed forces on active duty and certain members of the Reserves. Premiums, including the cost of administration, are deducted monthly from the serviceperson's pay and remitted by each uniformed service to VA and, in

turn, to the primary insurer. The Government contributes toward the military extra hazard cost by paying for all death claims over a certain maximum as defined by law. Public Law 109-80 increased the maximum amount of coverage available to \$400,000, effective September 1, 2005. In addition, Public Law 109-13 provides for Traumatic Servicemember's Group Life Insurance, effective December 1, 2005. This program provides for payment between \$25,000 and \$100,000 to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain serious losses.

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.

Departmental Administration

Appropriations

GENERAL OPERATING EXPENSES: For the administration of all VA non-medical benefits and support functions for the entire Department. Includes the Veterans Benefits Administration and the General Administration activities. While the program accounts associated with credit reform receive an appropriation directly for associated administrative expenses, total obligations from those appropriations are reflected under the General operating expenses account, with financing provided as offsetting collections.

NATIONAL CEMETERY ADMINISTRATION: This appropriation provides 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).

OFFICE OF THE INSPECTOR GENERAL: Responsible for the audit, investigation, and inspection of all Department of Veterans Affairs programs and operations.

INFORMATION TECHNOLOGY SYSTEMS ACCOUNT: This appropriation will fund the payroll and non-payroll information technology requirements of the Department. In addition, this account will receive reimbursements from the credit programs, the insurance benefit programs, and other revolving funds.

CONSTRUCTION, MAJOR PROJECTS: 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 appropriation.

CONSTRUCTION, MINOR PROJECTS: 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 a minor improvements component costing \$500,000 or more are funded from this appropriation.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: This account was approved on August 19, 1964, and authorized as an

appropriation in 1965. Grants to States are 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. This is a no-year account.

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.

Other Revolving Funds

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.

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.

DEPARTMENT OF VETERANS AFFAIRS CAPITAL ASSET FUND: Provides for costs associated with the transfer and future transfers of real property, including costs of demolition, environmental remediation, maintenance and repair, improvements to facilitate the transfer, and administrative expenses. This account also finances costs associated with enhancing medical care services to veterans by improving, renovating, replacing, updating, or establishing patient care facilities through construction projects. Additionally, costs associated with the transfer, lease, or adaptive use of a structure or property under the jurisdiction of the Secretary that is listed on the National Register of Historic

Places will be financed in this account. Receipts to this account will be realized from the transfer of real property to another department or agency of the United States, to a State (or a political subdivision of a state), or to any public or private entity, including an Indian tribe in accordance with P. L. 108-422. This is a no-year revolving fund.

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: established in 1997 as a test pilot, VA's Franchise Fund has permanent authority under P.L. 104-204, as amended by P.L. 109-114. The fund provides common administrative services to VA program offices and is financed on a fee-for-service basis.

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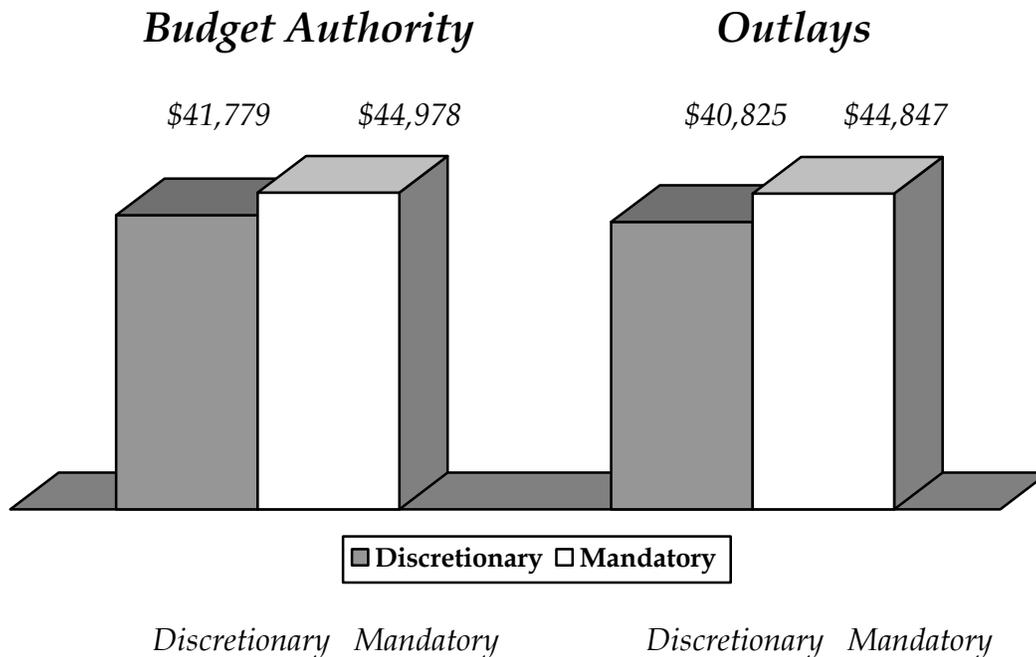
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Budget Summaries

Department of Veterans Affairs

*Discretionary and Mandatory Programs Chart
(dollars in millions)*



Discretionary Programs General assumptions:

Includes Medical Care Collections

Excludes Phase One of the Information Technology reorganization

*FY 2006 includes \$1,205.6 million in funding for Public Law 109-234 & 109-148,
Emergency Supplemental.*

*The 2008 estimate assumes 2007 enacted funding close to that passed by the House
and the Senate.*

Department of Veterans Affairs									
Discretionary and Mandatory Programs Funding and Average Employment for 2006 - 2008									
<i>(dollars in thousands)</i>									
	2006			2007 ¹			2008		
	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE
Discretionary Programs									
Medical Programs- VHA									
Medical Services	\$22,145,206	\$22,033,509	135,186	\$23,129,030	\$23,106,489	137,648	\$27,167,671	\$26,679,572	143,814
Collections	1,994,172	1,821,911	0	2,198,154	2,090,043	0	2,352,469	2,270,682	0
Subtotal Medical Services	24,139,378	23,855,420	135,186	25,327,184	25,196,532	137,648	29,520,140	28,950,254	143,814
Medical Administration	3,430,542	3,695,558	36,244	2,811,209	2,804,022	36,240	3,442,000	3,315,063	32,653
Medical Facilities	3,357,869	3,341,474	26,470	3,372,740	3,346,914	26,348	3,592,000	3,548,880	20,650
VA/DoD Sharing Incentive Fund	30,000	6,861	0	0	22,500	0	0	15,000	0
Total Medical care	30,957,789	30,899,313	197,900	31,511,133	31,369,968	200,236	36,554,140	35,829,197	197,117
Medical research	412,000	406,094	3,193	408,622	402,890	3,193	411,000	404,146	3,000
Subtotal VHA	31,369,789	31,305,407	201,093	31,919,755	31,772,858	203,429	36,965,140	36,233,343	200,117
National Cemetery Administration- NCA									
Burial Administration	149,798	148,734	1,527	155,666	152,006	1,573	166,809	161,980	1,582
Information Technology									
Subtotal, Information Technology	1,231,420	622,136	0	1,076,582	1,076,946	0	1,859,217	1,690,593	5,459
Construction									
<i>Major</i>									
Veterans Health Administration	1,493,219	202,041		307,350	549,583		560,000	696,279	
Veterans Benefits Administration	0	114		0	172		0	92	
National Cemetery Administration	65,300	31,198		53,400	51,738		167,400	54,303	
Staff Offices	2,000	3,832		38,250	1,892		0	6,907	
Subtotal Major Construction	1,560,519	237,185	0	399,000	603,385	0	727,400	757,581	0
<i>Minor</i>									
Veterans Health Administration	187,400	205,824		150,000	180,408		180,000	165,454	
Veterans Benefits Administration	17,048	15,373		14,000	16,962		13,000	14,756	
National Cemetery Administration	24,381	33,317		25,000	24,267		24,000	24,375	
Staff Offices	4,309	4,913		9,000	5,131		15,996	8,729	
Subtotal Minor Construction	233,137	259,427	19	198,000	226,768	19	233,396	213,314	19
Grants For State Extended Care Facilities	85,000	122,106		85,000	92,032		85,000	86,214	
Grants For State Cemeteries	32,000	37,354		17,777	15,011		32,000	20,958	
Total Construction	1,910,656	656,072	19	554,447	930,956	19	1,077,796	1,078,067	19
Receipts	27,828	0	0	0	0	0	10,000	0	0
Departmental Administration- GOE									
Veteran Benefits Administration	710,799	737,973	7,726	736,191	719,799	7,890	800,199	795,735	8,069
Compensation Administration (includes Burial)	154,136	157,566	1,561	140,027	139,974	1,555	140,770	143,185	1,490
Pensions Administration	864,935	895,539	9,287	876,218	859,773	9,445	940,969	938,920	9,559
Subtotal, Compensation and Pension	82,218	84,294	889	90,113	88,370	930	93,534	94,946	894
Education Administration	127,372	130,761	1,110	149,037	142,752	1,255	159,171	156,431	1,260
Vocational Rehabilitation and Employment	4,284	4,621	482	4,355	4,128	503	4,620	4,352	459
Insurance Administration	1,078,809	1,115,215	11,768	1,119,723	1,095,023	12,133	1,198,294	1,194,649	12,172
Subtotal GOE, VBA without Credit Reform	429,710	429,710	79	7,549	307,068	79	7,747	275,206	79
General Administration									
Office of the Secretary	7,378	1,683	7	7,549	235	0	7,747	0	0
Board of Contract Appeals	52,918	60,898	452	55,309	64,784	444	58,545	64,784	468
General Counsel	38,788	32,637	264	46,407	36,278	312	38,184	38,184	285
AS for Management	60,159	25,126	508	64,179	15,950	535	62,437	62,437	527
AS for Information and Technology	0	0	108	0	0	70	14,775	14,775	68
AS for Human Resources & Administration	0	0	0	0	0	70	11,911	11,911	69
AS for Policy, and Planning	10,509	4,335	75	10,666	4,436	83	10,425	10,425	83
AS for Operations, Security & Preparedness	4,335	37	37	4,335	4,335	40	4,334	4,334	40
AS for Public and Intergovernmental Affairs	294,431	429,710	2,589	317,855	307,068	2,785	273,543	275,206	2,264
AS for Congressional and Legislative Affairs									
Total General Administration	294,431	429,710	2,589	317,855	307,068	2,785	273,543	275,206	2,264

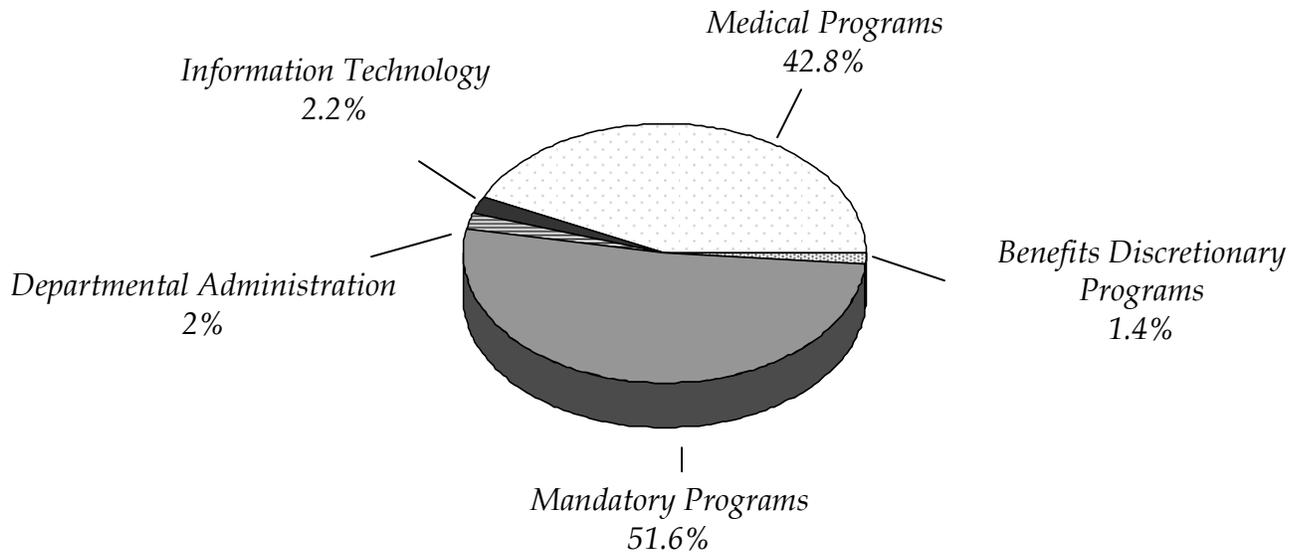
Department of Veterans Affairs
Discretionary and Mandatory Programs Funding and Average Employment for 2006 - 2008
(dollars in thousands)

	2006			2007 ¹			2008		
	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE
Office of Inspector General									
Total Office of Inspector General	69,074	72,815	480	69,499	67,621	483	72,599	70,143	470
Credit Reform Administrative									
Credit Reform Administrative- VBA									
Native American loan administrative	561	548	0	561	550	0	608	589	0
Vocational rehabilitation loan program - admin	305	299	0	305	298	0	311	303	0
Veterans housing benefit program fund program	128,000	126,878	1,042	126,569	124,445	971	117,847	116,913	893
Subtotal VBA	128,866	127,725	1,042	127,435	125,293	971	118,766	117,805	893
Credit Reform Administrative- General Counsel									
Native American loan administrative	19	18	0	19	18	0	20	19	0
Transitional Housing for Homeless Veterans (Non-Add)	20	19	0	20	19	0	20	19	0
Veterans housing benefit program fund program	4,777	4,614	0	4,885	4,767	0	4,989	4,869	0
Subtotal General Counsel	4,796	4,632	0	4,904	4,785	0	5,009	4,888	0
Credit Reform Administrative- VHA									
Transitional Housing for Homeless Veterans (Non-Add)	730	713	0	730	715	0	730	715	0
Subtotal VHA	730	713	0	730	715	0	730	715	0
Credit Reform Administrative- OIT									
Veterans Housing	18,628	15,761	0	21,731	20,671	0	31,726	29,699	70
Subtotal OIT	18,628	15,761	0	21,731	20,671	0	31,726	29,699	70
Credit Reform Subsidy									
Vocational rehabilitation loan program - subsidy	50	49	0	53	51	0	71	67	0
Subtotal, Credit Reform Subsidy	50	49	0	53	51	0	71	67	0
Credit Reform Reestimates									
Vocational rehabilitation loan program - reestimate	29	0	0	0	0	0	0	0	0
Subtotal, Credit Reform Reestimate	29	0	0	0	0	0	0	0	0
Subtotal, Credit Reform Administrative	152,290	148,118	1,042	154,070	150,749	971	155,501	152,392	963
Total, Other Discretionary	5,298,528	3,598,943	20,617	3,856,517	4,183,310	21,157	5,214,830	5,027,243	25,929
Total, Discretionary Program w/o Collections	34,262,145	32,676,345	218,517	33,169,496	33,463,235	221,393	39,416,501	38,585,758	223,046
Total, Discretionary Program with Collections	36,284,145	34,498,256	218,517	35,367,650	35,553,278	221,393	41,778,970	40,856,440	223,046
Proprietary Receipts									
Medical Care Collections Fund (MCCF)	-1,994,172	-1,994,172	0	-2,198,154	-2,198,154	0	-2,352,469	-2,352,469	0
Receipts - Construction	-27,828	-27,828	0	0	-10,000	0	-10,000	-10,000	0
Subtotal, Proprietary Receipts	-2,022,000	-1,994,172	0	-2,198,154	-2,198,154	0	-2,362,469	-2,362,469	0
Total, Discretionary Programs	\$34,262,145	\$32,504,084	218,517	\$33,169,496	\$33,355,124	221,393	\$39,416,501	\$38,503,971	223,046
Mandatory Programs									
Benefit Programs									
Compensation and Pensions									
Disability Compensation Benefits	30,216,116	30,992,539	0	34,750,690	32,267,575	0	36,911,486	36,731,075	0
Proposed legislation - COLA Increase of 1.4% n 2008							348,421	348,421	0
Subtotal Compensation	30,216,116	30,992,539	0	34,750,690	32,267,575	0	37,259,907	37,079,496	0
Pensions Benefits	3,540,322	3,546,742	0	3,671,997	3,381,945	0	3,797,505	3,787,283	0
Burial Benefits	141,349	141,349	0	199,673	199,673	0	178,910	178,910	0
National cemetery gift fund	396	79	0	120	120	0	0	120	0
Subtotal Burial	141,745	141,428	0	199,793	199,793	0	178,910	179,030	0
Subtotal Compensation and Pensions	33,898,183	34,680,709	0	38,622,480	35,849,313	0	41,236,322	41,045,809	0
Readjustment Benefits									
Education Benefits	2,751,428	2,376,060	0	2,185,582	2,659,978	0	2,628,541	2,619,709	0
Vocational Rehabilitation & Employment	557,806	573,254	0	626,424	618,156	0	671,748	667,833	0
Total Readjustment Benefits	3,309,234	2,949,314	0	2,812,006	3,278,134	0	3,300,289	3,287,542	0
Housing Program									
Veterans housing benefit program fund liquidating	46,604	65,833	0	66,234	68,422	0	17,389	19,454	0
Subtotal Housing	-49,485	-71,812	0	-59,161	-57,137	0	-50,861	-50,861	0
Subtotal Housing	-2,881	-5,979	0	7,073	11,285	0	-33,472	-31,407	0
Insurance Benefits									
Subtotal Insurance	45,907	45,956	0	49,850	50,737	0	41,250	41,250	0
Subtotal Insurance	45,907	45,956	0	49,850	50,737	0	41,250	41,250	0

Department of Veterans Affairs Discretionary and Mandatory Programs Funding and Average Employment for 2006 - 2008 <i>(dollars in thousands)</i>									
	2006			2007 ¹			2008		
	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE	BA	(BY) Outlay	FTE
Trust Funds									
Post-Vietnam era veterans education account	333	2,375		411	1,710		564	1,665	
Service-disabled veterans insurance fund	0	-5,713		0	-966		0	11,826	
Veterans reopened insurance fund	0	20,956		0	26,750		0	26,949	
Servicemembers' group life insurance fund	-20	-19		-30	-30		-30	-30	
National service life insurance	1,185,856	1,199,743		1,785,500	1,205,507		1,177,616	1,211,839	
U.S. Government life insurance	6,322	7,661		6,041	7,743		5,426	7,086	
Veterans special life insurance fund	0	-31,852		0	-11,636		0	-2,218	
Subtotal Trust Funds	1,192,491	1,193,151		1,791,922	1,229,078		1,183,576	1,257,117	
Subtotal, Benefits Programs	38,442,934	38,863,151		43,283,331	40,418,547		45,727,965	45,600,311	
Medical Programs									
Canteen service revolving fund	0	2,622	2,965	0	1,000	2,970	0	500	2,975
General post fund	31,851	30,324	0	33,954	30,085	0	34,304	30,386	0
Subtotal Veterans Health Administration	31,851	32,946	2,965	33,954	31,085	2,970	34,304	30,886	2,975
Departmental Administration									
Pershing Hall revolving fund	0	-45	0	0	-45	0	0	-45	0
Supply Fund	0	261,043	435	0	0	480	0	0	480
Franchise Fund	0	0	688	0	0	744	0	0	709
Subtotal, Departmental Administration	0	260,998	1,123	0	-45	1,224	0	-45	1,189
Benefits Programs Proprietary receipts									
GI Bill	-186,772	-186,772	0	-186,772	-186,772	0	-186,772	-186,772	0
National service life insurance fund	-154,304	-154,304	0	-140,700	-140,700	0	-127,600	-127,600	0
Post-Vietnam era veterans education account	-333	-333	0	-411	-411	0	-337	-337	0
Downward Reestimates:									
Third party offset of first party debt									
Pharmacy Co-Pays									
Direct Loans	-112,584	-112,584		-102,323	-102,323		-44,325	-44,325	
Acquired Direct									
Vendee Direct	0	0	0	0	0	0	0	0	0
Veterans housing benefit fund guaranteed loan	-1,107,907	-1,107,907	0	-763,793	-763,793	0	-310,880	-310,880	0
Veterans housing benefit fund loan sales securities	-67,641	-67,641	0	-94,132	-94,132	0	0	0	0
Native American veterans program account	-2,964	-2,964	0	-1,044	-1,044	0	0	0	0
Vocational rehabilitation loan program	-574	-574		-46	-46		0	0	
Negative Subsidy:									
Acquired Direct	0	0	0	0	0	0	0	0	0
Vendee Direct	-4,124	-4,124	0	-2,807	-2,807	0	-5,246	-5,246	0
Veterans housing benefit fund guaranteed loans	-72,704	-72,704		-101,737	-101,737		-107,687	-107,687	
U.S. Government life insurance	0	0		0	0		0	0	
Native American veterans program account	-281	-281	0	-766	-766	0	-525	-525	0
Subtotal, Proprietary receipts	-1,710,188	-1,710,188	0	-1,394,531	-1,394,531	0	-783,372	-783,372	0
Intragovernmental transactions									
National service life insurance fund	-886	-886	0	-790	-790	0	-780	-780	0
Post-Vietnam era veterans education account	0	0	0	0	0	0	-227	-227	0
Subtotal, Intragovernmental transactions	-886	-886	0	-790	-790	0	-1,007	-1,007	0
Total, Mandatory Programs	36,763,711	37,446,021	4,088	41,921,964	39,054,266	4,194	44,977,890	44,846,773	4,164
Total Net, Department Veterans Affairs	71,025,856	69,950,105	222,605	75,091,460	72,409,390	225,587	84,394,391	83,350,744	227,210
Total Gross, Department Veterans Affairs	73,047,856	71,944,277	222,605	77,289,614	74,607,544	225,587	86,756,860	85,703,213	227,210

¹The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

2008 Appropriations Request



*Amount of 2008 Appropriation Request
(Includes Benefits Accrual)
(dollars in thousands)*

<i>Benefits mandatory programs</i>	<i>\$44,595,250</i>
<i>Medical programs (includes medical care collection funds)</i>	<i>36,965,140</i>
<i>Departmental administration (includes Construction & NCA)</i>	<i>1,756,319</i>
<i>Benefits Discretionary programs</i>	<i>1,198,294</i>
<i>Information Technology</i>	<i>1,859,217</i>
<i>Total appropriations</i>	<i>86,374,220</i>

Appropriations (dollars in thousands)			
Appropriation/Fund Account	2006	2007	2008
Federal funds:			
Benefit programs:			
Disability Compensation			
Mandatory Benefits	\$30,216,116	\$34,750,690	36,911,486
Proposed 1.4 Percent COLA increase in 12/1/2007	0	0	348,421
Total Disability Compensation	30,216,116	34,750,690	37,259,907
Burial Mandatory Benefits	141,349	199,673	178,910
Pensions Mandatory Benefits	3,540,322	3,671,997	3,797,505
Subtotal, Compensation and Pension	33,897,787	38,622,360	41,236,322
Education Mandatory Benefits	2,751,428	2,185,582	2,628,541
Vocational rehabilitation and employment Mandatory Benefits	557,806	626,424	671,748
Vocational rehabilitation loan subsidy (non-add)	50	53	71
Subtotal, Readjustment Benefits	3,309,234	2,812,006	3,300,289
Insurance Mandatory Benefits	45,907	49,850	41,250
Housing Mandatory Benefits	46,604	66,234	17,389
Total Benefits Mandatory	37,299,532	41,550,450	44,595,250
Medical Research and Support	412,000	408,622	411,000
Medical programs:			
Medical services	22,145,206	23,129,030	27,167,671
Medical care collection fund	1,994,172	2,198,154	2,352,469
Total Medical services with collections	24,139,378	25,327,184	29,520,140
Medical administration	3,430,542	2,811,209	3,442,000
Medical facilities	3,357,869	3,372,740	3,592,000
VA/DoD Health Care Sharing Incentive Fund ¹	30,000	0	0
Total Medical Care	30,957,789	31,511,133	36,554,140
Total medical programs	31,369,789	31,919,755	36,965,140
National Cemeteries Administration	149,798	155,666	166,809
Department Administration:			
General administration	294,431	317,855	273,543
Credit Reform - General Counsel (non-add)	4,796	4,904	5,009
VBA-GOE	1,078,809	1,119,723	1,198,294
Credit Reform - VBA (non-add)	128,886	127,435	118,766
Subtotal, GOE	1,373,240	1,437,578	1,471,837
Office of Inspector General	69,074	69,499	72,599
Construction Major	1,560,519	283,670	727,400
Construction Minor	233,137	168,000	233,396
Grants for State Extended Care	85,000	85,000	85,000
Grants for State Cemeteries	32,000	17,777	32,000
Receipts	27,828	0	10,000
Credit Reform	152,340	154,123	155,572
Information Technology	1,231,420	1,076,582	1,859,217
Total Departmental Administration	4,764,558	3,292,229	4,647,021
Total appropriations	\$73,583,677	\$76,918,100	\$86,374,220
Total Mandatory	\$37,299,532	\$41,550,450	44,595,250
Total Discretionary without MCCF	\$34,262,145	\$33,169,496	\$39,416,501
Total Discretionary with MCCF and other receipts	\$36,284,145	\$35,367,650	\$41,778,970

2008 Appropriations Language Changes

Administration Provisions

The following language in the provisions below has been carried in earlier appropriation bills. The fiscal year has been amended to reflect 2008.

SEC. 202. Appropriations available in this title for salaries and expenses shall be available for services authorized by section 3109 of title 5, United States Code, hire of passenger motor vehicles; lease of a facility or land or both; and uniforms or allowances therefore, as authorized by sections 5901–5902 of title 5, United States Code.

SEC. 204. No appropriations in this title shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under sections 7901–7904 of title 5, United States Code or the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), unless reimbursement of cost is made to the “Medical services” account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 205. Appropriations available in this title for “Compensation and pensions”, “Readjustment benefits”, and “Veterans insurance and indemnities” shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year [2005] 2007.

SEC. 206. Appropriations available in this title shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from sections 3328(a), 3334, and 3712(a) of title 31, United States Code, except that if such obligations are from trust fund accounts they shall be payable from “Compensation and pensions”.

SEC. 207. Notwithstanding any other provision of law, during fiscal year [2006] 2008, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans’ Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the “General operating expenses” account for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year [2006] 2008 that are available

for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: Provided further, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: Provided further, That the Secretary shall determine the cost of administration for fiscal year 2008 which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. 209. Amounts deducted from enhanced-use lease proceeds to reimburse an account for expenses incurred by that account during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received.

SEC. 210. Funds available in this title or funds for salaries and other administrative expenses shall also be available to reimburse the Office of Resolution Management and the Office of Employment Discrimination Complaint Adjudication for all services provided at rates which will recover actual costs but not exceed \$32,067,000 for the Office of Resolution Management and \$3,138,000 for the Office of Employment and Discrimination Complaint Adjudication: Provided, That payments may be made in advance for services to be furnished based on estimated costs: Provided further, That amounts received shall be credited to "General operating expenses" for use by the office that provided the service.

SEC. 212. No funds of the Department of Veterans Affairs shall be available for hospital care, nursing home care, or medical services provided to any person under chapter 17 of title 38, United States Code, for a non-service-connected disability described in section 1729(a)(2) of such title, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require, current, accurate third-party reimbursement information for purposes of section 1729 of such title: Provided, That the Secretary may re-cover, in the same manner as any other debt due the United States, the reasonable charges for such care or services from any person who does not make such disclosure as required: Provided further, That any amounts so recovered for care or services provided in a prior fiscal year may be obligated by the Secretary during the fiscal year in which amounts are received.

SEC. 213. Notwithstanding any other provision of law, at the discretion of the Secretary of Veterans Affairs, proceeds or revenues derived from enhanced-use leasing activities (including disposal) may be deposited into the "Construction, major projects" and "Construction, minor projects" accounts and be used for construction (including site acquisition and disposition), alterations and

improvements of any medical facility under the jurisdiction or for the use of the Department of Veterans Affairs. Such sums as realized are in addition to the amount provided for in “Construction, major projects” and “Construction, minor projects”. Funds deposited will remain available until expended for the purposes of these accounts.

SEC. 214. Amounts made available under “Medical services” are available—

(1) for furnishing recreational facilities, supplies, and equipment;
and

(2) for funeral expenses, burial expenses, and other expenses incidental to funerals and burials for beneficiaries receiving care in the Department.

SEC. 215. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, may be transferred to “Medical services”, to remain available until expended for the purposes of this account.

SEC. 218. Notwithstanding any other provision of law, the Secretary of Veterans Affairs shall allow veterans eligible under existing Department of Veterans Affairs medical care requirements and who reside in Alaska to obtain medical care services from medical facilities supported by the Indian Health Service or tribal organizations. The Secretary shall: (1) limit the application of this provision to rural Alaskan veterans in areas where an existing Department of Veterans Affairs facility or Veterans Affairs-contracted service is unavailable; (2) require participating veterans and facilities to comply with all appropriate rules and regulations, as established by the Secretary; (3) require this provision to be consistent with Capital Asset Realignment for Enhanced Services activities; and (4) result in no additional cost to the Department of Veterans Affairs or the Indian Health Service.

SEC. 219. Such sums as may be deposited to the Department of Veterans Affairs Capital Asset Fund pursuant to section 8118 of title 38, United States Code, may be transferred to the “Construction, major projects” and “Construction, minor projects” accounts, to remain available until expended for the purposes of these accounts.

SEC. 222. The Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress a quarterly report on the financial status of the Veterans Health Administration.

Sec. 225. Amounts made available under the "Medical administration", "Medical services", "Medical facilities", "General operating expenses", and "National

Cemetery Administration", accounts for fiscal year 2008, in this Act or any other Act, may be transferred to or from the "Information technology systems" account: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall submit notice thereof to the Committees on Appropriations of both Houses of Congress and a period of 30 days has elapsed [the authority to make the transfer and an approval is issued].

Removes language that requires committees approval. However, committee notification would continue to be required.

SEC. 201. Any appropriation for fiscal year 2008 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred as necessary to any other of the mentioned appropriations: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall [request from] submit notice thereof to the Committees on Appropriations of both Houses of Congress [the authority to make the transfer and an approval is issued, or absent a response,] and a period of 30 days has elapsed.

SEC. 216. Amounts made available for fiscal year 2008 under the "Medical services", "Medical administration", and "Medical facilities" accounts may be transferred among the accounts to the extent necessary to implement the restructuring of the Veterans Health Administration accounts: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall [request from] submit notice thereof to the Committees on Appropriations of both Houses of Congress [the authority to make the transfer and an approval is issued].

SEC. 227. Amounts made available for the "Information technology systems" account may be [transferred] reprogrammed between projects: Provided, That no project may be increased or decreased by more than [\$1,000,000] \$5,000,000 of cost prior to submitting [a request] notice thereof to the Committees on Appropriations of both Houses of Congress [the authority to make the transfer and an approval is issued, or absent a response,] and a period of 30 days has elapsed.

Removes the following language:

[SEC. 203. No appropriations in this title (except the appropriations for "Construction, major projects", and "Construction, minor projects") shall be available for the purchase of any site for or toward the construction of any new hospital or home.]

[SEC. 208. The paragraph under the heading "Franchise Fund" in title I of Public Law 104-204 (31 U.S.C. 501 note) is amended —

(1) by striking “franchise fund pilot, as authorized by section 403 of Public Law 103-356, to be available as provided in such section” and inserting “Department of Veterans Affairs franchise fund, to be available without fiscal year limitation”; and
(2) by striking the final proviso.]

[SEC. 211. No appropriations in this title shall be available to enter into any new lease of real property if the estimated annual rental is more than \$300,000 unless the Secretary submits a report which the Committees on Appropriations of both Houses of Congress approve within 30 days following the date on which the report is received.]

[SEC. 217. Any appropriation for fiscal year 2006 for the Veterans Benefits Administration made available under the heading “General operating expenses” may be transferred to the “Veterans Housing Benefit Program Fund Program Account” for the purpose of providing funds for the nationwide property management contract if the administrative costs of such contract exceed \$8,800,000 in the fiscal year.]

[SEC. 220. None of the funds available to the Department of Veterans Affairs, in this Act or any other Act, may be used to replace the current system by which the Veterans Integrated Service Networks select and contract for diabetes monitoring supplies and equipment.]

[SEC. 221. None of the funds made available in this Act may be used to implement any policy prohibiting the Directors of the Veterans Integrated Service Networks from conducting outreach or marketing to enroll new veterans within their respective Networks.]

[SEC. 223. None of the funds made available in this Act or any other Act may be used—

(1) with respect to the 2,100 compensation cases identified in the Scope and Methodology description in VA Inspector General Report No. 05-00765-137 as having been reviewed by the Office of Inspector General—

(A) to retroactively revoke or reduce a veteran’s disability compensation payments for post traumatic stress disorder based on a finding that the Department of Veterans Affairs failed to collect justifying documentation unless the award of compensation was the direct result of fraud by the applicant;

or

(B) to prospectively revoke or reduce a veteran’s disability compensation payments for post traumatic stress disorder, based on a finding that the Department of Veterans Affairs failed to collect justifying documentation, effective before the date on which the veteran’s time to exhaust all available

administrative and judicial appeals has expired or such administrative and judicial appeals are finally decided; or

(2) for the implementation of Recommendation 3 of VA Inspector General Report No. 05-00765-137 or any related review and investigation of post traumatic stress, individual unemployability, and schedular 100 percent ratings cases, until the Department of Veterans Affairs reports to the Committees on Appropriations of both Houses of Congress on its plans for implementing this recommendation, and outlines the staffing and funding requirements.]

[SEC. 224. CLINICAL TRAINING AND PROTOCOLS. (a) FINDINGS. – Congress finds that –

(1) the Iraq War Clinician Guide has tremendous value; and

(2) the Secretary of Defense and the National Center on Post Traumatic Stress Disorder should continue to work together to ensure that the mental health care needs of servicemembers and veterans are met.

(b) COLLABORATION. – The National Center on Post Traumatic Stress Disorder shall collaborate with the Secretary of Defense –

(1) to enhance the clinical skills of military clinicians through training, treatment protocols, web-based interventions, and the development of evidence-based interventions; and

(2) to promote pre-deployment resilience and post-deployment readjustment among servicemembers serving in Operation Iraqi Freedom and Operation Enduring Freedom.

(c) TRAINING. – The National Center on Post Traumatic Stress Disorder shall work with the Secretary of Defense to ensure that clinicians in the Department of Defense are provided with the training and protocols developed pursuant to subsection (b)(1).]

[SEC. 226. For purposes of perfecting the funding sources of the Department of Veterans Affairs' new "Information technology systems" account, funds made available for fiscal year 2006 may be transferred from the "General operating expenses", "National Cemetery Administration", and "Office of Inspector General" accounts to the "Medical administration" account: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall request from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued.]

[SEC. 228. The Department of Veterans Affairs shall conduct an information campaign in States with an average annual disability compensation payment of less than \$7,300 (according to the report issued by the Department of Veterans Affairs Office of Inspector General on May 19, 2005), to inform all veterans receiving disability compensation, by direct mail, of the history of below average disability compensation payments to veterans in such States, and to provide all

veterans in each such State, through broadcast or print advertising, with the aforementioned historical information and instructions for submitting new claims and requesting review of past disability claims and ratings.]

[SEC. 229. Of the funds available to the Department of Veterans Affairs in this Act or any other Act, no more than \$50,000,000 shall be available for the HealthVetVista project, for fiscal year 2006: Provided, That none of the funds made available for the HealthVetVista project may be obligated until the Committees on Appropriations of both Houses of Congress approve a financial expenditure plan for the entire project.]

[SEC. 230. The authority provided by section 2011 of title 38, United States Code, shall continue in effect through September 30, [2006] 2007.]

Includes the following new provisions.

SEC. XXX. Any balances in prior year accounts established for the payment of benefits under the Reinstated Entitlement Program for Survivors shall be transferred to and merged with amounts available under the "Compensation and pensions" account, and receipts that would otherwise be credited to the accounts established for the payment of benefits under the Reinstated Entitlement Program for Survivors program shall be credited to amounts available under the "Compensation and pensions" account.

<i>Appropriation-Reconciliation</i> (dollars in thousands)			
Appropriation/Fund Account	2006	2007	2008
Benefit Programs, Appropriation			
Disability Compensation Benefits, appropriation	\$30,216,116	\$34,750,690	\$36,911,486
Proposed 1.4 Percent COLA increase in 12/1/2007			348,421
Pensions Benefits, appropriation	3,540,322	3,671,997	3,797,505
Burial Benefits, appropriation	141,349	199,673	178,910
Subtotal Compensation, Pensions, and Burial	33,897,787	38,622,360	41,236,322
Education Benefits, appropriation	2,751,428	2,185,582	2,628,541
Vocational Rehabilitation and Employment Benefits, appropriation	557,806	626,424	671,748
Subtotal Readjustment Benefits	3,309,234	2,812,006	3,300,289
Insurance Benefits, appropriation	45,907	49,850	41,250
Housing	46,604	66,234	17,389
Total Benefits Mandatory	37,299,532	41,550,450	44,595,250
Credit Reform	152,340	154,123	155,572
Appropriation, adjusted	152,340	154,123	155,572
Medical care programs, appropriation			
Medical Services, appropriation	22,547,141	23,129,030	27,167,671
Hurricane Supplemental, P.L. 109-234	198,265		
Avian Flu Supplemental, P.L. 109-148	27,000		
Transfer to DOD/VA Health Care Sharing Incentive Fund	-15,000	0	0
Transfer to Medical Administration	-370,000		
Transfer to Medical Administration	-110,000		
Transfer of Avian Flu Supplemental to IT	-9,000		
Transfer of Hurricane Supplemental to Medical Administration	-23,600		
Transfer of Hurricane Supplemental to Medical Facilities	-60,200		
Transfer of Hurricane Supplemental to IT	-7,000		
Transfer of Hurricane Supplemental to Const. Minor	-32,400		
Subtotal, Medical Services without collections	22,145,206	23,129,030	27,167,671
Transfer from medical care collections fund	1,994,172	2,198,154	2,352,469
Subtotal, Medical Services with collections	24,139,378	25,327,184	29,520,140
Medical Administration, appropriation	2,858,442	2,811,209	3,442,000
Transfers from Medical Services	370,000		
Transfer from Medical Services	110,000		
Transfer from GOE, NCA & IG	68,500		
Transfer from Medical Services	23,600		
Subtotal, Medical Administration	3,430,542	2,811,209	3,442,000
Medical Facilities, appropriation	3,297,669	3,372,740	3,592,000
Transfer of Hurricane Supplemental from Medical Services	60,200	0	0
Subtotal, Medical Facilities without Construction	3,357,869	3,372,740	3,592,000
VA/DOD Health Care Sharing, Transfer from Medical Services ¹	30,000	0	0
Appropriation, adjusted	30,957,789	31,511,133	36,554,140
Medical research , appropriation	412,000	408,622	411,000
Total Medical Programs	31,369,789	31,919,755	36,965,140

<i>Appropriation-Reconciliation</i>			
(dollars in thousands)			
Appropriation/Fund Account	2006	2007	2008
National Cemeteries Administration			
Operations and maintenance	156,447	155,666	166,809
Appropriation Transfer to IT	-6,849		
Hurricane Supplemental, Public Law 109-148	200		
Appropriation, adjusted	149,798	155,666	166,809
Information Technology	1,168,571	1,076,582	1,859,217
Transfers In	62,849		
Appropriation, adjusted	1,231,420	1,076,582	1,859,217
Office of Inspector General, appropriation	69,074	69,499	72,599
Appropriation, adjusted	69,074	69,499	72,599
Construction - Major	607,100	283,670	727,400
Hurricane Supplemental	953,419		
Appropriation, adjusted	1,560,519	283,670	727,400
Construction - Minor	200,737	168,000	233,396
Transfer of Hurricane Supplemental from Medical Admin.	32,400		
Appropriation, adjusted	233,137	168,000	233,396
Grants for State Extended Care Facilities	85,000	85,000	85,000
Appropriation, adjusted	85,000	85,000	85,000
Grants for State Cemeteries	32,000	17,777	32,000
Appropriation, adjusted	32,000	17,777	32,000
Receipts	27,828		10,000
Subtotal Construction Programs	1,938,484	554,447	1,087,796
General Operating Expenses			
General administration, appropriation	294,431	317,855	273,543
VBA-GOE			
Compensation Administration (includes Burial)	709,790	736,191	800,199
Hurricane Supplemental	24,871		
Transfer to IT for Reorganization	-23,862	0	0
Pensions Administration	156,293	140,027	140,770
Transfer to IT for Reorganization	-2,157	0	0
Education Administration	91,898	90,113	93,534
Transfer to IT for Reorganization	-9,680	0	0
Vocational Rehabilitation and Employment	131,673	149,037	159,171
Transfer to IT for Reorganization	-4,301	0	0
Insurance Administration	4,284	4,355	4,620
Appropriation, adjusted	1,078,809	1,119,723	1,198,294
Subtotal GOE	1,373,240	1,437,578	1,471,837
Department of Veterans Affairs, appropriations, adjusted	\$73,583,677	\$76,918,100	\$86,374,220

Budget Authority (Net) <i>(dollars in thousands)</i>			
Appropriation/Fund Account	2006	2007	2008
Federal funds:			
Benefit programs:			
Disability compensation benefits	\$30,216,116	\$34,750,690	\$36,911,486
Proposed 1.4 Percent COLA increase in 12/1/2007	0	0	348,421
Pensions benefits	3,540,322	3,671,997	3,797,505
Education Benefits	2,751,428	2,185,582	2,628,541
Vocational rehabilitation and employment benefits	557,806	626,424	671,748
Insurance benefits	45,907	49,850	41,250
Housing program account mandatory	46,604	66,234	17,389
Burial benefits	141,349	199,673	178,910
National Cemetery Gift Fund	396	120	
Total benefit programs	37,299,928	41,550,570	44,595,250
Medical programs:			
Medical services	22,145,206	23,129,030	27,167,671
Medical care collections fund	1,994,172	2,198,154	2,352,469
Total medical care	24,139,378	25,327,184	29,520,140
Medical administration	3,430,542	2,811,209	3,442,000
Medical facilities	3,357,869	3,372,740	3,592,000
VA/DoD Health Sharing Incentive Fund	30,000	0	0
Medical and prosthetic research	412,000	408,622	411,000
Total medical programs	31,369,789	31,919,755	36,965,140
National Cemeteries Administration	149,798	155,666	166,809
Departmental Administration:			
General administration	294,431	317,855	273,543
Office of Inspector General	69,074	69,499	72,599
VBA-GOE	1,078,809	1,119,723	1,198,294
Construction Major	1,560,519	283,670	727,400
Construction Minor	233,137	168,000	233,396
Grants for State Extended Care	85,000	85,000	85,000
Grants for State Cemeteries	32,000	17,777	32,000
Construction receipts	27,828		10,000
Credit Reform	152,340	154,123	155,572
Information Technology	1,231,420	1,076,582	1,859,217
Total Departmental administration	4,764,558	3,292,229	4,647,021
Total appropriations, adjusted	73,584,073	76,918,220	86,374,220

Budget Authority (Net) <i>(dollars in thousands)</i>			
Appropriation/Fund Account	2006	2007	2008
Proprietary receipts from the public:			
GI Bill receipts	-186,772	-186,772	-186,772
National service life insurance fund	-154,304	-140,700	-127,600
Post-Vietnam era veterans education account	-333	-411	-337
Downward reestimates:			
Third party offset of first party debt			-44,325
Veterans housing benefit fund guaranteed loan account	-1,107,907	-763,793	0
Veterans housing benefit fund loan sale securities	-67,641	-94,132	0
Veterans housing benefit fund direct loan account	-112,584	-102,323	0
Native American veterans program account	-2,964	-1,044	0
Vocational rehabilitation loan program	-574	-46	
Negative subsidy:			
Acquired Direct Loan	0	0	0
Vendee Direct	-4,124	-2,807	-5,246
Veterans housing benefit fund guaranteed loan account	-72,704	-101,737	-107,687
Native American veterans program account	-281	-766	-525
Medical care collections fund	-1,994,172	-2,198,154	-2,352,469
Receipts - Construction	-27,828		-10,000
Proposed Legislation			
Pharmacy co-payments		0	-310,880
Enrollment fees		0	0
Total proprietary receipts from the public	-3,732,188	-3,592,685	-3,145,841
Total federal funds	69,851,885	73,325,535	83,228,379
Trust funds:			
Post-Vietnam era veterans education account	333	411	564
General post fund	31,851	33,954	34,304
Pershing Hall revolving fund	0	0	0
National service life insurance	1,185,856	1,785,500	1,177,616
U.S. Government life insurance	6,322	6,041	5,426
Service-disabled veterans insurance fund	0	0	0
Veterans reopened insurance fund	0	0	0
Veterans special life insurance fund	0	0	0
Servicemembers' group life insurance fund	-20	-30	-30
Total trust funds (gross)	1,224,342	1,825,876	1,217,880
Veterans housing benefit program fund liquidating account	-49,485	-59,161	-50,861
Intragovernmental transactions			
Post-Vietnam era veterans education account	0	0	-227
National service life insurance	-886	-790	-780
Total Intergovernmental transactions	-886	-790	-1,007
Total Department of Veterans Affairs	\$71,025,856	\$75,091,460	\$84,394,391

Outlays (Net) <i>(dollars in thousands)</i>			
Appropriation/Fund Account	2006	2007	2008
Federal funds:			
Benefit programs:			
Disability compensation benefits	\$30,992,539	\$32,267,575	\$36,731,075
Proposed 1.4 Percent COLA increase 2008	0	0	348,421
Pensions benefits	3,546,742	3,381,945	3,787,283
Burial Benefits	141,349	199,673	178,910
Education Benefits	2,376,060	2,659,978	2,619,709
Vocational rehabilitation and employment benefits	573,254	618,156	667,833
Insurance benefits	45,956	50,737	41,250
Veterans housing benefit program fund liquidating account	-71,812	-57,137	-50,861
Housing program account benefits	65,833	68,422	19,454
Credit Reform	148,167	150,800	152,459
Service-disabled veterans insurance fund	-5,713	-966	11,826
Veterans reopened insurance fund	20,956	26,750	26,949
Servicemembers' group life insurance fund	-19	-30	-30
Total benefit programs	37,833,312	39,365,903	44,534,278
Medical programs:			
Medical services	22,033,509	23,106,489	26,679,572
Medical care collections fund	1,821,911	2,090,043	2,270,682
Total medical services	23,855,420	25,196,532	28,950,254
Medical administration	3,695,558	2,804,022	3,315,063
Medical facilities	3,341,474	3,346,914	3,548,880
VA/DoD Healthcare Sharing Incentive Fund	6,861	22,500	15,000
Medical and prosthetic research	406,094	402,890	404,146
Canteen service revolving fund	2,622	1,000	500
Total medical programs	31,308,029	31,773,858	36,233,843
Departmental Administration			
General Administration	429,710	307,068	275,206
VBA GOE	1,115,215	1,095,023	1,194,649
National Cemetery Administration	148,734	152,006	161,980
Construction-Major	237,185	602,566	741,030
Construction-Minor	259,427	221,347	198,281
Grants for State Extended Care Facilities	122,106	92,032	86,214
Grants for State Cemeteries	37,354	15,011	20,958
Information Technology	622,136	1,076,946	1,690,593
Office of Inspector General	72,815	67,621	70,143
Franchise fund	0	0	0
Supply fund	261,043	0	0
Pershing hall revolving fund	-45	-45	-45
Total GOE & Miscellaneous	3,305,680	3,629,575	4,439,009
Total appropriations & funds	72,447,021	74,769,336	85,207,130

<i>Outlays (Net)</i> <i>(dollars in thousands)</i>			
Appropriation/Fund Account	2006	2007	2008
Proprietary receipts from the public:			
GI Bill	-186,772	-186,772	-186,772
Downward reestimates			
Third party offset of first party debt			-44,325
Pharmacy Co-Pays			-310,880
Direct Loans	-112,584	-102,323	
Veterans housing benefit fund guaranteed loan	-1,107,907	-763,793	0
Veterans housing benefit fund loan sale securities	-67,641	-94,132	0
Native American veterans program account	-2,964	-1,044	0
Vocational rehabilitation loan program	-574	-46	0
Negative subsidy:			
Acquired Direct	0	0	0
Vendee Direct	-4,124	-2,807	-5,246
Veterans housing benefit fund guaranteed loan	-72,704	-101,737	-107,687
Native American veteran housing loan program account	-281	-766	-525
Medical care collections fund	-1,994,172	-2,198,154	-2,352,469
Total proprietary receipts from the public	-3,549,723	-3,451,574	-3,007,904
Total federal funds	68,897,298	71,317,762	82,199,226
Trust funds:			
General post fund	30,324	30,085	30,386
Post-Vietnam era veterans education account	2,375	1,710	1,665
National service life insurance	1,199,743	1,205,507	1,211,839
U.S. Government life insurance	7,661	7,743	7,086
Veterans special life insurance	-31,852	-11,636	-2,218
National cemetery gift fund	79	120	120
Total trust funds (gross)	1,208,330	1,233,529	1,248,878
Proprietary receipts from the public	-154,637	-141,111	-127,937
Post-Vietnam era veterans education account	-333	-411	-337
U.S. Government life insurance	0	0	0
National service life insurance	-154,304	-140,700	-127,600
Total trust funds (net)	1,053,693	1,092,418	1,120,941
Intragovernmental transactions	-886	-790	-1,007
Post-Vietnam era veterans education account	0	0	-227
U.S. Government life insurance	0		
National service life insurance	-886	-790	-780
Total Department of Veterans Affairs	\$69,950,105	\$72,409,390	\$83,319,160

Functional Distribution of Budget Authority (Net) <i>(dollars in thousands)</i>			
Function and Program	2006	2007	2008
701: Income security for veterans:			
Disability compensation benefits	\$30,216,116	\$34,750,690	\$36,911,486
Proposed 2.6 Percent COLA increase in 12/1/2006	0	0	348,421
Pensions benefits	3,540,322	3,671,997	3,797,505
Burial benefits	141,349	199,673	178,910
National cemetery gift fund	396	120	0
Insurance benefits	45,907	49,850	41,250
Service-disabled veterans insurance fund	0	0	0
Veterans reopened insurance fund	0	0	0
National service life insurance	1,185,856	1,785,500	1,177,616
US Government life insurance	6,322	6,041	5,426
Veterans special life insurance fund	0	0	0
Servicemember's group life insurance fund	-20	-30	-30
Subtotal, income security for veterans	35,136,248	40,463,841	42,460,584
702: Veterans education, training and rehabilitation:			
Education benefits	2,751,428	2,185,582	2,628,541
Vocational rehabilitation and employment benefits	557,806	626,424	671,748
Post-Vietnam era veterans education account	333	411	564
Post-Vietnam era veterans education receipts	0	0	-227
National service life insurance receipts	-886	-790	-780
Downward reestimates:			
Vocational Rehabilitation loan program	-574	-46	0
GI Bill receipts	-186,772	-186,772	-186,772
National service life insurance fund	-154,304	-140,700	-127,600
Post-Vietnam era veterans education account	-333	-411	-337
Subtotal, veterans education, training and rehabilitation	2,966,698	2,483,698	2,985,137
703: Hospital & Medical Care for veterans:			
Medical services	22,145,206	23,129,030	27,167,671
Medical care collections fund	1,994,172	2,198,154	2,352,469
Total medical services	24,139,378	25,327,184	29,520,140
Medical administration	3,430,542	2,811,209	3,442,000
Medical facilities	3,357,869	3,372,740	3,592,000
VA/DoD Health Sharing Incentive Fund	30,000	0	0
Medical research and support	412,000	408,622	411,000
Medical care collections fund, receipts	-1,994,172	-2,198,154	-2,352,469
Downward reestimates:			
Pharmacy co-payments	0	0	-310,880
Third party offset of first party debt	0	0	-44,325
Subtotal, hospital and medical care for veterans	29,375,617	29,721,601	34,257,466

Functional Distribution of Budget Authority (Net) <i>(dollars in thousands)</i>			
Function and Program	2006	2007	2008
704: Veterans housing:			
Veterans housing benefit program fund liquidating account	-49,485	-59,161	-50,861
Veterans housing benefit program fund program account	46,604	66,234	17,389
Downward reestimates:			
Veterans housing benefit guaranteed loan	-1,107,907	-763,793	0
Veterans housing benefit fund loan sale securities	-67,641	-94,132	0
Veterans housing benefit direct loan	-112,584	-102,323	0
Native American veterans program account	-2,964	-1,044	0
Negative subsidy:			
Acquired Direct Loan	0	0	0
Vendee Direct	-4,124	-2,807	-5,246
Veterans housing benefit fund guaranteed loan account	-72,704	-101,737	-107,687
Native American veterans program account	-281	-766	-525
Subtotal, veterans housing	-1,371,086	-1,059,529	-146,930
705: Other veterans benefits and services:			
National Cemeteries Administration	149,798	155,666	166,809
General post fund	31,851	33,954	34,304
General administration	294,431	317,855	273,543
Office of Inspector General	69,074	69,499	72,599
VBA-GOE	1,078,809	1,119,723	1,198,294
Construction Major	1,560,519	283,670	727,400
Construction Minor	233,137	168,000	233,396
Grants for State Extended Care	85,000	85,000	85,000
Grants for State Cemeteries	32,000	17,777	32,000
Credit Reform	152,340	154,123	155,572
Information Technology	1,231,420	1,076,582	1,859,217
Subtotal, other veterans benefits and services	4,918,379	3,481,849	4,838,134
Total, function 700 distribution of Budget Authority for the Department of Veterans Affairs	71,025,856	75,091,460	84,394,391
Deduction for offsetting receipts (function 902)	0	0	0
Total Department of Veterans Affairs	\$71,025,856	\$75,091,460	\$84,394,391

Functional Distribution of Outlays
(dollars in thousands)

Function and Program	2006	2007	2008
701: Income security for veterans:			
Disability compensation benefits	\$30,992,539	\$32,267,575	\$36,731,075
Proposed 2.3 Percent COLA increase in 12/1/2005	0	0	348,421
Pensions benefits	3,546,742	3,381,945	3,787,283
Burial benefits	141,349	199,673	178,910
Insurance benefits	45,956	50,737	41,250
Service-disabled veterans insurance	-5,713	-966	11,826
Veterans reopened insurance fund	20,956	26,750	26,949
Servicemembers' group life insurance fund	-19	-30	-30
National service life insurance	1,199,743	1,205,507	1,211,839
U.S. Government life insurance	7,661	7,743	7,086
Veterans special life insurance	-31,852	-11,636	-2,218
NSLI & USGLI receipts	-155,190	-141,490	-128,380
Subtotal, income security for veterans	35,762,172	36,985,808	42,214,011
702: Veterans education, training, and rehabilitation:			
Education benefits	2,376,060	2,659,978	2,619,709
Vocational rehabilitation and employment benefits	573,254	618,156	667,833
Credit Reform	148,167	150,800	152,459
Post-Vietnam era veterans education	2,375	1,710	1,665
Post-Vietnam era veterans education receipts	-333	-411	-564
Downward reestimates:			
Vocational rehabilitation loan program	-574	-46	0
GI Bill receipts	-186,772	-186,772	-186,772
Subtotal, veterans education, training and rehabilitation	2,912,177	3,243,415	3,254,330
703: Hospital and medical care for veterans:			
Medical services	23,855,420	25,196,532	28,950,254
Medical administration	3,695,558	2,804,022	3,315,063
Medical facilities	3,341,474	3,346,914	3,548,880
VA/DoD Health Sharing Incentive Fund	6,861	22,500	15,000
Medical and prosthetic research	406,094	402,890	404,146
Medical care collections fund, receipts	-1,994,172	-2,198,154	-2,352,469
Downward reestimates:			
Pharmacy co-payments	0	0	-310,880
Third party offset of first party debt	0	0	-44,325
Subtotal, hospital and medical care for veterans	29,311,235	29,574,704	33,525,669

<i>Functional Distribution of Outlays</i> (dollars in thousands)			
Function and Program	2006	2007	2008
704: Veterans Housing			
Veterans housing benefit program fund liquidating account	-71,812	-57,137	-50,861
Housing program account benefits	65,833	68,422	19,454
Downward reestimates:			
Veterans housing benefit guaranteed loan	-1,107,907	-763,793	0
Veterans housing benefit loan securities	-67,641	-94,132	0
Veterans housing benefit direct loan	-112,584	-102,323	0
Native American veterans program account	-2,964	-1,044	0
Negative subsidy:			
Acquired Direct	0	0	0
Vendee Direct	-4,124	-2,807	-5,246
Veterans housing benefit fund guaranteed loan	-72,704	-101,737	-107,687
Native American veteran housing loan program account	-281	-766	-525
Subtotal, veterans housing	-1,374,184	-1,055,317	-144,865
705: Other veterans benefits and services:			
VBA-GOE	1,115,215	1,095,023	1,194,649
National Cemetery Administration	148,734	152,006	161,980
Canteen service revolving fund	2,622	1,000	500
Supply fund	261,043	0	0
General post fund	30,324	30,085	30,386
General Administration	429,710	307,068	275,206
Construction-Major	237,185	602,566	741,030
Construction- Minor	259,427	221,347	198,281
Grants for State Extended Care	122,106	92,032	86,214
Grants for State Cemeteries	37,354	15,011	20,958
Information Technology	622,136	1,076,946	1,690,593
National cemetery gift fund	79	120	120
Office of Inspector General	72,815	67,621	70,143
Franchise fund	0	0	0
Pershing hall revolving fund	-45	-45	-45
Subtotal, other veterans benefits and services	3,338,705	3,660,780	4,470,015
Total, function 700 Distribution of Budget Outlays for the Department of Veterans Affairs	\$69,950,105	\$72,409,390	\$83,319,160
Deduction for offsetting receipts (Function 902)			
Total Department of Veterans Affairs	\$69,950,105	\$72,409,390	\$83,319,160

Obligations (dollars in thousands)			
Appropriation/Fund Account	2006	2007	2008
Federal funds:			
Benefit programs:			
Disability compensation benefits	\$30,996,423	\$35,046,964	\$37,259,907
Proposed legislation (COLA)	0	0	348,421
Pensions benefits	3,546,831	3,671,997	3,797,505
Burial benefits	141,349	199,673	178,910
Education benefits	2,758,721	3,208,268	3,155,024
Post-Vietnam era veterans' education account	2,366	1,922	1,626
Vocational rehabilitation and employment benefits	574,270	626,424	671,748
Insurance benefits	47,922	52,510	43,440
Housing program account benefits	197,964	216,785	171,951
Veterans housing benefit program fund liquidating account	11,175	9,675	7,451
Credit Reform	128,581	127,130	118,455
Service-disabled veterans insurance fund	80,980	91,170	96,130
Veterans reopened insurance fund	57,539	60,731	57,329
Servicemembers' group life insurance fund	1,428,964	1,487,130	861,670
Total benefits programs	39,973,085	44,800,379	46,769,567
Medical programs:			
Medical care	31,697,755	32,326,744	36,789,140
Medical research and support	464,142	498,264	466,000
Medical center research organizations	203,935	217,900	227,600
VA/DoD Health Care Sharing Incentive Fund	27,656	32,000	24,000
Canteen service revolving fund	251,907	253,082	254,357
Total medical programs	32,645,395	33,327,990	37,761,097
National Cemetery Administration:	151,209	159,633	166,966
Departmental administration:			
VBA- GOE	1,359,985	1,433,244	1,456,950
General administration	360,989	350,450	324,078
Pershing Hall revolving fund	145	100	100
Franchise fund	391,171	270,759	297,812
Office of Inspector General	75,583	72,937	76,008
Supply fund	1,977,902	2,694,202	2,800,428
Information Technology	1,120,156	1,254,105	1,910,072
Construction, Major & Minor	608,168	927,468	1,756,064
Grants for State Extended Care	87,933	83,703	85,000
Grants for State Cemeteries	17,776	32,000	32,003
Total Departmental administration	5,999,808	7,118,968	8,738,515
Total federal funds	78,769,497	85,406,970	93,436,145
Trust funds:			
General post fund	30,247	30,518	28,970
National service life insurance	1,477,244	1,455,600	1,431,226
U.S. Government life insurance	6,673	6,291	5,636
Veterans special life insurance	204,606	217,720	219,252
National cemetery gift fund	75	120	120
Total trust funds	1,718,845	1,710,249	1,685,204
Total Department of Veterans Affairs	\$80,488,342	\$87,117,219	\$95,121,349
Non-Budget			
Veterans housing benefit program direct loan financing account	387,089	576,702	690,677
Veterans housing benefits program loan sale securities financing account	108,715	131,166	32,249
Veterans housing benefit program guaranteed loan financing account	2,212,502	3,528,692	2,585,710
Native American and transitional housing direct loan financing account	11,146	7,267	6,254
Vocational rehabilitation loan financing account	3,555	2,720	3,299
Total Non-Budget	\$2,723,007	\$4,246,547	\$3,318,189

<i>Proposed Legislation (dollars in thousands)</i>												
The following items with budgetary impact are included in the President's legislative program for the First Session of the 110th Congress												
\$ in thousands	2008		2009		2010		2011		2012		2008 to 2012	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
<u>Disability compensation benefits: COLA Legislation</u>												
FY 2008 compensation COLA increase of 1.4 percent effective December 1, 2007 (requesting "such sums as necessary")	348,421	348,421	431,149	431,149	443,876	443,876	456,402	456,402	468,527	468,527	2,148,375	2,148,375
<u>Receipts Deposited in Mandatory Account for the Treasury</u>												
Tiered annual enrollment fee based on veteran's family income for Priority Level 7 and 8 veterans			(137,758)	(137,758)	(133,621)	(133,621)	(129,368)	(129,368)	(124,964)	(124,964)	(525,711)	(525,711)
<u>Receipts Deposited in Mandatory Account for the Treasury</u>												
Increase in drug copayments from \$8 to \$15 for Priority Level 7 and 8 veterans	(310,880)	(310,880)	(304,138)	(304,138)	(305,502)	(305,502)	(307,013)	(307,013)	(342,146)	(342,146)	(1,569,679)	(1,569,679)
<u>Receipts Deposited in Mandatory Account for the Treasury</u>												
Third-party offset of first-party debt	(44,325)	(44,325)	(43,995)	(43,995)	(43,571)	(43,571)	(43,056)	(43,056)	(42,507)	(42,507)	(217,454)	(217,454)
Total Receipts	(355,205)	(355,205)	(485,891)	(485,891)	(482,694)	(482,694)	(479,437)	(479,437)	(509,617)	(509,617)	(2,312,844)	(2,312,844)

Proposed Legislation Summary

Disability Compensation Benefits - Proposed Legislation for 2008 Budget

Cost of Living Adjustment (COLA): Legislation will be proposed to provide a 1.4 percent rate increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2007. A 1.4 percent increase is the expected increase in the Consumer Price Index and it is the same increase estimated for Social Security benefits. The cost of this increase in 2008 is estimated to be \$348 million in the first year.

Receipts Deposited into Mandatory Account in the Treasury—Proposed Legislation for 2008 Budget

1. Assess Tiered Annual Enrollment Fee for all Priority 7 and Priority 8 Veterans based on the Veteran’s Family Income (Effective October 1, 2008)

Proposed Program Change in Laws

This proposal would allow VA to establish an annual enrollment fee, beginning October 1, 2008, (FY 2009), for all Priority 7 and Priority 8 enrolled veterans based on the veteran’s family income specified below. These receipts would be deposited into a mandatory account in the Treasury. This proposal will increase receipts to the Treasury by \$138 million in FY 2009 and \$526 million over 5 years.

<u>Family Income</u>	<u>Annual Enrollment Fee</u>
Under \$50,000	None
\$50,000-\$74,999	\$250
\$75,000-\$99,999	\$500
\$100,000 and above	\$750

2. Increase Pharmacy Co-Payments from \$8 to \$15 for All Enrolled Priority 7 and Priority 8 Veterans (Effective October 1, 2007)

Proposed Program Change in Laws

This proposal would allow VA to raise the medication co-payment amount for Priority 7 and Priority 8 veterans from \$8 to \$15 beginning October 1, 2007, (FY 2008). These receipts would be deposited into a mandatory account in the Treasury. This proposal will increase receipts to the Treasury by \$311 million in FY 2008 and \$1.6 billion over 5 years.

3. Third-Party Offset of First-Party Debt (Effective October 1, 2007)

Proposed Program Change in Laws

This proposal would eliminate the practice of offsetting or reducing VA first-party co-payment debts with collection recoveries from third-party health plans. Veterans receiving medical care services for treatment of non-service connected disabilities will receive a bill for their entire co-payment, and this co-payment will not be reduced by collection recoveries from third-party health plans. These receipts would be deposited into a mandatory account in the Treasury beginning October 1, 2007, (FY 2008). This proposal will increase receipts to the Treasury by \$44 million in FY 2008 and \$217 million over 5 years.

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Benefits Programs

Disability Compensation

This appropriation provides for the payment of compensation benefits to disabled veterans, certain survivors, and eligible dependent children.

Compensation benefits are an entitlement paid either as a disability or a survivorship benefit. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Eligibility criteria for veterans are based upon disabilities either incurred in or aggravated during active military service. The amount of the compensation to the veteran is based upon the disability or combination of disabilities and their impact on earning capacity. Survivors are eligible for benefits if the veteran died while on active duty, or died as a result of disabilities incurred while on active duty. This benefit is intended to compensate for the loss of family income. A clothing allowance is also provided for service-connected veterans who use a prescribed medication for a service-connected skin condition that stains their clothing or use a prosthetic or orthopedic appliance, which tends to wear out or tear the clothing of such veteran.

Program Description

Disability Compensation is provided to veterans for disabilities incurred or aggravated while on active duty. The amount of compensation is based on the degree of disability. Several ancillary benefits are also available to certain severely disabled veterans.

Dependency and Indemnity Compensation (DIC) is provided for surviving spouses, dependent children, and dependent parents of veterans who died of service-connected causes or while on active duty on or after January 1, 1957. Prior to January 1, 1957, death compensation was the benefit payable to survivors.

Spina Bifida Monthly Allowance under 38 U.S.C. 1805 is provided for children born with spina bifida who are children of individuals who served in the Republic of Vietnam during the Vietnam era or served in or near the demilitarized zone in Korea from September 1, 1967 to August 31, 1971. Payment is made at one of three levels and is based on degree of disability suffered by the child.

Children of Women Vietnam Veterans Born with Certain Defects provides a monetary allowance, healthcare, and vocational training benefits to eligible children born to women who served in the Republic of Vietnam during the period beginning on February 28, 1961, and ending May 7, 1975, if they suffer from certain covered birth defects. VA identifies the birth defects as those that are associated with the service of the mother in Vietnam and resulted in permanent physical or mental disability.

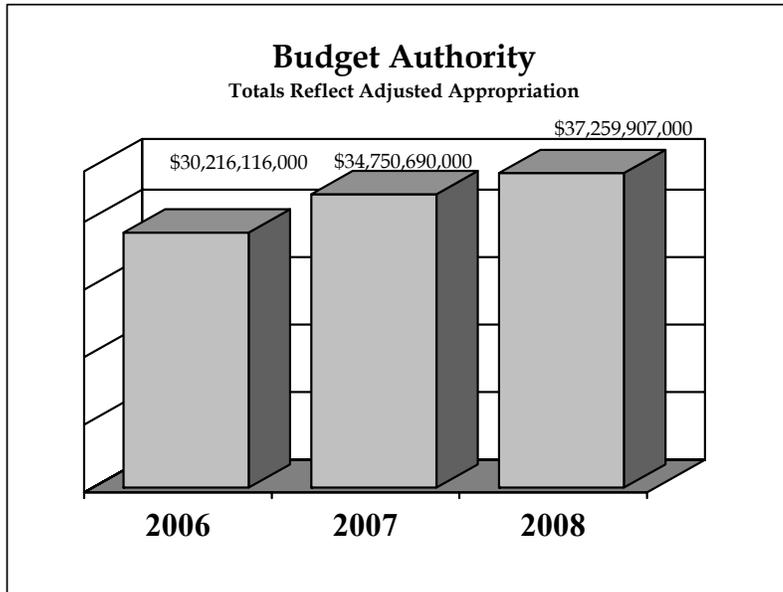
Clothing Allowance may be paid to each veteran who uses prescribed medication for a service-connected skin condition or wears or uses a prosthetic or orthopedic appliance (including a wheelchair), which tends to stain or tear the clothing.

Special Allowance for Dependents is an allowance payable to dependents of certain veterans who died after December 31, 1956, but who were not fully and currently insured under the Social Security Act.

Equal Access to Justice Act (EAJA) are payments of awards resulting from the successful challenge of agency policies, procedures, and regulations before the U.S. Court of Veterans Appeals (COVA) as authorized by the "Equal Access to Justice Act," (EAJA) as amended by section 506 of Public Law 102-572, the "Federal Courts Administration Act of 1992."

Medical Exams is a pilot program authorizing VA to contract out medical examinations to determine service-connected disabilities of veterans who are potential applicants of compensation benefits.

OBRA Payments to VBA and VHA, under current law, allow the VA to perform income verification matches for certain beneficiaries. These payments are paid to the Internal Revenue Service and Social Security Administration for use of their data.



Summary of Budget Request

Budget authority of \$37.3 billion is estimated for 2008 to support the benefits programs funded by the Disability Compensation Benefit appropriation account.

In addition to benefits provided to 2,879,329 veterans, 340,702 survivors, and 1,207 children, this account provides a clothing allowance to 91,196 veterans; 803 Equal Access to Justice Act (EAJA) payments; and continued funding for the medical exam pilot and payments for discretionary expenses associated with OBRA.

In 2008, compensation obligations are estimated to surpass the 2007 level by more than \$2.3 billion. This increase is nearly all due to changes in caseload and average payment for veterans and survivors. In addition, the impact of an anticipated 1.4 percent COLA effective December 1, 2007 (\$348.4 million) and the additional two months impact of the 3.3 percent 2006 COLA (\$155.4 million), will increase costs by \$503.8 million.

Disability Compensation
Summary of Mandatory Appropriation Highlights
(dollars in thousands)

	2007				
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase(+) Decrease(-)
Mandatory					
Veterans:					
Cases	2,683,380	2,867,013	2,782,296	2,879,329	+97,033
Average Payment	\$9,864	\$10,263	\$10,915	\$11,258	\$+343
Obligations	\$26,469,578	\$29,422,857	\$30,368,219	\$32,416,448	\$+2,048,229
Survivors:					
Cases	329,710	348,479	334,432	340,702	+6,270
Average Payment	\$13,234	\$13,378	\$13,476	\$13,695	\$+219
Obligations	\$4,363,348	\$4,662,103	\$4,506,873	\$4,666,027	\$+159,154
Total:					
Cases	3,013,090	3,215,492	3,116,728	3,220,031	+103,303
Average Payment	\$10,232	600	\$11,190	\$11,516	\$+327
Obligations	\$30,832,926	\$34,084,960	\$34,875,092	\$37,082,475	\$+2,207,383
Other Obligations:					
Special Benefits for Children	\$17,573	\$18,854	\$18,327	\$18,648	\$+321
Clothing Allowance	54,412	57,220	58,280	61,157	+2,877
REPS	4,171	6,771	4,111	3,597	-514
Special Allowance for Dependents	300	256	310	314	+4
EAJA	5,467	3,646	3,553	3,603	+50
Medical Exam Pilot Program	79,578,199	84,990	84,990	88,390	+3,400
OBRA Payments ¹	\$163,497	1,689	2,301	1,722	-579
Total Other Benefit Obligation	\$30,996,423	\$173,426	\$171,872	\$177,431	\$+5,559
Total Obligations: ²		\$34,258,386	\$35,046,964	\$37,259,907	\$+2,212,943
Funding					
Unobligated balances (SOY)	\$-1,076,581	\$0	\$-296,274	\$0	\$296,274
Unobligated balances (EOY)	\$296,274	\$0	\$0	\$0	\$0
Budget Authority (net)					
Appropriation	\$30,216,116	\$34,258,386	\$34,300,690	\$37,259,907	\$+3,063,962
Transfers to other accounts			\$450,000		
Total Mandatory:					
Budget Authority (net)	\$30,216,116	\$34,258,386	\$34,750,690	\$37,259,907	\$+2,959,217
Outlays (net)	\$30,992,539	\$31,514,859	\$32,267,575	\$37,079,496	\$+4,811,921
Other Workload:					
Special Benefits for Children Cases	1,192	1,234	1,203	1,207	+4
Clothing Allowance Recipients	84,990	87,053	88,123	91,196	+3,073
REPS Trainees	186	298	149	120	-29
EAJA Settlements	1,079	803	803	803	0
Total Other Workload:	87,447	89,388	90,278	93,326	+3048

² Dollars may not add due to rounding in this and subsequent charts.

Proposed Legislation

A 1.4 Percent Rate Increase for Compensation Benefits in 2008

Legislation is proposed to provide a 1.4 percent rate increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2007. The 1.4 percent increase is the expected increase in the Consumer Price Index and it is the same increase estimated for Social Security benefits. The cost of this increase in 2008 is estimated to be \$348.4 million and is included in the baseline submission.

Pensions

This appropriation provides for the payment of pensions benefits to wartime veterans rated permanently and totally disabled with limited income and their survivors.

Pensions is a needs based benefit provided to wartime veterans who have been rated permanently and totally disabled, as a result of a non-service-connected disability. Upon the death of the wartime veteran, the surviving spouse and children are eligible for a pension. There are no disability requirements for survivors. The payable amount is determined by the annual countable income, and the number of dependents of the recipient.

Program Description

Nonservice-Connected Disability Pension is provided for veterans with non-service-connected disabilities who served in time of war. The veterans must be permanently and totally disabled or must have attained the age of 65 and must meet specific income limitations.

Medical Exams is a pilot program which authorizes VA to contract out medical examinations to determine non-service connected disabilities of veterans who are potential applicants of pension benefits.

Death Pension is provided for surviving spouses and children of wartime veterans who died of nonservice-connected causes, subject to specific income limitations.

Pension payments are made under one of three programs:

- **Old Law pension** is payable if entitlement was established prior to July 1, 1960. The rate payable to a veteran or survivor does not vary with differences in income so long as countable income does not exceed the applicable income limitation.
- **Prior Law pension (Section 306)** is payable if entitlement was established prior to January 1, 1979. Prior to that date, the rate payable to a veteran or survivor varied depending upon the amount by which countable income exceeds various levels, with reductions of a few cents of pension for each dollar of added income. Effective January 1, 1979, amounts of Prior Law pension have been frozen at the rates to which eligible veterans were entitled and remain payable as long as countable

income does not exceed the applicable income limit and dependency does not decrease.

- **Improved Law program (Public Law 95-588)** is payable if entitlement was established post January 1, 1979. In determining annual income under this law, all payments shall be included, except those exclusions specifically provided for by law. Payments for Improved Law program beneficiaries are computed by reducing, dollar-for-dollar, benefit levels specified in the act by the income of the beneficiary. The Improved Law program provides the same automatic annual percentage increase at the same time as the Social Security increase. Pension payments are not reduced solely as a result of Social Security payment increases.

Pensions Program Limits

The cost-of-living increase for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to increase 2008 rates and income limitations by 1.4 percent. Rate increases afforded by COLAs are responsible for most of the average cost increases. Since rates for pensioners covered by earlier programs are frozen, variations in average benefit payments for these beneficiaries are attributed to changes in dependency, qualifying income, health, or other eligibility criteria. The current annual income standards are shown below:

Veterans		Survivors	
Without dependents	\$10,929	Spouse without dependent	\$7,329
With one dependent	\$14,313	Spouse with one dependent	\$9,594
Each additional dependent	\$ 1,866	Each additional dependent	\$1,866

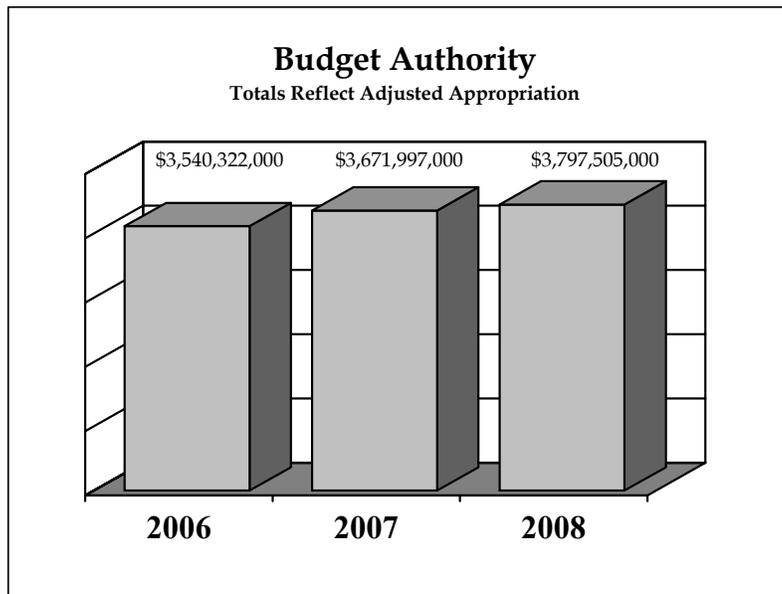
If veterans are entitled to Improved Law pension based on service during the Mexican Border Period or World War I, then \$2,480 is added to their income standard. Veterans and surviving spouses with entitlement to housebound, or aid and attendance have higher income standards due to the severity of their disability.

Beneficiaries Receiving Pensions

Caseload for both veterans and survivors is expected to decline through 2008. These estimates, based on current trends are distributed as follows: WWI & Prior (7,970) WWII (222,605), Korean (88,747), Vietnam (185,823) and Gulf War (7,889).

In 2008, pension benefits will be made to an estimated 513,034 beneficiaries. About 90 percent of these cases receive benefits under the Improved Law program, which accounts for almost 98 percent of the program's cost.

OBRA Payments to VBA and VHA, under current law, allow the VA to perform income verification matches for certain beneficiaries. These payments are paid to the Internal Revenue Service and Social Security Administration for use of their data.



Summary of Budget Request - Mandatory

Budget authority of \$3.8 billion is estimated for 2008 to support the programs funded by the Pensions appropriation account. The Pension program will provide benefits to an estimated 513,034 beneficiaries at an average annual payment of \$7,354. This account will also provide funding for the administrative expenses associated with OBRA requirements.

Pensions
Summary of Mandatory
Appropriation Highlights
(dollars in thousands)

	2007				
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase(+) Decrease(-)
<i>Mandatory</i>					
Veterans:					
Cases	332,034	325,305	326,154	320,378	-5,776
Average Payment	\$8,274	\$8,594	\$8,629	\$8,999	\$+370
Obligations	\$2,747,281	\$2,795,711	\$2,814,409	\$2,883,173	\$+68,764
Survivors:					
Cases	203,346	194,504	197,670	192,656	-5,014
Average Payment	\$3,825	\$3,828	\$4,205	\$4,619	\$+414
Obligations	\$777,752	\$744,517	\$831,296	\$889,971	\$+58,675
Total:					
Cases	535,380	519,809	523,824	513,034	-10,790
Average Payment	\$6,584	\$6,811	\$6,960	\$7,355	\$+39
Obligations	\$3,525,033	\$3,540,228	\$3,645,705	\$3,773,144	\$+127,439
Payments for Discretionary Expenses					
OBRA Payment to VBA ¹	\$9,743	\$8,247	\$10,706	\$7,860	\$-2,846
OBRA Payment to VHA	\$11,250	\$14,576	\$14,576	\$15,450	\$+874
Contract Medical Exam Pilot Program	\$804	\$1,010	\$1,010	\$1,050	\$+40
<i>Total Obligations</i> ²	\$3,546,831	\$3,564,060	\$3,671,997	\$3,797,505	\$+125,508
Funding:					
Unobligated balances (SOY)	\$-6,509	\$0	\$0	\$0	\$0
Unobligated balances (EOY)	\$0	\$0	\$0	\$0	\$0
Total Mandatory:					
Budget Authority (net)	\$3,540,322	\$3,564,060	\$3,671,997	\$3,797,505	\$+125,508
Outlays (net)	\$3,546,742	\$3,279,040	\$3,381,945	\$3,787,283	\$+405,338

² Dollars may not add due to rounding in this and subsequent charts.

Burial

Program Description

The Department administers a range of burial programs to benefit eligible veterans and family members. The responsibility for these programs is divided between two VA organizations. Cemetery programs and most in-kind benefits are administered by the National Cemetery Administration (NCA). Most monetary benefits and the burial flags program are administered by the Veterans Benefits Administration (VBA). The mandatory funding to provide these benefits is provided by the Burial Benefits Mandatory Appropriation, while the discretionary funding to administer these benefit payments is provided through the Burial Administration Appropriation. The National Cemetery Gift Fund is a separate trust fund and uses financial donations from private donors for beautification and improvement of cemetery grounds.

The operations and maintenance portion of the Burial Administration Appropriation funds the operation of 125 national cemeteries and 33 other cemeterial installations, as well as their maintenance as national shrines. It also directly funds the costs for NCA to administer four related programs: the State Cemetery Grant program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program and Outer Burial Receptacle (OBR) reimbursements. Also included are administrative costs of VBA related to providing burial benefits to eligible veterans. The costs of producing and mailing the PMCs are also funded from this portion of the Burial Administration Appropriation.

Making burial options available to veterans requires the development of new national cemeteries, development of additional gravesites at existing national cemeteries, and establishment and expansion of state veterans' cemeteries. New national cemetery construction, gravesite development projects, as well as national cemetery capital improvement projects, are funded from the construction portion of the Burial Administration Appropriation. The Grants for Construction of State Veterans Cemeteries portion of the Burial Administration Appropriation fund the establishment, expansion, and improvement of state veterans' cemeteries.

The Burial Benefits Mandatory Appropriation funds the actual purchase and transportation costs for headstones and markers, grave liners, and pre-placed crypts. This portion also funds the cost of burial flags and the monetary burial benefits, including burial allowances, plot allowances, and outer burial receptacle reimbursements.

Summary of Budget Request - Mandatory

The Burial Benefits requests an appropriation of \$178,910,000 in 2008. This level of funding provides burial benefits on behalf of eligible deceased veterans and eligible deceased dependents.

Burial Benefits Funding					
(dollars in thousands)					
	2006	2007	2007	2008	Increase(+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease(-)
Burial Allowance	\$27,205	\$38,772	\$35,274	\$36,572	+\$1,299
Burial Plot	14,998	20,590	20,961	21,482	+521
Service Connected Deaths.....	22,322	28,609	29,182	30,576	+1,394
Burial Flags.....	16,451	19,603	18,757	18,879	+122
Headstones/Markers/ Allowances..	37,223	41,926	42,000	42,500	+500
Graveliners/OBR Reimbursements	23,150	35,149	53,500	28,900	-24,600
Total obligations	\$141,349	\$184,649	\$199,673	\$178,910	-\$20,763
Budget Authority	\$141,349	\$184,649	\$199,673	\$178,910	-\$20,763
Outlays.....	\$141,349	\$184,649	\$199,673	\$178,910	-\$20,763

Burial Benefits Workloads					
	2006	2007	2007	2008	Increase(+)
	Actual	Budget Estimate	Current Estimate	Estimate	Decrease(-)
Burial Allowance	62,474	82,843	87,050	89,214	+2,164
Burial Plot	50,330	67,430	69,870	71,608	+1,738
Service Connected Deaths.....	13,020	14,304	14,591	15,288	+697
Burial Flags	486,117	544,518	518,213	515,579	-2,634
Headstones/Markers/ Allowances..	335,172	355,388	354,973	353,169	-1,804
Graveliners/Burial Receptacles.....	64,603	123,484	160,462	97,643	-62,819

Education Program

This appropriation provides for the payment of readjustment benefits for eligible veterans and servicepersons and for eligible dependents of: (a) those veterans who either died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were prisoners of war or missing in action pursuant to 38 U.S.C. chapter 35.

Public Laws 98-525 and 100-48 provide educational assistance to veterans whose initial entry on active duty takes place after July 1, 1985. These benefits are included in the All-volunteer force educational assistance program (Montgomery GI Bill) authorized under 38 U.S.C. chapter 30. Basic benefits were funded through appropriations made to the Readjustment Benefits appropriation. Supplemental benefits are also provided to certain veterans. These benefits are funded through transfers from the Department of Defense. This law also provides education assistance to certain members of the Selected Reserve. Transfers from the Department of Defense and Department of Homeland Security fund reservists' training.

The enactment of Public Law 108-454 sections 103 and 106 extended educational assistances for VEAP and MGIB participants. Section 103 of Public Law 108-454 increases benefits for individuals pursuing apprenticeship training beginning October 1, 2005, and before January 1, 2008. Starting in 2005, section 106 of Public Law 108-454 makes educational benefits available to pay for the national admissions exams and national exams for credit at institutions of higher education. Active duty members' spouses and dependents utilizing the educational assistance program (chapter 35) are granted a ten-year extension to their delimiting period in the event of the member's death under Public Law 108-454.

Effective October 1, 2006, the basic monthly benefit rate for full time trainees in chapters 30 and 35 increased to \$1,075 and \$860 respectively. Subsequent annual rate increases will be determined by the Consumer Price Index (CPI) adjustment and rounded to the nearest dollar.

Work-study payments are provided to eligible persons pursuing a program of rehabilitation, education, or training under chapters 30, 31, 32, and 35 of title 38, U.S.C. and chapter 1606 of title 10.

Payments to State Approving Agencies (SAA) and reporting fees are funded under this program. SAA payments provide for the reimbursement of the costs associated with inspecting, approving, and supervising programs of education and training offered by educational institutions in which veterans, dependents, and reservists are enrolled.

Vocational Rehabilitation & Employment Program

This program 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. Disabled veterans not requiring vocational rehabilitation training to overcome an identified employment handicap may be provided direct employment services. These services include job placement activities, modification of necessary equipment to maintain employment, as well as other services necessary to meet the veterans' needs. Another aspect of this program is the provision of independent living services for severely disabled veterans who do not have employment potential.

Trainees for VR&E are broken down into three categories: trainees receiving a monthly subsistence allowance, trainees not receiving subsistence, and trainees receiving rehabilitative evaluation, planning, and delivery services. The majority of program participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA, and the veteran is provided with a monthly subsistence allowance. Thus, it is this particular category in the VR&E program that accounts for 60 percent of the costs. Trainees who receive rehabilitative evaluation, planning, and delivery services do not receive any payments. This specific service of the program provides non-monetary assistance such as resumé preparation, job hunting strategies, interview preparation, and other assistance designed to move the veteran into a suitable job.

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

Veterans participating in the Vocational Rehabilitation and Employment (VR&E) program receive a monthly subsistence allowance, in addition to payments for dependents, tuition, books, handling charges, supplies, and equipment. Books, tuition, and supplies coupled with subsistence allowance account for 99 percent of program costs. Effective October 1, 2006, the monthly subsistence allowance for a single veteran enrolled in full time institutional training is \$508.04. Commencing October 1 of each subsequent year, the subsistence rate will increase commensurate with the Consumer Price Index.

Readjustment Benefits Summary of Appropriation Highlights

(dollars in thousands)

	2007				
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase (+) Decrease(-)
Obligations:					
Veterans/ servicemembers	\$1,937,037	\$2,251,996	2,200,053	\$2,108,619	\$-91,434
Reservists (1606)	119,913	206,583	214,738	252,359	+37,621
Reservists (1607)	153,362	192,400	197,400	178,800	-18,600
Dependents' Education and Training	413,136	465,900	450,234	478,342	+28,108
VR&E Subsistence Allowance	226,039	258,699	241,262	252,982	+11,720
VR&E Books, Tuition, Supplies, Fees, etc.	340,341	398,794	377,327	409,965	+32,638
Specially Adapted Housing Grants	25,780	28,920	26,520	26,520	0
Automobile Grants	14,246	15,800	14,200	14,200	0
Adaptive Equipment	36,491	50,900	37,600	38,800	+1,200
Tuition Assistance	19,710	20,755	20,498	20,970	+472
National Call to Service	0	3,400	680	680	0
Licensing and Certification Tests	1,414	1,478	1,471	1,504	+33
National Exams	13	13,995	67	70	+3
Work-Study 1/	21,407	29,056	23,202	23,945	+743
State Approving Agencies	17,657	19,000	19,000	13,000	-6,000
Reporting Fees	4,783	4,031	3,719	3,756	+37
Reimbursement to GOE	1,662	2,200	6,720	2,260	-4,460
Total Obligations	\$3,332,991	\$3,963,906	\$3,834,691	\$3,826,771	\$-7,920
Funding:					
Unobligated balance (SOY)	\$-157,357	\$-192,438	\$-511,302	\$0	+\$511,302
Unobligated balance (EOY)	511,302	0	0	0	0
Budget authority (gross)	3,686,936	3,771,467	3,323,389	3,826,772	+503,383
Offsetting collections	-377,702	-509,461	-511,383	-526,483	-15,100
Budget authority (net)	\$3,309,234	\$3,262,006	\$2,812,006	\$3,300,289	+\$488,283
Appropriation	3,309,234	3,262,006	3,262,006	3,300,289	+38,283
Transfer from C&P	0	0	-450,000	0	+450,000
Appropriation adjusted	3,309,234	0	2,812,006	3,300,289	+488,283
Outlays (net)	\$2,949,314	\$3,407,488	\$3,278,133	\$3,287,542	+\$9,409
Total Obligations	\$3,332,991	\$3,963,906	\$3,834,691	\$3,826,771	\$-7,920
Education Program	2,758,721	3,297,718	3,208,268	3,155,024	-53,244
VR&E Program 2/	574,270	666,188	626,424	671,748	+45,324
Budget authority (net)	\$3,309,234	\$3,262,006	\$2,812,006	\$3,300,289	+\$488,283
Education Program	2,751,428	2,595,818	2,185,582	2,628,541	+442,959
VR&E Program	557,806	666,188	626,424	671,748	+45,324
Outlays (net)	\$2,949,314	\$3,407,488	\$3,278,133	\$3,287,542	+\$9,409
Education Program	2,376,060	2,750,574	2,659,978	2,619,709	-40,269
VR&E Program	573,254	656,914	618,156	667,833	+49,667

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

1/ National Exams includes chapter 30 and chapter 35

2/ Includes chapter 1606 work-study reimbursement

3/ Includes chapter 31 Work-study

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

	2007				
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase(+) Decrease(-)
Workload Data and Other Items					
Workload:					
Veterans/servicemembers	331,557	373,368	340,813	340,912	+99
Reservists (1606)	66,579	91,579	113,932	130,913	+16,981
Reservists (1607)	23,751	50,755	52,024	45,794	-6,320
Survivors' Dependents' Education and Training	75,534	83,235	79,134	82,174	+3,040
VR&E Subsistence Allowance	53,431	58,919	54,836	56,207	+1,371
VR&E Books, tuition, supplies, fees, etc.	14,180	14,857	14,570	14,934	+364
VR&E Rehab, Evaluation, Planning and Service 1/	22,180	24,278	22,790	23,360	+570
Specially Adapted Housing Grants	593	668	620	620	0
Automobile Grants	1,317	1,461	1,317	1,317	0
Adaptive Equipment	7,508	8,009	7,508	7,508	0
National Call to Service	0	1,000	200	200	0
Average cost:					
Veterans/servicemembers	\$5,842	\$5,983	\$6,386	\$6,096	\$-290
Reservists (1606)	\$1,801	\$2,256	\$1,885	\$1,928	+\$43
Reservists (1607)	\$6,457	\$3,791	\$3,794	\$3,904	+\$110
Survivors' Dependents' Education and Training	\$5,470	\$5,597	\$5,690	\$5,821	+\$131
VR&E Subsistence Allowance	\$4,230	\$4,391	\$4,400	\$4,501	+\$101
VR&E Books, tuition, supplies, fees, etc.	\$5,034	\$5,405	\$5,437	\$5,763	+\$326
Specially Adapted Housing Grants	\$43,474	\$43,293	\$42,774	\$42,774	\$0
Automobile Grants	\$10,817	\$10,784	\$10,817	\$10,817	\$0
Adaptive Equipment	\$4,860	\$6,358	\$5,011	\$5,166	+\$155
National Call to Service	\$0	\$3,400	\$3,400	\$3,400	\$0
Total Cost: 2/					
Veterans/ servicemembers	\$1,937,037	\$2,233,696	\$2,176,553	\$2,078,119	\$-98,434
Reservists (1606) 3/	\$119,913	\$206,583	\$214,738	\$252,359	+\$37,621
Reservists (1607)	\$153,362	\$192,400	\$197,400	\$178,800	\$-18,600
Survivors' Dependents' Education and Training	\$413,136	\$465,900	\$450,234	\$478,342	+\$28,108
VR&E Subsistence Allowance	\$226,039	\$258,699	\$241,262	\$252,982	+\$11,720
VR&E Books, tuition, supplies, fees, etc.	\$340,341	\$398,794	\$377,327	\$409,965	+\$32,638
Specially Adapted Housing Grants	\$25,780	\$28,920	\$26,520	\$26,520	\$0
Automobile Grants	\$14,246	\$15,800	\$14,200	\$14,200	\$0
Adaptive Equipment	\$36,491	\$50,900	\$37,600	\$38,800	+\$1,200
National Call to Service	\$0	\$3,400	\$680	\$680	\$0

1/ No monetary benefit payment associated with these cases.

2/ Work-study costs not included

3/ Budget estimate does not include National Exams and may not tie to the 2007 President's Budget

Summary of Readjustment Benefits Budget Request

Budget authority of over \$3.3 billion, when combined with \$526.5 million in offsetting collections from the Department of Defense provides funding for estimated readjustment benefits obligations. This account will also provide reimbursement to the General Operating Expenses account for printing and reproduction, regular mail, contracts, and other personal services costs associated with outreach under PL 101-237 and PL 105-368. This funding will also provide for subsistence allowance and the cost of books, supplies, tuition, and fees under the Vocational Rehabilitation and Employment program. The National Defense Authorization Act, PL 108-375, established a new program, Chapter 1607, providing educational assistance to members of the reserve components called or ordered to active service. VBA will administer the benefits of the new program and receive reimbursement from DOD.

Summary of Readjustment Benefit Requirements (dollars in thousands)

	2006			2007			2008		
	Workload	Average Benefit	Obligations	Workload	Average Benefit	Obligations	Workload	Average Benefit	Obligations
Total chapters 30, 1606, 1607,35,31	565,032	5,662	3,199,166	655,308	5,597	3,667,711	670,934	5,457	3,661,309
All-volunteer force educational assistance:									
Chapter 30 total	331,557	5,842	1,937,037	340,813	6,386	2,176,553	340,912	6,096	2,078,119
Veterans	311,153	6,003	1,867,915	318,563	6,588	2,098,580	316,552	6,290	1,991,081
Servicepersons	20,404	3,388	69,122	22,250	3,504	77,973	24,360	3,573	87,038
Reservists (1606)	66,579	1,801	119,913	113,932	1,885	214,738	130,913	1,928	252,359
Reservists (1607)	23,751	6,457	153,362	52,024	3,794	197,400	45,794	3,904	178,800
Education and training:									
Dependents total	75,534	5,470	413,136	79,134	5,690	450,234	82,174	5,821	478,342
Sons and Daughters total	64,517	5,601	361,372	67,620	5,826	393,932	70,227	5,960	418,551
College	62,064	5,610	348,186	65,167	5,835	380,219	67,774	5,969	404,522
Below College Level	2,354	5,432	12,788	2,354	5,650	13,300	2,354	5,780	13,605
On-the-job training	99	4,020	398	99	4,182	414	99	4,273	423
Spouses and widow (ers)									
Total	11,017	4,699	51,764	11,513	4,890	56,302	11,947	5,005	59,791
College	10,329	4,754	49,102	10,845	4,944	53,619	11,279	5,058	57,047
Below College Level	607	4,292	2,605	584	4,464	2,607	584	4,565	2,666
Correspondence	74	257	19	74	267	20	74	273	20
On-the-job training	7	5,429	38	10	5,646	56	10	5,776	58
Chapter 31	67,611	8,377	566,380	69,406	8,913	618,589	71,141	9,319	662,947
Tuition Assistance	22,362	881	19,710	22,362	917	20,498	22,362	938	20,970
Licensing and Certification Tests	3,820	370	1,414	3,820	385	1,471	3,820	394	1,504
Work-study	15,732	1,361	21,407	16,236	1,429	23,202	16,756	1,429	23,945
State Approving Agencies			17,657			19,000			13,000
Reporting Fees			4,783			3,719			3,756

Housing

Housing is one of the nine major programs. The Federal Credit Reform Act of 1990, P.L. 101-508, changed the accounting for Federal credit programs to more accurately measure the costs of credit programs and to make credit programs consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy cost to the government reflected in the program account from the non-budgetary cash flows of credit transactions accounted for in the financing accounts and to focus on the former for budgeting and analysis.

The financing non-budgetary accounts record all of the cash flows (disbursements, principal and interest repayments, fee collections, default payments, etc.) from post-1991 direct and guarantee loans. Funds are transferred from the program account to the financing accounts when the loans are disbursed.

Housing Program Funds

The housing program includes three credit reform programs, the Veterans Housing Benefit Program Fund, the Native American Housing Loan Program and the Guaranteed Transitional Housing for Homeless Veterans Program.

Veterans Housing Benefit Program

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. The program operates by substituting the Federal Government's guaranty for the down payment that would otherwise be required when a veteran or reservist purchases a home. Eligible individuals are thus able to finance home purchases even though they may not have the resources to qualify for conventional loans.

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

VA charges various upfront funding fees according to the fee structure authorized in 38 U.S.C. § 3729. A person who pays a fee for a loan guaranteed or insured after

December 31, 1989, or who is exempt from payment of the fee, shall have no liability to VA for any loss resulting from default except in the case of fraud, misrepresentation, or bad faith. This exemption does not apply to manufactured homes under section 3712 or loan assumptions.

VA is authorized to make direct loans to severely disabled veterans in connection with Specially Adapted Housing Grants. The maximum loan amount is \$50,000.

Veterans may also obtain guaranteed loan financing to buy a new or used manufactured home and/or buy or improve a lot for placement of a manufactured home. The guaranty amount is the lesser of 40 percent of the loan amount or \$20,000. Veterans are charged a funding fee of one percent of the loan amount.

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

Program Account:

The Program Account records the subsidy costs (cost to the government) associated with direct loans obligated and loan guarantees committed since 1992, as well as the discretionary administrative expenses associated with operating the housing programs. Subsidy costs are calculated on a net present value basis; the administrative expenses are estimated on a cash basis.

Liquidating Account:

The Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. Acquired and Vendee loans originating from this account in 1992 and after are recorded in the Direct Loan Financing Account.

Direct Loan Financing Account:

The Direct Loan Financing Account (DLFA) is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans obligated since 1992 (including all Vendee loans established and loans acquired from the Liquidating and Guaranteed Loan Financing Accounts). The DLFA primarily tracks each cohort year's loan activity (principal and interest

repayments, Treasury borrowings, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending. Beginning in 2006, the DLFA will execute two distinct cohorts, one for Direct Acquired Loans and one for Direct Vendee Loans.

Guaranteed Loan Financing Account:

The Guaranteed Loan Financing Account (GLFA) is a non-budgetary account that records all financial transactions, to and from the government, resulting from loan guarantees committed since 1992 (including modifications of loan guarantees that resulted from commitments in any year). Like the DLFA, its primary purpose is the financial tracking of each cohort year's loan activity and is not included in the budget totals.

Loan Sales Securities Guaranteed Loan Financing Account:

The Guaranteed Loan Sales Securities Account (LSSA) was established in 1999 to record transactions from the guarantee of Vendee loans sold under the Vendee Mortgage Trust (VMT) Securitization Program. Like DLFA and GLFA, this account's primary purpose is the financial tracking of each cohort year's loan sale activity and is not included in the budget totals when calculating total government spending.

Budget Request

The 2008 appropriation request includes funding for the mandatory and discretionary requirements of the Housing program. The mandatory request of \$17.4 million for the Housing program account includes estimated funding for subsidy payments (costs to the government) for the Housing credit reform loan programs. Subsidy appropriations for 2008 consist of \$17.4 million for the Veterans Housing Direct Acquired Loan program. The Liquidating account does not require an appropriation to fund account obligations because sufficient resources are available from offsetting collections (borrower's principal and interest repayments, sale of homes, etc.). The discretionary request of \$154.6 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Direct acquired loan subsidies reflect the portion of loan disbursements the government does not expect to recover, i.e., the cost to the government, in net present value terms. In 2008, based on the number of loans acquired (2,631) and the average loan amount (\$74,779), \$196.7 million in direct acquired loans is estimated. The subsidy estimate of \$17.4 million is based on a subsidy rate of 8.84 percent applied to the total value of direct loans made. The rate is calculated after discounting the estimated net cash flows associated with the loan disbursements

by the comparable rates on Treasury securities. The discounted net cash value divided by the total value of loans equals the subsidy rate.

Total Veteran Housing Program Benefit Fund Summary of Appropriation Highlights (dollars in thousands)					
Housing Program and Liquidating Accounts	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Liquidating Account	\$11,175	\$14,955	\$9,675	\$7,451	\$-2,224
Program Account	197,964	196,077	216,785	171,951	-44,834
Total Obligations	\$209,139	\$211,032	\$226,460	\$179,402	-\$47,058
Budget Authority:					
Mandatory, Program Account	\$46,559	\$42,892	\$63,600	\$17,389	-\$46,211
Mandatory, Liquidating Account	-49,485	-48,606	-59,161	-50,861	+8,299
Discretionary Program Account	153,575	153,185	153,185	154,562	+1,377
Total Budget Authority (net)	\$1,993,335	\$175,528	\$151,648	\$147,471	-\$36,535
Outlays:					
Liquidating Account	\$-71,812	\$-48,606	\$-57,137	\$-50,861	+\$6,276
Program Account	\$200,134	196,077	\$216,785	\$171,951	-\$44,834
Total Outlays (net)	\$128,322	\$147,471	\$159,648	\$121,090	-\$38,558

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

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

	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Liquidating:					
Program Obligations	\$11,175	\$14,955	\$9,675	\$7,451	-\$2,224
Unobligated Balance:					
Start of year	-\$31,798	\$0	-\$21,426	\$0	+\$21,426
End of year	\$21,426	\$0	\$0	\$0	\$0
Transfer to General Fund	-\$81,798	\$48,606	\$80,586	-\$50,861	+\$29,725
Offsetting Collections	\$82,085	\$63,561	\$68,836	\$58,312	-\$10,523
Budget Authority (net)	-\$49,485	\$-48,606	\$-59,161	-\$50,861	+\$8,299
Outlays (net)	-\$71,812	\$-48,606	-\$57,137	-\$50,861	+\$6,276
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	\$0	\$0	\$0	\$0	\$0
Veterans Housing Loan Sales	0	19,625	0	0	0
Veterans Housing Direct Acquired	7,050	23,267	21,888	17,389	-4,499
Veterans Housing Direct Vendee	0	0	0	0	0
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	0	0	28,326	0	-28,326
Veterans Housing Loan Sales	653	0	9,427	0	-9,427
Veterans Housing Direct Acquired	38,856	0	3,959	0	-3,959
Veterans Housing Direct Vendee	0	0	0	0	0
Administrative Expenses:					
Veterans Benefits Administration	127,925	1126,569	118,678	117,847	-831
General Counsel	4,777	4,885	4,885	4,989	+104
Information Technology	18,703	21,731	29,622	31,726	+2,104
Obligations	\$197,964	\$196,077	\$216,785	\$171,951	-\$44,834
Unobligated Balance:					
Unobligated Balance Expiring	\$2,170	\$0	\$0	\$0	\$0
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Budget Authority (net)	\$200,134	\$196,077	\$216,785	\$171,951	-\$44,834
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$200,134	\$196,077	\$216,785	\$171,951	-\$44,834
Total Obligations	\$209,139	\$211,032	\$226,460	\$179,402	-\$47,058
Budget Authority:					
Appropriation, mandatory	\$46,559	\$42,892	\$63,600	\$17,389	-\$46,211
Appropriation, discretionary	\$153,575	\$153,185	\$153,185	\$154,562	-\$1,377
Liquidating Account	-\$49,485	-\$48,606	-\$59,161	-\$50,861	+\$8,299
Total Budget Authority (net)	\$150,649	\$147,471	\$157,624	\$121,090	-\$36,534
Total Outlays (net)	\$128,322	\$147,471	\$159,648	\$121,090	-\$38,558

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the \$58.3 million in offsetting collections (borrower's principal and interest repayments, sale of homes, etc.). Obligations for 2008 are estimated at \$7.5 million which, when

netted with collections, results in a negative budget authority of \$50.9 million. The Liquidating Account includes activity for all loans disbursed prior to 1992. These loans do not fall under the requirements of credit reform and subsidy is not calculated for the liquidating account.

Budget authority of \$172.0 million is being requested for the Housing Program account for 2008 to provide administrative expenses and subsidy payments of \$17.4 million to the Veterans Housing Direct Acquired Loan Account. A subsidy appropriation is not required for the Veterans Housing Guaranteed or Direct Vendee loan programs in 2008 because they have negative subsidy rates. No appropriation is needed for the Guaranteed Loan Sales Security program because no loan sales are projected for 2008.

Subsidy for federal credit programs represents the estimated cost to the Government of making loans. Veteran's Housing loans are generally for 30 years and the subsidy rate reflects the cost to the Government for that 30-year period. A subsidy rate is the net present value of all cash inflows (fees, down payments, sales of inventory property, etc.) less the cash outflows (claim and acquisition payments, property expenses, etc.) for those 30 years. Cash inflows and outflows are estimated for each year of the 30 years. Subsidy Budget Authority requested is the subsidy rate for the program multiplied by the total loan level projected for 2008. A negative subsidy rate results when cash inflows exceed cash outflows thus government funds in the form of subsidy are not required.

**Veteran Housing Financing Accounts - Off Budget
Financial Summary
(dollars in thousands)**

	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Guaranteed Loans:					
Obligations	\$2,212,502	\$2,863,537	\$3,528,692	\$2,585,710	-\$942,982
Collections	\$1,344,807	\$3,296,077	\$2,439,026	\$2,483,330	+\$44,304
Financing Authority (net)	\$0	\$0	\$101,737	\$107,687	+\$5,950
Financing Disbursements (net)	\$822,409	-\$425,463	\$1,070,480	\$116,126	-\$954,354
Loan Sales Securities:					
Obligations	\$108,715	\$551,151	\$131,166	\$32,249	-\$98,917
Collections	\$41,150	\$549,566	\$35,131	\$19,366	-\$15,765
Financing Authority (net)	-\$931	\$0	\$0	\$0	\$0
Financing Disbursements (net)	\$67,565	\$1,585	\$96,036	\$12,883	-\$83,153
Direct Loans:					
Obligations	\$387,089	\$707,012	\$576,702	\$690,677	+\$113,975
Collections	\$372,394	\$896,173	\$183,487	\$221,026	+\$37,539
Financing Authority (net)	-\$1,216,113	-\$189,161	-\$349,651	-\$469,650	+\$119,999
Financing Disbursements (net)	-\$11,716	-\$187,848	\$393,215	\$469,650	+\$76,435
Housing Financing Accounts Totals:					
Obligations	\$2,708,306	\$4,121,700	\$4,236,560	\$3,308,636	-\$927,924
Collections	\$1,758,351	\$4,741,816	\$2,657,644	\$2,723,722	+\$66,078
Financing Authority (net)	-\$1,217,044	-\$189,161	\$451,388	\$577,337	+\$125,949
Financing Disbursements (net)	\$878,258	-\$611,726	\$1,559,731	\$598,659	-\$961,072

Veterans Housing Benefit Program Financing Accounts - Non-Budgetary

The Veterans Housing Guaranteed Loan program has a negative subsidy rate in 2008 and will not require any subsidy to finance 180,000 Veterans Housing Guaranteed loans totaling \$29.1 billion. Public Law 108-454, the Veterans Benefits Improvement Act of 2004, included some changes to the Loan Guarantee Program. The Veterans Housing Guaranteed Loan Hybrid Adjustable Rate Mortgage (ARM) demonstration project originally mandated for 2004 and 2005 has been extended through 2008 and will allow VA to guarantee both hybrid and traditional ARMs. The Act also increased the maximum loan guarantee amounts to be indexed to the current Freddie Mac conforming loan limitation. Public Law 109-233, the Veterans Housing Opportunity and Benefits Act of 2006, included additional changes to the Loan Guarantee Program. The law increased the funding fee from 3.3 percent to 3.35 percent for subsequent loans with no down

payments closed during 2007. The \$17.4 million (on-budget) in Direct Acquired Loan subsidy for 2008 is to finance 2,631 acquired loans totaling \$196.7 million. The Veterans Housing Direct Vendee Loan Program has a negative subsidy rate in 2008 and will not require any subsidy to finance 2,883 Vendee loans totaling \$330.0 million for 2008.

Veterans Housing Benefit Program Workload Summary (dollars in thousands)					
	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Veterans Housing Benefit Program:					
Liquidating Account:					
Property acquisitions	294	236	236	188	-48
Properties sold	782	704	704	599	-105
Guaranteed Loans:					
Subsidy rate	-0.32%	-0.36%	-0.36%	-0.37%	-0.01%
Number of guaranteed loans	135,151	230,000	180,000	180,000	0
Amount of guaranteed loans	\$23,499,949	\$37,189,036	\$28,260,360	\$29,104,463	+\$844,103
Average loan amount (full dollars)	\$173,879	\$161,691	\$157,002	\$161,691	+\$4,689
Loan Sales Securities:					
Subsidy rate	0.00%	3.99%	0.00%	0.00%	0.00%
Guaranteed loans sold:					
Number of loans sold	0	5,395	0	0	0
Amount of loans sold	0	\$491,842	0	\$491,842	0
Average loan amount (full dollars)	0	\$91,172	0	\$91,172	0
Gross proceeds from sale	0	\$496,513	0	\$496,513	0
Direct Loans:					
Acquired Loans:					
Subsidy rate	9.18%	10.43	10.43	8.84%	-1.59%
Number of Loans	1,150	3,734	2,868	2,631	+18
Total amount of loans	\$77,433	\$223,080	\$209,855	\$196,708	+\$5,936
Average loan amount (full dollars)	\$67,305	\$59,749	\$73,182	\$74,779	+\$1,318
Vendee Loans:					
Subsidy rate	-5.64%	-3.46%	-3.46%	-1.59%	-2.18%
Number of Loans	788	5,082	1,192	2,883	+2,876
Total amount of loans	\$73,326	\$365,581	\$124,777	\$329,907	+\$214,607
Average loan amount (full dollars)	\$93,053	\$71,939	\$104,719	\$114,425	+\$3,523

Guaranteed Transitional Housing Program

The Guaranteed Transitional Housing program was established by PL 105-368, the "Veterans Benefits Enhancement Act of 1998". The program is a pilot project designed to expand the supply of transitional housing for homeless veterans by providing up to 15 loans with a maximum aggregate value of \$100 million. The project must enforce sobriety standards and provide a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, will be required to pay a reasonable fee.

Budget Request

Total obligations in 2008 increase by \$8.3 million from the 2007 estimate. Outlays decrease by \$123,000 from the 2007 estimate of \$2.2 million. It is anticipated that two loans will be partially disbursed in 2008 with the subsidy requirements funded from the unobligated balance of the initial \$48.3 million appropriation.

Guaranteed Transitional Housing Loans Program Account					
Summary of Appropriation Highlights					
(dollars in thousands)					
	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations					
Direct loan subsidy	\$0	\$7,757	\$0	\$8,302	+\$8,302
Total obligations	\$0	\$7,757	\$0	\$8,302	+\$8,302
Unobligated Balance:					
Start of year	-\$43,053	-\$34,487	-\$43,053	-\$43,053	+\$0
End of year	\$43,053	\$26,731	\$43,053	\$34,751	-\$8,302
Budget authority (net)	\$0	\$0	\$0	\$0	\$0
Obligated Balance:					
Start of year	\$5,197	\$9,832	\$2,788	\$600	-\$2,188
End of year	-\$2,788	-\$6,508	-\$600	-\$6,837	-\$6,237
Outlays (net)	\$2,409	\$11,081	\$2,188	\$2,065	-\$123
Workload and Subsidy Rate:					
Number of loans established	0	23	0	2	0
Average loan amount	\$0	\$5,484	\$0	\$5,758	-\$5,758
Amount of loans established	\$0	\$10,965	\$0	\$11,515	-\$11,515
Combined Project Subsidy Rate	n/a	70.74%	n/a	72.10%	-72.10%

Transitional Housing Direct Loan Financing Account -- Non-Budgetary

The Transitional Housing Direct Loan Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from direct loan obligations. The Direct Loan Financing account is used primarily for the financial tracking of each cohort year's loan activity within the financing account and is not included in the budget totals when calculating total

government spending. Guaranteed Transitional Housing Loans will be financed by the Federal Financing Bank (FFB) and, for budgetary and accounting purposes, considered Agency debt. Therefore, although this is a guaranteed loan program, all transactions will be accounted for in a direct loan financing account.

Transitional Housing Direct Loan Financing Account - Off-Budget					
Financial Summary					
(dollars in thousands)					
	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Direct loans	\$0	\$10,965	\$0	\$11,515	+\$11,515
Interest on Treasury borrowings	0	-128	0	0	26
Property expenses and other	0	85	0	19	+19
Total obligations	\$0	\$10,922	\$0	\$10,922	+\$11,534
Obligated Balance:					
Start of year	\$5,237	\$6,290	\$2,810	\$605	-\$2,205
End of year	-2,810	-\$2,776	-\$605	-\$9,402	-\$8,797
Offsetting Collections:					
Payments from Program account	\$2,409	\$407	\$2,188	\$2,065	-\$123
Interest on Uninvested Funds	0	24	197	340	+143
Loan repayments	0	11,081	0	25	+25
Interest received on loans	0	0	0	157	+157
Total offsetting collections	\$2,409	\$11,512	\$2,385	\$11,512	+\$201
Financing:					
Financing authority, net	-\$2,409	-\$590	-\$2,188	\$17,552	+\$19,740
Financing disbursements, net	\$18	\$2,924	-\$180	\$151	+\$331

It is projected that the Guaranteed Transitional Housing for Homeless Veterans program will partially disburse two loans in 2008. The total amount of the two loans is estimated at over \$11.5 million with a subsidy cost of over \$8.3 million (on-budget) to be financed with remaining unobligated funds.

Obligations are estimated at over \$11.5 million for 2008, consisting of \$11.5 million in direct loan payments and \$19,000 for property expenses. Collections are estimated at \$2.6 million in 2008. The offsetting collections consist of subsidy payments from the program account of \$2.1 million, interest earned from Treasury on un-invested funds of \$340,000, interest received on loans of \$157,000, and repayments received on loans of \$25,000.

Native American Housing Program

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

The Native American Veterans Housing Loan Program is a program that began in 1993 as a pilot program. Indefinite subsidy authority of \$4.5 million was provided for by PL 102-389, "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriation Act, 1993". Initial authority for this pilot program expired September 30, 1997. Authority was extended through December 31, 2001 by PL 105-114, "Veterans Benefits Act of 1997", through December 31, 2005 by PL 107-103, "Veterans Education and Benefits Expansion Act of 2001", through December 31, 2008, by PL 108-454, "Veterans Benefits Improvement Act of 2004", and became permanent by PL 109-233, "Veterans Housing Opportunity and Benefits Act of 2006".

Budget Request

An appropriation of \$628,000 is being requested to reimburse the General Operating Expenses account for expenses necessary to administer this program. The Native American Housing program has a negative subsidy rate in 2008 and therefore will not require any subsidy from the program's \$2.3 million unobligated balance.

Native American Direct Loan Program Account

Summary of Appropriation Highlights

(dollars in thousands)

	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations					
Direct loan subsidy	\$0	\$0	\$0	\$0	\$0
Upward reestimate, including interest	45	0	2,634	0	-2,634
Administrative expenses:					
Veterans Benefits Administration	560	595	560	608	+48
General Counsel	20	20	20	20	0
Total administrative expenses	\$580	\$615	\$580	\$628	+\$48
Total obligations	\$625	\$615	\$3,214	\$628	-\$2,586
Unobligated Balance:					
Start of year	-\$2,334	-\$2,334	-\$2,334	-\$2,334	\$0
End of year	\$2,334	\$2,334	\$2,334	\$2,334	\$0
Budget authority (net)	\$625	\$615	\$3,214	\$628	-\$2,586
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$625	\$615	\$3,214	\$628	-\$2,586
Financing:					
Appropriation, discretionary	\$580	\$615	\$580	\$628	+\$48
Mandatory Indefinite	\$45	\$0	\$2,634	\$0	-\$2,634
Workload:					
Number of direct loans established	395	30	30	30	0
Average direct loan amount	\$116,832	\$168,879	\$119,402	\$122,268	+\$2,866
<i>Amount of direct loans established</i>	\$4,556	\$5,066	\$3,582	\$3,668	+\$86
NA direct loan subsidy rate	-13.79%	-13.46%	-13.46%	-14.48%	-1.02%

Native American Direct Loan Financing Account - Non-Budgetary

The Native American Veterans Housing Loan Program, Direct Loan Financing Account is a non-budgetary account that records all financial transactions, i.e., obligations, collections, and outlays associated with direct loan obligations. The Direct Loan Financing Account is used primarily for the financial tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Native American Direct Loan Financing Account - Off-Budget

Financial Summary (dollars in thousands)

	2006 Actual	2007		2008 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Direct loans	\$4,556	\$5,066	\$3,582	\$3,668	+ \$86
Negative subsidy	281	682	766	525	-241
Interest on Treasury borrowings	3,342	514	1,852	2,046	+194
Property expenses	6	4	4	6	+2
Other expenses	0	0	18	9	-9
Treasury Receipt account:					
Downward Reestimate	2,584	0	854	0	-854
Int. on Downward Reestimate	380	0	190	0	-190
Total obligations	\$11,146	\$6,267	\$7,267	\$6,254	-\$1,013
Obligated Balance:					
Start of year	-\$761	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Offsetting Collections:					
Payments from Program account	\$45	\$0	\$2,634	\$0	-\$2,634
Reimbursements from NADL	0	0	367	402	+35
Interest on Un-invested funds	1,692	0	0	0	+0
Loan repayments	2,031	603	547	615	+68
Fees	1,373	2,330	2,091	2,271	+180
Other	19	27	21	19	-2
	-12	426	0	0	0
Total offsetting collections	\$5,148	\$3,386	\$5,660	\$3,307	-\$2,353
Financing:					
Financing authority, net	\$32,441	\$2,880	\$1,606	\$2,947	+\$1,341
Financing disbursements, net	\$6,600	\$2,880	\$2,606	\$2,947	+\$341

Obligations are estimated at almost \$6.3 million for 2008 and are expected to support 30 direct loans to Native American veterans with a value of almost \$3.7 million. Obligations also reflect interest on Treasury borrowing of over \$2.0 million and \$525,000 in negative subsidy. Interest on Treasury borrowing is computed based on average financing authority net of offsetting collections, using current interest rate assumptions on Treasury securities.

Total collections in 2008 are estimated at over \$3.3 million, including \$2.3 million from borrower's interest payments, \$402,000 from Native American Direct Loan Financing Account reimbursements, \$615,000 in repayments and prepayments of principal, and \$19,000 from fees on loans. Collections are \$2.4 million lower in 2008 than in 2007 because of upward reestimates. The 2008 upward reestimates will not be calculated until the end of 2007 and will be shown in the 2009 Congressional Budget submission.

Insurance Programs

Summary

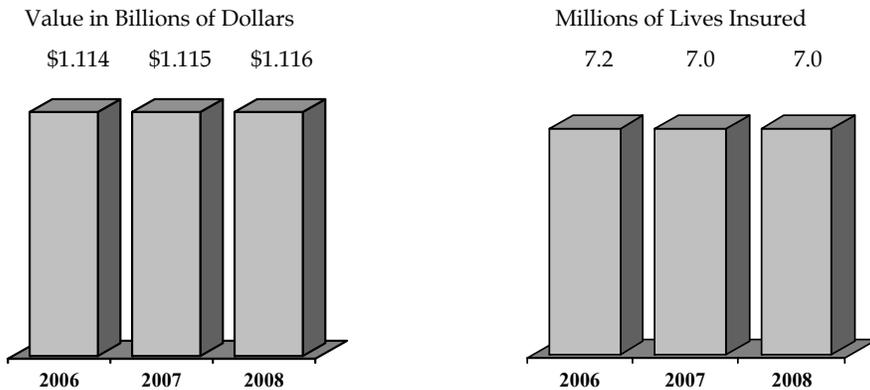
Life insurance protection for the Nation's servicemembers and veterans is provided under eight separate programs. Six of these programs are administered directly by the Department of Veterans Affairs and the remaining two are supervised through contractual agreement with Prudential Life Insurance Company of America through the Office of Servicemembers' Group Life Insurance (OSGLI). OSGLI administers the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs.

The eight VA insurance programs are financed in a variety of ways. The Veterans Mortgage Life Insurance (VMLI) program is funded from the Veterans Insurance and Indemnities (VI&I) program. The VGLI program is funded by premiums and transfers from the (SGLI) fund. The VGLI is not included in the summary charts shown below. Veterans Insurance and Indemnities is a direct appropriation that supports the costs of insuring disabled veterans. Of the remaining six programs, three are public enterprise funds, two are trust funds, and one is a trust revolving fund.

The seven accounts listed below are covered in the following pages:

- Appropriation: Insurance
- Public enterprise funds: Service-Disabled Veterans Insurance (SDVI)
Veterans' Reopened Insurance (VRI)
Servicemembers' Group Life Insurance (SGLI)
- Trust funds: National Service Life Insurance (NSLI)
United States Government Life Insurance (USGLI)
- Trust revolving fund: Veterans' Special Life Insurance (VSLI)

Total Insurance in Force



Summary of Budget Request- Mandatory

In 2008, the Insurance account will require an appropriation of \$41.3 million to finance its operation. Nearly two million dollars of additional income is received from VMLI premiums.

Budget authority (permanent and indefinite) is made available automatically to the USGLI and the NSLI funds each year by virtue of standing legislation. All obligations of the VSLI and VRI funds are paid from offsetting collections and redemption of investments in U.S. Treasury securities. All obligations of the S-DVI fund are paid by transfers from the Insurance account Fund and other offsetting collections. No action by Congress is required.

Obligations of the SGLI program are financed entirely from premium collections, interest on investments, and redemption of U.S. securities.

Insurance
Summary of Mandatory Appropriation Highlights
(dollars in thousands)

Mandatory	2007				
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase (+) Decrease(-)
Lives Insured:¹					
Veterans (Administered Programs)	1,317,550	1,249,568	1,228,318	1,138,920	-89,398
Veterans (VGLI)	428,019	436,638	435,880	444,670	+8,790
Servicemembers (SGLI)	2,391,500	2,417,900	2,393,500	2,387,500	-6,000
Spouses and Children (FSGLI)	3,099,000	2,984,000	2,984,000	2,982,000	-2,000
Total Lives Insured	7,236,069	7,088,106	7,041,698	6,953,090	-88,608
Face Amount In Force	\$1,114,008,085	\$1,100,181,978	\$1,114,869,118	\$1,116,485,168	+\$1,616,050
Obligations:					
Death Claims	\$1,092,506	\$1,163,530	\$1,134,240	\$1,150,470	+\$16,230
Dividends	421,547	373,850	385,020	349,340	-\$35,680
Premiums Paid to OSGLI	819,354	854,640	861,930	860,170	-\$1,760
Transfers to Insurance Funds	646,098	41,190	665,990	33,180	-\$632,810
Payments for Administrative Expenses	38,520	41,824	43,034	42,502	-\$532
Capital Investments	92,830	89,864	92,730	90,230	-\$2,500
All Other Obligations	193,073	186,372	188,208	188,791	+\$583
Total Mandatory Obligations	\$3,303,928	\$2,751,270	\$3,371,152	\$2,714,683	-\$656,469
Funding:					
Offsetting Collections					
Premiums	\$101,393	\$98,240	\$100,108	\$99,117	-\$991
SGLI Premiums	820,985	855,940	863,730	861,670	-\$2,060
Interest on U.S. Securities	162,699	156,410	157,070	151,750	-\$5,320
Payments for S-DVI	37,234	40,300	41,800	32,400	-\$9,400
All Other Collections	940,575	320,294	941,004	293,247	-\$647,757
Total Collections	\$2,062,886	\$1,471,364	\$2,103,712	\$1,438,184	-\$665,528
Unobligated balance (SOY)	-\$11,123,872	-\$10,678,876	-\$10,718,841	-\$10,232,051	+\$486,790
Unobligated balance (EOY)	\$10,718,841	\$10,184,780	\$10,232,051	\$9,678,812	-\$553,239
Budget Authority, net					
Insurance Benefit Appropriation (VI&I)	\$45,907	\$49,850	\$49,850	\$41,250	-\$8,600
Trust funds	\$1,192,156	\$1,194,630	\$1,184,561	\$1,183,012	-\$1,549
Total Mandatory:					
Budget Authority (net)	\$1,238,064	\$1,244,480	\$1,234,411	\$1,224,262	-\$10,149
Outlays (net)	\$1,236,732	\$1,292,836	\$1,278,108	\$1,296,702	+\$18,594

¹ In this budget the Insurance program will depict lives insured rather than showing number of policies as in past budgets. This change is being made in order to more accurately reflect the people Insurance serves and the true scope of the insurance programs. Because some veterans in our administered programs have more than one policy, and because our supervised programs (SGLI, FSGLI and VGLI) are in fact only one "group policy", it is inaccurate to depict these programs as "policies in force".

Insurance Funds

Program Description

The following VA life insurance funds are explained below:

- ◆ United States Government Life Insurance (USGLI)
- ◆ National Service Life Insurance (NSLI)
- ◆ Service-Disabled Veterans Insurance (SDVI)
- ◆ Veterans' Reopened Insurance (VRI)
- ◆ Veterans' Special Life Insurance (VSLI)

The five insurance programs included under the Consolidated Insurance Funds group contain over 99.8 percent of those policies administered directly by VA. Each of these funds is operated in basically the same manner but there are some differences. The maximum amount of basic coverage available under any of these programs is \$10,000. However, under the NSLI, VRI and VSLI programs, policyholders can purchase additional protection by electing to use their dividends to buy paid-up additional insurance. The SDVI program is unique in that it insures veterans with service connected disabilities at standard premium rates and, therefore, requires an annual subsidy from the Veterans Insurance and Indemnities appropriation. Each program, excluding SDVI, participates in the distribution of annual dividends. Under each of these programs, except USGLI, waiver of premium protection is offered in the event of total disability at no additional cost. For an additional premium, total disability income provision policy riders are available under all of these programs except SDVI. USGLI policies contain a special provision whereby, in the event of total permanent disability, the policy may be matured and the insured receives the proceeds in monthly installments.

United States Government Life Insurance (USGLI)

The United States Government Life Insurance trust fund was established in 1919 to receive premiums and pay claims on insurance converted from the War risk term insurance of World War I.^{1/}

National Service Life Insurance (NSLI)

The National Service Life Insurance trust fund was established in 1940 to serve the insurance needs of World War II service personnel and veterans. Issuance of new policies ended in 1951. The trust fund is sustained through premium collections and interest on investments. This is the largest Government administered insurance program.^{1/}

Service-Disabled Veterans Insurance (SDVI)

The Service-Disabled Veterans Insurance fund is the only VA administered insurance program remaining open to new issues. It was designed as an insurance program for veterans with a service connected disability and provides coverage at standard rates. These individuals might not otherwise be insurable at standard rates due to their disabilities.

Since the fund insures the disabled at standard premium rates, it is not self-sustaining. Periodic payments from the Veterans Insurance and Indemnities appropriation are required to meet current expenditures.

Veterans' Reopened Insurance (VRI)

The Veterans Reopened Insurance fund was established on May 1, 1965 and closed on May 2, 1966. It offered veterans, who served between October 8, 1940 and January 1, 1957, the opportunity to obtain permanent life insurance coverage. This coverage was extended only to individuals with service connected or non-service connected disabilities who were either uninsurable or who could not qualify for standard rates and were not on active duty at the date of issue of the policy.

Veterans' Special Life Insurance (VSLI)

The Veterans Special Life Insurance trust revolving fund was made available for the payment of claims for the insurance program authorized for insurable veterans who served in the Armed Forces after April 24, 1951 and up to January 1, 1957.^{1/}

Servicemembers' Group Life Insurance (SGLI)

Formerly known as the Servicemen's Group Life Insurance fund, Public Law 104-275 renamed it the Servicemembers' Group Life Insurance fund, effective October 1, 1996. This fund provides insurance coverage for military personnel, reservists, members of the National Guard, Service Academy cadets and midshipmen, and certain ROTC students. Effective April 1, 2001, Public Law 106-419 increased the level of coverage to \$250,000. P.L 107-14 extended coverage to spouses and children of insured members effective November 1, 2001. The SGLI premium rate decreased to \$.065 per month per thousand of insurance coverage from \$.08 per month per thousand. VA supervises this program. Prudential Insurance Company of America administers it. The fund is entirely self-supporting, except for any costs resulting from excess mortality traceable to the extra hazard of duty in the armed services. It also reimburses the General Operating Expenses appropriation for VA's supervisory expenses.

^{1/} Authority for the payment of administrative expenses out of excess earnings in these funds is contained in the appropriations bill. This budget assumes that the payment from excess earnings will continue.

Summary of Insurance Programs 2008 (dollars in millions)

	VI&I (VMLI)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII- Korean)	SDVI (Open)	SGLI (Open)	Family SGLI (Open)	VGLI (Open)	TOTAL
Beginning Date	08/11/71	10/08/40	01/01/19	04/25/51	05/01/65	04/25/51	09/29/65	11/01/2001	8/1/74	
Closing Date	Open to New Iss.	04/24/51	04/24/51	12/31/56	05/01/66	Open to New Iss.	Open to New Iss.	Open to New Iss.	Open to New Iss.	
Lives Insured	2,310	775,886	5,457	157,028	33,304	164,935	2,387,500	2,982,000	444,670	6,953,090
Term insurance	2,310	216,960	n/a	13,550	n/a	68,740	n/a	n/a	n/a	301,560
Permanent plans	n/a	698,670	5,560	169,250	38,660	121,490	n/a	n/a	n/a	1,033,630
Tot. policies inforce	2,310	915,630	5,560	182,800	38,660	190,230	2,387,500	2,982,000	444,670	7,149,360
Tot. value inforce⁽¹⁾	\$165	\$10,553	\$16	\$2,350	\$376	\$1,911	\$922,695	\$116,231	\$62,189	\$1,116,486
Avg amt. per policy ⁽²⁾	\$71,429	\$11,525	\$2,878	\$12,856	\$9,726	\$10,046	\$386,469	\$38,978	\$139,854	
Avg age	55.6	82.9	90.1	76.5	83.8	60.2	30.1	33.1 ⁽³⁾	47.3	
Annual death rate per 1,000	58.7	76.6	144.5	33.4	87.6	36.4	1.1	0.85	4.4	

- (1) The total value of inforce includes paid-up additional insurance.
(2) The average amount of insurance is represented in whole numbers.
(3) Average age for spouses only.

Summary of Selected Highlights 2008 (dollars in thousands)

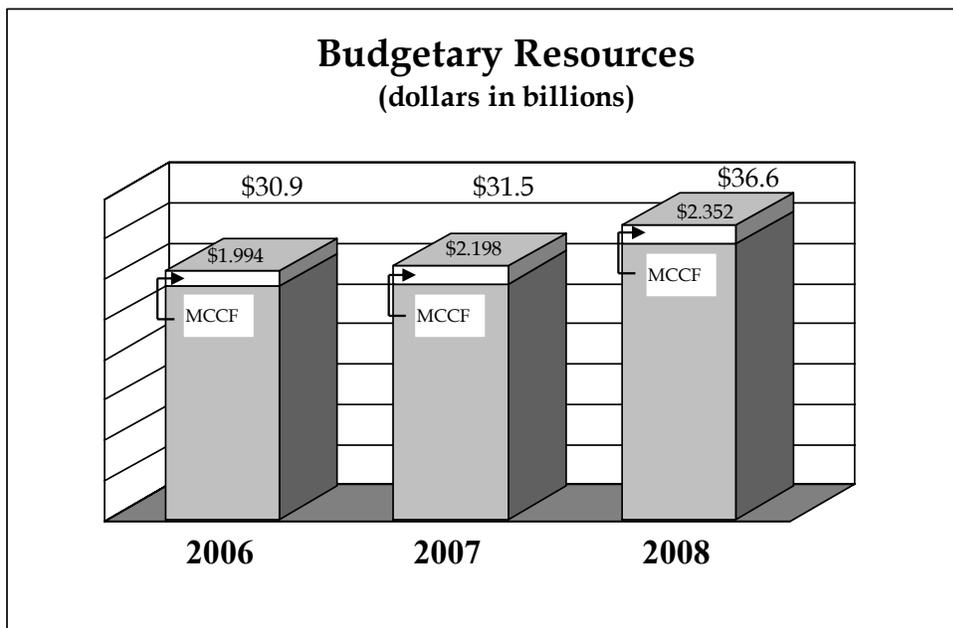
	Budget Authority (net)			Outlays (net)			Dividends		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
VI&I	\$45,907	\$49,850	\$41,250	\$45,956	\$50,737	\$41,250	0	0	0
NSLI	1,185,855	1,178,550	1,177,616	1,199,743	1,205,510	1,211,839	329,411	295,550	268,570
USGLI	6,322	6,041	5,426	7,661	7,743	7,086	1,268	1,020	840
VSLI				-31,852	-11,636	-2,218	79,264	78,500	71,720
VRI				20,956	26,750	26,949	11,604	9,950	8,210
SDVI				-5,713	-966	11,826	0	0	0
Total	\$1,238,084	\$1,234,441	\$1,224,292	\$1,236,751	\$1,278,138	\$1,296,732	\$421,547	\$385,020	\$349,340
SGLI	-20	-30	-30	-19	-30	-30	0	0	0
Grand Total	\$1,238,064	\$1,234,411	\$1,224,262	\$1,236,732	\$1,278,108	\$1,296,702	\$421,547	\$385,020	\$349,340



Medical Programs

Medical Care Programs

The medical care programs are resourced through three appropriations: Medical Services, Medical Administration, and Medical Facilities. These three appropriations provide the resources to operate a comprehensive and integrated health care system that supports enrolled veterans; a national academic education and training program to enhance veterans' quality of care; administrative support for facilities. The mission of the veterans' health care system is to serve the needs of America's veterans. Enrolled veterans receive the needed specialized and primary medical care and related social support services. To accomplish this mission, the Veterans Health Administration (VHA) is a comprehensive, integrated health care system that provides excellence in health care value; excellence in service as defined by its customers; excellence in education and research; and excellence in timely and effective contingency medical support in the event of national emergency or natural disaster.



The 2008 President's budget request for the medical care program is comprised of three appropriations reflected in the table below. The total budget authority request for all three appropriations is \$36.6 billion, including \$2.4 billion from the Medical Care Collections Fund (MCCF). VA is requesting \$27.2 billion for the Medical Services; \$3.4 billion for Medical Administration; and \$3.6 billion for Medical Facilities. VA is proposing a set of legislative revenue proposals, for approval by the authorizing committees, to change VA's fee structure. These proposals are mandatory receipts to the Treasury and will not reduce the medical care appropriations. These three proposals discussed later in the chapter will: assess an income-based enrollment fee; increase pharmacy co-payments; and eliminate the practice of offsetting or reducing VA first-party co-payment debts. In 2007, VA plans to reorganize the Information Technology (IT) functions throughout VA to improve the management of the IT program. The reorganization will consolidate all IT personnel performing operations and maintenance functions throughout VA under the control of the VA Chief Information Officer. In 2007, VA plans to realign 4,339 full-time equivalents (FTE) and \$443.1 million from the three appropriations to the IT Systems appropriation. This realignment is not reflected in the 2007 estimate of this request because this estimate reflects funding available under the continuing resolution. This IT realignment is reflected in the 2008 estimate.

Medical Care Budget Authority (BA) for the Medical Care Appropriations <i>(dollars in thousands)</i>			
	2006	2007	2008
	Actual	Continuing Resolution	Estimate ^{2/}
Appropriation			
Medical services	\$22,052,141	\$23,129,030	\$27,167,671
Medical administration	3,406,942	2,811,209 ^{1/}	3,442,000
Medical facilities	3,297,669	3,372,740	3,592,000
Total appropriations	28,756,752	29,312,979	34,201,671
MCCF collections	1,994,172	2,198,154	2,352,469
BA before supplementals	30,750,924	31,511,133	36,554,140
Hurricane supplemental	158,865	0	0
Avian flu supplemental	18,000	0	0
Total budget authority	30,927,789	31,511,133	36,554,140
VA and DoD portion of DoD VA HCSIF	30,000	0	0
Obligations for Medical Care appropriations	\$31,697,755	\$32,326,744	\$36,789,140
FTE	197,900	200,236	197,117

1/ P.L. 109-114 created a new appropriation for VA Information Technology (IT) Systems in 2006 which resulted in moving VHA IT resources from Medical Administration (MA) to the VA IT Systems appropriation. MA decreases from the 2006 actual level since the 2007 continuing resolution funding is based on the 2006 enacted level prior to 2006 transfers that were required to provide adequate funding in this account.

2/ The 2008 estimate assumes 2007 enactment funding close to that passed by the House and the Senate.

In 2008, VA is also realigning 5,689 FTE and \$400 million for food service operations from Medical Facilities to Medical Services. The costs for food service operations support hospital food service workers, provisions, and supplies which are related to the direct care of our patients rather than operations of the VA medical facilities. To reflect the other resources associated with providing medical care to veterans, the table also reflects funding for the VA and Department of Defense (DoD) portions of the VA Health Care Sharing Incentive Fund (VA/DoD HCSIF).

The sources and uses of funds for the medical care three appropriations are reflected in the following chart. There are four major sources of funds. First, the President's budget request is \$34.2 billion in direct appropriation funding for all three appropriations. Second, the veterans' medical program is funded by \$2.4 billion in collections that come from veterans and their insurance companies. Third, VA is reimbursed \$235 million for services it provides to other federal and university affiliated medical programs. Fourth, VA medical programs can use the carryover of available prior-year funds that were not spent. In 2006, \$590.6 million was carried over into 2007. There will be no carryover of funds into 2008 due to the assumption of the continuing resolution funding level for 2007. In 2008, VA estimates that the three appropriations will obligate a total of \$36.8 billion. The following chapter explains how these resources will provide medical care to our veterans.

<i>Medical Care Appropriations Sources and Uses of Funds</i> (dollars in thousands)			
	2006 Actual	2007 Continuing Resolution	2008 Estimate ^{1/}
Sources of funds			
Medical care appropriations (incl. supplementals)			
Medical services	\$22,145,206	\$23,129,030	\$27,167,671
Medical administration	3,430,542	\$2,811,209	3,442,000
Medical facilities	3,357,869	\$3,372,740	3,592,000
Subtotal three appropriations	28,933,617	29,312,979	34,201,671
MCCF collections	1,994,172	2,198,154	2,352,469
Reimbursements and prior-year recoveries	214,751	225,000	235,000
Unobligated balance expiring	-3,356	0	0
Carry over of prior-year funds	1,149,225	590,611	0
Total sources	32,288,409	32,326,744	36,789,140
Uses of funds			
Obligations			
Medical services	24,833,155	25,884,935	29,683,140
Medical administration	3,417,374	3,004,676	3,486,000
Medical facilities	3,447,226	3,437,133	3,620,000
Subtotal three appropriations	31,697,755	32,326,744	36,789,140
Remaining funds to be carried over into next year	\$590,611	\$0	\$0

1/ The 2008 estimate assumes 2007 enactment funding close to that passed by the House and the Senate.

The Department of Veterans Affairs' (VA) health care system is widely recognized as a national leader in delivering high-quality care that sets the national standard of excellence in the health care industry. Whether compared to other federal health programs or private health plans, the quality of VA health care is unsurpassed. The Department continues to enhance quality, increase access, improve service satisfaction, and optimize patient functioning. It accomplishes these goals by continuing to provide services to veterans, such as dialysis care units and polytrauma centers, to improve the quality of their lives; delivering care through community-based outpatient clinics to improve access; initiating new collaborative arrangements with DoD to expand best practices from both health care communities; integrating new health care technologies to improve the quality of care; enhancing VHA's health information systems to standardize and increase the sharing of information for veterans and VA facilities; and ensuring a seamless transition for those who served in Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) as they move from the military health system to the VA health care system.

Medical Patient Case Load

From 1996 to 2003, VA experienced a significant increase of 64 percent in the total number of users. During this 7-year period, the percentage increase in comparatively higher income veterans (Priority 7-8) far exceeded the growth in the total patient population; the number of priority 7 and 8 patients was 12 times higher in 2003 than it was in 1996. This unprecedented growth led VA to suspend the enrollment of new Priority 8 veterans on January 17, 2003, in order to focus its resources on health care for the veterans who need VA the most—veterans with service-connected conditions, those with lower incomes, veterans with special health care needs, and veterans returning from service in OIF/OEF (Priority 1 through 6). This budget assumes that VA will continue to suspend the enrollment of new Priority 8 veterans.

Although VA continued to experience growth in the medical patient case load from 2004 to 2006, it grew at a more moderate rate during this time period than in previous years. VA experienced an annual growth rate of 3 percent in 2006 as the number of patients treated increased from 5.3 million in 2005 to 5.5 million in 2006. During 2006, VA treated over 75,000 (2.1 percent) new patients among VA's highest priority veterans, Priority 1 through 6. During this same time period, the number of Priority 7 and 8 veterans treated increased by over 92,000 (7.1 percent).

VA continues to focus its health care system priorities on meeting the needs of our highest priority veterans—those who need VA the most. The number of patients within this population that we project will come to VA for health care in 2008 will be 9 percent higher than in 2006. During 2008, 68 percent of those using

VA's health care system will be veterans with service-connected conditions, those with lower incomes, veterans with special health care needs, and veterans returning from service in OIF/OEF. The comparable share of these veterans treated in 2006 was 67 percent. In addition, we devote 85 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 which significantly increases our demand for more resources, on average, than for lower priority veterans. In 2008, VA anticipates treating 4 million patients in this population, an increase over 2007 of 3.3 percent, or 125,040 new patients. In 2008, VA will treat 15,356 fewer Priority 7 and 8 patients, or 1.1 percent fewer patients.

Unique Patients					
2007					
Description	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase/ Decrease
Priorities 1-6.....	3,637,069	3,813,457	3,839,833	3,964,873	125,040
Priorities 7-8 1/.....	1,393,513	1,002,578	1,342,244	1,326,888	-15,356
Subtotal Veterans.....	5,030,582	4,816,035	5,182,077	5,291,761	109,684
Non-Veterans 2/.....	435,488	482,588	503,069	527,415	24,346
Total Unique.....	5,466,070	5,298,623	5,685,146	5,819,176	134,030
Enrollees					
2007					
Description	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase/ Decrease
Priorities 1-6.....	5,476,876	5,521,291	5,490,562	5,504,248	13,686
Priorities 7-8 1/.....	2,395,562	1,104,224	2,401,548	2,407,533	5,985
Total Enrollees.....	7,872,438	6,625,515	7,892,110	7,911,781	19,671
Users as Percent of Enrollees					
2007					
Description	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate	Increase/ Decrease
Priorities 1-6.....	66.4%	69.1%	69.9%	72.0%	2.1%
Priorities 7-8 1/.....	58.2%	90.8%	55.9%	55.1%	-0.8%
Total Veterans.....	63.9%	72.7%	65.7%	66.9%	1.2%

1/ Priority 7 and 8 veterans are higher-income veterans with no service-connected disabilities.

2/ Non-veterans include spousal collateral consultations and instruction, CHAMPVA workload, reimbursable workload with affiliates, humanitarian care, and employees receiving preventive occupational immunizations.

Although the overall veteran population is projected to decline over the next 10 years, the demand for VA health care services continues to increase due to the aging of veterans and the comprehensive health care services offered to veterans, including favorable pharmacy benefits; the national reputation of VA as a leader in the delivery of quality health care; long-term care services; and improved access to health care with the delivery of health care through community-based outpatient clinics.

Health Care Cost Drivers

VA will require \$36.8 billion in total obligation resources for 2008 to care for its 5.8 million patients. These resources are necessary to meet the growing demand for VA health care services. In 2008, the patient caseload is projected to grow 2.4 percent, a more moderate rate of increase than VA experienced in previous years. Although the patient caseload is growing slightly, the funding to provide medical care to our veterans is increasing in 2008 due to the effects of three major cost drivers. These cost drivers are inflation; health care industry trends that result in providing each patient a higher level, or intensity, of medical services as well as increasing the utilization of health care services; and VA specific utilization trends based on the age, gender, and morbidity characteristics of VA's veteran population, which also includes increased utilization of VA medical care due to OIF/OEF. These major cost drivers of health care funding are explained below.

First, the cost of same market basket of products and services is greater in 2008 than in 2007 by 4.45 percent resulting in a total increase for inflation and payroll costs of \$2.1 billion. This is comprised of an increase in inflation of \$1.4 billion and an increase for payroll costs of \$689.6 million.

Second, overall intensity and utilization trends in the U.S. health care industry continue to increase. These two trends increase the VA's cost of doing business regardless of any changes in enrollment, number of patients treated, or program initiatives. The trend in the U.S. health care industry is to provide a higher level, or intensity, of medical services for the same type of patient and medical condition which overall increases the unit cost of medical services. Each year in the U.S., every patient is provided more diagnostic tests, prescriptions, and medical services. The U.S. has the best health care system in the world today because it provides this higher level of medical services to its patients. VA will continue to establish the best practices of medicine to deliver health care to veterans, and will, in some cases, lead the Nation in these efforts. This trend has increased the cost for some medical treatments such as the cost of pharmaceuticals and outpatient visits for each patient over time. For example, specialty drugs increase the pharmacy intensity trend because the overall mix of drugs provided increases when lower costs drugs are replaced or supplemented with higher cost drugs. In another example, the increased use of magnetic resonance imaging (MRI), a higher cost diagnostic test used either to supplement or replace x-rays, increases the intensity trend because the cost mix of diagnostic services provided is higher. In addition to the intensity trend, the health care industry utilization trends reflect advances in medical care practice that impact the utilization of services. For example, advances in cancer screening technologies are leading to earlier treatment of cancer. In addition, the long-term

trend is to treat cancer as a chronic disease, with two or more drugs, including chemotherapy and biologic agents that work differently to slow the growth of cancer for many years. This practice increases the pharmacy utilization trend.

Third, VA is also experiencing increased utilization of its medical services for reasons that are specific to VA's health care system. The major factors that affect VA's utilization trends are workload case mix and priority level transition. The workload case mix of the veteran population, in any given year, affects the cost of medical services. For example, the cost of medical care changes based on such factors as the age, gender, and morbidity characteristics of the veteran population. Our patient population is gradually shifting from the younger ages to the older ages in both the under age 65 and ages 65 and over populations. The need for health care services increases as our patients grow older. Additionally, VA is experiencing increasing costs associated with caring for veterans returning from service in OIF/OEF. The priority level of each veteran also affects the cost of medical services. Veterans transition to a different priority level as a result of changes in enrollee eligibility and health status to either a lower or higher priority of care. In 2008, the net effect of all priority transitions results in an increase in costs.

Summary of the Health Care Budget Request and Quality of Care

VA's requirement for \$36.8 billion in total obligation resources is comprised of three major components: \$34.2 billion for appropriation funding, \$2.4 billion for collections, and \$235 million from reimbursements.

The funding requested in 2008 will deliver more community-based health care to our eligible veterans. VA will provide a greater level of outpatient care to veterans who are scheduling appointments for more outpatient visits in the VA health care system. This outpatient care includes outpatient mental health programs to ensure that the veterans' mental health needs are adequately addressed. VA will treat a greater number of inpatients requiring acute care for general medical ailments and surgery than provided in 2007. Our veterans are also using an increasing number of prescription drugs; this coupled with increasing costs and more expensive medicines is driving up the cost of VA's pharmacy services. Funding is also required to purchase durable medical equipment to ensure our facilities have the right equipment to provide quality care to those who need it.

VA's goal is to restore the capability of veterans with disabilities to the greatest extent possible and improve their quality of life and that of their families. To achieve this goal, additional resources are needed for the following health care services. To improve the quality of life of the veterans we treat, VA requires funding to buy prosthetics and sensory aids such as hearing aids, pacemakers,

artificial hip and knee joints, and ocular lenses. To care for VA's veterans who have special needs, an increase in funding is required to support our Regional Spinal Cord Injury Centers; provide inpatient rehabilitation programs at the Blind Rehabilitation Centers; and to care for those who need psychiatric care, who suffer from post-traumatic stress disorder (PTSD), who require substance abuse treatment, and who experience chronic mental illness and homelessness. This request ensures that veterans or servicemembers returning with an injury from Operation Enduring Freedom and Operation Iraqi Freedom have timely access to the Department's special health care services. This includes treatment for spinal cord injuries, traumatic brain injuries, post-traumatic stress disorder, prosthetics, and rehabilitation of the blind. For active duty service members, Reservists, and members of the National Guard who served in a theater of combat operations, this budget includes funding for enrollment in the health care program assuring provision of hospital care, medical services, and nursing home care for a period of 2 years after their release from active military service at no cost to the veteran provided that the care is for any illness potentially related to their combat service.

These resources will support 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, VA has set two key goals for providing timely access to scheduled appointments for veterans. VA will continue our exceptional performance in 2008 by scheduling 96 percent of primary care appointments within 30 days of the desired date and scheduling 95 percent of specialist appointments within 30 days of the desired date. VA has made substantial improvements in reducing the number of new enrollees waiting for their first appointment over the past six months. From May 1, 2006, through January 1, 2007, we have reduced the waiting list for new enrollees from over 22,000 new enrollees to approximately 1,400 new enrollees. In addition, our new focus will be to aggressively emphasize actions to reduce the waiting times of existing patients using the same techniques that we used for new enrollees. We plan to improve in all areas but will specifically target those patients with appointments who are waiting the longest for care. We will send a plan of action to Congress soon that will include revised performance goals and measures.

Second, VA is proposing a set of legislative revenue proposals for approval by the authorizing committees that are independent of the Medical Services appropriation request. The President's budget request for veterans' health care is fully funded. If these proposals are not enacted, VA's appropriation request will not be affected. These proposals would require lower priority veterans to assume a greater share of the cost of their health care by paying an income-based enrollment fee and by paying a larger co-payment for their prescription drugs.

Over the past several years, VA has submitted similar cost-sharing proposals in their budget request to Congress that proposed lowered discretionary spending levels for the medical care programs. This year, however, the legislative proposals being presented in the 2008 President's budget are different in several important ways. First, these legislative proposals do not reduce VA's 2008 discretionary appropriation request for the medical care appropriations. Therefore, VA is requesting the full amount of appropriation in 2008 required to care for nearly 5.8 million unique patients. Second, VA will submit legislative revenue proposals for assessing an income-based enrollment fee, increasing pharmacy co-payments, and eliminating the practice of offsetting or reducing VA first-party co-payment debts for approval by the authorizing committees. Third, the budget request reflects revenues that would accrue from the implementation of these proposals as mandatory receipts to the Treasury. Fourth, VA is proposing three different enrollment fee levels based on the veteran's family income level in an effort to make the proposed enrollment fee more equitable for our veterans. These revenue proposals are explained below and are expected to provide over \$2.3 billion in revenues to the Treasury in the first 5 years (FY 2008-2012).

- Assess a tiered annual enrollment fee from Priority 7 and 8 veterans with family incomes of \$50,000 or more which will increase revenues to the Treasury by \$138 million beginning in 2009. The annual enrollment fee will be graduated in three tiers based on the veteran's family income:
 - No annual enrollment fee for family incomes under \$50,000
 - \$250 annual enrollment fee for incomes from \$50,000 to \$74,999
 - \$500 annual enrollment fee for incomes from \$75,000 to \$99,999
 - \$750 annual enrollment fee for incomes from \$100,000 and above

- Increase a Priority 7 and 8 veteran's share of pharmacy co-payments from \$8 to \$15 for a 30-day supply of prescriptions paid by veterans who have a greater ability to absorb these co-payments. This proposal would result in an increase of \$311 million in revenue to the Treasury beginning in 2008.

- Eliminate the practice of offsetting or reducing VA first-party co-payment debts with collection recoveries from third-party health plans. Veterans receiving medical care services for treatment of non-service connected disabilities will receive a bill for their entire co-payment, and this co-payment will not be reduced by collection recoveries from third-party health plans. This proposal would apply to all veterans who make co-payments. It will result in an increase of revenues of \$44 million to the Treasury beginning in 2008.

Priority 7 veterans have incomes above \$27,791 for a single veteran and below the HUD geographic means test level. Priority 8 veterans are those with incomes above \$27,791 for a single veteran and above the HUD geographic means test. The HUD geographic means test is established at a local level such as county. The Priority 7 and 8 veterans with family incomes below \$50,000 will not be assessed an annual enrollment fee.

Sharing of Health Care Delivery

The enhanced cooperative efforts between VA and DoD continue to underscore the health care delivery services that support both the President's Management Agenda and congressional mandates. The Departments have expanded their level of cooperation in a variety of critical areas identified in a Joint Strategic Plan (JSP) by the VA/DoD Joint Executive Council (JEC).

The JEC, co-chaired by the VA Deputy Secretary and the DoD Under Secretary for Personnel and Readiness, sets the priorities for the VA/DoD Health Executive Council (HEC) and the VA/DoD Benefits Executive Council (BEC). The HEC and BEC in turn, provide senior leader oversight for the JSP and serve as forums for interagency policy design and development to improve access to quality health care and reduce the cost of furnishing services to all beneficiaries. The VA/DoD Joint Executive Council through the Construction Planning Committee is developing a framework and methodology to identify and evaluate the prospect of partnering with DoD to optimize capital asset needs. VA is continuing its funding principles effort, where VA will develop options on how to partner with DoD on capital asset initiatives. Examples of funding principles being evaluated include the appropriations required to fund initiatives, the costing methodologies required to develop budget requests, and the required authorizations, etc. needed if necessary. The development of funding principles will provide a means for VA and DoD to share budget requests which will ensure that there is coordination between each entity and no duplication of capital requests.

In FY 2006, cooperative efforts between VA and DoD regarding joint pharmacy contracts continued. As of the first three quarters of FY 2006, there were 77 joint national pharmacy contracts, 17 VA unilateral national contracts, and 32 DoD unilateral blanket purchase agreements for pharmaceuticals. In the fourth quarter of FY 2006 through FY 2007, VA and DoD anticipate the award of 10 VA/DoD contract for pharmaceuticals. The Departments continued to combine all the medical and surgical supply contracts by converting DoD's Distribution and Price Agreement to VA's Federal Supply Service pricing to avoid redundancies. The Departments are building a single Federal pricing catalog that will be searchable and available on-line for the Department's respective customers. The resultant product will be released early 2007. VA's cost

avoidance for joint pharmaceutical for contracts was \$423 million for the first three quarters of FY 2006.

The Departments are working to eliminate duplicate contracting vehicles in the medical/surgical and equipment arenas. VA and DoD have a total of 45 shared contracts for medical equipment and medical/surgical supplies consisting of the following: 8 contracts for radiation oncology; 31 for radiology; and 1 for surgical instruments. In addition, there are five DoD imaging maintenance contracts in which VA receives orders and delegates to the facilities ordering through DSCP.

In 2006, the HEC approved 19 projects under the VA/DoD Health Care Sharing Incentive Fund (JIF) with a total cost of \$35 million. Approved projects involved a wide range of services including dialysis, mental health, neurology, diagnostic imaging, cardiac surgery, and magnetic resonance imaging (MRI). To date (FY 2004 through FY 2006), 47 JIF projects have been approved. In the first three years, \$90 million was contributed to the fund and \$88.8 million has been allocated to projects.

Summary of Resource Increases and Decreases by Program

VA Medical Care ^{1/} Obligations by Program (Dollars in Millions)			
	2006	2007	2008
	Actual	Continuing Resolution	Estimate ^{2/}
Health Care Services:			
Ambulatory Care	\$11,599	\$9,751	\$12,963
Inpatient Hospital Acute Care	7,370	7,408	7,681
Pharmacy Services	4,751	5,599	6,204
Durable Medical Equipment, Prosthetics, and Other	1,251	1,340	1,453
Special VA Program Bedsection Care	782	799	831
Outpatient Mental Health	352	302	311
OIF/OEF Costs	405	573	752
Information Technology Reorganization Realignment	0	0	-462
Total Health Care Services	26,510	25,772	29,733
Long-Term Care:			
VA Nursing	2,351	2,487	2,608
Community Nursing Home	385	402	420
State Home Nursing	440	451	509
Total Nursing Home Care	3,176	3,340	3,537
All Other	492	569	592
Total Institutional Care	3,668	3,909	4,129
Total Non-Institutional Care	290	373	456
Total Long-Term Care	3,958	4,282	4,585
Other Health Care Programs:			
CHAMPVA	631	765	913
Dental Care	400	491	524
Readjustment Counseling	77	110	115
Other	122	529	521
Total Other Health Care Programs	1,230	1,895	2,073
Initiatives:			
Mental Health Initiative	0	306	360
Activations	0	58	21
Avian/Pandemic Flu	0	14	17
Total Initiatives	0	378	398
Total Obligations Request	\$31,698	\$32,327	\$36,789

1/ Reflects the summary of the Medical Services, Medical Administration, and Medical Facilities appropriations.

2/ The 2008 estimate assumes 2007 enactment funding close to that passed by the House and the Senate.

Medical Care 2008 Obligations by Program

In 2008, the medical care program requires \$36.8 billion in total obligation resources. The \$36.8 billion in obligations is comprised of \$34.2 billion for appropriation funding, \$2.4 billion for collections, and \$235 million from reimbursements. The highlights of VA's major 2008 operational requirements are described below. The funding in parenthesis represents the 2008 request in obligations.

- **Health Care Services (request of \$29.7 billion).** VA projects increases for community-based health care that will be provided to 5.8 million users. **Ambulatory (outpatient) care** is provided to eligible veteran beneficiaries in VA hospital-based clinics and community-based clinics. This also includes outpatient mental health for such programs as day treatment centers, mental health for the homeless, methadone treatment, mental health intensive case management, work therapy, and community mental health residential care. VA estimates that the number of outpatient visits will increase from 64.4 million in 2007 to 67.4 million in 2008, an increase of 3 million, or 4.7 percent. **Inpatient hospital acute care** is delivered in VA hospitals and includes acute care for general medical ailments and surgery. VA estimates that the number of acute inpatients treated will increase from 548,470 in 2007 to 553,521 in 2008, an increase of 5,051, or almost 1 percent. The inpatient hospital average daily census (ADC) for acute care will increase from 8,874 in 2007 to 8,925 in 2008, an increase of 51, or .6 percent.

Pharmacy services will increase the number of prescriptions from 121.9 million in 2007 to 123.5 million in 2008, an increase of 1.6 million, or 1.3 percent from 2007 to 2008. The significant increase in the cost of drugs is primarily due to the greater utilization of prescriptions by each veteran; utilization of more sophisticated, later generation drugs that are more expensive; and increases in unit-cost. **Durable medical equipment and prosthetics** increase to purchase and repair prosthetics and sensory aids such as hearing aids, pacemakers, artificial hip and knee joints, and ocular lenses and to buy durable medical equipment. The **special VA program bedsection care** provides services to veterans who require care for spinal cord injuries, inpatient blind rehabilitation, psychiatric care, post-traumatic stress disorder, substance abuse treatment, homelessness, and chronic mental illness. **OIF/OEF** funding required in 2008 is \$752.4 million to care for veterans returning from OIF and OEF. Veterans deployed to combat zones are entitled to 2 years of eligibility for VA health care services following their separation from active duty even if they are not immediately otherwise eligible to enroll in VA. VA treated 155,272 of these patients in 2006, and it estimates that it will treat 209,308 patients in 2007 and 263,345 patients in 2008.

Information Technology (IT) Reorganization Realignment is planned to be implemented in 2007. VA is reorganizing the IT functions of the Administrations and staff offices to conform to the VA IT System Model. In 2007, VHA plans to realign 4,339 FTE and \$443 million for their personnel, travel, and training costs to the IT Systems appropriation under Office of the Assistant Secretary for Information Technology, the VA's Chief Information Officer (CIO). This realignment is not reflected in the 2007 estimate of this request because this estimate reflects funding available under the continuing resolution. In the 2008 appropriation request, VA has also realigned 4,339 FTE and \$462 million from VHA to the VA CIO for this same purpose. This model gives the VA CIO the responsibility for the operations and maintenance domain, with oversight of and accountability for all IT budgets and projects within VA. VA is realigning those personnel that are currently performing the operations and maintenance function in VHA to consolidate this function under the control of the VA CIO. This reorganization will employ our IT resources in the most effective and efficient organization as we continue our commitment to enhance operational effectiveness and eliminate duplication. The development domain responsibilities for health care systems remain with the Under Secretary for Health under the VA IT System Model.

- **Long-Term Care (request of \$4.6 billion).** VA will continue to focus its long-term care treatment on the best setting for the patient by providing more non-institutional care than ever before and providing that care closer to where the veteran lives. VA is requesting \$456 million for **non-institutional care** for home-based primary care, homemaker health aid services, and adult day health care services. VA is projecting an average daily census (ADC) level of over 44,000 for this progressive type of long-term care, an increase of over 7,000 ADC from the 2007 level. As more patients receive non-institutional care closer to home, **the VA nursing home care** ADC level will decrease from 11,100 in 2007 to 11,000 in 2008 and require \$2.6 billion due to an increased intensity of services. VA is projecting that the ADC for **contract community nursing home care** will remain at 4,679 in 2007 and 2008 and will require \$420 million. **State nursing home care** requires \$509 million in funding as the ADC increases from 18,261 to 18,496, an increase of 235 ADC or 1.3 percent. The **VA domiciliary residential and rehabilitation treatment program**, the **State home domiciliary program**, **subacute care**, and **Geriatric Evaluation Management** require \$592 million in 2008.
- **Other Health Care Programs (request of \$2.1 billion).** VA provides various other health care services which require funding in 2008. **The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA)** number of claims will increase from 6.2 million in 2007 to 6.8 million claims in 2008, a 9 percent increase. This increase in the number of claims requires

\$913 million in 2008. This program was established as a health benefits program for dependents of 100-percent rated, permanently and totally disabled veteran from a service-connected condition, survivors of veterans who died from service-connected conditions, or who at the time of death, were rated permanently and totally disabled from a service-connected condition. **Dental care** requires resources of \$524 million to provide dental care to veterans including additional one-time Class II benefits to discharged veterans of OIF/OEF. **Readjustment counseling** funding of \$115 million is required to provide readjustment counseling to veterans who have served in the Global War on Terrorism. VA will have 209 Vet Centers in 2008 that are essential for accessing and treating post-traumatic stress disorder conditions experienced by our veterans. VA expects an increase in post-traumatic stress disorder conditions as veterans return from OIF/OEF after multiple tours of duty. **Other** resources of \$521 million are required primarily to provide funding for the Homeless Providers Grant and Per Diem Program, the residential care program, state home hospital, care for homeless veterans that suffer from mental illness, home telehealth care, the Energy Management Program, and for non-veterans.

- **Initiatives (request of \$398 million).** VA is requesting funding for the following 2008 initiatives.
 - **Mental Health Initiative (request of \$360 million).** The **Mental Health Initiative** was developed in response to the President's New Freedom Commission on mental health recommendations and will deliver equitable access to care and an integrated system of mental health and substance abuse care that is readily available to veterans across the nation. This initiative, begun in 2005, ensures a full continuum of care for veterans with mental health issues, to include comprehensive treatment for those veterans with post-traumatic stress disorder. VA plans to spend a total of nearly \$3 billion to continue our effort to improve access to mental health services across the country. These resources will support both inpatient and outpatient psychiatric treatment programs as well as psychiatric residential rehabilitation treatment services. About 80 percent of the total mental health spending will be devoted to the treatment of seriously mentally ill veterans, including those suffering from post-traumatic stress disorder.
 - **Facility Activations (request of \$21 million)** require funding to buy equipment and supplies for newly constructed and leased buildings resulting from Capital Asset Realignment for Enhanced Services (CARES) projects.

- **Pandemic Flu (request of \$17 million)** funding is required for VA to be an active participant in federal planning to prepare, protect, and respond to a pandemic influenza. These resources are required to purchase personal protection equipment such as masks, gloves, and respirators for veterans and VA staff; to provide countermeasures such as antiviral medications, vaccines, and diagnostics for veterans and VA staff; to expand workforce preparedness such as education, training, and communication; and to expand planning and response activities.

Workloads and Workload Indicators

The 2008 budget provides for the medical care and treatment of 801,821 inpatients with an average daily census of 56,589. Outpatient medical visits will increase from 64.4 million to 67.4 million for an increase of 4.7 percent. Workloads and indicators of the medical care and treatment programs are shown in the following tables.

<i>Summary of Workloads for VA and Non-VA facilities</i>				
	2006 Actual	2007 Estimate	2008 Estimate	Increase(+) Decrease(-)
Outpatient visits (000s):				
Staff	53,381	57,279	59,619	+2,340
Fee	5,643	5,949	6,604	+655
Readjustment counseling	1,170	1,185	1,200	+15
Total	60,194	64,413	67,423	+3,010
Patients Treated:				
Acute hospital care	528,143	548,470	553,521	+5,051
Rehabilitative care	14,175	14,431	14,262	-169
Psychiatric care	101,895	104,194	102,807	-1,387
Nursing home care	87,945	90,729	90,104	-625
Subacute care	12,726	12,062	11,820	-242
Residential care	28,715	29,653	29,307	-346
Total inpatient facilities	773,599	799,539	801,821	+2,282
Average Daily Census:				
Acute hospital care	8,426	8,874	8,925	+51
Rehabilitative care	1,119	1,138	1,126	-12
Psychiatric care	4,394	4,141	4,038	-103
Nursing home care	34,137	34,040	34,175	+135
Subacute care	372	324	314	-10
Residential care	8,483	8,380	8,297	-83
Total inpatient facilities	56,931	56,897	56,875	-22
Home and community-based care	29,489	37,237	44,336	+7,099
Grand Total (inpatient and H&CBC)	86,420	94,134	101,211	+7,077
Length of Stay:				
Acute hospital care	5.8	5.9	5.9	+0
Rehabilitative care	28.8	28.8	28.9	+1
Psychiatric care	15.7	14.5	14.4	-0.1
Nursing home care	140.5	136.9	138.8	+1.9
Subacute care	10.7	9.8	9.7	-0.1
Residential care	107.8	103.1	103.6	+5

<i>Summary of Workloads for VA and Non-VA facilities (continued)</i>				
	2006	2007	2008	Increase(+) Decrease(-)
	Actual	Estimate	Estimate	
Staff and fee outpatient dental program:				
Staff examinations	507,812	588,000	630,000	+42,000
Staff treatments	336,402	392,658	420,144	+27,486
Fee cases	37,707	42,000	42,000	+0
CHAMPVA/FMP/Spina Bifida workloads: 1/				
Inpatient census	628	683	743	+60
Outpatient claims (CHAMPVA/CHAMPVA for Life) (000s)	5,724	6,175	6,728	+553

1/ CHAMPVA cares for certain dependents and survivors of veterans is provided in both inpatient and outpatient settings.

<i>Employment Analysis</i>			
<i>FTE</i>			
	2006	2007	2008
	Actual	Estimate	Estimate
FTE by appropriation			
Medical services	135,186	137,648	143,814 1/
Medical administration	36,244	36,240	32,653 2/
Medical facilities	26,470	26,348	20,650
Total FTE	197,900	200,236	197,117
FTE by type			
Physicians	13,036	13,286	13,386
Dentists	828	838	920
Registered nurses	34,545	35,145	35,445
LPN/LVN/NA 3/	19,334	19,834	19,934
Non-physician providers	7,430	7,580	7,605
Health techs/allied health	41,230	42,365	42,944
Wage board/purchase and hire	23,265	23,265	23,265
All other	58,232	57,923	53,618
Total FTE	197,900	200,236	197,117

- 1/ 2008 reflects the realignment of 5,689 FTE for food services from Medical Facilities to Medical Services.
- 2/ In 2007, VA is reorganizing the Information Technology (IT) functions throughout VA to improve the management of the IT program. The reorganization will consolidate all IT personnel performing operations and maintenance functions throughout VA under the control of the VA Chief Information Officer. In 2007, VA will transfer 4,339 full-time equivalents (FTE) and \$443.1 million from the three appropriations to the IT Systems appropriation. This transfer is not reflected in the 2007 estimate of this request because this estimate reflects funding available under the continuing resolution. This IT realignment is reflected in the 2008 estimate.
- 3/ LPN is a licensed practical nurse; LVN is a licensed vocational nurse; and NA is a nursing assistant.

The VA installations by category are provided below.

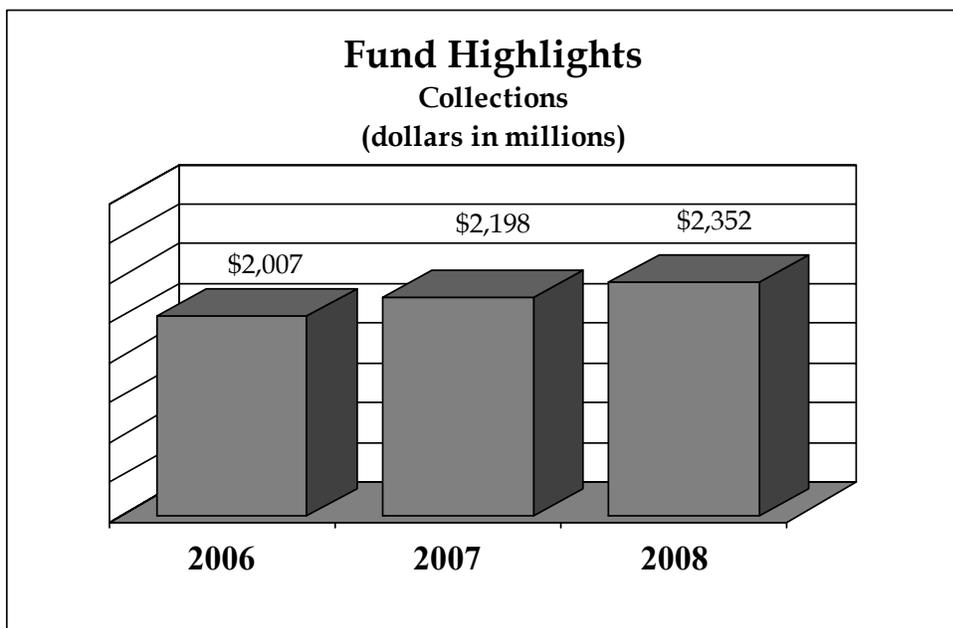
<i>Medical Care</i>				
<i>Number of VA Installations</i>				
	2006	2007	2008	Increase(+) Decrease (-)
	Actual	Estimate	Estimate	
Veterans integrated service networks	21	21	21	+0
VA hospitals 1/	155	155	155	+0
VA nursing homes	135	135	135	+0
Domiciliary residential rehabilitation treatment programs 2/	45	45	45	+0
Independent outpatient clinics	4	4	4	+0
Mobile outpatient clinics	5	5	5	+0
Veterans centers 3/	207	209	209	+0

- 1/ From the 2007 President's budget request, the number of hospitals decreased from 156 to 155 due to Gulfport, Mississippi, facility damaged by Hurricane Katrina.
- 2/ From the 2007 President's budget request, the number of domiciliary residential rehabilitation treatment programs increased from 43 to 45 due to the addition of Sheridan, Wyoming, (VISN 19) in second quarter of 2006 and New Mexico (VISN 18) in third quarter of 2006.
- 3/ From the 2007 President's budget request, the number of Veterans Centers increased from 206 to 207 in 2006 due to the addition of Nashville, Tennessee, in first quarter of 2006 and the addition of Phoenix, Arizona, and Atlanta, Georgia, in 2007.

Medical Care Collections Fund

VA estimates collections of \$2.4 billion, representing over 6.4 percent of the available resources in 2008 and an increase of \$154.3 million, or a 7 percent increase over the 2007 estimate. This fund consists of collections from pharmacy co-payments, third-party insurance collections, first-party other co-payments, enhanced-use revenue, long-term care co-payments, Compensated Work Therapy Program, Parking Program, and Compensation and Pension Living Expenses Program. Public Law 105-33, the Balanced Budget Act of 1997, established the Department of Veteran Affairs Medical Care Collections Fund (MCCF) and requires that amounts collected or recovered after June 30, 1997, be deposited in this fund.

Of the \$154.3 million increase in collections, \$82.1 million is for additional third-party insurance collections and \$72.2 million is for increased pharmacy co-payments.



Medical Care Collections Fund Summary of Fund				
<i>(dollars in thousands)</i>				
	2006 1/ Actual	2007 Estimate	2008 Estimate	Increase (+) Decrease (-)
Pharmacy co-payments	\$723,027	\$842,386	\$914,625	+\$72,239
Third-party insurance collections	1,095,810	1,172,517	1,254,593	+82,076
First-party other co-payments	135,575	138,077	138,077	+0
Enhanced-use revenue	3,379	650	650	+0
Long-term care co-payments	4,347	4,347	4,347	+0
Compensated work therapy collections	40,081	36,000	36,000	+0
Parking fees	3,083	3,100	3,100	+0
Compensation & pension living expenses	2,075	1,077	1,077	+0
Total collections	\$2,007,377	\$2,198,154	\$2,352,469	+\$154,315

1/ These numbers reflect collections of \$2,007,377,216 received by VA in 2006. Due to the difference in the timing from when the funds are received and transferred into the medical care account, other charts reflect \$1,994,171,712 transferred to the medical services account in 2006. The remainder of the funds collected in 2006 will be transferred in 2007.

Improving Collections in the Future

- With the establishment of the Chief Business Office (CBO) an expanded revenue optimization plan has been formulated that combines the 2001 Revenue Improvement Plan, the 2003 Revenue Action Plan, and a series of additional tactical and strategic objectives targeting a combination of immediate, mid-term, and long-term improvements to the broad range of business processes encompassing VA revenue activities. CBO has pursued its current revenue optimization plan by modeling industry's best performance. To that outcome, the strategies now being pursued include the establishment of industry-based performance and operational metrics, development of technology enhancements, and integration of industry proven business approaches including the establishment of centralized revenue operation centers.
- VHA has established a private-sector based business model pilot tailored for VHA revenue operations to increase collections and improve VA operational performance. The pilot Consolidated Patient Account Center (CPAC) is addressing all operational areas contributing to the establishment and management of patient accounts and related billing and collection processes. The CPAC currently serves revenue operations for medical centers and clinics in the VA Mid-Atlantic Health Care Network, Veterans Integrated Service Network (VISN) 6, and is the demonstration site for the Revenue Improvement Demonstration Pilot outlined in Public Law 109-114, the

Military Construction, Military Quality of Life and Veterans Affairs Appropriations Act, 2006. The success of the CPAC project will validate ongoing efforts to improve revenue operations and enhance collections in VHA. Future plans for the CPAC include supporting additional VISNs.

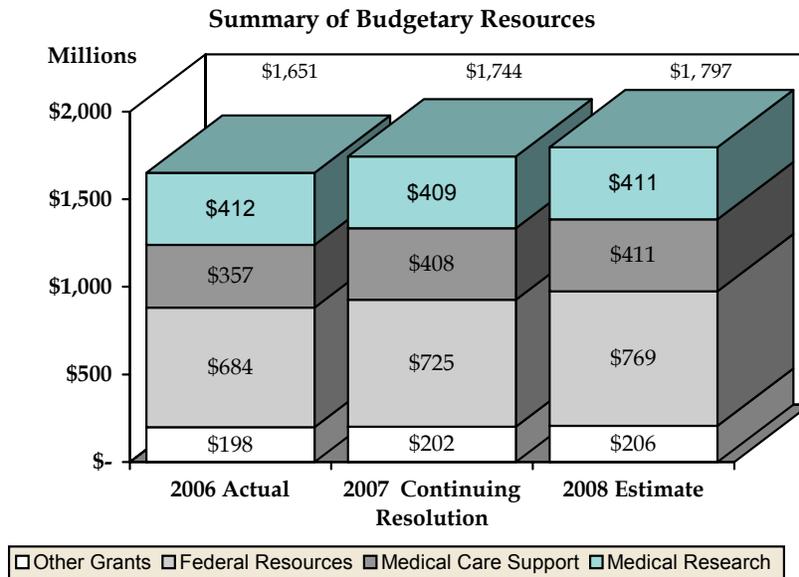
- VA has worked with the Centers for Medicare and Medicaid Services (CMS) contractors to provide a Medicare Remittance Advice (MRA) for veterans who are using VA services and are covered by Medicare. In September 2005, VA completed implementation of the first iteration of the MRA solution. The next iteration will add additional claims types through this process, including purchased services, professional services for mammographies, and adjustments for hospital services. The MRA project enables improved accuracy in accounting for receivables.
- Leveraging the health care industry's migration to national standard electronic data exchanges under the Health Insurance Portability and Accountability Act (HIPAA), the following initiatives are underway to add efficiencies to the billing and collections processes.
 - Electronic Denials Management. The purpose of electronic denial management is to increase cash collections on third-party claims and decrease rework within VHA. An e-Denial Management Pilot has been initiated. This project seeks to leverage the HIPAA remittance advice transaction to implement industry-standard practices to improve collections.
 - Electronic Payments and Remittance Advices: To further support the realization of efficiencies promised by the 835 standard, VA took a leadership role in the formation of an industry-wide group designed to provide guidance on standardized use and further implementation of the 835 transaction. This group has now become a subworkgroup in the workgroup for the Electronic Data Interchange (WEDI) Strategic National Implementation Process (SNIP). WEDI is named as an advisor to the Secretary of Health and Human Services in the HIPAA legislation.
 - Electronic Coordination of Benefits Claims (COB): While required under the HIPAA standards, health plans are slow to adopt the COB aspects of electronic billing. VA initiated a campaign urging payers to begin to accept electronic COB claims, with the result that additional payers have now begun accepting such claims and others have provided detailed plans for activation. The result is a meaningful step forward in the goal to enable a fully integrated, interoperable electronic process.

- Electronic Pharmacy Claims: VA is phasing implementation of electronic, real-time outpatient pharmacy claims processing to facilitate faster receipt of pharmacy payments from insurers.
- National Provider Identifier (NPI): The NPI will be required in electronic health care transactions on May 23, 2007, and VHA is positioned to meet this requirement. Enumeration of VHA organizational entities was completed in June 2006, and enumeration of billable health care practitioners was completed in October 2006. An extensive program to develop, test, and install the software components necessary to insert NPIs on all relevant HIPAA-standard electronic health care transactions prior to the mandated NPI deadline of May 23, 2007, is underway and on schedule.

Medical and Prosthetic Research

Medical and Prosthetic Research is an intramural program, whose mission is to advance medical knowledge and create innovations to advance the health and care of veterans and the nation. It 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 on disease and disability. This appropriation provides funds for the conduct of the VA's Biomedical Laboratory, Clinical Science, Health Services, and Rehabilitation research programs.

Overall, VA is budgeting \$1.8 billion in total research resources for 2008 which anticipates a \$52.8 million increase in funding, or 3 percent. For direct appropriation, VA is requesting \$411 million. The total research increase of \$52.8 million is primarily due to non-VA grant funding from Federal research programs. The Medical and Prosthetic Research appropriation request of \$411 million supports 23 percent of the research effort, with the balance coming from other Federal appropriations as well as private sources.



Medical Care Research support contributes funding towards the indirect cost of VA's Research and Development program which is estimated to be \$411 million in 2008. This includes: the time clinicians devote to their research activities, facility costs of heat, light, telephone and other utilities associated with laboratory

space; administrative cost of human resource support, fiscal service, and supply service attributable to research; research's portion of a medical center's hazardous waste disposal and nuclear medicine licenses. Over 76 percent of VA investigators are clinicians, who provide direct patient care to veterans in addition to performing research.

The Medical and Prosthetic Research and Medical Care Support funding are part of the budgetary resources that supports VA's research initiative. Non-VA Federal and other grants also contribute to Medical and Prosthetic Research budgetary resources. Non-VA funding comes from other federal and private medical research organizations such as the Centers for Disease Control, Department of Defense and National Institute of Health. This overall level of funding will allow the research program to maintain research centers in the areas of Gulf War illnesses, genomics, prosthetics, PTSD/mental health, diabetes, heart disease, chronic viral diseases (e.g., HIV/AIDS), Parkinson's disease, spinal cord injury, prostate cancer, depression, environmental hazards, and women's issues, as well as Rehabilitation and Health Services field programs. VA will continue to seek to increase non-appropriated research funding from the private and public sectors. The 2008 request will maintain the research effort directed towards improving veterans health and care.

The funding of VA research focuses on those programs that are most important to the health care of veterans. The following table summarizes the budgetary resources for the Medical and Prosthetic Research activities. In addition to receiving direct support for VA initiated research from appropriated funds, VA clinician/investigators compete for and obtain funding from other Federal and non-Federal sources. Their success is a direct reflection of the high caliber of VA's corps of researchers who are able to work in an environment conducive to research.

<i>Summary of Resources</i>			
<i>(dollars in thousands)</i>			
	2006 1/ Actual	2007 Continuing Resolution	2008 2/ Estimate
Medical and Prosthetic Research 1/	\$412,000	\$408,622	\$411,000
Medical Care Support	357,446	408,622	411,000
Federal Resources	684,276	725,000	769,000
Other Grants (voluntary agencies)	197,709	202,000	206,000
Total	\$1,651,431	\$1,744,244	\$1,797,000

1/ In FY 2006, Congress established an Information Technology (IT) centralized appropriation for all VA non-payroll IT expenditures.

2/ The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

Veteran health issues are addressed comprehensively in the four program divisions as follows:

Biomedical Laboratory – Supports preclinical research to understand life processes from the molecular, genomic, and physiological level in regard to diseases affecting veterans.

Clinical Science – Administers investigations (e.g., human subject research such as drug, surgical, single subject, pilot and multi-center cooperative studies as well as feasibility trials) aimed at instituting new, more effective clinical care.

Health Services – Supports studies to identify and promote effective and efficient strategies to improve the delivery of health care to veterans.

Rehabilitation – Develops novel approaches to restore veterans with traumatic amputation, central nervous system injuries, loss of sight and/or hearing, or other physical and cognitive impairments to full and productive lives.

The Medical and Prosthetic Research appropriation in 2008 totals \$411 million and is supported by 3,000 FTE, a reduction of 193 FTE, or 6 percent. The funding will support 2,094 high-priority research projects.

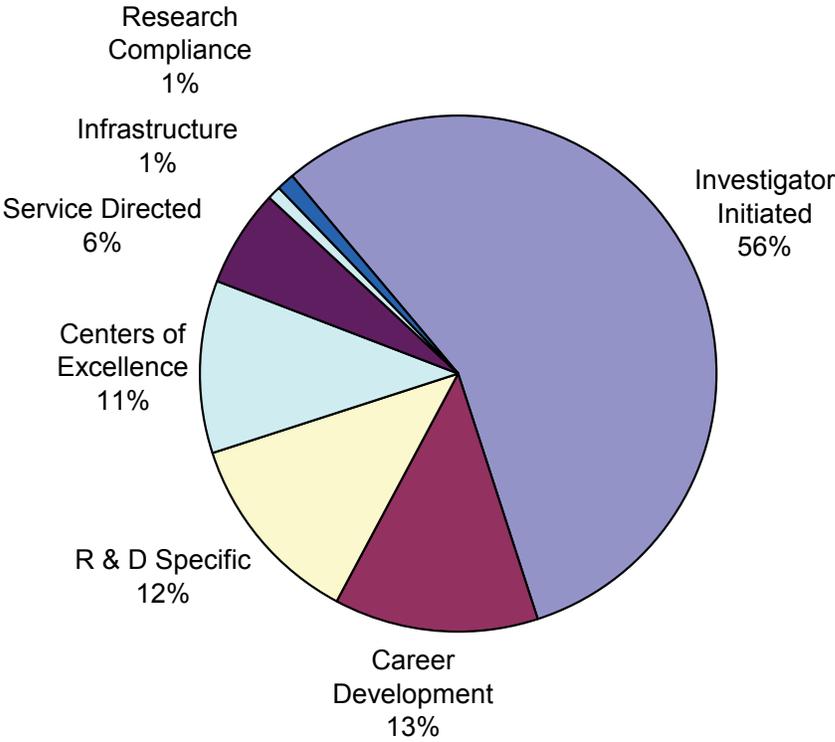
<i>Obligations, Employment, Appropriation, and Outlays</i> <i>(dollars in thousands)</i>			
	2006 1/ Actual	2007 Continuing Resolution	2008 2/ Estimate
Medical and Prosthetic Research:			
Obligations	\$464,142	\$498,264	\$466,000
Average employment (FTE):			
Direct	2,813	2,841	2,664
Reimbursable	380	352	336
Total	3,193	3,193	3,000
Appropriation	\$412,000	\$408,622	\$411,000
Outlays:			
Obligations	\$464,142	\$498,264	\$466,000
Obligated balance, start of year	139,867	137,858	178,232
Obligated balance, end of year	-137,858	-178,232	-185,086
Reimbursements	-56,451	-55,000	-55,000
Adjustments in accounts	-3,606	0	0
Total Outlays (net)	\$406,094	\$402,890	\$404,146

1/ In FY 2006, Congress established an Information Technology (IT) centralized appropriation for all VA non-payroll IT expenditures.

2/ The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

The Functional Research Portfolio pie chart that follows shows the distribution of VA's research among different types of investigative approaches. The investigator-initiated research portion of the portfolio makes up 56 percent of the entire program.

Functional Research Portfolio



Percentages are based on 2008 obligations.

In 2008, the research program will continue its strong support of projects originated in prior years. In addition, it will continue its strong commitment and increased emphasis on Designated Research Areas (DRAs) highly relevant to the health care needs of veterans.

<i>Projects by Designated Research Areas</i>			
	2006 Actual	2007 Continuing Resolution	2008 1/ Estimate
<u>Designated Research Areas:</u>			
Acute and Traumatic Injury	115	141	148
Aging	224	217	212
Autoimmune, Allergic, and Hematopoietic Disorders	102	93	93
Cancer	266	262	262
CNS Injury and Associated Disorders	186	206	209
Degenerative Diseases of Bones and Joints	51	45	45
Dementia and Neuronal Degeneration	71	72	72
Diabetes & Major Complications	114	116	117
Digestive Diseases	109	99	99
Emerging Pathogens/Bio-Terrorism	10	10	10
Health Systems	219	202	202
Heart Disease	214	195	195
Infectious Diseases	118	108	108
Kidney Disorders	83	73	73
Lung Disorders	84	77	77
Mental Illness	185	192	196
Military Occupations & Environmental Exposures	153	159	162
Other Chronic Diseases	9	8	8
Sensory Loss	106	111	112
Special Populations	50	50	50
Substance Abuse	91	94	94

1/The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

The Designated Research Areas (DRA) listed above represent areas of particular importance to our veteran population. Because of the multiplicative nature of research, many individual research projects have a bearing on more than one DRA. For example, heart disease relates both to chronic disease and aging. This research helps us perform our mission “to discover knowledge and create innovations that advance the health and care of veterans and the nation.”

VA/DoD Health Care Sharing Incentive Fund

To facilitate the incentive program, effective October 1, 2003, there is established in the Treasury a fund to be known as the "DoD VA Health Care Sharing Incentive Fund." Each Secretary shall annually contribute to the fund a minimum of \$15 million from the funds appropriated to that Secretary's Department. Such funds shall remain available until expended.

Public Law 109-364 has amended section 8111(d)(3) of title 38, United States Code, and extended the DoD VA Health Care Sharing Incentive Fund for three years, from September 30, 2007, to September 30, 2010.

In 2006, 19 projects were selected to be funded through DoD/VA Health Care Sharing Incentive Fund (JIF) with a total cost of \$35 million and similar projects will be supported with 2008 funding. These included the following types of projects which attempt to coordinate the VA and DoD health care process and take advantage of synergies available for efficient and effective care for our Nation's veterans: Cardio Thoracic Surgery, Diagnostic Image Archiving System, Outpatient Counseling Services, and Joint Spine and Neurosurgery Service.

<i>Fund Highlights</i>				
<i>(dollars in thousands)</i>				
Description	2006 Actual	2007 1/ Continuing Resolution	2008 1/ Estimate	Increase (+) Decrease (-)
Transfer from Medical Services	\$15,000	\$0	\$0	\$0
Transfer from DoD	\$15,000	\$0	\$0	\$0
Budget Authority Total	\$30,000	\$0	\$0	\$0
Obligations	\$27,656	\$32,000	\$20,000	-\$12,000

1/ After the appropriations act is passed, VA and DoD will transfer \$15 million each, as required by P.L. 107-314 which established the program.

To date (FY 2004 through FY 2006), 47 JIF projects have been approved. In the first three years, \$90 million was contributed to the fund and \$88.8 million has been allocated to projects.

Canteen Service Revolving Fund

Current revenues finance this revolving fund and provide for the maintenance and operation of the Veterans Canteen Service at all VA hospitals and domiciliaries. The canteens provide reasonably priced meals, merchandise, and services to comfort veterans in hospitals, nursing homes, and domiciliaries.

<i>Fund Highlights</i> (dollars in thousands)				
	2006	2007	2008	Increase (+) Decrease (-)
	Actual	Estimate	Estimate	
Obligations	\$251,907	\$253,082	\$254,357	+\$1,275
Revenue	\$247,320	\$252,800	\$253,125	+\$325
Expense (-)	-\$246,433	-\$250,125	-\$251,575	+\$1,450
Net operating income	\$887	\$2,675	\$1,550	-\$1,125
Non-operating income (+) or loss (-)	-\$45	+\$30	+\$335	+\$305
Net income	\$842	\$2,705	\$1,885	-\$820
Outlays (net)	\$2,622	\$1,000	\$500	-\$500
Average employment	2,965	2,970	2,975	+5

Medical Center Research Organizations

Veterans' Benefits and Services Act of 1988 (Public Law 100-322) authorized "Medical Center Research Organizations" to be created at Department of Veterans Affairs medical centers. This program has been known as the "Medical Center Research Organizations" after Congress expanded the Non-profit Research Corporations authority to include education (Public Law 106-117). This public law authorizes Department of Veterans Affairs' medical center nonprofit organizations to provide a flexible funding mechanism for the conduct of research. These organizations derive funds to operate various research activities from Federal and non-Federal sources. This fund is self-sustaining and requires no appropriation to support these activities.

<i>Fund Highlights</i> (dollars in thousands)				
	2006	2007	2008	Increase (+) Decrease (-)
	Actual	Estimate	Estimate	
Contributions	\$227,199	\$199,500	\$214,800	+\$15,300
Obligations (expenses)	\$203,935	\$217,900	\$227,600	+\$9,700

General Post Fund, National Homes

This trust fund is used to promote the comfort and welfare of veterans in hospitals and homes where no general appropriation is available. The fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estate. Donations from pharmaceutical companies, nonprofit corporations, and individuals to support VA medical research can also be deposited into this fund.

No appropriation funding is being requested for the transitional housing loan program for 2008 because no loan activity on this program has occurred since its inception in September 1994.

<i>Obligations and Budget Authority</i> <i>(dollars in thousands)</i>				
	2006	2007	2008	Increase (+) Decrease (-)
	Actual	Estimate	Estimate	
Program:				
Obligations	\$30,247	\$30,518	\$28,970	-\$1,548
Budget authority (permanent, indefinite)	\$31,851	\$33,954	\$34,304	+\$350

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National Cemetery Administration

Program Description

The National Cemetery Administration (NCA) Operations and Maintenance account funds the operation of 125 national cemeteries and 33 other cemeterial installations, as well as their maintenance as national shrines. It also directly funds the costs for NCA to administer four related programs: the State Cemetery Grant program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program and Outer Burial Receptacle (OBR) reimbursements. The costs of producing and mailing the PMCs are also funded from this appropriation.

The Under Secretary for Memorial Affairs is responsible for the overall management and direction of the National Cemetery Administration. The Under Secretary is supported in this role by staffs at both field and headquarters activities.

Summary of Budget Request

The National Cemetery Administration is requesting \$166,809,000, and 1,582 FTE for Operations and Maintenance in 2008. These resources will allow NCA to address growing a workload at existing cemeteries by providing funding for 13 FTE, contract maintenance, and operating supplies to maintain existing levels of service, which is NCA's highest priority.

The NCA budget request also includes \$3,697,000 and 30 FTE to prepare for the activation of interment operations in calendar year 2008 of six new national cemeteries. NCA plans to complete fast-track parcels as part of Phase I construction of new cemeteries in the following areas: Bakersfield, California; Birmingham, Alabama; Columbia-Greenville, South Carolina; Jacksonville, Florida; Southeastern, Pennsylvania; and Sarasota County, Florida. Establishment of these six new national cemeteries is directed by the National Cemetery Expansion Act of 2003, Public Law 108-109.

This budget will continue to support improvements in the appearance of burial grounds to fulfill the commitment to maintain our national cemeteries as national shrines. This effort is directly linked to the achievement of Objective 4.5 in our performance plan which is to ensure that national cemeteries are shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made. The 2008 budget request will allow NCA to reduce the gap between current performance and its strategic performance targets for cemetery appearance. For example, the percent of headstones and markers that meet cleanliness standards will increase from 77 percent in 2006 to 84 percent in 2008.

Appropriation Highlights				
(dollars in thousands)				
	2007			
	2006 Actual ^{1/}	Budget Estimate	Continuing Resolution	2008 Estimate ^{2/}
Average employment ^{3/}	1,527	1,589	1,573	1,582
Funding:				
Field Activities:				
Cemeterial programs	\$116,218	\$126,915	\$123,609	\$133,386
Memorial programs	4,837	5,229	4,976	5,157
Operations Support Center...	5,238	6,307	5,421	3,240
Headquarters:				
Central Office	17,789	15,175	18,299	17,594
Memorial Service Networks	7,127	7,264	7,328	7,589
Total obligations	\$151,209	\$160,890	\$159,633	\$166,966
Reimbursements (-)	-575	-135	-135	-135
Unobligated Balance Transfers (-)	-3,025	0	-1,410	0
Available Balance BOY (-)....	-1,839	-207	-2,621	-221
Available Balance EOY	+2,621	+8	+221	+221
Recycling Revenue (-)	-14	-22	-22	-22
Balance Expiring	+1,421	0	0	0
Budget Authority	\$149,798	\$160,733	\$155,666	\$166,809
Adjustment for IT Transfer	+ 6,849	0	0	0
Appropriation	\$156,647	\$160,733	\$156,666	\$166,809
Outlays	\$148,734	\$156,073	\$152,066	\$161,980

^{1/} Includes \$200,000 from 2006 Hurricane Supplemental, P.L. 109-148.

^{2/} The 2008 estimate assumes 2007 enacted funding close to that passed by the House and Senate.

^{3/} The 2008 estimate includes the transfer of information technology positions to the Department's new Office of Information and Technology.

National Cemetery Gift Fund

Program Description

Public Law 93-43, as amended, codified in 38 U.S.C. 2407, provides authority to accept gifts and bequests for the purpose of beautifying national cemeteries, or which are determined to be beneficial to such cemeteries. Public Law 100-322, Section 346(g), not codified, provides authority to accept gifts and bequests for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

Fund Highlights				
(dollars in thousands)				
	2006	2007		2008
	Actual	Budget Estimate	Current Estimate	Estimate
Budget Authority (permanent, indefinite)	\$396	\$120	\$120	\$120
Obligations.....	75	120	120	120
Outlays.....	79	120	120	120

Summary of Budget Request

The National Cemetery Gift Fund is a trust fund, which is financed from gifts and donations (permanent and indefinite authority). No appropriation action is required.

Program Activity

Fund obligations are estimated to be \$120,000 in 2008. The fund was established and began accepting gifts and bequests as of October 1, 1989. The fund is used primarily for beautification and improvements to the cemetery grounds such as landscaping, walkways and benches. In this way, gift fund activity contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

National Cemetery Facilities Operation Fund

Program Description

Public Law 108-454, section 602, codified in 38 U.S.C 2412, provides authority to lease any undeveloped land and unused or underutilized buildings of the National Cemetery Administration, or parts or parcels thereof, for a term not to exceed 10 years.

Fund Highlights (dollars in thousands)				
	2006 Actual	2007		2008 Estimate
		Budget Estimate	Current Estimate	
Budget Authority (permanent, indefinite).....	\$51	\$65	\$62	\$40
Obligations	0	65	48	53
Outlays.....	0	61	29	48

Summary of Budget Request

The National Cemetery Administration Facilities Operation Fund is financed by proceeds from the lease of land or buildings and by proceeds from agricultural licenses of lands. No appropriation action is required.



GOE Summary

Program Description

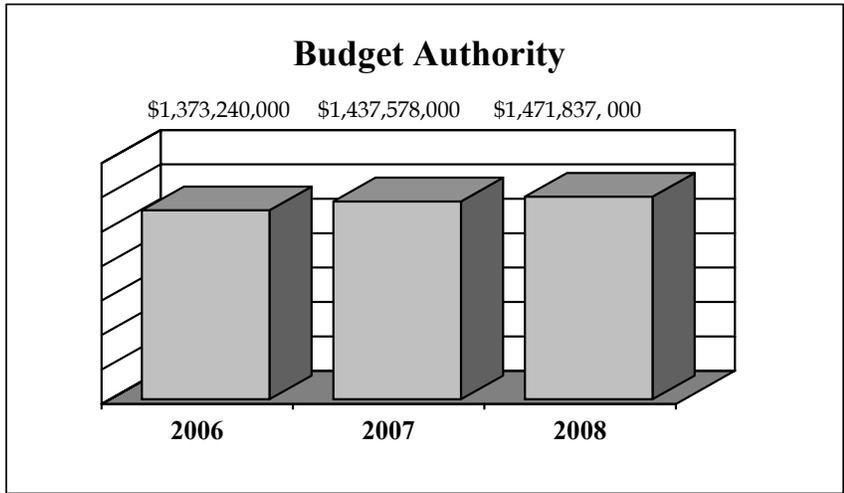
The GOE Appropriation, along with reimbursements from: (1) the credit appropriations; (2) surplus earnings from certain insurance programs; and (3) other miscellaneous accounts provides funding for the administration of all VA non-medical benefits and support functions. It includes two activities: the Veterans Benefits Administration (VBA) and General Administration.

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

General Administration consists of the Office of the Secretary, seven Assistant Secretaries, and two independent staff offices. The Office of the Secretary and Assistant Secretaries provide Department-level policy guidance. The Staff offices provide administrative support to the Veterans Health Administration, VBA, the National Cemetery Administration, and the Inspector General.

Summary of Budget Request

The General Operating Expenses (GOE) Appropriation request in 2008 is \$1,471,837,000 and 15,329 FTE in average employment to accomplish the missions of the Veterans Benefits Administration (VBA) and the General Administration activity. In addition, \$123,846,000 in reimbursements to the GOE account is requested from the credit accounts to administer the housing and loan programs. (An additional \$31.7 million from credit accounts will fund VA's IT fund.) All non-pay IT requirements as well as IT operations and maintenance staff costs are budgeted for in a Department-wide IT account. A description of the IT funding request can be found in the Department's IT budget chapter.



Within the GOE account, VBA is requesting \$1,198.2 million in Budget Authority (BA) and 12,172 FTE in 2008. Additionally, VBA is requesting \$123.8 million from credit accounts to administer housing and loan programs. (An additional \$31.7 million from credit accounts will fund VA's IT fund.)

In the General Administration account, \$273.5 million in budget authority (BA) and 2,264 FTE are requested to support staff offices in 2008 in addition to this BA the General Administration account is requesting \$5 million in reimbursements from credit accounts. A detailed description of each staff office's budget request is provided in the General Administration chapter.

Veterans Benefits Administration

VBA Mission Statement

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

VBA Vision Statement

"We are dealing with veterans, not procedures – with their problems, not ours."

Omar Bradley – 1947

Our vision is that the veterans whom we serve will feel that our nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day-to-day behavior.

VBA Core Values

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

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2008 Discretionary Budget Submission.

Program Highlights

Disability Compensation and Pensions

The Disability Compensation program provides monthly payments to veterans in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. Additionally, the program provides monthly payments, as specified by law, to surviving spouses, dependent children and dependent parents in recognition of the economic loss caused by the veteran's death during military service or, subsequent to discharge from military service, as a result of a service-connected disability.

The 2008 budget provides resources to timely and accurately process a claims workload that continues to increase in quantity and complexity. Disability compensation and other claims requiring a rating decision are projected to be 800,000 in 2008. If we receive 2007 funding near the levels passed by the House and the Senate, it is projected that our pending workload will decrease throughout 2007, ending the year with 369,980 claims pending in our inventory. In order to achieve our timeliness and accuracy performance goals and to reduce the backlog, hiring of additional FTE is necessary.

The disability claims workload from returning war veterans as well as from veterans of earlier periods has continuously increased since 2000. VBA annual claims receipts grew 39 percent from 2000 to 2006 – from 578,773 to 806,382, an increase of 227,609. In 2007 and 2008, we anticipate a slight decrease in receipts to 800,000. The complexity of the workload will continue to grow, however, because veterans are claiming greater numbers of disabilities and the nature of disabilities such as post-traumatic stress disorder (PTSD), complex combat injuries, diabetes and related conditions, and environmental diseases are becoming increasingly more complex. For example, the number of cases with eight or more disabilities claimed increased 135 percent from 21,814 in 2000 to 51,260 in 2006.

Changes in law and process also have a major impact on our resource requirements. The Veterans Claims Assistance Act (VCAA) of 2000 significantly increased both the length and complexity of claims development. VA's notification and development duties increased, adding more steps to the claims

process and lengthening the time it takes to develop and decide a claim. We are also now required to review the claims at more points in the decision process. With a workforce that is sufficient and correctly balanced, VBA can successfully meet the needs of our veterans, while also ensuring stewardship of taxpayer funds.

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

The Pensions Program provides monthly payments, as specified by law, to needy wartime veterans who are permanently and totally disabled as a result of a disability not related to military service or are age 65 or older. The program also provides monthly payments to needy surviving spouses and dependent children of deceased wartime veterans. The 2008 pensions budget request is sufficiently funded to support improvements in timeliness, accuracy and services to our veterans and their survivors.

In 2002, the Pension Maintenance Centers (PMCs) were established to consolidate processing of Eligibility Verification Reports, Income Verification Matches, and other matching programs. In 2003, income changes and dependency adjustments were added to the workload; Committee on Waivers and Compromises decisions were added in 2004. These efforts improved quality and productivity and reduced the cycle-time for processing pension cases. Consolidation of original pension claims processing at the PMCs is currently under consideration. This initiative would relieve regional offices of their remaining pension work, allowing them to focus solely on compensation claims processing and related actions.

Education

VBA's Education programs provide veterans, servicemembers, reservists, and certain family members with educational resources. Our 2008 budget request reflects our commitment to their needs. These programs are also meant to assist in the readjustment to civilian life, help the armed forces both recruit and retain members and to provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. The selection of opportunities is wide-ranging as well, from traditional degree attainment to vocational programs such as commercial flight training or on-the-job and apprenticeship training. In 2006, VA provided educational assistance benefits to over 497,000 individuals, totaling over \$2.7 billion.

In 2008, VBA will continue its effort to migrate all claims processing work off the Benefits Delivery Network legacy system to the new corporate environment. The Education Expert System (TEES) initiative is included in VA's 2008 IT appropriation request to expand a processing system that receives application and enrollment information electronically and processes that information in the VBA corporate environment without human intervention. When fully deployed, this system will dramatically improve the speed and quality of service to our beneficiaries as well as make all Education payments in the new VETSNET corporate environment.

We continue to work with our partners and stakeholders such as the Department of Defense, educational institutions, State Approving Agencies, Congress, and others to improve service to our beneficiaries. We will also continue to improve and expand our outreach efforts to better inform all potentially eligible veterans, servicemembers, reservists, and dependents about VA's educational programs.

Vocational Rehabilitation and Employment

The Vocational Rehabilitation and Employment (VR&E) Program provides service and assistance necessary to enable veterans with service-connected disabilities to become employable and obtain and maintain suitable employment, and to the maximum extent feasible, achieve independence in daily living.

In 2008, VBA will continue to provide unparalleled Vocational Rehabilitation and Employment (VR&E) services to the veteran. The rate at which veterans transition from military careers to civilian careers influences the demand for program services. We anticipate that the number of individuals leaving military service will increase. To meet this demand, we will continue our outreach efforts

through the Disabled Transition Assistance Program (DTAP) and provide standardized and consistent information regarding program options early in the transition process.

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

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

VR&E will continue to expand and further develop the "Coming Home to Work" initiative, which is a collaborative partnership between VR&E and federal agencies to provide civilian work experiences to interested servicemembers who are in a medical hold status at Military Treatment Facilities and who meet the Chapter 31 eligibility requirements. The "Coming Home to Work" initiative provides all necessary rehabilitation and employment services to veterans with disabilities so they may have access to job opportunities -- especially servicemembers returning from OIF and OEF, and those who are medically discharged from the military.

Currently, the VR&E program is managed under a structure of 57 Regional Offices and over 120 outbased stations. The case management activities will always need to remain in veterans' local communities. However, there are many management and administrative functions that VR&E can consolidate and centralize in order to improve efficiencies and free professional staff to perform case management. VR&E is evaluating the feasibility and will develop a plan to consolidate activities including: subsistence allowance award processing, purchase card processing, contract management, quality assurance, and management oversight.

Housing

VA provides assistance to veterans in purchasing homes on terms not generally available to non-veterans. VA's partial guarantee on loans made by private lenders enables veterans, service personnel, and members of the reserve and National Guard to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance. Unless exempt, veterans pay a fee to VA that is usually financed in the mortgage loan to partially offset costs incurred due to default and foreclosure. In 2006, VA guaranteed 135,151 loans totaling \$23.5 billion. In 2007 and 2008, loan volume is estimated to increase to 180,000 as more veterans find that guaranteed loan financing is more attractive compared with interest-only loans and one-year adjustable rate mortgages.

Some veterans, like other homeowners, experience financial difficulties that may cause them to default on their home loans. When this occurs, VA strives to help veterans retain their homes through loan servicing efforts. In addition to counseling, VA may intervene directly on behalf of the veteran to work out a repayment plan to reinstate the loan. Of particular note was the level of successful interventions in 2006. There were 8,748 reinstatements with VA's direct assistance, saving an estimated \$174.9 million. In 2007 and 2008, VA will be implementing significant improvements in the management of defaults with emphasis on loan holders being compensated for foreclosure avoidance through loss mitigation. In limited circumstances, VA may buy the loan from the holder and the veteran will make future payments directly to VA. In the event of foreclosure, VA usually acquires the property from the mortgage loan holder. The property is then transferred to a private contractor to be sold on VA's behalf.

Insurance

The Insurance Program provides service members and their families with universally available life insurance, as well as traumatic injury protection insurance for service members. It also provides for the conversion to a renewable term insurance policy after a service member's separation from service. In addition, the program provides life insurance to veterans who have lost the ability to purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service. VA insurance programs provide \$1.1 trillion of insurance coverage to 2.4 million service members, 1.7 million veterans, and 3.1 million spouses and children. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. Benefits and services are provided in an accurate and timely manner at the lowest achievable administrative cost. Insurance coverage is made available in reasonable amounts at premium rates comparable to those offered by commercial companies. The program ensures a competitive secure rate of return on investments held on behalf of the insured.

VBA's Insurance Center, located in Philadelphia, PA, provides veterans and their dependents a full range of insurance services for those policies administered by VA. The Insurance Center is responsible for answering all insurance questions and responding to all types of policy requests, including policy changes and disability claims. The Insurance Center is also responsible for the processing of insurance awards, which is considered one of the most important services provided by the Insurance Program.

There were three recent major changes to the Servicemembers Group Life Insurance (SGLI) program. Public Law 109-80 increased the maximum amount of SGLI coverage for all servicemembers. As of September 1, 2005, the maximum coverage amount in the SGLI program increased from \$250,000 to \$400,000. Public Law 109-13 established Traumatic Injury Protection Insurance (TSGLI) under the SGLI program. The new insurance program became effective December 1, 2005. TSGLI is a traumatic injury protection rider under SGLI that provides for payment between \$25,000 and \$100,000 (depending on the type of injury) to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain severe losses. On June 15, 2006, Public Law 109-233 was enacted. This legislation extends the duration of SGLI coverage from one to two years for servicemembers who are totally disabled upon the date of their separation from active duty or reserve status. This extension in coverage is effective upon the date of the law's enactment for members released prior to October 1, 2011; the coverage reduces from a maximum of two years to 18 months for members released on or after October 1, 2011. Servicemembers who were

released within one year of the date of enactment of this law are also eligible for the extended coverage period.

In 2008, the Insurance Service will continue to maintain its already high level of performance and customer satisfaction and meet the anticipated rise in our customers' expectations. Paperless electronic workflow will continue to be phased in to all areas of insurance processing. This will help us maintain our average processing days for disbursements at a level below the insurance industry average. We will continue to provide world-class service through our toll-free telephone service and continue to improve alternative means for veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and the Insurance self-service website.

The following chart reflects VBA's total 2008 discretionary budget request.

Total VBA Summary Discretionary Appropriation Highlights (dollars in thousands)				
Discretionary	2006	2007		2008 ^{2/} Estimate
		Budget Estimate	Current ^{1/} Estimate	
FTE				
Direct	10,676	10,868	10,868	11,364
Information Technology ^{3/}	732	730	730	221
Management Direction and Support	1,402	1,506	1,506	1,480
Total FTE	12,810	13,104	13,104	13,065
Obligations:^{4/}				
Personal Services	\$1,006,752	\$1,121,056	\$1,083,342	\$1,108,829
Travel	12,763	10,542	15,278	14,933
Interagency Motor Pool	2,627	2,604	2,604	2,972
Transportation of Things	1,713	2,513	2,513	3,578
Rent, Communications & Utilities	134,856	131,741	131,741	137,671
Printing	3,637	4,039	4,039	4,121
Other Services	176,042	149,771	175,995	165,981
Supplies and Materials	9,990	9,078	9,078	9,741
Equipment	11,206	5,433	8,555	9,030
Insurance Claims	400	100	100	93
Total Administrative Obligations	\$1,359,985	\$1,436,877	\$1,433,244	\$1,456,950
Reimbursements	-\$259,431	-\$269,018	-\$271,503	-\$258,656
Unobligated balance SOY	-\$16,077	\$0	-\$42,018	\$0
Unobligated balance EOY	\$42,018	\$0	\$0	\$0
Emergency Supplemental for Hurricane (non add)	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$2,314	\$0	\$0	\$0
Total Appropriation^{4/}	\$1,078,809	\$1,167,859	\$1,119,723	\$1,198,294
Transfers from VHA ^{5/}	\$50,000	\$0	\$0	\$0
Appropriation Adjusted	\$1,128,809	\$1,167,859	\$1,119,723	\$1,198,294
Outlays (net)	\$1,115,215	\$1,112,591	\$1,095,023	\$1,194,649

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

^{1/} 2007 Current Estimate includes an additional \$3.6 million for increased OBRA workload.

^{2/} The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{3/} 2008 reflects the reassignment of 509 IT FTE and associated payroll, travel, and training dollars to the VA IT Appropriation.

^{4/} 2006 includes \$24.871 million for the Emergency Hurricane Supplemental DoD Appropriation, P.L. 109-148.

^{5/} In 2006, \$50 million was transferred from VHA in accordance with PL 108-324, for costs associated with processing claims.

The following charts summarize VBA's 2008 discretionary budget request by program.

Disability Compensation, Pensions & Burial Summary of Discretionary Appropriation Highlights (dollars in thousands)				
Discretionary	2006	2007		2008 ^{2/} Estimate
		Budget Estimate	Continuing ^{1/} Resolution	
FTE				
Direct Compensation	6,407	6,425	6,425	6,882
Direct Pensions	1,312	1,287	1,287	1,287
Direct Burial	139	151	151	151
Total Direct FTE	7,858	7,863	7,863	8,320
Information Technology ^{3/}	439	488	488	154
Management Direction and Support	989	1,094	1,094	1,085
Total FTE	9,286	9,445	9,445	9,559
Obligations:^{4/}				
Personal Services	\$727,114	\$808,775	\$776,362	\$804,004
Travel	7,898	5,463	9,827	9,392
Interagency Motor Pool	1,864	1,606	1,606	1,981
Transportation of Things	1,334	1,700	1,700	1,743
Rent, Communications & Utilities	95,791	94,320	94,320	98,787
Printing	2,658	2,120	2,120	2,163
Other Services	129,414	102,946	124,313	113,430
Supplies and Materials	6,266	5,418	5,418	5,949
Equipment	8,578	1,378	4,500	4,992
Insurance Claims	300	74	74	74
Total Administrative Obligations	\$981,215	\$1,023,800	\$1,020,241	\$1,042,514
Reimbursements	-\$94,536	-\$99,446	-\$102,005	-\$101,545
Unobligated balance SOY	-\$16,077	\$0	-\$42,018	\$0
Unobligated balance EOY	\$42,018	\$0	\$0	\$0
Emergency Supp for Hurricane (non add)	\$24,871	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$2,314	\$0	\$0	\$0
Total Appropriation^{4/}	\$864,935	\$924,354	\$876,218	\$940,969
Transfers from VHA ^{5/}	\$50,000	\$0	\$0	\$0
Appropriation Adjusted	\$914,935	\$924,354	\$876,218	\$940,969
Outlays (net)	\$895,539	\$877,259	\$859,773	\$938,920

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

^{1/} 2007 Continuing Resolution includes an additional \$3.6 million for increased OBRA workload.

^{2/} The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{3/} 2008 reflects the reassignment of 334 IT FTE and associated payroll, travel, and training dollars to the VA IT Appropriation.

^{4/} 2006 includes \$24.871 million for the Emergency Hurricane Supplemental DoD Appropriation, P.L. 109-148

^{5/} In 2006, \$50 million was transferred from VHA in accordance with PL 108-324, for costs associated with processing claims.

Education				
Summary of Discretionary Appropriation Highlights				
(dollars in thousands)				
Discretionary	2006	2007		2008 ^{1/} Estimate
		Budget Estimate	Continuing Resolution	
FTE				
Direct	726	758	758	772
Information Technology ^{2/}	73	66	66	21
Management Direction and Support	91	106	106	101
Total FTE	889	930	930	894
Obligations^{2/}				
Personal Services	\$64,243	\$74,061	\$72,651	\$70,097
Travel	851	815	946	945
Interagency Motor Pool	166	180	180	196
Transportation of Things	78	95	95	99
Rent, Communications & Utilities	9,005	9,856	9,856	10,331
Printing	258	1,229	1,229	1,254
Other Services	7,005	4,584	5,863	11,322
Supplies and Materials	568	670	670	712
Equipment	575	816	816	832
Insurance Claims	27	7	7	6
Total Administrative Obligations	\$82,776	\$92,313	\$92,313	\$95,794
Reimbursements	-\$558	-\$2,200	-\$2,200	-\$2,260
Unobligated balance SOY	\$0	\$0	\$0	\$0
Unobligated balance EOY	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0
Total Appropriation	\$82,218	\$90,113	\$90,113	\$93,534
Transfers from VHA	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$82,218	\$90,113	\$90,113	\$93,534
Outlays (net)	\$84,294	\$87,359	\$88,370	\$94,946

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

^{1/}The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{2/}2008 reflects the reassignment of 45 IT FTE and associated payroll, travel, and training dollars to the VA IT Appropriation.

Housing				
Summary of Discretionary Appropriation Highlights				
(dollars in thousands)				
Discretionary	2006	2007		2008 ^{1/} Estimate
		Budget Estimate	Continuing Resolution	
FTE				
Direct	747	762	762	762
Information Technology ^{2/}	147	102	102	32
Management Direction and Support	148	107	107	99
Total FTE	1,042	971	971	893
Obligations:^{2/}				
Personal Services	\$87,163	\$85,732	\$83,993	\$81,539
Travel	2,045	2,358	2,541	2,587
Interagency Motor Pool	343	517	517	525
Transportation of Things	141	360	360	369
Rent, Communications & Utilities	12,605	9,140	9,140	9,600
Printing	337	339	339	346
Other Services	24,649	25,870	27,353	20,547
Supplies and Materials	893	1,154	1,154	1,177
Equipment	369	1,725	1,725	1,759
Insurance Claims	38	9	9	7
Total Administrative Obligations	\$128,581	\$127,204	\$127,130	\$118,456
Reimbursement from Credit Accounts	-\$128,561	-\$127,164	-\$127,130	-\$118,456
Reimbursement from Franchise Fund	-\$20	-\$40	\$0	\$0
Total Reimbursements/Obligations	-\$128,581	-\$127,204	-\$127,130	-\$118,456
Unobligated balance SOY	\$0	\$0	\$0	\$0
Unobligated balance EOY	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0
Total Appropriation	\$0	\$0	\$0	\$0
Transfers from VHA	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$0	\$0	\$0

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

^{1/}The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{2/} 2008 reflects the reassignment of 70 IT FTE and associated payroll, travel, and training dollars to the VA IT Appropriation.

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

Discretionary	2007			
	2006	Budget Estimate	Continuing Resolution	2008 ^{1/} Estimate
FTE				
Direct	948	1,063	1,063	1,102
Information Technology ^{2/}	44	44	44	14
Management Direction and Support	119	148	148	144
Total FTE	1,110	1,255	1,255	1,260
Obligations^{2/}				
Personal Services	\$95,666	\$116,171	\$114,019	\$119,661
Travel	1,809	1,737	1,794	1,851
Interagency Motor Pool	245	290	290	260
Transportation of Things	159	356	356	1,367
Rent, Communications & Utilities	11,988	12,751	12,751	13,691
Printing	327	321	321	327
Other Services	13,943	15,116	17,212	19,609
Supplies and Materials	1,957	1,476	1,476	1,574
Equipment	1,549	1,114	1,114	1,136
Insurance Claims	35	10	10	6
Total Administrative Obligations	\$127,677	\$149,342	\$149,342	\$159,482
Reimbursements	-\$305	-\$305	-\$305	-\$311
Unobligated balance SOY	\$0	\$0	\$0	\$0
Unobligated balance EOY	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0
Total Appropriation	\$127,372	\$149,037	\$149,037	\$159,171
Transfers from VHA	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$127,372	\$149,037	\$149,037	\$159,171
Outlays (net)	\$130,767	\$143,852	\$142,752	\$156,431

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

^{1/}The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{2/} 2008 reflects the reassignment of 30 IT FTE and associated payroll, travel, and training dollars to the VA IT Appropriation.

Insurance				
Summary of Discretionary Appropriation Highlights				
(dollars in thousands)				
Discretionary	2006	2007		2008 ^{1/} Estimate
		Budget Estimate	Continuing Resolution	
FTE				
Direct	397	422	422	408
Information Technology ^{2/}	30	30	30	0
Management Direction and Support	55	51	51	51
Total FTE	482	503	503	459
Obligations:^{2/}				
Personal Services	\$32,566	\$36,317	\$36,317	\$33,528
Travel	161	169	169	158
Interagency Motor Pool	10	11	11	11
Transportation of Things	0	1	1	1
Rent, Communications & Utilities	5,467	5,675	5,675	5,262
Printing	57	30	30	31
Other Services	1,031	1,255	1,255	1,074
Supplies and Materials	307	360	360	329
Equipment	136	400	400	311
Insurance Claims	1	0	0	0
Total Administrative Obligations	\$39,735	\$44,218	\$44,218	\$40,705
Reimbursements	-\$35,451	-\$39,863	-\$39,863	-\$36,085
Unobligated balance SOY	\$0	\$0	\$0	\$0
Unobligated balance EOY	\$0	\$0	\$0	\$0
Unobligated balance expiring	\$0	\$0	\$0	\$0
Transfers in from other accounts	\$0	\$0	\$0	\$0
Other adjustments	\$0	\$0	\$0	\$0
Total Appropriation	\$4,284	\$4,355	\$4,355	\$4,620
Transfers from VHA	\$0	\$0	\$0	\$0
Appropriation Adjusted	\$4,284	\$4,355	\$4,355	\$4,620
Outlays (net)	\$4,621	\$4,128	\$4,128	\$4,352

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

^{1/}The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate.

^{2/}2008 reflects the reassignment of 30 IT FTE (27 reimbursable; 3 BA) and associated payroll, travel, and training dollars to the VA IT Appropriation.

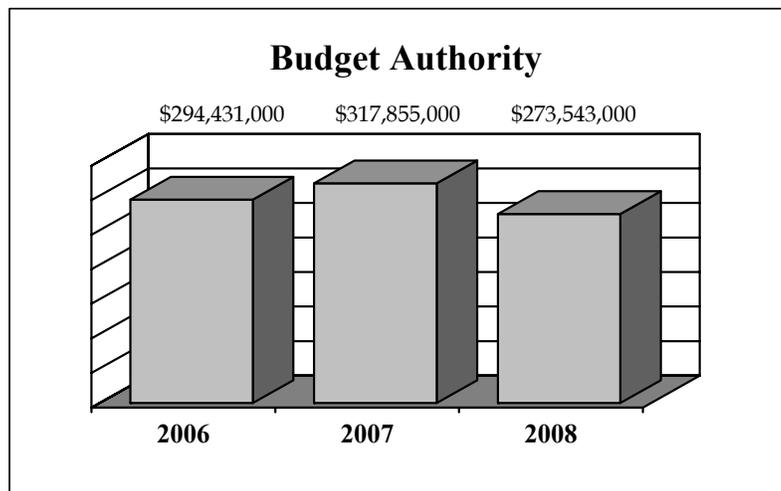
The following is a brief summary of the resources and FTE planned for each initiative. A complete description of all the VBA initiatives can be found in each respective program chapter.

2008 Congressional Submission VBA Initiative Investments (000s)								
	2007 Estimate				2008 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Telephone QA	727	10	737	8	-	-	-	-
C&P Subtotal	\$727	\$10	\$737	8	\$0	\$0	\$0	0
VBA-Wide:								
Co-location-Relocation	-	4,438	4,438	-	-	-	-	-
Training- Training and Performance Support (TPSS)	-	3,400	3,400	-	-	-	-	-
Skills Certification	-	1,400	1,400	-	-	-	-	-
Finance Consolidation	-	-	-	-	695	1,119	1,814	13
VBA-Wide Subtotal	-	9,238	9,238	-	\$695	\$1,119	\$1,814	13
C&P Total	\$727	\$9,248	\$9,975	8	\$695	\$1,119	\$1,814	13
EDUCATION								
Contact Mgmt Support Center	-	-	-	-	-	6,300	6,300	-
Stakeholder Training	-	-	-	-	-	400	400	-
Education Subtotal	\$0	\$0	\$0	0	\$0	\$6,700	\$6,700	0
VBA-Wide:								
Co-location-Relocation	-	-	-	-	-	-	-	-
Training- TPSS	-	-	-	-	-	-	-	-
Skills Certification	-	600	600	-	-	-	-	-
Finance Consolidation	-	-	-	-	65	104	169	1
VBA-Wide Subtotal	\$0	\$600	\$600	0	\$65	\$104	\$169	1
Education Total	\$0	\$600	\$600	0	\$65	\$6,804	\$6,869	1
VOCATIONAL REHABILITATION & EMPLOYMENT								
Task Force Recommendations	-	682	682	-	-	-	-	-
Process Consolidation	-	-	-	-	220	300	520	4
Coming Home to Work	-	-	-	-	758	183	941	8
CER Folder retirement	-	-	-	-	-	1,500	1,500	-
Disabled Transition Assistance Program (DTAP)	-	-	-	-	-	4,260	4,260	-
VR&E Training Package	-	-	-	-	-	375	375	-
VR&E Subtotal	\$0	\$682	\$682	0	\$978	\$6,618	\$7,596	12
VBA-Wide:								
Co-location-Relocation	-	562	562	-	-	-	-	-
Training- TPSS	-	-	-	-	-	-	-	-
Skills Certification	-	-	-	-	-	-	-	-
Finance Consolidation	-	-	-	-	85	138	223	2
VBA-Wide Subtotal	\$0	\$562	\$562	0	\$85	\$138	\$223	2
VR&E Total	\$0	\$1,244	\$1,244	0	\$1,063	\$6,756	\$7,819	14
HOUSING								
Appraisal Mgmt System	-	-	-	-	-	1,400	1,400	-
Real Estate On-Line	-	-	-	-	-	300	300	-
Housing Subtotal	\$0	\$0	\$0	0	\$0	\$1,700	\$1,700	0
VBA-Wide:								
Co-location-Relocation	-	-	-	-	-	-	-	-
Training- TPSS	-	-	-	-	-	-	-	-
Skills Certification	-	-	-	-	-	-	-	-
Finance Consolidation	-	-	-	-	69	111	180	1
VBA-Wide Subtotal	\$0	\$0	\$0	0	\$69	\$111	\$180	1
Housing Total	\$0	\$0	\$0	0	\$69	\$1,811	\$1,880	1
INSURANCE	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Co-location-Relocation	-	5,000	5,000	-	-	-	-	-
Training- TPSS	-	3,400	3,400	-	-	-	-	-
Skills Certification	-	2,000	2,000	-	-	-	-	-
Finance Consolidation	-	-	-	-	914	1,472	2,386	17
VBA-Wide Subtotal	\$0	\$10,400	\$10,400	0	\$914	\$1,472	\$2,386	17
TOTAL OBLIGATIONS	\$727	\$11,092	\$11,819	8	\$1,892	\$16,490	\$18,382	29

General Administration

This appropriation, along with reimbursements from: (1) the credit reform appropriations and (2) other miscellaneous accounts fund the Department of Veterans Affairs General Administration activity.

General Administration provides funding for the Office of the Secretary, six Assistant Secretaries, the Board of Veterans Appeals, the Board of Contract Appeals, and the General Counsel. The General Administration function provides management direction and administrative support to all Department programs.



1/ Beginning in 2006, all non pay IT funding is included in the VA Central IT Fund. The 2008 figure also reflects a transfer of pay funds to the VA Central IT fund.

Budget authority of \$273,543,000 and 2264 FTE are requested to support the General Administration activity in 2008. Highlights of the 2008 request are summarized below.

The Board of Veterans' Appeals is requesting \$58.5 million in budget authority to support 468 FTE in FY 2008. The increases for 2008 include \$2.5 million to support 31 new FTE. The remaining increase provides for inflation, pay raises, and regular benefits increases.

Office of the General Counsel (OGC) is requesting \$76.3 million in total obligational authority and 645 FTE to support its operations in Fiscal Year 2008. The OGC request includes \$65.2 million in GOE budget authority, \$5 million in credit administrative reimbursements, and approximately \$6.1 million in other reimbursements. Included in this increase is \$2.8 million in budget authority that will fund the 2008 3% pay raise and increased non-payroll requirements. Due to OGC's increased workload of more than 30% in three out of five Product Lines between 2006 and 2008, we require an additional 15 full-time employees, a mix of attorneys, paralegals, and support staff, to meet and maintain our full range of legal services.

The Office of Management (OM) is requesting \$38.2 in budget authority million and 285 FTE to support its operations in FY 2008 in order to provide budget and finance capital asset and acquisition support to VA's administrative and staff offices. OM will provide department level oversight on the development of FLITE, which is VA's new Financial and Logistics Integrated Technology Enterprise project.

The Office of Human Resources and Administration (HR&A) is requesting \$62.4 million in budget authority and 527 FTE in 2008. Included in this request are \$250,000 and 2 FTE for staff in the Office of Human Resources Management to oversee and implement the Department's conversion of paper personnel files to a digital format. The cost of \$22 million to convert these files is budgeted for in the IT appropriation. Digital files will afford VA greater physical and logical security of sensitive employee information and enable VA to quickly and accurately access management information.

Office of Policy and Planning (OP&P) is requesting \$14.8 million in budget authority and 68 FTE in FY 2008. This request will support the continuing strategic planning and information needs of the Department and the requirements of OP&P.

Office of Operations, Security and Preparedness (OSP) is requesting \$11.9 million in budget authority and 69 FTE in FY 2008. This request will support the continuity of essential services and the safety and security of veterans, volunteers, employees, and visitors at VA facilities while integrating, improving and increasing VA's operational readiness and ability to execute law enforcement, emergency management, Department of Defense contingency support, and Department of Homeland Security support missions under the National Response Plan.

The Office of Public and Intergovernmental Affairs (PIA) is requesting \$10.4 million in budget authority and 83 FTE in 2008. This request funds the activities

of the Office of the Assistant Secretary; the Office of Public Affairs and its seven regional offices in Atlanta, Chicago, Dallas, Denver, Los Angeles, New York, and Washington, DC; the Offices of Intergovernmental Affairs; the Office of National Programs and Special Events; the Advisory Committee Management Office, and the Center for Faith-Based and Community Initiatives.

The Office of Congressional and Legislative Affairs (OCLA) is requesting \$4.3 million in budget authority and 40 FTE in 2008 to meet current services requirements, adjusted for payroll increases and inflation.

Activity Highlights				
<i>(dollars in thousands)</i>				
		2007		
	2006	Budget	Continuing	2008
	Actual	Estimate	Resolution	Request
Office of the Secretary:				
Budget Authority	\$7,378	\$7,554	\$7,549	\$7,747
Average Employment	79	79	79	79
Board of Contract Appeals:				
Budget Authority	\$1,683	\$1,820	\$235	\$0
Average Employment	7	12	0	0
Board of Veterans' Appeals:				
Budget Authority	\$52,918	\$55,309	\$55,309	\$58,545
Average Employment	452	444	444	468
Office of the General Counsel:				
Budget Authority	\$60,898	\$64,784	\$64,784	\$65,185
Average Employment	669	656	656	645
Assistant Secretary for Management:				
Budget Authority	\$38,788	\$40,592	\$46,407	\$38,184
Average Employment	265	317	312	285
Assistant Secretary for Information and Technology: 1/				
Budget Authority	\$32,637	\$35,841	\$36,278	\$0
Average Employment	390	496	496	0
Assistant Secretary for Human Resources and Administration:				
Budget Authority	\$60,159	\$64,179	\$64,179	\$62,437
Average Employment	508	535	535	527
Assistant Secretary for Policy and Planning				
Budget Authority	\$25,126	\$27,615	\$15,950	\$14,775
Average Employment	108	119	70	68
Assistant Secretary for Operations, Security and Preparedness				
Budget Authority	\$0	\$0	\$12,062	\$11,911
Average Employment	0	0	70	69
Assistant Secretary for Public and Intergovernmental Affairs:				
Budget Authority	\$10,509	\$10,775	\$10,666	\$10,425
Average Employment	75	83	83	83
Assistant Secretary for Congressional and Legislative Affairs:				
Budget Authority	\$4,335	\$4,436	\$4,436	\$4,334
Average Employment	37	40	40	40
Totals:				
Budget Authority	\$294,431	\$312,905	\$317,855	\$273,543
Average Employment	2,589	2,781	2,785	2,264

1/ Beginning in 2008, all IT funding & FTE are budgeted for in the IT Systems Fund.

Office of the Inspector General

This appropriation provides funding for the operation of the Office of the Inspector General (OIG). OIG, established by the Inspector General Act of 1978, is responsible for the audit, investigation, and inspection of all Department of Veterans Affairs (VA) programs and operations.

OIG, in accordance with the Act: (a) conducts audits, investigations and inspections of VA programs and operations and other activities carried out or financed by VA; (b) makes recommendations for (1) promoting economy, efficiency, and effectiveness and (2) preventing and detecting fraud, waste, and abuse in VA programs and operations; (c) keeps the Secretary and Congress fully and currently informed about problems and deficiencies relating to the administration of VA programs and operations and the necessity of corrective actions; and (d) provides leadership and coordination on complex audit, investigative, and inspection matters.

<i>Appropriation Highlights</i>			
<i>(dollars in thousands)</i>			
	2006	2007	2008
	Actual	Continuing Resolution	Estimate
Funding:			
Appropriation	\$69,074	\$69,499	\$72,599
Rescission	0	0	0
BA Expiring	-\$2	0	0
Reimbursements	\$3,186	\$3,420	\$3,409
Net Change in Carryover	\$3,325	\$18	0
Obligations	\$75,583	\$72,937	\$76,008
Average employment	480	474	470

OIG carries out operations through four Assistant Inspectors General (AIGs): AIG for Auditing; AIG for Investigations; AIG for Healthcare Inspections; and AIG for Management and Administration; and through legal assistance provided by the Office of Counselor to the Inspector General. OIG organization consists of a headquarters located in Washington, DC, and various audit, investigative, and health care inspection field offices located throughout the continental United States.

Budget authority of \$72.6 million and 445 FTE, together with \$3.4 million in estimated reimbursements for 25 FTE, are requested to support the activities of OIG and will provide for total gross obligations of \$76 million and 470 FTE in

2008. This budget authority will assist 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.

Acquisition and Materiel Management: Supply Fund

The Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental revolving fund without fiscal year limitations, it seeks to ensure the most timely, cost-effective acquisition and distribution of goods and services for VA programs. Its primary customer is the Veterans Health Administration (VHA). The Supply Fund plays an active role in supporting VHA's mission to ensure quality medical care is provided on a timely basis to eligible veterans.

The Supply Fund finances the following: (1) a National Acquisition Center or central contracting office; (2) the maintenance of field station inventories; (3) a service and distribution center; (4) a service and reclamation program; (5) a national prosthetics distribution center; and (6) an asset management service.

<i>Income, Expense, and Retained Earnings</i> <i>(dollars in thousands)</i>				
		2007		
	2006 Actual	Budget Estimate	Current Estimate	2008 Estimate
Income	\$106,968	\$89,000	\$95,000	\$97,000
Expense	82,071	89,000	95,000	97,000
Net Income	\$24,897	0	0	0
Analysis of retained earnings:				
Retained Earnings, SOY	92,898	94,911	\$117,887	\$117,887
Retained Earnings, EOY	\$117,887	\$94,911	\$117,887	\$117,887

The Franchise Fund: Enterprise Centers

The Franchise Fund completed its ninth year of operations on September 30, 2006. The six lines of business (Enterprise Centers) are proving to be very successful. Sales have dramatically increased since our initial year of operations in 1997, i.e., from \$59 million to projected \$298 million in 2007. Annual audits performed by an independent CPA firm, with VA Inspector General oversight, and the Financial and Systems Quality Assurance Service have confirmed full compliance with government-wide and VA cost accounting policies.

The VA Enterprise Centers provide common administrative services to VA and other Government agencies under the authority of the Government Management Reform Act of 1994. In 2008, we request total obligations of \$298 million and an average employment of 709 to support the operations of the VA Enterprise Centers. The request is based on the VA Enterprise Centers evolving into competitive organizations that provide value-added common administrative services to VA and a wide range of other federal government agencies.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. VA Enterprise Centers are the lines of business within the VA Franchise Fund and are expected to have net billings of about \$298 million and employ 709. The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality.

VA Enterprise Centers
Summary of Employment and Obligations
(In thousands)

	2006 Actual	2007		2008 Request
		Budget Estimate	Current Estimate	
Average Employment:				
Central Office	4	12	4	4
Field	684	732	740	705
<i>Total</i>	688	744	744	709
Obligations:				
Personal Services	\$58,893	\$62,654	\$61,943	\$63,186
Travel	3,097	3,205	2,353	2,467
Transportation of Things	246	108	84	85
Rents, Communications & Utilities	32,991	38,026	32,225	33,857
Printing & Reproduction	3,336	6,167	3,492	3,667
Other Services	216,731	303,730	165,128	189,427
Supplies & Materials	1,815	1,945	1,860	1,846
Equipment	8,124	10,667	3,583	3,240
Land and Structures	106	172	91	37
Insurance Claims & Indemnities	0	0	0	0
Total	\$325,339	\$426,674	\$270,759	\$297,812

Pershing Hall Revolving Fund

The Pershing Hall Revolving Fund (PHRF) provides for the obligation and receipt of funds associated with the operation and redevelopment of Pershing Hall, an asset of the United States, located in Paris, France. The United States acquired the property in 1935 from the American Legion under the provisions of Public Law 74-171.

In 1991, VA obtained jurisdiction and control over Pershing Hall through the enactment of Public Law 102-86, which provided for the building's redevelopment and the establishment of a memorial to General Pershing through a long-term lease. On October 20, 1998, the Department leased Pershing Hall for a period of 99 years to the French firm of L.A. Partners. The lease provides for the building's redevelopment as a hotel and the establishment therein of a memorial. In addition to the memorial, the lease also provides for the payment of consideration to VA.

Public Law 102-86 provides for the distribution of proceeds into the Construction Reserve Account of up to \$1 million, following reimbursement of expenses. Upon payment of the \$1 million, such proceeds will be available for projects and activities, determined by the Secretary in keeping with the mission of the Department. The Department can utilize up to \$100,000 annually, the maximum permitted by the law, for these purposes. In addition, all necessary expenses to operate and maintain Pershing Hall may be funded by the Revolving Fund.

From 2004 - 2014, a payment of 800,000 French Francs (FF) or the equivalent in Euros will be made to the fund, using an exchange rate of 6.50 FF per US dollar, yielding an expected \$145,000 in annual receipts. From 2015 - 2097 annual payments have been negotiated at 1.2 million FF (\$180,180). These payments, however, are subject to escalation as described in the lease.

<i>Funding Highlights</i>					
<i>(dollars in thousands)</i>					
		2007			
		2006	Budget	Current	2008
		Actual	Estimate	Estimate	Estimate
Budget authority		\$0	\$0	\$0	\$0
(transfer to					
Construction, Major)					
Obligations		\$145	\$100	\$100	\$100
Outlays (net)		-\$12	-\$45	-\$45	-\$45
Receipts		\$157	\$145	\$145	\$145

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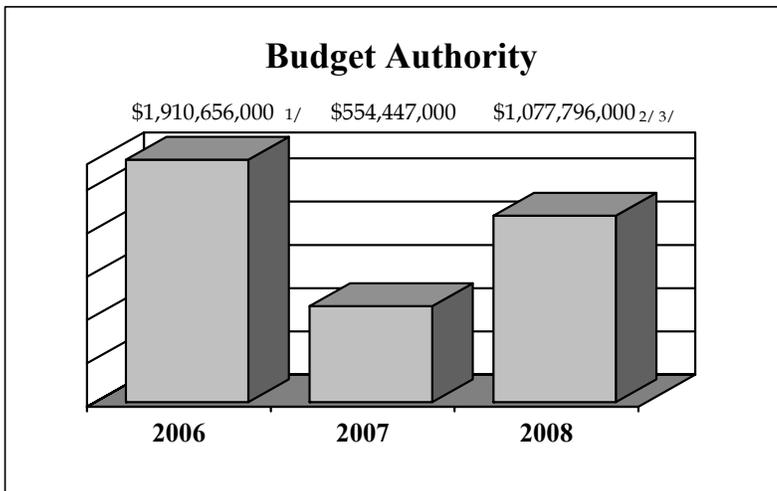
Construction Programs

Summary

New budget authority of \$727,400,000 is requested for the 2008 Construction, Major Projects appropriation; \$233,396,000 for Construction, Minor Projects appropriation; \$85,000,000 for the Grants for the Construction of State Extended Care Facilities; and \$32,000,000 for Grants for the Construction of State Veterans Cemeteries. \$45,000,000 will be reprogrammed from prior year funds and \$10,000,000 is expected to be received from the sale or reuse of VA assets for a total budgetary resource level of \$1,132,796,000.

The Department of Veterans Affairs construction program is funded by two appropriations: Construction, Major Projects; and Construction, Minor Projects. Two grant programs also provide funds for construction and/or renovation: Grants for the Construction of State Extended Care Facilities and Grants for the Construction of State Veterans Cemeteries.

The bar chart below and tables on the next page reflect appropriations for all Construction Programs.



1/ Includes Emergency Hurricane Supplemental Public Law 109-148 & 109-234 for \$988 million.

2/ The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate

3/ Excludes \$45 million for reprogramming from prior year funds; and \$10 million from the sale or reuse of VA assets.

This funding will be added to total budgetary resources but is not requested in new budget authority.

Budgetary Highlights (dollars in thousands)				
	2006 Actual	2007 Budget Estimate	2007 Continuing Resolution	2008 Request ^{1/}
Veterans Health Administration	\$694,800	\$457,350	\$457,350	\$740,000
Hurricane Supplemental (P.L. 109-148)	\$985,819	\$0	\$0	\$0
Subtotal (VHA)	\$1,680,619	\$457,350	\$457,350	\$740,000
National Cemeteries	\$87,881	\$78,400	\$78,400	\$191,800
Hurricane Supplemental (P.L. 108-324 & 109-148)	\$1,800	\$0	\$0	\$0
Subtotal (NCA)	\$89,681	\$78,400	\$78,400	\$191,800
Veterans Benefits	\$17,047	\$14,000	\$14,000	\$13,000
General Administration (Staff Offices)	\$6,309	\$47,250	\$47,250	\$15,996
Grants for State Extended Care Facilities	\$85,000	\$85,000	\$85,000	\$85,000
Grants for State Veterans Cemeteries	\$32,000	\$32,000	\$32,000	\$32,000
Impact of Continuing Resolution P.L. 109-383			(\$159,553)	
Total, Construction Budget Authority	\$1,910,656	\$714,000	\$554,447	\$1,077,796

Obligations and Budget Resources (dollars in thousands)			
	2006 Actual	2007 Continuing Resolution	2008 Request ^{1/}
Appropriation (P.L. 108-447; 109-114)	\$923,037	\$554,447	\$1,132,796
Hurricane Supplemental (P.L. 109-148)	\$987,619	\$0	\$0
Reimbursement for Lakeside	\$27,828	\$0	\$0
Offsetting collections non-federal sources	\$728	\$0	\$0
Reprogramming	\$0	\$0	(\$45,000)
Sale/reuse of VA assets	\$0	\$0	(\$10,000)
Budget resources	\$1,939,212	\$554,447	\$1,077,796
Un-obligated Balance brought Forward	\$1,061,337	\$2,289,605	\$1,799,581
Un-obligated Balance end of year	\$2,289,605	\$1,799,581	\$1,004,313
Obligations	\$710,944	\$1,044,468	\$1,873,064
Outlays	\$656,072	\$930,956	\$1,046,483

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Average Employment			
	2006 Actual	2007 Estimate	2008 Estimate
Purchase and hire (construction fund)	19	19	19

^{1/} The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate

A summary of the program funding level by activity follows:

Construction Detail of Request				
Location	Description	Total Estimated Cost	Funding Through 2006	2008 Request ^{1/}
Veterans Health Administration (VHA)				
Pittsburgh, PA	Consolidation of Campuses	248,000	102,500	40,000
Denver, CO	New Medical Center Facility	646,000	55,000	61,300
Orlando, FL	New Medical Center Facility, Land Acquisition	553,900	25,000	35,000
Las Vegas, NV	New Medical Center Facility	600,400	259,000	341,400
Syracuse, NY	Spinal Cord Injury (SCI) Center	77,700	53,900	23,800
Lee County, FL	Outpatient Clinic	109,400	10,498	9,890
Advanced Planning Fund ^{2/}	Various Locations	40,285		40,285
Asbestos and Other Airborne Contaminates	Various Locations	3,000		3,000
BRAC Land Acquisition	Various Locations	5,000		5,000
Claims Analyses	Various Locations	2,000		2,000
Facility Security Projects	Various Locations	21,325		21,325
Hazardous Waste Abatement	Various Locations	2,000		2,000
Judgment Fund ^{3/}	Various Locations	30,000		30,000
Minor Construction	Various Locations	180,000		180,000
Reprogramming From Prior Year Funds		0		-45,000
Subtotal VHA		2,370,958	505,898	750,000
Sale of VA assets				-10,000
Total VHA		2,370,958	505,898	740,000 ^{4/}
National Cemetery Administration (NCA)				
Columbia/Greenville-area National Cemetery	Phase 1 Development	19,200		19,200
Sarasota-area National Cemetery	Phase 1 Development	27,800		27,800
Jacksonville-area National Cemetery	Phase 1 Development	22,400		22,400
Southeastern, PA National Cemetery	Phase 1 Development	29,600		29,600
Birmingham-area National Cemetery	Phase 1 Development	18,500		18,500
Bakersfield-area National Cemetery	Phase 1 Development	19,500		19,500
Ft. Sam Houston National Cemetery	Gravesites Development	29,400		29,400
Advance Planning Fund	Various Stations	1,000		1,000
Minor Construction	Various Stations	24,400		24,400
Total NCA		191,800		191,800
Veterans Benefits Administration				
Minor Construction	Various Stations	13,000		13,000
Staff Offices				
Minor Construction	Various Stations	15,996		15,996
Grants for State Extended Care	Various Stations	85,000		85,000
Grants for State Cemeteries	Various Stations	32,000		32,000
Total Construction		2,708,754	505,898	1,087,796

^{1/} Assumes 2007 enacted VA funding levels close to those passed by the House and the Senate.
^{2/} Includes \$4 million for CARES initiatives and Enhanced Use leases.
^{3/} Includes \$10 million from the sale or reuse of VA assets.
^{4/} New budget authority request is \$727.4 million.

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Construction, Major Projects

Program Description

The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, Capital Asset Realignment for Enhanced Services (CARES) activities, assessments, and site acquisition, where the estimated cost of a project is over \$10,000,000, or where funds for a project were made available in a previous appropriation under this heading.

New budget authority of \$727,400,000 is requested for the 2008 Construction, Major, appropriation. In addition, \$10 million is expected in the sale or reuse of assets. The major construction request is for six medical facility projects in Pittsburgh, PA; Denver, CO; Orlando, FL; Las Vegas, NV; Syracuse, NY; and Lee County, FL. Funds are also requested for new cemetery projects in Columbia/Greenville, SC; Sarasota, FL; Jacksonville, FL; Southeastern PA; Birmingham, AL; and Bakersfield, CA. Funds are also requested for a gravesite expansion of the Fort Sam Houston National Cemetery. Additionally funds are provided to remove hazardous waste and asbestos from Department-owned buildings, improve facility security, reimburse Treasury's judgment fund, and to support other construction related activities.

VA has undergone a profound transformation in the delivery of health care over the last decade. VA has moved from a hospital driven health care system to an integrated delivery system that emphasizes a full continuum of care. New technology and treatment modalities have changed how and where care is provided, with a significant shift from inpatient to outpatient services. Veterans Health Administration's (VHA) infrastructure was designed and built decades ago, under a different concept of health care delivery and with veteran populations concentrated more in the North and East (i.e., hospital-centered inpatient care and long admissions for diagnosis and treatment). As a result, VHA's capital assets often do not align with current health care needs for optimal efficiency and access.

CARES is a comprehensive, system-wide approach to, and ongoing process for, identifying the demand for the VA care and projecting into the future the appropriate function, size and location for VA facilities. CARES planning is not simply a onetime evaluation of VA's capital infrastructure and the ideal placement of VA facilities, but was undertaken to provide a set of tools and the process to allow VA to continually plan for future resources needed to provide quality health care to veterans.

The pilot study for CARES was completed in 2001 for Network 12 (Chicago area, Wisconsin, and the Upper Peninsula of Michigan). CARES Phase 2 extended the CARES Program to all remaining networks within VHA. The CARES process is the most comprehensive assessment of VA capital infrastructure and the demands for VA health care ever achieved. After development of sophisticated actuarial models to forecast demand for veterans' health care, calculation of the current supply and identification of current and future gaps in infrastructure capacity were made. Each VISN developed local plans to meet those anticipated future gaps in care. The Network CARES Market Plans served as the basis for the Draft National CARES Plan. In August 2003, the Draft National CARES Plan was submitted to the CARES Commission, an independent body established to review the plan, gather public and stakeholder concerns, and provide recommendations to the Secretary. The Secretary received the recommendations of the independent CARES Commission in February 2004. In May 2004, the Secretary announced his decision on CARES. The Secretary laid out in his May 2004 CARES Decision, together with the February 2004 CARES Commission Report, a blueprint for VA's future to effectively guide the Department forward. The merger of CARES into VHA's planning process is a key component of the CARES process and began with the FY 2005 Strategic Plan submissions.

CARES Business Plan Studies

Along with previous CARES projects selected in FY 2006 and FY 2007 for implementation, there are a number of sites where further study is required to determine suitability for future health care and re-use activities. These studies will include evaluating outstanding health care issues to recommend health care delivery options, developing capital plans, as well as determining the highest and best use for unneeded VA property. Completion of the studies going into more detailed analyses (Stage 2) is anticipated by Spring 2007.

Firms have been awarded the contract to assist the Secretary in reaching final health care decisions and re-use options. CARES planning data have been updated with FY 2003 actual utilization and refinement in planning assumptions for categories of care, including long-term and mental health care. This improved data will be utilized in the validation of construction plans and the annual strategic planning process.

The following table identifies the locations being studied and their current status:

Health Care, Capital Plan and Re-Use Studies	Comprehensive Capital Plan and Re-use Studies
<p>Studies currently in Stage 2:</p> <ul style="list-style-type: none"> • Boston, MA <p>Completed studies:</p> <ul style="list-style-type: none"> • New York, NY--Reject consolidation of 2 VAMCs • Louisville, KY--Study validated need for replacement hospital • Big Spring, TX--Keep existing service in Big Spring; use VHA planning process to explore contracting and/or expansion in market including domiciliary • Walla Walla, WA--Construct new ambulatory care center, contract in-patient care in community; use VHA capital planning process • Montgomery, AL--Maintain in-patient services; major modernization • Waco, TX--Retain all current services • Muskogee, OK--Keep facility and implement increase in psychiatric beds 	<p>Studies currently in Stage 2:</p> <ul style="list-style-type: none"> • Canandaigua, NY • Lexington, KY • Livermore, CA <p>Studies pending decision for Stage 1:</p> <ul style="list-style-type: none"> • West LA, CA • Montrose/Castle Point, NY • Perry Point, MD <p>Completed studies:</p> <ul style="list-style-type: none"> • White City, OR--Construct new domiciliary • St. Albans-- Replace existing facilities with nursing home, outpatient clinics and domiciliary; VA to develop capital plan for new construction on site and a re-use plan for the campus <p>Removed from the study due to damage from Hurricane Katrina:</p> <ul style="list-style-type: none"> • Gulfport, MS
Financial Analysis Study	
<ul style="list-style-type: none"> • Poplar Bluff - Keep facility; is cost-effective to provide in-patient care 	

In Walla Walla, White City, St. Albans, Poplar Bluff and Montgomery VAMCs, capital construction proposals are being developed. For the new Louisville, VAMC, a site selection committee was established.

The current study information is available on the internet www.va.gov/CARES.

The goal of CARES is to enhance outpatient and inpatient care, as well as special programs such as spinal cord injury, blind rehabilitation, seriously mentally ill and long-term care through the appropriate sizing, upgrading and location of VA facilities. Once CARES is completed, VA will have a national plan for directing resources where they are most needed preserving VA's missions and special services, while continuing to provide high quality care to veterans. The initiatives and plans identified will be validated and reassessed continually to ensure they reflect current VA policies and priorities and the most current enrollment and demand forecasts.

To support the CARES initiative, the medical care construction request includes \$570 million in major construction and \$180 million in minor construction for VA's nationwide infrastructure initiative (*CARES*) to ensure that VA can put facilities and services where veterans live. This amount brings the total CARES funding between 2004 and 2008 to approximately \$3.7 billion.

Construction, Minor Projects

Program Description

The Construction, Minor Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, CARES activities, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$10,000,000. Public Law 106-117, Veterans Millennium Health Care and Benefits Act of 1999, gave VA the authority to make capital contributions from minor construction in enhanced-use leases.

New budget authority of \$233,396,000 is requested for the 2008 Construction, Minor Projects appropriation to provide funding for selected minor construction projects.

<i>Construction Projects by Category</i> <i>(dollars in thousands)</i>	
	2008 Request ^{1/}
Veterans Health Administration	\$180,000
National Cemetery Administration	\$24,400
Veterans Benefits Administration	\$13,000
General Administration (Staff Offices)	\$15,996
Total, Construction Minor Program	\$233,396

^{1/} The 2008 estimate assumes 2007 enacted funding close to that passed by the House and the Senate

Grants for Construction of State Extended Care Facilities

Program Description

VA is requesting \$85,000,000 in 2008 funding. Resources for grants for construction of State extended care facilities provides for funding to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans. The 2008 budget funds construction of new State extended care facilities and intends that future construction will continue to align with long-term care policy. The budget includes a long-term care policy that will provide the full spectrum of long-term care service to service-connected and catastrophically disabled veterans with special needs, while continuing to provide post-hospitalization care, hospice care, respite care and non-institutional care to all enrolled veterans. To ensure consistency, these policies will be adopted throughout VA, community and State homes.

Grants for Construction of State Veterans Cemeteries

Program Description

VA is requesting \$32,000,000 in 2008 funding. Grants are provided to states for the establishment, expansion, or improvement of state veteran cemeteries. The state veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting Objective 3.4 of VA's strategic plan of ensuring that the burial needs of veterans and eligible family members are met. In 2006, 22,434 veterans and eligible family members were buried in state veterans cemeteries that have been assisted by the program.

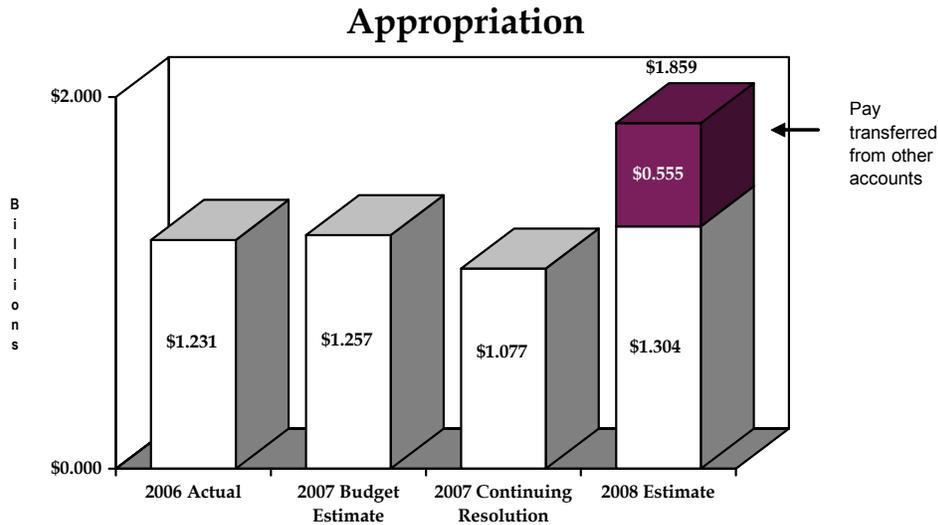
NCA data show that about 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at time of death. Based upon this experience, NCA has determined that reasonable access to a burial option means that a first interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery is available within 75 miles of the veteran's place of residence.

It is not feasible, however, for VA to build and operate national cemeteries in enough locations to provide every eligible veteran with a burial option in a national cemetery within 75 miles of their residence. Increasing the availability of state veterans' cemeteries is a means to provide a burial option to those veterans who may not have reasonable access to a national cemetery. States may locate these cemeteries in areas where there are no plans for NCA to operate and maintain a national cemetery.

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Information Technology



The 2008 estimate assumes 2007 enacted funding close to that passed by the House and Senate. The 2008 funding reflects a realignment of \$555 million to support 5,529 FTE for operations and maintenance activities that were included in other accounts throughout the Department in the 2007 budget.

Program Description

The Office of Information and Technology (OI&T) supports the delivery of timely, high-quality benefits and services to veterans and their families by providing information technology (IT) solutions through business process reengineering and technology integration.

Our goals are to:

- Operate a single, comprehensive enterprise architecture within a modern IT environment that enables and supports:
 - VA transformation from business-centric to veteran-centric delivery of benefits and services.
 - Seamless transition of veterans from active military service to civilian life by providing IT solutions that enhance mission performance.

- Implement and adhere to an IT governance model to support strategic decision making, collaboration, and communication.
- Leverage existing IT organizations and processes to support new legislative mandates.
- Manage all IT programs through an integrated program life cycle.
- Enhance data security to appropriately safeguard personal information on veterans, their families, and VA employees, making VA the gold standard for data security in the federal government.
- Attract, develop, and retain an outstanding, diverse IT workforce that is recognized and rewarded for their contributions toward achievement of program goals.

Overview

VA is centralizing the management, development, operation, and control of IT. As VA consolidates all IT staffing and budgetary resources under the Chief Information Officer (CIO), VA is in a much better position to ensure rigorous project management, establish and monitor compliance with uniform standards, and leverage IT investments. This transformation will make the most efficient use of our IT resources while improving operational effectiveness, providing standardization, and eliminating duplication.

VA has identified over 5,000 staff throughout the Department that support IT operations and maintenance activities. As a step in centralizing IT functions, VA plans to transfer these staff and associated funding, along with staff and resources for IT development activities to the CIO, thus giving the CIO complete control of, and accountability for, all IT resources.

The decision to include development staff and funding under the direction and control of the CIO occurred too late to include in the 2008 budget. As a result, this budget submission reflects transfers of staff and funding only for operations and maintenance activities. Resources in 2008 for development activities are included in the budgets for the program and staff offices. VA's IT budget for 2008 (excluding development staff) is \$1.859 billion and will support a staffing level of 5,529 FTE.

VA has a number of information system challenges and opportunities in the next few years. For veterans' health care, VA sets the national standard of excellence in health care management, including our electronic medical records system. The underpinning of that system, however, is based upon a 30-year old infrastructure that must be replaced with modern, more secure technology and structures.

For benefits delivery, VA must complete the last two modules of the VETSNET system that will allow VA to move compensation and pension payment

processing to a modern web-based environment which will enhance claims processing efficiency and accuracy, strengthen payment integrity and fraud protection, and position VA to develop future claims processing efficiencies.

We will consolidate processing requirements into regional data centers (RDC) to achieve economies of scale, improve performance, and enhance the protection of critical computer systems and sensitive information. Successful implementation of the regional data centers is dependent upon a reliable, scalable, and standardized IT network infrastructure.

One of the highest priorities of the Secretary of Veterans Affairs is for the Department to set what it has defined as the *Gold Standard for Data Security* in the federal government. In order to achieve this priority, VA will implement system-wide strategies that promote data security awareness among employees and a change in the culture and capability in all of facilities and remote locations.

Not only is VA embracing its commitment to safeguard veterans' data, but the Department is changing how data are stored, who has access to it, and how information is handled and encrypted. To help manage this challenge, VA is implementing a Personal Identification and Verification program and proposing an employee electronic record. Also, VA will improve implementation of cyber security measures to prevent unauthorized personnel from gaining access to veterans' data.

Summary of Budget Request

VA requests \$1.859 billion for the IT appropriation in 2008, which includes Department-wide capital costs as well as pay and associated costs for 5,529 FTE. This request consolidates all VA IT operations and maintenance under one appropriation, with the exception of IT funding for credit reform and non-appropriated insurance benefits programs support in accordance with existing budgetary rules.

Information Technology
Summary of Discretionary Appropriation Highlights
(\$ in thousands)

	2006	2007	2008 1/
IT Activity			
VA IT Infrastructure		\$460,082	\$446,139
Veterans Health Care Projects	\$818,569	\$466,269	\$461,468
Veterans Benefits Delevergy Projects	\$91,381	\$31,857	\$65,648
Office of Information and Technology	\$258,742	\$197,031	\$191,034
Office of Management	\$46,834	\$69,234	\$82,572
Human Resource Administration Projects	\$7,868	\$26,350	\$34,140
Other Staff Offices	\$8,026	\$5,077	\$22,840
Impact of Continuing Resolution PL - 109-383		-\$179,318	
Subtotal	\$1,231,420	\$1,076,582	\$1,303,841
Operations & Maintenance Reorganization			
Personnel Related Funding Transferred			
Field Operations 2/			\$512,028
OI&T Operations Costs			\$43,348
Subtotal O&M			\$555,376
Total Appropriation	\$1,231,420	\$1,076,582	\$1,859,217
1/ The 2008 estimate assumes 2007 enacted funding close to that passed by the House and Senate.			
2/ Includes Payroll, Travel, Training and Leases			

Highlights of IT Program Activities

IT Infrastructure (\$446 million)

VA's IT infrastructure supports our health care, benefits, and burial programs through implementation and ongoing management of a wide array of technical and administrative support systems. Five infrastructure investments, described below, were combined into one to form the IT Infrastructure activity now centrally managed by the CIO.

Computing Infrastructure and Operations (\$181.8 million)

Computing infrastructure includes hardware, software, and services, including, but not limited to, desktops, servers, storage systems, printers, VistA, VistA Imaging, and local specialized systems such as security systems.

Network Infrastructure and Operations (\$31.7 million)

Data and video network infrastructure includes hardware, software, and services (e.g., switches, routers, and related components), Internet gateway equipment, network performance and capacity management tools, radio

frequency equipment, and all maintenance, management, and support of these items.

Voice Infrastructure and Operations (\$71.9 million)

Voice infrastructure includes all hardware, software, and services specifically associated with the maintenance, management, and support of traditional voice systems.

Data and Video Infrastructure and Operations (\$130.8 million)

Voice, data, and video include recurring charges, such as local and long distance circuits, cellular phones, pagers, wireless data, connectivity, portable email devices, satellite phones, metropolitan area networks, wide area networks, telecommunications modernization, and Internet gateway connections.

Regional Data Centers (\$30.0 million)

RDCs are the centralization of facility-based information systems by collocation and/or integration of services. RDCs will result in greater efficiency, improved operational performance and reliability, and enhanced security of sensitive information.

Health Care IT (\$461.5 million)

VA operates the largest direct health care delivery system in the country, focusing on services that are uniquely related to veterans' special needs and providing a broad range of primary care, specialized care, and related medical and social support services. The following IT projects are critical to our efforts to continue to provide timely, high-quality health care that sets the national standard of excellence in the industry.

VistA Healthvet (\$131.9 million)

VA has divided this investment into two separately managed investments in order to expedite progress, improve efficiency, and maximize economies of scale. The investment formerly known as VistA Healthvet now includes VistA Foundations Modernization (\$67.6 million) and VistA Application Development (\$64.3 million). VistA Foundations Modernization will coordinate, unify, and supplement a number of efforts that are part of the VistA Legacy system by providing further capabilities, such as infrastructure upgrades, development of a set of common services, establishment of a test lab, and standardization and maintenance of electronic health record data. VistA Applications Development will resolve the key problem with our legacy system -- a continually decreasing supply of qualified software developers who can support the MUMPS language.

Medical and Prosthetic Research (\$14.8 million)

IT funding maintains the state-of-the-art instrumentation involved in research-related data collection and analysis. To advance the reliability and speed of data analysis, outdated equipment must be replaced and new equipment purchased for ongoing studies and newly-initiated projects. Funding will also support an automated system which supports each of the four Research Program Offices and tracks and reports on research and development activity.

Other IT VHA Activities (\$316.2 million)

VA has numerous other IT development and operational efforts that are required to improve the delivery of health care services to veterans, including:

VistA Legacy (\$129.4 million)

Our overall strategy is to migrate VistA Legacy into our new health care system - HealthVet. The new system will make use of standards which will enhance the sharing of data within VA and with other federal departments and agencies, and with other public and private sector organizations. Until the new system is completed, we will need to continue to operate the existing VistA legacy system.

Health Data Repository (\$20.0 million)

The Health Data Repository (HDR) is a database of clinical information normally residing on one or more independent platforms for use by clinicians and other personnel in support of veteran-centric care. The data support clinical decision making independent of the physical location of patient information.

VistA Imaging (\$24.0 million)

The VistA Imaging project integrates state-of-the-art hardware and software to provide patient clinical images and scanned documents online to health care providers, increase clinician productivity, facilitate medical decision making, and improve the quality of care for veterans. VistA Imaging captures a wide array of information that becomes part of the computerized patient record. Clinical images and scanned documents linked to online medical chart information are essential in providing health care in VA's distributed environment and in complying with independent hospital accreditation criteria.

Benefits Delivery Projects (\$65.6 million)

The Veterans Benefits Administration (VBA) manages over \$41 billion in mandatory benefit programs for the Nation's veterans. The programs are managed through the use of IT systems to effectively deliver those benefits. Key VBA projects include:

Benefits Application Migration (\$3.0 million)

The Application Migration project is VBA's top development priority and is focused on the replacement of VA's existing proprietary legacy applications by re-hosting these applications on a new technology platform in a modern environment. It includes the hardware, software, databases, development/production systems and the trained staff to operate and maintain the new environment. This effort will also provide an opportunity to re-engineer 60 production applications to better meet business requirements.

The Education Expert System (\$3.5 million)

The Education Expert System (TEES) is a response to legislation mandating new benefits and the VA goal of processing 90 percent of veteran education benefit applications, enrollment certifications, and notices of change in student status to final resolution without human intervention. TEES will replace the existing benefit payment system with one that will allow the Department to automatically process education claims received electronically.

Benefits Delivery Network Maintenance and Operations (\$7.2 million)

The Benefits Delivery Network (BDN) is the legacy system employed by VBA to process entitlements for Compensation, Pension, Education, and Vocational Rehabilitation and Employment. The primary services supported by the BDN are the receipt, processing, tracking, and disposition of veterans' applications for benefits and requests for assistance, and the general administration of legislated benefit programs.

Compensation and Pension Maintenance and Operations (\$31.7 million)

These applications provide the vehicle through which veterans' claims are rated, and benefits are awarded and paid (other than those paid under the BDN). VA continues to work towards consolidation of like functions, enhanced Web access, and deployment of service-oriented tools in an effort to streamline business processes.

Program Integrity/Data Management (\$12.3 million)

The VA Program Integrity/Data Management investment has improved strategic and daily decision making capabilities and organizational information management by using enterprise data warehouse (DW) technology. VA determined a need to deliver strategic information in a faster, more flexible manner. The integrated information management system provided by the DW investment continues to have a significant positive impact on internal and external users by providing information through VA's Intranet at each employee's workstation.

Office of Information and Technology (\$191.0 million)

The Office of Information and Technology (OI&T) activity has five major responsibilities: (1) operate and maintain all of VA's IT legacy systems; (2) plan and develop all of VA's new investments in IT systems development; (3) provide strategic direction and leadership in the development and implementation of IT policy and plans for functioning as a single, cohesive enterprise; (4) provide IT support to the program and staff offices so they can accomplish their missions; and (5) provide oversight responsibility to ensure VA compliance with laws, policies, and directions from external organizations. The following projects are vital to the successful achievement of our IT goals and objectives:

Cyber Security (\$70.1 million)

The Cyber Security Program establishes IT security policies and procedures; oversees Department-wide risk management, certification and accreditation, and Federal Information Security Management Act reporting and compliance programs; updates the Department IT security program plan; and provides procurement, budgeting, personnel, and capital planning support for the investment. Other key elements include oversight for the facility-based information security officers and sponsorship of the Department's security awareness training program. Oversight is also provided for patch management and the anti-virus program and deployment of host-based intrusion prevention, anti-spyware, and anti-spam solutions that must be in place at all 1,200 VA facilities.

One-VA Business Integration (\$25.8 million)

This focuses on One-VA efforts that cut across Department-wide IT support such as the Enterprise Privacy Program, One-VA Eligibility and Registration, One-VA Contact Management, VA Enterprise Architecture, Document and Correspondence Management Systems, Capital Asset Management System, and One-VA Enterprise Data Management Office that all work together to assist VA in providing services to veterans.

Enterprise License Expense (\$63.5 million)

VA pays annually the private sector a variety of licensing fees for the use and updating of various software applications important to IT operations. This activity covers those expenses. For large volume applications, VA will negotiate a discounted charge with the vendor that is below those negotiated through the General Services Administration (GSA).

E-Government (\$10.7 million)

VA has made significant progress in the implementation of federal E-Gov initiatives, and as a result, VA business processes are resulting in better access to VA programs among veterans, their families, and VA employees. VA has signed official agreements with several Federal agencies that have the Line-of-Business (LOB) responsibility for all of government in their selected areas, provided funds, and committed to support a range of E-Gov initiatives.

Human Resource Administration Projects and Supports (\$34.1 million)

VA is replacing its employee records management system with an electronic employee record. Reliance upon a paper-based record is no longer feasible or in the best interest of VA's management of its most important asset – our employees.

Financial Management Systems (\$82.6 million)

maintenance of interfaces to and from the DFAS provider and continue to provide human resource systems support. The Financial and Logistics Integrated Technology Enterprise (FLITE) system is being developed to address the long standing major Federal Financial Management Integrity Act (FFMIA) material weakness, Lack of an Integrated Financial Management System. This will replace VA's 11-year old core financial system, which contains VA's single standard general ledger for financial reporting and is the single financial system for all administrative (non-benefit) payments and accounting.

Payroll/HR Systems (PAID) is VA's 40-year-old legacy system comprised of two integrated components, one for payroll and another for human resources management. In 2003 work began to migrate the Payroll portion of PAID to our e-Gov designated provider, Defense Finance and Accounting Service (DFAS). All

DFAS migration work has been moved to “e-Payroll.” Upon completion of the payroll migration, the current payroll portions of the system will be decommissioned and PAID will then support

FedTraveler.com E-gov Travel Service (ETS) is a comprehensive one-stop shop for travel planning and authorizations; reservation services; travel expense report processing and approval; and travel management reporting and auditing. FedTraveler.com will replace the current Zegato system which will be terminated in 2007.

Information Technology Systems Appropriation / Obligations (dollars in thousands)				
Description	2006 Actual	2007		2008 Estimate 1/
		Budget Estimate	Continuing Resolution	
IT Systems Appropriation	1,213,820	1,257,000	1,255,900	1,859,217
Transfers In (Avian Flu & Hurricane Katrina) /2	17,600			
Impact of Continuing Resolution PL 109-383			-179,318	
Subtotal IT Appropriations	1,231,420	1,257,000	1,076,582	1,859,217
Reimbursements				
IT Systems Appropriation	28,615	25,763	37,644	36,113
IT Reorganization Transfer O&M in 2007/08 (Pay)				14,742
Subtotal Reimbursements	28,615	25,763	37,644	50,855
Budget Resources	1,260,035	1,282,763	1,114,226	1,910,072
Adjustments to obligations				
Unobligated balance (SOY):			139,879	
Unobligated balance (EOY):	-139,879			
Change in Unobligated balance (non-add)	-139,879	0	139,879	0
Recovery prior year obligations				
Subtotal Adjustments to obligations	-139,879	0	139,879	0
Obligations	1,120,156	1,282,763	1,254,105	1,910,072
Obligated Balance (SOY)		496,486	469,405	608,920
Obligated Balance (EOY)	-469,405	-596,986	-608,920	-777,544
Less Collections	-28,615	-25,763	-37,644	-50,855
Outlays, Net	622,136	1,156,500	1,076,946	1,690,593
FTE				
Base Direct Appropriation				398
Reorganization of O&M				4,993
Reimbursable FTE				138
Total FTE				5,529

1/ The 2008 estimate assumes 2007 enacted funding close to that passed by the House and Senate.

2/ 2006 transfers include \$9 million for Pandemic Flu, \$7 million for hurricane damage, and \$1.6 million for a correspondence tracking system.

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GAO Audits

1. CONTRACT MANAGEMENT: Further Action Needed to Improve Veterans Affairs Acquisition Function (GAO-06-144) October 2005

RESPONSIBLE ORGANIZATION: Office of Management
Office of Acquisition and Material
Management (OA&MM)

RECOMMENDATIONS:

GAO recommends that the Secretary of Veterans Affairs direct the Deputy Assistant Secretary for Acquisition and Material Management to:

- identify specific time frames and milestones for completing actions on the key NAVSUP recommendations, and
- establish a method to measure progress in implementing the recommendations.

ACTIONS TAKEN:

The strategy to implement the key NAVSUP recommendations was pursued as a three-pronged approach. The first action was to fill the critical leadership vacancies in OA&MM (completed). Second, the Office of Acquisitions identified 10 important issues that required an immediate concerted effort for implementation. These issues were managed as the 10 Critical Initiatives (CI) Project, and copies were provided to GAO (completed). The third action relates to the remaining NAVSUP recommendations which are being managed in the OA&MM Strategic Planning and Organizational Assessment Project. This effort has been initiated under contract with the Logistics Management Institute (LMI) (in progress).

Each recommendation has a structured implementation strategy. Ownership and program responsibility is clearly defined. The majority of the milestones will be overseen in employee performance standards. As the Strategic Plan and Balanced

Scorecard are implemented, they will be managed by a business oversight program/process. That effort has been further defined in the LMI contract.

BUDGET IMPLICATIONS:

We have not determined any additional budget requirements at this time.

2. PURPOSE STATUTE VIOLATION: Veterans Affairs Improperly Funded Certain Cost Comparison Studies with VHA Appropriations (GAO-06-124R) November 2005

RESPONSIBLE ORGANIZATION: Office of Policy and Planning

RECOMMENDATIONS:

To avoid future noncompliance with Title 38 cost comparison funding prohibition, GAO recommends that the Secretary of Veterans Affairs establish a process to:

- identify all planned cost comparison studies and activities – whether stand-alone or as an integral part of a larger effort,
- estimate the amount of resources required to perform such cost comparison studies and activities,
- fund such activities using only appropriations available to fund such activities, and
- implement a mechanism to track all costs associated with conducting such studies – including in-house and contract costs.

ACTIONS TAKEN:

In response to this report, VA strongly disagreed with GAO's interpretation that the title 38 cost-comparison funding prohibition (38 U.S.C. 8110(a)(5)) covers studies other than standard A-76 studies. Section 8110(a)(5) prohibits the Department from using medical care appropriations to fund certain comparisons of the cost of providing products or services in-house with the cost of doing so by a contractor. VA pointed out that the legislative history makes clear that at the time this statutory provision was enacted in 1981, the Congress was addressing the concern of the day - standard A-76 studies. Congress did not intend to preclude all manner of cost analysis necessary for the day-to-day administration of VA's health-care system. As the Department did not fund any standard A-76 studies using medical care appropriations during the period reviewed by GAO, VA did not violate 8110(a)(5). Therefore, it was not necessary to take any of the actions recommended by GAO to avoid future non-compliance with this statute.

BUDGET IMPLICATIONS:

None

3. VETERANS' BENEFITS: Further Changes in VBA's Field Office Structure Could Help Improve Disability Claims Processing (GAO-06-149) December 2005

RESPONSIBLE OFFICE: Veterans Benefits Administration

RECOMMENDATIONS:

To help ensure more timely, accurate, and consistent decisions in a cost-effective manner, GAO recommends that the Secretary of Veterans Affairs direct the Under Secretary for Benefits to undertake a comprehensive review of VBA's field structure for processing disability compensation and pension claims. This review would address staff deployment, opportunities for consolidating disability compensation and pension claims processing, and human capital and real property issues.

ACTIONS TAKEN:

In February 2006, VBA established the Compensation and Pension (C&P) Realignment Task Force to recommend changes to the C&P claims processing structure that have the potential to improve benefits delivery and performance. The task force recommended both short and long-term changes to VBA's field structure and processing activities. The task force recommendations are currently being considered by VBA leadership.

Short-term recommendations:

- Consolidate survivor benefit claims processing
- Restructure the oversight and management of the Fiduciary Program
- Establish centralized call centers for public contact telephone service

Long-term recommendations

- Identify factors for determining feasibility of consolidation of certain aspects of compensation claims processing to fewer processing sites
- If some consolidation of compensation processing is determined feasible, restructure the rest of the VBA field organization to smaller offices, retaining core functions to ensure veterans continue to be served where they live

BUDGET IMPLICATIONS:

Recommended short-term changes will be accomplished with existing funding levels. If long-term recommendations are adopted, VBA will develop appropriate budgetary proposals and implementation plans.

4. VETERANS AFFAIRS: Limited Support for Reported Health Care Management Efficiency Savings (GAO-06-359R) February 2006

RESPONSIBLE OFFICE: Veterans Health Administration
Office of Management

RECOMMENDATIONS:

If VA continues to plan and budget for management efficiency savings, GAO recommends that the Secretary of Veterans Affairs should direct the Assistant Secretary for Management to:

- develop a methodology to project savings for management efficiency initiatives that provides key data and assumptions used to estimate the savings.

To better determine whether management efficiency savings are being achieved as planned, GAO recommends that the Secretary of Veterans Affairs should direct the Assistant Secretary for Management to establish methodologies for tracking and reporting actual savings achieved through implementation of proposed management efficiencies, including:

- clear criteria for what constitutes savings resulting from management efficiencies,
- controls to ensure that actual savings are reported on the same basis as projected savings in the budget request, and:
- documentation of such savings.

ACTIONS TAKEN:

VA fundamentally agreed with GAO's recommendations and will take the necessary steps to develop procedures and guidance for VA Central Office and the Veterans Health Administration to achieve the stated objectives. VA believes it is essential and reasonable to pursue management efficiencies and their resulting savings as part of the budgetary process. VA's Assistant Secretary for Management will establish processes and procedures to assure the proper documentation is identified and how the realized savings should be tracked and reported. The report also stated that "GAO and the VA OIG have reported recently that VA's procurement standardization initiatives have saved hundreds of millions of dollars...." VA will not, however, include any new management efficiency savings in any future budgets until the steps described above have been implemented.

BUDGET IMPLICATIONS:

None for FY 2008 budget. VA has made an executive decision not to include any new management efficiencies in any future budgets until GAO recommendations are implemented.

5. VA AND DOD HEALTH CARE: Opportunities to Maximize Resource Sharing Remain (GAO-06-315) March 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To further advance health care resource sharing within VA and DOD, the Secretaries of Veterans Affairs and Defense should direct the Joint Executive Council (JEC) and the Health Executive Council (HEC) to take the following two actions:

- develop an evaluation plan for documenting and recording the reasons for the advantages and disadvantages of each Decision Support System (DSS) project, an activity that will assist VA and DOD in replicating successful projects system wide, and:
- develop performance measures that would be useful for determining the progress of their health care resource-sharing goals.

ACTIONS TAKEN:

The HEC Joint Facility Utilization and Resource Sharing Workgroup provides direct oversight over the DSS projects, and has developed a plan to measure the effectiveness and evaluate the advantages and disadvantages of each DSS project. The plan includes development of a template guide to improve the comprehensive, quarterly Interim Project Reviews (IPR). Workgroup members also participate in weekly or bi-weekly meetings with the DSS project teams to track progress. Subject matter experts from other HEC workgroups, such as those involved with information management and technology, provide appropriate assistance and expertise as necessary. The new IPR template has been modified to capture input about the advantages and disadvantages of projects system wide. It was distributed to the demonstration sites in January 2006 and was implemented with the second quarter Fiscal Year (FY) 2006 Interim Project Review.

The Joint Facility Utilization and Resource Sharing Workgroup has also developed a Standard Operating Procedure (SOP) and template to collect and catalogue a selection of lessons learned that can be applied to ongoing project implementation. This template was disseminated to the DSS sites in fall 2005. The lessons learned repository will enable the DSS staff to consolidate and analyze lessons learned, identify trends, and facilitate development of guidance for replicating projects.

The VA/DOD Joint Executive Council Strategic Plan (FYs 2006-2008) identifies performance measures for each of the resource sharing goals.

BUDGET IMPLICATIONS:

None

6. VA LONG-TERM CARE: Data Gaps Impede Strategic Planning for and Oversight of State Veterans' Nursing Homes (GAO-06-264) March 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To help ensure that VA can conduct adequate strategic planning for nursing home care and strengthen its administration and oversight of the state veterans' nursing homes, GAO recommends that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following four actions:

- compile and report data on the age and gender of veterans admitted to state veterans' nursing homes;
- compile available data on the priority group status of veterans in state veterans' nursing homes, and explore with these nursing homes options for estimating the number of unenrolled veterans in each priority group;
- clarify that state veterans' nursing homes may receive reimbursement from VA for services provided to veterans who have either wartime or peacetime military service; and:
- clarify VA policy regarding whether state veterans' nursing homes may receive reimbursement from VA for nursing home services provided to new Priority Group 8 veterans admitted to state veterans' nursing homes.

ACTIONS TAKEN:

VA is clarifying its policy on reimbursement for wartime, non-wartime, and Priority Group 8 veterans in a draft Information Letter for the field, which is in the review and concurrence process at this time.

In accordance with previous responses, VA has stated that it concurs in principal that data on age and gender of veterans admitted to state veterans' nursing homes might be useful for strategic planning purposes, but contended that such data would have minimal value in strengthening the administration and oversight of state veterans' nursing homes. Any VA plans to collect demographic information on state veterans' home patients on a more structured, routine basis will require the development of new software. VHA currently anticipates establishing the direction of this project and defining requirements for new software by the end of FY 2007.

BUDGET IMPLICATIONS:

Budgetary requirements for this project have not been determined at this time.

7. VA HEALTH CARE: Experiences in Denver and Charleston Offer Lessons for Future Partnerships with Medical Affiliates (GAO-06-472) April 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To ensure that there is a clear basis for evaluating future joint venture proposals as well as to help ensure early and frequent communication between VA and its medical affiliates and stakeholders during negotiations, GAO recommends that the Secretary of Veterans Affairs take the following two actions:

- Identify criteria at the departmental level for evaluating joint venture proposals. In order to foster an atmosphere of collaboration, VA should share these criteria with potential joint venture partners.
- Develop a communications strategy for use in negotiating joint venture proposals.

ACTIONS TAKEN:

A Department work group, including VHA representatives, was formed in October 2006 to address the GAO recommendations.

BUDGET IMPLICATIONS:

None at this time.

8. VETERANS' DISABILITY BENEFITS: VA Should Improve Its Management of Individual Unemployability Benefits by Strengthening Criteria, Guidance and Procedures (GAO-06-309) May 2006

RESPONSIBLE OFFICE: Veterans Benefits Administration

RECOMMENDATIONS:

GAO recommends that the Secretary of Veterans Affairs take the following steps to improve management of Individual Unemployability (IU) benefits:

1. To help ensure that IU decisions are well-supported and IU benefits are provided only to veterans whose service-connected disabilities prevent them from obtaining or retaining substantially gainful employment, VA should clarify and strengthen its eligibility criteria, guidance, and procedures for determining unemployability. For example, VA could:

- clarify in its regulations and guidelines how vocational factors, such as education, skills, or prior work history, should be used to assess a claimant's eligibility;
- establish procedures for rating specialists to request VR&E to conduct vocational assessments of IU claimants as appropriate; and
- seek legislative authority to use earnings data from the National Directory of New Hires.

2. To improve the efficiency and effectiveness of VA's enforcement efforts to monitor ongoing eligibility, VA should update procedures and strengthen criteria for the enforcement of the IU earnings limit. For example, VA could:

- update and automate its enforcement process, including using more current earnings data and threshold amounts in its income verification match;
- clarify guidance on the review of IU beneficiary earnings following the match; and
- annually track and report on the results of matching process and related enforcement activities.

3. To help modernize its IU decision-making process, VA should develop a strategy to ensure that IU claimants with work potential receive encouragement and assistance to return to work, while protecting benefits for those unable to work. For example, VA could encourage claimants to return to work by having vocational counselors from VR&E develop return-to-work plans and provide assistance to claimants with work potential.

ACTIONS TAKEN:

The GAO has recommended that VA improve the delivery of the IU benefit in three general areas.

Improve Management of IU Benefits: VA has strengthened its IU eligibility criteria. A veteran who initially claims IU must now submit a VA Form 21-8940 (Veteran's Application for Increased Evaluation Based on Unemployability) listing all employment for 5 years prior to becoming too disabled to work and provide an accounting of current income. Following receipt of this application, a VA Form 21-4192 (Request for Employment Information in Connection with Claim for Disability Benefit) is sent to the listed employers. This form requests that the employer provide information about the veteran's job duties, on-the-job concessions made, date of and reason for job termination, etc. VA has also developed a detailed IU training letter for field employees. The training letter was developed in accordance with current VA regulations and Court of Appeals for Veterans Claims case law. It has also incorporated input from the VA Office of the General Counsel and regional office managers. Release of this training letter to the field is imminent.

Improve Monitoring of Ongoing Eligibility: VA has improved the monitoring of ongoing IU eligibility by requiring veterans receiving IU benefits to annually submit VA Form 21-4140 (Employment Questionnaire). Enforcement of the IU earnings limit is currently accomplished through the Income Verification Match (IVM) program, which uses individual income records from the Internal Revenue Service and the Social Security Administration to verify the actual earned income of IU recipients. VA is reviewing the potential of incorporating the extensive individual income database provided by the National Directory of New Hires (administered by the Office of Child Support Enforcement). Access to this database requires legislative approval.

Encourage IU Claimants with Work Potential: VA now sends a special motivational letter to veterans determined eligible for IU benefits to encourage their participation in the Vocational Rehabilitation and Employment (VR&E) Program. Further expansion of the VR&E role in the IU claims process would require changes to VA's regulations governing IU. VA has formed a working

group to consider potential changes that would foster a return to work for IU claimants.

BUDGET IMPLICATIONS:

Further expansion of the VR&E role in the IU claims process would require additional counseling and other staff resources. If it is determined to expand the VR&E role, VA will develop appropriate budgetary proposals and implementation plans.

**9. VA HEALTH CARE: Steps taken to Improve Practitioner Screening, but Facility Compliance with Screening Requirements Is Poor (GAO-06-544)
May 2006**

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To better ensure the safety of veterans receiving health care at VA medical facilities, GAO recommends that the Secretary of Veterans Affairs take the following two actions:

- expand the HRM oversight program to include a review of VA facilities' compliance with screening requirements for all types of salaried and nonsalaried health care practitioners and:
- standardize a method for documenting facility officials' review of fingerprint-only background investigation results and decisions regarding suitability to work in VA medical facilities.

ACTIONS TAKEN:

VA policy on Human Resources Management Program Evaluation was published on April 1, 2004. The VA Office of Human Resources Oversight and Effectiveness (O&E) began piloting evaluation site visits in June 2004. Seven full-scale evaluation visits were conducted in FY 2005. Sixteen Veterans Health Administration (VHA) organizations were reviewed in FY 2006 and 16 VHA sites are scheduled for review in FY 2007. O&E has developed checklists and questions for use during evaluation site visits in order to gauge improved screening of practitioners. Results of these reviews are shared with the VHA Management Support Office.

VHA's internal System Wide Ongoing Assessment and Review Strategy (SOARS) program includes personnel security and suitability as one of the program areas that are reviewed during SOARS site visits. There are 45 to 50 SOARS site visits conducted each year.

On August 14, 2006, The Deputy Under Secretary for Health sent out a memorandum to all VHA field organizations that clarified existing screening requirements and established a new process by which documentation of background screenings of VHA appointees, contractors and volunteers would be accomplished. The memorandum also established a quarterly review and reporting requirement for facilities to ensure that required screenings were accomplished. The provisions of this memorandum have been incorporated in a

revised VHA Directive 0710, "Personnel Suitability and Security Program", which is in the final concurrence process.

BUDGET IMPLICATIONS:

Increased screening and documentation activity requires an ongoing dedication of resources to this activity. Facilities have reported that they are using the equivalent of 1 to 2 Full-time Equivalents (FTE) to meet these screening requirements. Recommended changes will be accomplished within existing funding levels.

10. VA HEALTH CARE: Selected Credentialing Requirements at Seven Medical Facilities Met, but an Aspect of Privileging Process Needs Improvement (GAO-06-648) May 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To better ensure that VA physicians are qualified to deliver care safely to veterans, GAO recommends that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following three actions:

- provide guidance to medical facilities on how to collect individual physician performance information in accordance with VA's credentialing and privileging policy to use in medical facilities' privileging processes,
- enforce the requirement that medical facilities submit information on paid VA medical malpractice claims to VA's Office of Medical-Legal Affairs within 60 days after being notified that the claim is paid, and:
- instruct medical facilities to establish internal controls to ensure the accuracy of their privileging information.

ACTIONS TAKEN:

Training was completed with the credentialers at all VA medical centers on provider specific profiles that are to be used at the time of reappraisal and privileging.

A contract has been awarded for a 3-hour web-based training module on provider profiling, which will be recommended to be taken by medical staff leadership at each VA medical center.

The Director, Office of Medical-Legal Affairs, (OMLA) discussed with Chief Medical Officers (May 15, 2006) and Veterans Integrated Service Network (VISN) Directors and Facility Directors (May 26, 2006) the process for follow-up of paid tort claim review materials not received within the required 60-day timeframe. The process was detailed in the May 16, 2006, Memorandum of the Deputy Under Secretary for Health for Operations and Management (DUSHOM).

Beginning July 15, 2006, and semi-monthly thereafter, OMLA sends to each VISN director a list of paid tort claims, specific to the VISN, for which OMLA is awaiting the pertinent medical records and/or practitioner statements and which are beyond the 60-day timeframe.

Beginning August 15, 2006, and semi-monthly thereafter, OMLA sends to DUSHOM and Chief Patient Care Services Officer a list of paid tort claims in all VISNs for which OMLA is awaiting the pertinent medical records and/or practitioner statements and which are beyond the 90-day timeframe.

On May 16, 2006, the Deputy Under Secretary for Health for Operations and Management (DUSHOM) issued a memorandum to all VISN directors that each VA medical center should be directed to establish internal controls that would allow for the identification of providers currently privileged at each facility. Examples of possible internal controls were provided. Additionally, the internal controls were to be established by August 31, 2006, with each VISN office to report to the DUSHOM staff that each facility in the VISN had one or more mechanisms in place to identify providers currently privileged at each site. VISN directors were directed to monitor that medical facilities have internal controls in place on a continuing basis.

BUDGET IMPLICATIONS:

None

11. ENTERPRISE ARCHITECTURE: Leadership Remains Key to Establishing and Leveraging Architectures for Organizational Transformation (GAO-06-831) August 2006

RESPONSIBLE OFFICE: Office of Information and Technology

RECOMMENDATIONS:

To assist the 27 major departments and agencies in addressing enterprise architecture challenges, managing their architecture programs, and realizing architecture benefits, GAO recommends that the Administrators of the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, and U.S. Agency for International Development; the Attorney General; the Commissioners of the Nuclear Regulatory Commission and Social Security Administration; the Directors of the National Science Foundation and the Office of Personnel Management; and the Secretaries of the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Labor, State, Transportation, Treasury, and Veterans Affairs ensure that their respective enterprise architecture programs develop and implement plans for fully satisfying each of the conditions in our enterprise architecture management maturity framework.

ACTIONS TAKEN:

Milestone-1 (Upon delivery of EA V4.2 to OMB) on or about February 28, 2007

- 1) To support Enterprise Architecture Management Maturity Framework (EAMMF) Attribute 1, "demonstrating commitment," at Level-3, VA will provide GAO with VA's Enterprise Architecture (EA) Strategy, Governance and Implementation Document (signed by the Secretary in 2001) which implements the EA program, and with VA Directive 6051 (signed by the CIO in 2002) which mandates adherence to the EA.

- 2) To support EAMMF Attribute 2, "Provides Capability to Meet Commitment", at Level-4, VA will provide GAO with the EA Program Management Plan (updated with EA V4.2), which contains VA's Enterprise Architecture Configuration Management procedure in Appendix D. In addition, VA will provide GAO with the statement of work and with IV&V deliverables from VA's IV&V contractor, (MITRE Corporation). This IV&V effort has been in place since the 1st quarter of FY2006

3) To support EAMMF Attribute 3, "Demonstrates Satisfaction of Commitment," at Level-3, VA will provide a copy of the VA EA V4.2 web-portal (on a CD-ROM). This CD will demonstrate the degree of completion of VA's baseline ("as-is") and Target ("to-be") architecture at the business, performance, information data, application and service levels. This includes a Target-Strategy, Transition Plan, Portfolio Analysis, Gap Analysis and Sequencing Plan, as well as recommendations for new projects to fill the gaps. The current VA Technical Reference Model (VA-TRM) addresses many aspects of security, including DMZ (De-Militarized Zone) and Firewall standardization across VA, and a best practice recommendation for completing a security plan and risk assessment for the security Certification and Authentication submission. The CD will also reflect VA's current development of various Segment Architectures to facilitate information and process sharing.

4) To support EAMMF Attribute 4, Verifying Satisfaction of Commitment, at Level-3, VA will verify that progress against EA plans is measured in three ways in EA V4.2:

(1) EA V4.2 contains specific metrics for measuring actual progress against EA plans through the Continuous Use and Process Improvement (CUPI) which documents planned changes and then measures the satisfaction of those changes through the OMB annual maturity assessment (Version 2.1);

(2) EA V4.2 measures the progress of the VA Information Technology portfolio in meeting VA and OMB objectives for data sharing; and e-Gov and Line of Business solution adoption for key elements of the President's Management Agenda; and

(3) EA V4.2 also provides a Results Section which identifies measured cost reduction and service improvements, which have been realized, to date, as a result of the EA program.

5) To address the question, "Do EA plans call for developing metrics to measure and report EA progress, quality, compliance and return on investment,"

EA V4.2 will demonstrate that VA's progress against EA plans is measured in three ways:

(a) EA V4.2 develops metrics for measuring actual progress against EA plans through the CUPI, which documents planned changes and then measures the satisfaction of those changes through the OMB annual Capability Maturity Model assessment;

(b) EA V4.2 provides Measurement of satisfaction of the portfolio changes in each EA version in meeting VA and OMB objectives for data sharing; e-Gov, LoB adoption of the key elements of the President's Management Agenda; and

c) The Target Architecture Results Section, new with EA V4.2, records improvements in business outcomes (cost and service improvement) that have been realized through the enterprise architecture.

6) To address the question, "Are EA products under Configuration Management,"

EA V4.2 will provide examples of approved change requests, implemented in EA V4.2, as well as VA's EA Program Management Plan (Appendix-D) which defines the EA Configuration Management (CM) process and Change Control (CC) process, and provides a step-by-step approach for introducing, approving and adopting change within the EA. The salient control features implementing CM and CC are features of the EA repository which controls content-versioning and change-rollback.

7) To address the question, "EA products and management processes undergo independent Verification and Validation,"

VA will provide GAO with a copy of VA's IV&V Contractor's Statement of Work as well as the examples of the contractor's IV&V assessment products.

8) The question, "Does VA have Processes to formally manage EA change," should have been evaluated "Yes." VA's EA Program Management Plan EA V4.2 VA will provide examples of approved change requests, implemented in EA V4.2, as well as VA's EA Program Management Plan (Appendix-D), which defines the EA Configuration Management process and Change Control Process, and provides a step-by-step approach for introducing, approving and adopting change within the EA.

9) The question, "Organization Head has approved current version of EA,"

With EA V4.2, evidence will be provided to demonstrate that EA V4.2 has been approved by the VA CIO.

10) The question, "Return on EA investment is measured and reported," will be demonstrated in EA V4.2. .

11) The question, "Compliance with EA is measured and reported," will also be reported in EA V4.2.

Milestone-2 (Upon receipt of GAO's evaluation of the Milestone-1 submission)

VA will address any remaining omissions and resubmit appropriate action plans or artifacts for GAO re-evaluation.

BUDGET IMPLICATIONS:

None.

12. HOMELESS VETERANS PROGRAMS: Improved Communications and Follow-up Could Further Enhance the Grant and Per Diem Program (GAO-06-859) September 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

GAO recommends that the Secretary of Veterans Affairs take the following two steps to improve and evaluate the Grant and Per Diem (GPD) program:

1. To aid GPD providers in better understanding the GPD policies and procedures, we recommend that VA take steps to ensure that its policies are understood by the staff and providers who are to implement them. For example, VA could make more information, such as issues discussed during conference calls, available in writing or online, hold an annual conference, or provide training that may also include local VA staff.
2. To better understand the circumstances of veterans after they leave the GPD program, we recommend that VA explore feasible and cost-effective ways to obtain such information, where possible using data from GPD providers and other VA sources. For example, VA could review ways to use the data from its own follow-up health assessments and from GPD providers who collect follow-up information on the circumstances of veterans whom they have served.

ACTIONS TAKEN:

- A Veterans Health Administration (VHA) workgroup met with the Grant and Per Diem (GPD) Program office in October, 2006. The workgroup recommended enhancements of the annual inspection of the GPD – funded providers that will clarify the annual review of the goals and objectives of the grant, ensure the discussion of pertinent program evaluation data from the Northeast Program Evaluation Center (NPEC), and make clear the annual review of the agencies supportive services. In addition, the workgroup offered clarifications for the VHA Handbook (1162.01), Grant and Per Diem Program that would more clearly define the clinical and administrative documentation responsibilities for the GPD liaisons.
- A face-to-face training is planned for new GPD liaisons to ensure their understanding of program policies and procedures. The training is scheduled for February 2007.

- VA developing a web-based training with the VA Employee Education Service on the GPD Program, for GPD liaisons. The target for this training to be available is January 2007.
- The GPD office has hired a program specialist with a clinical background to act as the GPD Clinical Manager. The GPD Clinical Manager has acted as the resource person for GPD Liaisons, VA network homeless coordinators and GPD-funded providers on issues regarding veteran care and program design as well as those issues mentioned in the report (eligibility, length of stay, episodes of care). The GPD Clinical Manager has begun facilitating existing conference calls and has provided individuals consultative conference calls on an as-needed basis with VA and/or provider staff. The GPD Clinical Manager will be available for consultative site visits. The GPD Clinical Manager recently completed a survey of the GPD liaisons to assess the effectiveness of existing conference calls, the GPD intranet web site and identifying GPD liaison training needs.
- An email group for the GPD Liaisons has been developed to improve communication with and between liaisons.
- VA is exploring the possibility of a “post award conference” with 2006 grant awardees and their respective GPD liaisons. This conference will review expectations of the performance under the grant and fiscal responsibilities of grant funds.
- A GPD Provider internet web-page has been developed to improve communication and enhance GPD-funded providers’ understanding of program procedures. The web-page includes highlights from the monthly conference calls with providers which offer another means to communicate with GPD-funded providers.
- VA has conducted several longitudinal outcome studies of its homeless programs involving thousands of homeless veterans at dozens of program sites. These studies show that approximately 70-80 percent of veterans are housed 1 year following either program entry or discharge from residential treatment.
- The NEPEC is implementing online data collection for all VA residential programs for homeless veterans. Plans for this system include longitudinal queries of homeless program clinicians concerning current housing and employment status of clients following program discharge. These data will provide additional information about the longer-term outcomes of program clients without incurring the prohibitive costs of conducting full longitudinal

studies. The development of this database is subject to the availability of IT funds.

BUDGET IMPLICATIONS:

Funding to support this effort is available within budgeted resources.

13. VA HEALTH CARE: Budget Formulation and Reporting on Budget Execution Need Improvement (GAO-06-958) September 2006

RESPONSIBLE OFFICE: Veterans Health Administration

RECOMMENDATIONS:

To help improve VA's budget formulation of its medical programs budget and facilitate congressional oversight, GAO recommends that the Secretary of Veterans Affairs take three actions:

- Explain the relationship between implementation of proposed policy changes and the expected timing of when cost savings would be achieved.
- Improve its internal controls to provide stronger assurance that calculations used to formulate policy projections in the President's budget submissions are accurate.
- Incorporate into VA's reporting to Congress (1) measures of patient workload, in addition to unique patients, that would capture the costliness of patient care; and (2) a measure of waiting times to schedule veterans' first primary care appointment for new patients.

ACTIONS TAKEN:

VA employed the approach of critically evaluating policy changes and assumptions, realistic implementation timeliness, and resulting savings in the development of the fiscal year (FY) 2007 budget request and will continue to do so in future budgets. All changes in health care policy were appropriately identified in the FY 2007 budget and will continue to be clearly identified in future budgets. This will enable all stakeholders to clearly recognize any policy changes that are proposed, along with the rationale to support them and their financial impact. This includes the date of expected approval of the policy, the timing of the implementation in the field, and the initial and future cost impacts. VA will provide more comprehensive explanations regarding the timing of the complex relationship between respective policy changes and realization of cost, or cost savings, in future budget requests to Congress.

Overall accuracy and precision of budget formulation and execution has been enhanced. For example, assumptions and calculations have been verified independently to assure the fundamental quality of estimates. In addition, VA has contracted with RAND Corporation to independently evaluate VA's actuarial projection model for the purpose of identifying potential improvements.

VA has responded to requests from the congressional committees for performance information and will continue to improve the relationship between workload and resources for budget formulation and execution purposes. VA informs Congress on the progress being made in the delivery of timely care to veterans. VA has included a measure of waiting times to schedule veterans' first primary care appointments for new patients in the Secretary's Fourth Quarter Status Report for FY 2006.

BUDGET IMPLICATIONS:

Funding to support this effort is available within budgeted resources. Actions taken will improve the overall forecasting accuracy and precision of VA's future requests for resources to Congress regarding policy changes.

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Expenditures by States

<i>Amounts Included in FY 2008 President's Budget</i>			
(dollars in thousands)			
	2006	2007	2008
	Actuals	Estimates	Estimates
Alabama			
Compensation and pensions	\$833,651	\$860,203	\$980,767
Readjustment benefits	\$59,230	\$61,176	\$69,636
General operating expenses	\$18,272	\$18,891	\$21,522
Medical and construction programs	\$508,266	\$525,786	\$599,390
Insurance and indemnities	\$24,200	\$25,035	\$28,534
Total	\$1,443,620	\$1,491,091	\$1,699,849
Alaska			
Compensation and pensions	\$115,482	\$119,070	\$135,827
Readjustment benefits	\$11,001	\$11,342	\$12,918
General operating expenses	\$2,858	\$2,947	\$3,359
Medical and construction programs	\$102,228	\$105,404	\$120,237
Insurance and indemnities	\$2,469	\$2,546	\$2,902
Total	\$234,038	\$241,309	\$275,244
Arizona			
Compensation and pensions	\$784,797	\$809,596	\$923,685
Readjustment benefits	\$87,871	\$90,646	\$103,249
General operating expenses	\$29,839	\$30,782	\$35,078
Medical and construction programs	\$631,638	\$651,590	\$742,484
Insurance and indemnities	\$39,756	\$41,012	\$46,742
Total	\$1,573,901	\$1,623,626	\$1,851,237
Arkansas			
Compensation and pensions	\$550,342	\$567,432	\$646,875
Readjustment benefits	\$33,982	\$35,036	\$39,876
General operating expenses	\$11,958	\$12,329	\$14,048
Medical and construction programs	\$529,905	\$546,361	\$622,622
Insurance and indemnities	\$15,080	\$15,548	\$17,714
Total	\$1,141,267	\$1,176,708	\$1,341,134
California			
Compensation and pensions	\$2,747,158	\$2,833,939	\$3,230,975
Readjustment benefits	\$306,340	\$316,011	\$359,636
General operating expenses	\$79,558	\$82,070	\$93,470
Medical and construction programs	\$2,797,908	\$2,886,299	\$3,289,995
Insurance and indemnities	\$178,641	\$184,285	\$210,004
Total	\$6,109,604	\$6,302,605	\$7,184,079

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
Colorado			
Compensation and pensions	\$590,198	\$608,529	\$699,995
Readjustment benefits	\$75,541	\$77,886	\$88,701
General operating expenses	\$26,075	\$26,885	\$30,632
Medical and construction programs	\$1,020,222	\$1,051,910	\$1,199,212
Insurance and indemnities	\$28,486	\$29,370	\$33,463
Total	\$1,740,522	\$1,794,581	\$2,052,003
Connecticut			
Compensation and pensions	\$209,095	\$215,588	\$245,776
Readjustment benefits	\$43,190	\$44,530	\$50,645
General operating expenses	\$6,119	\$6,309	\$7,185
Medical and construction programs	\$323,835	\$333,892	\$380,596
Insurance and indemnities	\$27,697	\$28,557	\$32,538
Total	\$609,935	\$628,876	\$716,741
Delaware			
Compensation and pensions	\$85,559	\$88,216	\$100,581
Readjustment benefits	\$7,064	\$7,284	\$8,291
General operating expenses	\$1,676	\$1,728	\$1,969
Medical and construction programs	\$98,794	\$101,862	\$116,129
Insurance and indemnities	\$5,480	\$5,650	\$6,439
Total	\$198,573	\$204,741	\$233,409
District of Columbia			
Compensation and pensions	\$91,483	\$94,374	\$107,635
Readjustment benefits	\$14,107	\$14,552	\$16,552
General operating expenses	\$1,016,201	\$1,048,309	\$1,195,065
Medical and construction programs	\$761,587	\$785,648	\$895,615
Insurance and indemnities	\$3,206	\$3,307	\$3,769
Total	\$1,886,584	\$1,946,189	\$2,218,636
Florida			
Compensation and pensions	\$2,651,343	\$2,736,192	\$3,125,105
Readjustment benefits	\$216,134	\$221,370	\$250,593
General operating expenses	\$43,844	\$45,227	\$51,524
Medical and construction programs	\$2,229,615	\$2,301,226	\$2,623,340
Insurance and indemnities	\$160,394	\$165,486	\$188,549
Total	\$5,301,331	\$5,469,501	\$6,239,112
Georgia			
Compensation and pensions	\$1,154,110	\$1,190,766	\$1,357,555
Readjustment benefits	\$156,627	\$161,408	\$183,733
General operating expenses	\$48,683	\$50,209	\$57,191
Medical and construction programs	\$752,203	\$776,113	\$884,493
Insurance and indemnities	\$40,530	\$41,819	\$47,649
Total	\$2,152,153	\$2,220,316	\$2,530,621

<i>Amounts Included in FY 2008 President's Budget</i>			
(dollars in thousands)			
	2006	2007	2008
	Actuals	Estimates	Estimates
Hawaii			
Compensation and pensions	\$170,503	\$175,869	\$200,547
Readjustment benefits	\$20,375	\$20,977	\$23,869
General operating expenses	\$8,640	\$8,910	\$10,153
Medical and construction programs	\$122,233	\$126,152	\$143,871
Insurance and indemnities	\$15,385	\$15,853	\$18,048
Total	\$337,136	\$347,761	\$396,488
Idaho			
Compensation and pensions	\$193,000	\$198,882	\$226,591
Readjustment benefits	\$17,493	\$18,024	\$20,524
General operating expenses	\$4,283	\$4,416	\$5,031
Medical and construction programs	\$102,559	\$105,827	\$120,670
Insurance and indemnities	\$7,879	\$8,127	\$9,262
Total	\$325,214	\$335,277	\$382,078
Illinois			
Compensation and pensions	\$714,331	\$736,960	\$840,124
Readjustment benefits	\$98,743	\$101,682	\$115,668
General operating expenses	\$61,110	\$63,029	\$71,796
Medical and construction programs	\$1,072,953	\$1,107,297	\$1,262,169
Insurance and indemnities	\$72,563	\$74,887	\$85,345
Total	\$2,019,700	\$2,083,854	\$2,375,102
Indiana			
Compensation and pensions	\$486,216	\$501,366	\$571,557
Readjustment benefits	\$39,593	\$40,769	\$46,396
General operating expenses	\$15,126	\$15,594	\$17,765
Medical and construction programs	\$408,073	\$420,991	\$479,949
Insurance and indemnities	\$26,403	\$27,227	\$31,021
Total	\$975,412	\$1,005,947	\$1,146,687
Iowa			
Compensation and pensions	\$259,825	\$267,932	\$305,453
Readjustment benefits	\$22,918	\$23,619	\$26,900
General operating expenses	\$6,130	\$6,321	\$7,202
Medical and construction programs	\$363,033	\$373,027	\$423,729
Insurance and indemnities	\$21,748	\$22,440	\$25,582
Total	\$673,654	\$693,339	\$788,865
Kansas			
Compensation and pensions	\$282,307	\$291,160	\$331,982
Readjustment benefits	\$29,153	\$30,041	\$34,210
General operating expenses	\$7,680	\$7,919	\$9,023
Medical and construction programs	\$329,547	\$339,961	\$387,553
Insurance and indemnities	\$17,358	\$17,896	\$20,385
Total	\$666,046	\$686,978	\$783,153

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
Kentucky			
Compensation and pensions	\$588,725	\$607,079	\$692,081
Readjustment benefits	\$41,156	\$42,381	\$48,232
General operating expenses	\$14,661	\$15,117	\$17,224
Medical and construction programs	\$398,673	\$411,410	\$469,146
Insurance and indemnities	\$17,583	\$18,132	\$20,659
Total	\$1,060,797	\$1,094,118	\$1,247,342
Louisiana			
Compensation and pensions	\$601,706	\$620,524	\$707,469
Readjustment benefits	\$43,879	\$45,221	\$51,502
General operating expenses	\$16,543	\$17,055	\$19,428
Medical and construction programs	\$510,918	\$527,186	\$601,114
Insurance and indemnities	\$20,214	\$20,848	\$23,757
Total	\$1,193,261	\$1,230,835	\$1,403,271
Maine			
Compensation and pensions	\$302,853	\$312,272	\$355,972
Readjustment benefits	\$27,350	\$28,149	\$32,021
General operating expenses	\$6,500	\$6,701	\$7,634
Medical and construction programs	\$171,702	\$177,129	\$201,926
Insurance and indemnities	\$9,633	\$9,947	\$11,346
Total	\$518,038	\$534,198	\$608,899
Maryland			
Compensation and pensions	\$524,024	\$540,347	\$615,992
Readjustment benefits	\$60,059	\$61,821	\$70,332
General operating expenses	\$13,616	\$14,032	\$15,979
Medical and construction programs	\$385,771	\$397,981	\$453,716
Insurance and indemnities	\$36,958	\$38,135	\$43,475
Total	\$1,020,428	\$1,052,317	\$1,199,493
Massachusetts			
Compensation and pensions	\$607,592	\$626,447	\$714,071
Readjustment benefits	\$45,650	\$46,957	\$53,388
General operating expenses	\$12,472	\$12,856	\$14,644
Medical and construction programs	\$567,771	\$585,732	\$667,750
Insurance and indemnities	\$46,373	\$47,836	\$54,519
Total	\$1,279,859	\$1,319,829	\$1,504,371
Michigan			
Compensation and pensions	\$758,910	\$782,436	\$891,852
Readjustment benefits	\$63,726	\$65,601	\$74,637
General operating expenses	\$21,478	\$22,141	\$25,220
Medical and construction programs	\$735,292	\$758,595	\$864,861
Insurance and indemnities	\$48,062	\$49,589	\$56,529
Total	\$1,627,468	\$1,678,362	\$1,913,099

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
Minnesota			
Compensation and pensions	\$540,026	\$556,794	\$634,685
Readjustment benefits	\$40,046	\$41,245	\$46,946
General operating expenses	\$32,448	\$33,426	\$38,051
Medical and construction programs	\$555,155	\$572,757	\$652,999
Insurance and indemnities	\$36,535	\$37,682	\$42,940
Total	\$1,204,211	\$1,241,903	\$1,415,620
Mississippi			
Compensation and pensions	\$395,795	\$408,070	\$465,140
Readjustment benefits	\$23,150	\$23,841	\$27,134
General operating expenses	\$14,909	\$15,373	\$17,517
Medical and construction programs	\$515,080	\$531,270	\$605,554
Insurance and indemnities	\$12,361	\$12,739	\$14,508
Total	\$961,295	\$991,294	\$1,129,853
Missouri			
Compensation and pensions	\$672,231	\$693,464	\$790,476
Readjustment benefits	\$59,478	\$61,287	\$69,757
General operating expenses	\$46,321	\$47,791	\$54,454
Medical and construction programs	\$961,428	\$992,375	\$1,131,353
Insurance and indemnities	\$33,549	\$34,614	\$39,438
Total	\$1,773,006	\$1,829,531	\$2,085,479
Montana			
Compensation and pensions	\$169,670	\$174,964	\$199,466
Readjustment benefits	\$12,711	\$13,095	\$14,909
General operating expenses	\$4,749	\$4,896	\$5,576
Medical and construction programs	\$114,016	\$117,618	\$134,083
Insurance and indemnities	\$7,222	\$7,441	\$8,472
Total	\$308,368	\$318,014	\$362,507
Nebraska			
Compensation and pensions	\$245,346	\$253,056	\$288,551
Readjustment benefits	\$23,026	\$23,730	\$27,026
General operating expenses	\$7,196	\$7,420	\$8,454
Medical and construction programs	\$237,820	\$245,415	\$279,854
Insurance and indemnities	\$13,173	\$13,575	\$15,458
Total	\$526,561	\$543,196	\$619,342
Nevada			
Compensation and pensions	\$310,718	\$320,652	\$365,802
Readjustment benefits	\$25,837	\$26,635	\$30,344
General operating expenses	\$5,969	\$6,153	\$7,009
Medical and construction programs	\$343,267	\$354,180	\$403,830
Insurance and indemnities	\$12,077	\$12,468	\$14,219
Total	\$697,868	\$720,088	\$821,205

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
New Hampshire			
Compensation and pensions	\$160,816	\$165,821	\$189,030
Readjustment benefits	\$16,080	\$16,541	\$18,806
General operating expenses	\$6,287	\$6,480	\$7,381
Medical and construction programs	\$90,466	\$93,349	\$106,443
Insurance and indemnities	\$9,368	\$9,670	\$11,028
Total	\$283,017	\$291,862	\$332,688
New Jersey			
Compensation and pensions	\$535,741	\$552,287	\$629,456
Readjustment benefits	\$63,232	\$65,076	\$74,023
General operating expenses	\$10,183	\$10,495	\$11,953
Medical and construction programs	\$373,379	\$385,152	\$439,043
Insurance and indemnities	\$60,034	\$61,938	\$70,600
Total	\$1,042,569	\$1,074,948	\$1,225,075
New Mexico			
Compensation and pensions	\$421,902	\$435,309	\$496,521
Readjustment benefits	\$32,021	\$33,006	\$37,596
General operating expenses	\$8,014	\$8,263	\$9,415
Medical and construction programs	\$269,467	\$278,069	\$317,085
Insurance and indemnities	\$13,573	\$14,039	\$16,040
Total	\$744,977	\$768,686	\$876,657
New York			
Compensation and pensions	\$1,233,133	\$1,272,058	\$1,450,475
Readjustment benefits	\$156,113	\$160,747	\$182,844
General operating expenses	\$51,493	\$53,107	\$60,491
Medical and construction programs	\$1,848,878	\$1,908,168	\$2,175,170
Insurance and indemnities	\$113,129	\$116,737	\$133,022
Total	\$3,402,746	\$3,510,817	\$4,002,001
North Carolina			
Compensation and pensions	\$1,345,052	\$1,387,582	\$1,581,742
Readjustment benefits	\$128,640	\$132,485	\$150,726
General operating expenses	\$19,367	\$19,976	\$22,757
Medical and construction programs	\$826,497	\$853,165	\$972,712
Insurance and indemnities	\$46,683	\$48,174	\$54,896
Total	\$2,366,239	\$2,441,382	\$2,782,833
North Dakota			
Compensation and pensions	\$85,158	\$87,804	\$100,090
Readjustment benefits	\$10,603	\$10,932	\$12,455
General operating expenses	\$3,710	\$3,825	\$4,357
Medical and construction programs	\$102,928	\$106,191	\$121,068
Insurance and indemnities	\$4,492	\$4,626	\$5,263
Total	\$206,891	\$213,378	\$243,234

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
Ohio			
Compensation and pensions	\$987,345	\$1,018,658	\$1,161,292
Readjustment benefits	\$82,770	\$85,309	\$97,121
General operating expenses	\$35,050	\$36,153	\$41,184
Medical and construction programs	\$1,559,146	\$1,609,724	\$1,835,563
Insurance and indemnities	\$64,198	\$66,231	\$75,456
Total	\$2,728,508	\$2,816,075	\$3,210,616
Oklahoma			
Compensation and pensions	\$848,489	\$874,995	\$997,565
Readjustment benefits	\$63,988	\$65,971	\$75,162
General operating expenses	\$41,097	\$42,378	\$48,285
Medical and construction programs	\$393,783	\$406,082	\$462,782
Insurance and indemnities	\$20,321	\$20,953	\$23,872
Total	\$1,367,678	\$1,410,380	\$1,607,665
Oregon			
Compensation and pensions	\$576,848	\$594,835	\$678,125
Readjustment benefits	\$47,553	\$48,974	\$55,742
General operating expenses	\$18,050	\$18,611	\$21,204
Medical and construction programs	\$526,889	\$543,536	\$619,624
Insurance and indemnities	\$22,666	\$23,391	\$26,669
Total	\$1,192,007	\$1,229,347	\$1,401,364
Pennsylvania			
Compensation and pensions	\$1,132,893	\$1,168,518	\$1,336,822
Readjustment benefits	\$80,889	\$83,311	\$94,786
General operating expenses	\$84,154	\$86,812	\$98,904
Medical and construction programs	\$1,337,633	\$1,380,516	\$1,573,671
Insurance and indemnities	\$90,660	\$93,548	\$106,595
Total	\$2,726,229	\$2,812,705	\$3,210,779
Puerto Rico			
Compensation and pensions	\$455,183	\$469,504	\$535,378
Readjustment benefits	\$20,966	\$21,580	\$24,551
General operating expenses	\$11,670	\$12,038	\$13,720
Medical and construction programs	\$370,091	\$381,672	\$434,985
Insurance and indemnities	\$4,099	\$4,224	\$4,809
Total	\$862,009	\$889,018	\$1,013,442
Rhode Island			
Compensation and pensions	\$125,014	\$128,889	\$146,912
Readjustment benefits	\$7,050	\$7,255	\$8,252
General operating expenses	\$4,632	\$4,774	\$5,438
Medical and construction programs	\$140,831	\$145,247	\$165,545
Insurance and indemnities	\$7,228	\$7,452	\$8,489
Total	\$284,755	\$293,618	\$334,637

Amounts Included in FY 2008 President's Budget

(dollars in thousands)

	2006 Actuals	2007 Estimates	2008 Estimates
South Carolina			
Compensation and pensions	\$703,927	\$725,901	\$827,569
Readjustment benefits	\$60,586	\$62,381	\$70,986
General operating expenses	\$18,243	\$18,809	\$21,427
Medical and construction programs	\$449,383	\$463,640	\$528,603
Insurance and indemnities	\$25,332	\$26,139	\$29,799
Total	\$1,257,472	\$1,296,870	\$1,478,385
South Dakota			
Compensation and pensions	\$131,010	\$135,085	\$153,990
Readjustment benefits	\$13,585	\$13,996	\$15,935
General operating expenses	\$4,256	\$4,387	\$4,998
Medical and construction programs	\$222,948	\$229,988	\$262,178
Insurance and indemnities	\$5,799	\$5,970	\$6,792
Total	\$377,598	\$389,426	\$443,893
Tennessee			
Compensation and pensions	\$813,474	\$839,140	\$956,501
Readjustment benefits	\$60,042	\$61,820	\$70,314
General operating expenses	\$24,655	\$25,434	\$28,976
Medical and construction programs	\$876,117	\$904,227	\$1,030,766
Insurance and indemnities	\$27,004	\$27,879	\$31,781
Total	\$1,801,292	\$1,858,499	\$2,118,337
Texas			
Compensation and pensions	\$3,052,757	\$3,150,274	\$3,592,101
Readjustment benefits	\$304,469	\$313,916	\$357,491
General operating expenses	\$84,996	\$87,749	\$100,041
Medical and construction programs	\$2,104,996	\$2,172,971	\$2,477,509
Insurance and indemnities	\$103,042	\$106,347	\$121,203
Total	\$5,650,260	\$5,831,256	\$6,648,346
Utah			
Compensation and pensions	\$171,703	\$177,081	\$201,900
Readjustment benefits	\$22,643	\$23,326	\$26,558
General operating expenses	\$11,839	\$12,208	\$13,909
Medical and construction programs	\$223,929	\$231,026	\$263,388
Insurance and indemnities	\$11,087	\$11,442	\$13,046
Total	\$441,202	\$455,083	\$518,801
Vermont			
Compensation and pensions	\$70,415	\$72,587	\$82,727
Readjustment benefits	\$18,635	\$19,182	\$21,822
General operating expenses	\$1,418	\$1,462	\$1,665
Medical and construction programs	\$114,259	\$117,874	\$134,380
Insurance and indemnities	\$4,063	\$4,185	\$4,763
Total	\$208,790	\$215,290	\$245,357

<i>Amounts Included in FY 2008 President's Budget</i>			
(dollars in thousands)			
	2006	2007	2008
	Actuals	Estimates	Estimates
Virginia			
Compensation and pensions	\$1,119,946	\$1,155,490	\$1,317,310
Readjustment benefits	\$140,175	\$144,433	\$164,389
General operating expenses	\$44,935	\$46,362	\$52,828
Medical and construction programs	\$594,198	\$613,159	\$698,859
Insurance and indemnities	\$51,236	\$52,895	\$60,299
Total	\$1,950,491	\$2,012,339	\$2,293,684
Washington			
Compensation and pensions	\$1,002,947	\$1,034,589	\$1,179,836
Readjustment benefits	\$96,950	\$99,908	\$113,779
General operating expenses	\$22,418	\$23,118	\$26,341
Medical and construction programs	\$570,288	\$588,148	\$670,317
Insurance and indemnities	\$39,142	\$40,364	\$45,990
Total	\$1,731,744	\$1,786,127	\$2,036,264
West Virginia			
Compensation and pensions	\$359,159	\$370,279	\$422,046
Readjustment benefits	\$61,065	\$62,827	\$71,445
General operating expenses	\$10,152	\$10,465	\$11,920
Medical and construction programs	\$472,280	\$487,190	\$555,378
Insurance and indemnities	\$9,872	\$10,187	\$11,614
Total	\$912,529	\$940,949	\$1,072,403
Wisconsin			
Compensation and pensions	\$548,069	\$565,108	\$644,184
Readjustment benefits	\$41,147	\$42,384	\$48,250
General operating expenses	\$23,733	\$24,468	\$27,874
Medical and construction programs	\$556,383	\$573,893	\$654,158
Insurance and indemnities	\$37,895	\$39,068	\$44,503
Total	\$1,207,227	\$1,244,921	\$1,418,969
Wyoming			
Compensation and pensions	\$69,653	\$71,808	\$81,845
Readjustment benefits	\$5,801	\$5,981	\$6,814
General operating expenses	\$0	\$0	\$0
Medical and construction programs	\$116,375	\$120,051	\$136,856
Insurance and indemnities	\$3,258	\$3,353	\$3,813
Total	\$195,088	\$201,193	\$229,328
Manila			
Compensation and pensions	\$144,674	\$149,680	\$171,150
Readjustment benefits	\$67	\$70	\$79
General operating expenses	\$4,555	\$4,709	\$5,378
Medical and construction programs	\$6,842	\$7,103	\$8,143
Insurance and indemnities	\$534	\$551	\$629
Total	\$156,672	\$162,112	\$185,380
Guam			
Compensation and pensions	\$18,297	\$18,868	\$21,510
Readjustment benefits	\$1,237	\$1,274	\$1,449
General operating expenses	\$0	\$0	\$0
Medical and construction programs	\$3,604	\$3,719	\$4,240
Insurance and indemnities	\$96	\$99	\$113
Total	\$23,234	\$23,959	\$27,312

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Special Analyses

Legislative Authorization of Programs

The authorizations for VA's programs are contained in title 38 of the U.S. Code. With the exception of major medical construction projects and certain leases, annual authorization by the legislative committees and the Congress is not required. However, title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by title 38 in regard to the time and/or amount as indicated:

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Compensation and Pension			
◇ Rounding down of Cost-of-Living Adjustments in Compensation and DIC rates	38 USC 1104, 1303	As appropriated	Authorization extended to 2013 by P.L. 108-183, § 706
◇ Access to IRS data for purposes of verifying eligibility for pension	38 USC 5317(g)	As appropriated	Authorization extended to Sept. 30, 2008 by P.L. 106-419 § 402
◇ Reduction of pension to certain Medicaid-eligible veterans and surviving spouses receiving care in nursing homes	38 USC 5503(d)(7)	As appropriated	Authorization extended to Sept. 30, 2011 by P.L. 107-103 § 504
◇ Extension of authority to presume service-connection for additional diseases	38 USC 1116 (e)	As appropriated	Authorized through Sept. 30, 2015 by P.L. 107-103 § 201
◇ Temporary authority for performance of medical disability examinations by contract physicians			Authorized through December 31, 2009 by P.L. 108-183

Item	Section of U.S.C.	Annual Authorization	Expiration Date
<p>Readjustment Benefits</p> <ul style="list-style-type: none"> ◇ Time limitation for educational assistance allowance expanded to expire either 10 years from discharge or November 30, 2009, whichever is later ◇ Rounding down of Cost-of-Living Adjustments in chapters 30 and 35 rates through FY 2013 ◇ Increase in benefit for individuals pursuing apprenticeship or on-job training under chapters 30, 32, and 35 ◇ Establish 3-year pilot program to provide on-job training benefits to train VA claims adjudicators 	<p>38 USC 3031</p> <p>38 USC 3015(h) 38 USC 3564</p> <p>38 USC 3032(c)(1), 3233(a), 3687(b)(2)</p> <p>38 USC 3677</p>		<p>Authorization in P.L. 106-117 § 702</p> <p>Authorization in P.L. 108-183 § 304</p> <p>Authorized through Dec. 31, 2007 by P.L. 108-454 § 103</p> <p>Authorized through Dec. 9, 2007 by P.L. 108-454 § 108</p>
<p>Veterans' Advisory Committee on Education</p>	<p>38 USC 3692</p>		<p>Authorization extended to Dec. 31, 2009 by P.L. 108-183 § 307</p>
<p>Research and Education Corporations</p> <ul style="list-style-type: none"> ◇ Authorizes creation of new corporations 	<p>38 USC 7368</p>	<p>As appropriated</p>	<p>Authorized through Dec. 31, 2008 by P.L. 108-170 § 402(c)</p>

Item	Section of U.S.C.	Annual Authorization	Expiration Date
<p>Housing Program</p> <ul style="list-style-type: none"> ◇ Pooled loans asset sales ◇ Procedures regarding liquidation sales on defaulted home loans guaranteed by VA ◇ Adjusts the loan fee for certain loans closed either before October 1, 2011, or on or after October 1, 2011, and before September 30, 2013 ◇ Increases the loan fee for certain loans closed through Sept. 30, 2007 ◇ SAH Assistance for veterans temporarily residing in housing owned by family member ◇ Housing assistance to homeless veterans ◇ Loan guarantee for multi-family transitional housing for homeless veterans ◇ Adjustable Rate Mortgages (ARMs) ◇ Hybrid ARMs ◇ Requires a minimum percentage of properties be sold with vendee financing 	<ul style="list-style-type: none"> 38 USC 3720(h) 38 USC 3732(c) 38 USC 3729(b)(2) 38 USC 3729(b)(2) 38 USC 2102a 38 USC 2041 38 USC 2051-2054 38 USC 3707 38 USC 3707A 38 USC 3733(a)(7) 	<ul style="list-style-type: none"> Aggregate authorization \$100,000,000 	<ul style="list-style-type: none"> Authorization to Dec. 31, 2011 by P.L. 107-103 § 405 Authorization to Sept. 30, 2012 by P.L. 108-183 § 406 Authorization revised and extended through Sept. 30, 2013 by P.L. 108-183 § 405 Authorization revised Through Sept. 30, 2007 by P.L. 109-233 § 101 Authorization through June 15, 2011, by P.L. 109-233 § 101 Authorization through Dec. 31, 2011 by P.L. 109-461 § 705 Authorized by P.L. 107-95 § 2066 Authorization through Sept. 30, 2008 by P.L. 108-454 § 404 Authorization through Sept. 30, 2008 by P.L. 108-454 § 405 Requirements apply through Sept. 30, 2013 by P.L. 108-183 § 404
Native American Veteran Housing Loan Pilot Program	38 USC 3761, 3763	As appropriated	Made permanent by P.L. 109-233 § 103

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Medical Care			
◇ Authorizes hospital care, medical services, and nursing home care for any illness to veterans after the Gulf War for two years if in combat	38 USC 1710(e)(1)(D)	As appropriated	Authorization changed to two years after discharge from active duty by P.L. 105-368 § 102(a)(1)
◇ Treatment and rehabilitation for seriously mentally ill and homeless veterans	38 USC 2031(b)	As appropriated	Authorization through Dec. 31, 2007 by P.L. 109-444 § 2(c)
◇ Housing Assistance for homeless veterans	38 USC 2041(c)	As appropriated	Authorization through Dec. 31, 2008 by P.L. 108-70, § 404
◇ Additional services to homeless and seriously mentally ill veterans at certain locations	38 USC 2033(d)	As appropriated	Authorized through Dec. 31, 2007 in P.L. 109-444 § 2(d)
◇ Required nursing home care for certain service-connected veterans	38 USC 1710A		Authorized to Dec. 31, 2008 by P.L. 108-170 § 106(b)
◇ Medical services includes noninstitutional extended care services	38 USC 1701(10)(A)	As appropriated	Authorized through Dec. 31, 2008 by P.L. 108-170 § 106(a)
◇ Agreement with National Academy of Sciences	38 USC 1116 Note		Authorized through Oct. 1, 2014 by P.L. 107-103 § 201
◇ Authorizes care for participation in DOD chemical and biological warfare testing	38 USC 1710(e)(1)(E)	As appropriated	Authorized through Dec. 31, 2007 by P.L. 109-444 § 2(a)
Sharing of VA and Department of Defense Health Care Resources Joint Incentives Program	38 U.S.C. § 8111(d)		Authorized through September 30, 2010 by P.L. 109-364, § 743
Co-payments and Medical Care Cost Recovery			
◇ Recovery Audits for fee-basis contracts and other medical services contracts	38 USC § 1703(d)	As appropriated	Authorized through Sept. 30, 2008 by P.L. 18-422 § 601
Medical care cost recovery authority	38 USC 1729(a)(2)(E)		Authorization extended to Oct. 1, 2007 by P.L. 107-135 § 209(b)

Item	Section of U.S.C.	Annual Authorization	Expiration Date
General Operating Expenses ◇ Maintenance of the VA Regional Office in the Republic of the Philippines ◇ Advisory Committee on Minority Veterans	38 USC 315(b) 38 USC 544(e)	As appropriated As appropriated	Authorization extended through Dec. 31, 2009 by P.L. 108-183 § 213. Termination date extended through Dec. 31, 2009 by P.L. 108-183 § 703
◇ Government Markers at Private Cemeteries	38 USC 2306(d)(3)		Authorization extended through Dec. 31, 2007 by P.L. 109-444 § 2(f)
Enhanced-Use ◇ Authority to enter into enhanced-use leases	38 USC 8169		Authorization extended through Dec. 31, 2011 by P.L. 106-117 § 208(e)
Education and Training ◇ Homeless veterans reintegration programs	38 USC 2021(e)	As appropriated	Authorization through FY 2009 by P.L. 109-233 § 203

VA Facilities by Type

(as of November 2006)

EMPLOYEE EDUCATION CENTERS (19)

ALABAMA Birmingham Tuskegee	DISTRICT OF COLUMBIA Washington	MAINE Togus	NEBRASKA Lincoln	OHIO Cleveland (Brecksville Div.)
ARIZONA Prescott	GEORGIA Dublin	MARYLAND Perry Point	NEW YORK Northport	PENNSYLVANIA Erie
ARKANSAS North Little Rock	IDAHO Boise	MINNESOTA Minneapolis	NORTH CAROLINA Durham	SOUTH DAKOTA Fort Meade
CALIFORNIA Long Beach		MISSOURI St. Louis (Jefferson Barracks Division)		UTAH Salt Lake City

CANTEEN SERVICE CENTRAL OFFICE AND FINANCE CENTER (1)

MISSOURI
St. Louis

CANTEEN SERVICE FIELD OFFICES (3)

CALIFORNIA (WESTERN) Sepulveda	MARYLAND (EASTERN) Ft. Howard	MISSOURI (CENTRAL) St. Louis (Jefferson Barracks)
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GERIATRIC RESEARCH, EDUCATION, AND CLINICAL CENTERS (21)

ALABAMA/GEORGIA Birmingham/Atlanta	FLORIDA Gainesville Miami	MICHIGAN Ann Arbor	NORTH CAROLINA Durham	TEXAS San Antonio
ARKANSAS Little Rock	MARYLAND Baltimore	MINNESOTA Minneapolis	OHIO Cleveland	UTAH Salt Lake City
CALIFORNIA Palo Alto Sepulveda West Los Angeles	MASSACHUSETTS Bedford/Boston	MISSOURI St. Louis (John J. Cochran Division)	PENNSYLVANIA Pittsburgh	WASHINGTON Seattle/American Lake
		NEW YORK Bronx/New York Harbor	TENNESSEE Nashville/Murfreesboro	WISCONSIN Madison

SERVICE AND DISTRIBUTION CENTER (1)

ILLINOIS
Hines

CENTRAL OFFICE (1)

DISTRICT OF COLUMBIA
Washington

FINANCE CENTERS (2)

TEXAS
Austin

ILLINOIS
Hines

RECORDS MANAGEMENT CENTER (1) AUTOMATION CENTER (1)

MISSOURI
St. Louis

TEXAS
Austin

NATIONAL ACQUISITION CENTER (1)

ILLINOIS
Hines

SYSTEMS DEVELOPMENT CENTER (1) ASSET MANAGEMENT SERVICE (1)

TEXAS
Austin

NEW JERSEY
Hillsborough

DENVER ACQUISITION AND LOGISTICS CENTER (1)

COLORADO
Denver

CENTRAL DENTAL LABORATORIES (2)

DISTRICT OF COLUMBIA
Washington

TEXAS
Dallas

PREVENTIVE DENTAL SUPPORT CENTER (1)

TEXAS
Houston

MIAMI DEVELOPMENT CENTER FOR DENTAL OPERATIONS (1)

FLORIDA
Miami

PROSTHETIC AND SENSORY AIDS RESTORATION CLINICS (6)

CALIFORNIA
West Los Angeles

MISSOURI
St. Louis (Jefferson Barracks Division)

OHIO
Cleveland

GEORGIA
Decatur (Atlanta)

NEW YORK
New York

OREGON
Portland

LAW ENFORCEMENT TRAINING CENTER (1)

ARKANSAS
Little Rock

REGIONAL OFFICES WITH PENSION MAINTENANCE CENTERS (3)

MINNESOTA
St. Paul

PENNSYLVANIA
Philadelphia

WISCONSIN
Milwaukee

HEALTH REVENUE
CENTER (1)
KANSAS
Topeka

HEALTH ADMINISTRATION
MANAGEMENT CENTER (1)
COLORADO
Denver

ORTHOTIC/PROSTHETIC LABORATORIES (57)

ALABAMA Montgomery	GEORGIA Decatur (Atlanta)	MASSACHUSETTS Boston Brockton (West Roxbury)	Castle Point New York Northport	TENNESSEE Memphis Nashville
ARIZONA Tucson	ILLINOIS Chicago (Westside) Hines	MICHIGAN Detroit	OHIO Cincinnati Cleveland Dayton	TEXAS Dallas Houston San Antonio Temple
ARKANSAS Little Rock	INDIANA Indianapolis	MINNESOTA Minneapolis	OKLAHOMA Oklahoma City	VIRGINIA Hampton Richmond
CALIFORNIA Long Beach Palo Alto San Diego San Francisco Sepulveda West Los Angeles	KANSAS Wichita	MISSOURI Kansas City St. Louis	OREGON Portland	WASHINGTON Seattle
COLORADO Denver	KENTUCKY Louisville	NEW JERSEY East Orange	PENNSYLVANIA Wilkes Barre	WEST VIRGINIA Martinsburg
FLORIDA Bay Pines Gainesville Miami Tampa West Palm Beach	LOUISIANA New Orleans	NEW MEXICO Albuquerque	PUERTO RICO San Juan	WISCONSIN Milwaukee
	MAINE Togus	NEW YORK Albany Bronx Brooklyn Buffalo	SOUTH CAROLINA Columbia	

HEALTH ELIGIBILITY CENTER (1)

GEORGIA
Atlanta

DOMICILIARY REHABILITATION TREATMENT PROGRAMS (45*)

ALABAMA Tuscaloosa Tuskegee	GEORGIA Augusta Dublin	MINNESOTA St. Cloud	OHIO Chillicothe Cincinnati Cleveland Dayton	TEXAS Bonham Dallas Temple
ALASKA Anchorage	ILLINOIS N. Chicago	MISSISSIPPI Biloxi	OREGON White City	VIRGINIA Hampton
ARIZONA Prescott	IOWA Des Moines Knoxville	MISSOURI St. Louis	PENNSYLVANIA Butler Coatesville Pittsburgh	WASHINGTON Tacoma
ARKANSAS North Little Rock	KANSAS Leavenworth	NEW JERSEY Lyons	SOUTH DAKOTA Hot Springs	WEST VIRGINIA Martinsburg
CALIFORNIA Menlo Park West Los Angeles	MARYLAND Perry Point	NEW MEXICO Albuquerque	TENNESSEE Mountain Home	WISCONSIN Milwaukee
FLORIDA Bay Pines Orlando	MASSACHUSETTS Bedford Brockton	NEW YORK Bath Canandaigua Montrose St. Albans	WYOMING Sheridan	

*Includes the facility at Biloxi, MS, damaged by Hurricane Katrina

VA HOSPITALS (155*)

ALABAMA Birmingham Montgomery Tuscaloosa Tuskegee	GEORGIA Augusta (2) Decatur Dublin	MICHIGAN Ann Arbor Battle Creek Detroit Iron Mountain Saginaw	NORTH DAKOTA Fargo	UTAH Salt Lake City
ARIZONA Phoenix Prescott Tucson	HAWAII Honolulu	MINNESOTA Minneapolis St. Cloud	OHIO Chillicothe Cincinnati Cleveland (Brecksville) Cleveland (Wade Park) Dayton	VERMONT White River Junction
ARKANSANS Fayetteville Little Rock North Little Rock	ILLINOIS Chicago (Westside) Danville Hines Marion North Chicago	MISSISSIPPI Biloxi Jackson	OKLAHOMA Muskogee Oklahoma City	VIRGINIA Hampton Richmond Salem
CALIFORNIA Fresno Livermore Loma Linda Long Beach Mather Menlo Park Palo Alto San Diego San Francisco West Los Angeles	INDIANA Ft. Wayne Indianapolis Marion	MISSOURI Columbia Kansas City Poplar Bluff St. Louis (2)	OREGON Portland Roseburg	WASHINGTON Seattle Spokane Tacoma Walla Walla
COLORADO Denver Grand Junction	IOWA Des Moines Knoxville Iowa City	MONTANA Fort Harrison	PENNSYLVANIA Altoona Butler Coatesville Erie Lebanon Philadelphia Pittsburgh-Univ. Drive Pittsburgh-Highland Dr Wilkes-Barre	WEST VIRGINIA Beckley Clarksburg Huntington Martinsburg
CONNECTICUT West Haven	KANSAS Leavenworth Topeka Wichita	NEBRASKA Omaha	PUERTO RICO San Juan	WISCONSIN Madison Milwaukee Tomah
DELAWARE Wilmington	KENTUCKY Lexington Louisville	NEVADA Las Vegas Reno	RHODE ISLAND Providence	WYOMING Cheyenne Sheridan
SOUTH CAROLINA Charleston Columbia	LOUISIANA Alexandria (New Orleans)* Shreveport	NEW JERSEY East Orange Lyons	SOUTH DAKOTA Fort Meade Hot Springs Sioux Falls	
DISTRICT OF COLUMBIA Washington	MAINE Togus	NEW YORK Albany Bath Bronx Brooklyn Buffalo Canandaigua Castle Point Montrose New York Northport Syracuse	TENNESSEE Memphis Mountain Home Murfreesboro Nashville	
FLORIDA Bay Pines Gainesville Lake City Miami Tampa West Palm Beach	MARYLAND Baltimore Perry Point	NEW MEXICO Albuquerque	TEXAS Amarillo Big Spring Dallas Houston Kerrville San Antonio Temple Waco	
	MASSACHUSETTS Bedford Brockton Leeds West Roxbury	NORTH CAROLINA Asheville Durham Fayetteville Salisbury		

*Includes facilities at New Orleans, LA and Gulfport, MS damaged by Hurricane Katrina

NURSING HOME UNITS (135*)

ALABAMA Tuscaloosa Tuskegee	GEORGIA Augusta Decatur Dublin	MINNESOTA Minneapolis St. Cloud	OHIO Chillicothe Cincinnati Cleveland Dayton	WASHINGTON Seattle Spokane Tacoma Vancouver Walla Walla
ARIZONA Phoenix Prescott Tucson	HAWAII Honolulu	MISSISSIPPI Biloxi Jackson	OKLAHOMA Oklahoma City	WEST VIRGINIA Beckley Clarksburg Martinsburg
ARKANSAS Little Rock	IDAHO Boise	MISSOURI Columbia Poplar Bluff St. Louis	OREGON Roseburg	WISCONSIN Milwaukee Tomah
CALIFORNIA Fresno Livermore Loma Linda Long Beach Martinez Menlo Park Palo Alto San Diego San Francisco Sepulveda West Los Angeles	ILLINOIS Chicago (Lakeside) Danville Hines Marion North Chicago	MONTANA Miles City	PENNSYLVANIA Altoona Butler Coatesville Erie Lebanon Philadelphia Pittsburgh (Aspinwall) Wilkes Barre	WYOMING Cheyenne Sheridan
COLORADO Denver Grand Junction Pueblo	INDIANA Indianapolis Marion	NEBRASKA Grand Island	NEVADA Reno	NEW HAMPSHIRE Manchester
CONNECTICUT West Haven	IOWA Knoxville	NEW JERSEY Lyons	NEW MEXICO Albuquerque	SOUTH CAROLINA Charleston Columbia
DELAWARE Wilmington	KANSAS Leavenworth Topeka Wichita	NEW YORK Albany Batavia Bath Bronx Buffalo	SOUTH DAKOTA Fort Meade Hot Springs Sioux Falls	TENNESSEE Mountain Home Murfreesboro
DISTRICT OF COLUMBIA Washington	KENTUCKY Lexington	Canandaigua Castle Point Montrose Northport St. Albans Syracuse	TEXAS Amarillo Big Spring Bonham Dallas Houston Kerrville San Antonio Temple Waco	VIRGINIA Hampton Richmond Salem
FLORIDA Bay Pines Gainesville Lake City Miami Orlando Tampa West Palm Beach	LOUISIANA Alexandria New Orleans	NORTH CAROLINA Asheville Durham Fayetteville Salisbury		
	MAINE Togus	NORTH DAKOTA Fargo		
	MARYLAND Baltimore Perry Point			
	MASSACHUSETTS Bedford Brockton Leeds			
	MICHIGAN Ann Arbor Battle Creek Detroit Iron Mountain Saginaw			

*Includes the facility at New Orleans, LA, damaged by Hurricane Katrina

VET CENTERS (207)

ALABAMA Birmingham Mobile	FLORIDA (cont.) Pensacola Sarasota St. Petersburg Tallahassee Tampa	MASSACHUSETTS Boston Brockton Lowell New Bedford Springfield Worcester	NEW YORK (cont.) Harlem Manhattan Rochester Staten Island Syracuse White Plains Woodhaven	TENNESSEE Chattanooga Johnson City Knoxville Memphis Nashville
ALASKA Anchorage Fairbanks Soldotna Wasilla	GEORGIA Atlanta Savannah	MAINE Bangor Caribou Lewiston Portland Springvale	NORTH CAROLINA Charlotte Fayetteville Greensboro Greenville Raleigh	TEXAS Amarillo Austin Corpus Christi Dallas El Paso Fort Worth Houston (2) Laredo Lubbock McAllen Midland San Antonio
ARIZONA Phoenix Prescott Tucson	GUAM Agana	MICHIGAN Detroit Grand Rapids Dearborn	NORTH DAKOTA Fargo Minot	UTAH Provo Salt Lake City
ARKANSAS North Little Rock	HAWAII Hilo Honolulu Kailua- Kona Lihue Wailuku	MINNESOTA Duluth St. Paul	OHIO Cincinnati Cleveland Columbus Dayton Parma	VERMONT South Burlington White River Junction
CALIFORNIA Anaheim Capitola Chico Commerce Concord Corona Culver City Eureka Fresno Gardena Oakland Redwood City Rohnert Park Sacramento San Bernadino San Diego San Francisco San Jose Sepulveda Ventura Vista	IDAHO Boise Pocatello	MISSISSIPPI Biloxi Jackson	OKLAHOMA Oklahoma City Tulsa	VIRGIN ISLANDS St. Croix St. Thomas
COLORADO Boulder Colorado Springs Denver	ILLINOIS Chicago Chicago Heights East St. Louis Evanston Moline Oak Park Peoria Springfield	MISSOURI Kansas City St. Louis	OREGON Eugene Grants Pass Portland Salem	VIRGINIA Alexandria Norfolk Richmond Roanoke
CONNECTICUT Norwich West Haven Weathersfield	INDIANA Evansville Fort Wayne Indianapolis Merryville	NEBRASKA Lincoln Omaha	PENNSYLVANIA Erie Harrisburg McKeesport Philadelphia (2) Pittsburgh Scranton Williamsport	WASHINGTON Bellingham Seattle Spokane Tacoma Yakima Valley
DELAWARE Wilmington	IOWA Cedar Rapids Des Moines Sioux City	NEVADA Las Vegas Reno	PUERTO RICO Arecibo Ponce Rio Piedras	WEST VIRGINIA Beckley Charleston Huntington Martinsburg Morgantown Princeton Wheeling
DISTRICT OF COLUMBIA Washington, DC	KANSAS Wichita	NEW HAMPSHIRE Manchester	RHODE ISLAND Warwick	WISCONSIN Madison Milwaukee
FLORIDA Doral Fort Lauderdale Jacksonville Lake Worth Orlando	KENTUCKY Lexington Louisville	NEW JERSEY Jersey City Newark Trenton Ventnor	SOUTH CAROLINA Columbia Greenville North Charleston	WYOMING Casper Cheyenne
	LOUISIANA Kenner Shreveport	NEW MEXICO Albuquerque Farmington Santa Fe	SOUTH DAKOTA Rapid City Sioux Falls	
	MARYLAND Baltimore (2) Silver Spring	NEW YORK Albany Babylon Bronx Brooklyn Buffalo		

VA OUTPATIENT CLINICS (717)
(Excludes clinics located at VA Hospitals – as of September 29, 2006)

ALABAMA	CALIFORNIA	CALIFORNIA (cont)	FLORIDA	GEORGIA
Bessemer	Anaheim	Travis AFB	Boca Raton	Albany
Dothan	Atwater	Tulare	Brooksville	Athens
Gadsden	Auburn	Ukiah	Coral Springs	Columbus
Huntsville	Bakersfield	Upland	Daytona Beach	East Point (2)
Jasper	Brawley	Victorville	Deerfield	Lawrenceville
Madison	Capitola	Vista	Delray Beach	Macon
Mobile	Chico		Dunedin	Oakwood
Oxford	Chula Vista	COLORADO	Ellenton	Savannah
Sheffield	City of Commerce	Alamosa	Fort Myers	Smyrna
	Corona	Aurora	Fort Pierce	Valdosta
ALASKA	Culver City	Colorado Springs	Hollywood (2)	GUAM
Fort Wainwright	Escondido	Durango	Homestead	Agana Heights
Kenai	Eureka	Ft. Collins	Jacksonville	
	Gardena	Greeley	Key Largo	HAWAII
ARIZONA	Lancaster	La Junta	Key West	Hilo
Anthem	Lompoc	Lakewood	Kissimmee	Kahului (2)
Bellemont	Long Beach	Lamar	Lakeland	Kailua-Kona
Buckeye	Los Angeles (2)	Montrose	Lecanto	Lihue
Casa Grande	Lynwood	Pueblo	Leesburg	
Cottonwood	Mare Island		Miami	IDAHO
Ft Huachuca	Martinez	CONNECTICUT	Naples	Lewiston
Green Valley	McClellan AFB	Danbury	New Port Richey	Pocatello
Kingman	Modesto	New London	Oakland Park	Twin Falls
Lake Havasu City	Oakland	Newington	Ocala	
Mesa	Oxnard	Stamford	Okeechobee	
Payson	Palm Desert	Waterbury	Orlando	
Safford	Redding	Willimantic	Panama City	
Show Low	San Bruno	Winsted	Pensacola (2)	
Sun City	San Diego		Port Charlotte	
Yuma	San Francisco	DELAWARE	Sanford	
	San Gabriel	Millsboro	Sarasota	
ARKANSAS	San Jose		Sebring	
Eldorado	San Luis Obispo	DIST. OF COLUMBIA	St. Augustine	
Ft. Smith	Santa Ana	Patterson Street	St. Petersburg	
Harrison	Santa Barbara	Southeast Washington	Stuart	
Hot Springs	Santa Fe Springs		Tallahassee	
Jonesboro	Santa Rosa		The Villages	
Mena	Seaside		Vero Beach	
Mountain Home	Sepulveda		Viera	
Paragould	Sonora		Zephyrhills	
Texarkana	Stockton			
	Sun City			

VA OUTPATIENT CLINICS (continued)

ILLINOIS	KENTUCKY	MICHIGAN	MONTANA	NEW YORK
Aurora	Bellvue	Benton Harbor	Anaconda	Auburn
Belleville	Bowling Green	Flint	Billings	Bainbridge
Chicago (2)	Florence	Gaylord	Bozeman	Batavia
Chicago Heights	Fort Campbell	Grand Rapids	Glasgow	Binghamton
Decatur	Fort Knox	Hancock	Great Falls	Bronx
Effingham	Hanson	Ironwood	Kalispell	Brooklyn
Elgin	Lexington-Leestown	Jackson	Lame Deer	Carmel
Freeport	Louisville (3)	Kincheloe	Miles City	Carthage
Evanston	Paducah	Lansing	Missoula	Catskill
Galesburg	Prestonsburg	Marquette	Sidney	Clifton Park
Joliet	Somerset	Menominee		Cortland (2)
LaSalle		Muskegon	NEBRASKA	Dunkirk
Manteno		Oscoda	Alliance	Elizabethtown
McHenry	LOUISIANA	Pontiac	Grand Island	Elmira
Mt. Vernon	Baton Rouge	Traverse City	Lincoln	Fonda
Oak Lawn	Houma	Yale	Norfolk	Glen Falls
Oak Park	Jennings		North Platte	Islip
Peoria	Lafayette	MINNESOTA	Rushville	Jamaica/St Albans
Quincy	Monroe	Brainerd	Scotts Bluff	Jamestown
Rockford		Fergus Fall	Sidney	Kingston
Springfield		Hibbing		Lackwanna
	MAINE	Maplewood	NEW HAMPSHIRE	Lindenhurst
INDIANA	Bangor	Montevideo	Conway	Lockport
Bloomington	Calais	Rochester	Manchester	Lynbrook
Crown Point	Caribou (2)	St James (3)	Portsmouth	Malone
Evansville	Portland		Somersworth	Massena
Lawrenceburg	Rumford	MISSISSIPPI	Tilton	Middletown
Muncie	Saco	Byhalia		Monticello
New Albany	MARYLAND	Columbus	NEW JERSEY	New City
Richmond	Baltimore	Greenville	Brick	New York (3)
South Bend	Cambridge	Hattiesburg	Cape May	Niagara Falls
Terre Haute	Charlotte Hall	Kosciusko	Elizabeth	Olean
West Lafayette	Cumberland	Meridian	Ft. Dix	Oswego
	Fort Howard	Natchez (2)	Ft. Monmouth	Patchogue
IOWA	Glen Burnie	Smithville (2)	Hackensack	Pine Plains
Bettendorf	Greenbelt		Jersey City	Plainview
Dubuque	Hagerstown	MISSOURI	Morris Plains	Plattsburg
Ft. Dodge	Pocomoke City	Belton	New Brunswick	Port Jervis
Mason City		Camdenton	Newark (2)	Poughkeepsie
Sioux City	MASSACHUSETTS	Cameron	Paterson	Riverhead
Waterloo	Boston (2)	Cape Girardeau	Sewell	Rochester
	Dorchester	Farmington	Trenton	Rome
KANSAS	Edgartown	Ft. Leonard Wood	Ventnor	Sinai
Abilene	Fitchburg	Kirksville	Vineland	Schenectady
Chanute	Framingham	Mexico		Staten Island
Emporia	Gloucester	Mt. Vernon	NEW MEXICO	Sunnyside
Ft. Dodge	Greenfield	Nevada	Alamogordo	Troy
Fort Scott	Haverhill	Salem	Artesia	Warsaw
Garnett	Hyannis	St. Charles	Clovis	Wellsville
Hays	Lowell	St. James	Espanola (6)	White Plains
Holton	Lynn	St. Joseph	Farmington	Yonkers
Junction City	Nantucket	St. Louis	Gallup	
Kansas City	New Bedford	Warrensburg	Hobbs	NEVADA
Lawrence	Leeds/Northhampton	West Plains	Las Cruces	Ely
Liberal	Pittsfield		Las Vegas (6)	Henderson
Paola	Quincy		Raton	Las Vegas
Parsons	Springfield (2)		Sante Fe	Minden
Russell	Winchendon		Silver City	Pahrump
Seneca	Worcester		Truth or Consequences	
Wichita				

VA OUTPATIENT CLINICS (continued)

NORTH CAROLINA	PENNSYLVANIA	TENNESSEE	UTAH	WASHINGTON
Charlotte	Aliquippa	Arnold AFB	Fountain Green (2)	Bremerton
Greenville	Allentown	Chattanooga	Orem	Federal Way (3)
Jacksonville	Bangor	Clarksville	Roosevelt	Longview
Morehead City	Berwick	Cookeville	Saint George	Richland
Raleigh	Camp Hill	Dover	South Ogden	Vancouver
Wilmington	Dubois	Knoxville		Yakima
Winston-Salem	Ellwood City (2)	Memphis (2)		
	Farrell	Mountain City		WEST VIRGINIA
NORTH DAKOTA	Greensburg	Nashville	VERMONT	Charleston
Bismarck	Horsham	Rogersville (6)	Bennington	Franklin
Grafton	Johnstown	Savannah	Colchester	Gassaway
Minot	Kittanning		Newport	Logan
	Lancaster	TEXAS	Rutland	Parkersburg
OHIO	Meadville	Abilene	St. Johnsbury (2)	Parsons
Akron	North Warren	Austin	Wilder	Petersburg
Ashtabula	Oil City	Beaumont		Williamson
Athens	Parker	Beeville	VIRGIN ISLANDS	
Canton	Philadelphia	Bonham	St. Croix	WISCONSIN
Cleveland	Pittsburgh-Aspinwall	Bridgeport	St. Thomas	Appleton
Eastgate	Pottsville (2)	Brownsville		Baraboo
East Liverpool	Reading	Brownwood	VIRGINIA	Beaver Dam
Grove City	Sayre	Cedar Park	Alexandria	Chippewa Falls
Lancaster	Smethport	Childress	Covington	Cleveland
Lima	Spring City	College Station	Danville (5)	Green Bay
Lorain	Springfield	Corpus Christi	Fredericksburg	Janesville
Mansfield	State College	Dallas	Harrisonburg	Kenosha
Marietta	Tobyhanna	Denton	Hillsville	La Crosse
Marion	Uniontown	Eagle Pass	Lynchburg	Loyal
Middletown	Washington	Eastland (3)	Marion	Rhineland
New Philadelphia	Williamsport	Fort Worth (2)	Martinsville	Superior
Newark	York	Ft. Stockton	Norton	Union Grove
Painesville (2)		Galveston (2)	Pulaski	Wausau
Portsmouth	PUERTO RICO	Greenville (2)	St Charles (10)	Wisconsin Rapids
Ravenna	Arecibo	Kingsville	Stephens City	
Sandusky	Guayama	Laredo	Stuarts Draft	WYOMING
Springfield	Mayaguez	Longview	Tazewell	Casper
St. Clairsville	Ponce	Lubbock		Gillette
Toledo		Lufkin		Green River
Warren	RHODE ISLAND	Marlin		Newcastle
Youngstown	Middletown	McAllen		Powell
Zanesville		New Braunfels		Riverton
	SOUTH CAROLINA	Odessa		Rock Springs
OKLAHOMA	Anderson	Palestine		
Ardmore	Beaufort	San Angelo		
Clinton	Florence	San Antonio (7)		
Ft. Sill	Greenville	San Diego		
Konawa	Myrtle Beach	Sherman/ Bonham (2)		
McAlester	N. Charleston	Stamford		
Newkirk	Orangeburg	Stratford		
Tulsa	Rock Hill	Tyler		
	Sumter	Uvalde		
OREGON		Victoria		
Bandon	SOUTH DAKOTA	Waxahachie (2)		
Bend	Aberdeen	Wichita Falls		
Brookings	Eagle Butte (3)			
Eugene (2)	Kyle			
Klamath Falls	McLaughlin			
Ontario	Mission			
Salem	Pierre			
Warrenton	Pine Ridge			
White City	Rapid City			
	Winner (4)			

INDEPENDENT OUTPATIENT CLINICS (4)

ALASKA
Anchorage

OHIO
Columbus

PHILIPPINE ISLANDS
Pasay City

TEXAS
El Paso

MOBILE CLINICS (5)

KENTUCKY
Morehead

PENNSYLVANIA
Wilkes-Barre

WASHINGTON
Spokane

WISCONSIN
Milwaukee

MARYLAND
Baltimore

CENTRALIZED MAIL OUT PHARMACIES (7)

CALIFORNIA
Los Angeles

KANSAS
Leavenworth

SOUTH CAROLINA
Charleston

TEXAS
Dallas

ILLINOIS
Hines

MASSACHUSETTS
Bedford

TENNESSEE
Murfreesboro

OFFICE OF INFORMATION SERVICE SYSTEMS (1)

OHIO
Cleveland (Brecksville Division)

REGIONAL PROCESSING OFFICES (4)

GEORGIA
Atlanta

MISSOURI
St. Louis

NEW YORK
Buffalo

OKLAHOMA
Muskogee

REGIONAL LOAN CENTERS (9)

ARIZONA
Phoenix

FLORIDA
St. Petersburg

MINNESOTA
St. Paul

OHIO
Cleveland

VIRGINIA
Roanoke

COLORADO
Denver

GEORGIA
Atlanta

NEW HAMPSHIRE
Manchester

TEXAS
Houston

INSURANCE CENTER (1)

PENNSYLVANIA
Philadelphia

DEBT MANAGEMENT CENTER (1)

MINNESOTA
St. Paul

INFORMATION TECHNOLOGY CENTERS (2)

ILLINOIS
Hines

PENNSYLVANIA
Philadelphia

MORTGAGE LOAN ACCOUNTING CENTER (1)

TEXAS
Austin

HUMAN RESOURCE CENTERS (4)

COLORADO
Denver

MARYLAND
Baltimore

MICHIGAN
Detroit

MISSISSIPPI
Jackson

REGIONAL OFFICE- OUTPATIENT CLINIC (1)

PHILIPPINES
Manila

APPEALS MANAGEMENT CENTER (1)

DISTRICT OF COLUMBIA
Washington, DC

VETERANS BENEFITS ADMINISTRATION AREA OFFICES (4)

ARIZONA
Phoenix

MICHIGAN
Ann Arbor

OKLAHOMA
Muskogee

TENNESSEE
Nashville

REGIONAL OFFICES (57)

ALABAMA Montgomery	GEORGIA Atlanta	MASSACHUSETTS Boston	NEW YORK Buffalo New York	SOUTH CAROLINA Columbia
ALASKA Anchorage	HAWAII Honolulu	MICHIGAN Detroit	NORTH CAROLINA Winston-Salem	SOUTH DAKOTA Sioux Falls
ARIZONA Phoenix	IDAHO Boise	MINNESOTA St. Paul	NORTH DAKOTA Fargo	TENNESSEE Nashville
ARKANSAS Little Rock	ILLINOIS Chicago	MISSISSIPPI Jackson	OHIO Cleveland	TEXAS Houston Waco
CALIFORNIA Los Angeles Oakland San Diego	INDIANA Indianapolis	MISSOURI St. Louis	OKLAHOMA Muskogee	UTAH Salt Lake City
COLORADO Denver (Lakewood)	IOWA Des Moines	MONTANA Fort Harrison	OREGON Portland	VERMONT White River Junction
CONNECTICUT Hartford	KANSAS Wichita	NEBRASKA Lincoln	PENNSYLVANIA Philadelphia Pittsburgh	VIRGINIA Roanoke
DELAWARE Wilmington	KENTUCKY Louisville	NEVADA Reno	PUERTO RICO San Juan	WASHINGTON Seattle
DISTRICT OF COLUMBIA Washington	LOUISIANA New Orleans	NEW HAMPSHIRE Manchester	RHODE ISLAND Providence	WEST VIRGINIA Huntington
FLORIDA St. Petersburg	MAINE Togus	NEW JERSEY Newark		WISCONSIN Milwaukee
	MARYLAND Baltimore	NEW MEXICO Albuquerque		PHILLIPPINES Manila

OPERATING DIVISIONS OF AUDIT (9)

CALIFORNIA Los Angeles	GEORGIA Atlanta	MASSACHUSETTS Bedford	TEXAS Dallas	FLORIDA St. Petersburg (Bay Pines)
DISTRICT OF COLUMBIA Washington	ILLINOIS Chicago	MISSOURI Kansas City	WASHINGTON Seattle	

FIELD OFFICES OF INVESTIGATION (5)

CALIFORNIA Los Angeles	FLORIDA St. Petersburg (Bay Pines)	ILLINOIS Chicago	NEW JERSEY Newark	TEXAS Dallas
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REGIONAL OFFICES OF HEALTHCARE INSPECTIONS (8)

CALIFORNIA Los Angeles	GEORGIA Atlanta	MASSACHUSETTS Bedford	TEXAS Dallas
DISTRICT OF COLUMBIA Washington	MISSOURI Kansas City	ILLINOIS Chicago	FLORIDA St. Petersburg (Bay Pines)

MEMORIAL SERVICE NETWORKS (5)

CALIFORNIA Oakland	COLORADO Denver	GEORGIA Atlanta	INDIANA Indianapolis	PENNSYLVANIA Philadelphia
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VA NATIONAL CEMETERIES (123)

As of September 30, 2006

ALABAMA	ILLINOIS	MICHIGAN	OHIO	VIRGINIA
Fort Mitchell (Seale)	Abraham Lincoln (Elwood)	Great Lakes (Holly)	Dayton	Alexandria (Cr)
Mobile (C)	Alton (Cr)	Fort Custer (Augusta)	Ohio Western Reserve (Rittman)	Balls Bluff (Leesburg) (C)
ALASKA	Camp Butler (Springfield)	MINNESOTA	OKLAHOMA	City Point (Hopewell) (C)
Fort Richardson	Danville	Fort Snelling (Minneapolis)	Fort Gibson	Cold Harbor (Mechanicsville) (C)
Sitka	Mound City	MISSISSIPPI	Fort Sill (Elgin)	Culpeper Danville (Cr)
ARIZONA	Quincy (C)	Biloxi	OREGON	Fort Harrison (Richmond) (C)
NMCA (Phoenix)	Rock Island	Corinth	Roseburg (Cr)	Glendale (Richmond) (C)
Prescott (C)	INDIANA	Natchez	Willamette (Portland)	Hampton (C)
ARKANSAS	Crown Hill (Indianapolis)(C)	MISSOURI	PENNSYLVANIA	Hampton (VAMC) (C)
Fayetteville	Marion	Jefferson Barracks (St. Louis)	NC of the Alleghenies (Bridgeville)	Quantico (Triangle) (Richmond) (C)
Fort Smith	New Albany (Cr)	Jefferson City (C)	Indiantown Gap (Annville)	Seven Pines (Sandston) (C)
Little Rock (C)	IOWA	Springfield (Cr)	Philadelphia (C)	Staunton (C)
CALIFORNIA	Keokuk	NEBRASKA	SOUTH CAROLINA	Winchester (C)
Fort Rosecrans (San Diego) (Cr)	KANSAS	Fort McPherson (Maxwell)	Beaufort	WASHINGTON
Golden Gate (San Bruno) (C)	Fort Leavenworth (Cr)	NEW JERSEY	Florence	Tahoma (Kent)
Los Angeles (C)	Fort Scott	Beverly (C)	SOUTH DAKOTA	WEST VIRGINIA
Riverside	Leavenworth	Finn's Point (Salem) (Cr)	Black Hills (Sturgis)	Grafton (C)
San Francisco (C)	KENTUCKY	NEW MEXICO	Fort Meade (C)	West Virginia National (Pruntytown)
San Joaquin	Camp Nelson (Nicholasville)	Fort Bayard	Hot Springs (C)	WISCONSIN
Valley (Gustine)	Cave Hill (Louisville) (C)	Sante Fe	TENNESSEE	Wood (Milwaukee) (C)
COLORADO	Danville (C)	NEW YORK	Chattanooga	PUERTO RICO
Fort Logan (Denver)	Lebanon	Bath	Knoxville (Cr)	Puerto Rico (Bayamon)
Fort Lyon	Lexington (C)	Calverton	Memphis (Cr)	
FLORIDA	Mill Springs (Nancy)	Cypress Hills (Brooklyn) (C)	Mountain Home	
Barrancas (Pensacola)	Zachary Taylor (Louisville) (C)	Gerald B. H. Solomon Saratoga (Schuylerville)	Nashville (Madison) (Cr)	
Bay Pines (Cr)	LOUISIANA	Long Island (Farmingdale) (C)	TEXAS	
Florida National (Bushnell)	Alexandria (Pineville) (Cr)	Woodlawn (Elmira) (C)	Dallas/Ft. Worth (Dallas)	
St. Augustine (C)	Baton Rouge (Cr)	NORTH CAROLINA	Fort Bliss (El Paso)	
GEORGIA	Port Hudson (Zachary)	New Bern (C)	Fort Sam Houston (San Antonio)	
Georgia National (Canton)	MAINE	Raleigh (C)	Houston	
Marietta (C)	Togus (C)	Salisbury	Kerrville (C)	
HAWAII	MARYLAND	Wilmington (C)	San Antonio (Cr)	
NMCP (Honolulu) (Cr)	Annapolis (C)			
	Baltimore (Cr)			
	Loudon Park (Baltimore) (C)			
	MASSACHUSETTS			
	Massachusetts National (Bourne)			

Cr = Cremation Only

C = Closed

NMCA = National Memorial Cemetery of Arizona

NMCP = National Memorial Cemetery of the Pacific

Budget Authority										
1997 - 2006 Actuals										
<i>(dollar in thousands)</i>										
Appropriation/Fund Account	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)
Federal funds:										
Benefit programs										
Compensation and pensions	\$19,599,259	\$20,482,997	\$21,857,058	\$21,568,364	\$23,355,690	\$26,044,288	\$28,949,000	\$29,842,126	\$32,361,923	\$33,897,787
Readjustment benefits	1,377,000	1,366,000	1,175,358	1,469,000	1,981,000	2,135,000	2,264,808	2,529,734	2,801,997	3,309,234
Veterans insurance and indemnities	38,970	51,360	46,450	25,510	24,393	26,200	27,957	32,017	44,380	45,907
Veterans housing benefit program fund program account	556,423	1,079,177	1,547,766	1,660,155	497,515	918,890	1,464,750	356,581	2,042,210	198,009
Veterans housing benefit program fund liquidating account, permanent	100,000	269,999	153,555	0	0	0	-60,000	-40,000	-45,000	-49,485
Native American veteran housing loan program account	205	515	515	520	531	544	886	1,265	567	580
Guaranteed transitional housing loans for homeless veterans	0	0	3,000	45,250	0	0	0	0	0	0
Education loan fund program account	195	200	206	214	221	65	70	197	0	0
Vocational rehabilitation loans program account	417	430	449	463	478	346	329	350	356	355
Total benefits programs	21,672,469	23,250,678	24,784,357	24,769,476	25,859,828	29,125,333	32,647,800	32,722,270	37,206,433	37,402,387
Medical programs:										
Medical care	17,012,406	17,723,975	17,818,771	19,462,191	20,949,897	22,592,233	25,369,020	20,449,427	22,584,161	24,139,378
Medical services								4,095,078	4,437,300	3,430,542
Medical administration								3,188,817	3,329,749	3,357,869
Medical facilities								27,733,322	30,351,210	30,927,789
Total Medical care programs	17,012,406	17,723,975	17,818,771	19,462,191	20,949,897	22,592,233	25,369,020	405,593	402,348	412,000
Medical and prosthetic research	262,000	272,000	315,652	321,000	350,228	367,707	392,400			
Medical administration and miscellaneous operating expenses	61,207	59,860	62,933	59,703	61,780	66,681	74,230	0	0	0
DoD/VA health care sharing Incentive fund								30,000	30,000	30,000
Medical care cost recovery fund, permanent	107,044	0	0	0	0	0	0	0	0	0
Total medical programs	17,442,657	18,055,835	18,197,356	19,842,894	21,361,905	23,026,621	25,835,650	28,168,915	30,783,558	31,369,789

Budget Authority											
1997 - 2006 Actuals											
<i>(dollar in thousands)</i>											
Appropriation/Fund Account	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2006 (Net)
Construction programs:											
Construction, major projects	250,858	177,900	142,287	65,140	65,895	183,180	99,526	671,578	481,498	1,560,519	
Advance appropriation	-32,100	32,100	0	0	0	0	0	0	0	0	
Construction, minor projects	175,000	175,000	174,984	160,000	165,974	210,900	224,551	250,656	245,476	233,137	
Grants for the construction of State extended care facilities	47,397	80,000	90,000	90,000	99,780	100,000	99,350	101,498	104,322	85,000	
Grants for the construction of State veterans cemeteries	1,000	10,000	10,000	25,000	24,945	25,000	31,792	31,811	31,744	32,000	
Parking revolving fund	12,300	0	-23	0	6,486	4,000	0	0	0	0	
Total construction programs	454,455	475,000	417,248	340,140	363,080	523,080	455,199	1,055,543	863,040	1,910,656	
Information Technology											
National cemetery administration	76,864	84,183	91,794	97,138	109,137	121,078	132,284	143,352	147,784	149,798	
General operating expenses and misc.:											
General operating expenses	827,584	786,577	881,643	940,643	1,100,469	1,197,914	1,353,196	1,275,201	1,433,700	1,373,240	
Office of Inspector General	30,900	31,013	35,927	43,170	46,256	52,269	57,623	61,634	69,153	69,074	
Total GOE and miscellaneous	858,484	817,590	917,570	983,813	1,146,725	1,250,183	1,410,819	1,336,835	1,502,853	1,442,314	
Total appropriations (adjusted)	40,428,065	42,599,103	44,316,531	45,936,323	48,731,538	53,925,217	60,349,468	63,283,563	70,355,884	72,125,146	
DEDUCT: Proprietary receipts from the public	-1,651,724	-930,532	-1,360,619	-1,737,422	-2,476,478	-3,206,663	-1,485,924	-1,697,725	-1,868,383	-1,994,172	
Total federal funds	38,776,341	41,668,571	42,955,912	44,198,901	46,255,060	50,718,554	58,863,544	61,585,838	68,487,501	70,130,974	
Trust funds:											
Post-Vietnam era veterans education account	17,120	38,475	5,152	3,979	3,552	2,298	1,266	1,024	619	333	
General post fund	29,796	30,974	33,331	32,185	35,295	35,334	30,576	31,066	30,926	31,851	
Pershing Hall revolving fund	0	0	0	-250	-250	-250	-250	0	0	0	
National service life insurance	1,247,795	1,195,577	1,248,935	1,236,168	1,239,233	1,219,747	1,192,335	1,238,240	1,210,888	1,185,856	
U.S. Government life insurance	6,495	6,133	11,319	11,132	10,579	9,682	8,506	7,877	7,323	6,322	
Service-disabled veterans insurance fund	0	0	-10,279	6,803	7,609	4,219	0	0	1	0	
Veterans reopened insurance fund	0	0	10,317	11,687	13,216	14,781	0	0	-1	0	
Veterans special life insurance fund	0	0	-18,945	-22,328	-26,520	-28,696	0	0	0	0	
Servicemembers' group life insurance fund	0	0	0	-33	-596	-64	957	0	0	-20	
National cemetery gift fund	130	102	62	187	98	183	78	78	0	396	
Total trust funds (gross)	1,301,336	1,271,261	1,279,892	1,279,530	1,282,216	1,257,234	1,233,468	1,278,285	1,249,735	1,224,738	
DEDUCT: Proprietary receipts from the public	-234,113	-219,321	-206,820	-203,129	-203,558	-185,392	-1,282,639	-2,677,090	-1,474,804	-1,710,188	
Total trust funds (net)	1,067,223	1,051,940	1,073,072	1,076,401	1,078,658	1,071,842	-49,171	-1,398,805	-225,069	-485,450	
DEDUCT: Intragovernmental transactions	-15,478	-37,475	-8,537	-3,200	-2,463	-2,693	-1,665	-1,279	-1,670	-886	
Total Department of Veterans Affairs	\$39,904,950	\$42,767,219	\$44,112,211	\$45,369,240	\$47,440,392	\$51,908,781	\$58,944,992	\$60,329,106	\$69,692,063	\$71,025,856	

Budget Outlays 1997 - 2006 Actuals <i>(dollar in thousands)</i>										
Appropriation/Fund Account	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)
Federal Funds:										
Benefit programs:										
Compensation & pensions	\$19,388,765	\$20,289,481	\$21,147,622	\$23,819,890	\$21,419,720	\$25,678,949	\$28,020,904	\$29,783,850	\$34,693,641	\$34,680,630
Readjustment benefits	1,287,931	1,310,475	1,445,217	1,497,293	1,608,226	1,987,727	2,364,257	2,684,382	2,936,589	2,949,314
Veterans insurance and indemnities	37,736	50,863	46,660	25,578	24,484	25,661	27,958	31,638	44,649	45,956
Reinstated entitlement program for survivors	-4,004	8,774	0	1,466	-2,130	733	3,478	0	0	0
Veterans housing benefit program fund										
liquidating account	48,562	-38,608	-370,788	-255,081	-3,966	-126,537	-61,218	-92,958	-76,577	-71,812
Veterans housing benefit program fund										
program account	556,423	1,077,995	1,547,766	1,660,155	497,515	918,886	1,450,699	370,964	2,033,378	213,086
Native American veteran housing										
loan program account	378	726	664	663	647	935	886	1,278	555	566
Service-disabled veterans insurance fund	-362	-18,919	-10,667	6,764	7,933	3,237	5,548	3,002	-6,281	-5,713
Veterans reopened insurance fund	3,170	5,714	6,586	9,588	11,707	12,543	15,065	17,896	19,840	20,956
Education loan fund liquidating account	-397	-276	-183	-88	-49	-27	-43	109	19,840	20,956
Education loan modification										
Education loan fund program account	195	200	206	214	221	64	70	69	347	348
Vocational rehabilitation loans program account	417	430	449	463	478	332	329	337	347	348
Servicemembers' group life insurance fund	4,853	-180	-264	-288	-330	-331	-3,466	5,239	-21	-19
Total benefit programs	21,323,667	22,686,675	23,813,268	26,766,617	23,564,456	28,502,172	31,824,467	32,805,677	39,646,120	37,833,312
Medical programs:										
Medical care	16,601,655	17,271,136	17,846,220	19,249,329	20,926,823	22,624,343	24,755,762	21,877,112	21,861,500	23,855,420
Medical services								3,418,844	4,171,364	3,695,558
Medical administration								2,472,619	3,015,958	3,341,474
Medical facilities								27,768,575	29,048,822	30,892,452
Total Medical care programs	16,601,655	17,271,136	17,846,220	19,249,329	20,926,823	22,624,343	24,755,762	389,091	389,759	406,094
Medical and prosthetic research	234,851	246,871	316,192	329,400	339,056	359,523	363,988	68,370	0	0
Medical administration and								0	0	0
miscellaneous operating expenses	63,489	57,426	60,682	58,540	64,473	64,723	68,370	0	0	0
DoD/VA health care sharing Incentive fund	0	0	0	0	0	0	0	0	811	6,861
Medical care cost recovery fund	122,664	11,483	599	0	0	0	0	0	0	0
Health professional scholarship program	1,788	51	17	0	0	0	0	0	0	0
Medical facilities revolving fund	-469	1,631	-193	621	713	327	167	212	0	0
Veterans extended care revolving fund	0	0	0	0	0	0	-3,076	-1,673	0	0
Special therapeutic and										
rehabilitation activities fund	-1,875	-1,669	-2,069	-1,652	-1,317	-1,762	-1,116	-796	0	0
Canteen service revolving fund	3,330	485	138	-1,941	5,948	5,050	-4,814	3,447	-5,813	2,622
Total medical programs	17,025,433	17,587,414	18,221,586	19,634,297	21,335,696	23,052,204	25,179,281	28,158,856	29,433,579	31,308,029

Budget Outlays												
1997 - 2006 Actuals												
(dollar in thousands)												
Appropriation/Fund Account	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)	2006 (Net)	2006 (Net)	
Construction programs:												
Construction, major projects	396,187	307,042	290,429	171,797	178,846	176,434	124,886	118,396	146,228	237,185		
Construction, minor projects	148,825	155,563	175,561	163,988	156,774	156,632	173,260	199,766	217,353	259,427		
Parking revolving fund	4,602	8,793	11,681	14,636	4,814	504	795	3,404				
Grants to the Republic of the Philippines	473	36	2	0	0	0	0	0	0	0	0	
Grants for the construction of State extended care facilities	40,665	49,273	39,899	101,073	60,482	83,123	86,286	77,369	96,780	122,106		
Grants for the construction of State veterans cemeteries	6,111	2,638	3,943	12,256	20,347	28,537	25,286	39,168	22,510	37,354		
Nursing home revolving fund	-277	-76	-52	-172	158	0	0	0	0	0	0	
Total construction programs	596,586	523,269	521,463	463,578	421,421	445,230	410,513	438,103	482,871	656,072		
Information Technology												
National cemetery administration	77,413	80,734	88,720	95,336	103,351	119,874	125,218	135,593	150,028	148,734		
General operating expenses and misc.:												
General operating expenses	815,062	785,853	866,699	881,602	1,071,700	1,145,365	1,220,932	1,252,361	1,293,600	1,544,925		
Franchise fund	-11,241	-18,910	-948	-11,315	-7,060	-21,037	-17,300	-5,532	0	0		
Office of Inspector General	30,864	29,209	34,571	38,805	47,236	52,179	53,228	57,819	65,952	72,815		
Supply fund	-1,484	16,009	-27,746	-91,640	-48,909	-193,259	-313,041	-146,211	0	261,043		
Pershing hall revolving fund	46	91	-303	4	-446	0	-264	-109	-45	-45		
Total GOE and miscellaneous	833,247	812,252	872,273	817,456	1,062,521	983,248	943,555	1,158,328	1,359,507	1,878,738		
Total appropriations (adjusted)	39,778,933	41,609,610	43,428,590	47,681,948	46,384,094	52,982,854	58,357,816	62,560,964	70,922,077	71,676,151		
DEDUCT: Proprietary receipts from the public	-1,651,724	-930,532	-1,360,619	-1,737,422	-2,476,478	-3,206,663	-1,485,924	-1,697,725	-1,868,383	-1,994,172		
Total federal funds	38,127,209	40,679,078	42,067,971	45,944,526	43,907,616	49,776,191	56,871,892	60,863,239	69,053,694	69,681,979		
Trust funds:												
Post-Vietnam era veterans education account	85,678	39,378	20,467	13,272	14,402	9,006	4,658	3,560	2,897	2,375		
General post fund	26,557	27,904	28,871	28,439	31,910	30,921	30,367	27,487	30,508	30,324		
National service life insurance	1,226,565	1,210,483	1,201,357	1,241,852	1,221,445	1,175,521	1,178,204	1,231,445	1,206,851	1,199,743		
U.S. Government life insurance	13,395	12,146	11,581	11,405	10,866	9,904	9,525	9,316	8,525	7,661		
Veterans special life insurance	-30,229	-18,238	-37,250	-42,676	-46,643	-51,856	-43,404	-37,141	-40,256	-31,852		
National cemetery gift fund	69	88	115	132	92	99	144	51	0	79		
Total trust funds (gross)	1,322,035	1,271,761	1,225,141	1,252,424	1,232,072	1,173,595	1,179,494	1,234,718	1,208,525	1,208,330		
DEDUCT: Proprietary receipts from the public	-234,113	-219,321	-206,820	-203,129	-203,558	-185,392	-1,282,639	-2,677,090	-1,474,804	-1,710,188		
Total trust funds (net)	1,087,922	1,052,440	1,018,321	1,049,295	1,028,514	988,203	-103,145	-1,442,372	-266,279	-501,858		
DEDUCT: Intragovernmental transactions	-15,478	-37,475	-8,537	-3,200	-2,463	-2,693	-1,665	-1,279	-1,670	-886		
Total Department of Veterans Affairs	\$39,277,066	\$41,774,777	\$43,166,475	\$47,085,957	\$45,037,018	\$50,881,575	\$56,892,300	\$59,555,181	\$69,667,378	\$69,950,105		

Total Average Employment 1996 - 2006 Actuals											
Appropriation/Fund Account	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Medical programs											
Medical care	195,153	186,135	184,768	182,661	179,520	182,946	183,712	186,553	*	*	*
Medical services									131,140	135,283	135,186
Medical administration									34,218	35,652	36,244
Medical facilities									28,914	26,715	26,470
Total medical care programs	195,153	186,135	184,768	182,661	179,520	182,946	183,712	186,553	194,272	197,650	197,900
Medical and prosthetic research	3,250	2,957	2,758	2,974	3,014	3,019	3,096	3,217	3,234	3,206	3,193
Medical administration and miscellaneous operating expenses	635	569	522	488	514	528	534	551	*	*	*
Canteen service revolving fund				3,010	2,933	2,933	2,899	2,837	2,890	2,952	2,965
Total medical programs	199,038	189,661	188,048	189,133	185,981	189,426	190,241	193,158	200,395	203,808	204,058
Construction programs											
Construction, major projects	25	25	26	34	21	21	6	6	0	6	0
Construction, minor projects	85	50	57	45	50	43	53	50	36	50	19
Total construction programs	110	75	83	79	71	64	59	56	36	56	19
General operating expenses											
Veterans Benefits Administration	12,603	11,919	11,254	11,247	11,356	12,152	13,073	13,206	12,795	12,576	12,810
General administration	2,740	2,229	2,153	2,388	2,459	2,555	2,598	2,585	2,431	2,499	2,589
Total general operating expenses	15,343	14,148	13,407	13,635	13,815	14,707	15,671	15,591	15,226	15,075	15,399
National Cemetery Administration	1,287	1,283	1,328	1,357	1,399	1,385	1,454	1,476	1,492	1,523	1,527
Office of Inspector General	365	339	322	342	354	370	393	399	434	454	435
Franchise Fund	...	433	546	357	358	636	670	662	706	832	688
Office of Acquisition and Materiel Management	378	350	355	644	643	361	382	410	421	451	469
Total Non-exempt employment	216,521	206,289	204,089	205,547	202,621	206,949	208,870	211,752	218,710	222,199	222,595
Exempt											
Medical care cost recovery	2,269	2,239	...	...	...	...	...	...	...	...	...
Canteen service revolving fund	3,065	2,979	2,977	...	...	...	...	...	...	...	...
Total Department of Veterans Affairs	221,855	211,507	207,066	205,547	202,621	206,949	208,870	211,752	218,710	222,199	222,595

* Reflects changes in the Veterans Health Administration appropriations structure as enacted in 2004

Estimates and Projections of the Veteran Population of the United States, Puerto Rico, US Island Areas ⁽⁶⁾, and Foreign Countries
April 1, 2000 -- September 30, 2016
 (Number of Veterans in Thousands)

	Estimates										Projections									
	4/1/2000 ⁽⁵⁾	9/30/2003	9/30/2004	9/30/2005	9/30/2006	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2015	9/30/2016	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2015	9/30/2016			
All Veterans ⁽¹⁾	26,745	25,191	24,793	24,387	23,977	23,532	23,071	22,606	22,148	19,988	19,589	23,532	23,071	22,606	22,148	19,988	19,589			
Wartime Veterans ⁽¹⁾	20,100	18,794	18,477	18,156	17,835	17,484	17,110	16,714	16,302	14,074	13,647	17,484	17,110	16,714	16,302	14,074	13,647			
Gulf War ⁽²⁾⁽³⁾	3,065	3,825	4,105	4,378	4,647	4,877	5,076	5,242	5,379	5,671	5,698	4,877	5,076	5,242	5,379	5,671	5,698			
GW Only	2,733	3,474	3,753	4,027	4,297	4,531	4,733	4,902	5,043	5,359	5,392	4,531	4,733	4,902	5,043	5,359	5,392			
GW, VNE Only	325	344	345	345	343	341	338	335	331	308	302	341	338	335	331	308	302			
GW, VNE, KC Only	7	6	6	6	6	5	5	5	5	4	3	5	5	5	4	3	3			
GW, VNE, KC, WWII Only	1	1	1	1	1	1	1	1	1	*	*	1	1	1	1	*	*			
Vietnam Era ⁽²⁾	8,477	8,233	8,147	8,055	7,956	7,850	7,736	7,616	7,487	6,714	6,532	7,850	7,736	7,616	7,487	6,714	6,532			
VNE Only	7,705	7,504	7,437	7,365	7,287	7,203	7,112	7,015	6,910	6,254	6,094	7,203	7,112	7,015	6,910	6,254	6,094			
VNE, KC Only	277	249	240	231	221	211	200	189	178	120	108	211	200	189	178	120	108			
VNE, KC, WWII Only	163	129	119	109	99	90	81	72	63	29	24	90	81	72	63	29	24			
Korean Conflict ⁽²⁾	4,105	3,586	3,423	3,257	3,086	2,913	2,736	2,557	2,377	1,497	1,333	2,913	2,736	2,557	2,377	1,497	1,333			
KC Only	3,268	2,899	2,781	2,658	2,531	2,400	2,265	2,127	1,987	1,280	1,145	2,400	2,265	2,127	1,987	1,280	1,145			
KC, WWII Only	389	302	277	253	230	207	185	164	144	64	53	207	185	164	144	64	53			
WWII ⁽²⁾	5,786	4,319	3,916	3,526	3,152	2,795	2,458	2,143	1,850	750	602	2,795	2,458	2,143	1,850	750	602			
WWII Only	5,233	3,887	3,519	3,163	2,822	2,498	2,192	1,907	1,642	657	526	2,498	2,192	1,907	1,642	657	526			
Peacetime Veterans ⁽⁴⁾	6,646	6,397	6,316	6,232	6,142	6,048	5,961	5,892	5,846	5,915	5,942	6,048	5,961	5,892	5,846	5,915	5,942			
Post GW ⁽⁵⁾	0	0	0	0	0	0	13	47	111	791	953	0	13	47	111	791	953			
Between GW & VNE	3,498	3,474	3,466	3,458	3,448	3,437	3,426	3,413	3,399	3,308	3,284	3,437	3,426	3,413	3,399	3,308	3,284			
Between KC & VNE	2,904	2,728	2,669	2,606	2,538	2,467	2,391	2,311	2,227	1,753	1,650	2,467	2,391	2,311	2,227	1,753	1,650			
Pre-KC, not WWII	245	195	181	168	156	143	132	120	110	62	54	143	132	120	110	62	54			

Detail may not add to totals or subtotals due to rounding.

⁽¹⁾ Veterans serving in more than one period of service are counted only once in the total.

⁽²⁾ This sum includes veterans who served in multiple periods.

⁽³⁾ Purely for the purpose of allocating veterans to period of service, the Gulf War is assumed to end on September 30, 2007 in these estimates and projections.

⁽⁴⁾ Veterans who served both in wartime and peacetime are only counted as serving in wartime.

⁽⁵⁾ These data differ slightly from published census data because they include 17 year-old veterans and veterans in foreign countries, neither of which are included in the published census.

⁽⁶⁾ US Island Areas is composed of Virgin Islands, Guam, American Samoa, and the Northern Marianas.

Major Management Challenges - Identified by OIG

The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG has submitted the following summary of the major findings and recommendations of the Major Management Challenges for 2006. These challenges are presented by strategic goal. VA has provided actions taken in 2006 as well as *next steps* planned for 2007 and the *estimated resolution timeframe* (fiscal year) for each challenge area. Note: In the "Major Findings and Recommendations" column, use of the words "we" and "our" refer to the OIG.

The table immediately below shows the *estimated resolution timeframe* by challenge.

Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
Strategic Goal 3: Honoring, Serving, and Memorializing Veterans		
OIG #1	Health Care Delivery	
OIG #1A	Access to Long-Term Health Care in Community Settings	2007
OIG #1B	Access to Health Care in VA Medical Facilities	2007
OIG #1C	Applying Sound Business Practices	
a.	Clinical Staffing Guidelines	2009
b.	Medical Outcome Measures	2007
c.	Budget Process	2007
d.	VA Disbursement Agreements with Affiliated Medical Schools	2008
Strategic Goal 1: Restoration and Improved Quality of Life for Disabled Veterans		
OIG #2	Benefits Processing	
OIG #2A	State Variances in VA Disability Compensation Payments	2008
OIG #2B	Fiduciary Program	2008
Enabling Goal: Applying Sound Business Principles		
OIG #3	Financial Management	
OIG #3A	Financial Management Controls	2009
OIG #3B	Medical Care Collections Fund	2007
OIG #3C	Permanent Change of Station Travel Program	2007
OIG #3D	Data Validity in Outpatient Scheduling	2007
OIG #4	Procurement Practices	
OIG #4A	VA Acquisitions for Other Government Agencies	2007
OIG #4B	Acquisition of Medical Transcription Services	2007
OIG #4C	VA Central Office Acquisition Issues	2007
OIG #4D	Vocational Rehabilitation and Employment Contracts	2008
OIG #4E	VHA Sole Source Contracts	2007
OIG #5	Information Management Security and Systems	
OIG #5A	VA Information Security Program Reviews	2007
OIG #5B	VA Information Security Controls	2007

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #2 - Benefits Processing		
OIG #2A—State Variances in VA Disability Compensation Payments		
VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<p>OIG's May 2005 report concluded that some veterans' disabilities are more susceptible to variations in ratings. As of September 2006, four of eight recommendations remain open.</p>	<ul style="list-style-type: none"> VA contracted with the Institute for Defense Analyses (IDA) to conduct a scientific study of the major influences on compensation payments to develop baseline data and metrics for monitoring and managing rating variances. 	<ul style="list-style-type: none"> VBA will take appropriate action upon receipt of the IDA study report (expected January 2007).
	<ul style="list-style-type: none"> VBA's rating consistency analysis work group is drafting a plan to monitor decision-making consistency to conduct an accurate and focused analysis. Initial results analysis, in terms of causal relationships and other influencing factors, will not be completed prior to January 2007. 	<ul style="list-style-type: none"> VBA will monitor consistency on an ongoing basis.
	<ul style="list-style-type: none"> Staff from the Compensation and Pension Examination Program (CPEP)¹ and VBA's Compensation and Pension (C&P) Service began developing templates for C&P examinations to ensure that the medical evidence captured will enable consistent evaluation of disabilities. The templates are being tested and released to the field in the order of frequency of use. 	<ul style="list-style-type: none"> VA will work on full deployment and mandatory use of templates.

¹ CPEP is an office jointly staffed by VBA and VHA tasked to coordinate and lead efforts for change in the C&P examination process.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #2 - Benefits Processing		
OIG #2A—State Variances in VA Disability Compensation Payments, continued		
	<ul style="list-style-type: none"> As required by the Deficit Reduction Act of 2005, VBA will monitor the ongoing research study of veteran awareness. Findings are expected by December 2006. 	<ul style="list-style-type: none"> VBA will take appropriate action based on findings from the research study.
OIG #2B—Fiduciary Program		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<p>OIG's June 2006 report disclosed that VBA needed to improve fiduciary program case management to reduce the risk of misuse or theft of beneficiaries' funds. VARO staff needed to improve field examinations, monitoring of fiduciaries, and periodic accountings; verify beneficiary assets; and require documentation of some fiduciary-reported expenses.</p> <ul style="list-style-type: none"> As of September 2006, one of seven recommendations to strengthen fiduciary program operations remains open. 	<p>Action on the remaining recommendation is ongoing.</p> <p>VBA has implemented the following actions:</p> <ul style="list-style-type: none"> Developed a Legal Instruments Examiner (LIE) training program to enhance skills needed to effectively conduct fiduciary oversight responsibilities. In May 2006, training was provided to 75 field staff via a National Training Conference. Developed a comprehensive LIE training syllabus for both introductory and refresher training. Revised and expanded the LIE Program Guide to include detailed explanations of the account review process and administrative duties of the LIE position. Based on the above actions, OIG closed the recommendation addressing the LIE training program in August 2006. 	<ul style="list-style-type: none"> A work measurement study, which will include fiduciary program work products, is scheduled for the second quarter of 2007. VA will analyze results, examine fiduciary program staffing at the regional office level, and make recommendations regarding caseloads.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1A—Access to Long-Term Health Care in Community Settings		
<small>VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007</small>		
<p>The Veterans Millennium Health Care and Benefits Act of 1999, Public Law 106-117, directs the Secretary of Veterans Affairs to provide extended services to eligible veterans, including nursing home care (NHC), in either VA or community-based facilities.</p> <ul style="list-style-type: none"> • In December 2002 and 2003, and in May 2004, OIG identified long-term health care issues warranting attention. As of September 2006, one recommendation remains open for the Contract Nursing Care program review, two for the Homemaker/Home Health Aide program review, and four for the Community Residential Care program review. 	<ul style="list-style-type: none"> • VHA provided updated Contract Nursing Home information on extended nursing home services to the OIG in June 2006. • VHA published the Home Health Care Handbook in July 2006. • Geriatrics and Extended Care (GEC) referral information was published near the end of 2006. • The Community Residential Care (CRC) Handbook is in the final internal concurrence process. • VHA has implemented the GEC Referral Form, which VA initiates for all veterans needing long-term care services. The form identifies the veteran's need for nursing home care and the spectrum of non-institutional long-term care services. • A GEC team reviewed all referral forms and recommended placement based on documented need for long-term care services including nursing home care. • Based on veteran needs and specific capabilities of nursing homes both in VA and in the community to provide the services, veterans were placed where the most appropriate, least restrictive care could be provided. • VHA believes that these actions should close out the remaining recommendations. 	<ul style="list-style-type: none"> • GEC will continue to review and refine referral information. • GEC will publish a federal regulation on fire safety on the CRC program.

STRATEGIC GOAL #3
Honoring, Serving, and Memorializing Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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OIG #1 — Health Care Delivery

OIG #1B—Access to Health Care in VA Medical Facilities

VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007

<p>OIG's May 2006 report assessed whether veterans had access to non-institutional care and whether veterans who desired care were enrolled and provided timely care.</p> <ul style="list-style-type: none"> OIG found that some medical facilities limited access of certain non-institutional care services to only the highest priority veterans. VA medical facilities did not have effective controls to ensure that all newly enrolled veterans in need of care received it within VHA's goal of 30 days of the desired date of care, or veterans received clinically indicated specialty procedures within a reasonable time. OIG made nine recommendations to VA to monitor the demand for non-institutional care, direct facilities to implement tracking mechanisms to identify newly enrolled veterans, and establish standardized tracking methods and appropriate performance metrics. As of September 2006, all nine recommendations remain open. 	<ul style="list-style-type: none"> The Deputy Under Secretary for Health for Operations and Management reinforced the requirement to eliminate any local restrictions limiting eligible veterans' access to non-institutional care in accordance with Information Letter 10-2004-005 to Veterans Integrated Service Network (VISN) leadership in August 2006. The Care Coordination/Home Telehealth Program (CCHT), which provides non-institutional care to veteran patients, also extended the geographic range of services provided. CCHT programs exist in all VISNs. (Twenty-five percent of CCHT patients are in rural or highly rural areas.) VHA published Handbook 1140.6, "Purchased Home Health Care Services Procedures" in July 2006, which includes policy on use of the electronic waiting list (EWL) for veterans in need of and seeking home health care services. 	<ul style="list-style-type: none"> VHA will implement effective measurement systems to evaluate the extent to which geriatric evaluations are occurring.
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STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1B—Access to Health Care in VA Medical Facilities, continued		
	<ul style="list-style-type: none"> VHA issued Directive 2006-028, "Process for Assuring Timely Access to Outpatient Clinical Care" in May 2006. The directive provides specific business rules requiring use of the EWL to identify veterans waiting for non-institutional care, including veterans entitled or not entitled to priority access. 	<ul style="list-style-type: none"> With publication of the new VHA Directive on Outpatient Scheduling Processes and Procedures, individuals with electronic access to schedule appointments and place patients on the EWL will be required to document completion of standardized national training to assure their competency and ongoing compliance. VHA is exploring the feasibility of developing computer functionality to help automate appointment scheduling for new enrollees who want to schedule an appointment on their initial application for enrollment. In the interim, VHA is using manual procedures to assure that veterans desiring an appointment are appropriately processed.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1C - Applying Sound Business Practices – (a) Clinical Staffing Guidelines		
<small>VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2009</small>		
<p>VA needs assurances that medical staffing levels are adequate and that medical staff are available to meet needs. The absence of staffing standards for physicians and nurses continues to impair VHA's ability to adequately manage medical resources.</p> <ul style="list-style-type: none"> • As of September 2006, 9 of the 17 recommendations from OIG's April 2003 report on physician staffing remain open. VA proposed developing a policy to meet the statutory requirement to ensure staffing for physicians and nurses is adequate, but reported that information management systems are inadequate to support nationwide standardized staffing plans for health care providers in varied settings. VA plans to review the issues at the local, network, and national levels, and to put systems for the collection and analysis of required information in place—but not until September 2009. • In August 2004, OIG reported that managers could have managed staffing better in providing patient care if VHA had developed and implemented consistent staffing methodologies, standards, and data systems. As of September 2006, 11 of 15 recommendations remain open. 	<ul style="list-style-type: none"> • VHA completed the final draft of a directive on staffing plans. The directive does the following: <ul style="list-style-type: none"> ○ Requires all facilities to develop staffing plans for various clinical care settings ○ Contains national staffing guidance for nursing and physician primary and specialty care. ○ Requires national roll-up and analyses of staffing plans and patient outcomes. • VHA developed the VA Nursing Outcomes Database (VANOD) with standardized data definitions, data entry, data extraction, and report generation. 	<ul style="list-style-type: none"> • VHA will continue development and enhancement of the VANOD.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1C - Applying Sound Business Practices – (a) Clinical Staffing Guidelines, continued		
<ul style="list-style-type: none"> •OIG's August 2004 report found that managers did not effectively communicate productivity goals to measure physician productivity. The Radiology Service did not monitor productivity by the contract service provider and an external VHA consultant could not determine the Pulmonary Clinic workload. As of September 2006, one recommendation remains open and management needs to develop and implement productivity standards for physicians as directed by the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001, Public Law 107-135. •A March 2006 report indicated that problems with physician time and attendance requirements still persist, with the one recommendation remaining open. 	<ul style="list-style-type: none"> • VHA developed productivity goals for the Radiology Service. 	<ul style="list-style-type: none"> • VHA plans to develop national staffing guidance for other disciplines. • VHA will issue new policy guidance on adjustable work hours for part-time physicians. This policy would provide guidance to accommodate varying VA patient care needs and part-time VA physicians who have VA or non-VA patient care, research, or educational responsibilities that make adherence to the same regularly scheduled tour of duty each pay period difficult.

STRATEGIC GOAL #3 Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1C - Applying Sound Business Practices – (b) Medical Outcome Measures		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>Veterans should receive high-quality medical care. Improvements in the measurement and use of medical outcomes data will provide opportunities for VHA to improve the health care provided to veterans. VHA will continue to develop and implement appropriate medical outcome measures, consistent with industry and government standards that demonstrate the level of care VA provides.</p> <ul style="list-style-type: none"> OIG reviewed colorectal cancer detection in VHA health care facilities in February 2006. As of September 2006, all three recommendations remain open. 	<ul style="list-style-type: none"> The VHA Office of Quality and Performance (OQP) developed plans to report data on diagnostic delays quarterly, providing the mean time from a positive, non-colonoscopy, colorectal cancer (CRC) screen to colonoscopy as a metric to track VHA-wide delays and improve the timeliness of CRC diagnoses. External Peer Review Process (EPRP) collection for diagnostic delays began in the first quarter of 2006. VA produced preliminary metrics. Participants in the Colorectal Cancer Care Collaborative (C4) projects are capturing three core measures to improve the quality of care and increase adherence to evidence-based care in the diagnosis of CRC: <ul style="list-style-type: none"> Time from positive fecal occult blood test (FOBT) to colonoscopy performed or paid for by VA (for colonoscopies within 1 year). The number of colonoscopies performed or paid for by VA within 90 days after positive FOBT (for colonoscopies within 1 year). The number of positive FOBTs without a follow-up colonoscopy. C4 measures are designed for facility-level performance improvement by pilot facilities. VHA disseminated facility-based quality improvement measures and tracking tools in September 2006. 	<ul style="list-style-type: none"> VHA will continue collection and analysis of EPRP data related to CRC diagnostic delays. VHA will proceed with Phase 2 of the C4 project, in which teams will study treatment of colorectal cancer. VHA expects to have recommendations and outcome measures once the collaborative project is finished in 2007.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #1 — Health Care Delivery		
OIG #1C - Applying Sound Business Practices – (c) Budget Process		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>VHA is challenged to align programmatic budget and financial execution with relevant outcomes, while remaining committed to providing quality health care to veterans.</p> <ul style="list-style-type: none"> OIG's June 2006 report addressed congressional concerns about VHA budget execution processes. As of September 2006, all four recommendations remain open. 	<ul style="list-style-type: none"> VHA assessed the Veterans Integrated Service Network (VISN) actions to ensure they maximized efficient and effective patient care. The VHA Chief Financial Officer routinely monitored all VISNs' resources throughout the year. VA submitted quarterly reports to Congress identifying progress achieved toward financial and program performance goals. 	<ul style="list-style-type: none"> The VHA Finance Committee will continue to provide ongoing oversight of network financial execution. It expects to complete this by December 2006.
OIG #1C - Applying Sound Business Practices – (d) VA Disbursement Agreements With Affiliated Medical Schools		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<p>OIG's draft report issued March 2006, identified weaknesses at four medical centers in resident timekeeping, fiscal, and oversight procedures. OIG made four recommendations, which remain open, to address program management issues.</p>	<ul style="list-style-type: none"> VHA is awaiting the OIG's final report recommendations. 	<ul style="list-style-type: none"> VHA will implement OIG final report recommendations on Disbursement Agreements.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #3 - Financial Management		
OIG #3A—Financial Management Controls		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2009		
<p>VA has received unqualified opinions in the annual consolidated financial statements (CFS) audits since FY 1999. However, the audit of VA's FY 2005 and FY 2004 CFS reported the lack of an integrated financial management system, financial operations oversight, and information technology (IT) security controls as material weaknesses. While VA has addressed some of our concerns, including the corrective action in FY 2005 to eliminate the judgments and claims reportable condition identified in the FY 2004 audit, the impact of the material weaknesses on financial operations demonstrates that VA faces major challenges in this area.</p> <ul style="list-style-type: none"> • The lack of an integrated financial management system increases the risk of materially misstating financial information. • VA believed that CoreFLS would resolve OIG concerns, but after our August 2004 Bay Pines CoreFLS report was issued, VA discontinued implementation of CoreFLS and the test sites resumed operation within VA's existing financial management system in early 2005. As of September 2006, three financial management and control recommendations remain open. 	<ul style="list-style-type: none"> • VA pursued two initiatives to mitigate the conditions that resulted in the audit findings regarding the lack of an integrated financial management system: <ul style="list-style-type: none"> <u>Initiative #1:</u> VA standardized and centralized the financial statement generation process using a commercial off-the-shelf (COTS) business tool. <ul style="list-style-type: none"> ◦ The new tool and new procedures were successfully implemented during 2006, bringing standardization and greater integrity to the financial statement generation process. ◦ VA submitted third quarter financial statements and the FACTS II submission using this software and used this software to prepare the consolidated financial statements during the fourth quarter of 2006. <u>Initiative #2:</u> VA prepared a detailed analysis of major financial system interfaces to identify and initiate correction of any deficiencies in reconciliation, internal controls, security, and other areas. <ul style="list-style-type: none"> ◦ To correct any reconciliation issues, VA is implementing a data warehouse to capture relevant interface and system data and produce both high-level and detailed information on the status and health of financial system interfaces. • VA is standardizing business processes for finance and logistics. The final deliverable will be a listing of standardized business processes to be implemented across VA. 	<ul style="list-style-type: none"> • VA will use the COTS tool to further enhance the preparation and generation of financial statements and reports. • VA will complete the analysis of the financial system interfaces in 2007. The focus of the project will move to incorporating these interfaces into the data warehouse effort.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #3 - Financial Management		
OIG #3A—Financial Management Controls, continued		
	<ul style="list-style-type: none"> As it pertains to the open financial management and control recommendations associated with the prior financial and logistics system initiative, VA completed a review of expenditures to the largest vendors and completed a review of all travel expenditures submitted by BearingPoint. 	
OIG #3B — Medical Care Collections Fund		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> OIG's December 2004 report identified that 89 percent of cases reviewed for certain veterans receiving C&P benefits had debts referred inappropriately to VA's Debt Management Center. As of September 2006, two of four recommendations remain open. 	<ul style="list-style-type: none"> VA's first quarter 2006 review found that 11,576 bills were potentially issued in error to veterans. After review at VA medical centers, 5,139 first party copayment bills were cancelled, resulting in \$99,000 being generated in refunds to veterans. VA implemented the Web Hospital Inquiry (WebHINQ) application, which allows VHA to retrieve from VBA's information systems more definitive disability codes, the current and original effective dates of a veteran's service-connected disability, and the effective date of the combined service-connected disability. 	<ul style="list-style-type: none"> VA will continue monitoring to ensure the error rate of veterans billed inappropriately is at an acceptable level – lowered to ten percent.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #3 - Financial Management		
OIG #3B — Medical Care Collections Fund, continued		
	<ul style="list-style-type: none"> • The Health Eligibility Center (HEC) implemented procedures to ensure that review file records are monitored weekly and that pension awards and 50% or greater service-connected awards are identified for priority processing. A reporting mechanism was established to report this information monthly. • VA completed enhancements of HEC's information system to optimize electronic processing of solicited and unsolicited eligibility messages from VBA. This resulted in a reduction of records requiring manual processing from 671 records to 15 records per week. VA continues to place a high priority on reviewing and resolving records requiring manual review. • VBA corrected a deficiency in WebHINQ logic for triggering compensation and pension award changes to the HEC. • The HEC completed a refresh of compensation and pension data in HEC records identified as a VA pensioner or service-connected veteran. 	

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #3 - Financial Management		
OIG #3C – Permanent Change of Station Travel Program		
VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>OIG's March 2006 report cited that strengthened controls over VA's permanent change of station (PCS) travel program were needed. We made 3 recommendations with 11 action items, of which 7 actions remain open as of September 2006. Although VA has reported additional FY 2006 corrective actions, we have not received documentation showing how the actions address the remaining OIG recommendations for improvement.</p>	<p>VA took the following actions:</p> <ul style="list-style-type: none"> • Reviewed the PCS travel cases nationwide ensuring that PCS travel funds were deobligated promptly, advances to transferring employees were for the appropriate amount and were promptly collected and the appropriate amount of funds were obligated for PCS real estate expenses. • Ensured that customer surveys were distributed to all transferred employees. • Competed the requirement for entitlement counseling and voucher services for those affected by Hurricane Katrina under the provisions in the FAR, Part 8. • Changed the RFQ to provide entitlement counseling and voucher services to a fixed-price IDIQ or a Requirements task order that included tiered pricing or a rebate structure encouraging discounting pricing. 	<p>VA plans the following actions:</p> <ul style="list-style-type: none"> • Continue monthly reviews of outstanding obligations and advances. • Periodically analyze obligation and advance amounts and determine if adjustments are necessary. • Maintain up-to-date standard operating procedures. • Provide ongoing training for staff. • Continue surveys of transferred employees. • Conduct annual customer satisfaction surveys of VA facilities. • Partner with Cartus, a relocation services company, to enhance the PCS process. • Continue to monitor implemented corrective actions.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #3 - Financial Management		
OIG #3D — Data Validity in Outpatient Scheduling		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>The <i>Government Performance and Results Act</i>, Public Law 103-62, requires that agencies develop measurable performance goals and report results against the goals. Successful implementation requires accurate and complete data. OIG's July 2005 report found that VHA's outpatient scheduling procedures need to be improved to ensure accurate reporting of data on veterans' waiting times and facility waiting lists. As of September 2006, five of eight recommendations for improvement remain open.</p>	<ul style="list-style-type: none"> • VHA revised Directive 2003-068 as Directive 2006-028, <i>Process for Ensuring Timely Access to Outpatient Clinical Care</i>. • The revised directive continues previous requirements for scheduling and use of the Electronic Wait List (EWL) with emphasis on ensuring timely access for patients. • A new directive on outpatient scheduling processes and procedures is in the final concurrence process. 	<ul style="list-style-type: none"> • The draft VHA directive on outpatient scheduling processes and procedures will provide more detailed business rules for: scheduling, use of EWL, Primary Care Management Module (PCMM), consult management, no-shows, clinic cancellations, registration, and enrollment. • The directive also mandates demonstration and ongoing monitoring of the competencies of all staff with electronic access to schedule appointments and use EWL and PCMM, including the requirement to complete standardized national training.
OIG #4 — Procurement Practices		
OIG #4A—VA Acquisitions for Other Government Agencies		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>OIG's May 2006 report cited two VHA contracting activities that did not comply with <i>Economy Act</i>, as amended, 31 U.S.C. § 1535, regulations when administering acquisitions for other Government agencies (OGAs) by charging the OGAs excessive service fees of about \$8.1 million in FYs 2003 and 2004. Additionally, contracting officers inappropriately awarded 35 interagency contracts valued at about \$15 million that were not within the scope of VA's mission. All 14 recommendations remain open.</p>	<p>VA took the following actions:</p> <ul style="list-style-type: none"> • New acquisitions for other Government agencies (OGAs) have been suspended in VHA since January 2006. • VHA field offices are transitioning OGA contracts to the VA Office of Acquisition and Materiel Management, or, in the case of Cooperative Administrative Support Units, to the General Services Administration. • VA obtained quarterly financial reports to ensure that expenses and revenues were appropriately reconciled. 	<ul style="list-style-type: none"> • VHA will perform a final closeout and reconciliation of all OGA procurements.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #4 — Procurement Practices		
OIG #4B – Acquisition of Medical Transcription Services		
<i>VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007</i>		
<p>OIG's June 2006 report cited that using speech recognition technology to transcribe medical reports in-house as an alternative to outsourcing to contractors could resolve security concerns about patient health care information and reduce costs by as much as \$6.2 million annually. As of September 2006, all four recommendations to address these issues remain open.</p>	<ul style="list-style-type: none"> VHA convened a workgroup to review market research and field data and to prepare a recommended procurement strategy for the approval of the Under Secretary for Health. 	<ul style="list-style-type: none"> VHA will support the contracting officer(s) and program manager(s) responsible for implementing the procurement strategy during the procurement process.
OIG #4C—VA Central Office Acquisition Issues		
<i>VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007</i>		
<ul style="list-style-type: none"> Serious contracting, planning, and project management issues had been identified in a congressionally mandated study. OIG's September 2005 report found that the study was not properly planned, procured, or managed by OA&MM. OIG recommended that the Under Secretary for Health and the Assistant Secretary for Management initiate formal acquisition planning and proper contracting processes to expeditiously and successfully complete the study and ensure that assigned project management and contracting staff have the required knowledge and skills to effectively plan, procure, administer, and manage the study. As of September 2006, four of six recommendations remain open. 	<ul style="list-style-type: none"> VHA identified alternatives that could meet the intent of assessing mental health status, including the prevalence and effects of post-traumatic stress disorder (PTSD), in Vietnam (and other era) veterans. A final decision is still pending about which of the following approaches to pursue: <ul style="list-style-type: none"> o <u>Use the Vietnam Era Twin (VET) Registry.</u> The VET Registry was created to address questions about the long-term health effects of Vietnam service. The registry has evolved into a resource for genetic epidemiologic studies of mental and physical health conditions. Because the VET Registry does not include women, complementary studies of women veterans would be needed. o <u>Use Findings from a VA-DoD OIF Study.</u> A currently funded prospective study of OIF military personnel could provide insight into the onset and progression of PTSD as well as other mental and physical health consequences of service for veterans of current and future conflicts. 	<ul style="list-style-type: none"> Negotiations with RTI International to close out the existing contract are continuing. These should be completed by December 31, 2006. VHA will choose 1 of the 3 approaches for assessing mental health status.

ENABLING GOAL Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #4 — Procurement Practices		
OIG #4C—VA Central Office Acquisition Issues, continued		
	<ul style="list-style-type: none"> ◦ <u>Rely on Other Research.</u> Significant research on PTSD has improved treatment and diagnosis techniques, and these findings can provide valuable information applicable to all veterans who serve in combat. – To improve VA's clinical care for veterans with readjustment problems, VA initiated several new projects, including collaborations with DoD and NIH, about the effects of combat. – Currently published and future findings should result in new therapies to address the issues of readjustment to civilian life or return to military service for all veterans, including Vietnam war veterans. 	
<ul style="list-style-type: none"> • OIG's August 2004 CoreFLS System review reported VA did not adequately contract for or monitor the CoreFLS project or protect the Government's interests. OIG identified systemic inadequacies in the contracting processes and serious weaknesses in contract development. OIG made 66 recommendations in the report. Twenty-nine recommendations related directly to procurement issues. As of September 2006, 15 of 29 recommendations remain open. 	<ul style="list-style-type: none"> • VA began developing a new program, the Financial and Logistics Integrated Technology Enterprise (FLITE). • The FLITE program will employ contracting methods that incorporate practices designed to address the OIG's concerns. 	VA plans to do the following: <ul style="list-style-type: none"> • Use Integrated Process Teams to develop acquisition plans and performance work statements. • Use contract review boards to ensure contracts are developed, awarded, and administered properly.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #4 — Procurement Practices		
OIG #4D — Vocational Rehabilitation and Employment Contracts		
<small>VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2008</small>		
<p>OIG's February 2005 report noted that VA awarded over 240 vocational rehabilitation and employment contracts to provide evaluation, rehabilitation, training, and employment services to veterans. OIG concluded that VA was at risk of paying excessive prices for these contract services. As of September 2006, five of seven recommendations are closed. OIG will close the remaining two recommendations upon receipt of documentation showing new contracts are being competed, actions have been taken to negotiate lower prices with contractors, and the new business structures have been pilot tested.</p>	<ul style="list-style-type: none"> • VA began work to re-procure the National Acquisition Strategy (NAS) contracts. These contracts provide necessary counseling services required for veterans in the VR&E program. • VA awarded a facilitation contract to Acquisition Solutions, Inc., to assess various acquisitions strategies and identify the risks and benefits for each alternative. 	<ul style="list-style-type: none"> • Since new contracts were not in place by the end of 2006, VA will exercise the fourth and final option year on the current contracts pending a satisfactory price reasonableness determination. • VA will work with the Integrated Process Team to conduct extensive, more comprehensive market research to make a more informed business decision regarding the acquisition strategy. • Based on these activities, VA will solicit for NAS services with the goal of awarding contracts by the end of 2007.
OIG #4E – VHA Sole Source Contracts		
<small>VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2007</small>		
<p>OIG's February 2005 summary report addressed general contracting issues including poor acquisition planning, contracting practices that interfered with the contracting officers' ability to fulfill their responsibilities, and contract terms and conditions that did not protect VA's interest; contract pricing issues that resulted in VA overpaying for services; and legal issues, including conflict of interest violations, improper personal services contracts, terms and conditions that were inherently governmental, and contracts that were outside the scope of § 8153 authority.</p> <p>Currently, 1 of 35 recommendations remains open.</p>	<ul style="list-style-type: none"> • After VA developed policy that addressed the concerns raised by the OIG report, the Secretary signed policy on sole-source contracting in August 2006. • VA is investigating the steps necessary to address the open recommendation concerning authorization for VA to enter into personal services contracts. 	

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #5 — Information Management Security and Systems		
OIG #5A—VA Information Security Program Reviews		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>For the past several years, OIG has reported vulnerabilities with information technology security controls in our Consolidated Financial Statements audit reports, Federal Information Security Management Act Public Law 107-347 reports, and Combined Assessment Program reviews. Each year OIG continues to identify repeat deficiencies and repeat recommendations that remain unimplemented. OIG's March 2005 audit reported that inadequate IT security controls for VA's financial management systems continue to place VA program and financial information at risk. As of September 2006, all 16 recommendations remain open. OIG's September 2006 audit of VA's information security program, reaffirmed the 16 unimplemented recommendations, and added another for VA action bringing the total to 17. OIG has reported information technology security as a Major Management Challenge for the Department each year for the past 6 years.</p> <ul style="list-style-type: none"> • OIG's December 2005 Management Letter reported deficient equipment controls and records for a 10-year period. As of September 2006, four of seven recommendations to address these issues are closed. The issue of controls continues to be an area of concern that will be addressed in ongoing reviews because it is central to information security. 	<ul style="list-style-type: none"> • VA created a new IT management structure which gives the CIO the following: <ul style="list-style-type: none"> ◦Control over IT operational personnel and the IT budget. The CIO is now in a much better position to direct the remediation of IT deficiencies and implement the centralized enforcement/execution model envisioned by the OIG. ◦Responsibility and authority (as delegated by the Secretary in a June 2006 memorandum) for information security responsibility policies, procedures, and practices. 	<ul style="list-style-type: none"> • The Department has begun and will continue to execute the Data Security Assessment and Strengthening of Controls Program, which was developed to remediate IT deficiencies.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #5 — Information Management Security and Systems		
OIG #5A—VA Information Security Program Reviews, continued		
<ul style="list-style-type: none"> Two OIG March 2006 reports of wireless network vulnerability assessments at two medical centers identified inadequate access controls for wireless technologies and weak operating system configurations based on penetration test results. As of September 2006, three of four recommendations remain open for one facility and for the second facility, two of four recommendations remain open. 	<ul style="list-style-type: none"> Corrective action has been taken for one of four recommendations made at one facility. Vulnerabilities noted in the report have been successfully remediated at this facility. For the other facility, corrective action was taken by the facility on two of four recommendations. Although vulnerabilities were identified at the Dallas and San Antonio VA medical facilities, VA is approaching this issue from a national perspective. From this perspective, VA has required its officials to adhere to Federal Information Processing Standard (FIPS) encryption requirements, and VA's Office of Cyber and Information Security has begun assisting VHA facilities with network protection deployments. 	<ul style="list-style-type: none"> VA will issue new policy on use of wireless technology. VA will provide additional wireless training to the staff at one of the facilities. The other facility is planning to deploy a wireless intrusion detection system and will be providing its IT staff with wireless security training. Corrective action for the remaining recommendations is planned for completion in 2007.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #5 — Information Management Security and Systems		
OIG #5B — VA Information Security Controls		
VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<p>OIG's July 2006 report reviewed the circumstances surrounding the theft of a personally-owned laptop computer and external hard drive, which was reported to contain personal information on approximately 26 million veterans and United States military personnel, from the home of a VA employee.</p> <ul style="list-style-type: none"> OIG found that while the employee had authorization to access and use large VA databases, the employee was not authorized to take VA data home and did not encrypt or password protect the data. OIG also found that VA policies and procedures do not adequately protect personal or proprietary data. OIG has reported vulnerabilities with information technology security controls for several years, finding that information security control weaknesses remain uncorrected. OIG understands VA has taken additional actions to implement the remaining recommendations, but they have not received documentation that would permit OIG to close any of the remaining recommendations. 	<ul style="list-style-type: none"> The Department completed four separate administrative investigations regarding the theft of a personally-owned laptop computer and hard drive from a VA employee's residence. All employees took privacy awareness and cybersecurity training. VA is offering data breach analysis services. VA consolidated security and privacy incident reporting. VA published the following policies: <ul style="list-style-type: none"> VA Directive 6500, Information Security Program. VA Directive 6504, Restriction on Transmission, Transportation, and Use of, and Access to Data Outside VA Facilities. VA IT Directive 06-02, Safeguarding and Protecting Privacy Act Protected Data at Alternate Work Locations. VA IT Directive 06-04, Embossing Machines and Miscellaneous Data Storage Devices. VA IT Directive 06-05, Use of Personal Computing Equipment. VA IT Directive 06-06, Safeguarding Removable Media 	<ul style="list-style-type: none"> VA will modify Cyber Security and Privacy Awareness Training to identify and provide an electronic link to all applicable laws and VA policies. VA will enhance the location and delivery of annual online awareness training for easier access by staff. VA will issue additional policy and procedures governing encryption, media protection, and other security controls. VA will ensure that its policies such as those governing telework and other personnel-related areas are updated to address IT security issues as appropriate. VA will ensure that all policies and procedures are centrally located and easily available and accessible to staff. VA will complete requirements analyses and begin to acquire and implement additional technical media protection capabilities, to include encryption of removable media. VA will enhance staffing and capabilities of its Security Operations Center for incident reporting and vulnerability detection and management. VA will enhance its internal IT security inspection capability to ensure that deficiencies have been properly remediated and to proactively identify new issues.

ENABLING GOAL		
Applying Sound Business Practices		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
OIG #5 — Information Management Security and Systems		
OIG #5B — VA Information Security Controls, <i>continued</i>		
<ul style="list-style-type: none"> OIG recommended that the Secretary take whatever administrative action deemed appropriate concerning the individuals involved; establish one clear, concise VA policy on safeguarding protected information when stored or not stored on VA automated systems; modify mandatory Cyber Security and Privacy Awareness training; ensure that all position descriptions are evaluated and have proper sensitivity level designations, and that required background investigations are completed in a timely manner; establish VA-wide policy for contracts that ensures contractors are held to the same standards as VA employees and that protected information used on non-VA automated systems is safeguarded; and establish VA policy and procedures that provide clear, consistent criteria for reporting, investigating, and tracking incidents of loss, theft, or potential disclosure of protected information or unauthorized access to automated systems. Five of six OIG recommendations remain open. 	<ul style="list-style-type: none"> The Secretary directed that all employees (1) sign a “Statement of Commitment and Understanding” by July 21, 2006, regarding their understanding of the training, consequences for non-compliance, and commitment to protecting sensitive and confidential information in the Department and (2) complete both Cyber Security and Privacy Awareness training by June 30, 2006. The actions cited were completed. Laptops that leave VA premises were equipped with encryption technology and underwent a “health check” to ensure current anti-virus update and operating system patching. 	<p>VA plans the following actions:</p> <ul style="list-style-type: none"> An evaluation of all positions to ensure proper and consistent sensitivity level designations and timely completion of required background checks. Establishment of a VA-wide policy that ensures that contractor personnel are held to the same standards as VA employees regarding access to protected information, and that information accessed, stored, or processed on non-VA automated systems is safeguarded. Establishment of VA policy and procedures that provide clear, consistent criteria for reporting, investigating, and tracking information security incidents, including specific timelines and responsibilities regarding reporting and notification inside and outside VA.

Major Management Challenges - Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. The GAO-identified Major Management Challenges and High-Risk areas (specific to VA as well as governmentwide) are summarized below by strategic goal. VA has provided actions taken in 2006 as well as *next steps* planned for 2007 and the *estimated resolution timeframe* (fiscal year) for each challenge area.

The table immediately below is a table of contents, which also shows the *estimated resolution timeframe* by challenge.

The table immediately below shows the *estimated resolution timeframe* by challenge.

Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
Strategic Goal 1 Restoration and Improved Quality of Life for Disabled Veterans		
GAO 1	Ensure Access to Quality Health Care	
1A	Access to Acute Care, Long-Term Care, and Specialized Health Care Services	2007
1B	Patient Safety	2007
Strategic Goal 3 Honoring, Serving, and Memorializing Veterans		
GAO 2	Manage Resources and Workload to Enhance Health Care Delivery	
2A	Resources and Workload Management	2007
2B	VA/DoD Efficiencies	2007
2C	Enhance Health Care Delivery	2007
Strategic Goal 4 Contributing to the Nation's Well-Being		
GAO 3	Prepare for Biological and Chemical Acts of Terrorism	2008
GAO 4	Improving Veterans' Disability Program: A High-Risk Area	
4A	Timeliness and Accuracy	2008
4B	Consistency of Claims Decisions	2008
4C	Staffing Level Justification	2008
4D	Program Transformation and Modernization	2009
Enabling Goal Applying Sound Business Principles		
GAO 5	Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization	
5A	Financial Management Weaknesses: Information Systems Security and Financial Management System Integration	2009
5B	Enterprise Architecture Documentation	2007
5C	Performance Measures	2008
5D	VA/DoD Information Sharing	2008

Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
GAO 6	Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Governmentwide High-Risk Area	2009
GAO 7	Federal Real Property: A Governmentwide High-Risk Area	2010
GAO 8	Strategic Human Capital Management: A Governmentwide High-Risk Area	2011
GAO 9	Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security: A Governmentwide High-Risk Area	2008
GAO 10	Management of Interagency Contracting: A Governmentwide High-Risk Area	2007

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> VA needs to strategically plan how best to use its resources and funding to provide equitable access to veterans needing acute care services, while also providing a growing elderly veteran population with institutional and non-institutional long-term care services. 	<ul style="list-style-type: none"> VA continued to expand access to non-institutional home and community-based services to provide care for aging veterans in the least restrictive setting possible. This approach honors veterans' preferences for care and helps to maintain ties with the veteran's family, friends, and spiritual community. VA also provided nursing home care for veterans who were entitled to such care and could no longer be maintained at home safely. 	<ul style="list-style-type: none"> VA will continue to monitor demand and will allocate resources and funding to address needs.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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GAO #1 - Ensure Access to Quality Health Care
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, *continued*

<ul style="list-style-type: none"> VA faces challenges in making blind rehabilitation and mental health care services, including those for post-traumatic stress disorder, more widely available to its enrolled veteran population. 	<ul style="list-style-type: none"> VHA increased funding for mental health both to address the needs of returning veterans and to support enhancements to services for existing patients. Funding for mental health programming increased from \$2.43 billion in 2005 to \$2.82 billion in 2006 with a requested increase of at least \$3.16 billion in the President's 2007 budget request. This increased funding includes support for Returning Veterans Outreach, Education, and Clinical coordinators, augmentation of post-traumatic stress disorder (PTSD) programs, expansion of substance abuse treatment, increases in psychosocial rehabilitation, expansion of telemental health capabilities at all community-based outpatient clinics (CBOCs), as well as activities designed to support the integration of mental health services within primary care. By the end of 2006, VA had 152 PTSD Clinical Teams or Specialist Programs and 57 other specialized PTSD programs. There will be specialized PTSD clinical teams or individual specialized clinicians in every VA Medical Center. 	<ul style="list-style-type: none"> The funding for these programs will increase from \$164 million in 2006 to \$169 million in the President's 2007 budget request.
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STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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GAO #1 - Ensure Access to Quality Health Care

GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, *continued*

<ul style="list-style-type: none"> • VA faces two key challenges in planning for the provision of nursing home care. <ul style="list-style-type: none"> ○ The first challenge is estimating who will seek care from VA and what their nursing home care needs will be. ○ A second challenge is determining whether VA will maintain or increase the proportion of nursing home care demand it meets in each of the three nursing home settings or whether veterans will need to rely more on other non-VA nursing home care providers that are funded by other programs, such as Medicaid and Medicare. 	<ul style="list-style-type: none"> • VA continued to update its long-term care (LTC) Demand Model, which projects enrollee demand for institutional and non-institutional care. 	<ul style="list-style-type: none"> • VA will continue to make refinements to the LTC Demand Model as necessary. • Using Centers for Medicare & Medicaid Services data, VA will examine the proportion of veterans who seek VA-sponsored LTC, Medicare, or Medicaid-funded LTC.
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<ul style="list-style-type: none"> • VA does not compile information on key characteristics of veterans receiving care in state veterans' nursing homes: veterans' length of stay, priority group status for VA hospital and outpatient services, age, and gender. VA needs such information for strategic planning in order to develop baseline data, which can help VA estimate the proportion of nursing home need it currently meets and the need it may be asked to meet as the number of older veterans changes over time. 	<ul style="list-style-type: none"> • VA concurs that data on Length of Stay (LOS) and Eligibility Priority Groups (EPG) of veterans residing in State Veterans Homes is of some interest, but as previously stated, it is not crucial for VA's strategic planning purposes. VHA will continue to use current data sources to estimate LOS and EPG in state veterans' homes (SVHs) for the purposes of program management and strategic planning. The Event Capture system is used for State Veterans Homes. VHA is pursuing DSS/EvC downloads as an interim reporting system for this purpose, and plans to collect this information in a more structured and routine fashion as data systems are updated to make such data collection feasible. For the SVH Program, new software 	<ul style="list-style-type: none"> • The collection of more structured demographic information on state veterans' nursing home patients will require the development of new software, which VA anticipates to be completed by the end of 2007.
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STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1A - Access to Acute Care, Long-Term Care, and Specialized Health Care Services, <i>continued</i>		

development is required, and the initiative is competing with higher priority information technology projects. VHA currently anticipates adding the LOS and EPG variables to its data systems by the end of FY 2007.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
GAO #1B - Patient Safety		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> VA should conduct more thorough screening of the personal and professional backgrounds of health care providers to minimize the chance of patients receiving care from providers who may be incompetent or who may intentionally harm them. 	<ul style="list-style-type: none"> All VHA facilities have procured and are using electronic fingerprinting equipment. Facilities performed Special Agreement Checks (criminal history checks) on all new employees, contractors, students, and most volunteers. VHA initiated a National Inventory of completed background checks. 	<ul style="list-style-type: none"> VHA will initiate background investigations on employees, contractors, students, and volunteers who have not previously had a background investigation or who need higher level investigation. VHA will evaluate compliance with requirements in VHA Directive 0710, <i>Personnel Suitability and Security</i>, through the System-wide Ongoing Assessment and Review Strategy program and with assistance from the Office of Human Resources Management.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #1 - Ensure Access to Quality Health Care		
<i>GAO #1B - Patient Safety, continued</i>		
<ul style="list-style-type: none"> VA needs to strengthen its human subject protections program by addressing continuing weaknesses in the program. 	<ul style="list-style-type: none"> A total of 4,440 VHA employees completed an online course, "Overview of Good Clinical Practice and Human Subjects Protection," and another 5,945 completed the Collaborative Institutional Review Board Training Initiative online course. Mandatory researcher training is evaluated as part of the human research protection program (HRPP) accreditation process. VHA performed 12 site visits to local VA facilities to provide training and help the facilities prepare for their HRPPs to undergo the accreditation process. VA participated in the Federal Adverse Events Taskforce (FAET). The goals are to develop: 1) common terms and definitions for reporting adverse events in research; 2) a common basal adverse events reporting form; and 3) a harmonized workflow pattern for all federal agencies. By the end of 2006, VA will have had HRPPs of 72 facilities accredited by the National Committee for Quality Assurance (NCQA), and 21 VA facilities will have submitted applications to the Association for the Accreditation of Human Research Protection Programs (AAHRPP). 	<ul style="list-style-type: none"> VHA will present a meeting for VA IRB Chairs. VHA will present two regional meetings on Local Accountability for Human Research Protection at VA Facilities. VA will continue to participate in the FAET, and will serve as a pilot for the basal adverse events reporting form. VA facilities whose HRPPs have not yet been accredited will submit their applications to AAHRPP.

STRATEGIC GOAL #1
Restoration and Improved Quality of Life for Disabled Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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GAO #1 - Ensure Access to Quality Health Care

GAO #1B - Patient Safety, *continued*

<ul style="list-style-type: none"> VA should provide guidance to its medical facilities on how to collect physician performance information that can be used to renew clinical privileges, enforce the timely submission of VA medical malpractice information, and instruct facilities to establish internal controls for privileging information. 	<ul style="list-style-type: none"> VHA gave provider profile training to all medical staff credentialers. VHA entered into contract solicitation for Web-based training with one 2-hour module focused on provider profiling. In May 2006 the Deputy Under Secretary for Health for Operations and Management issued a memorandum to all Veterans Integrated Service Networks (VISNs) requiring the establishment of internal controls by 8/31/2006, to include continuous oversight by VISNs. 	<ul style="list-style-type: none"> Web-based training will be available no later than April 2007.
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<ul style="list-style-type: none"> VA should expand its oversight program to include a review of VA screening requirements for all types of health care practitioners and should standardize a method for documenting the review of fingerprint-only investigation results. 	<ul style="list-style-type: none"> VA initiated a review of VA screening requirements for all types of health care practitioners and a standardized method for documenting the review of fingerprint-only investigation results. The Deputy Under Secretary for Health for Operations and Management issued a mandatory screening checklist and station policy to standardize documentation procedures. Some of the screening items covered by these procedures include the following: <ul style="list-style-type: none"> License and education verification, Health Integrity & Protection Data Base and List of Excluded Individuals and Entities screenings, position risk and sensitivity designations, fingerprint checks and background investigation initiation and adjudication. 	<ul style="list-style-type: none"> VHA Directive 0710, <i>Personnel Suitability and Security</i>, will be revised to include quarterly review of files for new accessions to verify that the checklist was completed and all documentation has been completed. Thirty files must be reviewed each quarter (or 100% of files if less than 30 accessions in the quarter).
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STRATEGIC GOAL #1 Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #4 - Improving Veterans' Disability Program -A High-Risk Area-		
GAO #4A - Timeliness and Accuracy		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> VA faces continuing challenges in improving its veterans' disability program. Although some progress has been made, VA is still far from meeting its timeliness goal. 	<p>Background: Progress in achieving timeliness and inventory goals is significantly impacted by the increasing numbers of claims being received and the increased complexity of those claims. Complexity is a factor, particularly because of evolving legal interpretations of requirements issued by the U.S. Court of Appeals for Veterans Claims.</p> <ul style="list-style-type: none"> VA continued to use the national Systematic Technical Accuracy Review (STAR) process to measure the accuracy of claims processing. National training included use of STAR error trend analyses, and regional office-specific training was offered during site visits. 	<ul style="list-style-type: none"> VA will continue its hiring, training, and quality improvement efforts.
GAO #4B - Consistency of Claims Decisions		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> VA needs to address concerns about possible inconsistencies in disability claims decisions made by its 57 regional offices and better report and use the data on the accuracy of its decisions. 	<ul style="list-style-type: none"> VBA formed a rating consistency analysis work group that studies variances in the rates of grants, denials, and assigned disability evaluations. Further analysis is required to develop a plan to monitor decision-making consistency. VA contracted with the Institute for Defense Analyses (IDA) to perform an analysis of the state-by-state and regional office variation in disability compensation claims, ratings, and monetary benefits to determine if there is significant correlation to one or more variables. 	<ul style="list-style-type: none"> VBA will monitor consistency on an ongoing basis. VBA will initiate appropriate actions to address possible inconsistencies based on the work group findings and the IDA study report.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #4 - Improving Veterans' Disability Program		
-A High-Risk Area-		
GAO #4B - Consistency of Claims Decisions, <i>continued</i>		
<ul style="list-style-type: none"> • VA needs to do the following: <ul style="list-style-type: none"> ○ Clarify and strengthen its eligibility criteria, guidance, and procedures for determining unemployability. ○ Update procedures and strengthen criteria for the enforcement of the Individual Unemployability (IU) earnings limit. ○ Develop a strategy to ensure that IU claimants with work potential receive encouragement and assistance to return to work, while protecting benefits for those unable to work. 	<ul style="list-style-type: none"> • VBA reinforced and clarified to the field that claims for IU must be accompanied by the appropriate request from the claimant. • VBA reinforced and clarified to the field that regional office staff must send a request for information form to employers identified by the veteran during the veteran's last year of work. This form requests information from the employer relating to date of termination, reasons for termination, lost time, and other information relating to the IU decision. • VBA reinstated the requirement for IU recipients to complete an annual Report of Employment Form. 	<ul style="list-style-type: none"> • VBA will revise the IU regulation to clarify entitlement.
	<ul style="list-style-type: none"> • VBA investigated the possible use of the Department of Health and Human Services (HHS) New Hire Database and what is required to gain access to that database to assist in determining entitlement and effective dates if entitled. 	<ul style="list-style-type: none"> • VBA will consider options to allow VA to access the HHS New Hire Database.
	<ul style="list-style-type: none"> • VBA published and disseminated a training letter on determining entitlement to IU benefits. • VBA developed and deployed a motivational letter to the field for incorporation into all awards of IU benefits. This letter encourages veterans to avail themselves of VA's Vocational Rehabilitation and Employment program. 	<ul style="list-style-type: none"> • VBA will assess the effectiveness of the motivational letter. • VA will conduct a review of recent IU grants to determine compliance with current requirements for the award of IU benefits.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #4 - Improving Veterans' Disability Program		
<i>-A High-Risk Area-</i>		
GAO #4B - Consistency of Claims Decisions, <i>continued</i>		
<ul style="list-style-type: none"> In <u>DeLuca v. Brown</u>, 8 Vet. App. 202 (1995), the U.S. Court of Appeals held that when federal regulations define joint and spine impairment severity in terms of limits on range of motion, VA claims adjudicators must consider whether range of motion is further limited by factors such as pain and fatigue during "flare-ups" or following repetitive use of the impaired joint or spine. Although VA has made progress, many joint and spine examination reports still do not comply with the <u>DeLuca</u> criteria, and VHA's 21 VISNs vary widely in the percentage of examinations that satisfy the <u>DeLuca</u> criteria. 	<ul style="list-style-type: none"> Coordination between VBA and VHA to improve the quality of examinations continued primarily through the Compensation and Pension Examination Project (CPEP). CPEP tracks examination quality, including DeLuca criteria performance, and issues monthly reports to VHA and VBA Central Office, VISN Directors, and Field Staff. Since the inception of this tracking and notification, there has been improvement in the quality indicators for DeLuca criteria, from 38.5 percent compliance, to the current high of 84.75 percent at the end of third quarter 2006. VIA added Deuce criteria to the Veterans Integrated Service Network (VANS) Directors' performance standards for compensation and pension (C&P) examination quality. VHA provided face to face clinician training in DeLuca criteria in August 2006. CPEP and VBA's C&P Service have been developing templates containing required elements for C&P examinations, including the DeLuca criteria. The templates are being tested and released to the field in the order of frequency of use. 	<ul style="list-style-type: none"> Additional examination types will be added to the VHA Examination Quality Performance Measures. VHA VISN Directors' performance standards for C&P examination quality for 2007 will continue to include DeLuca quality indicators. VHA's mandatory C&P Examiner Training and Certification Program will be in the final phase of initial implementation in the first quarter of 2007. The basic C&P examiner training course includes information on the DeLuca criteria. Additionally, all clinicians performing orthopedic examinations will be required to complete additional training modules on "Joint, Foot and Spine," with in-depth content on the DeLuca criteria. Final and full implementation of the mandatory C&P Examiner Training and Certification is scheduled for May 2007.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #4 - Improving Veterans' Disability Program -A High-Risk Area-		
GAO #4C - Staffing Level Justification		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> • VA needs to provide more transparency in its justification for staffing levels in the disability compensation and pension program and use better staff attrition data and analysis in its workforce planning. Specifically, VA needs to provide information on the following: <ul style="list-style-type: none"> ◦Expected Impact of claims processing improvement initiatives and changes in incoming claims and workload. ◦Claims processing productivity, including VBA plans to improve productivity. ◦Explanation of how claims complexity is expected to change and the impact of these changes on productivity and requested staffing levels. 	<ul style="list-style-type: none"> • VBA's 2007 budget submission included detailed information on areas that impact workload, including the complexity of claims, productivity levels, anticipated receipts, and legislative and regulatory changes. 	<ul style="list-style-type: none"> • VBA's future budget submissions will continue to include this detailed information.
<ul style="list-style-type: none"> • Productivity improvements are necessary to maintain performance in the face of greater workloads and relatively constant staffing resources. 	<ul style="list-style-type: none"> • VBA has focused on increased training for all employees involved in claims processing to improve accuracy, timeliness, and productivity. • Through September 2006, VBA has hired approximately 1,180 new Veteran Service Representatives and Rating Veteran Service Representatives thereby increasing this workforce segment by 7.7%. 	<ul style="list-style-type: none"> • VBA will continue its hiring and training efforts and anticipates increased productivity, particularly in 2008, as employees hired and trained over the last two years become fully productive.

STRATEGIC GOAL #1		
Restoration and Improved Quality of Life for Disabled Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #4 - Improving Veterans' Disability Program		
<i>-A High-Risk Area-</i>		
GAO #4D - Program Transformation and Modernization		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2009		
<ul style="list-style-type: none"> VA, along with the Social Security Administration, should seek both management and legislative solutions to transform their programs so that they are in line with the current state of science, medicine, technology, and labor market conditions. 	<ul style="list-style-type: none"> The Veterans' Disability Benefits Commission, created by legislation passed in 2003, is studying the appropriateness of VA disability and death benefit programs including the Schedule for Rating Disabilities. The Commission receives input from the Institute of Medicine and the Department of Defense. 	<ul style="list-style-type: none"> The findings and recommendations of the Veterans' Disability Benefits Commission are anticipated in mid-2007.
<ul style="list-style-type: none"> Opportunities for improvement may lie in more fundamental reform in the design and operation of disability compensation and pension claims programs to include a reexamination of program design and the context in which decisions are made as well as the structure and division of labor among field offices. 	<ul style="list-style-type: none"> See above. 	<ul style="list-style-type: none"> The findings and recommendations of the Veterans' Disability Benefits Commission are anticipated in mid-2007.
<ul style="list-style-type: none"> VBA and others have suggested that consolidating claims processing into fewer regional offices could help improve processing efficiency, save overhead costs, and improve decision accuracy and consistency. 	<ul style="list-style-type: none"> VBA continuously looks at opportunities to consolidate and re-organize. For example VBA has taken the following actions: <ul style="list-style-type: none"> oConsolidated BDD work into two sites located in Winston-Salem, North Carolina, and Salt Lake City, Utah. oConsolidated all radiology claims processing at the Jackson, Mississippi regional office. oCreated three Pension Maintenance Centers located at Philadelphia, Pennsylvania, Milwaukee, Wisconsin, and St. Paul, Minnesota to handle the maintenance portion of pension processing. 	<ul style="list-style-type: none"> VBA will look for opportunities to alter its business model when doing so will result in improved service to veterans.

STRATEGIC GOAL #1

Restoration and Improved Quality of Life for Disabled Veterans

Major Findings and Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
<p>GAO #4 - Improving Veterans' Disability Program <i>-A High-Risk Area-</i></p>		
<p>GAO #4D - Program Transformation and Modernization, <i>continued</i></p>		
<ul style="list-style-type: none"> VA has been working to modernize the delivery of benefits through its development of the Veterans Service Network (VETSNET), but the pace of progress has been discouraging. Until VA addresses the managerial and program weaknesses that have hampered the program, it is uncertain when VA will be able to end its reliance on its aging benefits technology. 	<ul style="list-style-type: none"> The Under Secretary for Benefits, in cooperation with the VA Chief Information Officer (CIO), requested an Independent Technical Assessment (ITA) by Carnegie Mellon's Software Engineering Institute (SEI) to evaluate the project. As a result of the ITA, the Under Secretary for Benefits engaged MITRE Corporation to assist in identifying and implementing risk mitigation strategies to address SEI's findings. VBA deployed three of five components of VETSNET to the field, and these components are in full production at all regional offices. The remaining two components are in two stages of beta deployment at regional offices. These three components reduce reliance on the outdated Benefits Delivery Network (BDN) and were designed to improve customer service and timeliness of the claims process. 	<p>VBA plans to do the following:</p> <ul style="list-style-type: none"> Provide refresher training to all regional offices on VETSNET as expanded functionality is deployed. Complete conversion of BDN records in accordance with an Integrated Master Schedule to move all existing payment master records into VETSNET.

STRATEGIC GOAL #2 Smooth Transition to Civilian Life		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
The GAO did not identify Major Management Challenges related to this goal.		

STRATEGIC GOAL #3 Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2A - Resources and Workload Management		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> VA lacked a methodology for making the health care management efficiency savings assumptions reflected in the President's budget requests for fiscal years 2003 through 2006. 		<ul style="list-style-type: none"> VA will not include management efficiency savings that cannot be validated in any future budgets.
<ul style="list-style-type: none"> VA's internal process for formulating the medical program's funding requests for FY 2005 and 2006 was informed by, but not driven by, projected demand. 	<ul style="list-style-type: none"> VA used an actuarial model to project demand related to approximately 86 percent of its budget. Other models are also used to project demand for long-term care (LTC) and other programs like Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). VA used this combined approach to formulate the FY 2005, 2006, and 2007 budgets. The 2006 model was adjusted to incorporate the following: <ul style="list-style-type: none"> oA review of assumptions. oMore current data including Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) workload. oMore recent enrollment, utilization, and unit cost data 	<ul style="list-style-type: none"> VA will review and identify areas for continued model enhancement. VA will continue to explore the feasibility of developing actuarial models to estimate the requirements for CHAMPVA and dental services. VA will also explore the enhancement to the VA LTC model.

STRATEGIC GOAL #3
Honoring, Serving, and Memorializing Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2A - Resources and Workload Management, <i>continued</i>		
<ul style="list-style-type: none"> • An unrealistic assumption, errors in estimation, and insufficient data were key factors in VA's budget formulation process that contributed to the requests for additional funding for FY 2005 and 2006, specifically the following: <ul style="list-style-type: none"> ◦ Unrealistic assumption about implementation of a cost savings proposal (FY 2005). ◦ Errors in estimating the effect of a nursing home policy (FY 2006). ◦ Insufficient data on certain activities pertaining to OIF/OEF veterans (FY 2005 and 2006). 	<ul style="list-style-type: none"> • VA made improvements to its formulation methodologies for long-term care workload. • VA corrected its assumptions regarding cost savings related to nursing home policy. • VA worked closely with the Department of Defense (DoD) to improve its workload forecasting for OIF/OEF veterans. • FY 2007 budget request reflects improvements as previously described. 	<ul style="list-style-type: none"> • VA will continue to seek improvements in the budget process to ensure that unrealistic assumptions are not made, error estimates are minimized, and the OIF/OEF veterans' workload is timely.
GAO #2B – VA/DoD Efficiencies		
VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> • VA and DoD need to find additional efficiencies through increased sharing of resources and joint purchasing of drugs and medical supplies. 	<p>The Health Executive Council Acquisition & Medical Working Group continued to make progress in joint purchases:</p> <ul style="list-style-type: none"> • There are two joint VA/DoD national blanket purchase agreements (BPAs) in effect for medical supplies. • There are 77 joint VA/DoD national contracts and 7 BPAs in place for pharmaceuticals. 	<p>The Acquisition & Medical Working Group will explore the potential for joint progress and report progress on pharmacy return programs, Digital Imaging Network-Picture Archiving Communication System, hearing aids, hearing aid batteries, and surgical instruments. In addition:</p> <ul style="list-style-type: none"> • There are 16 national joint VA/DoD pharmaceutical contracts pending award in 2007 and 21 proposed joint contracts to be considered for solicitation in 2007. • VA anticipates 26 follow-on joint contract awards for radiology medical equipment between February and March 2007.

STRATEGIC GOAL #3 Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2B – VA/DoD Efficiencies, <i>continued</i>		
	<ul style="list-style-type: none"> VA currently shares 25 contracts with DoD's Defense Supply Center Philadelphia (DSCP) for high tech radiology medical equipment. VA and DoD issued a joint solicitation for high tech radiology medical equipment. VA and DoD received 26 vendor offers evenly distributed among the two agencies. VA increased the value of joint contracts for high cost medical equipment by \$10 million, raising the total to \$150M for FY 2006 and \$160M for FY 2007. VA completed vendor prototype of a single database that includes all VA Federal Supply Schedule (FSS) as well as VA and DoD national contract information. 	<ul style="list-style-type: none"> VA and DoD will establish a joint DSCP/VA FSS medical catalog that will allow both VA and DoD customers to perform product and price comparisons for medical/surgical supplies, pharmaceutical items, and medical equipment.
	<p>The Health Executive Council Pharmacy Workgroup continued progress in joint purchasing as follows:</p> <ul style="list-style-type: none"> Monitored all new drug approvals and new data on older drugs to identify additional joint contracting opportunities for branded and generic pharmaceuticals. 	<p>The Health Executive Council Pharmacy Workgroup will continue to monitor new drug approvals, clinical data on old drugs, and branded drugs that are going generic.</p>

STRATEGIC GOAL #3
Honoring, Serving, and Memorializing Veterans

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2B – VA/DoD Efficiencies, <i>continued</i>		
<ul style="list-style-type: none"> • The National Defense Authorization Act for FY 2003 required that VA and DoD implement programs referred to as the Joint Incentive Fund (JIF) and the Demonstration Site Selection (DSS) to increase health care resource sharing between the departments. The Departments need to do the following: <ul style="list-style-type: none"> ◦ Establish a plan to measure and evaluate the advantages and disadvantages of DSS projects. ◦ Develop a system for collecting and monitoring information on health care services that each department contracts for from the private sector. ◦ Conduct a joint nationwide market analysis of what their combined future workloads will be in the areas of services, facilities, and patient needs. ◦ Develop performance measures that would be useful for evaluating performance on their health care resource-sharing goals. 	<ul style="list-style-type: none"> • VA created a lessons-learned template and standard operating procedures (SOP) in order to help accumulate lessons learned to serve as corporate memory and assist others that may try to replicate what has been demonstrated. This collection of lessons learned information is compiled, preserved, and disseminated across project teams and to external agencies such as the GAO. • Lessons learned can be either positive or negative: 1) they identify best practices or positive experiences or 2) they identify problems or failures. In either case, it is important to document the repeatable processes or associated corrective actions for others to benefit from the lesson. • Lessons learned may occur in the following and/or additional areas: Communication Management; Configuration Management; Contract Management; Equipment Purchase/Leases; External Mandates and Influences; Facility Management; Funding; Implementation and Training; Integrators; Interagency; Interoperability; Performance Management; Problem Resolution; Program/Project Management; Quality; Requirements; Resource Management; Risk Management; Scheduling; Personnel Management (Staffing/Hiring); Technical; Templates; and Testing. • VA disseminated the template and SOP to all the demonstration sites. VA also held training to review the SOP with all project managers. • Draft and final lessons learned were collected in a “lessons learned” repository within eRoom, the Web-based application used by all sites. The lessons learned are available to all appropriate personnel via the eRoom. 	<p>VA plans to do the following:</p> <ul style="list-style-type: none"> • Obtain Local Oversight Approval. Once DSS project coordinators informally review the draft input, it will be returned to the submitter for local oversight approval. If the local oversight representatives have questions or additions, the lessons will continue to be vetted until approval is gained. • Submit Lessons Learned for DSS Oversight Committee Review. With local oversight approval, the lessons learned will be submitted to the DSS Oversight Committee. With Committee approval, the lessons will be added to the DSS Lessons Learned Repository. • Maintain Lessons Learned Repository. A central Lessons Learned Repository will be housed on the DoD/VA Demonstration Site Subgroup eRoom. This repository will allow for easy sorting and report generation.

STRATEGIC GOAL #3		
Honoring, Serving, and Memorializing Veterans		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery		
GAO #2C – Enhance Health Care Delivery		
VA's ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> VA needs to establish criteria to evaluate proposals for joint ventures with medical schools for health care delivery. 	<ul style="list-style-type: none"> A workgroup of various offices within VHA has been tasked to develop criteria for evaluating joint venture proposals with medical schools for health care delivery. 	<ul style="list-style-type: none"> Upon approval of the workgroup recommendations to the Under Secretary for Health, the criteria for evaluating joint venture proposals will be issued.
<ul style="list-style-type: none"> VA needs to develop a strategy for communicating with stakeholders when negotiating joint venture proposals. 	<p>The following actions were taken to communicate with stakeholders on joint venture proposals:</p> <ul style="list-style-type: none"> Monthly conference calls were held between the VA/DoD Liaison and Sharing Office and the VAMC VA/DoD to manage sharing agreements. <ul style="list-style-type: none"> In 2006, 152 VA Medical Centers were involved in direct sharing agreements with 210 Military Treatment Facilities and 157 Reserve and Guard Units. There are currently 518 direct sharing agreements covering 2,080 unique services. A VA/DoD database is in the final phase of development; it will contain updated information on all joint sharing agreements and will be available to all DoD and VA liaisons. All Joint Strategic Plan initiatives and major joint ventures were routinely briefed to the Joint Executive Council (JEC) and Health Executive Council (HEC) members during bi-monthly meetings. The VA/DoD Liaison and Sharing Office communicated with the HEC stakeholders via periodic meetings as well as continuous e-mail and workgroup meetings. 	<ul style="list-style-type: none"> In 2007, VA and DoD will continue the vigorous two-way communication with the JEC and HEC members and workgroups, formally chartered taskforces for joint healthcare ventures, and the VISNs and VAMC sharing coordinators for sharing agreements.

STRATEGIC GOAL #4
Contributing to the Nation's Well-Being

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
<p align="center">GAO #3 - Prepare for Biological and Chemical Acts of Terrorism -A Governmentwide High-Risk Area-</p>		
<p align="center">VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008</p>		
<ul style="list-style-type: none"> VA has taken a number of steps to help ensure that its facilities and staff are prepared to respond to emergency situations, including biological and chemical acts of terrorism. 	<p>VA took the following actions:</p> <ul style="list-style-type: none"> Continued to maintain 143 pharmaceutical caches located at VA medical centers and continued its decontamination training and procurement program. Used lessons learned from Hurricane Katrina to improve the Department's ability to respond to a catastrophic incident. Participated in working groups led by the Department of Health and Human Services to address possible medical countermeasures in response to natural or terrorist events. 	<p>VA plans to do the following:</p> <ul style="list-style-type: none"> Complete the design phase of a combined IT Data and Continuity of Operations Center, which will enhance the Department's ability to respond to all hazards. Continue to implement additional lessons learned from other emergency incidents as part of a dynamic process to improve the Department's ability to respond across a wide spectrum of contingencies. Continue to work with other agencies to improve medical countermeasures to respond to natural or terrorist events.
<p>As a whole, federal agencies must do the following:</p> <ul style="list-style-type: none"> Clearly define and communicate leadership roles, responsibilities, and lines of authority for catastrophic response in advance of catastrophic disasters. 	<ul style="list-style-type: none"> VA continued to maintain its Comprehensive Emergency Management program, Line of Succession procedures, and Operations Plan which set out roles and responsibilities and lines of authority. 	<ul style="list-style-type: none"> VA will create a new organization under an Assistant Secretary to assume overall responsibilities for oversight of the Department's emergency preparedness. This organization will ensure communication between leadership and those in the field during an emergency.
<ul style="list-style-type: none"> Clarify the procedures for activating the National Response Plan (NRP) and apply them to emerging catastrophic disasters. 	<ul style="list-style-type: none"> VA participated in Homeland Security Council and Department of Homeland Security meetings to revise the NRP to better respond to catastrophic disasters, as a result of lessons learned from Hurricane Katrina. Changes were briefed to VA leadership and implementers. 	<ul style="list-style-type: none"> VA will update Operation Plan Safe Harbor and will implement an Incident Command System to reflect changes to the NRP and facilitate coordination among federal agencies.
<ul style="list-style-type: none"> Conduct strong advance planning and robust training and exercise programs. 	<ul style="list-style-type: none"> VA participated in all major governmentwide exercises that covered not only response to chemical and biological acts, but also all hazards. VA also conducted training for successors and leadership on continuity of operations. 	<ul style="list-style-type: none"> VA will hire additional planning staff to strengthen its training and exercise program and will continue to participate in major governmentwide exercises.

STRATEGIC GOAL #4
Contributing to the Nation's Well-Being

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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GAO #3 - Prepare for Biological and Chemical Acts of Terrorism, *continued*
-A Governmentwide High-Risk Area-

VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2008**

<ul style="list-style-type: none"> Strengthen response and recovery capabilities for a catastrophic disaster. 	<ul style="list-style-type: none"> The VA Crisis Response Team continued to meet weekly to plan for contingencies and to ensure maintenance of a robust Emergency Relocation Group to coordinate VA response and recovery. During crises, this team meets as often as necessary. VA increased the number of decontamination facilities from 37 to 102 for this hurricane season. 	<ul style="list-style-type: none"> The VA Crisis Response Team will continue to meet at least weekly to ensure the Department maintains its operational readiness.
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(Note: Except where otherwise noted, GAO feedback here is not VA-specific.)

GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization

GAO #5A - Financial Management Weaknesses: Information Systems Security and Financial Management System Integration

VA'S ESTIMATED RESOLUTION TIMEFRAME: **FY 2009**

<ul style="list-style-type: none"> Inadequate information security controls continue to place VA's sensitive financial and veteran medical information at risk of inadvertent or deliberate misuse or fraudulent use. 	<ul style="list-style-type: none"> VA's new IT management system and the Secretary's June 28, 2006, memorandum provide the Assistant Secretary for Information and Technology with the authority to direct and enforce remediation of IT security deficiencies. The Data Security Assessment and Strengthening of Controls Program has been developed to address these deficiencies. IT security controls deficiencies have been identified through the annual FISMA assessment and entered into the Plan of Action and Milestones database. VA has begun implementing Federal Information Processing Standard (FIPS) 200 to establish a minimum mandatory security controls baseline for all IT systems. Nearly 150 specific security controls will be implemented on each moderate and high risk IT system. 	<ul style="list-style-type: none"> VA will continue to implement the Data Security Assessment and Strengthening of Controls Program. The Assistant Secretary for Information and Technology will monitor and enforce implementation of this plan. The VA CIO will direct a focused remediation effort to correct long-standing security controls weaknesses by mobilizing field-based and centralized IT assets. Status will be reported quarterly. The VA Office of Cyber and Information Security will enhance its inspection capability to validate the correction of existing deficiencies and proactively address new security control issues.
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ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5A - Financial Management Weaknesses: Information Systems Security and Financial Management System Integration, <i>continued</i>		
<ul style="list-style-type: none"> The lack of an integrated financial management system impedes VA's ability to prepare, process, and analyze financial information to support the timely preparation of its financial statements. These material internal control weaknesses also contribute to VA's lack of substantial compliance with federal financial management systems requirements under the Federal Financial Management Improvement Act of 1996. 	<ul style="list-style-type: none"> VA pursued two initiatives to mitigate the conditions that resulted in the audit findings regarding the lack of an integrated financial management system: <ul style="list-style-type: none"> <u>Initiative #1:</u> VA standardized and centralized the financial statement generation process using a commercial off-the-shelf (COTS) business tool. <ul style="list-style-type: none"> The new tool and new procedures were successfully implemented during 2006, bringing standardization and greater integrity to the financial statement generation process. VA submitted third quarter financial statements and the FACTS II submission using this software and used this software to prepare the consolidated financial statements during the fourth quarter of 2006. <u>Initiative #2:</u> VA prepared a detailed analysis of major financial system interfaces to identify and initiate correction of any deficiencies in reconciliation, internal controls, security, or other relevant issues. <ul style="list-style-type: none"> To correct any reconciliation issues, VA is implementing a data warehouse to capture relevant interface and system data and produce both high level and detailed information on the status and health of financial system interfaces. VA is also standardizing business processes for finance and logistics. The final deliverable will be a listing of standardized business processes to be implemented across VA. 	<ul style="list-style-type: none"> VA will use the COTS tool to further enhance the preparation and generation of financial statements and reports. <p>VA will complete the analysis of the financial system interfaces in 2007. The focus of the project will move to incorporating these interfaces into the data warehouse effort.</p>

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5B - Enterprise Architecture (EA) Documentation		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> Key documentation critical to effectively implementing and managing the architecture needs to be finalized, and policies and guidance for ensuring sound management of VA's investment portfolio need to be completed. 	<ul style="list-style-type: none"> OMB evaluated VA's enterprise architecture (EA) V4.0 (delivered in May 2005) with a score of 3.0 (Complete/Green). OMB evaluated VA's EA V4.1 (delivered in February 2006) with a score of 3.6 (Complete/Green) indicating substantial improvement in 2006. VA's Office of Enterprise Architecture Management began seeking feedback from within the Department as well as from business stakeholders in order to improve the EA relevance and usability in decision-making. 	<ul style="list-style-type: none"> VA is preparing EA V4.2 for delivery to OMB in February 2007. This EA release will incorporate new OMB requirements as well as recommendations from GAO's EA survey of 2006. VA will increase the involvement of EA in the Capital Planning and Investment Control portfolio management process. VA will continue reforming its IT governance process to improve project initiation, monitoring and acceptance through greater involvement of EA and security.
GAO #5C - Performance Measures		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> VA also faces the challenge of establishing performance measures that show how well its IT initiatives support veterans' benefits programs. 	<ul style="list-style-type: none"> VBA proposed specific strategic objectives that direct business and IT organizations within VA to consolidate applications and use common services. <ul style="list-style-type: none"> These objectives redirect IT development away from stovepipe implementations to shared solutions to better leverage IT investments. 	<ul style="list-style-type: none"> VBA will propose specific performance measures that relate directly to the objectives of application consolidation and use of common services. VBA will seek approval of these measures for inclusion in future budgets.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High-Performing Organization		
GAO #5D – VA/DoD Information Sharing		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> • VA and DoD have experienced delays in their efforts to begin exchanging patient health data: <ul style="list-style-type: none"> ○ VA and DoD have not yet developed a clearly defined project management plan that gives a detailed description of the technical and managerial processes necessary to satisfy project requirements. ○ They have not yet fully populated the repositories that will store the data for their future health systems. As a result, much work remains to be done before the Departments achieve their goal of sharing virtual medical records. 	<ul style="list-style-type: none"> • VA and DoD updated the detailed interagency project management plan for the Joint Electronic Health Records Interoperability Plan. VA provided copies of these plans to GAO in March and August 2006. • VA has successfully populated its Health Data Repository with standardized allergy, pharmacy, and demographic data, and began the bidirectional exchange of these computable data in a live patient care environment through the Clinical Health Data Repository (CHDR) interface with DoD's Clinical Data Repository in June 2006. • VA received the 2006 Excellence.gov Award from the American Council for Technology for VA/DoD work on the Bi-Directional Health Information Exchange (BHIE) <ul style="list-style-type: none"> ○ BHIE supports the bidirectional exchange of viewable text data for outpatient pharmacy, allergy, laboratory and radiology results between current VA and DoD health information systems. Since initial implementation in 2004, BHIE is now available at all VA medical centers and facilities and 17 DoD host facilities. These DoD facilities include locations such as Walter Reed Army Medical Center, Bethesda National Naval Medical Center and Landstuhl Regional Medical Center, where large numbers of OIF and OEF patients are seen and treated. BHIE was one of five finalist government interagency projects awarded the 2006 Excellence.gov Award by the American Council of Technology. 	<ul style="list-style-type: none"> • VA and DoD will continue to update the detailed interagency project management plan as VA and DoD expand the types of data to be shared. • Upon completion of production testing of the exchange of computable allergy, outpatient pharmacy, and demographic data between VA and DoD's data repositories, VA and DoD have documented a roll-out and implementation schedule to deploy CHDR to two to four sharing locations in 2007. • VA and DoD have documented an initial plan to share computable standardized laboratory data through the CHDR interface in 2007.

ENABLING GOAL
Applying Sound Business Principles

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #6 - Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures -A Governmentwide High-Risk Area-		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2009		
<ul style="list-style-type: none"> For many years, significant concerns have been raised about VA's information security. There are recurring weaknesses in such areas as access controls, physical security, and segregation of incompatible duties. The Department has taken steps to address these weaknesses, but these have not been sufficient to establish a comprehensive information security program. 	<ul style="list-style-type: none"> VA's new IT management system and the Secretary's June 28, 2006, memorandum provide the Assistant Secretary for Information and Technology with the authority to direct and enforce remediation of IT security deficiencies. The Data Security Assessment and Strengthening of Controls Program has been developed to address these deficiencies. VA's FISMA Plan of Action and Milestones (POA&M) database was enhanced to manage and report deficiency status by security control category. VA completed its annual FISMA assessment to confirm system-specific security controls deficiencies. Policy, training, and awareness activities were initiated and implemented to enhance employee knowledge, awareness, and accountability. 	<ul style="list-style-type: none"> The Department will execute the Data Security Assessment and Strengthening of Controls Program to remediate IT deficiencies. All Department security controls deficiencies will be prioritized by category in order to develop a remediation plan that focuses attention on high-risk areas and long-standing security controls weaknesses. Remediation efforts will be implemented by OI&T field-based and centralized security and IT operations staff to address high-risk areas first, including control and protection of media, remote access, and contractor security. VA will expand its IT security inspection capability to validate security controls remediation activity and proactively identify new security weaknesses.
<ul style="list-style-type: none"> Agencies should develop privacy impact assessments (PIAs) analyzing how personal information is collected, stored, shared, and managed whenever information technology is used to process personal information. 	<ul style="list-style-type: none"> VA has complied with this requirement and has used PIAs for several years on all OMB 300-level systems. VA worked to ensure system compliance with PIAs by matching FISMA systems to the PIAs that cover them. VA has begun to use the PIA as a tool to assess a system privacy risk based on types of data stored. 	<ul style="list-style-type: none"> As PIAs become more accepted by program offices, VA will expand its application as an analytical tool beyond the OMB 300-level systems. VA will simplify the PIA completion, submission, and review processes in 2007. VA may require a review of PIAs semiannually to increase validity.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #6 - Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures, <i>continued</i> -A Governmentwide High-Risk Area-		
<ul style="list-style-type: none"> Agencies also need to take practical measures aimed at preventing data breaches, including limiting the collection of personal information, limiting the time that such data are retained, limiting access to personal information and training personnel accordingly, and considering the use of technological controls such as encryption when data need to be stored on portable devices. 	<ul style="list-style-type: none"> In a memorandum dated June 6, 2006, the Secretary stated that employees authorized to remove electronic data must consult with their Information Security Officers and supervisors to ensure that data are properly encrypted and password protected in accordance with VA policy. VA issued Directive 6504, dated June 7, 2006, which requires encryption for VA-protected information stored on computers outside VA facilities. In a memorandum dated June 22, 2006, the acting Chief Information Officer stated that VA will implement encryption to protect its data. All employees took privacy awareness and cyber security training. Laptops were equipped with encryption technology. VA is offering data breach analysis services. 	<ul style="list-style-type: none"> VA will continue to implement encryption, use virtual private networks (VPN) and implement other practical measures aimed at preventing data breaches.
<i>(Note: Except where otherwise noted, GAO feedback here is not VA-specific.)</i>		

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #7 - Federal Real Property		
-A Governmentwide High-Risk Area-		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2010		
<ul style="list-style-type: none"> • There is a need for a comprehensive, integrated transformation strategy for real property. 	<ul style="list-style-type: none"> • VA earned a “green” status indicator for the President’s Management Agenda Real Property Initiative. • VA updated its 5-year capital plan (FY 2006-2011), which describes VA’s framework for managing the Department’s portfolio of more than 5,500 buildings and approximately 32,000 acres of land. • VA updated its Asset Management Plan, a companion document to the 5-year capital plan and describes the following: <ul style="list-style-type: none"> ○VA’s capital budget. ○VA’s capital asset management philosophy. ○VA’s capital portfolio goals. ○Actions being taken by VA to improve the formulation and management of its portfolio. ○VA’s sustainment model. ○The valuation mechanism used at VA. ○The human capital strategies employed, including the policies developed to govern asset management at VA. 	<ul style="list-style-type: none"> •VA will update the 5-year capital plan.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #7 - Federal Real Property, <i>continued</i> -A Governmentwide High-Risk Area-		
<ul style="list-style-type: none"> Many assets are no longer effectively aligned with, or responsive to, agencies' changing missions and are therefore no longer needed. 	<p>Background: From 2000 to 2003, VA conducted the Capital Asset Realignment for Enhanced Services (CARES) process – the most comprehensive analysis of VA's health care infrastructure ever conducted – which provided a 20-year blueprint for the modernization and realignment of VA's health care system.</p> <p>In 2006, VA did the following:</p> <ul style="list-style-type: none"> Completed Stage II CARES studies on all but 20 sites to identify unneeded property and to determine the health care needs of veterans, VA capital needs, and use of land and buildings for non-VA use. Fully complied with Federal Real Property Council (FRPC) requirements to track and report asset mission dependency and utilization at the constructed-asset level. Formulated a disposal directive that requires VA to follow a prescribed order of disposal modes for eligible assets. Developed a list of assets – <i>validated to CARES decisions</i> -- for disposal in 2006, 2007, and 2008. <ul style="list-style-type: none"> VA disposed of 77 buildings in 2006. Outleased 5.1 million square feet of underutilized space (includes enhanced-use leases). Completed an annual update of its steady-state space model. The workload-driven model is used to determine ideal space needs for VHA medical centers. Updated systems to track and report additional FRPC disposal elements 	<p>VA will:</p> <ul style="list-style-type: none"> Monitor and report implementation of mission dependency and utilization initiatives identified in action plans and determine impact on performance. Develop short- and long-term plans to consolidate, share, re-use or dispose of non-mission dependent and underutilized or vacant space at the building and station level. Develop annual call for FRPC inventory and performance measure updates. Initiate work on remaining CARES follow-up studies.

ENABLING GOAL
Applying Sound Business Principles

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
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GAO #7 - Federal Real Property, *continued*
-A Governmentwide High-Risk Area-

<ul style="list-style-type: none"> • Many assets are in an alarming state of deterioration; agencies have estimated restoration and repair needs to be in the tens of billions of dollars. 	<p>In addition to actions mentioned above, VA:</p> <ul style="list-style-type: none"> • Developed an infrastructure sustainment model that is now being used to ensure long-term viability. VA used the estimate calculated by the sustainment model as the basis for our funding requirement for the 2007 non-recurring maintenance program to improve the condition of VA's infrastructure. • Initiated major and minor construction programs to address projected gaps and infrastructure deficiencies identified in the CARES Facility Condition Assessment study. 	<p>VA will:</p> <ul style="list-style-type: none"> • Monitor and report implementation of condition correction initiatives identified in action plans and determine impact on performance. • Develop short- and long-term plans to improve building and facility condition. • Perform facility condition assessments for a third of VA facilities each year. • Initiate work on remaining CARES follow-up studies.
<ul style="list-style-type: none"> • There is a heavy reliance on costly leasing instead of ownership. 	<ul style="list-style-type: none"> • VA's heavy reliance on leases is due to the need for a more flexible facility infrastructure. The majority (822) of VA leases are outpatient or store-front facilities that can be moved or relocated depending on the changes in medical technology and shift in demographic trends. • The needs of today's veterans range from nursing home care or burial of a World War II veteran -- to behavioral health or community outreach for Vietnam veterans -- to acute hearing loss for the returning Operation Enduring Freedom/Operation Iraqi Freedom veteran. • VA will continue to need the flexibility of operating leases to meet the needs of delivering services to veterans. Operating leases allow VA to provide the right service at the right time and place. 	<ul style="list-style-type: none"> • VA will expand facility and asset benchmarking to ensure lease costs align with market rates.

ENABLING GOAL
Applying Sound Business Principles

Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #7 - Federal Real Property, <i>continued</i> -A Governmentwide High-Risk Area-		
<ul style="list-style-type: none"> • There is a lack of reliable governmentwide data for strategic asset management and the cost and challenge of protecting these assets against terrorism. 	<ul style="list-style-type: none"> • VA approved Physical Security Strategies for VA facilities in May 2006. These strategies include physical security guidance for new and existing, mission-critical facilities. Strategies are based on a multi-hazards risk approach, including increased protection against terrorism. • The Capital Asset Management System (CAMS) is VA's capital asset portfolio and performance management system. CAMS allows for Web-based input of concept papers and business case applications. The integrated system extracts key data from several existing data source systems providing up-to-date, comprehensive inventory and cost data of real property. • VA's Office of Management provided quarterly and ad hoc reports to senior management on real property performance, including stations with performance outside of VA's strategic targets. The office also provided explanations and action plans to address performance outliers. • VA provided periodic training on using CAMS to track and report asset data. • VA completed an annual call to validate and update capital asset inventory data. • VA contracted with the National Institutes of Building Sciences in July 2006 to develop physical security standards based on the approved VA Physical Security Strategies. Development work under this contract is underway. 	<p>VA will:</p> <ul style="list-style-type: none"> • Implement CAMS enhancements, which include data store/data warehousing and Business Intelligence capabilities. • Develop annual call for FRPC inventory and performance measure updates. • Continue periodic training on using CAMS to track and report asset data. • Issue VA Physical Security Standards to include a Physical Security Design Manual addressing new and existing, mission-critical and life safety protected VA facilities. • Implement a database allowing Department review of progress in addressing physical security vulnerabilities in facilities that have had a physical security assessment completed.
<p><i>(Note: GAO feedback here is not VA-specific.)</i></p>		

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #8 - Strategic Human Capital Management		
-A Governmentwide High-Risk Area-		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2011		
<p>Agencies—working with the Congress and OPM—must do the following:</p> <ul style="list-style-type: none"> Assess future workforce needs, especially in light of long-term fiscal challenges. 	<p>VA took the following actions:</p> <ul style="list-style-type: none"> Conducted ongoing succession planning activity, updated annually. Implemented enhancements to workforce database analysis tools. 	<p>VA plans to do the following:</p> <ul style="list-style-type: none"> Continue cycle of succession planning within the Department and report updates on data and associated initiatives. Enhance workforce database analysis tools to provide greater analytical capabilities.
<ul style="list-style-type: none"> Determine ways to make maximum use of available authorities to recruit, hire, develop, and retain key talent to meet their needs. 	<ul style="list-style-type: none"> Expanded use of the Presidential Management Fellows (PMF) Program. Expanded use of the Student Career Employment Program. Continued use of the Employee Incentive Scholarship Program (EISP) and Education Debt Reduction Program (EDRP) to recruit and retain health care professionals. 	<ul style="list-style-type: none"> Continue using PMF program and publicizing available authorities to hire new employees. Explore funding expansion of EISP and EDRP to meet critical needs.
<ul style="list-style-type: none"> Build a business case to request additional authorities as appropriate. 	<ul style="list-style-type: none"> Identified additional Title 5 occupations that would be more appropriate for hybrid Title 38 (e.g., kinesiotherapy assistant, biomedical engineering technician). Developed draft proposed legislation to expand hybrids. Identified dual compensation waivers for several occupations within health care administration to access expertise of retired employees. As part of VA's succession planning efforts, the Department identified the need for delegated authority to conduct buy-outs of employees in positions no longer considered essential in order to recruit for hard-to-fill and/or new positions. 	<ul style="list-style-type: none"> Explore process necessary to obtain dual compensation waivers for selected occupations within health care administration. Create proposal to request delegated authority to agency for buy-outs for certain occupations.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #8 - Strategic Human Capital Management, <i>continued</i> -A Governmentwide High-Risk Area-		
<ul style="list-style-type: none"> Reform performance management systems to better link organizational and individual results. 	<ul style="list-style-type: none"> Converted all agency employees to a five-level performance management system and completed an appraisal cycle. Produced and disseminated agency-wide training video addressing development of performance standards that directly link to and support organizational goals. Completed an assessment tool for a selected sampling of employees to identify strengths and weaknesses of current performance appraisal program to make improvements. Continued process of linking Senior Executive Service performance within health care to strategic goals and cascading down through all levels of the organization. 	<ul style="list-style-type: none"> Produce and disseminate training videos for supervisors and managers regarding strategies for holding employees accountable for performance. Significantly enlarge the performance appraisal assessment tool for selected sampling of VA employees.
<i>(Note: GAO feedback here is not VA-specific.)</i>		

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #9 - Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security		
-A Governmentwide High-Risk Area-		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2008		
<ul style="list-style-type: none"> • In the absence of comprehensive information-sharing plans, many aspects of homeland security information sharing remain ineffective and fragmented. Federal agencies should develop appropriate strategies to address the many potential barriers to information sharing. These strategies include: <ul style="list-style-type: none"> ○ Establishing clear goals, objectives, and expectations for participants in information-sharing efforts. ○ Consolidating, standardizing, and enhancing federal structures, policies, and capabilities for the analysis and dissemination of information, where appropriate. ○ Assessing the need for public policy tools to encourage private-sector participation. 	<p>VA took the following actions:</p> <ul style="list-style-type: none"> • Worked with the Department of Homeland Security (DHS) and other agencies in developing and populating the Homeland Security Information System and the Homeland Security Data Network. These systems allow federal agencies to share information in the area of emergency preparedness. • Continued to maintain a full-time presence at the National Operations Center. • Continued to work with DHS and in the framework of the Homeland Security Council to address issues relating to development of a common operating structure across the government. • Placed VA personnel in Joint Field Office established by DHS. 	<p>VA plans to do the following:</p> <ul style="list-style-type: none"> • Continue to install any additional systems available to improve information sharing among federal agencies. • Continue to be actively involved in interagency discussions and plans to improve communications and maintenance of a common operating structure. • Expand presence, where appropriate, in the National Response Coordination Center and Joint Field Offices that may be established by DHS.

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #9 - Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security, <i>continued</i> -A Governmentwide High-Risk Area-		
	<ul style="list-style-type: none"> • Participated in meetings with the National Telecommunications and Information Administration (NTIA) and other federal agencies, which included exercises designed to test VA's ability to share information in the event of a national emergency. • Participated in DHS' Aviation Safety Communique (SAFECOM) program which provides assistance and protocols for reporting aviation mishaps. • Actively promoted VA field organizations' membership in the SHARed RESources (SHARES) high-frequency (HF) radio network. <ul style="list-style-type: none"> ○SHARES provides the federal emergency response community with a single interagency emergency message handling system for the transmission of national security and emergency preparedness information. • Engaged in communications with a variety of private sector participants including the Amateur Radio Relay League and other emergency preparedness organizations to support local as well as national emergency needs. 	<ul style="list-style-type: none"> • Leverage the connectivity provided in VA's new IT organizational structure to provide field organizations standardized policy and guidelines that support the objectives of DHS and SAFECOM to enable or enhance communications with other federal, state, local, and volunteer services. • Provide information to field emergency managers about programs like Amateur Radio Emergency Service and Radio Amateur Civil Emergency Service. • Continue to enroll additional VA facilities operating HF radio systems into the SHARES network.

(Note: GAO feedback here is not VA-specific.)

ENABLING GOAL		
Applying Sound Business Principles		
Major Findings & Recommendations	FY 2006 Actions	Next Steps Planned for FY 2007
GAO #10 - Management of Interagency Contracting		
-A Governmentwide High-Risk Area-		
VA'S ESTIMATED RESOLUTION TIMEFRAME: FY 2007		
<ul style="list-style-type: none"> • In recent years, federal agencies have been making greater use of existing contracts already awarded by other agencies rather than spending time and resources contracting for goods and services themselves. However, there have been instances of improper use of interagency contracts. To address this situation, federal agencies should take the following actions: <ul style="list-style-type: none"> ○ Develop specific and targeted approaches to address interagency contracting risks. ○ Clarify roles and responsibilities for managing interagency contracts. ○ Adopt and implement policies and processes that balance customer service with the need to comply with government regulations. 	<p>The Office of Acquisition and Material Management (OA&MM) has taken the following steps to strengthen its control over VA's interagency contracting risks:</p> <ul style="list-style-type: none"> • Centralized the management of interagency acquisitions under OA&MM. • Increased training of acquisition personnel involved in interagency contracting. • Enhanced the oversight and risk management of these activities. 	<ul style="list-style-type: none"> • As a result of a comprehensive study conducted by an outside contractor, VA is exploring the feasibility of using NASA's interagency contract vehicle to procure its IT hardware, software, and service needs. • If VA decides to use NASA's interagency contract, it will apply processes described in the middle column to maintain strong controls.
<p><i>(Note: GAO feedback here is not VA-specific.)</i></p>		

The President's Management Agenda

The President's Management Agenda (PMA), which was announced in 2001, is an aggressive strategy for improving the management of the federal government. It focuses on key areas of management weakness across the government. VA is working closely with OMB to address weaknesses identified in each of the areas. OMB issues reports quarterly and uses a "stoplight" scorecard to show progress made by each federal agency. The following table summarizes VA's progress and status as of September 30, 2006.

VA's Status and Progress on the President's Management Agenda			
As of September 30, 2006			
Initiative	Status	Progress	Status Change from September 30 2005
Human Capital (<i>g-wide</i>)			↑
Competitive Sourcing (<i>g-wide</i>)			↔
Financial Performance (<i>g-wide</i>)			↔
E-Government (<i>g-wide</i>)			↔
Budget and Performance Integration (<i>g-wide</i>)			↔
Real Property			↑
VA/DoD Coordination			↔
Research and Development	-- not rated --		
Improper Payments			↑
Faith-Based and Community Initiative			↔
Credit Management			n/a (not rated in September 2005)

The tables on the following pages recap for each PMA initiative VA's progress during FY 2006 to address issues that OMB identified as needing attention.

HUMAN CAPITAL	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Performance appraisal plans adhere to merit system principles, etc. <ul style="list-style-type: none"> - Plans are in place for more than 60 percent of agency staff - Test of beta site is completed 	<p>VA needed to bring bargaining unit employees represented by the American Federation of Government Employees (AFGE) and the National Association of Government Employees (NAGE) into the multi-tier performance management system.</p> <ul style="list-style-type: none"> • VA overcame concerns over fairness and objectivity, and during FY 2006, 100 percent of its bargaining unit employees were converted to the 5-tier performance management system. • The beta site provided performance plans with credible measures that were aligned with organizational goals. The plans also demonstrated linkage of the plans through all organizational levels (Network Director to front-line employees). Positive findings at the beta site contributed to VA'S achieving a "green" rating in current status from OMB.
<ul style="list-style-type: none"> • Identify Skill gaps <ul style="list-style-type: none"> - Achieve significant reduction in mission critical skill gaps 	<ul style="list-style-type: none"> • VA focused on closing competency gaps in its nursing, leadership, IT, and HR professional groups. • VA deployed the High Performance Development Model throughout the Department with eight primary competencies including interpersonal effectiveness, personal mastery, system thinking, technical skills, creative thinking, organizational stewardship, customer service, and flexibility. • Using online Blackboard technology for the first time, VA delivered first-line supervisory training.
<ul style="list-style-type: none"> • Develop hiring timelines <ul style="list-style-type: none"> - Demonstrate that VA is on track to meet hiring timeline goals 	<ul style="list-style-type: none"> • VA hired General Schedule-level staff in fewer than 45 days for four consecutive quarters. • VA realized a major accomplishment in its ability to reduce the time to hire a senior executive from over 200 days in 2003 to fewer than 100 days as of March 31, 2006. • VA conducted a "hiring makeover" to analyze the entire hiring process and identify areas of improvement. VA also agreed to implement the <i>USASTaffing</i> HR system to modernize recruitment processing.
<ul style="list-style-type: none"> • Implement an accountability system <ul style="list-style-type: none"> - Provide an annual report on operational status of HR programs 	<ul style="list-style-type: none"> • <i>The Office of Oversight and Effectiveness conducted 17 scheduled reviews and two special reviews of HR operations at VA field facilities. Results were included in the annual HR accountability report to the Secretary.</i> • VA uses on-site HR evaluations to discover and impart best practices to VA's HR community. VA has developed an on-site assessor toolkit and has increased the number of staff able to conduct on-site HR evaluations.

COMPETITIVE SOURCING	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Secure an approved competition plan • Begin standard competitions • Begin standard and streamlined competitions • Streamlined competitions completed in 90 days or less • Announced standard & streamlined competitions cancelled • Savings 	<ul style="list-style-type: none"> • The bulk of competitive sourcing within the Department was halted due to General Counsel's April 2003 ruling that Section 8110 of Title 38 U.S.C. prevents VA from conducting cost comparisons on VHA positions unless Congress provides specific funding for the competitions. However, OMB is actively working to obtain VA legislative relief so that VA can restart its planned competitive sourcing program. <p>On December 21, 2005, the Senate passed S. 1182, which would provide limited authority for VA to conduct competitive sourcing studies. VA originally proposed that the prohibition in Title 38 be repealed. The HVAC received the proposed bill at the end of December 2005 and has yet to take action. If legislation is enacted, VA is prepared to renew its efforts to implement a reasoned and responsible competitive sourcing program.</p>
<p>Other VA-specific activities being undertaken to support this PMA</p>	<ul style="list-style-type: none"> • VA initiated a Management Analysis/Business Process Reengineering project that could realize cost savings of \$702 million cumulatively from 2008-2013.
FINANCIAL PERFORMANCE	
<ul style="list-style-type: none"> • Clean audit opinion 	<ul style="list-style-type: none"> •VA received an unqualified opinion on its FY 2006 Consolidated Financial Statements from the auditors, continuing the success first achieved in 1999.
<ul style="list-style-type: none"> • Meets reporting deadlines 	<ul style="list-style-type: none"> •VA met all of its required annual and quarterly reporting deadlines.
<ul style="list-style-type: none"> • Use financial information to drive results in key areas 	<ul style="list-style-type: none"> •The Monthly Performance Reviews, chaired by the Deputy Secretary, focus on financial and program performance. Based on year-to-date financial and program performance results, each VA Administration and staff office depicts its progress in meeting fiscal year-to-date goals. In this context, the Department's leadership discusses and makes decisions on mission critical issues. •VA is implementing a data warehouse to capture and enhance relevant data and produce high level and detailed financial information and reports about VA programs.
<ul style="list-style-type: none"> • Eliminate material non-compliance with laws or regulations 	<ul style="list-style-type: none"> •Conformance with this requirement is contingent upon remediation of the existing audit-related material weaknesses identified for completion in the 2009-2010 timeframe.

FINANCIAL PERFORMANCE, <i>continued</i>	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Clean audit opinion 	<ul style="list-style-type: none"> •VA received an unqualified opinion on its FY 2006 Consolidated Financial Statements from the auditors, continuing the success first achieved in 1999.
<ul style="list-style-type: none"> • Meets reporting deadlines 	<ul style="list-style-type: none"> •VA met all of its required annual and quarterly reporting deadlines.
<ul style="list-style-type: none"> • Use financial information to drive results in key areas 	<ul style="list-style-type: none"> •The Monthly Performance Reviews, chaired by the Deputy Secretary, focus on financial and program performance. Based on year-to-date financial and program performance results, each VA Administration and staff office depicts its progress in meeting fiscal year-to-date goals. In this context, the Department's leadership discusses and makes decisions on mission critical issues. •VA is implementing a data warehouse to capture and enhance relevant data and produce high level and detailed financial information and reports about VA programs.
<ul style="list-style-type: none"> • Eliminate material non-compliance with laws or regulations 	<ul style="list-style-type: none"> •Conformance with this requirement is contingent upon remediation of the existing audit-related material weaknesses identified for completion in the 2009-2010 timeframe.
<ul style="list-style-type: none"> • Eliminate FMFIA material weaknesses 	<ul style="list-style-type: none"> •VA completed action on its only remaining FMFIA material weakness, Internal Control Weaknesses in the C&P Payment Process.
<ul style="list-style-type: none"> • Achieve Compliance with FFMIA 	<ul style="list-style-type: none"> •Resolving the three currently identified auditor-reported material weaknesses requires corrective action over several years. Weaknesses pertaining to the Lack of an Integrated Financial Management System (LIFMS), IT Security Controls, and Operational Oversight are all currently estimated for completion in 2009. Accordingly, VA anticipates compliance with FFMIA in the 2009-2010 timeframe. •Through 2007, VA's FLITE initiative will be in the planning stage. VA will report remediation of a portion of the audit material weakness related to LIFMS as a result of VA's implementation during 2006 of an automated financial reporting tool (MinX, using Hyperion software) for generation and submission of VA's quarterly and annual financial statements, as well as FACTS II reporting (see below.) Similarly, VA will report corrections in security control and operational oversight deficiencies over these years.

FINANCIAL PERFORMANCE, *continued*

Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Eliminate material or auditor-reported internal control weaknesses 	<ul style="list-style-type: none"> • In 2006, VA aggressively pursued two separate initiatives to improve the conditions that resulted in the audit findings regarding the lack of an integrated financial system. <p>The first initiative was the standardization and centralization of the financial statement generation process, using an industry standard commercial-off-the-shelf (COTS) “business intelligence” tool specifically geared to the statement generation process. The new tool and new procedures were successfully implemented during 2006, bringing standardization and greater integrity to the financial statement generation process.</p> <p>The second initiative is a detailed analysis of major financial system interfaces to identify and initiate correction of any deficiencies in reconciliation, internal controls, security, or other relevant issues. To facilitate this effort, VA is implementing a data warehouse to capture relevant data and produce both high level and detailed information on the status and health of financial system interfaces.</p> • VA is pursuing completion of a root cause analysis relating to the Operational Oversight audit material weakness to make improvements in seven key areas: Leadership Accountability and Alignment; Ethical Issues; Internal Control Monitoring Process; Directive, Policies and Procedures; Human Resource Issues; Medical Care Collections Fund (MCCF) Receivables; and Non-MCCF Receivables. <p>VA has developed internal management performance and policy improvements and established a new VHA National Leadership Board subcommittee to enhance business operations.</p> • As of July 2006, VA had made progress in remediating deficiencies identified in four major areas of IT Security Controls: 85 percent of those associated with Access control; 83 percent of those associated with Segregation of Duties; 73 percent of those associated with Service Continuity; and 65 percent of those associated with Change Control.

E-Gov	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Create Enterprise Architecture (EA) systems - Has 3 completed or in use or at least 3 in results 	<ul style="list-style-type: none"> • VA's EA V4.1, delivered in February 2006, was awarded a Capability Maturity Model score of 3.2 out of 5.0. • VA received an overall EA assessment rating of "Green" for 2006. • VA completed its first EA milestone submission in August 2006. Two of three fourth-quarter milestones are completed as scheduled; the third milestone has not been completed.
<ul style="list-style-type: none"> • Develop acceptable business cases for major systems - Acceptable business cases developed for more than 50% of major systems 	<ul style="list-style-type: none"> • VA submitted revisions to FY 2007 Exhibits 300 based on passback guidance. • VA worked to address concerns pertaining to IT investments on OMB's Management Watch List. • VA submitted the FY 2008 Exhibit 53 to OMB.
<ul style="list-style-type: none"> • Develop and adhere to Cost/Schedule/Performance for major IT systems - Overruns/shortfalls for less than 30% of projects - Installation of an Earned Value Management System (EVMS) that shows overruns/shortfalls less than 10% of projects 	<ul style="list-style-type: none"> • VA implemented the new IT Systems Account appropriation enacted by Congress in 2006. • VA published guidance to improve program and project performance through Earned Value Management (EVM) and operational analysis. • VA established baselines for 85 percent of programs
<ul style="list-style-type: none"> • Establish security of operational IT systems - IG verifies effectiveness of security of all operational IT systems 	<ul style="list-style-type: none"> • Reaccreditation work continued for systems with expiring accreditation. • VA submitted the FY 2006 Federal Information Security Management Act (FISMA) fourth quarter status report.
<ul style="list-style-type: none"> • Implement E-Gov 	<ul style="list-style-type: none"> • VA continues to meet interim milestones and target completion dates that support E-Gov and Lines of Business alignment and implementation plans.

BUDGET AND PERFORMANCE INTEGRATION	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Link performance to personnel appraisal plans - Plans in place for over 60 percent of agency 	<ul style="list-style-type: none"> • VA successfully completed negotiations with AFGE to include all bargaining unit employees under VA's 5-tier performance appraisal system. • Together with non-bargaining unit employees, all VA employees are now covered by VA's 5-tier system
<ul style="list-style-type: none"> • Demonstrate improved results and use of performance information 	<ul style="list-style-type: none"> • The Deputy Secretary held Monthly Performance Reviews with senior management covering all financial, program and major project performance; corrective actions and milestones for implementation were developed after each review.
<ul style="list-style-type: none"> • Show cost of achieving performance goals - Marginal cost reported - Full cost reported 	<ul style="list-style-type: none"> • VA's budget request included an initial attempt to track the marginal cost of changing performance goals for a subset of measures. VA and OMB will work together to better identify the implications of marginal funding differences in the overall VA budget.
<ul style="list-style-type: none"> • Develop at least one efficiency measure per program 	<ul style="list-style-type: none"> • VA has at least one efficiency measure in place for each program. • VA also submitted its Efficiency Report deliverable to OMB in August.
<ul style="list-style-type: none"> • Use PART ratings - Improvements used to justify request - Less than 10 percent Results Not Demonstrated for more than 2 years in a row 	<ul style="list-style-type: none"> • VA completed PART reviews on three programs (Insurance, Pension, and Medical R&D) for inclusion in the FY 2007 budget. None received a "Results Not Demonstrated" rating. • The review for the Vocational Rehabilitation and Employment Program was completed but the rating has not yet been issued.
REAL PROPERTY	
<ul style="list-style-type: none"> • Continue to identify assets for prioritized investment and unneeded assets suitable for disposition 	<ul style="list-style-type: none"> • Earned a "green" status indicator for the President's Management Agenda Real Property Initiative. • Outleased 5.1 million square feet of underutilized space (includes enhanced-use leases). • Completed an annual update of its steady-state space model. The workload-driven model is used to determine ideal space needs for VHA medical centers. • Updated systems to track and report additional Federal Real Property Council (FRPC) inventory disposal elements.
<ul style="list-style-type: none"> • Make the necessary enhancements to Capital Asset Management System (CAMS) 	<ul style="list-style-type: none"> • VA made the necessary enhancements to the Capital Asset Management System to capture FY 2006 FRPC data reporting requirements, including disposal data.

REAL PROPERTY, <i>continued</i>	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Provide evidence to OMB that VA is meeting the initiative rightsizing goals by identifying a list of specific assets that are subject to disposition in 2006, 2007, and 2008 	<ul style="list-style-type: none"> • Formulated a directive that requires VA's Administrations to follow a prescribed order of disposal modes for eligible assets. • Developed a list of assets – validated to CARES decisions – slated for disposal in 2006, 2007, and 2008.
<ul style="list-style-type: none"> • Provide evidence showing consistent application of real property management per approved plans and timelines into daily decision-making, and provide OMB with details and a final briefing on accomplishments 	<ul style="list-style-type: none"> • VA leadership was briefed quarterly on each FRPC Tier 1 performance metric (mission dependency, utilization, condition index, and costs). Information included the: <ul style="list-style-type: none"> ○ Reports on locations with performance exceeding a 10% threshold compared to VA's strategic targets. ○ Explanations or action plans to address mission dependency and utilization issues.
<ul style="list-style-type: none"> • Construct asset level data, consistent with approved waivers, and report to the FRPP by December 15, 2005 	<ul style="list-style-type: none"> • VA fully complied with FRPC requirements to track and report constructed-asset level data consistent with approved waivers.
<ul style="list-style-type: none"> • Real Property Management - Provide evidence that real property management is consistent with agency strategic plan, Asset Management Plan, and performance measures 	<ul style="list-style-type: none"> • VA's Capital Asset Realignment for Enhanced Services (CARES) process provides a 20-year blueprint for the critical modernization and realignment of VA's health care system. • VA completed Stage II CARES studies on all but 20 sites for unneeded property. Stage II will determine the following: <ul style="list-style-type: none"> ▪ Health care needs for veterans ▪ VA capital needs ▪ Use of land and buildings for non-VA use. • VA fully complied with FRPC requirements to track and report asset inventory and Tier 1 performance measures at the constructed-asset level. • VA awarded a contract to the National Institutes of Building Sciences to develop physical security standards based on VA physical security strategies.

REAL PROPERTY, *continued*

Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
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<ul style="list-style-type: none"> • Update Asset Management Plan - <ul style="list-style-type: none"> - Include methodology for capturing data, -Use of available data for decision-making, - Planned future program modifications, enhancements, etc. - Include greater granularity to capture actions that lead to measurable results. -Provide evidence that the plan being implemented will achieve improved real property management by 1st quarter 2006 	<ul style="list-style-type: none"> • VA updated its Asset Management Plan; it is a companion document to the 5-year capital plan and describes: <ul style="list-style-type: none"> ▪VA's capital budget ▪VA's capital asset management philosophy ▪VA's capital portfolio goals ▪Actions taken to improve the formulation and management of its portfolio ▪VA's sustainment model ▪The valuation mechanism used at VA ▪The human capital strategies employed, including the policies developed to govern asset management at VA. • VA updated its 5-year capital plan (FY 2006-2011), a systematic and comprehensive framework for managing the Department's portfolio of more than 5,500 buildings and approximately 32,000 acres of land.
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VA/DoD COORDINATION

<ul style="list-style-type: none"> • Establish Interoperable Electronic Health Record Databases <ul style="list-style-type: none"> - Certify Data Repository - Begin Bi-Directional Health Information Exchange (BHIE) - Develop joint program management to reach and maintain full real-time BHIE - All BHIE elements are operational 	<ul style="list-style-type: none"> • Certify Data Repository: VA and DoD completed production testing of the interface between the Clinical Data Repository and the Health Data Repository in September 2006. Formal acceptance is in process. • Begin BHIE: In 2005, VA and DoD achieved the successful bidirectional exchange of viewable electronic health data using the BHIE. • VA and DoD are implementing a joint program management plan, known as the Joint Electronic Health Records Interoperability Plan (JEHRI). In 2006, pursuant to JEHRI, VA and DoD successfully exchanged live bidirectional computable health data. • All BHIE elements are operational; in 2006, VA and DoD enhanced and expanded BHIE. It is now implemented at all VA facilities and 17 DoD host sites. • VA and DoD also achieved bidirectional exchange of computable outpatient pharmacy and allergy data in a live production environment. • As part of the National Defense Demonstration Act Demonstration Site provisions, VA and DoD are expanding the types of data exchanged through BHIE to include discharge summaries and images.
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VA/DoD COORDINATION, *continued*

Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Use DoD Defense Enrollment/Eligibility Reporting System (DEERS) Data for “One VA” Registration and Enrollment <ul style="list-style-type: none"> - Complete data validation and standardization requirements - Identify business and data requirements - Complete full prototype of real-time access to DoD’s DEERS and DIMHRS history 	<ul style="list-style-type: none"> • VA and DoD continue to increase data sharing and streamline data feeds for DEERS. • With the development of the Automated Certificate of Eligibility (ACE) pilot, VA Loan Guaranty demonstrated business line capability to determine eligibility directly from DoD data without human intervention. • VA and DoD provided additional data sets in the VA/DoD bi-directional data feed this past year, which include Guard and Reserve activations and deployments for Operations Iraqi Freedom and Enduring Freedom.
<ul style="list-style-type: none"> • Establish pilot sharing sites (Natl. Defense Authorization Act) <ul style="list-style-type: none"> - Develop a status report on the pilot - Develop recommendations to improve sharing 	<ul style="list-style-type: none"> • VA and DoD established a pilot project in October 2004 with at least three sites to evaluate the feasibility, advantages, and disadvantages of sharing and coordinating health care and health care resources. The pilot will end on September 30, 2007. • The pilot project covers the following areas and sites: <ul style="list-style-type: none"> ○ Budget and Financial Management <ul style="list-style-type: none"> ▪ VA Pacific Islands Health Care System (HCS) – Tripler Army Medical Center (AMC) ▪ Alaska VA HCS – Elmendorf AFB, 3rd Med Group ○ Coordinated Staffing and Assignment <ul style="list-style-type: none"> ▪ Augusta VA HCS – Eisenhower AMC ▪ Hampton VA Med Center – Langley AFB, 1st Med Group ○ Medical Information and Information Technology <ul style="list-style-type: none"> ▪ Puget Sound VA HCS – Madigan AMC ▪ El Paso VA HCS – William Beaumont AMC ▪ South Texas VA HCS, Wilford Hall AFMC, and Brook AMC
<ul style="list-style-type: none"> • Develop a Graduate Medical Education (GME) Pilot Program <ul style="list-style-type: none"> - Perform an interim evaluation of outcomes, benefits, and lessons learned 	<ul style="list-style-type: none"> • VA and DoD are considering and conducting preliminary discussions on several pilot site locations. This process is part of the Joint Executive Council Annual Report/Joint Strategic Plan, and one site will be selected and approved by the Health Executive Council by July 2007.

VA/DoD COORDINATION, *continued*

Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Increase non-GME Training and Education Sharing - Develop a plan to increase joint non-GME training and education 	<ul style="list-style-type: none"> • The Health Executive Council approved a joint non-GME training plan in March 2006. VA and DoD will implement this plan in three phases: <ul style="list-style-type: none"> ◦ <u>Phase 1 (2006)</u>: Establish stable and robust distributed learning architectures and operational plans for sharing selected in-service training between VHA and DoD. ◦ <u>Phase 2 (2006-2007)</u>: Expand the distributed learning ventures through increased collaboration and efficiencies of scale in the development of shared training for the partnership. ◦ <u>Phase 3 (2007)</u>: Continue expansion of the distributed learning architectures to increase the volume and improve the quality of shared in-service training and continuing education. <p>Up to 200 programs, valued at a cost savings of \$2.4 million, can be shared in the first full year of the partnership (i.e., Phase I) with increased quality and cost savings anticipated in subsequent years.</p>
<ul style="list-style-type: none"> • Joint Purchasing of non-drug medical supplies and equipment - Develop a quarterly monitoring and tracking system 	<ul style="list-style-type: none"> • Most joint purchases of medical supplies and equipment are done through two sources: DoD's Directorate of Medical Materiel of the Defense Supply Center Philadelphia, a primary level field activity of the Defense Logistics Agency; and VA's National Acquisition Center (NAC) in Hines, Illinois, VA's largest combined contracting activity. The NAC supports VA's health care requirements and those of other government agencies. With over 1,600 contracts, the NAC's annual sales exceed \$13 billion. • VA and DoD have developed a monitoring and tracking system for joint purchases. Results are reported to OMB quarterly. VA and DoD hold quarterly meetings to discuss progress and initiatives for joint efforts.

R&D INVESTMENT CRITERIA

This PMA item is under review by OMB.

ELIMINATING IMPROPER PAYMENTS

<ul style="list-style-type: none"> • Risk Assessment 	<ul style="list-style-type: none"> • An OMB-approved plan is in place for measuring improper payments on an annual basis; VA has also met milestones established in the plan.
<ul style="list-style-type: none"> • Measurement plan for risk susceptible programs in place and OMB-approved 	<ul style="list-style-type: none"> • VA completed consolidation of improper payment and recovery auditing data for all risk-susceptible programs for inclusion in the PAR.
<ul style="list-style-type: none"> • Meets reporting requirements 	<ul style="list-style-type: none"> • Improper payment data and recovery audit data are reported as required in the PAR. VA obtained approval from OMB on its request for relief from annual reporting on the Insurance program.
<ul style="list-style-type: none"> • Corrective action plan 	<ul style="list-style-type: none"> • VA will continue implementation of corrective action plans for risk-susceptible programs in 2007.

ELIMINATING IMPROPER PAYMENTS, <i>continued</i>	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Reduction Targets 	<ul style="list-style-type: none"> • VA established a corrective action plan with OMB-approved reduction targets for all risk-susceptible programs. • VA met the improper payment reduction targets in four programs: Compensation, Education, Vocational Rehabilitation, and Loan Guaranty. VA did not meet the reduction target in the Pension program. VBA has several initiatives underway that will reduce overpayments in the Pension program.
<ul style="list-style-type: none"> • Recovery Targets 	<ul style="list-style-type: none"> • VA established a corrective action plan with OMB-approved recovery targets for all risk-susceptible programs. • VA met or exceeded the recovery targets for this reporting period. • VA is continuing an initiative of simplifying agency regulations for determining and sustaining disability ratings; this will improve the accuracy of benefit payment amounts and decrease improper payments.
FAITH-BASED AND COMMUNITY INITIATIVES	
<ul style="list-style-type: none"> • Data Collection <ul style="list-style-type: none"> - Demonstrate that data collected are accurate, collected on a timely basis - Demonstrate progress towards expansion of data collection efforts • Outcome-based evaluations <ul style="list-style-type: none"> - Provide regular progress reports 	<p>VA accomplished the following:</p> <ul style="list-style-type: none"> • Met all data collection requirements. • Submitted to the White House Office of Faith-Based and Community Initiatives (WHOFBCI) all required data collection forms and reports on time. • Provided the WHOFBCI three quarterly stories of lives transformed. • Expanded data collection by reporting all FY 2005 Grant and Per Diem program faith-based and community organization awardees and their award amounts to the WHOFBCI. • Submitted quarterly progress reports and briefed the Deputy Director of the WHOFBCI on results and status. Quarterly progress reports provide all interim data and state how pilot program will ultimately be incorporated into broader program evaluations. • Developed quarterly evaluations for implemented pilots and submitted these to WHOFBCI. • The WHOFBCI requested that additional data collection and programmatic reviews be developed and evaluated before this area can achieve "green" status. We are evaluating options to continue and improve data and programmatic results.

IMPROVED CREDIT MANAGEMENT	
Open Items at the Beginning of FY 2006	FY 2006 Actions and Progress
<ul style="list-style-type: none"> • Define target borrower segments 	<ul style="list-style-type: none"> • OMB indicated that VA has met this criteria; no action is necessary.
<ul style="list-style-type: none"> • Establish or verify sound lending policies and procedures 	<ul style="list-style-type: none"> • Loss Recovery: VA submitted to OMB an overview of property disposal procedures and the program's foreclosure and claim payment process. • Transaction Approval: VA submitted to OMB the pertinent documents on existing underwriting and Automated Underwriting System (AUS) policies and practices.
<ul style="list-style-type: none"> • Establish or verify sound collateral valuation process 	<ul style="list-style-type: none"> • VA is providing OMB with additional information on the outcome of the program's Appraiser Recruitment drive and how this improves the collateral valuation process.
<ul style="list-style-type: none"> • Maintain effective management information reporting 	<ul style="list-style-type: none"> • VA established regular quarterly reporting on the status of implementation of the Loan Event Reporting Interface (VALERI) project. This project is expected to be completed in 2007.
<ul style="list-style-type: none"> • Control costs 	<ul style="list-style-type: none"> • VA began work to award a contract to develop unit-costing capability.
<ul style="list-style-type: none"> • Comply with Debt Collection Improvement Act 	<ul style="list-style-type: none"> • VA began discussions on this issue with OMB.
<ul style="list-style-type: none"> • Customer Satisfaction 	<ul style="list-style-type: none"> • In 2007, VA will begin work on FY 2006 Lender, Veteran and Specially Adapted Housing customer satisfaction surveys.

Program Evaluation

The Department conducts program evaluations to assess, develop, and update program outcomes, goals, and objectives and to compare actual program results with established goals.

A contract to conduct a program evaluation of VHA's oncology programs has been awarded to Abt, Inc. and the Harvard Medical School. The evaluation will examine how well VA is providing care to patients diagnosed with six different cancers. A comprehensive facility survey outlining cancer care capabilities within each medical center and several large outpatient centers has been completed. Improved performance indicators for these cancers have been developed and are being adopted by VHA. This program evaluation is expected to continue through 2009.

The Office of Policy and Planning has begun work with Caliber (an ICF International Company) to conduct a formal impact evaluation of burial services and benefits administered by the National Cemetery Administration and the Veterans Benefit Administration. The Program Evaluation Service is currently managing an intra-agency team to work with the contractor conducting the evaluation. This study will review and examine VA's progress in reaching its outcome goals and the impact of VA burial benefits and services on the veteran population. Nine additional research questions which identify potential barriers to achieving VA's expected outcomes will also be addressed during the evaluation.

A contract to evaluate services for seriously mentally ill patients in VA has been awarded to Altarum and RAND-University of Pittsburgh Health Institute. This large study will provide VHA with valuable information in support of its Mental Health Strategic Plan through an extensive facility survey identifying mental health services nationwide and changes as a result of enhancement funds. Five diagnoses are under review: schizophrenia, bipolar, major depressive disorder, PTSD, and substance use disorder. The study has been divided into three phases that will continue into 2010.

The Office of Policy and Planning is supporting the Veterans' Disability Benefits Commission, primarily by providing contract management and support of analytical studies and surveys of disabled and non-disabled veterans.

The Office is working with the Office of the Secretary and VA Administrations to clarify which programs will be evaluated over the next several years.

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