

VA CONTACTS

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B. DATA SOURCES

VA Web Sites

- VA Capital Investment Process <http://vaww.va.gov/budget/capital> or www.va.gov/budget/capital
- VA Information Resources Management www.va.gov/oirm
- VA Facilities Management <http://www.va.gov/facmgt/>

VA Documents

- VA Capital Investment Methodology Guide
<http://vaww.va.gov/budget/capital> or call Office of Asset Enterprise Management (004B) on 202 273-8891
- Department of Veterans Affairs Strategic Plan FY 2001-2006
<http://www.va.gov/opanalysis/strategicplan00/> or call Strategic Planning Service (008B1) on 202 273-5131
- Departmental Performance Plan – Department of Veterans Affairs FY 2004 Congressional Budget Submission, Volume 5
<http://www.va.gov/budget/performance.htm>

Information Technology Documents

- Information Technology Strategic Plan
<http://www.va.gov/oirm/cio/ITStrategicPlan.pdf> or call Office of Policy and Program Assistance (045A1) on 202 273-8127
- VA IT - Investment Management Guide
http://www.va.gov/oirm/ITplanning/IT_Capital_Investment_Guide.asp

NCA

- National Cemetery Strategic Plan, Planning Division (402A2) on 202 273-5167 <http://www.va.gov/opanalysis/strategicplan00/>

VBA

- Surveys and Research Staff of the Data Management Office for VBA Intranet -- <http://vbaw.vba.va.gov/bl/20/cfo/surv/srsindex.html> or Internet –<http://www.vba.va.gov/surveys>
- Employee and Customer Satisfaction Surveys, Contact name: Lynne Heltman at 202 273-5440
- Compensation & Pension Projected workload, C&P Service Budget Staff
- Hardware and Software Cost data, Office of Information Management
- Payroll/Pension/Supply Cost data, Office of Resource Management
- VBA Strategic Plan <http://www.va.gov/opanalysis/strategicplan00/>

VHA

- CARES Portal VISN Support Service Center (VSSC) <http://vssc.med.va.gov/>
- Survey Support National Customer Feedback Center
- VHA Performance Plan (<http://vaww.va.gov/vhaopp/default.htm>)
- VISN Network Plans, Office of Policy, Planning and Performance (105) on (202) 273-8932
- VHA Strategic Plan <http://www.va.gov/opanalysis/strategicplan00/>

OMB Documents

- OMB Circular A-11, Preparation and Submission of Budget Estimates (11/14/02) <http://www.whitehouse.gov/omb/circulars/a11/02toc.html>
- OMB Capital Programming Guide, Supplement to OMB Circular A-11 <http://www.whitehouse.gov/OMB/circulars/a11/cpgtoc.html>
- OMB Circular A-94, Guidelines and Discount Rates for Benefits-Cost Analysis of Federal Programs <http://www.whitehouse.gov/OMB/circulars/a094/a094.htm>
- OMB Circular A-130, Management of Federal Information Resources (7/21/02) http://www.whitehouse.gov/omb/circulars/a130/a130appendix_iii.html

- OMB Policy Letter 92-1, Inherently Governmental Functions (9/23/92)
<http://www.arnet.gov/Library/OFPP/PolicyLetters/Letters/PL92-1.html>

Other Federal Documents

- Federal Acquisition and Streamlining Act (FASA) of 1994
www.va.gov/budget/capital/index.htm Reference Library, Additional References
- GPRA Government Performance and Results Act of 1993
www.va.gov/budget/capital/index.htm Reference Library, Additional References
- Clinger-Cohen National Defense Authorization Act of 1996
www.va.gov/budget/capital/index.htm Reference Library, Additional References
- Computer Security Act of 1987 (PL 100-235)
http://csrc.nist.gov/secplcy/csa_87.txt
- NIST Special Publication 800-18
- Federal Acquisition Strategy (FAR)- Part 7- Acquisition Planning (Federal)
- Federal Acquisition Strategy (FAR)- Part 807- Acquisition Planning (VA)
- Homeland Security 2002 – <http://www.e-gov.com>
- President's Management Agenda –
http://www.whitehouse.gov/omb/budintegration/pma_index.html

C. GLOSSARY OF TERMS

Activity-Based Costing – A cost accounting method that measures the cost and performance of process-related activities and cost objects. It assigns direct and indirect costs to cost objects, such as products or customers, based on their use of activities. It recognizes the causal relationship of cost drivers.

Alternatives – viable options to achieve the same programmatic goals wherever practical and more cost beneficial, including new program design or operational improvements through cross-cutting initiatives or cross-servicing prior to selecting an alternative.

Analytical Hierarchy Process (AHP) – This decision-making hierarchy is a tool used in the Capital Investment Methodology process to illustrate the decision hierarchy. The software used to run this model is ExpertChoice. The Capital Investment Board established weights to each criteria and sub-criteria on the hierarchy to assist in determining project-funding options. (See Prioritization Process for details)

Baseline Assessment – Examines existing portfolio, current performance of an asset, and establishes an assessment of need using various evaluation activities.

Benefit-to-Cost Ratio (BCR) – Benefits divided by costs, where both are discounted to a present value or equivalent uniform annual value.

Breakeven Analysis – A technique for determining that value of a variable which results in benefits (savings) equaling costs.

Building Decisions – A decision regarding the design, financing, engineering, construction, management, or operation of a building.

Call Memorandum – A directive issued annually outlining the general parameters necessary to complete the investment application cycle for the review, evaluation, prioritization and selection of a proposal for inclusion in the VA Capital Plan.

Capital Assets – Land, structures, equipment, and intellectual property (e.g., software) that are used by the Federal Government and have an estimated useful life of two years or more.

Capital Costs – The costs of acquiring, substantially improving, expanding, changing the functional use of, or replacing a building or building systems.

CARES - Capital Asset Realignment for Enhanced Services (CARES) -- The Capital Asset and Realignment for Enhanced Services (CARES) process integrates health care planning and capital asset realignment planning to maximize efficiency, better distribute resources and provide the best quality health care services to veterans. This analysis begins with a network level, system wide determination of the appropriate markets for planning. CARES projects are those capital investments that are directly related to CARES implementation that must be approved by the Secretary including major, minor and non-recurring maintenance projects.

Cash Flow – The stream of monetary (dollar) values, costs and benefits, resulting from a project investment.

Cost-Benefit Analysis – A systematic quantitative method of assessing the desirability of government projects or policies when it is important to take a long view of future effects and a broad view of possible side-effects. (OMB Circular A-94)

Cost-Effectiveness Analysis – A systematic quantitative method for comparing the costs of alternative means of achieving the same stream of benefits or a given objective. (OMB Circular A-94)

Critical Path Milestones – Critical path milestones represent significant points in the development of a project, where the initiation of each milestone is dependent on the completion of a prior milestone (i.e., a linear process). As a result, monitoring each CPM through the use of a project plan and Earned Value analysis will improve overall project management within the Department.

Customer Service Criteria – Serving our Nation's veterans is a fundamental part of the VA function. The Department exists to give meaning, purpose, and reality to America's commitment to veterans. Customer service is a vital part of that function. The goal of VA is to be the very best in the market place, because it is what our veterans deserve. The extent to which VA is providing quality customer service can be measured by evaluating the following criteria: Increase in New or Existing Customers; Customer Satisfaction; and Customer Access. Together, these create a comprehensive value of the way our country's veterans are serviced by our great nation.

Delta – Represents the incremental change in a process needed to close a process gap.

Discount Factor – A multiplicative number (calculated from a discount formula for a given discount rate and interest period) that is used to convert costs and benefits occurring at different times to a common time.

Discount Rate – The interest rate used in calculating the present value of expected yearly benefits and costs. (OMB Circular A-94)

Discounting – A technique for converting cash flows that occur over time to equivalent amounts at a common time.

Disposal Plan – Issues to be addressed at the end of an asset's life cycle including the removal of the asset from service, planning for the transition to a replacement if required, and final removal of the asset from the agency's property inventory in a timely cost-effective manner. Disposal of complex assets or systems may involve a multi-year process requiring significant effort and funding.

Earned Value – A management technique that relates resource planning to schedules and to technical, cost, and schedule requirements. All work is planned, budgeted, and scheduled in time-phase "planned value" increments constituting a cost and measurement baseline. As work is performed, it is 'earned' on the same basis it was planned, in dollars or other quantifiable units such as labor hours.

Economic Life – The time span over which the firm expects to receive the benefits of an asset.

Energy Savings Performance Contracts (ESPC) – A program developed by the Department of Energy designed to reduce energy consumption in federally owned and operated facilities. It is assumed that by reducing energy consumption, the demand for constructing additional generation plants will not be necessary. A typical ESPC contract consists of VA hiring a private developer who invests their capital in high-technology energy improvements, which results in VA significantly reducing energy consumption. A significant portion of the savings is passed on to the developer in the form of annual payments, which amortizes their investment up to a period not to exceed 25 years. Any proposed award of a task order (or an individual amendment to an original task order under the amended task order approach) that exceeds \$4 million for a single facility, or \$10 million for a task order involving multiple facilities within a network will require submission of a capital investment proposal to the SMC.

Enhanced-Use – Leasing out underutilized VA property on a long-term basis to non-VA users for uses compatible with VA programs. The Department will be able to obtain facilities, services, and/or money for VA requirements that would otherwise be unavailable or unaffordable.

Enhanced Sharing Agreement – Allows individual facilities to contract out for services with any health-care provider, or other entity or individual. These contracts can be made for acquisition of infrastructure, equipment, IT, and personnel services. There are no maximum dollar limitations for the investments.

Equipment Capital Purchases – Any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information.

Other equipment purchases/leases – Non-capital purchases or leases for equipment as defined above. (Object class 23.3 & 31.0)

Fair Market Value – The estimated amount that can be realized, determined by the price at which a bona fide sales have been consummated for project of like kind, quality, and quantity in a particular market at any moment in time.

Future Value – The value of a benefit or a cost at some point in the future, considering the time value of money.

Gap Analysis – To identify the “as is” and “to be.” Then defining the steps to move from “as is” to “to be”.

Hurdle Rate – This worksheet calculates the Net Present Value (NPV) based on a Hurdle Rate that can be entered by the analyst.

Inflation – The proportionate rate of change in the general price level, as opposed to the proportionate increase in a specific price. Inflation is usually measured by a broad-based price index, such as the implicit deflator for Gross Domestic Product or the Consumer Price Index. (OMB Circular A-94)

Information Technology – Any equipment or interconnected system or subsystems of equipment that are used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. (see OMB Capital Planning Guide, pg. 79, for additional clarification.)

Infrastructure Projects – Building systems, additions, new construction, renovation, parking garages, acquisitions and disposal of properties.

Initial Rate of Return (IRR) – The discount rate at which the project’s Net Present Value equals 0. If a project’s discounted cash flows exceed the initial investments outlay, the project is profitable and has a positive rate of return. IRR should be used with caution when evaluating alternatives, and should not be confused with ROI. The calculation of IRR is based on standard cash flows (initial cash investments followed by positive cash returns). Accordingly, non-standard cash flows may not lend themselves to IRR calculation.

Investment Proposal Team (IPT) – Business lines should apply an integrated project and process development approach to manage capital assets, using the IPT for continuity and accountability. The team should be cross-functional to accomplish tasks and reflect the user community and the project’s stakeholders. The IPT should have a core of project management, technical proficiencies appropriate to the investment proposal, value management, budget, finance, and procurement knowledge.

Intergovernmental Payments – Payments for all information technology services within agencies, between executive branch agencies (e.g., FTS 2000), judicial and legislative branches, and State and Local governments.

Intergovernmental Collections – Collections for all information technology services within agencies, between executive branch agencies, judicial and legislative branches, and State and Local governments.

Life Cycle Cost – The overall estimated cost for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance. (OMB Circular A-94)

Maintenance and Repair Costs – The total of labor, material, and other related costs incurred in conducting corrective and preventative maintenance and repair on a building, or on its systems and components, or both.

Maintenance Plan – Activities/plans to ensure asset is maintained and meets VA maintenance requirements.

Medical Equipment – Any diagnostic or treatment modality used in the delivery of health care.

Mission – Clear and concise statement, summarizing what the agency or office does and presenting the main purpose for its major functions and operations.

Mitigation Plan – A plan created by the VA Capital Investment Panel for identifying and correcting deficiencies or improving in the capital investment application prior to OMB submission.

Multi-Attribute Decision-Making Hierarchy – A tool used in the Capital Investment Methodology process to illustrate the decision hierarchy. The Capital Investment Board established weights to each criteria and sub-criteria on the hierarchy to assist in determining project-funding options.

Needs Assessment – A research and planning activity designed to determine the extent and needs of a population or community, to evaluate existing (baseline) programs and the utilization patterns, and plan programs to meet those needs. Five predominant approaches include: the key informant (health care provider) approach, the community forum (stakeholder) approach, rates-under-treatment approach, social indicators approach, and the field survey approach.

Net Benefits (Savings) – The difference between the benefits and the costs when both are discounted to present or annual value dollars.

Net Book Value – The recorded cost of an asset less any recorded accumulated depreciation.

Net Present Value – The difference between the discounted present value of benefits and the discounted present value of costs. (OMB Circular A-94)

Nominal Discount Rate – The rate of interest reflecting the time value of money stemming both from inflation and the real earning power of money over time. This is the rate used in discount formulas or in selecting discount factors when future benefits and costs are expressed in current dollars.

Nominal Interest Rate – An interest rate that is not adjusted to remove the effects of actual or expected inflation. Market interest rates are generally nominal interest rates. (OMB Circular A-94)

Non-CARES – Are those projects that are not directly related to the implementation of CARES recommendations that must be approved by the Secretary through the CARES process. This would include VBA, NCA, Staff Office, other VHA capital investments, and information technology projects that are not approved through the CARES process.

Non-Medical Equipment – Non-recurring items consisting of furniture, equipment, etc.

Non-Quantifiable Benefits – Those benefits that are internal non-customer related. They are established benefits without substantial quantifiable support. Any use of this benefit must be coupled with the rationale for the lack of supporting data and calculations.

Objectives – A more specific statement presenting something that is to be accomplished. It is more specific than a strategic goal, but general enough to allow flexibility in how it will be accomplished. An objective must relate directly to and support accomplishment of the strategic goal.

One VA – One VA refers to the initiative's ability to address a crosscutting initiative proposed by one administration that supports at least one other administration in a combined effort to deliver seamless integration of benefits or services to the customer. One VA customer service is further defined as the ability to provide One VA world class service to veterans and their families through the effective management of people, technology, processes and financial resources.

Operating Cost – The expenses incurred during the normal operation of a building or a building system, IT systems or component, including labor, materials, utilities, and other related costs.

Opportunity Cost – The maximum worth of a good or input among possible alternative uses. (OMB Circular A-94)

Outcomes – An assessment of the results of a program activity compared to its intended purpose.

Outlay – Actual dollars already spent.

Output – Information, product or procedure that is received, analyzed, and improved upon before submission or completion.

Panel – Refers to the Veterans Affairs Capital Investment Panel (VACIP)

Payback – The amount of time it takes to recover the initial investment on a project. Payback is calculated by comparing the cumulative costs and benefits in present value terms, to identify how long it takes to payback the initial investment outlay. The calculation of Payback is based on standard cash flows (initial cash investments followed by positive cash returns). For non-standard cash flows, the Payback calculation is based on the first “payback”, and it should therefore be noted in these cases that subsequent outflows and inflows may exist.

Performance Gap – The unmet need between the baseline activity and the capacity of the existing asset against the projected demand. (See also Gap Analysis)

Performance Goals – Descriptions of the milestones for each strategic goal in the strategic plan year. Performance goals also appear in the annual performance plan for the specific year covered by the performance plan as defined levels (targets) that are quantifiable and measurable.

Performance Measures/Standards – An indicator having a numerical target level or other measurable value, this facilitates the future assessment of efficiency, effectiveness, and results. Quantitative outputs/outcomes/results, e.g. timeliness, error and defect rates, complaints, customer satisfaction levels and responsiveness rates (cost per unit of result, service, or output), and receipt, collection and credit obligation rates.

Personnel (Compensation and Benefits) – Includes the salary (compensation) and benefits for government personnel (both civilian and military) who perform information technology function 51% or more of their time. Functions include but are not limited to policy, management, systems development, operations, telecommunications, computer security, contracting, and secretarial support. Personnel in user organizations who simply use information technology assets incidental to the performance of their primary functions are not to be included.

Physical Life – Anticipated number of productive years of an asset.

Portfolio Monitoring – A tool for weighing the risk and return of potential project portfolios against one another.

Program Evaluation – The evaluations of programs or services to determine their effectiveness and/or efficiency. Program evaluations are often the basis for which strategic goals are formed.

Project Cost – Identifies the funds needed as a cost target in the requested budget year.

Project Plan – The documented establishment of critical path milestones, including individual planned expenditures and schedules per milestone.

Projected Workload – The estimated future workload that establishes an approved forecast target, which the proposal will satisfy, as the unmet need.

Real Interest Rate – An interest rate that has been adjusted to remove the effect of expected or actual inflation. Real interest rates can be approximated by subtracting the expected or actual inflation rate from a nominal interest rate. (OMB Circular A-94)

Recurring Costs – Those costs that are incurred in a regular pattern each year throughout the study period.

Renovation – The modification of an existing building or facility to include new functions and systems, or accommodate the growth of existing programs and components improving functional adjacencies and technical requirements.

Replacement Cost – Building component replacement and related costs, included in the capital budget, that are expected to be incurred during the study period.

Resale Value – The monetary sum expected from the disposal of an asset at the end of its economic life, its useful life, or at the end of the study period.

Residual Value – The salvage value of an item, after depreciation or at the end of its useful life.

Return on Taxpayer Investment Criterion – The taxpayers of this country expect that their hard-earned dollars be spent only after extensive and thoughtful consideration. To honor this commitment, VA only evaluates proposals, which have undergone thorough analysis. This analysis includes Cost-Effectiveness Analysis, Alternatives Analysis, Cost Savings Analysis, and Non-quantifiable Benefits Analysis. Together, the use of these criteria demonstrates our respect for the veteran and the American people.

Return on Investment (ROI) – is the percentage return that is received from each dollar invested. A positive ROI indicates that present value savings are greater than present value costs, whereas a negative ROI indicates that present value costs exceed present value savings.

Risk Criterion – Risk is an inherent part of any capital investment. However, project risk can be mitigated. Identifying and controlling project risk can significantly impact a project's success. In this case, risk can be analyzed in six components: Financial, Technical, Operational, Schedule, Legal & Contractual, and Organizational risks.

Risk/Return – The foundation by which portfolio monitoring is based. When the two variables are weighed against one another, they project the most efficient combination of projects among the array of proposals.

Salvage Value – The value of an asset, assigned for tax computation purposes that are expected to remain at the end of the depreciation period.

Sensitivity Analysis – A test of the outcome of an analysis completed by altering one or more variables from an initially assumed value.

Seismic Criterion – The seismic criterion refers to the initiative's ability to mitigate an immediate and verifiable seismic threat to VA staff, patient, and the public. This includes: information on what percentage of the project cost is dedicated to seismic criterion (at least 50% of the project's investment value should be dedicated to this feature before it is considered under this category); engineering study certification of the condition of the structure; certification of the seismic zone; and acknowledgement of inclusion in the VA Seismic Study completed in response to the Presidential Directive on seismic safety.

Software – Any software, including firmware, specifically designed to make use of and extend the capabilities of Federal information Processing (FIP) equipment.

Capital Purchases – Software purchases (including one-time obligations for long-term licenses) or leases costing \$35,000 or more for system programs; application programs; and commercial off the shelf (COTS) software. Software also includes independent subroutines, related groups of routines, sets or systems of programs; databases, and software documentation.

Other Software Purchases/leases – Software purchases or leases costing less than \$25,000.

Software Costs – The costs associated with developing program language or adapting commercial off-the-shelf programs for specific agency functions as well as the testing, roll-out, and installation into the existing or planned system architecture.

Special Emphasis Criterion – Special emphasis refers to the project's ability to support one or more of the FY 2002 Special Emphasis Programs, which include : Spinal Cord Injury (SCI); Seriously Chronically Mentally Ill (SMI); Traumatic Brain Injury (TBI); Blind Rehabilitation; Post Traumatic Stress Disorder; Prosthetics (Amputation).

Strategic Alignment – The VA strategy defines the mission and goals of the Department. It is this strategy which weaves the path to the VA's future. Alignment with these objectives creates a Department working in unison toward accomplishing the goal. The VA Strategic Goals include: Quality of Life, Ensure Smooth Transition, Honor and Memorialize, Public Health and Socioeconomic Well Being, and One VA.

Strategic Management Council (SMC) – The SMC identifies and manages strategic and operational issues and provides a unified approach to problem solving. The SMC is chaired by the Deputy Secretary, makes recommendations for actions and decisions to the VA Executive Board (VAEB), which is chaired by the Secretary.

Sunk Cost – A cost incurred in the past that will not be affected by any present or future decision. Sunk costs should be ignored in determining whether a new investment is worthwhile. (OMB Circular A-94)

Supplies – Any consumable item designed specifically for use with equipment, software, services, or support services.

Support Services Cost – Cost includes both the contract services costs for developing software, IT maintenance, or contracting for studies concerning the acquisition of IT systems or the architectural/engineering services for the design of a construction project or the use of a private management construction firm used to provide project management inspections during construction, as well as value engineering.

Total Life-Cycle Costs – All direct and indirect costs, including planning and other costs or procurement; all periodic or continuing cost of operation and maintenance and cost of decommissioning the disposal. It can be used to determine whether or not a given project, which is expected to reduce future costs, is economically justified or to determine the efficient scale of investment when several levels of investment are under consideration.

Treasury Rates – Rates of interest on marketable Treasury debt. Such debt is issued in maturities ranging from 91 days to 30 years. (OMB Circular A-94)

Useful Life – The period of time over which an investment is considered to meet its original objective and/or function.

VA Executive Board (VAEB) – The VAEB is chaired by the Secretary and provides him with a forum discussion with his most senior leadership before he makes ultimate decisions for the Department.

Workload – Expected amount of work to be performed in a set amount of time (e.g., number of exams, studies, or users and will be determined by category of investment).