
Who We Serve

Our Continuous Focus on Our Nation's Veterans

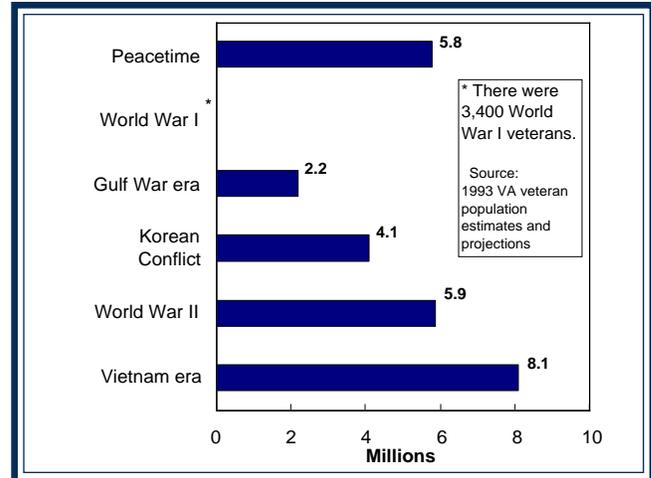
Beginning with our Nation's struggle for freedom more than two centuries ago, approximately 42 million men and women have served their country during war time periods. Most (about 85 percent) served in one or more of the four major conflicts of the 20th century, with World War II veterans representing nearly 40 percent of all American war participants. Today there are about 24.8 million veterans living in the United States and the Commonwealth of Puerto Rico; 19 million of these veterans served during at least one wartime period. There are also approximately 45 million family members of living veterans and survivors of deceased veterans.

The veteran population continued to decrease in the last year because of the large number of veteran deaths (564,000 between July 1, 1998, and July 1, 1999). World War II veterans, the second largest segment of the veteran population at 5.9 million, accounted for the most deaths (379,000). The Vietnam era, with 8.1 million living veterans, is now the largest period of service-defined population, representing 33 percent of all veterans.

Two other major conflicts and the Gulf War contributed to the total United States wartime veterans. In 2000, there were about 4 million living Korean Conflict veterans, Gulf War veterans numbered about 2.2 million and World War I veterans numbered 3,400. Approximately 5.8 million veterans served only during peacetime. The veteran population by period of service is depicted in Chart 1.

As of July 1, 1999, the median age of all living veterans was 58.4 years. Veterans under 45 years of age constituted 20 percent of the total; veterans aged 45 to 64, 42 percent; and veterans 65 years old or older, 38 percent. Approximately 26 percent of the male population 20 years and older were veterans. This percentage varies by age. For

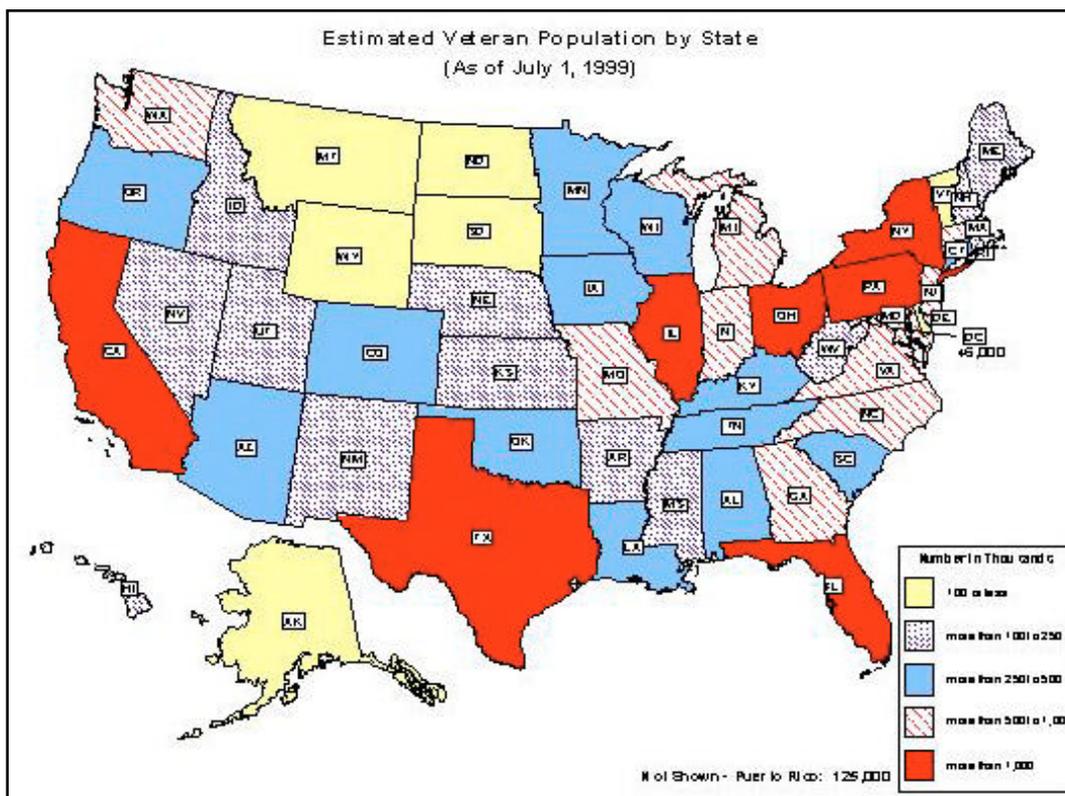
Chart 1



example, veterans constitute 73 percent of all males ages 70 to 74; 41 percent of all males ages 50 to 54; and 24 percent of all males age 85 and older. This “age wave” is one of the consequences of the aging of the veteran population. When compared to U.S. males in general, male veterans are increasingly more elderly with greater representation in the oldest age groups. The veteran “age wave” is expected to continue for some time. By the year 2010 veterans will comprise 66 percent of all males age 85 and older. Additional demographic data on veterans can be found in the “Supporting Analysis” section.

The female veteran population of 1.2 million constituted about 5 percent of all veterans. Female veterans as a percentage of all veterans is expected to increase because the number of former military servicewomen continues to increase, although at a slower pace than the decline in the male veteran population. The median age of female veterans is 46 and is about 12 years younger than that of male veterans at 58.9 years of age. The growing involvement of women in the military in recent years is reflected in period-of-service differences between male and female veterans. Approximately 51 percent of all female veterans served only during the peacetime

Chart 2 Current Demographic Profile



Source: 1993 veteran population estimates and projections (partially derived from 1990 Census data)

VA provides benefits and services to veterans and their families throughout the Nation. This chart shows the population of veterans in the fifty states and the District of Columbia.

period following the Vietnam era (May 7, 1975 through August 1, 1990) or during the Gulf War.

Veterans living in just three states; California, Florida and Texas comprise nearly 25 percent of the 24.8 million living veterans. The three next largest states in terms of veteran population are New York, Pennsylvania, and Ohio. These six states account for nearly 40 percent of the total veteran population. Chart 2 shows the current estimate of veteran population by state.

Education plays a critical role in the social and economic achievements of America's veterans. In 1999 significant differences existed between male veterans and nonveterans in their highest level of education attained. Twelve percent of male

veterans ages 20 or older had not graduated from high school compared with 18 percent of male nonveterans. A higher proportion of male veterans than nonveterans had either completed high school and not attended college (35 percent vs. 31 percent) or completed one to three years of college (29 percent vs. 25 percent). Female veterans fared much better than either male veterans or their female nonveteran counterparts in terms of educational attainment. Among female veterans, 70 percent had at least some college education; among male veterans, the figure is 51 percent; among female nonveterans, it is 49 percent.

In general, personal income in 1999 was higher for male veterans than male nonveterans. The median income of \$28,800 for male veterans was

9 percent higher than the median of \$26,400 for their male nonveteran counterparts overall and in every age group. The widest gap was between males in the 55 to 64 age group. The median income for male veterans in this age group was \$35,500 compared to \$28,800 for male nonveterans. The narrowest gap was between males in the 40 to 54 age group. The median income for male veterans in this age group was \$37,100 compared to \$36,200 for male nonveterans. Comparable income data is not available for female veterans.

Veterans also fared better in employment. In 1999, the annual average unemployment rate of veterans was 3.2 percent compared to 3.7 percent for their nonveteran counterparts. The unemployment rate for male veterans was 3.1 percent compared to 3.6 percent for male nonveterans. However, the unemployment rate for female veterans was 4.6 percent compared to 3.7 percent for their female nonveteran counterparts.

VA serves a significant portion of the veteran population. Today, 3.9 million veterans are enrolled in VA health care, nearly 2.3 million veterans receive monthly disability compensation payments from VA, and over 2.4 million graves of deceased veterans are maintained at our national cemeteries. Chart 3 shows the expected number of participants VA will serve in FY 2001 in our major program areas.

The needs, preferences, and expectations of veterans directly shape the services VA provides. Two years ago the White House directed Federal agencies to engage in two-way conversations with America and seek input from the general public on ways to improve government service. This included discussions regarding the kind and quality of service they wanted as well as their level of satisfaction with existing services. VA conducted a number of conversations with America's veterans in the form of town hall meetings at the veterans service organizations (VSO) national conventions

and informal focus group meetings at VSO facilities. Information was gathered through interactive discussions and a written questionnaire. Four main themes emerged from participants responses:

- enhance the delivery of health care;
- expedite and improve claims processing;
- explore more partnerships with stakeholders; and
- promote both organizational and employee accountability.

VA used the results of our discussions with America's veterans to shape the goals, objectives, and strategies contained in this Strategic Plan. VA will continue to seek inputs from veterans in a wide array of forums as part of our strategic management process to ensure that we are able to meet their current and future needs.

Chart 3

Program		FY 2001 Participants ¹
Medical Care --	Unique Patients	3,895,000
Compensation --	Veterans	2,285,000
	Survivors/Children	301,000
Pension --	Veterans	363,000
	Survivors	253,000
Education --	Veterans/Servicepersons	309,000
	Reservists	71,000
	Survivors/Dependents	49,000
Vocational Rehabilitation -	Veterans Receiving Services	51,000
	-	
Housing --	Loans Guaranteed	250,000
Insurance --	Administered Policies	2,047,000
	Supervised Policies (SGLI)	2,670,000
	Supervised Policies (VGLI)	388,000
Burial --	Interments	88,000
	Graves Maintained	2,447,000
	Headstones/Markers Provided	349,000

¹ Numbers of participants are rounded to the nearest thousand.

Who We Are

VA's mission is *"To care for him who shall have borne the battle and for his widow and his orphan."*

President Lincoln's simple proclamation represents not only the Nation's rich history of respect and care for those that have served in the national interest, but also the focus of the Department's activities today and its plans for serving veterans into the new millennium.



mandate sets forth VA's role as the principal advocate for veterans and charges it to ensure that veterans receive the medical care, benefits, social support, and lasting memorials they deserve in recognition of their service to this Nation.

Recognition, respect for, and compensation to those who have served in support of the national interest are principles that can be traced back to the earliest history of our Nation. In 1636, the Plymouth Colony passed a law that provided lifetime support for any soldier who returned from battle with an injury. In 1778, the first national pension law was enacted for soldiers who fought in the American Revolution. In 1862, President Lincoln signed legislation that authorized national cemeteries and, in 1944, the Serviceman's Readjustment Act, or "GI Bill of Rights" was signed into law. In 1988, after over 300 years of demonstrated national concern for veterans, the then Veterans Administration was raised to a cabinet level agency, the Department of Veterans Affairs, where veteran issues could be placed at the highest level of national government.

Today, the Department of Veterans Affairs carries on the Nation's strong history of support for veterans. By challenging itself to provide world-class benefits and services to veterans in a manner that is cost-effective, VA strives to fulfill the words spoken by President Lincoln over 100 years ago. The spirit of these words is further ingrained in the Department's statutory mandate ***"To administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans."*** (38 U.S.C. 301(b)). The

To fulfill its important mission, VA projects its total obligations for FY 2001 to be \$52.9 billion. Of that amount, \$23.8 billion will be for compensation and pension benefits, \$7.5 billion for other benefits and programs, \$21.3 billion will be spent on medical care, and \$316 million on burial operations and associated benefits.

VA's Budget for FY 2001 provides for 203,352 full-time equivalent employees (FTE). Including its part-time employees, VA's highly dedicated and diverse workforce exceeds 240,000 individuals – over 13% of the total federal workforce. As one of the largest health care systems in the United States, VA employs over 13,000 physicians and 48,500 nurses who are highly trained and dedicated to providing top quality health care to our veterans. In order to ensure that veterans and their dependents receive accurate and responsive benefits and services, VA employs approximately 3,700 Veterans Service Representatives, and 500 Loan Specialists. More than 1,200 national cemetery employees are committed to maintaining our national cemeteries as national shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made.

The delivery of veteran services is accomplished through our 172 medical centers, 527 ambulatory and community-based outpatient clinics (519 community-based clinics, 4 independent clinics, and 4 mobile clinics), 206 vet centers, 57 regional offices, more than 24 military discharge centers, and 119 national cemeteries. (The actual number of facilities is subject to change.)

VA has facilities in all 50 states, its territories and the District of Columbia, and provides services and benefits through the following 10 major business lines:

- Medical Care
- Medical Education
- Medical Research
- Compensation
- Pension
- Vocational Rehabilitation and Employment
- Education
- Housing
- Insurance
- Burial

These activities and business lines demonstrate VA's commitment to veterans today. Just as the history of the Nation and services to veterans has been evolutionary, the VA of tomorrow expects to transform. While the veteran population of the new millennium may be smaller, veterans will live longer and may require additional services. Accordingly, as a Department, VA understands the need to evolve to keep up with the changing needs of veterans. For that reason, our vision for

the future is to meet the needs of the Nation's veterans and their families today and tomorrow by:

- *Becoming an even more veteran-focused organization, functioning as a single comprehensive provider of seamless service to the men and women who have served our Nation;*
- *Continuously benchmarking and improving the quality and delivery of our service with the best in business and use innovative means and high technology to deliver world-class service;*
- *Fostering partnerships with veterans organization and other stakeholders making them part of the decisionmaking process; and*
- *Cultivating a dedicated VA workforce of highly skilled employees who understand, believe in, and take pride in our vitally important mission.*

President Lincoln's words guide VA today. The men and women of VA are dedicated to fulfilling the Department's mission and vision and will employ all of their resources and energy to continue the rich history of providing for those that have served America.

Strategic Outlook

Developing a Future Perspective in the VA Strategic Plan

VA operates in a dynamic environment that includes political, social, technological, physical environment, international, and world health factors that affect our programs and operations. The key elements of VA's Strategic Plan are the goals, objectives, strategies, and performance measures and targets that are presented in the next section. This section of the plan is intended to present the *strategic outlook* for the Department in the areas of health care, benefits, and burial benefits, and put our goals and objectives into a strategic context. As the basis for the development of this Strategic Plan, VA has identified the following *key assumptions* which, if significantly changed, could affect our ability to implement this plan:

- VA's budget will be consistent with the President's Government-Wide Plan and will increase, as appropriate, to support future initiatives.
- VA will receive approval of legislative proposals necessary to achieve intended program outcomes.
- The United States will not be engaged in any major global or regional conflict during the period of this plan.
- The size of the veteran population will decrease from 24.4 million to 16.2 million between the years 2000 and 2020.
- Based on the Department of Defense projections, the size of the military will remain relatively stable at 1.38 million and the annual number of servicemembers leaving active duty will be approximately 180,000.

Based on these planning assumptions, VA has developed this Strategic Plan for FY 2001 – 2006. What follows is a summary of the key strategic issues in the areas of VA health care, benefits and services, and burial benefits.

STRATEGIC OUTLOOK FOR HEALTH CARE

VA will respond to the changing health care marketplace by developing plans that ensure its full participation in the future of national health care. These plans are grounded in the *Six for 2006* strategic framework that contains strategic objectives, enabling strategies, and performance measures. Together, these elements represent the highest priorities for providing health care to veterans now and in the future. Health care objectives are directly aligned with the Department's strategic goals and are based on the five domains of value for the health care mission along with VA's other responsibilities to the larger health care community. The strategic objectives and strategies are:

I. Put Quality First Until First In Quality

- Systematically measure and communicate the outcomes and quality of care
- Improve the quality and safety of health care
- Emphasize health promotion and disease prevention
- Develop a performance-based system of incentives, awards, and recognition
- Implement programs for employee training and personal development

II. Provide Easy Access To Medical Knowledge, Expertise, And Care

- Improve access, convenience, and timeliness of VA health care services
- Optimize the use of health care information and technology
- Increase provider and veteran knowledge of the impact of military service on health
- Provide a continuum of health care to enrollees

III. Enhance, Preserve And Restore Patient Function

- Enhance outcomes for patients with special needs and special disabilities
- Coordinate acute, chronic, and rehabilitative care to improve patient functioning

IV. Exceed Patients' Expectations

- Ensure that patients understand and participate in decisions about their health care
- Create a health care environment characterized by courteous and coordinated, patient-focused services
- Continually assess and improve patients' perceptions of their VA health care.
- Promote cooperation and collaboration throughout VA in order to provide *One VA* seamless service to veterans

V. Maximize Resource Use To Benefit Veterans

- Assess and realign the health care system to enhance cost-effective care for veterans

- Increase revenue and efficiency through private sector partnerships, technology, and improved business practices

VI. Build Healthy Communities

- Be an industry leader in developing innovative approaches to the design and evaluation of health care delivery systems
- Expand federal, state, local, and private partnerships to foster improvements in the coordination and delivery of health care and other services
- Develop new state-of-the-art training programs to best educate the health care professionals of the future
- Conduct medical research programs that lead to demonstrable improvements in the lives of veterans, their families, and the general public
- Optimize VA's capability to provide medical assistance in response to national emergencies

The breadth of experience and richness of expertise that VA health care provides have been enhanced and strengthened by the strategic framework and will be the hallmark of VA's commitment to quality care for veterans. This success is demonstrated by achieving comparable or better performance when benchmarked against private sector best practices. VA will strive to achieve a level of quality that sets a national standard of excellence for the health care industry.

An important component of the health care planning framework is developing and continually improving performance measurement. A balanced set of measures has been developed to provide information on the outcomes of clinical

programs as well as other information about administrative and financial functions.

Beyond the *Six for 2006* strategic framework, VA has a unique opportunity for participation in the Nation's future health care system. VA is the largest single provider of health professionals in the world. Its research program is one of the largest and most productive research organizations in the country. While focusing on directly benefiting veterans, the VA research program also makes an enormous contribution to U.S. medicine and health care worldwide.

VA's mission to provide contingency support to the Department of Defense (DoD) and the Public Health Service during times of disaster or national emergency is a benefit to the Nation that will continue to play a major role in the future. VA is, and will remain, one of the Federal government's principal assets for responding with medical assistance to large-scale natural or technological emergencies.

Projecting further into the future, VA fully expects to play an active role in establishing a national, integrated health care delivery system. The future "system" will require all VA components to function together and in concert with private health care facilities and resources to meet the health care needs of the enrolled population and minimize unnecessary duplication of services. This system will promote clinical efficiency, assure high quality care, and provide optimal access for the veteran population. "High quality care" of the future will be defined by VA by relevant benchmark indicators. "Optimal access" will mean that services and facilities are located in proximity to the need for them while meeting the prevailing community standard for accessibility. VA's future will be enhanced by forging relationships with others, by providing the broad array of services and resources that

contribute critical infrastructure elements to the national health care system, and by assuming leadership positions in areas of special expertise.

STRATEGIC OUTLOOK FOR BENEFITS AND SERVICES

An essential part of VA's mission is to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner. VA will improve the lives of veterans and their families by assessing the impact of the benefits and services and ensuring that their needs and expectations are met.

At the heart of VA's strategic planning is measurable success. VA is committed to evaluating and improving performance that will drive our future success in benefits delivery. VA applies knowledge, dedicated management and workforce, attention to training, and funding, to achieve effective delivery of benefits and services to our customers and stakeholders. We seek to improve access to our services for veterans and their families. VA also focuses on its employees, and their learning and growth, in achieving this effective service delivery.

VA has a series of veteran-focused performance measures that describe the service delivery interaction between VA and the veteran using our benefits and services. VA will continually strive to meet or exceed the service delivery expectations of veterans and their families by delivering accurate, timely and courteous service. VA will measure service delivery through a *balanced scorecard* approach.

Key long-term strategies include the following:

- A focus on Organizational Performance — The *balanced scorecard* approach for measuring the delivery of benefits and services contains measures of accuracy,

speed, veteran satisfaction, cost, and employee development.

- An environment committed to improving performance — An organizational structure consisting of 9 Service Delivery Networks (SDNs) fosters an environment where cooperative management and a team approach assists in the delivery of veteran benefits. Information and resources are shared among the SDNs, allowing for greater workload management. Finally, Directors within each SDN operate as a Board of Directors.
- An emphasis on performance measures — Improved data collection and enhanced data exchanges between federal agencies results in improved data and program integrity.
- A clarification of program outcomes — Program outcomes are being clarified so that veterans, employees, and stakeholders understand the intent of VA programs and services.
- A comprehensive information technology (IT) strategy — Current and future IT development efforts will benefit from an integrated approach to development and implementation.
- Access and outreach — VA will provide veterans with easy access to information at a time and place convenient for veterans.
- Partnerships — VA will form alliances to improve efficiency of the claims process and the quality of benefits and services.
- Business process reengineering — Reengineered business processes will improve the quality, timeliness, and cost of service delivery to veterans as well as the business information environment that

enhances veterans' ability to access information.

- Program evaluation — Program evaluations and other studies will provide information and data regarding current levels of program performance and outcome delivery, and identify opportunities for program enhancements and the design of new benefits and services that will improve veterans' quality of life.
- Workforce and succession planning — VA will develop a competent and committed workforce and maximize use of new technology to meet the demands imposed by an ever-changing work environment. There is a potential for a serious shortage of qualified employees to process claims, given the significant number of employees eligible to retire in the next five years, the difficulty of hiring in a strong economy, and the lead time necessary to train and develop experienced claims examiners.
- Servicemembers eligible for benefits — VA will continue to promote the interests of active duty service personnel who are eligible for certain VA administered benefits.

STRATEGIC OUTLOOK FOR BURIAL BENEFITS

Demographic data of the aging veteran population projects 574,000 veteran deaths will occur in 2000. The number of veteran deaths will peak in 2008 at 623,000. After 2008, the number of veteran deaths will decline slowly. In 2015, it is estimated that there will be 581,000 veteran deaths.

To continue to provide burial options for veterans at the current level and to increase the percentage of the veteran population served,

VA will develop six new national cemeteries in locations identified in the 1987 and 1994 Reports to Congress. It is also critical for VA to continue to provide service at existing national cemeteries by completing phased development projects in order to make additional gravesites or columbaria available for interments. National cemeteries expected to close due to depletion of grave space will be identified, and VA will determine the feasibility of extending the service periods of those cemeteries by the acquisition of adjacent or contiguous land or by the construction of columbaria on existing property.

As public acceptance of cremation as a burial option continues to grow, and demand for this alternative increases, construction of columbaria is an option to maximize service delivery. Further into the future, VA may consider the possibility of developing columbaria-only cemetery sites, particularly in areas where land is scarce and the demand for cremation burials is high.

The State Cemetery Grants Program (SCGP) will continue to be a key strategy toward achieving the objective of providing a burial option for all veterans. Recognizing the value of this program, VA has obtained statutory authority to fund 100 percent of the cost associated with the construction of new state cemeteries for veterans.

STRATEGIC PARTNERSHIPS TO SERVE VETERANS

VA continuously strives to foster effective working partnerships especially with veterans. VA leaders have hosted a series of stakeholder meetings to fully involve representatives from the major veteran service organizations, the Office of Management and Budget (OMB), Congressional staff, and the General Accounting Office (GAO). VA also works with

state veterans affairs organizations and national labor unions.

This active partnership and consultation process is accomplished, in part, by participating in open forums to discuss strategic issues and determine levels of satisfaction from the veterans VA serves. Consequently, the strategic direction for VA is significantly affected by the input received from veterans and their representatives throughout the Nation.

VA uses this information as a basis for additional stakeholder consultation to further define its strategic direction.

SCENARIO-BASED PLANNING

Agencies must consider the long-term situation in order to make sound strategic decisions in the near-term. To better prepare VA for the challenges of the future, VA has begun to engage in scenario-based planning, a long-term planning process that acts as a tool to broaden and extend Department-wide thinking about, and better prepare it for, the future.

Over the past six months, VA has initiated a scenario-based planning process that involves identifying a broad array of issues and variables that may affect the Nation, veterans, and the Department over the next 25 years. A series of stakeholder meetings have also been used as a forum for discussing the scenario-based planning process. As part of this process, VA leaders and stakeholders have worked together to identify internal and external issues and variables and reduce them to a number of key drivers that may effect VA's future. These key drivers are based on potential developments in the fields of technology, politics, management, and communications, as well as trends developing in cultural attitudes and demographic changes. Key drivers for VA include:

- National defense policies;
- Potential future conflicts at the global, regional, and local levels;
- Implications of increased terrorism;
- Implementation of cooperative program and policy initiatives with other Federal, state, and local government agencies and the private sector; and
- Developments in medical and information technology including the potential impact of the “digital age.”

VA has initiated a multi-year project to more fully define, conduct further research, and analyze

potential scenarios that are based on the identified key drivers. In the near-term, VA will use these scenarios to test the robustness of the strategies and processes that are contained in this Strategic Plan. Beginning in 2001, VA will identify multiple scenarios and develop longer-term objectives and strategies that will provide for an even stronger strategic direction for VA for 2025. These new objectives and strategies will be presented in future iterations of VA’s Strategic Plan. VA will continue to host meetings with our stakeholders to fully involve them in this scenario-based planning process.



VA Strategic and Enabling Goals

The following section of the Strategic Plan presents VA's four strategic goals and its enabling goal. These goals are *One VA* in nature and are intended to reflect the combined effort of all organizational elements to deliver important outcomes to disabled veterans, veterans in transition from the military, the overall veteran population and their families, and the Nation at large. Each goal has a number of associated objectives that define more detailed outcomes and outputs that will result from the implementation of VA's major programs and management functions.

Each VA objective includes the following elements:

Purpose, Outcomes, and Projections - This section of objective highlights what VA plans to do and why it is important. In so doing, each objective presents the intended result of VA's program activities and addresses how the lives of veterans and their families will improve from the receipt of benefits and services delivered by the Department. This portion also presents the policy and programmatic outcomes for each major program carried out by VA. Also included in this section are projections of the number of veterans and their family members expected to participate in VA programs on an annual basis through 2006.

Strategies and Processes - This portion of the objective describes how the outcomes will be achieved. It identifies specific issues that must be addressed by the Department and highlights key initiatives and activities that are planned to achieve results and enhance service delivery. It also provides a summary of applicable human, capital, information, and other resources, systems, processes, and technologies that are critical to achievement of intended program results.

External Factors - This portion identifies factors and issues external to VA that may be beyond the Department's control and could significantly impact VA's ability to achieve its goals and objectives.

Performance Measures and Targets - GPRA requires Departments to provide "a description of how the performance goals included in the Annual Performance Plan relate to the general goals and objectives in the Strategic Plan." VA has gone well beyond this requirement by developing performance targets that identify anticipated levels of performance to be achieved during the last fiscal year of this Strategic Plan (2006). In many instances, these performance targets represent stretch goals or "ideal state" levels of outcome and service delivery for the Department and its programs. Since these performance targets are strategic in nature, it is anticipated that they may be modified in future years based on the results of comprehensive program evaluations. In some cases, performance targets will be achieved in other years. In these cases, the specific target year is noted. In other cases, the performance target is still under development (identified as TBD). In these cases, the date by which the target will be established is noted.

Performance measures have been categorized as *outcome measures* and *service delivery measures*. *Outcome measures* focus on the achievement of the stated purpose and/or legislative intent of the program. They address the tangible results and value to veterans and their families from the benefits and services VA provides. *Service delivery measures* focus on successful implementation of strategies and processes to improve service to veterans. These measures reflect the level of accuracy, timeliness, and customer service. The achievement of specific performance targets may also reflect the results of major management improvement initiatives.