Department of Veterans Affairs

FY 2012 President's Budget

February 14, 2011

VA's Budget Supports President's Vision

- Continue transforming VA into a 21st Century organization.

- Maintain the VA's top priorities:
  - Increasing Access
  - Breaking the Back of the Backlog
  - Ending Veteran Homelessness

- Ensure fiscal responsibility by demonstrating:
  - Effectiveness
  - Accountability
  - Efficiency

Highlights of Budget Request

2012

- The total budget request for 2012 is $132 billion:
  - Mandatory budget $70 billion
  - Discretionary budget $62 billion

- Discretionary budget increases over 2010 by $5.9 billion (10.6%)

- Medical Care request is $240 million above the Advance Appropriation request

2013

- 2013 request for Medical Care Advance Appropriations is $ 1.9 billion (3.5%) above 2012

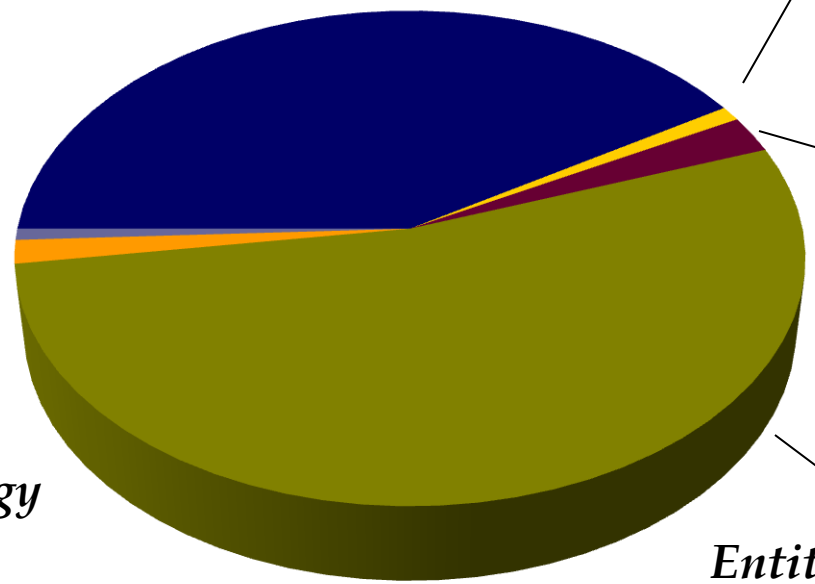
Priorities

- Eliminating Veteran Homelessness
  - Additional funding of $140 million provided for specific programs to prevent and reduce homelessness

- Expanding Access to Benefits and Services
  - Telehome Health funding increases in 2012 by $63 million, or 76%, over 2010
  - Expanded outreach to women Veterans and an increase in funding of 12% for women-specific medical care
  - Funding of $344 million to activate new and enhanced health care facilities
  - Funding of $108 million for IT enhancements to the Veterans Relationship Management system
  - Expanding VetSuccess on Campus program to 9 more campuses in 2012
  - Planning for the establishment of 5 new national cemeteries

- Reducing the Disability Claims Backlog
  - VA is attacking the backlog through a multi-pronged transformational approach with dozens of initiatives deployed to modernize our systems
  - Investing $148 million in the Veterans Benefits Management System, a leading-edge 21st century IT solution to create a smart, paperless claims system in 2012.

2012 Mandatory/Discretionary Accounts



2012 President's Budget

$132 Billion

(includes collections)

2012 Budget
($ in millions)

	2010 Actual	2011 Current Estimate [1]	2012 Presidents Budget	$ Change 2010 V. 2012	% Change 2010 V. 2012
Medical Services	34,796	37,151	40,051	5,255	15.1%
Medical Support & Compliance	4,882	5,307	5,424	542	11.1%
Medical Facilities	4,859	5,740	5,376	517	10.6%
Subtotal Medical Care Appropriations	44,537	48,198	50,851	6,314	14.2%
Collections	2,848	2,882	3,078	230	8.1%
Total, Medical Care with Collections	47,384	51,080	53,929	6,545	13.8%
Medical Research	581	581	509	-72	-12.4%
VBA	1,689	2,149	2,019	330	19.5%
General Administration	398	398	448	51	12.8%
Total, General Operating Expenses	2,087	2,546	2,467	380	18.2%
NCA	250	250	251	1	0.4%
Construction-Major	1,194	1,194	590	-604	-50.6%
Construction - Minor	703	703	550	-153	-21.8%
Grants for State Extended Care Facilities	100	100	85	-15	-15.0%
Grants for Veterans Cemeteries	46	46	46	0	0.0%
Information Technology	3,307	3,307	3,161	-146	-4.4%
Inspector General	109	109	109	0	0.4%
Loan Administration Funds	166	166	156	-10	-6.0%
Subtotal Discretionary without MCCF	53,079	57,200	58,775	5,696	10.7%
Total Discretionary Funding	55,927	60,082	61,853	5,926	10.6%
Total Mandatory Funding [2]	71,281	66,447	70,312	-968	-1.4%
Total VA	127,207	126,529	132,166	4,958	3.9%

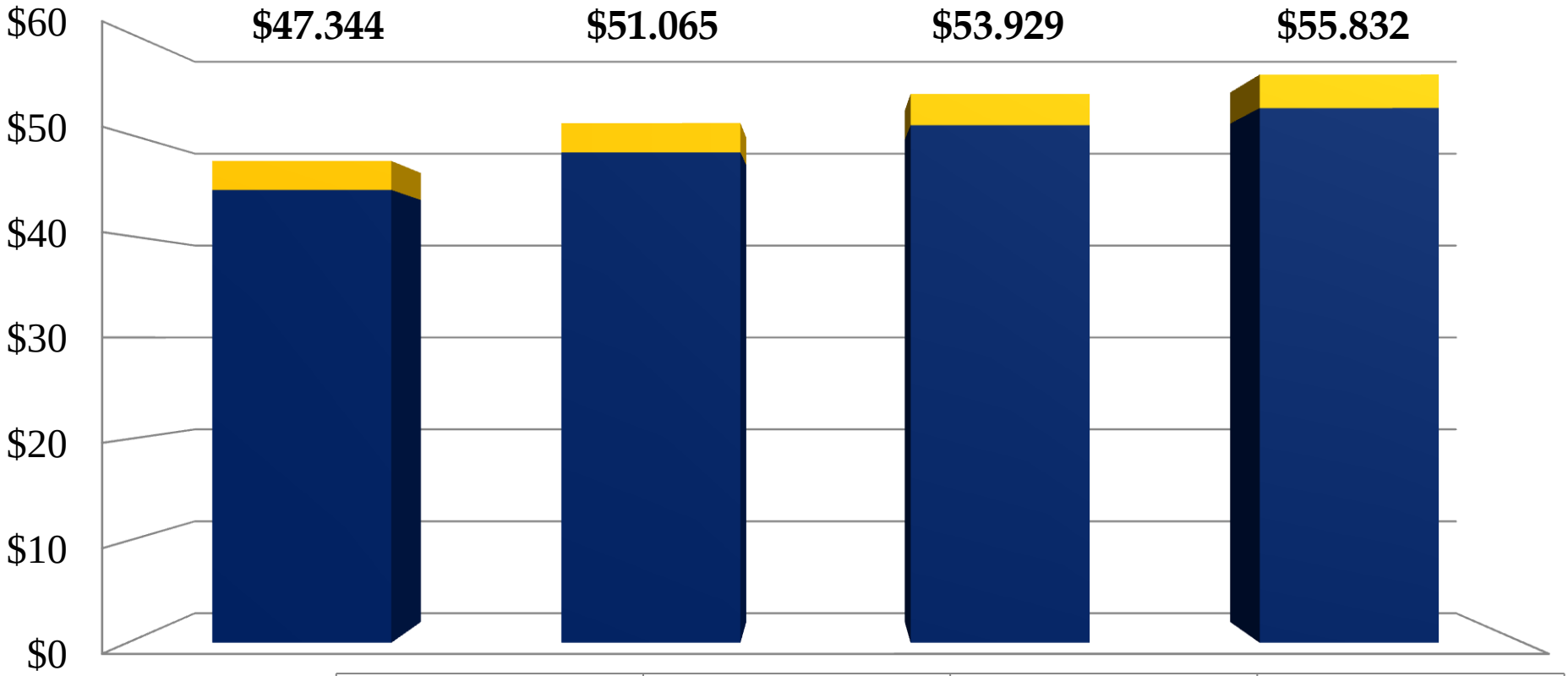
[1] 2011 Funding for Medical Care is at the enacted level, while all other funding is at the current CR level. This applies to all subsequent tables.
[2] Excludes -$63 million in legislative proposals

Total FTE

	FY 2010	FY 2011	FY 2012
Medical Services	178,913	184,145	184,610
Medical Support & Compliance	42,434	44,006	44,065
Medical Facilities	23,790	24,144	24,144
Joint Incentive Fund (VA/DoD)	127	127	127
Medical Research	3,352	3,345	3,220
Canteen	3,246	3,260	3,285
National Cemetery Administration	1,670	1,686	1,696
Information Technology	6,853	7,518	7,527
Construction	8	4	4
Veterans Benefit Administration	19,605	20,333	20,321
General Administration	2,753	3,139	3,315
Inspector General	553	625	612
Supply Fund	699	880	1,000
Franchise Fund	822	1,269	1,484
Total FTE	**284,825**	**294,481**	**295,410**

Medical Care Budget Authority

($ in billions)



	2010	2011	2012	2013
Collections	$2.848	$2.882	$3.078	$3.291
Appropriations	$44.497	$48.183	$50.851	$52.541

Multi-Year Planning of Medical Care Budget

- VA's health care budget is based on interdependent, multi-year plan

- Increase of $240 million in 2012 over advance appropriation request
  - Reflects net effect of +$953 million Contingency Fund and -$713 million for cumulative impact of pay freeze in 2011 and 2012

- Contingency Fund (+$953 million)
  - Contingency Fund balances potential need for funding with fiscal responsibility
  - VA's actuarial model projects this funding is needed, but based on actual experience, it remains uncertain how well the model works in this area (i.e., specific impact of unemployment on demand)

- Carryover Funding ($1.1 billion)
  - Carryover from 2011 into 2012 and into 2013 is critical building block of the budget request
  - Any reductions in the amount of projected carryover funding would require increased appropriations in the same amount.

Selected Key Programs
(Obligations in millions)

	2010 Actual	2011 Estimate	2012 Estimate [3]	Change 2010-2012	Percent Change
Mental Health	$5,161	$5,703	$6,153	$992	19%
OEF/OIF/OND	$1,909	$2,398	$2,991	$1,082	57%
Prosthetics	$1,830	$2,167	$2,546	$716	39%
Spinal Cord Injury	$464	$486	$531	$68	15%
Rural Health Initiatives [1]	$490	$250	$250	-$240	-49%
Traumatic Brain Injury	$233	$265	$299	$66	28%
Women Veterans [2]	$214	$242	$270	$56	26%
Readjustment Counseling	$174	$181	$189	$15	9%
Long-Term Care	$5,699	$6,284	$6,881	$1,182	21%

[1] 2010: Reflects carryover of $223 million in 2010 from the $250 million appropriated in 2009 for the rural health initiative.

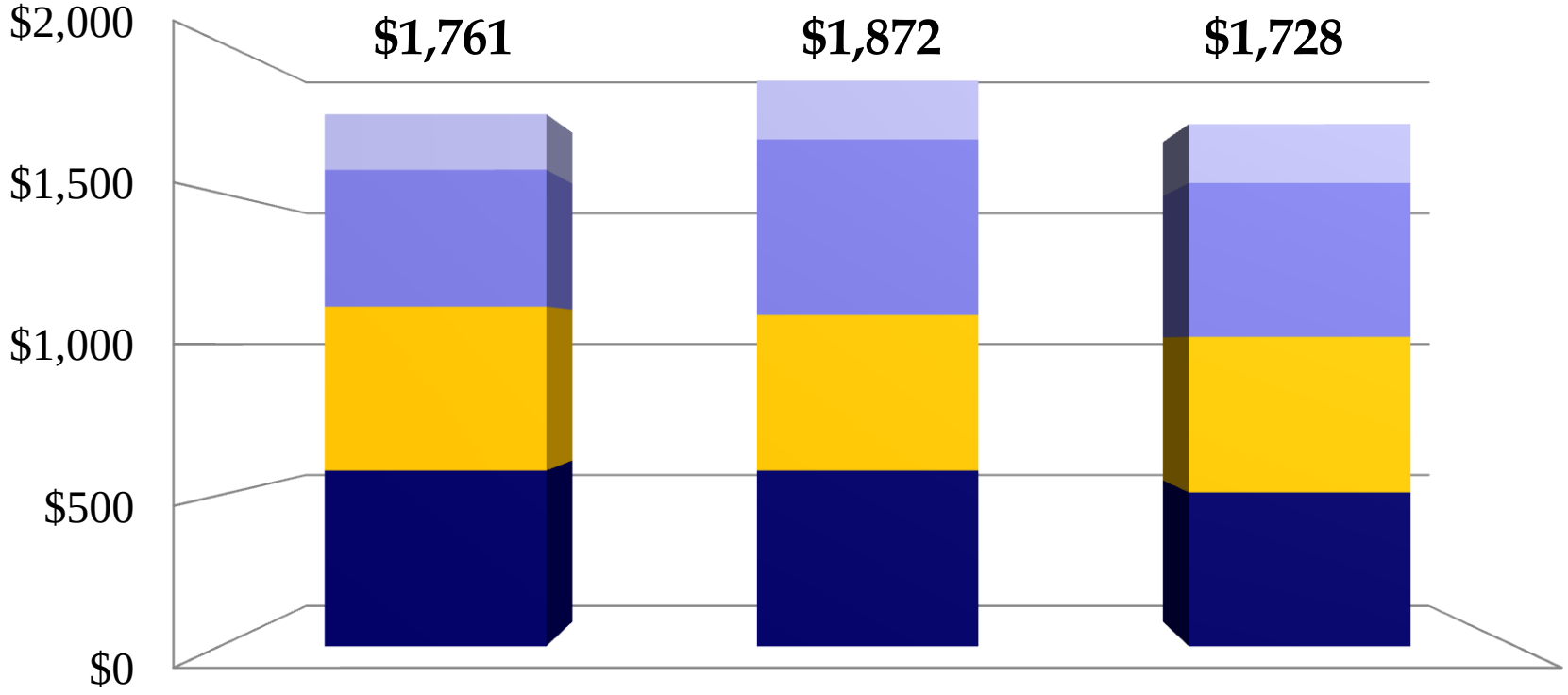
[2] Gender Specific Care for Women Veterans

[3] 2012 health care service estimates include contingency funding if needed

Change in Medical System Users

	2010 Actual	2011 Estimate	2012 Estimate	Change 2010-2011	Percent Change	Change 2011-2012	Percent Change
Priority 1-6	4,109,326	4,132,663	4,195,294	23,337	0.6%	62,631	1.5%
Priority 7-8	1,331,733	1,395,791	1,411,535	64,058	4.8%	15,744	1.1%
Subtotal Veterans	5,441,059	5,528,454	5,606,829	87,395	1.6%	78,375	1.4%
CHAMPVA / Non-Veterans	559,051	570,145	577,337	11,094	2.0%	7,192	1.3%
Total Unique Patients	**6,000,110**	**6,098,599**	**6,184,166**	98,489	1.6%	85,567	1.4%
OEF/OIF/OND (Incl. Above)	400,127	476,491	536,451	76,364	19.1%	59,960	12.6%

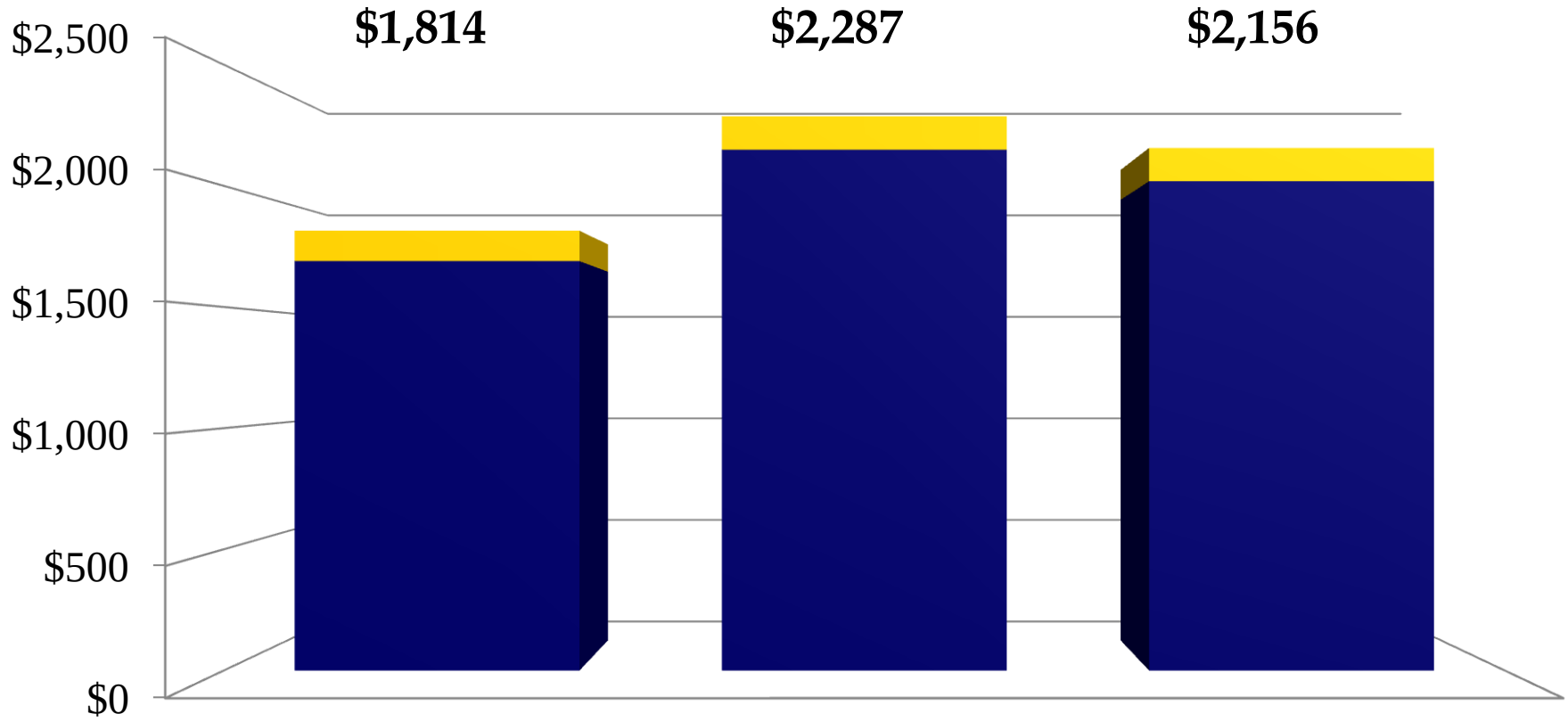
Medical and Prosthetic Research
($ in millions)



	2010	2011	2012
Other Grants	$184	$195	$195
Medical Care Support	$453	$581	$509
Federal Grants	$543	$515	$515
Appropriation	$581	$581	$509

Veterans Benefits Administration Budget Authority

($ in millions)

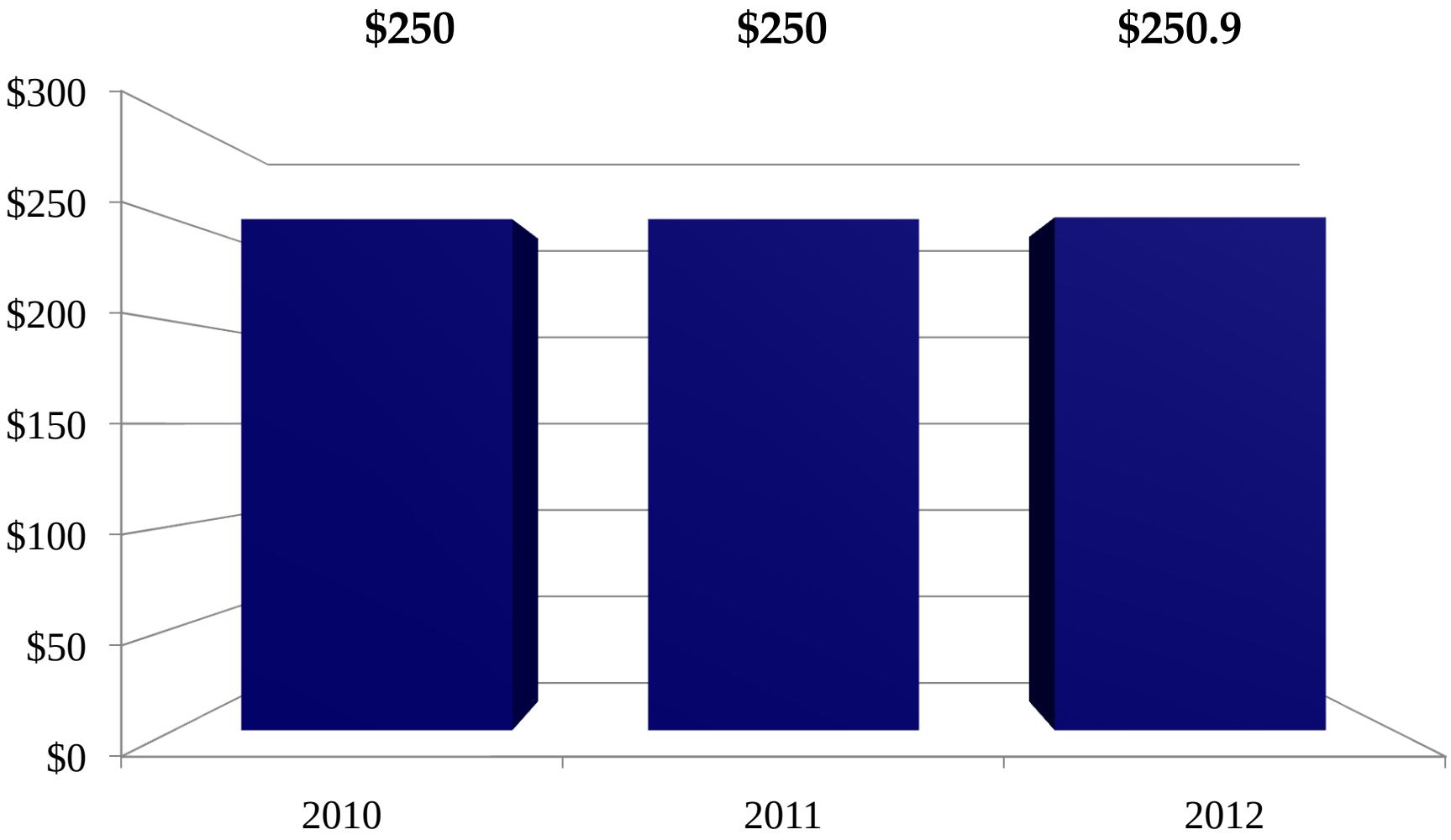


	2010	2011	2012
Housing and Other Credit	$125	$138	$137
General Operating Expenses	$1,689	$2,149	$2,019

Veterans Benefits Administration
(Employment)

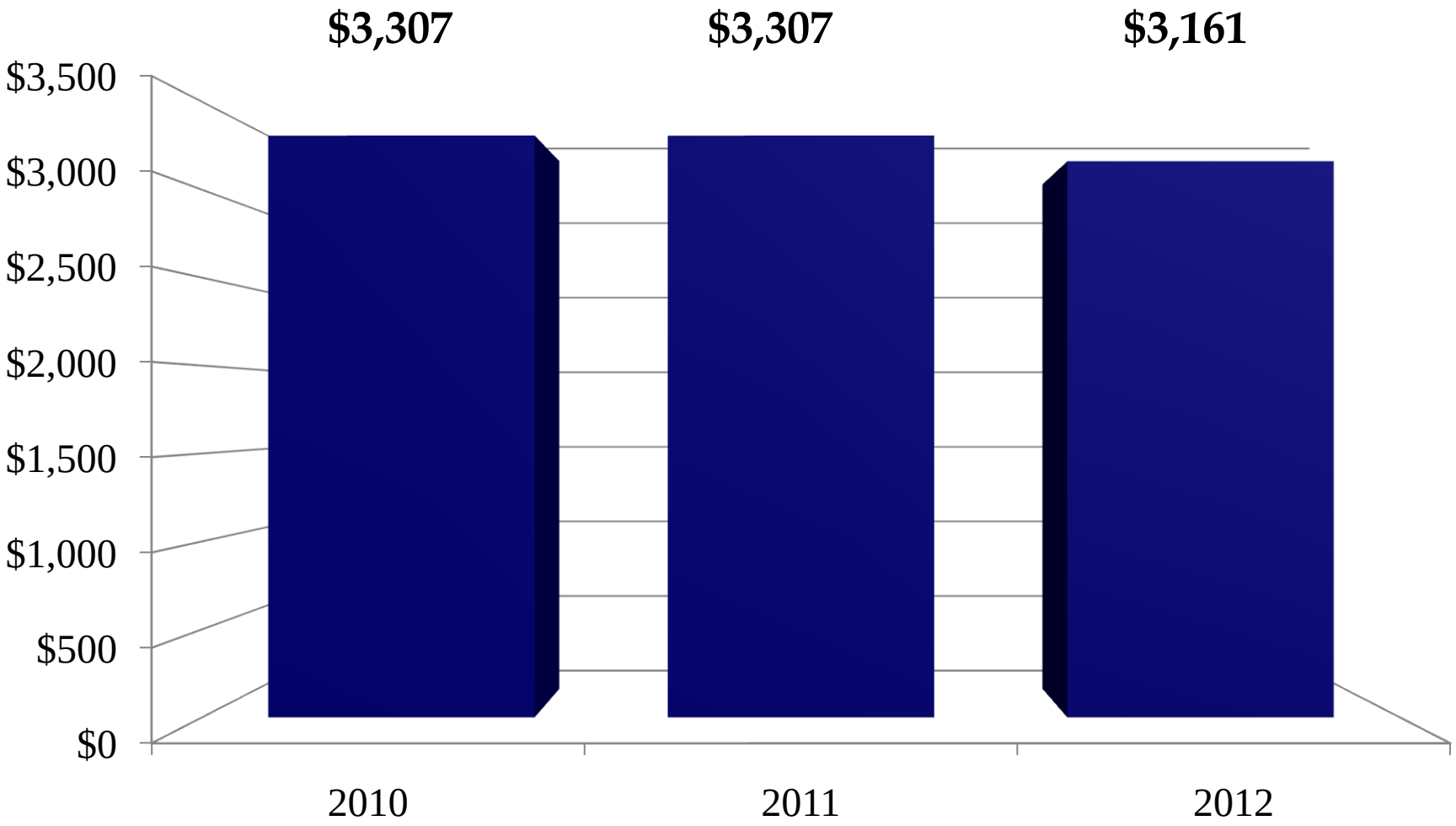
	FY 2010	FY 2011	FY 2012
VBA Total	19,605	20,333	20,321
Comp & Pensions	15,109	15,859	15,983
Education	1,961	1,812	1,595
Voc Rehab	1,301	1,349	1,435
Housing and other Credit	875	935	935
Insurance	359	378	373

National Cemetery Administration
Budget Authority
($ in millions)

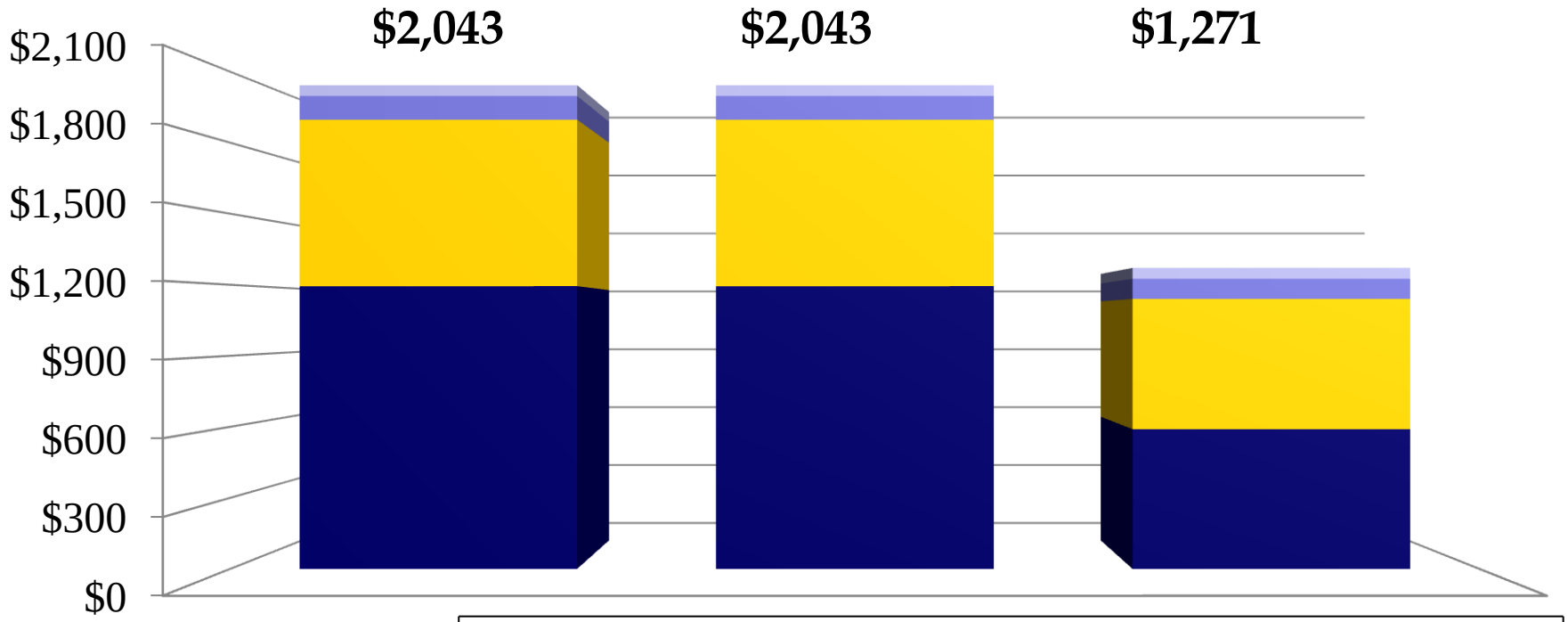


Information Technology
Budget Authority

($ in millions)



Capital Programs
Appropriation Request
($ in millions)



	2010	2011	2012
Cemetery Grants	$46	$46	$46
Extended Care Grants	$100	$100	$85
Minor Construction	$703	$703	$550
Major Construction	$1,194	$1,194	$590

Major Construction Projects 2012 Request

Location	Description	Estimate ($ in 000s)
VHA		
New Orleans, LA	New Medical Facility	$60,000
Denver, CO	New Medical Facility	42,000
San Juan, PR	Seismic Corrections - Bldg 1	100,720
St. Louis, MO	Medical Facility Improvements/Cemetery Expansion	80,000
Palo Alto, CA	Centers for Ambulatory Care/Poly/Blind Rehab	75,900
Bay Pines, FL	Inpatient/Outpatient Improvements	43,970
Seattle, WA	Correct Seismic Deficiencies Building 100, Nursing Tower, & Community Living Center	47,500
Reno, NV	Correct Seismic Deficiencies and Expand Clinical Services,	21,380
West Los Angeles, CA	Build New Essential Care Tower, Correct Seismic Deficiencies	50,790
San Francisco, CA	Correct Seismic Deficiencies in Buildings 1, 6, 8, & 12	22,480
Total VHA		***$544,740***
NCA		
Honolulu, HI	Expand Columbarium and Replace Administration Building	$23,700
NCA Land Acquisition Fund	Various Stations	10,000
Total NCA		***$33,700***
Line Items		
Advance Planning Fund	Various VHA, NCA, Staff Office Locations	$69,645
Resident Engineer Line Item (includes 140 FTE)	Includes 140 FTE at nearly 50 locations across the country	24,200
Other Line Items	Includes asbestos and facility security, etc.	53,000
Total Line Items		***146,845***
Less Availabile Funds from Previous Appropriations		***-135,681***
Total Request		**$589,604**

Stewardship of Resources

- Management systems and initiatives put into place to maximize efficiency and effectiveness and ensure accountability.
  - Implemented a new Project Management and Accountability System (PMAS) for IT projects
  - Established a new planning process for VA to assess and prioritize infrastructure needs and adopt capital and non-capital solutions – the Strategic Capital Investment Planning (SCIP) initiative
  - Corrected 3 of 4 material weaknesses identified in financial audits
  - Improve efficiencies and reduce costs in acquisitions, fee care, and indirect and administrative services.
  - Expanded the use of metrics to assess financial and program performance through on-line dashboards and executive oversight.

Department of Veterans Affairs

FY 2012 Supplemental Slides

February 14, 2011

Critical 2012 Performance Goals

Performance Goals	*2010 Actual*	*2011 Target*	*2012 Target*	*Strategic Target*
Health Care				
Percent of Appointments Completed Within 14 Days of Desired Date:				
Primary Care Appointments	93%	93%	94%	95%
Specialty Care Appointments	93%	93%	94%	96%
Clinical Practice Guidelines Index III	92%	92%	92%	93%
Prevention Index IV	91%	93%	93%	94%
Benefits Processing				
Percent of Compensation & Pension Claims Pending Inventory > 125 Days old	36%	60%	65%	0%
Education Claims (Original)- Average Days to Complete	39	23	23	10
Burial Benefits				
Percent of Veterans Served by a Burial Option Within 75 Miles of Their Residence	88.1%	89.0%	89.8%	94.0%
Percent of Graves in National Cemeteries Marked Within 60 Days of Interment	94%	95%	95%	95%

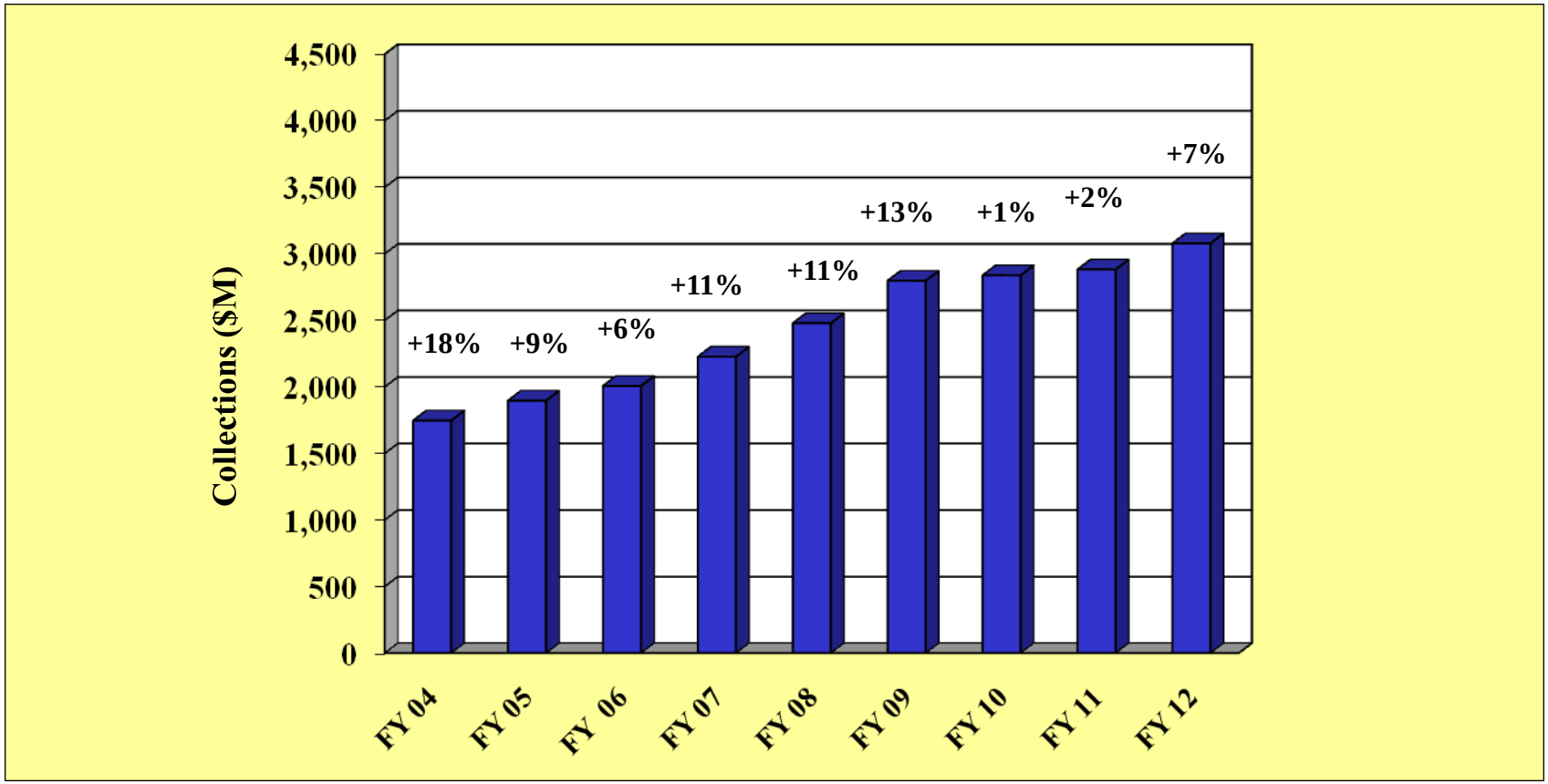
MCCF Collections

($ in millions)

	2010 Actual	2011 Estimate	2012 Estimate	Change 2010-2011	Percent Change	Change 2011-2012	Percent Change
First-Party Co-Payments	$870	$863	$816	-$7	-1%	-$47	-5%
Pharmacy Co-Payments	698	702	652	4	1%	-50	-7%
Other Co-Payments	172	161	164	-11	-6%	3	2%
Third-Party Insurance Collections	1,904	1,954	2,197	50	3%	243	12%
All Other collections	64	65	65	1	2%	0	0%
Total Collections	**$2,838**	**$2,882**	**$3,078**	$44	2%	$196	7%

MCCF Collections

($ in millions)



Mandatory Programs

($ in thousands)

Mandatory	FY2010	FY2011	FY2012	Change 2011-2012	Percent Change
Entitlement Programs:					
Compensation and Pensions	$61,177	$53,978	$58,067	**$4,089**	8%
Readjustment Benefits	$8,822	$10,396	$11,011	**$615**	6%
Insurance	$56	$78	$100	**$23**	29%
Housing	$808	$1,403	$319	**-$1,085**	-77%
Total Appropriation	**$70,863**	**$65,855**	**$69,497**	**$3,642**	6%
Other Mandatory Budget Authority (BA)	$417	$891	$815	**-$76**	-9%
Legislative Proposals			-$63	**-$63**	
Total Mandatory BA	**$70,863**	**$65,855**	**$70,250**	**$4,394**	7%

Departmental Administration
FY 2012 Budget Authority Request

($ in thousands

	2010 Enacted	2011 CR	2012 Request	$ Change 2010 V. 2012	% Change 2010 V. 2012
Office of the Secretary	$9,270	$9,270	$10,104	$834	9%
Board of Veterans Appeals	73,273	73,273	78,006	$4,733	6%
Office of the General Counsel	80,778	80,778	84,073	$3,295	4%
Office of Management	43,956	43,956	46,222	$2,266	5%
Office of Human Resources & Administration	68,590	68,590	74,343	$5,753	8%
Office of Policy and Planning	26,015	26,015	28,647	$2,632	10%
Office of Operations, Security and Preparedness	16,746	16,746	19,873	$3,127	19%
Office of Public & Intergovernmental Affairs	22,079	22,079	23,981	$1,902	9%
Office of Congressional & Legislative Affairs	6,065	6,065	6,585	$520	9%
Office of Acquisitions, Logistics, & Construction	50,728	50,728	76,391 1/	$25,663	51%
GenAdmin GOE Subtotal	$397,500	$397,500	$448,225	$50,725	13%
Inspector General	109,000	109,000	109,391	$391	0%

1/ Includes $23.6M in Presidents Acquisition Initiative Improvement