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Volume III
Benefits and Burial Programs
and Departmental Administration,
Congressional Submission, FY 2013

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National Cemetery Administration

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National Cemetery Administration Performance Plan & Funding Summary

Mission

VA honors Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation.

Stakeholders

The stakeholders of VA's burial programs are varied and diverse. Our primary stakeholders are those who are the direct beneficiaries of VA burial benefits: Veterans and their families. Veterans Service Organizations and professionals in the funeral and mortuary industry are also noteworthy stakeholders. Various components of the Department of Defense (DoD) and members of active duty and reserve forces comprise yet another significant stakeholder group. In addition, members of a number of environmental groups, historical and genealogical societies, as well as the general public must be included.

The inclusion of families takes into account the significance of next of kin, since not only eligible Veterans but also their eligible family members may receive burial benefits. It is important that these Veterans, widows, widowers, and other family members are treated with compassion and dignity at the time of their bereavement and when they return to visit the gravesite, and that the cemetery's entire appearance is maintained in a manner befitting a national shrine.

Veterans Service Organizations are key stakeholders and partners in the VA mission. These organizations act as a voice for Veterans and their families, and as advocates for their needs and expectations. At many national cemeteries, they are important partners in providing support for military funeral honors.

States and tribal governments, usually operating through their Veterans Affairs Departments, play an increasingly important role in providing service to Veterans and their families. By establishing and operating Veterans cemeteries as a complement to VA national cemeteries, they provide burial options for Veterans and their families.

Funeral directors are another significant stakeholder group. These professionals are often the spokespersons for the Veteran or next of kin and are also directly involved in the delivery of VA services through the coordination of committal services and interments. Funeral directors may also assist families in applying for headstones and markers.

Private cemeteries must also be included as stakeholders. Each year, VA furnishes more than 200,000 headstones and markers for Veterans' gravesites in private cemeteries.

Veterans' families expect that appropriate military funeral honors will be provided at national cemeteries in recognition of the Veteran's service to our Nation. The provision of military funeral honors is part of the mission of DoD, but it requires a close and collaborative partnership between NCA and DoD. DoD and the uniformed forces of each branch of service must be incorporated into any list of NCA stakeholders in recognition of the important role they play in honoring those who have served.

NCA must also consider other groups of interested and concerned citizens, as well as members of the general public as stakeholders. Many of our national cemeteries date from the Nation's Civil War and are listed on the National Register of Historic Places. As such, they are of interest to historical societies and individuals interested in history and genealogical research. As national shrines, national cemeteries are also visited by individuals, families, and touring groups who may not have family members interred in a national cemetery. NCA is responsible to all Americans for the prudent management of tax dollars and the sound environmental management of the land.

Finally, it is also appropriate to recognize stakeholders within the Department: the Veterans Benefits Administration, the Veterans Health Administration, and headquarters staff offices. All VA organizational elements are important partners with NCA in providing seamless service to Veterans and their families.

Activities and Programs

The National Cemetery Administration (NCA) administers a number of related burial benefits programs:

- National Cemeteries: Bury eligible Veterans and family members in national cemeteries and maintain the graves and their environs as national shrines;
- Veterans' Cemetery Grants: Provide aid to states or tribal governments in establishing, expanding, or improving state, or tribal government Veterans cemeteries;
- Headstones and Markers: Furnish headstones and markers for the graves of eligible persons in national, state, or tribal government Veterans cemeteries and private cemeteries;
- Medallions: Furnish medallions commemorating the Veteran's service to the Nation that may be affixed to the privately purchased headstones or markers for Veterans interred in private cemeteries;
- Presidential Memorial Certificates: Provide certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation;
- Outer Burial Receptacles: Provide a graveliner or partial reimbursement for a privately purchased outer burial receptacle for each new grave in open national cemeteries administered by NCA; and
- First Notice of Death: Record First Notice of (Veteran) Deaths based on Burial Flag, headstone/marker, burial applications, and insurance information from VA Insurance Claims Office into VA IT systems. Updated electronic files ensure timely termination of benefits and next-of-kin notification of possible entitlement to survivor benefits.

2013 Highlights

Sustained High Levels of Client Satisfaction

NCA is proud of its sustained record of excellent service to Veterans and their families. Both NCA's annual Survey of Satisfaction with National Cemeteries and an esteemed external benchmark, the American Customer Satisfaction Index, continue to document our commitment to providing respectful, dignified, and compassionate service that is second to none. NCA also recognizes that high client satisfaction results cannot be assumed based on past history. In 2013, NCA will focus on ensuring our reputation as a world-class service provider is maintained by continuing to collect client satisfaction data from Veterans, families, and funeral homes through ongoing survey activities. We will use results to identify aspects of service as well as specific cemeteries that present opportunities for improvement. We will also identify and share best practices

from high performing cemeteries throughout NCA. These efforts will continue to support progress toward reaching our ambitious strategic target that 100 percent of respondents will rate the service received at national cemeteries and the appearance of those shrines as excellent.

Burial Policies

NCA is close to achieving a significant strategic target. We anticipate that by 2013, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal government Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. A number of new burial policies targeting increased access and availability of burial options for our Nation's Veterans were first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This would result in five new national cemeteries and provide a burial option to an additional 500,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

The 2013 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of these new burial policies. The current strategic target for the percent of the Veteran population served by a national, state, or tribal government Veterans cemetery within 75 miles of their home is 94 percent.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, the 2013 budget includes an initiative for Veterans residing in rural areas. NCA is proposing to establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. The proposal targets those states in which: 1) there is no national cemetery within the state open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in another state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming). NCA plans to pursue the Rural Veteran Initiative within our current budget request.

National Shrine Commitment

The 2013 budget supports a continued commitment to ensure that National Cemeteries meet or exceed the highest standards of appearance required by their status as national shrines. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. With the resources in this budget, NCA will maintain occupied graves, developed acreage, historic structures, and cemetery infrastructure in a manner befitting national shrines (see NCA Operations and Maintenance Chapter and Construction Chapter).

Renewable Energy

The 2013 budget will also allow NCA to pursue renewable energy projects through the use of solar power, geothermal heating, and energy reduction improvements in cemetery buildings (see NCA Operations and Maintenance Chapter). This initiative will reduce future energy usage and costs. In addition, because of the relatively small energy needs of NCA facilities, the various wind, solar, and geothermal heating projects equate almost directly to residential-size projects. Thus, NCA will be able to showcase how energy independence is possible for communities across the country.

<i>Summary of Total Budgetary Resources for NCA Programs</i>					
(dollars in thousands)					
	2011	2012		2013	Change
		Actual	Budget Estimate		
Operations and Maintenance..	\$249,500	\$250,934	\$250,934	\$258,284	+\$7,350
Major Construction.....	106,900	38,200	38,200	9,647	-28,553
Minor Construction.....	43,485	41,628	41,628	58,100	+16,472
Grants for Construction of Veterans Cemeteries	45,908	46,000	46,000	46,000	0
Facilities Operation Fund	72	100	100	100	0
National Cemetery Gift Fund	175	250	250	250	0
Compensation and Pensions:					
Headstones & Markers.....	59,001	76,208	71,245	75,467	+4,222
Graveliners & OBR Reimbursements	14,941	22,273	21,047	31,952	+10,905
Total Budgetary Resources	\$519,982	\$475,593	\$469,404	\$479,800	\$10,396

Relationships Among Programs and Appropriations

NCA receives funding from eight appropriation accounts. The Operations and Maintenance appropriation funds the operation of 131 operational national cemeteries and 33 other cemeterial installations, as well as their maintenance as national shrines. It also funds the costs of administering four related programs: the Veterans' Cemetery Grants program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, and the Outer Burial Receptacle program. The costs of producing and mailing PMCs are also funded from this appropriation. Beginning in 2006, the information technology and telecommunications costs of administering NCA programs are being funded from VA's Information Technology (IT) appropriation instead of the Operations and Maintenance appropriation.

Making burial options available to Veterans requires the development of new national cemeteries, the development of additional gravesites at existing national cemeteries, or the establishment and expansion of Veterans cemeteries through grants to states and tribal governments. These requirements are met through three capital appropriation accounts. New national cemetery construction is funded from the Major Construction appropriation. Gravesite development projects, as well as national cemetery improvement projects, are funded from VA's Major and Minor Construction appropriations. The funding requests and justifications for these two appropriations are found in the Construction Programs volume; however, a summary of the NCA construction program is provided in section C of this NCA chapter.

The Grants for Construction of Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of state and tribal government Veterans cemeteries.

The National Cemetery Administration Facilities Operation Fund is financed by the proceeds from leases of undeveloped land and unused or underutilized buildings. The funds are applied towards the costs of operating and maintaining NCA property.

The National Cemetery Gift Fund is a trust fund that uses gifts from private donors for beautification and improvement of cemetery grounds, such as landscaping, walkways, and benches.

The Compensation and Pensions (C&P) appropriation funds the purchase and transportation costs for headstones and markers, graveliners, pre-placed crypts,

as well as funding the partial reimbursements for privately purchased outer burial receptacles. This appropriation is presented in a separate budget chapter.

Program Highlights

Annual Veteran deaths are expected to be approximately 645,000 in 2011, and will continue to slowly decline. Interments in 2011 were approximately 117,000 and are expected to peak at nearly 126,000 in 2015. Interments will begin to decline gradually to approximately 124,000 in 2017. The total number of gravesites is expected to increase from approximately 3.1 million in 2011 to over 3.3 million in 2013. The number of gravesites maintained is expected to be nearly 3.7 million in 2017.

NCA's Memorial Programs Service (MPS) is responsible for administering the Headstone and Marker and the Presidential Memorial Certificate (PMC) programs. MPS receives and processes applications for headstones and markers; determines eligibility of the decedent; assists Veterans, next-of-kin, Veterans Service Organizations, funeral homes, and other customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries; and administers the PMC program by providing certificates to families of deceased Veterans. In 2011, NCA processed 373,000 applications for headstones and markers for placement in cemeteries. The number of headstone and marker applications processed is expected to be 350,000 in 2013 and over 330,000 in 2017.

In 2010, NCA added a headstone medallion to the available memorial benefits. The medallion is to be affixed to an existing privately purchased headstone or marker placed in a private cemetery to signify the deceased's status as a Veteran. In 2011 over 7,000 medallions were provided to recognize Veterans' service.

NCA issued nearly 780,000 Presidential Memorial Certificates (PMC) in 2011. The number of Presidential Memorial Certificates issued in 2013 is expected to be approximately 894,000 and is expected to be more than 873,000 in 2017. While recent workload indicators show that the number of PMCs ordered has increased from one to over three certificates per request, the significant increase projected for the number of PMCs is due to the aggressive deployment of information technology to automate PMC orders. PMCs are currently provided automatically to next-of-kin of all Veterans buried in national cemeteries or Veterans cemeteries that have received grants from the Veterans Cemetery Grants program. In 2011, system enhancements were implemented to further automate ordering and printing of PMCs to be delivered to the family or loved one for each government-furnished headstone or marker ordered for placement in a private cemetery.

Key Performance Measures

It is important that VA ensures that the burial needs of Veterans and eligible family members are met in a timely, compassionate, and respectful manner. VA will maintain its strategic target for the percent of Veterans served by a burial option in a national, state, or tribal government Veterans cemetery within a reasonable distance (75 miles) of their residence at 94 percent. In order to achieve this objective, VA needs to increase/maintain access by developing additional national cemeteries and expanding existing national cemeteries to meet projected demand, including the development of columbaria and the acquisition of additional land. It is also necessary that state and tribal government Veterans cemeteries be established or expanded to complement VA's system of national cemeteries.

VA continues to provide high-quality, responsive service in all contacts with Veterans, their families, and friends. NCA will continue to obtain feedback from Veterans, their families, and other cemetery visitors to ascertain how they perceive the quality of service provided by national cemeteries. NCA's Survey of Satisfaction with National Cemeteries provides a measure of our success in delivering service with courtesy, compassion, and respect. NCA will also continue to conduct focus groups to collect data on stakeholder expectations and their perceptions related to the quality of service provided by national cemeteries. The information obtained from surveys and focus groups is analyzed to ensure that NCA addresses those issues most important to its customers. This approach provides data from the customer's perspective, which are critical to developing our objectives and associated measures.

It is important to Veterans and their family members that a grave be marked in a timely manner after an interment. The headstone or marker is a lasting memorial that may bring a sense of closure to present-day survivors and serve as a reminder to future generations. NCA field and central office employees have on-line access to monthly and fiscal year-to-date tracking reports on timeliness of marking graves in national cemeteries. Increasing the visibility and access of this information reinforces the importance of marking graves in a timely manner.

VA is committed to ensuring timely and accurate symbolic expressions of remembrance are provided for Veterans who are not buried in national cemeteries. In 2007, NCA processed 38 percent of the applications for headstones and markers for such Veterans within 20 days of receipt and by 2011 had increased performance to 93 percent. In 2010, NCA conducted the first client satisfaction survey for those Veteran families who request a headstone or marker for a Veteran's grave in other than a national cemetery and for those families who

request a Presidential Memorial Certificate to memorialize the honorable service of a Veteran. Conducting this survey recognizes the significant number of Veterans and their families who select these memorial tributes each year. In 2011, 95 percent of respondents indicated that the quality of the headstone or marker received from VA was excellent and 94 percent indicated that the quality of the PMC received from VA was excellent. In 2010, NCA also established baseline performance for the timely processing of Presidential Memorial Certificates. In 2010, 17 percent of requests were processed within 20 days of receipt. In 2011, NCA processed 91 percent of requests within 20 days of receipt.

National cemeteries carry expectations of appearance that set them apart from private cemeteries. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. NCA will maintain occupied graves and developed acreage in a manner befitting national shrines. Improvements in the appearance of burial grounds and historic structures are necessary for NCA to fulfill the National Shrine Commitment. Headstones and markers must be set, realigned, and cleaned. Stone surfaces of columbaria require cleaning, caulking, and grouting between niches as well as maintenance of surrounding walkways. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, walks, and drives must be repaired as needed. NCA will continue to collect client feedback through annual surveys to determine if Veterans and their families perceive the appearance of national cemeteries as excellent.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 <small>(Final)</small>	2013 <small>(Requested Funding)</small>	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Create Virtual Lifetime Electronic Record by 2012 (MI)	Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries	95%	93%	74%	93%	90%	90%	90%
	2. Streamline the headstone and marker ordering and setting process (OSE)	Percent of graves in national cemeteries marked within 60 days of interment	93%	95%	94%	93%	95%	95%	95%
	3. Review headstone and marker orders for correctness (OSE)	Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	96%	95%	96%	97%	98%
	4. Ensure national cemeteries are maintained as national shrines (SI)	Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	84%	82%	85%	82%	83%	83%	95%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	5. Ensure national cemeteries are maintained as national shrines (SI)	Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	65%	64%	67%	70%	71%	71%	90%
	6. Ensure national cemeteries are maintained as national shrines (SI)	Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments ¹	N/Av	84%	84%	74%	TBD	TBD	90%
	7. Create Virtual Lifetime Electronic Record by 2012 (MI)	Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	72%	73%	77%	81%	84%	85%	93%
	8. Ensure national cemeteries are maintained as national shrines (SI)	Percent of gravesites that have grades that are level and blend with adjacent grade levels	86%	90%	89%	91%	90%	87%	95%

¹ In 2011, NCA began implementation of a new, more stringent methodology to assess the condition of buildings and structures at VA national cemeteries. This approach resulted in dramatically different results than in previous years. NCA feels that the new methodology has provided more accurate assessments and, upon full implementation in 2012, will provide better information on facility conditions. As a result, NCA will establish a new baseline for this measure in 2012.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	9. Create Virtual Lifetime Electronic Record by 2012 (MI)	Percent of PMC applications that are processed within 20 days of receipt	N/Av	N/Av	17%	91%	70%	85%	90%
	10. Maintain NCA's exceptional levels of customer satisfaction and cemetery appearance in order to ensure the high levels of client satisfaction that translate into high levels of customer loyalty (OSE)	Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	98%	99%	99%	100%
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Expand Veterans' access to a burial option in national, state, or tribal government Veterans cemeteries (SI)	Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	84.2 %	87.4%	88.1 %	89.0 %	89.6 %	89.6%	94.0%
	2. Create Virtual Lifetime Electronic Record by 2012 (MI)	Percent of headstone and marker applications from private cemeteries and funeral homes received electronically	46%	52%	56%	61%	65%	67%	75%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						Strat Target
			Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Request)	
E. Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs	1. Maintain NCA's exceptional levels of customer satisfaction in order to ensure the high levels of client satisfaction translates into high levels of customer loyalty (OSE)	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	94%	95%	95%	95%	98%	98%	100%
	2. Analyze data from NCA's Annual Survey of Satisfaction with National Cemeteries to identify other cemetery features that are important to our clients and identify areas for improvement (OSE)	Percent of respondents who rate national cemetery appearance as excellent	98%	98%	98%	98%	99%	99%	100%
	3. Improve the quality of headstones and markers provided for graves of Veterans in other than national cemeteries (OSE)	Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent	N/Av	N/Av	94%	95%	95%	96%	100%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Request)	
E. Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs	4. Improve the quality of Presidential Memorial Certificates provided to next-of-kin and families of deceased Veterans (OSE)	Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent	N/Av	N/Av	96%	94%	97%	97%	100%

Table 2: Performance Measure Supporting Information

(1) Percent of applications for headstones and markers that are processed within 20 days for the graves of Veterans who are not buried in national cemeteries. (Key Measure)

a) Means and Strategies:

- Use online ordering through NCA's Automated Monument Application System (AMAS).
- Electronically transmit all headstone and marker orders to contractors.

b) Data Source(s): AMAS

c) Data Verification:

- Enhancements to NCA's AMAS allows accurate recording of electronic applications separately from others such as replacement markers.
- VA headquarters staff oversees the data collection process to verify data accuracy and integrity.

d) Measure Validation:

- Measuring the timeliness of processing headstone and marker applications for the graves of Veterans who are not buried in national cemeteries is important because it helps ensure the timely delivery of headstones and markers.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information:

Workload Indicators							
	2008	2009	2010	2011	2012	2013	2017
Number of headstone and marker applications processed.	361,192	351,951	355,640	372,659	353,533	350,027	330,296
Number of PMCs Issued	511,353	655,752	803,675	779,666	890,886	894,455	873,385

The number of applications processed for Government-furnished headstones and markers includes those that have been disapproved and cancelled orders. NCA will continue to ensure that Presidential Memorial Certificates (PMCs) are delivered accurately and timely.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery.

Table 2: Performance Measure Supporting Information

(2) Percent of graves in national cemeteries marked within 60 days of interment. (Key Measure)

a) Means and Strategies:

- Reengineer business processes, such as ordering and setting headstones and markers, to improve performance in providing Veterans and their families with timely and accurate symbolic expressions of remembrance.
- Continue the local inscription program to decrease the time it takes to mark a grave after interment in a VA national cemetery.
- Provide NCA field and office employees with online access to monthly and fiscal year-to-date tracking reports on timeliness of marking graves in VA national cemeteries.

b) Data Source(s): NCA's Burial Operations Support System (BOSS)

c) Data Verification:

- NCA Central Office employees who are trained and skilled in data collection and analysis collect and verify data.

d) Measure Validation:

- The amount of time it takes to mark the grave after the interment is important to Veterans and their families as it signifies the completion of the burial process.

e) Cross-Cutting Activities:

- NCA furnishes headstones and markers for national cemeteries administered by the Department of the Army (DA) and the Department of the Interior (DOI).
- Arlington National Cemetery, which is administered by DA; Andrew Johnson National Cemetery and Andersonville National Cemetery, which are administered by DOI; and a majority of state or tribal government Veterans cemeteries order headstones and markers directly through NCA's BOSS.

f) External Factors:

- Outside contractual performance greatly affects the quality and timeliness of service provided to Veterans and families.
- Extremes in weather, such as periods of excessive rain or snow, or extended periods of freezing temperatures that impact ground conditions can cause delays in the delivery and installation of headstones and markers.

g) Other Supporting Information: Same as Measure #3.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery.

Table 2: Performance Measure Supporting Information

(3) Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence. (Key Measure)

a) Means and Strategies:

- Develop additional VA national cemeteries.
- Expand existing VA national cemeteries.
- Provide grants through the Veterans Cemetery Grant Program to establish or expand state or tribal government Veterans cemeteries.

b) Data Source(s): VetPop2007 version 1.0 model using 2000 census data.

c) Data Verification:

- VA's Office of the Inspector General performed an audit in 1999 assessing the accuracy of the data used to determine the percent of Veterans served by a burial option within a reasonable distance of their residence.
- Data were revalidated in 2002 in a 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.

d) Measure Validation:

- VA established a 75-mile service area standard based on NCA data that determined more than 80 percent of persons interred in VA national cemeteries resided within 75 miles of the cemetery at their time of death.

e) Cross-Cutting Activities:

- NCA partners with states and tribal governments to provide Veterans and their eligible family members with burial options through the Veterans Cemetery Grants Program.
- NCA works closely with all State Directors of Veterans Affairs and meets regularly with delegations from states, cities, and tribal governments to facilitate the partnership to meet the burial needs of Veterans.

f) External Factors: None

g) Other Supporting Information:

Workload Indicators							
	2008	2009	2010	2011	2012	2013	2017
Interments performed							
Full casket	58,725	57,634	59,503	61,036	61,000	61,100	60,600
In ground cremains	27,472	30,023	31,547	33,155	29,900	29,000	27,900
Columbaria niche	17,078	18,704	20,757	23,221	27,300	29,600	35,300
Total Interments	103,275	106,361	111,807	117,412	118,200	119,700	123,800

The number of interments performed includes interments of both Veterans and eligible family members. Detail is provided to show type of interment. In 2011 cremations comprised approximately 48% of all interments in national cemeteries.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

Table 2: Performance Measure Supporting Information

(4) Percent of respondents who rate the quality of service provided by the national cemeteries as excellent. (Key Measure)

a) Means and Strategies:

- Obtain feedback from Veterans, their families, and funeral directors to ascertain how they perceive the quality of service provided by VA national cemeteries.
- Conduct focus groups to collect data on client and stakeholder expectations and their perceptions related to the quality of service provided by VA national cemeteries.

b) Data Source(s): NCA's Annual Survey of Satisfaction with National Cemeteries

c) Data Verification:

- VA Headquarters staff oversees the data collection process.
- VA Headquarters staff provides an annual report on a national level describing the sampling plan and survey methodology.

d) Measure Validation:

- An important element in ensuring the burial needs of Veterans and eligible family members are met is providing high quality service that is marked by responsiveness, courtesy, dignity, and respect.

e) Cross-Cutting Activities:

- NCA works closely with DoD components and Veterans Service Organizations to provide military funeral honors at national cemeteries.
- NCA works closely with funeral directors to improve responsiveness and quality of scheduling services.

f) External Factors:

- Veterans and their families may experience feelings of dissatisfaction when expectations concerning military funeral honors are not met.
- Dissatisfaction with services provided by the funeral home can adversely affect the public's perceptions regarding the quality of service provided by the VA national cemetery.

g) Other Supporting Information: Same as Measure #3

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy E: Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing client satisfaction data and other key inputs.

Table 2: Performance Measure Supporting Information

(5) Percent of respondents who rate national cemetery appearance as excellent. (Key Measure)

a) Means and Strategies:

- Establish standards and measures by which NCA can determine the effectiveness and efficiency of its key operations.
- Continue the Organizational Assessment and Improvement (OAI) Program to identify and prioritize continuous improvement opportunities within VA national cemeteries and enhance program accountability throughout NCA.

b) Data Source(s): NCA’s Annual Survey of Satisfaction with National Cemeteries

c) Data Verification: Same as measure #4

d) Measure Validation:

- NCA is committed to maintaining the appearance of VA 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 ones.

e) Cross-Cutting Activities:

- NCA continues to partner with other Federal and civic organizations that provide volunteers to assist in maintaining the appearance of VA national cemeteries.
- NCA has developed a Communities of Practice program that brings together NCA employees from throughout the organization to facilitate collaboration and information sharing in order to ensure that national cemeteries are maintained as national shrines.

f) External Factors:

- Through the duration of time, cemeteries experience a number of environmental changes that may require extensive maintenance.
- Extremes in weather, such as excessive groundwater retention, rain, or drought, can result in or exacerbate sunken graves, sunken or misaligned headstones and markers, soiled headstones and markers, inferior turf cover, and weathering of columbaria.

g) Other Supporting Information:

Workload Indicators							
	2008	2009	2010	2011	2012	2013	2017
Occupied graves maintained:							
In-ground casket	2,470,798	2,513,539	2,552,869	2,597,574	2,640,000	2,682,000	2,850,000
In-ground cremain	322,445	341,259	360,872	378,597	396,000	412,000	479,000
Columbaria niches	121,329	136,333	152,396	170,594	193,000	216,000	323,000
Total	2,914,572	2,991,131	3,066,137	3,146,765	3,228,000	3,310,000	3,652,000
Developed acres maintained	7,566	7,873	8,130	8,402	8,654	8,792	9,158

The number of graves and developed acres that must be maintained in accordance with NCA standards continues to increase.

h) Link to Strategic Planning Framework: This measure supports

- Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness.
- Integrated Strategy E: Enhance our understanding of Veterans’ and their families’ expectations by collecting and analyzing client satisfaction data and other key inputs.

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National Cemetery Administration Operations and Maintenance

Appropriation Language

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, [\$250,934,000]_ \$258,284,000 of which not to exceed [\$25,100,000]_ \$25,828,000 shall be available until September 30, [2013: *Provided*, That none of the funds under this heading may be used to expand the Urban Initiative project beyond those sites outlined in the fiscal year 2012 or previous budget submissions until the National Cemetery Administration submits to the Committees on Appropriations of both Houses of Congress a detailed strategy to serve the burial needs of veterans residing in rural and highly rural areas: *Provided further*, That the report shall include a timeline for implementation of such strategy and cost estimates of establishing new burial sites in at least five rural or highly rural locations] 2014.

Appropriation Highlights

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average Employment	1,676	1,696	1,696	1,700	+4
Field Activities:					
Cemetery Programs	\$192,826	\$192,014	\$194,514	\$198,336	+\$3,822
Memorial Programs	7,308	7,308	7,308	7,474	+166
Operations Support Center	3,901	3,901	3,901	4,027	+126
Headquarters:					
Central Office	23,065	23,065	23,065	23,560	+495
Memorial Service Networks.....	24,946	24,946	24,946	25,187	+241
Total Obligations ^{1/}	\$252,046	\$251,234	\$253,734	\$258,584	\$4,850
Reimbursements (-)	-165	-264	-259	-300	-41
Unob. Bal. Trans. to Unexpired Acct. (-)	-5,100	0	0	0	0
Available Balance SOY (-).....	-40	0	-2,541	0	+2,541
Available Balance EOY	+2,541	0	0	0	0
Recycling Revenue (-).....	-1	-36	0	0	0
Unob. Bal. Not Yet Available	219	0	0	0	0
Budget Authority	\$249,500	\$250,934	\$250,934	\$258,284	\$7,350
Appropriation	\$249,500	\$250,934	\$250,934	\$258,284	\$7,350

Program Activities and Administration

The Operations and Maintenance appropriation funds the operation of 131 national cemeteries and 33 soldiers' lots and monument sites and their maintenance as national shrines. It also directly funds the costs of administering five related programs: the Veterans' Cemetery Grants Program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, Outer Burial Receptacle (OBR) reimbursements, and First Notice of Death (FNOD). Cemetery grant awards are funded from a separate appropriation. The purchase and transportation costs of the headstones and markers and the OBR reimbursements are financed from the Compensation and Pensions 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.

Field Activities

Field activities are functionally and organizationally grouped into cemetery programs, memorial programs, and the Operations Support Center. They perform the daily functions of the Cemetery, Headstone and Marker, and Presidential Memorial Certificate programs and provide centralized contracting and finance support.

Cemetery Programs

In 2013, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites. These activities can be grouped into two main functional categories:

- Administrative and clerical support functions include the following:
 - Managing cemetery activities, including operation reviews;
 - Arranging for and conducting interments;
 - Providing advice and assistance to the general public;

- Processing requests for partial reimbursements for privately purchased Outer Burial Receptacles (OBRs); and
 - Preparing for activation of new national cemeteries and rural burial lots.
- Operation and maintenance functions include the following:
 - Opening and closing graves;
 - Operating interment equipment;
 - Setting, realigning, and cleaning headstones;
 - Maintaining columbaria;
 - Caring for grass, shrubbery, and trees;
 - Filling and sodding sunken graves; and
 - Making minor repairs to cemetery infrastructure, including buildings, grounds, walks, and drives.

Memorial Programs

The Memorial Programs Service (MPS) is directly responsible for administering the Headstone and Marker and the Presidential Memorial Certificate programs. MPS has three application processing sites, an Applicant Assistance Unit, and a First Notice of Death office. MPS activities include:

- Receiving and processing applications for headstones, markers and medallions;
- Determining eligibility of decedent, type of headstone, marker or medallion to be furnished, and the authorized inscription;
- Assisting customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries;

- Administering the Presidential Memorial Certificate Program, by providing certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation; and
- Entering First Notices of Death into VA information systems which in turn update VA electronic files to terminate compensation benefits to deceased Veterans.

Operations Support Center

The Operations Support Center encompasses the Quantico Information Technology Center and the Business Office. These organizations perform the following functions:

- The Quantico Information Technology Center develops, programs, tests, documents, implements, operates, and maintains mission-critical information technology applications for NCA including:
 - Burial Operations Support System (BOSS);
 - Automated Monument Application System - Redesign (AMAS-R);
 - Management and Decision Support System (MADSS);
 - Gravesite Reservation System (GRS); and
 - Adjacent Gravesite Set-Aside System (AGS).

Funding for the Quantico Information Technology Center is provided by the VA Information Technology (IT) appropriation.

- The Business Office consists of the Finance Service and the Contracting Service. The Finance Service provides accounting and finance services for the national cemeteries. The Contracting Service provides the contract negotiation and administration and other procurement support needed by NCA programs, including:
 - The headstone and marker program;
 - Minor construction and National Shrine Commitment contracting; and
 - Procurements for the national cemeteries.

Headquarters Activities

Headquarters functions are performed by a central office staff and the staffs of the five Memorial Service Networks.

Central Office

Central office provides overall policy guidance, executive direction, and administrative support to the entire National Cemetery Administration. Administration of the Veterans' Cemetery Grants Program is also the direct responsibility of central office staff. The central office staff is responsible for the following activities:

- Providing operational guidance and direction for field activities;
- Developing long-range construction plans for an overall NCA program, including field surveys in connection with the development and expansion of new and existing cemeteries;
- Managing development and construction for expansion and improvements to currently existing cemeteries;
- Preparing, coordinating, reviewing, and controlling engineering studies and projects;
- Administering the Veterans' Cemetery Grants Program, as well as fostering state and tribal government participation in the program;
- Developing system-wide strategic and performance plans, developing plans and strategies for improving business processes and service to Veterans, and evaluating and assessing, on a continuing basis, the quality and effectiveness of NCA programs and operations;
- Coordinating budget formulation and execution system-wide, maintaining a cost accounting and management system, and developing and implementing policies, plans, procedures, and standards for financial management activities;
- Conducting studies of organizational structure, functions, relationships, and staffing in the interest of improving the effectiveness and economy of

operations, and providing assistance in all areas of human resources management;

- Increasing Veteran and public awareness of NCA cemetery and memorial programs;
- Transcribing administrative and oral histories, collecting artifacts and maintaining archives, documenting and preserving historic cemetery resources, and providing education/interpretation of NCA history; and
- Answering written inquiries from Veterans, their families, and others regarding benefits, service quality, and general information.

Memorial Service Networks

NCA's field structure is geographically organized into five Memorial Service Networks (MSNs), and the national cemeteries in each MSN are supervised by a MSN Director and the Director's staff. The MSN offices are located in Philadelphia, Pennsylvania; Atlanta, Georgia; Denver, Colorado; Indianapolis, Indiana; and Oakland, California. MSN Directors and their staffs provide direction, operational oversight, and engineering assistance to the cemeteries located in their geographic areas.

Summary of Budget Request

The National Cemetery Administration requests \$258,284,000 in budget authority and 1,700 FTE for Operations and Maintenance in 2013.

Workloads continue to grow at existing cemeteries. An amount of \$260,000 is requested to staff appropriately for increased interments and \$1,200,000 is requested to fund contract maintenance personnel and operating supplies. This funding is essential to maintain existing service levels, which is NCA's highest priority.

The National Cemetery Administration is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal government Veterans cemetery, that the service they receive is dignified, respectful and courteous and that our system of cemeteries meets or exceeds the highest standards of appearance required by their status as national shrines. The 2013 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Changes from Original 2012 President's Budget Request
(dollars in thousands)

	2012		Increase(+) Decrease(-)
	Budget Estimate	Current Estimate	
Average employment	1,696	1,696	0
Funding:			
Personal services.....	\$130,254	\$132,256	+\$2,002
Travel.....	3,499	3,353	-146
Transportation of things.....	1,792	1,792	0
Rents, communications, and utilities....	8,708	8,708	0
Printing and reproduction	1,784	1,784	0
Other services.....	86,022	86,885	+863
Supplies and materials.....	10,620	10,401	-219
Equipment	5,555	5,555	0
Land and structures	3,000	3,000	0
Total obligations.....	\$251,234	\$253,734	+\$2,500
Reimbursements (-)	-264	-259	+5
Recycling Revenue (-)	-36	0	+36
Unob. Bal. Trans. to Unexpired Acct....	0	0	0
Available Balance SOY	0	-2,541	-2,541
Available Balance EOY	0	0	0
Total Budget Authority	\$250,934	\$250,934	\$0
Total Appropriation.....	\$250,934	\$250,934	\$0

Analysis of Increases and Decreases - Obligations

(dollars in thousands)

	2012	2013
	Estimate	Request
Prior year obligations	\$252,046	\$253,734
Interment workload increases at existing cemeteries	+700	+260
Maintenance workload increases at existing cemeteries.....	+3,000	+1,200
Pay and staff composition changes	+2,390	+2,459
Changes in benefits	+302	+887
Inflation.....	0	+1,702
Travel.....	-146	-16
Change in contracts and other services.....	+2,966	-1,290
Equipment and supplies.....	-7,524	-352
Total obligations	\$253,734	\$258,584

Employment Summary - FTE by Grade				
# of FTE	2011 Estimate	2012 Estimate	2013 Request	Increase(+) Decrease(-)
SES	4	11	11	0
GS -15	17	20	20	0
GS -14	65	66	66	0
GS -13	100	97	97	0
GS -12	41	39	39	0
GS -11	67	65	65	0
GS -10	0	0	0	0
GS -9	70	69	69	0
GS -8	12	12	12	0
GS -7	142	139	139	0
GS -6	102	101	101	0
GS -5	100	101	103	+2
GS -4	9	9	9	0
GS -3	0	0	0	0
GS -2	0	0	0	0
GS -1	0	0	0	0
Wage Grade (non-GS)	947	967	969	+2
Total Number of FTE	1,676	1,696	1,700	+4

Analysis of FTE Distribution Headquarters/Field		
# of FTE	2011 HQ- Estimates	2011 Field- Estimates
SES	4	0
GS -15	10	7
GS -14	44	21
GS -13	41	59
GS -12	12	29
GS -11	12	55
GS -10	0	0
GS -9	23	47
GS -8	0	12
GS -7	28	114
GS -6	0	102
GS -5	1	99
GS -4	1	8
GS -3	0	0
GS -2	0	0
GS -1	0	0
Wage Grade (non-GS)	1	946
Total Number of FTE	177	1,499

<i>2012 Average Salary Methodology</i>	
2011 average salary (261 days)	\$55,092
Minus 1 day.....	-211
Change in staff composition.....	+1,681
2012 average salary (260 days)	\$56,562
Regular benefits percentage	30.60%
2012 average salary with benefits	\$73,870

The 2012 average salary reflects 2.7 percent above the \$55,092 average salary for 2011. The increase reflects a change in staff composition.

<i>2013 Average Salary Methodology</i>	
2012 average salary (260 days)	\$56,562
0.5 percent 2013 pay raise (0.3 percent).....	+212
Plus One Day	+217
Change in staff composition.....	+707
2013 average salary (261 days)	\$57,698
Regular benefits percentage	30.70%
2013 average salary with benefits	\$75,411

The 2013 average salary reflects a net 2.0 percent increase over the \$56,562 average salary for 2012. This reflects a 0.5 percent pay raise in 2013 and staff composition changes.

Summary of Employment and Obligations

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average employment	1,676	1,696	1,696	1,700	+4
Obligations:					
Personal services	\$128,864	\$130,254	\$132,256	\$135,862	+\$3,606
Travel	3,367	3,499	3,353	3,386	+33
Transportation of things ...	1,621	1,792	1,792	1,817	+25
Rent, communications, and utilities	9,006	8,708	8,708	8,831	+123
Printing and reproduction	1,830	1,784	1,784	1,809	+25
Other services	81,826	86,022	86,885	88,007	+1,122
Supplies and materials	10,246	10,620	10,401	10,197	-204
Equipment	13,461	5,555	5,555	5,633	+78
Land and Structures	1,817	3,000	3,000	3,042	+42
Insurance Claims and Indemnities	8	0	0	0	0
Total obligations	\$252,046	\$251,234	\$253,734	\$258,584	+\$4,850

Net Change
2013 Summary of Resource Requirements
(dollars in thousands)

	BA	FTE
Original 2012 President's Budget	\$250,934	1,696
Adjustments	0	0
Adjusted 2012 Budget Estimate	\$250,934	1,696
2013 Current Services Increases:		
Pay and staff composition changes (1.0%).....	+2,459	0
Changes in benefits (.4%)	+887	0
Inflation (.7%).....	+1,702	0
Subtotal	\$255,982	1,696
Other Fixed Increases/Decreases		
Interment workload increases (.1%)	+260	+4
Maintenance workload increases (.5%)	+1,200	0
Other increases (Contracts and Services) (.3%)	+842	0
2013 Total Budget Authority Request	\$258,284	1,700

Detail of Budget Estimates

(dollars in thousands)

	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Increase(+) Decrease(-)
Average employment					
Field activities:					
Cemetery programs	1,421	1,435	1,441	1,445	+4
Memorial programs	56	64	56	56	0
Operations Support Center:					
Business Office	38	33	38	38	0
Headquarters:					
Central Office	107	107	107	107	0
Memorial Service Networks..	54	57	54	54	0
Total FTE	1,676	1,696	1,696	1,700	+4
Wage grade employment	947	967	967	969	+2
GS employment	729	729	729	731	+2
Personal services	\$128,864	\$130,254	\$132,256	\$135,862	+\$3,606

The 2013 request for personal services reflects funding for an additional 4 FTE for interment workload increases.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget Estimate	Current Estimate	Request	Decrease(-)
Travel:					
Employee travel.....	\$2,612	\$2,724	\$2,578	\$2,600	+\$22
GSA vehicle rental.....	755	775	775	786	+11
Total.....	\$3,367	\$3,499	\$3,353	\$3,386	+\$33

Travel costs include headquarters and field personnel travel in connection with the operation of national cemeteries and other VA and NCA programs. Included are travel costs for site visits to assess performance of the national cemeteries, quality assurance inspections related to the procurement of headstones and markers, permanent change of station moves, engineering trips related to maintenance and construction projects, inspections and other official travel required in administering the Veterans' Cemetery Grants Program, and local travel. In 2013, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget Estimate	Current Estimate	Request	Decrease(-)
Transportation of things.....	\$1,621	\$1,792	\$1,792	\$1,817	+\$25

Transportation costs include the transportation of household goods as part of permanent change of station moves of transferring employees. Other costs include the rental of trucks from GSA, local hauling charges, and the shipment of materials.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget Estimate	Current Estimate	Request	Decrease(-)
Rents, communications, and utilities:					
Equipment rental.....	\$289	\$333	\$333	\$338	+\$5
SLUC	1,832	1,904	1,904	1,931	+27
Utility and other charges.....	6,885	6,471	6,471	6,562	+91
Total	\$9,006	\$8,708	\$8,708	\$8,831	+\$123

Rental costs include rental of equipment at national cemeteries and payment of standard level user charges (SLUC) to GSA. Utility costs include electricity, water, and gas, which are required for the operation and maintenance of the national cemeteries.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget Estimate	Current Estimate	Request	Decrease(-)
Printing and reproduction	\$1,830	\$1,784	\$1,784	\$1,809	+\$25

Costs include operating and technical manuals, regulations, handout maps, pamphlets, and the printing requirements of the Presidential Memorial Certificate (PMC) program. Handout maps are distributed to next-of-kin, other relatives, and the general public to help locate gravesites. The PMC requirements include special paper and envelopes, as well as the printing of the certificates.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget	Current	Request	Decrease(-)
	Estimate	Estimate			
Other services:					
Maintenance of other equipment	\$503	\$512	\$529	\$536	+\$7
Maintenance and repair projects	64,121	69,029	69,000	69,508	+508
Franchise Fund	804	725	804	815	+11
Operational and other services.	16,398	15,756	16,552	17,148	+596
Total.....	\$81,826	\$86,022	\$86,885	\$88,007	+\$1,122

Maintenance of equipment provides for maintaining and repairing lowering devices, mechanical grave excavators, tractors, backhoes, ditchers, mowers, generators, vehicles, office machines, and computer equipment.

Maintenance and repair projects address deficiencies with any of the approximately 800 buildings and structures, and nearly 20 thousand acres of land within 131 national cemeteries and 33 soldiers' lots and monument sites to maintain the appearance of national cemeteries as national shrines, dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made. Projects include gravesite renovation, recurring maintenance and repair of roads, drives, parking lots, and walks; painting of buildings, fences and gates; repair of roofs, walls, and irrigation and electrical systems.

Purchases from the Franchise Fund are for administrative services such as accounting and security services.

Operational and other services include contractual services associated with cemetery maintenance and contractual requirements such as trash disposal, rodent and pest control, environmental compliance, and training. They include non-recurring maintenance funding focused on correcting deficiencies cited in the Facility Condition Assessments. Operational and other services also include payments to other VA Departmental staff offices for centralized support activities and to the Defense Finance and Accounting Service for payroll processing costs.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget	Current	Request	Decrease(-)
		Estimate	Estimate		
Supplies and materials.....	\$10,246	\$10,620	\$10,401	\$10,197	-\$204

Supplies and materials requests include office supplies, fuel and petroleum products used in motor vehicles, cemetery maintenance equipment, and operating, grounds maintenance, and incidental supplies.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget	Current	Request	Decrease(-)
		Estimate	Estimate		
Equipment:					
Cemetery maintenance and interment equipment	\$12,089	\$4,761	\$4,761	\$4,828	+\$67
Office and other equipment ...	1,372	794	794	805	+11
Total	\$13,461	\$5,555	\$5,555	\$5,633	+\$78

Cemetery maintenance and interment equipment includes grave excavating and grounds maintenance equipment. Office and other equipment include facsimile machines, copiers, and similar equipment.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2011	2012	2012	2013	Increase(+)
	Actual	Budget	Current	Request	Decrease(-)
		Estimate	Estimate		
Land and structures.....	\$1,817	\$3,000	\$3,000	\$3,042	+\$42

Land and structures requests include fixed equipment for buildings, renewable energy projects utilizing solar, wind and geothermal power.

Detail of Budget Estimates (cont'd)

(dollars in thousands)

	2011	2012	2012	2013	Increase(+) Decrease(-)
	Actual	Budget Estimate	Current Estimate	Request	
Insurance claims and indemnities.....	\$8	\$0	\$0	\$0	\$0

Insurance claims and indemnities requests include payments to resolve federal tort claims against construction, operation or administrative actions.



National Cemetery Administration Construction Program

National Cemetery Construction

Construction projects to develop additional gravesites at national cemeteries, acquire land, and make infrastructure improvements are critical to achieving the strategic goals and objectives of the National Cemetery Administration (NCA). These projects are funded from VA's Major and Minor Construction appropriations. The funding requests and justifications for these two appropriations are found in the Construction Programs volume; however, NCA is providing this summary of its construction program in order to better relate the requested funding to its performance plan.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. Achievement of this objective is measured by the percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence.

Construction projects to keep existing national cemeteries open by developing additional gravesites and columbaria, or by acquiring additional land, prevent the loss of a burial option for Veterans that currently are served by a national cemetery within a reasonable distance of their residence.

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy. Achievement of this objective is measured by two key performance measures. The first measure is the percent of survey respondents who rate national cemetery appearance as excellent. Construction projects such as irrigation improvements, renovation of historic structures, and road resurfacing are important to maintaining our cemeteries as national shrines. In most cases, these types of projects directly impact cemetery appearance and, thereby, customer satisfaction.

The second measure is the percent of respondents who rate the quality of service provided by the national cemeteries as excellent. Construction of committal

shelters, public restrooms, and public information centers improves service to Veterans and their families.

Burial Policies

The National Cemetery Administration (NCA) is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal government cemetery, that the service they receive is dignified, respectful and courteous and that our system of cemeteries meets or exceeds the highest standards of appearance required by their status as national shrines. The current strategic target for the percent of the Veteran population served by a national, state, or tribal government Veterans cemetery within 75 miles of their home is 94 percent.

Burial Access

NCA is close to achieving a significant strategic target. We anticipate that by 2013, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal government Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to review where the Department has been and to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. The evaluation resulted in the following new policies:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This will result in five new national cemeteries and provide a burial option to an additional 500,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Four locations have been identified for this initiative.

Establish a new Veteran population threshold of 80,000 Veterans within 75 miles of a potential location for determining the location of new national cemeteries.

- Previous policy was to establish new national cemeteries in areas of large unserved Veteran population - defined as 170,000. A new Veteran population threshold has been established to increase access to a burial option in areas where the unserved Veteran population is at least 80,000.

- In January 2010, the last new national cemetery under development began operations and all areas that meet the previous population criteria are being served.
- Over 80 percent of those interred in national cemeteries resided within 75 miles of the cemetery at the time of their death. The 75-mile criterion is reasonable.
- NCA evaluated recent state cemetery data which indicates that there is a gap between the size of population centers served by a national cemetery ($\geq 170,000$) and state cemeteries ($\leq 82,000$). Under the new threshold, Veterans in locations within that population gap will have an opportunity to be served.
- Under this policy, new national cemeteries are planned in the Central East, FL area; Omaha, NE; Western NY; and the Tallahassee, FL area. A new national cemetery would also be established in southern Colorado to serve nearly 100,000 Veterans in advance of the closure of the existing cemetery in Fort Logan. (A replacement cemetery for Fort Logan would also be constructed in northern Colorado to serve over 200,000 Veterans.)

Establish an “urban initiative” to provide enhanced service in densely populated locales where existing cemeteries are far from the urban core.

- Distance from a national cemetery and travel time impact access to a burial option in a national cemetery.
- National cemeteries in large urban centers show lower usage rates (selection of a national cemetery) and lower visitor satisfaction (post interment) when the cemetery is located at a distance from the urban “core.”
- VA would acquire relatively small tracts of land near or within the urban core and within the service area of established national cemeteries meeting the criteria for the establishment of columbaria, crypt and/or mausoleum satellite facilities.
- In order to support the establishment of an urban satellite cemetery, the existing national cemetery must meet the following criteria:
 - Serve a metropolitan area identified by the Census Bureau as one of the Top 50 Cities in the United States by Population.
 - Be 50 miles or more from the urban core.
 - Require travel time of one hour or greater from the urban core.
 - Have documented Veteran utilization rates of less than 20 percent for at least two of the last three years.
 - Have documented that clients cite travel time and/or distance as an access barrier on the Survey of Satisfaction with National Cemeteries at least five percent above the national average for at least two of the last three survey administrations.
- Analyses of current usage rates and customer satisfaction results in large urban areas support the establishment of satellite cemeteries in New York City (Calverton National Cemetery), Indianapolis (Marion National

Cemetery), Los Angeles (Riverside National Cemetery), Chicago (Abraham Lincoln National Cemetery), and San Francisco/Oakland/San Jose (Sacramento Valley and San Joaquin Valley National Cemeteries).

- Urban Satellites will be managed effectively by staff from the “parent” national cemetery and/or contracts.

The 2013 minor construction budget contains construction funding for a columbaria facility to serve Veterans in the New York, NY area who are currently served by Calverton National Cemetery.

Major Construction Projects

This section provides an overview of NCA projects and activities requested for funding in 2013.

Major Construction Funding for NCA Programs (dollars in thousands)					
Construction	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Change FY13 vs FY12
<u>Cemetery Expansion and Improvement:</u>					
Indiantown Gap, PA – Phase 4 Dev	\$23,500	\$0	0	\$0	\$0
Los Angeles, CA - Columbaria Exp.....	\$27,600	\$0	\$0	\$0	\$0
Tahoma, WA - Phase 2 Development	\$25,800	\$0	\$0	\$0	\$0
National Memorial Cemetery of the Pacific Columbarium Expansion/ Admin Building.....	\$0	\$23,700	\$23,700	\$0	-\$23,700
Advance Planning Fund	\$20,000	\$4,500	\$4,500	\$2,647	-\$1,853
Land Acquisition	\$10,000	\$10,000	\$10,000	\$7,000	-\$3,000
Total, Major Projects	\$106,900	\$38,200	\$38,200	\$9,647	-\$28,553
<i>Jefferson Barracks Rightsizing (CARES)* (non-add)</i>	\$0	\$0	\$0	\$130,300	+\$130,300

* The project is included in the Veterans Health Administration list of major construction projects.

Funding excludes the cost of pre-placed crypts, which are funded by the Compensation and Pensions appropriation.

The 2013 major construction request for NCA includes funding to continue implementation of the new burial access policies through advanced planning activities for new national cemeteries.

Advance Planning Fund

The advance planning fund request includes funds for activities such as master planning for expansion at existing national cemeteries, environmental assessments at national cemeteries, and performing facility condition assessments at national cemeteries and soldiers lots, plots, and monument sites under the jurisdiction of the National Cemetery Administration. The APF request also includes funding for the Burial Policies described above.

Land Acquisition

The 2013 request includes \$7 million for land acquisition in the Major Construction account. These funds will provide NCA the flexibility to acquire land when an opportunity arises and not be encumbered by the timing of the budget process. Identifying and purchasing a parcel of land can be a difficult and unpredictable process. Often times, prospective sellers - particularly estates - desire to move more quickly than the multi-year pace of the Federal budget development and approval process.

Minor Construction Projects

<i>Minor Construction Funding for NCA Programs</i> (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	% Change FY13 v FY12
Annual appropriations bill.....	\$43,485	\$41,628	\$41,628	\$58,100	39.6%
Total, Minor Projects.....	\$43,485	\$41,628	\$41,628	\$58,100	39.6%

NCA's 2013 Minor Construction request provides for gravesite expansion and columbaria projects to keep existing national cemeteries open. The minor request will also address infrastructure deficiencies and other requirements necessary to support National Cemetery operations including repair projects identified in the Facility Condition Assessment report of the Millennium Act *Study on Improvements to Veterans Cemeteries*. Projects for irrigation improvements, renovation and repair of buildings, and roadway repairs and drainage improvements are critical to serving Veterans and ensuring that the cemeteries are maintained as national shrines. Projects will also address administrative and management functions that support cemetery operations.

In addition, these funds are used for any of the 131 national cemeteries and 33 soldiers lots, plots, and monument sites under the jurisdiction of the National Cemetery Administration requiring emergency repairs because of floods, fires, hurricanes, tornadoes, earthquakes, strong winds, etc., where no other means of funding exist. Natural disasters or catastrophes are unforeseeable; however, repairs must be made to damaged facilities when they occur.

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Grants for Construction of Veterans Cemeteries

Appropriation Language

For grants to assist States and tribal governments in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, \$46,000,000, to remain available until expended.

Appropriation Highlights (dollars in thousands)					
	2011 Actual	2012 Budget Estimate	2012 Current Estimate	2013 Request	Change FY 13 v FY 12
Obligations.....	\$43,992	\$46,000	\$51,954	\$46,000	-5,954
Unobligated balances:					
Start of year (-).....	-4,038	0	-5,954	0	+5,954
End of year.....	5,954	0	0	0	+0
Budget authority (appropriation)	\$45,908	\$46,000	\$46,000	\$46,000	\$0

Program Description

Grants are provided to states and tribal governments for the establishment, expansion, improvement or operation of state and tribal government Veterans cemeteries. The state and tribal government Veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness. In 2011, nearly 30,000 Veterans and eligible family members were buried in state Veterans cemeteries that have been assisted by the program.

NCA records of interment indicate 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, state, or tribal government 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 and tribal government Veterans cemeteries is a means to provide a burial option to those Veterans who may not have reasonable access to a national cemetery. States and tribal governments may locate these cemeteries in areas where there are no plans for NCA to operate and maintain a national cemetery.

Summary of Budget Request

The National Cemetery Administration requests \$46,000,000 to fund grants for Veterans cemeteries in 2013. Grants play a crucial role in achieving NCA's strategic target of providing 94 percent of Veterans with reasonable access to a burial option. Between 2013 and 2018, it is projected states and tribal governments will open 29 new Veterans cemeteries.

Total Obligations by State

From program inception in 1980 through 09/30/11
(dollars in thousands)

Alabama.....	7,016
Arizona	8,325
Arkansas	13,060
California	13,041
Colorado	6,007
Connecticut.....	682
Delaware.....	14,588
Georgia.....	13,515
Guam.....	5,841
Hawaii.....	23,680
Idaho	8,238
Illinois.....	235
Indiana	5,662
Iowa.....	7,625
Kansas	19,503
Kentucky.....	29,035
Louisiana	11,756
Maine	15,165
Maryland	21,394
Massachusetts	19,020
Minnesota.....	3,894
Mississippi.....	6,990
Missouri	26,278
Montana.....	5,960
Nebraska.....	5,520
Nevada.....	20,529
New Hampshire	5,264
New Jersey.....	23,726
North Carolina	4,368
North Dakota	3,484
Pennsylvania	23
Puerto Rico	7,135
Rhode Island	8,938
Saipan, CNMI	1,867
South Carolina	5,184
South Dakota.....	6,948
Tennessee.....	8,617
Texas.....	33,311
Utah.....	5,369
Vermont	859
Virginia	15,368
Washington.....	8,795
West Virginia.....	14,118
Wisconsin.....	14,775
Wyoming	1,789
Total	\$482,497

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***National Cemetery Administration
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.

<i>Fund Highlights</i> (dollars in thousands)				
	2011 Actual	2012		2013 Estimate
		Budget Estimate	Current Estimate	
Obligations	\$0	\$100	\$100	\$100
Unobligated balances:				
Start of Year (-).....	-257	-257	-329	-329
End of Year	329	257	329	329
Budget Authority (from collections).....	\$72	\$100	\$100	\$100

Summary of Budget Request

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

Program Activity

Fund obligations are estimated to be \$100,000 in 2013. The fund became operational in March 2005. The fund is used to cover costs incurred by the National Cemetery Administration in the operation and maintenance of its property. The Facilities Operation Fund 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.

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***National Cemetery
Gift Fund***

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.

<i>Fund Highlights</i> <i>(dollars in thousands)</i>				
	2011 Actual	2012		2013 Estimate
		Budget Estimate	Current Estimate	
Appropriation (permanent, indefinite).....	\$175	\$250	\$250	\$250
Obligations.....	\$91	\$250	\$250	\$250

Summary of Budget Request

The National Cemetery Gift Fund is a trust fund, which is financed from gifts and bequests from donors. No appropriation action is required.

Program Activity

Fund obligations are estimated to be \$250,000 in 2013. 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 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.

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Benefits

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Compensation & Pensions

Appropriation Language

For the payment of compensation benefits to or on behalf of Veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of Veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Service members Civil Relief Act (50 U.S.C. App. 541 et seq.), and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, \$61,741,232,000 to remain available until expended. Provided that not to exceed \$9,204,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses, Veterans Benefits Administration", "Medical support and compliance", and "Information technology systems" for necessary expenses in implementing the provisions of chapter 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the "Compensation and pensions" appropriation. Provided further, That such sums as may be earned on an actual qualifying patient basis shall be reimbursed to "Medical care collections fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

Summary of Appropriation Highlights

(dollars in thousands)

	2012		2013 Estimate	Increase(+) Decrease(-)
	2011 Actual	Budget Estimate		
Compensation Obligations				
Veterans	\$43,862,184	\$46,322,650	\$50,209,186	\$53,085,576 + \$2,876,390
Survivors	5,307,300	6,272,508	5,802,166	6,113,892 +\$311,726
Special Benefits for Children	20,149	19,862	20,679	20,872 +\$193
Clothing Allowance	84,050	71,327	95,069	101,583 +\$6,514
Other (REPS, SAFD, EAJA)	18,275	19,778	18,796	19,448 +\$652
Medical Exam Pilot Program	170,001	205,494	236,326	248,092 +\$11,766
OBRA Payments to VBA	1,343	-	1,704	1,902 +\$198
OBRA Payments to ITS	23	-	57	25 -\$32
Total Compensation Obligations:	\$49,463,325	\$52,911,619	\$56,383,982	\$59,591,390 +\$3,207,408
Pensions Obligations				
Veterans	\$3,033,011	\$3,343,038	\$3,099,719	\$3,235,599 +\$135,880
Survivors	1,260,695	1,594,163	1,453,970	1,685,752 +\$231,782
Medical Exam Pilot Program	1,702	2,076	2,387	2,506 +\$119
Income Verification Match	-	-	-	-
OBRA Payment to VBA	5,042	-	6,408	7,157 +\$749
OBRA Payment to ITS	6,386	-	6,825	120 -\$6,705
OBRA Payment to VHA	10,977	-	11,306	- -\$11,306
Total Pension Obligations:	\$4,317,812	\$4,945,282	\$4,580,616	\$4,931,133 +\$350,517
Burial Obligations				
Burial Allowance	\$18,812	\$41,811	\$33,743	\$35,179 +1,436
Burial Plot	6,743	23,206	23,248	24,433 +\$1,185
Service Connected Deaths	32,576	32,677	33,684	35,360 +\$1,676
Burial Flags	19,169	14,243	18,230	18,471 +\$241
Headstones/Markers/Allowances	59,001	76,208	71,245	75,476 +\$4,231
Graveliners/OBR	14,941	22,273	21,047	31,952 +\$10,905
Total Burial Obligations:	\$151,241	\$210,418	\$201,197	\$220,871 +\$19,674
Total C&P Obligations	\$53,932,378	\$58,067,319	\$61,165,795	\$64,743,394 +\$3,577,599
Funding:				
Unobligated balances (SOY)	-\$13,823,111	-	-\$12,930,390	-\$3,002,162 +\$9,928,228
Unobligated balance transfer to RB	\$938,528	-	-	-
Unobligated balances (EOY)	\$12,930,390	-	\$3,002,162	- -\$3,002,162
Adjusted Budget Authority (Net)	\$53,039,657	\$58,067,319	\$51,237,567	\$61,741,232 +\$10,503,665
Appropriation	\$53,978,185	\$58,067,319	\$51,237,567	\$61,741,232 +\$10,503,665
Outlays	\$57,576,496	\$53,348,575	\$56,193,591	\$64,520,727 +\$8,327,136
Distribution of Budget Authority (net):				
Compensation	\$48,244,137	\$52,911,619	\$46,090,966	\$57,280,483 +\$11,189,517
Pension	\$4,644,279	\$4,945,282	\$4,945,404	\$4,239,878 -\$705,526
Burial	\$151,241	\$210,418	\$201,197	\$220,871 +\$19,674
Distribution of Outlays (net):				
Compensation	\$52,760,872	\$48,596,207	\$51,785,368	\$59,385,741 +\$7,600,373
Pension	\$4,664,383	\$4,541,950	\$4,207,026	\$4,914,116 +\$707,090
Burial	\$151,241	\$210,418	\$201,197	\$220,871 +\$19,674

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

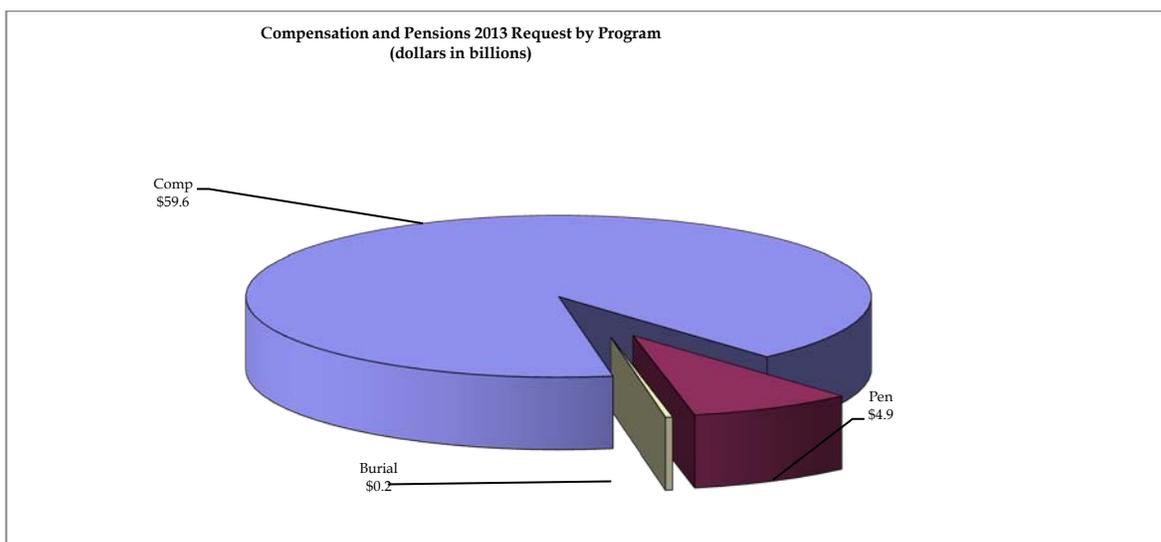
Caseload Summary					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	3,284,356	3,588,315	3,452,172	3,626,468	+174,293
Average Payment	\$13,355	\$12,909	\$14,544	\$14,638	+\$ 94
Survivors:					
Cases	341,776	388,214	348,494	356,796	+8,302
Average Payment	\$15,529	\$16,157	\$16,649	\$17,136	+\$487
Other Caseload:					
Special Benefits for Children	1,173	1,186	1,162	1,151	-11
Clothing Allowance	117,388	98,730	123,379	129,607	+6,228
REPS	228	335	233	241	+8
Special Allowance for Dependents	50	471	50	50	-
Equal Access to Justice Act	2,375	2,828	2,375	2,375	-
Pensions					
Veterans:					
Cases	313,674	303,783	313,926	314,154	+228
Average Payment	\$9,669	\$11,005	\$9,874	\$10,299	+\$ 425
Survivors:					
Cases	203,046	203,178	203,878	205,797	+1,919
Average Payment	\$6,209	\$7,846	\$7,132	\$8,191	+\$1,059
Burial Caseload					
Burial Allowance	40,956	59,731	45,727	47,605	+1,878
Burial Plot	22,530	33,152	33,212	34,254	+ 1,042
Service-Connected Deaths	17,560	17,495	16,842	17,680	+ 838
Burial Flags	489,428	500,002	500,002	500,002	-
Headstones/Markers/ Allowances	372,659	347,983	353,533	350,027	-3,506
Graveliners/Outer Burial Receptacles	82,448	52,895	62,794	91,314	+28,520

Summary of Budget Request

Budget authority of \$61.7 billion is estimated for 2013 to support the benefit programs funded by the Compensation and Pensions appropriation account. This appropriation request reflects an estimated \$3.0 billion unobligated balance carried forward from 2012. The requested budget authority and unobligated balance fund total obligations of \$64.7 billion. The 2013 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. The Omnibus Budget Reconciliation Act (OBRA) provision for data matching was extended by Public Law 112-56 through September 30, 2016. The OBRA provision payments authorizes the VA to perform data matches with the Internal Revenue Service and Social Security Administration to ensure proper payments are made to eligible beneficiaries. OBRA gave VA access to certain records of the Internal Revenue Service and the Social Security Administration for purposes of verifying the

income of beneficiaries in its needs-based programs and of Veterans receiving compensation based on individual unemployment. Access to these records is the most efficient and effective means VA has of verifying certain types of income, wages, interest, dividends, annuities, etc.

In 2013, funding for Compensation is estimated at nearly \$59.6 billion, for payments to 3,626,468 Veterans, 356,796 survivors, and 1,151 children receiving special benefits. The Pensions program will provide benefits to an estimated 314,154 Veterans and 205,797 survivors totaling to just over \$4.9 billion. Of the total requested, \$220.9 million is estimated for 2013 to provide burial benefits on behalf of eligible deceased Veterans. This funding will provide 47,605 burial allowances, 34,254 burial plot allowances, 17,680 service-connected death awards, 500,002 burial flags, 350,027 headstones or markers, and 91,314 graveliners or reimbursement for privately purchased outer burial receptacles.



Changes from Original 2012 Budget Estimate

Current estimated obligations for 2012 for the Compensation and Pensions program increase \$3.1 billion from the original estimate. The 2012 appropriation request is reduced by the projected unobligated balance from 2011. The 2012 budget authority of \$51.2 billion coupled with a carryover of \$12.9 billion from 2011 supports anticipated obligations in FY 2012 of \$61.2 billion. This results in an estimated \$3.0 billion unobligated balance carried forward into 2013. The reduction in appropriation request in 2012 is primarily the result of the Agent Orange cost estimate being revised downward based on actual experience to date. Of the original \$13.4 billion appropriated for Agent Orange, approximately \$12.3 billion was estimated for retroactive payments. While the workload estimate was

on target, the average retroactive payment was significantly less than anticipated. The 2011 Agent Orange total obligations in 2011 are \$2.6 billion in retroactive payments.

Compensation

The Compensation program current estimated obligations for 2012 increases \$3.5 billion from the original estimate. Driving the increase is the higher estimated cost associated with the average payment for Veterans and survivors. Average annual benefit payments for Veterans have increased \$1,635 from the original estimate (\$14,544 vs. \$12,909). Survivor average annual benefit payments have increased \$492 from the original estimate (\$16,649 vs. 16,157). These increases in average payment amount to \$5.8 billion increase from the previous estimate. These increases are partially offset by decreases in Veteran and survivor caseload. Veteran caseload decreased 136,143 (3,452,172 vs. 3,588,315) from the original estimate, this amounts to \$1.8 billion decline from the previous estimate. Survivor caseload decreased 39,721 (348,494 vs. 388,214), reducing obligations by \$641.8 million.

The increase in average payments is due to the anticipated increase in retroactive payments in 2012 combined with the increase in cost of living adjustment (COLA) from original estimate (3.6 percent vs. 0.9 percent). Retroactive payments are expected to rise in 2012 for non-Agent Orange claims nationwide. The complexity of Agent Orange cases require more experienced claims processors to complete reviews, resulting in decreased productive capacity for the non-Agent Orange claims in 2011. The decrease in Veteran and survivor caseload is due to lower than anticipated receipts and completed workload than originally projected in the original estimate.

Compensation benefits also include Clothing Allowance, Special Allowance for Dependents (SAFD), VBA OBRA payments, and Information Technology Services (ITS) Equal Access to Justice Act (EAJA) payments, Special Benefits for Children and Medical Exam Pilot Program. An increase of \$58 million is a result of increases in all the aforementioned programs. The Reinstated Entitlement Program for Survivors (REPS) decreased \$1.9 million from the original estimate.

Pensions

There is a decrease of \$364.7 million in obligations for the Pensions program from the 2012 budget estimate. Based on 2011 actual experience, the average payment for Veterans decreased (\$9,874 vs. \$11,005), decreasing obligations by \$355.1 million. Survivor average payment also decreased (\$7,132 vs. \$7,846), reducing obligations by \$145.6 million. An increase in Veteran and Survivor caseload partially offsets the decrease by \$117.1 million. The net increase of \$18.8 million in obligations is the result of an increase of \$24.5 million for OBRA obligations

and a decrease \$6.0 million for the IRS Income Data Verification Matching for VA Eligibility Determination (IVM).

Burial

The current 2012 Burial benefits budget estimate of \$201.2 million is \$9.2 million less than the original budget estimate of \$210.4 million. A combined decrease in the estimated number of burial allowances (45,727 vs. 59,731) and decrease due to a technical adjustment in average payment results in a total decrease of \$20.4 million. Public Law 111-275 increases basic burial allowance for deaths that occur in a departmental facility and plot allowance for all eligible Veterans from \$300 to \$700 in 2012. The estimated costs associated with this provision, increases obligations by \$12.1 million. For headstones and markers, a net decrease of \$4.9 million is due to a decrease in average payment (\$202 vs. \$219) and an increase in caseload (353,533 vs. 347,983). A decrease in caseload and average payment for preplaced crypts decreased obligations in total by \$4.7 million. Caseload for burial flags remains constant at the 2012 level; however, and increase in average payments for burial flags in 2012 will result in a total increase of \$4.2 million. A combined increase in caseload (28,211 vs. 17,895) and average payment (\$311 vs. 298), results in a total increase of \$3.3 million for grave-liners. A technical adjustment in average payment for service connected deaths and a decrease in caseload (16,842 vs. 17,495) result in an increase of \$1.1 million. Average payment for burial plots remained constant from the original estimate; while caseload increased (33,212 vs. 33,152), increasing obligations by \$42 thousand.

Analysis of Increases and Decreases		
(dollars in thousands)		
	2012 Estimate	2013 Estimate
Prior Year Obligations	\$53,932,378	\$61,165,795
Compensation		
Veterans Caseload and average payment changes (net)	+\$5,132,397	+\$1,945,530
Survivor Caseload and average payment changes (net)	+332,284	+182,283
P.L. 112-53 COLA 3.6%, effective 12/01/11	+1,377,184	+288,290
Proposed COLA 1.9%, effective 12/01/12	-	+772,014
Other Benefits		
Special Benefits for Children	+\$530	+\$193
Clothing Allowance	+11,019	+6,514
Other (REPS, SAFD, EAJA)	+522	+652
Medical Exams Pilot Program	+66,325	+11,766
Payments for VBA OBRA	+361	+198
Payments for ITS OBRA	+34	-32
Total Compensation Net Change	+\$6,920,657	+\$3,207,408
Pensions		
Caseload and average payment changes (net)	+\$130,897	+267,828
COLAs	+129,089	+99,832
Payments for VBA OBRA	+1,366	+749
Payments for ITS OBRA	+439	-6,705
Payments for VHA OBRA	+329	-11,306
Medical Exams Pilot Program	+685	+119
Total Pensions Net Change	+\$262,804	+\$350,517
Burial	+\$49,956	+\$19,674
Total Net Change	+\$7,233,417	+\$3,577,599
Estimated Obligations	\$61,165,795	\$64,743,394

Analysis of Increases and Decreases

Compensation

In 2013, Compensation obligations are estimated to surpass the 2012 level by \$3.2 billion, from \$56.4 billion to \$59.6 billion. The combined effect of increases in Veteran and survivor caseload and average payment will increase costs \$2.1 billion. These increases are in accord with the VA's priority goal to eliminate the disability claim backlog by 2015. Retroactive payments are expected to remain at a higher level in 2012 while remaining Agent Orange cases will be completed in 2012 and the pending workload is reduced. The 2012 and 2013 COLA is expected to add a total of \$1.1 billion to the cost of the program in 2013. COLAs provide a rate increase to all Disability Compensation beneficiaries, including DIC spouses and children. Rates are matched with the Consumer Price Index and are tied to that afforded to Social Security beneficiaries.

Under the category of Other Benefits, costs are projected to increase by \$19.3 million from 2012 to 2013. The estimated obligations for Contract Medical Examinations increased \$11.8 million over the 2012 level. Clothing Allowance increased \$6.5 million over the prior year. The following program areas resulted in increases: REPS (\$402 thousand), Special Benefits for Children (\$193 thousand) Equal Access to Justice Act (EAJA) (\$247 thousand) and Special Allowance for Dependents (SAFD) (\$3 thousand). VBA OBRA is expected to increase \$198 thousand while payments to ITS are expected to decrease by \$32 thousand.

Pensions

In 2013, Pension obligations are expected to increase \$350.5 million from the 2012 level. Pension caseload is expected to increase in 2013 for both Veterans and survivors. Vietnam Veterans are anticipated to be the largest cohort of pension accessions as these Veterans are reaching the qualifying age of 65. An increase in caseload for both Veterans and Survivors coupled with increasing average payments for Veterans and survivors results in a net increase in obligations of \$267.8 million. The COLA of 1.9 percent in 2013 is expected to add \$99.8 million to the cost of the program in 2013. After 2012, VHA will no longer be reimbursed by the Compensation and Pension account for the administrative costs associated with income verification matching, resulting in a decrease in obligations of \$11.3 million. Payments to ITS and VBA OBRA result in a net decrease of \$6.0 million and obligations for the Medical Exam Pilot Program increased \$119 thousand.

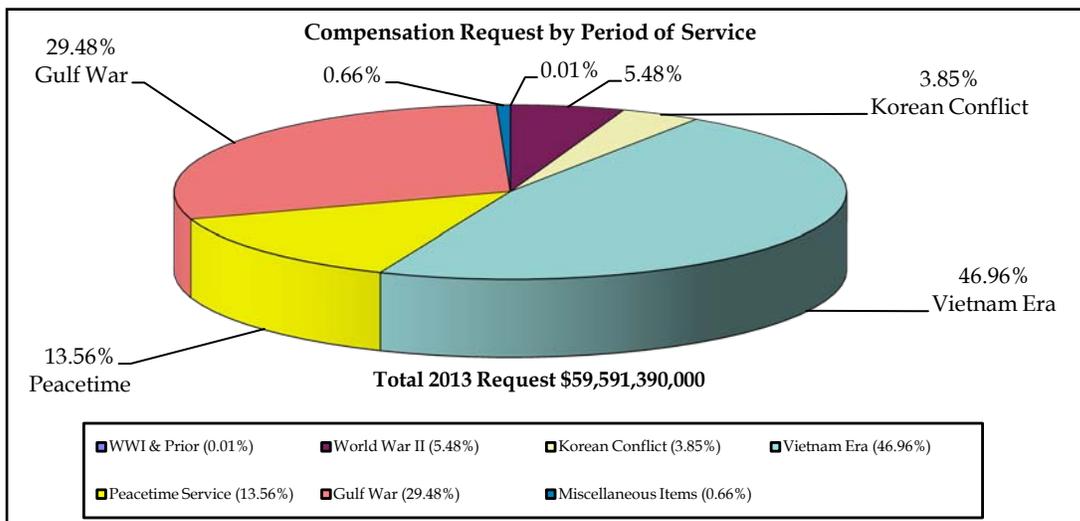
Burial

In 2013, burial benefits obligations are projected to increase by \$19.7 million. The number of preplaced crypts and average payment grow in 2013, resulting in an overall increase of \$10.5 million. Caseload for headstones and markers decrease

and average payments increase from the 2012 level, contributing to a net increase of \$4.2 million in obligations in 2013. Public Law 111-275 increases basic burial allowance for approximately 14,000 Veterans annually who die in a departmental facility and increases plot allowance for all qualifying Veterans from \$300 to \$700 beginning in 2012. This increase combined with an increase in caseload results in an increase of \$2.6 million in the in burial allowance and plots over 2012. A rise in the anticipated number of service-connected deaths increases obligations \$1.7 million. A net increase of \$449 thousand is due to a decrease in the estimated number of graveliners and an increase in average payment over the 2012 level. Burial flag obligations increased \$241 thousand over the prior year.

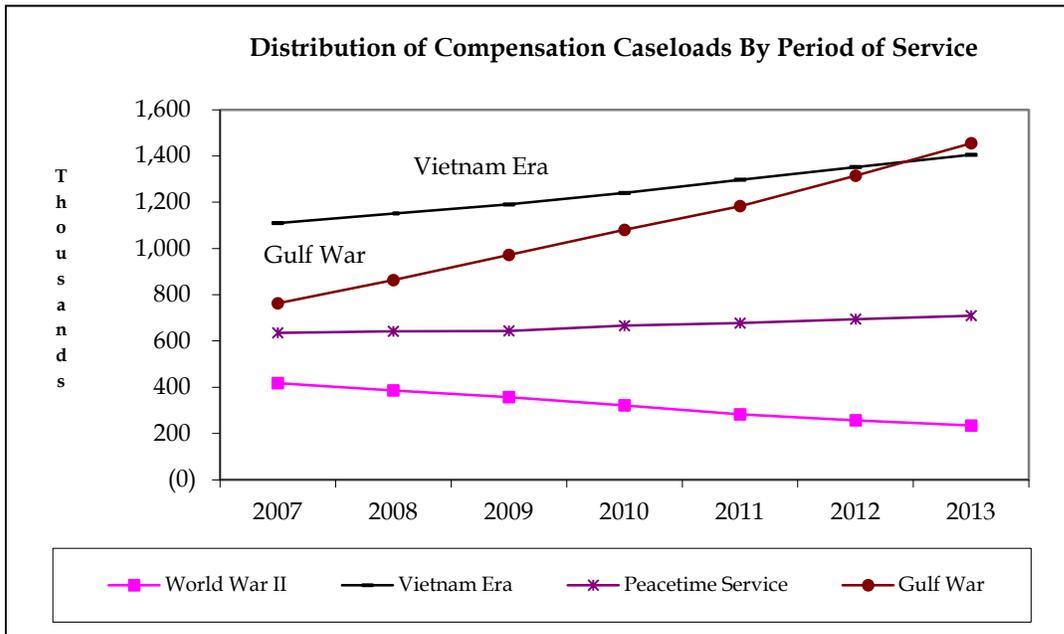
Compensation Program Highlights

In 2013, compensation benefit obligations are expected to total \$59.6 billion and be made to 3,983,264 beneficiaries (3,626,468 Veterans, 356,796 survivors, and 1,151 children). The estimated obligations for 2013 will increase \$3.2 billion over the 2012 level (from \$56.4 billion to \$59.6 billion). Approximately 99.3 percent of total compensation obligations are direct benefit payments to Veterans and their survivors. As shown in the graphic below on “Compensation Request by Period of Service,” the Vietnam Era accounts for 47 percent of program obligations followed by the Gulf War Era at 29 percent. Program obligations for Vietnam Era have increased substantially due to the establishment of the three additional presumptive conditions for the Veterans who served in the Republic of Vietnam.



The 2013 Veteran and survivor caseload estimate is distributed among World War I & Prior (206), World War II (233,979), Korean Conflict (179,522), Vietnam Era (1,405,082), Gulf War (1,454,989), and Peacetime (709,486) periods of service. The older periods of service caseloads are steadily declining. Recent periods of

service (Gulf War and Vietnam Era) are increasing rapidly and this trend is projected to continue through the budget year.

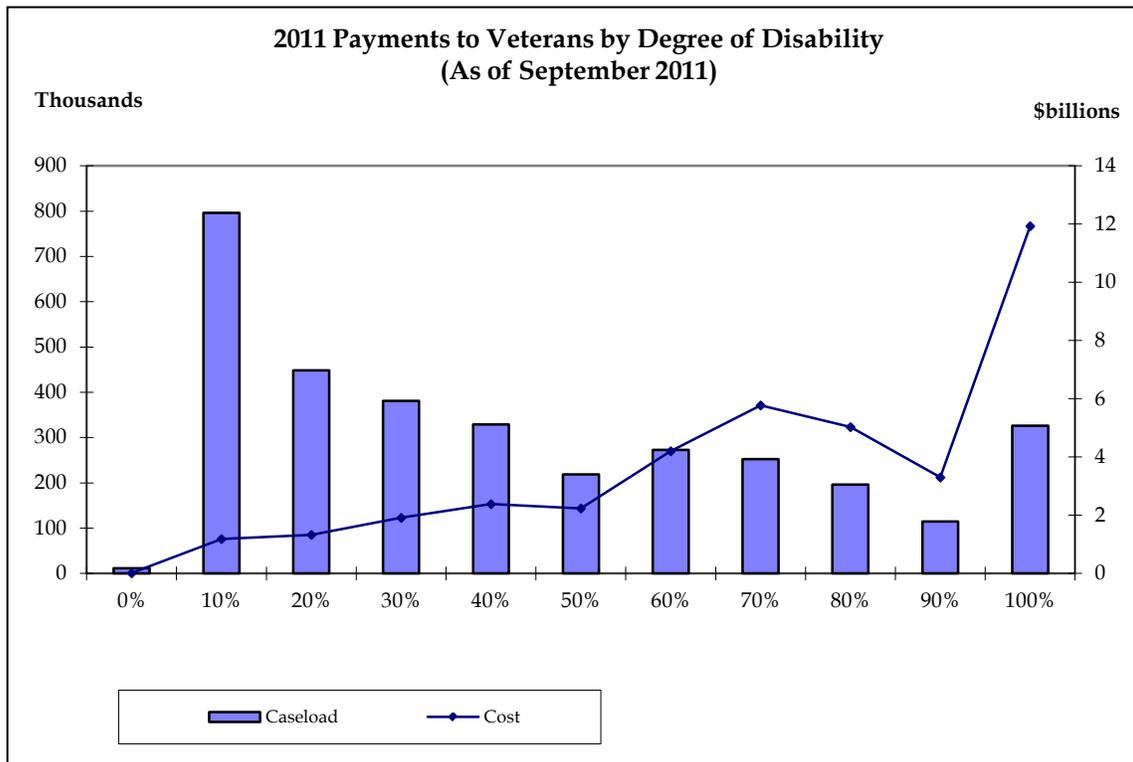


Numerous factors contribute to the total cost of the Compensation program. Some factors that influence cost fluctuations are increasing average degree of disability, additional benefits from enacted legislation or regulations, variations in the number of dependents, increasing number of Individual Unemployability (IU) cases, rising Special Monthly Compensation cases, the number of retroactive payments, and variable numbers of accessions and terminations. Deviations in these factors alter average payments, historically increasing program obligations.

Based on historical data, the average degree of disability is forecasted to increase through 2013 and the outyears. The average degree of disability for Veterans increased from 42.2 percent in 2010 to 43.5 percent in 2011. Additional regulations, legislation, and the increasing number of issues per claim have contributed to rising disability ratings. The budget request considers the increasing average degree of disability in conjunction with estimated VA workload projections. Increases in average degree of disability cause significant increases in average payments.

<p style="text-align: center;">Veteran Compensation Caseloads by Degree of Disability (As of September 2011)</p>												
Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2006	14,273	777,875	418,855	334,921	259,892	161,572	184,250	165,124	113,241	60,453	238,279	38.9%
2007	13,774	782,034	429,621	344,912	274,216	172,351	197,877	178,663	124,943	67,208	249,175	39.6%
2008	13,287	783,340	437,976	353,587	288,079	183,831	213,413	193,526	138,880	75,311	261,901	40.4%
2009	12,833	783,754	444,762	361,436	301,764	195,945	230,579	211,166	155,224	85,856	277,814	41.3%
2010	12,325	791,558	452,075	370,668	316,930	208,464	249,780	230,900	175,048	99,037	294,700	42.2%
2011	11,423	780,978	440,188	373,677	322,635	214,552	267,838	247,636	192,546	112,824	320,059	43.5%

Currently, Veterans who are rated 10 percent disabled are the largest group of Compensation recipients. However, they do not account for the majority of program cost. This is a result of lower average monthly payments. In addition, these Veterans are not entitled to additional compensation for dependents. Only Veterans at or above the 30 percent disability rating may be entitled to additional compensation for dependents, resulting in higher average payments.



The Compensation Service projections aid in forecasting changes to a Veteran's degree of disability rating. These claims result when a Veteran files an amended claim because their disability worsens and/or new legislation or regulation

allows for additional compensation. In 2011, over 204,000 Veterans received an increase to their disability benefits, as shown on the following chart. This is an increase of 7 percent from the 2010 level of 190,000 Veterans with amended claims.

Veterans Compensation 2011 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Total
0%	100	60	65	57	36	60	27	10	6	62	483
10%	-	10,626	5,440	7,352	1,921	4,539	1,946	898	325	2,825	35,872
20%	-	-	6,306	9,194	2,841	3,399	3,504	1,642	507	3,365	30,758
30%	-	-	-	7,903	6,545	3,612	4,059	1,613	509	2,984	27,225
40%	-	-	-	-	6,497	9,400	4,880	3,921	936	3,723	29,357
50%	-	-	-	-	-	6,874	5,668	3,741	1,139	3,121	20,543
60%	-	-	-	-	-	-	8,893	6,772	2,432	4,069	22,166
70%	-	-	-	-	-	-	-	8,858	4,684	5,108	18,650
80%	-	-	-	-	-	-	-	-	8,274	4,816	13,090
90%	-	-	-	-	-	-	-	-	-	6,111	6,111
Total	100	10,686	11,811	24,506	17,840	27,884	28,977	27,455	18,812	36,184	204,255

As of September 2011, almost 1.4 million out of nearly 3.4 million Veteran cases received additional compensation for dependents. The number of dependents totaled 2.1 million, or 1.57 dependents per case, down slightly from the 2010 average of 1.59. Although the average age of the Veterans from the older war periods increases, there is a continued increase in the number of Gulf War Veterans, driving the upward trend in the average number of dependants.

In addition to monetary benefits for dependents, Veterans who are rated 60 percent and above are eligible for Individual Unemployability. The IU program is administered to Veterans who are unable to maintain employment due to a service-connected disability. As a result, Veterans receiving IU payments receive compensation at the 100 percent disability rating even if their assigned rating is lower. Increases in the IU benefit affect the average payment, resulting in increased program costs. In 2011, there were 282,538 Veterans receiving IU, an

increase of 10,825 cases over 2010. IU caseload continues to increase at a gradual rate.

Veterans Compensation							
Individual Unemployability							
	2005	2006	2007	2008	2009	2010	2011
Without Dependents	62,035	64,497	65,808	71,009	74,502	78,985	84,279
With Dependents	159,057	164,138	171,513	176,384	183,660	192,728	198,259
Total	221,092	228,635	237,321	247,393	258,162	271,713	282,538

Special Monthly Compensation (SMC) is a monetary benefit paid in addition to or in place of 0 percent to 100 percent combined degree of disability. To qualify, a Veteran must be disabled due to special circumstances (e.g., loss of use of one hand). Also, certain Veterans may be entitled to Aid and Attendance, which provides for needed caregiver assistance due to their disabilities. The increasing number of Special Monthly Compensation payments partially contributes to an increasing trend in average payments.

Veterans Compensation							
Special Monthly Compensation							
	2005	2006	2007	2008	2009	2010	2011
Without Dependents	89,552	96,345	103,702	112,368	121,967	132,010	142,375
With Dependents	141,161	154,555	172,643	189,590	210,707	234,571	260,471
Total	230,713	250,900	276,345	301,958	332,674	366,581	402,846

The majority of retroactive payments are one-time payments disbursed as original or amended claims are granted. These payments typically are paid back to the date of claim unless legislation allows for payment to begin at the date of enactment of a regulation establishing the service-connected condition. During 2011, retroactive payments were 14.8 percent of total compensation obligations. This is an increase of 6.2 percent over the 2010 level. This increase is a result of the three new Agent Orange presumptive conditions paid in 2011. These presumptive conditions are paid a retroactive amount that goes back to the date of claim, with many of these payments being large dollar amounts. In 2012, retroactive payments are expected to slightly decrease due to the majority of Agent Orange retroactive claims having been paid in 2011.

Compensation Retroactive Payments (Dollars in millions)							
	2005	2006	2007	2008	2009	2010	2011
Retro Payments	\$2,184	\$2,002	\$2,486	\$2,786	\$3,257	\$3,760	\$7,269
Compensation Payments	\$28,643	\$30,833	\$33,639	\$36,280	\$40,063	\$43,292	\$49,169
Percent of Retro to Total	7.6%	6.5%	7.4%	7.7%	8.1%	8.6%	14.8%

The Compensation program estimates take into consideration the effects of accessions (new claims per year) and terminations (removal from rolls due to factors such as death, etc.). The net effect (accessions minus terminations) has been increasing, contributing to a rapid increase in the disability compensation recurring payments commonly referred to as beneficiaries on the rolls. The chart below shows the net delta of accessions minus terminations for both Veterans and survivors. This effect has been considered in future projections.

Compensation Net Effect (Accession Minus Terminations)							
	2005	2006	2007	2008	2009	2010	2011
Veterans	81,405	99,014	106,551	107,763	117,009	141,699	145,497
Survivors	5,568	3,344	4,286	11,256	2,771	5,360	7,949
Total	86,973	102,358	110,837	119,019	119,780	147,059	153,446

Accessions are derived from the Compensation and Pension Service's workload projections. These projections consider recently enacted legislation, regulation changes, and historical trends of applications of Veterans. Estimates of Veteran accessions are distributed among the disability ratings using historical trends.

Veterans Compensation							
Accession Trends							
	2005	2006	2007	2008	2009	2010	2011
0%	467	495	496	502	575	574	488
10%	44,960	50,850	51,393	51,063	56,561	65,269	61,236
20%	30,465	32,752	33,054	32,180	33,488	35,568	28,601
30%	23,486	24,775	25,705	26,360	27,473	29,489	31,914
40%	18,774	20,324	21,218	21,795	23,102	24,656	22,585
50%	12,617	12,889	14,028	15,065	16,243	17,539	17,241
60%	11,104	11,949	13,359	15,004	16,618	17,940	22,286
70%	8,737	8,478	9,648	11,037	12,503	14,101	15,925
80%	4,665	4,864	5,816	7,062	8,499	9,872	10,291
90%	2,138	2,162	2,564	3,348	4,217	5,092	5,432
100%	9,309	8,829	9,591	10,327	12,486	13,294	19,147
Total	166,722	178,368	186,872	193,743	211,765	233,394	235,146
Avg. Degree	38.5%	34.8%	35.5%	36.9%	37.7%	37.5%	40.8%

Based on an analysis of Veteran trends, there is a relationship between Veterans terminating from the compensation rolls and survivors acceding to the compensation rolls. The relationship is significantly more pronounced as the Veteran's degree of disability increases. The survivor's Dependency and Indemnity Compensation (DIC) program is available to surviving spouses who have not remarried (or those remarried after the age of 57), unmarried children under 18 years of age, helpless children, and low-income parents of deceased Veterans.

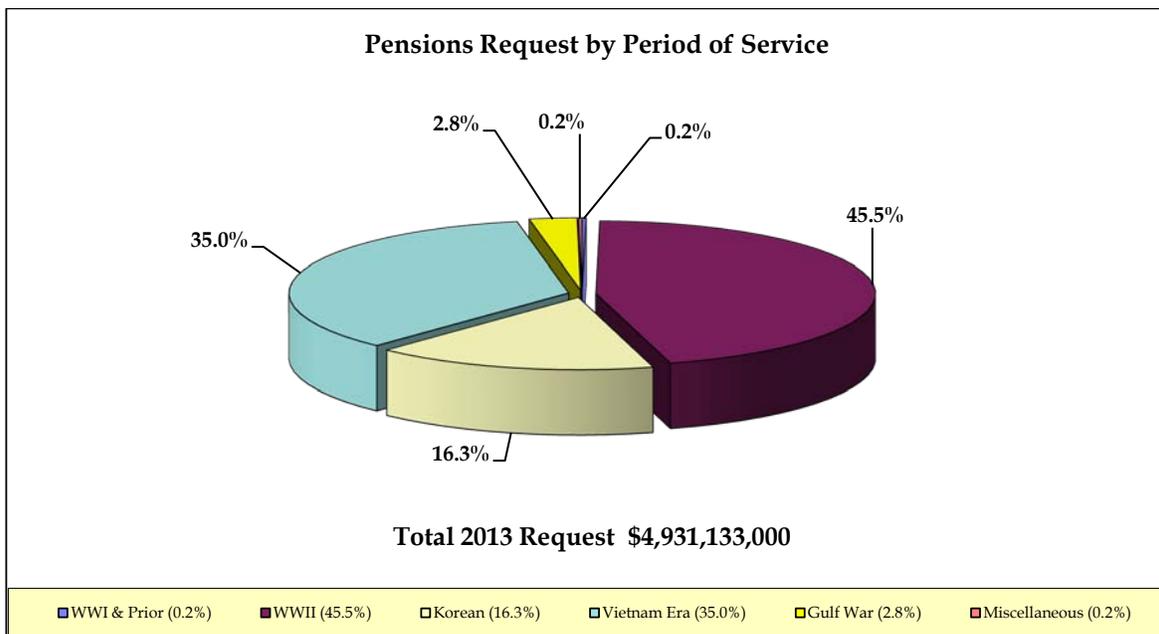
Survivor Compensation							
Accession Trends							
	2005	2006	2007	2008	2009	2010	2011
Total	18,551	17,876	17,507	24,737	18,850	21,654	23,504

For surviving spouses of Veterans who were not rated totally disabled to become eligible, they must meet at least one of three requirements. The Veteran must have died from; (1) a service connected disease or injury incurred or aggravated while on active duty; (2) an injury was incurred or aggravated in the line of duty while on inactive duty training; or (3) a disability compensable by the VA. Survivors of Veterans who were rated totally disabled, but died of a non-service connected cause, may be eligible if: (1) the Veteran was continuously rated totally disabled over a period of ten years; (2) the Veteran was rated for a period of at least five years from the military discharge; or (3) the Veteran was a former prisoner of war who died after September 30, 1999, and who was rated totally disabled for a period of not less than one year immediately preceding death.

Veteran termination data has demonstrated that survivors typically accede to the compensation rolls within three years. In 2011, 14,497 cases acceded to the DIC rolls within the first three years after the Veteran terminated.

Pensions Program Highlights

In 2013, Pensions benefit obligations are expected to total \$4.9 billion and be made to 519,951 pension beneficiaries. The 2013 request continues a trend of increasing obligations with Veteran caseloads from the Korean War and prior decreasing and Veteran caseload from Vietnam to present increasing. Survivor pension caseload follows a similar trend; however, WWII and Korean War survivor's caseload is expected to remain at the same level in 2013 as in previous years. Approximately, 96 percent of the estimated cases will receive benefits under the Improved Law program; accounting for 99 percent of the program's cost. As shown in the "Pensions Request by Period of Service" chart, the two largest pension requests come from WWII and Vietnam Era accounts. WWII accounts for 45.5 percent of program obligations largely associated with survivor benefit payments. The Vietnam Era is the second largest group of pension recipients accounting for 35.0 percent of the total request. This percentage will continue to increase as Vietnam Era Veterans are becoming eligible for the automatic permanent and totally disabling rating at age 65.



Currently, VA administers three Pensions programs (Improved Law Pensions, Prior Law Pensions, and Old Law Pensions). New beneficiaries can only accede to the Improved Pensions rolls (PL 95-588); the other two programs are closed. Since the Prior Law and Old Law programs have been closed since 1979 and 1960

respectively, the Veteran caseload in these programs are from earlier periods of service and will continue to decline.

Pensions Summary by Law									
	2011			2012			2013		
	Average Cases	Average Benefit (\$'s)	Total Obligations (000's)	Average Cases	Average Benefit (\$'s)	Total Obligations (000's)	Average Cases	Average Benefit (\$'s)	Total Obligations (000's)
Total									
Improved Law	489,444	\$8,714	\$4,265,116	493,291	\$9,177	\$4,526,907	497,902	\$9,834	\$4,896,325
Prior Law	27,096	\$1,051	\$28,466	24,359	\$1,093	\$26,625	21,917	\$1,136	\$24,908
Old Law	180	\$687	\$124	154	\$1,015	\$156	131	\$889	\$117
Veterans									
Improved Law	309,833	\$9,771	\$3,027,366	310,716	\$9,959	\$3,094,520	311,471	\$10,373	\$3,230,871
Prior Law	3,797	\$1,485	\$5,640	3,173	\$1,617	\$5,132	2,652	\$1,761	\$4,671
Old Law	45	\$117	\$5	37	\$1,787	\$66	31	\$1,830	\$56
Survivors									
Improved Law	179,612	\$6,891	\$1,237,750	182,575	\$7,845	\$1,432,387	186,431	\$8,933	\$1,665,454
Prior Law	23,299	\$980	\$22,827	21,186	\$1,014	\$21,493	19,265	\$1,050	\$20,237
Old Law	136	\$876	\$119	117	\$769	\$90	101	\$600	\$60

A major factor of the cost of the Pensions program is the impact of the automatic cost-of-living adjustment. However, the COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to be 1.9 percent in 2013. Since rates for pensioners covered by earlier programs are fixed, variations in average benefit payments for these beneficiaries are attributed to changes in dependency, qualifying income, health, or other eligibility criteria.

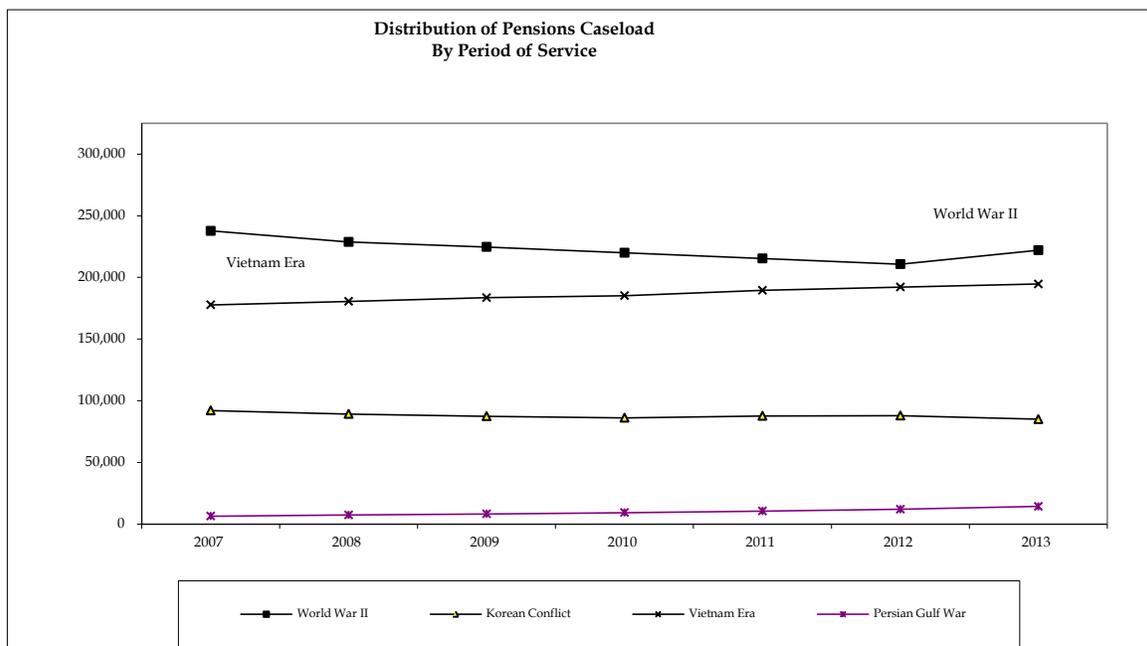
If Veterans are entitled to Improved Law Pensions based on service during the Mexican Border Period or World War I, \$2,783 is added to their income limit. Veterans and surviving spouses with entitlement to housebound or Aid and Attendance benefits have higher income limits due to the severity of their disabilities.

The amount of Improved Pensions payable is reduced for each dollar of countable family income by the annual income limitations. These limitations can affect the average pension payment, which in turn controls the majority of total cost of the Pensions program.

Pensions
PL 95-588 Income Limitations
(As of December 2011)

Veterans		Survivors	
Without dependents	\$12,256	Spouses without dependents	\$8,219
With one dependent	\$16,051	Spouses with one dependent	\$10,759
Each additional dependent	\$2,093	Each additional dependent	\$2,093

Total pension caseload for both Veterans and survivors are expected to slightly increase through 2013. Veteran pension increases to 314,154 from 313,926 in 2012. This increase is net of a decrease in WWII and Korea with an increase in Vietnam and Gulf War beneficiaries. WWII and Vietnam account for the largest pension caseload, 221,001 and 194,571 respectively, or just over 80 percent of all caseload. Of the 222,001 WWII beneficiaries, only 79,263 are Veterans, with the remaining caseload being survivors. The opposite is true of the Vietnam Veteran Era with 167,570 of the total 194,571 recipients being Veterans. Caseloads for the earlier periods of service are declining; however the most recent eras are expected to continue their increasing trend. This increase can be attributed to the number of Vietnam Era Veterans turning 65, allowing for an automatic permanent and totally disabling rating under current law. The number of Veterans of the Gulf War is also increasing but has not yet achieved the level of other periods of service. World War II still accounts for the largest caseload of pension recipients and total program obligations.



As of September 30, 2011, the average age of Veterans who received pension was 71. The age of survivors of Veterans who received a pension was higher at 79. Although the average age of Veterans has historically been increasing, VA has also experienced a slight growth in the number of Vietnam Era and Gulf War claims. These trends are expected to continue during the budget year, as well as in the outyear projections. During 2011, Gulf War and Vietnam Era Veteran caseloads increased by 1,542 and 1,299 respectively. VA estimates that the increasing average age will eventually slow down due to the increasing number of Veterans from recent periods of service acceding to the rolls.

Pensions Age of Pensions Recipients (As of September 2011)								
Age	Veteran PL 95-588	Veterans PL 86-211	Veterans Old Law	Total Veterans	Survivor s PL 95- 588	Survivor s PL 86- 211	Survivor s Old Law	Total Survivors
Under 25	24	-	-	24	411	4	-	415
25 - 35	1,269	-	-	1,269	216	4	-	220
36 - 45	5,820	-	-	5,820	1,172	296	-	1,468
46 - 55	15,355	7	-	15,362	9,403	2,280	-	11,683
56 -65	121,405	341	-	121,746	20,428	3,868	-	24,296
66 - 75	35,069	276	1	35,346	18,646	2,127	-	20,773
Over 75	130,767	2,891	42	133,700	125,609	13,554	130	139,293
Total	313,268	3,516	43	316,827	175,885	22,133	130	198,148

Note: Veteran pension age data does not include 347 cases with unknown age and 3,630 cases with unknown age for survivor pension.

The Pensions program forecast considers the effects of accessions (new beneficiaries per year) and terminations (removal from rolls due to factors such as death, increased income, etc.). Deviations in accessions and terminations cause the caseload to fluctuate.

Veteran Pensions Accessions and Terminations							
	2005	2006	2007	2008	2009	2010	2011
Accessions	42,208	40,213	40,574	42,930	42,633	47,852	49,524
Terminations	49,300	46,146	47,426	48,257	46,021	48,548	52,920
Net Delta	-7,092	-5,933	-6,852	-5,327	-3,388	-696	-3,396

Although caseloads in Prior Law and Old Law are decreasing, they still have an impact on the total cost of the program. Evaluating the trends in dependency is also considered in the budget forecast as it affects average payment. For each program category, pensioners with dependents receive additional benefits.

Pensions Program Trends

(As of September 2011)

“Old Law” Pensions Cases (closed program)

“Old Law” refers to the pensions program in existence prior to July 1, 1960, in which the benefit rate is fixed for all eligible, regardless of specific countable income.

Veterans					Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2006	110	<0.1	69	41	222	0.1	214	8	123
2007	90	<0.1	55	35	176	0.1	171	5	114
2008	76	<0.1	46	30	224	.01	122	2	100
2009	58	<0.1	35	23	224	0.1	94	1	87
2010	49	<0.1	30	19	145	0.1	69	-	76
2011	43	<0.1	25	18	130	0.1	130	-	-

“Prior Law” Pensions Cases (closed program)

“Prior Law” refers to the pensions program in existence between July 1, 1960 and January 1, 1979. Benefit rates were established by formula, and reduced for each dollar of countable income.

Veterans					Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Children Alone
2006	8,601	2.6	4,024	4,577	29,389	15.8	27,886	1,503	9,952
2007	7,161	2.2	3,346	3,797	25,225	14.0	23,884	1,341	9,534
2008	5,958	2.0	2,823	3,135	30,836	15.7	20,560	1,181	9,095
2009	4,983	1.7	2,374	2,609	27,500	14.8	17,730	1,073	8,697
2010	4,166	1.3	1,974	2,192	24,489	12.6	15,265	940	8,284
2011	3,516	1.1	3,516	-	22,153	10.9	22,150	1	2

“Improved Law” Pensions Cases

“Improved Law” refers to the pensions program in existence since January 1, 1979. Payments for the Improved Law program beneficiaries are computed by reducing dollar-for-dollar, the benefit levels specified under Public Law 95-588 by the income of the beneficiary.

Veterans					Surviving Spouses				
Year	Number	%	Veteran Alone	Veterans w/ Dependents	Number	%	Spouse Alone	Spouse w/ Children	Children Alone
2006	321,145	97.4	236,815	84,330	156,463	84.1	153,832	2,631	5,007
2007	315,624	97.7	235,846	79,778	155,263	85.9	152,892	2,371	4,803
2008	311,611	98.0	235,456	76,155	164,988	84.2	158,168	2,208	4,612
2009	309,203	98.3	221,151	88,052	166,438	85.1	159,964	2,035	4,439
2010	309,348	99.3	236,233	73,115	173,914	89.3	168,019	1,724	4,171
2011	310,115	99.0	237,900	72,215	185,384	89.3	173,756	5,739	5,889

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2011			2012			2013		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total ^{1/}	3,626,132	\$13,560	\$49,169,484	3,800,666	\$14,737	\$56,011,352	3,983,264	\$14,862	\$59,179,468
Veterans Total	3,284,356	\$13,355	\$43,862,184	3,452,172	\$14,544	\$50,209,186	3,626,468	\$14,638	\$53,085,576
World War I	1	\$11,275	\$11	-	-	-	-	-	-
World War II	202,979	\$11,125	\$2,258,045	180,966	\$11,427	\$2,067,842	161,339	\$11,737	\$1,893,660
Korean Conflict	149,427	\$11,339	\$1,694,372	146,524	\$11,632	\$1,704,292	143,677	\$11,931	\$1,714,260
Vietnam Era	1,130,662	\$18,864	\$21,328,272	1,176,507	\$20,461	\$24,072,578	1,219,477	\$20,299	\$24,753,992
Peacetime Service	643,436	\$10,109	\$6,504,248	660,446	\$11,173	\$7,379,420	675,221	\$11,144	\$7,524,943
Gulf War	1,157,851	\$10,431	\$12,077,236	1,287,729	\$11,637	\$14,985,053	1,426,754	\$12,054	\$17,198,721
Survivors Total	341,776	\$15,529	\$ 5,307,300	348,494	\$16,649	\$5,802,166	356,796	\$17,136	\$6,113,892
Spanish-American War	4	\$10,457	\$42	4	\$9,957	\$40	4	\$9,457	\$38
Mexican Border Period	1	\$13,848	\$14	1	\$13,848	\$14	1	\$13,848	\$14
World War I	266	\$21,078	\$5,607	231	\$22,768	\$5,268	201	\$24,685	\$4,950
World War II	79,608	\$15,884	\$1,264,462	75,858	\$17,909	\$1,358,536	72,640	\$18,926	\$1,374,806
Korean Conflict	36,137	\$15,451	\$558,343	35,991	\$15,791	\$568,344	35,845	\$16,135	\$578,345
Vietnam Era	166,666	\$15,825	\$2,637,511	175,652	\$17,012	\$2,988,152	185,605	\$17,410	\$3,231,357
Peacetime Service	33,802	\$15,212	\$514,206	34,033	\$15,685	\$533,804	34,265	\$16,172	\$554,150
Gulf War	25,293	\$12,933	\$327,116	26,724	\$13,022	\$348,007	28,235	\$13,112	\$370,232
Other Total			\$293,841			\$372,629			\$391,922
Spec. Ben. For Children	1,173	\$17,177	\$20,149	1,162	\$17,796	\$20,679	1,151	\$18,134	\$20,872
Clothing Allowance	117,338	716	84,050	123,379	771	95,069	129,607	784	101,583
Other (REPS, SAFD, EAJA)	2,653	6,888	18,275	2,658	7,071	18,796	2,666	7,295	19,448
OBRA Payment to VBA	-	-	1,343	-	-	1,704	-	-	1,902
OBRA Payment to ITS	-	-	23	-	-	57	-	-	25
Medical Exam Pilot Prgm	-	-	170,001	-	-	236,326	-	-	248,092
Pensions Total ^{1/}	516,720	\$8,310	\$4,293,706	517,804	\$8,794	\$4,553,689	519,951	\$9,465	\$4,921,350
Veterans Pensions Total	313,674	\$9,669	\$3,033,011	313,926	\$9,874	\$3,099,719	314,154	\$10,299	\$3,235,599
World War I	1	\$44	\$44	-	-	-	-	-	-
World War II	80,489	\$12,527	1,008,306	80,003	\$12,880	\$1,030,483	79,263	\$13,571	\$1,075,655
Korean Conflict	58,059	8,747	507,822	56,174	9,239	518,991	54,350	9,968	541,742
Vietnam Era	164,864	8,492	1,399,993	166,213	8,608	1,430,827	167,570	8,913	1,493,545
Gulf War	10,261	11,387	116,845	11,536	10,351	119,418	12,971	9,611	124,657
Survivors Pensions Total	203,046	\$6,209	\$1,260,695	203,878	\$7,132	\$1,453,970	205,797	\$8,191	\$1,685,752
Civil War	2	\$877	\$2	2	\$1,000	\$2	2	\$1,000	\$2
Spanish- American War	111	2,780	309	90	3,323	299	73	3,968	289
Mexican Border Period	35	6,705	235	29	6,603	191	24	6,503	156
World War I	4,941	2,818	13,925	4,733	2,473	11,707	4,037	2,686	10,843
World War II	143,183	6,347	908,735	142,960	7,235	1,034,335	142,736	8,179	1,167,445
Korean Conflict	31,117	5,681	176,781	30,875	6,966	215,071	30,628	8,543	261,655
Vietnam Era	22,830	6,771	154,574	24,154	7,642	184,573	27,001	8,671	234,117
Gulf War	827	7,418	6,135	1,035	7,527	7,791	1,296	8,681	11,246
Other Pensions Total			\$24,106			\$26,927			\$9,783
OBRA Payment to VBA			\$5,042			\$6,408			\$7,157
Income Verification Match			-			-			-
OBRA Payment to ITS			6,386			6,825			120
OBRA Payment to VHA			10,977			11,306			-
Medical Exams Pilot Prgm			\$1,702			\$2,387			\$2,506

1/ Does not include "other" caseload or obligations.

Proposed Legislation

Elimination of Certain Apportionments of C&P Benefits to a Veteran's Spouse or Dependents

U.S.C. 5307 seeks to repeal subsections (a)(1) and (a)(2) of U.S.C. §5307. Subsection (a)(1) provides that a Veteran's benefit payment may be apportioned to the Veteran's spouse, child, or dependent parent when the Veteran is being furnished hospital treatment, institutional, or domiciliary care by the United States. Subsection (a)(2) provides that all or part of a Veteran's compensation or pension may be apportioned to a Veteran's spouse or child as prescribed by the Secretary when the spouse does not live with the Veteran, or the child(ren) are not in the custody of the Veteran. The VA will no longer arbitrate domestic appropriations, and it has been decided by the VA that family courts shall make these decisions. Enactment of this provision does not result in benefit cost or savings.

Extend the Delimiting date for Eligibility for Death Pension to Surviving Spouse of a Gulf War Veteran

This proposal seeks to update and extend the statutory marriage delimiting date for surviving spouses of the Gulf War Veteran for purposes of determining entitlement to death pensions. 38 U.S.C. § 1541 (f)(1) states that the surviving spouse pension benefits cannot be paid unless the claimant was married to the Veteran for at least one year immediately preceding the Veteran's death, or a child was born of the marriage, or the marriage occurred before January 1, 2001. At the time of the enactment of this law, the established date was appropriate given the nature of the Gulf War in 1990, and the 10-year qualifying period was consistent with other delimiting date periods. Generally, delimiting dates are established on the day following ten years after the war or conflict was officially over. Since the official Gulf War period, which began on August 2, 1990, is still ongoing and will terminate on a date to be determined by Presidential proclamation or law, the January 1, 2001 date must be extended. Enactment of this provision does not result in benefit cost or savings.

Cost of Living Adjustment Rounddown

This proposal would amend title 38, U.S.C. § 1303 (a) and 1104 (a) to provide a ten-year extension of the round-down provisions of the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). Public Law 108-183 extended the ending date of this provision to 2013. The COLA adjustment computation in sections 1303 (a) for DIC and 1104 (a) for service-connected disability include a provision to round down VA compensation or DIC payments to the next whole dollar amount. Extending the sunset provision for the COLA round down provision ten

years beyond the 2013 expiration date result in cost savings. Benefit cost savings

is estimated to be \$354.5 million for five years and \$1.8 billion over ten years.

Expand Eligibility for Medallion (authorized by Dr. James Allen Veteran Vision Equity Act of 2007 - Public Law 110-157)

This proposal would amend title 38, United States Code (U.S.C.), § 2306, to remove the November 1, 1990, applicability date for provision of medallions to Veterans, as established by Public Law (PL) 110-157. NCA seeks to expand the medallion benefit so that any privately-purchased headstone/marker installed at the grave of any eligible Veteran buried in a private cemetery can be distinctly marked with a Government-furnished medallion affixed to show the gratitude of the Nation for their service in the U.S. Armed Forces. Costs in 2013 are estimated to be \$50 thousand and \$306 thousand over ten years.

Allow for the Provision of Government-Furnished Headstones and Markers for the Privately Marked Graves of Medal of Honor Recipients who Died Prior to November 1, 1990

This proposal would amend title 38, United States Code (U.S.C.), to allow the National Cemetery Administration (NCA) to provide headstones or markers for the privately marked graves of all eligible Medal of Honor recipients (MOH), who died prior to November 1, 1990. Costs in 2013 are estimated to be \$47 thousand and \$636 thousand over ten years.

Use of Character of Service Determinations for Active Duty Deaths

This proposal would amend § 2402(1) of title 38, United States Code (U.S.C.), to apply the “conditions other than dishonorable” character of discharge standard in reviewing claims for burial in a VA national cemetery for service members who die on active duty. This proposal seeks to rectify the current inequity in eligibility determinations that exists between Veterans and active duty servicemembers, and would not result in benefits cost or savings.

Extend the Sunset Date for Using Non-VA Physicians to Perform Medical Disability Examinations

This proposal would extend by five years a provision of P.L. 108-183, section 704, for the authority to use discretionary VBA funding to procure contracted disability examinations to supplement the examinations provided by VHA and procured at 10 VBA regional offices through contracts reimbursed from mandatory Compensation and Pensions account under the authority of P.L. 104-275, section 504. The sunset date provided in section 704 was most recently extended to December 31, 2012 by P.L. 111-275, section 809. The requested extension would be advantageous to planning and executing appropriate contracts for future examinations in the most needed regions of the country.

Compensation Cost of Living Adjustment (COLA)

Legislation will be proposed to provide a cost of living increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2012. The percent increase will align with increases in the Consumer Price Index and the increase for Social Security benefits. Current estimates suggest that the CPI will increase by 1.9%. That increase would result in an increase of \$772 million in 2013, \$4.9 billion over five years, and \$10.9 billion over ten years.

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Readjustment Benefits

Appropriation Language

For the payment of readjustment and rehabilitation benefits to or on behalf of Veterans, as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 41, 51, 53, 55, and 61 of title 38, United States Code, and for the payment of benefits under the Veterans' Retraining Assistance Program, \$12,607,476,000, to remain available until expended: Provided, That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under subsection (a) of section 3104 of title 38, United States Code, other than under paragraphs (1), (2), (5), and (11) of that subsection, shall be charged to this account.

Readjustment Benefits Summary of Appropriation Highlights

(dollars in thousands)

	2012				
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase (+) Decrease (-)
Obligations:					
Post 9-11 GI Bill (33) ^{1/}	\$7,656,490	\$8,481,280	\$9,378,868	\$9,906,509	+\$527,641
Veterans/Sevicemembers (30/34)	1,385,943	1,041,133	1,133,126	1,033,262	-99,864
Reservists (1606)	201,433	250,739	202,712	204,623	+1,911
Reservists (1607)	95,324	87,791	100,565	96,327	-4,239
Dependents' Education and Training (35)	462,877	554,346	443,718	481,610	+37,892
Veterans Retraining Assistance Program	-	-	196,855	1,100,662	+903,807
VR&E Subsistence Allowance	287,053	308,041	432,783	491,681	+58,897
VR&E Books, Tuition, Supplies, Fees, etc	472,404	531,500	516,362	564,409	+48,047
Specially Adapted Housing Grants	58,400	78,692	58,400	63,133	+4,733
Specially Adapted Housing Technology Grants	-	-	1,000	1,000	-
Automobile Grants	17,218	20,200	35,800	36,300	+500
Adaptive Equipment	60,593	74,600	62,300	64,000	+1,700
Tuition Assistance	11,722	-	10,761	10,063	-698
National Call to Service	265	-	-	-	-
Licensing & Certification Tests	1,609	475	1,477	1,381	-96
National Exams ^{2/}	33	16	31	29	-2
Work-Study ^{3/}	33,522	26,877	38,835	40,680	+1,845
State Approving Agencies	18,342	19,000	19,000	19,000	-
Reporting Fees	5,667	6,206	12,190	12,822	+632
Reimbursement to GOE and IT	216	530	4,875	538	-4,337
Total Obligations	\$10,769,111	\$11,481,427	\$12,649,657	\$14,128,028	+\$1,478,371
Funding:					
Unobligated balance (SOY)	-\$275,844	-	-\$1,221,327	-\$1,092,457	+\$128,870
Unobligated balance transfer from C&P	938,528	-	-	-	-
Unobligated balance (EOY)	1,221,327	-	1,092,457	-	-1,092,457
Budget authority (gross)	11,714,594	11,481,427	12,520,787	13,035,570	+514,783
Offsetting collections	-379,960	-470,341	-412,300	-428,094	-15,795
Budget authority (net)	\$11,334,634	\$11,011,086	\$12,108,488	\$12,607,476	+\$498,989
Appropriation	\$10,396,106	\$11,011,086	\$12,108,488	\$12,607,476	+\$498,989
Outlays (net)	\$10,705,469	\$10,910,937	\$12,114,983	\$13,699,934	+\$1,584,951
Total Obligations	\$10,769,111	\$11,481,427	\$12,649,657	\$14,128,028	+\$1,478,371
Education Program	10,001,246	10,632,185	11,690,811	13,061,402	+1,370,591
VR&E Program ^{4/}	767,865	849,242	958,846	1,066,626	+107,780
Budget authority (net)	\$11,334,634	\$11,011,086	\$12,108,488	\$12,607,476	+\$498,989
Education Program	10,566,769	10,161,844	11,149,642	11,540,850	+391,209
VR&E Program	767,865	849,242	958,846	1,066,626	+107,780
Outlays (net)	\$10,705,469	\$10,910,937	\$12,114,983	\$13,699,934	+\$1,584,951
Education Program	9,907,676	10,069,919	11,166,173	12,633,197	+1,467,024
VR&E Program	797,793	841,019	948,811	1,066,737	+117,926

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

1/ Includes Change in Selected Resources

2/ National Exams includes chapter 30 and 35

3/ Includes chapter 1606 work-study reimbursement

4/ Includes chapter 31 work-study

Readjustment Benefits
Summary of Appropriation Highlights (cont'd)

(total dollars in thousands)

	2012				2013 Estimate	Increase (+) Decrease (-)
	2011 Actual	Budget Estimate	Current Estimate			
Workload Data and Other Items						
Workload:						
Post 9-11 GI Bill (33)	555,329	512,752	594,490	606,318	+11,828	
Veterans/Sevicemembers (30/34)	185,220	129,153	157,478	133,897	-23,581	
Reservists (1606) ^{1/}	65,216	84,427	64,337	62,506	-1,831	
Reservists (1607)	27,302	23,785	28,238	26,033	-2,206	
Dependents' Education and Training (35)	90,657	92,882	94,618	98,793	+4,175	
Veterans Retraining Assistance Program	-	-	45,000	99,000	+54,000	
VR&E Receiving Subsistence Allowance	61,762	62,078	64,850	68,093	+3,243	
VR&E Not Receiving Subsistence Allowance	21,570	19,763	22,649	23,781	+1,132	
VR&E Rehab, Evaluation, Planning and Service ^{2/}	20,235	23,103	21,247	22,309	+1,062	
Specially Adapted Housing Grants	1,354	1,948	1,354	1,407	+53	
Specially Adapted Housing Technology Grants	-	-	5	5	-	
Automobile Grants	1,577	1,834	1,892	1,892	-	
Adaptive Equipment	7,786	7,319	7,786	7,786	-	
National Call to Service	41	-	-	-	-	
Average cost:						
Post 9-11 GI Bill (33)	\$13,871	\$16,527	\$15,736	\$16,314	+\$578	
Veterans/Sevicemembers (30/34)	\$7,483	\$8,061	\$7,195	\$7,717	+\$521	
Reservists (1606)	\$3,089	\$2,970	\$3,151	\$3,274	+\$123	
Reservists (1607)	\$3,491	\$3,691	\$3,561	\$3,700	+\$139	
Dependents' Education and Training	\$5,106	\$5,968	\$4,690	\$4,875	+\$185	
Veterans Retraining Assistance Program	-	-	\$4,375	\$11,118	+\$6,743	
VR&E Subsistence Allowance	\$4,648	\$4,962	\$6,674	\$7,221	+\$547	
VR&E Books, Tuition, Supplies, Fees, etc	\$5,669	\$6,494	\$5,901	\$6,143	+\$242	
Specially Adapted Housing Grants	\$43,131	\$40,397	\$43,131	\$44,859	+\$1,728	
Specially Adapted Housing Technology Grants	-	-	\$200,000	\$200,000	-	
Automobile Grants	\$10,918	\$11,000	\$18,900	\$19,202	+\$302	
Adaptive Equipment	\$7,782	\$10,196	\$7,997	\$8,218	+\$221	
National Call to Service	\$6,461	-	-	-	-	
Total Cost:						
Post 9-11 GI Bill (33)	\$7,703,113	\$8,474,080	\$9,354,712	\$9,891,339	+\$536,627	
Veterans/Sevicemembers (30/34)	\$1,385,943	\$1,041,133	\$1,133,126	\$1,033,262	-\$99,864	
Reservists (1606)	\$201,433	\$250,739	\$202,712	\$204,623	+\$1,911	
Reservists (1607)	\$95,324	\$87,791	\$100,565	\$96,327	-\$4,239	
Dependents' Education and Training	\$462,877	\$554,346	\$443,718	\$481,610	+\$37,892	
Veterans Retraining Assistance Program	-	-	\$196,855	\$1,100,662	+\$903,807	
VR&E Subsistence Allowance	\$287,053	\$308,041	\$432,783	\$491,681	+\$58,897	
VR&E Books, Tuition, Supplies, Fees, etc	\$472,404	\$531,500	\$516,362	\$564,409	+\$48,047	
Specially Adapted Housing Grants	\$58,400	\$78,692	\$58,400	\$63,133	+\$4,733	
Specially Adapted Housing Technology Grants	-	-	\$1,000	\$1,000	-	
Automobile Grants	\$17,218	\$20,200	\$35,800	\$36,300	+\$500	
Adaptive Equipment	\$60,593	\$74,600	\$62,300	\$64,000	+\$1,700	
National Call to Service	\$265	-	-	-	-	

^{1/} Work-study cost not included

^{2/} No monetary benefit payment associated with these cases

Summary of Budget Request

Budget authority of over \$12.6 billion, when combined with a \$1.1 billion unobligated balance and \$428.1 million in offsetting collections from the Department of Defense, will provide funding for estimated Readjustment Benefits obligations. This will primarily fund education benefits, including the Post 9-11 GI Bill (chapter 33) and will also pay for subsistence allowance and the cost of books, supplies, tuition, and fees under the Vocational Rehabilitation and Employment (VR&E) program. Funding 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.

Changes from Original 2012 Budget Estimate

The current estimated obligation of \$12.6 billion for 2012 for the Readjustment Benefits program increases over \$1.1 billion from the original budget estimate of nearly \$11.5 billion. The increased obligations result in an increase to the 2012 appropriation of \$1.1 billion compared to the 2012 President's budget request and is a result of modifications in both Education and Vocational Rehabilitation and Employment Service obligations resulting from both new legislation and 2011 actual experience. The appropriation request of \$12.1 billion combined with over \$400 million in offsetting collections from DoD and an unobligated balance of nearly \$1.2 billion available at the start of 2012, will fund the increased obligation and as well as an estimated \$1.1 billion unobligated balance to be carried forward to 2013.

Three major pieces of legislation that directly impact the Readjustment Benefits program have passed since the 2012 President's Budget submission and impacted estimated obligations for 2012 and beyond. The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377) amended the Post-9/11 GI Bill by expanding eligibility for certain individuals, and modifying the amount of assistance and the types of approved programs (details highlighted in the previous section). The net impact of these changes on the Readjustment Benefits account was a decrease in obligations of nearly \$168 million in 2012.

Additionally, PL 112-56 established the Veterans Retraining Assistance Program (VRAP), a program that, beginning on July 1, 2012, will provide up to 12 months of retraining assistance to Veterans at least 35 years of age but not more than 60 years of age, who are unemployed, received an honorable discharge and have no eligibility remaining for other education benefits. Veterans participating in this program would receive monthly payments equal to the three-year payment rate under the Montgomery GI Bill (MGIB) chapter 30 program. This program is estimated to increase obligations by \$197 million in 2012.

The Veterans' Benefits Act of 2010, (PL 111-275) established the Specially Adapted Housing Assistive Technology Grant Program and, beginning in 2012, authorizes VA to provide grants of up to \$200,000 per fiscal year to individuals or entities for the development of specially adapted housing assistive technologies and limits to \$1 million the aggregate amount of such grants VA may award in any fiscal year. This new grant program increases obligations by \$1 million in 2012. Additionally PL 111-275 increased the maximum automobile grant from \$11,000 to \$18,900 increasing obligations by \$15 million in FY 2012.

These legislative changes combined with 2011 actual experience result in the increased obligation estimates for 2012.

Education Program

Current estimated obligations for 2012 reflect an increase of nearly \$1.1 billion from the original budget estimate of over \$10.6 billion. The estimate for 2012 is driven by changes in the estimated obligations for chapter 33, which increase obligations by \$898 million. These changes from the original estimate include an increase of \$1.3 billion in obligations due to an increase in anticipated participation. This is partially offset by a \$406 million decrease in projected average costs for chapter 33. The increased participation and lower average cost result from a combination of actual 2011 experience and the impact of PL 111-377 on chapter 33.

Chapter 30 participation continues to decrease, however, an increase of \$228 over the original estimate is due to 2011 experience. Average cost for chapter 30 is lower than the original 2012 estimate, primarily due to the elimination of interval payments under PL 111-377, decreasing obligations by \$136 million. Chapter 35 estimated obligations for 2012 decreased by nearly \$111 million, primarily due to a lower average cost based on both 2011 experience and the elimination of interval pay. Chapter 1606 obligations decreased by \$48 million while chapter 1607 obligations increased by \$13 million, based on to 2011 actual experience.

PL 112-56 established the Veterans Retraining Assistance Program. Beginning on July 1, 2012, this program will provide up to 12 months of retraining assistance to Veterans that meet certain eligibility requirements. This program is estimated to increase obligations by \$197 million in benefit costs.

Based on revised estimates, 2012 obligations for Specially Adapted Housing grants decreased by \$20 million. Obligations for automobile grants increased by \$16 million over the original estimate, due to an increased maximum grant amount, established under PL 111-275, and actual FY 2011 experience. Adaptive Equipment obligations decreased by \$2 million.

Other changes from the original estimate include a \$6 million increase in reporting fees due to legislative changes under PL 111-377, which increased the reporting fee multipliers from \$7 to \$12 and \$11 to \$15, a \$12 million increase in work-study obligations, due to actual 2011 experience, and a \$2 million increase in reimbursements from GOE.

Vocational Rehabilitation & Employment Program

Current estimated obligations for 2012 reflect an increase of \$110 million from the original budget estimate of over \$849 million. An additional cost results from the net impact of PL 111-377 on the Vocational Rehabilitation and Employment Program. This law impacted Vocational Rehabilitation and Employment (VR&E) benefits by allowing individuals eligible for the Post-9/11 GI Bill to receive subsistence allowance at the basic allowance for housing rate in lieu of the historical monthly subsistence allowance rate. Additionally, PL 111-377 limited interval payments under all programs, including VR&E. The net impact of PL 111-377 on the VR&E program is a cost of \$111 million. A decrease of \$1 million to VR&E is a result of 2011 experience.

Descriptions of the Individual Education and VR&E Component Programs

Post 9-11 GI Bill (Chapter 33)

Chapter 33 was enacted in the “Post 9-11 Veterans Educational Assistance Act of 2008” (PL 110-252), and greatly expanded education benefits on August 1, 2009. Based on length of active duty service and training rate, students are entitled to a percentage of the following:

- Full cost of tuition & fees for all public school in-state students, or up to \$17,500 for those attending out-of-state, private or foreign schools;
- Monthly housing allowance equal to the basic allowance for housing payable to a military E-5 with dependents, in the same zip code as the school (paid to student);
- Yearly books and supplies stipend of up to \$1,000 per year (paid to student); and
- A one-time payment of \$500 to certain individuals relocating from highly rural areas (paid to student).
- Other benefits such as the Yellow Ribbon program, kickers, and refund of chapter 30 payroll deductions will also be available to certain students.

The Yellow Ribbon G.I. Education Enhancement Program was enacted to potentially assist eligible Chapter 33 individuals with payment of their tuition and fees in instances where costs exceed the most expensive in-state

undergraduate tuition at a public institution of higher education. To be eligible, the student must be: a Veteran receiving benefits at the 100% benefit rate payable, a transfer-of-entitlement-eligible dependent child, or a transfer-of-entitlement eligible spouse of a Veteran. The school of attendance must have accepted VA's invitation to participate in the program, state how much student tuition will be waived (up to 50%) and how many participants will be accepted into the program during the current academic year. VA will match the school's percentage (up to 50%) to reduce or eliminate out-of-pocket costs for eligible participants.

The Marine Gunnery Sergeant John David Fry Scholarship entitles children of those who die in the line of duty on or after September 11, 2001, to use Post-9/11 GI Bill benefits. Eligible children are entitled to 36 months of benefits at the 100% level and have 15 years to use the benefit beginning on their 18th birthday, but cannot participate in the Yellow Ribbon Program.

The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377) was signed into law on January 4, 2011. This legislation amended the Post-9/11 GI Bill by expanding eligibility for certain individuals, and modifying the amount of assistance and the types of approved programs. Several highlights include:

- Allowing an individual with title 32 U.S.C. Active Duty service to qualify for the Post-9/11 GI Bill
- Modifying the amount of educational assistance payable to those eligible for the Post-9/11 GI Bill
- Modifying amounts payable to those training at an IHL at half-time or less
- Authorizing payments under the Post-9/11 GI Bill for those pursuing a non-IHL program such as a non college degree (NCD), on the job (OJT) training, apprenticeship training, flight program, or a correspondence program
- Modifying supplemental education benefits or 'kickers' to be paid monthly and authorizing the Department of Defense to reimburse VA for supplemental benefits paid under the Post-9/11 GI Bill
- Extending the transfer of entitlement (TOE) provisions under the Post-9/11 GI Bill to members of the Public Health Service and the National Oceanic and Atmospheric Administration
- Prohibiting concurrent payments of the Post-9/11 GI Bill and National Call to Service with other VA education benefit and entitlement programs
- Expanded the delimiting date extension authority for MGIB recipients, Post-9/11 GI Bill TOE recipients, and Dependents Education Assistance children to include time spent as a primary caregiver of an individual under title 38 § 1720(G)
- Allowing an individual eligible for the Post-9/11 GI Bill and receiving chapter 31 (Vocational Rehabilitation and Employment) benefits to elect to

receive the monthly housing allowance in lieu of the chapter 31 monthly subsistence allowance

- Limiting interval payments under all programs to a school closing due to an Executive Order of the President or due to an emergency situation

As expected, chapter 33 has become the most used education benefit that VA offers. In 2013, VA projects 606,318 participants under chapter 33. Of those participants, an estimated 508,172 are Veterans. In addition, chapter 33 is expected to account for nearly \$9.9 billion in obligations out of a total \$14.1 billion, or 70 percent, of the Readjustment Benefits account.

Eligibility to use chapter 33 benefits lasts for 15 years from last period of active duty service based on at least 90 consecutive days of active duty service. Students generally have up to 36 months of entitlement. Certain members of the Armed Forces who are still on active duty may be eligible to transfer benefits to a spouse or dependent children based on Department of Defense policy.

All-Volunteer Force Educational Assistance Program or the Montgomery GI Bill (Chapter 30)

The predecessor of Chapter 33 program, and still in wide use, these VA educational benefits may be used while the servicemember is on active duty or after the servicemember's separation from active duty with a fully honorable military discharge. Discharges "under honorable conditions" and "general" discharges do not establish eligibility. Eligibility generally expires 10 years after the servicemember's discharge. However, there are exceptions for disability, re-entering active duty, and upgraded discharges.

All participants must have a high school diploma, equivalency certificate, or have completed 12 hours toward a college degree before applying for benefits.

Previously, servicemembers had to meet the high school requirement before they completed their initial active duty obligation. Those who did not may now meet the requirement and reapply for benefits. If eligible, they must use their benefits either within 10 years from the date of last discharge from active duty. Additionally, every Veteran must establish eligibility under one of four categories:

- **Category 1:** Service after June 30, 1985.
- **Category 2:** Vietnam Era GI Bill Conversion.
- **Category 3:** Involuntary Separation/Special Separation. For Veterans who meet one of the following requirements: elected MGIB before being involuntarily separated; or were voluntarily separated under the Voluntary Separation Incentive or the Special Separation Benefit program, elected MGIB benefits before being separated, and had military pay reduced by \$1,200 before discharge.

- **Category 4:** Veterans Educational Assistance Program. For Veterans who participated in the Veterans Educational Assistance Program (VEAP) and: served on active duty on October 9, 1996; participated in VEAP and contributed money to an account; elected MGIB by October 9, 1997, and paid \$1,200. Veterans who participated in VEAP on or before October 9, 1996, may also be eligible even if they did not deposit money in a VEAP account if they served on active duty from October 9, 1996, through April 1, 2000, elected MGIB by October 31, 2001, and contributed \$2,700 to MGIB.

Effective October 1, 2010, the rate for full-time training in college, technical or vocational school is \$1,473 a month for those who served three years or more or two years plus four years in the Selected Reserve. For those who served less than three years, the monthly rate is \$1,196. Benefits are reduced for part-time training. Payments for other types of training follow different rules. VA will pay an additional amount, called a “kicker” or “college fund,” if directed by DOD. The maximum number of months Veterans can receive payments is 36 months at the full-time rate or the part-time equivalent.

The following types of education and training are available under Chapter 30:

- Courses at colleges and universities leading to associate, bachelor or graduate degrees, including accredited independent study offered through distance education.
- Courses leading to a certificate or diploma from business, technical or vocational schools.
- Apprenticeship or on-the-job training for those not on active duty, including self-employment training begun on or after June 16, 2004, for ownership or operation of a franchise
- Correspondence courses, under certain conditions.
- Flight training, if the Veteran holds a private pilot’s license upon beginning the training and meets the medical requirements.
- State-approved teacher certification programs.
- Preparatory courses necessary for admission to a college or graduate school.
- License and certification tests approved for Veterans.
- Entrepreneurship training courses to create or expand small businesses (service members).

Survivors’ and Dependents’ Educational Assistance (Chapter 35)

Chapter 35 provides education and training opportunities to eligible dependents of certain Veterans. The program offers up to 45 months of education benefits. These benefits may be used for degree and certificate programs, apprenticeship, and on-the-job training. A spouse may take a correspondence course. Remedial, deficiency, and refresher courses may be approved under certain circumstances.

To be eligible, one must be the son, daughter, or spouse of:

- A Veteran who died or is permanently and totally disabled as the result of a service-connected disability. The disability must arise out of active service in the Armed Forces.
- A Veteran who died from any cause while such permanent and total service-connected disability was in existence.
- A servicemember missing in action or captured in line of duty by a hostile force.
- A servicemember forcibly detained or interned in line of duty by a foreign government or power.
- A servicemember who is hospitalized or receiving outpatient treatment for a service connected permanent and total disability and is likely to be discharged for that disability. This change is effective December 23, 2006.

A son or daughter must be between the ages of 18 and 26 to receive benefits for attending school or job training. If you are in the Armed Forces, you may not receive this benefit while on active duty. For spouses, benefits end 10 years from the date VA finds you eligible or from the date of death of the Veteran, unless the VA rated the Veteran permanently and totally disabled, in which case a spouse may remain eligible for 20 years from the effective date of the rating. For surviving spouses (spouses of service members who died on active duty) benefits end 20 years from the date of death.

Educational Assistance for Members of the Selected Reserve (MGIB-SR) (Chapter 1606)

Chapter 1606 may be available to a member of the Selected Reserve if they meet the eligibility requirements established by their respective components. The Selected Reserve includes the Army Reserve, Navy Reserve, Air Force Reserve, Marine Corps Reserve and Coast Guard Reserve, and the Army National Guard and the Air National Guard. The program may be used for degree programs, certificate or correspondence courses, cooperative training, independent study programs, apprenticeship/on-the-job training, and vocational flight training programs. Remedial, refresher and deficiency training are available under certain circumstances. Up to 36 months of education benefits may be available.

Specific eligibility requirements include:

- Have a six-year obligation to serve in the Selected Reserve signed after June 30, 1985. For some types of training, it is necessary to have a six-year commitment that begins after September 30, 1990;
- Complete initial active duty for training (IADT);
- Meet the requirement to receive a high school diploma or equivalency certificate before completing IADT;
- Remain in good standing while serving in an active Selected Reserve unit.

In addition, a discharge from Selected Reserve service due to a disability or being ordered to active duty may extend eligibility for the program beyond service in a Selected Reserve unit.

Reserve Educational Assistance Program (REAP) (Chapter 1607)

Chapter 1607 was established as a part of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. It is a Department of Defense education benefit program designed to provide educational assistance to members of the Reserve components called or ordered to active duty in response to a war or national emergency (contingency operation) as declared by the President or Congress. This program makes certain reservists who were activated for at least 90 days after September 11, 2001 either eligible for education benefits or eligible for increased benefits.

Some reservists may contribute up to an additional \$600 to the GI Bill to receive increased monthly benefits. For an additional \$600 contribution, they may receive up to \$5400 in additional GI Bill benefits. One must be a member of a Ready Reserve component (Selected Reserve, Individual Ready Reserve, or Inactive National Guard) to pay into the "buy-up" program.

Veterans Retraining Assistance Program (VRAP)

PL 112-56, the VOW to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program to assist unemployed Veterans. Beginning on July 1, 2012, this program, a joint effort of the Department of Veteran Affairs (VA) and the Department of Labor (DoL), will provide up to 12 months of retraining assistance to Veterans that meet certain eligibility requirements:

- Be at least 35 but no more than 60 years old
- Be unemployed (as determined by DoL) with special consideration given to Veterans who have been unemployed for more than 26 weeks
- Have an other than dishonorable discharge
- Not be eligible for any other VA education benefit program (e.g.: the Post-9/11 GI Bill, Montgomery GI Bill, Vocational Rehabilitation and Employment Assistance)
- Not be in receipt of VA compensation due to unemployability
- Not be enrolled in a federal or state job training program

The program is limited to 45,000 participants during fiscal year 2012, and to 54,000 participants from October 1, 2012, through March 31, 2014. Participants may receive up to 12 months of assistance at the full-time payment rate under the Montgomery GI Bill-Active Duty program (currently \$1,473 per month). Applications will be submitted through DoL and benefits paid by VA. DoL will

provide employment assistance to every Veteran who participates upon completion of their program. Participants must be enrolled in a VA approved program of education offered by a community college or technical school. The program must lead to an Associate Degree, Non-College Degree, or a Certification, and train the Veteran for a high demand occupation.

Vocational Rehabilitation and Employment (VR&E) (Chapter 31)

The Chapter 31 program assists Veterans who have service-connected disabilities obtain and maintain suitable employment. Independent living services are also available for severely disabled Veterans who are not currently ready to seek employment.

To be eligible, a Veteran must have a VA service-connected disability rated at least 20 percent with an employment handicap, or rated 10 percent with a serious employment handicap, and be discharged or released from military service under other than dishonorable conditions. Servicemembers pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20 percent following their discharge. A VA counselor must decide if the individual has an employment handicap based upon the results of a comprehensive evaluation. After an entitlement decision is made, the individual and counselor will work together to develop a rehabilitation plan. The rehabilitation plan will specify the rehabilitation services to be provided.

Rehabilitation services provided to participants in the VR&E program are under one of five tracks. VA pays the cost of approved training that is included in an individual's rehabilitation plan. The tracks are:

- **Reemployment with Previous Employer:** For individuals who are separating from active duty or in the National Guard or Reserves and are returning to work for their previous employer.
- **Rapid Access to Employment:** For individuals who either wish to obtain employment soon after separation or who already have the necessary skills to be competitive in the job market in an appropriate occupation.
- **Self-Employment:** For individuals who have limited access to traditional employment, need flexible work schedules, or who require more accommodation in the work environment due to their disabling conditions or other life circumstances.
- **Employment Through Long-Term Services:** For individuals who need specialized training and/or education to obtain and maintain suitable employment.
- **Independent Living Services:** For Veterans who are not currently able to work and need rehabilitation services to live more independently.

Generally, Veterans must complete a program within 12 years from their separation from military service or within 12 years from the date VA notifies them that they have a compensable service-connected disability. Depending on the length of program needed, Veterans may be provided up to 48 months of full-time services or their part-time equivalent. These limitations may be extended in certain circumstances.

In some cases, a Veteran requires additional education or training to become employable. A subsistence allowance is paid each month during training and is based on the rate of attendance (full-time or part-time), the type of education or training, the number of dependents, and the type of training. The example below demonstrates one of the many rate structures possible:

Subsistence allowance is paid at the following monthly rates for training in an institution of higher learning.

Training Time	Veterans With No Dependents	Veterans With One Dependent	Veterans With Two Dependents	Additional Dependent
Full-time	\$547.54	\$687.47	\$810.13	\$59.05
3/4-time	\$416.43	\$516.35	\$605.69	\$45.41
1/2-time	\$278.64	\$345.23	\$405.81	\$30.30

Special Assistance for Disabled Veterans

Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. The Veterans' Benefits Act of 2010, (PL 111-275) established the Specially Adapted Housing Assistive Technology Grant Program and, beginning in 2012, authorizes VA to provide grants of up to \$200,000 per fiscal year to individuals or entities for the development of specially adapted housing assistive technologies and limits to \$1 million the aggregate amount of such grants VA may award in any fiscal year.

Eligibility for up to \$63,780: VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a currently owned home that is being adapted, up to a maximum of \$63,780. In certain instances, the full grant amount may be applied toward remodeling costs. Veterans and servicemembers must be determined eligible to receive compensation for permanent and total service-connected disability due to one of the following:

- Loss or loss of use of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair.
- Loss or loss of use of both upper extremities at or above the elbow.

- Blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity
- Loss or loss of use of one lower extremity together with (a) residuals of organic disease or injury, or (b) the loss or loss of use of one upper extremity which so affects the functions of balance or propulsion as to preclude locomotion without the use of braces, canes, crutches or a wheelchair.
- Severe burn injuries

Eligibility for up to \$12,756: VA may approve a grant for the cost, up to a maximum of \$12,756, for necessary adaptations to a Veteran's or servicemember's residence or to help them acquire a residence already adapted with special features for their disability, to purchase and adapt a home, or for adaptations to a family member's home in which they will reside.

To be eligible for this grant, Veterans and servicemembers must be entitled to compensation for permanent and total service-connected disability due to one of the following:

- Blindness in both eyes with 5/200 visual acuity or less.
- Anatomical loss or loss of use of both hands.
- Severe burn injuries.

Temporary Residence Adaptation (TRA): Eligible Veterans and servicemembers who are temporarily residing in a home owned by a family member may also receive a TRA grant to help the Veteran or servicemember adapt the family member's home to meet his or her special needs. Those eligible for a \$63,780 grant would be permitted to use up to \$14,000 and those eligible for a \$12,756 grant would be permitted to use up to \$2,000. Grant amounts will be adjusted annually based on a cost-of-construction index.

Supplemental Financing: Veterans and servicemembers with available loan guaranty entitlement may also obtain a guaranteed loan or a direct loan from VA to supplement the grant to acquire a specially adapted home. Amounts with a guaranteed loan from a private lender will vary, but the maximum direct loan from VA is \$33,000.

Automobile Allowance: Veterans and servicemembers may be eligible for a one-time payment of not more than \$11,000 (effective October 1, 2011, the maximum payment is \$18,900) toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision of both eyes to a certain degree, or ankylosis (immobility) of one or both knees or one or both hips.

Readjustment Benefits		
Analysis of Increases and Decreases		
(dollars in thousands)		
	2012	2013
	Estimate	Estimate
Prior Year Obligations	\$10,769,111	\$12,649,657
Chapter 33 (Post 9/11 GI Bill)		
COLA	+\$140,887	+\$275,707
Caseload	+543,206	+186,127
Average Payment	+1,038,285	+65,807
Net Changes	+\$1,722,377	+\$527,641
Chapter 30 (Montgomery GI Bill)		
COLA	+\$40,466	+\$35,848
Caseload	-207,585	-169,674
Average Payment	-85,697	+33,962
Net Changes	-\$252,816	-\$99,864
Chapter 35 (Dependent Education)		
COLA	+\$8,700	+\$18,078
Caseload	+20,619	+19,945
Average Payment	-48,478	-131
Net Changes	-\$19,159	+\$37,892
Chapter 1606 (Reservists)		
COLA	+\$3,975	+\$7,681
Caseload	-2,715	-5,770
Average Payment	+19	-
Net Changes	+\$1,279	+\$1,911
Chapter 1607 (Reservists)		
COLA	+\$1,972	+\$3,616
Caseload	+3,269	-7,855
Average payment	-	-
Net Changes	+\$5,241	-\$4,239
Veterans Retraining Assistance Program		
COLA	+\$3,899	+\$26,845
Caseload	+192,956	+236,226
Average payment	-	+640,736
Net Changes	+\$196,855	+\$903,807
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	+\$24,255	+\$40,685
Caseload	+37,973	+47,457
Average payment	+127,460	+18,803
Net Changes	+\$189,688	+\$106,945
Special Assistance For Disabled Veterans		
Housing Grants	-	+\$4,733
Housing Technology Grants	+\$1,000	-
Automobile Grants	+\$18,582	+\$500
Adaptive Equipment	+\$1,707	+\$1,700
Net Changes	+\$21,290	+\$6,933
Miscellaneous		
National Exams	-\$2	-\$2
Tuition Assistance	-961	-698
Licensing and Certification	-132	-96
Work-Study	+5,313	+1,845
National Call to Service	-265	-
Reimbursement to GOE	+4,659	-4,337
State Approving Agencies	+658	-
Reporting Fees	+6,522	+632
Net Changes	+\$15,791	-\$2,655
Total Net Change	\$1,880,546	\$1,478,371
Estimated Obligations	\$12,649,657	\$14,128,028

Analysis of Increases and Decreases

Obligations are expected to increase nearly \$1.9 billion from 2011 to 2012 due to the following:

Post 9-11 GI Bill (Chapter 33)

Chapter 33 total obligations are expected to increase \$1.7 billion dollars in 2012. The increase in obligations is the result of an expected increase average payment unrelated to the COLA, which is projected to increase obligations by over \$1.0 billion. This increase in average payment results primarily from the anticipation that the increase in 2011 participants of 189,689 (a 52% increase over FY 2010 participation) began participation throughout 2011 and will receive a full year of payments for the first time in FY 2012. Additionally, an anticipated increase of 39,161 trainees electing chapter 33 increases costs by \$543.2 million. The COLA is expected to increase obligations by \$140.9 million.

All-Volunteer Force Educational Assistance Program (Chapter 30)

The decrease in chapter 30 obligations is projected to be over \$252.8 million in 2012. The primary cause for the decrease is the expectation that an increasing number of participants will elect chapter 33 benefits instead of chapter 30 benefits. The cumulative caseload decreases 27,724 trainees, resulting in obligations decreasing \$207.6 million. A decrease in average payment unrelated to the COLA, due to the elimination of interval payments under PL 111-377, decreases obligations by \$85.7 million. Partially offsetting this decrease in obligations is an increase of \$40.5 million due to the COLA.

Survivors' and Dependents' Educational Assistance (Chapter 35)

The net decrease in obligations attributed to chapter 35 is expected to be \$19.2 million. The elimination of interval payments decreases average payment unrelated to the COLA, which results in a decrease in obligations of \$48.5 million. Estimated caseload is expected to increase by 3,961 for children, increasing total obligations \$20.6 million. The COLA will increase obligations by \$8.7 million.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)

Chapter 1606 obligations are projected to increase by \$1.3 million. The COLA is expected to increase obligations \$3.9 million. A decrease in obligations of \$2.7 million results from an expected decrease of 879 chapter 1606 trainees. There are insignificant changes in the average benefit unrelated to COLA.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)

Obligations for chapter 1607 are expected to decrease \$5.2 million. An increase in obligations of \$3.3 million results from an expected increase of 936 chapter 1607 trainees. The COLA is expected to increase obligations \$2.0 million. There are no changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program

This is a new program in FY 2012, and obligations are expected to be \$197.0 million. Participation in the program is expected to cost \$193.0 million and the COLA, which increases the chapter 30 payment rate, results in an additional \$3.9 million.

Vocational Rehabilitation and Employment (Chapter 31)

The total increase in chapter 31 obligations is \$189.7 million from 2011 to 2012. The average cost for subsistence allowance is expected to increase from \$4,648 to \$6,674 primarily due to a provision under PL 111-377 which entitles participants with service on or after September 11th, 2001 to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate. The increase in obligations due to average payment unrelated to the COLA is \$127.5 million. An increase of 4,167 in trainees yields a \$38.0 million increase in program costs. The COLA is expected to increase obligations by an additional \$24.2 million.

Special Assistance for Disabled Veterans

Housing grants are expected to remain constant in 2012. The new Specially Adapted Housing Assistive Technology grant program increases obligations by \$1 million in 2012. Additionally PL 111-275 increased the maximum automobile grant from \$11,000 to \$18,900 effective October 1, 2011. The resulting increase in average cost, combined with an expected increase in grants due to a greater benefit amount, is projected to increase obligations by \$18.6 million in FY 2012. An increase of \$1.7 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability.

Miscellaneous

The total change in obligations attributed to the remaining programs is expected to be an increase of \$13.8 million. An increase in reporting fees of \$6.5 million is due to a provision under PL 111-377 which increases the respective amounts for reporting fees from \$7 to \$12, and from \$11 to \$15. Work-study costs are expected increase over \$5.3 million. An increase in reimbursement to GOE will increase obligations by \$4.7 million. Also, an increase in State Approving Agencies will increase obligations by \$658 thousand. Offsetting these increases is an expected decrease to Tuition Assistance program of \$1.0 million. National Call to Service is expected to decrease by \$265 thousand. Additionally, Licensing and Certification will decrease by \$132 thousand and National Exams by \$2 thousand.

Obligations are expected to increase \$1.5 billion from 2012 to 2013 due to the following:

Post 9-11 GI Bill (Chapter 33)

Chapter 33 benefits are anticipated to increase nearly \$527.6 million in 2013. The increase is primarily due to the COLA, which will increase obligations \$275.7 million. An anticipated 11,828 additional trainees will result in an increase in obligations of \$186.1 million. An increase in average payment unrelated to the COLA results in an increase of \$65.8 million in obligations.

All-Volunteer Force Educational Assistance Program (Chapter 30)

The decrease of \$99.9 million in chapter 30 obligations is primarily attributed to continued development of chapter 33. The caseload is expected to decrease by 23,581 trainees resulting in a \$169.7 million decrease in obligations. This decrease is partially offset by the COLA, which will increase obligations \$35.8 million. An increase to the average payment, excluding the COLA, results in an increase of \$34.0 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)

The total increase in obligations attributed to chapter 35 is expected to be \$37.9 million. Estimated caseload is expected to increase by 4,175 for children, increasing obligations \$19.9 million. Caseload for spouses is expected to remain constant. The COLA is expected to increase obligations \$18.1 million. Average benefit unrelated to COLA decreases obligations by \$131 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)

An increase in obligations attributed to chapter 1606 is expected to be \$1.9 million. The COLA is expected to increase obligations \$7.7 million. A decrease in obligations of \$5.8 million is due to an estimated decrease of 1,831 reservist trainees. No change in average payment unrelated to the COLA is anticipated for 2013.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)

Obligations for chapter 1607 are expected to decrease by \$4.2 million. A decrease in obligations of \$7.9 million is due to a decrease in 2,206 trainees. The COLA is expected to increase obligations \$3.6 million. There are no expected changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program

Obligations for the Veterans Retraining Assistance Program are expected to increase by \$903.8 million. Fiscal year 2013 will be the first full year of the Veterans Retraining Assistance Program, established under PL 112-56. As a result, average payment unrelated to the COLA will increase obligations by \$640.7 million. Also, increased participation of 54,000 trainees is expected to cost

\$236.2 million and the COLA, which increases the chapter 30 payment rate, results in an additional \$26.8 million.

Vocational Rehabilitation and Employment (Chapter 31)

The increase in chapter 31 obligations is \$106.9 million from 2012 to 2013. Caseload is expected to increase by 4,375, increasing obligations by \$47.5 million. The COLA is expected to increase obligations by \$40.7 million. Change in average payment as a result of more trainees being eligible to receive the subsistence allowance at the chapter 33 BAH rate will increase obligations by \$18.8 million in 2013.

Special Assistance for Disabled Veterans

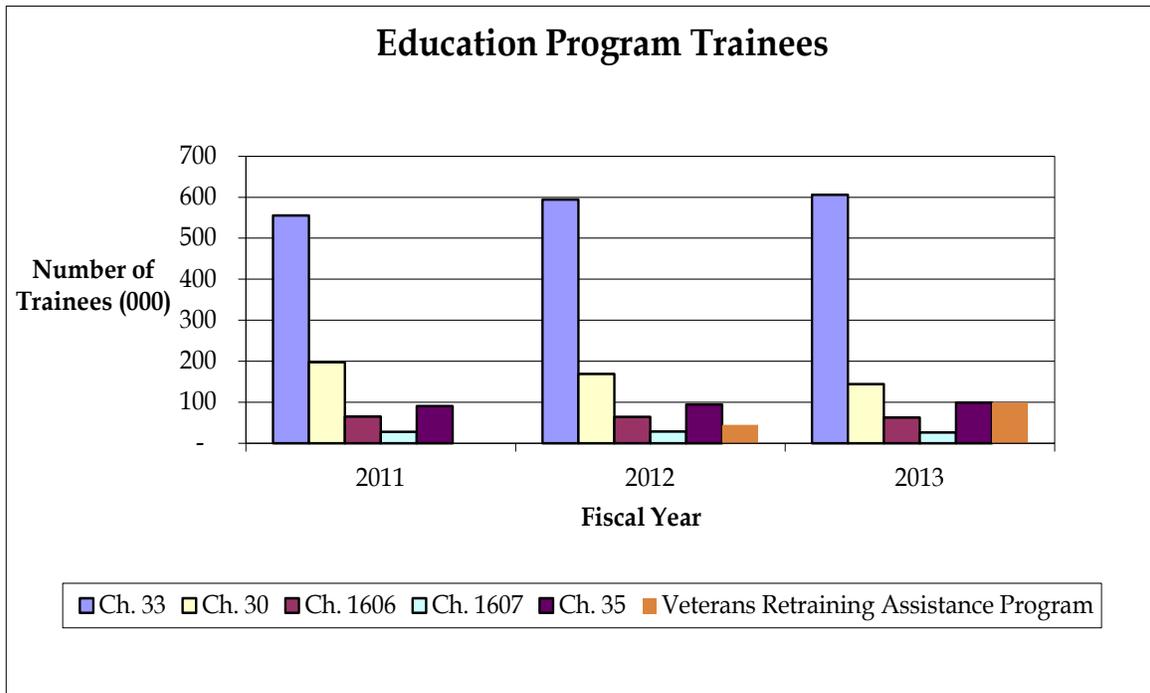
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. The workload for housing grants is expected to increase by 53 in 2013, resulting in a \$2.8 million increase in obligations. The Cost of Construction Index is expected to increase obligations for housing grants by \$1.9 million. An increase of \$1.7 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability. Obligations for automobile grants increase \$500 thousand. Obligations for housing technology grants are expected to remain constant.

Miscellaneous

The total change in obligations attributed to the remaining programs is expected to be a decrease of \$655 thousand. Reimbursement to GOE will decrease \$4.3 million. Tuition Assistance is expected to drop \$698 thousand. Licensing and Certification will decrease by \$96 thousand and National exams will decrease by \$2 thousand. Offsetting these decreases, Work-Study will increase by \$1.8 million and reporting fees will increase by \$632 thousand. State Approving Agencies and National Call to Service will remain constant.

Education Program Highlights

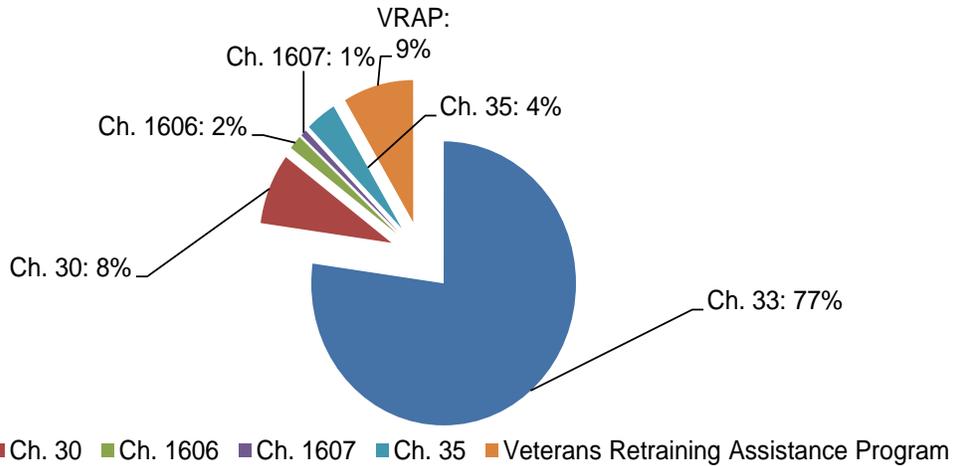
In 2011, education benefit obligations of over \$10.0 billion provided benefits to 923,765 trainees (excluding Tuition Assistance payments). Education obligations will continue to increase, reaching nearly \$13.1 billion in 2013. In 2013, the number of education program trainees is projected to increase to 1,026,547. Chapter 33 trainees and benefits will continue to increase significantly through 2013. The implementation of the Veterans Retraining Assistance Program will add an additional 99,000 trainees and \$1.1 billion in benefits in 2013. Chapter 30 trainees and benefits are expected to decrease and continue to move into chapter 33. Chapter 1606 and chapter 1607 will decrease slightly by 2013. The chart below shows the anticipated trend in cumulative trainees for each education program.



The average cost per trainee is highest for chapter 33, reaching \$16,314 in 2013. Chapter 30 average costs per trainee (\$7,717 by 2013) are less than chapter 33, causing the majority of trainees to elect chapter 33. Chapter 35 average benefits are expected to be \$4,875 by 2013, a slight decrease from 2011 levels due to the discontinuation of interval pay under PL 111-377. Chapter 1606 and chapter 1607 average benefits (\$3,274 and \$3,700, respectively) continue to change at rates consistent with the COLA. Average benefit payments for all programs can be affected by time in service, type of educational program or institution, change in dependents, and other eligibility criteria.

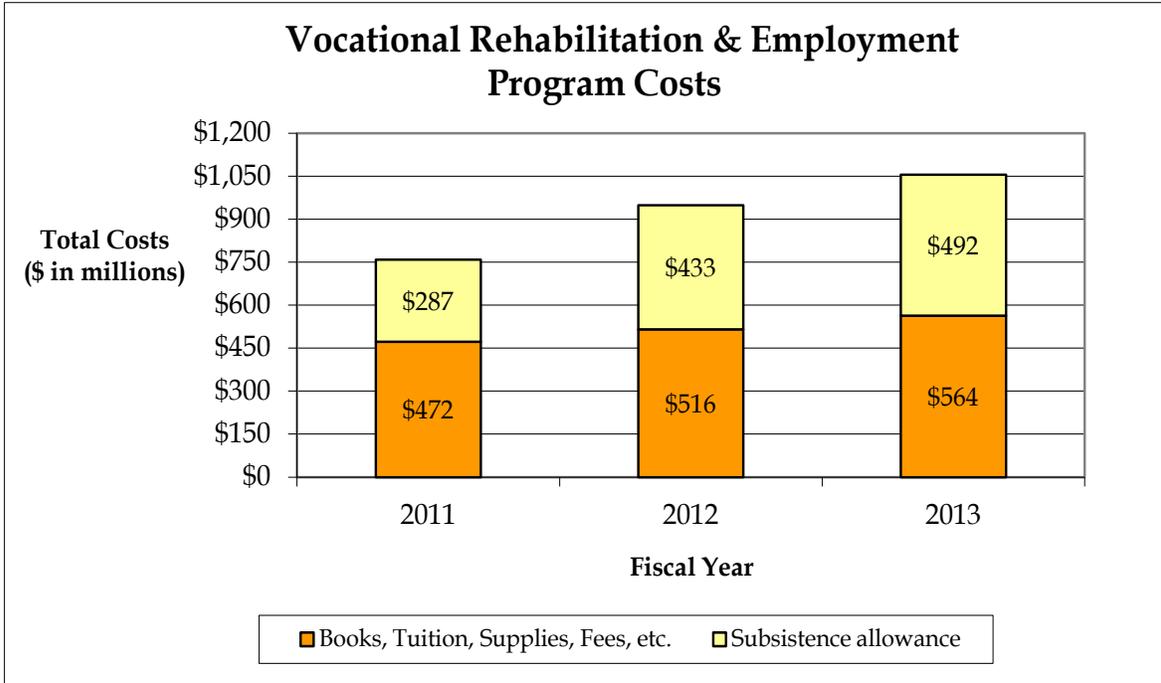
In 2011, chapter 33 was the largest education program, and is expected to reach 606,318 trainees in 2013, accounting for 77 percent of total training obligations. Prior to the implementation of chapter 33, chapter 30 was largest education program, but reflects just 8 percent of education funding by 2013. The Veterans Retraining Assistance Program is expected to reach up to 99,000 trainees in 2013 and account for 9% of total training obligations. Chapter 1606 and chapter 1607 account for 2 percent and 1 percent of funding in 2013, respectively. Chapter 35 maintains historical size and represents 4 percent of education obligations.

**Education Program
Estimated Obligations by Chapter of Training
Chapter Total 2013 Obligations: \$12,807,822,000**

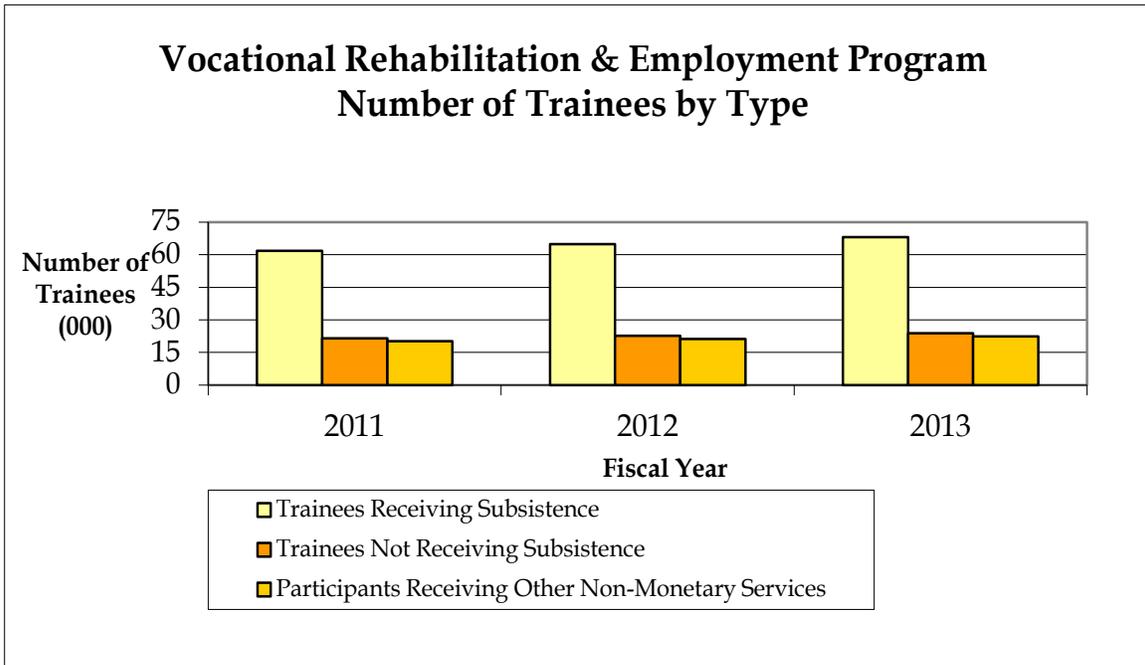


Vocational Rehabilitation & Employment Program Highlights

The number of cumulative participants in the program increased to 83,332 in 2011 and is expected to reach 91,874 by 2013. Program costs were \$759.5 million in 2011 and will increase to nearly 1.1 billion in 2013. VR&E participation is contingent on individuals having a compensable service-connected disability and is expected to continue to increase. Based on historical trends, the average degree of disability will also continue to increase.



Participation and average cost per participant will continue to increase through 2013. Books, tuition, and supplies, coupled with subsistence allowance, accounted for 99 percent of program costs in 2011.



Trainees for VR&E are broken down into three categories: trainees receiving a monthly subsistence allowance, participants not receiving subsistence, and participants 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. This monthly subsistence allowance will account for over 47 percent of the costs by 2013. The percentage of costs attributed to subsistence allowance is increasing due to a provision passed under The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377), which allow trainees with service on or after September 11, 2001 to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate. 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.

Summary of Readjustment Benefit Requirements (obligations in thousands)									
	2011			2012			2013		
	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations
Total (Ch. 33, 30, 1606, 1607, 35, 31, VRAP)	1,007,056	\$ 10,534	\$ 10,608,148	1,071,659	\$ 11,555	\$ 12,382,833	1,118,420	\$ 12,396	\$ 13,863,912
All-volunteer force educational assistance:									
Chapter 33	555,329	\$ 13,871	\$ 7,703,113	594,490	\$ 15,736	\$ 9,354,712	606,318	\$ 16,314	\$ 9,891,339
Chapter 30-total	185,220	\$ 7,483	\$ 1,385,943	157,478	\$ 7,195	\$ 1,133,126	133,897	\$ 7,717	\$ 1,033,262
Veterans	172,206	\$ 7,769	\$ 1,337,921	146,375	\$ 7,476	\$ 1,094,312	124,419	\$ 8,025	\$ 998,457
Servicepersons	13,014	\$ 3,690	\$ 48,022	11,103	\$ 3,496	\$ 38,814	9,478	\$ 3,672	\$ 34,805
Reservists (1606)	65,216	\$ 3,089	\$ 201,433	64,337	\$ 3,151	\$ 202,712	62,506	\$ 3,274	\$ 204,623
Reservists (1607)	27,302	\$ 3,491	\$ 95,324	28,238	\$ 3,561	\$ 100,565	26,033	\$ 3,700	\$ 96,327
Education and training (Chapter 35):									
Dependents total	90,657	\$ 5,106	\$ 462,877	94,618	\$ 4,690	\$ 443,718	98,793	\$ 4,875	\$ 481,610
Sons and daughters-total	75,753	\$ 5,205	\$ 394,328	79,714	\$ 4,777	\$ 380,790	83,889	\$ 4,962	\$ 416,227
College	73,201	\$ 5,169	\$ 378,407	77,162	\$ 4,746	\$ 366,174	81,337	\$ 4,931	\$ 401,042
Bellow College Level	2,483	\$ 6,193	\$ 15,378	2,483	\$ 5,685	\$ 14,117	2,483	\$ 5,907	\$ 14,668
On-the-job-training	69	\$ 7,871	\$ 543	69	\$ 7,226	\$ 499	69	\$ 7,507	\$ 518
Spouses and widows (ers)-total	14,904	\$ 4,599	\$ 68,549	14,904	\$ 4,222	\$ 62,928	14,904	\$ 4,387	\$ 65,382
College	14,155	\$ 4,586	\$ 64,919	14,155	\$ 4,210	\$ 59,596	14,155	\$ 4,374	\$ 61,920
Bellow College Level	629	\$ 5,624	\$ 3,538	629	\$ 5,163	\$ 3,247	629	\$ 5,364	\$ 3,374
Correspondence	103	\$ 320	\$ 33	103	\$ 293	\$ 30	103	\$ 305	\$ 31
On-the-job-training	17	\$ 3,497	\$ 59	17	\$ 3,210	\$ 55	17	\$ 3,335	\$ 57
Veterans Retraining Assistance Program	-	\$ -	\$ -	45,000	\$ 4,419	\$ 198,855	99,000	\$ 11,118	\$ 1,100,662
Chapter 31	83,332	\$ 9,114	\$ 759,457	87,499	\$ 10,848	\$ 949,145	91,874	\$ 11,495	\$ 1,056,090
Tuition Assistance	12,553	\$ 934	\$ 11,722	11,298	\$ 952	\$ 10,761	10,168	\$ 990	\$ 10,063
Licensing and Certification Tests	3,823	\$ 421	\$ 1,609	3,441	\$ 429	\$ 1,477	3,097	\$ 446	\$ 1,381
Work-study	13,626	\$ 2,460	\$ 33,522	15,476	\$ 2,509	\$ 38,835	15,603	\$ 2,607	\$ 40,680
State Approving Agencies			\$ 18,342			\$ 19,000			\$ 19,000
Reporting Fees			\$ 5,667			\$ 12,190			\$ 12,822

Note: Total caseload includes the Veterans Retraining Assistance Program. Additionally, total caseload is not a count of unique individuals. Trainees switching education programs are counted in each program they trained in during the fiscal year.

Proposed Legislation for 2013 Budget

Allow VA to send Post-9/11 GI Bill tuition and fee payments to the student rather than the school

Amend title 38, U.S.C., section 3313(g) to allow VA to pay the student directly for Post-9/11 GI Bill tuition and fee payments rather than directly to the educational institution concerned. There is no additional benefit cost for this proposal since the amount paid by VA remains unchanged.

Extend Delimiting Dates for Spouses who are Caretakers of Seriously Injured Veterans

Amend title 38 U.S.C. § 3512 to permit the extension of delimiting dates for eligible spouses who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a Veteran or Servicemember seriously injured while on active duty in a contingency operation after September 10, 2001. VA estimates that the enactment of the proposed amendments would result in an insignificant benefits cost because it would only affect a small number of individuals.

Permanent authorization of work-study activities

Amend title 38 United States Code, section 3485(a)(4) to permanently reauthorize the VA work-study allowance for certain activities, such as outreach programs with State Approving Agencies, an activity relating to the administration of a National Cemetery or a State Veteran's Cemetery, and assisting with the provision of care to Veterans in State Homes. Benefit costs are estimated to be \$65 thousand during the first year and \$1.1 million for five years, and \$2.4 million over 10 years.

Rounding-down of certain cost-of-living adjustments

Amend title 38 United States Code, section 3015(h) and 3564 to extend the sunset date for rounding-down of cost-of-living adjustments on educational assistance from September 30, 2013, to September 30, 2018. Because the current expiration date is at the end of FY 2013, no savings are expected in 2013. Savings to VA are estimated to be \$3.8 million in 2014 and \$18.7 million over five years from FY 2014 – FY 2018.

Increased Funding of Contract Educational and Vocational Counseling

Amend Title 38, United States Code, Section 3697 to increase funding available to provide contract vocational and educational counseling to individuals qualifying under section 3697A of Title 38 from \$6,000,000 a year to not more than \$7,000,000 in any fiscal year. Benefit costs are estimated to be \$1 million in the first year, \$5 million over five years and total \$10 million over ten years.

Exclude Temporary Residence Adaptation (TRA) Grants from Three Specially Adapted Housing (SAH) Grant Limit

Amend the law so that TRA grants would not count toward the maximum allowable grant amounts under either the Paraplegic Housing (PH) or Adaptive Housing (AH) grants and TRA grants would be excluded from the maximum allowable number of grant usages. Benefit Costs are estimated to be \$290 thousand during the first year, \$1.5 million for five years, and \$2.9 million over ten years.

Replace the SAH Program's Three-Usage Grant Limit with Limits Specific to Grant Type

Replace the three-grant limit on all SAH grants under Chapter 21 with separate three-grant limits for grants under § 2101(a) and grants under § 2101(b). This change would address the situation where a Veteran qualifies for § 2101(b) grants (currently limited to \$12,756 total) and, due to a worsening disability, is later deemed eligible for § 2101(a) grants (currently limited to \$63,780 total). Currently, the Veteran's earlier use of § 2101(b) grants is counted toward the three-grant limit. If he or she has used three § 2101(b) grants, he or she receives no assistance under § 2101(a). Benefit costs are estimated to be \$380 thousand during the first year, \$2.1 million for five years, and \$4.7 million over ten years.

Amend visual impairment standard for SAH grant eligibility

Allow VA to assist Veterans and Servicemembers with severe visual impairments under 38 U.S.C. § 2101 by defining "blindness" as visual acuity of 20/200 or less or of a peripheral field of vision of 20 degrees or less. Benefit costs are estimated to be \$3.1 million during the first year, \$11.0 million for five years, and \$14.8 million over ten years.

Restoration of Specially Adapted Housing and Special Housing Adaptation Grant Eligibility

Provide for restoration of previously-used SAH grant amounts in 38 U.S.C. § 2102. This proposal would authorize VA to restore previously used grant funds in the event of loss of the adapted residence in certain specific circumstances. This proposal is modeled on VA's current authority to restore entitlement for a home loan guaranty in certain specific circumstances. Benefit costs are expected to be \$5.6 million in the first year, \$30.6 million over five years and just over \$69.5 million over ten years.

Allow 38 U.S.C. § 2101(a) for Veterans Living Permanently with Family Members

Permit otherwise eligible individuals to use SAH grants under § 2101(a) to make adaptations to a family member's home, so long as the individual intends to reside with the family member permanently. Similar authority already exists for

grants under § 2101(b). Benefit costs are estimated to be \$5.9 million during the first year, \$32.3 million for five years, and \$73.1 million over ten years.

Technical Amendments

Allow any public institution in a consortium/district to certify any student enrolled in an institution in the consortium/district

Amend title 38, U.S.C., section 3684(a)(1) to expand the reporting authority to allow any institution in a consortium (or district) to report enrollment information to VA for any student enrolled in the consortium if all institutions in the consortium are located in the same state and have the ability to view all student records and academic plans to ensure course(s) being certified meet the requirements of the primary institution.

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Vocational Rehabilitation Loan Program

Appropriation Language

For the cost of direct loans, \$19,000, as authorized by chapter 31 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended; Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$2,728,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$346,000, which may be paid to the appropriation for "General operating expenses, Veterans Benefits Administration."

Summary of Net 2013 Estimates				
(dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	\$365	\$365	\$0	\$0
Direct Loan Financing Account	\$0	\$0	-\$779	-\$779
Total	\$365	\$365	-\$779	-\$779

Summary of Budget Request

An appropriation of \$365,000 is being requested to provide subsidy payments of \$19,000 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse \$346,000 to the General Operating Expenses appropriation for administrative expenses.

Program Description

Currently, loans of up to \$1,108, twice the amount of the indexed full-time subsistence allowance for a Veteran with no dependents under chapter 31, are available to service-connected disabled Veterans that participate in VA's Vocational Rehabilitation and Counseling Program. Vocational rehabilitation counselors approve these temporary loans to those needing additional financial assistance. The loan program helps provide Veterans with the resources necessary for them to continue their vocational rehabilitation training if unforeseen hardship occurs.

These loans help to ensure the Veteran remains in training, and have also assisted Veterans moving from shelters to permanent housing.

These loans help protect VA's investment in the Veteran, which averages approximately \$8,640 each year. Repayment of the loan is made in monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retired pay, thus ensuring loans are repaid. Most loans are repaid in full in less than one year. There are few defaults.

Credit Reform

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

Program Account

The Vocational Rehabilitation Loan Program Account requests appropriations for subsidy payments to the Vocational Rehabilitation Direct Loan Financing Account and for associated administrative expenses reimbursed to the General Operating Expenses appropriation. Subsidy amounts are estimated on a present value basis; administrative expenses are estimated on a cash basis.

Summary of Appropriation Highlights (dollars in thousands)					
	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations					
Direct loan subsidy	\$27	\$19	\$19	\$19	\$0
Upward Reestimate	\$190	\$0	\$106	\$0	-\$106
Interest on Reestimates	\$5	\$0	\$0	\$0	\$0
Administrative expenses	\$327	\$343	\$343	\$346	+\$3
Total obligations	\$549	\$362	\$468	\$365	-\$103
Unobligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Budget authority (net)	\$549	\$362	\$468	\$365	-\$103
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$549	\$362	\$468	\$365	-\$103
Workload:					
Number of loans established	2,160	3,215	3,212	2,857	-355
Average loan amount (dollars)	\$792	\$939	\$939	\$955	+\$16
Total Loan Amount	\$1,710	\$3,019	\$3,016	\$2,728	-\$288
Loan subsidy rate	1.57%	0.63%	0.63%	0.68%	+0.05%
Average employment:					
Veterans Benefits Administration	3	3	3	3	0

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

Detail of Budget Request

The subsidy rate is estimated to be 0.68 percent in 2013. The default rate for these loans remains less than 0.5 percent. A total of 2,857 loans are estimated to be made in 2013, with an average loan amount of \$955 resulting in a \$2.7 million direct loan level and \$19,000 in direct loan subsidy. For administrative expenses to provide issuance and accounting of all loans disbursed, an average employment level of 3 FTE and \$346,000 is requested during 2013.

Changes from Original 2012 Budget Estimate

In 2012, the Current Estimate Vocational Rehabilitation Program Account budget authority of \$468,000 is an increase of \$106,000 from the original 2012 budget estimate. This is the result of an increase of \$106,000 in upward reestimates.

Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year outlays (net)	\$549	\$468
Increases (+) and Decreases (-)		
Loan Subsidy	-\$8	\$0
Upward Reestimates	-\$88	-\$106
Administrative expense	+\$16	+\$3
Change in obligated balance/other	\$0	\$0
Net Change	-\$81	-\$103
Estimated Outlays (net)	\$468	\$365

In 2012, outlays are projected to decline by \$81,000, due to a decrease in upward reestimates of \$88,000 and a decrease in loan subsidy of \$8,000. Offsetting these decrease is an increase in Administrative Expenses of \$16,000. The subsidy rate (0.63% vs. 1.57%), loan obligations (\$3.016 million vs. \$1.710 million), number of loans estimated to be disbursed (3,212 vs. 2,160), and average loan amount (\$939 vs. \$792) are all expected to increase in 2012 from 2011.

In 2013, outlays will decrease by \$103,000, primarily due to lower subsidy upward reestimates (\$0 vs. \$106,000). The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission. The decrease in outlays is slightly offset by an increase in administrative expenses of \$3,000 from the 2012 amount.

Direct Loan Financing Account - Off-Budget

The Vocational Rehabilitation Direct Loan Program, Financing Account is an off-budget account that records all financial transactions; i.e., obligations, collections, and outlays associated with direct loan originations. The Direct Loan Financing Account is used primarily for the tracking of each cohort year's loan activity and is not included in the budget totals when calculating total government spending.

Financial Summary (dollars in thousands)					
	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Direct loans	\$1,710	\$3,019	\$3,016	\$2,728	-\$288
Downward Reestimates	\$44	\$0	\$189	\$0	-\$189
Interest on Treasury borrowings	\$57	\$0	\$0	\$0	\$0
Total obligations	\$1,810	\$3,019	\$3,205	\$2,728	-\$477
Unobligated Balance:					
Start of year	\$202	\$0	\$655	\$0	-\$655
End of year	\$655	\$0	\$0	\$0	\$0
Obligated Balance:					
Start of year	\$3	\$3	\$4	\$4	\$0
End of year	\$4	\$3	\$4	\$4	\$0
Offsetting Collections:					
Loan Repayments	\$1,860	\$3,028	\$2,588	\$3,462	\$874
Interest on Uninvested Funds	\$39	\$25	\$25	\$26	+\$1
Payments from Program Account	\$27	\$19	\$19	\$19	\$0
Upward Reestimate	\$194	\$0	\$106	\$0	-\$106
Total offsetting collections	\$2,121	\$3,072	\$2,738	\$3,507	\$769
Financing:					
Financing authority, net	+\$143	-\$54	+\$467	-\$779	-\$1,246
Financing disbursements, net	-\$312	-\$54	+\$467	-\$779	-\$1,246

Summary of Off-Budget Financing Account

Approximately \$2.7 million in direct loans is expected for 2013, a decrease of \$0.3 million from the 2012 level. The decrease is due to a lower number of loans expected to be established (2,857 vs. 3,212).

Offsetting collections in 2013 are estimated to be \$3.5 million, an increase of \$769,000 from the 2012 level. The increase is primarily due to an increase \$874,000 in loan payments and an increase of \$1,000 interest on uninvested funds. This is offset by a decrease of \$106,000 in upward reestimates. The 2013 reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

In 2013, obligations of \$2.728 million did not exceed offsetting collections of \$3.507 million; thus, requiring financing authority net of -\$779,000.

Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year Financing Disbursement (net)	-\$312	+\$467
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+\$1,306	-\$288
Downward Reestimates	+\$146	-\$189
Interest on Treasury borrowing	-\$57	\$0
Offsetting collections		
Loan Repayments	-\$728	-\$874
Interest on Uninvested Funds	+\$14	-\$1
Payments from Program Account	-\$2	+\$10
Upward Reestimate	+\$88	+106
Change in obligated balance/other	+\$2	\$0
Net Change	+\$780	-\$1,246
Estimated Financing Disbursement (net)	+\$467	-\$779

In 2012, net financing disbursements will increase by \$0.780 million. This primarily is due to a net increase in obligations and collections. The net increase in obligations of \$1.395 million mainly is due to an increase in direct loans of \$1.306 million. There also is an increase in downward reestimates of \$146,000 and offset by a decrease in interest on Treasury borrowing of \$57,000. The net decrease in offsetting collections of \$0.626 million primarily is due to a decrease in loan repayments of \$0.728 million.

In 2013, net financing disbursements will decrease by \$1.246 million. This is due to a decrease in net obligations of \$0.477 million (driven mainly by a decrease of \$0.288 million in direct loans) and an increase in net offsetting collections of \$0.769 million. The 2013 reestimates will be calculated at the end of 2012 and shown in the 2014 Congressional Budget submission.



Post-Vietnam Era Veterans' Education Account

Program Description

Title 38 U.S.C. chapter 32, Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) is a voluntary contribution and matching program. To be eligible, an individual must have initially entered active duty on or after January 1, 1977, and before July 1, 1985, and enrolled and contributed before April 1, 1987. The individual must have served continuously for more than 180 days. Individuals on active duty could enroll and contribute between \$25 and \$100 a month up to a total of \$2,700. An individual on active duty may make a lump-sum contribution at any time before his or her discharge or release if he or she has not yet contributed \$2,700. The government matches contributions on a 2-for-1 basis. The government may make additional contributions, or "kickers," into the fund on behalf of individuals in critical military fields, as determined by Department of Defense, to encourage individuals to enlist or reenlist in the Armed Forces.

Educational Assistance Test Program, authorized in section 901, PL 96-342, is a noncontributory program in which individuals, or, in some cases, their dependents, may receive educational assistance and subsistence allowance while training at accredited educational institutions. The program is funded by DoD and codified in 10 U.S.C. chapter 106A.

Section 903, PL 96-342, Educational Assistance Pilot Program - Noncontributory VEAP, is a modified chapter 32 program. It differs from the basic chapter 32 program in that the service department makes the individual's monthly contributions and certain individuals are permitted to transfer their entitlement to their spouses or children. The program is codified in 10 U.S.C. 2141(a).

The enactment of PL 101-510, "National Defense Authorization Act for Fiscal Year 1991" on November 5, 1990, allowed servicepersons enrolled or eligible to reenroll in VEAP, who were involuntarily separated from service on or after February 3, 1991, an opportunity to make an irreversible election to receive assistance under the Montgomery GI Bill (MGIB) educational assistance program in lieu of VEAP. Certain servicepersons who voluntarily separated from the military on or after December 5, 1991, as provided for under PL 102-484, "The National Defense Authorization Act for Fiscal Year 1993," are eligible for the MGIB program effective October 23, 1992. An opportunity to enroll in the MGIB program also was extended to chapter 32 (and section 903) servicepersons under PL 104-275, "The

Veterans Benefits Improvement Act of 1996.” Under that law, the serviceperson must have been a VEAP participant on October 9, 1996, and made a permanent election to become eligible for the MGIB program. Individuals who elected to disenroll from the VEAP program paid \$1,200 into the Department of Treasury’s GI Bill receipt account to establish eligibility under the MGIB program.

Starting in 2005, section 106 of PL 108-454 made educational benefits available to pay for the national admissions exams and national exams for credit at institutions of higher education.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM					
Fund Highlights					
(dollars in thousands)					
	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Training	\$128	\$248	\$122	\$116	-\$6
Section 901 Training PL	\$492	\$453	\$468	\$444	-\$24
Disenrollments	\$722	\$602	\$653	\$584	-\$69
Total Obligations	\$1,343	\$1,302	\$1,243	\$1,144	-\$99
Budget Authority (trust fund, indefinite)	\$725	\$683	\$569	\$541	-\$28
Outlays	\$1,341	\$1,196	\$1,212	\$1,163	-\$49
Unobligated balance, start of year	\$64,536	\$63,849	\$63,919	\$63,245	-\$674
Unobligated balance, end of year	\$63,919	\$63,231	\$63,245	\$62,642	-\$603
Workload					
Trainee	112	264	106	101	-5
Section 901 Trainees	35	20	33	32	-1
Participants, end of year	193,291	192,456	192,725	192,214	-511
Disenrollments	523	448	473	423	-50

Summary of Budget Request

No appropriation action by Congress is required. Budget authority, consisting of transfers from DoD and deposits from participating servicepersons, are available as permanent and indefinite authority. Currently, the Department of Veterans Affairs estimates that this 2013 portion of the cost for VEAP will be \$541 thousand for 133 trainees.

Changes From the Original 2012 Estimate

The current estimated obligations decreases by \$59 thousand associated with 145 fewer trainees. FY 2012 estimates are based on actual FY 2011 experience.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM		
Analysis of Increases and Decreases (dollars in thousands)		
	2012 Estimate	2013 Estimate
Prior year obligations	\$1,343	\$1,243
Training	-6	-6
Training Under section 901	-25	-23
Disenrollments	-69	-69
Net change	-100	-99
Estimated obligations	\$1,243	\$1,144

Analysis of Increases and Decreases

In 2013, obligations are projected to be \$1.1 million, a decrease of \$99 thousand from the 2012 level of \$1.2 million. Training obligations are projected to decline by \$6 thousand due to fewer trainees (101 vs. 106) and average payments are expected to remain constant. One fewer Section 901 trainee will result in a decrease in obligations of \$23 thousand. Disenrollment obligations are projected to decline by \$69 thousand as a result of fewer participants disenrolling (423 vs. 473).

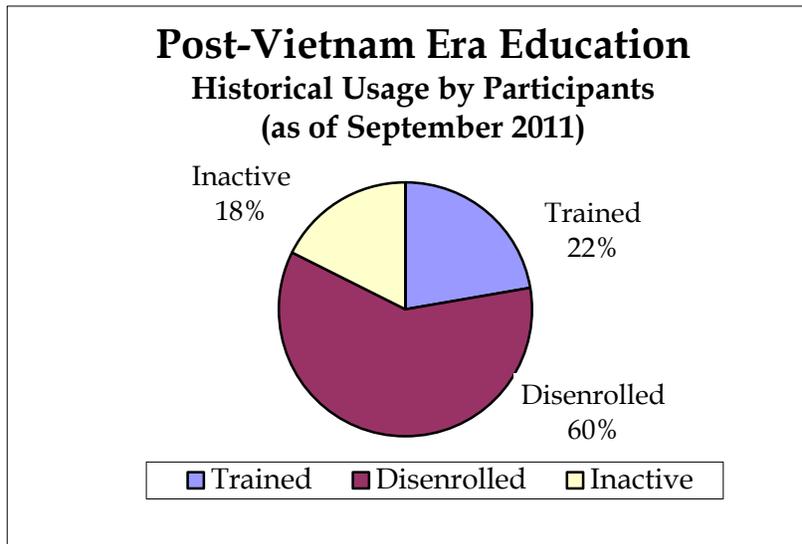
POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM					
Summary of Workloads & Obligations					
(dollars in thousands)					
	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Participants, End of Year	193,291	192,456	192,725	192,214	-511
Trainees	112	264	106	101	-5
Average per Trainee (whole dollars)	\$1,144	\$939	\$1,144	\$1,144	-
Obligations for Training	\$128	\$248	\$122	\$116	-\$6
Section 901 Trainees	35	20	33	32	-1
Average per Trainee (whole dollars)	\$14,071	\$22,329	\$14,071	\$14,071	-
Obligations for Section 901	\$492	\$453	\$468	\$444	-\$24
Disenrollments	523	448	473	423	-50
Averages Per trainee (whole dollars)	\$1,381	\$1,343	\$1,381	\$1,381	-
Obligations for Disenrollments	\$722	\$602	\$653	\$584	-\$69
Sources of budget authority:					
Contributions of Servicepersons	\$8	\$6	\$8	\$8	-
Transfers from DoD:					
Matching Payments for Training	\$99	\$91	\$42	\$40	-\$2
Bonus "Kickers"	\$141	\$134	\$51	\$48	-\$3
Section 901 Training	\$477	\$453	\$468	\$444	-\$24
Section 903 Training	-	-	-	-	-
Total Budget Authority	\$725	\$683	\$569	\$541	-\$29

The number of participants will continue to decline since the program is closed to new enrollments. Since eligibility is restricted to persons who first entered active duty prior to July 1, 1985, a smaller percentage of those discharged each year from the military are eligible for this program. There were two opportunities for participants and contributors in the VEAP program to disenroll from the program and enroll in the Montgomery GI Bill. VEAP participants who disenroll receive a refund of their contributions. The current participants' last date of eligibility for training in the VEAP program is projected to be 2025.

Program Highlights

In 2013, 101 participants are expected to train under this program resulting in obligations of \$116 thousand. In addition, 32 individuals train under section 901 of PL 96-342 with obligations totaling \$444 thousand. During 2013, 423 participants are expected to disenroll from this program and received \$584 thousand in refunds.

Through the end of 2011, a total of 1,154,010 individuals have contributed to the VEAP program. Of these contributors, 257,153 have received some educational assistance; 693,651 have disenrolled and received a refund without receiving educational assistance; 203,193 are in an inactive status, never having received educational assistance or disenrolled, and 13 are currently on active duty and contributing.



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Housing

Appropriation Language

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by subchapters I through III of chapter 37 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That during]2013, within the resources available, not to exceed \$500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$157,814,000.

Total Housing Summary of Appropriation Highlights (dollars in thousands)					
Housing Program and Liquidating Accounts	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Liquidating Account	\$6,936	\$8,936	\$5,776	\$4,837	-\$939
Program Account	1,528,453	473,310	1,813,407	342,673	-1,470,734
Total Obligations	\$1,535,389	\$482,246	\$1,819,183	\$347,510	-\$1,471,674
Budget Authority:					
Mandatory, Program Account	\$1,387,359	\$318,612	\$1,658,709	184,859	-\$1,473,851
Mandatory, Liquidating Account	-7,329	-6,267	-7,153	-6,274	+878
Discretionary Program Account	164,752	154,698	154,698	157,814	+3,116
Total Budget Authority (net)	\$1,544,782	\$467,043	\$1,806,255	\$336,398	-\$1,469,856
Outlays:					
Liquidating Account	-\$8,828	-\$8,267	-\$4,427	-\$6,274	-\$1,847
Program Account	1,528,827	473,310	1,813,407	342,630	-1,471,734
Total Outlays (net)	\$1,519,999	\$467,043	\$1,808,980	\$336,398	-\$1,472,581

Note: Dollar amounts in charts may differ because of rounding errors.

Summary of Budget Request

The 2013 appropriation request includes funding for the mandatory and discretionary requirements of the Housing program. The mandatory request of \$184.9 million for the Housing program account includes estimated funding for subsidy payments (costs to the government) for the Loan Sales 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 payments, sale of homes, etc.). The discretionary request of \$157.8 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Guaranteed Loan Sales subsidy reflects the portion of the expected default payments by the government that the government does not expect to be offset by collections, in net present value terms. In 2013, based on the estimated number of unbundled Vendee loans sold (10,626) and average loan amount (\$111,166), the Guaranteed Loan Sales commitments are estimated to be \$1.2 billion with a ten percent (10%) sales discount and recourse to the Veterans Affairs. The associated subsidy estimate of \$184.9 million is based on a subsidy rate of 15.65 percent. The rate is calculated after discounting the estimated risk-adjusted net cash flows associated with the loan disbursements or commitments by the comparable rates on Treasury securities. The discounted net cash value divided by the total undiscounted value of loan disbursements equals the subsidy rate. A positive subsidy amount is capital to absorb future loan losses.

The Guaranteed Transitional Housing budget for 2013 requires no funding for guaranteed transitional housing loan obligations. The Guaranteed Transitional Housing program stopped originating new loans in 2009.

Credit Reform

The "Federal Credit Reform Act of 1990 (FCRA)," Public Law 101-508, changed the accounting for Federal credit programs to more accurately measure their costs and to make them consistent with and comparable to non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Housing Loan Program comprises six accounts, the Program Account, The Guaranteed Loan Financing Account, the Direct Loan Financing Account, the Loan Sales Securities Guaranteed Loan Financing Account, the Transitional Housing Guaranteed Loan Financing Account, and the Liquidating Account.

Credit Reform Accounts Descriptions

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.

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 the housing programs. Subsidy costs are calculated on a net present value basis; the administrative expenses are estimated on a cash basis.

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 payments, Treasury borrowings, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending. In 2007, the DLFA began executing 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. The VMT program authority expires December 31, 2011. After this date, the Veterans Affairs may continue to sell unbundled Vendee whole loans with recourse under other existing authority. 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.

Guaranteed Transitional Housing Loan Financing Account:

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

Program Description

The Housing Program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. When a borrower purchases a home, the program operates by substituting the Federal Government's guaranty for a down payment that might otherwise be required.

Under 38 U.S.C. § 3703, the guaranty amount for a borrower with full entitlement is as follows:

- 50 percent for loans of \$45,000 or less;
- \$22,500 for loans greater than \$45,000, but no more than \$56,250;
- The lesser of \$36,000 or 40 percent of the loan amount for loans greater than \$56,250, but not more than \$144,000 or;
- 25 percent of the loan amount for loans of \$144,001 to \$417,000; or
- For certain loans in excess of \$417,000, the guarantee will be the lesser of: 25 percent of the county loan limit, or 25 percent of the loan.

Avoiding foreclosure is critical to VA and Veterans. VA's goal is to help Veterans retain their homes and to reduce the likelihood of foreclosure. VA and loan servicers take aggressive intervention actions when loans are more than 60 days in default. Benefits of assisting borrowers in default include the Veteran retaining his or her home and minimizing the damage to their credit rating, as well as a cost savings to the government.

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.

Effective October 13, 2010, Public Law 111-275, sections 204 and 802, provides VA with new housing program authority. Section 204 allows the housing program to waive housing loan fees for certain Veterans with service-connected disabilities called to active service. Section 802 allows the housing program the option to purchase a VA-guaranteed loan that is modified under bankruptcy proceedings. However, implementation of Section 802 is not feasible until and unless 11 U.S.C. 1322(b) is revised.

Public Law 112-26, which was enacted in August 2011, set the loan guaranty funding fee rate for subsequent use loans at 2.8 percent for fiscal 2012 only. Public

Law 112-56, Section 265, which was enacted in November 2011, superseded Public Law 112-26. Public Law 112-56 extended fiscal 2011 loan guaranty funding fee rates from November 22, 2011 to September 30, 2016. All other funding fee rates in the table below are in accordance with current law.

VA is authorized to make direct loans to severely disabled Veterans in connection with Specially Adapted Housing Grants. The maximum loan amount is \$33,000.

Veterans may also obtain guaranteed loan financing to buy a new or used manufactured home and buy or improve a lot for placement of a manufactured home. The guarantee 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 Guaranteed Transitional Housing program was established by Public Law 105-368, the "Veterans Benefits Enhancement Act of 1998". The program was 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 enforced sobriety standards and provided a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, are required to pay a reasonable fee. No new loans will be originated in fiscal 2013 and no additional program account dollars are required to service the one existing loan.

Loan Fee Structure for VA-Guaranteed Loans		
	Veterans	Reservists
First Time Use		
Downpayment		
Less than 5 percent ¹		
- October 1, 2011 until October 5, 2011	1.40%	1.65%
- October 6, 2011 until November 17, 2011	2.15%	2.40%
- November 18, 2011 through November 21, 2011	1.40%	1.65%
- November 22, 2011 through September 30, 2016	2.15%	2.40%
- On or after October 1, 2016	1.40%	1.65%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2016	1.50%	1.75%
- On or after October 1, 2016	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2016	1.25%	1.50%
- On or after October 1, 2016	0.50%	0.75%
Second and Subsequent Use		
Downpayment		
Less than 5 percent ¹		
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 5, 2011	2.80%	2.80%
- October 6, 2011 until November 17, 2011	3.30%	3.30%
- November 18, 2011 through November 21, 2011	2.80%	2.80%
- November 22, 2011 through September 30, 2016	3.30%	3.30%
- On or after October 1, 2016	1.25%	1.25%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2016	1.50%	1.75%
- On or after October 1, 2016	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2016	1.25%	1.50%
- On or after October 1, 2016	0.50%	0.75%
Refinancing Loans		
Interest Rate Reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected Veterans	0.00%	0.00%

¹ includes 'Cash-Out' Refinancing loans

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

	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Liquidating:					
Program Obligations	\$6,936	\$8,936	\$5,776	\$4,837	-\$939
Unobligated Balance:					
Start of year	2,163	0	1,138	0	-1,138
End of year	1,138	0	0	0	0
Transfer to General Fund	-9,492	-6,267	-8,291	-6,274	+2,016
Offsetting Collections	15,403	15,203	12,929	11,111	-1,818
Budget Authority (net)	-7,329	-6,267	-7,153	-6,274	+878
Outlays (net)	-8,828	-6,267	-4,427	-6,274	-1,847
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	\$0	\$0	\$26,487	\$0	-\$26,487
Veterans Housing Loan Sales	3,719	112,479	120,241	184,859	+64,618
Veterans Housing Direct Acquired	0	4,993	2,096	0	-2,096
Veterans Housing Direct Vendee	0	0	0	0	0
Veterans Transitional Housing Loans	0	0	0	0	0
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	1,263,599	0	707,065	0	-707,065
Veterans Housing Loan Sales	32,592	0	73,599	0	-73,599
Veterans Housing Direct Acquired	82,576	0	716,691	0	-716,691
Veterans Housing Direct Vendee	4,873	0	12,530	0	-12,530
Administrative Expenses:					
Veterans Benefits Administration	116,456	136,005	136,005	137,487	+1,482
General Counsel	5,284	5,021	5,021	5,284	+263
Information Technology	19,729	13,672	13,672	15,043	+1,371
Obligations	\$1,552,110	\$473,310	\$1,813,407	\$342,673	-\$1,470,734
Unobligated Balance:					
Unobligated Balance Expiring	\$0	\$0	-\$16	\$0	\$0
Start of year	43,387	43,387	43,387	43,387	0
End of year	59,671	43,387	43,387	43,387	0
Budget Authority (net)	\$1,528,827	\$473,310	\$1,813,407	\$342,673	-\$1,470,734
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	0	0	0	0	0
Outlays (net)	\$1,528,827	\$473,310	\$1,813,407	\$342,673	-\$1,470,734
Total Obligations	\$1,535,763	\$482,246	\$1,819,183	\$347,510	-\$1,471,674
Budget Authority:					
Appropriation, mandatory	\$1,387,359	\$318,612	\$1,658,709	\$184,859	-\$1,457,567
Appropriation, discretionary	164,752	154,698	154,698	157,814	+3,116
Liquidating Account	-7,329	-6,267	-7,153	-6,274	+878
Total Budget Authority (net)	\$1,544,782	\$467,043	\$1,806,255	\$336,398	-\$1,469,856
Total Outlays (net)	\$1,519,999	\$467,043	\$1,808,980	\$336,398	-\$1,472,581

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated \$11.1 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). Obligations for 2013 are estimated at \$4.8 million which, when netted with collections, results in a negative budget authority of \$6.3 million. The Liquidating Account includes activity for all loans disbursed prior to fiscal year 1992. These loans do not fall under the requirements of FCRA and subsidy is not calculated for the Liquidating Account.

Budget authority of \$342.6 million is requested for the Housing Program Account for 2013 to provide funding for administrative expenses of \$157.8 million and subsidy payments of \$184.9 million to the Guaranteed Loan Sales Financing Account. A subsidy appropriation is not required for the Guaranteed Loan and Direct Vendee and Acquired Loan programs, which have negative subsidy rates in 2013. Any Guaranteed Transitional Housing program subsidy would be funded from unobligated balance carry forward.

Subsidy for federal credit programs represents the estimated cost to the Government of making and guaranteeing 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. Risk-adjusted 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 2013. A negative subsidy rate results when cash inflows exceed cash outflows, thus government funds in the form of subsidy are not required. Details on loan levels and subsidy rates for all credit programs are displayed in the Workload Summary table.

Changes from Original 2012 Budget Estimate

Current 2012 Housing Program Account budget authority of \$1.8 billion is an increase of \$1.3 billion from the original 2012 budget estimate. This is primarily the result of an increase of \$1.5 billion in subsidy upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired and Vendee Loan housing programs.

Housing Liquidating and Program Accounts
Analysis of Increases and Decreases - Outlays
(dollars in thousands)

	2012 Current Estimate	2013 Estimate
Prior Year Outlays	\$1,519,999	\$1,808,980
Liquidating:		
Liquidating Obligations	-\$1,160	-\$939
Liquidating Collections	+2,474	+1,818
Liquidating Change in Obligated Balance	+3,087	-2,725
Change in Uncollected Customer Payments	-0	0
Housing Program:		
Guaranteed Loan Subsidy	26,487	-26,487
Loan Sales Loan Subsidy	+116,522	+64,618
Direct Acquired Loan Subsidy	2,096	-2,096
Transitional Housing Loan Subsidy	0	0
Upward reestimate, with interest:		
Guaranteed Loans	-556,534	-707,065
Loan Sales Securities	+41,007	-73,599
Direct Acquired Loans	+634,114	-716,691
Direct Vendee Loans	+7,657	0
Change in Obligated Balances/other	0	-12,530
Administrative Expenses	+13,229	+3,116
Net Change	+\$288,981	-\$1,472,581
Estimated Outlays (net)	+\$1,808,980	\$336,398

Outlays for mandatory programs in 2012 are projected to increase by \$289 million from the 2011 level. This is primarily due to an increase of \$682.8 million in upward reestimates for the Direct Loan and Loan Sale Securities programs. Additionally, there is an increase of \$145.1 million in Guaranteed Loan, Direct Loan, Loan Sales Loan subsidies, and an increase of \$13.2 million in Administrative Expenses. These increases are partially offset by a decrease of \$556.5 million in upward reestimates for the Guaranteed Loan program.

Outlays for mandatory programs in 2013 are currently projected to decrease by \$1.5 billion from 2012. This is primarily due to a decrease of \$1.5 billion in upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired and Vendee Loans programs. The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission. The 2013 outlay decrease is slightly offset by an increase in subsidy of \$64.6 million for the Loan Sales Securities program.

Financing Accounts - Non-Budgetary
Financial Summary
(dollars in thousands)

	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Guaranteed Loans:					
Obligations	\$2,774,021	\$2,204,035	\$2,455,650	\$2,451,243	-\$4,407
Collections	3,798,402	2,371,112	2,973,644	2,470,783	-502,861
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	-1,038,569	-167,350	-284,649	-22,198	+262,451
Loan Sales Securities:					
Obligations	\$214,481	\$1,053,918	\$1,131,208	\$1,194,716	+\$63,508
Collections	225,598	1,097,897	1,245,844	1,263,376	+17,532
Financing Authority (net)	0	0	0	0	0
Financing Disbursements (net)	-11,752	-43,979	-114,637	-68,660	+45,976
Direct Loans:					
Obligations	\$415,849	\$1,367,682	\$1,280,075	\$1,465,679	+\$185,603
Collections	408,023	1,169,745	1,929,134	1,279,533	-649,601
Financing Authority (net)	126,819	197,936	-649,059	186,146	+835,205
Financing Disbursements (net)	3,710	194,948	-664,457	182,455	+846,912
Transitional Housing Loans:					
Obligations	\$554	\$4	\$334	\$224	-\$110
Collections	508	197	243	200	-43
Financing Authority (net)	-37	-3	-31	-2	+28
Financing Disbursements (net)	56	-194	91	24	-67
Housing Financing Accounts Totals:					
Obligations	\$3,404,906	\$4,625,638	\$4,867,266	\$5,111,861	-\$244,595
Collections	4,432,532	4,638,951	6,148,865	5,013,891	-1,134,974
Financing Authority (net)	126,781	197,933	-649,089	186,144	+835,233
Financing Disbursements (net)	-1,046,555	-16,574	-1,063,651	91,621	+1,155,272

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a subsidy rate of -0.10 percent in 2013 and will require zero in subsidy to guarantee 228,410 Veterans Housing loans, totaling \$49.6 billion. Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, made some changes to the Loan Guaranty Program. The Act extended the authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30, 2012. The

Act also increased the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans are allowed for up to 100 percent of the appraised value of the home.

Public Law 111-275, the Veterans' Benefits Improvement Act of 2010 became effective October 13, 2010. Section 204 of the Act allowed the housing program to originate loan guarantees without funding fees for Veterans with service-connected disabilities called to active duty.

\$184.9 million (on-budget) in Loan Sales subsidy for 2013 is required to finance 10,626 loan commitments at a subsidy rate of 15.65 percent, totaling \$1.2 billion. Through the home loan program, the Veterans Affairs continues to refund or acquire guaranteed loans based on current laws and policies and market conditions.

**Analysis of Financing Account Increases and Decreases
Non-Budgetary Disbursements**
(dollars in thousands)

Financing	2012 Current Estimate	2013 Estimate
Prior Year Net Disbursements	-\$1,046,555	-\$1,063,651
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	-\$318,372	-\$4,407
Offsetting collections	+824,759	+502,861
Change in obligated balances	+248,392	-236,004
Change in Uncollected Customer Payments	-858	0
Loan Sales Securities:		
Obligations	+916,726	+63,508
Offsetting collections	-1,020,246	-17,532
Change in obligated balances	+635	0
Change in Uncollected Customer Payments	0	0
Direct Loans:		
Obligations	+864,226	+185,603
Offsetting collections	-1,521,111	+649,601
Change in obligated balances	-23,192	+11,707
Change in Uncollected Customer Payments	+336	0
Change in Prior Year Recoveries	+12	0
Transitional Housing Loans:		
Obligations	-220	-110
Offsetting collections	+266	+43
Change in obligated balances	-11	0
Change in Uncollected Customer Payments	0	0
Net Change	-\$17,096	+\$1,155,272
Estimated Net Disbursements	-\$1,063,651	+\$91,621

In 2012, total financing net disbursements (outlays) are projected to decrease by \$17.1 million, mostly due to an increase in overall offsetting collections that exceeds an increase in overall obligations. Net disbursements for Guaranteed Loans are estimated to increase by \$753.9 million, due to a decrease in offsetting collections of \$824.8 million and a change in obligated of \$248.4 million with an offsetting decrease in of \$318.4 million. Net disbursements for Loan Sales Securities are estimated to decrease by \$102.9 million, due to an increase in offsetting collections of \$1,020.3 million that exceeds an increase in obligations of \$916.7. Net disbursements for Direct Loans are estimated to decrease by \$668.2 million, due to a decrease in offsetting collections of \$1,521.1 million that exceeds an increase in obligations of \$864.2 million.

In 2013, total financing net disbursements (outlays) are projected to increase by \$1,155.3 million, mainly due to a decrease in overall offsetting collections and a increase in overall obligations. Net disbursements for the GLFA are currently projected to increase \$262.5 million in 2013, primarily due to a decrease in offsetting collections of \$502.9 million with offsetting decrease in change in obligated balances of \$236.0 million. Net disbursements for Direct Loans are projected to increase by \$846.9 million, primarily due to a decrease in offsetting collections of \$649.6 million and an increase in obligations of \$185.6 million. For Loan Sales Securities, an increase in net disbursements of \$46.0 million is expected in 2013, due to an increase in obligations of \$63.5 million that exceeds an increase in offsetting collections of \$17.5 million. Most of the increases in net disbursements are due to decreases in offsetting collections from upward reestimates, which will not be calculated until the end of 2013 and shown in the 2014 Congressional Budget submission.

Loan Data Summary (dollars in thousands)

	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	-0.31%	-0.35%	-0.13%*	-0.10%	+0.03%
Number of guaranteed loans	343,556	263,440	304,905	228,410	-76,496
Amount of guaranteed loans	\$71,931,261	\$57,468,626	\$63,941,043	\$49,639,723	-\$4,301,319
Average loan amount (full dollars)	\$209,373	\$218,147	\$209,708	\$217,328	+\$7,620
Loan Sales Securities:					
Subsidy rate	2.00%	10.75	10.75%	15.65%	+4.90%
Guaranteed loans sold:					
Number of loans sold	1,725	9,858	10,233	10,626	+393
Amount of loans sold	\$185,905	\$1,046,320	\$1,118,522	\$1,181,206	+\$62,684
Average loan amount (full dollars)	\$107,771	\$106,134	\$109,308	\$111,166	+\$1,858
Gross proceeds from sale	\$186,457	\$970,399	\$1,037,337	\$1,063,086	-\$25,749
Direct Loans:					
Acquired Loans:					
Subsidy rate	-0.13%	4.09%	4.09%	-2.29%	-6.38%
Number of Loans	92	589	500	595	+95
Total amount of loans	\$8,635	\$122,068	\$51,259	\$63,151	+\$11,892
Average loan amount (full dollars)	\$94,888	\$207,332	\$102,518	\$106,085	+\$3,566
Vendee Loans:					
Subsidy rate	-2.42%	-2.12%	-2.12%	-2.55%	-0.43%
Number of Loans	4,660	5,111	9,499	10,816	+1,317
Total amount of loans	\$252,905	\$1,113,719	\$1,090,230	\$1,262,551	+\$172,321
Average loan amount (full dollars)	\$54,275	\$217,899	\$114,777	\$116,733	+\$1,956
Transitional Housing:					
Subsidy rate	0.00%	0.00%	0.00%	0.00%	0.00%
Number of guaranteed loans	0	0	0	0	0
Total amount of loans	\$0	\$0	\$0	\$0	\$0
Average loan amount (full dollars)	\$0	\$0	\$0	\$0	\$0

*Blended loan subsidy rate to reflect the impact of Public Laws 112-26 and 112-56.

Proposed Legislation for 2013 Budget

Extension of Net Value Authority

The Veterans Affairs (VA) is currently authorized to calculate the net value of a property at the time of foreclosure under 38 U.S.C. 3732(c). This proposal would extend VA's authority for calculating the net value of a property and using that calculation to determine VA's liability to pay claims at the time of foreclosure through the end of fiscal 2015. This proposal would also provide the Secretary with the discretion to determine what costs should be included in the net value calculation, based on prevailing economic conditions. The enactment of this proposal would result in no additional loan subsidy costs.

Dependent Child Occupancy for VA Home Loans

Legislation will be proposed to permit a Servicemember's dependent children to satisfy the occupancy requirement in 38 U.S.C. § 3704 in those cases where the Servicemember is unable to personally occupy the property due to his or her military service. This would allow for the home of a single Veteran using the benefit to be occupied by the person's dependent child while the Veteran is on active duty status. The estimated loan subsidy cost that would result from enactment of this proposal is \$370 thousand in the first year, \$3.9 million over 5 years and \$10.8 million over 10 years.



Native American Veterans Housing Loan Program

Appropriation Language

For administrative expenses to carry out the direct loan program authorized by title 38 U.S.C. chapter 37, subchapter V, as amended, \$1,089,000.

Summary of Net 2013 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	\$1,089	\$1,089	\$0	\$0
Direct Loan Financing Account	\$0	\$0	\$2,583	\$2,466
Total	\$1,089	\$1,089	\$2,583	\$2,466

Summary of Budget Request

An appropriation of \$1.089 million 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 2013 and therefore will not require any subsidy from the program's \$2.3 million unobligated balance.

Program Description

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. These homes must be occupied as the Veteran's residence. The principal amount of a loan under this authority generally may not exceed \$417,000 (in some locations, this limit may be higher, depending on median area home prices).

Veterans pay a funding fee of 1.25 percent of the loan amount but Veterans with a 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," extended 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."

Credit Reform

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 Native American Housing Loan Program into two accounts, the Program Account and the Direct Loan Financing Account.

Program Account

The Native American Veterans Housing Loan Program's Program Account was established to provide appropriations for the payment of subsidies to the Native American Veterans Housing Loan Program's Direct Loan Financing Account and to request appropriations for the associated administrative expenses, reimbursed to the General Operating Expenses appropriation. The subsidy cost is calculated on a net present value basis; the administrative expenses are estimated on a cash basis. This account holds the unobligated balance of the original appropriation for subsidy.

Native American Direct Loan Program Account
Summary of Appropriation Highlights

(dollars in thousands)

	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations					
Upward reestimates, including interest	\$4,508	\$0	\$12,911	\$0	-\$12,911
Administrative expenses:					
Veterans Benefits Administration	\$643	\$1,096	\$1,096	\$1,069	-\$27
General Counsel	\$20	\$20	\$20	\$20	\$0
Total administrative expenses	\$663	\$1,116	\$1,116	\$1,089	-\$27
Total obligations	\$5,171	\$1,116	\$14,027	\$1,089	-\$12,938
Unobligated Balance:					
Start of year	-\$2,256	-\$2,256	-\$2,256	-\$2,256	\$0
End of year	\$2,256	\$2,256	\$2,256	\$2,256	\$0
Budget authority (net)	\$5,171	\$1,116	\$14,027	\$1,089	-\$12,938
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$5,171	\$1,116	\$14,027	\$1,089	-\$12,938
Financing:					
Appropriation, discretionary	\$663	\$1,116	\$1,116	\$1,089	-\$27
Mandatory Indefinite	\$4,508	\$0	\$12,911	\$0	-\$12,911
Workload:					
Number of direct loans established	41	60	60	60	0
Average direct loan amount (dollars)	\$182,740	\$149,776	\$185,299	\$188,263	+\$2,965
Amount of direct loans established	\$7,492	\$8,987	\$11,118	\$11,296	+\$178
NA direct loan subsidy rate	-13.65%	-11.97%	-11.97%	-17.84%	-5.87%

Detail of Budget Request

The direct loan subsidy reflects the portion of loan disbursements, which the Government does not expect to recover; i.e., the cost to the Government in net present value terms. The subsidy rate is calculated after discounting the estimated net cash flows of loan disbursements by comparable rates on Treasury securities. The discounted net cash value divided by the total value of loans equals the subsidy rate.

When the Native American Direct Loan Program was initiated, a positive subsidy rate was assumed based on the assumption that these loans would have a default rate consistent with the default rate that VA had experienced for other direct loans. Funds used to make the loans are borrowed from Treasury and lent at market rates. This interest rate spread, coupled with minimal defaults, generates a negative subsidy rate. Therefore, no subsidy will be transferred from the program to the financing account in 2013.

To provide for origination, servicing, management, investment and common overhead expenses, \$1.089 million is required for the Program Account. This amount

will provide VBA seven FTE at a cost of \$1,069,000 payroll and nonpayroll expenses. The Office of the General Counsel will be reimbursed \$20,000 to support one FTE.

Native American Direct Loan Program Account		
Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2012	2013
	Current Estimate	Estimate
Prior year outlays (net)	\$5,171	\$14,027
Increases (+) and Decreases (-)		
Upward reestimates, including interest	+\$8,403	-\$12,911
Administrative expenses	+\$453	-\$27
Change in obligated balance/other	\$0	\$0
Net Change	+\$8,856	-\$12,938
Estimated Outlays (net)	\$14,027	\$1,089

In 2012, outlays will total \$14 million, an increase of \$8.8 million from the 2011 level. This is due to an increase in administrative expenses and mainly of \$8.4 million in the direct loan upward reestimates from \$4.5 million to \$12.9 million.

In 2013, outlays will total approximately \$1.089 million, a decrease of \$12.9 million from the 2012 level. The decrease is mainly the result of a decrease in upward reestimates of \$12.9 million, and a slight decrease in administrative expenses of \$27,000. The 2013 upward reestimates will not be calculated until the end of 2012 and will be shown in the 2014 Congressional Budget submission.

Direct Loan Financing Account - Off-Budget

The Native American Veterans Housing Loan Program, Direct Loan Financing Account is an off-budget account that records all financial transactions; i.e., obligations, collections, and outlays associated with direct loan originations. 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)					
	2011 Actual	2012		2013 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Direct loans	\$7,492	\$8,987	\$11,118	\$11,296	+\$178
Negative subsidy	\$1,023	\$1,076	\$1,331	\$2,015	+684
Interest on Treasury borrowings	\$3,958	\$1,660	\$1,459	\$1,524	+65
Property expenses	\$75	\$13	\$24	\$25	+\$1
Other Expenses	\$0	\$0	\$0	\$0	\$0
Treasury Receipt account:					
Downward Reestimates	\$2,546	\$0	\$4,078	\$0	-\$4,078
Int. on Downward Reestimates	\$654	\$0	\$927	\$0	-\$927
Total obligations	\$15,748	\$11,736	\$18,936	\$14,860	-\$4,076
Unobligated Balance:					
Start of year	\$1,818	\$0	\$7	\$0	\$0
End of year	\$7,020	\$0	\$0	\$0	\$0
Obligated Balance:					
Start of year	\$1,526	\$3,522	\$1,173	\$1,264	+\$91
End of year	\$1,173	\$2,020	\$1,264	\$1,381	+\$117
Offsetting Collections:					
Payments from Program account	\$4,508	\$0	\$12,911	\$0	-\$12,911
Interest on Uninvested funds	\$1,253	\$0	\$0	\$0	\$0
Loan repayments	\$2,128	\$2,144	\$8,522	\$8,913	+\$391
Interest received on loans	\$2,333	\$1,297	\$3,104	\$3,268	+\$164
Fees	\$23	\$83	\$68	\$72	+\$4
Other	\$13	\$34	\$20	\$23	+\$3
Total offsetting collections	\$10,257	\$3,558	\$24,626	\$12,277	-\$12,349
Financing:					
Financing authority, net	\$10,692	\$8,178	-\$5,690	\$2,583	+\$8,273
Financing disbursements, net	\$5,843	\$9,680	-\$5,781	\$2,466	+\$8,246

Summary of Off-Budget Financing Account

Obligations are estimated at \$14.8 million for 2013 and are expected to support 60 direct loans to Native American Veterans with a value of almost \$11.3 million. Obligations also reflect interest on Treasury borrowing of \$1.5 million and property expenses of \$25,000. Interest on Treasury borrowing is computed based on average financing authority net of offsetting collections, using current interest rate assumptions on Treasury securities.

Total offsetting collections in 2013 are estimated at \$12.2 million, including \$8.9 million in repayments and prepayments of principal, \$3.2 million from borrower's interest payments, \$72,000 from fees on loans, and \$23,000 from other collections.

Collections are \$12.3 million lower in 2013 than in 2012 mainly as a result of upward reestimates of \$12.9 million. The 2013 upward reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

Changes from Original 2012 Budget Estimate

The current estimate obligation for 2012 is almost \$7.2 million higher than the original estimate primarily due to an increase in downward reestimates (including interest) totaling approximately \$5 million. There also are increases in direct loan obligation of over \$2.1 million and negative subsidy of \$255,000. These increases are slightly offset by a decrease in interest on treasury borrowings of \$202,000.

Native American Direct Loan Financing Account - Off-Budget Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2012 Current Estimate	2013 Estimate
Prior year outlays (net)	\$5,843	-\$5,781
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+\$3,626	+\$178
Negative Subsidy	+\$308	+\$684
Interest on Treasury borrowing	-\$2,500	+65
Property Expenses	-\$51	+\$1
Other Expenses	\$0	\$0
Payments to Treasury Receipt account:		
Downward Reestimates	+\$1,532	-\$4,078
Int. on Downward Reestimates	+\$273	-\$927
Offsetting collections:		
Payments from Program account	-\$8,403	+\$12,911
Interest on Uninvested funds	+\$1,253	\$0
Loan repayments	-\$6,395	-\$391
Interest received on loans	-\$771	-\$164
Fees	-\$45	-\$4
Other	-\$8	-\$3
Change in obligated balances	-\$443	-\$26
Change in Uncollected Customer Payments	\$0	\$0
Net Change	-\$11,624	+\$8,246
Estimated Outlays (net)	-\$5,781	+\$2,466

In 2012, outlays are estimated at -\$5.8 million, a decrease of \$11.6 million from 2011. The overall outlay decrease is due to a net increase in offsetting collections that exceeds a net increase in obligations. Net offsetting collections increased by \$14.8 million, mainly due to increases in payments from the program account of \$8.4 million and loan repayments of \$6.4 million. This increase is slightly offset by an increase in interest on uninvested funds of \$1.2 million. The net increase in obligations for 2012 is \$3.1 million. This increase is mainly due to increases in direct loan obligations of \$3.6 million and downward reestimates (including interest) of \$1.8 million. This increase is slightly offset by decreases in interest on Treasury borrowing and property expenses of \$2.5 million and \$51,000, respectively.

In 2013, outlays are estimated at \$2.4 million, an increase of \$8.2 million from 2012. The overall outlay increase is due to a net increase in obligations that exceeds decreases in offsetting collections and obligated balance. The net increase in obligations of \$4 million is primarily the result of downward reestimates (including interest). The net decrease in offsetting collections of \$12.3 million is mainly due to a \$12.9 million decrease in payments from the program account. The 2013 reestimates will not be calculated until the end of 2012 and shown in the 2014 Congressional Budget submission.

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Insurance Benefits

Appropriation Language

Veterans Insurance and Indemnities

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled Veterans insurance, and Veterans mortgage life insurance as authorized by title 38, United States Code, chapters 19 and 21, \$104,600,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

	2012				
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	Increase (+) Decrease(-)
Lives Insured:¹					
Veterans (Administered Programs)	953,663	895,757	887,755	821,784	-65,971
Veterans (VGLI)	426,750	430,100	430,100	430,500	+400
Servicemembers (SGLI)	2,422,500	2,421,000	2,421,000	2,415,000	-6,000
Spouses and Children (FSGLI)	3,254,000	3,256,000	3,256,000	3,248,000	-8,000
Total Lives Insured	7,056,913	7,002,857	6,994,855	6,915,284	-79,571
Face Amount In Force	\$ 1,348,775,789	\$ 1,352,685,500	\$ 1,352,685,830	\$ 1,350,990,270	-1,695,560
Obligations:					
Death Claims	\$1,097,985	\$1,133,700	\$1,155,558	\$1,121,501	-34,057
Dividends	249,093	219,870	206,440	174,470	-31,970
Premiums Paid to Prudential	805,165	833,923	813,885	811,780	-2,105
Transfers to Insurance Funds	329,956	83,702	347,134	84,730	-262,404
Payments for Administrative Expenses	40,047	48,669	47,723	47,280	-443
Capital Investments	67,192	79,320	67,404	67,455	+51
All Other Obligations	174,641	182,672	183,129	179,299	-3,830
Total Obligations	\$ 2,764,079	\$2,581,856	\$2,821,273	\$2,486,515	\$ -334,758
Funding:					
Offsetting Collections					
Premiums	\$96,132	\$101,600	\$100,510	\$101,620	+1,110
SGLI Premiums	807,684	836,910	816,790	814,750	-2,040
Interest on U.S. Securities	133,342	123,870	124,170	115,430	-8,740
Payments for S-DVI	64,219	83,432	80,894	84,540	+3,646
SGLI Extra Hazard Payments	205,439	0	166,000	0	-166,000
TSGLI Payments	60,000	0	100,000	0	-100,000
All Other Collections	239,162	219,580	208,103	188,420	-19,683
Total Collections	\$1,605,978	\$1,365,392	\$1,596,467	\$1,304,760	-291,707
Unobligated balance (SOY)	\$-8,757,331	\$-8,103,556	\$-8,187,409	\$-7,505,155	+682,254
Unobligated balance (EOY)	\$8,187,409	\$7,430,424	\$7,505,155	\$6,813,689	-691,465
Budget Authority, net:					
Insurance Benefit (VI&I)	\$77,589	\$100,252	\$100,252	\$104,600	+4,348
Transfer From Other Sources	\$0	\$0	\$0	\$0	+0
Trust Funds	\$1,046,151	\$1,046,472	\$1,049,293	\$999,629	-49,664
Total:					
Budget Authority (net)	\$1,123,740	\$1,146,724	\$1,149,545	\$1,104,229	-45,316
Outlays (net)	\$1,242,840	\$1,308,365	\$1,323,533	\$1,274,557	-48,976

¹ The Insurance program depicts lives insured rather than showing the number of policies. This more accurately reflects the population 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".
Note: Dollars may not add due to rounding in this and subsequent charts.

Summary of Budget Request

The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veterans' Mortgage Life Insurance (VMLI) and supervises four additional programs for the benefit of Servicemembers, Veterans, their families and their beneficiaries. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes.

Budget authority (permanent and indefinite) is made available automatically to the United States Government Life Insurance (USGLI) and the National Service Life Insurance (NSLI) funds each year by virtue of standing legislation. All obligations of the Veterans' Special Life Insurance (VSLI) and Veterans' Reopened Insurance (VRI) funds are paid from offsetting collections and redemption of investments in U.S. Treasury securities. All obligations of the Service-Disabled Veterans' Insurance (S-DVI) fund are paid by transfers from the Veterans Insurance and Indemnities (VI&I) fund and other offsetting collections. No action by Congress is required. Obligations of the Servicemembers' Group Life Insurance (SGLI) program are financed from premium collections, interest on investments, and extra hazard payments from service branches.

In 2013, the VI&I account will require an appropriation of \$104.6 million to finance its operation. This will enable VA to transfer \$84.5 million to the S-DVI program, \$19.9 million to the VMLI program, and \$190,000 to the NSLI program (detailed explanations for these transfers are included under Insurance - VI&I Appropriated Fund).

Changes from Original 2012 Budget Estimate

The 2012 current estimate for total obligations increases by \$239.4 million from the original 2012 estimate. The majority of this increase is attributable to an approximately \$260 million increase in transfers to insurance funds offset by an approximately \$20 million decrease in premiums paid to Prudential.

The change in transfers to insurance funds is mainly due to an increase of \$166 million in SGLI extra hazard payments and \$100 million in transfers to fund the Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) program. SGLI extra hazard payments are payments that fund the difference between death claims incurred during military action and what would be expected under peacetime experience. TSGLI payments are extra hazard payments that fund the excess of TSGLI claims, since TSGLI premiums received are intended to cover the civilian incidence of traumatic injuries. SGLI extra hazard payments and TSGLI payments are transferred from DoD to VA.

Offsetting collections in 2012 are projected to increase by \$231.1 million from the original 2012 estimate. The majority of this increase is the result of increases in SGLI extra hazard payments of \$166 million and TSGLI payments of \$100 million (discussed above). SGLI premiums, SGLI extra hazard payments, and TSGLI payments are transferred from DoD to VA and then transferred by VA to Prudential. Therefore, the transfers will appear as both a collection and an obligation and do not impact net outlays.

Insurance		
Analysis of Increases and Decreases		
(dollars in thousands)		
	2012	2013
	Current Estimate	Request
Prior Year Outlays	\$1,242,840	\$ 1,323,533
Increases (+) and Decreases (-)		
Obligations:		
Death Claims	+57,573	-34,057
Dividends	-42,653	-31,970
Premiums Paid to Prudential	+8,720	-2,105
Transfers to Insurance Funds	+17,178	-262,404
Payments for Administrative Expenses	+7,676	-443
Capital Investments	+211	+51
All Other Obligations	+8,488	-3,830
Offsetting collections:		
Premiums	-4,378	-1,110
SGLI Premiums	-9,106	+2,040
Interest on U.S. Securities	+9,172	+8,740
Payments for S-DVI	-16,675	-3,646
SGLI Extra Hazard Payments	+39,439	+166,000
TSGLI Payments	-40,000	+100,000
All Other Collections	+31,059	+19,683
Change in Obligated Balances	+13,987	-5,925
Net Change	+\$80,692	-\$48,976
Estimated Outlays (net)	\$1,323,533	\$1,274,557

In 2012, outlays increase by \$80.7 million above the prior year. The increase in net outlays is primarily a result of an increase in death claims in the S-DVI and VMLI programs, a decrease in NSLI premiums (included in all other collections), and the change in obligated balance. The increases are partially offset by a decrease in dividends.

Death claims increase in the S-DVI and VMLI program as a result of Public Law 111-275 (PL 111-275), which increased S-DVI supplemental coverage from \$20,000 to \$30,000 (effective October 1, 2011), as well as the maximum amount of VMLI coverage from \$90,000 to \$150,000 (effective October 1, 2011) and then to \$200,000 (effective January 1, 2012). In addition, S-DVI death claims are impacted by increased estimates of S-DVI inforce. The decrease in NSLI premiums is a result of the decline in the number of NSLI policies in force. The decrease in dividends

is attributed to a lower average rate of return on securities, resulting in decreased investment earnings, which results in lower dividend distributions.

In addition to the above changes, there are major changes in SGLI extra hazard payments and TSGLI payments. SGLI extra hazard payments decline by \$39.4 million while TSGLI payments increase by \$40.0 million. The increase in TSGLI payments is a result of PL 111-275 that allows for a qualifying TSGLI retroactive benefit, regardless of where the injury from the traumatic event occurred. The changes in collections, SGLI extra hazard, and TSGLI payments are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

In 2013, outlays are projected to decrease by \$49.0 million. The major changes in obligations and collections that impact net outlays are decreases in death claims, dividends, and NSLI premiums (included in all other collections). There are also significant decreases in SGLI extra hazard payments (\$166 million) and TSGLI payments (\$100 million). The decreases in collections, SGLI extra hazard, and TSGLI payments are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

Summary of Insurance Programs 2013 (dollars in millions)

	VI&I (VMLI) (Open)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII- Korean)	SDVI (Open)	SGLI/ TSGLI (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	2,390	446,329	1,629	127,927	18,034	225,475	2,415,000	3,248,000	430,500	6,915,284
Number of Policies Inforce										
Term insurance	2,390	119,640	n/a	9,580	n/a	77,110	n/a	n/a	n/a	208,720
Permanent plans	n/a	390,804	1,646	131,013	20,725	182,343	n/a	n/a	n/a	726,531
Tot. policies inforce	2,390	510,444	1,646	140,593	20,725	259,453	2,415,000	3,248,000	430,500	7,028,751
Tot. value inforce⁽¹⁾	\$330	\$6,321	\$4	\$1,955	\$220	\$2,812	\$1,139,308	\$133,689	\$66,352	\$1,350,990
Avg amt. per policy ⁽²⁾	\$138,075	\$12,383	\$2,430	\$13,905	\$10,615	\$10,838	\$471,763	\$41,160	\$154,128	
Avg age	59.0	86.6	93.6	81.4	87.4	62.7	30.0	32.7	50.9	
Annual death rate per 1,000	110.3	111.0	226.7	51.5	126.5	38.5	0.9	0.71	5.5	

- (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.
- (4) Average annual death rate for spouses only.

Veterans Insurance and Indemnities Appropriation

The VI&I appropriation is the funding mechanism for several government life insurance activities. Payments made from this fund include transfers to the S-DVI and the NSLI funds as well as direct payments to insured Veterans and their beneficiaries. Also included under the VI&I appropriation is the VMLI program.

The largest category of obligations is the subsidy provided to the S-DVI fund. The S-DVI fund requires a subsidy because it provides life insurance protection to Veterans with service-connected disabilities at standard premium rates and is, therefore, not self-supporting. Transfers to the NSLI fund are for premiums being waived where the disability was caused by the extra hazards of military service. By law, these extra hazard costs are borne by the government.

The other category of VI&I obligations is the subsidy provided to support the VMLI program. The VMLI program requires a subsidy because it provides up to \$200,000 of mortgage protection life insurance to disabled Veterans who have received a grant for specially adapted housing. Similar to S-DVI, these policies are issued at standard premium rates and are, therefore, not self-supporting. PL 111-275 increased the maximum amount of VMLI coverage from \$90,000 to \$150,000, effective October 1, 2011. The maximum coverage then increased to \$200,000 on January 1, 2012.

Servicemembers' Group Life Insurance - Public Enterprise Fund - Includes Servicemembers' Group Life Insurance (SGLI), Veterans' Group Life Insurance² (VGLI), Family Servicemembers' Group Life Insurance (FSGLI), and Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI).

The SGLI program provides low-cost group life insurance protection to persons on active duty in the military service, ready reservists, members of the Coast Guard, the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, members of the Reserve Officer Training Corps, and members who volunteer for assignment to a mobilization category in the Individual Ready Reserve. The maximum amount of SGLI coverage for all Servicemembers is \$400,000. Service personnel separated from active duty and the reserves have the right to convert their SGLI coverage to renewable term insurance coverage offered by the VGLI program. SGLI also offers FSGLI coverage for a Servicemember's spouse and children if the Servicemember is on active duty or a member of the Ready Reserve of a uniformed service. Maximum coverage for

² VGLI is a conversion option for SGLI insurance carried by Servicemembers. Prudential Insurance Company of America administers the program under a contractual agreement, which is supervised by VA. The financial operation of the program is handled by Prudential and is, therefore, not included in the Insurance budget.

spouses is \$100,000 or the amount of the Servicemember's SGLI, whichever is less. Unlike SGLI, spouses' premiums are age-based. All dependent children are insured for \$10,000 at no charge.

The SGLI program is supervised by VA and administered, under a contractual agreement, by Prudential Insurance Company of America through the Office of Servicemembers Group Life Insurance (OSGLI). VA collects premiums from members of each of the uniformed services and disburses those funds to Prudential for the payment of claims and administrative expenses. SGLI premiums also fund VA's discretionary expenses associated with supervision activities. The SGLI program is entirely self-supporting, except for any costs resulting from excess mortality traceable to the extra hazard of duty in the uniformed services. The monthly SGLI premium rate is \$.065 per \$1,000 of insurance coverage.

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. The premium charged for this coverage is \$1 per month from each Servicemember insured under SGLI. This premium covers only the civilian incidence of such injuries with any excess program costs above the premiums collected to be paid by DoD. PL 109-13 established the TSGLI program as a rider under the SGLI program effective December 1, 2005. The law specifies that the Secretary of Defense will certify to OSGLI the names and addresses of those members that the Secretary determines to be eligible for such benefits. This law also contains a retroactive provision that provides a Servicemember who suffered a qualifying loss on or after October 7, 2001 and through and including November 30, 2005 with a benefit under TSGLI if the loss was a direct result of a traumatic injury incurred in Operation Enduring Freedom or Operation Iraqi Freedom. Effective October 1, 2011, PL 111-275 allows for a qualifying TSGLI retroactive benefit, regardless of where the injury from the traumatic event occurred.

Administered Programs

The following five insurance programs operate basically in the same manner. 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 (PUA) insurance. Also, under the S-DVI program, supplemental coverage is available to policyholders who are eligible for waiver of premiums due to total disability.

United States Government Life Insurance – Trust Fund

USGLI was established in 1919 as a successor to the War Risk Insurance program. The program was closed to new issues on October 8, 1940, except for World War I Veterans who could apply for coverage until April 25, 1951. This program is self-supporting³.

National Service Life Insurance – Trust Fund

NSLI was created on October 8, 1940, to handle the insurance needs of World War II service personnel. Policies were issued from 1940 until April 25, 1951. The program is self-supporting, except for the cost of claims traceable to the extra hazards of service in the armed forces.³

Service-Disabled Veterans’ Insurance - Public Enterprise Fund

S-DVI was established on April 25, 1951, and is still open to new issues. S-DVI is open to Veterans separated from service, under other than dishonorable conditions on or after April 25, 1951, who are approved for service-connected disability ratings of zero percent or greater. Because S-DVI insures Veterans with service-connected disabilities at standard premium rates, it requires an annual subsidy from the VI&I account. S-DVI policyholders who are eligible for waiver of premiums can purchase up to an additional \$30,000 in coverage at standard rates, based on their current age. No waiver of premiums can be granted on the supplemental coverage. PL 111-275 increased the amount of Supplemental Insurance for Totally Disabled Veterans from \$20,000 to \$30,000, effective October 1, 2011.

Veterans’ Reopened Insurance – Public Enterprise Fund

Policies in the VRI program were issued during a re-opening of the NSLI program from May 1, 1965, through May 2, 1966. This program made life insurance available to certain World War II and Korean Conflict Veterans who met the eligibility requirements. By law, the VRI program is entirely self-supporting, and funds are transferred annually from the VRI fund to the general operating expenses account to cover the cost of operations.

Veterans’ Special Life Insurance - Trust Revolving Fund

VSLI was established in 1951 to meet the insurance needs of Veterans who served during the Korean Conflict and the post Korean War period. Individuals separating from service between April 25, 1951, and January 1, 1957, had 120 days to apply for VSLI. This program is self-supporting.³

³ Authority for the payment of administrative expenses out of excess earnings in these funds is contained in the annual appropriations bill. This budget assumes that the payment from excess earnings will continue.

Highlights by Account (dollars in thousands)				
	2011 Actual	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Obligations				
USGLI	\$3,799	\$3,160	\$2,580	\$-580
NSLI	1,238,120	1,212,609	1,144,159	-68,450
SDVI	118,230	162,160	165,926	3,766
VRI	46,668	43,960	41,310	-2,650
VSLI	203,841	210,640	207,970	-2,670
SGLI	1,073,123	1,082,790	814,750	-268,040
VI& I	80,298	105,954	109,820	3,866
Total obligations	\$2,764,079	\$2,821,273	\$2,486,515	\$-334,758
Budget authority (gross)				
USGLI	\$3,799	\$3,160	\$2,580	\$-580
NSLI	1,238,120	1,212,609	1,144,159	-68,450
SDVI	129,184	151,631	161,370	9,739
VRI	22,104	19,200	16,640	-2,560
VSLI	184,372	171,190	159,650	-11,540
SGLI	1,073,139	1,082,800	814,770	-268,030
VI& I	80,303	105,422	109,820	4,398
Total budget authority (gross)	\$2,731,022	\$2,746,012	\$2,408,989	\$-337,023
Outlays (gross)				
USGLI	\$5,278	\$4,908	\$3,920	\$-988
NSLI	1,326,047	1,295,761	1,227,819	-67,942
SDVI	112,761	161,969	165,746	3,777
VRI	49,386	47,035	44,780	-2,255
VSLI	199,694	220,644	212,480	-8,164
SGLI	1,073,132	1,082,782	814,752	-268,030
VI& I	84,382	106,900	109,820	2,920
Total outlays (gross)	\$2,850,680	\$2,919,999	\$2,579,317	\$-340,682
Offsetting collections				
USGLI	\$109	\$70	\$60	\$-10
NSLI	195,659	166,406	147,050	-19,356
SDVI	129,184	151,631	161,370	9,739
VRI	22,104	19,200	16,640	-2,560
VSLI	183,068	171,190	159,650	-11,540
SGLI	1,073,139	1,082,800	814,770	-268,030
VI& I	2,714	5,170	5,220	50
Total offsetting collections	\$1,605,978	\$1,596,467	\$1,304,760	\$-291,707

Highlights by Account (cont.)

(dollars in thousands)

	2011 Actual	2012 Current Estimate	2013 Request	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	\$3,690	\$3,090	\$2,520	\$-570
NSLI	1,042,461	1,046,203	997,109	-49,094
SDVI	0	0	0	0
VRI	0	0	0	0
VSLI	0	0	0	0
SGLI	0	0	0	0
VI& I	77,589	100,252	104,600	4,348
Total budget authority (net)	\$1,123,740	\$1,149,545	\$1,104,229	\$-45,316
Outlays (net)				
USGLI	\$5,169	\$4,838	\$3,860	\$-978
NSLI	1,130,388	1,129,355	1,080,769	-48,586
SDVI	-16,423	10,339	4,376	-5,963
VRI	26,733	27,835	28,140	305
VSLI	15,322	49,454	52,830	3,376
SGLI	-17	-18	-18	0
VI& I	81,667	101,730	104,600	2,870
Total outlays (net)	\$1,242,840	\$1,323,533	\$1,274,557	\$-48,976
Number of lives insured				
USGLI	2,927	2,218	1,629	-589
NSLI	581,816	512,529	446,329	-66,200
SDVI	198,043	213,332	225,475	12,143
VRI	24,020	20,931	18,034	-2,897
VSLI	144,462	136,345	127,927	-8,418
SGLI	2,422,500	2,421,000	2,415,000	-6,000
FSGLI	3,254,000	3,256,000	3,248,000	-8,000
VGLI	426,750	430,100	430,500	400
VI& I (VMLI)	2,395	2,400	2,390	-10
Total number of lives insured	7,056,913	6,994,855	6,915,284	-79,571
Dividends				
USGLI	\$448	\$370	\$350	\$-20
NSLI	184,325	147,170	122,040	-25,130
VRI	5,985	5,030	4,180	-850
VSLI	58,335	53,870	47,900	-5,970
Total Dividends	\$249,093	\$206,440	\$174,470	\$-31,970

The table totals may differ from OMB MAX totals due to rounding.

Proposed Legislation for the 2013 Budget

Make Supplemental Service-Disabled Veterans' Insurance (SDVI) Coverage Available to Veterans over the Age of 65.

This proposal would eliminate the requirement that a veteran apply for supplemental SDVI coverage before he or she attains the age of 65 by amending 38 U.S.C. 1922A. This change would assist the relatively small number of veterans who have expressed a desire for the opportunity; thus, the costs are estimated to be only \$100K in 2013, \$1.0 million over 5 years and \$2.7 million over 10 years.

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Filipino Veterans Equity Compensation Fund

Program Description

The Filipino Veterans Equity Compensation fund was established under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (P.L. 110-329) to make payments to eligible persons who served in the Philippines during World War II. The release of one-time, lump-sum payments payment to eligible WWII Filipino Veterans was subsequently authorized and appropriated by Congress in the American Recovery and Reinvestment Act of 2009 (PL 111-5). These payments are made from the Filipino Veterans Equity Compensation Fund, originally resourced with a \$198,000,000 appropriation (available until expended) established for this purpose. \$82,438,000 was obligated in FY2009.

By the third quarter of FY2010, it was evident that obligations would exceed the original appropriation. The Department concluded that an additional \$67M would be sufficient to meet the most likely final financial obligations of the fund. Congress provided authority to transfer up to \$67 million in unobligated balances from bid savings from the Major Construction account for FY2010 or prior years in section 901, P.L. 111-212. In the event the full \$67 million transfer is not required to meet requirements, any remaining funds will be returned to the Major Construction account for obligations as authorized by law for prior year bid savings.

In order to consider a claim for this lump-sum payment, the Veterans Benefits Administration had to receive an application for this benefit no later than February 16, 2010, which was one year from the date the legislation was enacted. VBA received 45,991 claims by the cutoff date; however, up to 4,000 of those claims may ultimately be determined to be duplicative. Claims had to be made by the Veteran. No other parties are eligible to file a claim for this benefit. In the event an eligible Veteran dies after applying for the benefit, but before receiving the payment, the payment may be made to his surviving spouse. No other family members may receive this payment. Those eligible for the program include the following:

Eligibility

- Persons who served before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States,

- Members of the organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States,
- Persons who served in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945,
- All persons must have been discharged or released from service under conditions other than dishonorable.

Payments

Eligible veterans who are **not** United States citizens receive a one-time payment of \$9,000 irrespective of where they reside.

Eligible veterans who **are** United States citizens will receive a one-time payment of \$15,000 irrespective of where they reside.

Checks totaling \$220 million were issued through December 2011; however, approximately \$14 million of those checks have been returned and the funds made available for future obligations, resulting in \$206M in net obligations since 2009.

Filipino Veterans Equity Compensation Status of Funds

(\$ in thousands)

	2009	2010	2011	2012	2013
Obligations	\$82,438	\$113,131	\$10,099	\$9,914	\$9,914
SOY Unobligated Balance	\$0	\$115,562	\$69,431	\$59,332	\$49,418
EOY Unobligated Balance	\$115,562	\$69,431	\$59,332	\$49,418	\$39,504
Appropriation	\$198,000			\$0	
Transfer		\$67,000		\$0	
Outlays	\$82,438	\$113,131	\$69,431	\$9,914	\$9,914

All original claims were adjudicated by the end of September 2011. Estimates of obligations for FY2012 and FY2013 reflect the experience of the resolution of appealed claims from early 2010 through December 2011 and the number of undecided Notices of Disagreement (NOD). 641 appealed claims have been decided with 53% of the decisions resulting in an award. Nearly 3,800 NOD remain to be resolved. In addition, two ongoing legal suits seeking additional award decisions remain a potential source of future obligation requirements.

Administration of the Fund

Section 1002 of P.L. 111-5 also required the submission of specific information in the annual budget submission of the Department:

(k) Reports- The Secretary shall include, in documents submitted to Congress by the Secretary in support of the President's budget for each fiscal year, detailed information on the operation of the compensation fund, including the number of applicants, the number of eligible persons receiving benefits, the amounts paid out of the compensation fund, and the administration of the compensation fund for the most recent fiscal year for which such data is available.

Administration of Filipino Veterans Equity Compensation Fund

Claim Type	Payment Amount	Claims Processed	Claims Paid	Claims Denied	Obligations (Millions)*
Total			18,529		\$221
Filipino Citizen	\$9,000	42,800	9,357	24,271	\$84
U.S. Citizen	\$15,000		9,172		\$137

*From 2009 through January 1, 2012

All claims production is centralized at the Manila Regional Office (RO) in the Philippines. As of September 29, 2011, all initial claims have been adjudicated. The predominant work in FY2012, which may possibly extend into FY2013, is addressing the large number of Notices of Disagreement (NOD's) received. Through December 2011, 4,430 NOD's had been received and projections suggest between the upper limit may be in the 4,500-5,000 range. Of the 4,430 NOD's, 641 have been resolved with another 1,107 pending re-opening by the Manila regional office. The facts, in conjunction with the two ongoing law suits, suggest that this program will continue to operate into FY2013.

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GOE Summary

Appropriation Language

The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and General Administration. Detailed descriptions of VBA and General Administration are provided in Parts 4 and 5 of this volume, respectively.

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Veterans Benefits Administration

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General Operating Expenses, Veterans Benefits Administration

Appropriation Language

For necessary operating expenses of the Veterans Benefits Administration, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail, \$2,164,074,000: Provided, That expenses for services and assistance authorized under paragraphs (1), (2), (5), and (11) of section 3104(a) of title 38, United States Code, that the Secretary of Veterans Affairs determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: Provided further, That of the funds made available under this heading, not to exceed \$113,000,000 shall remain available until September 30, 2014: Provided further, That from the funds made available under this heading, the Veterans Benefits Administration may purchase (on a one-for-one replacement basis only) up to two passenger motor vehicles for use in operations of that Administration in Manila, Philippines.

VBA Mission Statement

The mission of the Veterans Benefits Administration (VBA) is to serve as a leading advocate for Veterans, Servicemembers, and their families, delivering with excellence client-centered and personalized benefits and services that honor their service, assist in their readjustment, enhance their lives, and engender their full trust.

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.

VA Core Values

VA has adopted Core Values and Characteristics that apply universally across the Department. The five Core Values define "who we are," our culture and how we care for Veterans, their families, and other beneficiaries. The Values are Integrity, Commitment, Advocacy, Respect, and Excellence ("I CARE").

Integrity

Act with high moral principle. Adhere to the highest professional standards. Maintain the trust and confidence of all with whom I engage.

Commitment

Work diligently to serve Veterans and other beneficiaries. Be driven by an earnest belief in VA's mission. Fulfill my individual responsibilities and organizational responsibilities.

Advocacy

Be truly Veteran-centric by identifying, fully considering, and appropriately advancing the interests of Veterans and other beneficiaries.

Respect

Treat all those I serve and with whom I work with dignity and respect. Show respect to earn it.

Excellence

Strive for the highest quality and continuous improvement. Be thoughtful and decisive in leadership, accountable for my actions, willing to admit mistakes, and rigorous in correcting them.

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2013 budget submission.

Program Highlights

Organizational Transformation

VBA continues to transform into a Veteran-centric, results-driven, and forward-looking organization. This transformation reflects the demands of emerging information technologies, changing demographic realities, and renewed commitments to today's Veterans.

VBA's Transformation Plan includes people, process, and technology initiatives to eliminate the disability claims backlog, improve decision quality, and increase Veterans' access to VA benefits and services. The transformation initiatives will also impact the culture of VBA by demonstrating our advocacy for Veterans and their families and survivors. VBA will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, and that implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

People

VBA's employees are the key to our success. Our employees are leading advocates for Veterans, Servicemembers, their families, and survivors. We strengthen the expertise of our workforce by incorporating specialization to reduce training time and increase proficiency while emphasizing accountability, quality, and productivity. We create professional development opportunities and expanded leadership development programs to ensure competent, forward-looking, and results-driven leaders at all levels.

Supporting Initiatives:

A new standardized operating model is being implemented in all regional offices that incorporates a case-management approach to claims

processing. Distinct processing lanes are being established based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims-processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards and our centralized Challenge Training that prepares claims processors to work faster at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace.

We have established dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance staff to assure local reviews are consistently conducted according to national standards.

Processes

VBA has established a “Design Team” concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a Design Team is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy.

Supporting Initiatives:

In the third quarter of 2011, the first Design Team developed an initiative that simplified the rating decision and the decision-notification letter. Implemented nationwide in January 2012, this new decision-notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected disability evaluation.

Additional initiatives include Disability Benefits Questionnaires (DBQs), which are standardized VA examination questionnaires. DBQs ensure complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. The Fully Developed Claims Program (FDC) will continue to focus on increasing the volume of claims received with all necessary information needed to make timely and accurate claims decisions, and the DBQs will greatly facilitate the submission of claims under the FDC program. VBA will continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates. Also, rules-based automated processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits.

Technology

An eventual digital, paperless environment will allow for greater exchange of information and increased transparency to our clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VBA to eliminate the claims backlog and increase access to benefits and services to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Department of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value of eBenefits and the ease of enrolling in the system. Our Veterans have told us they want to engage with us online and at a time of their choosing.

Supporting Initiatives:

The Veterans Benefits Management System (VBMS), as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using the VBMS at the Providence Regional Office. This came approximately one year after VA began gathering business requirements for the prototype system, Virtual Regional Office. VA expanded VBMS to the Salt Lake City Regional Office in May 2011, which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA Medical Centers and Veterans Service Organizations. National deployment of VBMS will begin in 2012, with full implementation by the end of 2013.

The Veterans Relationship Management (VRM) initiative engages, empowers and serves Veterans and other claimants with seamless, secure and on-demand access to benefit and service information. VRM transforms the national call centers into service centers by expanding the call agents' authority to update Veterans' accounts and establish eligibility for premium eBenefits accounts. With VRM and through the eBenefits portal, Veterans can submit claims for benefits, administer their accounts, and receive status updates. The eBenefits web portal standardizes claim intake and enables collaboration with VSOs to assist Veterans with all interactions with VA. VBA continues to expand the capabilities available through the eBenefits portal.

Disability Compensation, Pensions and Burial

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 disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA annual claims receipts increased 66 percent from 788,298 in 2005 to 1,311,091 in 2011. Receipts in 2011 include a spike in claims (230,778) for the addition of Agent Orange presumptive disabilities. We anticipate claims receipts of 1,200,000 in 2012 and 1,250,000 in 2013.

The growth in disability claims volume is driven by a number of factors, including our successful outreach efforts; improved access to benefits through the joint VA and Department of Defense (DoD) Pre-Discharge Programs; Agent Orange presumptive disabilities for Veterans who served in the Republic of Vietnam; increased demand as a result of ten years at war; the aging of our Veteran population; new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and post-traumatic stress disorder (PTSD); and the impact of a difficult economy.

VBA expects that the growth in disability claims volume will continue. Over the next few years, VBA expects new and subsequent claims due to the reduction in military force, Servicemembers returning from wars, and Veterans seeking service connection for multiple issues.

The complexity of the workload will continue to grow because Veterans are claiming greater numbers of disabilities and the nature of disabilities such as PTSD, combat injuries, diabetes and related conditions, and environmental diseases is becoming increasingly complex. The number of original disability claims with eight or more claimed disabilities increased 72 percent from 43,655 in 2005 to 75,107 in 2011.

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. VA is also now required to review the claims at more points in the decision process.

In 2011, the pension and fiduciary program functions were separated from the compensation program, creating a separate Pension and Fiduciary Service to address the critical need for greater oversight of pension and fiduciary benefits administration. This change also allows VBA to give greater focus to the complex and challenging workload and policy issues in our compensation program.

The Pension 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 Fiduciary program protects the benefit entitlement paid to Veterans and beneficiaries who are incapable of managing their financial affairs. This protection is provided to ensure VA benefits are used for the care, support, welfare, and needs of those beneficiaries and their VA-recognized dependents.

To improve the timeliness of service delivery in the Pension program and to ensure accurate claims processing, VA administers pension programs through three Pension Management Centers (PMCs) in Philadelphia, Milwaukee, and St. Paul. Consolidation of the Pensions program enabled VA to achieve a 96 percent accuracy level in 2010 and 97 percent in 2011 for pension maintenance claims.

The 2013 funding levels are essential if VBA is to achieve our timeliness and accuracy performance goals and enhance the overall delivery of services and benefits to our Veterans.

Education

VBA's Education programs provide Veterans, Servicemembers, Reservists, and certain family members with educational resources. Our 2013 budget request reflects our commitment to their needs. These programs are meant to assist in the readjustment to civilian life, help the armed forces both recruit and retain members, and provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, made changes to the types of training approved for benefits and in tuition and fee payments, and expanded eligibility under the Post-9/11 GI Bill. The Post-9/11 GI Bill will now include non-college degree programs, such as on-the-job training, flight training, and correspondence courses. P.L. 111-377 modified the tuition and fee payment under the Post-9/11 GI Bill to allow VA to pay all in-state public school costs and created a national cap for training pursued at a private school. It expanded eligibility under the Post-9/11 GI Bill to include National Guard members who performed certain active duty service under title 32 U.S.C. orders. P.L. 111-377 also limits the housing allowance to an amount based on a beneficiary's rate of pursuit and allows those who attend school solely through distance learning to receive a reduced amount. Finally, it eliminated break or interval pay under all education benefit program unless training is interrupted due to an Executive Order of the President or an emergency situation such as a natural disaster or strike.

VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. Five phases have deployed with the Long-Term Solution (LTS). Additional releases through 2012 will implement changes to the Post-9/11 GI Bill required by P.L. 111-377, which will result in changes to the LTS system. This has delayed some of the automation enhancements scheduled to be included in the later releases of the LTS.

In 2013, the focus will be on technological enhancements to expand upon initial end-to-end automation capabilities deployed in 2012. Additional LTS changes will be necessary to meet the requirements of the Department of Treasury's Payment Application Modernization (PAM) Program. PAM is a Department of Treasury initiative to modernize and consolidate its mainframe-based software applications that are used to disburse all federal payments. This initiative will require Federal agencies using Treasury's disbursing services to submit payment file data in a newly developed standard input format.

Section 211 of Public Law 112-56, the Vow to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program for certain unemployed Veterans. The Veterans Retraining Assistance Program offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet in order to participate in the program, which include Veteran's age, employment status, character of discharge, type of training, and other key elements. The number of Veterans who participate in the program may not exceed 45,000 in 2012 and 54,000 during the period beginning on October 1, 2012, and ending on March 31, 2014, when the authority to make payments under the program will terminate. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associates degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the Department of Labor to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments ends on March 31, 2014.

VA is committed to providing a reliable and beneficial service to Veterans and others using VA education benefits. Drastic increases in trainees and continuous high-level interest in VA education programs require VA, more than ever, to provide efficient and effective service to beneficiaries that enables them to meet education and training objectives. VA's understanding of service delivery has expanded. VA is continuing to strive for improved education claims processing timeliness and accuracy. VA has also expanded the support provided to students throughout their educational career and ensures students are afforded the best opportunity to graduate and become gainfully employed.

Education Service will continue to work with our partners and stakeholders, such as the DoD, 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, Guardsman, and dependents about VA's educational programs.

Vocational Rehabilitation and Employment

Vocational Rehabilitation and Employment (VR&E) is a Veteran-centric program providing the services and assistance necessary to enable Veterans with service-connected disabilities to become employable and obtain and maintain suitable employment or, to the maximum extent feasible, achieve independence in daily living.

In 2012, VBA will rehabilitate an estimated 11,500 Veterans through placement in suitable employment or gains in independence in daily living. We anticipate the number of individuals leaving military service and being rehabilitated through VR&E services will increase. VR&E also anticipates an increase in participants as a result of P.L. 111-377, effective August 1, 2011. The new law allows a Veteran entitled to services under Chapter 31, who is also eligible to receive education benefits through Chapter 33, to elect an alternate payment based on a military housing allowance in lieu of the regular Chapter 31 subsistence allowance. This rate is higher than the current Chapter 31 rate in most locations and because of that, we anticipate more Veterans who are eligible for Chapter 33 education benefits will instead apply for Chapter 31 benefits. We will continue to provide outreach to Servicemembers in order to assist in their transition and entrance into one of VR&E's five tracks leading toward achievement of rehabilitation goals.

VR&E will continue to provide services to improve independence in daily living to Veterans with severe service-connected disabilities who cannot currently consider work. The Veterans Benefits Act of 2010, P.L. 111-275, increased the number of Veterans who may enter an independent living plan from 2,600 to 2,700.

In 2012, VR&E will expand its efforts for early intervention to support successful reintegration by physically placing vocational rehabilitation counselors (VRCs) at Integrated Disability Evaluation System (IDES) locations estimated to serve 12,000 Servicemembers. The VRCs will provide vocational evaluations, develop rehabilitation plans, and assist Servicemembers beginning their vocational rehabilitation. The IDES process allows Servicemembers to go through a medical evaluation board prior to separation. By integrating VRCs into the IDES process, Servicemembers will receive vocational rehabilitation services upon referral to the physical evaluation board and prior to their separation from active duty. This early intervention dramatically improves the accessibility of benefits to service-connected disabled Veterans.

VR&E continues to work collaboratively with VA's Education Service to provide continued outreach and guidance to Servicemembers and Veterans eligible for the Post-9/11 GI Bill and other education programs. This includes piloting outreach programs on campuses with high Veteran populations. The VetSuccess on Campus pilot sites are a collaborative effort between the University of South Florida, San Diego State University, Cleveland State University, Salt Lake City Community College, Community College of Rhode Island, Rhode Island College, Arizona State University, Texas A&M - Central Texas, and VA. VR&E has placed full-time VRCs on campus to provide a full range of services to Post-9/11 Veterans, including benefits information and assistance, educational/vocational counseling, and readjustment counseling. In 2012, VetSuccess on Campus will be

operational at 28 campuses. VR&E Service will expand the VetSuccess on Campus program to a total of 80 campuses in 2013, serving a total of approximately 80,000 Veterans.

VR&E continues to partner with Federal, state, and private sector agencies and organizations. VR&E also continues to expand partnerships with faith-based and community organizations. In conjunction with the VR&E program, partners collaborate to facilitate Veterans' adjustment to the workplace, enhance self-awareness, and connect Veterans to employers. Vital partnerships include: DoD, Department of Labor's Veterans Employment and Training Service, Federal Aviation Administration, General Services Administration, Social Security Administration, Internal Revenue Service, Council of State Administrators of Vocational Rehabilitation, Rehabilitation Services Administration, Centers for Independent Living, Easter Seals, and small and large businesses and enterprises.

Coming Home to Work (CHTW) is VR&E's primary early intervention and outreach program for Servicemembers and new Veterans. CHTW provides expedited entry into VR&E services to assist transitioning Servicemembers and new Veterans to develop skills needed to transition to civilian employment, determine the suitability of potential careers, gain work experience, and obtain jobs.

The expansion of the Disability Transition Assistance Program (DTAP) will allow VR&E to provide increased and customized informational briefings regarding VR&E benefits to Servicemembers, Veterans, and members of the Reserves and National Guard who have, or suspect they have, a service-connected disability, an injury or illness that was aggravated by service, or are being separated or retiring due to a service-connected disability.

Through VR&E's business process reengineering project, we will enhance direct Veteran services by streamlining processes, speeding Veteran entry into VR&E services, and simplifying functions allowing professional staff to work efficiently and focus core work time in providing direct Veteran counseling and job-placement assistance. This project will support the implementation of currently identified process improvements to reduce cycle time, enhance staffing models and performance, and improve case-management technologies. It also supports the constant refinement of the future state of VR&E.

VR&E continues to develop the VetSuccess.gov Web site to enhance content and provide a dynamic resource that is constantly adapted to meet Veterans' needs. In addition to hosting the VetSuccess.gov Web site, VR&E also currently partners with the Department of Defense and Department of Labor on Veterans' employment and has a link to the National Resource Directory Web site on VA's

VetSuccess.gov Web site. In 2012, VetSuccess.gov will continue to meet the needs of Veterans seeking career opportunities and employers searching for qualified Veterans to hire. The number of new registrations has increased by 77 percent from 2010. As of September 2011, 91,172 Veterans have registered on the site; 40 percent of Veteran registrations occurred in 2011.

Housing

The Housing program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. VA's partial guaranty on loans made by private lenders enables our clients to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance.

In 2011, VA guaranteed 357,594 loans. In 2012, VA expects yearly loan volume will decrease to 304,900, reflecting decreased demand for refinance loans and relatively stable demand for purchase loans. In 2013, VA estimates the yearly loan volume will decrease to 228,400, reflecting continued demand for purchase loans and decreased demand for refinance loans.

Some of our clients, like other homeowners, experience financial difficulties that may cause them to default on their home loans. The earlier the default is addressed, the more options are available to help avoid foreclosure. To assist our clients earlier in the default process, VA has delegated more loss-mitigation authority to private sector loan servicers. This authority enables servicers to help our clients receive the most advantageous resolution option based on their circumstances. Additionally, servicers are required to report all data electronically, which results in a paperless process. Electronically reported data allows VA to more effectively manage the portfolio of VA-guaranteed loans, resulting in better service to our clients.

Insurance

The Insurance program provides Servicemembers and their families with universally available life insurance, as well as traumatic injury protection insurance for Servicemembers. It also provides for the conversion to a permanent plan or renewable term insurance policy after a Servicemember's separation from service. In addition, the program provides life insurance to Veterans who can no longer purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service. It also administers legacy programs closed to new issues for Veterans from the WWII and Korean War eras.

VA insurance programs provide \$1.4 trillion of insurance coverage to 2.4 million Servicemembers, 1.4 million Veterans, and 3.3 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 that meet or beat private insurance industry benchmarks, 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, co-located with the VA Regional Office in Philadelphia, PA, provides Veterans and their dependents a full range of insurance services for those policies directly administered by VA. The Insurance Center is responsible for collecting premiums, operating a nationwide call center, 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 death awards, which is considered the single most important service provided by the Insurance program.

The workload associated with maintaining and processing insurance benefits for our World War II and Korean War era programs is declining in line with the advancing age of our policyholders. However, the workload trend for programs that serve our disabled Veterans has been increasing. This upward trend is projected to continue partly as a result of the new presumptive conditions that expanded eligibility criteria. In addition, Insurance established an outreach unit in 2011 that contacts recently separated Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100-200 per month to 1,000-1,500 per month

In 2011, the Insurance program obligated \$2.8 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, dividends, policy loans, cash surrender benefits, and traumatic injury protection payments. In 2013, the Insurance program will obligate a projected \$2.5 billion to Servicemembers, Veterans, and their beneficiaries while continuing to maintain its already high level of performance and client satisfaction and meet the anticipated rise in our clients' expectations.

We continue to transform Insurance operations and procedures by maintaining a paperless electronic workflow system. This system contributes to maintaining a high level of client satisfaction due to increased processing efficiencies. We will continue to provide world-class service through our toll-free telephone service and continue to enhance our current alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and our self-service Web site. Clients and stakeholders can also subscribe to an online newsletter that informs them of benefits and services. In addition, we are designing and developing Web-based training programs to meet the emerging training needs of our employees and stakeholders to better serve our Veterans, Servicemembers, and their beneficiaries.

Total VBA Summary					
Summary of Discretionary Appropriation Highlights					
(dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	18,033	18,203	18,646	18,767	121
Management Direction and Support	1,957	2,118	2,000	1,990	-10
Total FTE	19,990	20,321	20,646	20,757	111
Obligations					
Personal Services	\$1,708,636	\$1,730,432	\$1,740,370	\$1,842,841	\$102,471
Travel	33,576	29,052	29,052	29,052	0
Interagency Motor Pool	4,146	3,980	3,980	3,937	-43
Transportation of Things	1,901	2,141	2,141	2,093	-48
Rent, Communications & Utilities	166,297	178,872	179,113	184,261	5,148
Printing	2,481	4,020	4,020	4,020	0
Other Services	528,269	416,540	424,290	500,704	76,415
Supplies and Materials	19,524	15,721	13,328	10,914	-2,414
Equipment	27,021	19,349	19,349	20,138	789
Insurance Claims	1,222	454	454	450	-4
Total Administrative Obligations	\$2,493,073	\$2,400,561	\$2,416,096	\$2,598,410	\$182,314
Reimbursements	-\$327,740	-\$381,797	-\$389,780	-\$434,336	-\$44,555
Unobligated SOY	-\$41,762	\$0	-\$7,552	\$0	\$7,552
GOE Unobligated Balance	-\$120	\$0	\$0	\$0	\$0
GOE Carry Over	-\$41,601	\$0	-\$7,500	\$0	\$7,500
Recycling	-\$41	\$0	-\$52	\$0	\$52
Unobligated EOY	\$7,672	\$0	\$0	\$0	\$0
GOE Unobligated Balance	\$120	\$0	\$0	\$0	\$0
GOE Carry Over	\$7,500	\$0	\$0	\$0	\$0
Recycling	\$52	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$1,259	\$0	\$0	\$0	\$0
Total Appropriation	\$2,132,502	\$2,018,764	\$2,018,764	\$2,164,074	\$145,310
Outlays (net)	\$2,232,616	\$2,102,279	\$1,990,681	\$2,094,700	\$104,019

The following charts summarize VBA's 2013 discretionary budget request by program.

Disability Compensation, Pensions & Burial Summary of Discretionary Appropriation Highlights (dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,599	13,099	12,881	13,081	200
Direct Pensions	1,322	1,104	1,322	1,322	0
Direct Burial	117	117	117	117	0
Total Direct FTE	14,038	14,320	14,320	14,520	200
Management Direction and Support	1,515	1,663	1,542	1,535	-7
Total FTE	15,553	15,983	15,862	16,055	193
Obligations					
Personal Services	\$1,320,597	\$1,342,411	\$1,322,572	\$1,400,408	\$77,836
Travel	26,935	21,201	21,201	21,411	210
Interagency Motor Pool	3,261	3,067	3,067	3,037	-30
Transportation of Things	1,355	1,629	1,629	1,634	5
Rent, Communications & Utilities	130,701	138,144	138,385	142,729	4,344
Printing	1,943	2,803	2,803	2,824	21
Other Services	407,988	336,669	344,419	416,161	71,743
Supplies and Materials	15,294	12,224	10,352	8,207	-2,145
Equipment	22,279	14,999	14,999	14,043	-956
Insurance Claims	435	360	360	361	1
Total Administrative Obligations	\$1,930,788	\$1,873,507	\$1,859,787	\$2,010,815	\$151,029
Reimbursements	-\$179,385	-\$209,237	-\$217,221	-\$261,251	-\$44,030
Unobligated SOY	-\$41,762	\$0	-\$7,552	\$0	\$7,552
GOE Unobligated Balance	-\$120	\$0	\$0	\$0	\$0
GOE Carry Over	-\$41,601	\$0	-\$7,500	\$0	\$7,500
Recycling	-\$41	\$0	-\$52	\$0	\$52
Unobligated EOY	\$7,672	\$0	\$0	\$0	\$0
GOE Unobligated Balance	\$120	\$0	\$0	\$0	\$0
GOE Carry Over	\$7,500	\$0	\$0	\$0	\$0
Recycling	\$52	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$1,259	\$0	\$0	\$0	\$0
Total Appropriation	\$1,718,572	\$1,664,270	\$1,635,014	\$1,749,564	\$114,551
Outlays (net)	\$1,840,305	\$1,754,578	\$1,610,818	\$1,693,997	\$83,179

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,782	1,429	1,861	1,672	-189
Management Direction and Support	185	166	169	177	8
Total FTE	1,967	1,595	2,030	1,849	-181
Obligations					
Personal Services	\$153,654	\$118,077	\$146,476	\$147,667	\$1,191
Travel	2,015	1,915	1,915	1,915	0
Interagency Motor Pool	391	285	285	287	2
Transportation of Things	196	90	90	91	1
Rent, Communications & Utilities	16,280	13,230	13,230	13,804	574
Printing	234	757	757	762	5
Other Services	31,462	14,507	14,507	14,603	96
Supplies and Materials	1,684	977	734	512	-222
Equipment	2,318	1,218	1,218	1,226	8
Insurance Claims	33	33	33	34	1
Total Administrative Obligations	\$208,267	\$151,089	\$179,245	\$180,901	\$1,656
Reimbursements	-\$216	-\$529	-\$529	-\$537	-\$8
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$208,051	\$150,560	\$178,716	\$180,364	\$1,648
Outlays (net)	\$195,174	\$150,930	\$179,447	\$176,700	-\$2,747

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	746	838	838	820	-18
Management Direction and Support	88	97	97	87	-10
Total FTE	834	935	935	907	-28
Obligations					
Personal Services	\$78,576	\$90,544	\$90,653	\$93,069	\$2,416
Travel	1,816	2,253	2,253	2,043	-210
Interagency Motor Pool	214	300	300	241	-59
Transportation of Things	104	198	198	117	-81
Rent, Communications & Utilities	5,219	9,700	9,700	7,758	-1,942
Printing	76	145	145	85	-60
Other Services	29,492	32,775	32,775	33,673	898
Supplies and Materials	811	731	622	681	59
Equipment	777	430	430	874	444
Insurance Claims	13	25	25	15	-10
Total Administrative Obligations	\$117,098	\$137,101	\$137,101	\$138,556	\$1,455
Reimbursements	-\$117,098	-\$137,101	-\$137,101	-\$138,556	-\$1,455
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$0	\$0	\$0	\$0

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

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,163	1,286	1,297	1,442	145
Management Direction and Support	121	149	149	152	3
Total FTE	1,284	1,435	1,446	1,594	148
Obligations					
Personal Services	\$128,978	\$149,535	\$150,804	\$172,461	\$21,657
Travel	2,689	3,525	3,525	3,525	0
Interagency Motor Pool	267	315	315	359	44
Transportation of Things	245	222	222	249	27
Rent, Communications & Utilities	10,819	14,300	14,300	16,605	2,305
Printing	198	285	285	319	34
Other Services	58,243	31,495	31,495	35,284	3,789
Supplies and Materials	1,528	1,460	1,291	1,229	-62
Equipment	1,643	2,407	2,407	3,698	1,291
Insurance Claims	741	36	36	40	4
Total Administrative Obligations	\$205,351	\$203,580	\$204,680	\$233,769	\$29,089
Reimbursements	-\$327	-\$343	-\$343	-\$346	-\$3
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$205,024	\$203,237	\$204,337	\$233,423	\$29,086
Outlays (net)	\$196,481	\$196,223	\$199,835	\$223,423	\$23,588

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	304	330	330	313	-17
Management Direction and Support	48	43	43	39	-4
Total FTE	352	373	373	352	-21
Obligations					
Personal Services	\$26,831	\$29,865	\$29,865	\$29,235	-\$630
Travel	121	158	158	158	0
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	1	2	2	2	0
Rent, Communications & Utilities	3,278	3,498	3,498	3,365	-133
Printing	30	30	30	30	0
Other Services	1,084	1,094	1,094	983	-111
Supplies and Materials	207	329	329	285	-44
Equipment	4	295	295	297	2
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	\$31,569	\$35,284	\$35,284	\$34,368	-\$916
Reimbursements	-\$30,714	-\$34,587	-\$34,586	-\$33,646	\$940
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$855	\$697	\$697	\$722	\$25
Outlays (net)	\$656	\$548	\$581	\$580	-\$1

The following is a brief summary of the resources and FTE planned for each initiative. Complete descriptions of the initiatives can be found the respective program chapters.

2013 President's Budget Submission								
VBA Initiative Investments (000s)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Transformation Plan	836	29,093	29,929	10	1,387	17,053	18,440	16
Veterans Benefits Management System Initiative	3,343	31,763	35,106	40	3,468	32,243	35,711	40
C&P Subtotal	\$4,179	\$60,856	\$65,035	50	\$4,855	\$49,296	\$54,151	56
VBA-Wide:								
Veterans Relationship Management	1,109	5,104	6,213	13	1,733	5,186	6,919	20
VBA-Wide Subtotal	\$1,109	\$5,104	\$6,213	13	\$1,733	\$5,186	\$6,919	20
C&P Total	\$5,288	\$65,960	\$71,248	63	\$6,588	\$54,482	\$61,070	76
EDUCATION								
Education Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide:								
Veterans Relationship Management	85	385	470	1	87	385	472	1
VBA-Wide Subtotal	\$85	\$385	\$470	1	\$87	\$385	\$472	1
Education Total	\$85	\$385	\$470	1	\$87	\$385	\$472	1
VOCATIONAL REHABILITATION & EMPLOYMENT								
Integrated Disability Evaluation System Expansion to VR&E	10,123	6,118	16,241	110	18,218	5,707	23,925	200
VetSuccess on Campus	2,638	256	2,894	27	7,318	1,501	8,819	79
VR&E Subtotal	\$12,761	\$6,374	\$19,135	137	\$25,536	\$7,208	\$32,744	279
VBA-Wide:								
Veterans Relationship Management	85	532	617	1	87	532	619	1
VBA-Wide Subtotal	\$85	\$532	\$617	1	\$87	\$532	\$619	1
VR&E Total	\$12,846	\$6,906	\$19,752	138	\$25,623	\$7,740	\$33,363	280
HOUSING								
Housing Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide:								
Veterans Relationship Management	85	279	364	1	87	279	366	1
VBA-Wide Subtotal	\$85	\$279	\$364	1	\$87	\$279	\$366	1
Housing Total	\$85	\$279	\$364	1	\$87	\$279	\$366	1
INSURANCE	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Veterans Relationship Management	1,365	6,300	7,665	16	1,994	6,382	8,376	23
VBA-Wide Subtotal	\$1,364	\$6,300	\$7,664	16	\$1,994	\$6,382	\$8,376	23
TOTAL OBLIGATIONS	\$18,304	\$73,530	\$91,834	203	\$32,385	\$62,886	\$95,271	358



Disability Compensation, Pensions, & Burial

Mission

This budget, in conjunction with the Office of Information and Technology budget, supports VA's transformation into a 21st century organization.

The mission of the Compensation, Pensions, and Burial programs is to honor the service of Veterans through compensation for service-disabled Veterans and certain qualifying survivors, income-support payments for qualifying wartime Veterans and their survivors, and assistance with dignified burials of Veterans.

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

The pension program provides monthly payments to eligible wartime Veterans who have attained age 65 or are permanently and totally disabled as a result of a disability not related to military service and to eligible surviving spouses and dependent children of deceased wartime Veterans.

The burial program provides assistance with the burial of Veterans whose post-service death was due to or hastened by a service-connected disability or who were considered permanently and totally disabled as a result of service-connected disabilities for a specified period of time immediately preceding death. The burial program provides a lesser burial and plot allowance to assist with the burial of Veterans not entitled to the service-connected burial benefit but who were receiving benefits from VA; were entitled to benefits from VA, but for the failure to waive military retired pay; or died while hospitalized at VA or at VA expense. Certain qualifying Veterans are also entitled to reimbursement of certain transportation charges associated with their burial.

Stakeholders

Stakeholders include any Veteran, dependent of a Veteran, survivor of a Veteran, interest groups, and partners such as the Veterans Health Administration (VHA), National Cemetery Administration (NCA), Board of Veterans' Appeals (BVA), Veterans Service Organizations (VSOs), Department of Defense (DoD), National Archives and Records Administration (NARA), Department of Labor (DOL), and Social Security Administration (SSA).

Disability Compensation, Pensions & Burial					
Summary of Discretionary Appropriation Highlights					
(dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,599	13,099	12,881	13,081	200
Direct Pensions	1,322	1,104	1,322	1,322	0
Direct Burial	117	117	117	117	0
Total Direct FTE	14,038	14,320	14,320	14,520	200
Management Direction and Support	1,515	1,663	1,542	1,535	-7
Total FTE	15,553	15,983	15,862	16,055	193
Obligations					
Personal Services	\$1,320,597	\$1,342,411	\$1,322,572	\$1,400,408	\$77,836
Travel	26,935	21,201	21,201	21,411	210
Interagency Motor Pool	3,261	3,067	3,067	3,037	-30
Transportation of Things	1,355	1,629	1,629	1,634	5
Rent, Communications & Utilities	130,701	138,144	138,385	142,729	4,344
Printing	1,943	2,803	2,803	2,824	21
Other Services	407,988	336,669	344,419	416,161	71,743
Supplies and Materials	15,294	12,224	10,352	8,207	-2,145
Equipment	22,279	14,999	14,999	14,043	-956
Insurance Claims	435	360	360	361	1
Total Administrative Obligations	\$1,930,788	\$1,873,507	\$1,859,787	\$2,010,815	\$151,029
Reimbursements	-\$179,385	-\$209,237	-\$217,221	-\$261,251	-\$44,030
Unobligated SOY	-\$41,762	\$0	-\$7,552	\$0	\$7,552
GOE Unobligated Balance	-\$120	\$0	\$0	\$0	\$0
GOE Carry Over	-\$41,601	\$0	-\$7,500	\$0	\$7,500
Recycling	-\$41	\$0	-\$52	\$0	\$52
Unobligated EOY	\$7,672	\$0	\$0	\$0	\$0
GOE Unobligated Balance	\$120	\$0	\$0	\$0	\$0
GOE Carry Over	\$7,500	\$0	\$0	\$0	\$0
Recycling	\$52	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$1,259	\$0	\$0	\$0	\$0
Total Appropriation	\$1,718,572	\$1,664,270	\$1,635,014	\$1,749,564	\$114,551
Outlays (net)	\$1,840,305	\$1,754,578	\$1,610,818	\$1,693,997	\$83,179

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

Summary of Budget Request

Budget authority of \$1.7 billion is requested to fund the discretionary portion of the Disability Compensation, Pensions, and Burial programs. The request will fund the administrative expenses of 16,055 FTE, the January 1, 2013, 0.5 percent pay raise, the associated level of fringe benefits, and inflationary expenses.

Changes from Original 2012 Budget Estimate

Obligations decrease \$13.7 million from the original budget estimate to support the realignment of FTE and funding to VA's Education program. This is necessary to support additional workload resulting from legislative changes made by Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, and Public Law 112-56, the Vow to Hire Heroes Act of 2011. Further, the 2012 current estimate reflects the realignment of staff to the newly created Pension and Fiduciary Service. Total obligations are not affected by this realignment.

Changes from 2012 Current Estimate to 2013 Request

Obligations increase \$151.0 million. Personal services obligations increase \$72.8 million for an additional 200 FTE to support expansion of VA's Supportive Services for Veteran Families homeless program, the January 1, 2013, 0.5 percent pay raise, the associated level of fringe benefits costs and the anticipated changes to staff composition. Travel obligations increase to support training for claims processors to meet the Secretary's goal of eliminating the claims backlog and improving accuracy to 98 percent by 2015. Other services increases \$71.7 million to support increased contract medical examinations; development of the Voice of the Veteran survey tool; analytical support to enhance predictive analytics and improve benefits delivery; oversight services to ensure responsible management of fiduciary assets; increased must-fund requirements to internal and external customers, such as the Department of Homeland Security for guard services; and increased costs associated with equipment maintenance and repair services for regional offices.

**Disability Compensation, Pensions & Burial
Analysis of Discretionary Increases and Decreases**

(dollars in thousands)

	2012 Estimate	2013 Request
Prior Year Obligations	\$1,930,788	\$1,859,787
Prior Year FTE	15,553	15,862
Adjustments:		
FTE	309	193
Personal Services	\$1,975	\$77,836
Travel	-5,734	210
Interagency Motor Pool	-194	-30
Transportation of Things	274	5
Rent, Communications & Utilities	7,684	4,344
Printing	860	21
Other Services	-63,569	71,742
Supplies and Materials	-4,942	-2,145
Equipment	-7,280	-956
Insurance Claims	-75	1
Net Change	-\$71,001	\$151,028
Estimated Obligations	\$1,859,787	\$2,010,815
Total FTE	15,862	16,055

**Disability Compensation, Pensions & Burial
Average Salary Analysis**

2011 Average Salary (261 days)	\$60,895
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-2,362
One day adjustment	-224
Regular benefits percentage	28.3%
2011 Average Cost	\$84,909
2012 Average Salary (260 days)	\$58,308
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	219
Change in staff composition	-141
One day adjustment	225
Regular benefits percentage	30.1%
2012 Average Cost	\$83,377
2013 Average Salary (261 days)	\$58,610
Regular benefits percentage	32.8%
2013 Average Cost	\$87,226

Program Highlights

Organizational Transformation

VBA continues to transform into a high-performing, 21st century organization – one that adapts to new realities, leverages new technologies, and serves a changing population of Veterans with renewed commitment. We are building our organization around three guiding principles: we will be *people-centric, results-driven*, and, by necessity, *forward-looking*.

VBA's Transformation Plan includes people, process, and technology initiatives to eliminate the disability claims backlog, improve decision quality, and increase Veterans' access to VA benefits and services. The transformation initiatives will also impact the culture of VBA by demonstrating our advocacy for Veterans and their families and survivors. VBA will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, and that implementation and training are carefully planned and executed using a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

People

VBA's employees are the key to our success. Our employees are leading advocates for Veterans, Servicemembers, their families, and survivors. We strengthen the expertise of our workforce by incorporating specialization to reduce training time and increase proficiency while emphasizing accountability, quality, and productivity. We create professional development opportunities and expanded leadership development programs to ensure competent, forward-looking, and results-driven leaders at all levels.

Supporting Initiatives:

A new standardized operating model is being implemented in all regional offices that incorporates a case-management approach to claims processing. Distinct processing lanes are being established based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims-processing issues to minimize rework and reduce processing time. More easily rated claims move quickly through the system, and the quality of our decisions improves by assigning our more experienced and skilled employees to the more complex claims.

VA is increasing the expertise of our workforce and the quality of our decisions through national training standards and our centralized Challenge Training that prepares claims processors to work faster at a higher quality level. Our training and technology skills programs will continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace.

We have established dedicated teams of quality review specialists at each regional office. These teams will evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance staff to assure local reviews are consistently conducted according to national standards.

Processes

VBA has established a “Design Team” concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, automated processing tools, and innovative workplace incentive programs. The goal of a Design Team is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy.

Supporting Initiatives:

In the third quarter of 2011, the first Design Team developed an initiative that simplified the rating decision and the decision-notification letter. Implemented nationwide in January 2012, this new decision-notification process streamlines and standardizes the development and communication of claims decisions. This initiative also includes a new employee job aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected disability evaluation.

Additional initiatives include Disability Benefits Questionnaires (DBQs), which are standardized VA examination questionnaires. DBQs ensure complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. The Fully Developed Claims (FDC) Program will continue to focus on increasing the volume of claims received with all necessary information needed to make timely and accurate claims decisions, and the DBQs will greatly facilitate the submission of claims under the FDC program. VBA will continue to work with the VSO community to identify ways to boost FDC program participation and better inform and serve Veterans and their advocates. Also,

rules-based automated processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits.

Technology

An eventual digital, paperless environment will allow for greater exchange of information and increased transparency to our clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VBA to eliminate the claims backlog and increase access to benefits and services to better serve Veterans and their families. Our strategy includes active stakeholder participation (Veterans Service Officers, State Department of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and claims pre-scanned through online claims submission using the eBenefits web portal. VBA has aggressively promoted the value of eBenefits and the ease of enrolling in the system. Our Veterans have told us they want to engage with us online and at a time of their choosing.

Supporting Initiatives:

The Veterans Benefits Management System (VBMS), as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using the VBMS at the Providence Regional Office. This came approximately one year after VA began gathering business requirements for the prototype system, Virtual Regional Office. VA expanded VBMS to the Salt Lake City Regional Office in May 2011, which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA Medical Centers and Veterans Service Organizations. National deployment of VBMS will begin in 2012, with full implementation by the end of 2013.

The Veterans Relationship Management (VRM) initiative engages, empowers and serves Veterans and other claimants with seamless, secure and on-demand access to benefit and service information. VRM transforms the national call centers into service centers by expanding the call agents' authority to update Veterans' accounts and establish eligibility for premium eBenefits accounts. With VRM and through the eBenefits portal, Veterans can submit claims for benefits, administer their accounts, and receive status updates. The eBenefits web portal standardizes claim intake and enables collaboration with VSOs to assist Veterans with all interactions with VA. VBA continues to expand the capabilities available through the eBenefits portal.

Rating Schedule Modernization

VA is updating and revising the VA Schedule for Rating Disabilities (VASRD) to more accurately reflect rating criteria based on current medical principles and the impact on earnings in the modern economy. In connection with this update, public forums were conducted to capture current medical science information, and George Washington University (GWU) is conducting an earnings loss study for the Musculoskeletal System. GWU and VA have formed relationships with DoD, IRS, and SSA to securely obtain relevant earnings data.

Workload

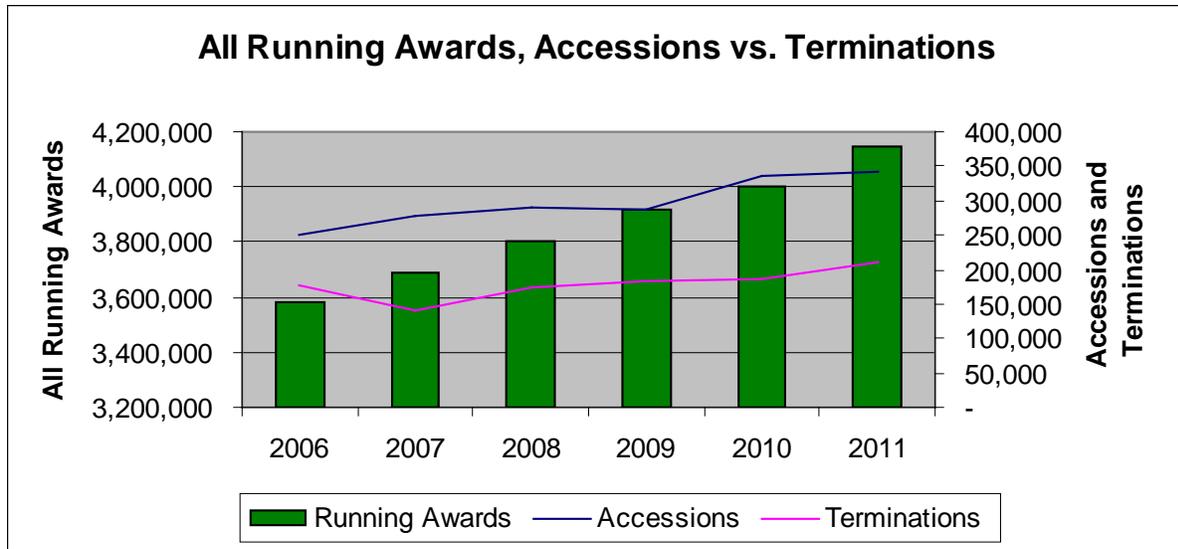
The following chart provides a summary of VBA disability determination workload and FTE projections, discussed in greater detail in this section.

Projected Workload and FTE Requirements	2010	2011	2012 Estimate	2013 Estimate
C&P Direct Labor FTE	13,555	14,039	14,320	14,520
Receipts	1,192,346	1,311,091*	1,200,000	1,250,000
Year-end Inventory	531,698	810,455	835,455	685,455
Production	1,076,983	1,032,334	1,175,000	1,400,000
Average Days to Complete Compensation and Pension Rating Related Claims	166**	188	230	200
Average Days to Complete Pension Entitlement Claims	132	113	109	90
Average Days to Complete Pension Maintenance Claims	105	109	105	105

*Reflects increased receipts (230,778) resulting from the addition of Agent Orange presumptive conditions.

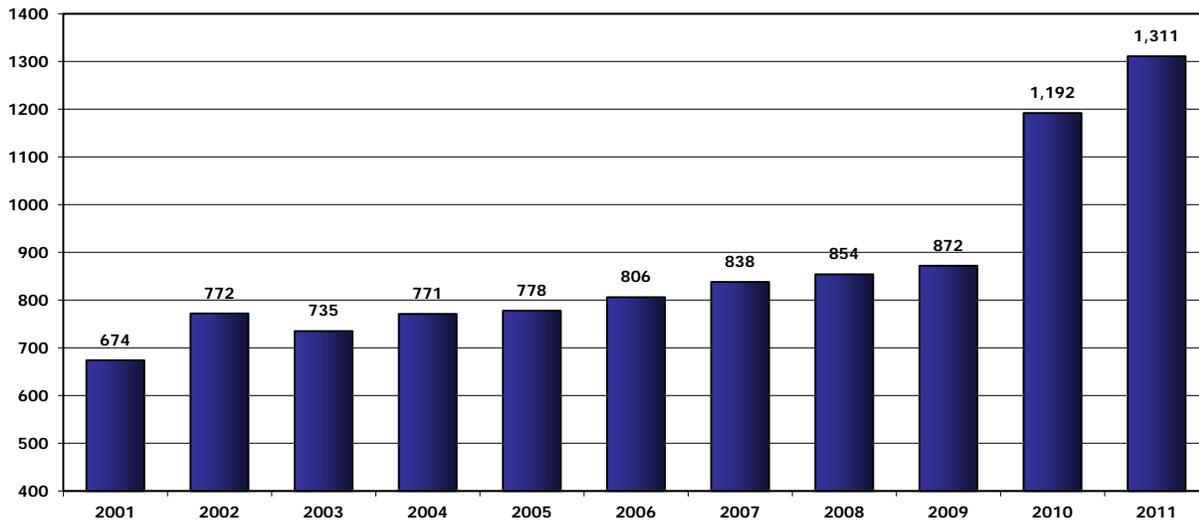
**Corrected

Since 2001, the demand for benefits and services from Veterans, dependents and survivors has steadily increased. Accessions have outpaced terminations each of the last 10 years.



The growth in the number of Veterans and survivors filing for and receiving benefits results in increased follow-on work. This includes award adjustments due to dependency changes; requests for ancillary benefits such as automobile grants, clothing allowances and housing grants; income adjustments in need-based programs; requests for eligibility certifications for use in determining entitlement to benefits and services from other agencies; program reviews; and appeals when Veterans disagree with one or more parts of VA’s determination. Historically, VBA has found that characterizing work in terms of claims requiring disability assessments received and completed (called rating claims) is a good proxy for overall client demand.

Received Disability Rating Claims
(#s in 000s)



Over the past 10 years, disability rating claims received from Veterans have grown at a tremendous rate. This growth is driven by a number of factors, including our extensive outreach efforts; improved access to benefits through the joint VA and DoD Pre-Discharge programs; Agent Orange presumptive disabilities for Veterans who served in the Republic of Vietnam; increased demand as a result of ten years at war; the aging of our Veteran population; new regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and posttraumatic stress disorder; and the impact of a difficult economy.

VBA is forecasting that the growth in disability claims volume will continue. Over the next few years, VBA expects new and subsequent claims due to Servicemembers returning from wars, and Veterans seeking service connection for complications of serious injuries characteristic of the recent mid-east conflicts, such as traumatic brain injury.

Although the workload in the last ten years has nearly doubled, with additional employees, advanced technologies, and training, VBA completed an unprecedented number of disability claims. For the second consecutive year, VBA completed over 1 million disability claims in 2011. VBA expects production levels to continue to increase each year through transformational process changes and technological advances.

Unprecedented growth in received claims has driven VBA's claims inventory projections to historic levels as well. Our pending inventory is projected to continue to increase into 2012 as a result of the increased claims volume. However, new business processes and technologies will enable us to increase production in 2013,

and we project that our decisions on claims will outpace claims receipts, allowing us to reduce our pending inventory.

VBA assigns work credits for various types of work performed. These work credits assist VBA in monitoring the workload, i.e., tracking and reporting on claims. This system additionally acts as a management tool to monitor individual and regional office performance. This work is aggregated into the categories listed below.

- ✓ **Compensation and Pension Entitlement Claims** - claims that traditionally require a rating decision.
 - **Compensation Entitlement** - Claims filed by Veterans for benefits based upon the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. Also includes claims received from surviving spouses, dependent children, and dependent parents based upon the Veteran's death due to service-related causes.
 - **Pension Entitlement** - Claims for benefits from Veterans and survivors that have never before applied for pension, as well as claims for aid and attendance, and housebound benefits. Some pension entitlement claims require a rating decision.

- ✓ **Additional Compensation Workload**
 - **Compensation Award Adjustments** - Involves the modification of benefits based upon additional ancillary factors. Such activity usually occurs when a Veteran or survivor is currently entitled and receiving benefits, such as adjudication of dependency issues.
 - **Compensation Program Reviews** - These actions are not initiated by Veterans or survivors. All program integrity actions are initiated by internal VBA controls and mandates. These actions are classified as internal controls necessary to audit, review, and ensure that benefits and entitlements are proper and the intent of laws and regulations is being followed.
 - **Compensation Other** - Combination of workload received from Veterans, survivors, and internal sources that do not have any effect on entitlement, nor do they require any adjustment to monetary benefits, such as responding to Freedom of Information Act (FOIA) requests.

- ✓ **Additional Pension Workload**
 - **Pension Award Adjustments** - Involve the modification of benefits based upon income changes.
 - **Pension Program Reviews** - These actions are not initiated by Veterans or survivors. All program review actions are initiated by internal VBA controls and mandates. These actions are classified as internal controls necessary to

audit, review, and ensure that benefits and entitlements are proper and the intent of laws and regulations is being followed.

- **Pension Other** - Combination of workload from Veterans, survivors, and internal sources that do not have any effect on entitlement, nor do they require any adjustment to monetary benefits.

✓ **Other Workload**

- **Burial** - Provides honor and assistance with the burial of Veterans through an enhanced burial benefit for those whose post-service death was due to or hastened by a service-connected disability. The burial program also provides assistance with the burial of Veterans entitled to pension; Veterans who die while under VA care; and Veterans entitled to compensation but who die from other causes.
- **Accrued** - Benefits not paid prior to the death of a Veteran or survivor based upon a pending claim at the time of death that is later granted.
- **Appeals** - Appealed cases include compensation, pension, burial, and accrued benefits and decisions.

Received Claims	2009	2010	2011
Traditional VA Disability Rating Claims	1,013,712	1,192,346	1,311,091
Compensation and Pension Entitlement*	1,034,560	1,239,573	1,205,707
Compensation Entitlement	869,127	1,044,457	1,026,960
Compensation Award Adjustments	585,191	535,011	499,443
Compensation Program Reviews	283,975	275,960	245,808
Compensation - Other	349,613	342,609	397,586
Pension Entitlement	165,433	195,116	178,747
Pension Award Adjustments	179,519	300,162	297,856
Pension Program Reviews	30,506	7,561	3,000
Pension - Other	194,719	198,888	90,395
Burial	146,316	145,225	142,139
Accrued	6,855	8,408	14,057
Appeals	124,295	141,483	127,318
All Workload Actions	2,935,549	3,194,880	3,023,309

*Reflects compensation and pension workload indicators in VBA Monday Morning Workload Report.

Completed Claims	2009	2010	2011
Traditional VA Disability Rating Claims	977,219	1,076,983	1,032,334
Compensation and Pension Entitlement*	984,618	1,142,015	1,032,902
Compensation Entitlement	838,132	932,855	901,415
Compensation Award Adjustments	545,313	586,837	437,610
Compensation Program Reviews	279,848	275,620	235,205
Compensation - Other	348,583	339,008	389,958
Pension Entitlement	146,486	209,160	131,487
Pension Award Adjustments	110,477	291,037	288,566
Pension Program Reviews	28,214	22,694	13,211
Pension - Other	49,035	62,238	64,481
Burial	145,235	139,247	113,471
Accrued	6,392	7,147	10,909
Appeals	109,433	118,309	100,558
All Workload Actions	2,607,148	2,984,152	2,686,871

**Reflects compensation and pension workload indicators in VBA's Monday Morning Workload Report.*

Compensation for Veterans and Survivors

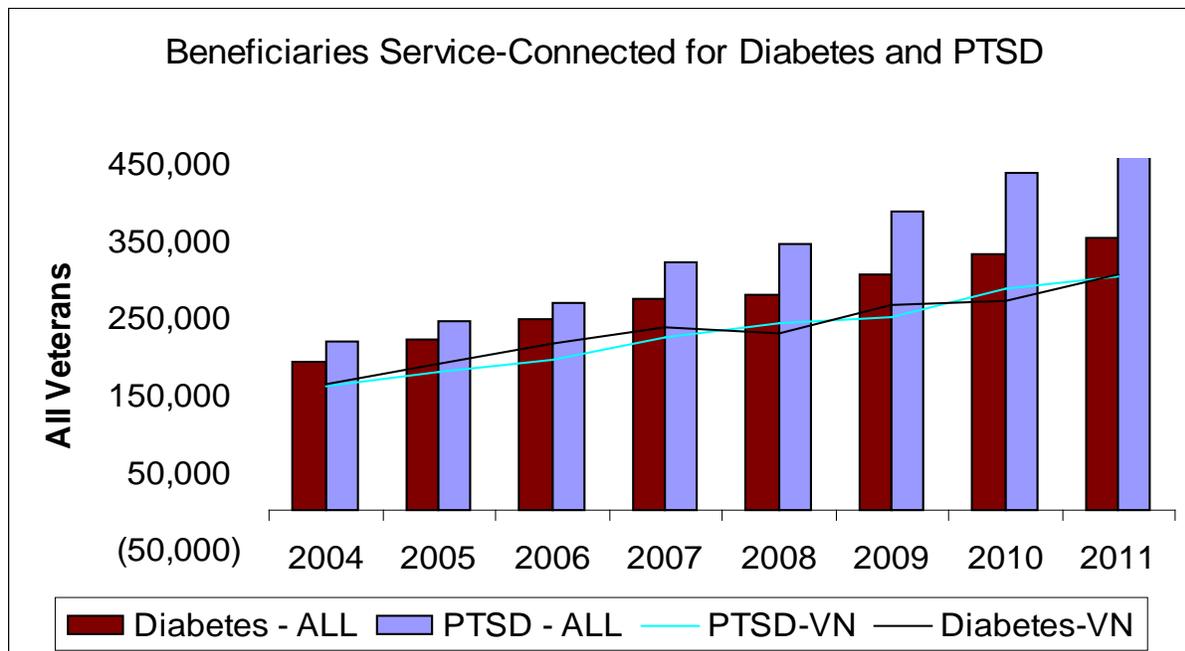
The compensation program provides monthly payments in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service. The disability compensation program also provides monthly payments to surviving spouses, dependent children, and dependent parents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

Two challenges to the continuous improvement in delivery of benefits and services are the overall increase in total claims received and the relative complexity of the claims received:

- The number of Veterans receiving benefits has significantly increased, both in terms of whole numbers and as a percent of the Veteran population. The current Veteran population demonstrates similar disability profiles as their predecessors in terms of the body systems affected. However, an increasing number of Veterans are claiming, on average, eight or more disabilities. Orthopedic, mental health, cardiovascular, endocrine, and hearing problems

predominate. Most of these conditions can be characterized as chronic progressive disabilities resulting in repeat claims.

- The average degree of disability for Veterans on the rolls has increased steadily from 32.2 percent in 2001 to 43.5 percent in 2011, reflecting both the existence of large, unique disability cohorts such as traumatic brain injury, mental disorders, diabetes, heart disease, and cancers, as well as the general aging of the earlier service population. The chart below reflects the major drivers in claim activity for Vietnam Veterans.

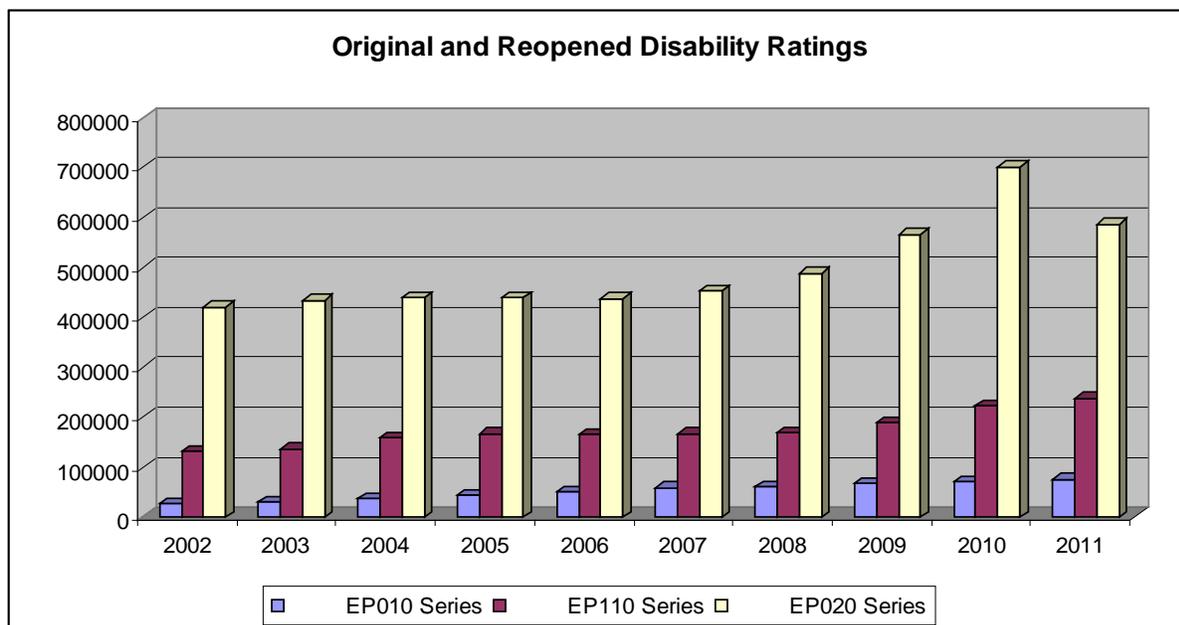


Disability Claims

The total number of disability claims received nearly doubled from 674,219 in 2001 to 1,311,091 in 2011.

Additionally, original disability claims with eight or more claimed issues increased by 230 percent from 22,776 in 2001 to 75,107 in 2011.

After ten years of sustained combat in Iraq and Afghanistan and the addition of the Agent Orange presumptive conditions, the number of Veterans receiving compensation has increased by more than 39 percent since 1999, from just over 2.3 million Veterans to over 3.2 million in 2011.



During 2011, reopened disability compensation claims and Agent Orange claims comprised 62 percent of all disability claims received. VA anticipates that reopened claims for increased benefits will continue to grow as compensation recipients' age and their conditions worsen.

Pensions for Veterans and Survivors

The pension program provides monthly payments to eligible wartime Veterans who are permanently disabled due to a non-service connected condition or who have attained age 65. Additionally, eligible surviving spouses and dependent children of deceased wartime Veterans may receive survivor benefits.

VA's three Pension Management Centers (PMCs) provide a clear picture of how targeted specialization can be beneficial. Consolidation of all Veteran and survivor pension claims was completed in 2008. From 2008 to 2011, the national accuracy rate for pension entitlement claims improved from 87 percent to 98 percent. During the same time period, the national accuracy rate for pension maintenance claims improved from 93 percent to 97 percent. The PMCs provide a glimpse into VA's future claims processing environment where all claims are completed in a paperless environment, eliminating the need for hard copy claims folders, allowing work to be completed without regard to where the decision maker is physically located, and allowing multiple individuals simultaneous access to the record regardless of their location.

Award Adjustments

During fiscal year 2011, VBA completed over 2.5 million award actions, of which approximately 1 million were VA disability rating decisions. As previously

indicated, approximately 4.1 million Veterans and beneficiary clients receiving benefits, the annual award adjustment workload is substantial. The combination of the higher numbers of beneficiaries on our rolls and the sustained and projected high levels of original claims activity results in continued growth in award adjustment actions, such as guardianship activity transactions, benefit certifications for other programs, dependency issues, and income adjustments.

Burial Program for Veterans

The burial program provides assistance with the burial of Veterans through an enhanced burial benefit for those whose post-service death was due to or hastened by a service-connected disability; a burial and/or plot allowance to assist with the burial of Veterans whose death was not related to a service-related condition but who were in receipt of, or entitled to receive, benefits from VA; or who died while hospitalized at VA, or VA expense. Full coverage of the plot cost is available to any Veteran buried in a national cemetery or in a state-sponsored Veteran's cemetery. VA may reimburse transportation charges associated with the burial of certain qualifying Veterans. Public Law 111-275, Veterans' Benefit Act of 2010, increased burial and funeral expenses and plot allowances for certain Veterans from \$300 to \$700, effective October 1, 2011.

Fiduciary Program

In 2011, the pension and fiduciary program functions were separated from the compensation program, creating a separate Pension and Fiduciary Service to address the critical need for greater oversight of pension and fiduciary benefits administration. This change also allows VBA to give greater focus to the complex and challenging workload and policy issues in our compensation program.

Compensation and pension program resources support VA's fiduciary program for beneficiaries who are incapable of managing their own funds. VA's fiduciary program supervises more than 122,000 beneficiaries who are unable to manage their financial affairs. The combined estate value requiring supervision exceeds \$3.3 billion and the combined home value exceeds \$3.4 billion. VBA completed over 100,000 field examinations and accounting audits in 2011. These include initial appointment field examinations and regular follow-ups, as well as other actions associated with administering the fiduciary program. Field examiners traveled an estimated 4.5 million miles to complete their duties in 2011. The workload of the fiduciary program continues to grow as the age of our Veterans increases.

Program Actions

Through the actions discussed below, VA will continue to anticipate Veterans' needs and provide services and benefits through means that Veterans and survivors find useful.

Homeless Veterans Outreach

VA has made the elimination of homeless Veterans a top priority. VBA is actively contributing to VA's Plan to End Homelessness and the U.S. Federal Strategic Plan for preventing and ending Veteran homelessness by 2015. HUD data from 2009 indicates that 1 in 10 Veterans living in poverty experience homelessness. VA is addressing the needs of the homeless Veteran population and their families through the newly funded Supportive Services for Veteran Families (SSVF) program. In SSVF, grantees provide outreach, case management, assistance in obtaining VA benefits, as well as provide or coordinate efforts to obtain needed entitlements and other community services.

In 2013, VBA will hire 200 additional homeless Veterans outreach coordinators (HVOCs) to support the Agency Priority Goals. The additional resources in 2013 will accelerate services for an additional 43,000 Veterans and their families by decreasing the frequency and duration of their episodes of homelessness. The resources will also assist Veterans and their family members maintain safe and permanent housing, get connected to employment opportunities, and improve their overall healthcare status.

Pre-Discharge Claims Processing

The joint Department of Veterans Affairs (VA) and Department of Defense (DoD) Pre-Discharge Program affords Servicemembers the opportunity to file disability compensation claims up to 180 days prior to separation or retirement from active duty or full time National Guard or Reserve duty (Titles 10 and 32).

Benefits Delivery at Discharge Program

The Benefits Delivery at Discharge (BDD) program is available to Servicemembers who have 60-180 days remaining on active duty and are able to complete their scheduled VA medical examinations prior to leaving their point of separation. This program allows separating and retiring Servicemembers to apply for disability compensation benefits prior to separating from military service. Program participants receive a single cooperative medical examination that meets the requirements for a VA disability rating and military separation examination. BDD provides decisions on disability claims as close as possible to Servicemembers' separation from active duty as part of the overall goal of ensuring a seamless and successful transition to civilian life. The BDD program provides centralized decision-making by dedicated staffs at two sites, Winston-Salem and Salt Lake City. In 2011, VA received 30,893 BDD claims and the average processing time was 122 days following discharge.

Quick Start Program

The Quick Start program is available to Servicemembers who have 1 to 59 days remaining on active duty, or those who do not otherwise meet the BDD program

criteria requiring availability for all examinations prior to discharge. Similar to the BDD program, the Quick Start program provides for centralized decision-making by dedicated staffs at two sites, Winston-Salem and San Diego. However, unlike BDD, Quick Start examinations are typically done after a Servicemember separates or retires. In 2011 VA received 30,275 Quick Start claims, and the average processing time was 235 days.

Integrated Disability Evaluation System

In coordination with DoD, VA has developed and implemented the Integrated Disability Evaluation System (IDES). IDES provides wounded, ill or injured Servicemembers fair determinations on their fitness for continued military service and, if separated, expeditious payment of VA benefits.

The goal of IDES is to improve the previous legacy Physical Evaluation Board (PEB) process, where DoD and VA operated consecutive and often duplicative processes. In the legacy process, Servicemembers waited approximately 540 days from their referral to the medical evaluation board to the receipt of VA benefits. By using a single set of examinations and a single disability evaluation, IDES aims to reduce processing time to 295 days for active duty members, and 305 days for members of Reserve components. IDES increases the transparency and understanding of the disability evaluation and claim processes. IDES participants have consistently reported higher levels of satisfaction than Servicemembers in the legacy system.

Since IDES was initiated as a pilot program in November 2007, there have been 32,816 Servicemembers referred into the program. VA has conducted 27,991 medical examinations and completed 16,116 rating decisions. There have been 10,011 Servicemembers who have successfully completed IDES, transitioned to civilian life, and now receive VA benefits.

The transition from the legacy process to IDES is now complete. Worldwide expansion of IDES was accomplished on September 30, 2011. IDES has been implemented at 139 military treatment facilities, and covers nearly 100 percent of all eligible Servicemembers referred to medical evaluation boards.

Contract Examinations

VBA provides disability examinations through contracted private examiners. These contracts help to better serve Veterans and supplement the capacity of the Veterans Health Administration, which conducts most examinations. VBA has hired three private companies to perform contract examinations at 18 regional offices, in addition to various military bases in support of IDES program throughout the United States. The areas include urban centers as well as rural areas where Veterans would have to travel greater distances to undergo VA examinations. In 2011, VA contracted

202,780 examinations. VA estimates that in 2012, 258,328 Veterans will be examined by a private source and that number will increase to 260,911 in 2013.

Skill Certification Program

The skill certification program is an essential element in VBA's strategic goal of achieving a high-performing workforce. Currently, certification tests are used or are under development for Veterans service representatives, rating Veterans service representatives, decision review officers, and managers in Veterans service centers, pension management centers, and the Appeals Management Center (AMC). Since the inception of the skill certification testing, 5,586 of the 9,718 individuals who have taken the tests have passed. This number reflects that approximately 57 percent of test takers are successfully obtaining certification. VBA provides enhanced training opportunities and feedback to personnel to retake the certification test successfully.

Quality Assurance Program

The quality assurance program is a four-tiered program focusing on program accuracy, station oversight, special focus reviews, and rating consistency. Based on the findings of these reviews, VA publishes guidelines and provides significant training to decision makers to ensure claims are processed accurately and consistently across all 57 regional offices, PMCs, the Day-1 Brokering Centers (D1BCs) and the AMC.

Accuracy

The Systematic Technical Accuracy Review (STAR) program is the national system for measuring the accuracy of compensation, pension, and fiduciary claims. Reviews measure quality at regional offices and PMCs, and quality in the IDES program. The STAR staff works closely with the Veterans Health Administration through the Disability Evaluation Management Office (DEMO) and the VBA contract examination program to review the quality of examination requests and examination results.

Station Oversight

Site visits encompass a thorough review of all operational elements of claims processing to improve the consistency and accuracy of benefits delivery and ensure compliance with approved policies and procedures throughout VBA's regional offices, the PMCs, and the D1BCs. Site visits include the following elements:

- Review of consolidated workload processes, such as development resource centers, and appeals resource centers
- Review of priority claims from seriously injured and very-seriously injured Servicemembers and Veterans
- Review of initial claims from returning combat-theater Veterans, homeless Veterans, and Veterans facing financial hardship
- Review of outreach efforts and the coordinating efforts in place at offices

- designed to improve communication with the Veteran and survivor population being served
- The efficacy of transition assistance briefings for separating Servicemembers to ensure that benefit programs, including pre-discharge programs, are publicized and properly explained
 - Special emphasis on management controls, training, program and data integrity areas, and the security of personal identifying information

Special Focus Reviews

Special focus reviews address issues of special interest to VBA or other stakeholders where accuracy and consistency are an issue. They may involve a nationwide review or a review of specific regional offices. The quality assurance staff is available to conduct special focused reviews as needed to support agency needs. Some special focus reviews are ongoing each month such as quality reviews of IDES cases and the review of cases completed by the AMC. In addition to planned reviews, the quality assurance staff expects to continue receiving requests for additional ad hoc reviews as areas for improvement are identified.

Consistency Reviews

The consistency component of quality assurance involves conducting nationwide analysis of regional office rating data with the goal of improving overall consistency in service connection rates and assigned disability percentages. Statistical data is collected to identify regional offices where potential variations in grant rates and assigned disability percentages exist. This data is used to focus on identifying areas for more in-depth analysis, diagnostic test questionnaires and reviews, with the goal of assisting the regional office.

Committees

VA's advisory committees provide advice and recommendations to the Secretary about specific Veterans' groups or issues. Advisory groups work with the concerns of former Prisoners of War, Veterans engaged in radiation risk activities, women Veterans, minority Veterans, homeless Veterans, and the rating schedule modernization plan.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Performance Measures Data							
		Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Enable 21 st Century benefits delivery and services (MI)	Percentage of Compensation and Pension pending inventory that is more than 125 days old (Supports Agency Priority Goal)	N/Av	N/Av	36	60	60	40	0
		Percentage of pension maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	0
		National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	86%	84%	84%	84%	87%	90%	98%
		National accuracy rate - pension maintenance claims	93%	95%	96%	97%	97%	97%	98%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrate d Strategie s	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organizatio n-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Reque sted)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Enable 21 st Century benefits delivery and services (MI)	Compensatio n and Pension entitlement claims - average days to complete (Supports Agency Priority Goal)	179	161	166	188	230	200	90
		Compensatio n maintenance claims - average days to complete	N/Av	N/Av	99	106	85	80	60
		Percentage of compensatio n maintenance claims pending inventory that is more than 90 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	0
		Burial claims processed - average days to complete	84	78	76	113	70	65	21
		Percentage of burial claims pending inventory that is more than 60 days old	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	0
		National accuracy rate - compensatio n maintenance claims	95%	95%	96%	97%	97%	97%	98%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data						Strat. Target	
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)		2013 (Requested)
		National accuracy rate - pension entitlement claims	87%	95%	96%	98%	98%	98%	

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrate d Strategie s	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Enable 21 st Century benefits delivery and services (MI)	Compensation and Pension National accuracy rate – fiduciary work	81%	82%	85%	89%	92%	92%	98%
		National accuracy rate – burial claims processed (Compensation)	96%	93%	96%	97%	98%	98%	98%
		Appeals Resolution Time (From NOD to Final Decision) (Average Number of Days) (Joint Measure with BVA)	645	709	656	747	675	650	400
		Average days to complete Income Verification Matches (New)	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Average days to complete original death pension (New)	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							Strat. Target
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested)	
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Build VRM capability to enable convenient, seamless interactions (MI)	Number of registered eBenefits users (Supports Agency Priority Goal)	N/Av	N/Av	N/Av	1M (Baseline)	1.65M	2.5M	3.5M
		Percent of claims where a portion of the required forms were filed electronically	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline*	75%
		Percentage of <u>separating</u> Servicemembers who are provided with VA and DoD benefit information within 6 months of the expiration of their term of service ETS through the eBenefits Portal	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline**	TBD
		National Call Center Successful call rate***	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD

*VONAPP Direct Connect, a Web-based program for Veterans to file claims electronically, is being developed. Nationwide deployment is expected in 2012. The baseline year has been changed to 2013.

**The Department of Defense is currently working on an implementation plan that will mandate all Servicemembers obtain a DS Logon for the purposes of accessing the eBenefits portal. This will not be fully achieved until 2013 at which time a baseline for this measurement can be established.

***This measure applies to all VBA business lines but is placed within the C&P performance plan because most of the calls are C&P-related. The baseline year has been changed to 2012 because a full year of new technology and appropriate staffing will be in place at the call centers in 2012.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							Strat. Target
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested)	
D. Provide Veterans and their families with integrated access to the most appropriate services from VA and our partners	1. Work with DoD to transform the process by which wounded, ill, and injured Servicemembers are evaluated, separated, and provided benefits (OSE)	Percent of IDES participants who will be awarded benefits within 30 days of discharge*	N/Av	N/Av	N/Av	N/Av	Baseline**	TBD	TBD

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							Strat. Target
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits , get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys (SI)	Overall satisfaction rate (%) (Compensation)	N/Av	N/Av	N/Av	N/Av	Baseline** *	TBD	TBD
		Overall satisfaction rate (%) (Pension)	N/Av	N/Av	N/Av	N/Av	Baseline** *	TBD	TBD

*DES was changed to IDES

**Baseline changed pending full deployment of IDES in 2012.

***Targets are TBD as this measure will be captured by customer satisfaction surveys under development.

Table 2: Performance Measure Supporting Information

1) Percentage of Compensation and Pension pending inventory that is more than 125 days.

a) Means and Strategies:

- Process claims timely, accurately, and consistently
- Service centers are separated into a team concept with distinct functional areas for increased workload specialization and more accurate, efficient, and timely claims processing
- Develop staff expertise for higher quality decisions
- VETSNET online information platform allows claims processing and client service workload to be shifted between regional offices to ensure timely and accurate benefit delivery

b) Data Sources: VBA's systems of record: Benefits Delivery Network (BDN) and VETSNET

c) Data Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office-

based Compensation and Pension and Fiduciary Services, which perform quality and consistency reviews on cases from the regional offices with the highest rates of questionable practices. When anomalies are identified, when necessary, VBA staff follows standardized, documented procedures for making necessary changes to previously entered data.

d) Measure Validation: The focus of this measure is improved service delivery to claimants. Additionally, the measure ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.

e) Cross-Cutting Activities:

- VA and DoD are continuously developing a joint examination protocol to satisfy discharge examinations and meet the requirements for comprehensive VA examinations that will ultimately improve claims processing timeliness.
- VA is interfacing with DoD's automated Defense Personnel Records Imaging System to receive same-day responses to requests for service personnel records, thereby making the claims process more efficient.

f) External Factors: Significant court decisions or legislative actions requiring readjudication of claims.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

2) and 3) National Accuracy Rate - compensation entitlement claims and National accuracy rate - pension maintenance claims

a) Means and Strategies: Same as measure 1.

b) Data Sources:

- VBA's systems of record: BDN and VETSNET
- Systematic Technical Accuracy Review (STAR) Data Base, which maintains claims processing accuracy

c) Data Verification: C&P STAR quality reviews by individual reviewers are routinely validated by C&P managers as part of a review 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.

d) Measure Validation: This measure assesses the quality of claims processing and assists VBA management in identifying improvement opportunities and training needs.

e) Cross-Cutting Activities: Same as measure 1.

f) External Factors: Same as measure 1.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: Same as measure 1.

Initiatives

The following chart provides initiative data based on receiving the funding requested.

Compensation and Pensions Initiatives (dollars in thousands)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Veterans Benefits Management System (VBMS) Initiative	\$3,343	\$31,763	\$35,106	40	\$3,468	\$32,243	\$35,711	40
Transformation Plan	\$836	\$29,093	\$29,929	10	\$1,387	\$17,053	\$18,440	16
C&P Subtotal	\$4,179	\$60,856	\$65,035	50	\$4,855	\$49,296	\$54,151	56
VBA-Wide								
Veterans Relationship Management (VRM) Initiative	\$1,109	\$5,104	\$6,213	13	\$1,733	\$5,186	\$6,919	20
VBA-Wide Subtotal	\$1,109	\$5,104	\$6,213	13	\$1,733	\$5,186	\$6,919	20
C&P Total	\$5,288	\$65,960	\$71,248	63	\$6,588	\$54,482	\$61,070	76

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines, and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Compensation, Pensions, and Burial programs:

Expanding Initiative: Veterans Benefits Management System Initiative

Total 2013 GOE Initiative Cost: \$35,711,000 (+\$605,000 and no additional FTE over 2012)

The Veterans Benefits Management System (VBMS) is a business transformation initiative designed to assist VA in eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by a new operating model, enhanced tools and training, and improved business processes and workflows

VBMS will dramatically reduce the amount of paper in the current disability claims process, and will employ rules-based claims development and decision recommendations where possible. Additionally, by using a services-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in technology developed in the marketplace to respond to the changing needs of Veterans over time.

There are three successive phases designed to develop and test process improvements and VBMS technology solutions in a production claims setting.

Phase 1 (November 2010-May 2011) delivered capabilities for a new graphical user interface, in the form of an electronic claims repository and scanning solution, which integrated with existing core business applications in the current legacy platform (VETSNET). The first iteration of the software was tested at the Providence Regional Office.

Phase 2 (May 2011- November 2011) and Phase 3 (November 2011 - May 2012) are intended to provide capability and capacity for national deployment of an end-to-end paperless claims processing system. In addition to building out the core and sustainable system, both phases will increase the number of sites, the number of users, types of claims, and number of claims processed. Full national deployment is scheduled to begin in calendar year 2012. By the end of 2012, this initiative will be operational at more than 10 regional offices in order to aide VA in eliminating the claims backlog.

After national deployment commences and through the remainder of 2013, VBA will continue system development and refinement, and system training for users (e.g., claims processors, Veterans Service Organizations, Board of Veterans Appeals, etc.) as functionality increases.

Delivering the VBMS system will increase efficiencies for the disability claims process, improve quality, reduce inventory backlog, as well as ensure the timely and accurate delivery of disability benefits paid each month to Veterans and their beneficiaries.

Note: There is a corresponding IT budget for VBMS

Initiative: Transformation Plan

Total 2013 Initiative Cost: \$18,440,000 (-\$11,489,000 and +6 FTE from 2012)

The VBA Transformation Plan is responding to the demands of an era of emerging information technologies, changing demographic realities, and renewed commitments to today's Veterans and their dependents. VBA's efforts to date, as part of its transformation plan, have already begun to attack this backlog while, at the same time, are establishing the momentum of change across all of the various business lines of the organization. The plan is organized into a synchronized and multi-pronged approach through initiatives focused on people, business processes, and technology.

The Transformation Plan also includes strategic communication with both internal and external stakeholders (i.e., ongoing meetings with Congress, Veterans Service

Officers, labor partners, and employees). Many of the initiatives will help VA achieve more timely and accurate benefit and service delivery to our beneficiaries. Other initiatives will impact the culture of VA by demonstrating our advocacy for Veterans. All initiatives will be in support of the overarching Veterans Benefits Management System guiding VBA's transformation.

As of 2012, this initiative will have accomplished the national implementation of Quality Review Teams, a simplified and standardized rating notification process, and completion of 81 Disability Benefits Questionnaires, and begun the nationwide rollout of the new operating model and VBMS. The funding requested for 2013 will support contractual services and the ongoing phased implementation of the Transformation Plan. Strategic communications and project management support will aid VBA in developing and implementing further re-designed tools, business processes, and technologies and track the impact upon timely and accurate service to Veterans.

We are revising our current processes to be more streamlined and Veteran-focused. Many of the initiatives will help VBA deliver more timely and accurate benefits and services, while others will impact the culture of VA by demonstrating our advocacy. We will continue to track metrics (e.g., number of claims pending over 125 days, quality of rating decisions, etc.) to show the impact of the Transformation Plan initiatives, both at local and national levels. These initiatives will positively impact the lives of Veterans as they will enable 21st Century benefit delivery and service. VBA's Implementation Center, established at VBA headquarters as a program management office, streamlines the process of innovation to ensure that new ideas are approved through a governance process, with implementation and training carefully planned and executed using a comprehensive change management approach. This allows us to focus on initiatives that will achieve the greatest gains.

Initiative: Veterans Relationship Management

Total 2013 Initiative Cost: \$8,376,000 (+\$706,000 and 7 FTE over 2012)

Compensation, Pensions & Fiduciary portion: \$6,919,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony

features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of \$8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested \$706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and

navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.



Education

Mission

VA's educational assistance programs honor and reward Veterans, Servicemembers, reservists, survivors, and eligible dependents for sacrifices made in military service to this Nation by assisting them in achieving their educational or vocational goals. This mission is accomplished by providing financial assistance, generally in the form of monthly benefit payments, as mandated in Title 38 and Title 10 USC.

Stakeholders

Stakeholders and clients of VA's educational programs include Veterans, Servicemembers, reservists, dependents of certain Veterans, educational institutions, training establishments, state approving agencies, Congress, Department of Defense, Department of Homeland Security, Department of Health and Human Services, Department of Commerce, Department of Labor, Department of Education, and other VA elements.

Education					
Summary of Discretionary Appropriation Highlights					
(dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,782	1,429	1,861	1,672	-189
Management Direction and Support	185	166	169	177	8
Total FTE	1,967	1,595	2,030	1,849	-181
Obligations					
Personal Services	\$153,654	\$118,077	\$146,476	\$147,667	\$1,191
Travel	2,015	1,915	1,915	1,915	0
Interagency Motor Pool	391	285	285	287	2
Transportation of Things	196	90	90	91	1
Rent, Communications & Utilities	16,280	13,230	13,230	13,804	574
Printing	234	757	757	762	5
Other Services	31,462	14,507	14,507	14,603	96
Supplies and Materials	1,684	977	734	512	-222
Equipment	2,318	1,218	1,218	1,226	8
Insurance Claims	33	33	33	34	1
Total Administrative Obligations	\$208,267	\$151,089	\$179,245	\$180,901	\$1,656
Reimbursements	-\$216	-\$529	-\$529	-\$537	-\$8
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$208,051	\$150,560	\$178,716	\$180,364	\$1,648
Outlays (net)	\$195,174	\$150,930	\$179,447	\$176,700	-\$2,747

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

Summary of Budget Request

Budget authority of \$180.4 million is requested to fund the discretionary portion of the Education program in 2013. The funding will support 1,849 FTE, the January 1, 2013, 0.5 percent projected pay raise, the associated level of fringe benefits, inflationary expenses, and maintenance for the Post-9/11 GI Bill program.

Changes from Original 2012 Budget Estimate

Obligations for 2012 increase over the original budget estimate by \$28.2 million to retain temporary GI Bill claims processors and to hire additional temporary claims processors, resulting in an increase of 435 FTE. These claims processors will be used to process additional workload resulting from Public Law 112-56, the Vow to Hire Heroes Act of 2011, and from legislative changes made by Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010. The Vow to Hire Heroes Act of 2011 established the Veterans Retraining Assistance Program, which provides retraining assistance to eligible, unemployed Veterans. The Veterans Educational Assistance Improvements Act of 2010

expanded the type of programs eligible for benefits to include non-college degree programs, on-the-job training, flight programs, apprenticeship training, and correspondence courses.

Changes from 2012 Current Estimates to 2013 Request

In 2013, obligations are expected to increase \$1.7 million. Decreases to personal services resulting from the release of temporary claims processors are offset by the January 1, 2013, estimated 0.5 percent pay raise and non-pay obligation inflationary increases.

Education		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2012 Estimate	2013 Request
Prior Year Obligations	\$208,267	\$179,245
Prior Year FTE	1,967	2,030
Adjustments:		
FTE	63	-181
Personal Services	-\$7,178	\$1,191
Travel	-100	0
Interagency Motor Pool	-106	2
Transportation of Things	-106	1
Rent, Communications & Utilities	-3,050	574
Printing	523	5
Other Services	-16,955	96
Supplies and Materials	-950	-222
Equipment	-1,100	8
Insurance Claims	0	1
Net Change	-\$29,022	\$1,656
Estimated Obligations	\$179,245	\$180,901
Total FTE	2,030	1,849

Education	
Average Salary Analysis	
2011 Average Salary (261 days)	\$53,623
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	-4,912
One day adjustment	-187
Regular benefits percentage	31.4%
2011 Average Cost	\$78,116
2012 Average Salary (260 days)	\$48,525
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	182
Change in staff composition	3,877
One day adjustment	202
Regular benefits percentage	32.7%
2012 Average Cost	\$72,156
2013 Average Salary (261 days)	\$52,786
Regular benefits percentage	33.9%
2013 Average Cost	\$79,863

Program Highlights

Legislation enacted in 2008 and 2011 significantly expanded education benefits and allowed more individuals the opportunity to use the Post-9/11 GI Bill. Additionally, a retraining assistance program for certain unemployed Veterans was created (P.L. 112-56).

Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act of 2010, made changes to the types of training approved for benefits, tuition and fee payments, and eligible individuals under the Post-9/11 GI Bill. It expanded the Post-9/11 GI Bill to include non-college degree programs, such as on-the-job training, flight training, and correspondence courses. P.L. 111-377 modified the tuition and fee payment under the Post-9/11 GI Bill to allow VA to pay all in-state public school costs and created a national cap for training pursued at a private school. It expanded eligibility under the Post-9/11 GI Bill to include National Guard members who performed certain active duty service under title 32 U.S.C. orders. P.L. 111-377 also modified the housing allowance amount so that it is determined based on a beneficiary's rate of pursuit and allows those who attend school solely through distance learning to receive a reduced amount. Finally, it made break or interval pay no longer payable under any education benefit program unless training is interrupted due to an Executive Order of the President or due to an emergency situation such as a natural disaster or strike.

Section 211 of Public Law 112-56, the Vow to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program for certain unemployed Veterans. The Veterans Retraining Assistance Program offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet in order to participate in the program, which include a Veteran's age, employment status, character of discharge, type of training, and other key elements. The number of Veterans who participate in the program may not exceed 45,000 in 2012 and 54,000 during the period beginning on October 1, 2012, and ending on March 31, 2014, when the authority to make payments under the program will expire. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associate degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the Department of Labor (DOL) to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments expires on March 31, 2014.

Implementation of the Post-9/11 GI Bill and 21st Century Transformation

In August 2009, VBA implemented the Post-9/11 GI Bill using interim manual procedures and processing tools. VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. As of June 2011, five phases have deployed with the Long-Term Solution (LTS). Additional releases through 2012 will implement changes to the Post-9/11 GI Bill required by P.L. 111-377, which mandated changes to the Post-9/11 GI Bill and will result in changes to the LTS system. This law made significant changes to the education benefit programs VA administers with very short implementation timelines. This has impacted the development of the LTS for processing and automating Post-9/11 GI Bill claims. The deployment of the LTS has been adjusted to make the system changes needed. The capability to conduct automated end-to-end processing on some supplemental claims planned for June 2011 was delayed to accommodate the new law. Initial automation of this subset of Post-9/11 GI Bill claims is expected with release 6.0 in July 2012. VA's FTE projections for 2012 reflect the retention of temporary GI Bill claims processors needed as a result of the delay in delivery of full LTS functionality. The retention of these claims processors will help VA to maintain original and supplemental education claims processing timeliness at 24 and 12 days, respectively, in 2012.

In 2013, the focus will be on technological enhancements to expand upon initial end-to-end automation capabilities deployed in 2012. Additionally, LTS changes

will be necessary to meet the requirements of the Treasury Modernization Program.

Accelerating Change in our Operating Model

VA is committed to providing a reliable and beneficial service to Veterans and others using VA education benefits. Drastic increases in trainees and continuous high-level interest in VA education programs require VA, more than ever, to provide efficient and effective service to beneficiaries that enable them to meet education and training objectives. VA's understanding of service delivery has expanded. VA is continuing to strive for improved education claims processing timeliness and accuracy. However, VA has also expanded the support provided to students throughout their educational career and ensures students are afforded the best opportunity to graduate and become gainfully employed. This expansion helps to ensure Veterans who use VA education benefits make sound decisions concerning the right school to attend, are aware of available services if they face academic challenges, and are provided a smooth transition to Federal, state, and local employment services.

VA recognizes the importance of both providing valuable readjustment opportunities for beneficiaries and maximizing our potential to enhance the national workforce. As such, we have enhanced and strengthened many of the services we provide, with a significant expansion of our capacity to actively engage with students throughout their educational experience. This includes:

- Assisting students with choosing the right schools, educational programs, and training opportunities to match their interests, aptitudes and abilities
- Providing support and resources for students through the following stages of educational pursuit
 - Planning to use benefits
 - Academic probation or dismissal issues
 - Graduation
- Linking students to employment resources prior to and at completion of their educational goal

These changes have helped us achieve a comprehensive approach to administering VA education benefits.

Workload and Resource Needs

The table below provides a summary of VBA workload and FTE projections, which are discussed in more detail in the following sections.

	2010	2011	2012 Estimate	2013 Estimate
Direct Labor FTE (cum)	1,773	1,782	1,861	1,672
Increase in Claims Completed (over prev year)	64.8%	19.8%	14.1%	4.7%
Total Claims Completed	2,809K	3,365K	3,840K	4,020K
Avg Days to Process Orig Claims	39*	24	23	18
Avg Days to Process Suppl Claims	16*	12	12	10

**The average days to process original and supplemental claims increased in 2010 due to the increase in the number of original applications for the Post-9/11 GI Bill and limited availability of internal IT resources.*

2012 Workload

The Post-9/11 GI Bill was effective on August 1, 2009, and established eligibility based on qualifying active duty service completed after September 10, 2001. As a result, the workload significantly increased in 2010 and 2011 due to the large population of Veterans that became eligible for the Post-9/11 GI Bill. This increased number of claims is expected to peak in 2011. We expect the number of claims completed in 2012 to increase by 14.1 percent over 2011.

2013 Workload

In 2013, claims completed are expected to increase 4.7 percent. Increased productivity per FTE is expected as a result of more experienced staff and efficiencies gained from the LTS. As a result, fewer FTE are required in 2013 and VA expects a reduction in the average days required to process original and supplemental education claims.

Performance Measures

The following chart provides performance measures and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrat ed Strategi es	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Performance Measures Data							Strat. Targe t
		Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Results History			Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	2. Automate GI Bill benefits (MI)	Average days to complete original Education claims	19	26	39	24	23	18	10
		Average days to complete supplemental Education claims	9	13	16	12	12	10	7
		Percentage of claims processed through the automated claims processing system	N/A v	N/Av	N/A v	N/A v	Baseline*	TBD	TBD
		Percent of Montgomery GI Bill or Post-9/11 GI Bill participants who successfully completed an education or training program	N/A v	N/Av	N/A v	N/A v	Baseline*	TBD	TBD

*Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org. - Specific Efforts (OSEs)	Performance Measures Data							Strat. Target
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	2. Automate GI Bill benefits (MI)	Percent of Eligible Applicants who use the Post-9/11 GI Bill	N/A v	N/A v	N/A v	N/A v	Baseline	TBD	TBD
		Education Claims Completed Per FTE	N/A v	N/A v	N/A v	N/A v	Baseline*	TBD	TBD
		Payment accuracy rate	96	96	95	98	96	97	97

*Baseline is 2012 because the requisite level of automation within VA's long-term processing solution will not be reached until 2012.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness										
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data							Strat. Target
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)		
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	2. Automate GI Bill benefits (MI)	Education Call Center-Abandoned call rate	5	11	17	20	15	6	5	
Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy										
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data							Strat. Target
			Results History				Future Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)		
D. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys (SI)	Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim	N/A v	N/A v	N/A v	N/A v	Baseline*	TBD	TBD	

* Targets are TBD as this measure will be captured by customer satisfaction surveys under development.

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data					Future Targets	Strat. Target
			Results History						
			2008	2009	2010	2011	2012 (Final)		
D. Engage in two-way communications with Veterans and their families to help them understand available benefits , get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys (SI)	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	N/Av	N/Av	N/Av	N/Av	Baseline*	TBD	TBD

* Targets are TBD as this measure will be captured by customer satisfaction surveys under development.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

1) and 2) Average days to complete original and supplemental education claims

a) Means and Strategies: With the establishment of the Post-9/11 GI Bill, VA's long-term strategy to implement this new education program is the development of an end-to-end IT solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. The LTS was implemented during 2011 and provides a moderate amount of automated processing which will allow VA to improve overall timeliness.

b) Data Source(s):

- Education claims processing timeliness is measured by using data captured automatically through the Benefits Delivery Network.
- Information is reported through VBA's data warehouse using the Distribution of Operational Resources System.

c) Data Verification:

- Confirmed through ongoing quality assurance reviews performed by Education Service staff
- Samples of cases are reviewed yearly from each regional processing office (RPO) and are selected randomly from a database of quarterly end products. The results are valid at the 95 percent confidence level.

d) Measure 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.

e) Cross-Cutting Activities:

- Education Service can more quickly complete education claims when school certifying officials submit enrollment data electronically to VA.
- To improve claims processing times, VA can increase use of VA Online Certification of Enrollment (VA ONCE) for school certifying officials (i.e., college officials) and conduct weeklong, online training courses for new school certifying officials.
- In 2011 there were 23,943 school certifying officials using VA ONCE. In the same year we received approximately 3,038,465 electronic documents through VA ONCE, which represented an increase of 673,023, or 28 percent, above the previous year.*

f) External Factors: The legislative expansion of educational benefit programs may have an impact on these goals by increasing the volume of claims submitted to VA.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: These measures support:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

**2010 VAONCE receipts were 2,365,442, which is an update from the 2012 budget.*

Initiatives

The following chart outlines resources requested in support of Education initiatives:

Initiatives (dollars in thousands)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Education Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Veterans Relationship Management Initiative	85	385	470	1	87	385	472	1
VBA-Wide Subtotal	\$85	\$385	\$470	1	\$87	\$385	\$472	1
Education Total	\$85	\$385	\$470	1	\$87	\$385	\$472	1

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Education program:

Continuing Initiative: Veterans Relationship Management

Total 2013 Initiative Cost: \$8,376,000 (+\$711,000 from 2012)

Education Portion: \$472,000 (+\$2,000 from 2012)

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and

business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of \$8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested \$706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.



Housing

Mission

The Housing program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. We treat all Veterans and other participants in the program in a courteous, responsive, and timely manner. We endeavor to operate in the most efficient manner possible to minimize cost and ensure the best use of taxpayers' dollars.

Stakeholders

Veterans, active duty personnel, eligible surviving spouses, members of the Reserves and National Guard, and their families are the primary clients of the program. Lenders, loan servicers, others in the housing finance industry, homebuilders, and real estate agents are partners with VA in providing service to Veterans. Employees and fee personnel, such as appraisers, inspectors, and management brokers, are critical to providing Veterans with quality and timely service. Congress, Veterans Service Organizations, state and county Veterans representatives, and the military services are also important stakeholders.

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	746	838	838	820	-18
Management Direction and Support	88	97	97	87	-10
Total FTE	834	935	935	907	-28
Obligations					
Personal Services	\$78,576	\$90,544	\$90,653	\$93,069	\$2,416
Travel	1,816	2,253	2,253	2,043	-210
Interagency Motor Pool	214	300	300	241	-59
Transportation of Things	104	198	198	117	-81
Rent, Communications & Utilities	5,219	9,700	9,700	7,758	-1,942
Printing	76	145	145	85	-60
Other Services	29,492	32,775	32,775	33,673	898
Supplies and Materials	811	731	622	681	59
Equipment	777	430	430	874	444
Insurance Claims	13	25	25	15	-10
Total Administrative Obligations	\$117,098	\$137,101	\$137,101	\$138,556	\$1,455
Reimbursements	-\$117,098	-\$137,101	-\$137,101	-\$138,556	-\$1,455
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$0	\$0	\$0	\$0

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

Summary of Budget Request

Reimbursement authority of \$138.6 million is requested from credit accounts to fund the discretionary portion of the Housing program in 2013. Administrative funding includes \$137.5 million for the Veterans Housing Program and \$1.1 million for the Native American Housing Program. The funding will support 907 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2012 Estimate

Obligations remain unchanged from the original estimate.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are estimated to increase \$1.5 million. Personal services increase by \$2.4 million for the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff composition, and the associated level of fringe

benefits. Non-payroll categories decrease \$1.0 million to more accurately reflect anticipated program requirements.

Housing		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2012 Estimate	2013 Request
Prior Year Obligations	\$117,098	\$137,101
Prior Year FTE	834	935
Adjustments:		
FTE	101	-28
Personal Services	\$12,077	\$2,416
Travel	437	-210
Interagency Motor Pool	86	-59
Transportation of Things	94	-81
Rent, Communications & Utilities	4,481	-1,942
Printing	69	-60
Other Services	3,283	898
Supplies and Materials	-189	59
Equipment	-347	444
Insurance Claims	12	-10
Net Change	\$20,003	\$1,455
Estimated Obligations	\$137,101	\$138,556
Total FTE	935	907

Housing	
Average Salary Analysis	
2011 Average Salary (261 days)	\$71,294
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	971
One day adjustment	-277
Regular benefits percentage	24.3%
2011 Average Cost	\$94,216
2012 Average Salary (260 days)	\$71,988
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	270
Change in staff composition	3,053
One day adjustment	290
Regular benefits percentage	25.8%
2012 Average Cost	\$96,955
2013 Average Salary (261 days)	\$75,601
Regular benefits percentage	26.3%
2013 Average Cost	\$102,612

Workload and Resource Needs

2012 Workload

Total home loans guaranteed in 2011 were 357,594 with a decrease to 304,900 expected in 2012. The number of guaranteed loans expected in 2012 reflects a decreased demand for refinance loans, from 171,006 in 2011 to 122,900 in 2012. In 2012, an increasing interest-rate environment will reduce the number of Veteran borrowers able to lower the interest rates on their home mortgages. Also, the tightened lending environment for home mortgages will continue to make the VA-guaranteed loan program more attractive to Veterans and Servicemembers considering purchasing a home. Purchase loan volume is expected to decrease slightly from 186,588 in 2011 to approximately 182,000 in 2012.

Because VA operates in the broader mortgage marketplace, the VA housing program is affected by the economic troubles in the housing market. These economic troubles lead to declining housing prices and tightening credit. As the mortgage market continues to recover, VA expects that the outcomes of the servicing efforts, offered to borrowers with delinquent VA-guaranteed home loans, will continue to improve. As home equity begins to recover, VA and loan servicers will be better able to use foreclosure-avoidance tools, resulting in more default resolution options.

2013 Workload

VA estimates that 228,400 home loans will be guaranteed in 2013. An estimated 196,900 of these loans will be purchase loans and 31,500 will be refinance loans. The guaranteed loan estimate reflects continued strong volume in purchase loans and a decrease in refinance loans. The currently constrained mortgage-lending environment will continue to increase confidence and use of the guaranteed loan program by the real estate and mortgage-lending industries, upon which VA relies to deliver the home loan benefit to borrowers. The number of refinance loans will decrease as interest rates steadily rise. Defaults and foreclosures will also decrease consistent with the assumption of a recovering housing market and easing of credit in 2013, which also improves the effectiveness of default resolution options.

Transformation Initiative

VA relies on its nationwide appraiser fee panel to appraise properties being considered as security on VA-guaranteed home loans. The panel completes more than 300,000 appraisals annually. VA's oversight of the fee panel and the appraisal process consists of a network of delegated lender staff appraisal reviewers (SARs), who perform a 100 percent review sample, and approximately 300 VA staff who conduct post-closing quality reviews on a random sample of appraisal reports each year. To better protect Veteran borrowers and to reduce risk exposure to the government due to inaccurate appraisals, VA is procuring

appraisal management services (AMS)/automated valuation management (AVM) services.

The AMS will evaluate the accuracy of all VA appraisals and produce a score based on VA appraisal review rules. AMS will improve oversight by enabling VA to concentrate analysis efforts on those appraisals exceeding specified VA risk tolerances. When VA's risk tolerances are exceeded, VA may order AVM services. The AVM will provide VA staff with another independent valuation with additional information, which will assist VA staff in evaluating the accuracy and reasonableness of the appraisal.

VA's AMS/AVM will further improve the quality of the appraiser fee panel and lender SARs by providing performance data that will assist in VA's development of training for both appraisers and reviewers. AMS/AVM will transform the valuation oversight process through automation and improve the overall quality of the home loan benefit for Veterans.

Performance Measures

The following chart provides performance measurements and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrate d Strategie s	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org- Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliabilit y, speed, and accuracy of delivery	1. Enable 21 st Century benefits delivery and services (MI)	Default Resolution Rate (%)	N/A v	71.5	76.3	83.0	81.0	82.0	85.0
		Program Review Accuracy Rate	N/ Av	N/ Av	N/ Av	Baseline	TBD	TBD	TBD
		Rate of home- ownership for Veterans compared to that of the general population (%)	115. 2	117. 2	117. 2	122.98	120.0	120.5	122.0
		Default Resolution Efficiency Ratio	N/ Av	32.0: 1	55.7: 1	68.3:1	66.0:1	67.0:1	70.0:1
B. Develop a range of effective delivery methods that are convenie nt to Veterans and their families	1. Build Veterans Relationship Management (VRM) capability to enable convenient, seamless interactions (MI)	Success Rate of Automated Certificate of Eligibility (ACE) System (%)	N/ Av	N/ Av	Bas elin e	54.98	62.5	63.0	75.0

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Org.-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011 (EOY Est.)	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits , get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys (SI)	Lender Satisfaction With VA Loan Guaranty Program (%)	N/Av	95.0	94.5	N/A	96.5	N/A*	97.0
		Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)	N/Av	92.3	N/Av	N/A	Baseline**	TBD	TBD

*The Lender Satisfaction Survey will be conducted on a biennial basis starting in 2012.

** Targets are TBD as this measure will be captured by customer satisfaction surveys under development.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Default Resolution Rate - Percent of defaulted VA-guaranteed loans on which VA successfully implemented a home retention option or avoided foreclosure.

a) Means and Strategies:

- Implement new business processes and procedures related to the Veterans Affairs Loan Electronic Reporting Interface (VALERI) system (a purchased service) in order to help Veterans with delinquent VA-guaranteed loans
- Provide financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to assist Veterans in retaining their homes and prevent foreclosures

b) Data Source(s): VALERI system

c) Data Verification: VA loan administration staff reviews results data (e.g., loan files) for conformance with VALERI's business rules. Failure to conform to VALERI's business rules affects the accuracy of the data. Loan administration staff works to identify instances of failure in order to continually improve accuracy of performance results.

d) Measure Validation:

- One of Loan Guaranty's objectives is to assist Veterans in retaining home ownership
- Default resolution rate measures VA's and servicers' joint efforts in helping Veterans with delinquent VA-guaranteed loans receive the most advantageous resolution option
- Monitoring delinquent loan servicing means more Veterans will receive timely assistance in helping to prevent foreclosures and retaining their homes

e) Cross-Cutting Activities: None

f) External Factors:

- The volume of new VA-guaranteed loans is closely related to changes in interest rates
- Levels of defaults, foreclosures, and property acquisitions are affected by the performance of the economy

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Initiatives

The following chart outlines resources requested in support of Housing initiatives:

Initiatives (dollars in thousands)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Housing Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Veterans Relationship Management Initiative	85	279	364	1	87	279	366	1
VBA-Wide Subtotal	\$85	\$279	\$364	1	\$87	\$279	\$366	1
Housing Total	\$85	\$279	\$364	1	\$87	\$279	\$366	1

VBA-Wide Initiatives

Specific, crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines, and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is the description of a VBA-wide initiative that impacts the Housing program:

Continuing Initiative: Veterans Relationship Management

Total 2013 Initiative Cost: \$8,376,000 (+711,000 from 2012)

Housing portion: \$366,000 (+\$2,000 from 2012)

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities.

This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of \$8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested \$706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission.

These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

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Vocational Rehabilitation and Employment

Mission

The purpose of the Vocational Rehabilitation and Employment (VR&E) VetSuccess program is to provide all services 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.

Stakeholders

Stakeholders and customers of the VR&E VetSuccess program include Veterans, Servicemembers, Reservists; dependents of certain Veterans; Veterans Health Administration (VHA); Department of Labor (DOL); Small Business Administration; Office of Personnel Management; Department of Defense; education, training, and rehabilitation facilities; Congress; and Veterans Service Organizations.

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

	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	1,163	1,286	1,297	1,442	145
Management Direction and Support	121	149	149	152	3
Total FTE	1,284	1,435	1,446	1,594	148
Obligations					
Personal Services	\$128,978	\$149,535	\$150,804	\$172,461	\$21,657
Travel	2,689	3,525	3,525	3,525	0
Interagency Motor Pool	267	315	315	359	44
Transportation of Things	245	222	222	249	27
Rent, Communications & Utilities	10,819	14,300	14,300	16,605	2,305
Printing	198	285	285	319	34
Other Services	58,243	31,495	31,495	35,284	3,789
Supplies and Materials	1,528	1,460	1,291	1,229	-62
Equipment	1,643	2,407	2,407	3,698	1,291
Insurance Claims	741	36	36	40	4
Total Administrative Obligations	\$205,351	\$203,580	\$204,680	\$233,769	\$29,089
Reimbursements	-\$327	-\$343	-\$343	-\$346	-\$3
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$205,024	\$203,237	\$204,337	\$233,423	\$29,086
Outlays (net)	\$196,481	\$196,223	\$199,835	\$223,423	\$23,588

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

*2011 includes approximately \$13 million in obligations that were erroneously assigned to the VR&E program. These obligations are primarily training-related and support multiple VBA programs.

Summary of Budget Request

Budget authority of \$233.4 million is requested to fund the discretionary portion of the VR&E program in 2013. The funding will support 1,594 FTE, the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff composition, the associated level of fringe benefit costs, and inflationary expenses.

Changes from Original 2012 Estimate

Obligations increase \$1.1 million to support an additional 11 FTE for the expansion of the VetSuccess on Campus initiative.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are expected to increase \$29.1 million. Personal services obligations increase \$21.7 million for 148 additional FTE to support the Integrated Disability Evaluation System (IDES) expansion to include VR&E services and the VetSuccess on Campus initiative. Remaining non-pay categories increase to support additional staff.

Vocational Rehabilitation and Employment Analysis of Discretionary Increases and Decreases (dollars in thousands)		
	2012 Estimate	2013 Request
Prior Year Obligations	\$205,351	\$204,680
Prior Year FTE	1,284	1,446
Adjustments:		
FTE	162	148
Personal Services	\$21,826	\$21,657
Travel	836	0
Interagency Motor Pool	48	44
Transportation of Things	-23	27
Rent, Communications & Utilities	3,481	2,305
Printing	87	34
Other Services	-26,748	3,789
Supplies and Materials	-237	-62
Equipment	764	1,291
Insurance Claims	-705	4
Net Change	-\$671	\$29,089
Estimated Obligations	\$204,680	\$233,769
Total FTE	1,446	1,594

Vocational Rehabilitation and Employment Average Salary Analysis	
2011 Average Salary (261 days)	\$74,368
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	2,097
One day adjustment	-293
Regular benefits percentage	26.0%
2011 Average Cost	\$100,450
2012 Average Salary (260 days)	\$76,173
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	286
Change in staff composition	1,400
One day adjustment	299
Regular benefits percentage	27.0%
2012 Average Cost	\$104,290
2013 Average Salary (261 days)	\$78,157
Regular benefits percentage	27.8%
2013 Average Cost	\$108,194

Workload and Resource Needs

In 2012 and 2013, VR&E expects workload increases associated with the growth in disability compensation and pension claims and the additional Agent Orange presumptive conditions. Effective August 1, 2011, Section 205 of Public Law (P.L.) 111-377 allows a Veteran entitled to services under Chapter 31 who is also eligible for VA education benefits under Chapter 33 to elect an alternate payment based on a military housing allowance in lieu of the regular Chapter 31 subsistence allowance. This rate is higher than the current Chapter 31 rate in most locations and because of that, we anticipate more Veterans who are eligible for Chapter 33 education benefits will instead apply for Chapter 31 benefits. Additional staff will allow an increased focus on assisting Veterans with significant disabilities to meet the economic challenges of the current labor market, resulting in more Veterans successfully competing for careers and achieving suitable employment that is compatible with their interests, aptitudes, skills, and disability conditions.

The requested staffing levels are critical to meet the needs of new Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) Veterans, as well as continuing to provide assistance to Veterans at all stages of life in achieving and sustaining suitable employment and maximizing independence in their homes and communities.

The table below provides a summary of VR&E workload and FTE projections, which are discussed in more detail in the following sections.

VR&E	2010	2011	2012 Estimate	2013 Estimate
Direct Labor FTE	1,154	1,163	1,297	1,442
End of Year (EOY) Actual Participants	103,814	107,925	118,717	130,588
Increase in Actual Participants (over previous year)	-3%	4%	10%	10%
Rehabilitation Rate	76%	77%	77%	77%

VR&E is actively engaged in a transformation effort to increase awareness of the program, increase participation, streamline operations, and improve accessibility of services. Our transformation includes increased early intervention, outreach, and supportive services to Servicemembers and Veterans by implementing the following:

- The IDES VR&E expansion integrates VR&E opportunities for Servicemembers transitioning through the IDES program, providing concurrent referrals to VR&E and the physical examination boards. With mandatory counseling services, we will assist Servicemembers in developing vocational goals and commencing vocational rehabilitation services to support their successful transition from the

military to their home communities. Additional resources will allow vocational counseling services to commence at the largest IDES sites during the separation process and support the associated workload increases. This initiative supports VA's goals for early intervention to achieve successful reintegration and prevent Veteran unemployment and homelessness.

- VR&E is enhancing and expanding outreach through the Disability Transition Assistance Program (DTAP), using innovative methods through multiple communication channels to reach transitioning Servicemembers and members of the Reserves and National Guard. The goal of DTAP is to assist eligible Servicemembers with early entry into the VR&E program. Additionally, with greater participation by members of the Reserves and National Guard in ongoing military operations, the enhancement of the DTAP program will allow VR&E to ensure that injured and ill Guard and Reservists are aware of VR&E benefits.
- VR&E continues to expand VA's Coming Home to Work (CHTW) program, which provides outreach that targets transitioning OEF/OIF/OND Servicemembers and new Veterans to accelerate their rehabilitation and facilitate their transition to civilian life and career employment. CHTW provides comprehensive VR&E services nationwide. Servicemembers can receive all VR&E services, except subsistence allowance payments, as part of CHTW.
- VR&E's VetSuccess on Campus project will expand to 80 college campuses in 2013, serving approximately 80,000 student Veterans. This forward-looking program is designed to ease the transition of Servicemembers to college life and provide support to student Veterans using the Post-9/11 GI Bill and other education benefit programs. Working collaboratively with VHA's VetCenter program and college Veteran services offices, VetSuccess on Campus staff provide a wide range of benefits assistance, supportive counseling, and medical and mental health referrals - all targeted to Veterans' completion of college programs and entry into career employment.

Program Highlights

VetSuccess

In 2012, VR&E will continue its successful rebrand of the program as "VetSuccess" to increase transparency, aid outreach, and make the VR&E program more Veteran-centric. VetSuccess focuses on providing individualized services that assist Veterans with disabilities to achieve their career goals and live as independently as possible.

Major accomplishments in 2012 will be the redesigned VetSuccess orientation provided to Veterans eligible for the program and increased marketing to both Veterans and the employment community, with a special emphasis on new programs available under the Vow to Hire Heroes Act (P.L. 112-56). VR&E will continue to improve Veteran satisfaction and increase Veteran awareness of the VR&E program through outreach efforts, such as the VetSuccess.gov Web site, a Veteran-centric tool providing

comprehensive transition, career, college, job readiness, and family support resources for all Veterans. As of September 2011, 91,172 Veterans have registered on the site, with the number of new registrations increasing by 77 percent from 2010.

In addition to hosting the VetSuccess.gov Web site, VR&E also currently partners with the Department of Defense and Department of Labor on Veterans' employment and has a link to the National Resource Directory Web site on VA's VetSuccess.gov Web site. Part of the VetSuccess.gov redesign includes an active interface with the National Resource Directory designed to enhance Veteran access to information and resources in a user friendly and easily searchable manner without having to exit the VetSuccess Web site to obtain needed information.

Independent Living (IL) Program

Provision of services to increase independence in daily living for VA's most severely disabled Veterans continues to be a priority for VR&E. The program continues to identify ways to improve IL services to Veterans. These efforts include providing instruction to counselors on how IL objectives may appropriately be included in vocational-oriented rehabilitation plans. A study to identify factors that influence the success of the most severely disabled in obtaining and maintaining employment is scheduled for completion in 2012. Also, a VR&E and VA Loan Guaranty Service task force has been established to improve coordination of the delivery of specially adapted housing services to Veterans with the most severe service-connected disabilities. Specific initiatives include establishing best practices and improving communication about specially adapted housing grant status. The development of the Training and Performance Support System (TPSS) for vocational rehabilitation counselors has also begun, which provides a system of consistent instruction and performance-based practices. TPSS will also include a module on the provision of IL services.

Business Progress Reengineering

The Business Progress Reengineering (BPR) project is primarily focused on streamlining services for Veterans and providing them with more self-service tools. This modernization initiative also has a strong IT focus and will ultimately move VR&E to a fully integrated and paperless model in conjunction with the Veterans Benefits Management System initiative. This initiative will enhance services to Veterans by:

- Streamlining processes
- Speeding Veterans' entry into VR&E services
- Simplifying administrative documentation
- Allowing professional staff to work more efficiently, increasing the focus on providing Veteran counseling and job-placement assistance
- Providing modern IT tools that streamline counselors' administrative workload, allowing more focus on Veteran services
- Providing IT tools that empower Veterans to actively engage in their rehabilitation programs

The BPR project has three main areas of focus: identifying process improvements and cycle time reductions, reviewing and revising staffing roles and performance metrics, and enhancing case management with new technologies. All efforts of the BPR project are designed to improve Veterans' experiences and increase outcomes through the VR&E Program.

The VR&E Knowledge Management Portal provides a one-stop shop for all staff to electronically access all job-related information. VR&E released the Knowledge Management Portal to VR&E field offices in June 2011.

Outreach Activities

Reaching out to new Veterans remains a priority. VR&E is increasing outreach activities through the Coming Home to Work Program and through partnerships with the Yellow Ribbon Program and Post-Deployment Health Re-Assessment Program. VR&E's expansion of DTAP and partnership with TAP provides increased and customized informational briefings on VR&E benefits to Servicemembers, Veterans, and Guard and Reserve members who have, or suspect they have, a service-connected disability or an injury or illness that was aggravated by service. Outreach efforts to transitioning Servicemembers and Veterans will be enhanced by increasing VR&E presence at military installations, military treatment facilities, VA Medical Centers, Community Based Healthcare Organizations, and other coming home events. Servicemembers and Veterans will be educated about the VR&E VetSuccess program and encouraged to apply for services. Outreach efforts will also be enhanced via the use of multiple media and Web outlets such as YouTube, Facebook, and other methods of reaching a younger generation of Veterans.

VetSuccess Contracts

VetSuccess contracts are used to supplement VR&E staff to ensure the availability of services in close geographic proximity to Veterans and to provide timely services when staff turnover occurs. Specialized services may also be provided to complement services provided by VA staff. In 2011 VR&E provided a new contract vehicle to obtain VR&E services solicited on a national basis and awarded at local regional offices. The services performed under this contract include initial assessment/evaluation, case management, employment services, educational and vocational counseling, and discrete services. The fixed-price, indefinite-delivery/indefinite quantity contracts provide contract services within each regional office's area of jurisdiction.

VR&E Longitudinal Study

The VR&E Longitudinal Study originated with the passage of P.L. 110-389, which requires VA to conduct a 20-year longitudinal study of VR&E. The scope of the project includes tracking 20 years of data for each cohort study year (2010, 2012, and 2014). This study will allow VR&E to analyze trends among Veterans receiving services and respond with forward-looking initiatives that adapt services to the changing needs of Veterans.

Benefits Delivery Network (BDN) Migration

VR&E continues to modernize its existing infrastructure to better support Veterans. In 2011, beta testing began on the most significant enhancement to the VR&E case management software tool, CWINRS. This modernization effort removes the dependency on the current BDN legacy payment system, migrating to the VETSNET payment systems application, Financial Accounting System (FAS). In 2012 VR&E will begin national deployment of this new payment system.

Other VR&E Initiatives and Improvements

- The Veterans' Benefits Improvement Act of 2008 (P.L. 110-389) improved services the VR&E program provides to the most seriously disabled Veterans who are unable to work by allowing an extension of IL services beyond 30 months and increasing the limit on new programs of IL to 2,700 participants per fiscal year.
- To continue to improve vocational outcomes for vocational rehabilitation program participants, the Department of Labor's (DOL's) Veterans Employment and Training Service (VETS) and VR&E adopted a team approach to job development and placement activities. The VR&E/DOL Joint Work Group (JWG) meets on a monthly basis to review the regional memorandums of understanding, review partnership assessments, and provide oversight and enhancements to the partnership. The JWG is developing a survey to send to all VR&E and DOL field personnel requesting their input on how they would improve or update the VR&E tracking report and the technical assistance guide. This survey will be sent to VA regional offices and DOL and state partners soliciting their assistance in identifying any outstanding issues and additional best practices to strengthen the current partnership. The Chapter 31 tracking report and the standard operating procedures will be revised as necessary for greater efficiency based on the results of this survey.
- VR&E developed a plan to achieve a 15 percent increase in the number of employment-based rehabilitations (baseline 2009) by 2014. This plan includes enhanced outreach and advocacy to Federal, state, private, and non-profit employers; development of an employment services workgroup to establish best practices and an employment coordinator mentorship program; semi-annual employer webinars; and participation in virtual career fairs.
- VA Innovation Initiative (VAi2) business competition: The VR&E program's VAi2 projects are focused on finding solutions to support Veterans in launching and building businesses by providing effective self-employment preparation and support services using direct and virtual tools. In addition, VR&E participated in a VAi2 self-management initiative to ensure that we use assistive technology, tools, and strategies that assist Veterans with the most severe disabilities obtain employment. VR&E also launched a VBA-wide employee innovation project to

solicit ideas from field staff to make VR&E a highly productive and effective program that meets the needs of our Nation's Servicemembers and Veterans with disabilities.

Performance Measures. The following chart provides performance measures and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Performance Measures Data							
		Measure Description (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	1. Expand and enhance VetSuccess, VR&E's initiative to assist disabled Veterans in their transition from the military to a training or employment environment and reintegration into the community	Rehabilitation Rate (General)	76	74	76	77	77	77	80
		Serious Employment Handicap (SEH) Rehabilitation Rate * Corrected	76	74	75*	77	77	77	80
		Independent Living Rehabilitation Rate	N/Av	Baseline	93	95	94	94	96
		Speed of Entitlement Decisions in Average Days	48	51	49	44	44	44	40

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure Description (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011 (EOY Est.)	2012 (Final)	2013 (Requested Funding)	
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	1. Expand and enhance VetSuccess, VR&E's initiative to assist disabled Veterans in their transition from the military to a training or employment environment and reintegration into the community	Accuracy Rate of Decisions (Services)	82	80	81	82	87	89	96
		Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	96	96	97	97	97	97	99
		Employment Rehabilitation Rate	N/Av	Baseline	73	74	75	77	80
D. Engage in two-way communications with Veterans and their families to help them understand available benefits , get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys (SI)	Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (%)	N/Av	N/Av	N/Av	N/Av	Baseline *	TBD	TBD

* Targets are TBD as this measure will be captured by client satisfaction survey under development.

Table 2: Performance Measure Supporting Information
KEY OR DEPARTMENTAL MEASURES ONLY

Rehabilitation Rate (General)

a) Means and Strategies:

- Focus on Veteran placement, marketing skills, job development, reasonable accommodations, rehabilitation technology, and community reentry
- Collaborate with key partners including Department of Labor’s VETS, Rehabilitation Services Administration, and employers to create employment opportunities for Veterans
- Continue to enhance job-seeking tools, including Web sites and skills training to better equip Veterans to enter suitable careers

b) Data Source(s): Corporate WINRS

c) Data Verification: Data accuracy is verified by semi-annual case reviews

d) Measure Validation:

- The rehabilitation rate is the key indicator of the program’s success in meeting its goal.
- The rehabilitation rate illustrates the percentage of Veterans who complete their rehabilitation program plan with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living.

e) Cross-Cutting Activities: VR&E Service has partners with many organizations, such as Department of Labor’s VETS, VA’s Loan Guaranty Service, Department of Defense (IDES), and Education (VetSuccess on Campus initiative). These partnerships focus on joint efforts to provide career opportunities to Veterans.

f) External Factors:

- Socioeconomic indicators show a current environment of decreasing job availability and an increasing unemployment rate. While not projected to worsen, these conditions are anticipated to continue in the near future.
- Concurrent with this economic climate is a national initiative to prioritize, promote, and increase the hiring of Veterans in both the government and private sectors. To date, this initiative is showing great promise, receiving both positive reception and results.

g) Other Supporting Information:

The rehabilitation rate is calculated as follows:

- (a) The number of disabled Veterans who successfully complete VA’s vocational rehabilitation program and acquire and maintain suitable employment* and Veterans with disabilities for which employment is infeasible but who obtain independence in their daily living with assistance from the program, divided by
- (b) The total number leaving the program – both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program and have been classified as one of the following:
 - Under one of two “maximum rehabilitation gain” categories:
 - 1) The Veteran is employed in a job other than the planned rehabilitation goal
 - 2) The Veteran is not currently employed but is employable and has informed VA that he or she is not interested in seeking employment, or is not employable for medical or psychological reasons
 - Transferred to Chapter 33: The Veteran has elected to discontinue his or her VR&E plan to pursue educational goals using Post-9/11 GI Bill benefits

*Suitable employment is employment held by the Veteran for a minimum of 60 days and deemed compatible with the Veteran’s interests, aptitudes, and abilities.

Table 2: Performance Measure Supporting Information

KEY MEASURES ONLY

The results calculation is a 12 month average through September 2011 shown below:

Base Data

Total number of rehabilitations:	9,862
Discontinued:	5,825
Maximum Rehabilitation Gains (MRGs):	2,935
Transfers to Chapter 33:	1,444
Discontinued (Excluding MRGs & Transfers):	2,890

Results Calculation

$9,862 / (9,862 + [5,825 - 2,935]) = 77\%$ rehab rate.

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy B: Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf

Initiatives

The following chart outlines resources requested in support of VR&E initiatives:

Initiatives (dollars in thousands)								
	2012 Estimate				2013 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
IDES Expansion to Include VR&E	10,123	6,118	16,241	110	18,218	5,707	23,925	200
VetSuccess on Campus	2,638	256	2,894	27	7,318	1,501	8,819	79
VR&E Subtotal	\$12,761	\$6,374	\$19,135	137	\$25,536	\$7,208	\$32,744	279
VBA-Wide								
Veterans Relationship Management Initiative	85	532	617	1	87	532	619	1
VBA-Wide Subtotal	\$85	\$532	\$617	1	\$87	\$532	\$619	1
VR&E Total	\$12,846	\$6,906	\$19,752	138	\$25,623	\$7,740	\$33,363	280

Expanding Initiative: Integrated Disability Evaluation System (IDES) Expansion to Include VR&E Services

Total 2013 Initiative Cost: \$23,925,000 (+\$7,684,000 and 90 FTE over 2012)

The Vocational Rehabilitation Assistance Study (VRAS) identified a need to incorporate VR&E services into the IDES process. This initiative provides VR&E services to active duty Servicemembers transitioning through the IDES. These services range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes, to support services to identify and maintain employment. By physically placing vocational rehabilitation counselors at the largest IDES locations, benefits delivery timeliness will be improved.

This initiative transforms the way VA supports Servicemembers and Veterans with service-connected disabilities and helps them transition to civilian life. It improves the quality and timeliness of benefits delivery by beginning during the transition process the development of a new career that is uniquely appropriate for each individual's desires and abilities. Early intervention helps combat homelessness and poverty caused by unemployment. Integrating vocational rehabilitation early into the IDES process allows Servicemembers and their families to make a quicker and smoother transition into civilian life and adapt to their service-connected disabilities.

By the end of 2012, this initiative will have served an estimated 12,000 transitioning Servicemembers. The additional 2013 investment of \$7.7 million will enable us to serve 22,000 transitioning Servicemembers.

Expanding Initiative: VetSuccess on Campus**Total 2013 Initiative Cost: \$8,819,000 (+5,925,000 and 52 FTE over 2012)**

This ongoing initiative provides outreach and transition services to the general Veteran population during their transition from the military to college. VetSuccess on Campus will ease the transition and ensure the coordinated delivery of benefits and services to student Veterans, transforming the way VA supports student Veterans and developing a new service-delivery method that is more convenient to Veterans. The mission of the VetSuccess on Campus vocational rehabilitation counselor and the Vet Center outreach coordinator is to collaborate with VA certifying officials, perform outreach, and communicate with student Veterans, ensuring their health, education, and benefit needs are met. This will enable Veterans to stay in college to complete their degrees and enter career employment.

By the end of 2012, this initiative will be operational on 28 campuses, serving an estimated 28,000 students. The additional 2013 investment of \$5.9 million will add 52 VetSuccess on Campus sites to be operational at approximately 80 college campuses. These 80 sites will serve an estimated 80,000 Servicemembers, Veterans, and family members with on-campus benefits assistance and adjustment counseling leading to them completing their college educations to prepare them to enter the labor market in viable careers. Once this initiative is expanded nationwide, it will transform the way VA supports student Veterans, developing a new service-delivery method that is more convenient to Veterans.

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into the respective business line plans. However, some initiatives affect some or all business lines and the specific impact on an individual business line cannot be readily identified. These initiatives may be independent of specific business objectives, but are required activities to achieve the overall VBA mission and goals. Following is a description of a VBA-wide initiative that impacts the Vocational Rehabilitation and Employment program:

Continuing Initiative: Veterans Relationship Management**Total 2013 Initiative Cost: \$8,376,000 (no change from 2012)****VR&E portion: \$619,000**

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM will also provide VA employees with up-to-date tools to better serve Veterans and their families.

The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits.

This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach. To date, VRM has enhanced several self-service capabilities via eBenefits and completed telephony features such as transfers, able to reach best skilled agent (national queue), and recording calls to develop best quality calls library to identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system. The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2013:

- VRM will expand access to information and services available online that promote Veteran self-service, including the ability to apply for benefits (electronic interview process) via the e-Benefits portal.
- VRM will expand CRM and enhanced telephone capabilities across the administrations. These capabilities will provide VRM clients with a higher quality of customer service when interacting with call center agents and enhanced self-service options via interactive voice response.
- The personal identity management integration framework will be implemented across administrations, allowing Veterans and their authorized representatives a standard and consistent way to verify their identity with VA; whether interacting by phone, e-mail, Internet, or other access channels.
- VRM will enhance and expand the enterprise general benefits and services knowledge base to improve the quality, consistency, and accuracy of information available to VA staff, and communicated to Clients. Over time, as the knowledge base matures, having readily available information will also accelerate training time.

The VRM program will iteratively introduce and integrate capabilities. The total projected cost of \$8.4 million will be primarily used for payroll and contractual services that will provide strategic support for integration activities and provide tactical support for implementation. Compared to 2012, the additional requested \$706,000 and 7 FTE will provide the necessary project and requirements management support needed to implement and integrate projects such as the Stakeholder Enterprise Portal and VONAPP Direct Connect (VDC). The Stakeholder Enterprise Portal streamlines access to self-service capabilities and improves processes used to identify and grant access to VA's external stakeholders, business partners, and service providers. VDC moves VBA closer to a paperless model by allowing users to electronically submit and track claims

for benefits in a secure application through the eBenefits portal. VDC presents pre-populated, interview-style questions, and navigates the user throughout the entire online process of claim submission. These resources will also be applied to continue efforts to survey, analyze, recommend, and plan for improvement of telephone services offered to Veterans and their families across VA.

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Insurance

Mission

The Insurance program provides Veterans with life insurance benefits that may not be available from the commercial insurance industry due to lost or impaired insurability resulting from military service. In addition, the Insurance program provides universally available life insurance benefits to Servicemembers and their families, as well as traumatic injury protection insurance for Servicemembers.

The Insurance program also provides a conversion option to either a permanent plan or a renewable term insurance policy after a Servicemember's separation from service. All benefits and services are provided in an accurate, timely, and courteous manner and at the lowest achievable administrative cost. Insurance coverage is provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return is ensured on investments held on behalf of the insured.

Stakeholders

Stakeholders include Veterans who maintain VA life insurance policies and their beneficiaries; Servicemembers and Veterans insured under the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs and their families and beneficiaries; taxpayers; Veterans Service Organizations; the Department of Defense (DoD); the individual service branches; Congress; the SGLI Advisory Council; Prudential Insurance Company of America (the parent company of the Office of Servicemembers' Group Life Insurance (OSGLI)); the 24 insurance companies that serve as converters and/or re-insurers for the SGLI program; and employees of the Insurance program and its supporting elements.

Insurance					
Summary of Discretionary Appropriation Highlights					
(dollars in thousands)					
	2011	2012		2013	2013 - 2012
Discretionary	Actuals	Budget Estimate	Current Estimate	Request	Increase(+) Decrease(-)
FTE					
Direct	304	330	330	313	-17
Management Direction and Support	48	43	43	39	-4
Total FTE	352	373	373	352	-21
Obligations					
Personal Services	\$26,831	\$29,865	\$29,865	\$29,235	-\$630
Travel	121	158	158	158	0
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	1	2	2	2	0
Rent, Communications & Utilities	3,278	3,498	3,498	3,365	-133
Printing	30	30	30	30	0
Other Services	1,084	1,094	1,094	983	-111
Supplies and Materials	207	329	329	285	-44
Equipment	4	295	295	297	2
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	\$31,569	\$35,284	\$35,284	\$34,368	-\$916
Reimbursements	-\$30,714	-\$34,587	-\$34,586	-\$33,646	\$940
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
Economic Stimulus (\$7.1M) - 09 / 11	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
Economic Stimulus (\$7.1M) - 09 / 11	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$855	\$697	\$697	\$722	\$25
Outlays (net)	\$656	\$548	\$581	\$580	-\$1

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

Summary of Budget Request

Budget authority of \$0.7 million is requested to fund the discretionary portion of the Veterans' Mortgage Life Insurance (VMLI) program. Budget authority increases are consistent with slight increases in VMLI processing, while total administrative obligations decline in line with decreases to all other insurance policies in-force. Combined budget authority and offsetting collections of \$33.6 million will fund total obligations of \$34.4 million. The combined request will provide sufficient funding for the administrative expenses of 352 FTE, the January 1, 2013, 0.5 percent projected pay raise, the anticipated changes in staff

composition, the associated level of fringe benefits, and inflationary expenses. In 2013, the Insurance program will continue to maintain our already high level of performance and client satisfaction. Nearly all insurance work products will be in the electronic workflow system by 2013. We will continue to provide world-class service through our toll-free telephone service and enhance our current alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, social media, and the Insurance self-service Web site, which is being redesigned to provide a more streamlined online experience for Veterans applying for insurance and managing their insurance policies.

Changes from Original 2012 Budget Estimate

Obligations remain unchanged from the original budget estimate.

Changes from 2012 Current Estimate to 2013 Request

In 2013, obligations are expected to decrease by \$916 thousand. This decrease is primarily a result of the \$630 thousand decrease in personal services from the reduction of 21 FTE. The decrease also includes a \$133 thousand decrease in rent, communications, and utilities; a \$111 thousand decrease in other services, and a \$44 thousand decrease in supplies. Rent, communications, and utilities decrease as a result of the decrease in FTE. Other services and supplies decrease to better reflect program requirements.

Insurance		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2012 Estimate	2013 Request
Prior Year Obligations	\$31,569	\$35,284
Prior Year FTE	352	373
Adjustments:		
FTE	21	-21
Personal Services	\$3,034	-\$630
Travel	37	0
Interagency Motor Pool	0	0
Transportation of Things	1	0
Rent, Communications & Utilities	220	-133
Printing	0	0
Other Services	10	-111
Supplies and Materials	122	-44
Equipment	291	2
Insurance Claims	0	0
Net Change	\$3,715	-\$916
Estimated Obligations	\$35,284	\$34,368
Total FTE	373	352

Insurance	
Average Salary Analysis	
2011 Average Salary (261 days)	\$58,638
Annualization of 0% 2011 raise (0%)	0
Annualization of 0% 2012 raise (0%)	0
Change in staff composition	1,369
One day adjustment	-230
Regular benefits percentage	23.1%
2011 Average Cost	\$76,224
2012 Average Salary (260 days)	\$59,777
Annualization of 0% 2012 raise (0%)	0
Annualization of 0.5% 2013 raise (0.4%)	224
Change in staff composition	2,570
One day adjustment	241
Regular benefits percentage	25.3%
2012 Average Cost	\$80,066
2013 Average Salary (261 days)	\$62,813
Regular benefits percentage	24.4%
2013 Average Cost	\$83,054

Program Highlights

In 2013, the Insurance program will obligate approximately \$2.5 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, policy loans, and traumatic injury protection payments. The Insurance program will continue to maintain its already high level of performance and client satisfaction.

We continue to transform operations and procedures by maintaining a paperless electronic workflow system. All major insurance work products are being processed in the electronic workflow system. This has led to significant improvements in timeliness and accuracy and contributes to maintaining a high level of client satisfaction. Client satisfaction will remain high as we continue to provide world-class service through the ease of access to our toll-free telephone service by maintaining blockage at or below one percent and the average speed of answer at or below 20 seconds. We validate our high customer satisfaction with studies performed by the American Customer Satisfaction Index (ACSI), which is produced by a partnership between the University of Michigan Business School, the American Society for Quality, and the Claes Fornell International (CFI) Group. The ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights for companies, industry trade associations, and government agencies. In prior Insurance program ACSI studies, the Insurance program earned scores surpassing both the private sector and other government agencies performing similar functions for awards processing and toll-free telephone service. At the request of Insurance, ACSI has recently performed similar studies on our awards processing and toll-free telephone service (Customer Service Center). Our Insurance awards processing scored an 87, more than 20 points higher than the overall satisfaction rate with the federal government. Our Customer Service Center also scored an 87, nearly 20 points higher than the aggregate of all federal call centers, and was also 10 points higher than the aggregate for private sector call centers. The CFI Group noted that our Customer Service Center has achieved the highest customer satisfaction score ever recorded for a government call or information center.

We will continue to expand the Insurance self-service Web site, which will allow clients improved functionality and access to their insurance benefits. Clients can apply for insurance, change their address, update their beneficiary designation, and apply for a loan, among other services. Clients and stakeholders can also subscribe to an online electronic newsletter that informs them of insurance benefits and services. An SGLI online enrollment system will also be available through the eBenefits portal. Insurance, in cooperation with the DoD, Prudential Insurance Company of America, and IBM, will automate the paper forms process, which will enable Servicemembers to make online changes to their SGLI coverage.

We are designing and developing insurance Web-based training programs to meet the emerging training needs of Insurance employees and employees of other VBA business lines. This training is also applicable to the DoD, the branches of service, and other stakeholders to assist them in serving Veterans, Servicemembers, and their beneficiaries more effectively.

We will continue to enhance our special one-on-one telephone outreach efforts to inform disabled Veterans of their insurance options, with a special emphasis on contacting severely disabled Veterans. We have expanded the outreach process by identifying, in most instances, those Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100 - 200 per month to 1,000 - 1,500 per month.

As a result of the cooperative and productive relationships between Insurance, the DoD, and Prudential Insurance Company of America, we continue to provide Servicemembers and their families in the SGLI, Family SGLI, and SGLI Traumatic Injury Protection programs with compassionate and timely service during their greatest times of need.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrat ed Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						Strat. Target
			Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Enable 21 st Century benefits delivery and services (MI)	Number of disbursements (death claims, loans, and cash surrenders) per FTE	1,756	1,755	1,714	1,808*	1,750	1,750	1,750
Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						Strat. Target
			Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	1. Expand outreach and improve access to benefits information and assistance (OSE)	Conversion rate of disabled SGLI members to VGLI (%)	45	32	37	55**	40	40	50

* Insurance processed slightly more disbursement with fewer FTE than projected in 2011. FTE dedicated to processing disbursements were less than projected due to losses realized during the year. Future targets of the number of disbursements processed per FTE are based the optimal FTE level necessary to process disbursements Insurance projects to receive.

** Insurance created a new outreach unit in 2011 to supplement our existing outreach to disabled Servicemembers eligible to convert their SGLI coverage to VGLI. The initial outreach results from this new unit were very successful. VA is currently in the process of determining the baseline results for this new outreach effort to determine if adjustments in future targets are needed.

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits , get feedback on VA programs, and build relationships with them as our clients	1. Enhance VA's advocacy role through <i>Voice of the Veteran</i> client satisfaction surveys ^{1/} (SI)	Rate of high client satisfaction ratings on Insurance services delivered (%)	95	96	95	95	95	95	95

^{1/}Insurance uses its own client satisfaction surveys, not the *Voice of the Veteran* client satisfaction surveys. This supporting initiative was selected because it was the most appropriate choice available.

Table 2: Performance Measure Supporting Information

Rate of high client satisfaction ratings on Insurance services delivered (Key Measure)

a) Means and Strategies:

- Continue to process disbursements in less than 2.7 workdays
- Maintain toll-free telephone blockage at or below one percent and the average speed of answer at or below 20 seconds

b) Data Source(s): Insurance client survey to 40 randomly selected Veterans and beneficiaries per month for each of 11 end products

c) Data Verification: Insurance Service reviews and tabulates survey responses and independently validates the results of the tabulated responses by re-entering randomly selected monthly responses to determine if similar results are calculated.

d) Measure Validation: This measure provides information on the satisfaction level of Veterans and other beneficiaries in VA's Insurance program. Results help VA identify areas where improvements on service delivery or program administration need to be implemented in order to better meet the needs of Veterans and their beneficiaries.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy D: Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients

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General Administration

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Departmental General Administration

Appropriation Language

The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and Departmental General Administration. A detailed description of VBA is provided in Part 4 of this volume.

Departmental Administration

General Administration

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, \$416,737,000, of which not to exceed \$20,837,000 shall remain available until September 30, 2014: Provided, That funds provided under this heading may be transferred to ``General operating expenses, Veterans Benefits Administration''.

Appropriation Highlights (dollars in thousands)				
	2011 Actual	2012 Budget Current Est		2013 Request
Appropriation	\$397,500	\$448,225	\$416,737	\$416,737
Start of Year Unobligated Balances	\$26,194	---	\$10,641	---
Recission	-\$795	---	---	---
Total Direct Budgetary Resources	\$381,137	\$448,225	\$427,378	\$416,737
Average Employment (FTE)	2,941	3,315	3,305	3,380

Program Description

The General Administration account provides funding for the Office of the Secretary, six Assistant Secretaries and three VA-level staff offices, all of which report directly to the Deputy Secretary.

The Board of Veterans' Appeals (BVA) conducts an appellate program for Veterans and family members who appeal original decisions on their entitlement claims. BVA is the final agency decision-maker on all matters concerning benefits appeals.

The Office of General Counsel serves as the Department's legal advisor and ensures that the agency faithfully executes all laws, regulations, and policies that the Secretary is responsible to administer.

The Office of Acquisition, Logistics and Construction oversees the resources, services and projects that comprise VA's capital facilities program and also directs the Department's acquisition and logistics activities (Supply Fund).

The Assistant Secretary for Management provides executive leadership for the Department's budget, financial management, performance measurement and capital asset management. Offices that report directly to the Assistant Secretary include: the Office of Asset Enterprise Management (OAEM), the Office of Budget, the Office of Finance, and the Office of Business Oversight.

The Assistant Secretary for Human Resources & Administration (HR&A) formulates and executes Department-level policies and programs concerning human resources management and labor relations, and equal employment opportunity (including the timely and correct processing of EEO complaints). HR&A is also responsible to formulate and execute VA's Human Capital Investment Plan and also oversees VA Central Office support services which include building management, renovations, and audiovisual requirements.

The Assistant Secretary for Congressional and Legislative Affairs executes the Department's congressional affairs program by maintaining a positive working relationship between the VA and the U.S. Congress and has overall responsibility for the plans, policies, goals, and direction of the Office of Congressional and Legislative Affairs.

The Assistant Secretary for Policy and Planning (OPP) leads the development of initiatives and analysis for the Secretary and VA senior leaders in the areas of Veteran policy, Departmental level policy, interagency policy, program development, strategic planning, and management to support effective and efficient delivery of benefits and services to our Nation's Veterans. OPP ensures alignment of all policy, program, strategy, and operations with the strategic direction of the Administration and Secretary. OPP coordinates the development and implementation of the VA Strategic Plan, leads the Department in data analysis and program assessment, and develops external partnerships to improve services and outcomes for Veterans and their families.

The Assistant Secretary for Security and Preparedness (OSP) will continue to be an active federal partner in VA's continuity of operations in the event of an emergency (whether natural disaster or terrorist assault) with minimal disruption to ongoing services to Veterans and their families. OSP will also lead the Department's efforts in ensuring enforcement of the law and overseeing the protection of VA's infrastructure. Finally, OSP evaluates preparedness programs and develops training programs and exercises that enhance VA's readiness.

The Assistant Secretary for Public and Intergovernmental Affairs provides news media services and public affairs policy guidance to create awareness of VA programs and services. The Office of Public and Intergovernmental Affairs (OPIA) is also responsible for managing and directing intergovernmental and consumer affairs.

General Administration								
(\$ in thousands)								
	<u>2011 Actual</u>		<u>2012 Budget</u>		<u>2012 Current Est.</u>		<u>2013 Request</u>	
	<u>Enacted BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>
Office of the Secretary	9,270	86	10,104	89	10,085	89	10,085	89
Board of Veterans' Appeals	73,273	535	78,006	544	78,006	532	78,006	527
Office of General Counsel	80,778	754	84,073	732	83,099	738	83,099	729
Office of Management	43,161	277	46,222	316	45,598	303	45,598	307
Office of Human Resources & Administration	68,590	645	74,343	810	70,379	849	70,379	889
Office of Policy & Planning	26,015	90	28,647	125	26,015	117	26,015	117
Office of Operations, Security & Preparedness	16,746	86	19,873	107	18,510	102	18,510	102
Office of Public and Intergovernmental Affairs	22,079	79	23,981	93	23,286	94	23,037	94
Office of Congressional & Legislative Affairs	6,065	42	6,585	52	6,053	45	6,302	45
Office of Acquisition, Logistics and Construction	50,728	348	76,391	447	55,706	436	55,706	481
Total Budget Authority	\$ 396,705	2,941	\$ 448,225	3,315	\$ 416,737	3,305	\$ 416,737	3,380

Note: FTE levels include staffing supported by reimbursements.

Summary of Budget Request

In 2013, VA is requesting \$417 million and 3,380 FTE for the General Administration account, the same funding enacted in 2012. These funds will sustain the management oversight and accountability process implemented during the last 3 years.

The table at the end of this section summarizes the resource level by staff office for the General Administration account. Highlights include:

- In 2013, \$10.1 million and 89 FTE are requested to support all operations within the Office of the Secretary, which includes: the Center for Minority Veterans, the Center for Women Veterans, the Center for Faith Based and Neighborhood Partnerships, the Office of Survivors Assistance, the Office of Employment Discrimination Complaint Adjudication (OEDCA) and the immediate Office of the Secretary. The Office of Secretary provides executive leadership to all programs to transform VA into a 21st century organization to ensure Veterans are cared for over a life time, from the day the oath is taken to the day they are laid to rest.
- A total of \$78 million in budget authority and 527 FTE are requested for the Board of Veterans' Appeals (BVA) in 2013 to address an increasing number of appeals and growing backlog. The request will also allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.
- In 2013, \$83.1 million and 729 FTE are requested for the Office of General Counsel. This will support GC's continuing efforts to address an expanding legal workload, including an increasing number of cases before the United States Court of Appeals for Veterans Claims and to improve the timeliness of publishing regulations for VA's legislative and regulatory programs.
- A total of \$45.6 million and 307 FTE are requested for the Office of Management in 2013. The 2013 budget will support priorities and initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. The request includes funding for audits of the Non-VA Care (Fee) Program.

- In 2013, \$70.3 million in budget authority and 889 FTE are requested for the Office of Human Resources and Administration. When combined with \$381 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives. These include: Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning.
- A total of \$26 million and 117 FTE are requested for the Office of Policy and Planning (OP&P) in 2013. The 2013 budget will support the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services, conduct long range planning, and allow for increased VA/DoD Collaboration efforts. In addition, OP&P will partner with other VA organizations on new VA-wide initiatives to maximize economies and efficiencies across the Department. These initiatives include: the Business Intelligence Program Management Office, corporate predictive modeling, interagency data mining, as well as other strategic planning transformation efforts.
- A total of \$18.5 million and 102 FTE are requested for the Office Operations, Security, and Preparedness in 2013 for a variety of mission critical activities including the continued refinement and development of the department's continuity programs through crisis management exercises, evaluation and training. The budget also supports: a program office for the Personnel Security and Suitability Program; improvements to the protection of the Department's physical infrastructure to ensure the provision of safe and secure environments for care and service; expanded oversight and inspection of VA Police Operations at VA facilities throughout the country; a program office for HSPD-12 implementation and compliance; and increased requirements for VA Special Access Programs.
- In 2013, \$23 million and 94 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for continued outreach, enhancing VA's partnership with Tribal Governments, and sustaining an Office of New Media intended to educate and empower Veterans and their families. In addition, the budget includes funding for grants to the U.S. Paralympics, Inc. and for subsistence payments to Veterans and service members participating in the program.
- A total of \$6.3 million and 45 FTE are requested for the Office of Congressional and Legislative Affairs in 2013. This funding will allow VA to continue to address an increasing workload and to become more

proactive in advancing congressional communications and legislative outreach.

- A total of \$55.6 million and 481 FTE are requested for the Office of Acquisition, Logistics, and Construction in 2013. This funding supports activities to improve contracting and acquisitions and VA's Facilities Transformation initiatives by: increasing the role of project management at the regional and local levels; integrating facilities management functions to maximize life-cycle performance; expanding facility assessment and planning capability; leveraging technical expertise for minor design, construction and leasing; and increasing VA's return on investment .

Net Change
General Administration
2013 Summary of Resource Requirements
(\$ in thousands)

2012 President's Budget Request	\$448,225
Consolidated Appropriations Acts, 2012	<u>-\$31,488</u>
2012 Enacted	\$416,737
2013 Adjustments	
Pay Raise (0.5 percent)	\$1,575
Other Payroll and Benefits Increases	\$2,048
OALC BA FTE Increases (27)	\$3,752
Other Net FTE Increases (3)	\$417
Rents & Utilities	\$521
Transportation & Shipments of Things	-\$685
Travel	-\$600
Printing and Reproduction	-\$75
Contractual services	-\$4,639
Supplies & Materials	-\$324
Equipment	<u>-\$1,990</u>
Subtotal	\$0
2013 Request	\$416,737

Employment Summary-FTE by Grade				
General Administration	2011	2012	2013	Change
Grade	Actual	Current	Request	FY13 v FY12
SES	95	107	109	2
GS-15 or >	231	260	265	5
GS-14	937	1052	1078	26
GS-13	613	689	704	15
GS-12	255	287	293	6
GS-11	203	228	233	5
GS-10	5	6	6	0
GS-09	203	228	233	5
GS-08	59	66	68	2
GS-07	133	149	153	4
GS-06	39	44	45	1
GS-05	42	47	48	1
GS-04	46	52	53	1
GS-03	65	73	75	2
GS-02	14	16	16	0
GS-01	1	1	1	0
Total Number of FTE	2,941	3,305	3,380	75

Analysis of FTE Distribution - Headquarters/Field		
General Administration	2011	
	HQ-Actual	Field-Actual
SES	73	21
GS-15 or >	201	30
GS-14	706	231
GS-13	479	134
GS-12	161	94
GS-11	146	58
GS-10	5	0
GS-09	135	68
GS-08	50	9
GS-07	81	52
GS-06	21	18
GS-05	37	5
GS-04	40	6
GS-03	63	2
GS-02	14	0
GS-01	1	0
Total Number of FTE	2,213	728

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Office of the Secretary

Mission

The mission of the Office of the Secretary is to support the Department of Veterans Affairs. This includes developing strategies and strategic communications plans, supporting the operations and daily administrative functions, and managing and monitoring all correspondence directed to the Secretary and Deputy Secretary. The Office of the Secretary also supports the special interest offices that report directly to the Secretary and carry out high priority work. These include:

Summary of Budget Request

Budget Authority (\$ in 000)	2012		2013	
	BA	FTE	BA	FTE
Office of the Secretary	\$ 6,815	46	6,815	46
Center for Faith-Based and Neighborhood Partnership	640	4	640	4
Center for Minority Veterans	1,176	7	1,176	7
Center for Women Veterans	850	5	850	5
Office of Employment Discrimination Complaint Adjudication ^{1/}	52	24	52	24
Office of Survivors Assistance	552	3	552	3
Total Budget Authority	\$10,085	89	\$10,085	89

^{1/} OEDCA has statutory authority to collect reimbursements for costs incurred to carry out its operations. The BA represents the Staff Offices portion of the program, which is funded through GOE.

- The Office of the Secretary provides executive leadership and strategic direction for all VA programs, including VA's efforts to transform the Department into a 21st century organization and to ensure that the Department cares for Veterans over a lifetime, from the day the oath is taken until the day they are laid to rest.
- Other offices under the Secretary carry out specific missions to serve Veterans and report directly to the Secretary and Deputy Secretary.

Program Description

A major function of the Office of the Secretary is to develop strategies and strategic communications plans to guide the transformation of VA, which are then executed in coordination with the organizations that make up the Department. These activities include strategies on policies, budgets, organizations, communications, and external relations. The immediate Office of the Secretary is composed of strategists, operations, and administrative staff members who carry out and execute Secretarial priorities on a daily basis.

In addition, the Office of the Executive Secretariat oversees, manages, and monitors all correspondence directed to the Secretary and Deputy Secretary as well as oversees the administrative operations of the Office of the Secretary. The Secretary, Deputy Secretary, and other executives within the Office of the Secretary manage high interest communications from the White House, Congress, OMB, and Veterans service organizations (VSOs) and manage items addressing politically sensitive issues for signature.

- The Executive Secretariat provides oversight and guidance to the Under Secretaries, Assistant Secretaries, and other Key Officials to ensure replies are timely, accurate, responsive, and consistent with current policy.
- The Executive Secretariat also manages the budget for the Office of the Secretary, as well as, information technology needs, the management of human resources, and administrative support functions.

The **Center for Minority Veterans' (CMV)** mission is to serve as principal advisor to the Secretary, identify barriers to benefits and health care access, promote awareness of minority Veteran-related issues, develop strategies for improving minority Veterans' participation in existing VA benefits and programs, and provide support for the Secretary's Advisory Committee on Minority Veterans. The CMV also serves as an advocate for minority Veterans, conducts outreach activities to promote the awareness and use of VA benefits and services, and evaluates the overall effectiveness of the provision of VA benefits and services. Specifically, these Veterans include the following minority groups: African American, Hispanic, Asian American, Pacific Islander, and Native American, including American Indian, Alaska Native, and Native Hawaiian.

The Center's activities include:

- Supporting and initiating activities designed to educate and sensitize internal staff within VA to the unique needs of minority Veterans.
- Identifying VA policies and business practices that present obstacles and challenges to minority Veterans.
- Serving as a resource center to internal and external stakeholders for the exchange of information regarding innovative, best practice initiatives, and successful programs that improve services to minority Veterans.
- Conducting statistical analysis of Minority Veterans Program Coordinators (MVPC) Web-based Quarterly Activity Reports to identify opportunities for improvement in outreaching to minority Veterans and leveraging best practices within VA.
- Developing and providing current outreach materials, guidance, and training to approximately 300 MVPCs located within VBA/VHA/NCA.
- Establishing and maintaining collaborative partnerships with other federal, state, local agencies, Veterans' Service Organizations, faith based organizations, and special emphasis groups, as well as internal stakeholders, to increase awareness of minority Veterans issues, and develop collaborative strategies to address unmet needs.

The **Center for Women Veterans' (CWV)** mission is to monitor and coordinate VA's administration of health care and benefits services and programs for women Veterans. The Center serves as an advocate for a cultural transformation (both within VA and in the general public) in recognizing the service and contributions of women Veterans and women in the military, and in raising awareness of the responsibility to treat women Veterans with dignity and respect. The CWV Director serves as the primary advisor to the Secretary on all matters related to policies, legislation, programs, issues, and initiatives affecting women Veterans.

The Center's activities include:

- Identifying and recommending effective VA policies, practices, programs, and related activities for women Veterans, and disseminating information internally and to the general public.
- Promoting a culture that honors the service and contributions of women Veterans and women in the military.
- Advocating and supporting awareness of entitlement to VA benefits by promoting images of women Veterans and women in the military through mass media.
- Proactively and timely communicating with women Veterans and their families on benefits and services.

- Collaborating with other Federal, state and local agencies, VSOs, faith-based and community partners to provide information on women Veterans.
- Providing support to the Secretary's Advisory Committee on Women Veterans, including coordinating annual briefings and a site visit to VA field facilities, and publishing of a biennial report outlining recommendations, concerns, and observations on VA's delivery of benefits and services to women Veterans.

The **Center for Faith-based and Neighborhood Partnerships (CFBNP)** mission is to develop partnerships with and provide relevant information to faith-based and secular organizations and expand their participation in VA programs in order to better serve the needs of Veterans, their families, survivors, and care givers. The CFBNP Director serves as the liaison and point of contact with the White House Office of Faith-based and Neighborhood Partnerships (OFBNP).

The Center's responsibilities include:

- Building partnerships between government agencies, faith-based and community organizations to better serve Veterans, their families, survivors, care givers and communities.
- Supporting the four priorities identified by President Obama and the White House OFBNP:
 - Strengthening the Role of Community Organizations in the Economic Recovery
 - Reducing Unintended Pregnancies, Supporting Maternal and Child Health, and Reducing the Need for Abortion
 - Promoting Responsible Fatherhood and Strong Communities
 - Promoting Interfaith Dialogue and Cooperation

The Center's activities include:

- Co-hosting 4 regional Veterans Roundtables in collaboration with Veterans Benefits Administration (VBA) Vocational Rehabilitation and Employment (VR&E) Service and the Regional Office of the host city. The Veterans Roundtables are designed to provide local leaders, faith-based and secular, with information on the programs and services VA provides and an opportunity to develop relationships with local VA staff.
- Participating in White House briefings convened for faith-based and community leaders.
- Moderating workshop and roundtable discussions at WH OFBNP Connecting Communities for the Common Good conferences convened across the country.

- Collaborating with other Federal, state and local agencies, VSOs, and community partners to provide information on the valuable role of faith-based organizations as partners in serving our Veterans
- Facilitating training for local clergy to better equip them to minister to and work with Veterans returning to their communities.

The **Office of Survivors Assistance (OSA)** mission is to serve as a resource regarding all benefits and services furnished by the Department of Veterans Affairs to survivors and dependents of deceased Veterans and deceased members of the Armed Forces. OSA also serve as the primary advisor to the Secretary on all matters related to the policies, programs, legislative issues, and other initiatives affecting survivors and dependents of survivors and dependents of deceased veterans and members of the Armed Forces.

OSA's responsibilities include:

- Building and maintaining collaborative partnerships with local, state and federal agencies as well as VSOs, faith-based and community organizations and other stakeholder groups in order to increase awareness of benefits and services available to survivors and their dependents.
- Advocating for the needs of survivors in the policy and programmatic decisions of VA.
- Developing and providing communications materials and products for distribution to internal and external partners and organizations
- Providing oversight and outreach programming to survivors.
- Tracking and recommending survivor legislative issues.
- Making appropriate referrals to VA administrations and staff offices so that survivors receive all benefits and services for which they are eligible.
- Developing innovative outreach opportunities to reach survivors who are eligible but are not receiving benefits.

The **Office of Small and Disadvantaged Business Utilization (OSDBU)** headed by the Executive Director, serves as the Department's advocate for the participation of Service-Disabled Veteran-Owned small businesses, Veteran-Owned small businesses, small business concerns, small disadvantaged businesses , women-owned small businesses , and Historically Underutilized Businesses in VA contracts and subcontracts. The OSDBU Executive Director serves as the Department's principal liaison to the Small Business Administration. In matters relating to the Department's socioeconomic acquisition program, the Executive Director is a liaison with the Department of Commerce, GSA, and the Office of Federal Procurement Policy.

Established by statute in 1979, OSDBU works closely with VA program offices and contracting activities to ensure maximum practical opportunity for small businesses in the Department's procurements. Activities include:

- Conducting contract bundling reviews, training acquisition officials, counseling entrepreneurs, participating as small business experts at conferences, distributing informational materials that describe how to do business with the Department and sharing acquisition information with VSOs.
- Negotiating, establishing, and maintaining the Department-wide procurement goals, and reporting on the progress toward accomplishing these goals.
- Monitoring the effectiveness of current policy, procedures, and plans for enhancing utilization of small businesses in future departmental requirements.
- Verifying the eligibility of Veteran-owned small businesses (VOSB) and service-disabled Veteran-owned small businesses (SDVOSB) to receive preference related to contract awards made by the Department of Veterans Affairs.

Although OSDBU reports to the Secretary, funding for this office is provided through VA's Supply Fund.

The **Office of Employment Discrimination Complaint Adjudication (OEDCA)** began operations on February 19, 1998, pursuant to The Veterans Benefits Act of 1997. OEDCA is an independent office responsible for issuing final agency decisions and orders on the substantive merits of employment discrimination complaints filed by employees and applicants for employment. In order to avoid a conflict of interest, complaints alleging that the Secretary or Deputy Secretary personally made a decision directly related to the matters in dispute, or were otherwise personally involved in such matters, will be referred for decision-making to another Federal agency pursuant to a cost-reimbursable agreement. Such a referral will not be made, however, when the action complained of relates merely to routine, ministerial approval of selection recommendations submitted to the Secretary by the Under Secretaries, Assistant Secretaries, or other key officials.

Final agency decisions and orders are rendered in a fair and impartial manner and are based on evidence contained in the investigation report and, if applicable, the hearing transcript and exhibits provided by an Equal Employment Opportunity Commission (EEOC) appointed administrative judge. OEDCA is also responsible for determining equitable relief and issuing final agency

decisions on a complainant's entitlement to compensatory damages, attorney's fees, and costs where the complainant is a prevailing party.

Budget Highlights

The 2013 request provides for the following:

- An average employment of 89 FTE and total obligational authority of \$13,445,000 are requested in 2012 to support all operations of the Office of the Secretary, which includes CMV, CWV, CFBNP, OSA, and OEDCA. This request is comprised of \$10,085,000 in budget authority, \$3,360,000 in reimbursable authority for offices within the account.
- Within the total obligational authority, an average employment of 65 FTE, and budget authority of \$10,085,000 is requested to support the operations of the Office of the Secretary.
- In addition to \$52,000 in budget authority included above, OEDCA is requesting \$3,360,000 in total recoveries to support 24 FTE and its operations. Funding for this office is provided on a reimbursable basis. Recoveries are comprised reimbursements from VHA, VBA, NCA, IG and OI&T. The budget authority represents the staff office share of the operational costs related to OEDCA.

Office of the Secretary
Summary of Employment and Obligations
(dollars in thousands)

	2011 Actual	2012		2013 Estimate	Change FY13 v FY12
		Budget Estimate	Annual Estimate		
FTE	86	89	89	89	0
Obligations:					
Personal services	\$12,693	\$12,825	\$12,861	\$12,925	\$64
Travel	\$491	\$379	\$488	\$279	(\$209)
Transportation of things	\$0	\$0	\$0	\$0	\$0
Rents, communications, and utilities	\$0	\$0	\$0	\$0	\$0
Printing and reproduction	\$26	\$16	\$27	\$16	(\$11)
Other services	\$128	\$122	\$228	\$125	(\$103)
Supplies and materials	\$195	\$174	\$217	\$100	(\$117)
Equipment	\$7	\$0	\$0	\$0	\$0
<i>Adjustment to Expenditure</i>		(\$173)	(\$229)	\$0	\$0
Total obligations	\$13,540	\$13,343	\$13,592	\$13,445	(\$376)
Reimbursements (OEDCA)	(\$3,131)	(\$3,239)	(\$3,131)	(\$3,360)	\$0
SOY Carry over (-)	(\$1,679)	\$0	(\$376)	\$0	\$376
EOY Carry over (+)	\$540	\$0	\$0	\$0	\$0
Reallocation	(\$0)				\$0
Total budget authority	\$9,270	\$10,104	\$10,085	\$10,085	\$0

Office of the Secretary

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Meet the Secretary's socio-economic procurement goal achievement (OSE)	Percent of total procurement dollars awarded to <u>service-disabled Veteran-owned small businesses</u> (OSDBU) ⁽¹⁾ VA's data reported may differ from data reported by the SBA due to the timing of when SBA runs the report	12.09%	⁽¹⁾ 16.96%	20.0%	18.3%	10.0%	10.0%	10.0%
		Percent of total procurement dollars awarded to <u>Veteran-owned small businesses</u> (OSDBU) ⁽¹⁾ See above	15.27%	⁽¹⁾ 19.30%	23.0%	20.5%	12.0%	12.0%	12.0%

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Report Secretary's socio-economic procurement goal achievement (OSE)	Percent of total procurement dollars awarded to <u>small business concerns</u> (OSDBU) ⁽¹⁾ See above	36.35%	⁽¹⁾ 34.51%	37.3%	34.4%	34%	34%	34%
		Percent of total procurement dollars awarded to <u>small disadvantaged businesses</u> (OSDBU) ⁽¹⁾ See above	9.81%	⁽¹⁾ 7.78%	8.4%	7.9%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to <u>women-owned businesses</u> (OSDBU) ⁽¹⁾ See above	4.16%	⁽¹⁾ 3.42%	3.3%	3.7%	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to businesses located in Historically Underutilized Business Zones (OSDBU) ⁽¹⁾ See above	2.81%	⁽¹⁾ 2.02%	2.1%	2.2%	3.00%	3.00%	3.00%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	1. Increase Veteran participation in VA programs through outreach to, and partnerships with, faith-based and secular organizations (SI)	Average number of Veterans that were provided VA program materials by faith-based and secular organizations that participated in VA CFBNP outreach events. (CFBNP) (NEW)	N/Av	N/Av	N/Av	100	100	150	200

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	2. Educate and empower minority Veterans and their families through proactive outreach and effective advocacy (SI)	Average number of Veterans attending outreach programs conducted by Minority Veterans Program Coordinators and CMV (CMV)	N/Av	N/Av	70	60	100	115	130
D. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	3. Engage and empower women Veterans through effective targeted outreach, education, and monitoring of VA's provision of benefits and services for women Veterans (SI)	Percent of attendees at outreach activities who indicate that the information provided by Center staff improved awareness of VA benefits and services for women Veterans (CWV)	N/Av	N/Av	N/Av	N/Av	Baseline	65%	90%

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
D. Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients	1. Expand small business participation in Federal procurement opportunities through aggressive OSDBU research, enhanced verification, analysis, outreach, training, program modernization, and IT enhancements (SI)	Percent of complete verification applications in the Vendor Information Pages (VIP) database that are processed within 90 days (OSDBU) (NEW)	N/Av	N/Av	N/Av	92.7%	90%	95%	95%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Monitor attorney timeliness and provide time-off awards for extra production (OSE)	Average processing time for adjudication (in days) (OEDCA)	49	54	78*	69	60	60	49
	2. Send OEDCA attorneys to training and provide updates of EEOC appellate decisions (OSE)	Percent of final decisions reversed on appeal by EEOC (OEDCA)	4.0%	3.8%	3.7%	6.0%	3.6%	3.6%	3.0%

* Correction—data had to be recalculated.

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information
<p>Office of Small Disadvantaged Business Utilization</p> <p>1. Percent of total procurement dollars awarded to <u>Service-Disabled Veteran-Owned small businesses</u> (Departmental Management Measure)</p> <p>a) Means and Strategies:</p> <ul style="list-style-type: none">• Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Service-Disabled Veteran-Owned small businesses (SDVOSB)• Continue to participate in Integrated Product Teams for acquisitions valued at or above \$5M to ensure maximum contracting opportunities for SDVOSB• Maintain counseling and training to the SDVOSB community regarding how to do business with VA• Retain counseling and training to the VA contracting and purchasing staff regarding small business programs <p>b) Data Source(s):</p> <ul style="list-style-type: none">• Federal Procurement Data System – Next Generation: A system that maintains data on all procurement contracts <p>c) Data Verification:</p> <ul style="list-style-type: none">• VA’s Chief Acquisition Officer certifies the accuracy of the data to the Small Business Administration annually <p>d) Measure Validation:</p> <ul style="list-style-type: none">• Quantifies support of SDVOSB <p>e) Cross-Cutting Activities:</p> <ul style="list-style-type: none">• OSDDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations• Collaborative efforts include the Interagency OSDDBU Director’s Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country• Expand knowledge-based initiatives of contracting opportunities to enhance VA’s ability to meet statutory and the Secretary’s Socioeconomic Goals <p>f) External Factors:</p> <ul style="list-style-type: none">• None <p>g) Other Supporting Information:</p> <ul style="list-style-type: none">• Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments. <p>h) Link to New Strategic Planning Framework:</p> <ul style="list-style-type: none">• <u>Integrated Objective #1</u> – Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness• <u>Integrated Strategy B</u> – Develop a range of effective delivery methods that are convenient to Veterans and their families

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

2. Percent of total procurement dollars awarded to Veteran-Owned small businesses (Departmental Management Measure)

a) Means and Strategies:

- Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Veteran-Owned small businesses (VOSB)
- Continue to participate in Integrated Product Teams for acquisitions valued at or above \$5M to ensure maximum contracting opportunities for VOSB
- Maintain counseling and training to the VOSB community regarding how to do business with VA
- Retain counseling and training to the VA contracting and purchasing staff regarding small business programs

b) Data Source(s):

- Same as measure 1.

c) Data Verification:

- Same as measure 1.

d) Measure Validation:

- Same as measure 1.

e) Cross-Cutting Activities:

- OSDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations
- Collaborative efforts include the Interagency OSDBU Director's Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country
- Expand knowledge-based initiatives of contracting opportunities to enhance VA's ability to meet statutory and the Secretary's Socioeconomic Goals

f) External Factors:

- None

g) Other Supporting Information:

- Same as measure 1.

h) Link to New Strategic Planning Framework:

- Integrated Objective #1 – Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B – Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families



Board of Veterans' Appeals

Mission

The Board of Veterans' Appeals (BVA or Board) conducts hearings and issues timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law.

The Board is the component of the Department of Veterans Affairs (VA) responsible for making final decisions on behalf of the Secretary for the thousands of claims for Veterans benefits that are presented for appellate review. Despite the dynamic environment in which BVA has operated since the advent of judicial review, the mission has remained relatively unchanged.

Summary of Budget Request

The Board of Veterans' Appeals requests a budget authority of \$78,006,000 to support its operations.

Program Description and Accomplishments

The Board provides primary services to appellants – Veterans and Veterans' family members who have filed appeals on VA benefit claims. These appellants represent a subset of those who file claims for VA benefits, which, in turn, is a subset of the potential customer base for VA – all Veterans and their families.

The vast majority of BVA actions derive from claims initiated at Veterans Benefits Administration (VBA) regional offices. The appellate process begins at the field level, and field action may be required at later points in the process if the appeal involves a remand. The Board issues final VA decisions on all appeals for entitlement to veterans benefits, including claims for: service connection, increased disability ratings, total disability ratings, pensions, insurance benefits, educational benefits, home loan guaranties, vocational rehabilitation, waivers of indebtedness, fee basis medical care, dependency and indemnity compensation, and many more.

Despite this broad range of subject matter, about 96.3 percent of the Board's appellate workload concerns appeals for disability compensation or pension.

In addition to VBA, the Board partners with: (1) the Veterans Health Administration (VHA), which provides expert medical opinions to the Board and administers medical examinations used as evidence in appeals and, in some situations, is the originating agency for claims on appeal; (2) the General Counsel, who provides legal opinions to the Board on questions of law and represents the Department on appeals filed with the United States Court of Appeals for Veterans Claims (Court); and (3) Veterans Service Organizations (VSOs) who represent 82.3 percent of those appellants before BVA.

Proposed Legislation

Legislative proposals are currently under consideration in Congress to improve timeliness in the processing of Veterans benefits appeals including: (1) reduce the time period for initiating an appeal from one year to 180 days; (2) allow the Board to consider evidence filed by the claimant in the first instance, rather than having to remand the case back to the agency of original jurisdiction; (3) allow the Board more flexibility in scheduling video conference hearings in order to reduce the wait time for Veterans, and to minimize travel time and expenses related to conducting in-person travel board hearings; (4) amend the definition of "prevailing party" for purposes of establishing eligibility to receive fees under the Equal Access of Justice Act (EAJA) in order to provide an incentive for increased, continuing attorney representation before the Board; and (5) establish a clear time period for filing a substantive appeal by making the filing of a timely substantive appeal a jurisdictional requirement and by attaching finality to any matter in which a timely substantive appeal is not filed.

Budget Highlights

The 2013 request includes resources to continue the 2012 funding level. In 2012, Congress approved the approximately \$5 million increase requested by the President to address the increase in cases that the Board has experienced in the last few years. The Board's goal is to maximize its resources to increase the number of final decisions and continue to reduce the backlog of appeals.

*Board of Veterans' Appeals
Summary of Employment and Obligations
(dollars in thousands)*

	2012				
	2011	Budget	Current	2013	Increase (+)
	Actual	Request	Estimate	Request	Decrease (-)
Average Employment	535	544	532	527	-5
Obligations:					
Personal Services	\$72,481	\$73,341	\$73,341	\$74,064	723
Travel	762	1,300	1,300	900	-400
Transportation of Things	76	80	80	80	0
Rents, Communications & Utilities	368	530	530	400	-130
Printing & Reproduction	181	150	150	150	0
Other Services	2,030	2,015	2,603	2,000	-603
Supplies & Materials	575	570	570	400	-170
Equipment	13	20	20	12	-8
Insurance & Indemnities	0	0	0	0	0
Total Obligations	\$76,485	\$78,006	\$78,594	\$78,006	(\$588)
Reimbursements	0	0	0	0	0
SOY Unobligated Balance (-)	-3,800		-588	0	588
EOY Unobligated Balance (+)	0	0	0	0	0
Budget Authority	\$73,273	\$78,006	\$78,006	\$78,006	\$0

The Board is tasked with conducting hearings and issuing decisions. A direct and proportional correlation exists between the number of employees and decisional output. BVA has explored efficiencies in its processes and has implemented operational changes in the areas of hearings and remands.

The majority of the Board's budget (95%) is allocated to labor costs. Approximately 80% of the Board's employees are on career ladders with step increases, meaning that even when the workforce stays constant, labor costs increase substantially. In FY 2011, BVA reduced its FTE to 535, based on the actual funding level. For FY 2013, BVA will be able to support an FTE level of 527.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strategic Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. Redesign the Expedited Claims Adjudication (ECA) process (SI)	Appeals Resolution Time (ART) (from NOD to final decision) (days)*	645	709	656	747	675	650	400
	2. BVA plans to maximize the number of final decisions and hearings and continue to reduce the backlog of appeals. (OSE)	BVA Appeals Backlog (New)	N/Av	17,113	21,112	20,287	39,283	65,611	21,000
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Advance key legislative initiatives to streamline the appeals process (automatic waiver of AOJ review for additional evidence, reduce statutory time periods, expedite hearings, etc.) (OSE)	BVA Cycle Time (excludes representative time) (days)	155	100	99	119	140	140	104
		Appeals Decided Per Veteran Law Judge	754	813	818	784	752	752	800

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strategic Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
	2. Update technology and expand videoconferencing capability for hearings at the Board of Veterans' Appeals, regional offices and beyond (OSE)	Percent of Total Hearings that are Conducted via Video Conference	N/Av	N/Av	N/Av	29%	35%	46%	46%

*The ART is a joint measure shared with VBA that accounts for resolution of appeals pending at the local Regional Office level and at the Board.

Performance Measure Supporting Information

1) Appeals resolution time (Departmental Management Measure)

a) Means and Strategies:

- Reduce the time a case spends at the Board by partnering with VA's Appeals Management Center to reduce administrative impediments that influence appeal resolution time
- Promote use of Expedited Claims Adjudication (ECA)

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: This measure represents the average length of time it takes VA to process an appeal from the date a claimant files a Notice of Disagreement (NOD) until a case is resolved at a VBA regional office or at BVA

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

Performance Measure Supporting Information

2) BVA Cycle Time (Departmental Management Measure)

a) Means and Strategies:

- Strive to create final, legally accurate decisions in the shortest time possible by more robust Quality Review to identify problem areas and take appropriate corrective actions such as training and process improvement

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: None.

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

3) Appeals decided per Veteran Law Judge (Departmental Management Measure)

a) Means and Strategies:

- Implemented aggressive training program within BVA to write clear, concise, coherent, and correct decisions
- Created mentoring program to pair up high-producing attorneys with new hires

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner"

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: Appeals decided depends upon number of decisions produced; but producing a high number of decisions has little meaning without the context of quality

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

4) Percent of Total Hearings that are Conducted via Video Conference (Departmental Management Measure)

a) Means and Strategies:

- Increase the number of video rooms available to deliver video hearings
- Partner with Regional Offices and Veterans Service Organizations to encourage video hearings thus reducing the hearing wait time for veterans.

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors.

Performance Measure Supporting Information

d) Measure Validation:

- This measure is closely aligned to BVA's mission to "conduct hearings and dispose of appeals properly before the Board in a timely manner."

e) Cross-Cutting Activities:

- Expedited Claims Adjudication (ECA), VRM, VBMS, VLER, VBA Synchronization.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness.
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

5) BVA Appeals Backlog (Departmental Management Measure)

a) Means and Strategies:

- Strive to create final, legally accurate decisions in the shortest time possible by more robust Quality Review to identify problem areas and take appropriate corrective actions such as training and process improvement.
- Created mentoring program to pair up high-producing attorneys with new hires

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to issue timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law.

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: Calculations: Backlog from previous year + case receipts from current year minus appeals decided in current year=BACKLOG

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy A: Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery

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General Counsel

Mission

The mission of the Office of General Counsel (OGC) is to proactively meet the legal needs of the Department of Veterans Affairs. As the unified national law firm for the Department, OGC must ensure the just and faithful execution of the laws, regulations, and policies that the Secretary has responsibility for administering, and by so doing enable the Department to accomplish its mission of service to our Nation's Veterans.

Our primary stakeholders receive the legal services of OGC. These include the Secretary of Veterans Affairs, the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA), the National Cemetery Administration (NCA), and other components of the Department. Secondary stakeholders include the Congress, the United States Court of Appeals for Veterans Claims, other Federal agencies, and Veterans service organizations.

Summary of Budget Request

The OGC budget request includes the following resources in 2013:

Funding:			
Appropriated			\$ 83,099,000
Reimbursable:			
MCCF			5,001,000
Credit Reform			5,304,000
Supply			9,216,000
All Other			1,265,000
Total Resources Requirements			\$ 103,885,000

- In 2013, OGC requests budget authority of \$83.1 million, total resources of \$103.9 million, and 729 FTE to support its operations.

- Distribution of Resource Requirements over OGC Product Lines

Product Lines:	2011	FTE	2012	FTE	2013	FTE
Benefits Law	\$ 22,967,633	170	\$ 23,551,080	170	\$ 24,932,400	175
Business Law	37,655,660	279	37,886,520	273	39,476,300	277
Employment Law	20,583,611	153	20,479,200	147	20,777,000	146
Health Law	12,680,832	94	12,287,520	89	11,427,350	80
Other Specialized Legal Services	7,856,264	58	8,191,680	59	7,271,950	51
Total Resource Requirements	\$ 101,744,000	754	\$ 102,396,000	738	\$ 103,885,000	729

Program Description and Accomplishments

OGC provides essential, high-quality legal and legislative services to the Department including representation before administrative and judicial forums, formal and informal legal advice, ethics advice, legislative drafting and advocacy, decision writing, legal program administration, rulemaking, training, and liaison with external parties.

By utilizing components at Central Office and in the field, OGC delivers nationwide coverage of legal services to the Department. Twenty-two Regional Counsel Offices located throughout the country support VA's field operations. The Central Office legal staff is made up of six professional staff groups (PSGs) performing substantive legal work, another staff group provides management and operational support to all components of the OGC, and a regulations policy and management office leads the Department's regulation re-write project and oversees rulemaking.

OGC's practice of law may be divided into five broad subject areas or "product lines." These are Employment Law, Health Law, Benefits Law, Business Law, and Other Specialized Legal Services. Within each of these five product lines are a number of legal-specific areas or "product categories."

Product Lines (product categories are in order of service delivery priority):

Employment Law: Within this product line, OGC provides legal services involving the following:

1. Employee disciplinary actions appealed to the Merit Systems Protection Board;
2. Employee complaints of discrimination or harassment taken to the Equal Employment Opportunity Commission (EEOC);
3. Title 38 employee disciplinary actions before Disciplinary Appeals Boards;

4. Labor management issues taken before the Federal Labor Relations Authority;
5. Employee requests for representation by the Department of Justice;
6. Inspector General and criminal investigations;
7. General employment issues (includes Office of Special Counsel investigations, pay and leave policy issues, etc.);
8. Ethics advice and training;
9. Labor relations arbitration matters;
10. General labor-management relations;
11. Employee pay and benefit matters;
12. State licensing board matters;
13. National Practitioner Data Bank; and
14. Military Personnel/Civilian Employee Claims.

Health Law: Within this product line, OGC provides legal services involving the following:

1. Administrative tort claims filed against the Department for injuries alleged to have resulted from VA-provided health care;
2. Administrative tort claims filed against the Department for damages alleged to have resulted from actions involving VA property/employees not related to health care;
3. Issues relating to the administration and management of a health care system;
4. Patient safety;
5. Bioethics;
6. Educational/training programs for health care professionals;
7. Commitment of mentally disturbed/impaired Veterans to VA health care facilities;
8. Medical Research;
9. Eligibility for health care services;
10. Canteen Service operations;
11. Final agency decisions on patent and copyright matters;
12. Administration of the General Post Fund; and
13. Acceptance of gifts to VA.

Benefits Law: Within this product line, OGC provides legal services involving the following:

1. Burial benefits;
2. Loan Guaranty (including management of properties acquired by VA in loan default actions);
3. Appointment and removal of fiduciaries;
4. Compensation and Pensions;

5. Vocational Rehabilitation and Education;
6. Attorney fees for claimant representation;
7. Accreditation of Veterans service organization representatives; and
8. National Service Life Insurance, United States Government Life Insurance and Servicemembers' Group Life Insurance.

Business Law: Within this product line, OGC provides legal services involving the following:

1. Collections (includes debts owed to the United States by liable third parties, insurers, and Veterans);
2. Procurement (includes construction, supply, and service contracts);
3. Expanded sharing of medical facilities, equipment, and information;
4. Acquisition and disposition of real property (includes leases and land acquisitions by/for VA, and easements on land owned by VA but does not include real property acquired in the administration of the loan guaranty program, which is covered under the Benefits product line above);
5. Enhanced-use leases of real property;
6. Compliance with environmental and occupational safety laws; and
7. Non-profit research corporations (issues related to incorporation and management of these corporations).

Other Specialized Legal Services: Within this product line, OGC provides legal services involving the following:

1. Disclosure of information (for example, *Touhy*, FOIA, Privacy Act, etc.);
2. Organization/reorganization of VA and its component parts;
3. Authorized use of appropriated funds and other fiscal matters; Federal Records Act;
4. Paperwork Reduction Act; and
5. Laws prohibiting discrimination in programs receiving Federal financial assistance (e.g., title 6 of the Civil Rights Act of 1974, title 9 of the Education Act, as amended, and Section 504 of the Rehabilitation Act, as amended).

Recent Accomplishments

Disability Counsel Assistance Program (DCAP): The DCAP was created in December 2008 following the passage of the National Defense Authorization Act for Fiscal Year 2008 (NDAA), Pub. L. No. 110-181. Section 1612 (b) of the Act required that the Secretaries of Defense and Veterans Affairs develop a policy to improve the conduct of physical disability evaluations by their respective departments, including procedures to eliminate unacceptable discrepancies and improve consistency among military and VA disability ratings. That Act also

required the military services to use the VA Schedule for Rating Disabilities (VASRD), including any applicable case law, when determining the status and condition of wounded, ill or injured service members. The DCAP, led by OGC and assisted by personnel from the Board of Veterans' Appeals and the Veterans Benefits Administration's Compensation Service, serves as a source of information and guidance to attorneys and paralegals from the military service departments who handle disability evaluation cases. During FY 2011, the DCAP provided written opinions in response to more than 70 inquiries from attorneys and paralegals from the Army, Navy, Air Force, Marines, Coast Guard, and the Office of the Secretary of Defense. In addition, DCAP members provided training to military personnel at the Office of General Counsel and the Washington Navy Yard in Washington, DC, and also gave training presentations at conferences in San Antonio, TX, and Huntsville, AL.

Important FY 2011 Rulemakings:

In FY 2011, OGC attorneys and staff helped VA program offices publish a number of regulations of importance to Veterans. New VA regulations supported the goals of the Openness in Government Act, provided supportive services for Veterans families and homeless Veterans, improved health care services for homeless Veterans including those with substance abuse problems, extended coverage for herbicide exposures to certain Veterans in or near the Korean demilitarized zone, liberalized the requirements for modifying VA-guaranteed home loans to help Veterans avoid foreclosures, held down the rising costs of pharmacy co-payments for Veterans, helped prevent homelessness among Veterans released from incarceration, assisted Veterans with disabilities to train for and compete on the U.S. Paralympics team, authorized the continuation of per diem payments for Veterans at state homes during emergency evacuations, implemented new benefits for Veterans needing service dogs, included functional gastrointestinal disorders (FGIDs) within the scope of the existing presumptions of service connection for medically unexplained chronic multi-symptom illnesses, and quickly implemented Congressional amendments in the Post-9/11 Veterans Educational Assistance Improvements Act of 2010.

Budget Highlights

- In 2013, OGC requests budget authority of \$83.1 million, total resources of \$103.9 million, and 729 FTE to support its operations.

Summary of Employment and Obligations – Analyses

<i>Summary of Employment and Obligations (dollars in thousands)</i>					
	<u>2012</u>				2013 vs 2012
	2011 Actual	Budget Estimate	Current Estimate	2013 Request	
Average employment	754	732	738	729	-9
Central Office	316	302	309	305	-4
Field Office	438	430	429	424	-5
Obligations:					
Personal Services	\$96,111	\$96,058	\$95,235	\$97,682	\$2,447
Travel	791	1,165	952	1,077	125
Transportation of Things Rent, Communications, and Utilities	32	0	48	48	0
Printing and Reproduction	760	1,445	985	1,247	262
Other Services	946	910	951	903	-48
Supplies and Materials	827	838	1,314	1,122	-192
Equipment	1,095	1,777	1,204	1,261	57
Insurance/Indemnities/Interest	1,166	1,222	1,687	525	-1,162
Adjustment to Expenditures (-)	16	36	20	20	0
Total Obligations	\$101,744	\$103,451	\$102,396	\$103,885	\$1,489
Reimbursements:					
Medical Care Collection Fund	-\$4,976	-\$4,976	-\$4,976	-\$5,001	-\$25
Credit Reform	-5,304	-5,041	-5,304	-5,304	0
Other reimbursements	-8,119	-9,361	-9,017	-10,481	-1,464
SOY Carryover (-)	-3,840	0	0	0	0
EOY Carryover (+)	1,273	0	0	0	0
Total Budget Authority	\$80,778	\$84,073	\$83,099	\$83,099	(\$0)

Explanation of increases and decreases:

- FTE - Under the 2013 budget request, OGC will experience a decrease of 16 GOE-funded FTE, with an increase of seven reimbursable FTE, for a net decrease of nine FTE.
- Payroll - Additional funding will provide sufficient resources to pay an anticipated pay raise, within-grade increases and promotions.
- Rent, Communications and Utilities - Funding continues the current plan to move a Regional Counsel (RC) Office to commercial space in 2013, and provides the annual commercial rent for three offices scheduled to move in mid-year 2012.
- Equipment - Furniture funding decreased because OGC has replaced most of its outdated and damaged furniture.

Summary of Workload Indicators

<i>Summary of Workload Indicators</i>				
Cases and Unit	2010	2011	2012	2013
	Actual	Actual	Current Estimate	Request
Benefits Law	43,774	39,008	41,502	43,774
Business Law	56,669	63,954	65,785	68,980
Employment Law	34,817	34,959	35,612	36,137
Health Law	20,974	21,537	20,963	20,673
Other Specialized Legal Services	12,534	13,343	13,401	13,646
Total	168,768	172,801	177,263	183,210

General Counsel

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Improve VA's ability to adjust capacity dynamically to meet changing needs, including preparedness for emergencies	1. Maximize Medical Care Collections Fund (MCCF) collection revenues and efficiencies (SI)	Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	\$45.6M	\$44.1M	\$55.9M	\$53.1M	\$50.3M	\$52.0M	\$96.0M
		Percent of referred MCCF dollars collected by Regional Counsel	N/Av	N/Av	31.36%	36.02%	32.60%	32.6%	35%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Expedite publication of regulations affecting Veterans' benefits through additional FTE in each OGC PSG to improve regulations processing (OSE)	Average number of months to process VA regulations	21.7	19.4	19.6	19.5	19.6*	19.6*	19.6*
		<i>--Requiring advance notice and public comment (2-stage)</i>	7.4	7.8	7.5	7.4	7.5*	7.5*	7.5*
	2. Improve the timeliness and responsiveness of legal services in the areas of personnel law, ethics, procurement, torts, and research to support the Department's transformational initiatives and mission-critical initiatives. (SI)	Weighted Satisfaction Index related to: (1) timeliness of legal services (VA client-organization-centered) (2) responsiveness of legal services (VA client-organization-centered), (3) tort processing times (Veteran-centered), and (4) OGC employee satisfaction (OGC employee-centered)	N/Av	N/Av	N/Av	Baseline	89.08 %	89.08 %	95.6%

* These targets are "stretch goals" because they accelerate individual project completion dates from Departmental standards of 22.4 months and 10.8 months, respectively. The strategic and interim goals are identical because actual processing times cover multi-years and are measured as performance data only when rulemakings are completed.

Table 2: Performance Measure Supporting Information
KEY OR DEPARTMENTAL MEASURES ONLY

Average number of months to process VA regulations:

Requiring advance notice and public comment (2-stage) and Without advance notice and public comment (1-stage) (Departmental Management Measures)

a) Means and Strategies:

- Continue to reduce average processing times by resetting Departmental standards and goals to more stringent standards based upon past performance.
- Establish completion milestones for all VA regulations under development.
- Enforce milestones and report late projects to VA's senior leadership.

b) Data Source(s):

- Federal Register.
- Microsoft Excel and Access data collection systems.

c) Data Verification: OGC's Chief Impact Analyst verifies regulation processing time through three (3) separate automated data collection systems.

d) Measure Validation:

- Timely publication of VA regulations is essential to implement statutory entitlements and provide services and benefits to Veterans and their families.
- Centralized management of VA regulations helps ensure Veteran-friendly regulations that are easy to find, read, understand, and apply.

e) Cross-Cutting Activities:

- Informal coordination with Veterans service organizations and other interested parties improves VA's regulations.
- Collaborative discussions with the Office of Management and Budget help to expedite review and clearance of VA regulations for publication.

f) External Factors:

- Higher priority legislative and litigation tasks can reduce the legal resources available for regulatory reviews.
- Required periods for public comment and/or review by the Office of Management and Budget fall outside of VA's control.

g) Other Supporting Information:

- The Office of Regulation Policy and Management was established in 2004 to provide centralized management of VA's regulatory process. At that time, VA's average processing time for regulations exceeded 33 months.
- From FY 2004 through FY 2007, VA successfully reduced the average processing time by 50 percent and achieved its goal of publishing VA regulations in an average of 17 months or less.
- In FY 2008, VA divided its strategic average goal into two separate goals based upon the type of regulation being published. VA has successfully kept its average processing times below the strategic goals established for each category.

h) Link to New Strategic Planning Framework: These measures support Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**.



Office of Management

Mission

In support of the overall mission of the Department of Veterans Affairs, the Office of Management will provide Departmental leadership, stewardship, and oversight, with a vision for being a trusted advisor and partner in the goal of achieving budgetary, financial, and capital asset management excellence. To support our primary customers including Congress, OMB, and the Department's three Administrations and staff offices, we will initiate actions that will improve VA's ability to provide timely, reliable, accurate, quality and cost effective services, increase business efficiencies through standardized processes, maintain effective stewardship over VA resources, increase accountability and transparency, and provide oversight of the Department's financial and business functions.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Office of Finance	\$15,759	100	\$15,759	100
Office of Budget	4,803	24	4,803	27
Office of Asset Enterprise Management	6,427	44	6,427	44
Office of Business Oversight	9,963	70	9,963	70
Office of Performance Management	1,698	9	1,698	10
Office of the Assistant Secretary ¹	6,948	14	6,948	14
Total Budget Authority	\$45,598	261	\$45,598	265
Reimbursement:				
Office of Finance	\$25,935	0	\$26,713	0
Office of Asset Enterprise Management	1,187	8	1,237	8
Office of Business Oversight	7,888	34	8,097	34
Total Reimbursement	\$35,010	42	\$36,047	42
Budgetary Resources	\$80,608	303	\$81,645	307

¹Includes costs for Department-wide initiatives

- In 2013 the Office of Management is requesting budget authority of \$45.6 million and 265 FTE to support its mission which includes priorities and initiatives to improve business practices, enhance financial oversight, and strengthen internal controls.
- Office of Management funding also includes \$36 million from reimbursements which will support an additional 42 FTE.

Program Description and Accomplishments

The Office of Management (OM) under the leadership of the Assistant Secretary for Management is a multifunctional organization responsible for directing business activity compliance and budget, financial, performance measurement and reporting, and capital asset management functions of the VA. The office is comprised of five organizational elements: the Offices of Finance, Budget, Asset Enterprise Management, Business Oversight, and Performance Management.

The Assistant Secretary for Management is the Chief Financial Officer (CFO), Chief Budget Officer (CBO), Senior Real Property Officer (SRPO), and the VA official responsible for energy, environment, and transportation.

Office of Finance:

The Office of Finance (OF), under the direction of the Deputy Assistant Secretary for Finance (VA's Deputy Chief Financial Officer), manages more than 500 staff located in the Office of Financial Business Operations, the Office of Financial Policy, the Office of Financial Process Improvement and Audit Readiness, and two field sites: the Financial Services Center (FSC) in Austin, Texas, and the Debt Management Center (DMC) in St. Paul, Minnesota.

OF establishes financial policy for all VA financial entities; provides guidance on all aspects of financial management; manages the Department's financial operations at the FSC and DMC; oversees the management of VA's Franchise Fund, travel and purchase card programs, and the performance and effectiveness of trusts established under VA's enhanced-use leasing program; and is responsible for grants management in VA. The office provides financial systems support for maintenance/modification of VA's core accounting system, the Financial Management System, and the payroll/human resources Personnel Accounting Integrated Data (PAID) system and related self-service applications. VA is currently in the process of developing modifications to its financial system to record recoveries of prior year unpaid and paid obligations. These modifications are currently projected to be implemented for FY 2013 reporting

(FY 2015 budget). OF is responsible for processing payments to vendors and for employee travel and relocation, expanding electronic commerce and electronic data interchange capabilities, and developing and implementing long-range financial systems initiatives. OF also provides Departmental leadership and assistance to VA administrations and staff offices in financial process improvement and audit readiness services as well as remediating audit-related material weaknesses and significant deficiencies. *(Refer to the Franchise Fund Enterprise Centers chapter for budget information on the FSC, DMC, and other Franchise Fund operations.)*

Recent Accomplishments

- VA maintained its unqualified (clean) audit opinion on its consolidated financial statements for the 13th consecutive year and the statements applicable to the VA Franchise Fund for the 14th consecutive year. VA also reduced its overall significant deficiencies from five to two.
- As a result of the centralization of certified invoice payments at the FSC, continued improvements have been made in reducing interest penalty payments and increasing discounts. Centralization resulted in a decrease of 41% in interest penalties per million dollars disbursed to commercial vendors from \$35 per million in 2010 to \$21 per million in 2011. Also, the centralization of payments enabled VA to earn nearly 97% of the discounts offered for early payments (\$5.1 million), allowing reutilization of these funds for other Veteran programs.
- During 2011 the Department aggressively used the Government wide commercial purchase card program. Over 5.2 million transactions were processed, representing \$3.5 billion in purchases. As a result of VA's daily electronic billing and payment process for centrally billed accounts and a higher negotiated refund rate with the contract bank, VA earned over \$73 million in total charge card refunds, compared to over \$70 million during 2010. These refunds are returned to VA entities for use in Veteran programs.
- VA completed a major initiative to develop System to Drive Performance by delivering a set of dashboards that provide cost and workload program data to support and enhance decision making related to budget, performance, and resource allocation, allowing management to derive greater value out of VA resources.
- VA completed an important component of the financial management portion of the Secretary's Integrated Operating Model (IOM) major

initiative by providing financial management training to 5,400 of VA's financial management workforce (80 percent).

- In July 2011 VA completed implementation of its 3-year Financial Policy Improvement Initiative (FPPI) to update VA financial policies. VA successfully updated 169 chapters of Departmental financial management guidance.

Office of Budget:

The Office of Budget provides strategic and operational leadership in the development and execution of the Department's budget. The Office provides policy guidance, technical assistance, and Department-level oversight of all program budgets to ensure accuracy and consistency with policy, law, and regulation. The Office also provides the Department with an impartial forum to discuss and resolve budgetary issues to ensure Veterans' programs are carried out in an efficient and effective manner.

Recent Accomplishments

- Ensured the timely, accurate, and informed submission of VA's budget request to OMB and the President's budget request to Congress, while serving multiple roles as coordinator, examiner, mediator, advisor, broker, and advocate.
- Successfully coordinated and implemented the Secretary's budget review cycle made up of three components: a pre-year, mid-year, and end-of-year review. Reviews include an assessment of budget status, funds allocation, initiatives, performance, workload, budget adjustments and lessons learned, providing a comprehensive way to monitor the planning and execution of VA's budget.

Office of Performance Management:

The Office of Performance Management is responsible for coordinating, at the Department level, performance management activities of VA in compliance with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010. In this context, the office manages the development of VA's annual performance plan that is submitted with the annual budget submission to Congress and the development of the Performance and Accountability Report (PAR). The Office also manages the Department's Monthly Performance Review (MPR) process and the OMB-required Priority Goal process.

Recent Accomplishments

- As required by statute, produced the 2011 PAR. The PAR reports on VA's progress against its 2011 performance targets and provides VA's financial statements. The PAR is VA's report card and communicates to the American people how well VA has done toward meeting its mission requirements. The 2011 PAR was published in November 2011 and can be accessed via the following link: <http://www.va.gov/budget/report>.
- Promoted accountability and transparency through MPRs chaired by VA's Deputy Secretary and attended by Under Secretaries, Assistant Secretaries, and other senior leadership of the Department. MPRs assist senior leadership in monitoring the following:
 - Performance and workload compared to plan,
 - Actual budget spending compared to plan, and
 - Status of major construction and information technology projects.
- In 2011, the MPR was used as a flexible tool to measure progress towards achievement of VA's strategic plan within a balanced scorecard framework and to provide special focus on management of operational risk.
- Inducted into the Palladium Balanced Scorecard Hall of Fame for Executing Strategy. The Hall of Fame honors those organizations that have achieved extraordinary performance results through the use of the Kaplan-Norton Balanced Scorecard, a strategy management framework. A Balanced Scorecard approach was implemented in the Department for presenting results at the MPRs.

Office of Asset Enterprise Management:

The Office of Asset Enterprise Management (OAEM) serves as VA's departmental lead responsible for the corporate-level capital asset management function. This function includes serving as the principal policy office and business advisor regarding investment selection and execution via the Strategic Capital Investment Planning (SCIP) process, portfolio management, and disposal of VA's capital assets. OAEM provides guidance, standards, and technical expertise that are conducive to sound business practices and are necessary to manage assets that support the VA's strategic goals; ensures that VA complies with all Federal real property and capital asset reporting and statutory requirements; and produces a

SCIP 10-Year Action Plan.

As part of its asset management activities, OAEM also serves as the policy and program office for the VA Green Management Program, making certain that VA meets performance and reporting mandates in the areas of sustainable building, energy efficiency and renewable energy, transportation (vehicle fleet), and environmental management. Additionally, OAEM serves as the policy, program, and application office for the enhanced-use (EU) Leasing Program.

Recent Accomplishments

- For the FY 2012 budget submission, OAEM developed and launched the Strategic Capital Investment Planning (SCIP) process and first Department-wide integrated and prioritized list of projects using the SCIP process to address 95 percent of VA performance gaps with the goal to provide improved quality service and benefits delivery to Veterans. Approximately 1,100 business cases were submitted for FY 2012 and 1,300 for FY 2013 for funding consideration. Lessons learned and enhancements were incorporated into the 2013 SCIP process, and decision criteria and gaps were expanded to provide a more robust 2013 plan. VA also developed a web based automated tool that was used in the formulation of the SCIP Action Plans. This submission included all major construction, leases, minor construction, and non recurring maintenance projects. OAEM staff was responsible for managing the successful implementation of four separate SCIP scoring Panels ranking all of the business cases. These scores allowed VA to present an integrated list of projects for approval through the VA governance process for both FY 2012 and again for FY 2013.
- OAEM is responsible for corporate management of the VA real property inventory. This includes collection and reporting of inventory and performance information on all buildings, structures, and land to the Federal Real Property Council (FRPC), and other key internal and external stakeholders. OAEM is the key point of contact to respond to OMB, GSA, GAO, Congressional, and external media inquiries related to the state and usage of our real property assets. OAEM oversees maintenance and enhancements to data systems used to manage VA's real property portfolio. These systems are used to support departmental initiatives and internal processes, including SCIP, Green Management, BURR, Monthly Performance Reviews (MPR), OMB/GSA/GAO reporting, and many other real property related activities. VA launched the SCIP Automation Tool (SAT) Phase I system which VA administrations and staff offices used to develop their SCIP Action Plans. VA is currently working on the Phase II

SCIP Automation Tool (SAT) long term solution which will expand from the 10 year Action Plan to include business case and Office of Management and Budget (OMB) Exhibit 300s, scoring and prioritization of investments, creation of the annual capital budget, and capital budget execution and operational planning.

- In 2011 VA awarded over \$300 million in Green Management Program projects, studies, and additional energy efficiency projects. Contracts awarded included on-site renewable energy generation systems and feasibility studies (solar, wind, geothermal and cogeneration), advanced metering for owned facilities nationwide, energy conservation and water-saving measures, retro-commissioning, green building certifications and energy-using equipment and system upgrades. VA began awarding contracts for installation of alternative fueling capability to help increase the use of alternative fuels in the vehicle fleet. In FY 2011 to date we awarded contracts for 33 E85 fueling stations, with up to four more projects anticipated to be awarded before the end of the fiscal year.
- OAEM continued implementation of the Building Utilization Review and Repurposing (BURR) initiative. The BURR initiative assessed the existing real estate portfolio with the potential to develop new housing opportunities for homeless or at-risk Veterans and their families, in part through public-private partnerships and VA's Enhanced-Use Lease (EUL) Program. The Department's expired EUL authority allowed VA to match supply (available buildings and land) and demand among Veterans for housing with third-party development, financing, and supportive services. Although the Department's EUL authority has expired, the Administration will work with the Congress to develop future legislative authorities to enable the Department to further repurpose the properties identified by the BURR process. Beyond reducing homelessness among our Veterans, additional opportunities identified through BURR may include housing for returning OEF/OIF/OND Veterans and their families, senior and non-senior independent living, assisted living, and other possible uses that will enhance benefits and services to Veterans and their families. Prior to the EUL authority expiring, through BURR VA identified and began developing housing opportunities for homeless or at-risk Veterans and their families at multiple locations nationwide that will add approximately 4,100 units of affordable and supportive housing to the EUL development projects already in operation or under construction, for an estimated total of 5,400 units of affordable and supportive housing. At 34 of these locations, VA will be reusing up to 150 buildings and approximately 596 acres of unused VA land to benefit Veterans and their families by bringing in private sector funding for capital improvements to

VA medical center campuses.

Office of Business Oversight:

The Office of Business Oversight (OBO) supports the Office of Management mission to build public trust through oversight of VA business and financial reporting activities, ensuring their compliance with laws, policies, and directions from external organizations such as OMB, Treasury, GAO, and Congress as well as with internal VA business policies and procedures. OBO is the VA's primary internal review and quality assurance organization for the Department's financial and management activities. OBO also manages the Department's reviews and testing of internal controls over financial reporting required by Appendix A of OMB Circular A-123, *Management's Responsibility for Internal Control*, conducts financial system reviews required under OMB Circular A-127, *Financial Management Systems*, and performs data-quality testing to ensure compliance with the requirements of P.L. 109-282, *Federal Funding Accountability and Transparency Act of 2006*. OBO ensures standards and requirements identified for financial systems, financial operations, logistics, and capital asset management activities are being met in VA.

Recent Accomplishments

- In 2011 OBO's Management Quality Assurance Service (MQAS) provided comprehensive internal oversight for VA financial, logistics, and capital asset management activities. MQAS conducted 77 reviews and special projects at VA field facilities and VA Central Office and made 2,221 recommendations to correct issues identified during these reviews and in annual summary reports. MQAS exceeded its 2011 Annual Review Plan by completing 106% of its minimum planned field reviews, 100% of planned special projects, and three unplanned special projects.
- In 2011 OBO's Internal Controls Service (ICS) completed a comprehensive risk assessment of internal controls over financial reporting and initiated testing of VA's USAspending.gov submission. For its OMB Circular A-123, Appendix A work, ICS visited 25 VA sites including VAMCs, ROs, and CMOPs and tested all identified high-risk and one third of moderate-risk key controls associated with VA financial processes and financial reporting with no additional material weaknesses identified. ICS' testing and review actions supported the SECVA's 2011 "Statement of Assurance" with respect to effectiveness of internal control over operations and financial reporting (Federal Managers' Financial Integrity Act, Section 2). For its testing of VA's USAspending.gov submission, ICS visited 15 VA

sites to measure the accuracy and completeness of VA data reported to USAspending.gov.

- In 2011 OBO's Systems Quality Assurance Service (SQAS) provided independent verification and validation (IV&V) of major VA financial, financial interfacing, and mixed systems. SQAS performed Quality Assurance activities on the SAM project including product technical reviews, process reviews, critical design review analysis, and a comprehensive test readiness review which evaluated key systems engineering baselines. SQAS successfully completed systems integration testing on two releases which included 460 executed scripts which uncovered 361 defects. SQAS staff also participated in SAM project assessment and Way Forward planning activities during the PMAS imposed pause to the project. SQAS completed IV&V testing and coordinated User Acceptance Testing to include every aspect of the PAID system such as Daily Edit and Update, Payroll, OLDE and Web OLDE in response to Executive Order 13478 which restricts the use of Social Security Numbers (SSN) as an identifying number in information systems. In order for the PAID/OLDE system to comply, SSNs were replaced with VA generated Employee Identification Numbers. This affected over 360,000 current and past VA employees and changed the business processes for both the VA human resources and VA payroll communities. Additional IV&V support continued to be provided for ongoing maintenance and changes of PAID, FMS, FEE, CAATS, IGRS, FRDW, and various other interfacing systems.

Budget Highlights

The 2013 request of \$45.6 million in budget authority (BA) will provide:

- The Office of the Assistant Secretary with \$6.9 million to support 14 FTE to continue the current level of operations and sustain efforts in critical initiatives underway in OM;
- The Office of Finance with \$15.8 million to support 100 FTE to continue providing a wide spectrum of financial management services to the entire Department. Included are financial management services for financial policy, analysis, statement preparation, reporting, systems support and maintenance, operations, the Franchise Fund, VA's purchase and travel card programs, financial process improvement, audit readiness, and leadership for remediation of VA's audit-related material weakness and significant deficiencies. This budget authority will also provide resources to support the accomplishment of VA's high-priority financial

improvement initiatives including implementation of a VA web-based time and attendance system; mandated electronic invoicing; systems to drive performance to identify, present and analyze the most relevant cost information and measurements; improvement of financial skills of VA employees through certification and training; and increased transparency, accountability, accuracy, and completeness of VA financial data reported to external sources such as USAspending.gov;

- \$4.8 million for the Office of Budget to support 27 FTE in the formulation and execution of VA's budget. The funding level allows for budgetary analysis and oversight to allow the Department to make informed and cost-effective decisions in carrying out VA's mission in a transparent manner. This funding level will also provide for the production, printing, and distribution of VA's Congressional Budget;
- The Office of Performance Management with \$1.7 million to support 10 FTE to coordinate and respond to OMB-related performance initiatives such as Priority Goals and other performance related efforts. This funding level supports development of VA's annual performance plan, submitted with the annual budget submission to Congress, and the development, printing, and distribution of the Performance and Accountability Report (PAR). This funding will enable the Office of Performance Management to provide support to Department leadership through the preparation of the Monthly Performance Reviews;
- \$6.4 million for OAEM to support 52 FTE (44 plus reimbursable authority for 8 additional FTE) to continue providing services as the principal policy office and business advisor for investment selection and execution, portfolio management, and disposal of VA capital assets. The funding level also supports the staffing needed to provide management policy and oversight responsibility for coordinating public-private ventures through the EU leasing program and Greening VA efforts through the Department's implementation of energy and water conservation, renewable energy development, environmental compliance and management systems, fleet utilization and efficiency, and sustainability (green building practices) at its facilities;
- OBO with \$10.0 million and 104 FTE (70 plus reimbursable authority for 34 additional FTE) to conduct reviews of field facilities and VA Central Office business activities and special projects. These reviews and special projects will result in substantive recommendations to correct issues identified.

Budgetary resources in the 2013 budget include \$36 million in reimbursements as follows:

- OBO with \$3.1 million in reimbursable authority to support 20 FTE and expenses associated with conducting reviews of VHA financial business processes; \$1.0 million in reimbursable authority to support 7 FTE and expenses associated with performing logistics reviews; \$4.0 million in reimbursable authority to support 7 FTE and expenses, plus contractor support, associated with testing internal controls over VA's financial reporting;
- OAEM with \$814 thousand to support 5 FTE for the VA Green Management Program and \$423 thousand to support 3 FTE for the VA BURR/Homeless Supporting Initiative to eliminate veteran homelessness;
- OF with \$26.7 million in reimbursable authority to pay for payroll processing with the Defense Finance and Accounting Service (DFAS).

Summary of Employment and Obligations- Analyses

<i>Summary of Employment and Obligations</i> (dollars in thousands)					
	2012			2013	Increase (+) Decrease (-) 2013 v 2012
	2011	Budget	Current		
	Actual	Estimate	Estimate	Estimate	
Average Employment	277	316	303	307	4
Obligations:					
Personal Services	\$38,464	\$42,630	\$42,111	\$43,213	\$1,102
Travel	961	1,018	967	939	-28
Transportation of Things	14	27	0	0	0
Rents, Communications & Utilities	443	637	496	501	5
Printing & Reproduction	171	186	121	122	1
Other Services	46,522	42,207	41,841	36,509	-5,332
Supplies & Materials	254	327	270	260	-10
Equipment	310	52	561	101	-460
Insurance & Indemnities	0	0	0	0	0
Total Obligations	\$87,139	\$87,084	\$86,367	\$81,645	-\$4,722
Reimbursements	-42,910	-40,862	-35,010	-36,047	-1,037
SOY Unobligated Balance (-)	-8,086	0	-5,759	0	5,759
EOY Unobligated Balance (+)	5,759	0	0	0	0
<i>Adjustments in Unobligated</i>					
Balanced (+)(-) ¹	1,259				
Budget Authority	\$43,161	\$46,222	\$45,598	\$45,598	\$0

¹ reflects EOY unobligated balances that will be made available in 2012

- Budget authority for 2013 remains the same as the 2012 budget authority.
- The increase in Personal Services reflects increases in annualized FTE that were hired in 2012 and anticipated pay, within-grade, and benefit increases.
- Other Services decreased because of expected reductions in obligations for contracts and ongoing priorities and initiatives resulting from no EOY unobligated balances carried forward from 2012 into 2013.

- Equipment decreased because of onetime expenses in 2012 for office equipment and furniture for new and expanded office space.

Office of Management

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						Strat. Target
			Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Strengthen corporate decision making by implementing integrated, enterprise-level financial, asset management systems (OSE)	Number of Material Weaknesses (OM)	3	4	1	1	1	1	0
	2. Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process (MI)	Percent Condition Index (Owned Buildings) (OAEM) * (Standard government-wide measure required by the Federal Real Property Council)	66%	74%	71%	78%	78%	80%	87%

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	2. Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process (MI)	Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) * <small>(Standard government-wide measure required by the Federal Real Property Council) **Corrected</small>	113%	114% **	122% **	116% **	110%	104%	100%
		Ratio of non-mission dependent assets to total assets (OAEM)* <small>(Standard government-wide measure required by the Federal Real Property Council) **Corrected</small>	12%	12%	9%	10% **	10%	10%	10%
		Ratio of operating costs per gross square foot (GSF) (OAEM) * <small>(Standard government-wide measure required by the Federal Real Property Council) **Corrected</small>	\$6.47	\$6.95	\$7.64	\$7.94 **	\$7.23	\$6.04	\$6.41
		Percent of Capital Improvement Projects Reviewed Through SCIP (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	N/Av	95%	98%
		Number of Capital Investment and Planning Staff who Receive SCIP Process Training (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	N/Av	95%	97%
	3. Create innovative public-private partnerships that enhance services to Veterans (SI)	Cumulative percent reduction of vacant square feet through public private partnerships via Enhanced Use Lease(s) (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	TBD	TBD	25%

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions , allocate resources, and manage results	3. Create innovative public-private partnerships that enhance services to Veterans (SI)	Cumulative Number of Enhanced Use Leases Executed (OAEM) (New)	N/Av	N/Av	N/Av	N/Av	TBD	TBD	50 Projects
E. Manage physical and virtual infrastructure plans and execution to meet emerging needs	1. Establish enterprise energy cost reduction and implement a VA-wide greenhouse gas initiative to address VA's carbon footprint – Greening VA (SI)	Percent of CY electricity consumption generated with renewable energy sources (OAEM) *	4%	3%	7%	12%	5%	15%	15% by 2013
		Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) * **Corrected	N/Av	N/Av	0% **	3%	6%	9%	30% by 2020

* The Office of Asset Enterprise Management (OAEM) develops VA policy that governs the Department's Capital Asset Management. Policy execution is done by VA's business lines (Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration), and annual performance results are reported by OAEM.

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Number of Material Weaknesses (OM) (Departmental Management Measure)

a) Means and Strategies:

- Remediation of the one material weakness is being tracked based on a specific corrective action plan with set milestones and completion dates; these are monitored for completion. The weakness is complex and requires action over several years.

b) Data Source(s):

- Based on findings identified in the annual auditor's report on VA's consolidated financial statements.

c) Data Verification:

- Final Audit Report

d) Measure Validation:

- Final Audit Report

e) Cross-Cutting Activities:

- None

f) External Factors:

- Congressional Oversight

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective#3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent Condition Index (owned buildings) (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- VA calculates condition index annually as the ratio of repair needs to plant replacement value. The higher the Condition Index, the better the condition of the constructed asset. Condition Index will be used to identify assets most in need of repair and plan for upgrades or disposition.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management

d) Measure Validation:

- Constructed assets that are in better condition (those with a higher Condition Index) are more efficient and have lower operating and maintenance costs.

e) Crosscutting Activities:

- None

f) External Factors:

- Repairs and upgrades to improve asset condition are dependent on the availability of resources.

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: Create and maintain an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) **(Departmental Management Measure)**

a) Means and Strategies:

- Track space utilization in accordance with Federal Real Property Council requirements for all VA owned and direct-leased buildings. Building performance is evaluated based on predominant use in five categories (i.e., offices, warehouses, hospitals, laboratories, or housing).

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management

d) Measure Validation:

- Higher levels of utilized space as compared to overall space indicate the optimal use of capital assets.

e) Crosscutting Activities:

- VA continues to reduce underutilized space through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Ratio of non-mission dependent assets to total assets (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- VA identifies mission critical, mission dependent/not critical, or not mission dependent assets as required by the Federal Real Property Council and OMB.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:

- The reduction of capital assets that are not critical to or dependent on the Department's mission reduces VA's capital portfolio costs.

e) Crosscutting Activities:

- VA continues to reduce non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:

- Stakeholder concerns and historic issues often constrain VA's ability to dispose of assets in a timely and efficient manner.

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results

Table 2: Performance Measure Supporting Information

Ratio of operating costs per gross square foot (GSF) (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- VA calculates annual operating and maintenance costs on all constructed assets using an OMB-approved allocation model.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data is reviewed by Administrations and Capital Asset Management Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:

- Minimizing operating and maintenance costs enables VA to reinvest much needed funds improve services to our Nation's Veterans.

e) Crosscutting Activities:

- VA continues to reduce its inventory of underutilized and non-mission dependent assets through outleasing (including enhanced-use leasing) and disposal to other federal agencies, state and local governments, and to private entities.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of Capital Improvement Projects Reviewed Through SCIP (Departmental Management Measure)

a) Means and Strategies:

- The SCIP process is designed to ensure capital investments are directed towards the most critical service gaps. By reviewing all capital projects through SCIP investments are scored and prioritized consistently against departmental level criteria.

b) Data Source(s):

- Data will be obtained through a generated report through the SAT.

c) Data Verification:

- Data will be reviewed by the Capital Asset Policy, Planning, and Strategy Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- This measure was selected because of its key role that the total number of capital projects included in the Action Plan plays in the SCIP review process.

e) Crosscutting Activities:

- The SCIP process includes collaboration with both Federal and Private partners. SCIP investments can make use of Sharing or Agreements of space and services with Federal groups, such as DoD, as well as Private sector partners such as local universities and community healthcare systems. These relationships are a key part of enabling VA to manage its infrastructure and direct investment to the most critical needs first, while improving access to and quality of services delivered.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Number of Capital Investment and Planning Staff who Receive SCIP Process Training (Departmental Management Measure)

a) Means and Strategies:

- Creation of 10 year capital plans is a primary component of the SCIP process. To drive improve quality and consistency of the plans, proper training on the tools and techniques that are used in the SCIP process is a necessity.

b) Data Source(s):

- Data will be obtained via the current manual process or planned automated system.

c) Data Verification:

- Data will be reviewed by the Capital Asset Policy, Planning, and Strategy Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- This measure was selected because of the key role of capital investment and planning staff are in developing data input and output requirements for the SCIP process

e) Crosscutting Activities:

- The SCIP process includes collaboration with both Federal and Private partners. SCIP investments can make use of Sharing or Agreements of space and services with Federal groups, such as DoD, as well as Private sector partners such as local universities and community healthcare systems. These relationships are a key part of enabling VA to manage its infrastructure and direct investment to the most critical needs first, while improving access to and quality of services delivered.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Cumulative percent reduction of vacant square feet through public private partnerships via Enhanced Use Lease(s) (Departmental Management Measure)

a) Means and Strategies:

- By showing the actual percent decrease in vacant property related to public-private partnerships, VA can manage the impact public-private partnerships are having on our portfolio. Public-private partnerships that reuse un-needed space help offset VA operational and capital costs, as well as providing necessary services such as homeless housing to support departmental initiatives.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by the Investment and Enterprise Development Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- One of the key drivers of public-private partnerships is to allow the VA to reduce its inventory of vacant property.

e) Crosscutting Activities:

- Supports departmental initiatives such as SCIP, Homeless Housing, and Real Property Cost Savings.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Cumulative Number of Enhanced Use Leases Executed (Departmental Management Measure)

a) Means and Strategies:

- Each enhanced use lease executed provides benefits to the VA by reusing un-needed assets or land, therefore reducing VA operational and capital maintenance burden. Enhanced Use leases also provide consideration, in the form of revenue or services, to the VA in support of the veteran.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by the Investment and Enterprise Development Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- The measure represents actual implementation of projects that are executed, that allows VA to create a public-private partnership to maximize an otherwise vacant or underutilized capital asset currently being held and maintained within the Departments portfolio.

e) Crosscutting Activities:

- Supports departmental initiatives such as SCIP, Homeless Housing, and Real Property Cost Savings.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

Percent of CY electricity consumption generated with renewable energy sources (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- Through the increased utilization of on-site renewable energy technologies, VA will gradually increase its percent of renewable electricity consumed to 7.515% in 2013.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases; OAEM renewable energy certificate purchase documentation.

c) Data Verification:

- Data will be reviewed by Administrations and Green Management Program Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:

- Increased use of renewable energy in VA facilities conserves traditional energy resources, helps control energy costs to the Department, and should result in savings that could be used for improved services to Veterans.

e) Crosscutting Activities:

- VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs.

Table 2: Performance Measure Supporting Information

Cumulative percent decrease in greenhouse gas (GHG) emissions (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- VA will reduce traditional energy consumption and other greenhouse gas emitting activities thereby decreasing greenhouse gas emissions.

b) Data Source(s):

- Annual Greenhouse Gas Emissions Inventory.

c) Data Verification:

- Data will be reviewed by the Green Management Program Service under the Office of Asset Enterprise Management.

d) Measure Validation:

- Decrease of greenhouse gas emissions in VA facilities is aligned with the greenhouse gas reduction required by Executive Order 13514, helps control energy and other cost to the Department, and should result in savings that could be used for improved services to Veterans.

e) Crosscutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs.

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Human Resources & Administration

Mission

Lead human capital management strategies, policies, and practices which cultivate an engaged, proficient, and diverse workforce to transform VA and continually improve services to Veterans and their families.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Budget Authority:				
Office of the Assistant Secretary	\$1,401	8	\$1,401	8
Office of Human Resources Management	17,965	145	17,965	145
Office of Administration	43,248	97	43,248	97
Office of Resolution Management	2,795	24	2,795	24
Office of Diversity and Inclusion	2,111	17	2,111	17
Office of Labor-Management Relations	2,859	10	2,859	10
Total Budget Authority	\$70,379	301	\$70,379	301
Reimbursement:				
Human Capital Investment Plan	\$287,362	296	\$287,362	303
Office of Resolution Management	36,573	235	39,445	267
Miscellaneous Reimbursements	10,736	17	61,663	18
Total Reimbursement	\$334,671	548	\$388,470	588

In 2013, the Office of Human Resources and Administration (HR&A) is requesting budget authority (BA) of \$70.4 million. When combined with \$388.5 million in reimbursements, these funds will allow for obligations of \$458.9 million. Of the total amount of reimbursements, \$287.4 million will be used to continue the Human Capital Investment Plan (HCIP) initiatives begun in 2010. A total of 889 FTE will be required to support all HR&A operations, including 267 FTE funded from Office of Resolution Management reimbursements, 18 FTE funded from VA Learning University reimbursements and 303 FTE funded from

reimbursements to support the Human Capital Investment Plan, of which 35 FTE is for the Corporate Senior Executive Management Office.

VA must maintain an investment in its workforce to recruit, train, develop and retain the right people, with the right skills and talent to support a 21st Century VA fully capable of serving our Nation's Veterans. The Human Capital Investment Plan will not only continue, but will advance initiatives focused on people development, workforce engagement, and talent acquisition for the delivery of healthcare, benefits, and other services to Veterans and their families.

- Centrally manage VA's SES leadership in order to improve services to Veterans and their families. Continue activities under the Corporate Senior Executive Management Office established in 2010 to implement a corporate approach to life-cycle management of VA's 407 Senior Executive Service members;
- Increase staff productivity, performance and commitment by building and strengthening competencies through critical skills training in over 42,000 positions (e.g. project management, acquisition, and IT certification);
- Reduce costly staff turnover and obtain the best and the brightest people available through a corporate approach to recruitment, hiring and workforce planning that includes national implementation of a WebHR system to establish e-Class for a paperless position classification environment, and USA Staffing to transform the manner in which VA recruits for talent;
- Reduce the number of administrative HR errors by providing clear and concise oral and written guidance on staffing and placement procedures and policies;
- Improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment;
- Continue to reduce formal Equal Employment Opportunity (EEO) complaints and associated time and cost by promoting the use of Alternative Dispute Resolution (ADR) ;
- Improve the relationship between labor unions and management by providing training to encourage and establish cooperative and productive labor-management relationships; and

- Increase accountability and oversight of HR programs on an enterprise-wide basis through automated systems and strengthening of our process and people.

Further details of these initiatives necessary to provide human capital support for a 21st Century organization can be found in the Human Capital Investment Plan section of this chapter.

Program Description and Accomplishments

VA's Office of Human Resources and Administration (HR&A) is responsible for VA's human resources policy and strategy. HR&A is divided into six major program areas, listed below, for which the Assistant Secretary for Human Resources and Administration (AS/HR&A) provides leadership, direction, and holds direct responsibility for leading both policy and operational functions. In addition to serving as the Chief Human Capital Officer and EEO Director for the Department, the Assistant Secretary also serves as the Designated Agency Safety and Health Official (DASHO) and is responsible for administration of the Occupational Safety and Health and Workers' Compensation Programs. The Assistant Secretary also serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for Alternative Dispute Resolution policy, oversight, and training.

Corporate Senior Executive Management Office (CSEMO):

CSEMO drives a centralized approach to executive life cycle management, including allocation use, selection, assessment, compensation, performance management, and training and development for all 407 Senior Executive positions across VA. CSEMO, working on behalf of the Secretary of VA, ensures uniformity, fairness, equity and transparency in executive life cycle management. CSEMO completed a 100 percent review of SES allocations, ensuring a fair and transparent decision-making process.

Office of Human Resources Management (OHRM):

OHRM develops Department-wide policies, programs, and practices relevant to VA employees including the fundamental human resources functions of staffing, classification, compensation, workforce planning, employee relations and performance management, benefits, oversight, human resources information systems, recruitment and placement, and human capital planning and professional and career development of the VA HR community. OHRM represents the Department before Congress, the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and other Federal agencies on matters relating to human resources management.

Office of Administration (OA):

OA provides quality services to VA employees both nationally and for the VACO Campus. National program responsibilities include VA Occupational Safety and Health and Workers' Compensation Programs, VA's Transit Benefits Program, Executive Correspondence (White House bulk mail), and Protocol matters affecting the Department. VA Central Office responsibilities include leasing and space functions, simplified acquisitions (\$100,000 and under), transportation and labor services, and audio/visual and media services needs. OA serves as the facility site manager for twelve Washington area locations and manages special projects in support of the VACO community.

Office of Resolution Management (ORM):

ORM works to promote a discrimination-free work environment focused on serving Veterans by preventing, resolving, and processing EEO discrimination complaints in a timely and high-quality manner. ORM processes EEO complaints for VA employees, applicants for employment, and former employees. Complaint processing services include counseling, procedural decisions, and investigations. These services are provided through a nationwide network of field operations offices. ORM also administers the ADR program for VA to include developing policy and providing oversight and direct support on how to manage conflict and prevent and resolve disputes through mediation, conflict coaching, facilitation, and training. ORM offers the Organizational Climate Assessment Program (OCAP) to VA organizations with the primary goal of helping organizations measure employee satisfaction in their workplace environments. The OCAP model includes: a web-based climate survey; focus groups; individual interviews and analyses of Human Resources and EEO complaint activity. Finally, ORM provides compliance oversight functions on final decisions, appellant reviews, breach of settlement agreements and investigation claims for compensatory damages.

Office of Diversity & Inclusion (ODI):

ODI works to foster a diverse workforce and inclusive environment that ensures equal opportunity through national policy development, workforce analysis, outreach, retention, and education to best serve our Nation's Veterans. This includes strategic planning and annual reporting on workforce diversity and inclusion; recruitment outreach and retention strategies; diversity focused internship and mentoring programs; EEO and diversity training and education; diversity-related communications; implementation of and annual reporting on relevant White House Initiatives; affirmative employment programs for the hiring, placement, and advancement of disabled Veterans, people with targeted disabilities, groups with less than expected participation rates; and special

emphasis programming. ODI is responsible for reviewing and evaluating policies, plans, reports, and programs for conformance with various EEO laws, regulations, and directives relating to EEO, affirmative employment, and workforce diversity.

Office of Labor-Management Relations (LMR):

LMR sets and administers the Department's national labor relations policy through consultation with the Administrations, Staff Offices, and national labor unions; facilitates effective communication between VA management and the Department's national labor unions; provides notice to unions of proposed changes in working conditions requiring bargaining, as well as leadership for management negotiating teams to facilitate agreement and expedite implementation of national initiatives; provides expert advice and counsel to management officials in VACO and field facilities; provides leadership for management negotiating teams at the national level to facilitate agreement and expedite implementation of Department initiatives; provides labor-management relations education and training at all levels; and assists the VA Office of General Counsel in representing the Departments in national labor litigation matters. LMR bargains with VA's five national unions, which represent approximately 80 percent of all VA employees.

VA Learning University (VALU):

The VA Learning University, through a corporate approach to training, is maximizing investments in education to develop agile leaders, ensure employee proficiency, and continuously impress VA core values of service to our Veterans and their families. The VA Learning University mission is to support the agency's mission and business objectives through high quality, cost-effective continuous learning and development that enhances leadership, occupational proficiencies, and personal growth. VALU aligns competency based leader development with driving transformation; delivers cross-cutting, learner-focused educational programs through an established learning technology infrastructure; partners with private and public sector organizations to ensure the learning needs of VA's employees are relevant to an ever-changing, complex and competitive work environment; ensures measurable outcomes link to the Department's strategic goals and have valid educational merit; leverages multiple sources of instructional media and delivery methodologies to offer VA's diverse workforce a greater role in developing their careers; and provides leaders the right learning-anytime-anywhere to meet emerging organizational needs.

HR&A Recent Accomplishments

- CSEMO executed a new SES Orientation Program by conducting four “SES Orientation Forums” where all VA executives participated. CSEMO’s commitment is to ensure that all new executives to VA attend an orientation session within their first year. Additionally, new executives are assigned an executive coach and receive on-boarding from CSEMO. Every new executive to VA is provided a robust transition plan to ensure assimilation to VA and to their new position.
- CSEMO is leveraging automation to enhance the recruitment process through USA Staffing. It is also re-engineering recruitment and staffing to improve diversity and ensure that VA is attracting the brightest and best candidates for our SES cadre. This includes having one VA Executive Resources Board and implementing a resume-only recruitment processes.
- The Corporate Senior Executive Management Office continued building upon its multi-faceted process to hold Department executives at all levels accountable for organizational and individual performance. CSEMO completed the required comprehensive, robust review of performance standards across VA in order to meet OPM/OMB Certification of VA’s SES Performance Management System. VA is currently certified through 2012. In May 2010, 248 senior executives across VA completed a survey gauging their understanding of performance management. A communications plan was developed which should provide increased visibility of the program and more clarity on the process overall. A mandatory 4 hour comprehensive training session on Performance Management was conducted for all VA’s executives addressing concerns identified in the 2009 Performance Review Board and the May 2010 survey. CSEMO is fully engaged in SES performance management reengineering and automating the new system. CSEMO also participated in the President’s Management Council Workgroup on SES Performance Management and is implementing best practices from that effort. VA was identified as one of the few Departments that has full senior level engagement and support of the SES Performance Management Program.
- CSEMO completed a 100 percent review of all SES allocations, including best use of 70 new allocations approved by OPM. The allocation review ensured that all stakeholders were represented – there was transparency and fairness to the process. Most importantly, VA leadership was able to ensure that critical allocations were used for VA’s most pressing missions.

- Several improvements have been made to enhance VACO emergency preparedness. VA made upgrades to the VACO building's Public Address System and the fire alarm system was upgraded with new software and tested on a regular basis. Quarterly drills were performed to validate evacuation processes and ensure the egress systems are functional. In addition, VA conducted Shelter-in-Place drills to ensure employees were familiar with the Shelter-in-Place concept and Occupant Emergency Response Guides were updated and distributed to employees.
- ADR participation in the EEO complaint process has consistently increased over the last three years from 48 percent in 2009 to 52 percent in 2010, and to 54 percent in 2011 significantly avoiding costs to the Department. The cost of handling a discrimination case through the formal complaint process ranges from \$17,000 per complaint to \$30,000, excluding the cost of damages that may be payable in the event of a finding of discrimination. In 2011, participation in the ADR process resulted in the resolution of 1,562 disputes outside of the traditional EEO complaint process, resulting in 87 percent of these workplace disputes being resolved using ADR. The overall resolution rate for ADR to include its use before, during, and in lieu of the EEO complaint process increased from 54 percent in 2009 to 60 percent in 2010 to 62 percent in 2011. VA estimates cost avoidance of \$92 million as a result of increased use of ADR to resolve workplace disputes and EEO complaints.³
- ORM has continued to improve processing times for EEO investigations. In FY 2011, ORM completed investigations in an average of 171.7 days, which is below the Equal Employment Opportunity Commission's mandated 180 days. Additionally, ORM has improved the resolution rate of EEO counseling episodes. Generally, 50 percent of EEO counselor contacts do not result in formal complaints which resulted in a cost avoidance of at least \$48 million.
- To comply with the President's Executive Order 13518, which established the Veterans Employment Initiative, the Office of Human Resources and Administration established the Veterans Employment Services Office (VESO) to provide support with three functional areas: Veterans' Recruitment, Veterans' Retention, and Veterans' Reintegration. This initiative will provide VA increased internal and online capacity to recruit, retain and reintegrate Veterans. HR&A has is also playing a leading role in the President's Veterans Employment Council, co-chaired by Secretary Shinseki and DOL Secretary Hilda Solis, and vice-chaired by OPM Director John Berry. The Veterans Employment Coordination Service (VECS) previously responsible for recruiting and hiring Veterans in VA is now part of VESO. VESO includes

³ Data as of December 16, 2011.

nine Regional Veterans Employment Coordinators (RVEC) located throughout the U.S. They serve as employment case managers for severely injured Veterans and provide varying degrees of employment assistance to all Veterans seeking VA employment. During the first three quarters of 2011, VESO hired more than 8,000 Veterans for VA employment with a significant number being service-connected disabled Veterans returning from Operations Enduring and Iraqi Freedom. VESO is committed to promoting VA as the employer of choice with the desire to hire Veterans.

- OHRM revitalized its recruitment outreach and marketing program by adding a communications component, making it its own service and renaming it Strategic Communications and Outreach Service (SCOS). SCOS was established to create an infrastructure to support communication of OHRM policy, programs and services and foster an innovative and collaborative HR ethos/culture, while continuing to exploit marketing approaches that achieve departmental objectives and return on investment. The Service is responsible for leading the Department's efforts in the development and implementation of state-of-the art marketing strategies that enhance VA's image as an "Employer of Choice, as well as its ability to attract a highly qualified, diverse pool of prospective applicants for employment. The Service has oversight responsibility for a number of programs and initiatives, including college and university outreach; mass media advertisement campaigns, and the OHRM Recruitment Tool Kit. It facilitates the corporate marketing of the Department through the distribution of multimedia materials and job fair and career conference participation. This Service also partners with VA's Administrations and Staff Offices to develop initiatives to address employee retention, satisfaction, and the underlying causes for employee turnover, and implements appropriate corrective measures.
- A delegated examining unit was established in Central Office Human Resources Service (COHRS). In addition, COHRS is assessing and improving the services provided by developing and implementing programs to improve customer satisfaction such as: business process reengineering, assessing competency levels of staff, developing service level agreements, standard operating procedures, a workload tracking tool to capture workload and performance metrics, and implementing an on-boarding program, tool and portal.
- OHRM has fully implemented the use of the automated hiring system USA Staffing to electronically rate and rank applicants and submit certificates electronically. This system will allow COHRS to submit certificates to managers in a timely manner, meeting End-to-End Hiring requirements. OHRM was successful in working with the national labor management

organizations to resolve all issues that restricted the use of the USA Staffing system when accepting applications for bargaining positions. Utilizing this system will increase the Department's efforts to attract, recruit and hire highly qualified applicants in a timely manner. All 167 human resources offices throughout VA are fully using the system. Now that the USA Staffing system has been fully implemented the next step in improving the hiring process requires advising and training the HR specialists in the development of customized occupational assessments that reflect the competencies of mission critical occupations. Two Personnel Psychologists have been hired to provide services to USA Staffing users in the application of assessments methods and techniques that are consistent with Uniform Guidelines and OPM qualification standards.

- ODI implemented VA's first Diversity & Inclusion Strategic Plan that presents a living roadmap for fostering a diverse workforce and inclusive work environment. To gauge progress on this Plan, ODI issued VA's first Diversity and Inclusion Annual Performance Report. In addition, ODI developed, implemented, and trained over 26,000 Executives, Managers, and Supervisors on standardized VA-wide EEO, Diversity, and Conflict Management Training; established a mandatory critical performance element on EEO, diversity and inclusion in all SES and supervisory performance plans; established a goal that 2 percent of all new hires be individuals with targeted disabilities; implemented VA's first centralized Reasonable Accommodations Fund to reimburse over 200 accommodations for applicants and employees with disabilities; acquired VA's first centralized Reasonable Accommodations Tracking System; funded eight Workforce Recruitment Program interns with disabilities, and implemented a centralized Diversity Internship Program that allowed VA to build a diverse pipeline to VA employment with over 80 interns.
- LMR has trained or funded training opportunities for managers and our labor partners on Executive Order 13522, Creating Labor-Management Forums to Improve Labor Relations. Furthermore, LMR sponsored VA/AFGE Master Agreement training for approximately 2,430 management and labor teams. LMR developed Labor Relations web based training available on Talent Management System (TMS) to all employees. In addition, LMR worked closely with the unions, VHA, OGC and the Secretary's office to finalize approval of the 7422 Recommendations meant to clarify the meaning of 38 USC 7422 and its application. Extensive joint training has been developed and is being launched.
- LMR has trained or funded training opportunities for managers and our labor partners on Executive Order 13522, Creating Labor-Management Forums to

Improve Labor Relations. Furthermore, LMR launched a mandatory introductory web-based training for Senior Executives, managers and supervisors on the EO. Over 24,000 completed that training.

- Over 519,008 training instances were delivered and over 204,000 VA employees completed at least one training course in five critical areas: transformational leadership, supervisory and management, career technical, project management, and labor partnership. When surveyed, 88 percent of the VA employees who attended classes reported that the training was relevant to their job and that they would recommend the training to others.
- The current VA TMS serves nearly 400,000 users and offers catalogs of training and educational content to all VA employees. The number of system users has nearly doubled in less than three years and continues preparing for future growth and access. Approximately 30,000 course titles are available through VA TMS, of which 10,000 courses provided online content. Since deploying VA TMS, the system has recorded more than 10 million training completions from VA employees.
- VALU trained 293,000 VA employees completing over 813,000 instances of training in VA's 6 critical focus areas: supervisor and management, transformational leadership, labor partnership, project and program management, and cross cutting technical training.
- VALU completed the ADVANCE Training Program Year One Evaluation Report. This report summarized the progress and preliminary findings of the ADVANCE cross-initiative evaluation based on activities that occurred between January 2010 and July 2011. Based on year one of the program, ADVANCE training delivers consistent, high-quality learning that prepares VA employees to provide our Veterans with world-class benefits and services. Learners have reacted positively to ADVANCE training courses. On average, 90 percent of learners responded favorably ("Agree" and "Strongly Agree") across five standard questions. Learners showed gains on average of 17 percent between pre-test and post-test; supervisors and employees reported that the VALU/ADVANCE training improved their job performance.
- VALU launched a new robust VA Talent Management System (TMS) in May 2011. TMS serves approximately 322,916 active employee users and 21,280 active non-employee users and offers catalogs of training and educational content to all VA employees. The TMS offers an online platform to select learning tools, such as face-to-face training, distance

learning, virtual environments and a new MyCareer@VA. The number of system users has nearly doubled in less than three years and continues preparing for future growth and access. Approximately 40,272 course titles are available through VA TMS, of which 14,232 courses provided online content. Since deploying VA TMS and its predecessor the VA Learning Management System (LMS), the system has recorded more than 18 million training completions from VA employees for a total of more than 25 million total learning hours.

- VALU launched the Executive Institute. An array of leader development opportunities are afforded GS-15 and SES. Three candidates were selected for Senior Service College programs. VALU plans to expand to host 10 participants in the 2012-2013 fiscal year. VALU offered courses through Brookings Executive Education and plans to expand the opportunity in 2012-2013 to all GS-14 and 15's who aspire for Senior Executive positions. VALU currently has a cohort of 26 in the Senior Executive Service Candidate Development Program. In FY 2013, VALU plans to expand to two cohorts of at least 30 people. Additional funding is need to continue with curriculum development, design and travel associated with all aspects of the program. VALU launched the first ever VA strategic leadership course at UNC. VALU has two cohorts in FY11 with plans underway to train the entire executive core.
- VALU began the process of mapping the core curriculum of its leadership development programs to the new VA Leadership Competency Model. During the past year, VALU doubled the size of its Aspiring Leaders Program (ALP). To leverage the Leadership Infusion Initiative which allowed for approximately 2,000 seats in OPM Leadership Programs VALU linked the ALP curriculum to the OPM curriculum and enrolled each candidate into the OPM LEAD certificate program. This program provides competency based leadership development. VALU's ALP expanded its use of the online capability for applications to include the development of an online application review, rating and ranking process. Doing so provides a fair, transparent and competitive process.
- VALU assumed fulltime representation on VHA's mentor certification board to ensure uniformity across the Department in the training, development, selection and placement of mentors in VA's leadership development programs.
- VALU began the process of certifying faculty in a select number of Franklin Covey content areas. Doing so leverages the in-house capability to teach these programs and tremendously leverages the funding allotted

for these programs, essentially allowing VA to offer the unlimited ability to offer these much sought-after quality programs for the cost of materials only.

- VALU began building VA-wide intermediate level supervisor and manager training, which will focus on specialized skills beyond the fundamentals to help those leaders who have successfully mastered the basic supervisory skills. These trainings tap into more complex nature of VA, enhance the ability to navigate the Department, and promote a network of these leaders for informal coaching, problem-solving, and innovation.
- VALU initiated the analysis phase for the rebuilding of VA's online Nuts & Bolts course for new supervisors. This program will be updated to include a more energetic and interactive online course for new supervisors.
- Revamping LVA curriculum and selection process, VALU kicked off a new LVA with 80 VA employees. In the coming year, LVA is expected to expand to offer two cohorts (totaling 160 students) in order to meet the anticipated need of a rapidly declining force of VA senior executives over the next few years. In its thirty-three year history, this program has graduated more than 2,400 employees, many of who have advanced to the Senior Executive Service and 70 percent of those who receive awards are LVA graduates.
- VALU manages the Presidential Management Fellows (PMF) Program. The purpose of the program is to attract to the Federal service outstanding men and women from a variety of academic disciplines and career paths who have a clear interest in, and commitment to, excellence in the leadership and management of public policies and programs. Presidential Management Fellows serve as capable, new staff members; each Fellow is an investment in smart succession planning. When agencies hire a Fellow, they commit to developing the leadership potential of high-achieving individuals. The PMF Program is one of the most direct and cost-effective ways to hire emerging leaders for our agency. To date there are 36 PMF hires from the class of 2011, VA is on track to have 50, which will be a 35 percent increase over last year. The average conversion rate for the last three classes is 87 percent.
- VALU launched the "Change Academy", in response to the VA's efforts to transform the organization. More than 613 employees have participated. The Change Academies are customized programs based on the VA strategic goals and the goals, objectives and desired outcomes of

the facility or organization. These programs are highly-interactive and focuses on providing curricula tailored to the individual organization. As the success of Change Academies are replicated throughout the Department of Veterans Affairs, significant growth is expected both in scope and improvement initiatives for FY2012.

- VALU initiated the development of a Leadership Competency Assessment and Certification. The VALU's Certification Program is supported at the highest levels of VA leadership. Both major elements of the Initiative of Certification and Competencies have been reviewed, evaluated, validated, and endorsed by both the Senior Resource Group and Senior Management Council of the Department of Veterans Affairs Governance process. This certification will ensure individuals in leadership roles have the competencies needed to build high performing teams and contribute to a competent organization. The process includes a development component but is fundamentally about an assessment of competency. Program features highlight a portable credential that recognizes the individual's achievement and indicates readiness for increased leadership responsibility. The certification program bestows recognition on the importance of leadership competency on par with technical competency.
- VALU was awarded the United States Distance Learning Association - Best Practices - Gold Award for Distance Learning Programming. The course was developed for e-Learning on Military Cultural Awareness, which aligns Veteran and Customer Focus core competency, supporting VA's efforts to better advocate for Veterans. The course provides an overview of the Armed Services, the conflicts they have served in, and why this information is important and useful in improving services to Veterans. VALU was also awarded the Federal Distance Learning Eagle Award for advocacy, innovation and leadership.

Human Capital Investment Plan

An investment in human capital is necessary to improve the delivery of health care, benefits, and other services to Veterans and their families. This effort will: prepare and develop the leaders of the future and enable them to manage successfully in a rapidly changing health-care and benefits environment; increase staff productivity, performance, and commitment by building and strengthening competencies; reduce costly staff turnover and obtain the best and brightest talent

available; improve employee satisfaction and performance and reduce absenteeism by promoting healthier employees; improve the work environment; and reduce the time and cost associated with workplace disputes by increasing ADR participation in the EEO complaint process. The Human Capital Investment Plan began implementation in 2010 and initiatives will continue through the 2011 and 2012.

- The HCIP initiatives support the facilitation of developing leaders who are agile, innovative and values-centered to lead in a complex and changing environment. Launching a corporate approach to the assessment, and development of 22,000 leaders across VA aligns standards and expectations and provides a consistent approach to develop leaders.
- VALU is building a progressive and sequential competency-based leader development program. The model includes VA Foundations for Aspiring Leaders, Team Leader, Supervisor, Manager and Senior Manager Certification. Core training, elective courses, experiences, self development, and mentoring are essential elements for each certification. While establishing the competency model and VA certification process, VALU offers new and expanded leadership training and assessments mapped to the validated leadership and core competencies. VA is elevating the profile of leadership to a discipline requiring skill and knowledge as in any technical discipline; this sends a strong message about the criticality of outstanding leadership at the VA.
- VALU, in partnership with the National Center of Organizational Development, launched for the first time a Department-wide All Employee Survey. Over 70 percent of the Department participated in this survey. Additionally, nearly 60 percent of all executives participated in a 360 leadership assessment. The data from both of these tools informed training offerings for 2011. Identifying leadership competency gaps targeted specific training offerings across the Nation. In December 2010, VALU finalized performance measures and launched Kirkpatrick Level 3 training evaluation. The findings indicated that 67 percent of supervisors and 77 percent of learners observed job improvement.
 - VA's Corporate Senior Executive Management Office centrally manages the recruitment actions for all 407 slots, has oversight of the VA-wide corporate Executive Resources Board, oversees and manages Executive Performance Management, leads the new VA SES Orientation Program and provides formalized SES On-Boarding. Training efforts include Executive Coaching to enhance executive leadership development, identification of desired training for executives, and mandatory training

for new executives. CSEMO is also implementing a collaborative website exclusively for VA executives for knowledge management and for the leadership to directly communicate with all VA executives.

- HCIP initiatives were designed to increase staff productivity, performance and commitment by building and strengthening competencies including critical skills training in over 42,000 positions (eg. human resources, financial management, project management, acquisition, and IT certification).
 - The VA HR Academy, launched in July 2010, helps the VA attract, develop and retain HR professionals who provide quality services to Veterans and their families. As of late November 2010, the Academy has provided more than 2,400 instances of training to HR professionals and hiring managers around the country. Training is offered in both traditional classroom settings as well as via the web. Course offerings include staffing, consulting skills, effective communications, customer service, position management, pay setting, and Veterans preference. Federal Hiring Reform webinars have been attended by over 1,350 HR professionals through October 2010. All registration and training is recorded and tracked on-line. Work on identification of key HR competencies is complete and curriculum and career mapping is ongoing. The VA is also exploring the possibility of a Federal HR certificate program in collaboration with the Office of Personnel Management and the Society for Human Resources Management.
 - A Knowledge Management office has been established to capture and share ideas, institutional memory, and best practices across the organization. The goal is to create new value by improving the efficiency and effectiveness of individual and collaborative knowledge sharing within the Department while increasing innovation and sharpening decision-making. The Knowledge Management initiative involves the development of a pilot program and pilot implementation strategy. This pilot strategy consists of designing and implementing a collaborative work environment and associated knowledge sharing support through the establishment of Communities of Practice for VA's HR Professional community. The main purpose of this pilot is to expose the entire VA community to the benefit of an online collaborative work and knowledge sharing environment.
 - VALU initiated the assessment phase for Career Mapping and Development. This allows us to continue to develop, deliver, and evaluate training that improves professional proficiency in core and specific job functions, including cross-cutting and mission critical occupations.

- VALU developed an e-Learning course on Military Cultural Awareness, aligned with Veteran and Customer Focus core competency, supports VA's efforts to better advocate for Veterans. The course provides an overview of the armed services, the conflicts they have served in, and why this information is important and useful in improving services to Veterans.
- The Evaluation initiative will establish department-wide standards for training evaluation; fund software development of a rating system for TMS training courses; and create an advisory staff to monitor ratings, gather best practices from highly rated courses and work with subject matter experts and course owners of poorly performing courses. Currently, there are no Department-wide standards for course evaluations so it is impossible to compare the quality of one course over another course. This initiative will enable data collection and return on investment analysis to ensure offices to spend their training dollars more effectively.
- HCIP aims to reduce costly staff turnover and obtain the best and the brightest people available through development of a corporate approach to recruitment, hiring and workforce planning. VA will implement the kinds of hiring reforms called for by the Administration that will reduce the time and expense of hiring.
 - In order to meet succession planning needs into the future, VA will need to strengthen its pipeline. VA will improve recruitment of new employees, the process and tools for hiring, the on boarding process, and retention of acquired talent. Focused recruitment will ensure new talent by increasing the number of Presidential Management Fellows and other student/graduate appointments. USA Staffing is an automated recruitment, assessment, referral, and notification system used by VA HR offices and accessed by over 250,000 employees and public applicants.
 - Funds will be used to increase the number of policy experts in the Recruitment and Placement Policy Service (059). The Recruitment and Placement Policy Service has responsibility for a sizable quantity and range of VA staffing policies and program areas. Though possessing promising potential and already demonstrating valuable staffing expertise, their small number (four) and combined relative inexperience in policy development, maintenance, and guidance pose a challenge to meeting Departmental demands. Continuously updated policies and guidance and user-friendly, supportive tools will facilitate the HR community's ability to assist VA managers in accomplishing their Veteran-centered missions, and present VA as an employer of choice to the talented applicants VA

- requires. In recognition of the positive impact the Recruitment and Placement Policy Service can make, the number of policy positions and the journey level of policy positions is required at a higher grade level in order to attract the caliber of seasoned applicants able to quickly perform these duties successfully. Adding six (6) HR Specialists with the GS-14 journey level in policy will better allow the Service to: address multiple, outdated policies and procedures; develop a related topic index for the benefit of the HR community; and provide the related guidance that the HR community needs to ably use available staffing flexibilities.
- The Workforce Planning initiative will coordinate workforce planning for VA at the enterprise level. Workforce planning software is being reviewed that will enable managers throughout VA to assess their staff from their desktop in an effort to better utilize skills and monitor developmental status needs. This information will also feed into agency level data enabling trend analysis and workforce projections, and succession planning.
 - The Human Resources Line of Business (HR LoB) Program Management Office staff will be placed in various geographical regions to serve as local HRIS consultants and to assist with the migration to an approved OPM Human Resource Line of Business Shared Service Center (SSC) Provider. Once a SSC provider is selected, HR Core Services will be provided by the new HR solution and the Personnel and Accounting Integrated Data (PAID) System will be replaced. Although the enterprise is supported by a single HR application housed at a Shared Service Center, under the HR delivery model, the delivery of HR support will remain decentralized. The HR field staff would possess knowledge and skill in a variety of HR systems-related areas and serve as a resource; providing answers to questions and subject matter expertise. This staff will be involved with all migration activities to include planning activities; serving on integrated project teams; writing requirements; mapping data; preparing interface control documents and standard operating procedures; data mapping; testing; deployment activities and communication.
 - The Human Resources Information Service (HRIS) is responsible for HR policy oversight and HR system maintenance of the VA's current HR processing system, the Personnel and Account Integrated Data System (PAID). In this role, HRIS provides policy, guidance and training to VA-wide HR offices on personnel action processing and personnel records, including the electronic Official Personnel Folder (eOPF). As the HR business owner of PAID and the HR data maintained in PAID, HRIS is also responsible for PAID reports, which includes VA standard and ad-hoc

report reports, reporting outside of VA to HR oversight agencies, such as the Office of Personnel Management (OPM), and assisting other VA departments and organizations with PAID data through approved data interfaces and other means as applicable. HRIS is also responsible for maintaining the Office of Human Resources Management (OHRM) websites and equipment inventory within OHRM. In order to accomplish the HCIP goals in the interim as VA migrates to an HR LoB Shared Services Center (SSC), there is increased dependence on the existing IT resources available with the current HR system, PAID, and the OHRM team that provides the information services. As a result, HRIS has the need for 4 additional FTE to manage the information needs of the various HCIP initiatives. The present staffing levels are insufficient to meet the HCIP demands for data, website development and maintenance and equipment needs.

- HCIP initiative goals are focused on improving employee satisfaction and enhancing work performance by providing educational opportunities, disease prevention and health promotion programs and supporting wellness activities designed to promote a happier and healthier workforce.
- The Health and Wellness initiative has implemented two VA-wide, web-based employee health and wellness programs, Wellness Is Now (WIN) and Worklife for You (WL4Y). The WIN program focuses on the employees needs which is determined after they complete their online Health Risk Assessments. Individual plans for health enhancement, disease prevention and health promotion are available to all employees interested in improving their quality of life. WIN has flexible, customizable tools to identify existing health issues, predict future risks and gauge interest and participation in fitness and health programs. The program is used in conjunction with personal health coaches and program coordinators who can provide on-line wellness coaching, assist employees in reaching their wellness goals and develop instructional programs to address their specific needs (nutrition, weight management, fitness conditioning, hypertension monitoring, etc.) Additionally, the WL4Y program matches clients with timely, cost-effective, high quality solutions to meet life's most important needs: child care, elder care, legal & financial, and other daily needs. Employees can work with a Work/Life Specialist at any time to receive telephonic information as well as referrals specific to their requests. WorkLife4You provides 24/7 access to a website which contains webinars, podcasts, checklists, discounts and more. Employees can also request educational kits at no cost which will assist the employee with major life events such as having a baby, child safety, going to college, and caring for an aged relative.

- The Office of Occupational Safety and Health (OSH) will implement initiatives contained in the Worker's Compensation and Safety Strategic Plans, recommendations made by the Office of Inspector General in collaboration with Administration members of the VA Worker's Compensation and Safety Steering Committees. These initiatives are dedicated to improving safety and workers' compensation program management (e.g., developing and implementing worker's compensation case management), educational products, safety surveys, and additional staff to provide improved program support and oversight. OSH expects to induce a downward trend in increasing program costs through the prevention of injuries and illnesses and by the reduction in employee injury costs, saving VA dollars and returning employees to work.
- The Office of Administration serves as VA's hub for all building and facility related services for the VACO campus. It is imperative that the services required to support a clean, safe, attractive, and accessible work environment are maintained. The Office of Administration will fund staff in the Client Service Center (which receives, screens, and refers calls), Property Management (which conducts the annual equipment inventory for all VACO offices) and Building Management and Resources Management Divisions.
- In response to the recent 2010 Federal Employee Viewpoint Survey findings, VA has established a Task Force to address key results. Survey action plans are under development. These plans are specifically targeted to enhance employee engagement, training and career development opportunities, and performance. In addition to improving employee perceptions, the intent is to improve the Department's productivity.
- Now more than ever, as VA Transforms into the 21st Century, senior leaders must possess the knowledge and skill to effectively manage conflict and resolve disputes. The services we provide to our Nation's Veterans can be adversely affected by workplace disputes which divert time and resources from mission critical functions. In order to promote leadership skills in the areas of effective communication, negotiation and problem solving, ORM has developed Department-wide curriculum for VA leaders on managing conflict. ORM has implemented a program that promotes leadership skills and conflict competency to include awareness of behaviors that escalate conflict, and skill in resolving disputes at the earliest stage possible. Since June 2010, 601 VA officials have completed this training.⁴

⁴ Data as of December 16, 2011.

- Additional full-time employees to serve as conflict coaches, facilitators, mediators and trainers were deployed to VISNs 4, 8, 12, 15, 16, and 23 to provide more ADR access at the facility level, meet the increased utilization of ADR to address workplace disputes, and maintain satisfaction with the process. These dedicated resources have improved the efficiency and effectiveness of the ADR program by reducing average processing time for ADR requests in five of the six VISNs, increasing the ADR participation rate in three of the six VISNs, and increasing the ADR resolution rate for informal EEO complaints in four of the six VISNs.⁵ Due to these efforts, VA employees had increased opportunities for early resolution of complaints and grievances.
- ORM's Resolution Support Center (RSC), a full-service hotline, is designed to provide employees and managers a forum to ask general questions or referral to a subject matter expert (SME). In FY 2011, RSC handled 1565 calls to the 1-888-56 NEW VA line, 68 percent were resolved. The remainder had to be referred to SMEs. This includes continued support of ADVANCE and WIN initiatives. The RSC is a separate and distinct service from the EEO complaint processing toll-free line. It is not designed to replace the complaint hotline or bypass other dispute resolution avenues (local union, facility program manager, workplace ADR).
- An EEO, Diversity and ADR Dashboard was developed to provide VA leadership an access panel to EEO data that can serve as a barometer of the work environment. The dashboard leverages technology by pulling from various data systems to display key indicators that provide valuable, real time information for managers to determine if there are opportunities for intervention that will improve the work climate. The visual presentation of data captures EEO discrimination complaint activity, efforts towards resolving disputes through ADR and VA workforce demographics. A 90-day dashboard pilot was implemented on September 30, 2010, at VISNs 8, 9 and 16. It was evaluated and measured using customer surveys, customer feedback from dashboard links and monthly usage reports. The intended goal of the dashboard is to provide a management tool that identifies trends and affords managers the opportunity to align strategies and organizational goals that ultimately impact the quality of services VA provides to Veterans. By the end of FY 2011, the dashboard was available to all three administrations.
- Efforts are underway to release an Executive Dashboard that will provide executive level staff a snapshot of the aforementioned information, while providing restricted access for highly sensitive information.

⁵ Data as of December 16, 2011.

- VA will continue to implement the Department-wide Diversity and Inclusion Strategic Plan for FY 2009 – 2013. This Plan represents a major transformation of the diversity management function in VA to a broader, more inclusive paradigm. Additional staff in the Office of Diversity and Inclusion will support the implementation of the Plan’s strategies such as employee training, leadership development, and compliance oversight in the areas of diversity and disability program management to avoid costly liability associated with non-compliance with statutory obligations and EEOC requirements. ODI will expand its diversity-focused internship program, fully implement an EEOC-compliant Reasonable Accommodations Case Management System and expand the use of its centralized account to fund reasonable accommodations in support of the Americans with Disabilities Act Amendments Act of 2008 (ADAAA).
- The Office of Labor-Management Relations will continue to promote the creation of labor-management forums throughout the agency. This effort will be successful with continued training and guidance to each Administration. LMR promotes successful labor-management relationships that allow the Department to effectively manage its workforce while meeting its labor relations obligations. As VA promotes labor-management cooperation, LMR staff will continue to provide training and will proactively assist field offices with local issues. Also, the office will continue to facilitate effective negotiations with the unions to achieve outcomes consistent with labor laws and contractual requirements.

Budget Highlights

The 2013 budget request includes resources necessary to continue the current level of operations and sustain the critical initiatives in the Human Capital Investment Plan.

- \$7.9 million and 18 FTE in reimbursable authority for the VA Learning University to cover program expenses associated with providing educational programs to the Department’s employees through an established learning technology infrastructure. Core programs include delivery of the Learning Management System, Leadership VA, Mentor Training to support the VA Central Office Leadership Development Mentoring Program and the Aspiring Leaders Program, as well as provision of competency assessments for agency cross-cutting career fields and support of special emphasis and training programs. VALU’s focus is competency-based learning designed to influence

performance and guide improvement and the office will play an integral role in implementing the training initiatives in the Human Capital Investment Plan.

- \$39.4 million and 267 FTE in reimbursable authority for the Office of Resolution Management to cover expenses associated with preventing, resolving, and processing EEO complaints. Total ORM recoveries of \$42.9 million in 2013 will include all related information technology support, which in turn will be reimbursed to the Information Technology Systems appropriation.
- Reimbursable authority of \$287.4 million and 303 FTE for HR&A for the continued implementation of the Human Capital Investment Plan.

Summary of Employment and Obligations - Analyses

<i>Office of Human Resources and Administration</i> <i>Summary of Employment and Obligations</i> <i>(dollars in thousands)</i>					
	2011 Actual	2012		2013 Request	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Average Employment	645	810	849	889	+40
Obligations:					
Personal services	\$79,339	\$98,269	\$104,127	\$108,777	+\$4,650
Travel	17,114	28,550	21,955	22,231	+276
Transportation of things	75	72	113	113	0
Rents, communications & utilities	30,548	33,752	33,516	33,590	+74
Printing and reproduction	220	499	434	430	-4
Other services	265,623	309,426	253,752	303,124	+49,372
Supplies and materials	2,674	1,628	2,103	2,109	+6
Equipment	736	2,187	2,251	2,003	-248
Insurance & Indemnities	96	15	15	15	0
Adjustment to Expenditures	-6,360	-8,692	-13,216	-13,542	-326
Total obligations	\$396,338	\$465,706	\$405,050	\$458,850	+\$53,800
Reimbursements	-333,093	-391,363	-334,671	-388,471	+53,800
SOY Unobligated Balance (-)	-2,918	
EOY Unobligated Balance (+)	8,263	
Reallocation		0
Budget authority	\$68,590	\$74,343	\$70,379	\$70,379	0

HR&A's personal services estimate reflects salary requirements for 301 FTE for General Administration activities funded through GOE in 2013. The total estimated FTE of 889 includes 303 reimbursable FTE associated with the Human Capital Investment Plan, 267 for ORM FTE, and 18 for VALU FTE.

The increase in reimbursable FTE and their associated payroll resources is due to execution of the Human Capital Investment Plan. The 2013 request includes the full year costs and FTE associated with implementation of the HCIP during 2011, and 2012. As the HCIP continues through a full year of initiative implementation, there is an increase in estimated resource requirements within HCIP contract costs as well as personal services. This increase is required to fund personnel needed to manage the programs and the travel dollars necessary to ensure trainees are able to participate in offered classes.

The rent, communication and utilities increase is primarily related with ongoing rents and other services required to operate VA headquarters. Rent includes

payment to GSA for buildings occupied by VA and its employees. Office space rental estimates are based on the amount prescribed by GSA in accordance with established fair annual rental appraisals and are in accordance with GSA's current projections. The obligation increase is for estimated rental costs beyond the normal non-payroll inflation increase. The printing and reproduction obligation increase is necessary to publish updated brochures and pamphlets for the HCIP program.

The new HR LoB system will replace the PAID system and provide significant upgrades in VA's ability to process personnel actions as well as capture and report HR information. The HR LoB system will eliminate manual transactions and a paper driven processes by allowing VA employees and HR managers to access a common system for all HR transactions. The HR LoB system will provide all core HR functionality and interface with other VA financial and HR systems, including to the e-payroll solution Defense Finance and Accounting Service (DFAS), VA's electronic personnel folder and the USA Staffing solution.

The overall goal is to improve efficiency and effectiveness of HR processes by acquiring a State-of-the-Art, 21st century solution from an approved HR shared service center provider. VA strives for improvements in effectiveness and productivity by leveraging IT to streamline HR processes that support and track VA's Title 5 and Title 38 populations. By acquiring a HR solution through a Shared Service Center Provider, VA will be able to improve its HR processing and ensure that we are able to support our HR community, customers, employees and Veterans. Once implemented, funding for this service will be provided by the Administrations and staff offices on a fee for service basis. Since the user fees are considered a service and not an IT expense, these fees will be funded from VA's operating accounts.

The Office of Resolution Management is primarily a reimbursable organization; however, ADR related activities are funded through budget authority. In order to continue encouragement for the use of ADR, several HCIP initiatives for ORM were funded in 2013, including funding a staff of 16, as well as funding for current ADR efforts. ORM requires budget authority of \$6.5 million in 2013 to continue efforts to increase the effective use of ADR throughout VA. ORM will offer support and services in effectively managing conflict related to organizational changes, assist VA employees in navigating the changes and provide technical advice to VA managers. ORM's enhanced toll-free services will continue to provide both access to more information for VA employees and consultative services for VA managers through an automated system. Staff will be dedicated to the ADR Program in Headquarters to serve as coach, facilitator, or mediator to VACO staff offices and administrations and to develop and implement executive leadership and other Department-wide training programs.

Training will continue to be implemented Department-wide on managing conflict and organizational change as well as effective communication, negotiation, and problem solving skills.

HR&A's personal services estimate reflects salary requirements for 301 FTE for General Administration activities funded through GOE in 2013, remains the same as the FY 2012 amount. The total estimated FTE of 889 includes 303 reimbursable FTE associated with the Human Capital Investment Plan, 267 for ORM FTE, and 18 for VALU FTE.

Table 1: Performance Summary Table

Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Results History				Future Targets		Strategic Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	1. Transform human capital management (MI)	Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months^[1].	N/Av	N/Av	20	45	65	75	95
		Percent of training participants who agreed during the post-training evaluation that the training session will help improve job performance	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	80%
	2. Support reform of the Human Capital Process through the entire employee life-cycle. (OSE)	Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process.	46	48	52	54	53	54	55

^[1] HR&A will continue working with customers to determine which occupations are considered mission critical.

Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							Strategic Target
		Measure (Key and Dept. Mgt. Measures in bold)	Results History			Annual Targets			
			2008	2009	2010	2011	2012	2013	
B. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	3. Support reform of the Human Capital Process through the entire employee life-cycle. (OSE)	Percentage of VA employees who are Veterans.	30	30	31	32	35	38	40
		Workers' Compensation Lost Time Case Rate (LTCR).²	1.81	1.82	1.71	1.64	1.57	1.51	1.51
		Percent of Title 5 employees hired through competitive examining process within 80 days. ³	N/Av	64	45.95	48	49	55	75
	4. Strengthen VA's Human Resources staff to better support service delivery in health care, benefits, and memorial services. (OSE) ⁷	Increase the percent of Human Resources staff in the field and VACO who participate in Competency based training through HR Academy Annually .	N/Av	N/Av	N/Av	N/Av	Baseline	47	60

²This rate indicates the number of injuries and illnesses that have resulted in days away from work or have been documented as lost time cases adjusted for employment changes, per 100 employees. This target meets Department of Labor standards; however, the goal for 2012 has not been issued yet.

³The OPM End-to-End Hiring Initiative outlines an 80-day hiring model which starts with the manager's decision to hire for an open position and ends with the NEW employee's entry on duty. Included in the 80-day model is the period of time between posting the announcement and the initial offer of employment

Integrated Objective 3 Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						Strategic Target
			Results History			Annual Targets			
			2008	2009	2010	2011	2012 (Final)	2013 (Request) (Curr Svcs)	
B. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	5. Develop an employee health and wellness program. (SI)	Percentage of VA Employees who participate in the VA-wide Health and Wellness program, "WIN – Wellness is Now."	N/Av	N/Av	N/Av	Baseline	14	25	35

Performance Measure Supporting Information

Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (Departmental Management Measure)

a) Means and Strategies:

- Continue to focus on creating a framework for corporate technical/program based training by defining competency models.
- Obtain additional support by executing contract to assist in development and deployment of technical program-based training.

b) Data Source(s):

- Training data collected through existing VA Talent Management System (TMS) and other training systems based on completion data for training opportunities tracked in those systems.

c) Data Verification:

- A system is required to identify and track mission critical and key occupations, there is currently no process or system that identifies all of the critical mission and key occupations.

d) Measure Validation:

- Leverage supervisors and managers to elevate the ability of the agency to deliver service to our Veterans and to align our people practices to meet mission and business requirements
- Enable our employees to meet current and future needs, supported by learning and development opportunities, to help drive employee skill capability
- Improve internal client satisfaction by defining what VA employees need to know and what they need to be able to do in order to contribute to our mission and live our core values.

e) Cross-Cutting Activities:

- None

f) External Factors:

- Resource constraints, legislative reform, and Congressional Oversight

g) Other Supporting Information:

- VA's success in this area is also contingent on educating managers and supervisors on the availability of training events and the benefits of continued learning.

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 - Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B - Recruit, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges.

Performance Measure Supporting Information

Percent of training participants who agreed during the post-training evaluation that the training session will help improve their job performance. (Department Management Measure)

a) Means and Strategies:

- Continue focus on creating a framework for corporate technical/program based training by defining competency models.
- Obtain additional support by executing contract to assist in development and deployment of technical-program-based training.

b) Data Source(s):

- Training data collected through existing VA Talent Management System (TMS) and other training systems based on completion data for training opportunities tracked in those systems.

c) Data Verification:

- Data is scrubbed and validated before reporting verification.

d) Measure Validation:

- Leverage supervisors and managers to elevate the ability of the agency to deliver service to Veterans.
- Improve internal client satisfaction as VA employees will feel better trained and better positioned to deliver services to Veterans.

e) Cross-Cutting Activities:

- None

f) External Factors:

- Resource constraints, legislative reform, and Congressional Oversight

g) Other Supporting Information:

- VA's success in this area is also contingent on educating managers and supervisors on the availability of training events and the benefits of continued learning.

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 - Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B - **Recruit**, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process (Departmental Management Measure)

a) Means and Strategies:

- Continue ORM's active dispute resolution program designed to equitably resolve complaints by employees before they reach the formal complaint stage.
- Improve coordination between the ORM field office and the facility to ensure ADR is offered and its benefits effectively marketed.
- Continue training and oversight of ADR program staff within VA to ensure timeliness and quality of responses to requests.

b) Data Source(s):

- Complaints Automated Tracking System (CATS) – VA's system of records for EEO complaint information and reports.
- ADR Tracker – VA's system of records for ADR case information and reports.

c) Data Verification:

- Regular dissemination of reports and information to the administrations for verification of results.

d) Measure Validation:

- Measurement of ADR participation rate shows whether VA meets the EEOC mandate of having at least 50 percent ADR participation during pre-complaint process.
- Measurement indicates the effectiveness of VA policies to encourage use of ADR to resolve workplace disputes expeditiously so employees can focus on service to Veterans.
- Measurement indicates VA success in fostering a more productive and harmonious work environment, which ADR is considered to promote.

e) Cross-Cutting Activities:

- None

f) External Factors:

- Funding to support full-time ADR specialists currently located in VISNs 4, 8, 12, 15, 16, and 23, ORM Call Center staff and EEO specialists located in ORM's six field offices.
- Funding for contracts related to CATS, ADRTTracker, ORM Call Center, and non-VA neutrals.
- Labor-management relations.

g) Other Supporting Information:

VA's success in this area is also contingent on three other key factors:

- Educating employees, managers, and labor partners on the ADR process and its benefits.
- Training ADR program managers on best practices.
- Maintaining a pool of neutrals to provide ADR services.

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – Recruit, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Percentage of VA employees who are Veterans (Departmental Management Measure)

a) Means and Strategies:

- Provide varying degrees of employment assistance to all Veterans seeking VA employment by promoting the use of special appointing authorities for Veterans to streamline the Federal hiring process and reduce the time it takes managers to fill vacancies in their workforce.
- Work closely with VBA's Vocational Rehabilitation and Employment Service (VR&E) to identify qualified transitioning service members with qualifications to fill critical occupations in VA.
- Attend outreach and recruiting events to promote VA employment.
- Routinely participate in TAP and DTAP briefings, military career fairs, as well as publish national military events lists for all HR recruiters.

b) Data Source(s):

- COIN PAID reports; VISN Support Service Center (VSSC)

c) Data Verification:

- Review by Veterans Employment Service Office (VESO)

d) Measure Validation:

- This measure assesses the degree to which VA's workforce reflects customers we serve, which is considered to enhance VA's ability to execute its mission.
- Identifies VA's progress toward having a diverse workforce reflective of its customers and committed to ensuring the smooth transition of severely injured and other service-connected disabled servicemembers to the civilian workforce.

e) Cross-Cutting Activities:

- None

f) External Factors:

- Known losses from increased rate of retirement-eligible Veterans.
- Compatible or existing skills and qualifications of younger, less experienced Veterans.

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 - Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B - **Recruit**, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges

Performance Measure Supporting Information

Workers' Compensation Lost Time Case Rate (Departmental Management Measure)

a) Means and Strategies:

- Implement initiatives contained in the Worker's Compensation (WC) and Safety Strategic Plans, recommendations made by the Office of Inspector General in collaboration with Administration members of the VA Worker's Compensation and Safety Steering Committees.
- Improve safety and workers' compensation program management (e.g., developing and implementing worker's compensation case management), educational products and safety surveys to provide improved program support and oversight.
- Implement standardized corporate education on WC and Safety policy and requirements.

b) Data Source(s):

- Workers' Compensation Occupational Safety and Health Management Information System (WC-OSH MIS) through the Department of Labor.

c) Data Verification:

- Quarterly by VA's Office of Occupational Safety and Health (OSH) through the Department of Labor.

d) Measure Validation:

- This measure provides an area of focus to improve both the Safety and Workers' Compensation programs with special emphasis on the effectiveness of the VA safety program to reduce injuries that cause lost work time.
- Aids in the determination of whether claims are being appropriately categorized to accurately reflect whether the case is an actual Lost Time Case.

e) Cross-Cutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B – **Recruit**, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges

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Policy & Planning

Mission

The Office of Policy and Planning's (OPP) mission is to serve as the principal advisor to the Secretary for policy and strategy; enabling the Secretary to make well informed resource allocation and policy decisions based on verifiable data, sound analysis, and validated strategic projections.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Office of the AS/PDAS	\$2,591	12	\$2,230	12
Office of VA/DoD Collaboration	\$3,280	14	\$2,180	14
Corporate Analysis and Evaluation	\$4,886	14	\$4,575	14
Office of Policy	\$4,685	21	\$4,150	21
Office of Data Governance & Analysis	\$6,483	29	\$5,830	29
Enterprise Program Management Office	\$4,090	7	\$7,050	27
Total Budget Authority	\$26,015	97	\$26,015	117
Reimbursement:				
Enterprise Program Management Office	\$5,613	20	\$0	0
VA Innovation initiative	\$261	0	\$261	0
Total Reimbursement	\$5,874	20	\$261	0

In 2013, OPP is requesting budget authority (BA) of \$26.1 million, reimbursements of \$261,000, and a total of 117 FTE to support its mission. This is a net reduction of 8 FTE from the 2012 Presidential Budget request. This budget request includes the following priorities and initiatives:

- \$2.2 million for the Office of VA/DoD Collaboration to strengthen collaboration with the Department of Defense (DoD) and foster the development of policies and programs to improve the transition of Service members to Veteran status and produce better outcomes in health care delivery and benefit services for Veterans, Service members, military retirees, and eligible dependents.
- \$4.6 million for the Office of Corporate Analysis and Evaluation to further embed a planning, programming, budgeting, and evaluation process in the Department that facilitate strategic decision-making and aligns resources to achieve Department and Administration priorities.
- \$4.2 million for the Office of Policy to provide forward-leaning strategic development and concept analysis capabilities that identify long-range issues and drive innovation and transformation across the Department.
- \$5.8 million for the Office of Data Governance and Analysis to act as the authoritative clearing house for Veteran data and statistics, statistical analysis, and predictive modeling to inform Department-wide decision making.
- \$7.1 million for the Enterprise Program Management Office to ensure successful transition of all major initiatives into the operation at the Department and foster the implementation of program management discipline, standards, and doctrine throughout the Department.

Program Description and Accomplishments

The Department of Veterans Affairs (VA) has experienced a shift in demand for its services due to many factors such as aging Veterans, Veterans with more complex needs, the ongoing commitment of the United States to overseas conflicts, and health care reform legislation. To address these demands and challenges, VA has undertaken significant transformational efforts to serve its beneficiaries and to refine its internal operations. VA has focused on creating a robust Department level decision making capability to more effectively anticipate

change and set direction. As a result, OPP has taken on a more substantive advisory role in support of the Office of the Secretary.

In response to this increased role, OPP has reorganized and expanded its capabilities. This reorganization established a new service, the *Strategic Studies Group*, within the Office of Policy, to aid the organization in developing long-term insights and perspectives on emerging Veterans' issues. OPP's reorganization integrated the program evaluation function into the Corporate Analysis and Evaluation Office and the *Operational Management Review* and *Management Systems Information Services* were integrated into the newly chartered Enterprise Program Management Office. OPP has also expanded its capabilities by leading the implementation of the planning, programming, budgeting, and evaluation (PPBE) process within the Department. As a result, OPP is now comprised of five business lines: the Office of VA/DoD Collaboration, the Office of Corporate Analysis and Evaluation, the Office of Policy, the Office of Data Governance and Analysis, and the Enterprise Program Management Office.

Office of VA/DoD Collaboration

The Office of VA/DoD Collaboration facilitates the development of joint policies and programs between VA and DoD. The goal of this Office is to work collaboratively with DoD to avoid duplication between the Departments, remove organizational barriers, and produce better outcomes in health care delivery and benefit services for Service members and Veterans. The Office is currently engaged in coordinating the implementation of the integrated disability evaluation system (IDES) and streamlining the disability evaluation process through continual process improvements. It is also assisting in the implementation of the joint electronic health record (EHR) and virtual lifetime electronic record (VLER). The Office is also responsible for coordinating VA responses to external requirements and mandates and for coordinating a VA-wide perspective in all VA/DoD collaboration activities and initiatives. In addition, the Office continues to provide support for multiple VA/DoD joint governance bodies such as the VA/DoD Joint Executive Council (JEC) and the Senior Oversight Committee (SOC). In coordination with DoD, the Office develops and monitors the execution of the VA/DoD Joint Strategic Plan (JSP) to synchronize these activities. In coordination with DoD, the Office also develops and publishes the VA-DoD Annual Report to Congress on VA-DoD collaboration issues.

This Office's vision for success is the development and sustainment of a VA/DoD partnership that delivers seamless, cost effective, quality services to beneficiaries and value to the Nation.

Corporate Analysis and Evaluation

The Office of Corporate Analysis and Evaluation (CAE) is a relatively new business line established in 2010 to facilitate long range programming and provide independent program assessments to inform senior leader resource allocation decisions. CAE is responsible for leading the development of a corporate planning, programming, budgeting, and evaluation (PPBE) process and a multi-year programming capability within the VA. CAE is also responsible for evaluating programmatic requirements, resource allocations, programmatic baselines, multi-year programmatic trade-offs, and conducting independent program analysis and evaluation. CAE is comprised of two service areas: *Programming* and *Analysis and Evaluation*. CAE's vision is to establish programmatic excellence that is informed by strategic resource allocation and stewardship of VA resources. CAE will accomplish this by increasing its analytical capabilities on which to base organizational resource allocation and program decisions, while developing the ability to clearly align programmatic outcomes when building the multi-year program.

Office of Policy

The Office of Policy is responsible for policy and strategic analysis and ensuring integration, collaboration, and cooperation across VA with regard to policy and strategy development. The Office leads the strategic planning efforts and is involved with managing the Department's governance process. The Office is currently engaged in the restructuring of the strategic planning process to include the establishment of a collaborative working structure; a Senior level Strategic Planning Council; and revamping the strategic planning process and integrating it with the planning, programming, budgeting, and evaluation process. The strategic planning process will incorporate an environmental scan of the internal and external environments. That scan will look for the potential opportunities or threats, ascertain the top strategic drivers, and identify capabilities that will need

to be added, modified or changed to improve the Department's abilities to meet the changing needs of Veterans. In addition, the Office manages the following governance bodies: the Senior Review Group (SRG); the Strategic Management Council (SMC); and the VA Executive Board (VAEB). In 2012 the Office is standing up the *Strategic Studies Group* to aid the organization in developing long-term insights and perspectives on emerging Veterans' issues.

The Office of Policy is comprised of three service areas: the *Strategic Studies Group*, the *Strategic Planning Service*, and the *Policy Analysis Service*. The purpose of the *Strategic Studies Group* is to develop a forward-leaning concepts analysis capability that identifies long-range issues and drives innovation and transformation. The *Strategic Planning Service* manages a planning and governance capability focused on strategic outcomes that influence strategies, programs, and resources. The *Policy Analysis Service* conducts proactive policy analysis that is externally engaged and internally aligned. The Office of Policy's vision is to enable better strategic decision making among VA senior leaders about services to Veterans and management of the Department.

Office of Data Governance and Analysis

The Office of Data Governance and Analysis is responsible for leading data management, data analysis, and business intelligence capabilities to inform VA-wide decision making. It acts as an authoritative clearinghouse for the collection, analysis, and dissemination of information about Veterans and VA programs. It provides predictive analysis and forecasting capabilities to inform leadership decisions.

The Office of Data Governance and Analysis is comprised of two service areas: the *National Center for Veteran Analysis and Statistics* and the *Office of the Actuary*. The *National Center for Veteran Analysis and Statistics* manages the Department's business intelligence tools and processes to support analysis and planning activities. Its core functions include statistical and data analysis and reporting. The *Office of the Actuary* constructs predictive models to support data-driven decision making about capital investments, actuarial analysis, financial modeling, and cost estimation.

The long-term vision of the Office of Data Governance and Analysis is to build the business intelligence capability and predictive analysis in the Department to provide accurate, informed, and relevant analysis to enable data-driven decision making.

Enterprise Program Management Office

The Enterprise Program Management Office (ePMO) was chartered in 2010 to improve the overall program management in VA. This is being accomplished through the development and implementation of program management standards, doctrines, methodologies, and best practices. The ePMO is also responsible for improving the planning and execution of the 16 major initiatives (listed below) by working with major initiative owners to validate requirements and ensure the synchronization of resources to transition these initiatives into the routine operations of the Department. The ePMO seeks to revolutionize business processes and foster accountability through clearly defined milestones and integration plans. Additionally, ePMO is focused on the integration of major initiatives into the Department's business lines, resulting in improved access, quality, and performance.

The ePMO is comprised of the following service areas: *Program Management Policy, Management Systems Improvement Service (MSIS) and Operational Management Review (OMR)*.

The ePMO's vision for success is the development of a world class program management capability leading to improved services to our Veterans and their families and to improve Department-wide business processes and foster accountability throughout VA.

16 Major Initiatives

- Eliminate Veteran homelessness.
- Enable 21st century benefits delivery and services.
- Automate GI Bill benefits.
- Create Virtual Lifetime Electronic Records by 2012.
- Improve Veterans' mental health.
- Build Veteran Relations Management (VRM) capability to enable convenient, seamless interactions.

- Design a Veteran-centric health care model to help Veterans navigate the health care delivery system and receive coordinated care.
- Enhance the Veteran experience and access to health care.
- Ensure preparedness to meet emergent national needs.
- Develop capabilities and enabling systems to drive performance and outcomes.
- Establish strong VA management infrastructure and integrated operating model.
- Transform human capital management.
- Perform research and development to enhance the long-term health and well-being of Veterans.
- Optimize the utilization of VA's Capital Portfolio by implementing and executing the Strategic Capital Investment Planning (SCIP) process.
- Health Care Efficiency: Improve the quality of health care while reducing cost.
- Transform health care delivery through health informatics.

Recent Accomplishments

In FY 2011:

The Office of VA/DoD Collaboration contributed to the development and sustainment of the VA/DoD partnership with the following actions:

- Developed the FY 2011-2013 VA/DoD Joint Strategic Plan and continued process improvement of performance based metrics to measure VA-DoD collaboration efforts.
- Assisted in the expansion of the integrated disability evaluation system from 27 to 139 sites, while reducing the VA portion of the integrated process from 182 days to 126 days.
- Coordinated DoD and VA iDES effort to standardize processing procedures and created a Departmental memorandum of understanding for operations at each site.

- Developed, in conjunction with the Veteran Health Administration, a new research population model to provide better insight on service connected environmental exposures.
- Collaborated with DoD to facilitate the coordination for the development of an integrated VA-DoD joint electronic health record and for the continued development of the Virtual Lifetime Electronic Record.
- Developed strategic leadership guidance to drive 2011 activities and direction of the Senior Oversight Committee (SOC) and Joint Executive Council (JEC).
- Led the VA/DoD effort to develop a common set of criteria for performing separation health assessments for eligible Service members who are leaving the military.
- Managed the development of the JEC VA/DoD FY 2010 Annual Report to communicate to Congress the significant outcome oriented accomplishments of VA/DoD.
- Improved a number of programs to enhance the transition of service members to Veteran status.

CAE contributed to establishing programmatic excellence; strategic resource allocation; and stewardship of VA resources with the following actions:

- Created a planning, programming, budgeting, and evaluation (PPBE) process, which:
 - Established a 2012 program baseline.
 - Delivered a prototype programming database to demonstrate programming concepts and capabilities.
 - Issued integrated programming/budgeting guidance for the 2013 through 2017 resource cycle.
 - Established a PPBE integration team to ensure synchronization, coordination, and synergy of VA's PPBE efforts.

- Completed cost estimation demonstration projects for 2 of 16 major initiatives; forming the foundation to continue with full cost estimates of remaining initiatives.
- Conducted an assessment of cost estimates for the integrated electronic health record, in collaboration with the Office of the Secretary for Defense's Office of Cost Assessment and Program Evaluation.
- Completed the program evaluations of Mental Health and Oncology. The findings and recommendations will be used to refine and improve VA services.

The Office of Policy supported decision making among VA senior leadership and management of the Department with the following actions:

- Instituted changes to the strategic planning process including the establishment of a collaborative working structure; a Senior level Strategic Planning Council; and formalizing the strategic planning process and integrating it with the planning, programming, budgeting, and evaluation process.
- Established the *Strategic Studies Group* to aid the Department in developing long-term insights and perspectives on emerging Veterans' issues.
- Conducted the VA's first-ever 10-20 year environmental scan - identifying the key issues that will drive the VA over the next 10 years.
- Instituted changes to the Governance process that results in more decisions being brought before cross-organizational senior VA leadership, thus increasing the integration, alignment, and collaboration across VA efforts and entities.
- Facilitated the development of and roll-out the Department's Core Values and Characteristics.
 - *VA Core Values:* Integrity | Commitment | Advocacy | Respect | Excellence
 - *VA Core Characteristics:* Trustworthy | Accessible | Quality | Innovative | Agile | Integrated

- Was instrumental in the White House's establishment of the President's Policy Council – a White House sponsored routine meeting of all Executive Agency Policy Secretaries.

Office of Data Governance and Analysis contributed to improved business intelligence capability and predictive analysis in the Department with the following actions:

- Supported the implementation of the VA Strategic Capital Investment and Planning models with corporate predictive modeling and forecasting capabilities.
- Established business intelligence (BI) data environment tools and processes to transform data into information to support planning, analytic, and research activities.
- Led the establishment of the VA Data Governance Council and the VA Data Management Working Group to:
 - Improve the quality and value of VA data;
 - Establish VA policies and standards involved in the creation, collection and dissemination of authoritative data;
 - Resolve cross-organizational data sharing issues;
 - Support initiatives, programs or project teams in the access and utilization of common VA data;
 - Inventory and document VA source databases, including all major Administration data systems, a key step in establishing a data baseline that will be used to identify authoritative VA data sources (83 percent complete);
 - Established the VA Data Governance Directive;
 - Launched the new VA data and statistics Web site with more contents on Veteran demographic, socioeconomic, and VA utilization statistics.
- Provided statistical and geospatial analysis to support recurring and ad-hoc reporting. Examples of these statistical products include the geographical distribution of VA expenditures report, the unique Veterans

use of VA benefits and services brief, the VA information pocket card, and the VA disability evaluation system trend analysis.

- Provided actuarial services to the Department on a continuous basis. FY 2011 efforts included development of the VA compensation and pension liability model.

The Enterprise Program Management Office contributed to developing a world class program management organization, transforming Department-wide business processes, and fostering accountability throughout the Department with the following actions:

- Provided program management support and operational planning direction to the 16 major initiatives deemed critical by the Secretary to transform VA into a 21st century organization.
- Conducted detailed execution reviews and *lockdowns* of major initiatives to provide independent assessment of progress, identified barriers to success, and helped define solutions to ensure collective execution of 397 acquisition packages worth \$784 million.
- Conducted a business process reengineering study of sanitation operations and biomedical engineering services across the Veterans Health Administration and monitored the implementation of the recently reengineered plant operations and grounds maintenance functions.

Budget Highlights

The 2013 request includes resources necessary for OPP to provide comprehensive analysis to the Secretary and senior leaders in the areas of data governance and analysis; strategic planning; Veteran, departmental, and interagency policy; program analysis and evaluation; and operational planning and management of initiatives to support effective and efficient delivery of benefits and services to our Nation's Veterans and eligible beneficiaries. The highlights of the budget request include:

- A total of 14 FTE will enable the **Office of VA/DoD Collaboration** to implement VA's integrated strategy of creating a collaborative, knowledge

sharing culture with DoD. The Office serves as the agency's point-of-contact for the oversight and integration of programs and strategies between VA and DoD. This collaboration improves support to Service members transitioning to Veteran status. This level of staffing will also support VA's joint strategic planning and performance management capabilities in order to be a proactive partner with DoD.

- \$2.5 million in contract dollars and a total of 14 FTE will support the **Office of Corporate Analysis and Evaluation** in its analytical work to support VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions about resource allocation. CA&E will analyze investment options for the Department and provide an analytical basis for deciding among investments in ongoing programs as well as new initiatives. This capability will include the development and maintenance of a programming relational database.
- \$900,000 in contract dollars and a total of 21 FTE will support the **Office of Policy** in the development, analysis, and review of the policy issues affecting Veterans and the development of the strategic plan to implement VA's goals and objectives. Its work will enable better decision making among VA senior leaders about service to Veterans and management of the Department.
- \$1.4 million in contract dollars and a total of 29 FTE will support the **Office of Data Governance and Analysis** in its mission of providing data analysis and assessment of programs, operations, and procedures to inform VA-wide decision making. This effort supports VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions.
- \$3.2 million in contract dollars and a total of 27 FTE will support the **Enterprise Program Management Office** in its mission of developing Department-wide program management standards and doctrine and its support of the Major Initiatives. This effort supports all of VA's Strategic Goals and Integrated Objectives.

Total resources in the 2013 budget include \$261,000 in reimbursable authority for the VA Innovation Initiative (VAi2). This will cover contract support and operating expenses associated with its Department-wide mission to tap expertise both inside and outside government to improve access to services, lower costs, improve quality, and enhance the performance of VA operations.

<i>Office of Policy and Planning</i>					
<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	<u>2012</u>				Change
	2011	Budget	Current	2013	FY13 v
	Actual	Estimate	Estimate	Request	FY12
					Current
Average Employment	90	125	117	117	0
Obligations:					
Personnel services	\$13,267	\$20,754	\$16,950	\$17,250	\$300
Travel	\$281	\$507	\$366	\$306	(\$60)
Transportation of Things	\$0	\$0	\$0	\$0	\$0
Rent, Communications, Utilities	\$0	\$1,100	\$445	\$125	(\$320)
Printing and reproduction	\$89	\$179	\$125	\$90	(\$35)
Other services	\$14,582	\$21,425	\$14,049	\$8,366	(\$5,683)
Supplies and materials	\$289	\$344	\$204	\$139	(\$65)
Equipment	\$245	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0
Insurance/Indemnities/Interest	\$0	\$0	\$0	\$0	\$0
Adjustment to Expenditures	\$0	\$0	\$0	\$0	\$0
Total obligations	\$28,753	\$44,309	\$32,139	\$26,276	(\$5,863)
Reimbursements	(\$2,749)	(\$15,662)	(\$5,874)	(\$261)	\$5,613
SOY Carryover (-)	(\$250)	\$0	(\$250)	\$0	\$250
EOY Carryover (+)	\$261	\$0	\$0	\$0	\$0
Reallocation	\$0	\$0	\$0	\$0	\$0
Total Budget Authority	\$26,015	\$28,647	\$26,015	\$26,015	\$0

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans and their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure <i>(Key and Dept. Mgt. Measures in bold)</i>	Performance Measures Data						
			Results History				Future Targets		Strategic Target
			2009	2010	2011	2012 <i>(Final)</i>	2013 <i>(Requested Funding)</i>		
c. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.	1. Corporate Planning, Programming, Budgeting, and Evaluation (PPBE) (OSE)	Percentage of VA resource requirements that are aligned to 5-year program, with clear end-state and outcomes	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100%
	4. All MIs	Percent of Major Initiatives adhering to the program/project management standards identified (i.e. requirements, cost, schedule, performance, risks, baseline)	N/Av	N/Av	N/Av	N/Av	Baseline	75%	100%
d. Create a collaborative, knowledge-sharing culture across VA and with DoD and other partners to support our ability to be people-centric, results-driven, and forward-looking at all times	1. Virtual Lifetime Electronic Record (VLER), Integrated Disability Evaluation System (IDES), Integrated Electronic Health Record (iEHR)	Percentage of high priority programs executed according to plan as identified in the Joint Strategic Plan	N/Av	N/Av	N/Av	N/Av	Baseline	50%	75%



Operations, Security, & Preparedness

Mission

The Office of Operations, Security, and Preparedness (OSP) in coordination with VA's Administrations and Staff Offices, ensures the continuity and integration of essential services. OSP also ensures 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 emergency management, Department of Defense contingency support, and Department of Homeland Security Support missions under the National Response Framework. Additionally, OSP provides trained and credentialed police officers for VA facilities and establishes VA-wide police policy and program direction. OSP also manages the Department's compliance with various Homeland Security Presidential Directives ((HSPDs) (e.g., HSPD-5, 12, and 20)) and Presidential Policy Directive 8.

Summary of Budget Request

(\$ in 000)	<u>2012</u>	<u>FTE</u>	<u>2013</u>	<u>FTE</u>
Assistant Secretary and Office of Resource Management	\$1,490	8	\$1,490	8
Office of Personal Security & Identity Management (OPS&IM)	3,540	21	3,540	21
Office of Emergency Management (OEM)	5,490	40	5,490	40
Office of Security & Law Enforcement (OS&LE)	7,990	33	7,990	33
Total Budget Authority	\$18,510	102	\$18,510	102

- In 2013, OSP is requesting budget authority of \$18.5 million and 102 FTE to support its assigned requirements and operations. This funding level will allow OSP to meet its requirements under the Secretary's Major Initiative of Preparedness. Details of these mission requirements can be found in the Budget Highlights section of OSP FY 2013 President's Budget.

Programs Supporting Transformation of VA to a 21st Century Organization

The Office of Emergency Management (OEM) manages, directs, and provides staffing for the VA Integrated Operations Center (VA IOC). The VA IOC is located in VACO with alternate continuity sites in West Virginia and Virginia. Late in FY 2012 the new VA IOC became operational at central office. The VA IOC provides a fusion point for unified command, integrated planning, and data analysis to present recommendations to VA Senior Leaders as well as to ensure 24/7 coordination with key stakeholders and Federal partners. The IOC is the VA Senior Leadership Operations Center and will employ the Incident Command System (ICS), unified command structure with watch standers from the Administrations, Program Offices, and Staff Offices jointly developing objectives, priorities, strategies, courses of action, and plans. The VA IOC will collect, analyze and synchronize information, employ the Federal Integrated Planning System and present recommendations to VA Senior Leadership for consideration/decision. OEM also operates the Planning Exercise, Training, and Evaluation Service (PETE), manages, coordinates, and directs VA's Continuity of Operations (COOP) and Continuity of Government (COG) programs, Comprehensive Emergency Management program, and Emergency Management Exercise, Training, and Evaluation program. The PNSS reviews all National and Federal level Emergency Management, Homeland Security, and National Security policies and plans on behalf of the Department. The PNSS provides Geospatial Intelligence and has direct links to the Federal Geospatial Intelligence community. The PNSS maintains partnerships with the Federal planning community, the Department of Homeland Security, and the Federal Emergency Management Agency through dedicated liaisons. The PNSS also maintains the Department's secure communications systems and is VA primary office for National Security Clearances.

The Office of Security and Law Enforcement (OS&LE) is responsible for developing policies, procedures and standards that govern VA's infrastructure protection, personal security and law enforcement programs, protecting Veterans, visitors, and staff in and on Department facilities and grounds. OS&LE's goal is delivering the highest quality professional law enforcement services, ensuring the maintenance of law and order, and the protection of persons and property on VA Campuses and in buildings under the jurisdiction of the Department. To facilitate this for field units, OS&LE is composed of two units: Police Services, and the VA Law Enforcement Training Center (LETC). Working under Police Services is the Law Enforcement Oversight & Criminal Investigations Branch, Executive Protection Branch, Infrastructure Protection Branch and the Criminal Predictive Analysis Branch. The Law Enforcement Oversight & Criminal Investigations is responsible for conducting program inspections of the 153 Police units around the nation. In addition, the branch conducts internal investigations on police officers

for various infractions. The LETC is broken down into two branches, the Academic Training Branch and the Technical Training Branch. The LETC trains all VA Police officers.

The Office of Personnel Security & Identity Management (OPS&IM) has a broad technical portfolio that encompasses the Federal Identity Credential and Access Management (FICAM) for VA employees, contractors, and affiliates, including background investigations, security clearances, and compliance with Homeland Security Presidential Directive 12 (HSPD-12). OPS&IM provides daily oversight, policy, and direction for the VA HSPD-12 Program Management Office and the Personnel Security and Suitability (PSS), and the VA Security and Investigations Center (SIC). The VA HSPD-12 Program Management Office is responsible for VA's compliance with HSPD-12, including policies, oversight, and compliance for the Personal Identity Verification (PIV) federal credential, Physical Access Control Systems (PACS), and Logical Access Control Systems (LACS). The Personnel Security and Suitability Service is responsible for all background investigations conducted on behalf of VA for employees, contractors, and affiliates, to include policy, training, oversight, and compliance for VA adjudications processes and personnel. The VA Security and Investigations Center (SIC), a VA Franchise Fund Center, is responsible for processing and adjudicating background investigations for VA contractors, and for all public trust and security clearance adjudications for VA employees, contractors, and affiliates. The Director of OPS&IM serves as the senior executive lead for the Secretary's Preparedness Initiative, Major Initiative Number Nine. VA is investing \$1.9 million to support this office which will be responsible for national compliance with all programs related to HSPD-12 and PSS. This provides funds for staff as well as necessary contractual support. This office provides the expertise in Federal laws, rules, regulations, policies, and standards, and VA policies, and procedures necessary for VA to meet its responsibilities under Federal HSPD-12 programs and federal background investigation requirements. In order to measure performance and progress in the Preparedness Initiative two (2) measures are used: (1) Percent of Employees, Contractors and Affiliates who have a Background Investigation, and (2) Percent of Employees, Contractors and Affiliates who have HSPD-12 compliant PIV cards. These measures are included in the Performance Summary Table on page 6H-9. Although not part of the 2013 budget, the OPS&IM additionally has operational oversight and provides direction to the Security and Investigations Center, a franchise fund center responsible for timely processing and adjudicating of background investigations in support of the Department of Veterans Affairs.

Program Description and Accomplishments

On behalf of the Secretary, the Office of Operations, Security and Preparedness (OSP) oversees Emergency Management, National Security, Physical Security, Personnel Security, and Law Enforcement activities and processes that require coordination across the Department or which call for the application of broad perspective. The component offices within OSP serve the larger mission in the following ways:

The Office of Resource Management (ORM) enables OSP employees, managers, supervisors and executives, to identify, understand, manage, and monitor the delivery and execution of Human Resources, Budget, Procurements, Administrative and Logistics in Operations, Security, and Preparedness. Activities include:

- Enables OSP employees, managers, supervisors and executives, to identify, understand, manage, and monitor the impact of initiatives aimed at improving the delivery of emergency management, security and law enforcement, and personnel security.
- Ensures that OSP receives and effectively uses sufficient resources, through budget formulation and execution, accounting policy, assets and liabilities, reporting of expenses and revenues, receipts and disbursements, and procurements.
- Ensures human resource management, training and labor management.
- Ensures a department-wide effort to expand VA's support of employees' learning and training needs by managing the integrated system (the Talent Management System) that supports the implementation of an effective talent management strategy for OSP employees.
- Responsible for promoting labor-management cooperation and promulgating labor-management relations policy and programs for OSP.
- Responsible for the timely processing of complaints of employment discrimination and filed by OSP employees.
- Ensures and manages executive correspondence.
- Deals with matters related to information protection including privacy, risk management, records management, safety compliances, Freedom of Information Act (FOIA), and business continuity OSP.
- Ensures VA requirements for the OSP Intranet / Internet website and social media compliance.
- Responsible for administrative actions involving telephone systems, audiovisuals, equipment, information technology oversight, travel, space management and property management.

The Office of Emergency Management (OEM) ensures that VA has comprehensive Emergency Management, Homeland Security, and National Security programs and policies in place across the department. OEM has primary oversight of the Department's All Hazards Continuity Program. Activities include:

- Crisis Management Exercises, Evaluation and Training.
- Development of the All Hazards Continuity of Operations Plans (COOP).
- Development of Continuity of Government Plans (COG).
- Development and coordination of policy and guidance to ensure COOP and COG plans are consistent, integrated, and in place to respond to a disaster or national security emergency.
- Functions as the VA liaison with other Federal agencies on preparedness.
- Develops, implements, and evaluates preparedness training and exercises.
- Manages, directs, and staffs the VA Integrated Operations Center.
- Supports VA's Crisis Response Team (CRT).
- Manages the VACO classified materials program.
- Coordinates VA's Top Secret clearance management in cooperation with the Office of Security and Law Enforcement (OS&LE).

The Office of Security & Law Enforcement (OS&LE) ensures that VA has effective security and law enforcement programs and policies in place across the department. This ensures the protection and safety of Veterans, staff, volunteers, and visitors on Department properties.

- Develops and oversees VA-wide police and physical security programs.
- Functions as the VA liaison with other Federal agencies on critical infrastructure protection, physical security, and law enforcement.
- Determines qualification standards and trains all newly hired VA police officers.
- Monitors and disseminates threat intelligence information to field activities.
- Co-operates in the protection of multiple Federal agencies in VACO campus buildings.
- Provides personal security for VA's Secretary and Deputy Secretary including motor vehicle support.

The Office of Personnel Security and Identity Management (OPS&IM) oversees a broad technical program designed to ensure compliance with HSPD-12, Common Identification Standard for Federal Employees and Contractors, and with applicable laws, Federal Regulations, and Executive Orders pertaining to Personnel Security and Suitability. OPS&IM will lead VA's transformation effort and oversee the HSPD-12 Program, VA-wide, and will develop new policies and

processes in conjunction with Personnel Security and Suitability (PSS) to ensure VA's workforce meets the standards set forth by laws, Federal Regulations, Executive Orders and VA policy. This includes: Directs the HSPD-12 Program Management Office, including Personal Identity Verification (PIV), Physical Access Control Systems (PACS), and Logistical Access Control Systems (LACS) related to the use of PIV credentials.

- Directs, manages, coordinates and evaluates the HSPD-12 Program.
- Leads VA's HSPD-12 compliance process, managing and reporting on the implementation of the Department's HSPD-12 Program and ensuring integration of the VA program with overall federal interoperability requirements.
- Participates in various councils, professional organizations, and working groups, both internal and external to federal government and VA VA related HSPD-12 initiatives as well as Personnel Security and Suitability initiatives.
- Directs, manages, and coordinates the Department's Personnel Security & Suitability (PSS) office.
- PSS ensures that all VA appointees, employees, contractors, and affiliates have the appropriated level of background investigation commensurate with the position's designated Risk and Sensitivity level.
- PSS provides policy, training, oversight, and compliance for all VA personnel security and suitability processing, adjudication, and reporting.
- Directs, manages, and ensures the VA Security and Investigation Center (SIC) performs timely processing and adjudications for suitability determinations for appointees and employees in Public Trust (Moderate and High Risk) positions, final security eligibility determinations for appointees, employees, contractors and affiliates in National Security positions; and makes suitability/fitness determinations for all contractors who work for or on behalf of VA.

Recent Accomplishments

- In 2011, OSP finalized the design of the new IOC. A construction contract was awarded in the fourth quarter of 2011 with completion of construction planned by the beginning of the third quarter of 2012.
- OSP is a member of an integrated planning team working closely with the Program Manager of the new Capital Region Readiness Center (CRRC). Site B, the VACO primary COOP site, is located at the CRRC. This facility was activated in the second quarter of 2011.
- The design for the VACO Reconstitution Planning Site, Site C, was completed in early 2011. The construction contract for this facility was awarded in mid 2011. Construction is scheduled to be complete in the third quarter of 2012.

Budget Highlights

The 2013 request includes resources necessary to meet the assigned mission requirements of the office. OSP has matured as an organization since first standing up in 2006. Significant external requirements have increased the scope of OSP's mission including Homeland Security Presidential Directives 5, 8, 12, and 20; Executive Orders 10450 and 12968; as well as 5 CFR 731, 732 and CIA Directive 6/4. OSP will continue to be required to meet increasing requirements, as well as those in our base. Areas receiving increased emphasis include the following:

- Continued refinement and development of the VA's continuity programs through crisis management exercises, evaluation and training.
- Program office for HSPD-12 implementation and compliance.
- Program office for VA's Personnel Security and Suitability Program.
- Improving protection of the Department's physical infrastructure to ensure safe and secure environments for care and service.
- Oversight and inspection of VA Police Operations at VA facilities throughout the country. These inspections include facility vulnerability assessments that address the risks to staff, patients, beneficiaries and visitors to VA facilities.
- Increased requirements for VA Special Access Programs.

Summary of Employment and Obligations

An average employment of 102 FTE and \$18,510,000 are requested to fulfill the mission of the Office of Operations, Security, and Preparedness in 2013.

<i>Office of Operations, Security and Preparedness</i>					
<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	2011 Actual	2012		2013 Request	2013 vs 2012
		President's Budget	Current Estimate		
Average employment	86	107	102	102	0
Central Office	86	107	102	102	0
Field Office	0	0	0	0	0
Obligations:					
Personal services	\$11,129	\$13,736	\$12,699	\$12,899	\$200
Travel	\$869	\$763	\$763	\$763	\$0
Transportation of Things	\$0	\$0	\$0	\$0	\$0
Rent, Communications, Utilities	\$12	\$203	\$203	\$203	\$0
Printing and reproduction	\$5	\$10	\$10	\$10	\$0
Other services	\$8,517	\$4,400	\$4,261	\$4,061	(\$200)
Supplies and materials	\$165	\$150	\$138	\$138	\$0
Equipment	\$279	\$611	\$1,136	\$436	(\$700)
Total obligations	\$20,976	\$19,873	\$19,210	\$18,510	(\$700)
Reimbursements (-)	(\$3,041)	\$0	\$0	\$0	\$0
SOY Unobligated Balance (-)	(\$2,191)	\$0	(\$700)	\$0	\$700
EOY Unobligated Balance (+)	\$1,002	\$0	\$0	\$0	\$0
Total Budget Authority	\$16,746	\$19,873	\$18,510	\$18,510	\$0

Funds all current service requirements, including contract support requirements.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure Description (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strategic Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
E. Manage physical and virtual infrastructure plans and execution to meet emerging needs	1 Ensure Preparedness to meet emergent national needs. (MI)	Percent of VA Employees, Contractors, & Affiliates with Background Investigatons.	N/Av	N/Av	N/Av	Baseline	100%	100%	100%
		Percent of VA Employees, Contractors, & Affiliates with HSPD-12 Compliant PIV Cards.	N/Av	N/Av	28%	70%	100%	100%	100%
		Percent of VA Administrations/Staff Offices that maintain a Continuity of Operations (COOP) Plan.	N/Av	N/Av	N/Av	N/Av	Baseline	100%	100%
	2 Develop and implement a viable Departmental continuity program (OSE)	Percent of Crisis Response Team principals whose organizations can operate from their designated COOP site	N/Av	N/Av	N/Av	Baseline	100%	100%	100%

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information
<p><u>Percent of VA Employees, Contractors, and Affiliates with Background Investigations</u> (Departmental Management Measure)</p> <p>a) Means and Strategies:</p> <ul style="list-style-type: none">• Establish Personnel Security and Suitability (PSS) Program Management Office to provide policy oversight• Promulgate policies; provide training for personnel issuing VA credentials; and inspect Administrations and Staff Office execution. <p>b) Data Source(s):</p> <ul style="list-style-type: none">• Records from Office of Personnel Management Systems, Personnel Accounting integrated Data (PAID) System across the Department. <p>c) Data Verification:</p> <ul style="list-style-type: none">• Inspection program <p>d) Measure Validation:</p> <ul style="list-style-type: none">• PSS compliance enhances security, increases government efficiency, reduces identity fraud, and protects personal privacy through use of mandatory, government-wide standards for security and reliable forms of identification. This results in a confident VA workforce made of suitable employees, contractors, and affiliates, providing services to Veterans. <p>e) Cross-Cutting Activities:</p> <ul style="list-style-type: none">• VA serves on interagency boards that address PSS compliance and other credentialing issues <p>f) External Factors:</p> <ul style="list-style-type: none">• Timelines for implementation of requirements to ensure government-wide interoperable PSS programs. <p>g) Other Supporting Information:</p> <ul style="list-style-type: none">• None <p>h) Link to New Strategic Planning Framework:</p> <ul style="list-style-type: none">• <u>Integrated Objective 3</u>: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.• <u>Integrated Strategy E</u>: Manage physical and virtual infrastructure plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of VA Employees, Contractors, and Affiliates with HSPD-12 Compliant PIV Cards (Departmental Management Measure)

a) Means and Strategies:

- Establish a Homeland Security Presidential Directive 12 (HSPD-12) Program Management Office to provide policy oversight
- Promulgate policies; provide training for personnel issuing VA credentials; and inspect Administrations and Staff Office execution.

b) Data Source(s):

- Records from Office of Personnel Management Systems, Personnel Accounting integrated Data (PAID) System across the Department.

c) Data Verification:

- Inspection program

d) Measure Validation:

- HSPD-12 compliance enhances security, increases government efficiency, reduces identity fraud, and protects personal privacy through use of mandatory, government-wide standards for security and reliable forms of identification. This results in a confident VA workforce made of suitable employees, contractors, and affiliates providing services to Veterans.

e) Cross-Cutting Activities:

- VA serves on interagency boards that address HSPD-12 compliance and other credentialing issues

f) External Factors:

- Timelines for implementation of requirements to ensure government-wide interoperable HSPD-12 programs.

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of VA Administrations/Staff Offices that maintain a Continuity of Operations Plan (Departmental Management Measure)

a) Means and Strategies:

- Develop and implement a viable Departmental continuity program
- Develop and implement a strong Departmental Exercise, Training & Evaluation Program

b) Data Source(s):

- VA organizational elements/facilities will be responsible for certifying to the next higher organizational level the existence of such plans and, if necessary, provide a copy.

c) Data Verification:

- Data to be verified by Administrations, Assistant Secretaries, and other Key officials and forwarded to OSP.

d) Measure Validation:

- The extent to which a VA facility has a viable continuity of operations plan in place relates directly to that facility's ability to continue to provide services to Veterans

e) Cross-Cutting Activities:

- Coordination with other Federal Departments/ Agencies and requirements to comply with Federal Continuity directives

f) External Factors:

- New Federal continuity requirements

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

Performance Measure Supporting Information

Percent of Crisis Response Team principals whose organizations can operate from their designated COOP site.

a) Means and Strategies:

- Develop and implement a viable Departmental continuity program
- Develop and implement a strong Departmental Exercise, Training & Evaluation Program

b) Data Source(s):

- VA organizational elements/facilities will be responsible to certify to the next higher organizational level their organization's ability to operate from their designated COOP site.

c) Data Verification:

- Data to be verified by Administrations, Assistant Secretaries, and other Key officials and forwarded to OSP.

d) Measure Validation:

- The extent to which a VA organization can operate from their COOP site directly impacts that organization's ability to continue to provide services to Veterans

e) Cross-Cutting Activities:

- Coordination with other Federal Departments/Agencies and requirements to comply with Federal Continuity directives

f) External Factors:

- New Federal continuity requirements

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- Integrated Strategy E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

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Public & Intergovernmental Affairs

Mission

The Office of Public and Intergovernmental Affairs (OPIA) helps build and maintain public confidence in the Department of Veterans Affairs by positively reinforcing its commitment and readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, routinely updating and communicating the Department's key messages to many audiences through media relations, public affairs, intergovernmental affairs, outreach, and Veteran engagement intended to reach Veterans and their families, other beneficiaries, and other stakeholders.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Office of Assistant Secretary	\$2,580	6	\$2,331	6
Office of Public Affairs	7,539	48	7,539	48
Office of Intergovernmental Affairs	2,567	16	2,567	16
Office of National Veterans Sports Programs & Special Events	10,600	9	10,600	9
Total Budget Authority	\$23,286	79	\$23,037	79
Reimbursement				
Homeless Veterans Initiatives Office	\$3,340	15	\$3,466	15
Total Obligational Authority	\$26,626	94	\$26,503	94

In FY 2013, the Office of Public and Intergovernmental Affairs is requesting budget authority of \$23 million and reimbursable authority of \$3.5 million, totaling \$26.5 million for 94 FTE to support its operations.

The request in 2013 will allow VA to:

- Provide policy development oversight, communication, outreach, coordination, and execution of VA's Plan to Eliminate Veterans Homelessness by 2015.
- Improve its Public Affairs and Outreach capabilities and training.

- Ensure VA's position and key messages are received by Veterans, their family members and the general public.
- Improve VA's social media capabilities and impact.
- Improve partnerships with State Veteran Affairs Directors.
- Improve VA's reputation among Veterans, Key Stakeholders, and the American people.
- Improve outreach and partnerships with Tribal Governments.

Program Description and Accomplishments

Office of the Assistant Secretary:

The Office of the Assistant Secretary provides executive oversight, management and direction to the Offices of Public and Intergovernmental Affairs (OPIA). The Assistant Secretary oversees VA's communications and outreach programs including media relations, media products, social media, intergovernmental affairs, and homelessness. As part of VA's communications and outreach efforts, the Assistant Secretary oversees the Office of National Veterans Sports Programs and Special Events, which coordinates VA activities related to commemorative Veterans programs, the six national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics, Inc. The Assistant Secretary is also the Executive Sponsor and has oversight responsibility for VA's initiative to End Homelessness.

Deputy Assistant Secretary for Public Affairs:

The Deputy Assistant Secretary for Public Affairs is responsible for coordinating and orchestrating the release of external and internal public affairs communication and information for VA. The primary mission of this Office is to coordinate with VA's three Administrations (VBA, VHA and NCA) and other Offices throughout VA to ensure Veterans and their families, other beneficiaries, and stakeholders receive accurate and timely information about Department benefits and programs as well as information on many other topics using all forms of media to communicate.

Deputy Assistant Secretary for Intergovernmental Affairs:

IGA manages the Intergovernmental Affairs Program, the International Affairs Program, the Consumer Affairs Program, and the Office of Tribal Government Relations. All of these programs reside under the Deputy Assistant Secretary, Office of Intergovernmental Affairs.

Homeless Veterans Initiatives Office:

Homeless Veterans Initiatives Office (HVIO) is the Department's office that leads VA's initiative to Eliminate Veterans Homelessness. HVIO is responsible for policy development, inter and intra-agency coordination, developing and

maintaining strategic external partnerships and socializing VA's plan to end Veterans homelessness. HVIO serves as the Department's coordinating office with the US Interagency Council on Homelessness (USICH). A member of the office is the Designated Federal Official for the VA's congressional mandated Advisory Committee on Homeless Veterans. HVIO also coordinates, plans and assists with execution of the Advisory meetings and reports. HVIO coordinates VA involvement in the planning and development in joint conferences and national initiatives with federal departments that assist homeless veterans including Labor, HUD, HHS, and DOJ. HVIO is aligned under the OPIA Executive Director.

Office of National Veterans Sports Programs and Special Events:

Formerly separate offices, VA has combined the Office of National Programs and Special Events and the Paralympic Program Office to integrate VA's existing National adaptive sports programs with VA's Paralympic Office and its network of community organizations that provide ongoing adaptive sport opportunities for Veterans. The consolidation of these offices will enable VA to maximize existing resources and supplement them with community resources funded through Paralympic grants and sponsor donations. The office will continue to coordinate VA activities related to commemorative Veterans programs, six national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics including the Paralympic grant program and Paralympic athlete assistance allowance. Additionally, the office will offer VA clinicians the opportunity for advanced training in adaptive sport programming conducted by the U.S. Olympic Committee and support new initiatives in adaptive sports for Veterans. NVSP&SE is aligned under the OPIA Executive Director.

National Veterans Outreach Office:

National Veterans Outreach Office (NVO) was established within the Office of Public and Intergovernmental Affairs in 2010. NVO's mission is to assess, standardize and coordinate outreach activities for the entire Department of Veterans Affairs. The office is developing outreach plans, web resources and training programs to assist VA administrations and program offices in unifying outreach communications through clear, accurate, consistent and targeted messaging. The Office is also providing project management of significant marketing and advertising contracts, and is working to develop a system to track department-wide performance measures for VA's outreach programs. In addition, the office is responsible for coordinating the report on the outcomes of VA outreach programs to the Secretary of Veterans Affairs; Congress; Veterans Service Organizations; other interested stakeholders; and the American people. NVO is aligned under the OPIA Executive Director.

Office of White House Liaison:

The Office of White House Liaison advises the Secretary, Deputy Secretary, and the Assistant Secretary for Public and Intergovernmental Affairs on the placement of top-level non-career appointments in the Department of Veterans Affairs.

Fiscal Year 2011 Accomplishments

Office of Online Communications:

Website

- Reconstituted and assumed management of the Department's 15-person Web Governance Board (WGB) which is charged with standardization and enforcement oversight of VA's enterprise-wide web presence. The WGB is also responsible for crafting a training strategy for web content managers and points of contact across the agency.

Social media/outreach

- Produced and published VA Directive 6515, *Use of Web-Based Collaboration Technologies*, the Department's policy for using social media tools to interact with Veterans, their families and other VA stakeholders.
- Devised strategy and maintained oversight of the Department's ongoing launch of Facebook pages and Twitter feeds at all 152 VA Medical Centers. As of August 2011, 97 Medical Centers used Facebook and 51 used Twitter.
- VA's primary Facebook page gained over 90,000 new subscribers, bringing its total to nearly 140,000 subscribers—more than any other cabinet-level agency.
- VA's primary Twitter feed gained over 16,000 new followers, bringing its total to over 22,000 followers—more than any Veterans Service Organization.
- VA launched its first blog, *VAntage Point*, which received over 200 posts and 4,600 comments.
 1. *VAntage Point*, unlike any other Federal blog, accepts guest posts allowing VA leadership, Veterans, other agency officials, spouses, students, and VA employees to sound off about important Veteran issues.
- A second VA blog, *VA Careers*, launched in July 2011 to address important hiring concerns of Veterans and civilians seeking employment with VA.
- Expanded the social media team from two full time employees to four full-time and three part-time. 70 percent of the team are Veterans of Afghanistan or Iraq.
- VA reaches more Veterans through social media each day than through the VA website.

Online video

- Posted 315 Veteran-centric videos on the Department's YouTube channel.
- Through July 2011, VA's YouTube videos had been viewed over 540,000 times.

Online photography

- Published over 9,000 VA-related photos on the Department's Flickr page which were viewed over 583,000 times.

Media recognition

- VA's Office of Online Communications was the topic of positive profiles in the *Washington Post*, *BBC*, the *Houston Chronicle*, *Stars and Stripes*, *Federal Times*, the *Huffington Post*, *NextGov*, *Mashable.com*, *Federal News Radio*, on the *Capital Insider* television show, and in other media outlets.

Media Products:

- The American Veteran monthly outreach video program received two Emmy awards.
- The VAnguard magazine won top award for internal magazine in National Association of Government Communicators national awards competition.
- VA News weekly internal video program selected for programming on the Pentagon Channel.

Media Relations:

- Public Affairs Training – More than 300 public affairs officers (PAOs) attended the department's three-day annual training conference in Boston.
- Outreach – In conjunction with OPIA's national training conference, nearly 75 outreach specialists from across the Department held their first-ever training conference in Boston.
- Agent Orange – VA's PAOs informed stakeholders of a major expansion of Agent Orange-related benefits to cover more Veterans in November 2010.
- Caregivers – New benefits for the caregivers of seriously disabled Veterans were the focus of an intense educational campaign nationally, regionally and locally through 2010 and into 2011.
- GI Bill – As the new GI Bill entered its second year in August 2010, PAOs from across the country supported the roll-out and informed Veterans of changes in the program.

Office of Intergovernmental Affairs:

- Worked to increase participation in quarterly meetings with the leadership of the National Association of State Directors of Veterans Affairs (NASDVA).

- Worked to increase participation in monthly conference calls with NASDVA and with leadership of the National Associations of County Veterans Service Officers (NACVSO).
- President Obama tasked all federal departments (November 2009) to develop a detailed plan of action to fully implement Executive Order 13175 on "Consultation and Coordination with Indian Tribal Governments." The Department of Veterans Affairs developed the plan in 2010 and has been successful in meeting objectives. The end result is to broaden communications between the Department of Veterans Affairs and Native American tribal leaders to improve services to Native American Veterans.
- January 2011- hired a Director, Office of Tribal Government Relations.
- September 2011- recruited, selected and hired 4 Tribal Government Relations Specialist FTEs assigned to work with 565 federally recognized tribal governments located in 4 regions in order to increase access to health care, promote economic sustainability through access to benefits, scholarship and program opportunities, and implement the VA tribal consultation policy plan.
- Facilitated three listening sessions with tribal leaders located in Alaska, North Dakota, South Dakota and Montana from June through August 2011.
- Organized outreach events during the National Congress of American Indians Conference in Milwaukee, WI June 2011.
- Organized Northwest Tribal Veterans training session in collaboration with the State of Washington Department of Veterans Affairs, July 2011.
- Completed draft of Veterans Courts in Indian Country Resource Guide, July 2011.
- May 2011 - August 2011 - Engaged in a series of interagency and intergovernmental dialogue sessions with tribal officials, state, federal and non profit entities focusing on identifying challenges facing American Indian and Alaska Native Veterans living in Indian Country.
- Sponsored 15 tribal leaders and American Indian/Alaska Native Veteran-owned small business owners participation during the August 2011 VA Small Business conference.
- September 2011 - Participated in interagency collaboration summit with SAMHSA focused on needs of American Indian/Alaska Native Veterans and their families.
- January 2011 - September 2011, Participated in Indian Health Service/VA Memorandum of Understanding workgroups which focused on increasing collaboration amongst the two agencies in an effort to increase access to services and benefits for American Indian and Alaska Native Veterans.
- September 2011 - Completed request for proposal scope of work for strategic outreach plan designed to reach Veterans in rural Alaska.

- July 2011 - Staff traveled to Navajo Nation, Hopi and Laguna Pueblo to conduct field research needed to complete the Veterans Court Guide.

Homeless Veterans Initiatives Office:

- Coordinated with HUD on the release of the 2011 point-in-time (PIT) data on homelessness among Veterans. This annual report showed a 12% decline in the number of homeless Veterans.
- Worked with the U.S. Interagency Council on Homelessness to get commitments from other federal partners to assist Veterans.
- Worked collaboratively with VHA and HUD to ensure over 26,000 Veterans were provided permanent housing and comprehensive VA case management through the HUD-VASH Program
- Developed and coordinated critical legislative authorizations and program re-authorizations for FY 2012 which were signed and enacted
- Launched a national homeless outreach campaign which included coordinating 28 homeless Veteran outreach events across the United States; distribution of radio PSAs; undertook media buys (online, bus ads, billboards, ads in periodicals); and pitched Op-Ed stories across to increase awareness of VA services for homeless and at risk Veterans.
- The National Call Center for Homeless Veterans hotline volume increased by over 80 percent after the outreach campaign was launched.
- Participated in the grant review, award development and notification of \$10.3 million in Special Need Grants for Homeless Veterans Service Providers. This allowed 26 providers to continue providing enhanced services for homeless Veterans who are seriously mentally ill, women Veterans, including women with children, elderly , or those who may be terminally ill.
- Assisted in developing the Homeless Veteran Supportive Employment Program (HVSEP) which has hired over 360 homeless or formerly homeless Veterans as Vocational Rehabilitation Specialists (VRS). :Participated in the grant review, award development and notification of \$59.5 million in Supportive Services for Veteran Families (SSVF) grants to 85 applicants in homeless prevention grants that will serve approximately 22,000 homeless and at-risk Veteran families.
- Worked with HUD to complete Housing Inventory Count (HIC) of available VA funded homeless beds, October 2011. This will assist in accurate assessments of homelessness among Veterans and inform communities about available local resources.

National Veterans Outreach Office:

- Provided support and project management of several contracts for strategic outreach support services to increase veterans awareness of benefits and services.
- Established regular meetings with Outreach Team to develop strategy, plan and resources for the NVO.
- Established an Outreach Workgroup made up of leads responsible for Outreach activities in each of the administrations as well as representatives from various program offices, for example Center for Minority Veterans, Homeless Program, Women Veterans, OIF/OEF.
- Established regular meeting schedule of the work group and convened a subcommittee to develop a curriculum for the 2011 OPIA National Training Conference and Outreach Day.

Office of National Veterans Sports Programs and Special Events:

- Established the Office of National Veterans Sports Programs and Special Events and selected a Director for the office.
- Provided a monthly assistance allowance to over 70 Veterans training for the U.S. Paralympic Team.
- Awarded \$7.5 million in grants to the U.S. Olympic Committee and its partners to provide more than 14,000 Veterans the opportunity to engage in adaptive sports in their communities.
- Developed a new adaptive sports Web site providing resources to Veterans, service members, clinicians and family members.
- Conducted VA's six national rehabilitative Special Events programs - including hosting the largest number of participants (more than 900) in the 2011 National Veterans Golden Age Games.
- Reduced staffing levels at VA's national rehabilitative programs while accomplishing the core objectives.
- Hosted the 2011 National Veterans Day Observance at Arlington National Cemetery attended by President Obama. In conjunction with the Veterans Day observance, we produced a video highlighting ways in how America honor Veterans. The video was the most viewed among all of VA's video products combined on its YouTube Website.

Budget Highlights

The request for fiscal year 2013 covers 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 Office of Online Communications, the Office of Intergovernmental Affairs; Homeless Veterans Initiatives Office, the Office of National Veterans Sports Programs and Special Events, and the Office of Tribal Government Relations. The budget provides for employment of 94 FTE and funding of approximately \$26.5 million, comprised of \$23 million and 79 FTE in budget authority and \$3.5 million in reimbursements including 15 FTE for the Homeless Veterans Initiatives Office (HVIO). The budget reimbursements will allow OPIA's HVIO to efficiently coordinate and execute VA's Plan to Eliminate Homelessness among Veterans.

Summary of Employment and Obligations – Analyses

<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	2011 Actual	2012		2013 Request	Incr. (+) Decr. (-)
		Budget Estimate	Current Estimate		
Average employment	79	93	94	94	0
Central Office	61	71	72	72	0
Field Office	18	22	22	22	0
Obligations:					
Personal services	\$10,698	\$13,561	\$13,783	\$14,007	\$224
Travel	\$638	\$660	\$1,125	\$1,051	-\$74
Transportation of Things	\$3	\$70	\$19	\$19	\$0
Rent, Communications, Utilities	\$323	\$750	\$517	\$449	-\$68
Printing and reproduction	\$309	\$745	\$518	\$518	\$0
Other services	\$1,056	\$1,590	\$4,014	\$1,509	-\$2,505
Supplies and materials	\$105	\$275	\$270	\$270	\$0
Equipment	\$100	\$170	\$180	\$180	\$0
Grants	\$8,579	\$9,500	\$8,500	\$8,500	\$0
Insurance and Indemnities	\$54	\$0	\$0	\$0	\$0
Total obligations	\$21,865	\$27,321	\$28,926	\$26,503	-\$2,423
Reimbursements	(\$2,637)	(\$3,340)	(\$3,340)	(\$3,466)	-\$126
SOY Carryover (-)	(\$850)	\$0	(\$2,300)	\$0	+\$2,300
EOY Carryover (+)	\$3,701	\$0	\$0	\$0	\$0
Total Budget Authority	\$22,079	\$23,981	\$23,286	\$23,037	-\$249

The amount of reimbursable funding necessary to support a fully staffed HVIO in 2013 will increase by \$126,000. Under P.L. 110-389, VA's Paralympics Program is authorized to expend up to \$8 million for grants to providers and \$2 million for monthly assistance for participating veterans. This budget requests \$7.5 million in grants and \$2 million in monthly veterans allowance for this program.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Eliminate Veteran homelessness (MI)	Number of homeless Veterans (on any given night) (Supports Agency Priority Goal) *1 (Joint VHA-OPIA measure)	131,000	75,609	76,329	67,495	59,000	35,000	0
Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
B. Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf	1. Improve awareness of VA benefits to Native American Veterans (OSE)	Percent of federally recognized Native American tribes contacted by VA for outreach purposes	1%	1%	80%	85%	90%	95%	100%
	2. Improve usability of VA Website and VA's web presence (OSE)	Percent of visitors to VA's Website that indicated that they are satisfied/highly satisfied with information presented	N/A	N/A	N/A	67%	73%	75%	80%
	3. Reach out proactively and in a timely fashion to communicate with Veterans and their families and promote Veteran engagement.	Increase percent of veterans* aware of using benefits, reached through advertising and marketing efforts 24 million veterans, only 9M use VA benefits. Of the remaining 15M, 6M are not aware of benefits. ²	N/A	N/A	N/A	N/A	5	10	15

¹ The 2008 number is based on Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) data. The numbers for 2009 and subsequent years are based upon the Annual Homeless Assessment Report (AHAR).

² FY 2010 and 2011's PIT estimates will be released in FY 2011.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Enhance VA image with Veterans, their families and the general public through media relations (OSE)	Percent of news coverage that is neutral to positive in tone	N/Av	N/Av	79.6%	90%	92%	92%	92%

Table 2: Performance Measure Supporting Information
Key Measures Only

Number of Homeless Veterans (on any given night) (Supports Agency Priority Goal)

a) Means and Strategies:

- The Department of Housing and Urban Development (HUD) publishes an Annual Homeless Assessment Report (AHAR). HUD's AHAR reports provide the latest counts of homelessness nationwide – including counts of individuals, persons in families, and special population groups such as veterans and chronically homeless people. The report also covers the types of locations where people use emergency shelter and transitional housing; where people were just before they entered a residential program; how much time they spend in shelters over the course of a year; and the size and use of the United States inventory of residential programs for homeless people.
- The 2011 AHAR was released in fiscal year FY2012, and revealed a 12 percent decline from the 2010 AHAR report.

b) Data Source(s):

- The AHAR is based on three data sources.
 - An annual PIT count conducted by thousands of volunteers and staff across the country working with local Continuums of Care (CoC).
 - The Homeless Management Information System (HMIS), an electronic database designed to record information about the characteristics and service needs of homeless persons staying in shelters and transitional housing.
 - Reports from VA on Veterans who being treated in transitional treatment programs for homeless veterans.

c) Data Verification:

- VA staff and HUD work closely to ensure that the counts used in the Veterans' AHAR chapter factor in all significant data sources and adjust for known confounding variables. It is expected this collaborative approach will produce the best available estimates on homelessness among Veterans.

**Table 2: Performance Measure Supporting Information
Key Measures Only**

d) Measure Validation:

- Involvement of providers, homeless cares/case managers, and providers of services to homeless Veterans are situated at the “front lines” of homelessness. Their involvement with outreach and provision of services make them one of our most reliable sources for locating and engaging the homeless Veteran and engaging that Veteran in participation. HUD works closely with the community, training local CoCs to conduct PITs. HUD also maintains HMIS, working closely with CoCs to insure approximate technical support and accurate data entry. VA and HUD’s collaborative approach in this process will insure that the most accurate estimate of the number of homeless Veterans is available. Calculation is a risk adjusted HUD PIT count. The PIT uses a simple count to calculate the numbers of homeless Veterans. The PIT is then risk adjusted

e) Cross-Cutting Activities:

- There is ongoing interagency collaboration between VA and HUD as well as other agencies that includes state, federal, county, city, profit and not for profit agencies to accomplish the goal of ending homelessness among Veterans by 2015.

f) External Factors:

- Continued outreach will be core to success, availability of needed services will be critical.

g) Other Supporting Information:

- A PIT estimate has been in place for some time, but this will be the first year VA and HUD have collaborated to produce this PIT.

h) Link to New Strategic Planning Framework: This measure supports:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families.

Table 3: Priority Goals Summary (Homeless)

Element #3 Priority Goal Summary

Priority Goal: In conjunction with HUD, reduce the number of homeless Veteran population to 35,000 by June 2013 on the way to eliminating Veteran Homelessness.

- OPIA monitors progress on the priority goal listed above in the Performance Summary Table.

The purpose of the goal is:

- Increase the number and variety of housing options available to at-risk and homeless Veterans - to include permanent, transitional, contracted, community-operated, and VA-operated.
- Increase the number and type of interventions and services to address homelessness among Veterans.
- Increase employment opportunities and rates of employment for homeless and at-risk Veterans.
- Review and evaluate progress in the demonstration programs.
- Provide additional supportive services that prevent homelessness, improve employability, promote recovery and sobriety and facilitate independent living.
- Implement and measure success with data from an electronic Management Information System for the National Homeless Registry and other program reporting requirements.
- Build a comprehensive data reporting structure to include monthly data reports from the field; quarterly reports to the Secretary and VA leadership; and an annual comprehensive report

Table 3: Priority Goals Summary (Homeless)

Key Activities Planned for FY 2013 include:

- Decrease number of Homeless Veterans on any given night to 59,000 (June 2012 High Performance goal with HUD).
- HUD-VASH: Deploy 10,000 vouchers and sustain 47,000 Veterans that were previously allocated vouchers with comprehensive case management to provide permanent supportive housing for Veterans and their families. (Cumulative total would be 57,000 vouchers if appropriated by Congress.)
- Award \$250 million in grant and per diem funds for community partners to provide transitional housing, social skills training, and employment assistance.
- Implement the process of transitioning grant and per diem program into permanent housing for homeless and at-risk Veterans.
- Continue making Home Loan Guaranty properties available to community partners for permanent housing for homeless and at-risk Veterans.
- Veterans Justice Outreach (VJO): Provide services to approximately 18,000 Veterans.
- Supportive Services for Veteran Families (SSVF): Award \$100 million in supportive service grants and serve approximately 42,000 Veterans and their families (pending congressional appropriation and approval of the President's Budget).



Congressional and Legislative Affairs

Mission

The mission of the Office of Congressional and Legislative Affairs (OCLA) is to improve the lives of Veterans and their families by advancing pro-Veteran legislation and maintaining responsive and effective communications with Congress.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Total Budget Authority	\$6,053	48	\$6,302	48

The requested funding in 2013 will allow OCLA to accomplish the following:

- This budget submission fully funds the activities of the Office of the Assistant Secretary for Congressional and Legislative Affairs. A total of \$6,302,000 and an average employment of 48 FTE are requested in 2013 to support the mission of the office.
- The 48 FTE includes OCLA personnel assigned to Central Office, OCLA's Congressional Liaison Service personnel on Capitol Hill, and the Office of Advisory Committee Management, which was reassigned to OCLA in FY2010. The FY 2013 budget reflects an increase of \$249,000 to support the 2 FTE of the Office of Advisory Committee Management. This function was transferred from the Office of Public and Intergovernmental Affairs.
- OCLA will continue to advance responsive and effective congressional communications (i.e., proactive approach to briefings, meetings, requests for information, and constituent services) to improve the knowledge of the Department of Veterans Affairs' programs and services among Members of Congress, congressional committees, and staff.
- Sustain OCLA's transformational re-organization, which commenced in

FY2010, by fully staffing functional teams with subject matter experts and analyst personnel.

- Sustain a congressional legislative liaison team with a strategic and customer service focus and enhanced Veteran constituent casework support capabilities.
- Sustain a congressional knowledge management system to better support Members of Congress, congressional committees, and VA leadership and improve the Department's responsiveness to requests for information from Congress.

Program Description and Accomplishments

OCLA is a small, dynamic office where the work is complex, time sensitive, and of a precise nature. OCLA seeks to provide timely and accurate information to legislators and their staffs. OCLA is focused on communicating the Department's mission and its care and support of Veterans. This involves frequent briefings by senior VA officials, both in Washington, DC and in the field. In addition, OCLA conducts orientation and refresher briefings on VA benefits and services for Members of Congress and their staffs.

OCLA provides executive leadership, direction, and coordination of all communications, both legislative and non-legislative, with Congress; it also serves as the principal advising body for the Secretary, Deputy Secretary, and other senior Department officials regarding all Congressional activity related to Veterans.

The primary function of OCLA is to promote the enactment of legislation that improves Veterans benefits and services by:

- coordinating the development of Veteran-related legislation;
- maintaining responsive communications with Congress through briefings, hearings, correspondence, reports, site visits, and constituent services; and
- maintaining productive working relationships with the Government Accountability Office (GAO).

The office also serves as the Department's primary point of contact for Members of Congress and their staffs on matters regarding policy, oversight, and Members requests. OCLA maintains relationships and encourages the flow of information between VA and Members of Congress and congressional staff through hearings, briefings, meetings, travel, communications and correspondence.

OCLA also supports the Advisory Committee Management Office, which serves as the Department's liaison for VA's 24 advisory committees, 15 of which are established by statute. The Advisory Committee Management Office is responsible for providing clear goals, standards, and procedures with respect to the creation and operations of the VA's advisory committees.

During FY2011, OCLA completed an office transformational re-organization plan that aligned subject matter expert teams with the Department's major functional areas. This resulted in more effective, and responsive, communications between the Department and Congress. In FY2011, OCLA supported 46 hearings and 454 briefings. OCLA also supported 63 GAO Entrance Conferences, 29 GAO Exit Conferences, and commented on 48 draft and 28 final GAO reports. OCLA handled over 22,300 congressional inquiries, including over 7,200 letters from Members of Congress.

OCLA continued to review the concerns of the office's internal and external stakeholders and implemented changes that improved efficiencies and eliminated inefficient processes. During FY2011, OCLA specifically re-engineered how the Department responds to questions for the record from congressional hearings, improving the Department's performance by 78 percent, achieving a 90 percent on time rating for the entire year while processing over 1,800 questions for the record.

Budget Highlights

<i>Summary of Employment and Obligations</i> (dollars in thousands)					
	2011 Actual	2012		2013 Request	Increase (+) Decrease(-)
		Budget Estimate	Current Estimate		
Average employment	42	52	48	48	0
Obligations:					
Personal services	\$5,423	\$6,063	\$5,952	\$5,733	\$249
Travel	\$170	\$274	\$170	\$170	\$0
Transportation of Things	\$0	\$0	\$0	\$0	\$0
Rents, communications, and utilities	\$0	\$0	\$0	\$0	\$0
Printing and reproduction	\$15	\$13	\$21	\$21	\$0
Other services	\$223	\$109	\$180	\$180	\$0
Supplies and materials	\$146	\$126	\$198	\$198	\$0
Equipment	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0
Insurance/Indemnities/Interest	\$0	\$0	\$0	\$0	\$0
Adjustment to Expenditures	\$0	\$0	\$0	\$0	\$0
Total obligations	\$5,977	\$6,585	\$6,521	\$6,302	\$249
SOY Carry over (-)	(\$549)	0	(468)	0	0
EOY Carry over (+)	\$637				
Total Budget Authority	\$6,065	\$6,585	\$6,053	\$6,302	\$249

The 2013 personal services request of \$5,733,000 provides funding for 48 FTE. This includes the shift of the the Advisory Committee Management function as discussed earlier.

A total of \$569,000 is requested in 2013 to cover non-pay costs for travel, supplies and materials, other services, and equipment.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.	2. Enhance relationships with Congress by improving responsiveness and communicating more effectively (SI)	Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe.	57%	75%	12%	90%	85%	90%	90%
		Percentage of testimony submitted to Congress within the required timeframe.	58%	80%	62%	98%	90%	90%	90%
		Percentage of title 38 reports that are submitted to Congress within the required timeframe.	59%	76%	63%	33%	85%	85%	85%

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

1) Percentage of responses to pre-and post-hearing questions that are submitted to Congress within the required timeframe.

a) Means and Strategies:

- OCLA has reviewed its processes and implemented changes to improve collaboration and responsiveness.
- OCLA has created an internal tracking system for use as a management tool to determine the status and timeliness of questions for the record to Congress.
- The tracking system identifies responses that are past due, coming due, or completed.

b) Data Source(s):

- VA Internet Quorum System and the Monthly Performance Review.

c) Data Verification:

- All offices are required to respond through the VA Internet Quorum System. OCLA uses this system as one of its tools to track the responses to pre-and post hearing questions that are submitted to Congress. OCLA also maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:

- Quantifies VA's compliance with its obligation to provide responses to Congress by the date requested.

e) Cross-Cutting Activities:

- OCLA holds collaborative meetings with Administrations and Staff Offices immediately upon receipt of any questions for the record.

f) External Factors:

- None

g) Other Supporting Information:

- OCLA works proactively with Congress to change the due dates on actions to reflect attainable deadlines.

h) Link to New Strategic Planning Framework:

- **Integrated Objective #3:** Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.
- **Integrated Strategy C:** Create and maintain an effective, integrated, Department-wide management capability to make data driven decisions, allocate resources, and manage results.

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

2) Percentage of testimony submitted to Congress within the required timeframe

a) Means and Strategies:

- OCLA provides for Departmental coordination for hearing preparation, including the creation and submission of testimony for congressional hearings.
- OCLA reviewed its hearing support and testimony processes and incorporated changes into a new SOP.

b) Data Source(s):

- OCLA works proactively with VA's Administrations and Staff Offices to ensure that congressional deadlines for submission of testimony are met.

c) Data Verification:

- OCLA maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:

- Quantifies VA's fulfillment of its responsibility to meet congressional deadlines for testimony submission and holds VA accountable for timely submission of congressional testimony.

e) Cross-Cutting Activities:

- OCLA works with all Administrations and Staff Offices to ensure the testimony supports the intent of the hearing.

f) External Factors:

- None

g) Other Supporting Information:

- OCLA works proactively with VA's Administrations and Staff Offices to ensure deadlines for submission of testimonies are met.

h) Refer to measure #1.

3) Percentage of title 38 reports that are submitted to Congress within the required timeframe

a) Means and Strategies:

- Monitoring congressionally mandated reports has been centralized with OCLA.

b) Data Source(s):

- OCLA maintains a database of title 38 reports, and reports on the status of these reports during the Monthly Performance Review

c) Data Verification:

- All offices are required to respond through the VA Internet Quorum System. OCLA also maintains a spreadsheet tracking system that records milestones, due dates, clearances and days elapsed up until submission to Congress.

d) Measure Validation:

- Quantifies how well VA meets its obligation to provide congressionally mandated reports to Congress by the statutory due date.

e) Cross-Cutting Activities:

- OCLA works with all Administrations and Staff Offices to ensure the content of the report supports the intent of the legislation.

f) External Factors:

- None

g) Other Supporting Information:

- OCLA works proactively with Congress to change the statutory due dates on reports to reflect attainable deadlines.

h) Refer to measure #1.

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Acquisition, Logistics, and Construction

Mission

The mission of the Office of Acquisition, Logistics, and Construction is to support the needs of the Administrations and staff offices as they fulfill their missions to serve America's Veterans and their families. We do this by ensuring VA compliance with national policies and laws governing Federal acquisition and logistics management, providing superior cost-effective contracting, supporting oversight of supply-chain processes, and executing the Department's major construction and leasing programs.

Stakeholders

OALC stakeholders include program users, Congress, Veterans Service Organizations, and Veterans. Program users or customers include the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA) and the National Cemetery Administration (NCA), as well as VA Staff Offices. OALC also provides assistance at regional and local levels including Veterans Integrated Service Networks (VISNs), VBA Area Offices, Memorial Service Networks (MSNs), local medical centers and VBA regional offices.

Summary of Budget Request

In order to improve the planning, management and return on investment of VA's construction projects, the Department is requesting to transform the Office of Acquisition, Logistics, and Construction (OALC) into an enterprise wide facility management system. A key aspect of this transformation is the increased role of the Office of Construction and Facilities Management (CFM). CFM will provide increased regional and local support for construction and leasing projects by funding support for the on-site supervision of projects through the Major Construction and Medical Facilities accounts. The table below provides a break out of the funding by account.

1. Also included in the Office of Acquisition, Logistics and Construction is the Office of Acquisition and Logistics (OAL) and the Office of Acquisitions Operations (OAO). Detailed information on the OAL and OAO is included in the Supply Fund budget chapter.

Office of Acquisition, Logistics, and Construction (OALC) 2013 Funding Sources

(\$ in 000s)	2012		2013		Increases (+) Decreases (-)	
	Funding	FTE	Funding	FTE		
General Administration (GenAd)						
OALC Executive Director's Office	\$1,168	6	\$1,372	7	\$204	1
Construction & Facilities Mgt	\$57,038	244	\$54,334	266	\$-2,704	22
Total GenAd Budget Authority	\$58,206	250	\$55,706	273	\$-2,500	23
Reimbursements:						
From Major Construction	\$24,193	140	\$24,000	140	\$-193	0
From Medical Facilities	\$6,425	38	\$9,337	58	\$2,912	20
From Supply Fund	\$1,168	6	\$1,372	7	\$204	1
From National Cemetery Admin.	\$310	2	\$310	2	\$0	0
Total Reimbursements	\$32,096	186	\$35,019	207	\$2,923	21
Total New Budgetary Resources	\$90,302	436	\$90,725	480	\$423	44

The General Administration appropriation will provide funding for 273 FTE as described within this budget chapter. The Major Construction appropriation will provide funding for on-site supervision of resident engineers for the VA's staff offices' major construction projects located throughout the country. The Medical Facilities appropriation will provide funding for on-site supervision by resident engineers for VHA lease projects located throughout the country. In all circumstances, funding will cover all costs for these employees including salary and benefits, training, travel, permanent change of station funds, etc.

The table below shows the FTE breakout by appropriation for 2013.

Position	Funding Source					
	Major Construction	Medical Facilities	Supply Fund	NCA	Gen Ad	Total
Resident Engineers	140	58	0	0	0	198
Project/Design Managers	0	0	0	0	60	60
Real Property Support	0	0	0	2	18	20
Planning Support	0	0	0	0	62	62
Contracting Officers	0	0	0	0	49	49
Sustainment	0	0	0	0	20	20
Management Support	0	0	7	0	64	71
Total	140	58	7	2	273	480

The requested appropriations support the VA Facilities Management Transformation (VAFM) initiative. This initiative will:

- Implement an enterprise facilities management system.
- Integrate facilities management functions to maximize life-cycle performance. This will include a corporate system of policies and processes and a regionalized approach to project execution that includes resident engineers at the project location.
- Assist VA in effectively meeting facility needs and managing existing facility assets while reducing overall costs.
- Expand and improve urgently needed project planning capability and capacity.
- Increase return on facility investment.

Acquisition Improvement Initiative

The Administration is committed to improving government contracting. To ensure that these improvements are sustainable, VA needs to increase the capacity and capability of the acquisition workforce, and the Department is taking two specific steps to accomplish this. First, VA will increase the size and improve the training of acquisition professions in 2012. Second, VA will be developing an annual acquisition human capital plan that will be used in building VA's budgets beginning in 2013 and beyond. This will build a sustainable process for improving the acquisition workforce in the out years. Contract support will assist the VA in increasing workforce capacity.

Supply Fund Reimbursement

Of the \$55,706,000 in base budget authority requested from the General Administration appropriation, \$1,372,000 is to provide half of the funding for the OALC front office (14 FTE). The OALC front office provides management direction to the revolving Supply Fund. The Fund, in return, supports the other half of the front office.

OALC manages the CFM, Office of Acquisition and Logistics (OAL) and Office of Acquisitions Operations (OAO). General Administration appropriated funding supports CFM and the General Administration portion of OALC front office. The revolving Supply Fund is funded through collections. The revolving Supply Fund budget is contained in a separate budget chapter.

Program Description and Accomplishments

The Office of Acquisition, Logistics, and Construction (OALC) oversees OAL, OAO and CFM. OALC is funded in part through the Supply Revolving Fund and the General Administration appropriation. The Executive Director serves as the Department's Chief Acquisition Officer. OAL responsibilities include directing Department-wide policy for acquisition, contracting, and contract administration; training; and logistics for the Department. The office also provides acquisition and logistics services to the Department of Defense, Department of Health and Human Services, and other Federal agencies. OAO manages the activities of the Strategic Acquisition Center (SAC) and Technology Acquisition Center (TAC). OAO directs acquisition, contracting, and contract administration for VA staff offices, as well as other government agencies.

CFM responsibilities include overseeing the planning, design and construction of the Department's major construction projects. CFM is also responsible for lease project management, design and construction standards, and historic

preservation services for the Department of Veterans Affairs in order to deliver high-quality and cost-effective facilities in support of our Nation's Veterans.

Major Construction

CFM is responsible for providing on-site supervision for design and construction for VA's major construction projects. Major construction encompasses projects greater than \$10 million and includes a large and complex inventory of approximately 55 active projects valued at over \$12.6 billion total. Duties include managing, negotiating, awarding, and administering design, construction, and other related contracts. CFM provides support in project scheduling, claims analysis, and risk management.

CFM provides oversight and execution of all Brooks Act Architect and Engineer evaluation and selection processes.

Leasing Services

CFM is responsible for providing supervision for the acquisition, management, and disposal of realty assets for the VA nationwide. Contracts are awarded for leased facility acquisitions, land purchases. Numerous easements, licenses, and permits are granted throughout the country. In 2012, CFM estimates that over 2.1 million square feet of leased space will be procured with an estimated contract value of over \$2.3 billion.

Facility Engineering Support

CFM provides support regarding compliance with codes, regulations, historic preservation, cultural resource laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities. CFM provides oversight of Facility Condition Assessments and Electrical Studies. CFM also provides technical quality reviews for the Grants for State Extended Care Facilities and Homeless Providers Grant and Per Diem programs.

Facility Planning Support

CFM is responsible for VA's national quality design and construction standards including master specifications, design guides, technical manuals, and design alerts. CFM also manages several national programs such as the seismic and natural or manmade disaster preparedness program, various sustainability compliance programs, construction cost budgeting, and estimating programs. CFM provides master planning and project planning expertise, resources and tools to facilitate facility planning for the Administrations and staff offices.

Program Highlights

- Awarded approximately 43 major construction contracts in 2011. Total executed program for 2011 was \$859 million in contracted obligations.
- Effectively managed a large and complex inventory of 60 major construction projects valued at over \$12.8 billion, including high visibility projects at Orlando, FL; Las Vegas, NV; New Orleans, LA; Denver, CO; and Louisville, KY. Other major projects include three polytrauma projects at San Antonio, TX; Tampa, FL; and Palo Alto, CA; and five new national cemeteries.
- Awarded 26 lease contracts, delivered 19 newly leased facilities, and acquired 11 parcels of land, including BRAC transfers from DoD and a site for a new VA Medical Center in New Orleans.
- Granted a number of easements, licenses, and permits throughout the county.
- Completed the new Community Living Center Design Guide and provided design/construction services to the Office of Geriatrics. Managed the technical quality of VA's State Home Grants program that awarded or conditionally approved 65 projects valued at \$390 million in construction (\$253.5 million in grants) in 2011.
- Updated the Mental Health Design Guide and provided design and construction services to the Office of Mental Health. Assisted in the request for information on all new grants in the Homeless Grant and Per Diem Program. Managed the technical quality of VA's 28 homeless grants worth \$21.7 million in construction (\$14.1 million in grants).
- Provided extensive architectural, engineering, scheduling, and other technical consultant services to VA Medical Centers for budget development, review of capital projects, facility condition assessments, operations and maintenance issues, scheduling and estimating for the preparation of VA's major construction budget, and cost control assistance for projects under design with a value of \$11.3 billion. Monitored the progress of major projects under construction and assisted in claims related issues.

Budget Highlights

The 2013 General Administration request includes resources necessary to continue the current level of operations and sustain efforts on critical initiatives underway. The budget request will provide for:

- Fixed rent increases.
- Funding for the Acquisition Improvement Initiative.
- Funding for the VAFM Transformation Initiative.
- Implementation of the first and second phase of the VAFM initiative will allow the VA to expand and improve urgently needed project planning and project management capability and capacity. This increase will establish facility master plans, implement a robust project management planning process and establish professional training for facility management staff. This will facilitate greater efficiency while meeting facility needs and reducing overall costs.

*Office of Acquisition, Logistics and Construction
Summary of Employment and Obligations
(dollars in thousands)*

	2011 Actual	2012		2013 Request	From 2012 Increase (+) Decrease (-)
		Budget Estimate	Current Request		
Average employment:					
Field	204	307	294	340	+46
Central Office	<u>144</u>	<u>140</u>	<u>142</u>	<u>140</u>	<u>-2</u>
Total	348	447	436	480	44
Obligations:					
Personal services	\$46,516	\$64,213	\$62,796	\$66,900	\$4,104
Travel	\$1,991	\$5,855	\$5,386	\$4,908	-\$478
Transportation of things	\$244	\$1,221	\$1,182	\$562	-\$620
Rents, communications, and Utilities	\$2,669	\$3,213	\$3,784	\$4,123	\$339
Printing and reproduction	\$1	\$9	\$3	\$3	\$0
Other services	\$1,313	\$36,028	\$16,856	\$13,894	-\$2,962
Supplies and materials	\$152	\$200	\$196	\$210	\$14
Equipment	\$18	\$283	\$99	\$125	\$26
Land and structures	\$0	\$0	\$0	\$0	\$0
Facilities	\$88	\$0	\$0	\$0	\$0
Insurance Claims and Indemnities	\$0	\$0	\$0	\$0	\$0
Total obligations	\$52,992	\$111,022	\$90,302	\$90,725	\$423
Reimbursements	-\$3,232	-\$34,631	-\$32,096	-\$35,019	\$2,923
SOY Carry over (-)	-\$2,031	\$0	\$-2,500	\$0	-\$2,500
EOY Carry over (+)	\$2,999	\$0	\$0	\$0	\$0
Total budget authority	\$50,728	\$76,391	\$55,706	\$55,706	\$0
<i>Government-wide acquisition initiative (non-add)</i>		\$23,584	\$5,000 ¹	\$5,000 ¹	\$0

¹The conference agreement provides \$5M within the Office of Acquisition, Logistics, and Construction for the 2012 President's Acquisition initiative and the facilities management transformation.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		
			2008	2009	2010	2011 (Final)	2012 (Final)	2013 (Requested Funding)	Strategic Target
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Provide information management tools to support decision making (OSE)	Percent of annual major construction operating plan executed	N/Av	N/Av	N/Av	82%	90%	90%	90%
		Percent of contracts that are awarded within required procurement action timeframes (number of weeks between technical clearance of the final construction documents and award of contracts)	N/Av	N/Av	N/Av	53%	85%	85%	90%
		Percent major lease acquisitions that meet final direct lease acquisition target date	N/Av	N/Av	N/Av	76%	78%	80%	90%
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	2. Transform the VA acquisition and facilities management culture (OSE)	Percent of facilities customers that are satisfied with services being provided.	N/Av	N/Av	N/Av	85%	70%	85%	90%

Table 2: Performance Measure Supporting Information

Table 2: Performance Measure Supporting Information DEPARTMENTAL MANAGEMENT MEASURES ONLY	
<u>Percent of annual major construction operating plan executed.</u>	
a) Means and Strategies:	<ul style="list-style-type: none">• Establish a Project Planning and Development Service (PPDS).• Develop comprehensive/detailed plans for major construction projects.• Initiate project development plans prior to completion of the budget prospectuses and continually update plans until construction contracts are awarded.• Assist organizations in their planning efforts regarding the selection of projects and include master planning efforts.
b) Data Sources(s):	<ul style="list-style-type: none">• Construction & Facilities Management Information System (CFMIS).
c) Data Verification:	<ul style="list-style-type: none">• Data are entered by the appropriate office and verified through checks performed against the appropriation and the annual operating plan.• Monthly meetings are conducted in order to review project status.• Interfaces with existing systems such as the Electronic Contract Management System (ECMS) serve as a verifying source.
d) Measure Validation:	<ul style="list-style-type: none">• Awarding various phases of contracts within operating plan target dates is essential in order to complete projects on schedule.• On-time project completion provides veterans with timely access to facilities necessary for required treatments, and final resting places.
e) Cross-Cutting Activities:	none
f) External Factors:	<ul style="list-style-type: none">• Unanticipated legislative action.• Unanticipated economic conditions.• Land acquisition delays or other problems.• Unforeseeable conditions resulting from environmental and/or Section 106 issues under the National Historic Preservation Act (law that requires federal agencies to consider the potential impact to historic properties that could occur as a result of proposed action by the agency).
g) Other Supporting Information:	none
h) Link to new Strategic Planning Framework:	This measure supports <ul style="list-style-type: none">• <u>Integrated Objective #3</u>: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively• <u>Integrated Strategy C</u>: Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.



Inspector General

Appropriation Language

For necessary expenses of the Office of Inspector General (OIG), to include information technology, in carrying out the provisions of the Inspector General Act of 1978, \$113,000,000 [\$112,391,000] of which \$6,000,000 shall remain available until September 30, 2014 [2013].

Mission

The Inspector General is responsible for conducting and supervising audits, investigations, and healthcare inspections; recommending policies designed to promote economy and efficiency in the administration of, and to prevent and detect waste, mismanagement, and criminal activity in VA programs and operations; and for keeping the Secretary and Congress fully informed about problems and deficiencies in VA programs and operations and the need for corrective action.

Stakeholders

OIG oversight work encompasses all VA programs, services, functions, and funding. As such, stakeholders in the OIG's work and results may include the Secretary, Congress, VA managers and staff, beneficiaries, affiliated health care and educational institutions, taxpayers, contractors, other Federal agencies, law enforcement organizations, and other OIGs.

Summary of Budget Request

(\$ in 000)	2012	FTE	2013	FTE
Office of Inspector General				
Regular Appropriation	\$112,391	620	\$113,000	615
Total Budget Authority	\$112,391	620	\$113,000	615
Reimbursement	\$4,716	29	\$4,811	29
Budgetary Resources	\$117,107	649	\$117,811	644

For 2013, the OIG is requesting budget authority of \$113,000,000 and 615 FTE to carry out its mission. OIG funding will also include \$4,811,000 from reimbursements, which will support an additional 29 FTE.

Program Description and Accomplishments

Office of Inspector General Programs

The OIG conducts operations through four Offices, each headed by an Assistant Inspector General, and the Office of Contract Review, which is directed by the Counselor to the Inspector General.

Office of Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts independent and timely performance and financial audits and other evaluations of VA health care, benefits, financial management, procurement, and information management programs. The audits and evaluations contribute to improved management of VA programs by providing useful and practical recommendations to improve the economy, efficiency, and effectiveness of VA management, programs, services, operations, and systems. OAE also conducts cyclical inspections of benefits processing activities at VA regional offices (VAROs). Additionally, OAE oversees the annual Consolidated Financial Statement audit that assesses VA's financial management systems and information under the requirements of the *Chief Financial Officers Act of 1990* and the annual evaluation of VA's information security programs and controls required by the *Federal Information Security Management Act of 2002*.

Office of Healthcare Inspections. The Office of Healthcare Inspections (OHI) conducts oversight aimed at enhancing the quality of VA health care programs and promoting continuous quality improvement. OHI helps safeguard the quality of Veterans Health Administration (VHA) medical care for Veterans by conducting inspections, evaluations, Combined Assessment Program (CAP), and other cyclical reviews that evaluate quality of care issues at VA medical facilities, and clinical consultations in support of criminal investigations. OHI also conducts oversight of VHA's quality assurance programs and the Office of the Medical Inspector.

Office of Investigations. The Office of Investigations (OI) conducts criminal and administrative investigations of wrongdoing in VA programs and operations. Criminal investigations focus on such activities as fraud against VA committed by beneficiaries, fiduciaries, contractors, and employees; illegal pricing by pharmaceutical firms; embezzlement, extortion, and bribery by VA employees; theft and diversion of drugs by employees and others; theft of VA resources and data; identity theft; assaults involving employees and patients; threats against employees,

patients, facilities, and computer systems; mortgage fraud; and workers compensation fraud. Administrative investigations focus on misuse of Government resources, abuse of authority, and travel irregularities by senior officials. Through criminal prosecutions, administrative sanctions, and monetary recoveries, these investigations promote integrity, patient safety, efficiency, security, and accountability in VA.

Office of Management and Administration. The Office of Management and Administration (OMA) provides a wide range of administrative and operational support functions to OIG offices and employees. OMA operates the VA Hotline, providing the means for VA employees and others to report allegations of fraud, waste, and abuse to OIG and to ensure that these referrals are resolved timely and appropriately. Information technology units nationwide provide a broad array of information technology support and security services, as well as data gathering and analysis support for audits, inspections, and investigations. OMA also provides follow-up on OIG report recommendations and other administrative, human resources, logistics, budget, and fiscal services for the entire OIG organization.

Office of Contract Review. The Office of Contract Review, which is overseen by the Counselor to the Inspector General, provides preaward, postaward, and other reviews of vendor proposals and contracts under a reimbursable agreement with VA's Office of Acquisition and Logistics. The Counselor also provides independent legal advice and representation on issues arising from OIG activities and directs OIG's *Freedom of Information Act* and *Privacy Act* activities.

Office of Inspector General Accomplishments

OIG is dedicated to helping VA provide Veterans and their families the care, support, and recognition they have earned through their service to our country. Through its program oversight, OIG seeks to help VA become the best managed service delivery organization in Government by working as a catalyst for positive change, and proactively working to help ensure VA is fully prepared to meet the demands of a new generation of Veterans as well as to care for our older Veterans with their own particular needs.

In the 12 months covered by the last two OIG *Semiannual Reports to Congress*, OIG identified \$7.1 billion in actual and potential monetary benefits; issued 301 reports on VA programs and operations; and achieved 488 arrests, 360 indictments, 167 criminal complaints, 344 convictions, 464 administrative sanctions, and 56 pretrial diversions. OIG operations provided a return on investment of \$76 in total monetary benefits for each \$1 of OIG resources expended, including a return of \$6 from recoveries returned to the Government for every \$1 of OIG resources. Some recent noteworthy accomplishments include:

- An OIG audit of 42 businesses found that VA had awarded sole source and set-aside Veteran-Owned Small Business (VOSB) and Service-Disabled Veteran-Owned Small Business (SDVOSB) program contracts totaling \$46.5 million to 32 ineligible businesses. The businesses were not eligible because they were not owned or controlled by Veterans or improperly passed through work or otherwise exceeded thresholds for subcontracting with nonveteran-owned businesses. OIG recommended improvements in VOSB/SDVOSB program oversight and contracting practices.
- A joint OIG, Small Business Administration, General Services Administration, and Department of Defense investigation resulted in the indictment of a SDVOSB company and the arrest of four subjects. The investigation determined that the company acted as a pass-through for a larger company and the owner was not a service-disabled Veteran. The company had four contracts valued at almost \$18 million with VA. Based on information provided by OIG, VA suspended the company and the four subjects from doing business with the Federal Government. OIG has a number of similar cases under active investigation.
- A public law-mandated OIG review assessed VA's capabilities to address combat stress in women Veterans. Utilizing data on 500,000 Veterans, the review identified a number of findings significant to health care and adjudication of disability benefits for women Veterans. For example, female Veterans were more likely to transition to and continue use of VA health care; a higher proportion of female Veterans were diagnosed with mental health conditions by VA but a lower proportion were diagnosed with PTSD and traumatic brain injury (TBI); and a higher proportion of female Veterans were receiving disability benefits for mental health conditions but at a lower proportion for PTSD and TBI. The review recommended that VBA develop longitudinal data on Veterans disability claims activity, assess the consistency of claims for military sexual trauma, and improve communications with women Veterans.
- An OIG audit found that VARO staff did not correctly process or adequately control permanent and temporary 100 percent disability compensation evaluations for about 27,500 (15 percent) of 181,000 Veteran claimants. VARO staff did not always diary future medical examinations in VBA's electronic records system, monitor future examination notifications, schedule examinations, or base permanent 100 percent disability ratings on current medical evidence. As a result, since 1993, Veterans have been paid \$943 million in disability compensation without adequate medical evidence of total disability.
- Congressionally-requested OIG healthcare inspections confirmed longstanding problems in sterilization of reusable medical equipment (RME) and infection

control procedures in the dental activities at two VA medical centers, which had put patients at risk of blood-borne and other infections. At one medical center, a dentist had not been following infection control guidelines over an extended period of time and other dental staff knew of these longstanding infractions. The inspection recommended actions to improve compliance with infection control guidelines and address dental clinic staffing issues. At another medical center, dental RME was improperly cleaned, sterilized, and reprocessed over a long period of time.

- A Congressionally-requested healthcare inspection evaluated program oversight and quality assurance for diagnostic and therapeutic radiation services provided at VHA medical facilities, focusing on radiation therapy, computed tomography (CT), fluoroscopy, and nuclear medicine. The inspection recommended improvements in physician peer reviews, monitoring of radiation dosages delivered to patients, data on cumulative radiation exposure, and risk-based criteria for CT scan informed consent procedures.
- A Congressionally-required follow-up inspection to a comprehensive 2009 review of VHA residential mental health facility programs found significant progress in implementing some of the 2009 recommendations and little or moderate progress for others, and identified new areas of concern, including insufficient residential program staffing and weaknesses in procedures for referring patients with occupational dysfunction to vocational rehabilitation programs.
- An audit determined that VA medical facilities had not billed third-party insurers for 46 percent of billable fee non-VA provider medical care. These missed billing opportunities resulted from ineffective processes for identifying billable claims, inadequate training of staff, a lack of collection goals, and ineffective program monitoring. Improved collection processes and controls could increase collections by \$110 million annually.
- An audit evaluated VA's program for issuing secure and reliable Personal Identity Verification (PIV) credentials to employees and contractors. The audit found widespread control lapses and procedural deficiencies that resulted in thousands of PIV credentials being issued when PIV staff had not determined if applicants were known or suspected terrorists, confirmed that source identity documents were genuine, verified background checks, or complied with separation of duty controls.
- As a result of an OIG and FBI investigation, a former VA field examiner and a court-appointed Fiduciary plead guilty to theft of Government funds and conspiracy. For about 10 years, the defendants had embezzled nearly \$900,000,

much of which they lost gambling, from the bank accounts of 12 disabled Veterans under their supervision.

- As a major component of oversight to ensure effective and high-quality health care delivery, OIG conducted cyclical CAP reviews at 55 VA medical facilities and 85 reviews at community-based outpatient clinics. As appropriate, recommendations were made to VHA network and local facility management for improvements in such areas as: quality management, credentialing and privileging of medical staff, environment of care, cardiopulmonary resuscitation training, and security of patient personally identifiable information.
- An OIG audit evaluated Office of Information Technology (OI&T) implementation of the Project Management Accountability System (PMAS), which was intended for use in improving VA's success in completing technology development projects. The audit found that OI&T had made progress towards implementing PMAS, but needed to address issues pertaining to leadership, staffing, planning, data reliability, project compliance, and cost controls to improve PMAS's effectiveness in overseeing technology projects.
- OIG benefits inspections at 20 VAROs resulted in 117 recommendations for improvement in the processing of disability compensation determinations related to temporary total disability, TBI, and herbicide exposure claims and other systemic issues in quality assurance reviews, beneficiary competency determinations, and mail handling procedures.
- An administrative investigation substantiated that a senior VA official was assigned to a duty station outside of the Washington, DC, commuting area, requiring his frequent travel to Washington to perform the duties of his position. As a result, the official, with the knowledge and approval of his supervisor, misused more than \$130,900 in Government travel funds to commute from his residence to Washington, DC, to avoid relocating.
- As a result of an OIG/Department of Labor investigation, a VAMC canteen service employee, who had concealed his earnings as a manager of a contracting business for 5 years while receiving workers compensation benefits for a work-related injury, pled guilty to theft of Government funds. The loss to VA was about \$175,000.
- An OIG review assessed VHA compliance with a 2006 VA directive that provided detailed guidance for sole source contracts with medical schools and other affiliates. The review summarized the results of preaward and postaward reviews for contracts awarded over the past 5 years, finding inadequate acquisition planning, pricing deficiencies, interference in contract negotiations by

medical facility managers, poorly defined services, and problems in billing and contract administration. The review recommended improved program oversight, development of a centralized data system, and standardized training for VHA contracting and non-procurement officials involved in these contracts.

- Preaward and postaward reviews of VA contracts resulted in \$392 million in savings and recoveries, of which \$21 million was returned to the Government.
- The OIG Hotline received over 30,000 contacts, opened 1,184 cases, and closed 1,018 cases with a substantiation rate of 42 percent.

Budget Highlights

The budget request of \$113,000,000 from appropriations will support an employment level of 615 FTE, a reduction of 5 FTE from 2012. This level of resources will allow OIG to accomplish a similar or slightly reduced number of oversight audits, healthcare and benefits inspections, evaluations, and criminal and administrative investigations of VA programs and activities compared with 2012 performance targets.

Budget Submission Requirements of the *Inspector General Act*

This budget request was prepared in accordance with Section 6 (f) (1) of the *Inspector General Act of 1978*. The Inspector General's initial budget request transmitted to the Secretary of Veterans Affairs was \$114,423,000, which included \$324,041 to support the Council of Inspectors General on Integrity and Efficiency (CIGIE) and \$913,000 for OIG employee training.

The current request is \$113,000,000 and includes a pass-through of \$468,000 to support CIGIE operations and \$1,021,000 for employee training. The Inspector General certifies that the requested amounts will meet known 2013 requirements for CIGIE support and OIG employee training. In addition, OIG requested that \$872,000 for renovation and modernization of OIG offices be included in the 2013 VA Minor Construction appropriation request.

OIG is complying with the spirit of Executive Order 13589, *Promoting Efficient Spending*, by identifying efficiencies and opportunities to reduce costs in travel, conferences, technology, and other areas covered in the Order. However, OIG must travel to VA locations across the country in order to conduct its statutory oversight of VA programs. The Inspector General designated a senior official who reviewed, developed, and implemented policies and controls to ensure that spending on travel and other covered areas is an efficient use of OIG resources.

Summary of Employment and Obligations—Analyses

Summary of Employment and Obligations (dollars in thousands)					
	2011 Actual	2012		2013 Request	Increase (+) Decrease (-) from 2012
		Budget Estimate	Current Estimate		
Average employment:					
Headquarters functions	107	96	108	108	0
Operations functions	526	516	541	536	-5
Total employment	633	612	649	644	-5
Obligations:					
Personal services	\$90,407	\$87,208	\$92,284	\$93,427	+\$1,143
Travel	\$6,130	\$6,191	\$6,203	\$6,071	-\$132
Transportation of things	\$77	\$173	\$251	\$254	+\$3
Rents, communications, and utilities	\$4,808	\$6,459	\$6,459	\$6,558	+\$99
Printing and reproduction	\$30	\$33	\$33	\$30	-\$3
Other services	\$9,661	\$10,818	\$9,669	\$9,405	-\$264
Supplies and materials	\$395	\$398	\$399	\$399	-
Equipment	\$1,008	\$2,507	\$2,116	\$1,667	-\$449
Insurance	-	-	-	-	-
Total obligations	\$112,516	\$113,787	\$117,414	\$117,811	+\$397
Reimbursements	-\$3,739	-\$4,396	-\$4,716	-\$4,811	-\$95
SOY Unobligated Balance (-)	-\$521	-	-\$307	-	\$307
EOY Unobligated Balance (+)	\$526	-	-	-	-
Adjustments in Unobligated Balances (+/-)	-	-	-	-	-
Total Budget Authority	\$108,782	\$109,391	\$112,391	\$113,000	+\$609

For 2012, the enacted budget authority supports an estimated employment level of 620 FTE from appropriations. However, given inflation, the proposed pay raise and other necessary payroll increases, and other fixed non-payroll increases, the 2013 request of \$113,000,000 does not fully support current services. With continuing efforts to identify and realize cost efficiencies in internal OIG operations, this 2013 request will support staffing at 615 FTE from appropriations, a reduction of 5 FTE from the 2012 level. The personal services estimate reflects the requested FTE, including the proposed pay raise and changes in staff composition and career ladder advancements. Other amounts reflect the requirements for travel, rents for office space, communications, other contractual services, information technology and equipment replacement and upgrades, and operating supplies to support OIG staffing at the requested FTE level.

The following table summarizes the net changes in resource requirements between the 2012 budget authority and this request for 2013.

Net Change	
2013 Summary of Resource Requirements	
(dollars in thousands)	
	Budget Authority
2012 Budget Authority	\$112,391
Adjustments	-
Adjusted 2012 Budget Authority	\$112,391
2013 Increases/Decreases:	
Pay Raise and Other Career Ladder/Staff Composition Adjustments	\$1,375
Required Personnel Benefits Increases	\$388
FTE Decrease Adjustment	-\$694
Non-pay Inflation (1.5%)	\$359
Subtotal	\$1,428
Other Fixed Increases/Decreases	
Decreases in Travel, Services, Printing, Equipment	-\$819
Reductions and Efficiencies	
None	-
2013 Total Current Request	\$113,000
2013 Initiatives:	
None	-
2013 Total Budget Authority Request	\$113,000

The following tables present analyses of OIG employment levels by grade and by headquarters and operational functions.

Employment Summary – FTE by Grade				
Grade	2011 Actual	2012 Estimate	2013 Request	Incr./Decr. from 2012
Senior Executive Service (SES)	15	15	15	0
Senior-Level (SL)	3	3	3	0
GS-15	60	60	60	0
GS-14	106	106	106	0
GS-13	316	323	325	2
GS-12	38	40	32	-8
GS-11	27	29	30	1
GS-10	1	0	0	0
GS-9	34	37	37	0
GS-8	20	16	16	0
GS-7	10	15	15	0
GS-6	0	0	0	0
GS-5	3	5	5	0
GS-1 – 4	0	0	0	0
Total FTE	633	649	644	-5

Analysis of 2011 Actual FTE Distribution Headquarters/Operations		
Grade	Headquarters	Operations
Senior Executive Service (SES)	13	2
Senior Level (SL)	1	2
GS-15	16	44
GS-14	32	74
GS-13	26	290
GS-12	7	31
GS-11	4	23
GS-10	0	1
GS-9	4	30
GS-8	2	18
GS-7	1	9
GS-6	0	0
GS-5	2	1
GS-1 – 4	0	0
Total FTE	108	525

Other Requirements

Physicians' Comparability Allowance Worksheet

The Office of Management and Budget directed that following information on OIG's use of Physician Comparability Allowance (PCA) be included in this budget submission.

VA Office of Inspector General

	PY 2011 (Actual)	CY 2012 (Estimates)	BY 2013* (Estimates)
1) Number of Physicians Receiving PCAs	8	8	8
2) Number of Physicians with One-Year PCA Agreements	-	-	-
3) Number of Physicians with Multi-Year PCA Agreements	8	8	8
4) Average Annual PCA Physician Pay (without PCA payment)	\$165,294	\$170,000	\$170,000
5) Average Annual PCA Payment	\$29,000	\$29,000	\$30,000
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position	-	-
	Category II Research Position	-	-
	Category III Occupational Health	-	-
	Category IV-A Disability Evaluation	-	-
	Category IV-B Health and Medical Admin.	8	8
*FY 2013 data will be approved during the FY 2014 Budget cycle.			
7) If applicable, list and explain the necessity of any additional physician categories designated by your agency (for categories other than I through IV-B). Provide the number of PCA agreements per additional category for the PY, CY and BY. Not applicable.			
8) Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category. Physicians with 48 months or more of Government service at the GS-15, SL, or SES levels may receive a maximum of \$30,000 annually. OIG will pay the minimum PCA amount required to overcome recruitment and retention problems. Accordingly, OIG will base the amount on such considerations as relative earnings, responsibilities, expenses, workload, working conditions, and benefits for comparable physician positions inside and outside the Federal Government.			
9) Explain the recruitment and retention problem(s) for each category of physician in your agency (this should demonstrate that a current need continues to persist). <i>(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)</i> VA OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38			

physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered. At the beginning of 2011, VA OIG had three unfilled physician positions. PCA availability helped in the recruitment of highly trained and qualified physicians who could have made substantially more in salary if employed in Title 38 or private sector positions.

- 10) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year. *(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

PCA has made a significant difference in attracting new physician talent during a period of expansion in OIG's Office of Healthcare Inspections. Prior to OIG receiving approval to offer PCA, it was very difficult to recruit physicians, which demonstrates how PCA is critical in OIG's recruitment and retention of Board-certified physicians. As a result of PCA utilization, OIG has retained 80 percent of its physicians over the past 2 years and successfully recruited additional highly qualified physicians. VA OIG had five physicians receiving PCA in 2010 and eight physicians receiving PCA in 2011.

- 11) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

With about 120 employees, the Office of Healthcare Inspections is the smallest of OIG line organizations. The recent hiring of additional physicians is appropriate based upon OHI's mission of providing independent oversight of VHA, which is responsible for providing health care to more than 6 million Veterans at hundreds of medical facilities with more than 200,000 employees.

Further, the Secretary of Veterans Affairs has established many new health care mandates, such as improving Veteran mental health care, designing a Veteran-centric health care model, and expanding health care access. In addition to these initiatives, the expansion of VHA health care services to accommodate the increasing numbers of Veterans receiving care following service in Operations Enduring Freedom/Iraqi Freedom/New Dawn underscores the need and importance of OIG increasing the number of Board-certified physicians to ensure effective oversight of the quality of VA health care.

Program Goals, Objectives, and Performance Measures

Office of Inspector General Strategic Plan, Goals, and Measures

OIG has developed and implemented a strategic planning process to improve overall performance and to assist VA in achieving its strategic goals. The OIG's *Strategic Plan 2009–2015* includes five strategic areas—health care delivery, benefits processing, financial management, procurement practices, and information management. The plan encompasses key issues, management challenges, and high risks facing VA in the coming years.

- **Strategic Goal 1 – Health Care Delivery.** Improve Veterans' access to high quality health care by identifying opportunities to improve the management and efficiency of VA's health care delivery systems, and by detecting, investigating, and deterring fraud and other criminal activity.
- **Strategic Goal 2 – Benefits Processing.** Improve the delivery of benefits and services to Veterans by identifying opportunities to improve the quality, timeliness, and accuracy of benefits processing, while reducing criminal activity in the delivery of benefits through proactive and targeted audit, inspection, and investigative efforts.
- **Strategic Goal 3 – Financial Management.** Assist VA in achieving its financial management mission of providing all VA activities with accurate, reliable, and timely information for sound oversight and decision making by identifying opportunities to improve the quality, management, and efficiency of VA's financial management systems.
- **Strategic Goal 4 – Procurement Practices.** Ensure that VA's acquisition programs support our Nation's Veterans, other Government entities, and the taxpayer by providing customers with quality and reasonably priced products, services, and expertise delivered on time.
- **Strategic Goal 5 – Information Management.** Assess information systems and policies within VA to ensure that they protect information security and integrity, are cost effective, meet the needs of users, and are used in a lawful and ethical manner; and investigate fraud and other computer-related crimes against VA.

OIG performance measures primarily focus on intended outcomes and demonstrate the critical linkages between work and results, effort and effect, and appraise the influence on both interim and long-term VA mission-related outcomes in each of the five strategic goal areas.

Table 1. Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Anticipate and proactively prepare for the needs of Veterans, their families, and our employees	Conduct independent oversight of VA health care, benefits, financial management, procurement, and information management programs and activities (OSE)	1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	212	235	263	301	275	275	300
		2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions	1,884	2,250	1,929	1,939	1,900	1,900	2,300
		3) Monetary benefits (\$ in millions) from audits, investigations, contract reviews, inspections, and other evaluations	\$500	\$2,931	\$1,914	\$7,122	\$1,200	\$1,200	\$1,500
		4) Return on investment (monetary benefits ÷ cost of operations in dollars)*	6 to 1	38 to 1	20 to 1	76 to 1	12 to 1	12 to 1	15 to 1

*Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG’s September 2011 *Semiannual Report to Congress*, page 5, <http://www.va.gov/oig/publications/semiannual-reports.asp>).

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
A. Anticipate and proactively prepare for the needs of Veterans, their families, and our employees	Conduct independent oversight of VA health care, benefits, financial management, procurement, and information management programs and activities (OSE)	5) Percentage of:							
		• Prosecutions successfully completed	94%	94%	97%	99%	94%	94%	95%
		• Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA	88%	94%	86%	87%	90%	90%	95%
		• Recommended recoveries achieved from postaward contract reviews	N/Av	N/Av	N/Av	100%	95%	96%	98%
		6) Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):							
		• Investigations	4.6	4.9	4.9	4.9	4.5	4.5	5.0
		• Audits and Evaluations	4.0	4.0	4.0	4.4	4.0	4.0	5.0
		• Healthcare Inspections	4.7	4.7	4.6	4.6	4.3	4.3	5.0
		• Contract Review	N/Av	4.6	4.7	4.8	4.2	4.2	5.0

Table 2. Performance Measure Supporting Information

Performance Measure Supporting Information	
<p>1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action.</p> <p>a) Means and Strategies: OIG conducts an extensive program of audits, health care inspections, evaluations, CAP reviews, and contract reviews in the five OIG strategic goal areas and issues reports with recommendations for improvement actions in VA programs.</p> <p>b) Data Sources: Data for completed audits, health care inspections, and other reviews are maintained in the automated OIG Master Case Index system.</p> <p>c) Data Verification: OIG publishes performance results in its <i>Semiannual Reports to Congress</i> and in the annual <i>VA Performance and Accountability Report</i>, which undergo rigorous quality control reviews and validation processes before publication.</p> <p>d) Measure Validation: OIG periodically reassesses strategic and performance goals and measures in consideration of mission, organizational priorities, resources, and accomplishments.</p> <p>e) Cross-Cutting Activities: OIG actively participates in the Council of Inspectors General for Economy and Efficiency on the major challenges facing the Federal Government and other issues of common interest to the Inspector General community. OIG routinely works with other Inspectors General, the Government Accountability Office, and other Federal departments and agencies. OIG also participates in Recovery Accountability and Transparency Board activities on planning, coordinating, conducting, and reporting of Government-wide oversight required for Recovery Act-funded programs.</p> <p>f) External Factors: None.</p> <p>g) Other Supporting Information: None.</p> <p>h) Link to Strategic Planning Framework:</p> <ul style="list-style-type: none"> • Integrated Objective 3. Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively. • Integrated Strategy A. Anticipate and proactively prepare for the needs of Veterans, their families, and our employees. 	
<p>2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions.</p> <p>a) Means and Strategies: OIG conducts an extensive program of proactive and reactive criminal and administrative investigations that result in arrests, convictions, sanctions, and other appropriate outcomes.</p> <p>b) Data Sources: Data for completed investigations is maintained in the automated OIG Master Case Index system.</p> <p>c) Data Verification: Same as measure 1.</p> <p>d) Measure Validation: Same as measure 1.</p> <p>e) Cross-Cutting Activities: OIG routinely works with Department of Justice, FBI, Secret Service, and other Federal, state, and local law enforcement agencies.</p> <p>f) External Factors: None</p> <p>g) Other Supporting Information: None.</p> <p>h) Link to Strategic Planning Framework: Same as measure 1.</p>	

Performance Measure Supporting Information

3) Monetary benefits (\$ in millions) from audits, investigations, contract reviews, inspections, and other evaluations.

- a) **Means and Strategies:** OIG audits, investigations, and other reviews identify monetary benefits, including better use of funds, savings, cost avoidance, questioned costs, fines, penalties, restitution, and civil judgments.
- b) **Data Sources:** Data summarizing monetary benefits is maintained in the automated OIG Master Case Index system.
- c) **Data Verification:** Same as measures 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Strategic Planning Framework:** Same as measure 1.

4) Return on investment (monetary benefits ÷ cost of operations in dollars).

- a) **Means and Strategies:** OIG return on investment goals are defined as monetary benefits from audits, investigations and other reviews as multiples of annual resource levels.
- b) **Data Sources:** Monetary benefits data is maintained in the automated OIG Master Case Index system and resource data is taken from OIG budget data.
- c) **Data Verification:** Same as measure 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Strategic Planning Framework:** Same as measure 1.

5) Percentage of:

- **Prosecutions successfully completed**
 - **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA**
 - **Recommended recoveries achieved from postaward contract reviews**
- a) **Means and Strategies:** OIG tracks these percentages as measures of outcome quality.
 - b) **Data Sources:** Same as measures 1 and 2
 - c) **Data Verification:** Same as measure 1.
 - d) **Measure Validation:** Same as measure 1.
 - e) **Cross-Cutting Activities:** Same as measure 1.
 - f) **External Factors:** None.
 - g) **Other Supporting Information:** None.
 - h) **Link to Strategic Planning Framework:** Same as measure 1.

Performance Measure Supporting Information

- 6) **Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):**
- **Audits and Evaluations**
 - **Investigations**
 - **Healthcare Inspections**
 - **Contract Review**
- a) **Means and Strategies:** After each audit, investigation, evaluation, and other review, OIG requests performance feedback from VA program and/or facility managers or other stakeholders using a customer satisfaction instrument.
- b) **Data Sources:** Records of completed customer satisfaction surveys.
- c) **Data Verification:** Same as measure 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Strategic Planning Framework:** Same as measure 1.



*Office of Acquisition and
Logistics/Office of Acquisition
Operations: Supply Fund*

Mission

The Office of Acquisition and Logistics (OAL) and Office of Acquisition Operations (OAO) are organizational elements within the Office of Acquisition, Logistics, and Construction (OALC)¹. OAL provides policy and oversight to VA's acquisition and logistics programs. In addition, OAL provides acquisition services to customers in VA and Other Government Agencies (OGAs) through its National Acquisition Center (NAC) and Denver Acquisition and Logistics Center (DALC). OAO provides a broad spectrum of acquisition services to VA customers through the Technology Acquisition Center (TAC), the Center for Acquisition Innovation, and the Strategic Acquisition Center (SAC).

Summary of Budget Request

The Supply Fund is a self-sustaining, revolving fund. As such, no Congressional appropriation is required. Revenue is realized from fees on acquisitions of goods and services from both VA and OGA customers.

Office of Acquisition and Logistics: Supply Fund Summary of Employment and Obligations (dollars in thousands)			
	2011 Actual	2012 Estimate	2013 Estimate
FTE	841	1,100	1,300
Appropriation	\$0	\$0	\$0
Obligations:			
Operating	\$220,634	\$250,000	\$270,000
Merchandising	\$959,749	\$1,640,000	\$1,720,000
Total Obligations	\$1,180,383	\$1,890,000	\$1,990,000
Outlays	\$45,830	\$0	\$0

¹ Also included under OALC is the Office of Construction and Facility Management (CFM). Detailed information on the OALC front office staff and CFM is included in the Office of Acquisition, Logistics, and Construction budget chapter. Note: 2012 and 2013 outlays reflected in the table above differ from the President's Budget Appendix. Corrections to the Appendix will be reflected in the Errata to the President's Budget.

Program Description and Accomplishments

OAL provides direct, operational support to the Department's Administrations in the areas of:

1. *Federal Supply Schedule, National Contracts and Hearing Aid acquisitions* - under delegated authority from the General Services Administration, OAL manages nine multiple award schedule programs. OAL also develops and maintains national contracts associated with High Tech Medical Equipment and Prime Vendor Distribution Programs. Finally, OAL procures and distributes hearing aids for veterans worldwide.
2. *Logistics operations* - provides the full range of logistics services to VA and OGA's. OAL provides such services as distribution of interment flags; inspection of x-ray and laundry equipment; sale of precious metals; and design, printing, and distribution of VA forms and publications.
3. *Acquisition and logistics program oversight and policy* - develops VA-wide acquisition and logistics policy and oversees these programs to ensure Departmental compliance with laws and regulations. OAL manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff nationwide, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers. Program management responsibility for VA's metric system and value engineering rests within this organization.

OAO provides direct, operational support to the Department's Administrations in the areas of:

1. *Acquisition operations* - procures goods, services and provides innovative solutions to VA's acquisition challenges. This office awards and administers cost-effective contracts to meet supply, service, and equipment needs of VA organizations.
2. *Information technology (IT) acquisitions* - provides acquisition and program management expertise and support for the life cycle management of enterprise-wide solutions for the Office of Information and Technology (OIT).
3. *Strategic sourcing acquisitions* - leverages the Department's resources by obtaining lower prices and enhanced services from vendors with enterprise-wide contract vehicles.

The Supply Fund is the source of funding for the following organizations/activities:

- OAL awards and administers cost-effective national contracts to meet supply and equipment needs of VA facilities around the country and many OGAs. These contracts include medical-related Federal Supply Schedules (authority delegated by the General Services Administration); blanket purchase agreements; direct delivery (for high-tech medical equipment and systems); centralized purchases; and prime vendor distribution contracts. VA facilities and OGAs use prime vendor contracts to purchase pharmaceuticals; medical, surgical, and dental equipment and supplies; information technology equipment and services; nonperishable food items; consulting services; and other health-care items needed to operate the largest integrated health-care system in the Nation.
- OAL develops Department-wide acquisition policy, manages VA's acquisition training program, and offers continuing education programs for VA procurement staff around the country through the VA Acquisition Academy (VAAA). OAL also manages VA's Federal Acquisition Certification Programs for Contracting, and Program/Project Management.
- OAL is responsible for warranting all VA contracting officers and oversees the Internal Management Accountability and Control Assessments required by Office of Management and Budget (OMB) Circular A-123. To ensure the integrity of VA's acquisition program, this office conducts reviews of all major contract actions and, when necessary, makes site visits to VA contracting offices.
- OAO awards and administers IT contracts in support of VA's major program areas.
- In support of the Department's strategic sourcing program, OAO will award and administer high dollar value and complex contracts for all of VA's goods and services.
- The Procurement and Logistics Office, an organizational element within the Veterans Health Administration (VHA), serves as VHA's senior advisor on all matters pertaining to VHA purchasing; including logistics, procurement, and standardization of commodity and equipment.
- The Office of Small and Disadvantaged Business Utilization is an organizational element within the Office of the Secretary of Veterans Affairs. Its mission is to advocate for the maximum practicable participation of small businesses in VA acquisitions, with special emphasis on service-disabled Veteran-owned and Veteran-owned small businesses.

Recent Accomplishments:

- Completed a reorganization authorized by an Executive Decision Memorandum signed by Secretary Shinseki on April 29, 2010. OALC now has two separate organizations in the Supply Fund: OAL and OAO. OAL will

focus on the Department's acquisition and logistic policy development and enforcement. OAO will award and administer cost-effective enterprise-wide contracts for VA and OGAs.

- Obtained a fifth successive "clean" audit opinion on financial statements, with no material weaknesses or significant deficiencies. These audits were performed by a Certified Public Accounting (CPA) firm.
- Hired key staff and obtained office space for the SAC. The reimbursement rates were also established for the SAC.
- Completed 15 Business Case Analyses (BCA) that identified opportunities for savings through strategic sourcing. These BCAs will be assigned to the SAC for implementation.
- The TAC awarded 14 major contracts for an estimated program ceiling of \$12 billion in support of the Transformation 21 Total Technology (T4) program. The T4 program is intended to provide IT solutions in support of the OIT. The five year program will help VA transform into a 21st century organization and meet VA's long-term technology needs. T4 will enable VA to provide Veterans high-quality services and health care. Services shall include total IT solutions encompassing the entire life-cycle of a system, including but not limited to program management and strategy planning, systems/software engineering, enterprise network, cyber security, operations and maintenance, and IT facilities.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS - ANALYSES

<i>Summary of Employment and Obligations (dollars in thousands)</i>					
		2012			
	2011 Actual	Budget Estimate	Current Estimate	2013 Estimate	Increase(+) Decrease(-)
FTE:					
OAL/OAO - Field	596	700	725	800	+75
OAL/OAO - Central Office	134	170	245	370	+125
VHA P&LO	77	90	90	90	
OSDBU	34	40	40	40	
Total FTE	841	1,000	1,100	1,300	+200
Obligations:					
Personal Services	\$93,789	\$123,000	\$112,732	\$118,665	+5,933
Travel	11,589	7,500	9,981	10,507	+525
Transportation of Things	1,521	17,927	3,523	3,708	+185
Rents, Communications & Utilities	7,815	10,573	12,330	12,979	+649
Printing and Reproduction	54,840	26,725	29,357	30,902	+1,545
Other Services*	325,021	476,246	557,787	587,145	+29,357
Supplies and Materials	458,667	1,176,124	704,574	741,656	+37,083
Equipment	227,138	823,612	464,716	494,438	+24,722
Total Obligations	\$1,180,380	\$2,661,707	\$1,890,000	\$1,990,000	+100,000

*Includes reimbursable funding for: 53 FTE in Office of General Counsel; 27 FTE in Office of Inspector General; 7 in Office of Business Oversight, and 21 FTE in Office of Information and Technology.

<i>Income Statement</i> <i>(dollars in thousands)</i>				
		2012		
	2011 Actual*	Budget Estimate	Current Estimate**	2013 Estimate
Income	\$198,308	\$236,000	\$185,000	\$270,000
Expense	220,634	256,000	250,000	270,000
Net Income	\$(22,326)	\$(20,000)	\$(65,000)	\$0
Analysis of Retained Earnings				
Retained Earnings, BOY	\$288,370	\$266,044	\$266,044	\$201,044
Retained Earnings, EOY	\$266,044	\$246,044	\$201,044	\$201,044

*Reflects Actual Billing Holiday of \$65M

**Reflects planned Billing Holiday of \$65M.

Table 1: Performance Summary Table

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Det. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets		
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	Strategic Target
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results	1. Provide information management tools to support decision making (OSE)	Percentage of contracts competitively awarded	N/Av	N/Av	74%	75%	65%	65%	65%
		Number of audit qualifications identified in the auditor's opinion on the VA Supply Fund	0	0	0	0	0	0	0
		Percent of contracts that meet the established procurement action lead times/milestone dates. (Procurement Action Lead Time)	N/Av	N/Av	N/Av	71%	90%	90%	90%

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Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Franchise Fund Oversight Office) and six self-supporting business entities (Enterprise Centers). The Enterprise Centers' mission is to supply common administrative services at competitive prices. The Enterprise Centers (Corporate Data Center Operations, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center, and the VA Records Center and Vault) are adopting more efficient business processes and increasing sales to new and existing customers. This conserves scarce VA resources by spreading fixed costs over a larger business base. VA can then devote more resources to its primary mission. As we successfully market our services to other Federal agencies, we will enable the programs in those agencies to derive similar benefits.

Stakeholders

External stakeholders include: Veterans and their families, private sector vendors, Office of Management and Budget, Department of Agriculture, Department of Defense, Department of Energy, Department of Health and Human Services, Department of the Interior, Department of the Treasury, Environmental Protection Agency, General Services Administration, Government Accountability Office, National Aeronautics and Space Administration, National Archives and Records Administration and other Federal agencies.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and other staff offices within VA.

Functions/Activity

The entrepreneurial organizations of the VA Franchise Fund provide a wide range of functions and activities:

Corporate Data Center Operations (CDCO). The CDCO provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers. The CDCO supports over 100 customer applications that provide mission-critical data for financial management, payroll, human resources, logistics, medical records, eligibility benefits, and supply functions. In addition, the CDCO offers a full complement of technical solutions (information technology system hosting, application management, information assurance, customer business continuity, configuration management, and data conversion and data interfacing) to best meet customers' varied projects. The CDCO comprises the Austin Information Technology Center (AITC), Hines Information Technology Center (HITC), Philadelphia Information Technology Center (PITC), and Capital Region Data Center (CRDC). The integration of these centers into CDCO is an integral part of the transition of the Department of Veterans Affairs (VA) Information Technology (IT) Management System. The goal of the integration is an even more efficient data processing environment that will allow VA to maximize knowledge transfer opportunities.

Debt Management Center (DMC). Located in St. Paul, MN, the DMC is a centralized facility that provides services to directly collect delinquent consumer debt owed to VA resulting from an individual's participation in VA's education, pension or disability compensation programs.

Financial Services Center (FSC). Located in Austin and Waco, TX, the FSC provides VA and other government agencies (OGA) with a full range of financial and accounting services, which include financial reports and accounting, invoice payments, credit card payments, medical claims adjudication and payments, vendor file maintenance, discount subsistence purchases, payroll processing, customer support help desks for travel and payment processing, electronic commerce/electronic data interchange, automated document management, audit recovery, data matching and reconciliation, permanent change of station (PCS) and Temporary Duty (TDY) travel pay processing, common administrative services, accounting training, and consulting.

Law Enforcement Training Center (LETC). Located in Little Rock, AR, the LETC provides special training for police officers working in a health care or service-oriented environment. Emphasizing training in medical center patient situations, the LETC is available to approximately 2,700 law enforcement personnel working

at VHA health care facilities and to Federal law enforcement professionals at other Federal agencies.

VA Records Center and Vault (VA RCV). Located in a subterranean, climate-controlled facility in a remote Midwestern part of the country, the RCV provides records storage, protection, and retrieval services for official federal records. The facility is certified by the National Archives and Records Administration to operate as an agency records center. The RCV can store records in any type of medium. This includes general and vital records on paper, film, and electronic media as well as offsite storage of systems backups.

Security and Investigations Center (SIC). Located in Little Rock, AR, the SIC provides quality and timely background investigations and adjudications for employees and contractors in sensitive positions for all VA entities nationwide. .

Franchise Fund Oversight Office (FFO). Located in Washington, DC, the FFO, supports the Enterprise Centers and is responsible for the overall fund operations including administering the financial resources of the fund, coordinating all business activities, and serving as the liaison between the Enterprise Centers, their customers, and the Franchise Fund Board of Directors.

Assumptions, Opportunities, and Constraints

The entrepreneurial organizations are designed to deliver common administrative services to Federal entities. These services allow VA and other Federal agency customers to conserve their budgetary resources through innovative methods and/or efficiencies of scale with the same or lower unit costs, while improving the quality of services provided.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. 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. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114 in FY 2006.

The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality. The VA Enterprise Centers must meet all operational expenses through revenue collection unless unforeseen changes in a customer's budget or requirements create a need for modification of this approach. Modifications could range from accessing retained earnings or operating reserves to renegotiations with impacted customers. When activities join the VA Franchise Fund, appropriated resources that directly fund those activities are moved from the general operating expenses

(GOE) to their VA customers' operating budget accounts and they pay the Franchise Fund on a fee-for-service basis.

The Enterprise Centers' operations are totally dependent upon revenues realized from customer purchase of services. After the Board of Directors approves annual rates and service levels, the Enterprise Centers work with their customers to determine the appropriate mix of services within budget constraints. They also market their services to other Federal agencies. Successful market penetration spreads the Franchise Fund's fixed costs over a larger unit base, which leads to lower costs for all customers. This economy of scale leads to more effective use of taxpayer dollars.

<i>VA Enterprise Center Highlights</i> <i>(dollars in thousands)</i>			
	2011 Actual	2012 Estimate	2013 Estimate
Average Employment	1,054	1,200	1,249
Appropriation			
Obligations ¹	\$470,724	\$506,183	\$541,239
Outlays (Net)	(\$54,809)	\$24,000	(\$8,000)

Summary of Budget Request

In 2013, the Franchise Fund estimates total obligations of \$541 million and an average employment of 1,249 FTE to support the operations of the VA Enterprise Centers. Total obligations are primarily attributed to increases in personnel services which reflect the salary requirements for 1,249 FTE located nationwide; ongoing rents, communications, and utilities required to operate; and contractual resources, equipment replacements, and upgrades necessary to continue the current level of operations and sustain efforts on new product offerings and critical initiatives underway. These attributes will result in improved customer service, productivity, and efficiency. The increase in FTEs is primarily the result of the consolidation of data centers into the Franchise Fund.

¹ The total amount of obligations contained in our budget submission exhibits, as reported in SF-133 includes Intrafund transactions.

*VA Enterprise Centers
Summary of Obligations
(dollars in thousands)*

Parent Organization/Service Activity	2013	
	Obligations	FTE
Office of Management:		
Financial Services Center	\$217,001	424
Debt Management Center	15,969	139
Franchise Fund Oversight Office	<u>1,736</u>	<u>5</u>
Subtotal	\$234,706	568
Office of Information & Technology:		
Corporate Data Center Operations	\$280,428	600
VA Records Center and Vault	<u>4,830</u>	<u>13</u>
Subtotal	\$285,258	613
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	\$10,250	44
Security and Investigations Center	<u>11,025</u>	<u>24</u>
Subtotal	\$21,275	68
Total	\$541,239	1,249

Summary of Revenue and Expenses

Revenues represent the total income received from all customers (both internal and external) of the VA Enterprise Centers. Expenses represent the full cost of operations.

In 2013, the VA Enterprise Centers anticipate revenues, including external customers, of \$545 million.

<i>Revenue, Expense, and Retained Earnings</i> <i>(dollars in thousands)</i>			
	2011 Actual	2012 Current Budget	2013 Request
Sales Program:			
Revenue	\$439,532	\$511,084	\$545,086
Expense	<u>\$407,094</u>	<u>\$506,184</u>	<u>\$541,239</u>
Net Income	\$32,438	\$4,900	\$3,847
Reserves, SOY	\$81,576	\$122,253	\$90,461
Net Income	\$32,438	\$4,900	\$3,847
Capital Transactions ²	<u>\$8,239</u>	<u>\$-36,692</u>	<u>\$6,575</u>
Reserves, EOY	\$122,253	\$90,461	\$87,733

² Acquisition or improvements to assets with a value greater than or equal to \$100,000.

Franchise Fund

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Measure (Key and Dept. Mgt. Measures in bold)	Performance Measures Data						
			Results History				Future Targets ¹		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Continue to ensure that collection services for delinquent customer debt meet customer needs (OSE)	Total collections per dollar spent on collection activities (DMC)	\$84	\$101	\$149	\$136	\$107	\$104	\$105

¹ The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and 2013 targets are based on business plans for anticipated revenues/expenses.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively

Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets ¹		Strat. Target
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
B. Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges	1. Develop and implement training programs for quality improvement and customer service (OSE)	Class graduation rate (LETC)	98.5%	96.8%	97.2%	96.6%	95.0%	95.0%	95.0%
	2. Protect the availability and integrity of customer data and processes (OSE)	Percent of investigations that are completed within the established timeframes (SIC)	96%	99%	98%	94.0%	98.0%	98.0%	95.0%
C. Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage result	1. Ensure that payroll and financial services meet customer needs and requirements (OSE)	Payment processing accuracy rate (FSC)	98.4%	98.6%	98.9%	99.3%	98.5%	99.0%	99.1%
	2. Ensure that financial integrity is maintained in the Franchise Fund. (OSE)	Number of audit qualifications for the VA Enterprise Centers (FFO)	0	0	0	0	0	0	0

¹ The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and 2013 targets are based on business plans for anticipated revenues/expenses.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization -Specific Efforts (OSEs)	Measure <small>(Key and Dept. Mgt. Measures in bold)</small>	Performance Measures Data						
			Results History				Future Targets¹		Strat. Target²
			2008	2009	2010	2011	2012 (Final)	2013 (Requested Funding)	
E. Manage physical and virtual infrastructure plans and execution to meet emerging needs	1. Ensure that all applications-processing support and general support are of the highest quality (OSE)	Corporate Data Center Operatons Customer Satisfaction Rating (based on an interval scale that has not yet been determined) (CDCO)	N/Av	N/Av	N/Av	N/Av	TBD	TBD	TBD

¹ The Franchise Fund is a non-appropriated entity; therefore, both the 2012 and FY 2013 targets are based on business plans for anticipated revenues/expenses.

²Beginning in 2011, VA used the American Customer Satisfactory Index (ACSI) survey. The survey results do not have any performance measures applicable to CDCO.

Table 2: Performance Measure Supporting Information

Debt Management Center (DMC)

Total collections per dollar spent on collections activities

a) Means and Strategies:

- Maximize use of www.pay.va.gov Web site as a means of collection
- Leverage administrative offset authority

b) Data Source(s):

- General ledger reports and income statements

c) Data Verification:

- Monthly management reviews of performance statistics are reconciled with financial reports

d) Measure Validation:

- Rate of return directly gauges the effectiveness of the collection process

e) Crosscutting Activities:

- Use of the Treasury Offset Program (TOP) and Treasury cross servicing program for collection if applicable

f) External Factors:

- Unanticipated legislation impacting collection activities

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness
- Integrated Strategy B: Develop a range of effective delivery methods that are convenient to Veterans and their families

Law Enforcement Training Center (LETC)

Class graduation rate

a) Means and Strategies:

- Collaborate with VA police officers to develop assessment instruments and needs-based training measurement plans
- Emphasize criteria for successful course completion to students

b) Data Source(s):

- Periodic review of automated class records, including student critiques

c) Data Verification:

- Monthly management review of class assessments and critiques
- Failure notifications are immediately sent to VA Medical Center Directors and Chiefs of Police

d) Measure Validation:

- A graduate is assumed to have achieved a certain level of knowledge, skills, and competence. Measuring the rate of graduation is an indicator of the quality of our students as well as a way to determine if the curriculum and course work is set at an appropriate level
- The measure is important to make sure students are grasping the material

e) Crosscutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B: Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges

Security and Investigations Center (SIC)

Percent of investigations that are completed within established timeframes

a) Means and Strategies:

- Development of a secure electronic request system for initiation of employee background investigations
- Implementation of the OPM Equip system across VA

b) Data Source(s):

- Background initiation documentation provided by employees
- OPM data and reports
- Records and data contained in the security database

c) Data Verification:

- Monthly review of the security database by management

d) Measure Validation:

- The measure assesses compliance with processing timeframes set forth by OPM
- It also assesses process efficiency with could impact customer satisfaction

e) Crosscutting Activities:

- None

f) External Factors:

- Unanticipated new OPM requirements and adjudication of background investigations

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B: Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges

Financial Services Center (FSC)

Payment processing accuracy rate

a) Means and Strategies:

- Perform routine analysis of interest penalty and discount data
- Compile and submit regular reports to management outlining key performance measurement data
- Maximize the use of electronic invoice submission technologies, automated workflow, and business rules to reduce manual effort and improve payment accuracy

b) Data Source(s):

- Financial reports from FMS

c) Data Verification:

- Management reviews of monthly/quarterly audit reports

d) Measure Validation:

- Payment accuracy rate gauges the effectiveness of the payment product line in meeting customer expectations

e) Crosscutting Activities:

- Pursuing a VA Acquisition Regulation change to require vendors to submit invoices electronically to the FSC to minimize payment errors and improve both timeliness and accuracy

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy C: Create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage result.

Franchise Fund Oversight Office (FFO)

Number of audit qualifications for the VA Enterprise Centers

a) Means and Strategies:

- Leverage the Management Letter provided by independent auditors to improve and enhance internal control processes
- Engage the Franchise Fund Board of Directors to ensure fiduciary responsibility is maintained by the VA Administration and Staff Offices

b) Data Source(s):

- Audits of the VA Franchise Fund Consolidated Financial Statements

c) Data Verification:

- Annual audits performed by an independent CPA firm

d) Measure Validation:

The measure assesses the effectiveness of financial reporting and stewardship within the VA Franchise Fund

e) Crosscutting Activities:

- None

f) External Factors:

- A material weakness and other reportable conditions that are noted in VA's consolidated financial statements could potentially impact the VA Franchise Fund

g) Other Supporting Information:

- None

h) Link to Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy C: Create and maintain an effective, integrated, Department-wide management capability to 1 data-driven decisions, allocate resources, and manage result

Corporate Data Center Operations(CDCO)

Corporate Data Center Operations Customer Satisfaction Rating (based on an interval scale that has not yet been determined)

a) Means and Strategies:

- Conduct periodic customer surveys
- Measure performance by application and customer via Service Level Agreements
- Provide monitoring services on critical and essential support servers, as well as offering tiered monitoring services to customers

b) Data Source(s):

- American Customer Satisfaction Index (ASCI) Survey

c) Data Verification:

None

d) Measure Validation:

- The survey will be conducted by an independent third party, thereby ensuring that the results are without bias
- Quality customer service, and customer satisfaction, is an integral component of a fee-for-service organization

e) Crosscutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

- Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy E: Manage physical and virtual infrastructure plans and execution to meet emerging needs.



Pershing Hall Revolving Fund

Program Description

The Pershing Hall Revolving Fund 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 of up to 35 years. Two years later, Public Law 103-79 authorized a lease period not to exceed 99 years. 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 allowed for the transfer to the Pershing Hall Revolving Fund, at such time or times as the Secretary may determine and without limitation as to year, amounts as determined by the Secretary, not to exceed \$1,000,000 in total, from funds appropriated to VA for the construction of major projects. The account from which any such amount is transferred must be reimbursed promptly from other funds as they become part of the Pershing Hall Revolving Fund. Proceeds of the Pershing Hall Revolving Fund are available to be used for two separate activities. First, the Secretary may use up to \$100,000 annually from the Fund to support projects, activities, and facilities determined by the Secretary to be in keeping with the mission of the Department. In addition, necessary expenses to operate and maintain Pershing Hall may be funded from revenue in the Pershing Hall Revolving Fund.

From 2010 - 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, which is expected to yield \$193,000 in annual receipts. From 2015 - 2097 annual payments have been negotiated at 1.2 million FF (\$180,180). All payments, however, are subject to updating as described in the lease.

<i>Funding Highlights</i> <i>(dollars in thousands)</i>				
	2011 Actual	2012		2013 Estimate
		Budget Estimate	Current Estimate	
Budget authority	\$0	\$0	\$0	\$0
Receipts	\$176	\$193	\$193	\$193
Obligations	\$100	\$193	\$193	\$193
Unobligated balance:				
SOY	\$876	\$999	\$952	\$952
EOY	\$952	\$999	\$952	\$952
Outlays (net)	-\$76	\$0	\$0	\$0