Volume III
Benefits and Burial Programs and Departmental Administration,

Congressional Submission, FY 2011

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National Cemetery Administration

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National Cemetery Administration Performance Plan & Funding Summary

Mission

VA honors Veterans with final resting places in national shrines and with lasting tributes that commemorate their service 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.

State 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 State 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;
- State Cemetery Grants: Provide aid to states in establishing, expanding, or improving State Veterans Cemeteries;
- Headstones and Markers: Furnish headstones and markers for the graves of eligible persons in national, state, and 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.

FY 2011 Highlights

New Burial Policies

NCA is close to achieving a significant strategic target. We anticipate that by FY 2011, 90.5 percent of Veterans will have access to a burial option in a national or State 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.

The FY 2011 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come. The major construction budget for NCA (see NCA Construction Chapter) includes funding to begin implementation of new policies that will provide a burial option to an additional 500,000 Veterans and eligible family members, address client concerns in urban areas, and encourage new burial practices such as "green" or eco-friendly burial methods. The new policies will increase the current strategic target for the percent of the Veteran population served by a national or State Veterans Cemetery within 75 miles of their home to 94 percent.

National Shrine Commitment

The FY 2011 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 FY 2011 budget will also allow NCA to pursue three renewable energy projects through the use of wind, solar, or geothermal power (see NCA Operations and Maintenance Chapter). This initiative will reduce future energy costs. In addition, because of the relatively small energy needs of NCA facilities, the various wind and solar 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.

Summary of Budget Authority for NCA Programs

(dollars in thousands)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Estimate	Increase(+) Decrease(-)
Operations and Maintenance .	$230,000	$242,000	$250,000	$250,504	**+$504**
Major Construction*	105,268	112,200	112,200	106,900	**-5,300**
Minor Construction	87,000	50,720	55,200	43,573	**-11,627**
Grants for Construction of State Veterans Cemeteries	$42,000	$42,000	$46,000	$46,000	**0**
Facilities Operation Fund.....	15	150	150	100	**-50**
National Cemetery Gift Fund	132	215	215	250	**+35**
Compensation and Pensions:					
Headstones & Markers.....	59,725	45,500	57,689	61,290	**+3,601**
Graveliners & OBR Reimbursements	51,078	49,500	65,372	34,843	**-30,529**
Regular Budget Authority.....	**$575,218**	**$542,285**	**$586,826**	**$543,460**	**-$43,366**
American Recovery and Reinvestment Act of 2009.....	50,000	0	0	0	**0**
Total Budget Authority.....	**$625,218**	**$542,285**	**$586,826**	**$543,460**	**-$43,366**

The 2009 Actual includes funds as appropriated in P.L. 110-329; Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009. The 2009 actual includes additional funds as appropriated by P.L. 111-5; American Recovery and Reinvestment Act of 2009. The 2010 Current Estimate includes funds as appropriated in P.L. 111-117.

* The 2009 Actual includes $268,000 for a judgment claim.

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 State 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 the new VA 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 State Veterans Cemeteries. 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 State Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of State 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 653,000 in 2010, and will continue to slowly decline. Interments in 2009 were over 106,000 and are expected to peak at about 116,000 in 2013. Interments will begin to decline gradually to approximately 115,000 in 2015. The total number of gravesites is expected to increase from approximately 3.0 million in 2009 to over 3.1 million in 2011. The number of gravesites maintained is expected to exceed 3.4 million in 2015.

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 2009, NCA processed approximately 352,000 applications for headstones and markers for placement in national, state, other public, or private cemeteries. The number of headstone and marker applications processed is expected to be approximately 347,000 in 2011 and over 330,000 in 2015. NCA issued over 517,000 Presidential Memorial Certificates in 2009. The number of Presidential Memorial Certificates issued in 2011 is expected to be approximately 618,000 and is expected to be over 588,000 in 2015.

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 increase the percent of Veterans served by a burial option in a national or State Veterans Cemetery within a reasonable distance (75 miles) of their residence to 90.5 percent in 2011. In order to achieve this objective, VA needs to increase/maintain access by completing the development of Washington Crossing National Cemetery 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 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, as of 2009, NCA processed 93 percent.

VA is also committed to maintaining national cemeteries as 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 the units, and surrounding walkways must be maintained. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, grounds, walks, and drives, must be repaired as needed.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. 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	Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	96%	99%	99%	**100%**
	2. Improve and maintain the proper appearance and grade levels of gravesites to ensure that national cemeteries are viewed as national shrines	Percent of gravesites that have grades that are level and blend with adjacent grade levels	86%	83%	86%	90%	90%	90%	**95%**
	3. Review headstone and marker orders for correctness	Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	96%	96%	98%	98%	**98%**
	4. Improve and maintain the cleanliness of headstones and markers to ensure that national cemeteries are viewed as national shrines	Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	77%	75%	84%	82%	89%	95%	**95%**
	5. Improve and maintain headstones and markers at the proper height and alignment to ensure that national cemeteries are viewed as national shrines	Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	67%	69%	65%	64%	71%	82%	**90%**

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Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
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Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	6. Improve and maintain the proper appearance of buildings and other cemetery structures to ensure that national cemeteries are viewed as national shrines	Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments	N/Av	N/Av	N/Av	84%	85%	87%	**90%**
	7. Continue phased implementation of National Scheduling Office	Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours	74%	72%	72%	73%	82%	83%	**93%**
	8. Streamline the headstone and marker ordering and setting process	**Percent of graves in national cemeteries marked within 60 days of interment**	95%	94%	93%	95%	95%	95%	**95%**
	9. Streamline the Presidential Memorial Certificate ordering process	Percent of PMC applications that are processed within 20 days of receipt **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**90%**

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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization-Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	2006	2007	2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strategic Target
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Implement technology solutions to improve the access and timeliness of providing services and benefits	**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**	62%	38%	95%	93%	90%	90%	**90%**
		Percent of requests from funeral directors for interment at national cemeteries that are received electronically (Internet)	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	**50%**
		Percent of headstone and marker applications from private cemeteries and funeral homes received electronically via fax or Internet	N/Av	N/Av	46%	52%	52%	60%	**75%**
	2. Expand access to burial option by investigating new, emerging burial practices such as green burials and burial reefs and by funding new state cemeteries	**Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence**	80.2%	83.4%	84.2%	87.4%	87.8%	90.5%	**94.0%**

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
E. Enhance our understanding of Veterans' and their families' expectations by collecting and analyzing **client satisfaction** data and other key inputs	1 Improve the quality of headstones and markers provided for graves of Veterans in other than national cemeteries	Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**90%**
	2. Improve the quality of Presidential Memorial Certificates provided to next-of-kin and families of deceased Veterans	Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**90%**

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
C. Reach out proactively and in a **timely** fashion to **communicate** with Veterans and their families and promote Veteran engagement	1. Establish a pre-need eligibility system for national cemeteries	**Percent of respondents who rate the quality of service provided by the national cemeteries as excellent**	94%	94%	94%	95%	98%	98%	**100%**

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Anticipate and proactively prepare for the **needs of Veterans**, **their families**, and our **employees**	1. 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	**Percent of respondents who rate national cemetery appearance as excellent**	97%	97%	98%	98%	99%	99%	**100%**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1. Expand use of pre-placed crypts to improve the operational efficiency of national cemeteries	Percent of annual interment cost from pre-placed crypt interments in national cemeteries **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	**TBD**

Table 2: Performance Measure Supporting Information

1) 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 State Cemetery Grants Program (SCGP) to establish or expand State Veterans Cemeteries.

b) Data Source: 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 (75 miles) 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 because NCA data determined that 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 to provide Veterans and their eligible family members with burial options through the State Cemetery Grants Program.
- NCA works closely with all State Directors of Veterans Affairs and meets regularly with delegations from states and cities to facilitate the partnership to meet the burial needs of Veterans.

f) External Factors: None

g) Other Supporting Information:
- In 2008 an independent Evaluation of the VA Burial Benefits Program was completed.
- Results of the Program Evaluation continue to inform senior leadership decisions regarding policies and strategies to improve access to a burial option.

Workload Indicators							
	2006	2007	2008	2009	2010	2011	2015
Interments performed:							
Full-casket	57,620	57,845	58,725	57,634	60,400	62,500	62,200
In-ground cremain	26,108	27,054	27,472	28,719	29,100	27,600	25,400
Columbaria niche	13,069	15,286	17,078	20,007	20,600	24,200	26,900
Total interments	96,797	100,185	103,275	106,360	110,100	114,300	114,500

The number of interments performed includes interments of both Veterans and eligible family members. Detail is provided to show type of interment. In 2009, cremations comprised more than 46 percent of all interments in national cemeteries.

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,

Table 2: Performance Measure Supporting Information
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.
2) 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 other cemetery visitors to ascertain how they perceive the quality of service provided by VA national cemeteries. • Conduct focus groups to collect data on stakeholder expectations and their perceptions related to the quality of service provided by VA national cemeteries. **b) Data Source:** 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 burial needs of Veterans and eligible family members are met is providing high-quality, courteous, and responsive service. **e) Cross-Cutting Activities:** • NCA works closely with DoD components and Veterans service organizations to provide military funeral honors. • 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 #1. **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 C: Reach out proactively and in a timely fashion to communicate with Veterans and their families and promote Veteran engagement.

Table 2: Performance Measure Supporting Information

3) 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: 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 an interment is important to Veterans and their family members.

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 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 #1.

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 to 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

4) 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 headstones and marker orders to contractors.

b) Data Source: 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: Same as measure #3.

f) External Factors: None

g) Other Supporting Information:
- NCA and the VA Office of Information Technology are in the process of defining requirements for an Internet-based headstone and marker application to improve the processing of headstone and marker applications submitted for the graves of Veterans who are not buried in a VA national cemetery.

Workload Indicators							
	2006	2007	2008	2009	2010	2011	2015
Number of headstone and marker applications processed	336,266	359,530	361,192	351, 951	349,066	346,595	330,213
Number of PMCs issued	405,538	423,143	511,353	655,752	622,024	617,622	588,430

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 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 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 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: NCA's annual Survey of Satisfaction with National Cemeteries

c) Data Verification: Same as measure # 2.

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 one(s).

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 is working with VA's Office of the General Counsel (OGC) and outside patent counsel to obtain patents for NCA "technology."

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, rain, or drought, can result in or exacerbate sunken graves, sunken markers, soiled markers, inferior turf cover, and weathering of columbaria.

g) Other Supporting Information:

Workload Indicators

	2006	2007	2008	2009	2010	2011	2015
Occupied graves maintained:							
In-ground casket	2,391,128	2,430,440	2,470,798	2,511,539	2,554,000	2,599,000	2,775,000
In-ground cremain	289,175	305,420	322,445	341,259	359,000	375,000	433,000
Columbaria niches	94,331	107,117	121,329	136,333	153,000	173,000	260,000
Total	2,774,634	2,842,977	2,914,572	2,989,131	3,066,000	3,147,000	3,468,000
Developed acres maintained	7,272	7,413	7,566	7,873	8,067	8,441	8,781

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

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

- 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.

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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 therefore; cemetery expenses as authorized by law; purchase of one passenger motor vehicle for use in cemetery operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, [$242,000,000] $250,504,000 of which not to exceed [$24,200,000] $25,500,000 shall be available until September 30, [2011] 2012.

Appropriation Highlights
(dollars in thousands)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Average Employment	1,622	1,619	1,672	1,686	+14
Field Activities:					
Cemetery Programs	$180,347	$204,679	$199,721	$199,328	-393
Memorial Programs	8,875	6,219	9,883	10,012	+129
Operations Support Center	3,982	4,068	4,085	4,146	+61
Recovery Act	22,958	10,000	27,042	0	-27,042
Headquarters:					
Central Office	19,191	19,014	19,931	20,210	+279
Memorial Service Networks	16,327	8,220	16,580	17,008	+428
Total obligations	**$251,680**	**$252,200**	**$277,242**	**$250,704**	**-26,538**
Reimbursements (-)	-67	-178	-178	-178	0
Unob. Bal. Trans. to Unexpired Acct. (-)	-4	0	0	0	0
Available Balance BOY (-)	-1,350	-10,255	-27,297	-255	+27,042
Available Balance EOY	+29,769	+255	+255	+255	0
Recycling Revenue (-)	-28	-22	-22	-22	0
Balance Expiring	0	0	0	0	0
Total Budget authority	**$280,000**	**$242,000**	**$250,000**	**$250,504**	**+$504**
Regular Appropriation	**$230,000**	**$242,000**	**$250,000**	**$250,504**	**+504**
American Recovery and Reinvestment Act of 2009 Budget Authority	**$50,000**	**$0**	**$0**	**$0**	**$0**
Total Appropriation	**$280,000**	**$242,000**	**$250,000**	**$250,504**	**+$504**
Outlays	**$209,275**	**$268,940**	**$283,993**	**$257,115**	**-$26,878**

The 2009 actual includes funds as appropriated in P.L. 110-329, Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009. The 2009 actual and 2010 current estimate obligations include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009. The 2010 current estimate includes funds as appropriated in P.L. 111-117,

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 four related programs: the State Cemetery Grants Program, the Headstone and Marker program, the Presidential Memorial Certificate (PMC) program, and Outer Burial Receptacle (OBR) reimbursements. Grant awards to the states are funded from a separate appropriation. The purchase and transportation costs of the headstones and markers 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 2011, 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; and
  - Processing requests for partial reimbursements for privately purchased Outer Burial Receptacles (OBRs).

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

- Receiving and processing applications for headstones and markers;
- Determining eligibility of decedent, type of headstone or marker 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 Systems Integration Center and the Business Office. These organizations perform the following functions:

- The Systems Integration 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 Systems Integration Center is provided by the VA Information Technology (IT) appropriation.

- The Business Office consists of the Logistics Management Service and the Finance Service. Currently, the Finance Service provides accounting and finance services to the Logistics Management Service, which in turn provides a portion of the contract negotiation and administration and other procurement support needed by NCA programs, including:

  - The entire headstone and marker program;

  - Important segments of the construction and National Shrine Commitment contracting; and

  - Critical and other select procurements for the national cemeteries.

In 2011, NCA will continue the implementation of a phased approach to assuming responsibility from VA medical centers for all contracting, procurement, and finance and accounting support for all VA national cemeteries. This management improvement will increase the efficiency and accountability of these services for NCA programs.

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 State 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 State Cemetery Grants Program, as well as fostering state 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 $250,504,000 in budget authority and 1,686 FTE for Operations and Maintenance in 2011.

Workloads continue to grow at existing cemeteries. An amount of $1,123,000 is requested to staff appropriately for increased interments and $2,173,000 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. In addition to these requirements, costs for pay raise and benefits, current staffing, and for general non-payroll inflation will be funded by the 2011 budget request.

This budget also includes increased funding for other activities: $3,000,000 for Renewable Energy Projects and a $223,000 increase to fund the transit subsidy and centralized services.

The National Cemetery Administration (NCA) is committed to ensuring that Veterans and their families have convenient access to a burial option in a national or state 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 FY 2011 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Analysis of Increases and Decreases – Obligations (dollars in thousands)		
	2010 Estimate	2011 Request
Prior year total obligations	**$251,680**	**$277,242**
American Recovery and Reinvestment Act of 2009 obligations	- 22,958	- 27,042
Prior year regular obligations	**$228,722**	**$250,200**
Interment workload increases at existing cemeteries	0	+1,123
Maintenance workload increases at existing cemeteries	+1,638	+2,173
January pay raises/higher average employment	+7,379	+1,434
Changes in benefits	+2,201	+439
Inflation	+911	+1,154
Centralized payments	+335	+22
Transit increase	0	+201
New cemetery activations and operations	+1,649	0
National Shrine	+9,970	-8,000
Renewable Energy	0	+3,000
Change in Contracts and Services	0	-1,042
Maintenance, Equipment , Supplies and Leases	-2,605	0
Regular Obligations	**$250,200**	**$250,704**
American Recovery and Reinvestment Act of 2009 obligations	+27,042	0
Total obligations	**$277,242**	**$250,704**

The 2010 column includes additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Changes from Original 2010 President's Budget Request

(dollars in thousands)

	2010 Budget Estimate	2010 Current Estimate	Increase(+) Decrease(-)
Average employment	1,619	1,672	+53
Funding:			
Personal services	$123,162	$125,728	+2,566
Travel	3,400	3,483	+83
Transportation of things	1,818	2,026	+208
Rents, communications, and utilities	6,969	8,480	+1,511
Printing and reproduction	1,465	1,340	-125
Other services	95,091	121,398	+26,307
Supplies and materials	10,458	11,634	+1,176
Equipment	9,837	3,153	-6,684
Total obligations	**$252,200**	**$277,242**	**+25,042**
Reimbursements (-)	-178	-178	0
Recycling Revenue (-)	-22	-22	0
Unob. Bal. Trans. to Unexpired Acct.	0	0	0
Available Balance BOY	-10,255	-27,297	-17,042
Available Balance EOY	+255	+255	0
Total Budget Authority	**$242,000**	**$250,000**	**+8,000**
Total Appropriation	**$242,000**	**$250,000**	**+8,000**

The 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

Summary of Employment and Obligations

(dollars in thousands)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Average employment	1,622	1,619	1,672	1,686	+14
Obligations:					
Personal services	$116,148	$123,162	$125,728	$128,925	+$3,197
Travel	3,313	3,400	3,483	3,518	+35
Transportation of things...	1,391	1,818	2,026	2,046	+20
Rent, communications, and utilities.....	6,918	6,969	8,480	8,565	+85
Printing and reproduction	1,529	1,465	1,340	1,353	+13
Other services	96,100	95,091	121,398	91,362	-30,036
Supplies and materials	10,781	10,458	11,634	11,750	+116
Equipment.....	15,500	9,837	3,153	3,185	+32
Total obligations.....	**$251,680**	**$252,200**	**$277,242**	**$250,704**	**-$26,538**

The 2010 current estimate includes additional funds as appropriated by P.L. 111-5; American Recovery and Reinvestment Act of 2009.

2010 Average Salary Methodology	
2009 average salary (261 days)	**$52,484**
Annualization of 3.9% 2009 pay raise (1.000 percent)	+512
Annualization of 2.0% 2010 pay raise (1.500 percent)	+787
Change in staff composition	+1,545
2010 average salary (261 days)	**$55,328**
Regular benefits percentage	30.60%
2010 average salary with benefits	**$72,258**

The 2010 average salary reflects a net increase of 5.4 percent above the $52,484 average salary for 2009. This includes annualization of the 2009 pay raise of 3.9 percent in January 2009, the January 2010 pay raise of 2.0 percent and a change in staff composition.

2011 Average Salary Methodology	
2010 average salary (261 days)	**$55,328**
Annualization of 2.0% 2010 pay raise (0.500 percent)	+277
Annualization of 1.4% 2011 pay raise (1.05 percent)	+581
Change in staff composition	+42
2011 average salary (261 days)	**$56,228**
Regular benefits percentage	30.60%
2011 average salary with benefits	**$73,434**

The 2011 average salary reflects a net 1.6 percent increase over the $56,228 average salary for 2010. This includes annualization of the 2010 pay raise of 2.0 percent, the projected January 2011 pay raise of 1.4 percent, and salary adjustments for additional FTE.

Detail of Budget Estimates (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Average employment					
Field activities:					
Cemetery programs	1,374	1,370	1,417	1,431	+14
Memorial programs	55	52	62	62	0
Operations Support Center:					
Business Office	32	32	32	32	0
Headquarters:					
Central Office.....	107	112	107	107	+0
Memorial Service Networks .	54	53	54	54	0
Total FTE	**1,622**	**1,619**	**1,672**	**1,686**	**+14**
Wage grade employment	952	929	952	959	+7
GS employment	670	690	720	727	+7
Personal services	**$116,148**	**$123,162**	**$125,728**	**$128,925**	**+$3,197**

The 2011 request for personal services reflects annualization of the 2.0 percent 2010 pay raise, a projected 1.4 percent pay raise in January 2011, associated benefits costs, and funding for additional FTE. The budget requests 14 FTE to address interment workload increases.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Travel:					
Employee travel.....	$2,624	$2,572	$2,662	$2,689	+$27
GSA vehicle rental	689	828	821	829	+8
Total	**$3,313**	**$3,400**	**$3,483**	**$3,518**	**+$35**
The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.					

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 State Cemetery Grants Program, and local travel. In 2011, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Transportation of things	**$1,391**	**$1,818**	**$2,026**	**$2,046**	**+$20**
The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.					

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.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Rents, communications, and utilities:					
Equipment rental.....	$337	$223	$330	$333	+$3
SLUC.....	974	1,333	1,530	1,545	+15
Utility and other charges.....	5,607	5,413	6,620	6,687	+67
Total.....	**$6,918**	**$6,969**	**$8,480**	**$8,565**	**+$85**

The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Printing and reproduction.....	**$1,529**	**$1,465**	**$1,340**	**$1,353**	**+$13**

The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Other services:					
Maintenance of other equipment	$537	$931	$462	$467	+$5
Maintenance and repair projects	79,294	61,652	87,959	75,063	-12,896
Franchise Fund	860	804	1,100	1,111	+11
Operational and other services .	15,409	31,704	31,877	14,721	**-$17,156**
Total	**$96,100**	**$95,091**	**$121,398**	**$91,362**	**-$30,036**

The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.

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

Maintenance and repair projects address deficiencies with any of the approximately 800 buildings and structures, and over 18 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 mowing and trimming, trash disposal, rodent and pest control, environmental compliance, and training, land and structures and insurance claims and indemnities. They include non-recurring maintenance funding focused on correcting deficiencies cited in the Facility Condition Assessments and Five Year Plan and renewable energy projects utilizing solar, wind and geothermal power. 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.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Supplies and materials total.....	**$10,781**	**$10,458**	**$11,634**	**$11,750**	**+$116**
The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.					

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.

Detail of Budget Estimates (cont'd) (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
Equipment:					
Cemetery maintenance and interment equipment.....	$13,121	$9,628	$2,700	$2,727	+$27
Office and other equipment.....	2,379	209	453	458	+5
Total, equipment.....	**$15,500**	**$9,837**	**$3,153**	**$3,185**	**+$32**
The 2009 actual and 2010 current estimate include additional funds as appropriated by P.L. 111-5, American Recovery and Reinvestment Act of 2009.					

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

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.

Major Construction Funding for NCA Programs

(dollars in thousands)

Construction	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase (+) Decrease (-)
Cemetery Expansion and Improvement:					
Abraham Lincoln, IL – Phase 2 Gravesite Exp	$0	$38,300	$38,300	$0	-$38,300
Calverton, NY – Gravesite Exp	$29,000	$0	$0	$0	$0
Houston, TX – Phase 4 Gravesite Exp	$0	$35,000	$35,000	$0	-$35,000
Indiantown Gap, PA – Phase 4 Dev.....	$0	$0	$0	$23,500	+$23,500
Los Angeles, CA - Columbaria Exp.....	$0	$0	$0	$27,600	+$27,600
Massachusetts, MA – Phase 3 Gravesite Exp	$20,500	$0	$0	$0	$0
Puerto Rico, PR – Gravesite Exp	$33,900	$0	$0	$0	$0
Tahoma, WA - Phase 2 Development.....	$0	$0	$0	$25,800	+$25,800
Subtotal, Construction	**$83,400**	**$73,300**	**$73,300**	**$76,900**	**+$3,600**
Advance Planning Fund	$6,000	$13,400	$13,400	$20,000	+$6,600
Sustainability and Energy	$10,600	$0	$0	$0	$0
Land Acquisition	$5,000	$25,500	$25,500	$10,000	-$15,500
Judgment Fund*	$268	$0	$0	$0	$0
	$21,600	**$38,900**	**$38,900**	**$30,000**	**-$8,900**
Total, Major Projects	**$105,268**	**$112,200**	**$112,200**	**$106,900**	**-$5,300**
*Jefferson Barracks Rightsizing (CARES)** (non-add)*	***$5,000***	***$19,700***	***$19,700***	***$0***	***-$19,700***

* The 2009 Actual includes $268,000 for judgment fund.
** 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.

Major Construction

This section provides an overview of NCA projects and activities requested for funding in 2011.

New 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 or state 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 FY 2011 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Burial Access

NCA is close to achieving a significant strategic target. We anticipate that by FY 2011 90.5 percent of Veterans will have access to a burial option in a national or state 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 FY 2011 major construction request for NCA includes funding to begin implementation of the following new policies. The new policies will provide a burial option to an additional 500,000 Veterans and eligible family members, address client concerns in urban areas, and encourage new burial practices such as "green" or eco-friendly burial methods.

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.

- Current policy is to establish new national cemeteries in areas of large unserved Veteran population – currently defined as 170,000.
- By January 2010, the last new national cemetery under development will open and all areas that meet the current population criteria will be 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 (≥170,000) and state cemeteries (≤82,000). Under current policy, Veterans in locations within that population gap will continue to be unserved.
- NCA recommends that new national cemeteries be established in areas where the unserved Veteran population falls between 80,000 and 170,000. Under this policy new national cemeteries would be established in the Melbourne/Daytona, FL area; Omaha, NE; Buffalo/Rochester, 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 the North 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), Los Angeles[1] (Riverside National Cemetery), Chicago (Abraham Lincoln National Cemetery), and San

[1] The columbarium expansion of the Los Angeles National Cemetery requested in this budget will satisfy the urban initiative in the Los Angeles area.

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.

Increase the current strategic target for percent of the Veteran population served to 94 percent.

- The current strategic target for the percent of Veterans served by a burial option in a national or state veterans cemetery is 90.5 percent. NCA expects to meet that target in FY 2011 by activating currently planned new national and state cemeteries.
- A burial option is described as the availability of a first interment gravesite, either casket or cremation, in a national or state cemetery within 75 miles of the Veteran's residence.
- The combined actions of lowering the Veteran population threshold for establishing new national cemeteries to 80,000, establishing the identified new national cemeteries, and activating anticipated new state cemeteries will enable NCA to achieve this goal.

Explore New Burial Practices and Methods

- New burial practices continue to emerge and gain popularity, such as "green" or eco-friendly burial methods.
- NCA intends to investigate the interest in and the feasibility of incorporating new burial options or types of cemeteries that meet the needs and expectations of Veterans.
- Information gathered will be used to inform leadership consideration and recommendations.

Other Major Construction Projects

Funding is requested for the expansion of Indiantown Gap, Los Angeles, and Tahoma National Cemeteries.

Indiantown Gap National Cemetery Phase 4 Development

This project will comprise the fourth construction phase of cemetery development, and will primarily include the construction of additional burial facilities intended to provide 10 years of service on existing, undeveloped land. The remainder of the site will be developed in future 10-year phased projects. Since this is an existing cemetery, only those facilities and infrastructure elements necessary to support the added maintenance, operations, and burial capacity for

approximately 10 years will comprise this phase of construction. This project will also include infrastructure improvements and corrections, including many identified in the *Study on Improvements to Veterans Cemeteries*. This investment will develop approximately 15 acres to provide approximately 11,000 gravesites, including both casket and cremation sites in new burial sections.

This project will provide for the following elements and features: approximately 5,700 full-casket gravesites; approximately 5,500 columbaria niches; memorial walls; grading, drainage, and landscaping; signage and site furnishings; construct equipment wash station; access walkways in burial sections; irrigation; access roads and parking; replacement of main entrance sign with appropriate sign, wall, and fencing; new committal shelter and improvements to committal shelter #2 including cortege parking and circulation; drainage corrections; repairs and upgrades to administration building and parking including addressing visitor traffic flow between administration building, public information center (PIC) function [kiosk], and public restroom; repairs and improvements to maintenance building; provide for military honors detail; roadway improvements including guardrails; improvements to scattering garden; curbing; emergency generator hookup for administration and maintenance facilities; wetland preservation and mitigation; green building principles and renewable energy initiatives/LEED.

Los Angeles National Cemetery Columbaria Expansion

This project will primarily include the construction of approximately 10,000 columbarium niches to provide approximately 10 years of service for cremated remains. It will also provide memorial walls for memorialization of Veterans whose remains are unavailable for burial. Also included will be the demolition of existing structures and utilities and the relocation of VAMC and/or leased assets currently residing on the property. As part of the initial development of the property, NCA will construct an entrance feature identifying the cemetery; boundary wall or fencing; a basic road system for access and cortege staging; a basic structure that includes restrooms, minimal storage capacity, and perhaps ability to support committal services as needed. Since this project is just an expansion of the existing cemetery, the historic cemetery will remain. The main property and the administrative functions, assembly area, and U.S. flag features will not be constructed on this acquisition property. This project will also include minimal infrastructure repairs and upgrades to the existing Los Angeles National Cemetery as identified in the *Study on Improvements to Veterans Cemeteries,* such as the renovation of the former fountain and pedestrian entrance area along Wilshire Boulevard in the existing cemetery and corrections to the historic administration building, maintenance area, and public restroom facility.

This project will provide for the following elements and features: approximately 10,000 columbarium niches; memorial walls; access roads and parking; entrance gate/wall and perimeter fencing; structures to include restroom and storage capability; demolition and relocation of existing functions on the property; grading, drainage, and landscaping; irrigation; signage and site furnishings; renovation and corrections at the existing administration building, maintenance area, and public restrooms; green building principles and renewable energy Initiatives/LEED; environmental compliance.

Tahoma National Cemetery Phase 2 Development

This project will comprise the second phase of cemetery improvements and will primarily consist of a 10-year burial expansion on undeveloped land. The remainder of the site will be developed in future 10-year phased projects. Since this is an existing cemetery, only those facilities and infrastructure elements necessary to support the added maintenance, operations, and burial capacity for approximately 10 years will comprise this phase of construction. Approximately 15-acres of undeveloped land will be utilized to develop approximately 21,000 gravesites, both casket and cremation sites, with this investment. Also included in this project will be the installation of 6,000 casket pre-placed crypts in sections previously developed for traditional burials.

This project provides for the following elements and features: approximately 9,000 gravesites for casketed remains; approximately 14,000 columbarium niches; approximately 4,000 in-ground cremain sites; scattering garden/ossuary; memorial walls; grading, drainage, and planting; irrigation; signage and site furnishings; wetland preservation and mitigation; security improvements; administration building improvements; maintenance facility expansion and improvements; improvements to public restrooms; improvements to committal shelters; access roads; improvements to entrance and cortege staging lanes and parking; green building principles and renewable energy initiatives/LEED.

Advance Planning Fund

The advance planning fund request includes funds for activities such as master planning for expansion at existing national cemeteries and environmental assessments at national cemeteries. The APF request also includes funding for the proposed New Burial Policies described above.

Land Acquisition

The FY 2011 request includes $10 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

Minor Construction Funding for NCA Programs (dollars in thousands)					
	2009 Actual	**2010 Budget Estimate**	**2010 Current Estimate**	**2011 Request**	**% Change 2010-2011 PB to Req.**
Annual appropriations bill.....	$87,000	$50,720	$55,200	$43,573	-21.1%
Total, Minor Projects.....	**$87,000**	**$50,720**	**$55,200**	**$43,573**	**-21.1%**

NCA's 2011 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 State Veterans Cemeteries

Appropriation Language

For grants to assist States in establishing, expanding, or improving State 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)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase (+) Decrease (-)
Obligations	$39,125	$42,000	$51,776	$46,000	-$5,776
Unobligated balances:					
Start of year (-)	-2,901	0	-5,776	0	+5,776
End of year	5,776	0	0	0	0
Budget authority (appropriation)	**$42,000**	**$42,000**	**$46,000**	**$46,000**	**$0**

Program Description

Grants are provided to states for the establishment, expansion, improvement or operation of state veterans cemeteries. The state 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 2009, over 26,800 Veterans and eligible family members were buried in state veterans cemeteries that have been assisted by the program.

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

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

Summary of Budget Request

The National Cemetery Administration requests $46,000,000 to fund grants for state veterans cemeteries in 2011. Grants to states play a crucial role in achieving NCA's strategic target of providing 90.5 percent of Veterans with reasonable access to a burial option. Between 2011 and 2016 it is projected States will open 19 new state veterans cemeteries.

Total Obligations by State From program inception in 1980 through 09/30/09 (dollars in thousands)	
Arizona	8,002
Arkansas	5,921
California	8,822
Colorado	6,007
Connecticut	682
Delaware	12,974
Georgia	11,723
Guam	5,841
Hawaii	20,061
Idaho	8,238
Illinois	235
Indiana	5,662
Iowa	7,625
Kansas	19,503
Kentucky	29,035
Louisiana	5,621
Maine	13,484
Maryland	15,070
Massachusetts	19,020
Minnesota	3,894
Mississippi	6,990
Missouri	24,150
Montana	5,960
Nebraska	5,520
Nevada	16,596
New Hampshire	5,264
New Jersey	22,783
North Carolina	4,368
North Dakota	3,111
Pennsylvania	23
Rhode Island	8,938
Saipan, CNMI	1,867
South Carolina	5,184
Tennessee	4,017
Texas	24,856
Utah	868
Vermont	859
Virginia	15,368
Washington	8,795
Wisconsin	14,775
Wyoming	1,789
Total	**$389,501**

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National Cemetery Administration
Gift and Facilities Operation Funds

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. 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.

Summary of Budget Request

No appropriation action is required. The Gift Fund is a trust fund, which is financed from gifts and bequests from donors. Fund obligations are estimated to be $250,000 in 2011.

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. 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.

Summary of Budget Request

No appropriation action is required. The Fund is financed by proceeds from the lease of land or buildings. Fund obligations are estimated to be $100,000 in 2011.

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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 Servicemembers 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, $53,492,234,000 to remain available until expended: Provided, That not to exceed $30,423,000 of the amount appropriated under this heading shall be reimbursed to ”General operating expenses'', ``Medical support and compliance", and "Information technology systems" for necessary expenses in implementing the provisions of chapters 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)

		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate[1]**	**2011 Estimate**	**Increase(+) Decrease(-)**
Compensation Obligations					
Veterans	$35,073,741	$37,757,865	$48,587,574	$42,431,164	$-6,156,410
Survivors	4,989,690	5,090,653	8,057,070	5,938,381	-2,118,689
Special Benefits for Children	19,700	19,678	19,950	20,200	+250
Clothing Allowance	68,248	71,390	71,137	74,259	+3,122
Other (REPS, SAFD, EAJA)	14,739	14,833	14,597	14,500	-97
Medical Exam Pilot Program	133,922	0	144,443	169,987	+25,544
OBRA Payments to VBA	54	489	489	503	+14
OBRA Payments to ITS	51	100	54	55	+1
Health and Human Services	0	750	2,996	2,996	0
Total Compensation Obligations:	**$40,300,145**	**$42,955,758**	**$56,898,310**	**$48,652,044**	**$-8,246,266**
Pensions Obligations					
Veterans	$3,103,735	$2,899,009	$3,204,794	$3,340,402	$+135,608
Survivors	1,030,026	1,113,339	1,149,197	1,286,332	+137,135
Medical Exam Pilot Program	1,353	0	1,405	$1,717	+312
OBRA Payment to VBA	5,761	9,660	9,660	9,932	+272
OBRA Payment to ITS	4,519	5,036	4,818	9,060	+4,242
OBRA Payment to VHA	10,082	13,998	13,998	10,874	-3,124
Total Pension Obligations:	**$4,155,475**	**$4,041,041**	**$4,383,871**	**$4,658,316**	**$+274,445**
Burial Obligations					
Burial Allowance	$27,550	$40,167	$27,535	$28,097	$+562
Burial Plot	10,493	20,506	10,720	10,939	+219
Service Connected Deaths	26,915	28,776	29,598	30,535	+937
Burial Flags	17,679	15,969	16,780	16,780	0
Headstones/Markers/Allowances	49,378	62,557	57,689	61,290	+3,601
Graveliners/OBR	43,457	53,434	64,769	34,233	-30,536
Total Burial Obligations:	**$175,472**	**$221,408**	**$207,091**	**$181,874**	**$-25,217**
Total C&P Obligations	**$44,631,092**	**$47,218,207**	**$61,489,272**	**$53,492,234**	**$-7,997,038**
Funding:					
Unobligated balances (SOY)	$-2,014,149	$0	$-188,966	$0	$+188,966
Unobligated balances (EOY)	$188,966	$0	$0	$0	$0
Adjusted Budget Authority (Net)	$42,805,909	$47,218,207	$61,300,306	$53,492,234	$-7,808,072
Appropriation	$43,111,681	$47,218,207	$47,396,106	$53,492,234	$+6,096,128
Proposed Supplemental	$0	$0	$13,377,189	$0	$-13,377,189
Adjusted Appropriation	$42,805,909	$0	$61,300,306	$0	$-61,300,306
Transfers to Insurance VI&I	$-5,772	$0	$0	$0	$0
Transfers to/from RB	$-300,000	$0	$527,011	$0	$-527,011
Outlays	$44,269,875	$47,055,859	$61,277,625	$57,109,059	$-4,168,566
Distribution of Budget Authority (net):					
Compensation	$38,474,962	$42,955,758	$56,709,344	$48,652,044	$-8,057,300
Pension	$4,155,475	$4,041,041	$4,383,871	$4,658,316	$+274,445
Burial	$175,472	$221,408	$207,091	$181,874	$-25,217
Distribution of Outlays (net):					
Compensation	$39,968,157	$42,807,356	$56,701,791	$51,952,827	$-4,748,964
Pension	$4,126,247	$4,027,095	$4,368,742	$4,974,358	$+605,616
Burial	$175,472	$221,408	$207,091	$181,874	$-25,217

Caseload Summary					
		2010			
	2009 Actual	Budget Estimate	Current Estimate[1]	2011 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	3,044,423	3,142,343	3,291,766	3,434,556	+142,790
Average Payment	$11,521	$12,016	$14,760	$12,354	$-2406
Survivors:					
Cases	339,837	348,355	370,996	380,525	+9,529
Average Payment	$14,683	$14,614	$21,717	$15,606	$-6111
Other Caseload: [2]					
Special Benefits for Children	1,183	1,178	1,198	1,213	+15
Clothing Allowance	95,318	101,929	99,353	103,714	+4,361
REPS	100	42	92	85	-7
Special Allowance for Dependents	48	59	48	48	0
Equal Access to Justice Act	2,542	2,234	2,542	2,542	0
Pensions					
Veterans:					
Cases	315,842	303,447	311,974	308,829	-3,145
Average Payment	$9,827	$9,554	$10,273	$10,816	$+543
Survivors:					
Cases	194,807	187,509	194,192	194,210	+18
Average Payment	$5,287	$5,938	$5,918	$6,623	$+705
Burial Caseload					
Burial Allowance	60,531	84,556	60,498	61,733	+1,235
Burial Plot	35,752	68,354	35,732	36,462	+730
Service-Connected Deaths	14,901	14,388	14,799	15,267	+468
Burial Flags	526,812	500,010	500,010	500,010	0
Headstones/Markers/Allowances	321,450	342,243	351,043	348,558	-2,485
Graveliners/Outer Burial Receptacles	119,042	134,235	159,835	89,325	-70,510

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

Summary of Budget Request

Budget authority of $53.5 billion is estimated for 2011 to support the benefit programs funded by the Compensation and Pensions appropriation account. The 2011 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. Continued funding is requested for discretionary expenses associated with the Omnibus Budget Reconciliation Act (OBRA). OBRA payments allow the VA to perform program integrity matches that help ensure payments are made to eligible beneficiaries.

In 2011, funding for Compensation is estimated at nearly $48.7 billion, for payments to 3,434,556 Veterans, 380,525 survivors, and 1,213 children receiving

special benefits. The Pensions program will provide benefits to an estimated 308,829 Veterans and 194,210 survivors totaling to nearly $4.7 billion. Of the total requested, $181.9 million is estimated for 2011 to provide burial benefits on behalf of eligible deceased Veterans. This funding will provide 61,733 burial allowances, 36,462 burial plot allowances, 15,267 service-connected death awards, 500,010 burial flags, 348,558 headstones or markers, and 89,235 graveliners or reimbursement for privately purchased outer burial receptacles.

Changes from Original 2010 Budget Estimate

Current estimated obligations for 2010 for the Compensation and Pensions program increase $14.3 billion from the original estimate. This increase is primarily the result of the Secretary of Veterans Affairs announcing his intent on October 13th, 2009, to establish service connection for Parkinson's disease, ischemic heart disease (IHD), and hairy cell/B cell leukemia for Veterans who served in the Republic of Vietnam. This decision was based on analysis of findings in the Institute of Medicine's seventh biennial update, "*Veterans and Agent Orange Committee to Review the Health Effects in Vietnam Veterans and Exposure to Herbicides.*" As a result of this decision, an estimated 86,069 Vietnam beneficiaries will be eligible to receive retroactive payments for the new presumptive conditions under the provisions of 38 C.F.R 3.816 (*Nehm*er) in 2010. An estimated 27,909 Veterans currently on the compensation rolls are expected to reopen their claims and receive a higher combined disability rating beginning in 2010. An estimated 28,934 and 10,416 potential accessions are also expected in the same year for Veterans and Survivors respectively. A supplemental 2010 appropriation of $13.4 billion is being requested to provide for these benefits.

Compensation

The Compensation program accounts for $13.9 billion of the increase over the original estimate. The increase is mainly the result of an increase in average benefit payments and caseload due the decision on service connection for the three presumptive conditions. Average annual benefit payments for Veterans

have increased $2,744 from the original estimate ($14,760 vs. $12,016), amounting to over $9.0 billion increase from the previous estimate. Survivor average annual benefit payments have also increased $7,103 from the original estimate ($21,717 vs. $14,614), increasing obligations by $2.6 billion. Lump-sum retroactive payments for the new presumptions to more than 86,000 eligible beneficiaries contribute significantly to these jumps in average payment. Veteran caseload has increased 149,423 (3,291,766 vs. 3,142,343), increasing costs $1.8 billion. Survivor caseload also increased 22,661 (370,996 vs. 348,335) resulting in an increase of $331.2 million.

Compensation benefits also include Special Benefits for Children, Clothing Allowance, Reinstated Entitlement Program for Survivors, Special Allowance for Dependents (SAFD), Equal Access to Justice Act (EAJA) payments, Health and Human Services reimbursement, Medical Exam Pilot Program, VBA OBRA payments, and Information technology systems (ITS) OBRA payments. The costs for these benefits had a net increase of $146.4 million. In 2010, the source of funding for Contract Medical Examinations, Public Law 104-275, is from the mandatory Compensation and Pensions account, as opposed to the program being funded from the General Operating Expense (GOE) account. This leads to an increase of $144.4 million. An increase of 2.2 million in funding is due to an increase for the Health and Human Services reimbursement to General Operating Expenses (GOE). Obligations for Equal Access to Justice Act (EAJA) decreased $1.1 million from the original estimate. Obligations for the Reinstated Entitlement Program for Survivors (REPS) and Special Allowance for Dependents (SAFD) increased funding a total of $831 thousand. Vietnam Era Children obligations increased $272 thousand from the previous estimate. Obligations for clothing allowance and ITS OBRA decreased $253 thousand and $46 thousand respectively.

Pensions

There is an increase of $342.8 million in obligations for the Pensions program from the 2010 budget estimate. Average payment for Veterans increased ($10,273 vs. $9,554), increasing obligations by $224.4 million. Survivor average payment decreased from the original estimate ($5,918 vs. $5,938), decreasing obligations by $3.9 million. Caseload increased for both Veterans (8,527) and survivors (6,683), resulting in a combined increase of $121.2 million. Other pension obligations include the Medical Exam Pilot Program and OBRA reimbursements to VBA, ITS, and VHA. The Medical Exam Pilot program increased $1.4 million over the original estimate. While VBA and VHA OBRA remained constant from the original estimate, ITS OBRA decreased $218 thousand.

Burial

The current 2010 Burial benefits budget estimate of $207.1 million is $14.3 million less than the original budget estimate of $221.4 million. A combined decrease of the burial allowance average payment ($455 vs. $475) and caseload (60,498 vs. 84,556) results in a total decrease of $13.1 million. An increase in crypts (106,600 vs. 81,000) and an increase in average payment ($467 vs. $462) result in a total increase of $12.2 million. Burial plots decreased from the original estimate (35,732 vs. 68,354) decreasing obligations by $9.8 million. A decrease in average payment for headstones and markers ($164 vs. $183) and an increase in caseload (351,043 vs. 342,243) result in a net decrease of $4.5 million. Average payment for burial flags increased ($34 vs. $32) increasing obligations by $1.0 million. A combined decrease of average payment for graveliners ($282 vs. $301) and an increase in caseload for service-connected deaths (14,799 vs. 14,388) has a net decrease of $189 thousand.

Analysis of Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior Year Obligations	$44,631,092	$61,489,272
Compensation		
Veterans Caseload and average payment changes (net)	$+13,174,563	$-6,156,651
Survivor Caseload and average payment changes (net)	+3,014,436	-2,118,447
PL 110-324 COLA 5.8%, effective 12/01/08	+392,213	-
PL 111-037 COLA 0%, effective 12/01/09	-	-
Proposed COLA 0%, effective 12/01/10	-	-
Other Benefits		
Special Benefits for Children	$+250	$+250
Clothing Allowance	+2,889	+3,122
Other (REPS, SAFD, EAJA)	-141	-98
Medical Exams Pilot Program	+10,521	+25,544
Payments for VBA OBRA	+435	+14
Payments for ITS OBRA	+3	+1
Health and Human Services	+2,996	-
Total Compensation Net Change	**$+16,598,164**	**$-8,246,266**
Pensions		
Caseload and average payment changes (net)	$+180,623	$+272,743
COLAs	+39,608	-
Payments for VBA OBRA	+3,898	+272
Payments for ITS OBRA	+299	+4,242
Payments for VHA OBRA	+3,916	-3,124
Medical Exams Pilot Program	+52	+312
Total Pensions Net Change	**$+228,396**	**$+274,445**
Burial	**$+31,619**	**$-25,217**
Total Net Change	**$+16,858,180**	**$-7,997,038**
Estimated Obligations	**$61,489,272**	**$53,492,234**

Analysis of Increases and Decreases

Compensation

Compensation obligations for 2011 are estimated to decrease by over $8.2 billion from the 2010 estimate. This is primarily due to the expectation of paying all the retroactive Veteran and survivor claims (86,069) in 2010 in addition to the Veterans currently receiving compensation and potential Veteran and Survivor accessions. The net effect of an increase in Veteran caseload and a decrease in average payment contributes to a decline in costs of $6.1 billion from 2010. An increase in Survivor caseload and decrease in average payments also decreases obligations by $2.1 billion from the 2010 estimate. Average payments have declined for Veterans and Survivors due to completion of the large retroactive payments anticipated to be paid in 2010.

Under the category of Other Benefits, costs are projected to increase by $28.8 million from 2010 to 2011. The 2011 estimate for Contract Medical Examinations increased $25.5 million over 2010. The following program areas resulted in increases: Clothing Allowance ($3.1 million), Special Benefits for Children ($250 thousand), and payments for OBRA ($15 thousand). There is a decrease of $98 thousand for the REPS program.

Pensions

In 2011, Pension obligations are expected to increase $274.4 million from the 2010 level. Although total pension caseload estimates continue to decrease (503,040 vs. 506,167), the increase in average payment ($9,198 vs. $8,602) causes a greater increase to pension obligations. Caseload declines for Veterans by 3,145 cases and slightly increases for survivors by 18 cases, but annual average payment increases by $543 for Veterans and $705 for survivors. The net impact is an increase in obligations of $272.7 million. Also contributing to the overall increase is the reimbursement costs for OBRA ($1.4 million) and Contract Medical Examinations ($312 thousand).

Burial

In 2011, burial benefits obligations are projected to decrease by $25.2 million. A decrease in workload for pre-placed crypts decreases burial benefits $31.4 million. A net effect of a decrease in caseload and an increase in average payment for headstones and markers will increase obligations by $3.6 million. An increase in service-connected deaths, due to an increase in anticipated Veterans' deaths, will increase obligations $937 thousand. A decrease in caseload and an increase in average payment for graveliners result in a net increase in obligations of $857 thousand. An increase in burial allowances and burial plots will increase obligations $562 thousand and $219 thousand, respectively.

Compensation Program Highlights

In 2011, Compensation benefit obligations are expected to total $48.7 billion and be made to 3,815,081 beneficiaries (3,434,556 Veterans and 380,525 survivors). The estimated obligations for 2011 will decrease almost $8.1 billion over the 2010 level (from $48.7 billion to $56.7 billion). In 2011, 90 percent of the estimated cases will receive benefits under the Veteran's portion of the Compensation program, which accounts for over 88 percent of the program cost. As shown in the graphic below on "Compensation Request by Period of Service," the Vietnam Era accounts for over 63.51 percent of program obligations. Program obligations for this period of service have increased primarily due to the establishment of the three additional presumptive conditions for the Veterans who served in the Republic of Vietnam.

In 2011, benefits in the Compensation program are estimated to be dispersed to 3,434,556 Veterans, 380,525 survivors, and 1,213 children. The 2011 Veteran and survivor caseload estimate is distributed among World War I & Prior (531), World War II (290,427), Korean Conflict (186,222), Vietnam Era (1,528,088), Gulf War (1,194,800), and Peacetime (615,014) 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, therefore increasing program obligations.

Based on historical data, the average degree of disability is forecasted to increase through 2011 and the outyears. The average degree of disability for Veterans increased from 40.4 percent in 2008 to 41.3 percent in 2009. 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.

Veteran Compensation Caseloads by Degree of Disability (As of September 2009)												
Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2004	15,287	780,818	401,416	320,365	236,116	142,936	160,640	138,167	91,285	46,686	214,939	37.2%
2005	14,725	773,805	407,589	326,092	246,323	151,569	172,258	152,811	102,699	54,014	228,222	38.3%
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%

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 and Pension 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 2009, over 169,000 Veterans received an increase to their disability benefits, as shown on the following chart.

Veterans Compensation 2009 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	**Total**
0%	92	63	38	46	32	33	11	5	0	36	**356**
10%	-	10,777	6,513	5,482	1,972	2,715	1,133	578	195	1,883	**31,248**
20%	-	-	7,864	8,027	2,783	2,915	1,361	1,010	306	1,872	**26,138**
30%	-	-	-	8,406	6,155	3,572	2,617	1,116	348	2,265	**24,479**
40%	-	-	-	-	7,034	8,391	4,052	2,299	711	2,348	**24,835**
50%	-	-	-	-	-	6,593	5,534	2,427	797	2,389	**17,740**
60%	-	-	-	-	-	-	8,314	5,438	1,710	3,138	**18,600**
70%	-	-	-	-	-	-	-	6,988	2,656	3,558	**13,202**
80%	-	-	-	-	-	-	-	-	5,397	3,257	**8,654**
90%	-	-	-	-	-	-	-	-	-	3,831	**3,831**
Total	**92**	**10,840**	**14,415**	**21,961**	**17,976**	**24,219**	**23,022**	**19,861**	**12,120**	**24,577**	**169,083**

As of September 2009, almost 1.2 million out of almost 3.1 million Veteran cases received additional compensation for dependents. The number of dependents totaled 1.9 million, or 1.51 dependents per case, up slightly from the average FY 2010 of 1.49. 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 2009, there were 258,162 Veterans receiving IU, an increase of 10,769 cases over 2008. Although IU caseload continues to increase, the rate at which it increases has declined over the past few years.

Veterans Compensation **Individual Unemployability**							
	2003	2004	2005	2006	2007	2008	2009
Without Dependents	47,960	55,492	62,035	64,497	65,808	71,009	74,502
With Dependents	127,575	144,826	159,057	164,138	171,513	176,384	183,660
Total	**175,535**	**200,318**	**221,092**	**228,635**	**237,321**	**247,393**	**258,162**

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**							
	2003	2004	2005	2006	2007	2008	2009
Without Dependents	76,543	82,431	89,552	96,345	103,702	112,368	121,967
With Dependents	110,851	125,206	141,161	154,555	172,643	189,590	210,707
Total	**187,394**	**207,637**	**230,713**	**250,900**	**276,345**	**301,958**	**332,674**

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 2009, retroactive payments were 8.1 percent of total compensation obligations. The retroactive awards have returned to a more consistent rate since the increases in the percentage of retroactive awards in 2002 and 2003. However, retroactive payments are expected to increase by an estimated $12.3 billion in payments in 2010 as a result of the decision on establishing service connection for the three new presumptive conditions.

Compensation **Retroactive Payments** **(Dollars in millions)**							
	2003	2004	2005	2006	2007	2008	2009
Retro Payments	$2,613	$2,302	$2,184	$2,002	$2,486	$2,786	$3,257
Compensation Payments	$24,686	$26,330	$28,643	$30,833	$33,639	$36,280	$40,063
Percent of Retro to Total	10.6%	8.7%	7.6%	6.5%	7.4%	7.7%	8.1%

The Compensation program model considers 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 rolls.

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

Veterans Compensation **Accession Trends**							
	2003	2004	2005	2006	2007	2008	2009
0%	584	412	467	495	496	502	575
10%	42,313	41,102	44,960	50,850	51,393	51,063	56,561
20%	33,691	28,569	30,465	32,752	33,054	32,180	33,488
30%	22,494	20,543	23,486	24,775	25,705	26,360	27,473
40%	18,018	16,286	18,774	20,324	21,218	21,795	23,102
50%	11,514	10,852	12,617	12,889	14,028	15,065	16,243
60%	10,096	9,251	11,104	11,949	13,359	15,004	16,618
70%	8,424	7,783	8,737	8,478	9,648	11,037	12,503
80%	4,248	3,797	4,665	4,864	5,816	7,062	8,499
90%	1,964	1,788	2,138	2,162	2,564	3,348	4,217
100%	9,602	9,338	9,309	8,829	9,591	10,327	12,486
Total	**162,948**	**149,721**	**166,722**	**178,368**	**186,872**	**193,743**	**211,765**
Avg. Degree	**35.2%**	**35.3%**	**38.5%**	**34.8%**	**35.5%**	**36.9%**	**37.7%**

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.

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.

Survivor Compensation **Accession Trends**							
	2003	2004	2005	2006	2007	2008	2009
Total	**17,421**	**18,211**	**18,551**	**17,876**	**17,507**	**24,737**	**18,850**

Veteran termination data has demonstrated that survivors typically accede to the compensation rolls within three years. In 2009, 13,388 cases acceded to the DIC rolls within the first three years after the Veteran terminated. 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)**							
	2003	2004	2005	2006	2007	2008	2009
Veterans	86,591	70,082	81,405	99,014	106,551	107,763	117,009
Survivors	5,224	5,052	5,568	3,344	4,286	11,256	2,771
Total	**91,815**	**75,134**	**86,973**	**102,358**	**110,837**	**119,019**	**119,780**

Pensions Program Highlights

In 2011, Pensions benefit obligations are expected to total $4.7 billion and be made to 503,040 pension beneficiaries. The 2011 request continues the historical trends of

decreasing caseload and increasing obligations. Approximately, 95 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 Vietnam Era accounts for 41.3 percent of program obligations. This percentage will continue to increase as Vietnam Era Veterans become 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 caseloads in these programs are from earlier periods of service and will continue to decline.

Pensions PL 95-588 Income Limitations (As of December 2009)			
Veterans		**Survivors**	
Without dependents	$11,830	Spouses without dependents	$7,933
With one dependent	$15,493	Spouses with one dependent	$10,385
Each additional dependent	$2,020	Each additional dependent	$2,020

Pensions Summary by Law									
	2009			2010			2011		
	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	476,141	$8,597	$4,093,586	475,675	$9,078	$4,318,097	475,988	$9,652	$4,594,460
Prior Law	34,249	$1,163	$39,831	30,132	$1,183	$35,641	26,524	$1,210	$32,088
Old Law	258	$1,328	$343	359	$704	$252	528	$353	$186
Veterans									
Improved Law	310,356	$9,969	$3,093,791	307,408	$10,400	$3,197,120	305,028	$10,932	$3,334,479
Prior Law	5,422	$1,820	$9,867	4,516	$1,688	$7,623	3,762	$1,566	$5,889
Old Law	64	$1,207	$77	51	$1,024	$52	40	$870	$35
Survivors									
Improved Law	165,785	$6,031	$999,796	168,268	$6,662	$1,120,978	170,960	$7,370	$1,259,982
Prior Law	28,827	$1,039	$29,964	25,616	$1,094	$28,018	22,763	$1,151	$26,199
Old Law	195	$1,368	$266	308	$651	$201	488	$310	$151

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 zero in 2011. 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.

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.

If Veterans are entitled to Improved Law Pensions based on service during the Mexican Border Period or World War I, $2,686 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.

Total Pensions caseloads for both Veterans and survivors are expected to continue to decline through 2011. The 2011 Veteran and survivor caseload estimate is distributed among World War I & Prior (4,862), World War II (214,725), Korean Conflict (84,058), Vietnam Era (188,972), and Gulf War (10,422). Caseloads for the earlier periods of service are declining; however the most recent eras are expected to continue to increase. 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 Veterans and their survivors are the largest group of pension recipients but do not account for the majority of program cost. This is a result of lower average payments since there are still Veterans and survivors receiving benefits under the "Old Law" program. In addition, the Pensions program assisted 151 survivors of Veterans from the Spanish-American War and the Civil War in 2009.

A significant factor in forecasting obligations is the age distribution of both Veterans and survivors. As of September 30, 2009, the average age of Veterans who received pension was 70. 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 2009, Gulf War and Vietnam Era Veteran caseloads increased (net) by 828 and 2,763, 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 2009)

Age	Veteran PL 95-588	Veterans PL 86-211	Veterans Old Law	**Total Veterans**	Survivors PL 95-588	Survivors PL 86-211	Survivors Old Law	**Total Survivors**
Under 25	182	-	-	**182**	15	-	-	**15**
25 – 35	1,493	-	-	**1,493**	164	-	-	**164**
36 - 45	7,543	-	-	**7,543**	1,177	2	-	**1,179**
46 – 55	37,118	26	-	**37,144**	9,896	55	-	**9,951**
56 -65	108,998	447	-	**109,445**	20,066	379	-	**20,445**

66 – 75	42,719	443	2	**43,164**	21,154	1,353	1	**22,507**
Over 75	111,049	4,067	56	**115,172**	109,522	17,014	94	**126,630**
Total	**309,102**	**4,983**	**58**	**314,143**	**161,994**	**18,803**	**95**	**180,892**

Note: Veteran pension age data does not include 101 cases with unknown age and 5 cases with unknown age for survivor pension.

The Pensions program-forecasting model considers the effects of accessions (new claims 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 increase or decrease.

Veteran Pensions
Accessions and Terminations

	2003	2004	2005	2006	2007	2008	2009
Accessions	47,489	44,956	42,208	40,213	40,574	42,930	42,633
Terminations	47,515	48,589	49,300	46,146	47,426	48,257	46,021
Net Delta	-26	-3,633	-7,092	-5,933	-6,852	-5,327	-3,388

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 because it affects the amount of average payment. For each program category, pensioners with dependents receive additional benefits.

Pensions Program Trends
(As of September 2009)

"Old Law" Pensions Cases

"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
2004	160	<0.1	94	66	362	0.2	351	11	158
2005	136	<0.1	81	55	287	0.2	277	10	140
2006	110	<0.1	69	41	222	0.1	214	8	123
2007	90	<0.1	55	35	176	.01	171	5	114
2008	76	<0.1	46	30	224	.01	122	2	100
2009	58	<0.1	35	23	182	0.1	94	1	87

"Prior Law" Pensions Cases

"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
2004	11,976	3.5	5,458	6,518	38,305	19.2	36,485	1,820	10,719
2005	10,100	3.0	4,682	5,418	33,496	17.5	31,855	1,641	10,317
2006	8,601	2.6	4,024	4,577	29,389	15.8	27,886	1,503	9,952
2007	7,161	2.2	3,364	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

"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
2004	330,767	96.4	237,833	92,934	160,948	80.6	157,660	3,288	5,340
2005	325,551	97.0	237,026	88,525	157,758	82.4	154,806	2,952	5,140
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

Compensation and Pensions
Summary of Obligations
(obligations in thousands)

	2009			2010			2011		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total 1/	**3,384,260**	**$11,838**	**$40,063,431**	**3,662,762**	**$15,465**	**$56,644,644**	**3,815,081**	**$12,679**	**$48,369,546**
Veterans Total	**3,044,423**	**$11,521**	**$35,073,741**	**3,291,766**	**$14,760**	**$48,587,574**	**3,434,556**	**$12,354**	**$42,431,164**
World War I	1	$27,104	$27	1	$27,104	$27	1	$27,104	$27
World War II	259,405	10,566	2,740,959	233,068	10,992	2,561,895	209,405	11,435	2,394,530
Korean Conflict	156,201	10,986	1,716,086	153,594	11,586	1,779,474	151,030	12,217	1,845,204
Vietnam Era	1,045,533	15,216	15,908,377	1,198,703	23,121	27,715,667	1,317,466	21,159	27,876,552
Peacetime Service	621,950	9,337	5,807,376	624,499	9,488	5,924,956	582,328	3,141	1,828,849
Gulf War	961,333	9,259	8,900,914	1,081,902	9,803	10,605,553	1,174,326	7,226	8,486,004
Survivors Total	**339,837**	**$14,683**	**$4,989,690**	**370,996**	**$21,717**	**$8,057,070**	**380,525**	**$15,606**	**$5,938,381**
Spanish-American War	4	$10,055	$40	4	$10,055	$40	3	$13,406	$40
Mexican Border Period	1	1,476	1	1	1,476	1	1	1,476	1
World War I	632	11,551	7,300	576	11,379	6,558	526	11,209	5,892
World War II	95,946	14,518	1,392,938	95,240	14,549	1,385,604	81,022	18,191	1,473,875
Korean Conflict	35,669	15,293	545,471	35,430	15,396	545,472	35,192	15,500	545,473
Vietnam Era	155,133	14,604	2,265,519	186,958	28,277	5,286,680	210,622	14,344	3,021,077
Peacetime Service	33,527	14,523	486,897	33,103	15,282	505,890	32,685	16,081	525,624
Gulf War	18,925	15,404	291,522	19,684	16,603	326,823	20,474	17,896	366,399
Other Total			**$236,714**			**$253,666**			**$282,500**
Spec. Ben. For Children	1,183	$16,653	$19,700	1,198	$16,653	$19,950	1,213	$16,653	$20,200
Clothing Allowance	95,318	716	68,248	99,353	716	71,137	103,714	716	74,259
Other (REPS, SAFD, EAJA)	2,690	5,479	14,739	2,682	5,443	14,597	2,675	5,421	14,500
OBRA Payment to VBA	-	-	54	-	-	489	-	-	503
OBRA Payment to ITS	-	-	51	-	-	54	-	-	55
Medical Exam Pilot Prgm	-	-	133,922	-	-	144,443	-	-	169,987
HHS	-	-	-	-	-	2,996	-	-	2,996
Pensions Total 1/	**510,649**	**$8,095**	**$4,133,716**	**506,167**	**$8,602**	**$4,353,991**	**503,040**	**$9,198**	**$4,626,734**
Veterans Pensions Total	**315,842**	**$9,827**	**$3,103,735**	**311,974**	**$10,273**	**$3,204,794**	**308,829**	**$10,816**	**$3,340,402**
World War I	1	$8,704	$9	1	$8,704	$9	1	$8,704	$9
World War II	85,753	10,616	910,330	80,671	11,078	893,690	75,976	11,644	884,682
Korean Conflict	60,094	7,475	449,206	57,988	8,303	481,500	55,956	9,224	516,115
Vietnam Era	162,239	10,131	1,643,696	164,632	10,297	1,695,232	167,176	10,528	1,759,946
Gulf War	7,755	12,958	100,494	8,682	15,476	134,364	9,720	18,482	179,649
Survivors Pensions Total	**194,807**	**$5,287**	**$1,030,026**	**194,192**	**$5,918**	**$1,149,197**	**194,210**	**$6,623**	**$1,286,332**
Civil War	2	$878	$2	2	$878	$2	2	$878	$2
Spanish- American War	149	1,948	291	122	1,532	186	99	1,204	119
Mexican Border Period	67	6,706	446	60	7,370	439	53	8,100	432
World War I	6,556	2,795	18,324	5,555	2,842	15,790	4,707	2,891	13,607
World War II	138,909	5,323	739,379	138,607	5,994	830,840	138,749	6,746	935,992
Korean Conflict	27,340	4,706	128,650	27,718	5,223	144,785	28,102	5,798	162,944
Vietnam Era	21,305	6,531	139,149	21,549	7,040	151,715	21,796	7,589	165,416
Gulf War	479	7,908	3,785	580	9,385	5,440	702	11,138	7,819
Other Pensions Total			**$21,715**			**$29,881**			**$31,583**
OBRA Payment to VBA			$5,761			$9,660			$9,932
OBRA Payment to ITS			4,519			4,818			9,060
OBRA Payment to VHA			10,082			13,998			10,874
Medical Exams Pilot Pgm			1,353			1,405			1,717

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

Proposed Legislation

Concurrent Receipt
The Department of Defense is proposing legislation that makes Veterans who are medically retired from military service eligible to receive both DoD retired pay and VA disability compensation simultaneously. The 2011 estimated obligations for VA are $47 million with an anticipated caseload of nearly 12 thousand.

Use of Health and Human Services (HHS) Data for Purposes of Adjusting VA Benefits
Public Law 110-157 requires independent verification of HHS data for purpose of adjusting VA benefits based on economic need. This proposal seeks to remove the expiration date of 9/30/11 and extend for an additional five years. Benefit costs are estimated to be $2.0 million in 2012.

Special Monthly Pension for Wartime Veterans 65 years of age and older
This proposal amends Section 1513 of title 38 and repeals the Court of Appeals for Veterans Claims (CAVC) rendered decision in Hartness v. Nicholson. The decision affected the qualifications for the special monthly pension (SMP) awarded to veterans who are housebound (H/B). The court decision excluded the SMP requirement of being permanently and totally disabled for veterans 65 years of age and older.

By repealing the court decision, a veteran will once again only be eligible for SMP if, in addition to basic pension qualifications, the veteran shows proof of being permanently and totally disabled. Once a veteran reaches age 65, the requirements for H/B pension will require a single disability rated at 100 percent, and a disability or combined disabilities (separate and distinct from the 100 percent disability) independently ratable to at least 60 percent. This proposal will provide for more equitable treatment of Veterans under the pension program; currently, Veterans with lower disability ratings may receive larger benefits than Veterans who are permanently and totally disabled. The 2011 estimated savings is $3.2 million with anticipated caseload of 506 thousand.

VA Pension Limitations for Medicaid-covered Veterans Without Spouse or Children
This provision limits the amount of pension payable to a veteran who has neither spouse nor child (or a surviving spouse with no child) and who is covered by a Medicaid plan for services furnished by a nursing facility. Title 38, U.S.C. section 5503(d) will expire on September 30, 2011. This proposal seeks to extend the expiration date an additional five years.

Elimination of this provision would result in increased pension expenditures but money available to veterans and survivors would actually decrease. The maximum pension entitlement is not sufficient to cover the normal cost of nursing home care but receipt of that amount would result in the termination of Title XVI Medicaid benefits which currently cover nursing care costs in excess of the projected amount ($90) that is payable to the veteran under this provision. This is likely to result in veterans and surviving spouses being unable to afford nursing care. This proposal will result in VA benefit cost savings of $559.4 million and net government-wide savings of $246 million in 2012.

IRS Income Data Matching for VA Eligibility Determinations

Section 6103 (I) (7) of the Internal Revenue Code of 1986 (26 U.S.C Section 6103 (I)(D)) requires the Secretary of the Treasury and the Commissioner of Social Security to disclose certain income information to any governmental agency administering certain programs, including VA's pension, dependency and indemnity compensation and compensation, and health-care programs. Section 5317 of title 38, United States Code, governs VA's use of that information. The duty of the Secretary of the Treasury and the Social Security Commissioner to disclose that information and VA's authority to obtain it from them will expire 9/30/2011. This proposal seeks to extend the expiration date for five years. While this proposal will result in net mandatory and discretionary savings of $20 million in 2012, it will result in net mandatory costs of $20.2 million in 2012. The proposal has five-mandatory savings of $21.9 million.

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, 51, 53, 55, and 61 of title 38, United States Code, [$9,232,369,000]$10,440,245,000, 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)

		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Obligations:					
Post 9-11 GI Bill (33)	$162,053	$7,140,287	$7,363,987	$8,618,638	$+1,254,650
Veterans/Sevicemembers (30/34)	2,490,575	398,548	583,265	442,323	-140,942
Reservists (1606)	163,962	322,835	245,418	274,010	+28,593
Reservists (1607)	177,705	0	60,517	56,453	-4,064
Dependents' Education and Training (35)	469,350	481,726	477,346	489,721	+12,375
VR&E Subsistence Allowance	276,242	201,406	278,499	285,972	+7,474
VR&E Books, Tuition, Supplies, Fees, etc	447,060	369,685	488,008	528,033	+40,024
Specially Adapted Housing Grants	55,507	58,985	68,364	79,323	+10,959
Automobile Grants	15,733	14,800	15,800	15,900	+100
Adaptive Equipment	45,928	47,300	52,400	59,700	+7,300
Tuition Assistance	21,424	828	843	426	-416
National Call to Service	250	0	0	0	0
Licensing & Certification Tests	1,748	277	294	191	-103
National Exams 1/	61	35	18	15	-3
Work-Study 2/	23,147	17,192	19,391	18,298	-1,093
State Approving Agencies	18,286	19,000	19,000	19,000	0
Reporting Fees	3,754	4,832	5,201	5,413	+212
Reimbursement to GOE and IT	1,696	2,636	4,982	2,768	-2,214
Total Obligations	**$4,374,483**	**$9,080,371**	**$9,683,332**	**$10,896,184**	**$+1,212,852**
Funding:					
Unobligated balance (SOY)	-$368,350	$0	-$560,227	$0	$+560,227
Unobligated balance (EOY)	560,227	0	0	0	0
Budget authority (gross)	4,566,360	9,080,371	9,123,105	10,896,184	+1,773,079
Offsetting collections	-433,416	-416,747	-417,747	-455,939	-38,192
Budget authority (net)	**$4,132,944**	**$8,663,624**	**$8,705,358**	**$10,440,245**	**$+1,734,887**
Appropiation	3,832,944	8,663,624	9,232,369	10,440,245	+1,207,876
Transfer to Compensation	0	0	527,011	0	-527,011
Transfer from Compensation	300,000	0	0	0	0
Appropiation adjusted	4,132,944	8,663,624	8,705,358	10,440,245	+1,734,887
Outlays (net)	**$3,875,395**	**$8,630,953**	**$9,230,643**	**$10,533,161**	**$+1,302,518**
Total Obligations	**$4,374,483**	**$9,080,371**	**$9,683,332**	**$10,896,184**	**$+1,212,852**
Education Program	3,643,016	8,503,091	8,909,111	10,074,346	+1,165,235
VR&E Program 3/	731,467	577,280	774,221	821,838	+47,617
Budget authority (net)	**$4,132,944**	**$8,663,624**	**$8,705,358**	**$10,440,246**	**$+1,734,888**
Education Program	3,401,477	8,086,344	7,931,137	9,618,407	+1,687,271
VR&E Program	731,467	577,280	774,221	821,838	+47,617
Outlays (net)	**$3,875,395**	**$8,630,953**	**$9,230,643**	**$10,533,161**	**$+1,302,518**
Education Program	3,155,455	8,048,767	8,443,579	9,703,092	+1,259,513
VR&E Program	719,941	582,185	787,064	830,069	+43,005

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

1/ National Exams includes chapter 30 and 35

2/ Includes chapter 1606 work-study reimbursement

3/ Includes chapter 31 work-study

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

		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Workload Data and Other Items					
Workload:					
Post 9-11 GI Bill (33)	34,393	441,728	461,676	510,149	+48,474
Veterans/Sevicemembers (30/34)	341,969	48,323	63,500	40,630	-22,870
Reservists (1606) 1/	63,484	128,305	93,886	103,581	+9,695
Reservists (1607)	43,131	0	14,514	13,379	-1,135
Dependents' Education and Training (35)	81,442	84,569	81,974	83,207	+1,233
VR&E Subsistence Allowance	59,829	44,288	59,602	60,476	+874
VR&E Books, Tuition, Supplies, Fees, etc	17,400	16,928	17,574	17,750	+176
VR&E Rehab, Evaluation, Planning and Service 2/	20,996	21,416	21,206	21,418	+212
Specially Adapted Housing Grants	1,562	1,250	1,740	1,948	+208
Automobile Grants	1,743	1,377	1,743	1,743	0
Adaptive Equipment	7,037	7,217	7,037	7,037	0
National Call to Service	62	0	0	0	0
Average cost:					
Post 9-11 GI Bill (33)	$4,712	$16,164	$15,951	$16,894	$+944
Veterans/Sevicemembers (30/34)	$7,265	$8,060	$9,043	$10,688	$+1,645
Reservists (1606)	$2,583	$2,516	$2,614	$2,645	$+31
Reservists (1607)	$4,120	$0	$4,170	$4,220	$+50
Dependents' Education and Training	$5,763	$5,696	$5,823	$5,886	$+62
VR&E Subsistence Allowance	$4,617	$4,548	$4,673	$4,729	$+56
VR&E Books, Tuition, Supplies, Fees, etc	$5,789	$6,039	$6,323	$6,750	$+427
Specially Adapted Housing Grants	$35,536	$47,182	$39,291	$40,714	$+1,423
Automobile Grants	$9,026	$10,770	$9,079	$9,132	$+53
Adaptive Equipment	$6,527	$6,550	$7,441	$8,483	$+1,042
National Call to Service	$4,033	$0	$0	$0	$0
Total Cost:					
Post 9-11 GI Bill (33)	$162,053	$7,140,287	$7,363,987	$8,618,638	$+1,254,650
Veterans/Sevicemembers (30/34)	$2,484,433	$389,488	$574,205	$434,243	$-139,962
Reservists (1606)	$163,962	$322,835	$245,418	$274,010	$+28,593
Reservists (1607)	$177,705	$0	$60,517	$56,453	$-4,064
Dependents' Education and Training	$469,350	$481,726	$477,346	$489,721	$+12,375
VR&E Subsistence Allowance	$276,242	$201,406	$278,499	$285,972	$+7,474
VR&E Books, Tuition, Supplies, Fees, etc	$447,060	$369,685	$488,008	$528,033	$+40,024
Specially Adapted Housing Grants	$55,507	$58,985	$68,364	$79,323	$+10,959
Automobile Grants	$15,733	$14,800	$15,800	$15,900	$+100
Adaptive Equipment	$45,928	$47,300	$52,400	$59,700	$+7,300
National Call to Service	$250	$0	$0	$0	$0

1/ Work-study cost not included
2/ No moneetary benefit payment assoicated with these cases

Summary of Budget Request

Budget authority of over $10.4 billion, when combined with $455.9 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.

Post 9-11 GI Bill (Chapter 33) Highlights

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:

- Cost of tuition and fees, not to exceed the most expensive in-state undergraduate tuition at a public institution of higher education (paid to school);
- 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.

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.

Changes from Original 2010 Budget Estimate

The current estimated obligation of nearly $9.7 billion for 2010 for the Readjustment Benefits program increases $603 million from the original budget estimate of almost $9.1 billion. The increased estimates for 2010 include a $482

million cost due to an anticipated increase in usage of chapter 33 benefits transferred to dependents of servicemembers. Also, a cost of $62 million is due to a change in interpretation of legislation that increases the 2010 chapter 30 benefit amount by the tuition index applied to the 2009 benefit. A cost of $25 million results from a change in legislation containing provisions to include chapter 33 eligibility for sons and daughters of active duty servicepersons who deceased on or after September 11, 2001 (the Fry Scholarship). Additionally, anticipated changes from an analysis of actual participation and costs observed during 2009 increased costs a net $34 million. The 2010 appropriation is $569 million over the 2010 President's budget request. The appropriation combined with an unobligated balance of over $560 million available at the start of 2010, will fund the increased obligation as well as a $527 million dollar transfer to the C&P account.

Education Program

Current estimated obligations for 2010 reflect an increase of $569 million from the original budget estimate of nearly $9.1 billion.

An anticipated increase in usage of chapter 33 benefits transferred to dependents of servicemembers increased obligations by $482 million in 2010. The usage assumption was adjusted to reflect an anticipated increase in the number of dependents with transferred benefits using those benefits immediately. Additionally, chapter 33 obligations increased by $33 million in accordance with the Supplemental Appropriations Act of 2009 (P.L. 111-32) which included an amendment granting chapter 33 eligibility for sons and daughters of servicepersons who deceased on or after September 11, 2001. Because the chapter 33 benefit is greater than the chapter 35 benefit, which they would have otherwise been entitled to, the obligations increased accordingly. This increase in obligations is partially offset by $291 million due to an overall decrease in expected chapter 33 usage and costs based on 2009 actual participation and costs. The net increase in current 2010 obligations attributable to chapter 33 is $224 million.

Current 2010 estimate obligations are increasing $62 million due to a change in interpretation of legislation that increases the 2010 chapter 30 benefit amount by the tuition index applied to the 2009 benefit. This resulted in an increase to the average benefit rate of $1,277, triggering the increase in obligations. Additionally, the number of participants transferring from chapter 30 to chapter 33 in 2009 was lower than expected, increasing 2010 current obligations for chapter 30 by $123 million.

The 2010 current obligations for chapters 1606 and 1607 are revised with the latest Department of Defense estimates provided by the Office of the Actuary. Chapter

1606 current 2010 obligations have decreased by $77.1 million from the original budget estimate. The original budget estimate also assumed that all chapter 1607 trainees would transfer to chapter 33. However, this assumption has been revised to now project that 14,514 trainees will remain in chapter 1607 during 2010, increasing obligations by $60.5 million.

Current 2010 obligations have decreased $4.4 million for the chapter 35 program. Expected caseload decreased in accordance with the Supplemental Appropriations Act of 2009 (P.L. 111-32), which included an amendment granting chapter 33 eligibility for sons and daughters of servicepersons who deceased on or after September 11, 2001. These sons and daughters would have otherwise been expected to collect chapter 35 benefits and therefore decreased chapter 35 current obligations by $9.1 million. The decrease in obligations is partially offset by $4.7 million based on 2009 actual caseload and costs.

Additional changes come from miscellaneous programs, resulting in a net increase of $20.4 million in obligations. For the Special Assistance Programs, including Specially Adapted Housing (SAH) and Special Housing Adaptation (SHA), Automobile, and Adaptive Equipment grants, 2010 current obligations have increased by $15.5 million based on actual 2009 caseload and obligations. The anticipated reimbursement to General Operating Expenses is expected to increase $2.3 million. Work-Study obligations are expected to increase by $2.2 million. Reporting fees will increase by $0.4 million.

Vocational Rehabilitation & Employment Program

The current obligation estimate for 2010, $766.5 million, is $195.4 million more than the original estimate ($571.1 million). The original budget estimated that 13,043 trainees would transfer from VR&E to chapter 33 in 2010; however, actual transfers were much lower than expected during 2009, which lowered the estimated number of transfers to 825 for 2010 and increased obligations by $121.4 million. Actual participation and costs during 2009 were also higher than expected, resulting in an increase in estimated 2010 current obligations by $74.0 million.

Readjustment Benefits
Analysis of Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior year obligations	**$4,374,483**	**$9,683,332**
Chapter 33 (Post 9/11 GI Bill)		
COLA	$+204,476	$+205,805
Caseload	+2,013,275	+773,185
Average Payment	+4,984,183	+275,660
Net Changes	**+7,201,934**	**+1,254,650**
Chapter 30 (Montgomery GI Bill)		
COLA	$+29,354	$+19,634
Caseload	-2,023,103	-206,802
Average Payment	+86,438	+46,227
Net Changes	**-1,907,311**	**-140,942**
Chapter 35 (Dependent Education)		
COLA	$+5,660	$+5,807
Caseload	+2,306	+6,539
Average Payment	+29	+30
Net Changes	**+7,996**	**+12,376**
Chapter 1606 (Reservists)		
COLA	$+2,910	$+3,249
Caseload	+78,528	+25,344
Average Payment	+17	+0
Net Changes	**+81,456**	**+28,593**
Chapter 1607 (Reservists)		
COLA	$+718	$+669
Caseload	-117,906	-4,734
Average payment	+0	+0
Net Changes	**-117,188**	**-4,064**
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	$+44,555	$+36,779
Caseload	-492	+10,423
Average payment	-858	+295
Net Changes	**+43,205**	**+47,498**
Special Assistance For Disabled Veterans		
Housing Grants	$+12,857	$+10,959
Automobile Grants	+67	+100
Adaptive Equipment	+6,472	+7,300
Net Changes	**+19,396**	**+18,359**
Miscellaneous		
National Exams	$-43	$-3
Tuition Assistance	-20,581	-416
Licensing and Certification	-1,454	-103
Work-Study	-3,756	-1,093
National Call to Service	-250	+0
Reimbursement to GOE	+3,286	-2,214
State Approving Agencies	+714	+0
Reporting Fees	+1,447	+212
Net Changes	**-20,638**	**-3,617**
Total Net Change	**$+5,308,849**	**$+1,212,852**
Estimated obligations	**$9,683,332**	**$10,896,184**

Analysis of Increases and Decreases

Obligations are expected to increase nearly $4.5 billion from 2009 to 2010 due to the following:

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 beginning on August 1, 2009. Total obligations are expected to increase $7.2 billion dollars. The increase in obligations is primarily due to trainees receiving a full year of benefits. As a result, the average benefit is expected to increase by $11,239 in 2010, which accounts for a $5.0 billion increase in obligations. Additionally, the caseload is expected to increase by 427,283 resulting in a $2.0 billion increase in obligations. The COLA will increase obligations an additional $204 million.

All-Volunteer Force Educational Assistance Program (Chapter 30)
The decrease in chapter 30 obligations is projected to be over $1.9 billion. We anticipate the majority of participants to elect chapter 33 benefits, affecting caseload for the year. The cumulative caseload decreases 278,469 trainees, resulting in obligations decreasing $2.0 billion. Partially offsetting this decrease in obligations is an increase of $86.4 million due to changes in average payment not related to the COLA. The COLA is projected to increase obligations by $29.3 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be $8.0 million. The COLA will increase obligations by $5.7 million. Estimated caseload is expected to decrease by 78 for children and increase 610 for spouses, resulting in a net increase in total obligations of $2.3 million. Anticipated caseload increases for children are expected to be low because children of servicepersons who deceased on or after September 11, 2001 will be eligible for chapter 33. Because average costs are lower for spouses, the overall average benefit unrelated to COLA will have an offsetting effect, increasing obligations by only $29 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
Chapter 1606 obligations are projected to increase over $81.4 million. An increase in obligations of $78.5 million results from an expected increase in chapter 1606 trainees of 30,402. The COLA is expected to increase obligations $2.9 million. A higher average payment also contributes to the overall increase in obligations by $17 thousand.

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

Obligations for chapter 1607 are expected to decrease $117.2 million. Most chapter 1607 trainees will be eligible for chapter 33 benefits worth a greater monetary value, and are expected to transfer. The expected decrease in caseload is 28,617, resulting in a $117.9 million decrease in obligations. The COLA is expected to increase obligations $718 thousand for participants remaining in chapter 1607.

Vocational Rehabilitation and Employment (Chapter 31)
The total increase in chapter 31 obligations is $43.2 million from 2009 to 2010. The increase in obligations is primarily due to the COLA, which will increase obligations by $44.6 million. Average payment unrelated to the COLA and caseload are expected to decrease slightly due to the transferring of some trainees to chapter 33, decreasing obligations by $858 thousand and $492 thousand, respectively.

Special Assistance for Disabled Veterans
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. An increase of $12.9 million is due to an expected increase in caseload as well as increase in the maximum allowance for housing grants. P.L. 110-289 set the maximum allowance to $60,000 for Specially Adapted Housing and $12,000 for Special Housing Adaptations in 2009 and required establishment of a Cost-of-Construction Index. The Cost-of-Construction Index was set follow to the Turner Building Cost Index, which is 6.3% for 2010. An increase of $6.5 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 $67 thousand.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $20.6 million. Tuition Assistance is expected to drop $20.6 million due to the transition from chapter 30 to chapter 33 benefits. For the same reason, work-study will decrease nearly $3.8 million and Licensing and Certification will decrease by almost $1.5 million. Other relatively minor decreases include $250 thousand in National Call to Service and $43 thousand in National Exams. Offsetting these decreases, obligations for Reimbursement to GOE are expected to increase $3.3 million due to PL 108-454, which identified $3 million for computer system modifications for apprenticeship payments, Reporting Fees will increase over $1.4 million, and State Approving Agencies obligations are expected to increase $714 thousand.

Obligations are expected to increase $1.2 billion from 2010 to 2011 due to the following:

Post 9-11 GI Bill (Chapter 33)
Chapter 33 benefits are anticipated to increase nearly $1.3 billion in 2011. The increase is primarily due to an anticipated 48,474 additional trainees, resulting in an increase in obligations of $773.2 million. The increase in average tuition payments results in an increase of $275.7 million. In addition, adjustments to the Basic Allowance for Housing will increase obligations $205.8 million.

All-Volunteer Force Educational Assistance Program (Chapter 30)
The decrease of $140.9 million in chapter 30 obligations is primarily attributed to continued development of chapter 33. The caseload is expected to decrease by 22,870 trainees, due to more participants electing chapter 33. The drop in caseload results in a $206.8 million decrease in obligations. This decrease is partially offset by an anticipated increase in the average payment, excluding the COLA, and other adjustments, resulting in an increase of $46.2 million. COLA will increase obligations $19.6 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)
The total increase in obligations attributed to chapter 35 is expected to be $12.4 million. Estimated caseload is expected to increase by 593 for children and 639 for spouses, increasing obligations $6.5 million. COLA is expected to increase obligations $5.8 million. Average payment excluding the COLA is expected to account for an increase in obligations of $30 thousand.

Educational Assistance for Members of the Selected Reserve (Chapter 1606)
An increase in obligations attributed to chapter 1606 is expected to be $28.6 million. An estimated increase of 9,695 reservist trainees will increase obligations by $25.3 million. COLA will account for a $3.2 million increase. No change in average payment is anticipated in for 2011.

Educational Assistance for Members of the Selected Reserve (Chapter 1607)
Obligations for chapter 1607 are expected to decrease $4.1 million. Additional chapter 1607 trainees are expected to be eligible for chapter 33 benefits worth a greater monetary value, and transfer. The expected decrease in caseload is 1,135, resulting in a $4.7 million decrease in obligations. The COLA is expected to increase obligations $669 thousand for participants remaining in chapter 1607.

Vocational Rehabilitation and Employment (Chapter 31)
The net increase in chapter 31 obligations is $47.5 million from 2010 to 2011. The COLA is expected to increase obligations by $36.8 million. Caseload is expected to increase by 1,049, increasing obligations by $10.4 million. Average payment excluding the COLA is expected to increase slightly, increasing obligations by $295 thousand.

Special Assistance for Disabled Veterans
Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. An increase in caseload will increase obligations for housing grants by $10.9 million. An increase of $7.3 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 $100 thousand.

Miscellaneous
The total change in obligations attributed to the remaining programs is expected to be a decrease of $3.6 million. Reimbursement to GOE is expected to decrease $2.2 million. Work-Study is expected to drop $1.1 million due to the continued transition from chapter 30 to chapter 33 benefits. For the same reason, Tuition Assistance will decrease $416 thousand and Licensing and Certification will decrease by $103 thousand. National Exams will decrease $3 thousand. Slightly offsetting these decreases, Reporting Fees will increase $212 thousand. State Approving Agencies and National Call to Service will remain constant.

Education Program Highlights

In 2009, education benefit obligations of over $3.6 billion provided benefits to 564,481 trainees (excluding Tuition Assistance payments). Education obligations will nearly triple from 2009 to 2011, reaching almost $10.1 billion. The anticipated total number of trainees will increase in 2010 to 716,549, mostly due to an expected increase in chapter 33 participation. In 2011, we anticipate the number of education program trainees to increase to 751,446. During 2010, the majority of chapter 30 and chapter 1607 trainees are expected to transfer to chapter 33 to receive a greater monetary benefit. Chapter 1606 will not be impacted by chapter 33 and will continue to experience historical trends. The chart below shows the anticipated trend in cumulative trainees for each education program.

The average cost per trainee is greatest for chapter 33, reaching $16,894 in 2011. A chapter 30 average cost per trainee ($10,688) is far less than chapter 33, causing the majority of trainees to transfer programs. Chapter 1606, chapter 1607, and chapter 35 average benefits ($2,645, 4,220 and $5,886, 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.

Beginning in 2010, chapter 33 will be the largest education program, reaching 510,149 trainees in 2011 and accounting for 87 percent of total training obligations.

Chapter 30 has historically been the largest education program, but reduces to 41 thousand trainees and 4 percent of education funding by 2011. Chapter 1606 accounts for 3 percent of funding in 2011, and 1607 is reduced to 1 percent of funding assuming that most trainees transfer to chapter 33. Chapter 35 remains at a historical size and represents 5 percent of education obligations.

Vocational Rehabilitation & Employment Program Highlights

The number of cumulative participants in the program increased in 2009; however participation will remain relatively stable through 2011 due to trainees transferring to chapter 33 offsetting new trainees in the VR&E program. Program costs increased in 2009 and will continue to increase in 2010 and 2011 due to a continued increase in average costs. VR&E participation is contingent on individuals having a compensable service-connected disability. Based on historical trends, the average degree of disability will continue to increase. Despite historical trends, the migration to chapter 33 will cause increases program use to slow.

Although participation will level off due to the transfer of some participants to chapter 33, average cost per participant will continue to rise, increasing the total cost of the VR&E program in 2010 and 2011. Books, tuition, and supplies, coupled with subsistence allowance, accounted for 99 percent of program costs in 2009.

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 accounts for over 38 percent of the costs. Trainees who receive rehabilitative evaluation, planning, and delivery services do not receive any payments. This specific service of the program provides non-monetary assistance such as resumé preparation, job-hunting strategies, interview preparation, and other assistance designed to move the Veteran into a suitable job.

Summary of Readjustment Benefit Requirements

(obligations in thousands)

	2009			2010			2011		
	Caseload	Average Benefit	Obligations	Caseload	Average Benefit	Obligations	Caseload	Average Benefit	Obligations
Total chapters 33, 30, 1606, 1607, 35, 31	641,648	$ 6,516	$ 4,180,807	792,726	$ 11,969	$ 9,487,979	829,172	$ 12,889	$ 10,687,070
All-volunteer force educational assistance:									
Chapter 33	34,393	$ 4,712	$ 162,053	461,676	$ 15,951	$ 7,363,987	510,149	$ 16,894	$ 8,618,638
Chapter 30 Total	341,969	$ 7,265	$ 2,484,433	63,500	$ 9,043	$ 574,205	40,630	$ 10,688	$ 434,243
Veterans	322,030	$ 7,466	$ 2,404,364	58,493	$ 9,430	$ 551,604	35,623	$ 11,510	$ 410,027
Servicepersons	19,939	4,016	80,070	5,007	4,514	22,601	5,007	4,837	24,217
Reservists (1606)	63,484	$ 2,583	$ 163,962	93,886	$ 2,614	$ 245,418	103,581	$ 2,645	$ 274,010
Reservists (1607)	43,131	4,120	177,705	14,514	4,170	60,517	13,379	4,220	56,453
Education and training:									
Dependents Total	81,442	$ 5,763	$ 469,350	81,974	$ 5,823	$ 477,346	83,207	$ 5,886	$ 489,721
Sons and Daughters Total	68,696	$ 5,989	$ 411,393	68,618	$ 6,061	$ 415,862	69,211	$ 6,133	$ 424,495
College	66,014	$ 5,989	$ 395,346	65,883	$ 6,061	$ 399,295	66,422	$ 6,133	$ 407,392
Bellow College Level	2,551	6,078	15,504	2,604	6,151	16,017	2,658	6,224	16,546
On-the-job training	131	4,146	543	131	4,196	550	131	4,246	556
Spouses and widows(ers) Total	12,746	$ 4,547	$ 57,957	13,356	$ 4,603	$ 61,484	13,995	$ 4,661	$ 65,226
College	11,899	$ 4,590	$ 54,615	12,474	$ 4,645	$ 57,941	13,077	$ 4,701	$ 61,470
Bellow College Level	723	4,537	3,280	758	4,592	3,480	795	4,647	3,692
Correspondence	115	204	23	115	206	24	115	209	24
On-the-job training	9	4,286	39	9	4,338	39	9	4,390	40
Chapter 31	77,229	$ 9,366	$ 723,302	77,176	$ 9,932	$ 766,507	78,226	$ 10,406	$ 814,005
Tuition assistance	25,723	$ 833	$ 21,424	1,000	$ 843	$ 843	500	$ 853	$ 426
Tests (non chapter 33)	4,693	$ 372	$ 1,748	780	$ 377	$ 294	500	$ 381	$ 191
Work-study	17,042	$ 1,358	$ 23,147	14,276	$ 1,358	$ 19,391	13,472	$ 1,358	$ 18,298
State Approving Agencies			$ 18,286			$ 19,000			$ 19,000
Reporting Fees			$ 3,754			$ 5,201			$ 5,413

Note: total caseload is not a count of unique individuals. Trainees switching chapters are counted in each chapter they trained in during the fiscal year. Total average benefit is skewed based on double counting.

Vocational Rehabilitation Loan Program

Appropriation Language

For the cost of direct loans, $47,764, 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 $3,042,272.

In addition, for administrative expenses necessary to carry out the direct loan program, $337,234, which may be paid to the appropriation for "General Operating Expenses".

Summary of Net 2011 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	$385	$385	$0	$0
Direct Loan Financing Account	$0	$0	$233	$233
Total	$385	$385	$233	$233

Summary of Budget Request

An appropriation of $384,998 is being requested to provide subsidy payments of $47,764 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse $337,234 to the General Operating Expenses appropriation for administrative expenses.

Program Description

Currently, loans of up to $1,095, 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 participating 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)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Obligations					
Direct loan subsidy	$55	$29	$29	$48	+$19
Upward Reestimate	772	0	121	$0	-121
Interest on Reestimates	40	0	58	$0	-58
Administrative expenses	320	328	328	337	+9
Total obligations	**$1,187**	**$357**	**$536**	**$385**	**-$151**
Unobligated Balance:					
Start of year	$0	$0	$0	$0	+$0
End of year	$0	$0	$0	$0	+$0
Budget authority (net)	**$1,187**	**$357**	**$536**	**$385**	**-$151**
Obligated Balance:					
Start of year	$0	$0	$0	$0	+$0
End of year	$0	$0	$0	$0	+$0
Outlays (net)	**$1,187**	**$357**	**$536**	**$385**	**-$151**
Workload:					
Number of loans established	3,438	2,509	2,509	3,286	+777
Average loan amount	$833	$916	$910	$926	+$16
Total Loan Amount	$2,864	$2,298	$2,283	$3,042	+$759
Loan subsidy rate	1.93%	1.27%	1.27%	1.57%	0.30%
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 increases from 1.27 percent in 2010 to 1.57 percent in 2011. Approximately 3,286 loans may be made in 2011, with an average loan amount of $926, resulting in a $3,042,272 direct loan level and $47,764 in direct loan subsidy. For administrative expenses to provide issuance and accounting of all loans disbursed, an average employment level of 3 FTE and $337,234 is requested during 2011.

Changes from Original 2010 Budget Estimate

There are no funding changes from the original 2010 estimate.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2010 Current Estimate	2011 Estimate
Prior year outlays (net)	$1,187	$536
Increases (+) and Decreases (-)		
Loan Subsidy	-$26	+$19
Upward Reestimates	-$632	-$179
Administrative expense	+$8	+$9
Change in obligated balance/other	+$0	$0
Net Change	**-$650**	**-$151**
Estimated Outlays (net)	$536	$385

In 2010, outlays are projected to decrease $650,000 in 2010, primarily due to decreases in loan subsidy ($29,000 vs. $55,172) and the upward reestimates ($179,393 vs. $811,675). The subsidy rate (1.27% vs. 1.93%) and the amount of loans disbursed ($2,283,465 vs. $2,863,833) is expected to decrease. Administrative expense is expected to increase by $8,000 over the 2009 amount of $319,996.

In 2011, outlays will decrease $151,000, primarily due to lower subsidy upward reestimates ($0 vs. $179,393). The 2011 upward reestimates will not be calculated until the end of 2010 and will be shown in the 2012 Congressional Budget submission. The decrease in outlays is offset by an increase in subsidy of $19,000, due to a higher subsidy rate (1.57% vs. 1.27%) on a higher amount of loans disbursed ($3,042,272 vs. $2,283,465). The decrease in upward reestimates is also offset by an increase in administrative expense of $9,000 over the 2010 amount of $328,000.

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)					
		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate**	**2011 Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Direct loans	$2,864	$2,298	$2,283	$3,042	$759
Downward Reestimates	124	0	196	0	-196
Interest on Treasury borrowings	231	0	0	0	+0
Total obligations	**$3,219**	**$2,298**	**$2,480**	**$3,042**	**$562**
Unobligated Balance:					
Start of year	$771	$0	$431	$0	-$431
End of year	$431	$0	$0	$0	+$0
Obligated Balance:					
Start of year	$3	$3	$8	$8	+$0
End of year	$8	$3	$8	$8	+$0
Offsetting Collections:					
Loan Repayments	$2,455	$2,623	$2639	$2,737	$98
Interest on Uninvested Funds	134	13	23	24	+1
Payments from Program Account	55	29	29	48	+19
Upward Reestimate	812	0	179	0	-179
Total offsetting collections	**$3,456**	**$2,665**	**$2,870**	**$2,809**	**-$61**
Financing:					
Financing authority, net	$3,631	-$368	-$391	$233	$624
Financing disbursements, net	-$242	-$368	-$391	$233	$624

Summary of Off-Budget Financing Account

Approximately $3,042,272 in direct loans will be made in 2011, an increase of $759,000 from the 2010 level. The increase is due to higher number of loans expected to be established (3,286 vs. 2,509). The higher loan origination projection reflects a reversal in shift of benefits from Chapter 31 to Chapter 33, due to the new G.I. bill.

Offsetting collections in 2011 are estimated to be $2,809,131, a decrease of $61,000 from the 2010 level. The decrease is due primarily to a $179,393 decrease in upward reestimates; which is offset by a $98,000 increase in loan repayments and a $19,000

increase in subsidy payments from the Vocational Rehabilitation Program Account. The 2011 reestimates will not be calculated until the end of 2010 and shown in the 2012 Congressional Budget submission.

In 2011, obligations of $3,042,272 exceed offsetting collections of $2,809,131, requiring net financing authority of $233,141.

Analysis of Increases and Decreases – Outlays (dollars in thousands)		
	2010 Current Estimate	2011 Estimate
Prior year Financing Disbursement (net)	-$242	-$391
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	-$580	+$759
Downward Reestimates	+73	-196
Interest on Treasury borrowing	-231	+0
Offsetting collections		
Loan Repayments	-$184	-$98
Interest on Uninvested Funds	+111	-1
Payments from Program Account	+26	-19
Upward Reestimate	+632	+179
Change in obligated balance/other	+5	+0
Net Change	**-$149**	**+$624**
Estimated Financing Disbursement (net)	-$391	+$391

In 2010, net financing disbursement will decrease by $149,000. This is due primarily to decreases in direct loans ($2,283,465 vs. $2,863,833) and Treasury interest expense ($0 vs. $231,276) and increases in loan repayments ($2,638,914 vs. $2,454,543). These changes are partially offset by an increase in the downward reestimates ($196,338 vs. $123,725), a decrease in the subsidy upward reestimates ($179,393 vs. $811,675) and a decrease in Treasury interest income ($23,170 vs. $134,200).

In 2011, net financing disbursement will increase by $624,000. This is due primarily to an increase in loan disbursements ($3,042,272 vs. $2,283,465) and a decrease in the upward reestimates ($0 vs. $179,393). This change is partially offset by decreases in the subsidy downward reestimates ($0 vs. $196,338) and an increase in loan repayments ($2,737,000 vs. $2,638,914). The 2011 reestimates will be calculated at the end of 2010 and shown in the 2012 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)

		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate**	**2011 Estimate**	**Increase (+) Decrease (-)**
Obligations:					
Training	$534	$776	$524	$508	$-16
Section 901 Training	479	481	469	455	-14
Disenrollments	875	740	807	738	-69
Total Obligations	**$1,889**	**$1,997**	**$1,800**	**$1,701**	**$-98**
Budget Authority (trust fund, indefinite)	**$899**	**$1,240**	**$936**	**$907**	**$-29**
Outlays	$1,909	$2,035	$1,834	$1,728	$-105
Unobligated balance, start of year	$66,128	$65,034	$65,139	$64,275	$-864
Unobligated balance, end of year	$65,139	$64,278	$64,275	$63,481	$-794
Workload					
Trainee	448	543	439	426	-13
Section 901 Trainees	23	41	23	22	-1
Participants, end of year	194,144	192,519	193,154	192,226	-928
Disenrollments	637	550	587	537	-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 2011 portion of the cost for VEAP will be nearly 1.0 million for 448 trainees.

Changes From the Original 2010 Estimate

The current estimated obligations for FY 2010 decreases by $304 thousand associated with 104 fewer trainees. FY 2010 estimates were based on actual FY 2009 experience.

Post-Vietnam Era Veterans' Education Program Analysis of Increases and Decreases (dollars in thousands)		
	2010 Estimate	**2011 Estimate**
Prior year obligations	$1,889	$1,800
Training	-11	-16
Training under Section 901	-10	-14
Disenrollments	-69	-69
Net Change	**$-89**	**$-98**
Estimated Obligations	$1,800	$1,701

Analysis of Increases and Decreases

In 2011, obligations are projected to be nearly $1.7 million, a decrease of $99 thousand from the 2010 level of $1.8 million. Training obligations are projected to decline by $16 thousand due to fewer trainees (426 vs. 439) and average payments are expected to remain constant. One fewer Section 901 trainee will result in a decrease in obligations of $14 thousand. Disenrollment obligations are projected to decline as a result of fewer participants disenrolling (587 vs. 537).

Post-Vietnam Era Veterans' Education Program Summary of Workloads & Obligations (dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Participants, End of Year	194,144	192,519	193,154	192,226	-928
Trainees	448	543	439	426	-13
Average Per Trainee (whole dollars)	$1,193	$1,428	$1,193	$1,193	0
Obligations for Training	$534	$776	$524	$508	$-16
Section 901 Trainees	23	41	23	22	-1
Average Per Trainee (whole dollars)	$20,827	$11,687	$20,827	$20,827	0
Obligations for Section 901	$479	$481	$469	$455	$-14
Disenrollments	637	550	587	537	-50
Average Refund (whole dollars)	$1,374	$1,346	$1,374	$1,374	0
Obligations for Disenrollments	$875	$740	$807	$738	$-69
Sources of budget authority:					
Contributions of Servicepersons	$49	$141	$48	$46	$-2
Transfers from DoD:					
Matching Payments for Training	100	$314	$214	$207	$-6
Bonus "Kickers"	$450	304	205	199	-6
Section 901 Training	300	481	469	455	-14
Section 903 Training	0	0	0	0	0
Total Budget Authority	**$899**	**$1,240**	**$936**	**$907**	**$-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 2011, 426 participants are expected to train under this program resulting in obligations of $508 thousand. In addition, 22 individuals train under section 901 of PL 96-342 with obligations totaling $455 thousand. During 2011, 537 participants are expected to disenroll from this program and received $738 thousand in refunds.

Through the end of 2009, a total of 1,154,010 individuals have contributed to the VEAP program. Of these contributors, 257,485 have received some educational assistance; 699,387 have disenrolled and received a refund without receiving educational assistance; 197,121 are in an inactive status, never having received educational assistance or disenrolled, and 17 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 fiscal year 2011, 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,$163,646,000.

Total Housing
Summary of Appropriation Highlights
(dollars in thousands)

Housing Program and Liquidating Accounts	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Obligations:					
Liquidating Account	$12,152	$9,546	$9,902	$8,111	-$1,792
Program Account	$465,620	$188,635	$990,586	$182,723	-$807,863
Total Obligations	**$477,771**	**$198,181**	**$1,000,488**	**$190,834**	**-$809,654**
Budget Authority:					
Mandatory, Program Account	$326,981	23,553	$825,504	19,078	-$806,426
Mandatory, Liquidating Account	-7,930	-12,605	-8,955	-8,027	+$927
Discretionary Program Account	157,210	165,082	165,082	163,646	-$1,436
Total Budget Authority (net)	**$476,262**	**$176,031**	**$981,631**	**$174,696**	**-$806,935**
Outlays:					
Liquidating Account	-$11,868	-$12,605	-$7,506	-$8,027	-$521
Program Account	$465,620	$188,635	$990,586	$182,723	-$807,863
Total Outlays (net)	**$453,752**	**$176,031**	**$983,080**	**$174,696**	**-$808,384**

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

Summary of Budget Request

The 2011 appropriation request includes funding for the mandatory and discretionary requirements of the Housing program. The mandatory request of $19.1 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 $163.7 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration.

Guaranteed Loan Sales Securities subsidies reflect 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 2011, based on the estimated number of guaranteed loans sold (12,249) and the average loan amount ($77,873), loan sales totaling $953.9 million are estimated to be sold. The subsidy estimate of $19.1 million is based on a subsidy rate of 2.00 percent and is calculated in a similar manner as direct loans, using the same discount rate.

The Guaranteed Transitional Housing budget for fiscal year 2011 requires no funding for guaranteed transitional housing loan obligations.

Credit Reform

The "Federal Credit Reform Act of 1990 (FCRA)," 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 Housing Loan Program into 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. 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 and Public Law 110-389 § 501, the guaranty amount from January 1, 2009 through December 31, 2011 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;
- 25 percent for loans in excess of $144,000 up to $417,000 or;
- The lesser of 25 percent of the loan amount or the maximum guaranty amount for loans greater than $417,000. The maximum guaranty amount varies depending on the location of the property.
  (1) For all locations in the United States other than Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the maximum guaranty amount is the greater of 25 percent of (a) $417,000 or (b) 125 percent of the area median price for a single-family residence, but in no case will the guaranty exceed $273,656.25.
  (2) In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the maximum guaranty amount is the greater of 25 percent of (a) $625,500 or (b) 125 percent of the area median price for a single-family residence, but in no case will the guaranty exceed $410,484.38.
  (3) The maximum guaranty amounts set forth above will be adjusted annually. The next adjustment will affect loans closed on or after January 1, 2011.

Assisting borrowers experiencing financial difficulties is critical to VA. Loan servicers and VA take aggressive intervention actions when loans are more than 60 days delinquent. Benefits of assisting borrowers in default include the Veteran retaining his or her home and averting the impact of foreclosure. These intervention actions also result in cost avoidance 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.

Loan Fee Structure for Guaranteed Loans		
	Veterans	**Reservists**
First Time Use		
Down payment:		
Less than 5 percent:		
- Before January 1, 2004	2.00%	2.75%
- January 1 until October 1, 2004	2.20%	2.40%
- October 1, 2004 until October 1, 2011	2.15%	2.40%
- On or after October 1, 2011	1.40%	1.65%
At least 5 percent but less than 10 percent:		
- Before October 1, 2011	1.50%	1.75%
- On or after October 1, 2011	0.75%	1.00%
10 percent or more:		
- Before October 1, 2011	1.25%	1.50%
- On or after October 1, 2011	0.50%	0.75%
Second and Subsequent Use		
Down payment:		
Less than 5 percent:		
- Before January 1, 2004	3.00%	3.00%
- January 1, 2004 until October 1, 2006	3.30%	3.30%
- October 1, 2006 until October 1, 2007	3.35%	3.35%
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 1, 2013	2.15%	2.15%
- On or after October 1, 2013	1.25%	1.25%
At least 5 percent but less than 10 percent	1.50%	1.75%
10 percent or more	1.25%	1.50%
Refinancing Loans		
Interest rate reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected veterans	0.00%	N/A

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/or 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 PL 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 executed and no additional program account dollars are required to service the one existing loan.

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

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Liquidating:					
Program Obligations	$12,152	$9,546	$9,902	$8,111	-$1,792
Unobligated Balance:					
Start of year	$4,189	$0	$5,047	$0	-$5,047
End of year	$5,047	$0	$0	$0	$0
Transfer to General Fund	-$12,119	-$12,605	-$14,002	-$8,027	+$927
Offsetting Collections	$25,128	$22,151	$18,857	$16,138	-$2,719
Budget Authority (net)	-$7,930	-$12,605	-$8,955	-$8,027	+$927
Outlays (net)	-$11,868	-$12,605	-$7,506	-$8,027	-$521
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	$0	$0	$0	$0	$0
Veterans Housing Loan Sales	0	23,553	22,894	19,078	-$3,816
Veterans Housing Direct Acquired	268	0	0	0	$0
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	282,127	0	673,910	0	-$673,910
Veterans Housing Loan Sales	11,009	0	14,036	0	-$14,036
Veterans Housing Direct Acquired	33,578	0	114,565	0	-$114,565
Veterans Housing Direct Vendee	0	0	98	0	-$98
Administrative Expenses:					
Veterans Benefits Administration	107,123	124,313	124,313	135,987	+$11,674
General Counsel	5,140	5,284	5,284	5,354	+$70
Information Technology	26,375	35,485	35,485	22,305	-$13,180
Obligations	**$465,620**	**$188,635**	**$990,586**	**$182,723**	**-$807,863**
Unobligated Balance:					
Unobligated Balance Expiring	$0	$0	$0	$0	$0
Start of year	$43,387	$43,387	$43,387	$43,387	$0
End of year	$43,387	$43,387	$43,387	$43,387	$0
Budget Authority (net)	**$484,191**	**$188,635**	**$990,586**	**$182,723**	**-$807,863**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$465,620**	**$188,635**	**$990,586**	**$182,723**	**-$807,863**
Total Obligations	**$477,771**	**$198,181**	**$1,000,488**	**$190,834**	**-$809,654**
Budget Authority:					
Appropriation, mandatory	$326,981	$23,553	$825,504	$19,078	-$806,426
Appropriation, discretionary	$157,210	$165,082	$165,082	$163,646	-$1,436
Liquidating Account	-$7,930	-$12,605	-$8,955	-$8,027	+$927
Total Budget Authority (net)	**$476,262**	**$176,031**	**$981,631**	**$174,696**	**-$806,935**
Total Outlays (net)	**$453,752**	**$176,031**	**$983,080**	**$174,696**	**-$808,384**

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund account obligations because sufficient resources are available from the anticipated $16.1 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). Obligations for 2011 are estimated at $8.1 million which, when netted with collections, results in a negative budget authority of $8.0 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 $182.8 million is requested for the Housing Program Account for 2011 to provide funding for administrative expenses of $163.7 million and subsidy payments of $19.1 million to the Guaranteed Loan Sales Financing Account. A subsidy appropriation is not required for the Veterans Housing Guaranteed Loan, Direct Acquired and Vendee Loan, and Guaranteed Transitional Housing programs for 2011. The Veterans Housing Guaranteed Loan and Direct Acquired and Vendee Loan programs have negative subsidy rates in 2011. 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 2011. 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 2010 Budget Estimate

Current 2010 Housing Program Account budget authority of $990.6 million is an increase of $802.0 million from the original 2010 budget estimate. This is primarily the result of an increase of $802.6 million in subsidy upward reestimates for the Guaranteed, Loan Sales Securities, and Direct Acquired and Vendee Loan housing programs. These increases in budget authority are slightly offset by a decrease of $659,000 in Loan Sales subsidy.

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

	2010 Current Estimate	2011 Estimate
Prior Year Outlays	$453,752	$983,080
Liquidating:		
Liquidating Obligations	-$2,249	-$1,792
Liquidating Collections	+6,271	+2,719
Liquidating Change in Obligated Balance	+340	-1,449
Change in Uncollected Customer Payments	0	0
Housing Program:		
Loan Sales Loan Subsidy	+22,894	-3,816
Direct Acquired Loan Subsidy	-268	0
Transitional Housing Loan Subsidy	0	0
Upward reestimate, with interest:		
Guaranteed Loans	+391,783	-673,910
Loan Sales Securities	+3,027	-14,036
Direct Acquired Loans	+80,988	-114,565
Direct Vendee Loans	+98	-98
Change in Obligated Balances/other	0	0
Administrative Expenses	+26,444	-1,436
Net Change	**+$529,328**	**-$808,384**
Estimated Outlays (net)	**$983,080**	**$174,696**

Outlays for mandatory programs in 2010 are projected to increase by $529.3 million from the 2009 level. This is primarily due to an increase of $475.9 million in upward reestimates for the Guaranteed Loan, Loan Sale Securities, and Direct Acquired and Vendee Loan programs. Additionally, there is an increase of $22.9 million in Loan Sales Loan Subsidy, an increase of $4.4 million in Liquidating Account net outlays, and an increase of $26.4 million in Administrative Expenses.

Outlays for mandatory programs in 2011 are currently projected to decrease by $808.3 million from 2010. This is primarily due to a decrease of $802.6 million in upward reestimates for the Guaranteed Loans, Loan Sales Securities, and Direct Acquired and Vendee Loans programs. The 2011 upward reestimates will not be calculated until the end of 2010 and will be shown in the 2012 Congressional Budget submission. Also, the 2011 outlay is reduced by a decrease of $3.8 million in Loan Sales Loan Subsidy and a decrease of $1.4 million in Administrative Expenses.

Financing Accounts – Non-Budgetary Financial Summary (dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Guaranteed Loans:					
Obligations	$2,810,039	$2,118,953	$2,106,017	$2,173,492	+$67,475
Collections	$2,267,306	$2,439,468	$3,023,172	$2,553,877	-$469,295
Financing Authority (net)	$0	$0	$0	$0	$0
Financing Disbursements (net)	$549,717	-$321,798	-$941,022	-$385,262	+$555,760
Loan Sales Securities:					
Obligations	$132,812	$983,389	$977,128	$963,057	-$14,071
Collections	$12,942	$1,017,300	$1,002,098	$993,436	-$8,663
Financing Authority (net)	$0	$0	$0	$0	$0
Financing Disbursements (net)	$119,870	-$33,911	-$24,970	-$30,379	-$5,408
Direct Loans:					
Obligations	$244,773	$1,358,314	$1,191,301	$1,320,117	+$128,816
Collections	$190,936	$1,152,664	$1,166,637	$1,093,623	-$73,014
Financing Authority (net)	-$35,365	$205,650	$57,610	$226,494	+$168,884
Financing Disbursements (net)	$12,023	$205,446	$66,548	$226,369	+$159,821
Transitional Housing Loans:					
Obligations	$715	$257	$507	$248	-$259
Collections	$507	$275	$359	$313	-$46
Financing Authority (net)	-$25	-$12	$0	-$59	-$59
Financing Disbursements (net)	$208	-$18	$148	-$64	-$212
Housing Financing Accounts Totals:					
Obligations	$3,188,338	$4,460,913	$4,274,953	$4,456,914	+$181,961
Collections	$2,471,692	$4,609,707	$5,192,266	$4,641,248	-$551,018
Financing Authority (net)	-$35,390	$205,638	$57,610	$226,435	+$168,825
Financing Disbursements (net)	$681,818	-$150,280	-$899,296	-$189,335	+$709,961

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a negative subsidy rate in 2011 and will not require any subsidy to guarantee 240,117 Veterans Housing loans, totaling $53.6 billion. Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, included some changes to the Loan Guaranty Program. The Act extends the authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30, 2012. The

Act also increases the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans can now be made up to 100 percent of the appraised value of the home. Lastly, the Act extends the increase to the maximum guaranty from January 1, 2009 through December 31, 2011.

The $19.1 million (on-budget) in Loan Sales subsidy for 2011 is to finance 12,249 loan commitments totaling $953.9 million. The Veterans Housing Direct Vendee and Acquired Loan Programs have negative subsidy rates in 2011 and will not require any subsidy to finance 7,112 and 543 loans (respectively), totaling $1.0 billion and $92.3 million (respectively). VA will continue to refund or acquire guaranteed loans based on current laws and normal operating procedures.

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

Financing	**2010 Current Estimate**	**2011 Estimate**
Prior Year Net Disbursements	$681,818	-$899,296
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	-$704,022	+$67,475
Offsetting collections	-755,866	+469,295
Change in obligated balances	-70,605	+18,990
Change in Uncollected Customer Payments	+39,754	0
Loan Sales Securities:		
Obligations	+844,316	-14,071
Offsetting collections	-989,157	+8,663
Change in obligated balances	0	0
Change in Uncollected Customer Payments	0	0
Direct Loans:		
Obligations	+946,528	+128,816
Offsetting collections	-975,700	+73,014
Change in obligated balances	+82,484	-42,009
Change in Uncollected Customer Payments	+1,214	0
Transitional Housing Loans:		
Obligations	-208	-259
Offsetting collections	+148	+46
Change in obligated balances	-1	+1
Change in Uncollected Customer Payments	0	0
Net Change	**-$1,581,114**	**+$709,961**
Estimated Net Disbursements	-$899,296	-$189,335

In 2010, total financing net disbursements (outlays) are projected to decrease $1.6

billion, mostly due to decreases in Guaranteed Loans and Loan Sales Securities outlays. Net disbursements for Guaranteed Loans are estimated to decrease $1.5 billion, primarily due to increases in offsetting collections that exceed increases in obligations. Net disbursements for Loan Sales Securities are estimated to decrease $144.8 million, primarily due to increases in offsetting collections that exceed increases in obligations. These decreases in obligations are slightly offset by an increase of $54.5 million in Direct Loan net disbursements.

In 2011, total financing net disbursements (outlays) are projected to increase $710.0 million, mainly due to net increases in Guaranteed Loan and Direct Loan outlays. Net disbursements for the GLFA are currently projected to increase $555.8 million in 2011, primarily due to increases in obligations and decreases in offsetting collections. Net disbursements for Direct Loans are projected to increase $159.8 million, primarily due to increases in obligations and decreases in offsetting collections. This increase in outlays is offset by a decrease in net disbursements for Loan Sales Securities of $5.4 million in 2011, primarily due to decreases in obligations that exceed increases in offsetting collections. Most of the increase in obligations and offsetting collections are due to increases in reestimates, which will not be calculated until the end of 2010 and shown in the 2012 Congressional Budget submission.

Workload Summary
(dollars in thousands)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	-0.66%	-0.17%	-0.17%	-0.31%	-0.14%
Number of guaranteed loans	323,812	220,000	267,858	240,117	-27,741
Amount of guaranteed loans	$67,848,884	$46,260,027	$58,286,163	$53,570,035	-$4,716,128
Average loan amount (full dollars)	$209,532	$210,273	$217,601	$223,100	+$5,499
Loan Sales Securities:					
Subsidy rate	0.00%	2.42%	2.42%	2.00%	-0.42%
Guaranteed loans sold:					
Number of loans sold	0	12,388	12,282	12,249	-33
Amount of loans sold	$0	$973,273	$946,029	$953,892	+$7,863
Average loan amount (full dollars)	$0	$78,566	$77,025	$77,873	+$847
Gross proceeds from sale	$0	$982,741	$955,232	$963,172	+$7,939
Direct Loans:					
Acquired Loans:					
Subsidy rate	3.04%	-10.15%	-10.15%	-0.13%	+10.02%
Number of Loans	81	491	500	543	+43
Total amount of loans	$9,151	$80,300	$82,733	$92,291	+$9,559
Average loan amount (full dollars)	$112,967	$163,678	$165,401	$169,970	+$4,569
Vendee Loans:					
Subsidy rate	-3.29%	-4.45%	-4.45%	-2.42%	+2.03%
Number of Loans	435	7,835	6,282	7,112	+830
Total amount of loans	$61,232	$1,029,955	$882,289	$1,009,843	+$127,555
Average loan amount (full dollars)	$140,642	$131,461	$140,439	$141,988	+$1,549
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

Proposed Legislation for 2011 Budget

Permission of Occupancy of Veteran's Child(ren)
Legislation will be proposed to allow occupancy by a dependent child to satisfy occupancy requirements of VA home loans. This will permit a veteran who is unable to occupy a property as his/her primary residence due to active duty status or overseas employment, to use his/her earned Loan Guaranty benefit.

First Lien Exemption for Public Entities
Legislation will be proposed to extend first lien exemption to public entities as well as private entities during disaster relief situations only. This will allow disaster relief agencies and Veterans to have more options in the type of assistance available.

Authority to Pool Loans
Legislation will be proposed to extend the authority to pool loans for two years. This will allow the VA to obtain the best pricing for the pooled and securitized loans and to continue selling loans at a greater return without any additional risk.

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: $707,000.

Summary of Net 2011 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	$707	$707	$0	$0
Direct Loan Financing Account	0	0	$3,803	$3,255
Total	**$707**	**$707**	**$3,803**	**$3,255**

Summary of Budget Request

An appropriation of $707,000 is being requested to reimburse the General Operating Expenses account for expenses necessary to administer this program. The Native American Housing program has a negative subsidy rate in 2011 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 make direct loans to Veterans who are members of Federally-recognized tribes to purchase, construct, or improve homes located on Federal trust lands, or to refinance a loan previously made under this program to lower the interest rate. These homes must be occupied as the primary residence.

The potential maximum loan amount under this authority ranges from $417,000 in standard areas up to $1,641,937.50 in high cost areas. Veterans pay a funding fee of 1.25 percent of the loan amount but Veterans with service-connected disabilities 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)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Obligations					
Loan modification subsidy	$0	$0	$0	$0	$0
Upward reestimates, including interes	1,229	0	1,454	0	-1,454
Administrative expenses:					
Veterans Benefits Administration	597	644	644	687	+43
General Counsel	20	20	20	20	0
Total administrative expenses	617	664	664	707	+43
Total obligations	**$1,847**	**$664**	**$2,118**	**$707**	**-$1,411**
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)	**$1,847**	**$664**	**$2,118**	**$707**	**-$1,411**
Obligated Balance:					
Start of year	$0	$0	$0	$0	$0
End of year	$0	$0	$0	$0	$0
Outlays (net)	**$1,847**	**$664**	**$2,118**	**$707**	**-$1,411**
Financing:					
Appropriation, discretionary	$646	$664	$664	$707	+$43
Mandatory Indefinite	$1,229	$0	$1,454	$0	-$1,454
Workload:					
Number of direct loans established	122	60	108	60	-48
Average direct loan amount (dollars)	$148,960	$176,532	$149,565	$151,210	+$1,645
Amount of direct loans established	$18,173	$10,592	$16,153	$9,073	-$7,080
NA direct loan subsidy rate	-10.07%	-32.78%	-32.78%	-13.65%	-19.13%

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 2011.

To provide for origination, servicing, management, investment and common overhead expenses, $707,000 is required for the Program Account. This amount will provide VBA seven FTE at a cost of $687,000 payroll and non-payroll 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)		
	2010 Current Estimate	**2011 Estimate**
Prior year outlays (net)	**$1,847**	**$2,118**
Increases (+) and Decreases (-)		
Loan Modification Subsidy	$0	$0
Upward reestimates, including interest	+224	-1,454
Administrative expenses	+47	+43
Change in obligated balance/other	0	0
Net Change	**$271**	**-$1,411**
Estimated Outlays (net)	**$2,118**	**$695**

In 2010, outlays will total $2.1 million, an increase of $0.3 million from the 2009 level. This is primarily due to an increase of $0.2 million in the direct loan upward reestimates from $1.2 million to $1.5 million.

In 2011, outlays will total approximately $0.7 million, a decrease of $1.4 million from the 2010 level. The decrease is mainly the result of the 2010 upward reestimates in the amount of $1.5 million, slightly offset by administrative expenses. The 2011 upward reestimates will not be calculated until the end of 2010 and will be shown in the 2012 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)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
Obligations:					
Direct loans	$18,173	$10,592	$16,153	$9,073	-$7,080
Negative subsidy	1,805	3,472	5,295	1,238	-4,057
Interest on Treasury borrowings	4,045	2,658	1,349	1,456	+107
Property expenses	11	4	39	41	+2
Other Expenses	0	0	0	0	0
Treasury Receipt account:					
Downward Reestimates	413	0	1,366	0	-1,366
Int. on Downward Reestimates	204	0	502	0	-502
Total obligations	**$24,652**	**$16,726**	**$24,704**	**$11,808**	**-$12,896**
Unobligated Balance:					
Start of year	$865	$0	$3,609	$0	-$3,609
End of year	$3,609	$0	$0	$0	$0
Obligated Balance:					
Start of year	$1,536	$6,212	$314	$2,968	+$2,654
End of year	$314	$5,429	$2,968	$3,516	+$548
Offsetting Collections:					
Payments from Program account	$1,229	$0	$1,454	$0	-$1,454
Loan Modification Subsidy	0	0	0	0	0
Interest on Uninvested funds	1,239	0	0	0	0
Loan repayments	15,733	2,732	3,762	4,739	+977
Interest received on loans	2,203	3,198	2,878	3,157	+279
Fees	94	69	113	76	-37
Other	37	17	34	33	-1
Total offsetting collections	**$20,536**	**$6,016**	**$8,240**	**$8,005**	**-$235**
Financing:					
Financing authority, net	$34,919	$10,711	$16,464	$3,803	-$12,661
Financing disbursements, net	$5,338	$11,493	$13,809	$3,255	-$10,555

Summary of Off-Budget Financing Account

Obligations are estimated at $11.8 million for 2011 and are expected to support 60 direct loans to Native American Veterans with a value of almost $9.1 million. Obligations also reflect interest on Treasury borrowing of $1.5 million and negative subsidy of $1.2 million. 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 2011 are estimated at $8.0 million, including $4.7 million in repayments and prepayments of principal, $3.2 million from borrower's interest payments, $76,000 from fees on loans, and $33,000 from other collections. Collections are $0.2 million lower in 2011 than in 2010 because of upward reestimates. The 2011 upward reestimates will not be calculated until the end of 2010 and shown in the 2012 Congressional Budget submission.

Changes from Original 2010 Budget Estimate

The current obligation estimate for 2010 is almost $8.0 million higher than the original estimate primarily due to an increase in direct loan obligation of over $5.6 million. There is also an increase in the negative subsidy of $1.8 million and the downward reestimates of approximately $1.9 million. These increases are slightly offset by a decrease in estimated interest payments to Treasury for borrowings of $1.3 million.

Native American Direct Loan Financing Account – Off-Budget
Analysis of Increases and Decreases – Outlays
(dollars in thousands)

	2010 Current Estimate	2011 Estimate
Prior year outlays (net)	$5,338	$13,809
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	-$2,020	-$7,080
Negative Subsidy	+3,490	-4,057
Interest on Treasury borrowing	-2,696	+107
Property Expenses	+28	+2
Other Expenses	0	0
Payments to Treasury Receipt account:		
Downward Reestimates	+953	-1,366
Int. on Downward Reestimates	+298	-502
Offsetting collections:		
Payments from Program account	-224	+1,454
Loan Modification Subsidy	0	0
Interest on Uninvested funds	+1,239	0
Loan repayments	+11,971	-977
Interest received on loans	-675	-279
Fees	-18	+37
Other	+3	+1
Change in obligated balances/other	-3,876	+2,106
Change in Uncollected Customer Payments	0	0
Net Change	**+$8,472**	**-$10,555**
Estimated Outlays (net)	$13,809	$3,255

In 2010, outlays are estimated at $13.8 million, an increase of $8.5 million from 2009. The overall outlay increase is due to net decreases in obligations and offsetting collections. Negative subsidy obligations increase by $3.5 million. This is offset by direct loan obligations decrease by $2 million and Treasury interest expense obligations decrease by $2.7 million. The offsetting collections decrease by $12.3 million. Loan repayments decrease by $12 million. Treasury interest income collections decrease by $1.2 million. These are offset by a $3.9 million decrease in obligated balance.

In 2011, outlays are estimated at almost $3.3 million, a decrease of $10.6 million from 2010. The decrease is primarily the result of a $7.1 million decrease in direct loan obligations, a $4.1 million decrease in negative subsidy payments, a $1.9 million decrease in downward reestimates shown in 2010, an increase in loan repayments and prepayments of approximately $1 million and interest income from Veterans of $0.3 million. Offsetting the decrease is a $1.5 million decrease in offsetting collections from the program account and a $2.1 million change in obligated balances. The 2011 reestimates will not be calculated until the end of 2010 and shown in the 2012 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, $62,589,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase (+) Decrease(-)
Lives Insured:[1]					
Veterans (Administered Programs)	1,098,608	1,009,371	1,015,551	934,510	-81,041
Veterans (VGLI)	429,271	449,100	437,200	442,400	+5,200
Servicemembers (SGLI)	2,402,500	2,345,000	2,396,000	2,390,000	-6,000
Spouses and Children (FSGLI)	3,168,000	3,071,000	3,160,000	3,152,000	-8,000
Total Lives Insured	**7,098,379**	**6,874,471**	**7,008,751**	**6,918,910**	**-89,841**
Face Amount In Force	**$ 1,336,911,969**	**$ 1,089,229,050**	**$ 1,337,123,620**	**$ 1,336,891,080**	**$ -232,540**
Obligations:					
Death Claims	$ 1,102,154	$ 1,148,772	$ 1,147,665	$ 1,126,323	$ -21,342
Dividends	325,032	288,110	302,120	263,070	-39,050
Premiums Paid to Prudential	800,350	797,760	834,220	832,150	-2,070
Transfers to Insurance Funds	360,541	40,592	319,651	54,289	-265,362
Payments for Administrative Expenses	39,163	45,144	45,344	45,366	+22
Capital Investments	83,053	75,960	83,610	85,470	+1,860
All Other Obligations	176,608	179,120	180,450	177,510	-2,940
Total Obligations	**$ 2,886,902**	**$ 2,575,458**	**$ 2,913,060**	**$ 2,584,178**	**$ -328,882**
Funding:					
Offsetting Collections					
Premiums	$ 94,065	$ 97,440	$ 98,630	$ 97,240	$ -1,390
SGLI Premiums	802,250	799,900	836,360	834,290	-2,070
Interest on U.S. Securities	147,859	140,040	140,730	133,280	-7,450
Payments for S-DVI	40,113	40,132	41,221	53,879	+12,658
Extra Hazard Payments	229,976	0	218,000	0	-218,000
TSGLI Payments	90,000	0	60,000	0	-60,000
All Other Collections	273,568	255,840	241,080	224,420	-16,660
Total Collections	**$ 1,677,830**	**$ 1,333,352**	**$ 1,636,021**	**$ 1,343,109**	**$ -292,912**
Unobligated balance (SOY)	**$ -9,816,891**	**$ -9,228,033**	**$ -9,305,630**	**$ -8,666,509**	**$ +639,121**
Unobligated balance (EOY)	**$ 9,305,630**	**$ 8,601,475**	**$ 8,666,509**	**$ 8,011,659**	**$ -654,850**
Budget Authority, net:					
Insurance Benefit (VI&I)	$ 42,300	$ 49,288	$ 49,288	$ 62,589	$ +13,301
Transfer From C&P	$ 5,772	$ 0	$ 0	$ 0	$ 0
Trust Funds	$ 1,121,840	$ 1,139,530	$ 1,163,840	$ 1,115,630	$ -48,210
Total:					
Budget Authority (net)	**$ 1,169,912**	**$ 1,188,818**	**$ 1,213,128**	**$ 1,178,219**	**$ -34,909**
Outlays (net)	**$ 1,261,796**	**$ 1,290,028**	**$ 1,344,467**	**$ 1,311,881**	**$ -32,586**

[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 redemption of U.S. securities.

In 2011, the VI&I account will require an appropriation of $62.6 million to finance its operation. This will enable VA to transfer $53.9 million to the S-DVI program, $8.3 million to the VMLI program, and $410,000 to the NSLI program (detailed explanations for these transfers are included under Insurance – VI&I Appropriated Fund).

Changes from Original 2010 Budget Estimate

Total obligations in 2010 increase by $337.6 million from the original 2010 estimate. The majority of this increase is a result of a $279.1 million increase in transfers to insurance funds, a $36.5 million increase in premiums paid to Prudential, and a $14 million increase in dividends.

The change in transfers to insurance funds is mainly due to an increase of $218 million in extra hazard payments and $60 million in transfers to fund the Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) program. Extra hazard payments are payments that fund the difference between death claims incurred during hostile military action and what would be expected under peacetime experience. TSGLI payments are extra hazard payments that are transferred from DoD to fund the excess of TSGLI claims paid over TSGLI premiums received since the premium is intended to cover the civilian incidence of traumatic injuries.

Premiums paid to the Prudential Insurance Company of America in 2010 increase by $36.5 million from the original 2010 estimate. This increase is a result of an increase in the estimate of the number of servicemembers and their spouses covered under the SGLI program.

Dividends increase by $14 million from the original 2010 estimate as a result of higher than projected inforce and interest earnings.

Offsetting collections in 2010 are projected to increase by $302.7 million from the original 2010 estimate. The majority of this increase is the result of increases in extra hazard payments of $218 million, TSGLI payments of $60 million, and SGLI premiums of $36.5 million (discussed above). SGLI premiums, 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)		
	2010 Current Estimate	**2011 Request**
Prior Year Outlays	$ 1,261,796	$ 1,344,467
Increases (+) and Decreases(-)		
Obligations:		
Death Claims	+45,511	-21,342
Dividends	- 22,912	-39,050
Premiums Paid to Prudential	+33,870	-2,070
Transfers to Insurance Funds	-40,890	-265,362
Payments for Administrative Expenses	+6,181	+22
Capital Investments	+557	+1,860
All Other Obligations	+3,842	-2,940
Offsetting collections:		
Premiums	-4,565	+1,390
SGLI Premiums	-34,110	+2,070
Interest on U.S. Securities	+7,129	+7,450
Payments for S-DVI	-1,109	-12,658
Extra Hazard Payments	+11,976	+218,000
TSGLI Payments	+30,000	+60,000
All Other Collections	+32,488	+16,660
Change in Obligated Balances	+14,703	+3,384
Net Change	**$ +82,671**	**$ -32,586**
Estimated Outlays (net)	$ 1,344,467	$ 1,311,881

In 2010, outlays increase by $82.7 million above the prior year. The increase in net outlays is primarily a result of an increase in death claims, 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 are projected to increase in 2010 based on the projected mortality rates of policyholders. 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 2010, SGLI premiums and premiums paid to Prudential increase by $34 million. Extra hazard payments and TSGLI payments received from DoD increase by $42 million, and transfers to insurance funds from VA to Prudential also increase by the same amount. These obligations and collections offset each other and as a result, do not affect net outlays.

In 2011, outlays are projected to decrease by $32.6 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 major decreases in extra hazard payments ($218 million) and TSGLI payments ($60 million). However, as mentioned above, the decreases in collections of extra hazard and TSGLI payments are offset by a decrease in transfers to insurance funds, and as a result, do not affect net outlays.

Summary of Insurance Programs 2011
(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	2,240	574,405	2,927	142,902	23,900	188,136	2,390,000	3,152,000	442,400	6,918,910
Number of Polices Inforce										
Term insurance	2,240	154,520	n/a	11,000	n/a	73,570	n/a	n/a	n/a	241,330
Permanent plans	n/a	504,856	2,970	146,255	27,540	143,834	n/a	n/a	n/a	825,455
Tot. policies inforce	**2,240**	**659,376**	**2,970**	**157,255**	**27,540**	**217,404**	**2,390,000**	**3,152,000**	**442,400**	**7,051,185**
Tot. value inforce(1)	**$ 165**	**$ 7,980**	**$ 8**	**$ 2,120**	**$ 280**	**$ 2,240**	**$ 1,129,228**	**$ 128,951**	**$ 65,918**	**$ 1,336,891**
Avg amt. per policy(2)	$ 73,661	$ 12,102	$ 2,694	$ 13,481	$ 10,167	$ 10,303	$ 472,480	$ 40,911	$ 149,001	
Avg age	57.6	85.1	92.5	79.5	86.0	61.5	29.6	32.7(3)	49.1	
Annual death rate per 1,000	49.9	100.9	174.3	43.4	102.5	36.7	0.8	0.78(4)	5.0	

(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 $90,000 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.

Servicemembers' Group Life Insurance - Public Enterprise Fund - Includes Veterans' Group Life Insurance[2] (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 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.

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[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.*

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. Public Law 109-13 established the TSGLI program as a rider under the SGLI program effective December 1, 2005. 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. 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.

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 up to $20,000 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-supporting[3].

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 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 $20,000 in coverage at standard rates, based on their current age. No waiver of premiums can be granted on the supplemental coverage.

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]

Legislative Proposals

VGLI Increased Coverage Act
This proposal will provide opportunity for veterans to increase VGLI coverage in increments of $25,000 without medical underwriting. The opportunity will be available every 5 years with a total coverage not to exceed current legislated maximum SGLI. Current law limits the amount of VGLI allowed to the amount

[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.*

of SGLI at discharge and as a result, many service-disabled VGLI insured, have no opportunity to increase coverage to meet current family needs. This proposed change would allow veterans, including service-disabled veterans, to purchase adequate amounts of life insurance to protect their families. There are no PAYGO costs associated with this proposal, and therefore do not impact the budget.

SGLI Two Year Total Disability Extension Retention Act

Under current law and procedures, if an insured service member is totally disabled at the time of separation from service, the member's SGLI coverage may be continued for up to two years, for free, following separation from service. Effective October 1, 2011, this provision expires and the SGLI extension period will be reduced from two-years to 18-months. The SGLI Two Year Total Disability Extension Retention Act will allow for the indefinite retention of the two-year total disability extension period. By maintaining the SGLI Total Disability Extension period at two years, this will maximize the opportunity for totally disabled Veterans, who have no hope of obtaining commercial insurance, to make informed decisions regarding their life insurance needs and options. It also guarantees that those most in need, who have been traumatized by their disabilities, will be fully covered under the SGLI program during this transition period with no action or cost on their part. There are no PAYGO costs associated with this proposal, and therefore do not impact the budget.

Highlights by Account
(dollars in thousands)

	2009 Actual	2010 Current Estimate	2011 Request	Increase (+) Decrease (-)
Obligations				
USGLI	$ 4,876	$ 4,530	$ 4,000	$ -530
NSLI	1,349,542	1,358,980	1,294,790	-64,190
SDVI	101,016	109,869	118,209	+8,340
VRI	51,250	52,050	48,310	-3,740
VSLI	207,701	220,940	219,500	-1,440
SGLI	1,122,226	1,114,360	834,290	-280,070
VI& I	50,291	52,331	65,079	+12,748
Total obligations	**$ 2,886,902**	**$ 2,913,060**	**$ 2,584,178**	**$ -328,882**
Budget authority (gross)				
USGLI	$ 4,876	$ 4,530	$ 4,000	$ -530
NSLI	1,349,542	1,358,980	1,294,790	-64,190
SDVI	93,405	102,951	118,209	+15,258
VRI	28,489	25,610	22,560	-3,050
VSLI	199,848	190,900	182,380	-8,520
SGLI	1,122,257	1,114,380	834,310	-280,070
VI& I	50,299	51,798	65,079	+13,281
Total budget authority (gross)	**$ 2,848,715**	**$ 2,849,149**	**$ 2,521,328**	**$ -327,821**
Outlays (gross)				
USGLI	$ 6,479	$ 6,180	$ 5,600	$ -580
NSLI	1,420,413	1,415,496	1,363,320	-52,176
SDVI	101,409	109,546	118,129	+8,583
VRI	53,680	54,787	51,380	-3,407
VSLI	198,266	215,908	217,190	+1,282
SGLI	1,111,009	1,125,577	834,292	-291,285
VI& I	49,886	52,993	65,079	+12,086
Total outlays (gross)	**$ 2,941,141**	**$ 2,980,488**	**$ 2,654,990**	**$ -325,498**
Offsetting collections				
USGLI	$ 189	$ 140	$ 110	$ -30
NSLI	232,389	199,530	183,050	-16,480
SDVI	93,405	102,951	118,209	+15,258
VRI	28,489	25,610	22,560	-3,050
VSLI	198,885	190,900	182,380	-8,520
SGLI	1,122,247	1,114,380	834,310	-280,070
VI& I (VMLI)	2,227	2,510	2,490	-20
Total offsetting collections	**$ 1,677,830**	**$ 1,636,021**	**$ 1,343,109**	**$ -292,912**

Highlights by Account (cont.)
(dollars in thousands)

	2009 Actual	2010 Current Estimate	2011 Request	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	$ 4,688	$ 4,390	$ 3,890	$ -500
NSLI	1,117,152	1,159,450	1,111,740	-47,710
SDVI	0	0	0	+0
VRI	0	0	0	+0
VSLI	0	0	0	+0
SGLI	0	0	0	+0
VI& I	48,072	49,288	62,589	+13,301
Total budget authority (net)	**$ 1,169,912**	**$ 1,213,128**	**$ 1,178,219**	**$ -34,909**
Outlays (net)				
USGLI	$ 6,290	$ 6,040	$ 5,490	$ -550
NSLI	1,188,023	1,215,966	1,180,270	-35,696
SDVI	8,004	6,595	-80	-6,675
VRI	24,649	29,177	28,820	-357
VSLI	-1,582	25,008	34,810	+9,802
SGLI	-11,247	11,197	-18	-11,215
VI& I	47,659	50,483	62,589	+12,106
Total outlays (net)	**$ 1,261,796**	**$ 1,344,467**	**$ 1,311,881**	**$ -32,586**
Number of lives insured				
USGLI	4,604	3,745	2,927	-818
NSLI	726,549	649,122	574,405	-74,717
SDVI	174,901	181,761	188,136	+6,375
VRI	30,604	27,146	23,900	-3,246
VSLI	159,677	151,507	142,902	-8,605
SGLI	2,402,500	2,396,000	2,390,000	-6,000
FSGLI	3,168,000	3,160,000	3,152,000	-8,000
VGLI	429,271	437,200	442,400	+5,200
VI& I (VMLI)	2,273	2,270	2,240	-30
Total number of lives insured	**7,098,379**	**7,008,751**	**6,918,910**	**-89,841**
Dividends				
USGLI	$ 751	$ 640	$ 500	$ -140
NSLI	248,510	227,580	195,810	-31,770
VRI	8,281	7,620	6,400	-1,220
VSLI	67,490	66,280	60,360	-5,920
Total Dividends	**$ 325,032**	**$ 302,120**	**$ 263,070**	**$ -39,050**

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 (PL 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 by Congress in the American Recovery and Reinvestment Act of 2009 (PL 111-5). These payments are to be made from the Filipino Veterans Equity Compensation Fund, a $198,000,000 appropriation (available until expended) established for this purpose. $82,438,000 was obligated in the first year.

The Veterans Benefits Administration must receive applications for this benefit no later than February 16, 2010, which is one year from the date the legislation was enacted. Claims must 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 will 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.

Filipino Veterans Equity Compensation Funding (dollars in thousands)			
	2009	**2010**	**2011**
Obligations	$82,438	$106,000	$9,562
SOY	0	115,562	9,562
EOY	115,562	9,562	0
Budget Authority	198,000	0	0
Outlays	82,438	106,000	9,562

GOE Summary

Appropriation Language

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 therefore; 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, and the Department of Defense for the cost of overseas employee mail, $2,588,389,000: 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 the Veterans Benefits Administration shall be funded at not less than $2,148,776,000:* Provided further, *That of the funds made available under this heading, not to exceed $130,000,000 shall be available for obligation until September 30, 2012:* 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.*

Program Description

The GOE Appropriation, along with reimbursements from: (1) the credit appropriations; (2) surplus earnings from certain insurance programs; and (3) other miscellaneous accounts provides funding for the administration of all non-medical benefits and support functions within the Department of Veterans Affairs. This encompasses two broad activities: the Veterans Benefits Administration (VBA) and General Administration. An additional $23,584,000 is provided to GOE under the General Provisions to increase the Department's acquisition workforce capacity and capabilities.

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

General Administration consists of the Office of the Secretary, six Assistant Secretaries and three independent staff offices. The Office of the Secretary provides Department-level policy guidance. The Assistant Secretaries and the three independent staff offices provide policy guidance, subject matter expertise, and management support to the Veterans Health Administration, VBA, National Cemetery Administration, and the Chief Information Officer.

General Operating Expenses
Appropriation Highlights
(dollars in thousands)

Appropriation	2009 Actual	2010 Budget	2010 Enacted	2011 Request
Veterans Benefits Administration	$1,461,295	$1,825,000	$1,689,207	$2,148,776
Annual	*1,466,095*	*1,825,000*	*1,689,207*	*2,148,776*
BA Transfers 1/	*-4,800*	---	---	---
General Administration	$335,772	$393,500	$397,500	$439,613
Annual	*335,772*	*393,500*	*397,500*	*439,613*
Subtotal	**$1,797,067**	**$2,218,500**	**$2,086,707**	**$2,588,389**
Recovery Act	$157,100	---	---	---
Acquisition Improvement Initiative	---	---	---	$23,584
Total Appropriations	**$1,954,167**	**$2,218,500**	**$2,086,707**	**$2,611,973**
Start of Year Unobligated Balances 2/	$217,441	$124,946	$201,089	$5,557
Balance Transfers 1/	-$35,000	---		---
Total Direct Budgetary Resources	$2,136,608	$2,343,446	$2,287,796	$2,617,530
GOE Average Employment				
Veterans Benefits Administration	17,123	18,700	19,497	21,248
Recovery FTE (non-add)	*458*	*1503*	*2,298*	*0*
General Administration	2,591	2,804	3,037	3,297
Total Average (FTE)	**19,714**	**21,504**	**22,534**	**24,545**

1/ 2009 BA and Balance transfers to to IT

Summary of Budget Request

The total General Operating Expenses (GOE) Appropriation request for 2010 is $2,611,973,000 and 24,545 FTE. This includes $2,148,776,000 for the Veterans Benefits Administration to administer entitlement programs such as service connected disability compensation, education benefits, and vocational rehabilitation services. A total of $463,197,000 is requested to support the staff offices within the General Administration account, including the Office of the Secretary, six Assistant Secretaries, the Board of Veterans' Appeals, General Counsel, and the Office of Acquisition, Logistics and Construction. This amount includes $23,584,000 for VA's acquisitions workforce. For additional details on the GOE funding request and associated performance metrics, please refer to the individual program chapters included in this volume.

Veterans Benefits Administration

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Veterans Benefits Administration

VBA Mission Statement

The mission of the Veterans Benefits Administration 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.

VBA Core Values

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

- Respect, integrity, trust, and fairness are hallmarks of all our interactions.
- We value a culture where everyone is involved, accountable, respected, and appreciated.

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2011 Budget Submission.

Program Highlights

VBA is committed to transforming into a 21st century organization that adapts to new realities, leverages new technologies, and serves a changing population of Veterans.

This budget will provide the resources necessary for VBA to improve services for Veterans and continue to make significant steps toward the President's two overarching goals - to transform VA into a 21st Century organization and approach Veterans' care as a lifetime commitment, from the day the oath is taken and continues beyond the day they are laid to rest to survivors benefits. It supports VBA's efforts to improve claims processing with enhanced business processes, expanded technology, and increased staffing.

VA has begun a number of innovative technology improvements to improve services for Veterans and continue to transform VBA to a 21st century organization. These technology improvements will assist VBA to fulfill our responsibilities as Veterans' advocates to process Veterans benefit claims quicker and reduce our inventory.

Until the development and implementation of automated solutions are complete, VBA will remain dependent on manual processes to reach our claims processing goals. The three key and interdependent technology initiatives, each providing a unique service are:

1) Veterans Benefits Management System (VBMS) replaces the current paper-centric claims environment with capabilities to process claims electronically from any location. It begins with processing compensation claims and there are three parts: the Virtual Regional Office, three iterative pilots, and the nationwide deployment.
2) Veterans Relationship Management (VRM) enhances Veterans', their families', and their agents' self-service capabilities to monitor and update their accounts through a secure, multi-channel customer relationship system. VRM will increase the access, speed, and efficiency of information. The framework will provide our clients with the ability to:
    - Access VA through multiple methods (telephone, web, e-mail, and kiosk);

- Uniformly find information about VA's benefits and services;
- Complete actions relevant to their VA benefits/services;
- Be quickly identified by VA without having to repeat information;
- Seamlessly access VA across multiple service lines (health, compensation, education, etc.).

3) Virtual Lifetime Electronic Record (VLER) creates a system that will ultimately contain administrative and medical information from the day an individual enters military service, throughout their military career and after they leave the military (including private sector providers who care for Veterans and their beneficiaries). VLER will streamline VA's use of data and information resulting in:
   - Less burden on service members and Veterans to provide information;
   - More effective and efficient delivery of care and benefits;
   - Higher quality for service members, their families and Veterans;
   - Reduced costs through decreased errors and reduced test duplication.

These technology initiatives will:

- Improve communications and enable VBA to become better advocates for Veterans;
- Allow VBA to process claims faster through a robust and efficient 21st century electronic claims processing platform;
- Invest in 21st century technology that will enable improvements to business processes and policies, enhance our Veterans' VA experience, and increase our transparency.

Disability Compensation and Pensions

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

The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA annual claims receipts grew 28.6 percent from 2005 to 2009 – from 788,298 to 1,013,712, an increase of over 225,000. In 2010 and 2011, we anticipate claims receipts will increase to 1,332,347 and 1,318,753, respectively. Several factors contribute to the surge in claims received, including the impending addition of Ischemic Heart Disease, Parkinson's Disease, Hairy Cell and other chronic B-cell Leukemia's to the list of conditions subject to the presumption of service connection as a result of

exposure to Agent Orange; improved access to benefits through pre-discharge programs; increased demand as a result of the ongoing conflicts; and the impact of a difficult economy. We project our pending workload will increase throughout 2010 ending the year with 700,669 claims pending in our inventory. Due to the shear volume of anticipated workload in the immediate future, VA's pending inventory is projected to increase from 2010 to 2011. The 2011 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 clients.

Moreover, the complexity of the workload will continue to grow because Veterans are claiming greater numbers of disabilities and the nature of disabilities such as post-traumatic stress disorder (PTSD), complex combat injuries, diabetes and related conditions, and environmental diseases is becoming increasingly complex. The number of original claims for eight or more disabilities increased from 43,655 in 2005 to 67,175 in 2009 (a ***54 percent*** increase).

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.

The American Recovery and Reinvestment Act of 2009 made one-time payments of $250 to eligible Veterans and other beneficiaries to mitigate the effects of the current economy. These payments were issued beginning in June 2009. Through December 2009, VA paid approximately $472 million from the Compensation and Pensions account to eligible beneficiaries as part of this measure. The Recovery Act provided $7.1 million in funding to the VBA General Operating Expenses account to administer the benefit payments which VBA will continue to obligate through 2010.

The Recovery Act provided $150 million for the hiring and training of temporary surge claims processors through 2010. In 2009, VBA hired approximately 2,300 Compensation, Pension, and Education claims processors, who will be retained through September 2010. This budget contains continued funding for 1,696 FTE hired in 2009 and 2010 with American Recovery and Reinvestment Act funds to support reduction of the claims backlog.

The Pensions Program provides monthly payments, as specified by law, to needy wartime Veterans who are permanently and totally disabled as a result of a disability not related to military service or are age 65 or older. The program also provides monthly payments to needy surviving spouses and dependent children

of deceased wartime Veterans. The 2011 budget request supports improvements in timeliness, accuracy, and services to our Veterans and their survivors.

In 2002, the Pension Management Centers (PMCs) were established to consolidate several maintenance claims processing functions to improve quality and productivity and reduce the time for processing pension cases. Full transfer of original pension claims was completed in 2008, relieving regional offices of their remaining pension work, allowing them to focus solely on compensation claims processing and related actions. Consolidation of survivors benefit claims processing to the PMCs is underway and is scheduled to be completed in 2010. This will not only provide a reduced wait time for survivor clients to receive benefits, but will also provide increased accuracy and consistency in service provided to our survivor clientele.

Education

VBA's Education programs provide Veterans, servicemembers, reservists, and certain family members with educational resources. Our 2011 budget request reflects our commitment to their needs. These programs are meant to assist in the readjustment to civilian life, to help the armed forces both recruit and retain members, and to provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. In 2009, VA provided educational assistance benefits to approximately 560,000 individuals, totaling over $3.5 billion.

In 2009, Education Service implemented the provisions of Public Law 110-252, the Supplemental Appropriations Act of 2008. This law established a new education benefit program under chapter 33 of title 38 U.S.C., called the Post-9/11 GI Bill. Under the Post-9/11 GI Bill, certain individuals with a qualifying period of active duty service after September 10, 2001, will be eligible for educational assistance in the form of tuition and fees, a monthly housing allowance, and a books and supplies stipend. We expect the workload and FTE to significantly increase from previous years due to this legislation, which expands education benefits and allows certain individuals the opportunity to transfer their education benefits to their dependents. We will address the expected workload and improve claims processing timeliness with 1,521 direct FTE.

Other recently enacted legislation provides a 20-year period of eligibility for spouses of Veterans with a permanent and total disability rating effective within three years of release of active duty, and removes the requirement that non-accredited institutions report prior credit to VA. Public Law 110-317 grants eligibility to educational assistance under the Montgomery GI Bill to a member of the Armed Forces who receives a sole survivorship discharge after September 11, 2001.

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

Vocational Rehabilitation and Employment

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 2010, VBA will continue to provide VR&E services to Veterans and will rehabilitate an estimated 11,000 Veterans through placement in suitable employment or gains in independence in daily living. We anticipate that the number of individuals leaving military service and being rehabilitated through VR&E services will increase. 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 continues to work collaboratively with VA's Education programs to provide continued outreach and guidance to servicemembers and Veterans eligible for the new 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 and VA. VR&E has placed full-time Vocational Rehabilitation Counselors on campus to provide a full range of services to Post-9/11 Veterans, including information regarding benefits, educational/vocational counseling, and readjustment counseling.

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 VA Vocational Rehabilitation program, partners collaborate to facilitate Veterans' adjustment to the workplace, enhance self-awareness, and connect Veterans to employers. Vital partnerships include: Department of Defense, 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 will allow VR&E to provide increased and customized informational briefings regarding VR&E benefits to servicemembers, Veterans, guard members and reservists 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. VR&E provided DTAP briefings to over 36,333 Veterans in 2009.

VR&E's VetSuccess.gov Web site serves as a comprehensive employment resource for Veterans. This virtual employment resource center allows Veterans to browse job listings, post resumes, and apply for positions online. VetSuccess.gov provides Veterans access to a database of more than 500,000 job openings. VR&E has successfully registered over 34,000 Veterans and nearly 300 employers on VetSuccess.gov. In calendar year 2009 the site logged more than 850,000 hits.

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 2009, VA guaranteed approximately 325,700 loans. In 2010 and 2011, yearly loan volumes are estimated to decrease to 267,900 and 240,100, respectively, largely due to the decline in the number of refinance loans. The decline in the numbers of refinance loans is a result of the expected increase in interest rates from the historically low levels in 2009.

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 also allows VA to more effectively manage the portfolio of VA-guaranteed loans, resulting in better service to our clients.

VA also administers the Specially Adapted Housing (SAH) program. The SAH program provides a barrier-free living environment that affords the Veteran or servicemember a level of independent living he or she may not normally enjoy. Veterans and servicemembers with specific service-connected disabilities are eligible for the SAH benefit. Eligible individuals may use the grant to construct an adapted home or to modify an existing one to meet their special needs. In 2009, VA awarded 1,270 SAH grants to eligible individuals. VA expects grant volumes in 2009 and 2010 to increase to 1,512 and 1,801, respectively, largely due to the effect of recent legislative changes.

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 WWI, WWII and Korean War eras. VA insurance programs provide $1.3 trillion of insurance coverage to 2.4 million servicemembers, 1.5 million Veterans, and 3.2 million spouses and children. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. Benefits and services are provided in an accurate and timely manner at the lowest achievable administrative cost. Insurance coverage is made available in reasonable amounts at premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

VBA's Insurance Center, located in Philadelphia, PA, provides Veterans and their dependents a full range of insurance services for those policies administered by VA. The Insurance Center is responsible for collecting premiums, answering all insurance questions and responding to all types of policy requests, including

policy changes and disability claims. The Insurance Center is also responsible for the processing of insurance awards, which is considered one of the most important services provided by the Insurance Program.

In 2009, the Insurance Program obligated $2.9 billion to servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, dividends, policy loans and cash surrender benefits, and traumatic injury protection payments. In 2011, the Insurance Program will obligate a projected $2.6 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.

Most of Insurance processes are performed via a paperless electronic workflow system, which will continue to be phased into the remaining areas of insurance processing. This will help us to continue to process disbursements more quickly than the insurance industry average. We will continue to provide world-class service through our toll-free telephone service and continue to improve alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and our self-service Web site.

Total VBA Summary
Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2009	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	15,388	16,857	17,654	19,123	1,469
Management Direction and Support	1,735	1,843	1,843	2,125	282
Total FTE	**17,123**	**18,700**	**19,497**	**21,248**	**1,751**
Obligations					
Personal Services	$1,363,485	$1,531,159	$1,568,662	$1,765,909	$197,247
Travel	22,804	25,872	27,542	46,348	18,806
Interagency Motor Pool	3,481	3,365	3,365	3,448	83
Transportation of Things	1,776	2,148	2,148	2,188	41
Rent, Communications & Utilities	147,657	191,783	174,037	206,944	32,906
Printing	2,932	4,713	4,713	4,433	-280
Other Services	292,790	336,481	371,285	421,940	50,655
Supplies and Materials	14,399	17,435	18,724	40,969	22,245
Equipment	12,692	12,065	13,493	13,493	-1
Insurance Claims	123	117	117	122	4
Total Administrative Obligations	**$1,862,139**	**$2,125,138**	**$2,184,087**	**$2,505,794**	**$321,707**
Reimbursements	-$281,472	-$175,192	-$321,040	-$357,018	-$35,978
Unobligated SOY	**-$191,739**	**-$124,946**	**-$179,397**	**-$5,557**	**$173,840**
2007 Emergency Supplemental ($82M total)	-$63,716	$0	$0	$0	$0
Economic Stimulus ($150M)	$0	-$97,253	-$123,200	$0	$123,200
Economic Stimulus ($7.1M)	$0	-$203	-$6,171	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$28,000	-$27,490	-$50,000	-$5,557	$44,443
Recycling	-$23	$0	-$26	$0	$26
Unobligated EOY	**$179,397**	**$0**	**$5,557**	**$5,557**	**$0**
2007 Emergency Supplemental ($82M total)	$0	$0	$0	$0	$0
Economic Stimulus ($150M)	$123,200	$0	$0	$0	$0
Economic Stimulus ($7.1M)	$6,171	$0	$5,557	$5,557	$0
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$50,000	$0	$0	$0	$0
Recycling	$26	$0	$0	$0	$0
Unobligated Bal expiring	$23,570	$0	$0	$0	$0
Adjustments	-$8,500	$0	$0	$0	$0
Total Appropriation	**$1,618,395**	**$1,825,000**	**$1,689,207**	**$2,148,776**	**$459,569**
Outlays (net)	**$1,504,249**	**$1,819,285**	**$1,696,994**	**$2,017,999**	**$321,005**

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

The following charts summarize VBA's 2011 discretionary budget request by program.

Disability Compensation, Pensions & Burial
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct Compensation	10,722	11,949	12,318	14,138	1,820
Direct Pensions	1,031	1,045	1,045	1,045	0
Direct Burial	115	116	116	116	0
Total Direct FTE	**11,868**	**13,110**	**13,479**	**15,299**	**1,820**
Management Direction and Support	1,338	1,439	1,439	1,669	230
Total FTE	**13,206**	**14,549**	**14,918**	**16,968**	**2,050**
Obligations					
Personal Services	$1,038,477	$1,177,706	$1,193,343	$1,388,679	$195,336
Travel	16,897	18,331	19,999	38,222	18,223
Interagency Motor Pool	2,643	2,284	2,284	2,361	78
Transportation of Things	1,301	1,665	1,665	1,714	49
Rent, Communications & Utilities	111,912	143,796	128,307	160,383	32,076
Printing	2,267	2,314	2,314	2,360	47
Other Services	242,771	277,591	309,957	340,044	30,087
Supplies and Materials	10,856	12,162	13,262	32,534	19,272
Equipment	8,584	7,908	9,337	10,407	1,070
Insurance Claims	103	106	106	109	3
Total Administrative Obligations	**$1,435,812**	**$1,643,862**	**$1,680,574**	**$1,976,814**	**$296,240**
Reimbursements	-$142,813	-$12,263	-$158,111	-$184,182	-$26,071
Unobligated SOY	**-$91,739**	**-$97,456**	**-$126,596**	**-$5,557**	**$121,039**
2007 Emergency Supplemental ($82M total)	-$63,716	$0	$0	$0	$0
Economic Stimulus ($150M)	$0	-$97,253	-$100,834	$0	$100,834
Economic Stimulus ($7.1M)	$0	-$203	-$6,171	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$28,000	$0	-$19,565	-$5,557	$14,008
Recycling	-$23	$0	-$26	$0	$26
Unobligated EOY	**$126,596**	**$0**	**$5,557**	**$5,557**	**$0**
2007 Emergency Supplemental ($82M total)	$0	$0	$0	$0	$0
Economic Stimulus ($150M)	$100,834	$0	$0	$0	$0
Economic Stimulus ($7.1M)	$6,171	$0	$5,557	$5,557	$0
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$19,565	$0	$0	$0	$0
Recycling	$26	$0	$0	$0	$0
Unobligated Bal expiring	$23,570	$0	$0	$0	$0
Adjustments	-$8,500	$0	$0	$0	$0
Total Appropriation	**$1,342,926**	**$1,534,143**	**$1,401,424**	**$1,792,632**	**$391,208**
Outlays (net)	**$1,234,363**	**$1,540,199**	**$1,419,711**	**$1,672,548**	**$252,837**

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2009	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
FTE					
Direct	1,282	1,461	1,889	1,521	-368
Management Direction and Support	128	115	115	177	62
Total FTE	**1,410**	**1,576**	**2,004**	**1,698**	**-306**
Obligations					
Personal Services	$99,840	$115,578	$137,444	$126,141	-$11,303
Travel	1,791	1,894	1,897	2,206	309
Interagency Motor Pool	268	215	215	200	-15
Transportation of Things	115	159	159	146	-13
Rent, Communications & Utilities	12,896	18,531	16,273	16,828	554
Printing	246	1,481	1,481	1,362	-119
Other Services	9,831	8,257	12,089	19,049	6,961
Supplies and Materials	1,216	1,089	1,089	3,085	1,996
Equipment	2,826	1,174	1,174	1,197	23
Insurance Claims	10	0	0	1	0
Total Administrative Obligations	**$129,041**	**$148,377**	**$171,821**	**$170,214**	**-$1,607**
Reimbursements	-$415	-$2,636	-$2,636	-$2,768	-$132
Unobligated SOY	**-$100,000**	**-$27,490**	**-$52,801**	**$0**	**$52,801**
2008 GI BILL Supplemental	-$100,000	$0	$0	$0	$0
Economic Stimulus ($150M)	$0	$0	-$22,366	$0	$22,366
GOE Carry Over	$0	-$27,490	-$30,435	$0	$30,435
Unobligated EOY	**$52,801**	**$0**	**$0**	**$0**	**$0**
2008 GI BILL Supplemental	$0	$0	$0	$0	$0
Economic Stimulus ($150M)	$22,366	$0	$0	$0	$0
GOE Carry Over	$30,435	$0	$0	$0	$0
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$35,000	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$116,427**	**$118,252**	**$116,384**	**$167,446**	**$51,062**
Outlays (net)	**$107,360**	**$111,906**	**$111,888**	**$164,255**	**$52,367**

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2009	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
FTE					
Direct	782	793	793	833	40
Management Direction and Support	101	98	98	97	-1
Total FTE	**883**	**891**	**891**	**930**	**39**
Obligations					
Personal Services	$79,440	$83,986	$83,986	$90,888	$6,902
Travel	2,066	2,663	2,663	2,881	218
Interagency Motor Pool	288	548	548	559	11
Transportation of Things	91	136	136	137	0
Rent, Communications & Utilities	7,185	10,304	10,304	10,785	481
Printing	158	357	357	169	-188
Other Services	17,416	23,920	23,731	29,096	5,365
Supplies and Materials	699	1,226	1,415	1,451	36
Equipment	374	1,809	1,809	700	-1,110
Insurance Claims	3	7	7	7	0
Total Administrative Obligations	**$107,720**	**$124,957**	**$124,957**	**$136,674**	**$11,717**
Reimbursements	-$107,720	-$124,957	-$124,957	-$136,674	-$11,717
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$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)

		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,156	1,155	1,155	1,155	0
Management Direction and Support	120	143	143	134	-9
Total FTE	**1,276**	**1,298**	**1,298**	**1,289**	**-9**
Obligations					
Personal Services	$120,941	$124,569	$124,569	$131,888	$7,319
Travel	1,933	2,826	2,826	2,884	58
Interagency Motor Pool	269	307	307	314	7
Transportation of Things	265	184	184	188	4
Rent, Communications & Utilities	11,359	14,901	14,901	15,346	445
Printing	229	509	509	511	2
Other Services	21,735	25,574	24,368	32,750	8,382
Supplies and Materials	1,342	2,648	2,648	3,599	951
Equipment	788	877	877	897	20
Insurance Claims	7	3	3	4	1
Total Administrative Obligations	**$158,868**	**$172,399**	**$171,193**	**$188,382**	**$17,189**
Reimbursements	-$320	-$328	-$328	-$337	-$9
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$158,548**	**$172,071**	**$170,865**	**$188,045**	**$17,180**
Outlays (net)	**$161,532**	**$166,736**	**$164,951**	**$180,702**	**$15,751**

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2009	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
FTE					
Direct	300	338	338	315	-23
Management Direction and Support	48	48	48	48	0
Total FTE	**348**	**386**	**386**	**363**	**-23**
Obligations					
Personal Services	$24,787	$29,320	$29,320	$28,313	-$1,006
Travel	116	157	157	155	-2
Interagency Motor Pool	13	11	11	13	1
Transportation of Things	3	3	3	3	0
Rent, Communications & Utilities	4,304	4,252	4,252	3,602	-650
Printing	33	52	52	30	-22
Other Services	1,037	1,141	1,141	1,001	-140
Supplies and Materials	286	310	309	299	-10
Equipment	120	297	297	293	-3
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$30,698**	**$35,542**	**$35,542**	**$33,710**	**-$1,832**
Reimbursements	-$30,204	-$35,008	-$35,008	-$33,057	$1,951
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$494**	**$534**	**$534**	**$653**	**$119**
Outlays (net)	**$994**	**$444**	**$444**	**$494**	**$50**

The following is a brief summary of the resources and FTE planned for each initiative. Complete descriptions of the Veterans Benefits Management System Initiative (formerly Paperless Initiative) and the Veterans Relationship Management Initiative can be found in each respective program chapter.

2011 Congressional Submission VBA Initiative Investments (000s)								
	2010 Estimate				2011 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
C&P								
Veterans Benefits Management System Initiative (formerly Paperless Initiative)	2,090	29,170	31,260	16	2,801	40,621	43,422	21
C&P Subtotal	**$2,090**	**$29,170**	**$31,260**	**16**	**$2,801**	**$40,621**	**$43,422**	**21**
VBA-Wide:								
Veterans Relationship Management	-	-	-	-	-	2,931	2,931	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$2,931**	**$2,931**	**0**
C&P Total	**$2,090**	**$29,170**	**$31,260**	**16**	**$2,801**	**$43,552**	**$46,353**	**21**
EDUCATION								
Education Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	-	-	-	-	-	391	391	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$391**	**$391**	**0**
Education Total	**$0**	**$0**	**$0**	**0**	**$0**	**$391**	**$391**	**0**
VOCATIONAL REHABILITATION & EMPLOYMENT								
VR&E Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	-	-	-	-	-	277	277	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$277**	**$277**	**0**
VR&E Total	**$0**	**$0**	**$0**	**0**	**$0**	**$277**	**$277**	**0**
HOUSING								
Housing Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide:								
Veterans Relationship Management	-	-	-	-	-	201	201	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$201**	**$201**	**0**
Housing Total	**$0**	**$0**	**$0**	**0**	**$0**	**$201**	**$201**	**0**
INSURANCE	**$0**	**$0**	**$0**	**0**	**$0**	**$0**	**$0**	**0**
VBA-Wide								
Veterans Relationship Management	-	-	-	-	-	3,800	3,800	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$3,800**	**$3,800**	**0**
TOTAL OBLIGATIONS	**$2,090**	**$29,170**	**$31,260**	**16**	**$2,801**	**$44,421**	**$47,222**	**21**

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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization-Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	2006	2007	2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strat. Target
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of deliver	1. Implement Veterans Benefits Management System (VBMS) Initiative (formerly Paperless Initiative)	**Compensation and Pension disability rating claims - average days to complete (Supports High Priority Goal)**	177	183	179	161	165	190	125
		Pension maintenance claims – average days to complete	**92**	**104**	**119**	**101**	**82**	**80**	**60**
		National accuracy rate - compensation entitlement claims	**88**	**88**	**86**	**84**	**90**	**90**	**98**
		National accuracy rate – pension maintenance claims	**88**	**91**	**93**	**95**	**95**	**95**	**98**
		Percentage of Compensation and Pension pending inventory that is more than 125 days old **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Compensation maintenance claims – average days to complete **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Compensation entitlement claims – average days to complete **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Pension entitlement claims – average days to complete **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Burial claims processed – average days to complete	72	91	84	78	75	75	21
		National accuracy rate – compensation maintenance claims	91	92	95	95	96	96	98
		National accuracy rate – pension entitlement claims	90	91	87	95	93	93	98
		Compensation and Pension National accuracy rate – fiduciary work	83	84	81	82	90	90	98
		National accuracy rate – burial claims processed	94	95	96	93	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

Integrated Strategies	Organization-Specific Strategies and Initiatives	Performance Measures Data: Measure Description (Key and Dept. Mgt. Measures in **bold**)	Results History 2006	Results History 2007	Results History 2008	Results History 2009	Annual Targets: Current Year 2010 (Final)	Annual Targets: Budget Year 2011 (Request)	Strat. Target
		Appeals Resolution Time (Average Number of Days) (Joint Measure with BVA)	657	660	645	709	700	695	675
		Number of disbursements (death claims, loans, and cash surrenders) per FTE (Insurance)	1,697	1,724	1,756	1,755	1,740	1,750	1,750
		Default Resolution Rate (1) Corrected	N/Av	N/Av	N/Av	(1) 65.1	71.0	73.0	75.0
		Specially Adapted Housing Independence (%)	93.2	91.3	N/Av	89.7	95.5	96.0	97.0
		Statistical Quality Index % (1) Future targets changed due to revised measurement criteria	99.0	99.2	99.6	99.7	(1) Baseline	TBD	TBD
		Rate of homeownership for Veterans compared to that of the general population (1) Estimated data. Final data will be published in the 2010 Performance and Accountability Report.	N/Av	N/Av	115.2	(1) 109.0	117.0	117.0	119.0
		Default Resolution Efficiency Ratio (1) Corrected	N/Av	N/Av	N/Av	(1) 24.1:1	19.0:1	19.5:1	20.0:1
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	2. Deliver Post-9/11 GI Bill benefits utilizing a streamlined and fully automated system	**Average days to complete original Education claims (Supports High Priority Goal)**	**40**	**32**	**19**	**26**	**24**	**19**	**10**
		Average days to complete supplemental Education claims	**20**	**13**	**9**	**13**	**10**	**9**	**7**
		Percentage of claims processed through the automated claims processing system (Education) **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Percent of Montgomery GI Bill or Post-9/11 GI Bill participants who successfully completed an education or training program	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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat. Target**
		Montgomery GI Bill Usage Rate (%) Veterans who have passed their 10-year eligibility period	70	70	70	TBD	71	71	80
		Education Claims Completed Per FTE **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Payment accuracy rate (Education)	94	95	96	96	94	95	97
		Telephone activities–Blocked call rate (Education)	43	32	4	38	12	10	10
		Telephone activities–Abandoned call rate (Education)	20	14	5	11	7	5	5
B. Develop a range of effective **delivery methods** that are **convenien**t to Veterans and their families	1. Implement Veterans Relationship Management, a unified, client-centric approach to service delivery, to empower and expand opportunities for self-service	Percent of claims submitted electronically via VBA's on-line benefit application (currently VONAPP) **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Success Rate of Automated Certificate of Eligibility (ACE) System **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	75.0
		Percentage of separating service-members receiving benefit and service information through eBenefits Portal 6 months prior to discharge **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
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 servicemember s are evaluated, separated, and provided benefits	Percent of DES participants receiving benefits within 30 days of discharge **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	95

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat. Target**
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) %**	**73**	**73**	**76**	**74**	**76**	**77**	**80**
		Serious Employment Handicap (SEH) Rehabilitation Rate	73	73	76	74	76	77	80
		Independent Living Rehabilitation Rate	N/Av	N/Av	N/Av	Base line	92	92	95
		Speed of Entitlement Decisions in Average Days (VR&E) (1) Corrected	54	54	48	(1) 51	45	45	40
		Average Cost of Rehabilitating Participants Using Constant 2009 Dollars	N/Av	N/Av	N/Av	Base-line	TBD	TBD	TBD
		Accuracy Rate of Decisions (Services) (VR&E)	82	77	82	80	81	85	96
		Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	95	93	96	96	95	96	99
		Employment Rehabilitation Rate	N/Av	N/Av	N/Av	Base -line	75	77	80
	2. Expand outreach and improve access to benefits information and assistance	Conversion rate of disabled SGLI members to VGLI (%) (Insurance)	41	40	45	32	50	50	50

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat. Target**
D. Engage in two-way communica-tions 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. Reestablish VBA's Customer Satisfaction Surveys	Overall satisfaction rate (%) (Compensation)	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD
		Overall satisfaction rate (%) (Pension)	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD
		Rate of high client satisfaction ratings on services delivered (%) (Insurance)	**96**	**96**	**95**	**96**	**95**	**95**	**95**
		Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (%)	N/Av	N/Av	90%	TBD	TBD	TBD	TBD
		Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim (%)	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD
		The 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	TBD	TBD	TBD	TBD
		Lender Satisfaction with VA Loan Guaranty Program (%)	93.2	92.0	N/Av	95.0	94.5	94.5	95.0
		Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)	93.1	91.7	N/Av	92.3	95.5	96.0	97.0

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Disability Compensation, Pensions & Burial

Mission

The mission of the Compensation, Pension 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 pensions 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 who 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.

The Veterans Benefits Administration (VBA) seeks to provide all possible benefits under the law to eligible claimants in a timely, accurate, and compassionate manner and, to the extent possible, apprise potential claimants of possible entitlement to benefits. This budget, in conjunction with the Office of Information and Technology, supports VA's transformation into a 21st century organization.

Stakeholders

Stakeholders include any Veteran, dependent of a Veteran, survivor of a Veteran, interest groups, and partners such as the Veterans Health Administration, National Cemetery Administration, 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)

Discretionary	2009	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	10,722	11,949	12,318	14,138	1,820
Direct Pensions	1,031	1,045	1,045	1,045	0
Direct Burial	115	116	116	116	0
Total Direct FTE	**11,868**	**13,110**	**13,479**	**15,299**	**1,820**
Management Direction and Support	1,338	1,439	1,439	1,669	230
Total FTE	**13,206**	**14,549**	**14,918**	**16,968**	**2,050**
ARRA (non-add)	*420*	*1,503*	*1,870*	*1,870*	*0*
Obligations					
Personal Services	$1,038,477	$1,177,706	$1,193,343	$1,388,679	$195,336
Travel	16,897	18,331	19,999	38,222	18,223
Interagency Motor Pool	2,643	2,284	2,284	2,361	78
Transportation of Things	1,301	1,665	1,665	1,714	49
Rent, Communications & Utilities	111,912	143,796	128,307	160,383	32,076
Printing	2,267	2,314	2,314	2,360	47
Other Services	242,771	277,591	309,957	340,044	30,087
Supplies and Materials	10,856	12,162	13,262	32,534	19,272
Equipment	8,584	7,908	9,337	10,407	1,070
Insurance Claims	103	106	106	109	3
Total Administrative Obligations	**$1,435,812**	**$1,643,862**	**$1,680,574**	**$1,976,814**	**$296,240**
Reimbursements	-$142,813	-$12,263	-$158,111	-$184,182	-$26,071
Unobligated SOY	**-$91,739**	**-$97,456**	**-$126,596**	**-$5,557**	**$121,039**
2007 Emergency Supplemental ($82M total)	-$63,716	$0	$0	$0	$0
Economic Stimulus ($150M)	$0	-$97,253	-$100,834	$0	$100,834
Economic Stimulus ($7.1M)	$0	-$203	-$6,171	$0	$6,171
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	-$28,000	$0	-$19,565	-$5,557	$14,008
Recycling	-$23	$0	-$26	$0	$26
Unobligated EOY	**$126,596**	**$0**	**$5,557**	**$5,557**	**$0**
2007 Emergency Supplemental ($82M total)	$0	$0	$0	$0	$0
Economic Stimulus ($150M)	$100,834	$0	$0	$0	$0
Economic Stimulus ($7.1M)	$6,171	$0	$5,557	$5,557	$0
GOE Unobligated Balance	$0	$0	$0	$0	$0
GOE Carry Over	$19,565	$0	$0	$0	$0
Recycling	$26	$0	$0	$0	$0
Unobligated Bal expiring	$23,570	$0	$0	$0	$0
Adjustments	-$8,500	$0	$0	$0	$0
Total Appropriation	**$1,342,926**	**$1,534,143**	**$1,401,424**	**$1,792,632**	**$391,208**
Outlays (net)	**$1,234,363**	**$1,540,199**	**$1,419,711**	**$1,672,548**	**$252,837**

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

Summary of Budget Request

Budget authority of $1.8 billion is requested to fund the discretionary portion of the Disability Compensation, Pensions, and Burial programs. The request will fund the administrative expenses of 16,968 FTE, the January 1, 2011, 1.4 percent pay raise, associated level of fringe benefits, and inflationary expenses.

Changes from Original 2010 Budget Estimate

The $36.7 million increase in obligations reflects resources provided by the American Recovery and Reinvestment Act of 2009 (Recovery Act) and 2009 carryover. Funds were used to hire and support 1,870 additional claims processors and associated support staff, 369 FTE more than estimated in the 2010 original budget estimate, and include associated costs for rent, communications and utilities, supplies, and equipment. The increase to other services is largely the result of increased funding for the Veterans Benefits Management System (VBMS) Initiative (formerly the Paperless Initiative) and increased demand for contract medical examinations.

Recovery Act

The Recovery Act provided $150 million for hiring and training temporary surge claims processors through 2010. In 2009, VBA hired approximately 2,300 Compensation, Pension, and Education claims processors, of whom 1,870 were dedicated to compensation and pensions claims. These employees will continue to have a positive impact on performance in 2010.

Changes from 2010 Current Estimate to 2011 Request

FTE and obligations for personal services increased as a result of adding 2,050 direct and management support FTE to address increased claims processing workload, the 1.4 percent pay raise, and associated fringe benefit increases. These new FTE are in addition to the decision to retain 1870 temporary FTE in FY2011, hired with Recovery Act funding during FY2009 and FY2010. Besides the continued high levels of growth in disability claims volume, additional workload will result from claims related to the new Agent Orange presumptions. VBA anticipates receiving approximately 42,000 of these claims in 2011.

Increased travel funds are required for new employee Challenge training. The increase to other services supports the VBMS Initiative and increased funding for contract medical examinations.

To accommodate the large increase to FTE, VBA must lease or procure new office space causing increases to rent, communications, security and utilities for both normal and overtime work. The increase to supplies and materials supports the new 2,050 FTE and the VBA-wide initiative to supply employees with a printer to print claims-related documents at their desks. The increased funding will be used

to purchase printer cartridges associated with this effort. This initiative will increase employee efficiency, as it reduces non-productive time retrieving documents from centrally located printers and also reduces the possibility of incorrectly mailing personally identifiable information. Other non-pay categories increase to accommodate inflation and additional FTE.

Disability Compensation, Pensions & Burial Analysis of Discretionary Increases and Decreases (dollars in thousands)		
	2010 Estimate	2011 Estimate
Prior Year Obligations	$1,435,810	$1,680,574
Prior Year FTE	13,206	14,918
Adjustments:		
Program FTE	+1,712	+2,050
Personal Services	154,866	195,336
Travel	3,102	18,223
Interagency Motor Pool	-359	78
Transportation of Things	364	49
Rent, Communications and Utilities	16,395	32,076
Printing and Reproduction	47	47
Other Services	67,186	30,087
Supplies and Materials	2,406	19,272
Equipment	753	1,070
Insurance Claims	3	3
Net Change	**$244,763**	**$296,240**
Estimated Obligations	$1,680,574	$1,976,814
Total FTE	14,918	16,968

Disability Compensation, Pensions, & Burial Average Salary Analysis	
2009 Average Salary (261 days)	**$57,990**
Annualization of 3.9% 2009 raise (+1.0%)	565
Annualization of 2.0% 2010 raise (+1.5%)	870
Change in staff composition	-1,083
Regular benefits percentage	26.3%
2009 Average Cost	$78,635
2010 Average Salary (261 days)	**$58,342**
Annualization of 2.0% 2010 raise (+0.5%)	292
Annualization of 1.4% 2011 raise (+1.1%)	613
Change in staff composition	453
Regular benefits percentage	27.1%
2010 Average Cost	$79,995
2011 Average Salary (261 days)	**$59,699**
Regular benefits percentage	27.1%
2011 Average Cost	$81,841

Program Highlights

VBA serves nearly four million Veterans and beneficiaries through compensation, pension and burial programs. In addition, VBA provides information and services to hundreds of thousands of military personnel, Veterans, and survivors applying for benefits, seeking information, and transitioning from military to civilian life. At the end of 2009, VBA had more than 13,500 employees dedicated to providing compensation, pension and burial claims-related services.

The growth in the number of Veterans and survivors filing for and receiving benefits results in increased follow-on work. This includes such things as award adjustments due to dependency changes; requests for ancillary benefits such as automobile grants, clothing allowances and housing grants; income adjustments in needs-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 initial 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 VA Disability Rating Claims

Over the past ten years, disability rating claims received from Veterans grew at a steady rate. Although the workload in the last 10 years has nearly doubled, additional employees, advanced technologies, and training enabled VA to improve processing timeliness during fiscal year 2009. This was accomplished despite a 14 percent increase in disability claims volume. This growth in

disability claims was driven by improved access to benefits through initiatives such as the Benefit Delivery at Discharge Program, increased demand as a result of nearly ten years of maintaining a wartime footing and the impact of a difficult economy prompting America's Veterans to pursue entitlement to the benefits they earned during their military service.

These influences are still present and as a result, VBA is forecasting continued high levels of growth in disability claims volume. Even without claims growth expected due to new Agent Orange-related presumptions, 13.1 and 11.3 percent increases would have been anticipated in disability claims filed for fiscal years 2010 and 2011, respectively. In addition to this structural growth, VBA is predicting an influx of claims due to the impending addition of Ischemic Heart Disease, Parkinson's Disease, Hairy Cell and other chronic B-cell Leukemia's to the list of conditions subject to the presumption of service connection as a result of exposure to Agent Orange. Current estimates include 186,000 new Agent Orange claims for fiscal year 2010 and more than 42,000 in fiscal year 2011. Of these, VBA expects slightly more than 86,000 claims will be subject to the class action Nehmer lawsuit which will require readjudication in fiscal year 2010.

Several years of growth in excess of 11 percent combined with the influx of new Agent Orange presumptive claims drive VBA's inventory projections to historic levels. VBA is planning aggressive outreach to make Veterans and survivors aware of these new presumptive disabilities and to encourage them to file their claims early. We are reliant on the resources supported by this budget request to handle this unprecedented growth in claims receipts. Our pending inventory is also projected to significantly increase throughout FY 2010 and FY 2011 as a result of the increased claims volume. While it is difficult to define the level at which the inventory will stabilize, reducing the time to process a claim and improving quality are our primary and overarching goals, regardless of the number of Veterans we are serving and the number of claims in our inventory.

This budget request will support 15,299 full-time direct employees in fiscal year 2011. Such significant increases in workload and commensurate resource demands will require VBA to employ innovative measures to successfully meet Veteran's needs. As such, VBA will explore process and policy simplification, short-term technology enablers, contracted service support, as well as the traditional approach of hiring new employees to address this spike in demand.

In addition, VBA will continue to focus on delivering a system-wide transformation that will:

- Move the claims process to a paperless environment
- Transition electronic records directly from DoD to VA

- Enhance the level of cooperation between VBA and VHA to secure examinations vital to the disability claims process
- Enhance training VBA employees
- Make advancements to the current VA schedule of rating disabilities
- Expand quality review procedures
- Continue consolidation of specific processes to improve efficiencies and accuracy
- Participate as an equal partner with DoD in the development of an improved and more efficient joint VA/DoD disability evaluation system

This budget request outlines funding needs to ensure VA is able to provide excellence, professionalism, integrity, accountability and stewardship to Veterans and their families in all the areas of work performed by VBA.

Workload

Since 2001, the demand for benefits and services from Veterans, dependents and survivors has steadily increased. Accessions have outpaced terminations each of the last 6 years. More than 37 percent of the Veterans returning from current conflicts are filing claims for benefits. Increased need for services can also be seen from Veterans of earlier combat and service periods. At the end of 2009, nearly 30 percent of all original claims pending were from Veterans discharged during the Vietnam Era, a conflict that ended more than 34 years ago.

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 *(Please note that this breakdown mirrors the new Monday Morning Workload Report established by VBA).*

- **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 not upon entitlement (in the majority of cases a rating to determine service connection and/or to assign a degree of disability is not required), but 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. Such pension award adjustment activities can be considered annual and cyclical in nature.
- **Pension 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.
- **Pension 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.

✓ 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 a lesser burial and/or plot allowance to assist with the burial of certain Veterans not entitled to the service-connected burial benefit.
- **Accrued** - Benefits not paid prior to the death of a Veteran or survivor based upon a pending claim at the time of death which is later granted.

- **Appeals** - Appealed cases include compensation, pension, burial, and accrued benefits and decisions.

Received Claims	2007	2008	2009
Traditional VA Disability Rating Claims*	**838,141**	**888,112**	**1,013,712**
Compensation and Pension Entitlement**	**851,860**	**900,674**	**1,034,560**
Compensation Entitlement	717,120	761,956	869,127
Original Entitlement - Veterans	*230,492*	*238,576*	*264,831*
Original Entitlement - Survivors	*28,466*	*28,802*	*31,852*
Non-Original Entitlement	*458,162*	*494,578*	*572,444*
Compensation Award Adjustments	405,140	446,977	603,312
Compensation Program Reviews	256,967	256,243	272,328
Compensation - Other	418,460	336,119	419,577
Pension Entitlement	134,740	138,718	165,433
Pension Award Adjustments	219,004	241,946	257,483
Pension Program Reviews	60,954	41,721	30,506
Pension - Other	36,971	39,857	64,522
Burial	144,814	146,134	146,316
Accrued	5,006	5,936	6,855
Appeals	97,510	108,693	124,295
All Workload Actions	**2,496,686**	**2,524,300**	**2,959,754**

**Reflects VBA's traditional compensation and pension workload that characterizes claims received and completed in terms of rating determinations needed.*
***Reflects compensation and pension workload indicators in VBA Monday Morning Workload Reports that are independent of the traditional rating workload but reflect a legal decision that obligates VA to the Veteran and/or beneficiary who claimed benefits.*

Completed Claims	2007	2008	2009
Traditional VA Disability Rating Claims*	**824,844**	**899,863**	**977,219**
Compensation and Pension Entitlement**	**836,470**	**926,572**	**984,618**
Compensation Entitlement	706,016	774,508	838,132
Original Entitlement - Veterans	*227,992*	*244,920*	*256,617*
Original Entitlement - Survivors	*29,692*	*30,438*	*29,812*
Non-Original Entitlement	*448,332*	*499,150*	*551,703*
Compensation Award Adjustments	390,457	453,201	559,624
Compensation Program Reviews	259,580	254,949	267,506
Compensation - Other	413,983	337,514	418,598
Pension Entitlement	130,454	152,064	146,486
Pension Award Adjustments	234,811	227,290	226,495
Pension Program Reviews	42,165	53,545	28,214
Pension - Other	36,943	40,077	61,192
Burial	148,346	153,534	145,235
Accrued	4,376	6,367	6,392
Appeals	99,941	101,566	109,433
All Workload Actions	**2,467,072**	**2,554,615**	**2,807,307**

**Reflects VBA's traditional compensation and pension workload that characterizes claims received and completed in terms of rating determinations needed.*

***Reflects compensation and pension workload indicators in VBA's Monday Morning Workload Reports that are independent of the traditional rating workload but reflect a legal decision that obligates VA to the Veteran and/or beneficiary who claimed benefits.*

In addition, VA performs outreach and public contact functions. These include e-mail inquiry responses, phone calls, general correspondence, participation in stand downs, transition assistance briefings, overseas support to servicemembers, direct mailings and other activities.

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

Projected Workload and FTE Requirements	2008	2009	2010 Estimate	2011 Estimate
C&P Direct Labor FTE	10,277	11,868	13,479	15,299
Receipts	888,112	1,013,712	1,332,347	1,318,753
Year-end Inventory	379,842	416,335	700,669	804,460
Production	899,863	977,219	1,048,013	1,214,962
Average Days to Complete Compensation and Pension Rating Related Claims	179	161	165	190

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 8 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 41.2 percent through 2009 reflecting both the existence of large unique disability cohorts such as TBI, mental disorders, diabetes, 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.

**Bar chart is for all Veterans, while the lines are specific to Vietnam Era Veterans only*

Consolidation of survivors benefit claims processing to the three Pension Management Centers (PMCs) in Milwaukee, St. Paul, and Philadelphia began in 2009 and will be completed in 2010. Consolidation will provide improved timeliness, increased accuracy and increased consistency in service provided. The average days to complete an original Dependency and Indemnity Compensation (DIC) claim has improved from 121 days in 2008 to 109 days in 2009. We expect

this trend to continue as VBA provides additional training and specialization to the benefits process.

Reopened Disability Claims

The number of Veterans receiving compensation has increased by more than 700,000 since 1999, from just over 2.3 million Veterans to over 3.0 million in 2009. VA anticipates that reopened claims for increased benefits will continue to grow also as compensation recipients, many of whom suffer from chronic progressive disabilities such as diabetes, mental illness, and cardiovascular disabilities, age and their conditions worsen. Through 2009, reopened disability compensation claims comprised 56 percent of all disability claims received.

010=Original claims, 8 or more claimed conditions; 110=Original claims, 7 or fewer claimed conditions

Increasing Number of Claimed Conditions

Increased claim receipts drive our request for increased staffing. Staff is also needed to fully implement the Joint DoD/VA Disability Evaluation System (DES) program. The total number of disability claims received has increased from 674,219 in 2001 to 1,013,712 in 2009 (over 50 percent increase), while original disability claims with eight or more claimed issues has increased from 22,776 in 2001 to 67,175 in 2009 (nearly a ***300*** percent increase).

Pensions for Veterans and Survivors

The pensions 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 consolidation of the pension program provides a clear picture of how beneficial targeted specialization can be. Consolidation of all Veteran and survivor pension claims was completed in 2008. The average days to complete pension maintenance claims has dropped from 119 days in 2008 to 101 days in 2009. The PMCs provide a glimpse into VA's future claims processing environment where all claims are completed in a paperless environment utilizing Virtual VA (VVA), a modern electronic document capturing system, eliminating the need for hard copy claims folders, allowing work to be completed without regard to where the decision maker is, and allowing multiple individuals simultaneous access to the record regardless of their location.

Burial Program for Veterans

The burial program provides honor and assistance with the burial of deceased 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 Veterans cemetery. VA may reimburse transportation charges associated with the burial of certain qualifying Veterans.

Award Adjustments

In 2009 VBA completed over 2.8 million award actions, of which 977,219 were traditional VA disability rating decisions. As previously indicated, with nearly four 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.

Fiduciary Activities

Compensation and Pension program resources also support VA's fiduciary program for beneficiaries who are incapable of managing their own funds. VA's fiduciary program supervises more than 104,000 incompetent beneficiaries. The combined estate value requiring supervision exceeds $3.0 billion. In 2009, VBA completed over 80,000 field examinations and accounting audits. These include initial appointment field examinations and regular follow-ups, as well as other actions associated with administering the fiduciary program. Field examiners have traveled over 3.4 million miles to complete their duties in 2009. The workload of the fiduciary program continues to grow. The Veterans Benefits Improvement Act of 2004 established important new safeguards for beneficiaries

not able to independently manage their funds and increases responsibilities when appointing fiduciaries and monitoring the execution of their duties.

Program Actions

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

Committees

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

In the Benefits Improvement Act of 2008 (PL 110-389) the Congress affirmed and enhanced the recently established Advisory Committee on Disability charged with advising the Secretary on the maintenance and periodic readjustment of the VA Schedule for Rating Disabilities (VASRD) and on how to ease the transition of individuals from military service to Veteran status. VBA will use the resources provided to us through the Advisory Committee on Disability to execute a comprehensive review and update of the rating schedule.

Web Portal

All regional offices (ROs), Centers, and VA attorneys use the Manual Rewrite (MR). As part of VA's forward-looking efforts to create a 21st century paperless claims processing system, the MR is a paperless resource aimed at providing all claims adjudicators with fast and easy-to-use tools to access vital claims processing information. Ensuring that our employees are well-trained and have easy access to the information necessary to process claims is essential to maintaining a Veteran-focused workforce. We intend to significantly enhance the utility and search capability of this vehicle during 2011.

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). The Benefits Delivery at Discharge (BDD) and Quick Start programs are components of the Pre-discharge program.

The BDD program provides transitional assistance to separating or retiring servicemembers by offering a single cooperative medical examination that meets the requirements of a VA disability rating examination and a military separation

examination. It is focused on providing decisions on disability claims as close as possible to servicemembers' separation from active duty as part of the overall goal of providing a seamless and successful transition to civilian life. Participation in the BDD program is open to servicemembers who are within 60 to 180 days of being released from active duty and who are able to complete their scheduled VA medical examinations prior to leaving their point of separation.

The Quick Start program is available to servicemembers within 1 to 59 days of separation from service or servicemembers who do not meet the BDD criteria requiring availability for all examinations prior to discharge. Like the BDD program, the Quick Start program provides for centralized decision-making by a dedicated staff at two sites.

The majority of pre-discharge claims, 46,856 processed in 2009, are processed in a paperless environment, with an average processing time of 95.5 days. VBA is committed to being substantially paperless by 2012 in the processing of all compensation and pension claims.

Disability Evaluation System

The joint DoD/VA Disability Evaluation System (DES) Pilot utilizes a single disability examination based upon VA examination standards to produce a single disability rating by VA that is used by both Departments for those servicemembers who incur injury, wounds or illness that may preclude further military service. One strategic goal of the pilot in smoothing the transition of those found no longer qualified to remain on active duty is the elimination of delay in the payment of disability benefits from VA, if entitled. In the legacy DES process, DoD and VA operate consecutive and, in some respects, redundant processes. In that process, the average time from referral to the Medical Evaluation Board to the receipt of VA benefits was approximately 540 days. Thru 2009, the current average time in the DES Pilot for servicemembers is 288 days with no delay in the receipt of VA benefits (an average of 30 days post separation). This is 47 percent faster than the legacy DES system.

The DES Pilot has assisted 381 servicemembers successfully transition to civilian life with a greater understanding of the benefits and services available to them through VA. During the Pilot process, servicemembers are introduced to VA healthcare while on active duty. This familiarizes them with VA healthcare and fosters the new relationship. As of September 30, 2009, 2,543 exams and 1,194 ratings have been completed through the DES process. As of September 1, 2009, approximately 30 percent of servicemembers going through the DES process worldwide are receiving the benefit of the revised pilot process. VBA currently has 106 employees dedicated solely to the DES process and projects that an

additional 75 employee will be needed for continued implementation in 2010 and 104 in 2011.

Full implementation of the DES Pilot process, if adopted, will affect approximately 28,000 servicemembers per year being cared for at 132 Military Treatment Facilities (MTFs) worldwide. The DES Pilot is currently at 21 MTFs and will expand by an additional 6 MTFs by the end of 2010. With 27 sites operational, the DES pilot will be serving 47 percent of all servicemembers going through the DES process.

Contract Examinations

The contract exam program provides disability examinations through contracted private examiners. These contracts help to better serve Veterans and supplement the capacity of Veterans Health Administration, which conducts most examinations. VA has hired two private companies to perform this service at sixteen regional offices and 40 Benefits Delivery at Discharge sites throughout the United States. The areas include high utilization urban centers as well as rural areas where Veterans would have to travel greater distances to get VA examinations. The average timeliness for a completed examination in the contract exam program is 36 days. In 2009 VA contracted nearly 150,000 examinations. VA estimates that in 2010 157,000 Veterans will be examined by a private source and that number will increase to 165,000 in 2011.

Skill Certification

The skill certification program is an essential element in VBA's strategic goal of achieving a skilled, high-performing workforce. The Benefits Improvement Act of 2008 (PL 110-389) expanded on and enhanced VA's existing efforts in skill certification that begun several years earlier. 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. Since the inception of the skill certification testing, 5,494 tests have been administered and 2,747 individuals have passed those tests. In 2009, 579 Veteran service representatives, 1,170 rating Veteran service representatives, and 124 Pension Management Center Veteran service representatives were tested.

Quality Assurance

Compensation and Pension Service continues to significantly expand its quality assurance program. The Quality Assurance program is a five-tiered program focusing on program accuracy, station oversight, special focus reviews, rating consistency, and inter-rater reliability. VA publishes guidelines and provides

significant training to decision makers to ensure claims are processed consistently across all 57 regional offices based on the findings of these reviews.

The Systematic Technical Accuracy Review (STAR) program is the national system for measuring compensation, pension, and fiduciary claims processing accuracy. Reviews measure quality at the regional office level, workload brokered out to other stations for workload management reasons, appeals quality at the Appeals Management Center and quality in the DES Pilot. C&P works closely with the Veterans Health Administration through the Compensation and Pension Examination Program (CPEP) Office and the contract examination program, to review the quality of examination requests and examination results. Similar reviews occur in the fiduciary program and through the silent monitoring of VA call center responses.

Compensation and Pension Service site visits encompass a thorough review of all operational elements of claims processing in an effort to improve the consistency and accuracy of benefits delivery as well as compliance with approved policies and procedures throughout VBA's 57 regional offices. Site visits include reviews of consolidated workload processes, such as Development Resource Centers, Pension Management Centers, and Appeals Resource Centers, and reviews of priority processing of our nation's seriously injured and very-seriously injured servicemembers and Veterans, initial claims from returning combat theater Veterans, homeless Veterans, and Veterans facing financial hardship. The visits review outreach efforts and coordinating efforts in place at offices to improve communication with the Veteran and survivor population being served. Team members review the efficacy of transition assistance briefings for separating servicememebers to ensure that benefit programs, including pre-discharge programs, are publicized and properly explained to future beneficiaries. Special emphasis is placed on management controls, training, program and data integrity areas, and the security of personal identifying information.

Technology

Leveraging new and emerging technologies continues to play a key role in the delivery of benefits and services to Veterans and servicemembers. The overall VBA strategy is centered on the Veterans Benefits Management System (VBMS) Initiative (formerly the Paperless Initiative) and is supported by systems that store electronic images of submitted or acquired paper documents such as legacy service treatment records (STRs), dependency documents, and private treatment records. This strategy will provide modern computing capability where data is entered once and used many times for various reasons by multiple users, eventually including the Veterans Lifetime Electronic Record (VLER), electronic training tools, decision support systems and electronic interfaces with claimants, beneficiaries, other agencies and third party providers. While predominantly a

business transformation effort, the goal of the VBMS Initiative is to improve service to our nation's Veterans by migrating from a paper-intensive claims process to a claims process supported with electronic data and services.

Outreach

Compensation and Pension Service has numerous outreach efforts to include providing VA benefits briefings to separating and retiring servicemembers within the United States and overseas locations such as Korea, Germany, Guam, Italy, Japan, England, and Okinawa. C&P Service has a Military Service Program Manager (MSPM) and an Overseas Military Service Program Manager (OMSPM) who provide guidance regarding policy and procedures to the regional offices and designated overseas locations in their outreach efforts. The C&P program managers liaison with Federal agencies including the Departments of Defense, Labor, and the Social Security Administration, as well as non-profit organizations and groups.

The Military Services Program provides transition assistance and other VA benefits briefings to over 356,000 active duty servicemembers and returning Guard and Reserve members and family members. VBA representatives have conducted the following transition briefings and related personal interviews. These briefings include pre-and post-deployment briefings for Reserve and National Guard members, and those conducted overseas.

	Overseas			Reverse/Guard			ALL		
Year	Briefs	Attendees	Interviews	Briefs	Attendees	Interviews	Briefs	Attendees	Interviews
2003	472	12,943	5,050	821	46,675	n/a	5,840	210,025	102,402
2004	624	15,183	6,544	1,399	88,366	n/a	7,834	276,574	122,120
2005	686	17,156	7,294	1,984	118,658	n/a	8,184	326,664	124,092
2006	498	11,585	3,005	1,298	93,361	10,515	8,541	393,345	93,431
2007	590	12,318	2,697	1,868	96,355	11,488	8,454	296,855	100,976
2008	829	15,170	2,405	1,725	83,152	14,385	8,708	299,093	90,694
2009	951	20,253	2,634	1,738	133,239	17,495	8,593	356,810	97,947

In addition to providing VA benefits briefings to separating and retiring servicemembers, C&P Service mailed 32,041 outreach letters to Veterans who are receiving compensation for Traumatic Brain Injury (TBI). The effort informed Veterans that VA updated its criteria for evaluating service connection for TBI. Additional information was provided about Vocational Rehabilitation & Employment benefits.

National Call Centers

Through the toll-free general benefits number, Veterans and their families have direct access to employees who can assist them in answering questions regarding their claim status or about potential benefits. Through enhanced call routing on

the national automated response system (NARS), which provides comprehensive information selections, we intend to improve the quality of the information available telephonically and to create an environment where expectations as to timeliness and outcome of specific claims can be set in a supportive and non-adversarial manner.

The eight National Call Centers (NCCs) are now considered "***a*** call center," in that call routing provides caller access to the next available VA representative, regardless of the call's origin.

Employees staffing the toll-free general benefits number complete a comprehensive and demanding six-week formal training program prior to answering calls independently. Professionalism and courtesy are cornerstones of the training. Call agents have access to an automated index of over 1,400 links to answer callers' questions accurately and efficiently. Call agents have access to the same systems used by direct claims processing employees that show claim status and the evidence VA has received in order to complete Veterans' claims.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Implement Veterans Benefits Management System (VBMS) Initiative (formerly Paperless Initiative)	**Compensation and Pension disability rating claims - average days to complete (Supports High Priority Goal)**	**177**	**183**	**179**	**161**	**165**	**190**	**125**
		Pension maintenance claims – average days to complete	**92**	**104**	**119**	**101**	**82**	**80**	**60**
		National accuracy rate - compensation entitlement claims	**88**	**88**	**86**	**84**	**90**	**90**	**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	**Organization-Specific Strategies and Initiatives**	**Performance Measures Data**							
		Measure Description (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Annual Targets**		**Strategic Target**
			2006	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	
		National accuracy rate – pension maintenance claims	**88**	**91**	**93**	**95**	**95**	**95**	**98**
		Percentage of Compensation and Pension pending inventory that is more than 125 days old **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Compensation maintenance claims – average days to complete **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	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									
		Performance Measures Data							
		Measure Description (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**		**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Implement Veterans Benefits Management System (VBMS) Initiative (formerly Paperless Initiative)	Compensation entitlement claims – average days to complete **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Pension entitlement claims – average days to complete **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Burial claims processed – average days to complete	72	91	84	78	75	75	21
		National accuracy rate – compensation maintenance claims	91	92	95	95	96	96	98
		National accuracy rate – pension entitlement claims	90	91	87	95	93	93	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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Implement Veterans Benefits Management System (VBMS) Initiative (formerly Paperless Initiative)	Compensation and Pension National accuracy rate – fiduciary work	83	84	81	82	90	90	98
		National accuracy rate – burial claims processed	94	95	96	93	98	98	98
		Appeals Resolution Time (Average Number of Days) (Joint Measure with BVA)	657	660	645	709	700	695	675
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Implement Veterans Relationship Management, a unified, client-centric approach to service delivery, to empower and expand opportunities for self-service	Percent of claims submitted electronically via VBA's on-line benefit application (currently VONAPP) **(New)**[1]	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
		Percentage of separating servicemembers receiving benefit and service information through eBenefits Portal 6 months prior to discharge **(New)**[1]	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD

[1] These measures apply to any on-line benefit application. However, they are displayed in the compensation and pension budget chapter since the number of compensation and pension claims filed will have the most impact on these measures' results and targets.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	Percent of DES participants receiving benefits within 30 days of discharge **(New)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	95

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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. Re-establish VBA's Customer Satisfaction Surveys	Overall satisfaction rate (%) (Compensation)	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD
		Overall satisfaction rate (%) (Pension)	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD

Table 2: Performance Measure Supporting Information

1) and 2) Compensation and Pension disability rating claims – average days to complete and Pension maintenance claims – average days to complete (Key Measures)

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 Source(s): 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 C&P Service, which performs 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 these measures is improved service delivery to claimants. Additionally, the measures ensure that claimants receive the benefits to which they are entitled in a consistent and timely manner.

e) Cross-Cutting:

- 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 Factors: 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

3) and 4) National Accuracy Rate – compensation entitlement claims and National accuracy rate – pension maintenance claims (Key Measures)

a) Means and Strategies: Same as measures 1 and 2.

b) Data Source(s):

- VBA's systems of record: Benefits Delivery Network (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: Same as measures 1 and 2.

f) External Factors: Same as measures 1 and 2.

g) Other Supporting Factors: None

h) Link to New Strategic Planning Framework: Same as measures 1 and 2.

Initiatives

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

Compensation and Pensions Initiatives (dollars in thousands)								
	2010 Estimate				2011 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
Veterans Benefits Management System Initiative (formerly Paperless Initiative)	2,090	29,170	31,260	16	2,801	40,621	43,422	21
C&P Subtotal	**$2,090**	**$29,170**	**$31,260**	**16**	**$2,801**	**$40,621**	**$43,422**	**21**
VBA-Wide								
Veterans Relationship Management Initiative	-	-	-	-	-	2,931	2,931	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$2,931**	**$2,931**	**0**
C&P Total	**$2,090**	**$29,170**	**$31,260**	**16**	**$2,801**	**$43,552**	**$46,353**	**21**

Initiative: Veterans Benefits Management System Initiative (formerly Paperless Delivery of Veterans Benefits)

Total 2011 Initiative Cost: $43,422,000 C&P Portion: $43,422,000

The Veterans Benefits Management System (VBMS) Initiative is a business transformation initiative supported by technology and designed to improve VBA service delivery, beginning with the Compensation business line. VBMS is a holistic solution that integrates a Business Transformation Strategy (BTS) to address process, people and organizational structure factors, and an information technology solution to provide a 21st century paperless claims processing system. The information technology solution, the Veterans Benefits Management System (VBMS) is a corresponding investment, reflected in the VA IT Appropriation.

VBMS is focused on five key elements: (1) **Business process re-engineering** will streamline and improve claims workflows, and enable continuous improvement, (2) **Communications and change management** will address the "people and organizational structure" sides of the transformation effort, (3) **Metrics and measurement systems** will enable continuous feedback and improvement and increase accountability for performance, (4) Enhanced **data mining and predictive capabilities** will help anticipate Veterans needs, and (5) **Technology modernization** will provide secure, end-to-end electronic claims workflow and data storage technology – VBMS. Focusing on these five elements will enable VBA to achieve its goal to continuously deliver improved service and provide a high-quality experience for Veterans.

VBMS will be executed using an integrated implementation approach. This will eliminate further impediments that may not be sufficiently addressed by business or technological improvements alone. Business transformation efforts will

identify and test process and organizational improvements and feed requirements to the VBMS technology solution. During 2010, the technology solution will be developed through an agile, "user in the middle" methodology, beginning with the Virtual RO concept. Subsequent pilots will further refine and strengthen the technology platform.

BTS and VBMS implementation is sequenced to encourage interaction that results in sharing information and lessons learned. By the end of 2011, target process, organizational, and technology practices will be understood and a nationwide rollout strategy will be developed for execution in 2012. Business and technology transformational efforts will converge as VBMS proceeds. This convergence will ultimately result in a holistic solution that delivers world-class service to our nation's 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 the description of a VBA-wide initiative that impacts the Compensation, Pensions, and Burial programs:

Initiative: Veterans Relationship Management

Total 2011 Initiative Cost: $3,800,000 **C&P Portion: $2,931,000**

The Veterans Relationship Management Program (VRM) will provide the capabilities required to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and VA, regardless of the communications method (phone, Web, email, social media). This focus will include modernization of voice telephony, unification of public contact representative desktops, implementation of Identity and Access Management (IAM), development of cross VA knowledge management systems, implementation of CRM systems, and integrating self-service capabilities with multiple communication channels.

The VRM Program will help VA accomplish the following strategic business objectives:

- Improve efficiency by facilitating anytime, anywhere access via the Web to promote self-service and access to personalized information
- Ensure that Veterans and beneficiaries have access to accurate and consistent information on benefits and services through one knowledge base
- Streamline and improve internal business processes in order to provide high-quality experiences for Veterans and their beneficiaries
- Improve transparency and provide seamless support across all touch points
- Become more Veteran-focused and information-centric by providing a single 360 degree view of the Veteran to all stakeholders
- Improve ability to measure service quality
- Improve VA's ability to successfully resolve Veterans' and beneficiaries' issues on the first contact
- Allow Veterans to receive care in VA and community care centers at a reduced burden to Veterans through the implementation of an industry standard beneficiary identification system

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM Program. The total projected cost of $3.8 million will be used for contract services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Education

Mission

VBA'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 the programs administered by Education Service 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)					
		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,282	1,461	1,889	1,521	-368
Management Direction and Support	128	115	115	177	62
Total FTE	**1,410**	**1,576**	**2,004**	**1,698**	**-306**
Obligations					
Personal Services	$99,840	$115,578	$137,444	$126,141	-$11,303
Travel	1,791	1,894	1,897	2,206	309
Interagency Motor Pool	268	215	215	200	-15
Transportation of Things	115	159	159	146	-13
Rent, Communications & Utilities	12,896	18,531	16,273	16,828	554
Printing	246	1,481	1,481	1,362	-119
Other Services	9,831	8,257	12,089	19,049	6,961
Supplies and Materials	1,216	1,089	1,089	3,085	1,996
Equipment	2,826	1,174	1,174	1,197	23
Insurance Claims	10	0	0	1	0
Total Administrative Obligations	**$129,041**	**$148,377**	**$171,821**	**$170,214**	**-$1,607**
Reimbursements	-$415	-$2,636	-$2,636	-$2,768	-$132
Unobligated SOY	**-$100,000**	**-$27,490**	**-$52,801**	**$0**	**$52,801**
2008 GI BILL Supplemental	-$100,000	$0	$0	$0	$0
Economic Stimulus ($150M)	$0	$0	-$22,366	$0	$22,366
GOE Carry Over	$0	-$27,490	-$30,435	$0	$30,435
Unobligated EOY	**$52,801**	**$0**	**$0**	**$0**	**$0**
2008 GI BILL Supplemental	$0	$0	$0	$0	$0
Economic Stimulus ($150M)	$22,366	$0	$0	$0	$0
GOE Carry Over	$30,435	$0	$0	$0	$0
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$35,000	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$116,427**	**$118,252**	**$116,384**	**$167,446**	**$51,062**
Outlays (net)	**$107,360**	**$111,906**	**$111,888**	**$164,255**	**$52,367**

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

Summary of Budget Request

Budget authority of $167.4 million will fund 1,698 FTE, the January 1, 2011, 1.4 percent pay raise, the associated level of fringe benefits, inflationary expenses, and maintenance for the Post-9/11 GI Bill requirements.

Changes from Original 2010 Budget Estimate

The current administrative obligations for 2010 are $171.8 million, an increase of $23.4 million from the original budget estimate. This increase is due to the implementation of the provisions of Public Law 110-252, the Supplemental

Appropriations Act, 2008 (or the Post-9/11 GI Bill) and the hiring of 428 temporary surge claims processors (to be retained through 2010) under authority of the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act). The additional funds will support the Recovery Act FTE increase and their requisite non-payroll support costs. The increase is partially offset as a result of redirecting resources for the Veterans Benefits Management System (VBMS) Initiative (formerly the Paperless Initiative) to the Compensation and Pensions program.

Changes from 2010 Current Estimate to 2011 Estimate

In 2011, obligations are expected to decrease $1.6 million. This decrease is the result of the reduction of 428 temporary surge claims processors, due to the expiration of ARRA. However, the request supports maintenance of the Post-9/11 GI Bill program implementation, a 1.4 percent pay raise, and associated increases to fringe benefits. Direct FTE decrease by 368, but are partially offset by the addition of 174 direct FTE to Education's FTE ceiling for increased workload. Management direction and support FTE, which are prorated across all programs based on their respective direct FTE levels increases by 62.

The $7.0 million increase to other services reflects program management support, contracts, and training costs for maintenance of the Post-9/11 GI Bill program. The increase to supplies and materials reflects the VBA-wide initiative to supply employees with a printer to print claims-related documents at their desks. The increased funding will be used to purchase printer cartridges associated with this effort. This initiative will increase employee efficiency, as it reduces non-productive time retrieving documents from centrally located printers and also reduces the possibility of incorrectly mailing personally identifiable information. Other non-pay categories reflect adjustments to accommodate inflation, additional FTE, and more accurately reflect program requirements.

Education
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior Year Obligations	$129,041	$171,821
Prior Year FTE	1,410	2,004
Adjustments:		
FTE	594	-306
Personal Services	$37,604	-$11,303
Travel	105	309
Interagency Motor Pool	-53	-15
Transportation of Things	44	-13
Rent, Communications & Utilities	3,377	554
Printing	1,235	-119
Other Services	2,257	6,961
Supplies and Materials	-127	1,996
Equipment	-1,652	23
Insurance Claims	-10	0
Net Change	**$42,780**	**-$1,607**
Estimated Obligations	$171,821	$170,214
Total FTE	2,004	1,698

Education Average Salary Analysis	
2009 Average Salary (261 days)	**$51,058**
Annualization of 3.9% 2009 raise (+1.0%)	498
Annualization of 2.0% 2010 raise (+1.5%)	766
Change in staff composition	-885
Regular benefits percentage	27.9%
2009 Average Cost	$70,795
2010 Average Salary (261 days)	**$51,437**
Annualization of 2.0% 2010 raise (+0.5%)	257
Annualization of 1.4% 2011 raise (+1.1%)	540
Change in staff composition	3,310
Regular benefits percentage	25.0%
2010 Average Cost	$68,585
2011 Average Salary (261 days)	**$55,545**
Regular benefits percentage	25.2%
2011 Average Cost	$74,288

Program Highlights

In addition to benefit rate increases, recently enacted legislation significantly expands education benefits and allows certain individuals the opportunity to transfer their education benefits to their dependents. The most noteworthy provisions are summarized below:

(1) Public Law 110-252 established a new education benefit program under chapter 33 of title 38 U.S.C. called the Post-9/11 GI Bill. Under the Post-9/11 GI Bill, individuals with a qualifying period of active duty are eligible for payment of tuition up to the highest in-state public school tuition. The percentage of the maximum benefit payable to an individual is based on the aggregate amount of active duty served after September 10, 2001. Certain individuals are also eligible to receive a monthly housing stipend and a stipend for books and supplies. This law also revised the transfer of entitlement criteria for individuals eligible under chapter 30 and authorized transfer of entitlement for those eligible under chapters 1606, 1607, and 33. Finally, Public Law 110-252 eliminated the 14-year period of eligibility under chapter 1606 for individuals in the Selected Reserve.

(2) Public Law 110-389 amended education benefits as follows:

- Provided a 20-year period of eligibility for spouses of Veterans with a permanent and total disability rating effective within three years of release of active duty.
- Removed the requirement that non-accredited institutions report prior credit to VA.
- Reduced the waiting period for affirmation of enrollment in a correspondence course from 10 days to five days.
- Revised the definition of "change of program" and eliminated the wage-earning requirement for self-employment on-the-job training.

(3) Public Law 110-317 granted eligibility to educational assistance under chapter 30 to a member of the Armed Forces who receives a sole survivorship discharge after September 11, 2001. A sole survivorship discharge is the early separation of a member of the Armed Forces who is the only surviving child in a family in which the mother or father, or one or more siblings, served in the Armed Forces, and as a result of that service, either died or was severely injured (resulting in a permanent disability), or is in a captured or missing-in-action status.

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

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 utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits. The Post-9/11 GI Bill eligibility rules and benefit determinations will work well with rules-based technology that requires minimal human intervention. The high-level goals of the solution are to provide a flexible architecture to support benefit changes, an efficient workflow, and a model and framework that support code reuse across future VA projects. VBA expects the long-term IT solution to be complete in fiscal year 2011.

The American Recovery and Reinvestment Act of 2009

The Recovery Act provided $150 million for the hiring and training of temporary surge claims processors through 2010. In 2009, VBA hired 2,293 claims processors, 1,865 for Compensation and Pension (C&P) and 428 for Education. Education claims examiners will process increased workload associated with the Post-9/11 GI Bill. The employees will be retained through 2010 to mitigate the effects of the increased workload and assist in improving the average days to complete original and supplemental Education claims in 2010 to 24 and 10, respectively.

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.

	2008	2009	2010 Estimate	2011 Estimate
Direct Labor FTE (cum)	868	1,282	1,889	1,521
Increase in Claims (over previous year)	6.5%	4.3%	26.1%	4.9%
Total Claims Received	1,633K	1,704K	2,149K	2, 254K
Avg Days to Process Orig Claims	19	26	24	19
Avg Days to Process Suppl Claims	9	13	10	9

2010 Workload

The projected 2010 increase of 26.1 percent follows an increase of 471,438 education claims between 2003 and 2009, from 1,232,637 to 1,704,075, a cumulative 38 percent increase as a result of increases to benefit rates and establishment of the Post-9/11 GI Bill.

To handle the additional claims work, direct FTE rose 61 percent between 2003 and 2009 (from 866 to 1,393). Productivity improvements are expected as new staff becomes more experienced, enabling them to complete claims more quickly and accurately. In 2010, 1,889 direct FTE, including temporary claims examiners hired with Recovery Act funding, will process the increased workload and improve the average days to complete original and supplemental claims.

2011 Workload

In 2011, we expect a 4.9 percent increase in workload over 2010 due to the Post-9/11 GI Bill. Implementation of an automated processing system for Post-9/11 GI Bill claims will allow us to address the expected workload and improve claims processing timeliness with a decrease in FTE to 1,521, including the departure of the temporary claims examiners.

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									
		Performance Measures Data							
		Measure Description (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**		**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	2. Deliver Post-9/11 GI Bill benefits utilizing a streamlined and fully automated system	**Average days to complete original Education claims (Supports High Priority Goal)**	**40**	**32**	**19**	**26**	**24**	**19**	**10**
		Average days to complete supplemental Education claims	**20**	**13**	**9**	**13**	**10**	**9**	**7**
		Percentage of claims processed through the automated claims processing system **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Percent of Montgomery GI Bill or Post-9/11 GI Bill participants who successfully completed an education or training program	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
A. Improve and integrate **services** across VA to increase	2. Deliver Post-9/11 GI Bill benefits utilizing a streamlined and fully automated system	Montgomery GI Bill Usage Rate (%) Veterans who have passed their 10-year eligibility period	70	70	70	TBD*	71	71	80

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 **reliability**, **speed**, and **accuracy** of delivery	**Organization-Specific Strategies and Initiatives**	**Performance Measures Data**							
		Measure Description (Key and Dept. Mgt. Measures in **bold**)	**Results History**				**Annual Targets**		**Strategic Target**
			2006	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	
		Education Claims Completed Per FTE **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Payment accuracy rate	94	95	96	96	94	95	97
		Telephone activities– Blocked call rate	43	32	4	38	12	10	10
		Telephone activities– Abandoned call rate	20	14	5	11	7	5	5

**Results will be available mid-January 2010*

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
D. Engage in two-way communica-tions 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. Reestablish VBA's Customer Satisfaction Surveys	Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD
		Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal	N/Av	N/Av	N/Av	TBD	TBD	TBD	TBD

While the current performance measures were developed to assess the Montgomery GI Bill program, it is anticipated that the Post-9/11 GI Bill will become the education program of choice in 2010 and beyond. Therefore, to meet VA's strategic goals and objectives, Education Service has begun to consider ways to develop a performance measure for the Post-9/11 GI Bill. Education Service expects to compile the necessary data by 2011 to create a performance measure for the Post-9/11 GI Bill for implementation in 2012.

Table 2: Performance Measure Supporting Information

1) and 2) Average days to complete original and supplemental education claims (Key Measures)

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 information technology solution that utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits. The long-term solution will be implemented during 2011 and will provide 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 2009 there were 18,162 school certifying officials utilizing VA ONCE. In the same year we received approximately 1,469,500 electronic documents through VA ONCE, which represented an increase of 176,325, or 14 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: 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 Education initiatives:

Initiatives (dollars in thousands)								
	2010 Estimate				2011 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	-	-	-	-	-	391	391	-
VBA-Wide Subtotal	**$0**	**$0**	**$0**	**0**	**$0**	**$391**	**$391**	**0**
Education Total	**$0**	**$0**	**$0**	**0**	**$0**	**$391**	**$391**	**0**

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:

Initiative: Veterans Relationship Management
Total 2011 Initiative Cost: $3,800,000 Education Portion: $391,000

The Veterans Relationship Management Program (VRM) will provide the capabilities required to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and VA, regardless of the communications method (phone, Web, email, social media). This focus will include modernization of voice telephony, unification of public contact representative desktops, implementation of Identity and Access Management (IAM), development of cross VA knowledge management systems, implementation of CRM systems, and integrating self-service capabilities with multiple communication channels.

The VRM Program will help VA accomplish the following strategic business objectives:

- Improve efficiency by facilitating anytime, anywhere access via the Web to promote self-service and access to personalized information
- Ensure that Veterans and beneficiaries have access to accurate and consistent information on benefits and services through one knowledge base
- Streamline and improve internal business processes in order to provide high-quality experiences for Veterans and their beneficiaries
- Improve transparency and provide seamless support across all touch points
- Become more Veteran-focused and information-centric by providing a single 360 degree view of the Veteran to all stakeholders
- Improve ability to measure service quality
- Improve VA's ability to successfully resolve Veterans' and beneficiaries' issues on the first contact
- Allow Veterans to receive care in VA and community care centers at a reduced burden to Veterans through the implementation of an industry standard beneficiary identification system

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM Program. The total projected cost of $3.8 million will be used for contract services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

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Housing

Mission

The Housing program will help 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 will treat all Veterans and other participants in the program in a courteous, responsive, and timely manner. We will 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 for providing Veterans with quality and timely service. Congress, Veterans Service Organizations, state and county Veteran representatives, and the military services are also important stakeholders.

Housing Summary of Discretionary Appropriation Highlights (dollars in thousands)					
		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	782	793	793	833	40
Management Direction and Support	101	98	98	97	-1
Total FTE	**883**	**891**	**891**	**930**	**39**
Obligations					
Personal Services	$79,440	$83,986	$83,986	$90,888	$6,902
Travel	2,066	2,663	2,663	2,881	218
Interagency Motor Pool	288	548	548	559	11
Transportation of Things	91	136	136	137	0
Rent, Communications & Utilities	7,185	10,304	10,304	10,785	481
Printing	158	357	357	169	-188
Other Services	17,416	23,920	23,731	29,096	5,365
Supplies and Materials	699	1,226	1,415	1,451	36
Equipment	374	1,809	1,809	700	-1,110
Insurance Claims	3	7	7	7	0
Total Administrative Obligations	**$107,720**	**$124,957**	**$124,957**	**$136,674**	**$11,717**
Reimbursements	-$107,720	-$124,957	-$124,957	-$136,674	-$11,717
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$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 $136.7 million is requested from credit accounts to fund the discretionary portion of the Housing program in 2011. Administrative funding includes $135,987 thousand for the Veterans Housing Program and $687 thousand for the Native American Housing Program. The funding will support 930 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2010 Estimate

There are no funding changes from the original 2010 estimate.

Changes from 2010 Current Estimate to 2011 Estimate

In 2011, obligations are projected to increase $11.7 million. The $6.9 million increase in personal services is due to the additional FTE required for the increased Specially Adapted Housing (SAH) workload, the 1.4 percent pay raise, and associated increases to fringe benefits. The $5.4 million increase in other services is due primarily to services related to the Appraisal Management Service/Automated Valuation Model (AMS/AVM), a workload measurement study, and an audit of the property management contractor. The decreases in printing and equipment more accurately reflect current actual expenditures. Other non-pay categories increase to accommodate inflation and additional FTE.

Housing
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior Year Obligations	$107,720	$124,957
Prior Year FTE	883	891
Adjustments:		
FTE	8	39
Personal Services	$4,546	$6,902
Travel	597	218
Interagency Motor Pool	260	11
Transportation of Things	45	0
Rent, Communications & Utilities	3,118	481
Printing	200	-188
Other Services	6,315	5,365
Supplies and Materials	716	36
Equipment	1,435	-1,110
Insurance Claims	5	0
Net Change	**$17,237**	**$11,717**
Estimated Obligations	$124,957	$136,674
Total FTE	891	930

Housing Average Salary Analysis	
2009 Average Salary (261 days)	**$68,370**
Annualization of 3.9% 2009 raise (+1.0%)	667
Annualization of 2.0% 2010 raise (+1.5%)	1,026
Change in staff composition	1,481
Regular benefits percentage	24.0%
2009 Average Cost	$89,979
2010 Average Salary (261 days)	**$71,544**
Annualization of 2.0% 2010 raise (+0.5%)	358
Annualization of 1.4% 2011 raise (+1.1%)	751
Change in staff composition	1,272
Regular benefits percentage	24.1%
2010 Average Cost	$94,260
2011 Average Salary (261 days)	**$73,925**
Regular benefits percentage	24.4%
2011 Average Cost	$97,729

Workload and Resource Needs

2010 Workload

Total loans guaranteed in 2009 were 323,812 with a decrease to 267,900 anticipated in 2010. The lower number of guaranteed loans expected in 2010 reflects a decrease in the number of refinance loans, from approximately 144,800 in 2009 to 73,900 in 2010. In 2009, the historically low interest rates allowed Veteran borrowers to lower the interest rates on their home mortgages. In 2010, interest rates on home mortgages are expected to gradually increase from the 2009 levels, resulting in fewer refinance loans. Also, a 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 increase from approximately 180,900 in 2009 to 194,000 in 2010.

Since VA operates in the broader mortgage marketplace, the housing program is affected by the past economic troubles in the housing market. These economic troubles have led to stagnant housing prices and values. VA expects that servicing efforts, offered to borrowers with delinquent VA-guaranteed home loans, will be hindered by this situation. Most notably, the lack of equity in homes may hamper the effectiveness of foreclosure-avoidance tools that are available, resulting in fewer default resolution options.

The Specially Adapted Housing grant workload has increased significantly over the last few years. The number of SAH grant applications received has increased from 3,159 in 2008 to 4,283 in 2009, and is expected to continue increasing in 2010. The number of SAH grants approved has also increased from 1,017 in 2008 to 1,270 in 2009, and is expected to continue increasing to 1,512 in 2010. These increases are largely due to recent legislative changes to the SAH program, which have made over 14,000 Veterans potentially eligible to re-use their SAH grants. These changes have also expanded eligibility criteria, increased grant amounts and allowed for yearly adjustments based on a cost of construction index.

2011 Workload

VA estimates the workload in 2011 will be approximately 240,100 loans guaranteed, of which 209,550 are purchase loans and 30,550 are refinance loans. Although the total loans guaranteed estimate is on par with the estimated total volume in 2010, the components of this total will shift; 2011 will see a continuing decline in refinance loans and an increase in the number of purchase loans. The cautious mortgage lending environment will continue to increase confidence and usage of the guaranteed loan program by the real estate and mortgage lending industry, upon which VA relies to deliver the home loan benefit to borrowers. The number of refinance loans will continue to decrease as interest rates increase from the historically low levels in 2009. Defaults and foreclosures will also decrease consistent with the assumption of increasing home prices and values in 2011, which also improves the effectiveness of default resolution options. Additionally, VA estimates the number of SAH grant applications received in 2011 will continue to increase. The number of SAH grants approved will also continue to increase, resulting in 1,801 SAH grants approved in 2011, consistent with the effects of the recent legislative changes.

Transformation Initiative

Eligibility determination is the first step in obtaining the VA home loan benefit. VA's performance of this function, particularly the timeliness of eligibility determinations, is critical to our clients' and lending community's participation in our program. VA's current online system for processing eligibility requests automates a portion of the eligibility determination process and has served our clients and partners well over the past few years. However, in order to expand access and improve timeliness, VA needs to redesign the current system and associated processes. Such efforts are important to avoid loan closing delays or cancellations, as well as to meet the expectations of a marketplace that has come to expect on-demand processing.

To accomplish this redesign, VA plans to allow Veterans and servicemembers to request Certificates of Eligibility (COEs) online through VA's portal. VA will also improve its success rate when clients are requesting a COE online by identifying and cleaning new data sources, adding new functionality and business logic to

the system, and transforming its business processes. In addition to these efforts, VA will market this improved functionality to our client and lender communities to ensure they are aware of these improved features.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Implement Veterans Benefits Management System Initiative (VBMS) (formerly Paperless Initiative)	**Default Resolution Rate** (1) Corrected	**N/Av**	**N/Av**	**N/Av**	**(1) 65.1**	**71.0**	**73.0**	**75.0**
		Specially Adapted Housing Independence (%)[1/]	93.2	91.3	N/A	89.7	95.5	96.0	97.0
		Statistical Quality Index %[2/]	99.0	99.2	99.6	99.7	Baseline	TBD	TBD
		Rate of homeownership for Veterans compared to that of the general population[3/]	N/Av	N/Av	115.2	109.0	117.0	117.0	119.0
		Default Resolution Efficiency Ratio (1) Corrected	N/Av	N/Av	N/Av	(1) 24.1:1	19.0:1	19.5:1	20.0:1
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Implement Veterans Relationship Management, a unified, client-centric approach to service delivery, to empower and expand opportunities for self-service	Success Rate of Automated Certificate of Eligibility (ACE) System **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	75.0

[1/]No survey done in 2008
[2/]Statistical Quality Index future targets changed starting in 2010 due to revised measurement criteria.
[3/]2009 is estimated data. Final data will be published in the 2010 Performance and Accountability Report.

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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. Reestablish VBA's Customer Satisfaction Surveys	Lender Satisfaction With VA Loan Guaranty Program (%)[1/]	93.2	92.0	N/Av	95.0	94.5	94.5	95.0
		Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)[1/]	93.1	91.7	N/Av	92.3	95.5	96.0	97.0

Table 2: Performance Measure Supporting Information

1) Default Resolution Rate - Percent of defaulted VA-guaranteed loans that are successfully resolved via a loss mitigation option (Key Measure)

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 retain 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 work 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: 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)								
	2010 Estimate				2011 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	-	-	-	-	-	201	201	-
VBA-Wide Subtotal	$0	$0	$0	0	$0	$201	$201	0
Housing Total	$0	$0	$0	0	$0	$201	$201	0

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:

Initiative: Veterans Relationship Management
Total 2011 Initiative Cost: $3,800,000 **Housing Portion: $201,000**

The Veterans Relationship Management Program (VRM) will provide the capabilities required to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and VA, regardless of the communications method (phone, Web, email, social media). This focus will include modernization of voice telephony, unification of public contact representative desktops, implementation of Identity and Access Management (IAM), development of cross VA knowledge management systems, implementation of CRM systems, and integrating self-service capabilities with multiple communication channels.

The VRM Program will help VA accomplish the following strategic business objectives:

- Improve efficiency by facilitating anytime, anywhere access via the Web to promote self-service and access to personalized information
- Ensure that Veterans and beneficiaries have access to accurate and consistent information on benefits and services through one knowledge base
- Streamline and improve internal business processes in order to provide high-quality experiences for Veterans and their beneficiaries
- Improve transparency and provide seamless support across all touch points
- Become more Veteran-focused and information-centric by providing a single 360 degree view of the Veteran to all stakeholders
- Improve ability to measure service quality
- Improve VA's ability to successfully resolve Veterans' and beneficiaries' issues on the first contact
- Allow Veterans to receive care in VA and community care centers at a reduced burden to Veterans through the implementation of an industry standard beneficiary identification system

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM Program. The total projected cost of $3.8M will be used for contract services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Vocational Rehabilitation and Employment

Mission

The purpose of the Vocational Rehabilitation and Employment (VR&E) 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 program include Veterans, servicemembers, reservists; dependents of certain Veterans; Veterans Health Administration; Department of Labor; 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)					
		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	1,156	1,155	1,155	1,155	0
Management Direction and Support	120	143	143	134	-9
Total FTE	**1,276**	**1,298**	**1,298**	**1,289**	**-9**
Obligations					
Personal Services	$120,941	$124,569	$124,569	$131,888	$7,319
Travel	1,933	2,826	2,826	2,884	58
Interagency Motor Pool	269	307	307	314	7
Transportation of Things	265	184	184	188	4
Rent, Communications & Utilities	11,359	14,901	14,901	15,346	445
Printing	229	509	509	511	2
Other Services	21,735	25,574	24,368	32,750	8,382
Supplies and Materials	1,342	2,648	2,648	3,599	951
Equipment	788	877	877	897	20
Insurance Claims	7	3	3	4	1
Total Administrative Obligations	**$158,868**	**$172,399**	**$171,193**	**$188,382**	**$17,189**
Reimbursements	-$320	-$328	-$328	-$337	-$9
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$158,548**	**$172,071**	**$170,865**	**$188,045**	**$17,180**
Outlays (net)	**$161,532**	**$166,736**	**$164,951**	**$180,702**	**$15,751**

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

Summary of Budget Request

Budget authority of $188.0 million is requested to fund the discretionary portion of the Vocational Rehabilitation and Employment program in 2011. The funding will support 1,289 FTE, the January 1, 2011, 1.4 percent pay raise, the associated level of fringe benefits costs, and inflationary expenses.

Changes from Original 2010 Budget Estimate

The current administrative obligations for 2010 are $171.2 million, a decrease of $1.2 million from the original budget estimate. This is a result of redirecting resources for the Veterans Benefits Management System (VBMS) Initiative (formerly the Paperless Initiative) to the Compensation and Pensions program.

Changes from 2010 Current Estimate to 2011 Estimate

In 2011, obligations are expected to increase $17.2 million. Personal services reflects a $7.3 million increase as a result of the 1.4 percent pay raise, the associated level of fringe benefits costs, and inflationary expenses.

The increase to other services reflects contracted services that supplement and complement VR&E staffing resources, ensuring timely service delivery to Veterans and provisions of unique individual Veteran service needs.

The increase to supplies and materials reflects the VBA-wide initiative to supply employees with a printer to print claims-related documents at their desks. The increased funding will be used to purchase printer cartridges associated with this effort. This initiative will increase employee efficiency, as it reduces non-productive time retrieving documents from centrally located printers and also reduces the possibility of incorrectly mailing personally identifiable information.

Other increases to non-pay categories reflect inflationary trends and more accurately reflect current actual expenditures.

Vocational Rehabilitation and Employment
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior Year Obligations	$158,868	$171,193
Prior Year FTE	1,276	1,298
Adjustments:		
FTE	22	-9
Personal Services	$3,628	$7,319
Travel	893	58
Interagency Motor Pool	38	7
Transportation of Things	-81	4
Rent, Communications & Utilities	3,542	445
Printing	280	2
Other Services	2,633	8,382
Supplies and Materials	1,306	951
Equipment	89	20
Insurance Claims	-3	1
Net Change	**$12,325**	**$17,189**
Estimated Obligations	$171,193	$188,382
Total FTE	1,298	1,289

Vocational Rehabilitation and Employment Average Salary Analysis	
2009 Average Salary (261 days)	**$71,112**
Annualization of 3.9% 2009 raise (+1.0%)	693
Annualization of 2.0% 2010 raise (+1.5%)	1,067
Change in staff composition	-664
Regular benefits percentage	25.0%
2009 Average Cost	$94,809
2010 Average Salary (261 days)	**$72,208**
Annualization of 2.0% 2010 raise (+0.5%)	361
Annualization of 1.4% 2011 raise (+1.1%)	758
Change in staff composition	3,272
Regular benefits percentage	24.8%
2010 Average Cost	$95,970
2011 Average Salary (261 days)	**$76,599**
Regular benefits percentage	25.1%
2011 Average Cost	$102,318

Workload and Resource Needs

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	2008	2009	2010 Estimate	2011 Estimate
Direct Labor FTE	1,111	1,156	1,155	1,155
12-Month Average Workload	91,735	100,894	110,983	122,082
Increase in Average Workload (over previous year)	4.9%	10.0%	10.0%	10.0%
End of Year (EOY) Actual Workload	97,116	106,841	117,525	129,277
Increase in Actual Workload (over previous year)	7.2%	10.0%	10.0%	10.0%
Rehabilitation Rate	76%	74%	76%	77%

Note: EOY actual workload has been included to provide a more comprehensive representation of VR&E workload.

Anticipated workload increases, shown above, are expected as a result of the following:

- The VBA-wide effort to increase outreach activities to separating servicemembers and Veterans. As part of this effort, VR&E is working to enhance and increase outreach through the Disability Transition Assistance Program (DTAP). The goal of DTAP is to assist potentially eligible servicemembers with early entry into the VR&E program. Additionally, with greater participation by members of National Guard and Reserve forces in ongoing military operations, the enhancement of the DTAP program will allow VR&E to ensure that injured and ill Guard and Reservists are also aware of VR&E benefits.
- VR&E Service specialized outreach to Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) Veterans to assist them in entering vocational rehabilitation programs.
- VR&E's Coming Home to Work (CHTW) program, which provides outreach that targets transitioning OEF/OIF servicemembers and new Veterans in order to accelerate their rehabilitation and facilitate their transition to civilian life.
- Economic changes affecting the labor market, resulting in more Veterans seeking vocational rehabilitation services for retraining and job placement assistance.

The requested staffing levels are critical for meeting the needs of new OEF/OIF Veterans while 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.

Program Highlights

VR&E is a Veteran-centric program, focused on the provision of individualized services that assist disabled Veterans to achieve their career goals and live as independently as possible. In 2009, VR&E continued outreach to new Veterans and servicemembers on medical hold (servicemembers on active duty who are undergoing the process of a medical discharge) and received 78,127 applications, representing a 13.3 percent increase over 2008. At the end of 2009, VR&E was providing services to 106,841 Veterans and servicemembers. Reaching out to new Veterans remains a priority as VR&E increases 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 the DTAP program is also extending outreach efforts by providing increased and customized informational briefings regarding VR&E benefits to servicemembers, Veterans, Guard, and Reserve members who have, or suspect they have, a service-connected disability, an injury or illness that was aggravated

by service; or who are retiring or being separated due to a service-connected disability.

The Veterans' Benefits Improvement Act of 2008 (Public Law 110-389) positively affected services the VR&E program provides to the most seriously disabled Veterans, who are unable to work, by allowing an extension of Independent Living Services beyond 30 months and increasing the limit on new programs of Independent Living to 2,600 per fiscal year. The law also established a requirement for two studies, including a study on the completion of vocational rehabilitation programs and a 20-year longitudinal study of three cohorts of VR&E applicants. Implementation of these studies will allow VR&E to study trends among Veterans receiving services and respond with forward-thinking initiatives that adapt services to the changing needs of Veteran clients.

VR&E's VetSuccess.gov Web site is a Veteran-centric tool, enhanced to include comprehensive employment resources for Veterans. VR&E's Web site serves as a virtual employment resource center for Veterans seeking employment and employers who want to hire Veterans. Employers can list current vacancies and find qualified Veteran applicants. Veterans can browse job listings, post resumes, and apply for positions online. Veterans can also apply for the VR&E program and other VA benefits online. VetSuccess.gov provides access to two job banks:

- A specialized job bank tailored specifically for employers to list job openings for Veterans with disabilities who are participating in the VA VR&E program, and
- JobCentral, a database of more than 500,000 job openings listed by Fortune 500 companies and state workforce organizations.

VR&E development continues on the VetSuccess.gov Web site to enhance content and provide a dynamic resource constantly adapted to Veterans' needs.

VR&E's partnership with the Department of Labor's Veterans Employment and Training Service (VETS) was further enhanced nationally in December 2008 through a rollout of a coordinated best practice model for assisting Veterans to obtain employment. This model reinforces the working relationship between VR&E Employment Coordinators, VETS Disabled Veterans' Outreach Program Coordinators, and Local Veterans' Employment Representatives, and benefits Veterans with disabilities by focusing on employment results.

VR&E continues to work collaboratively with VA's Education Service to provide counseling and guidance to servicemembers and Veterans eligible for the new Post-9/11 GI Bill and other education programs. This includes piloting special outreach programs on college campuses with large numbers of GI Bill

beneficiaries. The VetSuccess on Campus pilot is a forward-looking initiative that aligns VR&E and VHA Vet Center resources with the GI Bill program to assist Veterans to complete educational programs leading to successful employment. The Post-9/11 GI Bill, established by Public Law 110-252, provides enhanced monetary benefits for Veterans enrolled in academic programs. To assist Veterans with fully utilizing GI Bill benefits, VR&E counselors have been trained on the benefits associated with the Post-9/11 GI Bill and tools for comparing the benefits of the Chapter 30, 33 and 31 programs. Since VR&E provides Veterans from all eras with customized and individualized services, we fully expect participation in our programs to continue to increase.

Performance Measures. The following chart provides performance measurements 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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat. Target**
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) %**	**73**	**73**	**76**	**74**	**76**	**77**	**80**
		Serious Employment Handicap (SEH) Rehabilitation Rate	73	73	76	74	76	77	80
		Independent Living Rehabilitation Rate	N/Av	N/Av	N/Av	Baseline	92	92	95
		Speed of Entitlement Decisions in Average Days (1) Corrected	54	54	48	(1) 51	45	45	40

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strat Target**
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	Average Cost of Rehabilitating Participants Using Constant 2009 Dollars	N/Av	N/Av	N/Av	Baseline	TBD	TBD	TBD
		Accuracy Rate of Decisions (Services)	82	77	82	80	81	85	96
		Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	95	93	96	96	95	96	99
		Employment Rehabilitation Rate	N/Av	N/Av	N/Av	Baseline	75	77	80
D. Engage in two-way communica-tions 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. Re-establish VBA's Customer Satisfaction Surveys	Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (%)	N/Av	N/Av	90%	TBD	TBD	TBD	TBD

Table 2: Performance Measure Supporting Information

Rehabilitation Rate (General) (Key Measure)

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 validated 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 entered into several memorandums of understanding (MOUs) with organizations such as Department of Labor's VETS, Council of State Administrators of Vocational Rehabilitation programs, U.S. Army Materiel Command, Federal Aviation Administration, Integrated Biometric Technology, and Naval Air Systems Command. These MOUs focus on joint efforts to provide career opportunities to Veterans.

f) External Factors:

- Socio-economic 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 utilizing Post-9/11 GI Bill benefits (Chapter 33).

*Suitable employment is employment held by the Veteran for a minimum of 60 days and deemed compatible to the Veteran's interests, aptitudes, and abilities.

Table 2: Performance Measure Supporting Information

KEY MEASURES ONLY

The results calculation through September 2009 is shown below:

Base Data

Total number of rehabilitations: 10,303
Discontinued: 5,229
Maximum Rehabilitation Gains (MRGs): 1/1,677
Discontinued (Excluding MRGs): 3,552

Results Calculation

10,303/ (10,303+5,229-1,677) = 74.4% rehab rate.

Rehabilitation totals are provided below for the past 6 years2/:

Year	Employment	Independent Living	Total
2004	8,444	2,685	11,129
2005	9,320	2,693	12,013
2006	9,277	2,840	12,117
2007	8,468	2,540	11,008
2008	8,831	2,235	11,066
2009	8,284	2,019	10,303

1/ Late in FY 2009 the MRG definitions were revised to include a category for Veterans leaving the VR&E program to utilize Post 9/11 GI Bill benefits. These numbers are included in the MRG data for FY 2009 but will be separated from the MRG data in future years.

2/ A calculation error in separating independent living (IL) and employment rehabilitations was corrected. This correction slightly impacts the employment and IL individual numbers but does not impact the overall rehabilitations total. The table above reflects the corrected data for all years.

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)								
	2010 Estimate				2011 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
VR&E Subtotal	$0	$0	$0	0	$0	$0	$0	0
VBA-Wide								
Veterans Relationship Management Initiative	-	-	-	-	-	277	277	-
VBA-Wide Subtotal	$0	$0	$0	0	$0	$277	$277	0
VR&E Total	$0	$0	$0	0	$0	$277	$277	0

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:

Initiative: Veterans Relationship Management
Total 2011 Initiative Cost: $3,800,000 **VR&E Portion: $277,000**

The Veterans Relationship Management Program (VRM) will provide the capabilities required to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

This program is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and VA, regardless of the communications method (phone, Web, email, social media). This focus will include modernization of voice telephony, unification of public contact representative desktops, implementation of Identity and Access Management (IAM), development of cross VA knowledge management systems, implementation of CRM systems, and integrating self-service capabilities with multiple communication channels.

The VRM Program will help VA accomplish the following strategic business objectives:

- Improve efficiency by facilitating anytime, anywhere access via the Web to promote self-service and access to personalized information

- Ensure that Veterans and beneficiaries have access to accurate and consistent information on benefits and services through one knowledge base
- Streamline and improve internal business processes in order to provide high-quality experiences for Veterans and their beneficiaries
- Improve transparency and provide seamless support across all touch points
- Become more Veteran-focused and information-centric by providing a single 360 degree view of the Veteran to all stakeholders
- Improve ability to measure service quality
- Improve VA's ability to successfully resolve Veterans' and beneficiaries' issues on the first contact
- Allow Veterans to receive care in VA and community care centers at a reduced burden to Veterans through the implementation of an industry standard beneficiary identification system

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM Program. The total projected cost of $3.8 million will be used for contract services that will provide strategic support for integration of all initiatives that encompass all organizations and provide tactical support in implementing this strategy.

Insurance

Mission

To provide universally available life insurance benefits to servicemembers and their families, as well as providing traumatic injury protection insurance for servicemembers. To also provide a conversion privilege to either a permanent plan or a renewable term insurance policy after a servicemember's separation from service. In addition, to provide 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. All benefits and services will be provided in an accurate, timely, and courteous manner and at the lowest achievable administrative cost. Insurance coverage will be provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return will be ensured on investments held on behalf of the insured.

Stakeholders

Stakeholders include Veterans who maintain VA life insurance policies, 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 38 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)					
		2010			
Discretionary	**2009**	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase(+) Decrease(-)**
FTE					
Direct	300	338	338	315	-23
Management Direction and Support	48	48	48	48	0
Total FTE	**348**	**386**	**386**	**363**	**-23**
Obligations					
Personal Services	$24,787	$29,320	$29,320	$28,313	-$1,006
Travel	116	157	157	155	-2
Interagency Motor Pool	13	11	11	13	1
Transportation of Things	3	3	3	3	0
Rent, Communications & Utilities	4,304	4,252	4,252	3,602	-650
Printing	33	52	52	30	-22
Other Services	1,037	1,141	1,141	1,001	-140
Supplies and Materials	286	310	309	299	-10
Equipment	120	297	297	293	-3
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	**$30,698**	**$35,542**	**$35,542**	**$33,710**	**-$1,832**
Reimbursements	-$30,204	-$35,008	-$35,008	-$33,057	$1,951
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
Economic Stimulus	$0	$0	$0	$0	$0
Unobligated Bal expiring	$0	$0	$0	$0	$0
Transfers Out to IT Appropriation	$0	$0	$0	$0	$0
Adjustments	$0	$0	$0	$0	$0
Total Appropriation	**$494**	**$534**	**$534**	**$653**	**$119**
Outlays (net)	**$994**	**$444**	**$444**	**$494**	**$50**

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

Summary of Budget Request

Budget authority of $652 thousand is requested to primarily fund the discretionary portion of the Veterans' Mortgage Life Insurance (VMLI) Program. Combined budget authority and offsetting collections of $33.1 million will fund total obligations of $33.7 million. The combined request will provide sufficient funding for the administrative expenses of 363 FTE; the January 1, 2011, 1.4 percent projected pay raise; the associated level of fringe benefits; and inflationary expenses.

In 2011, the Insurance Program will continue to maintain our already high level of performance and client satisfaction, and meet the anticipated rise in our clients' expectations. Paperless electronic workflow will continue to be phased into all areas of insurance processing. We will continue to provide world-class service through our toll-free telephone service and offer alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and the Insurance self-service Web site.

Changes from 2010 Current Estimate to 2011 Estimate

In 2011, obligations are expected to decrease by $1.8 million. This decrease is primarily a result of a $1 million decrease in personal services, which is due to a reduction of 23 FTE. The decrease is also attributed to a $650 thousand decrease in rent, communications, and utilities resulting from lower standard level user charges (SLUC) associated with the decline in FTE. Insurance's SLUC is the cost per square foot for the space that it occupies. The charge also includes Insurance's share of building-wide amenity spaces. The decrease to other services better reflects program requirements.

Insurance
Analysis of Discretionary Increases and Decreases
(dollars in thousands)

	2010 Estimate	2011 Estimate
Prior Year Obligations	$30,698	$35,542
Prior Year FTE	348	386
Adjustments:		
FTE	38	-23
Personal Services	$4,533	-$1,006
Travel	41	-2
Interagency Motor Pool	-2	1
Transportation of Things	0	0
Rent, Communications & Utilities	-52	-650
Printing	20	-22
Other Services	104	-140
Supplies and Materials	24	-10
Equipment	177	-3
Insurance Claims	0	0
Net Change	**$4,844**	**-$1,832**
Estimated Obligations	$35,542	$33,710
Total FTE	386	363

Insurance Average Salary Analysis	
2009 Average Salary (261 days)	**$55,178**
Annualization of 3.9% 2009 raise (+1.0%)	538
Annualization of 2.0% 2010 raise (+1.5%)	828
Change in staff composition	1,782
Regular benefits percentage	22.6%
2009 Average Cost	$71,260
2010 Average Salary (261 days)	**$58,326**
Annualization of 2.0% 2010 raise (+0.5%)	292
Annualization of 1.4% 2011 raise (+1.1%)	612
Change in staff composition	216
Regular benefits percentage	23.2%
2010 Average Cost	$75,958
2011 Average Salary (261 days)	**$59,446**
Regular benefits percentage	23.8%
2011 Average Cost	$77,998

Program Highlights

In 2011, the Insurance Program will obligate a projected $2.6 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 and meet the anticipated rise in our clients' expectations.

We continue to transform operations and procedures by implementing a paperless electronic workflow system. Eighty percent of Insurance operations are currently in electronic workflow, with the remaining scheduled within the next few years. This system contributes to maintaining a high level of client satisfaction due to increased processing efficiencies. 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.

In addition, expansion of the Insurance self-service Web site 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. Clients and stakeholders can also subscribe to an online electronic newsletter that informs them of insurance benefits and services. Future enhancements include a Web-based client satisfaction survey to provide feedback and suggestions for improvements to the Insurance Web site.

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, Department of Defense, branches of service and other stakeholders to assist them in serving Veterans and servicemembers more effectively.

We will also continue our special outreach efforts to inform Veterans of their insurance options, with a special emphasis on severely disabled Veterans. We are enhancing the outreach process to identify those Veterans whose disabilities would prevent them from purchasing insurance in the private sector. Approximately $1.6 billion in insurance coverage has been issued or paid due to our outreach efforts.

We will continue coordination and cooperation with the Department of Defense to provide exceptional service to our clients through the SGLI, Family SGLI and SGLI Traumatic Injury Protection programs.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Implement Veterans Benefits Management System (VBMS) Initiative (formerly Paperless Initiative)	Number of disbursements (death claims, loans, and cash surrenders) per FTE	1,697	1,724	1,756	1,755	1,740	1,750	1,750

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
B. Leverage **technology** and **partnerships** to reach Veterans and their families and **advocate** on their behalf	2. Expand outreach and improve access to benefits information and assistance	Conversion rate of disabled SGLI members to VGLI (%)	41	40	45	32	50	50	50
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. Re-establish VBA's Customer Satisfaction Surveys	**Rate of high client satisfaction ratings on services delivered (%)**	**96**	**96**	**95**	**96**	**95**	**95**	**95**

Table 2: Performance Measure Supporting Information
Rate of high client satisfaction ratings on 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 in order to determine if similar results are calculated. **d) Measure Validation:** • VA's insurance program achieves high levels of client satisfaction by providing quality service and implementing and administering insurance programs that 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.

Initiatives

There are no initiatives planned for 2011.

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General Administration

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General Administration

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, the Office of Business Oversight, and the Financial and Logistics Integrated Technology Enterprise (FLITE) Office.

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)	2009 Actual		2010 Budget		2010 Current		2011 Request	
	BA	FTE	BA	FTE	BA	FTE	BA	FTE
Office of the Secretary	7,146	73	9,270	84	9,270	94	10,808	94
Board of Veterans' Appeals	68,582	525	73,273	529	73,273	552	75,198	557
Office of General Counsel	74,343	718	80,778	739	80,778	730	91,049	764
Office of Management	37,546	250	43,956	286	43,956	292	48,557	295
Office of Human Resources & Administration	61,901	505	68,590	539	68,590	715	76,177	736
Office of Policy & Planning	14,602	62	26,015	93	26,015	93	28,783	103
Office of Operations, Security & Preparedness	12,025	66	16,746	95	16,746	95	22,091	102
Office of Public and Intergovernmental Affairs	10,005	68	18,079	76	22,079	75	23,705	82
Office of Congressional & Legislative Affairs	4,379	33	6,065	50	6,065	42	7,247	50
Office of Aquisition, Logistics and Construction	45,243	291	50,728	313	50,728	349	79,582	514
Total Budget Authority	**$ 335,772**	**2,591**	**$ 393,500**	**2,804**	**$ 397,500**	**3,037**	**$ 463,197**	**3,297**

Summary of Budget Request

A total of $463.2 million in budget authority (BA) and 3,297 FTE are requested to support the General Administration account in FY 2011. Details of the 2011 General Administration request can be found in the individual staff office chapters. Highlights of the request are noted below:

- In 2011, $10.8 million and 94 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 $75.2 million in budget authority and 557 FTE are requested for the Board of Veterans' Appeals (BVA) to address an increasing number of appeals of original claims decisions, reverse the trend of a growing backlog, and reduce case disposition time. The request will also allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.

- In 2011, $91.1 million and 764 FTE are requested for the Office of General Counsel. This level will allow General Counsel to support 30 additional FTE 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 $48.6 million and 295 FTE are requested for the Office of Management in 2011. The 2011 budget will support several transformation initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. These initiatives include audits of the Non-VA Care (Fee) program, enhancing VA's Green Management program and efforts to improve the tracking of construction projects.

- In 2011, $76.2 million in budget authority and 736 FTE are requested for the Office of Human Resources and Administration. When combined with $380.4 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives begun in 2010, such as Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning. Reimbursements will also support the Office of Resolution Management, the VA Learning University, the Office of Administration, and the Offices of Human Resources Management and Labor Management. Details of these initiatives can be found in the Human Resources and Administration chapter in Volume 3.

- A total of $28.8 million and 103 FTE are requested for the Office of Policy and Planning (OP&P) in 2011. The 2011 budget will allow for: expanded coverage of the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services and 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 $22.1 million and 102 FTE are requested for the Office Operations, Security, and Preparedness in 2011 for a variety of mission critical activities including: continued refinement and development of the VA's continuity programs through crisis management exercises, evaluation and training; a program office for the Personnel Security and Suitability Program; improving 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 2011, $23.7 million and 82 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for additional outreach, funding to enhance VA's partnership with Tribal Governments and to establish 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 local partners to help plan and implement VA's paralympic program and for subsistence payments to Veterans and service members participating in the program.

- A total of $7.2 million and 50 are requested for the Office of Congressional and Legislative Affairs in 2011. The request will provide funding for an additional 8 FTE that will allow VA to address an increasing workload, become proactive in advancing congressional communications and legislative outreach, and improving the image of VA.

- A total of $79.6 million and 514 FTE are requested for the Office of Acquisition, Logistics, and Construction (OALC) in 2011. This includes $23.6 million for a new Administration initiative to improve contracting and acquisitions across government. In addition, the budget request will transform OALC into an enterprise-wide facilities management system 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 .

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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)	2010 BA	2010 FTE	2011 BA	2011 FTE
Office of the Secretary	$5,874	50	$7,263	50
Center for Faith-Based and Neighborhood Partnership	557	3	576	3
Center for Minority Veterans	1,174	7	1,239	7
Center for Women Veterans	832	5	874	5
Office of Employment Discrimination Complaint Adjudication 1/	52	24	52	24
Office of Survivors Assistance	781	5	804	5
Total Budget Authority	9,270	94	10,808	94

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

The Office of the Secretary – 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 Under Secretaries, Assistant Secretaries, Key Officials and Staff Office Heads 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 supplies, information technology needs, and human resources, and provides administrative support and telephone coverage to the Secretary and immediate staff.

The **Center for Minority Veterans'** (CMV) mission is to serve as principal advisor to the VA Secretary, identify barriers to benefits and health care access, increase local awareness of minority Veteran-related issues, and develop strategies for improving minority participation in existing VA benefits and programs. The Center for Minority Veterans serves as an advocate for minority Veterans by conducting outreach activities to promote the awareness and use of VA benefits and services by evaluating the overall effectiveness of the provisions of VA benefits and services.

The Center's activities include:

- Supporting and initiating activities designed to educate and sensitize internal staff within the VA to the unique needs of minority Veterans

- Identifying VA policies and business practices that present obstacles/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 Web Based Quarterly Activity Reports to identify opportunities for improvement in outreaching and leveraging best practices within the VA.

- Developing and providing current outreach materials, guidance, and training to approximately 300 Minority Veterans Program Coordinators (MVPC) located within VBA/VHA/NCA.

- Establishing and maintaining new 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.

- Providing support to the Secretary's Advisory Committee on Minority Veterans (ACMV), including annual briefings, site visits and publishing of an ACMV Annual Report to Congress outlining recommendations, concerns, and observations on VA's delivery of benefits and services to minority Veterans.

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 Director, Center for Women Veterans, 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 (ACWV), 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** mission is to develop partnerships and provide relevant information to faith-based and non-governmental organizations and expand their participation in VA programs in order to better serve the needs of Veterans and their families. The CFBNP Director serves as the liaison and point of contact with the White House OFBNP.

The Center's responsibilities include:

Build partnerships between government agencies, faith-based and community organizations to better serve Veterans, their families and communities.

Support the four priorities identified by President Obama and the White House Office of Faith-based and Neighborhood Partnerships:

- Strengthening the role of community organizations in the economic
- recovery, and poverty reduction

- Reducing unintended pregnancies supporting maternal and child health,
- and reducing the need for abortions

- Promoting responsible fatherhood and strong communities; and healthy families

- Fostering interfaith dialogue and cooperation

The **Office of Survivors Assistance** (OSA) mission is to serve as the principal advisor to the Secretary on all policies, programs, legislative issues, and other initiatives affecting survivors and dependents of deceased veterans and service members. OSA will serve as a resource regarding all benefits and services furnished by VA.

OSA's responsibilities include:

- Monitoring VA's delivery of benefits and services to survivors and dependents.
- Acting as an advocate for survivors both internal and external to the Department of Veterans Affairs
- Providing oversight and designs outreach programming to survivors.
- Tracking and recommending survivor legislative issues.
- Making appropriate referrals to VA administration and offices so that survivors receive all benefits and services for which they are eligible.
- Exploring innovative opportunities to reach survivors who are eligible but are not receiving benefits.

The **Office of Small and Disadvantaged Business Utilization** (OSDBU) consists of the Center for Small Business Utilization (CSBU) and the Center for Veterans Enterprise (CVE). The Executive Director, OSDBU, serves as the Department's advocate for the participation of Service-Disabled Veteran-Owned small businesses (SDVOSBs), Veteran-Owned small businesses (VOSBs), small business concerns (SBCs), small disadvantaged businesses (SDBs), women-owned small businesses (WOSBs), and Historically Underutilized Businesses (HUBZone) 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.

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 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 2011 request provides for the following:

- An average employment of 94 FTE and total obligational authority of $13,989,000 are requested in 2011 to support all operations of the Office of the Secretary, which includes the Center for Minority Veterans, the Center for Women Veterans, Center for Faith Based and Community Initiatives, Office of Survivors Assistance, and the Office of Employment Discrimination Complaint Adjudication (OEDCA). This request is comprised of $10,808,000 in budget authority, $3,181,000 in reimbursable authority and $173,000 in expenditure adjustments for offices within the account.
- Within the total obligational authority, an average employment of 70 FTE, and budget authority of $10,808,000 is requested to support the operations of the Office of the Secretary, which includes the Center for Minority Veterans, Center for Women Veterans, Center for Faith Based and Neighborhood Partnership, the Office of Employment Discrimination Complaint Adjudication, and the Office of Survivors Assistance.
- In addition to $52,000 in budget authority included above, OEDCA is requesting $3,354,000 in total recoveries to support 24 FTE and the operations of OEDCA. Funding for this office is provided on a reimbursable basis. Recoveries are comprised of $3,181,000 in reimbursements from VHA and NCA, and $173,000 in expenditure adjustments from VBA. Since expenditure adjustments are an intra-appropriation transaction they are not scored as a net obligation to OEDCA for accounting purposes. 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)*					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase (+) Decrease (-)
FTE	73	84	94	94	. . .
Obligations:					
Personal services	$10,173	$11,269	$13,000	$13,143	$143
Travel	$464	$428	$555	$592	$37
Transportation of things	$11	$0	$0	$0	$0
Rents, communications, and utilities	$0	$0	$0	$0	$0
Printing and reproduction	$64	$72	$33	$33	$0
Other services	$215	$530	$195	$218	$23
Supplies and materials	$344	$253	$174	$176	$2
Equipment	$19	$5	$0	$0	$0
Adjustment to Expenditure	*($171)*	*($171)*	*($171)*	*($173)*	($2)
Total obligations	**$11,119**	**$12,386**	**$13,786**	**$13,989**	**$203**
Reimbursements (OEDCA)	($2,831)	($3,116)	($3,116)	($3,181)	($65)
SOY Carry over (-)	($1,202)	$0	($1,400)	$0	$1,400
EOY Carry over (+)	$60	$0	$0	$0	$0
Total budget authority	**$7,146**	**$9,270**	**$9,270**	**$10,808**	**$1,538**

The $1.5 million increase in 2011 budget authority will provide funding for following: the budgeted 2011 federal pay raise of 1.4%, normal benefits increases, and budget authority for 10 FTE within the immediate Office of the Secretary that will be supported through available carryover in 2010. These FTE will support transformation efforts and a new strategic focus for the Department.

Office of the Secretary *Changes for Original 2010 budget Estimates* *(dollars in thousands)*			
	2010		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Obligations:			
Personal services	$11,269	$13,000	$1,731
Travel	$428	$555	$127
Transportation of things	$0	$0	$0
Rents, communications, and utilities	$0	$0	$0
Printing and reproduction	$72	$33	($39)
Other services	$530	$195	($335)
Supplies and materials	$253	$174	($79)
Equipment	$5	$0	($5)
Adjustment to Expenditure	*($171)*	*($171)*	$0
Total obligations	**$12,386**	**$13,786**	**$1,400**
Reimbursements (OEDCA)	($3,116)	($3,116)	$0
Carry over (-)	$0	($1,400)	($1,400)
Carry over (+)	$0	$0	$0
Total budget authority	**$9,270**	**$9,270**	**$0**

- The current estimate for obligations is greater than the original 2010 budget due to available carryover to support an additional 10 FTE within the Immediate 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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization -Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	*2006	*2007	*2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strategic Target
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 (OSDBU)	**Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses**	3.58%	7.09%	12.09%	TBD	10.0%	10.0%	10.0%
		Percent of total procurement dollars awarded to Veteran-owned small businesses	6.17%	10.13%	15.27%	TBD	12.0%	12.0%	12.0%
		Percent of total procurement dollars awarded to small business concerns	27.80%	23.00%	36.35%	TBD	33.5%	33.5%	33.5%
		Percent of total procurement dollars awarded to small disadvantaged businesses	9.50%	5.00%	9.81%	TBD	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to women-owned businesses	5.30%	5.00%	4.16%	TBD	5.00%	5.00%	5.00%
		Percent of total procurement dollars awarded to businesses located in Historically-Underutilized Business Zones	3.60%	3.00%	2.81%	TBD	3.00%	3.00%	3.00%

* VA's data reported may differ from data reported by the Small Business Administration due to the timing of when each agency runs its report.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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 (OEDCA)	Average processing time for adjudication	60	55	49	54	53	52	49
	2. Send OEDCA attorneys to training and provide updates of EEOC appellate decisions (OEDCA)	Percent of final decisions reversed on appeal by EEOC (*Measure description and calculation changed beginning in 2008. Prior to 2008, the results reflect the rate of affirmances of OEDCA's merits decisions on appeal.)	85%	85%	*4.0%	*3.8%	*3.7%	*3.6%	*3.0%

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

Percent of total procurement dollars awarded to Service-Disabled Veteran-Owned small businesses
(Departmental Management Measure)

a) Means and Strategies:
- Continuing to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Service-Disabled 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

b) Data Source(s):
- Federal Procurement Data System – Next Generation: A system that maintains data on all procurement contracts

c) Data Verification:
- VA's Chief Acquisition Officer certifies the accuracy of the data to the Small Business Administration annually

d) Measure Validation:
- Quantifies support of SDVOSB
- OSDBU continues to represent VA's support for Veterans who may have benefitted from other VA services, including health care, education, and in some cases, vocational rehabilitation. As such, contracting with these concerns directly relates to the VA's mission.

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 identified

g) Other Supporting Information:
- Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments.

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

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

Percent of total procurement dollars awarded to Veteran-Owned small businesses (Departmental Management Measure)

a) Means and Strategies:
- Continuing to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Service-Disabled 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):
- Federal Procurement Data System – Next Generation: A system that maintains data on all procurement contracts

c) Data Verification:
- VA's Chief Acquisition Officer certifies the accuracy of the data to the Small Business Administration annually

d) Measure Validation:
- Quantifies support of VOSB
- OSDBU continues to represent VA's support for Veterans who may have benefitted from other VA services, including health care, education, and in some cases, vocational rehabilitation. As such, contracting with these concerns directly relates to the VA's mission.

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 identified

g) Other Supporting Information:
- Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments

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

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Board of Veterans' Appeals

Mission

The Board of Veterans' Appeals (BVA or Board) conducts hearings and issues timely, understandable, and 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 $75,198,000 and 557 FTE 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 preliminary steps of the appellate process occur 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 96.5 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 79.9 percent of those appellants before BVA.

Proposed Legislation

The Board submitted six legislative proposals to improve timeliness in the processing of Veterans benefits appeals: (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 statute requiring the Board to provide reasons and bases for findings and conclusions of law to place more emphasis on the Board's ultimate findings of fact and conclusions of law; (5) 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 (6) 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 2011 request includes resources necessary to continue the 2010 level of operations. The increase for 2011 provides for inflation, pay raises, regular benefits increases, and a significant transit subsidy increase. The Board's goal is to have sufficient resources to maximize the number of final decisions and continue to reduce the backlog of appeals.

Summary of Employment and Obligations (Dollars in thousands)					
		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase (+) Decrease (-)**
Average Employment	525	529	552	557	+5
Obligations:					
Personal Services	$64,355	$69,073	$71,071	$72,436	+1,365
Travel	790	800	1,000	850	-150
Transportation of Things	49	45	75	50	-25
Rents, Communications & Utilities	316	318	400	318	-82
Printing & Reproduction	168	285	400	261	-139
Other Services	1,879	1,964	2,927	923	-2,004
Supplies & Materials	583	325	650	212	-438
Equipment	522	463	750	148	-602
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$68,662**	**$73,273**	**$77,273**	**$75,198**	**-2,075**
Reimbursements	*0*	*0*	*0*	*0*	*0*
SOY Unobligated Balance (-)	*(5,000)*	*0*	*(4,000)*	*0*	*+4,000*
EOY Unobligated Balance (+)	*4,920*	*0*	*0*	*0*	*0*
Budget Authority	**$68,582**	**$73,273**	**$73,273**	**$75,198**	**+1,925**

During FY 2009 BVA experienced an unexpected increase in the number of cases received. To meet the increased workload, BVA was able to increase staffing in FY 2010 through carryover. The budget requests an additional 5 FTE in 2011.

Changes from Original 2010 Budget Estimates *(dollars in thousands)*	2010		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment	529	552	+23
Obligations:			
Personal Services	$69,073	$71,071	+1,998
Travel	800	1,000	+200
Transportation of Things	45	75	+30
Rents, Communications & Utilities	318	400	+82
Printing & Reproduction	285	400	+115
Other Services	1,964	2,927	+963
Supplies & Materials	325	650	+325
Equipment	463	750	+287
Insurance & Indemnities	0	0	0
Total Obligations	**$73,273**	**$77,273**	**+4,000**
Reimbursements	*0*	*0*	*0*
SOY Unobligated Balance (-)	*0*	*(4,000)*	*(4,000)*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**$73,273**	**$73,273**	**0**

During FY 2009 the Board experienced an unexpected increase in cases. In FY 2010 BVA is anticipating receiving 60,000 new appeals versus the 51,481 received in FY 2009. BVA was able to increase staffing levels in 2010 to address increased workload due to carryover from 2009.

Table 1: Performance Measures

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Promote use of Expedited Claims Adjudication (ECA) after completion of 2-year Pilot Program (mid-2010)	**Appeals Resolution Time (from NOD to final decision) (days)**	657	660	645	709	700	695	675
B. Develop a range of effective **delivery methods** that are **convenien**t 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.)	**BVA Cycle Time (excludes representative time) (days)**	148	136	155	100	150	140	104
		Appeals Decided Per Veteran Law Judge	698	721	754	813	752	760	800

At BVA there is a direct correlation between workload and staffing resources. Due to a temporary increase in staff due to carryover from previous years, BVA was able to exceed their FY 2009 performance measures. BVA will need to increase staffing to deal with unanticipated workload increases to achieve the results seen in FY 2009. The performance measures directly correlate to resource and staffing levels within the Board.

Table 2: Performance Measure Supporting Information

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
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

Performance Measure Supporting Information

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

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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 2011:

Funding:	
Appropriation	$91,048,885
Carryover	-
Reimbursable:	
Medical Care Collection Fund	4,956,418
Credit Reform	5,337,000
Supply	7,476,000
All Other	598,000
Total Resource Requirements	**$109,416,303**

- In 2011, the OGC is requesting budget authority of $91.0 million, total resources of $109.4 million, and 764 FTE to support its operations.

- Distribution of Resource Requirements over OGC Product Lines

Product Line:	2009	FTE	2010	FTE	2011	FTE
Benefits Law	$31,279,630	246	$34,151,420	250	$38,996,975	272
Business Law	15,055,448	118	16,437,692	120	17,438,160	122
Employment Law	20,910,801	164	22,830,626	167	24,586,392	172
Health Law	19,962,641	157	21,795,415	159	23,308,790	163
Other Specialized Legal Services	4,251,150	33	4,641,450	34	5,085,787	35
Total Resource Requirements	**$91,459,670**	**718**	**$99,856,603**	**730**	**$109,416,103**	**764**

- New Initiatives:

  - Veterans Court Litigation Group (PSG VII) FTE—A multi-year budget initiative to increase the Secretary's timeliness in meeting litigation deadlines set by the US Court of Appeals for Veterans Claims and thereby decreasing the length of time to decide a Veteran's appeal. By establishing two (2) additional litigation teams in Professional Staff Group (PSG) VII, comprising 20 FTE, and associated non-payroll expenses, such as books, furniture, training, supplies, etc. ($2.1 million), OGC projects it can bring the average active caseload of PSG VII attorneys to a number which historically equates to approximately 90% timeliness. In FY 2009, OGC was meeting only 75% of deadlines without having to request an extension.

  - Regulations Attorneys—A multi-year budget initiative to improve the timeliness of publishing the Secretary's regulations for legislative and regulatory program implementation. Comprising 5 FTE and associated non-payroll expenses, such as books, furniture, training, supplies, etc. ($474K), the additional personnel would be dedicated to working with our clients to expedite regulation development and publication and shorten the time to deliver new or amended benefits to Veterans.

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, the 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, the 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, the 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, the 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, the OGC provides legal services involving the following:

1. Disclosure of information (for example, *Touhy*[1], 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

VA implementation of new GI Bill. OGC played a critical role in resolving a highly volatile issue regarding the implementation of the new Post-9/11 GI Bill. The issue hinged on the language of the Act and how States label educational charges at public colleges and universities. OGC staff worked closely with staff of the VBA Education Service and State representatives to formulate an acceptable, legally-supportable solution.

Enhanced VA/DoD partnership, including 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

[1] Fn *United States ex rel. Touhy v. Ragen, 340 U.S. 462 (1951); 38 CFR 14.800 through 14.810,* "Testimony of Department Personnel and Production of Department Records in Legal Proceedings."

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 and Pension Service, serves as a source of information and guidance to attorneys and paralegals from the military service departments who handle disability evaluation cases. Since March of 2009, the DCAP has provided written opinions in response to 25 inquiries from attorneys and paralegals from the military service departments. In addition, members of the DCAP provided training on the VASRD at the Army-wide 3rd Annual Soldiers Counsel Attorney and Paralegal Training Conference at the Walter Reed Army Medical Center. Recently, through an informal arrangement with the U.S. Army Medical Command Staff Judge Advocate, the DCAP has expanded its reach beyond the attorneys and paralegals who represent soldiers at the Physical Evaluation Board (PEB) level and now provides written guidance to those personnel who advise soldiers at the Medical Evaluation Board (MEB) level.

Major budget savings through offsite scanning and file reproduction service – Beginning in January 2009, OGC's Veterans Court Litigation Group which represents the Secretary before the US Court of Appeals for Veterans Claims, embarked on a pilot project to scan and convert claims documents from paper format into electronic format for purposes of litigation at the Veterans Court. Cost savings and improvements in both quality and speed have been realized by means of contracting the project at a state-of-the-art, offsite production facility. OGC achieved savings from March through August 2009 of approximately $166,000.

Enhanced IT-law services. In our FY 2010 request, OGC highlighted creation of a new team to work hand-in-hand with the Office of Information and Technology (OI&T) and client offices to ensure VA employees are aware of their legal responsibilities and able to comply with the least possible interference with their missions of service to Veterans. VA's ever-increasing reliance on electronic data has generated a need for OGC expertise in advising client offices of the legal ramifications and obligations attendant to professional dealings in the electronic age. Electronic discovery, already commonplace in litigation involving VA, must be carefully managed and offices throughout the Department kept aware of their responsibilities for not only saving potentially discoverable information but safeguarding all sensitive data under a phalanx of increasingly complex laws and regulations.

In FY 2009, the new team partnered with OI&T and OGC's e-discovery workgroup to issue an agency-wide handbook addressing e-discovery and is already drafting an update to the handbook due to the dynamic nature of the law in this practice area. Other progress by the new team includes:

- Working with OI&T to improve the Department's ability to locate electronic documents held by the VA. ;
- Working with the EEOC to establish an e-filing system to be used in EEO cases;
- Working with the Office of Resolution Management to provide the investigative file electronically; and,
- Worked with Regional Counsel to establish a secure method of transmitting filings in EEO cases.

"Gold standard" for Information Security. Consistent with VA's strategic plan to be the "gold standard" for information security in the Federal government, OGC's Professional Staff Group IV worked closely with OI&T to develop new policy and amend existing policy on information security, in light of a new statute and a number of regulations regarding the protection of VA's health information, data breach response, and identity theft program.

Enhanced training for new-attorney hires. Historically, OGC provided local, in-house training on an as-needed basis for new-attorney hires. This model offered limited exposure to the broad spectrum of major legal issues confronting the Department. In FY 2009, OGC implemented a one week, intensive training program staffed by OGC subject-matter experts to quickly introduce and impart practical advice and high-level expertise. By use of this new model, incoming attorneys significantly enhanced their understanding of Departmental legal issues and gained access to both OGC experts as well as comprehensive, user-friendly desk references to enable implementation of Department-specific statutes, regulations, and policy. All new attorneys are being funneled through this model training system, and, at the end of the training session, competency testing is used to gauge both training effectiveness and learned skills.

Favorable court decisions regarding significant litigation:

Shinseki v. Sanders – US Supreme Court decision: Working alongside Department of Justice attorneys, the Office of the General Counsel was instrumental in obtaining a favorable decision by the United States Supreme Court. The Sanders decision resolved several years of litigation concerning the interpretation of 38 U.S.C. § 7261(b)(2), which requires the United States Court of

Appeals for Veterans Claims (Veterans Court), when deciding appeals from decisions of the Board of Veterans' Appeals, to "take due account of the rule of prejudicial error." The Supreme Court reversed a decision by the United States Court of Appeals for the Federal Circuit (Federal Circuit) that had held that VA errors in providing claimants with notice required under the Veterans Claims Assistance Act must be presumed prejudicial, requiring the Veterans Court to remand the cases unless VA demonstrates the absence of prejudice. The Supreme Court's ruling will help VA avoid numerous time-consuming remands for readjudication of benefit claims due to technical errors that did not affect the outcome of the claims.

Vietnam Veterans of America (VVA) lawsuit. In June 2009, the US District Court dismissed the underlying November 2008 complaint filed by plaintiffs. The court earlier had dismissed the plaintiffs' motion seeking declaratory and injunctive relief that, if granted, would have imposed highly invasive remedies, including imposition of arbitrary timelines for adjudicating claims and processing appeals and payment of unauthorized benefits.

OGC attorneys worked alongside Department of Justice attorneys in defending the Department. OGC created and disseminated litigation hold memoranda in coordination with the Office of Information and Technology to ensure compliance with our duty to preserve information relevant to the action.

Budget Highlights

- In 2011 the Office of the General Counsel is requesting budget authority of $91.0 million, $10.3 million above the prior year, and 764 FTE to support its operations.

Summary of Employment and Obligations – Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Request	Increase (+) Decrease (-)
Average employment:					
Field	436	446	424	433	+9
Central Office	282	293	306	331	+25
Total	**718**	**739**	**730**	**764**	**34**
Obligations:					
Personal services 1/	$84,743	$88,723	$90,708	$98,532	+$7,824
Travel	1,697	2,590	2,590	2,932	+342
Transportation of things	2	0	0	0	0
Rents, communications and utilities	1,136	1,098	1,055	1,137	+82
Printing and reproduction	1,504	1,824	2,024	2,027	+3
Other services	569	699	714	901	+187
Supplies and materials	1,263	1,006	1,956	2,095	+139
Equipment	518	486	793	1,776	+983
Insurance claims	19	12	12	15	+3
Interest & Dividends	9	5	5	1	-4
Total obligations	**$91,460**	**$96,443**	**$99,857**	**$109,416**	**$9,559**
Reimbursements					
Medical Care Collection Fund	-$4,793	-$4,888	-$4,888	-$4,956	-68
Credit Reform	-5,160	-5,264	-5,263	-5,337	-74
Other Reimbursements	-4,883	-5,513	-7,367	-8,074	-707
Carryover	-3,069	0	-1,561	0	+1,561
Current Year Carryover	788	0	0	0	0
Total budget authority	$74,343	$80,778	$80,778	$91,049	+10,271

1/ The 2011 budget assumes a 1.4% pay raise effective January 2011.

- Explanation of increases and decreases:

  - The $7.8 million increase in Personal Services will fund the 764 FTE needed to maintain current services and implement the new initiatives explained in the preceding Summary of Budget Request and includes the following:

    - Pay raise Assumption Increases and Non-Pay Inflation — Includes pay raise (1.4%) and non-pay inflation (1.1%) adjustments.

    - Normal Personnel Benefits Increases — Adjustment for normal personnel benefit.

    - Veterans Court Litigation Group (PSG VII) FTE—Multi-Year Budget Initiative for Veterans Court Litigation Group (PSG VII) to establish two (2) additional litigation teams in PSG VII—comprising 20 FTE, including associated non-payroll expenses, such as books, furniture, training, supplies, etc.

    - Regulations Attorneys—Multi-Year Budget Initiative for OGC Regulatory Review to facilitate the timely production of regulations for legislative and regulatory program implementation—comprising 5 FTE, including associated non-payroll expenses, such as books, furniture, training, supplies, etc.

Changes from Original Budget

Changes from 2010 President's Budget Request (dollars in thousands)			
	2010		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Average employment:	739	730	-9
Obligations:			
Personal services	$88,723	$90,708	+$1,985
Travel	2,590	2,590	0
Transportation of things	0	0	0
Rents, communications and utilities	1,098	1,055	-43
Printing and reproduction	1,824	2,024	+200
Other services	699	714	+15
Supplies and materials	1,006	1,956	+950
Equipment	486	793	+307
Insurance claims	12	12	0
Interest & Dividends	5	5	0
Total Obligations	**$96,443**	**$99,857**	**$3,414**

- The 2010 Current Estimate is above the 2010 original Budget Estimate due to several factors:

  1. Personal services is estimated to be $2 million above the original budget estimate as a result of higher than estimated average salaries. This increase was created in part due to an annualized 2009 pay raise that was higher than budgeted (3.9% v 2.9%). Because OGC's budget is over 91% payroll it is required to absorb significant amounts of payroll within its budget.

  2. Printing and Reproduction has increased to cover the Veterans Court Litigation Group (PSG VII) Imaging Outsourcing Contract, which provides for 4,000,000 scanned pages of Veterans claims files to be transferred to compact discs within 180 days;

  3. Supplies and Materials have increased due to higher costs of and additional need for hard copy publications, which consist of legal research and reference materials; and,

4. Equipment has increased to cover the additional furniture and office equipment required for the planned relocation of the Bay Pines and Cleveland Regional Counsel Offices.

Summary of Workload Indicators

Summary of Workload Indicators				
Cases and Unit	2008 Actual	2009 Actual	2010 Current Estimate	2011 Request
Benefits Law	34,716	41,502	49,614	59,313
Business Law	57,292	57,565	57,839	58,115
Employment Law	28,764	33,909	39,974	47,124
Health Law	21,663	22,117	22,581	23,054
Other Specialized Legal Services	10,673	12,852	15,476	18,635
Total	**153,108**	**167,945**	**185,484**	**206,241**

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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Improve timeliness and quality of administrative med malpractice claim processing	**Percent of med mal tort claims adjudicated within 180 days (New)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100%
		Percent of med mal tort claims that do not result in judgment requiring payment **(New)**	N/Av	N/Av	N/Av	90.1%	91.5%	93%	95%
	2. Improve timeliness of legal support for Loan guaranty work	Average number of days to complete loan guaranty cases **(New)**	73.8	81.4	81.4	30.0[2]	62.5	60.5	59. 2
	3. Improve legal support for medical research	Average number of days to complete medical research cases **(New)**	70.6	54	86	69.9	64.6	62.6	61.2
		Average number of days to complete a Cooperative Research and Development Agreement case **(New)**	87	75	80	62.9	58	56	55
B. Develop a range of effective **delivery methods** that are **convenient** to Veterans and their families	1. Improve legal support for procurement process	Average days to complete a procurement case **(New)**	48.4	87	67	54.3	49.4	47.8	46.8

[2] Note: OGC believes FY09 average is an anomaly. For that reason, FY2010, FY2011 and Strategic Targets are based on four-year (FY06-09) average Loan Guaranty processing times.

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
C. Improve VA's ability to **adjust capacity dynamically** to meet **changing needs**, **including** preparedness for **emergencies**	1. Maximize MCCF collection revenues and efficiencies	Revenue collected in Medical Care Collection Fund (MCCF) claims through the efforts of the Regional Counsel	$27.0M	$29.6M	$45.6M	$44.1M	$29.0M	$35.0M	$47.5M
		Percent of referred MCCF dollars collected by Regional Counsel	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD
D. Provide Veterans and their families with **integrated access** to the most appropriate **services** from VA and our partners	1. Improve legal support for VA-DOD sharing (OGC)	Average number of days to complete VA-DoD sharing cases **(New)**	99.6	103.3	70.3	77.8	69	67	65

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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 (OGC)	**Average processing time for VA regulations** (number of months)							
		--Requiring advance notice and public comment (2-stage)	N/Av	N/Av	21.7	19.4	22.4	17.9	TBD
		--Without advance notice and public comment (1-stage)	N/Av	N/Av	7.4	7.8	10.8	8.6	TBD

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information
1. Percent of med mal tort claims adjudicated within 180 days (Departmental Management Measure) **a) Means and Strategies:** • Monitor and provide feedback to Regional Counsels regarding progress. • Monitor accuracy of Regional Counsel decisions and reports on tort claims. **b) Data Source(s):** • OGC's General Counsel Legal Automated Workload System (GCLAWS) • Regional Counsel investigative reports reviewed by Professional Staff Group I attorneys **c) Data Verification:** Using a series of monthly "Tort Claim Processing Time Reports," the Office of General Counsel will review GCLAWS data for accuracy on a monthly basis and again at the close of the fiscal year. **d) Measure Validation:** • This goal promotes VA's increased emphasis towards settling meritorious tort claims administratively to compensate deserving Veterans and their families for medical error as rapidly as possible. **e) Cross-Cutting Activities:** Partner with Department of Justice Civil Chiefs to ensure that pursuit of measure does not result in avoidable increased litigation. **f) External Factors:** Factors interfering with orderly processing of administrative claims include: • Being responsible for providing litigation support to Offices of the United States Attorney, which can happen on short notice. • Needing to meet court-imposed deadlines in tort and other cases. **g) Other Supporting Information:** • None **h) Link to New Strategic Planning Framework:** This measures 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; and Integrated Strategy A: Improve and integrate **services** across VA to increase **reliability, speed,** and **accuracy** of delivery**.**

Performance Measure Supporting Information

2. Average processing time for VA regulations (number of months)

Requiring advance notice and public comment (2-stage) and Without advance notice and public comment (1-stage) (Departmental Management Measures)

a) Means and Strategies:

- Transform average processing times into strategic goals for all VA regulations (i.e., eliminate "below average" processing times).
- 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**.

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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)	2010	FTE	2011	FTE
Office of Finance	$14,565	101	$14,819	103
Office of Budget	5,647	33	5,726	33
Office of Asset Enterprise Management	5,861	47	6,215	47
Office of Business Oversight	8,091	87	10,777	87
Office of Financial & Logistics Integrated Technology Enterprise (FLITE) 1/	2,819	14	3,691	14
Office of the Assistant Secretary 2/	6,973	10	7,329	11
Total Budget Authority	**$43,956**	**292**	**$48,557**	**295**

1/ Funding is for corporate level management of the FLITE project. Project funding for FLITE is requested in the IT Systems account.

2/ Office of the Assistant Secretary includes budget authority for Department-wide initiatives and Department-level management by the Office of Management.

- The Office of Management's budget request of $48.6 million and a total of 295 FTE (20 of these FTE will be funded from reimbursements) includes the following transformation initiatives to improve business practices,

enhance financial oversight, and strengthen internal controls and transparency within the Department:

- $1.6 million for audits of the Non-VA Care (Fee) Program to enhance financial oversight.
- $90,000 to enhance the tracking of construction projects to strengthen internal controls and transparency.
- Funding for additional FTE to support the management of projects and initiatives for the VA Green Management Program.
- Funding for increased travel in support of critical Organizational Change Management (OCM) activities to drive successful FLITE Program implementation among stakeholders at the Pilot site, Beta sites, and nationally.

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 FLITE.

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 400 staff located in the Office of Financial Business Operations, the Office of Financial Policy, the Franchise and Trust Fund Oversight Office, 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, and manages the Department's financial operations at the FSC and DMC. 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. OF also 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. The office is responsible for processing payments to vendors and for employee travel and relocation. OF is also responsible for expanding electronic commerce and electronic data interchange capabilities and developing and implementing long–range financial systems initiatives. It 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 11th consecutive year and the statements applicable to the VA Franchise Fund for the 12th consecutive year.

- In calendar year 2009, VA completed the Payroll Modernization (e-Payroll) Initiative, with the migration of payroll processing for approximately 299,000 employees to the Defense Finance and Accounting Service (DFAS). This initiative required programming changes to DFAS' payroll system for which the Office of Finance provided the requirements. The requirements include Title 38 time and attendance rules and regulations, some of the most complex timekeeping rules in the Federal government. It also required modifications to VA's legacy Human Resources system so the two systems could communicate and seamlessly transfer the records. The fact that very few employees even noticed they were being paid by a new payroll provider attests to the success of this initiative.

- VA completed the initiative to centralize payments of certified invoices at the FSC in 2008. This centralization resulted in an 8 percent improvement in interest paid per million dollars disbursed from $51 per million in 2008 to $47 per million in 2009. At the same time, VA earned nearly 94 percent ($8.5 million) of its available discounts – a 33 percent increase in discounts earned over 2008 levels.

- During 2009 the Department aggressively used the Government wide commercial purchase card program. Over 4.7 million transactions were processed, representing $3.0 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 $64 million in total charge card refunds in 2009, compared to $49 million

during 2008. These refunds are returned to VA entities for use in Veterans programs.

- The 3-year Financial Policy Improvement Initiative began in 2008 to provide updated and standardized Department-wide financial policies to address two material weaknesses: "Financial Management Oversight" and "Financial Management System Functionality." The project entails developing a complete and comprehensive manual of all Departmental financial policies and procedures. The primary objective is to ensure that financial policy and procedural information are both accurate and used consistently across the Department. This project will also ensure that VA's financial policies comply with all Statements of Federal Financial Accounting Standards, financial management laws and regulations, and OMB and Treasury financial management guidance. During 2009 the CFO approved and issued 80 financial policies and procedures. It is expected that 60 financial policy chapters will be updated, approved, and issued during 2010.

- VA continued with the multi-year Audit Readiness Initiative in 2009 by establishing the Office of Financial Process Improvement and Audit Readiness (FPIAR). FPIAR's primary responsibility is to define and oversee a strategy for identifying root causes of sub par audit results and improving financial management, including control deficiencies. FPIAR prioritizes and focuses VA's efforts to improve processes and internal controls in areas that will have the most impact on financial information required by VA's senior management. Based on findings identified in the annual auditor's report on VA's consolidated financial statements, FPIAR prioritizes areas for improving internal controls, resolving material weaknesses, optimizing fiscal stewardship, and achieving audit readiness. Milestones for successfully executing corrective measures are established and monitored so that management can explore a broader range of options with greater confidence.

Office of Budget:

The Office of Budget provides strategic and operational leadership in the development and execution of the Department's budget and performance plans. The office provides policy guidance, technical assistance, and Department-level oversight of all program budgets and performance plans to ensure accuracy and consistency with policy, law, and regulation. The office 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

- Produced the 2008 VA Performance and Accountability Report (PAR) which was recognized as the second best in the federal government by the Mercatus Center of George Mason University and was rated first in the category of Leadership. VA's PAR has ranked in the top 4 in government for 10 consecutive years. The 2009 PAR was published in November 2009 and can be accessed via the following link: **http://www.va.gov/budget/report**.

- Promote accountability and transparency through Monthly Performance Reviews (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 status of:
  - Performance and workload compared to plan,
  - Actual budget spending compared to plan, and
  - Status of major construction and information technology projects.

  In addition, MPRs enable leadership to:
  - Discuss and evaluate root causes of variances from plan and develop corrective actions necessary to achieve desired outcomes.
  - Identify "over the horizon" problems and take proactive steps to resolve problems before they become critical.
  - Gain an in-depth understanding of cross-cutting issues that affect the entire Department or involve other federal or non-federal agencies.

- Under VA's leadership directive, steps have been taken to make MPRs a flexible tool used to measure progress towards achievement of VA's new strategic plan within a balanced scorecard framework as well as to monitor the execution of VA's key transformation initiatives.

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, 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 the 5-Year Capital Plan and the Asset Management Plan.

As part of its asset management activities, OAEM also serves as the policy and program office for the VA Green Management Program, i.e., sustainability, energy, environment, and transportation (vehicle fleet) management, making certain that VA meets performance and reporting mandates in these areas and serves as the policy, program, and application office for the enhanced-use (EU) leasing program.

Recent Accomplishments

- During 2007-2009 VA completed comprehensive energy assessments for all of its facilities that are subject to energy auditing. The completed assessments identified potential energy and water efficiency improvement projects and provided cost and savings estimates for each audited facility. VA undertook an ambitious internally funded renewable energy initiative in 2009 featuring wind and geothermal installations, solar energy projects for 20 sites, and feasibility studies at 38 sites for renewably fueled central plants/cogeneration.

- Another aggressive initiative completed in calendar year 2009 is the third-party green building certification of 21 medical centers. This effort includes one facility that is obtaining dual certifications to help VA determine which of the two third-party certification standards is most suited to health care facilities. These green building certifications are allowing VA to meet sustainable building mandates on an accelerated schedule.

- VA undertook an alternative fueling study designed to identify the best sites for adding alternative fueling capability to help increase the use of alternative fuels in the vehicle fleet. The results of the study will allow VA to target up to 35 sites for installation of these fuels.

- To create a long-term strategic master plan for VA's underutilized real property, VA initiated and completed a Site Review Initiative (SRI) in 2007-2008. As the first comprehensive review of underutilized capital assets within VA's inventory, the SRI identified 49 sites as having potential for further enhanced-use lease (EUL) development. All 49 sites have been assessed under Phase II, the Mission Driven Housing for Homeless

Veterans (Mission Homeless) Initiative. In 2009 VA executed EUL projects in Batavia, New York; Battle Creek, Michigan; and Dayton, Ohio to provide housing for homeless Veterans. Of the 49 Mission Homeless sites, 20 are in different stages of development for transitional and permanent housing projects for Veterans at-risk for homelessness. Additionally, 15 of the 49 SRI sites are also being evaluated for multi-use Market Driven initiatives to further VA's mission. As of the end of 2009, VA awarded a total of 60 EUL projects, with another 39 EUL projects in active development in addition to those identified through the SRI. Completed EUL projects have included housing for homeless veterans, assisted living facilities, power plants, office buildings, parking facilities, childcare centers, and research facilities. Savings from reduced maintenance and building operations will be used for direct veteran services.

- With the collaboration and input of VA Administrations, OAEM developed the Department's 5-Year Disposal Plan (FY 2010 to FY 2014) and Annual Real Property Profile (inventory). The synthesis of this input is the basis of VA's submission to the federal database and enables analyses and performance reporting of VA's capital asset portfolio. At the end of 2009, VA had disposed of 108 assets, including approximately 1.4 million GSF and 99 acres of land.

- OAEM charted an integrated, inter-departmental Real Property Group (RPG) to review and recommend policy improvements to the Facility Condition Assessment (FCA) and space utilization - critical components of VA's strategic planning and management of its large aging physical infrastructure. One key RPG recommendation implemented in 2009 was the development of a weekly FCA progress report, establishing a baseline of real property deficiencies and correction costs requirements and tracking changes in those deficiencies and corrections as a result of project funding.

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 OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix A, *Internal Control*

Over Financial Reporting, and financial system reviews required under OMB Circular A-127, *Financial Management Systems*. 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 2009 OBO's Management Quality Assurance Service (MQAS) provided comprehensive internal oversight for VA financial, acquisition, logistics, and capital asset management activities. MQAS conducted 96 reviews of VA field facilities and VA Central Office business activities and made nearly 1,450 recommendations to correct issues identified during these reviews. MQAS exceeded its 2009 Annual Review Plan by completing 100% of its scheduled field reviews, 100% of planned special projects, and three major unplanned special projects.

- During 2009 OBO's Internal Controls Service completed its first comprehensive risk assessment of internal controls over financial reporting. The assessment identified key controls over VA financial reporting. VA tested all key controls associated with high risk processes and one-third of key controls associated with moderate-risk processes. Based on the results of VA's internal control assessment, no additional material weaknesses were identified in 2009.

- In 2009 OBO's Systems Quality Assurance Service (SQAS) provided independent verification and validation (IV&V) of two major VA Enterprise programs, FLITE and e-Payroll. SQAS completed 16 Quality Assurance technical reviews of FLITE Program and project documentation. Acquisition activities for a FLITE IV&V support contract were completed through the technical evaluation phase and it is expected the contract will be awarded in February 2010. SQAS also performed Quality Assurance and Systems Integration Testing of 8 VA PAID System software releases for enhancements and maintenance changes and for the VA e-Payroll effort that was completed in September 2009 converting VA employees' payroll processing to DFAS.

FLITE:

The FLITE Program Director's Office (PDO) is responsible for implementing an enterprise-wide financial and logistics system to integrate and standardize financial and asset management data and processes and modernize the information technology environment supporting financial and asset management within the VA. The PDO manages the three components of FLITE, namely, the

Integrated Financial Accounting System (IFAS), an asset management component referred to as the Strategic Asset Management (SAM) System , and the repository for IFAS and SAM data known as the FLITE Data Warehouse (FDW).

Recent Accomplishments

- In 2009 VA released the IFAS Request for Proposal (RFP) following OMB Financial Management Line of Business (FMLoB) guidance. The RFP seeks to obtain a Federal or Commercial Shared Service Provider (SSP) to help VA implement a core financial system that will standardize business processes, accounting procedures, and data elements across all VA. This will facilitate strong internal controls and common accounting transactions and reporting across all VA.

- Initiated site readiness activities at the SAM Beta sites. This ensures that the end users are involved in the implementation process and engaged in the data cleansing and data migration activities to allow a smooth transition from the Pilot phase to the Beta phase.

- Awarded the Sam Pilot Implementation contract and began the SAM Pilot phase at the Milwaukee VA Medical Center, Wood National Cemetery, and Milwaukee Regional Office which will provide assurance of the initial operating capability of the SAM System. Also, awarded the Program Management Office Support (PMOS) contract which ensures that the Program Office has augmented resources, expertise, and internal controls in place to plan, manage, coordinate, and oversee the development and implementation of the FLITE Program.

- As part of the SAM Beta phase, released a Request for Information (RFI) to seek industry input regarding potential software solutions for managing and tracking VA real property assets. The RFI will help VA's efforts to provide a better solution to enhance VA's oversight over real property assets.

- VA initiated efforts to develop a Concept of Operations for the FDW. The Concept of Operations will help VA to formulate a strategy to provide timely and accurate financial and asset management information from one single location.

- VA accelerated the change management and communication activities targeting VA stakeholders. End users are actively engaged to create understanding and awareness of the FLITE Program and understand the

benefits of the changing processes, procedures, and how end users will be impacted.

Budget Highlights

The 2011 request of $48.6 million in budget authority (BA) will provide:

- A total of $38.8 million for Personnel Compensation and Benefits for 275 budgeted FTE;

- The Office of the Assistant Secretary with $7.3 million to support 11 FTE to continue the current level of operations and sustain efforts in critical initiatives underway in OM;

- The Office of Finance with $14.8 million and 103 FTE to continue providing financial services including the development of financial policy, procedures, and guidance on all aspects of financial management for all VA financial entities and management of the Department's financial operations at the FSC and DMC. The office will also provide financial systems support for maintenance/modification of VA's core accounting system, the Financial Management System, and the human resources Personnel Accounting Integrated Data (PAID) system and related self-service applications. The office will oversee 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. The office will continue to be 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. It will also provide Departmental leadership and assistance to VA administrations and staff offices in financial process improvement and audit readiness services and remediating audit-related material weaknesses and significant deficiencies;

- $5.7 million for the Office of Budget to support 33 FTE in the formulation and execution of VA's budget and performance plans. 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 both VA's Congressional Budget volumes and the Performance and Accountability Report (PAR);

- $6.2 million for OAEM to support 47 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 the 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 budget authority of $10.8 million and 67 FTE (plus reimbursable authority for 20 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. Included in this funding is $1.6 million for a new initiative to conduct regular, recurring compliance reviews of Non-VA Care (Fee) Program business operations. OBO's budget authority will also provide resources to support an entity-wide risk assessment of internal controls over financial reporting, perform tests of controls, and remediate the significant deficiencies and material weaknesses found during the testing of internal controls over financial reporting;

- FLITE with $3.7 million and 14 FTE which will enable the FLITE PDO to continue to lead the IFAS, SAM, and FDW Projects in implementing the Department's enterprise-wide, integrated financial and asset management system. In 2011 the SAM Project office is projected to complete deployment of the new SAM System at the Pilot site. It will then begin the deployment of the SAM System at selected Beta sites. The IFAS project will begin the national deployment of the Integrated Financial Accounting system to replace the current legacy Financial Management System (FMS). In addition, it is also projected to complete the Pilot phase on the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) replacement system. The FDW Project is scheduled to complete the development efforts on the data warehouse and begin implementation. These efforts are the execution activities planned to standardize business processes and modernize the information technology environment supporting financial and asset management. The level of effort to support OCM activities associated with the spectrum of FLITE activities will require PDO representatives to travel extensively to the Pilot and Beta sites during all phases of the FLITE projects to execute, monitor and assist sites with the enterprise transition activities which include: site readiness, data cleansing, training, communications, marketing, union

negotiations, and HR issues. The importance of OCM activities is critical to a successful outcome of the FLITE projects. Research has shown, in both public and private sectors, the single most frequent cause of enterprise project failure is poorly executed OCM activities. This lesson was clearly documented in the lessons learned reports from prior enterprise-wide initiatives and is of primary importance in the planning and execution of the FLITE program.

Total resources in the 2011 budget include $33.6 million in reimbursements, with $2.9 million in reimbursable authority for OBO to cover 20 FTE and expenses associated with conducting reviews of VHA financial business processes, $2.6 million in reimbursable authority for OBO to test internal controls over VA's financial reporting, and $28.1 million in reimbursable authority for OF to pay for payroll processing with DFAS and contracts to provide Employee Express and employment verification.

Summary of Employment and Obligations- Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate**	**2011 Estimate**	**Increase (+) Decrease (-)**
Average Employment	250	286	292	295	+3
Obligations:					
Personal Services	$34,050	$39,113	$41,986	$41,344	$ -642
Travel	1,368	1,571	1,784	2,029	+245
Transportation of Things	24	0	0	0	0
Rents, Communications & Utilities	809	422	426	429	+3
Printing & Reproduction	207	199	199	207	+8
Other Services	16,673	33,100	46,180	37,847	-8,333
Supplies & Materials	287	329	340	316	-24
Equipment	269	33	42	30	-12
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$53,687**	**$74,767**	**$90,957**	**$82,202**	**$-8,755**
Reimbursements	*-16,377*	*-30,811*	*-34,977*	*-33,645*	*+1,332*
SOY Unobligated Balance (-)	*-12,380*	*0*	*-12,024*	*0*	*+ 12,024*
EOY Unobligated Balance (+)	*+12,024*	*0*	*0*	*0*	*0*
Adjustments in Unobligated Balances (+)(-)[1]	*592*				
Budget Authority	**$37,546**	**$43,956**	**$43,956**	**$48,557**	**$+4,601**

1/ Reflects EOY unobligated balances that will be made available in 2010.

- Personal Services decreased because of reduced expenses for permanent change in duty station moves in 2011.

- 2011 travel increases because of required travel for FLITE projects' national testing and deployment and to conduct the required level of OCM activities critical to the success of FLITE projects.

- Other Services decreased because obligations for certain service level agreements that occurred in 2010 will not occur in 2011 and expected reductions in obligations for contracts and ongoing business initiatives because there are no unobligated balances carried forward from 2010 into 2011.

Changes from Original Budget

Changes from Original 2010 Budget Estimates (dollars in thousands)	2010 Budget Estimate	2010 Current Estimate	Increase (+) Decrease (-)
Average Employment	286	292	+6
Obligations:			
Personal Services	$39,113	$41,986	$+2,873
Travel	1,571	1,784	+213
Transportation of Things	0	0	0
Rents, Communications & Utilities	422	426	+4
Printing & Reproduction	199	199	0
Other Services	33,100	46,180	+13,080
Supplies & Materials	329	340	+11
Equipment	33	42	+9
Insurance & Indemnities	0	0	0
Total Obligations	**$74,767**	**$90,957**	**$+16,190**
Reimbursements	*-30,811*	*-34,977*	*-4,166*
SOY Unobligated Balance (-)	*0*	*-12,024*	*-12,024*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**$43,956**	**$43,956**	**0**

- FY 2010 current estimate for obligations are higher than the original budget estimate because of unobligated balances carried into 2010. This is the result of Department-level contracts that were budgeted for in 2009 that are now expected to be obligated in 2010.

- Personal Services have increased over the original budget request because of increases in FTE for initiatives and ongoing projects and increases in normal personnel benefits and inflation to support the FTE.

- Travel has increased over the original budget request to support the required, increased travel for the Pilot, Beta, and national sites and increased OCM activities critical to the successful implementation of FLITE.

- Other Services have increased over the original budget request as a result of unobligated balances carried forward from the previous year for Department-level contracts, combined with the completion of the Payroll

Modernization initiative migrating payroll processing to DFAS providing a better methodology to determine more precise costs over the initial projections. Since this is a completed initiative, OF will, also, pay for the contracts for Employee Express and employment verification formerly paid by OIT.

- Reimbursements have increased to cover the revised costs associated with payroll migration.

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									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	**Number of Material Weaknesses (OM)**	4	4	3	4	4	4	**0**
	2. Equip VA with the physical infrastructure necessary to care for Veterans in a high quality and cost-effective service environment and oversee the capital asset management	**Percent Condition Index (Owned Buildings) (OAEM) ***	82%	74%	66%	74%	74%	76%	**87%**[1]

* 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.

[1] Contingent on the availability of funds.

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	3. Equip VA with the physical infrastructure necessary to care for Veterans in a high quality and cost-effective service environment and oversee the capital asset management	**Percent of space utilization as compared to overall space (owned and direct-leased) (OAEM) ***	104%	112%	113%	113%	116%	108%	**100%**
		Ratio of non-mission dependent assets to total assets (OAEM) * Targets conform with Federal Real Property Council Tier definitions.)	15%	12%	12%	11%	11%	11%	**10%**
		Ratio of operating costs per gross square foot (GSF) (OAEM) *	$5.59	$5.80	$6.47	$6.95	$6.72	$6.48	**$5.07**
		Cumulative percentage decrease in facility traditional energy consumption per gross square foot from the 2003 baseline (OAEM) *	4%	8%	11%	12%	15%	18%	**30%**

* 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 Benefit 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									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Current Year 2011** (Request)	**Strategic Target**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1. Embed energy and environmental sustainability into VA operational decisions, supported by policy and guidance to become a leader in the Federal Community	**Percent of total facility electricity consumption that is renewable (OAEM) ***	3%	3%	4%	3%	5%	5%	**7.5%**
		Percent of above-threshold buildings square footage in inventory that incorporates the sustainable design practices in the guiding principles (OAEM)*	N/Av	N/Av	N/Av	13%	13%	13.5%	**15%**
		Percent of energy consumed that is renewable (OAEM) * (NEW)	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**15%**
		Cumulative percent decrease in Scope 1 and Scope 2 greenhouse gas emissions(OAEM) (NEW) *	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	**30%**

* 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

Performance Measure Supporting Information
Number of Material Weaknesses (OM) (Departmental Management Measures) **a) Means and Strategies:** • Remediation of each of the four material weaknesses is being tracked based on specific corrective action plans with set milestones and completion dates; these are monitored for completion. These weaknesses are complex and require 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:** • 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 C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results

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 Office of Management staff.

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) Cross-Cutting 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 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

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 is reviewed by Administrations and Office of Management staff.

d) Measure Validation:

- Higher levels of utilized space as compared to overall space indicate the optimal use of capital assets.

e) Cross-Cutting 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 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

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 Office of Management staff.

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) Cross-Cutting 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 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

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 Office of Management staff.

d) Measure Validation:

- Minimizing operating and maintenance costs enables VA to reinvest much needed funds improve services to our Nation's Veterans.

e) Cross-Cutting 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 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

Performance Measure Supporting Information

Cumulative percentage decrease in facility traditional energy consumption per gross square foot from the 2003 baseline (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- Through life-cycle cost-effective measures, VA will reduce energy consumption per gross square foot of its facilities.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Office of Management staff.

d) Measure Validation:

- Reducing the energy consumption intensity in VA facilities conserves energy resources, helps control energy costs to the Department, and should result in savings that could be used for improved services to Veterans.

e) Cross-Cutting Activities:

- VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects.
- VA continues to work with the Department of Energy to ensure availability and support of appropriate energy efficiency investment financing that enhances federal agencies' ability to implement energy projects.

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 C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data driven decisions**, allocate resources, and manage results

Performance Measure Supporting Information

Percent of total facility electricity consumption that is renewable (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 7.5% in 2013.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Office of Management staff.

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) Cross-Cutting 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 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 above-threshold building square footage in inventory that incorporates the sustainable design practices in the guiding principles (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- Through earning third-party certification and meeting Sustainable Building Guiding Principles for the targeted existing facilities and all new construction, VA will gradually increase the percentage of sustainable square footage**.**

b) Data Source(s):

- Capital Asset Management Systems (CAMS) based on Administration source databases.

c) Data Verification:

- Data will be reviewed by Administrations and Office of Management staff.

d) Measure Validation:

- Increasing the percentage of inventory that is sustainable optimizes energy performance, protects and conserves water, enhances indoor environmental quality, reduces the environmental impact of materials, and employs integrated operations and design principles to result in improved service to Veterans and reduced environmental impacts.

e) Cross-Cutting Activities:

- VA is using the results of a sustainable building survey and EPA Energy Star Portfolio ratings to target facilities with high potential for sustainability.
- VA continues to work with the Department of Energy to ensure availability and support of appropriate sustainable building guidance and tools.

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

Performance Measure Supporting Information

Percent of energy consumed that is renewable (OAEM) (Departmental Management Measure)

a) Means and Strategies:

- Through the increased utilization of on-site renewable energy technologies, VA will increase renewable energy consumption.

b) Data Source(s):

- Capital Asset Management System/Business Intelligence (CAMS/BI) 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:

- Increasing the percentage of renewable energy consumption in VA facilities conserves traditional energy resources, helps control energy cost to the Department, and should result in savings that could be used for improved services to Veterans.

e) Cross-Cutting Activities:

- VA is using the results of studies conducted by national laboratories to target potential opportunities for renewable energy projects.

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

Performance Measure Supporting Information

Cumulative percent decrease in Scope 1 and Scope 2 greenhouse gas 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 Investment and Enterprise Development 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) 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 E: Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs

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)	2010	FTE	2011	FTE
Budget Authority:				
Office of the Assistant Secretary	$1,401	8	$1,479	8
Office of Human Resources Management	17,965	152	20,048	152
Office of Administration	43,530	112	46,089	113
Office of Resolution Management	1,906	9	4,680	25
Office of Diversity and Inclusion	2,271	17	2,307	17
Office of Labor-Management Relations	1,517	9	1,574	9
Total Budget Authority	**$68,590**	**307**	**$76,177**	**324**
Reimbursement:				
Human Capital Investment Plan	$290,792	163	$284,145	165
Office of Resolution Management	32,915	227	32,885	229
Miscellaneous Reimbursements	61,656	18	63,374	18
Total Reimbursement	**$385,363**	**408**	**$380,404**	**412**

In 2011, the Office of Human Resources and Administration (HR&A) is requesting budget authority (BA) of almost $76.2 million. When combined with $380.4 million in reimbursements, these funds will allow for obligations of almost $456.6 million. Of the total amount of reimbursements, $284.1 million will be used to continue the Human Capital Investment Plan initiatives begun in 2010. A total of 736 FTE will be required to support all HR&A operations, including 229 FTE funded from Office of Resolution Management reimbursements, 18 FTE funded from VA Learning University reimbursements and 165 FTE funded from

reimbursements to support the Human Capital Investment Plan, of which 30 FTE is for the Corporate Senior Executive Management Office.

VA must invest 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:

- Develop VA's SES leadership to improve services to Veterans and their families by launching the Corporate Senior Executive Management Office and by establishing a corporate approach to the selection, assessment, and development of 22,000 leaders across VA;

- Increase staff productivity, performance and commitment by building and strengthening competencies through critical skills training in over 42,000 positions (eg. project management, acquisition, and IT certification);

- 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;

- Improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment;

- Reduce the time and cost associated with workplace disputes by increasing ADR participation in the EEO complaint process; and

- Improve the relationship between labor unions and management by providing training to encourage and establish cooperative and productive labor-management partnerships.

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

The Assistant Secretary for Human Resources and Administration (AS/HR&A) provides leadership and direction over the seven major program areas listed below. They hold direct responsibility for leading both policy and operational functions in their respective program areas. The Assistant Secretary also serves as

the Chief Human Capital Officer and EEO Director for the Department. The Assistant Secretary 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. In addition, the Assistant Secretary serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for Alternative Dispute Resolution (ADR) policy, oversight, and training.

Corporate Senior Executive Management Office (CSEMO):
VA successfully implemented CSEMO on October 1, 2009. The organizational structure has been developed, positions identified and filled. The Office has begun to function with a corporate approach to the selection, assessment, and development for all 336 Senior Executive slots (including VHA and VBA) across VA. This corporate office will afford uniformity in the management of executive talent and utilize technology for increased efficiency. It will centrally manage the recruitment actions, have oversight of the VA-wide corporate Executive Resources Board, as well as lead the new VA SES Orientation Program and formalized SES On-Boarding process. Training efforts will also include Executive Coaching to enhance executive leadership development.

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, executive development, workforce planning, employee relations and performance management, benefits, oversight, human resources information systems, recruitment and placement, Veteran employment coordination, and human capital planning and development of the 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 eleven 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 Equal Employment Opportunity (EEO) discrimination complaints in a timely and high-quality manner. This includes providing guidance and support to Alternative Dispute Resolution programs throughout VA on how to manage conflict and prevent and resolve disputes. ORM processes EEO complaints for VA employees, applicants for employment, and former employees. Complaint processing services include counseling, mediation, procedural determinations, and investigations. These services are provided through a nationwide network of six ORM field operations offices.

Office of Diversity & Inclusion (ODI):
ODI develops Department-wide policies, strategic plans, and program evaluations in the areas of workforce diversity management and equal employment opportunity. ODI performs national policy development, guidance, central direction, and technical assistance for major workforce diversity programs in VA. This includes strategic planning and annual reporting on workforce diversity and inclusion; workforce analysis; recruitment outreach and retention strategies; non-traditional 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 minorities, women, disabled Veterans, and people with disabilities; 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 Department's principal means of enhancing its status as a Learning Organization is the VA Learning University. VALU delivers cross-cutting, learner focused educational programs to the Department's more than 286,000 employees through an established learning technology infrastructure. VALU recognizes that transition is a dynamic process however, learning is a constant; therefore, VALU partners with private and public sector organizations to ensure we meet the learning needs of our employees in response to an ever-changing and competitive work environment. VALU designs and delivers learning opportunities that support workforce and succession planning, human capital development, advances in technology and global economic changes. All learning solutions provided by VALU are assessed to assure they are linked to the Department's strategic goals, have educational merit, are cross-cutting, adaptable to multiple learning modalities, and integrate measurable outcomes. VALU leverages multiple sources of instructional media and delivery methodologies to offer VA's diverse workforce a greater role in developing their careers while ensuring that Veterans receive the highest quality service. VALU's mission to provide the right learning-anytime-anywhere guides us to the achievement of our vision to develop a high-performance workforce through dynamic learning opportunities.

Recent Accomplishments

- During the past year, HR&A established a new Corporate Senior Executive Management Office. As a 1st initiative, this office executed a New SES Orientation Program on November 4-6, 2009. This orientation focused on VA's newest executives. Approximately 86 SES attended to receive briefings from VA's Secretary, Deputy Secretary and Chief of Staff, as well as other Department leaders. The establishment of CSEMO has also resulted in the use of automated recruitment for all executive positions through USA Staffing.

- 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 over the last two fiscal years has increased from 26 percent to 48 percent at the end of 2009, significantly

reducing costs to the Department. The cost of handling a discrimination case through traditional statutory processes ranges from $18,000 per complaint to $60,000, excluding the cost of damages that may be payable in the event of a finding of discrimination. In 2009, participation in the ADR process resulted in the resolution of 621 disputes outside of the traditional EEO complaint process (up from 297 in 2008) and another 870 complaints during the "pre-complaint counseling phase," over a 43 percent increase from the prior year. VA estimates cost avoidance of $11 million to $37 million as a result of the increased ADR participation.

- ORM has continued to improve processing times for EEO investigations. By the end of 2009, ORM completed investigations in an average of 173 days, which is below the Equal Employment Opportunity Commission's mandated 180 days.

- As part of its succession planning efforts, OHRM launched Veterans Affairs fourth Senior Executive Service Candidate Development Program. Placement rates of participants of previous classes have been as high as 86 percent. An additional class of approximately 25 participants will be launched later this year.

- In response to Public Law 108-469, OPM required that all Federal agencies develop their own financial literacy education strategy to benefit their employees. HR&A developed and held a kick off for the VA Retirement Financial Literacy and Education Program. The program strategy considers financial literacy education as a career-long process and incorporates a broad range of information employees will need to be aware of and understand in order to make informed retirement planning decisions throughout their careers. Our plan recognizes that employees' financial needs change as they move through their careers.

- OHRM is in the process of revitalizing its department-wide workforce planning process, essential to maintaining the workforce needed to provide continuity of services to Veterans, by creating a "communities of practice" approach featuring centralized control and implementation in the field. Each VA organizational plan will be accessible through the VA Intranet and will include past and projected workforce trends and strategies to address employee development, diversity, employee morale and satisfaction, and leadership succession.

- The Veterans Employment Coordination Service (VECS) was established as the lead office to attract, recruit, and hire Veterans into the VA. VECS consists of nine Regional Veterans Employment Coordinators (RVEC) located

throughout the U.S. RVECs serve as employment case managers for severely injured Veterans and provide varying degrees of employment assistance to all Veterans seeking VA employment. To date, we have contacted over 70,000 Veterans including 2,300 severely injured Veterans from Operation Iraqi Freedom and Operation Enduring Freedom. These efforts have directly contributed to over 260 Veterans gaining VA employment, and indirectly contributed to over 11,000 Veterans gaining VA employment in 2009.

- OHRM implemented the transition from paper to electronic/digitized employee personnel folders for VA employees. The conversion to the electronic Official Personnel Folder (eOPF) was completed in March 2009, as over 265,000 Official Personnel Folders were converted from paper to electronic formats 5 months in advance of original conversion estimates. We are targeting full employee roll out by all HR offices by the end of March 2010.

- OHRM implemented an electronic classification system to promote consistency and standardization in classification and position management. The new system is expected to reduce classification appeals, VA-wide.

- VA issued its first Diversity & Inclusion Strategic Plan that presents a living roadmap for fostering a diverse workforce and inclusive work environment. Accordingly, the former Office of Diversity Management and Equal Employment Opportunity (DM&EEO) restructured and changed its name to the Office of Diversity & Inclusion (ODI) to reflect emerging trends in diversity management and expanded its focus to empower full participation of all employees in the workplace.

- VA implemented several new agency-wide diversity initiatives including the VA Diversity Advisory Council, a senior-level advisory body addressing EEO, diversity, and inclusion issues; the EEO & Diversity Training Board, an interdisciplinary content review board that provides quality control and standards in diversity-related training; and the development of a consolidated EEO, Diversity, and No FEAR policy memorandum that summarizes all of VA's employee rights, responsibilities, and protections into one document to increase efficiency and enhance accountability in these areas.

- VALU is the business owner for the VA Learning Management System (LMS) which supports a workforce of more than 286,000 employees. This system is available to all employees and serves to enhance the quality of learning selections, monitor and record completions and report the status of training across the Department. Through the LMS, VALU provides more than 4,200 online courses.

- During this past year, 80 VA employees completed Leadership VA. In its thirty-five year history, this program has graduated more than 2,400 employees, many of who have advanced to the Senior Executive Service and become recipients of the Presidential Rank Award. Mentor Training is offered to support the VA Central Office Leadership Development Mentoring Program (LDMP) and the Aspiring Leaders Program (ALP). Twenty new mentors were trained this year. The LDMP graduated 19 participants and the ALP graduated 15.

- VALU's focus is competency-based learning designed to influence performance and guide improvement. VALU performed extensive competency assessments and recommended training for cross-cutting career fields such as Human Resources, VA Executive Assistants, and Engineers. VALU also supported cross-cutting training and special emphasis conferences. This past year, VALU partnered with the Center for Minority Veterans and HR&A to design and deliver competency-based training in an interactive learning environment.

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 create 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 people 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. These initiatives are described in the following paragraphs along with the 2010 resource requirements.

- The Office of Human Resources Management will create the leaders of the future to improve services to Veterans and their families by launching the Corporate Senior Executive Management Office and establishing a corporate approach to the selection, assessment, and development of 22,000 leaders across VA. These programs will minimize leadership competency gaps and help grow, develop, and sustain the quality of leadership in VA.

    - A Corporate Senior Executive Management Office ($7.6 million and 24 FTE) will afford uniformity in the management of executive talent and utilize technology for increased efficiency. The current staffing process for

SES and Title 38 equivalent positions is performed by VHA, VBA, and HR&A. The new organization will centrally manage the recruitment actions for all 336 slots (including VHA and VBA), have oversight of the VA-wide corporate Executive Resources Board, as well as lead the new VA SES Orientation Program and formalized SES On-Boarding process. Training efforts also will include Executive Coaching to enhance executive leadership development.

- The Development and Certification of Leaders ($83.7 million and 3 FTE) will ensure VA has capable managers and leaders with the skills and proficiency to motivate their employees to provide the best of service to our Veterans while continuing transformation efforts. Funding will also be used to develop and manage an assessment-based process for employees in supervisory positions that will provide on-going assessment and development that leads to success. In order to support the leadership skills of our existing 22,000 leaders, this initiative will establish standards for proficiency and develop a certification in leadership

- Increase staff productivity, performance and commitment by building and strengthening competencies including critical skills training in over 42,000 positions (eg. project management, acquisition, and IT certification).

  - The Mission Critical Training initiative ($98.5 million and 15 FTE) will provide focused technical training to employees in VA's mission critical and other key occupations. Over 42,000 employees have been identified to be in occupations that are essential to achieving the mission of the organizations yet have the greatest unmet need for development. These occupations include Biomedical Engineers, Veterans' Rehabilitation Counselors, Blind Rehabilitation Specialists, Prosthetic Representatives, Contract Specialists, Information Technology Specialists, and Human Resources Specialists. Mission Critical training funds of $34 million for Project Management, $24 million for IT Specialists, and $14 million for Business Process Reengineering within the Veterans Benefits Administration will provide for a highly targeted investment in these areas. This initiative will also allow implementation of the HR Academy to provide VA HR employees with the training and tools in specific technical disciplines and to pursue HR certification. Through a primarily virtual training academy structure, HR professionals across the agency will be able to access training in technical, strategic, and customer relations skills. Mission critical and key occupation training will be driven by comprehensive competency assessments that will define the training curriculum and evaluations to ensure closure of gaps and delivery of outcome-based results to Veterans and their families.

- Program Based training funds ($31.8 million and 14 FTE) will be distributed for training of non-supervisory VA entry and mid-level employees, including a centralized intern hiring and training program. Often, training and development programs are targeted toward leaders and aspiring leaders, or critical occupations, overlooking front-line personnel in need of development. Training needs for employees will be identified through workforce planning analysis and the development of competencies for each of the 177 occupational series of more than 50 employees.

- A Knowledge Management office ($661 thousand and 2 FTE) will be established to capture and share ideas, institutional memories, and best practices across the organization. Funds will be used to create tools to collect and share knowledge through various means, including a VA-wide expert database, knowledge website, information sharing web logs, and online communities.

- Enhancement of VA's Learning Management System (VA LMS) ($6.5 million and 16 FTE) will strengthen the existing system and develop further system capabilities that meet OPM's requirements for agency competency management. VA LMS is a web-based tool that provides a single access point for managing learning activities and sharing learning resources across the entire Department. This tool will play a critical role in the agency's human capital strategy on workforce planning, training and development, and performance.

- The Evaluation initiative ($14.5 million and 4 FTE) will establish department-wide standards for training evaluation; fund software development of a rating system for LMS 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.

- 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 ($9.4 million and 5 FTE). Focused recruitment will ensure new talent by increasing the number of Presidential Management Fellows and other student/graduate appointments. This initiative will fund innovative new media advertising on outlets such as Career TV and high visibility web-based information and networking sites. Also, additional funds will be provided for the Veterans Employment Coordination Service (VECS) to attract, recruit, and hire Veterans into the VA, particularly qualified, severely injured Veterans from Operations in Iraq and Afghanistan. A staff of 5 FTE will be used in the field to serve as regional liaisons for training and user support of the enterprise-wide implementation of USA Staffing. USA Staffing is an automated recruitment, assessment, referral, and notification system which will be used by the majority of VA HR offices and accessed by over 250,000 employees and public applicants.

- The Human Resources business must transform from transactional work to consulting services and fill critical positions within OHRM ($1.1 million and 10 FTE) in order to perform evolving operational HR functions. Resources will allow VACO HR to reorganize and form new divisions for Customer/Advisory Services, Strategic Consulting, and a Delegated Examining Unit.

- The Workforce Planning ($23.5 million and 20 FTE) initiative will focus on development of VA's non-supervisory staff not covered by mission critical training funds. This initiative will fund a contract to identify competencies and career paths for each occupational series and hire staff to manage the workforce planning and assess skill-gaps and competencies. 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.

- Human Resources Information System (HRIS) liaisons ($2.5 million and 20 FTE) will be placed in various geographical regions to serve as local HRIS consultants. HRIS is the PAID replacement element that will be provided by an approved OPM Human Resource Line of Business Shared Service Center (SSC). Although the enterprise is supported by a single HRIS application housed at a Shared Service Center, under the HR delivery model, the delivery of HR support will remain decentralized. The HRIS

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 serve as the HR&A contact representative for the HRIS transition and consultants for ongoing operations. Initially they will support change management activities, as well as requirements gathering and development, support the transition and rollout of the new system, and ultimately serve as client services representatives to the VISN managers, HR staff and employees.

- Improve employee satisfaction and performance and reduce costly absenteeism by promoting healthier employees and improving the work environment.

  - The Health and Wellness initiative ($3 million) will implement a VA-wide, web-based employee health and wellness program. The health promotion program will perform population health and needs assessment and provide plans for health enhancement programs. The tool 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 active program coordinators who provide on-line wellness coaching and fitness goals and can develop instructional programs (nutrition, weight management, fitness conditioning, injury prevention, etc.)

  - 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 ($1.2 million and 2 FTE) 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 ($500

thousand and 5 FTE); Property Management which conducts the annual equipment inventory for all VACO offices and the Building Management and Resources Management Divisions ($464 thousand and 7 FTE).

- ORM will stand up a full-service hotline that will provide employees and managers a forum to ask general questions or questions related to Transformation-21 (T-21), address workplace conflict/disputes, or strategize about an appropriate course of action. This new service will be marketed as 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 facility program manager, Workplace ADR). Anticipated benefits include: increased use of ADR, decrease in EEO complaint activity, increase opportunity to market and distribute accurate information about T-21 initiatives, and improved ability to educate employees and managers on a variety of issues that often result in workplace disputes.

- VA issued its first 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 overarching goals of the Plan and will lead the implementation of proactive risk management strategies such as employee training, leadership development, and compliance oversight in the areas of diversity and inclusion to avoid costly liability associated with non-compliance with statutory obligations and EEOC requirements. ODI will develop an EEOC-compliant Reasonable Accommodations Case Management System and will establish a centralized account to fund reasonable accommodations as required by EEOC in support of the Americans with Disabilities Act Amendments Act of 2008 (ADAAA) ($1.1 million and 4.5 FTE).

- The Office of Labor-Management Relations anticipates a renewed focus on labor-management partnership. 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 partnership, LMR staff will lead training and 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 ($2.7 million and 4 FTE).

Budget Highlights

The 2011 budget request includes resources necessary to continue the current level of operations and sustain the critical initiatives in the Human Capital Investment Plan.

- Budget authority of $975 thousand for seven OHRM FTE, previously funded through an agreement with the Office of Information and Technology. These FTE were dedicated staff focused on hiring efforts and personnel management for VACO OIT staff.

- $8.1 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.

- $32.9 million and 229 FTE in reimbursable authority for the Office of Resolution Management to cover expenses associated with preventing, resolving, and processing workplace disputes. When these reimbursements are combined with an additional $2.9 million in expenditure adjustments from VBA and the staff offices, total ORM recoveries will be $35.8 million in 2011. Total ORM recoveries include all related information technology support, which in turn will be reimbursed to the Information Technology Systems appropriation.

- Reimbursable authority of $49.7 million for the Human Resources Information System (HRIS) and an additional $3.6 million in expenditure adjustments. This project is the central component of an overall VA HR enterprise-level initiative that will upgrade and support the lifecycle activities of human capital and human resources management for the Agency. The HRIS component is the PAID replacement element that will be provided by an approved OPM Human Resources Line of Business Shared Service Center (SSC). The SSC provider will offer modern HRIS services to VA for a fee based on the nature of the services provided and the number of employees

serviced in a year. Starting in 2010, the funding model for HRIS will be similar to that currently used for PAID, on a reimbursable basis with each VA organization paying for their employees. Initially, the SSC will provide core HR functionality to VA for personnel actions processing and benefits administration and will at a minimum interface with DFAS for payroll and OPM for eOPF and USA Staffing. However, additional services will be available at VA's option. Employees, managers, and HR staff will use a single VA HRIS portal to access the full range of services and support they require to accomplish their tasks. These core services will eliminate the manually laden basic transactional and maintenance work by current HR staff associated with PAID, paper driven processes, and disconnected applications.

- Reimbursable authority of $284.1 million and 165 FTE for HR&A for the continued implementation of the Human Capital Investment Plan.

Office of Human Resources and Administration Summary of Employment and Obligations (dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Request	Change
Average Employment	**505**	**539**	**715**	**736**	**+21**
Obligations:					
Personal services	$60,841	$64,752	$87,030	$92,033	+$5,003
Travel	1,920	2,421	16,755	17,664	+909
Transportation of things	349	398	381	386	+5
Rents, communications & utilities	25,460	28,066	28,884	29,978	+1,094
Printing and reproduction	200	327	359	420	+61
Other services	12,922	66,392	324,334	320,663	-3,671
Supplies and materials	937	990	1,289	1,432	+143
Equipment	216	425	2,833	1,506	-1,327
Insurance & Indemnities	5	15	15	15	0
Adjustment to Expenditures	-2,712	-2,890	-6,810	-7,516	-706
Total obligations	**$100,138**	**$160,896**	**$455,070**	**$456,581**	**+$1,511**
Reimbursements	-35,345	-92,306	-385,363	-380,404	+4,959
SOY Unobligated Balance (-)	-4,010	…	-1,117	…	+1,117
EOY Unobligated Balance (+)	1,117	…	…	…	0
Budget authority	**$61,901**	**$68,590**	**$68,590**	**$76,177**	**+$7,587**

Summary of Employment and Obligations – Analyses

HR&A's personal services estimate reflects salary requirements for 324 FTE for General Administration activities funded through GOE in 2011. The total estimated FTE of 736 includes 229 for ORM reimbursable FTE, 18 for VALU reimbursable FTE, and 165 for reimbursable FTE associated with the Human Capital Investment Plan. The 2011 request includes the full year costs and cumulative FTE associated with implementation of the HCIP during 2010.

The 2011 budget request includes funds for FTE and non-payroll increases required for projects. The Lafayette Building located at 811 Vermont Ave NW was constructed in 1940 and retains most of its antiquated mechanical, plumbing, and electrical systems. A full-scale modernization project has been approved and GSA received $120 million in Recovery Act funding for this project. The Office of Administration will support the effort with furniture moves, activation costs (health unit contract, cleaning, equipment assembly, etc.), contractor supervision, realty and space management work, and representation of VA's interest on the renovation project to GSA. This initiative also uses an existing One-VA Plus Fund account and resources from GSA in 2010.

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 will be funded in 2010 through $2.1 million in existing budget authority, including additional staff of 16. However, ORM requires new budget authority of $2.7 million in 2011 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 will enhance current toll-free services and offer both access to more information for VA employees and consultative services for VA managers through development of an automated system. Each of the ORM field offices will acquire full-time ADR Specialists. Additional 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 be developed and implemented Department-wide on managing conflict and organizational change as well as effective communication, negotiation, and problem solving skills. ORM estimates the potential cost avoidance of between $10 and $20 million with implementation of these initiatives and increasing the resolution rate to 55 percent.

In addition to funding the staff associated with the ORM ADR initiatives, personal services obligations increase due to the 1.4 percent projected salary increase and associated benefit costs as well as the full year cost of HCIP hiring in 2010.

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 majority of the obligation increase is for estimated rental costs beyond the normal non-payroll inflation increase as well as the cost of new space.

Other services obligations decrease of $3.7 million and the equipment decrease of $1.3 million are primarily due to one-time costs in 2010 associated with start-up activities implementing the Human Capital Investment Plan.

Changes from Original 2010 Budget Estimates *(dollars in thousands)*	2010		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment	539	715	+176
Obligations:			
Personal Services	$64,752	$87,030	+$22,278
Travel	2,421	16,755	+14,334
Transportation of Things	398	381	-17
Rents, Communications & Utilities	28,066	28,884	+818
Printing & Reproduction	327	359	+32
Other Services	66,392	324,334	+257,942
Supplies & Materials	990	1,289	+299
Equipment	425	2,833	+2,408
Insurance & Indemnities	15	15	0
Adjustment to Expenditure	-2,890	-6,810	-3,920
Total Obligations	**$160,896**	**$455,070**	**+$294,174**
Reimbursements	-92,306	-385,363	-293,057
SOY Unobligated Balance (-)	…	*-1,117*	*-1,117*
EOY Unobligated Balance (+)	…	…	*0*
Budget Authority	**$68,590**	**$68,590**	**0**

The 2010 current estimate for budget authority remains the same as the 2010 budget estimate. The increase in obligations is in reimbursements associated with the Human Capital Investment Plan as discussed under that section of this chapter. However, several initiatives requiring budget authority are expected in 2010, including the Lafayette Building renovation, increased space, and ORM initiatives related to ADR.

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									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	1. Support transformation of VA into a high-performing 21st Century organization.	Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months. **(New)** [1]	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	95
	2. Support reform of the Human Capital Process though the entire employee life-cycle.	Percent of Title 5 employees hired through competitive examining process within 80 days. **(New)** [2]	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	75
		Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process.	22	28	46	48	48	50	55
		Percentage of VA employees who are Veterans.	31	31	30	30	31	31	33
		Workers' Compensation Lost Time Case Rate (LTCR). (New)[3]	2.0	1.87	1.81	1.82	1.77	1.72	1.71
	3. Strengthen VA's Human Resources staff to better support service delivery in health care, benefits, and memorial services. [4]	Percent of all Human Resources staff in the field and VACO who are certified in Human Resources disciplines. **(New)**	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	65

[1] HR&A will work with customers to determine which occupations are considered mission critical.
[2] The 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.
[3] This 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.
[4] The ability to improve performance of Human Resources field staff is dependent on appropriate training and the support of officials from each Administration.

Table 2: Performance Measures Supporting Information

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) and ADR Tracker **c) Data Verification:** • Regular dissemination of reports and information to the administrations for verification. **d) Measure Validation:** • Measurement of ADR participation rate shows whether EEOC meets its 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:** • None **f) External Factors:** • None **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 coordinators on best practices. • Maintaining a pool of facilitators 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 servicemembers 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 VA Human Resources Line of Business (HRIS)

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:
- 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 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, safety surveys, and additional staff 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:

- 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

Policy & Planning

Mission

The Office of Policy and Planning (OPP) leads the development of initiatives and comprehensive analysis for the Secretary and VA senior leaders in the areas of Veteran policy, Departmental 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, programs, strategy, and operations with the strategic direction of the Administration and Secretary.

Summary of Budget Request

($ in 000)	2010	FTE	2011	FTE
Office of the AS/PDAS	$1,780	10	$2,348	10
Office of VA/DoD Collaboration	8,527	14	4,975	17
Office of Policy	7,756	31	6,342	34
Office of Data & Evaluation	7,952	38	15,118	42
Total Budget Authority	**$26,015**	**93**	**$28,783**	**103**

In FY 2011, the Office of Policy and Planning is requesting budget authority of $28.783 million and a total of 103 FTE. OPP will use these resources to drive VA transformation; coordinate implementation of the VA Strategic Plan across the Department; execute the President's and Secretary's policy, management, and programmatic priorities; and collaborate with the Department of Defense to enhance services and benefits to service members as they transition to civilian status.

Program Description and Accomplishments

The Office of Policy and Planning (OPP) designs and manages policy for Veterans for the Secretary; supports development and implementation of Departmental

policy; cultivates strategic external partnerships; and refines and improves VA policy. OPP is comprised of three programmatic offices: (1) VA/DoD Collaboration; (2) Office of Policy; and (3) Office of Data and Evaluation.

Office of VA/DoD Collaboration

The Office of VA/DoD Collaboration facilitates the development of joint policies and programs between VA and the Department of Defense (DoD). The Office contributes to:

- VA strategic goal 1 to improve the quality and accessibility of health care, benefits, and memorial services while optimizing value;
- VA integrated objective 3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA integrated strategy 3d to 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.

The Office works with DoD to produce better outcomes in health care delivery and benefit services for Veterans, service members, military retirees, and eligible dependents through enhanced collaboration and coordination. Specific functions include:

- Provides strategic and Departmental oversight of the Virtual Lifetime Electronic Record (VLER) initiative by coordinating functional requirements, goals, and strategic outcomes with the Department of Defense, the Interagency Program Office (IPO), the VLER Program Management Office (PMO), and other internal VA organizations
- Leads VA's efforts and provides staff support for multiple VA/DoD joint bodies, including:
    - VA/DoD Joint Executive Council
    - VA/DoD Wounded, Ill and Injured Senior Oversight Committee (WII – SOC)
- Coordinates VA responses to external requirements and mandates, such as those created by Acts of Congress and public laws
- Coordinates and facilitates a VA-wide perspective in all VA/DoD collaboration activities and initiatives
- Develops the VA/DoD Joint Strategic Plan (JSP) in coordination with DoD

Office of Policy

The Office of Policy leads, coordinates, and facilitates the Department's development, analysis, and review of the policy issues affecting Veterans. The Office is responsible for transformation efforts across the Department and overseeing the execution of the Strategic Plan to implement VA's goals and objectives. Its work enables better decision making among VA senior leaders about service to Veterans and management of the Department. The Office contributes to:

- VA strategic goal 1 to improve the quality and accessibility of health care, benefits, and memorial services while optimizing value;
- VA strategic goal 4 to improve internal customer satisfaction with management systems and support services and make VA an employer of choice by investing in human capital
- VA integrated objective 3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA integrated strategy 3c to create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

The Office of Policy is comprised of four primary service areas, each with complementary duties.

Policy Analysis Service

- Develops policy proposals for the Secretary
- Provides independent review and recommendations on proposed policies and legislation
- Supports policy committees and task forces charged with reviewing policy issues
- Supports intergovernmental efforts with policy implications, e.g., homelessness

Strategic Planning Service

- Leads the VA Strategic Management Process
- Leads development of VA Strategic Plan in partnership with the three Administrations and other Staff Offices

- Manages the VA Governance Process, including the VA Executive Board, Strategic Management Council, and Senior Review Group
- Conducts environmental scans to identify trends and external factors that could influence VA planning

Corporate Analysis and Evaluation Service (CA&E)

- Leads VA's multi-year planning efforts
- Provides independent analysis to align VA resource allocations with investments that best serve Veterans, including evaluation of programs, projects, and capabilities
- Develops and uses analytical tools and methods to analyze program resources
- Produces independent cost analysis and presents program alternatives to determine the most effective and efficient solutions

Transformation and Innovation Service

- Manages transformation efforts for the Department to become a 21st Century organization
- Aligns execution of the Strategic Plan and operational activities across the Department so that VA can achieve its strategic goals, integrated objectives, and integrated strategies
- Leads Operational Management Review process to align and synchronize the execution of priority initiatives in VA
- Leads innovation process to identify and anticipate new trends among policy issues affecting Veterans and proactively identify solutions

Office of Data and Evaluation

The Office of Data and Evaluation leads, coordinates, and facilitates the Department's data analysis and assessment of programs, operations, and procedures to inform VA-wide decision making.

The Office provides actuarial estimates and projections and Veteran population estimates, and acts as a central clearinghouse for the collection, analysis, and dissemination of information and data about Veterans and VA programs and services. The Office manages and directs survey research, including national surveys.

The Office contributes to:

- VA strategic goal 2 to increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services
- VA integrated objective 3 to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively; and
- VA integrated strategy 3c to create and maintain an effective, integrated, Department-wide management capability to make data-driven decisions, allocate resources, and manage results.

The Office of Data and Evaluation is comprised of four primary Service Areas, each with complementary duties.

National Center for Veterans Analysis and Statistics

- Manages VA-wide business intelligence tools and processes to support analysis and planning activities
- Develops periodic statistical analyses and reports on a broad range of topics
- Operates VA's data and statistics web portal for the dissemination of Veteran data and statistics
- Develops estimates and projections on the Veteran population
- Conducts analyses and survey research including the National Survey of Veterans

Office of the Actuary

- Constructs formal and predictive models to support data-driven decision making about VA capital investments, incorporating models for future demand for VA services and benefits
- Consults with the Administrations and Staff Offices on actuarial analysis, financial modeling, and cost estimation
- Develops Compensation, Pension, and Burial liability estimates
- Reviews other VA actuarial calculations including medical malpractice, health care enrollment, and life insurance reserves

Program Evaluation Service

- Leads the design of studies and selection of independent, third-party researchers for program evaluations
- Analyzes and evaluates outcome measures in terms of a program's legislated goals and outcomes for program participants and non-participants

Management Systems Improvement Service:

- Oversees Department-wide Management Analysis/Business Process Reengineering (MA/BPR) efforts
- Manages the VA Performance Excellence program, including the Secretary's annual Robert W. Carey Performance Excellence Awards
- Coordinates all aspects of the Federal Activities Inventory Reform (FAIR) Act Inventory
- Provides advice and consultation on competitive sourcing

Recent Accomplishments

During FY09 and the first quarter of FY10, OPP:

- Designed and implemented the new **Strategic Management Process** for VA. This process uses strategy to drive the budget and performance plans and aligns the execution of the VA strategy with performance management and organizational and individual accountability in an iterative way. This process centers on the VA Strategic Plan and how the strategic goals, integrated objectives, and integrated strategies are instantiated throughout the Department. This accomplishment helped VA implement integrated objective 3 of building internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

- Designed the **Corporate Analysis and Evaluation capability** to facilitate long-range planning and provide independent data to inform senior level decision making about resource allocation. This contributed to VA's integrated strategy 3c of creating an integrated, Department-wide management capability to make data-driven decisions and allocate resources.

- Contributed to transforming **interagency cooperation and collaboration**, especially in the areas of redesigning and implementing a revised Disability Evaluation System (DES), addressing the needs of service members and Veterans suffering from TBI/PTSD; enhancing case management for severely injured service members through the Federal Recovery Coordinator Program, and advancing efforts to improve DoD/VA health and administrative data sharing via oversight of the design and implementation of the Virtual Lifetime Electronic Record. This accomplishment helped VA implement its integrated strategy 3d of creating a collaborative, knowledge sharing culture with DoD.

- Completed **data collection for the National Survey of Veterans**, Active Duty Service Members, Activated National Guard and Reserve Members and Family Members and Survivors (NSV). NSV collects valuable information on VA clients and potential clients. NSV results allowed VA to make data-driven decisions about VA policy, planning, and quality improvement, all of which are important aspects of implementing integrated strategy 3c.

- Instituted a **portfolio management approach** to guide the OPP research agenda and align it with the Department's priorities. The research findings will inform decisions about improving quality and accessibility of services and benefits, as articulated in VA's first strategic goal.

- Created an **innovation capability** to identify and anticipate future needs of Veterans and incorporate those needs into policy and program design and implementation across VA. This new capability allowed VA to move forward in implementing its integrated strategy 3a of anticipating and preparing for the needs of Veterans.

- Established the **Business Intelligence Program Management Office (BIPMO)**, which implemented an initial set of VA-wide tools, technologies, and processes to turn data into information and information into knowledge that optimizes VA business actions. The BIPMO functions encompass data integration; data warehousing; and reporting, analysis and predictive data and geospatial tools. The business intelligence toolset is used by internal and external stakeholders via the VA Internet and Intranet. BIPMO's work helped VA implement its integrated strategy 3c of creating a Department wide management capability to make data-driven decisions.

- Completed a multi-year **program evaluation of services for mentally ill Veterans** using VHA services. This evaluation of services for Veterans with diagnoses of schizophrenia, bi-polar, major depressive disorder (MDD), PTSD, and substance use disorder (SUD) measured patient-centered outcomes across the continuum of care. These findings are being applied to future decisions about programmatic design to improve the quality of healthcare, as articulated in VA's first strategic goal.

- Completed a multi-year **program evaluation of VHA Oncology Programs**. This evaluation of services for Veterans with diagnoses of five types of cancer (lung, colorectal, prostate, two types of hematologic, and breast) assessed the level, quality, and costs of care across the continuum of care

provided in VA, and furthered VA's goal to improve the quality and accessibility of healthcare, benefits and services.

Budget Highlights

The FY 2011 request includes resources necessary to continue the current level of operations and sustain and enhance efforts on critical initiatives underway. Each of these initiatives contributes to VA's ability to meet its strategic goals and integrated objectives and implement its integrated strategies.

The budget request will provide for:

- $2 M for contract support, and a total of 17 FTE will enable the **Office of VA/DoD Collaboration** to implement VA's integrated strategy 3d 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 the VA and DoD. This collaboration improves support throughout a wounded warrior's recovery, rehabilitation, and reintegration and addresses the needs of Service members transitioning to Veteran status. This level of funding will also support the expansion of VA's joint strategic planning and performance management capabilities in order to be a proactive partner with the Department of Defense. A portion of this funding will also provide for continued support of the Virtual Lifetime Electronic Record (VLER) initiative. With the funding allocated, VA will also reimburse DoD for operational expenses such as office space, IT support, and utilities in shared facilities. Finally, funding will cover personnel costs and contract requirements at VA.

- $2.25M and a total of 9 FTE will support **Corporate Analysis and Evaluation**'s analytical work in implementing VA's integrated strategy 3c of creating a Department-wide management capability to make data-driven decisions about resource allocations. CA&E will analyze investment options for the Secretary and Deputy Secretary and provide an analytical basis for deciding among investments in ongoing programs as well as new initiatives. This capability will include an After Action Review model for driving accountability through the transformed organization.

- $.65M for **MA/BPR program support** will help VA achieve its strategic goal of optimizing value. This funding is intended to support initial training for new studies and inter-phase facilitation during the studies.

- $3M will support **program evaluation of Chapter 33 GI Bill implementation** in compliance with Title 38 § 527 and GPRA requirements. This program evaluation will provide important insights on ways to improve the policy and programmatic aspects of Chapter 33 in conjunction with VA's first strategic goal.

- OPP will also partner with other VA organizations on new VA-wide initiatives to maximize economies and efficiencies across the Department. These initiatives include: BIPMO, Transformation and Innovation, Predictive Modeling, Interagency Data Mining, and Strategic Planning Transformation.

Summary of Employment and Obligations (Dollars in thousands)					
	2009	**2010**		**2011**	
	Actual	**Budget Estimate**	**Current Estimate**	**Request**	**Increase/ Decrease**
Average Employment	62	93	93	103	+10
Obligations					
Personal Services	$9,122	$13,299	$14,130	$16,817	+$2,687
Travel	237	160	160	220	+60
Transportation of Things	7	0	0	0	0
Rents, Communications & Utilities	0	2,000	850	339	-511
Printing & Reproduction	142	110	110	110	0
Other Services	10,739	10,196	13,515	11,067	-2,448
Supplies & Materials	122	230	230	230	0
Equipment	0	20	20	0	-20
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$20,369**	**$26,015**	**$29,015**	**$28,783**	**-$232**
Reimbursements	*-2,585*	*0*	*0*	*0*	*0*
SOY Unobligated Balance (-)	*-6,813*	*0*	*-3,000*	*0*	*3,000*
EOY Unobligated Balance (+)	*3,631*	*0*	*0*	*0*	*0*
Budget Authority	**$14,602**	**$26,015**	**$26,015**	**$28,783**	**+$2,768**

- Budget Authority for an additional 10 FTE in personal services is being requested in 2011 to enable the expanded capabilities of the Office. This increase includes:

    - 3 FTE to support the VA/DoD Collaboration Office
    - 2 FTE to enable integration of major construction and health care

into the VA Multi-Year Plan (CA&E)
  - 1 FTE to support the transformation and innovation work
  - 4 FTE to support Business Intelligence and statistical analysis requirements within the National Center for Veterans Analysis and Statistics

- Travel is increased by $60 thousand to support additional travel due to staff increase.

- Other Services decreases by approximately $2.5 million to reflect changing contractual services requirements.

- Costs for rents, communications, and utilities are expected to decline in 2011.

- No significant equipment costs are anticipated in 2011.

Changes from Original 2010 Budget Estimates
(dollars in thousands)

	2010		
	Budget Estimate	**Current Estimate**	**Increase/ Decrease**
Average Employment	93	93	0
Obligations			
Personal Services	$13,299	$14,130	$831
Travel	160	160	0
Transportation of Things	0	0	0
Rents, Communications & Utilities	2,000	850	-1,150
Printing & Reproduction	110	110	0
Other Services	10,196	13,515	+3,319
Supplies & Materials	230	230	0
Equipment	20	20	0
Insurance & Indemnities	0	0	0
Total Obligations	**$26,015**	**$29,015**	**+$3,000**
Reimbursements	*0*	*0*	*0*
SOY Unobligated Balance (-)	*0*	*-3,000*	*-3,000*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**$26,015**	**26,015**	**$0**

- Upward revisions to Personal Services costs reflect recent pay trends. Carryover funding will be used to offset these increases and to support

Secretarial initiatives such as the Strategic Capital Investment Planning process.

- Rent for VA/DoD collaboration efforts is now expected to be lower than anticipated. Funds will be directed to Other Services to support Secretarial transformation initiatives in the Department.

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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization-Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	2006	2007	2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strategic Target
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. Improve the overall performance (quality, cost, and effectiveness) of VA operations through timely implementation of Program Evaluation recommendations.	Percent of VA actionable recommendations from Program Evaluation Service studies completed in the last 5 years that have been implemented.	N/Av	N/Av	N/Av	N/Av	60%	65%	**75%**
		Cumulative percent of FTE (compared to total planned) included in Management Analysis/Business Process Reengineering studies initiated (Measure being dropped after FY 2010)	N/Av	33%	54%	54%	96%	N/Ap	N/Ap

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization-Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	2006	2007	2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strategic Target
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. Improve Veteran, family, and internal customer satisfaction with VA provided services and benefits.	Improve Veteran, family and internal customer satisfaction with VA provided services and benefits **(NEW)**	N/Av	N/Av	N/Av	N/Av	Baseline	5%	**15%**

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Anticipate and proactively prepare for the **needs of Veterans**, **their families**, and our **employees**	1. Monitor the innovation initiatives that have been approved for implementation through the VA governance process	Percentage increase in client satisfaction that can be attributed to the adoption of innovation proposals. **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Base-line	**TBD**
C. Create and maintain an effective, integrated, Department-wide **managemen t capability** to make **data-driven decisions**, allocate resources, and **manage results**	1. Develop tools and procedures for assessing program efficiencies and potential savings	Percent of cost saving programmatic options implemented at VA. **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	10%	**100%**
	2. Track the number of transformation initiatives approved for implementation through the VA governance process	Percentage increase in client satisfaction that can be attributed to the adoption of transformation initiatives. **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Base-line	**TBD**
	3. Improve the overall performance (quality, cost, and effectiveness) of VA operations through periodic assessment versus current Baldrige Performance Excellence Criteria	Average percentage improvement in overall score of Carey trophy applicants participating for 3 consecutive years. **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	5%	**10%**

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
C. Create and maintain an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage results**	4. Predictive Modeling and Forecasting	Percentage of National Center for Veterans Analysis and Statistics products produced on schedule. **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	80%	**100%**
		Number of material weaknesses of an actuarial nature (Measure being dropped after FY 2010)	0	0	0	0	0	N/Ap	N/Ap
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. Measure internal customer satisfaction with the VA strategic planning process.	Percent of VA employees who indicate they understand VA's Strategic Plan and how their work contributes to the achievement of VA's overall mission and goals (Measure being dropped after FY 2010)	N/Av	N/Av	N/Av	N/Av	80%	N/Ap	N/Ap

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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, 8, 12, and 20).

Summary of Budget Request

($ in 000)	**2010**	**FTE**	**2011**	**FTE**
Office of the Assistant Secretary	$951	6	$944	5
VA HSPD-12 Program	860	1	5,109	7
Office of Emergency Management (OEM)	6,564	51	,826	53
Office of Security & Law Enforcement (OS&LE)	8,371	37	9,212	37
Total Budget Authority	**$16,746**	**95**	**$22,091**	**102**

- In 2011 OSP is requesting budget authority of $22.1 million and 102 FTE to support its operations. This represents an increase of $5.3 million and 7 FTE above the 2010 President's Budget. This funding level will significantly enhance OSP's capability to meet its expanding mission. Details of these increases can be found in the Budget Highlights section of OSP FY 2011 President's Budget.

Programs Supporting Transformation of VA to a 21st Century Organization

- VA HSPD-12 Program Office: VA is investing $5.1 Million to support this office which will be responsible for the national compliance with all programs

related to HSPD-12. This increase provides the funds for the additional staff as well as $3 million for contractual support necessary. This office will provide the expertise in Federal and VA laws, rules, regulations, policies, and procedures necessary for VA to meet its responsibilities under Federal HSPD-12 programs.

- VA Integrated Operations Center (VA IOC): The VA Integrated Operations Center (IOC) provides a fusion point for Unified Command, integrated planning, and data analysis to present recommendations to VA Senior Leaders and to coordinate with stakeholders and Federal partners. The IOC is the VA Secretary's Operations Center and will employ the Incident Command System (ICS), Unified Command structure with individuals 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.

- The Office of Emergency Management manages, directs and provides staffing for the VA IOC. The VA IOC will be located in VACO, FY 2010 minor construction funds are being used to actually build the facility.

Program Description and Accomplishments

On behalf of the Secretary, the Office of Operations, Security and Preparedness (OSP) oversees Emergency Management, Homeland Security, National Security, Physical Security, and Law Enforcement activities and processes that require coordination across the Department or which call for the application of broad perspective. OSP also manages the VACO Homeland Security Presidential Directive -12 (HSPD-12) Program Office. The component offices within OSP serve the larger mission in the following ways:

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 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).
- Manages the HSPD-12 Program Office, including personal identity verification (PIV), physical access controls systems, and logical access control systems related to PIV credentials.
- Manages the Department's Personnel Security & Suitability Program Office (PSSP).

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.
- Coordinates the protection of multiple Federal agencies in VACO campus buildings.
- Provides personal security for VA's Secretary and Deputy Secretary including motor vehicle support.
- Adjudicates national security and high-risk clearances based on background investigations.

Recent Accomplishments

- In 2009 OSP completed a minor construction project at the Richmond VAMC to establish mobile deployment command and control capabilities.
- OSP is a member of an integrated team working closely with the Program Manager of the new Capital Region Readiness Center (CRRC) in Martinsburg, WV. Design phase was completed and construction has begun with projected completion in June 2010.
- OSP assigned a full-time program manager for the HSPD-12 program. This manager is working closely with all stakeholders, internally and

externally, to establish a compliant HSPD-12 Program.

Budget Highlights

The 2011 request includes resources necessary to meet the expanding mission 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 and 732 and CIA Directive 6/4. OSP will continue to be required to meet increasing requirements as well as those that are in our base. Areas that are 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 the Personnel Security and Suitability Program.
- Improving 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.
- Program office for HSPD-12 implementation and compliance.
- Increased requirements for VA Special Access Programs.

The $5.3 million increase will be applied in the following areas: $475,000 for pay raises and personnel benefits; $4,100,000 for the HSPD-12 Program Office, $400,000 for non-pay inflation and $325,000 for contract increases.

- **HSPD-12 Program Office** (7 FTE for 2011): These personnel will staff the VA HSPD-12 Program Office. This office is responsible for national compliance with HSPD-12 programs; including personal identity verification, physical access control systems, and logical access control systems related to PIV credentials. This initiative will provide needed expertise in Federal and VA PIV laws, regulations, rules, guidance, policies, processes and procedures and fulfill VA's responsibilities under Federal PIV programs.

Summary of Employment and Obligations

An average employment of 102 FTE and $22,091,000 are requested to fulfill the mission of the Office of Operations, Security and Preparedness in 2011.

Office of Operations, Security, & Preparedness Summary of Employment and Obligations (dollars in thousands)					
	2009 Actual	2010 Budget Estimate	2010 Current Estimate	2011 Request	Increase (+) Decrease (-)
Average employment	66	95	95	102	+7
Obligations:					
Personal services	$8,635	$11,668	$11,668	$12,593	+$925
Travel	655	980	980	1,025	+45
Transportation of Things	0	0	0	0	0
Rent, Communications, Utilities	25	125	125	130	+5
Printing and reproduction	5	5	5	5	0
Other services	3,620	2,904	6,204	8,005	+1,801
Supplies and materials	150	159	159	170	+11
Equipment	115	905	905	163	-742
Total obligations	**$13,205**	**$16,746**	**$20,046**	**$22,091**	**+$2,045**
Reimbursements	0	0	-3,300	0	+3,300
SOY Carryover (-)	-1,180	0	0	0	0
EOY Carryover (+)1/	0	0	0	0	0
Total budget authority	**$12,025**	**$16,746**	**$16,746**	**$22,091**	**+$5,345**

- Funds all current service requirements, including contract support requirements.

- 2011 budget provides funding for increased capability in the following areas:

    - Police Oversight Inspection Program.
    - HSPD-12 Program management
    - Communications to manage VA's 4th mission

The majority of the increased budget from 2010 to 2011 is in support of the HSPD-12 Program Office. This office will provide the guidance and oversight of this program to ensure that VA is in compliance with the overall Federal laws, rules and regulations that pertain to the Federal PIV programs.

Changes from Original 2010 Budget Estimates *(dollars in thousands)*			
	2010		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment	95	95	0
Obligations:			
Personal Services	$11,668	$11,668	$0
Travel	980	980	0
Transportation of Things			
Rents, Communications & Utilities	125	125	0
Printing & Reproduction	5	5	0
Other Services	2,904	6,204	+3,300
Supplies & Materials	159	159	0
Equipment	905	905	0
Insurance & Indemnities	0	0	0
Total Obligations	**16,746**	**$20,046**	**$3,300**
Reimbursements	*0*	*-3,300*	*-3,300*
SOY Unobligated Balance (-)	*0*	*0*	*0*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**16,746**	**$16,746**	**$0**

- The increase of $3,300,000 in Other Services is the contractual cost necessary to support the VA HSPD-12 Program Office which will be funded through reimbursements.

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									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	1 Assess critical infrastructure and key resources to improve security	**Percent of VA facilities with completed vulnerability assessments for Critical Infrastructure/Key Resources (CIKR) (NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100
		Percent of field police units that are determined to be operating at a satisfactory level of service (Measure being dropped after FY 2010)	86%	91%	83%	93%	90%	N/Ap	N/Ap
	2 Develop and implement a viable Departmental continuity program	**Percent of VA facilities that have a continuity plan in place (NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100
		Percent of confirmed successors to the Secretary who attended orientation and/or the annual update (Measure being dropped after FY 2010)	N/Av	N/Av	100%	78%	100%	N/Ap	N/Ap
		Percent of Under Secretaries. Assistant Secretaries, and other key officials who self-certify their teams "ready to deploy" to their COOP site (Measure being dropped after FY 2010)	85%	90%	100%	100%	100%	N/Ap	N/Ap

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Future Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
E. Manage **physical** and **virtual infrastructure** plans and execution to meet emerging needs	3 Establish an HSPD-12 policy oversight office	**Percent of VA facilities that are compliant with Homeland Security Presidential Directive 12 relating to personnel identity verification (NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	100

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information
Percent of VA facilities with completed vulnerability assessments for Critical Infrastructure/Key Resources (CIKR) (Departmental Management Measure) **a) Means and Strategies:** • Build internal VA partnerships to address commonly shared physical protection problems and develop and promulgate a VA-wide vulnerability assessment process and format; develop and provide training to Administration and program offices • Integrate physical security measures and practices across all Department facilities • Provide technical support and guidance to track vulnerability assessment results **b) Data Source(s):** • Written reports and electronically recorded data of Vulnerability Assessments conducted by a VA team of inspectors **c) Data Verification:** • VA entities/facilities will review the reports and provide a response to recommendations. Results will be tracked in VACO. **d) Measure Validation:** • This measure speaks to the degree to which VA critical infrastructure and key resources are vulnerable and therefore how well VA will be able to continue to provide services to Veterans in times of emergency. **e) Cross-Cutting Activities:** • Consultation with other Federal agencies regarding Federal standards **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

Performance Measure Supporting Information

Percent of VA facilities that have a continuity plan in place (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):
- Individual 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 VA facilities that are compliant with Homeland Security Presidential Directive 12 relating to personnel identity verification (Departmental Management Measure)

a) Means and Strategies:
- Establish and HSPD-12 Program Office to provide policy oversight
- Acquire and deploy HSPD-12 compliant products
- Provide training for personnel issuing VA credentials; inspection program; promulgate policy

b) Data Source(s):
- Records from Physical Access Control Systems (PACS) and Logical Access Control Systems (LACS) across the Department

c) Data Verification:
- Inspection program

d) Measure Validation:
- HSPD-12 compliance is mandatory and 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 VA workforce made of suitable and eligible individuals 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:
- Possible new 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) builds confidence in the Department of Veterans Affairs and its readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, maintaining and communicating the Department's message through media relations and public, intergovernmental and Veteran engagement to empower Veterans and their families.

Summary of Budget Request

($ in 000)	2010	FTE	2011	FTE
Office of Assistant Secretary	$1,650	9	$1,815	9
Office of Public Affairs	6,117	44	7,091	46
Office of Intergovernmental Affairs	2,593	12	2,912	16
Office of National Veterans Sports Programs & Special Events	11,230	8	11,388	8
Office of Advisory Committee Management	489	3	499	3
Total Budget Authority	**$22,079**	**75**	**$23,705**	**82**

In FY 2011, the Office of Public and Intergovernmental Affairs is requesting budget authority of $23.7 million and 82 FTE to support its operations.

The requested increase in 2011 will allow VA to:

- Increase outreach efforts to the more than 550 federally recognized Tribal governments to encourage Native American Veteran enrollment in VA services.
- Enhance VA's online presence and offer additional avenues of communication to Veterans and their families with the creation of an Office of New Media

Program Description and Accomplishments

Office of the Assistant Secretary:
The Office of the Assistant Secretary provides executive management to the Offices of Public and Intergovernmental Affairs (OPIA). The Assistant Secretary oversees VA's communications and outreach programs including media relations, media products, 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.

Deputy Assistant Secretary for Public Affairs:
The Deputy Assistant Secretary for Public Affairs is responsible for producing and managing all external and internal public affairs communication for VA. The primary mission of this Office is to coordinate with the Administrations and other Offices throughout VA to ensure that Veterans and their families receive accurate and timely information about Department benefits and programs using all appropriate forms of media to communicate.

Deputy Assistant Secretary for Intergovernmental Affairs:
The Deputy Assistant Secretary for Intergovernmental Affairs acts as the Department's liaison to state, tribal, local, and international government officials and non-governmental organizations. IGA coordinates VA's participation in intergovernmental affairs initiatives, including White House-sponsored activities. IGA also manages the Consumer Affairs Program and Consumer Response Services, International Affairs, and the National Homeless Veterans Program.

Office of National Veterans Sports Programs and Special Events:
The Office of National Veterans Sports Programs and Special Events 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. Such activities include the National Veterans Day Observance, National Disabled Veterans Winter Sports Clinic, National Veterans Wheelchair Games, National Veterans Golden Age Games, National Veterans Creative Arts Festival, National Veterans Summer Sports Clinic, the National Veterans TEE Tournament, the Paralympic grant program, and the Paralympic athlete assistance allowance.

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.

Office of Advisory Committee Management:
The Advisory Committee Management Office serves as the Department's liaison for VA's 25 advisory committees and is responsible for providing clear goals, standards, and uniform procedures with respect to the creation and operations of the advisory committees.

Fiscal Year 2009/2010 Accomplishments

- More than 10,000 Housing Choice Vouchers were awarded to 134 public housing authorities (PHAs). This new initiative allows homeless Veterans in need of long-term health care to receive permanent housing with a dedicated VA case manager to insure that the Veterans health care needs are provided. This initiative now has Veterans housed in all 50 states, Puerto Rico and Guam.
- With the help of community partners, VA increased the number of homeless specific outreach events called "stand downs for homeless Veterans" from 143 events to 157 and the number of Veterans seen in outreach increased from 27,017 to 30,341. Both represent over a 10% increase in the number of events and numbers of Veterans engaged.
- Conducted a comprehensive audit of VA outreach activities department-wide.
- Developed national plan to enhance VA outreach to Veterans and their families.
- Redesigned and launched new va.gov website.
- Conducted media training for VA principals.
- Conducted training for public affairs officers.
- Coordinated national media campaign to promote Post-9/11 GI Bill.
- Established an MOU with United States Olympics Committee to increase interest in and access to Paralympics sports programs for Veterans with physical disabilities.

Budget Highlights

The request for 2011 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 Intergovernmental Affairs; the Office of National Veterans Sports Programs and Special Events; and the Advisory Committee Management office. The budget provides for employment of 82 FTE and funding of $23,705,000.

New Initiatives:

OPIA is requesting $800,000 and 5 FTE to enhance VA's partnership with Tribal Governments. There are more than 383,000 American Indian and Alaska Native Veterans living today, with more than one-fifth age 65 or older. With greater proportions of American Indian and Alaska Natives in today's military, their proportion of the Veteran population is projected to increase. Native American Veterans account for a higher percentage of the overall Native American population as compared to the general population, yet have significantly lower utilization rates of VA services. This initiative will allow OPIA staff to increase outreach efforts to the more than 550 federally recognized Tribal governments and to encourage Native American Veterans enrollment in VA services.

In 2010, OPIA began to transform VA's new media presence. Resources were allocated to improve the VA.gov website and to manage VA's social and new media presence. To continue this transformation, OPIA is requesting $350,000 and 2 FTEs to strengthen the Office of New Media. The Office of New Media will be responsible for ensuring all VA.gov sites comply with Federal and VA policy. Additionally, VA must be able to both reach out to and receive feedback from Veterans. New media is a primary method by which VA can educate and empower Veterans and their families. This initiative enables the Department to improve its relationships with Veterans by offering additional avenues of communication and ensuring clear, accurate, consistent, and targeted messages to build awareness of VA's benefits amongst employees, Veterans and their families, and other stakeholders.

We believe that our FY 2011 budget allows OPIA to begin to make the critical investments necessary to achieve our multi-year transformation plan. Through diligent stewardship of our resources, OPIA will provide high quality communications and outreach services to Veterans and their families, while enhancing VA's ability to be Veteran-centric, results-driven, and forward-looking well into the 21st century.

Summary of Employment and Obligations -Analyses

Summary of Employment and Obligations (Dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Request	Increase (+) Decrease (-)
Average Employment					
Central Office	49	54	53	60	+7
Field Office	19	22	22	22	0
Total	**68**	**76**	**75**	**82**	**+7**
Obligations:					
Personal Services	$9,338	$9,139	$10,485	$11,782	+$1,297
Travel	435	595	700	803	+103
Transportation of Things	40	0	0	0	0
Rents, Communications & Utilities	84	250	122	124	+2
Printing & Reproduction	474	450	400	408	+8
Other Services	199	1,990	622	834	+212
Supplies & Materials	108	100	107	109	+2
Equipment	143	55	143	145	+2
Grants, Subsides, & Contributions	0	5,500	9,500	9,500	0
Insurance & Indemnities	0	0	0	0	0
Total Obligations	**$10,821**	**$18,079**	**$22,079**	**$23,705**	**+$1,626**
Reimbursements	*0*	*0*	*0*	*0*	*0*
SOY Unobligated Balance (-)	*830*	*0*	*0*	*0*	*0*
EOY Unobligated Balance (+)	*14*	*0*	*0*	*0*	*0*
Budget Authority	**$10,005**	**$18,079**	**$22,079**	**$23,705**	**+$1,626**

The budget request provides funding for pay raises and inflation and an additional 7 FTE to enhance VA's partnership with Tribal Governments and continue to transform VA's new media presence.

Changes from Original 2010 Budget Estimates *(dollars in thousands)*	2010		
	Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment			
Central Office	54	53	-1
Field Office	22	22	0
Total	**76**	**75**	**-1**
Obligations:			
Personal Services	$9,139	$10,485	+$1,346
Travel	595	700	+105
Transportation of Things	0	0	0
Rents, Communications & Utilities	250	122	-128
Printing & Reproduction	450	400	-50
Other Services	1,990	622	-1,368
Supplies & Materials	100	107	+7
Equipment	55	143	+88
Grants, Subsides & Contributions	5,500	9,500	+4,000
Total Obligations	**$18,079**	**$22,079**	**+$4,000**
Reimbursements	*0*	*0*	*0*
SOY Unobligated Balance (-)	*0*	*0*	*0*
EOY Unobligated Balance (+)	*0*	*0*	*0*
Budget Authority	**$18,079**	**$22,079**	**+$4,000**

The 2010 current estimate is $4 million above the original budget as a result of an additional $4 million that was enacted for VA's Paralympic program. This funding will be used for grants to providers and subsidies for Veterans and service members participating in the games. Additionally, OPIA's personal services was changed to reflect an average salary adjustment.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
A. Improve and integrate **services** across VA to increase **reliability**, **speed**, and **accuracy** of delivery	1. End homelessness in five years	**Number of homeless Veterans (NEW)** **(Supports High Priority Goal)**	N/Av	154,000	131,000	131,000	110,000	95,000	0

Integrated Objective 2: Educate and empower Veterans and their families through proactive outreach and effective advocacy									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	**Percent of federally recognized Native American tribes contacted by VA for outreach purposes (NEW)**	1%	1%	1%	1%	1%	80%	100%
	2. Improve usability of VA Website and VA's web presence	Percent of visitors to VA's Website that indicated that they are satisfied/highly satisfied with information presented **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	80%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	Percent of news coverage that is negative **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	

Table 2: Performance Measure Supporting Information

1) Number of Homeless Veterans (Departmental Management Measure) (Supports High Priority Goal)

a) Means and Strategies:

- Improve and integrate services across VA and with external partners to increase reliability, speed and accuracy of delivery.
- Execute VA's plan to enhance/expand interventions to reach goal.

b) Data Source(s):

- VA Annual CHALENG Report/ Consult with HUD Annual Homeless Assessment Report.

c) Data Verification:

- Management Information Tracking dashboard for programs and services provided to homeless Veterans.
- MIT dashboard will monitor on a monthly basis all Veterans entering homeless programs and provide an annual report on program costs and effectiveness.

d) Measure Validation:

- VA CHALENG Report

e) Cross-Cutting Activities:

- VA's work with other federal departments and agencies, in partnership with non-profit organizations, and non-profit organizations to reduce homelessness and increase employment opportunities among Veterans.

f) External Factors: None.

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

Table 2: Performance Measure Supporting Information

2) Percent of federally recognized Native American tribes contacted by VA for outreach purposes (Departmental Management Measure)

a) Means and Strategies:

- Communication: Direct contact with tribal leaders via telephone, e-mail contact, correspondence, conferences and outreach and consultation with tribal leaders.
- People: Increase staff and provide new skills training to work with tribal government leaders.
- Technology: New automation of tribal contact information. Spreadsheets for tracking of contact information and follow-up for special requests.
- Program Execution: New policies and procedures; tracking of quarterly targets and individual performance measures.

b) Data Source(s):

- Information will be collected in Excel spreadsheets so that statistical information can be extracted and quarterly reports prepared.

c) Data Verification:

- Internal tracking system is reviewed by Intergovernmental Affairs staff for accuracy.

d) Measure Validation:

- Tracking the number of contacts and return requests for information would provide a means to track the success of outreach.
- Preparation of quarterly data reports can be confirmed with a manual review of statistical data.
- Tracking the points-of-contact and follow-up requests for information would quantify the effectiveness of the outreach to Tribal Native American leaders and tribal Veterans.

e) Cross-Cutting Activities: None.

f) External Factors:

- Native American tribal governments tend to be difficult to contact and a measure of trust needs to be developed before significant change is possible. This is a new initiative; we can expect some resistance.

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 B: Leverage technology and partnerships to reach Veterans and their families and advocate on their behalf

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 legislative communication, relationships, and outreach with Congress and other government agencies.

Summary of Budget Request

($ in 000)	2010	FTE	2011	FTE
Total Budget Authority	$6,065	42	$7,247	50

The requested increase in 2011 will allow OCLA to accomplish the following:

- Advancing congressional communication (i.e. proactive approach to briefings, meetings, hearings, and constituent services) to improve the image and knowledge of the Department of Veterans Affairs among members of Congress.

- Realign OCLA by subject matter into teams to foster subject matter experts and action officer oriented teams.

- Create a legislative outreach team that has a strategic focus.

- Build a congressional relations knowledge management system, as a subset of VA's corporate effort, to better advise the Department and enhance customer relations.

Program Description and Accomplishments

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 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 pro-Veteran legislation and advising the Secretary on legislative strategy;
- maintaining healthy communications with Congress through briefings, hearings, correspondence, reports 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 constituent casework. 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 is a small office where the work is complex, specialized, of a sensitive nature, and largely externally driven. OCLA seeks to shape its environment through aggressive outreach to legislators and their staffs. Focused primarily on communicating the Department's mission and its service delivery, this outreach involves frequent briefings by senior VA officials in Washington, DC. In addition, OCLA conducts orientation and refresher briefings on VA benefits and services for newly elected members of Congress and their staffs. When appropriate, VA ensures top-level involvement in communications to Congress.

Budget Highlights

Summary of Employment and Obligations *(dollars in thousands)*					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Request	Increase (+) Decrease (-)
Average employment	33	50	42	50	+8
Obligations:					
Personal services	4,311	5,460	5,543	6,721	+1,178
Travel	111	220	270	270	0
Rents, communications, and utilities	19	21	0	0	0
Printing and reproduction	17	18	13	13	0
Other services	601	150	108	108	0
Supplies and materials	61	191	131	135	+4
Equipment	26	5	0	0	0
Total obligations	**$5,146**	**$6,065**	**$6,065**	**$7,247**	**+$1,182**
Reimbursements					
Carry over (-)	($803)				
Carry over (+)	36				
Total budget authority	**$4,379**	**$6,065**	**$6,065**	**$7,247**	**+$1,182**

- The 2011 personal services request of $6,721,000 provides funding for an additional 8 FTE and annualized pay-raises (1.4 percent) for current staff.

- A total of $525,000 is requested in 2011 to cover non-pay costs for travel, supplies and materials, other services, and equipment.

Summary of Employment and Obligations *(dollars in thousands)*	2010		
	Budget Estimate	Current Estimate	Increase (+) Decrease (-)
Average employment	50	42	(8)
Obligations:			
Personal services	5,460	5,543	+$83
Travel	220	270	+50
Rents, communications, and utilities	21	0	(21)
Printing and reproduction	18	13	(5)
Other services	150	108	(42)
Supplies and materials	191	131	(60)
Equipment	5	0	(5)
Total obligations	**$6,065**	**$6,065**	**$ 0**
Reimbursements			
Start of Year Carry over (-)			
End of Year Carry over (+)			
Total budget authority	**$6,065**	**$6,065**	**$0**

- OCLA's current estimate reflects adjustments for personal services driven by a transformed workforce (i.e., leaner with increased analytical capacity and reduced clerical functions) and increase in planned number of congressional delegation site visits.

- Current estimates reflect 8 less FTE due to average salary re-estimates.

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									
		Performance Measures Data							
			Results History				Annual Targets		
Integrated Strategies	Organization-Specific Strategies and Initiatives	Measure Description (Key and Dept. Mgt. Measures in **bold**)	2006	2007	2008	2009	Current Year 2010 (Final)	Budget Year 2011 (Request)	Strategic Target
A. Use **clear**, accurate, consistent, and targeted **messages** to build **awareness** of VA's benefits amongst our employees, Veterans and their families, and other stakeholders	2. Enhance timely communication, effectiveness and responsiveness with Congress.	**Percentage of responses to pre-and post hearing questions that are submitted to Congress within the required timeframe.**	15%	27%	57%	75%	90%	100%	100%
		Percentage of testimony submitted to Congress within the required timeframe.	N/Av	75%	58%	80%	90%	100%	100%
		Percentage of title 38 reports that are submitted to congress within the required timeframe.	13%	40%	59%	76%	90%	100%	100%

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 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):

- OCLA maintains a database of title 38 reports, and reports on the status of these reports as the Monthly Performance Review.

c) Data Verification:

- All offices are required to respond through the VA Electronic Documentation System. OCLA uses this system as one of its tools to track the percentage of 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:

- VA shares the responsibility of one report with the Department of Defense and works diligently to ensure that the response is provided by the statutorily mandated date.

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) Integrated Objective #3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively.

Integrated Strategy A: Use clear, accurate, consistent, and targeted messages to build awareness of VA's benefits amongst our employees, Veterans and their families, and other stakeholders.

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.

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 by using VA data based systems.

c) Data Verification:

- All offices are required to respond through the VA Electronic Documentation System. OCLA uses this system as one of its tools to track the percentage of 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 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:

- None

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) Same as 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.
- The office is working at establish a link on OCLA's Web Page to provide status information on the reports.

b) Data Source(s):

- OCLA maintains a database of title 38 reports, and reports on the status of these reports as the Monthly Performance Review

c) Data Verification:

- All offices are required to respond through the VA Electronic Documentation System. OCLA uses this system as one of its tools to track the percentage of 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 how well VA meets its obligation to provide congressionally mandated reports to Congress by the statutory due date.

e) Cross-Cutting Activities:

- VA shares the responsibility of one report with the Department of Defense and works diligently to ensure that the response is provided by the statutorily mandated date.

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) Same as 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 breakout of the funding by account.

Office of Acquisition, Logistics, and Construction (OALC) 2011 Funding Sources

($ in 000s)	2010 Funding 1/	FTE	2011 Funding	FTE	Increases (+) Decreases (-)	
General Operating Expenses (GOE)						
OALC Director's Office	$645	4	$1,375	6	$730	2
Construction & Facilities Mgt	$50,083	305	$54,623	300	$4,540	-5
Total GOE Appropriation	$50,728	309	$55,998	306	$5,270	-3
Acquisition Improvement Initiative (in General Provisions)	0	0	$23,584	0	$23,584	0
Total GOE Budget Authority	**$50,728**	**309**	**$79,582**	**306**	**$28,854**	-3
Reimbursements:						
From Major Construction	0	0	$23,964	140	$23,964	140
From Medical Facilities	$6,496	36	$11,418	62	$4,922	26
From Supply Fund	$645	4	$1,375	6	$730	2
VAMC Martinsburg COTR Support	159	0	$0	0	- $159	0
Total Reimbursements	**$7,300**	40	**$36,757**	208	$29,457	168
Total New Budgetary Resources	**$58,028**	**349**	**$116,339**	**514**	**$58,311**	**165**

1/ Excludes carryover of $2.5 million into FY 2010.

GOE appropriation will provide funding for 306 FTE as described within this budget chapter. The Major Construction appropriation will provide funding for on-site supervision, including resident engineers and other project administrative staff, for Veterans Health Administration (VHA) and National Cemetery Administration (NCA) 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 both circumstances, funding will cover all costs for these employees including salary and benefits, training, travel, permanent change of station funds, etc.

The requested appropriations support the VA Facilities Management Transformation Initiative for the 21st Century (T-21). 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 decentralized approach to project execution.
- ✓ 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.
- ✓ Leverage CFM core mission expertise for minor design, construction, and leasing.
- ✓ Provide urgently needed technical support for local facilities engineers.
- ✓ 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 professionals in 2011. Additional resources in the amount of $23,584,000 requested in this budget will be used for this purpose. Second, VA will be developing an annual acquisition human capital plan that will be used in building VA's budgets beginning in 2012 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.

The sums provided to VA are for increasing the capability, capacity, and efficiency of the civilian agency acquisition workforce in 2011.

Of the $55,998,000 in base budget authority requested from the GOE appropriation, $1,375,000 will be used to provide half of the funding for the OALC front office (12 FTE). As the OALC front office provides management direction to the Supply Revolving Fund, the Fund in return must pay for the other half of the front office.

OALC manages the Office of Construction and Facilities Management (CFM) and the Office of Acquisition and Logistics (ALC). GOE appropriated funding supports CFM and the GOE portion of OALC. The Supply Revolving Fund is funded through collections. The Supply Revolving Fund budget is contained in a separate budget chapter.

Program Description and Accomplishments

The Office of Acquisition, Logistics, and Construction (OALC) oversees the Office of Acquisition and Logistics (OAL – funded in part through the Supply Revolving Fund) and the Office of Construction and Facilities Management (CFM). OAL responsibilities include directing Department-wide acquisition, contracting, 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.

CFM responsibilities include overseeing the planning, design and construction of the Department's major construction projects and overseeing financial reporting of minor construction projects. Additionally, CFM is responsible for lease project management, design and construction standards, and historic preservation services and expertise 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 the Veterans Health Administration (VHA), National Cemetery Administration (NCA), and Veterans Benefits Administration (VBA) major construction projects. Major construction encompasses projects greater than $10 million and includes a large and complex inventory of approximately 65 active projects valued at over $10.1 billion total. Duties include managing, negotiating, awarding, and administering design, construction, and other related contracts. Additionally, CFM provides support in project scheduling, claims analysis, and risk management.

Leasing Services

CFM is responsible for providing supervision for the acquisition, management, and disposal of realty assets for the VA nationwide. Lease contracts are awarded for facility and land acquisitions, and numerous easements, licenses, and permits are granted throughout the country. In 2010 CFM is estimating that over two

million square feet of leased space will be procured with an estimated contract value of nearly $1.5 billion.

Consulting Services

CFM provides technical quality reviews for the Grants for State Extended Care Facilities and Homeless Providers Grant and Per Diem programs. In addition, the office provides support to VHA, NCA, VBA, and staff offices regarding compliance with historic preservation and cultural resources laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities and oversight of Facility Condition Assessments and Electrical Studies.

Design and Construction Standards and Other Programs

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 including seismic and other natural and man-made disaster preparedness, various sustainability compliance programs, construction cost budgeting and estimating, and the Brooks Act Architect and Engineer evaluation and selection processes.

Program Highlights

- Awarded nearly 80 major construction contracts in 2009. Total estimated executed program for 2009 is over $1 billion in contracted obligations.

- Effectively managed a large and complex inventory of approximately 65 major construction projects valued at over $10.1 billion, including high visibility projects at Orlando, FL; Las Vegas, NV; New Orleans, LA; and Denver, CO. Other major projects include three polytrauma projects at San Antonio, TX; Tampa, FL; and Palo Alto, CA; and six new national cemeteries.

- Awarded 19 lease contracts, delivered 16 newly leased facilities, and acquired 3 acres of land for VHA. Granted numerous easements, licenses, and permits throughout the county.

- Conducted 15 architect/engineer selections for VHA and NCA major construction projects valued at $2.8 billion.

- Provided design and construction services to the Office of Geriatrics and Extended Care. Managed the technical quality of VA's Grants for State Extended Care Facilities program that awarded 62 projects valued at $500 million in construction ($350 million in grants) in 2009.

- Provided design and construction services to the Office of Mental Health and Behavioral Science. Assisted in the review of over 200 applications for new grants in the Homeless Providers Grant and Per Diem Program. Managed the technical quality of VA's 58 Homeless Grants worth over $52 million in construction ($36.6 million in grants) for the 2009 program.

- Provided extensive consultant services to VA Medical Centers for budget development, review of capital projects, condition assessments, scheduling and estimating for the preparation of VA's major construction budget, and cost control assistance for projects under design with a total value of $10 billion. Monitored the progress of major projects under construction and assisted in claim related issues.

Budget Highlights

The 2011 General Operating Expense (GOE) request includes resources necessary to continue the current level of operations and sustain efforts on critical initiatives underway. The budget request will provide for:

- Funds to cover pay raises and inflation.

- Fixed rent increases.

- Funding to support an additional 7 FTE for the Quality Assurance Service in response to an April 2009 VA Office of Inspector General and A-123 reports recommending additional staff in order to provide needed oversight.[1]

- Funding for 85 additional FTE to support the VA Facilities Management Transformation 21st Century Initiative (T-21).[1]

The following T-21 requirements will be funded within the OALC FY 2011 GOE request:

[1] Funds previously used to support resident engineer positions will now be used to fund additional Quality Assurance Service and OALC staff, as well as FTE for the T-21 initiative. The resident engineer positions will now be funded out of the Major Construction and Medical Facilities accounts.

- Contract support for the OALC T-21 Initiative.
- Increase in the number of regional sites from three to six along with the associated staff.
- Increase of planners at six regional sites.
- Increase of both project managers and contracting officers located at each of six regional sites.
- Increase of real property staff to manage the considerable growth in the number of lease projects.
- Staff increases to manage facility condition assessments for the National Cemetery Administration and Veterans Benefits Administration conducted throughout the nation.
- Increase in sustainment and systems support FTE located at six regional sites.

The 2011 budget request also includes budget authority to fund the government-wide Acquisition Improvement Initiative.

Office of Acquisition, Logistics and Construction *Summary of Employment and Obligations* *(dollars in thousands)*					
		2010			
	2009 Actual	**Budget Estimate**	**Current Estimate**	**2011 Request**	**Increase (+) Decrease (-)**
Average employment:					
Field	155	175	211	382	+171
Central Office	136	138	138	132	-6
Total	**291**	**313**	**349**	**514**	**165**
Obligations:					
Personal services	$38,198	$42,176	$47,136	$69,981	$22,845
Travel	$2,269	$3,033	$3,671	$6,324	$2,653
Transportation of things	$332	$692	$736	$1,147	$411
Rents, communications, and utilities	$1,569	$1,859	$1,859	$3,009	$1,150
Printing and reproduction	$1	$4	$4	$6	$2
Other services	$3,212	$3,011	$6,424	$34,934	$28,510
Supplies and materials	$196	$460	$503	$701	$198
Equipment	$40	$138	$157	$237	$80
Total obligations	**$45,817**	**$51,373**	**$60,490**	**$116,339**	**$55,849**
Reimbursements	-$425	-$645	-$7,300	-$36,757	-$29,457
SOY Carry over (-)	-$2,736	$0	- $2,462	$0	$2,462
EOY Carry over (+)	$2,587	$0	$0	$0	$0
Total budget authority	**$45,243**	**$50,728**	**$50,728**	**$79,582**	**$28,854**
Government-wide acquisition initiative (non-add)				***$23,584***	***$23,584***

- 2011 increases are the result of pay raises, inflation, fixed rent increases, additional FTE and contract funding for the VA Facilities Management T-21 initiative.

- 2011 increases also include $23.6 million to enable the VA to implement a government-wide Acquisition Improvement Initiative. This initiative will focus on improving government contracting by enhancing the capacity and capability of the acquisition workforce.

- The implementation of VA Facilities Management T-21 initiative will allow the VA to expand and improve urgently needed project planning capability and capacity and more efficiently meet facility needs while reducing overall costs.

Changes from Original 2010 Budget Estimates *(dollars in thousands)*			
	2010 Budget Estimate	**Current Estimate**	**Increase (+) Decrease (-)**
Average Employment Total	313	349	+36
Field	175	211	+36
Central Office	138	138	0
Obligations:			
Personal services	$42,176	$47,136	$4,960
Travel	$3,033	$3,671	$638
Transportation of things	$692	$736	$44
Rents, communications, and utilities	$1,859	$1,859	$0
Printing and reproduction	$4	$4	$0
Other services	$3,011	$6,424	$3,413
Supplies and materials	$460	$503	$43
Equipment	$138	$157	$19
Total obligations	**$51,373**	**$60,490**	**$9,117**
Reimbursements	-$645	-$7,300	-$6,655
SOY Carry over (-)	$0	-$2,462	-$2,462
EOY Carry over (+)			
Total budget authority	**$50,728**	**$50,728**	**$0**

- 2010 current estimate is above the 2010 budget estimate as a result of additional reimbursements and funds carried over from 2009.

- Increased funding will allow for additional FTE and contract funds. Contracts related to the VA Facilities Management T-21 initiative will be implemented.

- Included in the current estimate are additional reimbursements of $6,496,000 from the Medical Facilities appropriation that will provide for on-site supervision by resident engineers for VHA lease projects located throughout the country.

Table 1: Performance Measures

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**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 2. Transform the VA acquisition and facilities management culture	Percent of contracts that meet the established procurement action lead time (number of weeks between technical clearance of the final construction documents and award of the contract). **[New]**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	90%
		Percent of internal customer satisfaction **[New]**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	TBD
		Percent of annual major construction operating plan executed. [New]	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	90%
		Percent major lease acquisitions that meet final direct lease acquisition target date.**[New]**	N/Av	N/Av	N/Av	N/Av	N/Av	Baseline	90%

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**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 2. Transform the VA acquisition and facilities management culture	Percent of design and construction contracts that are awarded 90 days of operating plan target dates (through June). Measure being dropped after FY 2010.	71%	73%	85%	95%	80%	N/Av	90%
		Percent of direct lease acquisitions that meet final direct lease acquisition target dates within a 90 day variance. Measure being dropped after FY 2010.	N/Av	70%	100%	80%	90%	N/Av	95%
		Percent of property acquisitions that meet final acquisition target dates within 90 day variance. Measure being dropped after FY 2010.	N/Av	75%	100%	80%	90%	N/Av	95%
		Percent of design guides that are 5 years old or less. Measure being dropped after FY 2010.	N/Av	N/Av	70%	74%	85%	N/Av	95%

Table 2: Performance Measure Supporting Information

Table 2: Performance Measure Supporting Information

DEPARTMENTAL MANAGEMENT MEASURES ONLY

Percent of annual major construction operating plan executed.

a) Means and Strategies:

- 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):

- Construction & Facilities Management Information System (CFMIS).

c) Data Verification:

- 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:

- 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:

- 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

- 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.

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Inspector General

Appropriation Language

For necessary expenses of the Office of Inspector General (OIG), in carrying out the provisions of the *Inspector General Act of 1978*, $109,367,000 [$107,000,000], of which $6,000,000 shall remain available until September 30, 2012 [2011].

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 work and results of the OIG 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)	2010	FTE	2011	FTE
Office of Inspector General				
Regular Appropriation	$109,000	551	$109,367	551
Total Budget Authority	**$109,000**	**551**	**$109,367**	**551**
Reimbursements	$3,885	25	$4,090	25
Total Obligations	**$112,885**	**576**	**$113,457**	**576**

- For 2011, the OIG is requesting budget authority of $109,367,000, an increase of $367,000 over the enacted 2010 appropriation, and 551 FTE to support its operations. OIG funding will also include $4,090,000 from reimbursements, which will support an additional 25 FTE.

- In 2009, OIG expended the $1,000,000 received under the American Recovery and Reinvestment Act (ARRA) for providing oversight of the $1.4 billion VA received in ARRA funding. OIG will continue conducting oversight of VA ARRA programs and projects in 2010 and 2011 using its regular appropriations for those years.

Program Description and Accomplishments

Office of Inspector General Programs

The OIG carries out 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 (CFS) 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 (FISMA)*.

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, 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 IT 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 general administrative, logistical, and financial support 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, Logistics, and Construction. 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 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 earlier Veterans with their own particular needs.

In the 12 months covered by the last two OIG *Semiannual Reports to Congress*, OIG identified $2.931 billion in actual and potential monetary benefits; issued 235 reports on VA programs and operations; and achieved 539 arrests, 303 indictments, 186 criminal complaints, 367 convictions, 809 administrative sanctions, and 46 pretrial diversions. OIG operations provided a return on investment of $38 in monetary benefits for each $1 of OIG resources expended. Some recent noteworthy accomplishments include:

- An audit of VHA's non-VA outpatient fee care program found that 37 percent of claims payments to providers were inaccurate, resulting in overpayments of $225 million and underpayments of $52 million in 2008, and an estimated $1.126 billion in overpayments and $260 million in underpayments over 5 years. OIG recommended VHA improve policy guidance, training, and program oversight.

- An administrative investigation substantiated that a senior official of the Office of Information and Technology (OIT) misused her position, abused authority, took advantage of an inappropriate personal relationship with a superior, engaged in prohibited personnel practices, and failed to provide proper contract oversight. A second investigation substantiated that another OIT official engaged in nepotism and prohibited personnel practices, that other OIT officials had improperly authorized academic degree funding for her family and friends, and that officials had administered awards in a fiscally irresponsible way.

- As a result of a joint investigation conducted by OIG, FBI, Department of Justice, Food and Drug Administration (FDA), and other Federal OIGs, a major pharmaceutical manufacturer agreed to pay $2.3 billion to resolve criminal and civil liability arising from the illegal promotion of a drug in dosages and for uses that the FDA had declined to approve for safety reasons.

- Following widely reported incidents of improper reprocessing of flexible fiberoptic endoscopes at several VA medical facilities, OIG conducted announced and unannounced healthcare inspections at 45 medical centers to assess VHA's response to the incidents and system-wide reprocessing practices. The inspections found that facilities on a large scale had not complied with VHA management alerts and directives to ensure the use of proper endoscope reprocessing procedures, resulting in continuing risk of infectious diseases to Veterans.

- An investigation revealed that an accredited service officer and a VARO employee conspired with others in a scheme to defraud VA by awarding disability compensation benefits based on backdated or counterfeit medical examination reports. The fraudulent benefits awards resulted in large retroactive

payments that were shared by the co-conspirators. Thirteen individuals were indicted, with several pleading guilty. The loss to VA is estimated at $1.9 million.

- An audit recommended improvements to minimize the number of unused outpatient appointments at VA medical facilities and to reduce the number of patient "no-shows," which would result in better use of resources valued at $76 million a year and $380 million over 5 years.

- A major investigation resulted in the conviction of a Consolidated Mail Outpatient Pharmacy (CMOP) director, associate director, and others for various fraudulent procurement activities, including acceptance of bribes from a favored contractor and secretly operating a phony 8(a) company that had received more than $121 million for providing temporary staffing services to this and other CMOPs.

- A healthcare inspection report on the status of VA medical center implementation of the VHA Uniform Mental Health Services Handbook presented data showing that the majority of medical centers had implemented specific Handbook requirements in such areas as community mental health, ambulatory mental health, homeless programs, and suicide prevention.

- A special review of the Replacement Scheduling Application Development Program (RSA) found that poor program planning, requirements, and oversight; a lack of staff expertise to execute the project; and numerous changes in the organizations responsible for the project had resulted in numerous problems and delays leading to the termination of the RSA development contract. As a result, after 8 years of effort and $70 million expended, VA did not have a deployable RSA application.

- An audit of the Veterans Benefits Administration (VBA) Statistical Technical Accuracy Review (STAR), the quality assurance system for VARO benefits processing activities, found that STAR did not effectively identify and report errors in disability rating determinations. In addition, VBA had not fully implemented plans to conduct consistency reviews for similar disability conditions evaluated at different VAROs as previously recommended by OIG.

- OIG issued an interim ARRA advisory report concluding that current staffing was inadequate to meet the requirements associated with ARRA funding totaling $150 million that VA received for additional grants to States for the construction of extended care facilities. OIG recommended that VHA expedite action to acquire sufficient experienced and trained staff to meet the additional ARRA workload, monitoring and reporting requirements, and accelerated timelines. OIG staff also conducted 100 fraud awareness training and outreach sessions

attended by 6,997 VA and other officials responsible for managing or overseeing ARRA programs and projects.

- In 2009, OIG initiated a new healthcare inspection program to systematically review VHA community-based outpatient clinics (CBOCs) and issued a report describing the CBOC review process, which includes site-specific data gathering, medical records reviews for determining compliance with VHA performance measures, onsite inspections, and contract reviews.

- In 2009, OIG rolled out the new Benefits Inspection Program, an initiative designed to help ensure Veterans receive accurate, consistent, and timely benefits services by providing oversight of claims processing activities through cyclical inspection visits to all 57 VAROs.

- Preaward and postaward reviews of VA contracts resulted in $166 million in cost savings and recoveries.

Budget Highlights

The budget request of $109,367,000 from appropriations will support an employment level of 551 FTE. This level of resources will allow OIG to maintain a current services level of oversight audits, evaluations, and investigations of VA programs and activities. This submission also includes $4,090,000 from reimbursements, which will support an additional 25 FTE, who perform contract reviews.

Budget Submission Requirements of the *Inspector General Act*

The budget request was prepared in accordance with Section 6 (f) (1) of the *Inspector General Act of 1978*. OIG's initial budget request transmitted to the Secretary of Veterans Affairs was $121,242,000. The President's request level is $109,367,000, which will allow OIG to conduct a current services level of mandatory and other statutory oversight work but will not support any new oversight initiatives. The Inspector General certifies that $1,000,000 included in this request for employee training will meet all 2011 OIG training requirements. The Inspector General also certifies that $394,000 included in this request is the estimated OIG share of costs to support the Council of Inspectors General on Integrity and Efficiency and is necessary to support the operations of the Council.

Summary of Employment and Obligations—Analyses

Summary of Employment and Obligations (dollars in thousands)					
		2010			
	2009 Actual*	Budget Estimate	Current Estimate	2011 Request	Increase(+) Decrease(-)
Average employment:					
Headquarters functions	80	85	90	90	0
Operational functions	429	477	486	486	0
Total employment	**509**	**562**	**576**	**576**	**0**
Obligations:					
Personal services	$70,242	$78,074	$80,846	$82,176	+$1,330
Travel	$5,090	$5,434	$5,470	$5,754	+$284
Transportation of things	$78	$243	$243	$246	+$3
Rents, communications, and utilities	$4,386	$4,582	$4,552	$4,616	+$64
Printing and reproduction	$56	$32	$32	$32	0
Other services	$11,647	$17,850	$17,901	$16,672	-$1,229
Supplies and materials	$546	$385	$385	$390	+$5
Equipment	$5,137	$4,285	$3,507	$3,571	+$64
Insurance	0	0	0	0	0
Total obligations	**$97,182**	**$110,885**	**$112,936**	**$113,457**	**+$521**
Reimbursements	-$3,534	-$3,885	-$3,885	-$4,090	-$205
SOY Unobligated Balance (-)	-$5,000	0	-$51	0	+$51
EOY Unobligated Balance (+)	$170	0	0	0	0
Adjustments in Unobligated Balances (+/-)	0	0	0	0	0
Budget Authority	**$88,818**	**$107,000**	**$109,000**	**$109,367**	**+$367**
Regular Appropriations	$87,818	$107,000	$109,000	$109,367	+$367
ARRA	$1,000	0	0	0	0
Total Budget Authority	**$88,818**	**$107,000**	**$109,000**	**$109,367**	**+$367**

*2009 actual obligations included $1,000,000 in additional funding provided by ARRA to conduct oversight, audits, and investigations of the VA programs, projects, initiatives, and grants funded under ARRA.

The increase in personal services reflect the 2011 pay raise assumptions. Other adjustments reflect changes in the estimated requirements for travel, transportations, rent and communications, other services, supplies, and equipment.

In addition, OIG has requested that $845,000 for renovation and modernization of OIG facilities be included in the 2011 VA Minor Construction appropriation request.

Changes from Original Budget

Changes from Original 2010 Budget Estimates (dollars in thousands)			
	2010 Budget Estimate	2010 Current Estimate	Increase (+) Decrease (-)
Average employment	562	576	+14
Obligations:			
Personal services	$78,074	$80,846	+$2,772
Travel	$5,434	$5,470	+$36
Transportation of things	$243	$243	0
Rents, communications, and utilities	$4,582	$4,552	-$30
Printing and reproduction	$32	$32	0
Other services	$17,850	$17,901	+$51
Supplies and materials	$385	$385	0
Equipment	$4,285	$3,507	-$778
Insurance	0	0	0
Total Obligations	$110,885	$112,936	+$2,051
Reimbursements	-$3,885	-$3,885	0
SOY Unobligated Balance (-)	0	-$51	-$51
EOY Unobligated Balance (+)	0	0	0
Budget Authority	**$107,000**	**$109,000**	**+$2,000**

Changes from the original 2010 Budget Estimate reflect the enacted appropriation of $109,000,000 and the resulting increases in average employment, payroll costs, travel, and other non-payroll adjustments.

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 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 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 the user, 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.									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	**1) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions**	2,455	2,303	1,884	2,250	2,300	2,300	2,750
		2) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	235	217	212	235	240	240	300
		3) Monetary benefits ($ in millions) from audits, investigations, contract reviews, inspections, and other evaluations	$1,019	$820	$500	$2,931	$1,000	$1,000	$1,500
		4) Return on investment (monetary benefits ÷ cost of operations in dollars)*	14 to 1	11 to 1	6 to 1	38 to 1	11 to 1	11 to 1	15 to 1

*Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in saving lives rather than dollars, is not included in the return on investment calculation (see the OIG's September 2009 *Semiannual Report to Congress*, page 5).

Table 1: Performance Summary Table

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Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
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	**5) Percentage of:**							
		• **Prosecutions successfully completed**	96%	95%	94%	94%	94%	94%	95%
		• **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA**	93%	86%	88%	94%	90%	90%	95%
		• **Preaward recommendations sustained during contract negotiations**	70%	66%	57%	53%	63%	63%	65%
		6) Customer satisfaction survey scores (based on a scale of 1-5, where 5 is high):							
		• **Investigations**	4.9	4.9	4.6	4.9	4.7	4.8	5.0
		• **Audits and Evaluations**	4.3	3.7	4.0	4.0	4.2	4.3	5.0
		• **Healthcare Inspections**	4.6	4.4	4.7	4.7	4.5	4.6	5.0
		• **Contract Review**	N/Av	N/Av	N/Av	4.6	4.2	4.3	5.0

Table 2. Performance Measure Supporting Information

Performance Measure Supporting Information

1) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions.

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 case outcomes.

b) **Data Sources:** Data for completed investigations is maintained in the automated OIG Master Case Index system and other records.

c) **Data Verification:** OIG publishes performance results in its *Semiannual Reports to Congress* and in the annual VA *Performance and Accountability Report*, which undergo rigorous quality control reviews and validation processes before publication.

d) **Measure Validation:** OIG periodically reassesses strategic and annual performance goals and measures in consideration of mission, organizational priorities, resources, and accomplishments.

e) **Cross-Cutting Activities:** OIG routinely works with other Inspectors General, Department of Justice, Federal Bureau of Investigation, Secret Service, Bureau of Prisons, and other Federal, state, and local law enforcement agencies. OIG actively participates in the Council of Inspectors General on Integrity and Efficiency on the major management challenges facing the Federal Government and other issues of common interest to the Inspector General community. The OIG also participates in Recovery Accountability and Transparency Board activities on planning, coordinating, conducting, and reporting of Government-wide oversight work required for ARRA-funded programs.

f) **External Factors:** None.

g) **Other Supporting Information:** None.

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

- **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.**

2) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action.

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.

b) **Data Sources**: Data for completed audits, health care inspections, and other reviews are maintained in the automated OIG Master Case Index system.

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 New Strategic Planning Framework:** Same as measure 1.

Performance Measure Supporting Information

3) Monetary benefits 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 and 2.

d) **Measure Validation:** Same as measure 1.

e) **Cross-Cutting Activities:** None.

f) **External Factors:** None.

g) **Other Supporting Information:** None

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

4) Return on investment (monetary benefits ÷ cost of operations).

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 New 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; and preaward recommendations sustained during contract negotiations.

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 New Strategic Planning Framework:** Same as measure 1.

6) Customer satisfaction survey scores (based on a scale of 1-5, where 5 is high): Audit and Evaluations, Investigations, Health Care Inspections, and Contract Review.

a) **Means and Strategies:** After each audit, investigation, and other review, OIG requests performance feedback from VA program and/or facility managers or other stakeholders using a customer satisfaction instrument.

Performance Measure Supporting Information
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 New Strategic Planning Framework:** Same as measure 1.

Office of Acquisition and Logistics: Supply Fund

Mission

The Office of Acquisition and Logistics (OAL) is an organizational element within the Office of Acquisition, Logistics, and Construction (OALC)[1] and provides policy and oversight to VA's acquisition and logistics programs. In addition, OAL provides best value acquisition of goods and services through its National Acquisition Center (NAC), Center for Acquisition Innovation (CAI), and Technology Acquisition Center (TAC).

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 for both VA and other Government Agency (OGA) customers.

Office of Acquisition and Logistics: Supply Fund Summary of Employment and Obligations (dollars in thousands)			
	2009 Actual	2010 Estimate	2011 Estimate
FTE	511	832	921
Appropriation	$0	$0	$0
Obligations:			
Operating	$123,344	$175,000	$190,000
Merchandising	$1,304,595	$2,060,227	$2,200,000
Total Obligations	$1,427,939	$2,235,227	$2,390,000
Outlays	$-27,368	$0	$0

[1] The Office of Acquisitions and Logistics is an organizational element within the Office of Acquisition, Logistics and Construction (OALC). Detailed information on OALC and other elements within OALC is included in the OALC budget chapter.

Program Description and Accomplishments

OAL provides direct, operational support to the Department's Administrations in the areas of:

1. *Acquisition operations* - procures goods and services for VA. The Office of Acquisition and Logistics provides innovative solutions for VA's acquisition challenges. This office awards and administers cost-effective contracts to meet supply, service, and equipment needs of VA facilities and of many other government agencies.

2. *Logistics operations* - provides a full range of logistics services to VA and other government agency customers. The Office of Acquisition and Logistics 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. The Office of Acquisition and Logistics manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff around the country, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers. To ensure the integrity of VA's acquisition program, this office conducts acquisition reviews of major contract actions and provides leadership for VA's procurement working group, an intradepartmental body that seeks to reduce vulnerability to procurement fraud. Program management responsibility for VA's metric system and value engineering rests within this organization.

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. OAL also manages VA's Federal Acquisition Certification Programs for Contracting, and Program and Project Management.
- OAL is also 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.
- The Procurement and Logistics Office (PLO) is an organizational element within the Veterans Health Administration (VHA). The PLO serves as the expert 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 (OSDBU) 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:

- Obtained unqualified "clean" opinion on financial statements from a private sector auditing firm.
- Established a VA Acquisition Academy with an initial class of 30 acquisition interns.
- Rewrote VA Handbook 7002 to strengthen property management oversight
- Developed and implemented an automated management tool – the Acquisition Dashboard – to improve visibility of acquisition process for program managers and senior leaders and strengthen VA oversight for major acquisitions.
- Achieved 100% Federal Acquisition Certification (FAC)-Contracting (C) Level III certification and 83% FAC-C Level II certification across VA.
- Conducted VA Acquisition and Logistics studies and developed "to be" models for decision by the Secretary.
- Implemented strategic sourcing initiative for Vocational Rehabilitation and Education. Streamlined acquisition process and lowered prices by reducing number of contractors from 240 to 8 (6 of which are Service-Disabled Veteran-Owned small businesses).

SUMMARY OF EMPLOYMENT AND OBLIGATIONS - ANALYSES

Summary of Employment and Obligations (dollars in thousands)					
		2010			
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate	Increase(+) Decrease(-)
FTE:					
Field	348	598	622	711	+89
Central Office	163	234	210	210	0
Total FTE	**511**	**832**	**832**	**921**	**+89**
Obligations:					
Personal Services	$52,995	$66,254	$86,285	$95,515	+$9,230
Travel	2,909	7,119	6,500	7,500	+1,000
Transportation of Things	9,846	11,622	10,830	11,913	+1,083
Rents, Communications & Utilities	5,807	6,672	6,387	7,025	+638
Printing and Reproduction	14,678	13,946	16,145	17,760	+1,615
Other Services	243,434	160,261	267,777	294,555	+26,778
Supplies and Materials	645,936	1,432,418	1,298,502	1,304,371	+5,869
Equipment	452,334	535,808	542,801	651,361	+108,560
Total Obligations	**$1,427,939**	**$2,234,100**	**$2,235,227**	**$2,390,000**	**$154,773**

1/The increases noted on the chart, above, are primarily due to the addition of the Technology Acquisition Center (TAC) and additional acquisition interns at the VA Acquisition Academy.

Income Statement (dollars in thousands)				
		2010		
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate
Income	$169,396	$120,000	$165,000	$160,000
Expense	120,805	129,860	$165,000	$190,000
Net Income	**$48,591**	**$(9,860)**	**$0**	**$(30,000)**
Analysis of Retained Earnings				
Retained Earnings, BOY	**$204,109**	**$204,109**	**$252,700**	**$252,700**
Retained Earnings, EOY	**$252,700**	**$194,249**	**$252,700**	**$252,700**

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Det. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**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	Number of audit qualifications identified in the auditor's opinion on the VA Supply Fund	N/Av	0	0	0	0	0	0
		Percentage of contracts competitively awarded **[New]**	N/Av	N/Av	N/Av	73 %	TBD	TBD	TBD
		Percent of contracts that meet the established procurement action lead times/milestone dates. *(Procurement Action Lead Time)* ***[New]***	N/Av	N/Av	N/Av	N/Av	TBD	TBD	90%

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Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Franchise and Trust 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 (Austin Information Technology Center, 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:

Austin Information Technology Center (AITC). Located in Austin, TX, the AITC provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers. The AITC 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 AITC 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.

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 RC&V). Located in a subterranean, climate-controlled facility in a remote Midwestern part of the country, the RC&V 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 RC&V 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. The SIC also issues and manages employee identification badges and provides fingerprint processing for VA employees and other Federal customers.

Franchise and Trust Fund Oversight Office (FTO). Located in Washington, DC, the FTO, 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.

VA Enterprise Center Highlights (dollars in thousands)			
	2009 Current	2010 Estimate	2011 Estimate
Average Employment	752	893	905
Appropriation			
Obligations[1]	$323,146	$377,327	$390,400
Outlays (Net)	$13,101	$0	$0

Summary of Budget Request

In 2011, the Franchise Fund estimates total obligations of $390 million and an average employment of 905 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 905 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.

[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	2011 Obligations	FTE
Office of Management:		
Financial Services Center	$191,849	407
Debt Management Center	9,380	88
Franchise and Trust Fund Oversight Office	1,445	4
Subtotal	$202,674	499
Office of Information & Technology:		
Austin Information Technology Center	$164,739	353
VA Records Center and Vault	4,641	13
Subtotal	$169,380	366
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	$7,270	17
Security and Investigations Center	11,076	23
Subtotal	$18,346	40
Total	**$390,400**	**905**

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 2011, the VA Enterprise Centers anticipate revenues, including external customers, of $399 million.

Revenue, Expense, and Retained Earnings *(dollars in thousands)*			
	2009	2010 Current Budget	2011 Request
Sales Program:			
Revenue	$310,266	$382,214	$398,915
Expense	$309,409	$377,327	$390,400
Net Income	$857	$4,887	$8,515
Reserves, SOY	$69,715	$68,835	$70,608
Net Income	$857	$4,887	$8,515
Capital Transactions[2]	-$1,737	-$3,114	$396
Reserves, EOY	$68,835	$70,608	$79,519

[2] Acquisition or improvements to assets with a value greater than or equal to $100,000.

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									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization -Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**2010** (Final)	**2011** (Request)	**Strategic Target**
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	Total collections per dollar spent on collection activities (DMC)	$80	$80	$84	$101	$76	$76	**$80**
	2. Secure archival storage, protection, and retrieval of Veterans' records	Percent of recalled records that are shipped securely and accurately to requesting facilities within established timeframes	N/Av	99.6 %	99.9 %	99.9%	99%	99.9%	**99%**

Integrated Objective 3: Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively									
		Performance Measures Data							
			Results History				**Annual Targets**		
Integrated Strategies	**Organization-Specific Strategies and Initiatives**	**Measure Description** (Key and Dept. Mgt. Measures in **bold**)	**2006**	**2007**	**2008**	**2009**	**Current Year 2010** (Final)	**Budget Year 2011** (Request)	**Strategic Target**
B. Recruit, hire, train, develop, deploy, and **retain a diverse** VA **workforce** to meet current and future needs and challenges	1. Protect the availability and integrity of customer data and processes	Percent of investigations that are completed within the established timeframes (SIC)	96%	98%	96%	99%	98.0%	98.0%	**98.0%**
	2. Develop and implement training programs for quality improvement and customer service	Class graduation rate (LETC)	96.5%	96.5%	98.5%	96.8%	95.0%	95.0%	**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	Payment processing accuracy rate (FSC)	97.9%	98.0%	98.4%	98.6%	98.2%	98.5%	**99.1%**
	2. Ensure that financial integrity is maintained in the Franchise Fund.	Number of audit qualifications for the VA Enterprise Centers (FTO)	0	0	0	0	0	0	**0**
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	Austin Information Technology Center Customer Satisfaction Rating (based on a 1-5 scale, where 5 is high) (AITC) **(NEW)**	N/Av	N/Av	N/Av	N/Av	N/Av	4.0	**5.0**
		Ranking in the Information Technology Customer Satisfaction peer database (**Measure being dropped after FY 2010**)	8%	8%	12%	3.5%	12.5%	N/Av	**N/Av**

Table 2: Performance Measure Supporting Information

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) Cross-Cutting Activities:** • Use of the Treasury Offset Program (TOP) 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 **convenien**t to Veterans and their families
Records Center and Vault RC&V) **Percent of recalled records that are `shipped securely and accurately to requesting facility within established timeframes** **a) Means and Strategies:** • Implementation of enhancements to the Records Retrieval Systems (RRS) • Expansion of the RC&V facility to increase storage capacity **b) Data Source(s):** • Data extracted from the Records Retrieval Systems (RRS) and Federal Express Insight **c) Data Verification:** • RC&V staff conduct random sample audits to authenticate data sources **d) Measure Validation:** • The measure assesses the effectiveness of the records storage and retrieval business line **e) Cross-Cutting Activities:** • None **f) External Factors:** • Delivery delays by the express mail carrier **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

Performance Measure Supporting Information

Security and Investigations Center (SIC)

Percent of investigations that are completed within the established timeframes

a) Means and Strategies:

- Development of a secure electronic request system for initiation of employee background investigations
- Implementation of the OPM E-Qip 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 which could impact customer satisfaction

e) Cross-Cutting Activities:

- None

f) External Factors:

- Unanticipated new OPM requirements for initiation and adjudication of background investigations

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 **workforc**e to meet current and future needs and challenges

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 reviews 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) 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 **workforc**e to meet current and future needs and challenges

Performance Measure Supporting Information

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 use of Electronic Commerce/Electronic Data Interchange for vendor invoice payments

b) Data Source(s):

- Financial reports from FMS

c) Data Verification:

- Annual audits performed by an independent CPA firm
- Management Quality Assurance Services reviews

d) Measure Validation:

- Payment accuracy rate gauges the effectiveness of the payment product line in meeting customer expectations

e) Cross-Cutting Activities:

- Consult with IKON Office Systems Incorporated and Kofax Incorporated to design and implement Optical Character Recognition software

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 C: **Create and maintain** an effective, integrated, Department-wide **management capability** to make **data-driven decisions**, allocate resources, and **manage result**

Franchise and Trust Fund Oversight Office (FTO)

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 Administrations 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) Cross-Cutting Activities:

- None

f) External Factors:

- A material weakness and other reportable conditions that are noted in the VA's consolidated financial statements could potentially impact the VA Franchise Fund

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 result**

Performance Measure Supporting Information

Austin Information Technology Center (AITC)
Customer Satisfaction rating (based on a 1-5 scale, where 5 is high) (NEW)

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):

- Customer survey designed by Gartner Group

c) Data Verification:

- A random sample of AITC customers will be contacted to participate in the survey. Survey results will be averaged to determine the overall score.

d) Measure Validation: The survey is 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) Cross-Cutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to New Strategic Planning:

- 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, VA may use the proceeds to fund operating expenses required to maintain Pershing Hall.

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.

Funding Highlights (dollars in thousands)				
		2010		
	2009 Actual	Budget Estimate	Current Estimate	2011 Estimate
Budget authority	$0	$0	$0	$0
Receipts	$228	$193	$193	$193
Obligations	$85	$193	$193	$193
Unobligated balance:				
SOY	$513	$401	$656	$656
EOY	$656	$401	$656	$656
Outlays (net)	-$185	$0	$0	$0