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Volume III
Benefits and Burial Programs
and Departmental Administration,
Congressional Submission, FY 2014

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National Cemetery Administration

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National Cemetery Administration Performance Plan & Funding Summary

Mission

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

Stakeholders

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

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

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

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

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

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

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

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

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

Activities and Programs

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

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

2014 Highlights

Sustained High Levels of Client Satisfaction

NCA is proud of its sustained record of excellent service to Veterans and their families. Both NCA's annual Survey of Satisfaction with National Cemeteries and an esteemed external benchmark, the American Customer Satisfaction Index, continue to document our commitment to providing respectful, dignified, and compassionate service that is second to none. NCA also recognizes that high client satisfaction results cannot be assumed based on past history. In 2014, NCA will focus on ensuring our reputation as a world-class service provider is maintained by continuing to collect client satisfaction data from Veterans, families, and funeral homes through ongoing survey activities. We will use results to identify aspects of service as well as specific cemeteries that present opportunities for improvement. We will also identify and share best practices from high performing cemeteries throughout NCA. These efforts will continue to support progress toward reaching our ambitious strategic target that 100 percent

of respondents will rate the service received at national cemeteries and the appearance of those shrines as excellent.

NCA also recognizes that significant numbers of Veterans and their families do not choose burial in a national cemetery but rather prefer burial in a private cemetery and the government headstone/marker benefit to mark the Veteran's grave. In addition, NCA provides hundreds of thousands of Presidential Memorial Certificates each year to the next of kin and other family members as a memorial recognition of their Veteran's honorable service. In 2011, NCA implemented an additional client satisfaction activity targeted to those who chose the government headstone/marker benefit and those who request a Presidential Memorial Certificate. Initial survey results are high and NCA will use current and future client satisfaction data to identify issues and areas where benefit and service delivery can be improved for this important group of clients.

Burial Policies

We anticipate that by 2014, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. A number of new burial policies targeting increased access and availability of burial options for our Nation's Veterans were first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This would result in five new national cemeteries and provide a burial option to an additional 550,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, NCA's 2013 budget request included an initiative for Veterans residing in rural areas. In 2014, NCA will begin to establish National Veterans Burial Grounds in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. This initiative targets those states in which: 1) there is no national cemetery within the state open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in an adjacent state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming). NCA plans to pursue the Rural Veteran Initiative within our current budget request.

The 2014 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of these new burial policies. The current strategic target for the percent of the Veteran population served by a national, state, or tribal Veterans cemetery within 75 miles of their home is 95 percent.

National Shrine Commitment

The 2014 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).

Summary of Total Budgetary Resources for NCA Programs
(dollars in thousands)

	2013			2014 Request	Change FY14 v FY12
	2012 Actual	Budget Estimate	Continuing Resolution 1/		
Operations and Maintenance 1/	\$250,934	258,284	254,570	\$250,000	-\$934
Major Construction.....	38,200	9,647	9,647	121,000	+82,800
Minor Construction	36,504	58,100	46,414	89,426	+52,922
Grants for Construction of Veterans Cemeteries.....	46,000	46,000	46,282	44,650	-1,350
Facilities Operation Fund.....	114	100	160	160	+46
National Cemetery Gift Fund	214	250	250	250	+36
Compensation and Pensions:					
Headstones & Markers.....	61,961	75,467	71,580	77,241	+15,280
Graveliners & OBR Reimbursements	14,158	31,952	18,305	23,821	+9,663
Total Budgetary Resources....	\$448,085	\$479,800	\$447,208	\$606,548	+\$158,463

1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

Relationships Among Programs and Appropriations

NCA receives funding from eight appropriation accounts. The Operations and Maintenance appropriation funds the operation of 131 operational national cemeteries and 33 other cemeterial installations, as well as their maintenance as national shrines. It also funds the costs of administering four related programs: the Veterans' Cemetery Grants program, the Headstone, Marker, and Medallion 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.

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

The Grants for Construction of Veterans Cemeteries appropriation, the third capital account, funds the establishment, expansion, and improvement of Veterans cemeteries operated by states and tribal organizations.

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 were projected to be over 642,000 in 2012. Deaths will continue to slowly decline. Interments in VA national cemeteries in 2012 were more than 118,000 and are expected to peak at nearly 125,000 in 2016. Interments will begin to decline gradually to approximately 122,000 in 2018. The total number of gravesites is also expected to increase from more than 3.2 million in 2012 to nearly 3.4 million in 2014. The number of gravesites maintained is expected to be approximately 3.7 million in 2018.

NCA's Memorial Programs Service (MPS) is responsible for administering the Headstone, Marker, and Medallion and the Presidential Memorial Certificate (PMC) programs. MPS receives and processes applications for headstones, markers, and medallions; 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, markers, and medallions to be installed on graves in private cemeteries; and administers the PMC program by providing certificates to families of deceased Veterans. In 2012, NCA processed nearly 355,000 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 345,000 in 2014 and approximately 324,000 in 2018. In 2012 NCA provided about 7,500 medallions to be affixed to the privately purchased headstones or markers of Veterans to recognize their service.

NCA issued nearly 720,000 Presidential Memorial Certificates (PMC) in 2012. The number of Presidential Memorial Certificates issued is expected to increase through 2014 to nearly 856,000, declining somewhat by 2018 to approximately 830,000. PMCs are provided automatically to next of kin of all Veterans buried in state and national Veterans cemeteries. New system enhancements to automate ordering and printing of PMCs for delivery to family or loved ones for each government furnished headstone or marker ordered for placement in a private cemetery have also been implemented. These have spurred an increase in both headstone and marker applications and PMCs ordered in recent years.

Even with these system enhancements, workload in both areas is projected to gradually decrease through 2018 due to the gradual decline in annual Veteran deaths resulting from an overall decrease in the Veteran population.

Key Performance Goals

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/tribal Veterans cemetery within a reasonable distance (75 miles) of their residence to 95 percent. In order to achieve this objective, VA needs to increase/maintain access by developing additional national cemeteries; establishing National Veterans Burial Grounds in rural areas; expanding existing national cemeteries to meet projected demand, including the development of columbaria and the acquisition of additional land; and developing alternative burial options consistent with Veterans' expectations. It is also necessary that state or tribal Veterans cemeteries be established or expanded to complement VA's system of national cemeteries.

To achieve this goal, NCA has recently developed new service strategies designed to increase Veteran access to a burial option. In densely populated urban areas, where Veterans and their families may experience significant barriers in traveling to a national cemetery, VA is establishing new columbaria facilities closer to the heart of the urban core in order to provide a more accessible interment option to those Veterans. VA has also developed a strategy to create VA-owned and operated National Veterans Burial Grounds in private or public cemeteries to serve Veterans in rural areas who previously did not have reasonable access to a VA burial option.

In 2013, VA expects Nashville (TN) and Danville (VA) National Cemeteries to exhaust their supply of unoccupied, available gravesites, resulting in a slight decrease in the number of Veterans served by a burial option in a national or state Veterans cemetery. However, VA expects to increase the percentage of Veterans served in 2014 and beyond through the opening of new VA funded state Veterans cemeteries, the construction of five new national cemeteries and the establishment of National Veterans Burial Grounds in rural areas.

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.

NCA is also collecting customer data on the preferences of Veterans for new and emerging burial and memorial options to consider what new burial benefit options may be offered to Veterans in the future. Through the Emerging Burial Needs study, VA has contracted to produce a report of new and emerging burial and memorial options throughout the world. Veteran preferences for these new options will be assessed through a nationwide survey, focus groups, and interviews with Veterans in 2013. NCA is also conducting focus groups and interviews with minority Veteran groups to better understand their burial and memorial needs and preferences. NCA plans to use the results of these efforts to improve the ways in which it meets the burial needs of Veterans and their families in the future.

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

VA is committed to ensuring timely and accurate symbolic expressions of remembrance are provided for Veterans who are not buried in national cemeteries. In 2007, NCA processed 38 percent of the applications for headstones and markers for such Veterans within 20 days of receipt and by 2012 was consistently processing nearly 90 percent of applications within 20 days. NCA conducts an annual client satisfaction survey for those Veteran families who request a headstone or marker for a Veteran's grave in other than a national cemetery and for those families who request a Presidential Memorial Certificate to memorialize the honorable service of a Veteran. Conducting this survey recognizes the significant number of Veterans and their families who select these memorial tributes each year. In 2012, 91 percent of respondents indicated that the quality of the headstone or marker received from VA was excellent and 90 percent indicated that the quality of the PMC received from VA was excellent. In 2010, NCA established baseline performance for the timely processing of Presidential Memorial Certificates. In 2010, 17 percent of requests were processed within 20 days of receipt. In 2012, NCA processed 78 percent of requests within 20 days of receipt.

National cemeteries carry expectations of appearance that set them apart from private cemeteries. VA's cemeteries transcend the provision of benefits to an individual, serving a purpose that continues long after burials have ceased and visits of families and loved ones have ended. NCA will maintain occupied graves and developed acreage in a manner befitting national shrines. Improvements in the appearance of burial grounds and historic structures are necessary for NCA to

fulfill the National Shrine Commitment. Headstones and markers must be set, realigned, and cleaned. Stone surfaces of columbaria require cleaning, caulking, and grouting between niches as well as maintenance of surrounding walkways. Grass, shrubbery, and trees in burial areas and other land no longer in a natural state must receive regular care. Cemetery infrastructure, including buildings, walks, and drives must be repaired as needed. NCA will continue to collect client feedback through annual surveys to determine if Veterans and their families perceive the appearance of national cemeteries as excellent.

Table 1: Performance Summary Table

Categories (See Note at the bottom of this spreadsheet for a list of categories)	Performance Measures Data							
	Measure	Results History				Annual Targets		Strategic Target
		2009	2010	2011	2012 (Final)	2013 (Final)	2014 (Requested Funding)	
(A) Services for Veterans and Eligible Beneficiaries	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	93%	74%	93%	88%	90%	90%	90%
(A) Services for Veterans and Eligible Beneficiaries	Percent of graves in national cemeteries marked within 60 days of interment	95%	94%	93%	89%	95%	95%	95%
(A) Services for Veterans and Eligible Beneficiaries	Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence	87.4%	88.1%	89.0%	89.6%	89.5%	89.6%	95.0%
(A) Services for Veterans and Eligible Beneficiaries	Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	95%	95%	95%	96%	98%	98%	100%
(A) Services for Veterans and Eligible Beneficiaries	Percent of respondents who rate national cemetery appearance as excellent	98%	98%	98%	99%	99%	99%	100%
(A) Services for Veterans and Eligible Beneficiaries	Percent of headstones and markers that are delivered undamaged and correctly inscribed	96%	96%	95%	96%	97%	97%	98%
(A) Services for Veterans and Eligible Beneficiaries	Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations	82%	85%	82%	82%	83%	80%	95%
(A) Services for Veterans and Eligible Beneficiaries	Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment	64%	67%	70%	69%	71%	70%	90%

Categories (See Note at the bottom of this spreadsheet for a list of categories)	Performance Measures Data							
	Measure	Results History				Annual Targets		Strategic Target
		2009	2010	2011	2012 (Final)	2013 (Final)	2014 (Requested Funding)	
(A) Services for Veterans and Eligible Beneficiaries	Percent of gravesites that have grades that are level and blend with adjacent grade levels	90%	89%	91%	93%	87%	84%	95%
(A) Services for Veterans and Eligible Beneficiaries	Percent of respondents who would recommend the national cemetery to Veteran families during their time of need	98%	98%	98%	99%	99%	99%	100%
(A) Services for Veterans and Eligible Beneficiaries	Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent	N/Ap	94%	95%	91%	96%	97%	100%
(A) Services for Veterans and Eligible Beneficiaries	Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent	N/Ap	96%	94%	90%	97%	97%	100%

Note: (1): Categories are as follows: (A) Services for Veterans and Eligible Beneficiaries, (B) Support Delivery of Services, and (C) Management of Government Resources

Table 2: Performance Measure Supporting Information

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

a) Means and Strategies:

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

b) Data Source(s): AMAS

c) Data Verification:

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

d) Measure Validation:

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

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information:

Workload Indicators

	2009	2010	2011	2012	2013	2014	2018
Number of headstone and marker applications processed	351,951	355,640	372,659	354,573	349,200	344,800	323,9
Number of PMCs Issued	655,752	803,675	779,666	719,094	853,000	855,700	829,0

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 a Category, a Capability and to one or more secondary Criteria This measure links to

- Category: Services for Veterans and Eligible Beneficiaries
- Capability : Memorial Services
- Criteria:
 - Identified with core missions of VA
 - Of demonstrated high visibility to our stakeholders
 - Program where VA is a demonstrated leader in government

Table 2: Performance Measure Supporting Information

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

a) Means and Strategies:

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

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

c) Data Verification:

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

d) Measure Validation:

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

e) Cross-Cutting Activities:

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

f) External Factors:

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

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

h) Link to a Category, a Capability and one or more secondary Criteria: This measure links to:

- Category: Services for Veterans and Eligible Beneficiaries
- Capability: Memorial Service
- Criteria:
 - Identified with core missions of VA
 - Of demonstrated high visibility to our stakeholders
 - Program where VA is demonstrated leader in government

Table 2: Performance Measure Supporting Information

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

a) Means and Strategies:

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

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

c) Data Verification:

- VA's Office of the Inspector General performed an audit in 1999 assessing the accuracy of the data used to determine the percent of Veterans served by a burial option within a reasonable distance of their residence.
- Data were revalidated in 2002 in a report entitled Volume 1: Future Burial Needs, prepared by an independent contractor as required by the Veterans Millennium Health Care and Benefits Act, P.L. 106-117.

d) Measure Validation:

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

e) Cross-Cutting Activities:

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

f) External Factors: None

g) Other Supporting Information:

<i>Workload Indicators</i>							
	2009	2010	2011	2012	2013	2014	2
Interments performed							
Full casket	57,634	59,503	61,036	59,710	61,100	61,100	
In ground cremains	30,023	31,547	33,155	33,327	29,000	28,100	
Columbaria niche	18,704	20,757	23,221	25,121	29,600	31,400	
Total Interments	106,361	111,807	117,412	118,158	119,700	120,600	1

The number of interments performed includes interments of both Veterans and eligible family members. Detail is provided to show type of interment. In 2012 cremations comprised approximately 49% of all interments in national cemeteries.

h) Link to a Category, a Capability and one or more secondary Criteria: This measure links to:

- Category: Services for Veterans and Eligible Beneficiaries.
- Capability: Memorial Services
- Criteria:
 - Identified with core missions of VA
 - Of demonstrated high visibility to our stakeholders
 - Program where VA is a demonstrated leader in government

Table 2: Performance Measure Supporting Information

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

a) Means and Strategies:

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

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

c) Data Verification:

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

d) Measure Validation:

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

e) Cross-Cutting Activities:

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

f) External Factors:

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

g) Other Supporting Information: Same as Measure #3

h) Link to a Category, a Capability and one or more secondary Criteria: This measure links to

- Category: Services for Veterans and Eligible Beneficiaries
- Capability: Memorial Services
- Criteria:
 - Identified with core missions of VA
 - Of demonstrated high visibility to our stakeholders
 - Program where VA is a demonstrated leader in government

Table 2: Performance Measure Supporting Information

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

a) Means and Strategies:

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

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

c) Data Verification: Same as measure #4

d) Measure Validation:

- NCA is committed to maintaining the appearance of VA national cemeteries as national shrines so that bereaved family members are comforted when they come to the cemetery for the interment, or later to visit the grave(s) of their loved ones.

e) Cross-Cutting Activities:

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

f) External Factors:

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

g) Other Supporting Information:

Workload Indicators							
	2009	2010	2011	2012	2013	2014	
Occupied graves maintained:							
In-ground casket	2,513,539	2,552,869	2,597,574	2,640,144	2,682,000	2,724,000	2
In-ground cremain	341,259	360,872	378,597	396,589	412,000	428,000	
Columbaria niches	136,333	152,396	170,594	190,096	216,000	241,000	
Total	2,991,131	3,066,137	3,146,765	3,226,829	3,310,000	3,393,000	3
Developed acres maintained	7,873	8,130	8,402	8,598	8,893	9,046	

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

h) Link to a a Category, a Capability and one or more secondary Criteria: This measure links to:

- Category: Services for Veterans and Eligible Beneficiaries
- Capability: Memorial Services
- Criteria
 - Identified with core missions of VA
 - Of demonstrated high visibility to our stakeholders
 - Program where VA is a demonstrated leader in government



*National Cemetery Administration
Operations and Maintenance*

Appropriation Language

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, \$250,000,000 of which not to exceed \$25,000,000 shall be available until September 30, 2015.

Appropriation Highlights

(dollars in thousands)

	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution 1/	2014 Request	Change FY14 v FY12
Average Employment	1,652	1,700	1,700	1,719	+67
Field Activities:					
Cemetery Programs	\$192,953	\$198,336	\$195,394	\$188,954	-\$3,999
Memorial Programs	7,404	7,474	7,441	7,628	+224
Operations Support Center	3,979	4,027	4,015	4,143	+164
Headquarters:					
Central Office	23,384	23,560	23,497	24,163	+779
Memorial Service Networks.....	25,037	25,187	25,023	25,412	+375
Total Obligations	\$252,757	\$258,584	\$255,370	\$250,300	-\$2,457
Reimbursements (-)	-199	-300	-300	-300	-101
Unob. Bal. Trans. to Unexpired Acct. (-)	-5,900	0	0	0	+5,900
Available Balance SOY (-).....	-40	0	-500	0	+40
Available Balance EOY	500	0	0	0	-500
Recycling Revenue (-).....	-3	0	0	0	+3
Unob. Bal. Not Yet Available	3,819	0	0	0	-3,819
Budget Authority	\$250,934	\$258,284	\$254,570	\$250,000	-\$934
Appropriation	\$250,934	\$258,284	\$254,570	\$250,000	-\$934

1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

Program Activities and Administration

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

The Under Secretary for Memorial Affairs is responsible for the overall management and direction of the National Cemetery Administration. The Under Secretary is supported in this role by staffs at both field and headquarters activities.

Field Activities

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

Cemetery Programs

In 2014, 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 activations and operation reviews;
 - Arranging for and conducting interments;
 - Providing advice and assistance to the general public; and

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

- Receiving and processing applications for headstones, markers and medallions;
- Determining eligibility of decedent, type of headstone, marker or medallion to be furnished, and the authorized inscription;
- Assisting customers with status, replacements, and general information concerning government headstones and markers to be installed on graves in private cemeteries;
- Administering the Presidential Memorial Certificate Program, by providing certificates to families of deceased Veterans, recognizing the Veteran's contribution and service to the Nation; and

- Entering First Notices of Death into VA information systems which in turn update VA electronic files to terminate compensation benefits to deceased Veterans.

Operations Support Center

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

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

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

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

Headquarters Activities

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

Central Office

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

- Providing operational guidance and direction for field activities;
- Developing long-range construction plans for an overall NCA program, including field surveys in connection with the development and expansion of new and existing cemeteries;
- Managing development and construction for expansion and improvements to currently existing cemeteries;
- Preparing, coordinating, reviewing, and controlling engineering studies and projects;
- Administering the Veterans' Cemetery Grants Program, as well as fostering state and tribal 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 \$250,000,000 in budget authority and 1,719 FTE for Operations and Maintenance in 2014.

Workloads continue to grow at existing cemeteries. An amount of \$494,000 is requested to staff appropriately for increased interments and \$1,834,000 is requested to fund contract maintenance personnel and operating supplies. This funding is essential to maintain existing service levels, which is NCA's highest priority.

The National Cemetery Administration is committed to ensuring that Veterans and their families have convenient access to a burial option in a national, state, or tribal 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 2014 budget request positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come.

Changes from Original 2013 President's Budget Request

(dollars in thousands)

	2013		Increase(+) Decrease(-)
	Budget Estimate	Continuing Resolution 1/	
Average employment	1,700	1,700	0
Funding:			
Personal services.....	\$135,862	\$135,862	0
Travel.....	3,386	2,951	-435
Transportation of things.....	1,817	1,817	0
Rents, communications, and utilities....	8,831	8,831	0
Printing and reproduction	1,809	1,809	0
Other services.....	88,007	85,209	-2,798
Supplies and materials.....	10,197	10,197	0
Equipment	5,633	5,633	0
Land and structures	3,042	3,042	0
Insurance Claims and Indemnities...	0	19	+19
Total obligations.....	\$258,584	\$255,370	-3,214
Reimbursements (-).....	-300	-300	0
Recycling Revenue (-)	0	0	0
Unob. Bal. Trans. to Unexpired Acct....	0	0	0
Available Balance SOY	0	-500	-500
Available Balance EOY	0	0	0
Total Budget Authority	\$258,284	\$254,570	-3,714
Total Appropriation.....	\$258,284	\$254,570	-3,714

1/-The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

Analysis of Increases and Decreases - Obligations

(dollars in thousands)

	2013	2014
	Continuing Resolution 1/	Request
Prior year obligations	\$252,757	\$255,370
Interment workload increases at existing cemeteries	+1,027	+494
Maintenance workload increases at existing cemeteries.....	+1,509	+1,834
Pay and staff composition changes	+4,945	+2,951
Changes in benefits	+1,153	+99
Inflation.....	+1,702	+2,096
Change in contracts, other services and travel	-6,622	-15,359
Equipment and supplies.....	-1,101	0
Burial Access: New Cemeteries.....	0	+2,073
Burial Access: Urban Satellite Cemeteries	0	+447
Burial Access: New National Veterans Burial Grounds	0	+100
Triennial Review State Veterans Cemeteries.....	0	+138
Memorial Program Services Increases	0	+57
Total obligations.....	\$255,370	\$250,300

1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

The 2014 request includes support for three new burial access initiatives.

- In 2011, NCA proposed to establish five new cemeteries in areas where at least 80,000 Veterans are not currently being served by either a national cemetery or a state Veterans cemetery within 75 miles of their home. The 2014 request provides funding to initiate establishment of three of the cemeteries for which construction funding is requested in the Major Construction budget.
- In 2011, NCA proposed an “urban initiative” to improve service in densely-populated metropolitan areas where the existing national cemetery is distant from the urban core. The 2014 request provides funding to initiate establishment of two cemeteries in urban areas for which construction funding has been requested in prior Minor Construction budgets.
- In the 2013 request, NCA proposed a rural initiative and a new Rural Veterans Burial policy to meet the burial needs of Veterans in rural areas. This initiative will be accomplished by funding new VA managed and operated National Veterans Burial Grounds within existing public or private cemeteries. The 2014 request provides maintenance contracts for two National Veterans Burial Grounds.

The 2014 request includes an increase of one FTE to perform Triennial Reviews to improve oversight of all State and Tribal Veteran cemeteries funded through

VA's Veterans Cemetery Grants Program (VCGP). These cemeteries are required to operate and maintain their grounds consistent with NCA appearance standards. Veteran Cemetery Grant Service maintains ultimate oversight of this requirement via its Triennial Review process.

The 2014 request includes an increase of one FTE to Memorial Program Services (MPS) to allow NCA to review pre-need eligibility claims and make a determination of the claimant's eligibility for burial at a VA national cemetery. The request also allows NCA to extend eligibility for Presidential Memorial Certificates (PMC) to the survivors of any Servicemember who died in active military, naval or air service in support of P.L.112-154.

Employment Summary - FTE by Grade				
# of FTE	2012	2013	2014	Increase(+)
	Actuals	Estimate	Request	Decrease(-)
SES	11	11	11	0
GS -15	20	20	20	0
GS -14	66	66	66	0
GS -13	97	97	97	0
GS -12	39	42	44	+2
GS -11	65	65	65	0
GS -10	0	0	0	0
GS -9	72	69	70	+1
GS -8	12	12	12	0
GS -7	142	136	140	+4
GS -6	103	101	103	+2
GS -5	101	103	105	+2
GS -4	9	9	9	0
GS -3	0	0	0	0
GS -2	0	0	0	0
GS -1	0	0	0	0
Wage Grade (non-GS)	915	969	977	+8
Total Number of FTE	1,652	1,700	1,719	+19

Analysis of FTE Distribution Headquarters/Field		
# of FTE	2012 HQ- Actuals	2012 Field- Actuals
SES	6	5
GS -15	12	8
GS -14	48	18
GS -13	52	45
GS -12	15	24
GS -11	15	50
GS -10	0	0
GS -9	20	52
GS -8	0	12
GS -7	11	131
GS -6	0	103
GS -5	1	100
GS -4	1	8
GS -3	0	0
GS -2	0	0
GS -1	0	0
Wage Grade (non-GS)	1	914
Total Number of FTE	182	1,470

Net Change
Operations and Maintenance
2014 Summary of Resource Requirements
(dollars in thousands)

	BA
2013 President's Budget	\$258,284
Disaster Relief Appropriations Act, P.L. 113-2	+2,100
Adjustments 1/	-5,814
Adjusted 2013 Budget Estimate	\$254,570
2014 Current Services Increases:	
Payraise (1.0%) and Staff Composition Changes	+2,951
Non Pay Inflation (1.7%)	+2,096
Required Health Benefits Increases (1.0%)	+99
Subtotal	\$259,716
Other Fixed Increases	
Interment Workload Increases	+494
Maintenance Workload Increases	+1,834
Other Decreases in Contracts and Services	-14,859
2014 Total Current Services	\$247,185
2014 Initiatives :	
1) Burial Access: New Cemeteries	+2,073
2) Burial Access: Urban Satellite Cemeteries	+447
3) Burial Access: New National Veterans Burial Grounds	+100
4) Triennial Review State Veterans Cemeteries	+138
5) Memorial Program Services Increases	+57
Subtotal	\$250,000
2014 Total Budget Authority Request	\$250,000

1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

<i>2013 Average Salary Methodology</i>	
2012 average salary (260 days)	\$55,346
2013 pay raise (0.375 percent)	+208
Plus 1 day	+217
Change in staff composition.....	+1,927
2013 average salary (261 days)	\$57,698
Regular benefits percentage	30.70%
2013 average salary with benefits	\$75,411

The 2013 average salary reflects 4.2 percent above the \$55,346 average salary for 2012. This reflects a 0.5 percent pay raise in 2013 and staff composition changes.

<i>2014 Average Salary Methodology</i>	
2013 average salary (261 days)	\$57,698
Annualization of 2013 pay raise (0.125 percent).....	+72
2014 pay raise (1.275 percent)	+736
Change in staff composition.....	+373
2014 average salary (261 days)	\$58,879
Regular benefits percentage	30.70%
2014 average salary with benefits	\$76,955

The 2014 average salary reflects a net 2.0 percent increase over the \$57,698 average salary for 2013. This reflects a 0.5 percent 2013 annualized pay raise, a 1.0 percent 2014 pay raise, and staff composition changes.

Summary of Employment and Obligations

(dollars in thousands)

	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution 1/	2014 Request	Change FY14 v FY12
Average employment	1,652	1,700	1,700	1,719	+167
Obligations:					
Personal services	\$128,737	\$135,862	\$135,862	\$140,367	+\$10,957
Travel	2,820	3,386	2,951	2,951	+131
Transportation of things ...	1,675	1,817	1,817	1,848	+173
Rent, communications, and utilities	9,443	8,831	8,831	9,019	-424
Printing and reproduction	1,479	1,809	1,809	1,843	+364
Other services	89,453	88,007	85,209	73,479	-15,301
Supplies and materials	9,250	10,197	10,197	10,389	+1,139
Equipment	7,681	5,633	5,633	7,291	-390
Land and Structures	2,195	3,042	3,042	3,094	+899
Insurance Claims and Indemnities	24	0	19	19	-5
Total obligations	\$252,757	\$258,584	\$255,370	\$250,300	-\$2,457

1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.

Detail of Budget Estimates					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget	Continuing	Request	FY14 v FY12
		Estimate	Resolution		
Average employment					
Field activities:					
Cemetery programs.....	1,384	1,445	1,431	1,448	+64
Memorial programs.....	54	56	56	57	+3
Operations Support Center:					
Business Office.....	40	38	38	38	-2
Headquarters:					
Central Office.....	121	107	121	122	+1
Memorial Service Networks...	53	54	54	54	+1
Total FTE	1,652	1,700	1,700	1,719	+67
Wage grade employment.....	915	969	969	977	+62
GS employment.....	737	731	731	742	+5
Personal services	\$128,737	\$135,862	\$135,862	\$140,367	+\$10,957

The 2014 request for personal services reflects funding for an additional 19 FTE: seven for interment and contracting workload increases, six to prepare for activation of three new cemeteries, four to staff columbarium-only cemeteries, one to allow the Veterans Cemetery Grant Program to increase triennial reviews of state and tribal Veterans cemeteries, and one to manage the additional workload to provide pre-need eligibility determinations.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Travel:					
Employee travel.....	\$2,036	\$2,600	\$2,165	\$2,165	+\$129
GSA vehicle rental	784	786	786	786	+2
Total	\$2,820	\$3,386	\$2,951	\$2,951	+\$131

Travel costs include headquarters and field personnel travel in connection with the operation of national cemeteries and other VA and NCA programs. Included are travel costs for site visits to assess performance of the national cemeteries, quality assurance inspections related to the procurement of headstones and markers, permanent change of station moves, engineering trips related to maintenance and construction projects, inspections and other official travel required in administering the Veterans' Cemetery Grants Program, and local travel. In 2014, cemetery activities will encompass 131 national cemeteries and 33 soldiers' lots and monument sites.

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Transportation of things	\$1,675	\$1,817	\$1,817	\$1,848	+\$173

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

Detail of Budget Estimates (cont'd)					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Rents, communications, and utilities:					
Equipment rental.....	\$296	\$338	\$338	\$344	+\$48
SLUC.....	2,271	1,931	1,931	1,976	-295
Utility and other charges.....	6,876	6,562	6,562	6,699	-177
Total.....	\$9,443	\$8,831	\$8,831	\$9,019	-\$424

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)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Printing and reproduction.....	\$1,479	\$1,809	\$1,809	\$1,843	+\$364

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

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution 1/	Request FY14 v FY12	
Other services:					
Maintenance of other equipment	\$651	\$536	\$536	\$545	-\$106
Maintenance and repair projects	36,450	34,608	36,708	34,144	-1,633
Non-Recurring maintenance.....	2,000	2,000	2,000	2,000	0
Franchise Fund	771	815	815	829	+58
Operational and other services ...	15,473	17,148	17,129	19,461	+3,988
National Shrine.....	34,108	32,900	28,021	16,500	-17,608
Total	\$89,453	\$88,007	\$85,209	\$73,479	-\$15,301
1/ The 2013 Continuing Resolution includes \$2.1 million in funds as appropriated in P.L. 113-2 Disaster Relief Appropriations Act, 2013.					

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

Maintenance and repair projects address deficiencies with any of the approximately 890 buildings and structures, and nearly 20 thousand acres of land within 131 national cemeteries and 33 soldiers' lots and monument sites to maintain the appearance of national cemeteries as national shrines, dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made. Projects include 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.

National Shrine projects address gravesite renovations to raise and realign headstones and markers and to repair and replace turf.

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

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

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Supplies and materials	\$9,250	\$10,197	\$10,197	\$10,389	+\$1,139

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

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Equipment:					
Cemetery maintenance and interment equipment.....	\$6,722	\$4,828	\$4,828	\$6,472	-\$250
Office and other equipment....	959	805	805	819	-140
Total.....	\$7,681	\$5,633	\$5,633	\$7,291	-\$390

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

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Land and structures.....	\$2,195	\$3,042	\$3,042	\$3,094	+\$899

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

<i>Detail of Budget Estimates (cont'd)</i>					
(dollars in thousands)					
	2012	2013	2013	2014	Change
	Actual	Budget Estimate	Continuing Resolution	Request	FY14 v FY12
Insurance claims and indemnities.....	\$24	\$0	\$19	\$19	-\$5

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

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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 which also support NCA's urban and rural initiatives. 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.

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.

Construction projects also address two key performance measures. The first measure is the percent of survey respondents who rate national cemetery appearance as excellent. Construction projects such as irrigation improvements, renovation of historic structures, and road resurfacing are important to maintaining our cemeteries as national shrines. In most cases, these types of projects directly impact cemetery appearance and, thereby, customer satisfaction.

The second measure is the percent of respondents who rate the quality of service provided by the national cemeteries as excellent. Construction of committal shelters, public restrooms, and public information centers improves service to Veterans and their families.

Burial Policies

We anticipate that by 2014, nearly 90 percent (89.6%) of Veterans will have access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their home. The independent *Evaluation of the VA Burial Benefits Program* (August 2008) offered a timely opportunity to reflect on a future strategic direction that will continue our success in meeting the burial needs of our Nation's Veterans. A number of new burial policies targeting increased access and availability of burial options for our Nation's Veterans were first included in the 2011 budget. These policies include:

- Lowering the unserved Veteran population threshold to establish a new national cemetery to 80,000. This will result in five new national cemeteries and provide a burial option to an additional 550,000 Veterans and their families.
- Establishing "Urban Initiative" locations to improve travel time and access in densely populated metropolitan areas currently served by a national cemetery. Five locations have been identified for this initiative.

The 2014 budget positions NCA to meet Veterans' emerging burial and memorial needs in the decades to come through the continued implementation of these new burial policies. The current strategic target for the percent of the Veteran population served by a national, state, or tribal Veterans cemetery within 75 miles of their home is 95 percent.

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

- Previous policy was to establish new national cemeteries in areas of large unserved Veteran population - defined as 170,000. A new Veteran population threshold has been established to increase access to a burial option in areas where the unserved Veteran population is at least 80,000.
- In January 2010, the last new national cemetery under development began operations and all areas that meet the previous population criteria are being served.
- Over 80 percent of those interred in national cemeteries resided within 75 miles of the cemetery at the time of their death. The 75-mile criterion is reasonable.
- NCA evaluated recent state cemetery data which indicates that there is a gap between the size of population centers served by a national cemetery ($\geq 170,000$) and state cemeteries ($\leq 82,000$). Under the new threshold, Veterans in locations within that population gap will have an opportunity to be served.

- Under this policy, new national cemeteries are planned in the areas of Central East, FL; Omaha, NE; Western NY; and Tallahassee, FL. A new national cemetery would also be established in southern Colorado to serve nearly 100,000 Veterans in advance of the closure of the existing cemetery in Fort Logan. (A replacement cemetery for Fort Logan would also be constructed in northern Colorado to serve over 200,000 Veterans.)

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

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

The 2014 minor construction budget contains construction funding for a columbaria facility to serve Veterans in the Indianapolis, IN area who are currently served by Marion National Cemetery.

VA Burial Access Initiative for Rural Veterans

Building upon NCA's efforts to improve burial access, the 2014 budget includes an initiative for Veterans residing in rural areas. NCA is proposing to establish National Veterans Burial Grounds in rural areas where the Veteran population is less than 25,000 within a 75-mile service area. The proposal targets those states in which: 1) there is no national cemetery within the state open for first interments; and 2) areas within the state are not currently served by a state Veterans cemetery or a national cemetery in an adjacent state. Eight states meet these criteria (Idaho, Montana, Nevada, North Dakota, Maine, Utah, Wisconsin, and Wyoming).

Major Construction Projects

This section provides an overview of NCA projects and activities requested for funding in 2014.

<i>Major Construction Funding for NCA Programs</i> (dollars in thousands)					
Construction	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution	2014 Request	Change FY14 v FY12
<u>Cemetery Expansion and Improvement:</u>					
National Memorial Cemetery of the Pacific Columbarium Expansion/ Admin Building ...	\$23,700	\$0	\$0	\$0	-\$23,700
Central East Florida - New Cemetery	\$0	\$0	\$0	\$40,000	+\$40,000
Tallahassee, FL Area - New Cemetery	\$0	\$0	\$0	\$40,000	+\$40,000
Omaha, NE Area - New Cemetery	\$0	\$0	\$0	\$36,000	+\$36,000
Advance Planning Fund	\$4,500	\$2,647	\$2,647	\$5,000	+\$500
Land Acquisition	\$10,000	\$7,000	\$7,000	\$0	-\$10,000
Total, Major Projects	\$38,200	\$9,647	\$9,647	\$121,000	+\$82,800

The 2014 major construction request for NCA includes funding to continue implementation of the new burial access. These new policies will provide a burial option to an additional 550,000 Veterans and eligible family members.

In support of the new burial policies, funding is requested for the creation of three new National Cemeteries at the following site selections:

Central East Florida New Cemetery

VA has acquired land for this project and will develop approximately 8,500 gravesites for casket interments, 7,300 columbarium niches and 3,500 in-ground sites for cremated remains, for a total of 19,300 interment sites. This project will establish a dignified burial option for over 163,000 Veterans plus eligible family members in the Central East Florida region centered on Cape Canaveral. The project will also include memorial walls to commemorate those whose remains are not available for interment. To optimize the use of available land for gravesites, the project will install 8,000 pre-placed concrete crypts. This first phase will include an early-turnover burial area, with temporary administrative and maintenance facilities, a temporary committal shelter, roads, and utilities. The total Phase 1 development will develop approximately 45 acres to provide for about ten years of burial capacity. In addition to the gravesite development, the construction includes access roads; an entrance area; flag/assembly area; two committal shelters; an administration building/public information center with electronic gravesite locator and public restrooms; memorial walkway/donations area; maintenance complex; road system; utilities; signage; site furnishings; fencing; irrigation system as needed consistent with water-wise landscaping principles; utility distribution system; environmental (including historical and cultural resources) preservation and mitigation.

Tallahassee, Florida Area New Cemetery

VA has acquired land for this project and will develop approximately 3,000 gravesites for casket interments, 2,000 columbarium niches and 1,200 in-ground sites for cremated remains, for a total of 6,200 interment sites. This project will establish a dignified burial option for nearly 83,500 Veterans plus eligible family members in the Tallahassee, Florida region. The project will also include memorial walls to commemorate those whose remains are not available for interment. To optimize the use of available land for gravesites, the project will install 8,000 pre-placed concrete crypts. This first phase will include an early-turnover burial area, with temporary administrative and maintenance facilities, a temporary committal shelter, roads, and utilities. The total Phase 1 development will develop approximately 20 acres to provide for about ten years of burial capacity. In addition to the gravesite development, the construction includes access roads; an entrance area; flag/assembly area; two committal shelters; an administration building/public information center with electronic gravesite

locator and public restrooms; memorial walkway/donations area; maintenance complex; road system; utilities; signage; site furnishings; fencing; irrigation system as needed consistent with water-wise landscaping principles; utility distribution system; environmental (including historical and cultural resources) preservation and mitigation.

Omaha, Nebraska Area New Cemetery

VA is in the process of acquiring land for this project and will develop approximately 2,500 gravesites for casket interments, approximately 1,200 in-ground cremains, and 1,800 columbarium niches, for a total of 5,500 interment sites. This project will establish a dignified burial option for over 112,000 Veterans plus eligible family members in the Omaha, Nebraska area. The project will also include memorial walls to commemorate those whose remains are not available for interment. To optimize the use of available land for gravesites, the project will install 2,500 pre-placed concrete crypts. The first phase will include an early-turnover burial area, with temporary administrative and maintenance facilities, temporary committal shelters, roads, and utilities. The total Phase 1 development will develop approximately 35 acres to provide for about ten years of burial capacity. In addition to the gravesite development, the construction includes access roads; an entrance area; flag/assembly area; two permanent committal shelters; an administration building/public information center with electronic gravesite locator and public restrooms; memorial walkway/donations area; maintenance complex; road system; utilities; signage; site furnishings; fencing; irrigation system as needed consistent with water-wise landscaping principles; utility distribution system; environmental (including historical and cultural resources) preservation and mitigation.

Advance Planning Fund

The 2014 request includes \$5 million for advance planning activities such as master planning for new cemeteries and expansion at existing national cemeteries, environmental assessments at national cemeteries, and performing facility condition assessments at national cemeteries and soldiers lots, plots, and monument sites under the jurisdiction of the National Cemetery Administration.

Land Acquisition

Land Acquisition funds in the Major Construction account 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. The 2014 request does not include land acquisition funding. Current funds are sufficient to acquire land needed for all identified major expansions through 2014.

Minor Construction Projects

<i>Minor Construction Funding for NCA Programs</i> (dollars in thousands)					
	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution	2014 Request	% Change FY14 v FY12
Cemetery Expansion and Improvement.....	\$36,504	\$58,100	\$46,414	\$87,426	+139%
Land Acquisition	\$0	\$0	\$0	\$2,000	N/A
Total, Minor Projects.....	\$36,504	\$58,100	\$46,414	\$89,426	+145%

NCA's 2014 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.

The 2014 minor budget request includes \$30 million for three large gravesite expansion projects at National Memorial Cemetery of Arizona, Dallas-Ft. Worth National Cemetery and Quantico National Cemetery.

Land Acquisition

The FY 2014 budget request includes \$2 million for a new land acquisition line item in the Minor Construction account. NCA currently has the legal authority to acquire land for establishing new national cemeteries and to expand existing cemeteries. This line item will provide NCA with a dedicated source of funding to purchase land for future gravesite expansions that will be funded as separate minor projects. Identifying and purchasing a parcel of land can be a difficult and unpredictable process. Prospective sellers often desire to move more quickly than the multi-year pace of the Federal budget development and approval process.



Grants for Construction of Veterans Cemeteries

Appropriation Language

For grants to assist States and tribal organizations in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, \$44,650,000, to remain available until expended.

Appropriation Highlights (dollars in thousands)					
	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution 1/	2014 Request	Change FY 14 v FY 12
Obligations	\$47,119	\$46,000	\$51,117	\$44,650	-\$2,469
Unobligated balances:					
Start of year (-)	-5,954	0	-4,835	0	+5,954
End of year	4,835	0	0	0	-4,835
Budget authority (appropriation)	\$46,000	\$46,000	\$46,282	\$44,650	-\$1,350

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

Program Description

Grants are provided to states and tribal organizations for the establishment, expansion, or improvement of state and tribal Veterans cemeteries. The state and tribal Veterans cemeteries complement the national cemeteries and are a critical part of National Cemetery Administration (NCA) strategy for meeting the burial needs of Veterans and their families. In 2012, over 31,000 Veterans and eligible family members were buried in state Veterans cemeteries that have been assisted by the program.

NCA records of interment indicate that about 80 percent of persons interred in national cemeteries resided within 75 miles of the cemetery at time of death. Based on 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 and tribal Veterans cemeteries is a means to provide a burial option to those Veterans who may not have reasonable access to a national cemetery or who prefer to be interred on tribal lands.

Summary of Budget Request

The National Cemetery Administration requests \$44,650,000 to fund grants for Veterans cemeteries in 2014. Grants play a crucial role in achieving NCA's strategic target of providing 95 percent of Veterans with reasonable access to a burial option. Since 1980, the Veterans Cemetery Grants Program has awarded grants totaling more than \$529 million for 88 Veterans cemeteries in 43 states and territories including, tribal trust lands, Guam, and Saipan. These state cemeteries provided more than 31,000 burials in 2012, comprising over 20% of the total annual interments in national, state and tribal cemeteries.

Total Obligations by State

From program inception in 1980 through 09/30/12
(dollars in thousands)

Alabama.....	7,016
Arizona	10,044
Arkansas	14,199
California	13,041
Colorado	6,007
Connecticut.....	682
Delaware.....	15,267
Georgia.....	13,637
Guam.....	5,841
Hawaii.....	24,973
Idaho	10,680
Illinois.....	235
Indiana	5,662
Iowa.....	7,625
Kansas	19,503
Kentucky.....	29,035
Louisiana	20,140
Maine	15,165
Maryland	21,394
Massachusetts	19,020
Minnesota.....	5,342
Mississippi.....	6,990
Missouri	26,278
Montana.....	6,467
Nebraska.....	5,520
Nevada.....	25,565
New Hampshire	5,264
New Jersey.....	34,523
North Carolina	4,368
North Dakota	3,484
Ohio.....	799
Pennsylvania	23
Puerto Rico	7,135
Rhode Island	10,124
Saipan, CNMI	1,867
South Carolina	5,184
South Dakota.....	13,459
Tennessee.....	8,617
Texas.....	33,311
Utah.....	5,369
Vermont	859
Virginia	20,364
Washington.....	8,795
West Virginia.....	14,118
Wisconsin.....	14,775
Wyoming.....	2,195
Total	\$529,961

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***National Cemetery Administration
Facilities Operation Fund***

Program Description

Public Law 108-454, Section 602, codified in 38 U.S.C. 2412, provides authority to lease any undeveloped land and unused or underutilized buildings of the National Cemetery Administration, or parts or parcels thereof, for a term not to exceed 10 years.

<i>Fund Highlights</i> (dollars in thousands)				
	2012 Actual	2013		2014 Estimate
		Budget Estimate	Current Estimate	
Obligations	\$0	\$100	\$160	\$160
Unobligated balances:				
Start of Year (-).....	-329	-329	-443	-443
End of Year	443	329	443	443
Budget Authority (from collections).....	\$114	\$100	\$160	\$160

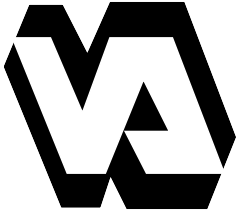
Summary of Budget Request

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

Program Activity

Fund obligations are estimated to be \$160,000 in 2014. The fund became operational in March 2005. The fund is used to cover costs incurred by the National Cemetery Administration in the operation and maintenance of its property. The Facilities Operation Fund contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made.

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***National Cemetery
Gift Fund***

Gift Fund Program Description

Public Law 93-43, as amended, codified in 38 U.S.C. 2407, provides authority to accept gifts and bequests for the purpose of beautifying national cemeteries, or which are determined to be beneficial to such cemeteries. Public Law 100-322, Section 346(g), not codified, provides authority to accept gifts and bequests for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

<i>Fund Highlights</i> <i>(dollars in thousands)</i>				
	2012 Actual	2013		2014 Estimate
		Budget Estimate	Current Estimate	
Appropriation (permanent, indefinite).....	\$123	\$250	\$250	\$250
Obligations.....	\$214	\$250	\$250	\$250

Summary of Budget Request

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

Program Activity

Fund obligations are estimated to be \$250,000 in 2014. The fund was established and began accepting gifts and bequests as of October 1, 1989. The fund is used primarily for beautification and improvements to cemetery grounds such as landscaping, walkways, and benches. In this way, gift fund activity contributes to accomplishing our objective of ensuring that national cemeteries are shrines dedicated to preserving our nation's history, nurturing patriotism, and honoring the service and sacrifice Veterans have made.

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Benefits

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Compensation & Pensions

Appropriation Language

For the payment of compensation benefits to or on behalf of Veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of Veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Service members Civil Relief Act (50 U.S.C. App. 541 et seq.), and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, \$71,248,171,000 to remain available until expended. Provided that not to exceed \$9,232,000 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 chapter 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the "Compensation and pensions" appropriation. Provided further, that such sums as may be earned on an actual qualifying patient basis shall be reimbursed to "Medical care collections fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

Summary of Appropriation Highlights

(dollars in thousands)

		2013			
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate	Increase(+) Decrease(-)
Compensation Obligations					
Veterans	\$48,001,733	\$53,085,576	\$54,537,330	\$58,640,598	+\$4,103,268
Survivors	5,755,298	6,113,892	6,063,719	6,432,177	+\$368,458
Special Benefits for Children	20,999	20,872	21,554	22,231	+\$677
Clothing Allowance	81,817	101,583	91,857	98,754	+\$6,897
Other (REPS, SAFD, EAJA)	15,753	19,448	17,626	16,082	-\$1,544
Medical Exam Pilot Program	205,517	248,092	248,118	229,083	-\$19,035
OBRA Payments to VBA	1,779	1,902	1,902	1,902	-
OBRA Payments to ITS	26	25	57	30	-\$27
Total Compensation Obligations:	\$54,082,922	\$59,591,390	\$60,982,163	\$65,440,857	+\$4,458,693
Pensions Obligations					
Veterans	\$3,479,064	\$3,235,599	\$3,671,450	\$3,849,371	+\$177,921
Survivors	1,413,694	1,685,752	1,556,662	1,725,292	+\$168,630
Medical Exam Pilot Program	2,052	2,506	2,480	2,293	-\$187
Income Verification Match	-	-	-	-	-
OBRA Payment to VBA	6,691	7,157	7,157	7,156	-\$1
OBRA Payment to ITS	4,684	120	276	144	-\$132
OBRA Payment to VHA	11,306	-	-	-	-
Total Pension Obligations:	\$4,917,492	\$4,931,133	\$5,238,025	\$5,584,256	+\$346,231
Burial Obligations					
Burial Allowance	\$21,811	\$35,179	\$29,012	\$30,514	+\$1,502
Burial Plot	9,241	24,433	17,469	18,490	+\$1,021
Service Connected Deaths	41,101	35,360	49,278	52,182	+\$2,904
Burial Flags	18,377	18,471	19,755	20,810	+\$1,055
	61,961	75,476	71,580	77,241	+\$5,661
Headstones/Markers/Allowances	14,158	31,952	18,305	23,821	+\$5,516
Graveliners/OBR	\$166,649	\$220,871	\$205,399	\$223,058	+\$17,660
Total Burial Obligations:	\$59,167,063	\$64,743,394	\$66,425,587	\$71,248,171	+\$4,822,584
Total C&P Obligations					
Funding:					
Unobligated balances (SOY)	-\$12,930,390	\$3,002,162	-\$5,000,894	-	+\$5,000,894
Unobligated balances (EOY)	\$5,000,894	-	-	-	-
Adjusted Budget Authority (Net)	\$51,237,567	\$61,741,232	\$61,424,693	\$71,248,171	+\$9,823,478
Appropriation	\$51,237,567	\$61,741,232	\$60,599,855	\$71,248,171	+\$10,648,316
Adjusted Appropriation	-	-	\$61,424,693	\$7,248,171	+\$9,823,478
Transfers to/from RB	-	-	+824,838	-	-\$824,838
Outlays	\$54,754,081	\$64,520,727	\$66,197,062	\$71,003,064	+\$4,806,002
Distribution of Budget Authority (net):	\$46,125,514	\$57,280,483	\$55,510,811	\$65,440,857	+\$9,930,046
Compensation	\$4,945,404	\$4,239,878	\$4,883,646	\$5,584,256	+\$700,610
Pension	\$166,649	\$220,871	\$205,398	\$223,058	+\$17,660
Burial					
Distribution of Outlays (net):	\$50,049,995	\$59,385,741	\$60,771,715	\$65,215,021	+\$4,443,306
Compensation	\$4,537,437	\$4,914,116	\$5,219,949	\$5,564,985	+\$345,036
Pension	\$166,649	\$220,871	\$205,398	\$223,058	+\$17,660
Burial					

Caseload Summary					
		2013			
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate	Increase(+) Decrease(-)
Compensation					
Veterans:					
Cases	3,440,255	3,626,468	3,648,314	3,846,018	+197,704
Average Payment	\$13,953	\$14,638	\$14,949	\$15,247	+\$ 298
Survivors:					
Cases	348,499	356,796	355,226	364,564	+9,338
Average Payment	\$16,515	\$17,136	\$17,070	\$17,643	+\$573
Other Caseload:					
Special Benefits for Children	1,184	1,151	1,195	1,206	+11
Clothing Allowance	110,414	129,607	117,092	123,437	+6,345
REPS	214	241	183	181	-2
Special Allowance for Dependents	50	50	50	50	-
Equal Access to Justice Act	2,140	2,375	2,140	2,140	-
Pensions					
Veterans:					
Cases	314,072	314,154	313,794	314,706	+912
Average Payment	\$11,077	\$10,299	\$11,700	\$12,232	+\$532
Survivors:					
Cases	203,996	205,797	202,448	202,226	-222
Average Payment	\$6,930	\$8,191	\$7,689	\$8,532	+\$843
Burial Caseload					
Burial Allowance	43,994	47,605	47,294	49,221	+1,927
Burial Plot	22,826	34,254	24,538	25,538	+ 1,000
Service-Connected Deaths	22,295	17,680	24,639	26,091	+ 1,452
Burial Flags	477,942	500,002	500,002	500,002	-
Headstones/Markers/ Allowances	352,365	350,027	349,171	344,826	-4,345
Graveliners/Outer Burial Receptacles	43,523	91,314	51,814	63,508	+11,694

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

Summary of Budget Request

Budget authority of nearly \$71.2 billion is estimated for 2014 to support the benefit programs funded by the Compensation and Pensions appropriation account. The 2014 request includes the Reinstated Entitlement Program for Survivors (REPS) funding appropriated through the Compensation and Pensions Account. The Omnibus Budget Reconciliation Act (OBRA) provision for data matching was extended by Public Law 112-56 through September 30, 2016. The OBRA provision authorizes the VA to perform data matches with the Internal Revenue Service and Social Security Administration to ensure proper payments are made to eligible beneficiaries. OBRA gave VA access to certain records of the Internal Revenue Service and the Social Security Administration for purposes of verifying the income of beneficiaries in its needs-based programs and of Veterans receiving compensation based on individual unemployability. Access to these

records is the most efficient and effective means VA has of verifying certain types of income, wages, interest, dividends, annuities, etc.

In 2014, funding for Compensation is estimated at \$65.4 billion, for payments to 3,846,018 Veterans, 364,564 survivors, and 1,206 children receiving special benefits. The Pensions program will provide benefits to an estimated 314,706 Veterans and 202,226 survivors totaling \$5.6 billion. Of the total requested, \$223 million is estimated for 2014 to provide burial benefits on behalf of eligible deceased Veterans. This funding will provide 49,221 burial allowances and 25,538 burial plot allowances, 26,091 service-connected death awards, 500,002 burial flags, 344,826 headstones or markers, and 63,508 graveliners or reimbursement for privately purchased outer burial receptacles.

On November 21, 2011, the President signed Public Law 112-56, The VOW (Veterans Opportunity to Work) To Hire Heroes Act of 2011. One key provision authorizes mandatory attendance of The Transition Assistance Program (TAP) classes for all separating service members, The Veteran Employment Initiative (VEI) Task Force is phasing-in a newly designed program called "Transition GPS (Goals, Plans, Success)." Transition GPS will provide a seamless transition for servicemembers to better prepare them for post-service employment. Transition GPS will inform separating servicemembers about the educational opportunities funded by the Compensation and Pension Benefits appropriation.

Changes from Original 2013 Budget Estimate

Obligations for 2013 are expected to increase \$1.7 billion over 2013 Congressional Budget appropriation request. The 2013 budget authority of \$60.6 billion has been adjusted based on FY 2012 actual data. Estimated obligations in 2013 are expected to increase over the original 2013 estimate provided in the 2013 President's budget. A transfer of \$824.8 million from the RB account was deemed necessary in order to fully fund these expected obligations. This transfer results in an increase budget authority of \$61.4 billion.

This new authority coupled with a carryover of \$5.0 billion from 2012 supports anticipated obligations of \$66.4 billion.

Compensation

The Compensation program current estimated obligations for 2013 increases \$1.4 billion from the original estimate. Driving the increase is the higher estimated cost associated with Veteran average payment and caseload. Average annual benefit payments for Veterans have increased \$311 from the original estimate (\$14,949 vs. \$14,638), increasing obligations \$1.1 billion. Based on 2012 actual experience, Veteran caseloads have increased 21,846 (3,648,314 vs. 3,626,468) increasing obligations \$319.8 million over the original estimate. Survivor average annual benefit payments have decreased \$66 from the original estimate (\$17,070

vs. 17,136). This decrease in average payment amount and a minimal decrease in Survivor caseload (355,226 vs. 356,796) reduce obligations by \$50.4 million from the previous estimate.

The increase in Veteran average payments is primarily due to the anticipated increase in retroactive payments in 2013. Approximately 67 percent of pending claims are over 125 days. As these claims are processed, we expect the retroactive payments to increase as these beneficiaries are paid back to the date of claim. These increases are partially offset by the decrease in cost of living adjustment (COLA) from original estimate (1.7 percent vs. 1.9 percent).

Compensation benefits also include Clothing Allowance, Special Allowance for Dependents (SAFD), Reinstated Entitlement Program for Survivors (REPS), and Equal Access to Justice Act (EAJA) payments. A decrease of \$11.5 million is a result of decreases in all the aforementioned programs. Special Benefits for children increased \$682 thousand from the original estimate. The VBA OBRA payments stayed constant from the original estimate, while VBA OBRA payments for Information Technology Services (ITS) and the Medical Exam Pilot Program increased a total of \$58 thousand from the original estimate.

Pensions

There is an increase of \$306.9 million in obligations for the Pensions program from the 2013 budget estimate. Reflecting 2012 actual experience, the average payment for Veterans increased (\$11,700 vs. \$10,299). This increase coupled with a decrease in the number of anticipated Veteran caseload (313,794 vs. 314,154) increases net obligations by \$435.8 million. Survivor caseload and average payment have both decreased from the original 2013 estimate decreasing obligations a total of \$129.1 million. The VBA OBRA payments remained constant, while OBRA ITS increased \$156 thousand. Medical Exam Pilot Program decreases \$26 thousand from the original estimate.

Burial

The current 2013 Burial benefits budget estimate of \$205.4 million is \$15.5 million less than the original budget estimate of \$220.9 million. A decrease in caseload of preplaced crypts (24,000 vs. 63,500) combined with a increase in average payment (\$393 vs. \$358 results in a net decrease of \$13.9 million in obligations. Caseload for service connected deaths increased (24,639 vs. 17,680) from the original estimate, increasing obligations \$13.9 million. A decrease in both burial plot caseload and average payment results in a combined decrease of \$7.0 million. A decrease in the estimated number of burial allowances (33,182 vs. 47,605) and a slight increase in average payment (\$503 vs. \$480) results in a total decrease of \$5.9 million. For headstones and markers, a decrease of \$3.9 million is due to an decrease in average payment (\$205 vs. \$216) and a decrease in caseload (349,171

vs. 350,027). An increase in the average payment for burial flags has increased obligations \$1.3 million. Caseload for grave-liners remained constant; however average payment has decreased (\$319 vs. \$331) from the original estimate reducing obligations by \$346 thousand.

Analysis of Increases and Decreases		
(dollars in thousands)		
	2013 Estimate	2014 Estimate
Prior Year Obligations	\$59,167,063	\$66,425,587
Compensation		
Veterans Caseload and average payment changes (net)	+\$5,933,587	+\$3,050,358
Survivor Caseload and average payment changes (net)	+189,938	+236,572
P.L. 112-53 COLA 3.6%, effective 12/01/11	+488	-
P.L. 112-198 COLA 1.7%, effective 12/01/12	+720,005	+151,297
Proposed COLA 2.2%, effective 12/01/13	-	+1,033,498
Other Benefits		
Special Benefits for Children	+\$555	+\$677
Clothing Allowance	+10,040	+6,897
Other (REPS, SAFD, EAJA)	+1,874	-1,544
Medical Exams Pilot Program	+42,601	-19,035
Payments for VBA OBRA	+123	-
Payments for ITS OBRA	+31	-27
Total Compensation Net Change	+\$6,899,242	+\$4,458,693
Pensions		
Caseload and average payment changes (net)	+\$235,222	+\$235,744
COLAs	+100,132	+110,807
Payments for VBA OBRA	+466	-1
Payments for ITS OBRA	-4,408	-132
Payments for VHA OBRA	-11,306	-
Medical Exams Pilot Program	+428	-187
Total Pensions Net Change	+\$320,533	+\$346,231
Burial	+\$38,749	+\$17,660
Total Net Change	+\$7,258,524	+\$4,822,584
Estimated Obligations	\$66,425,587	\$71,248,171

Analysis of Increases and Decreases

Compensation

In 2014, Compensation obligations are estimated to surpass the 2013 level by \$4.5 billion, from \$60.9 billion to \$65.4 billion. The combined effect of increases in Veteran and survivor caseload and average payment will increase costs \$3.3 billion. These increases are in accord with the VA's initiative to eliminate the disability claim backlog by 2015. Retroactive payments are expected to remain at a higher level in 2013 as pending workload is processed and paid back to the date of claim. The 2013 and 2014 COLA is expected to add a total of \$1.2 billion to the cost of the program in 2014. COLAs provide a rate increase to all Disability Compensation beneficiaries, including DIC spouses and children. Rates are matched with the Consumer Price Index and are tied to that afforded to Social Security beneficiaries.

Under the category of Other Benefits, costs are projected to decrease by \$13 million from 2013 to 2014. The estimated obligations for Contract Medical Examinations decreased \$19 million over the 2013 level. Clothing Allowance increased \$6.9 million over the prior year. REPS, Equal Access to Justice Act (EAJA), Special Benefits for Children, and Special Allowance for Dependents (SAFD) result in a net decrease of \$867 thousand combined. VBA OBRA payments are expected to remain the same as 2013 while payment for IT OBRA decrease by \$27 thousand.

Pensions

In 2014, pension obligations are expected to increase \$346.2 million from the 2013 level. Pension caseload is expected to increase in 2014 for Veterans and slightly decrease for survivors however, average payments for both Veterans and survivors increase in 2014. Vietnam Veterans are anticipated to be the largest cohort of pension accessions as these Veterans are reaching the qualifying age of 65. The changes in caseload for Veterans and survivors coupled with increasing average payments results in a net increase in obligations of \$235.7 million. The COLA of 2.2 percent is expected to add \$110.8 million to the cost of the program in 2014. Obligations for the Medical Exam Pilot Program decreased \$187 thousand. Payments to ITS OBRA decreased by \$132 thousand and VBA OBRA decreased by \$1 thousand.

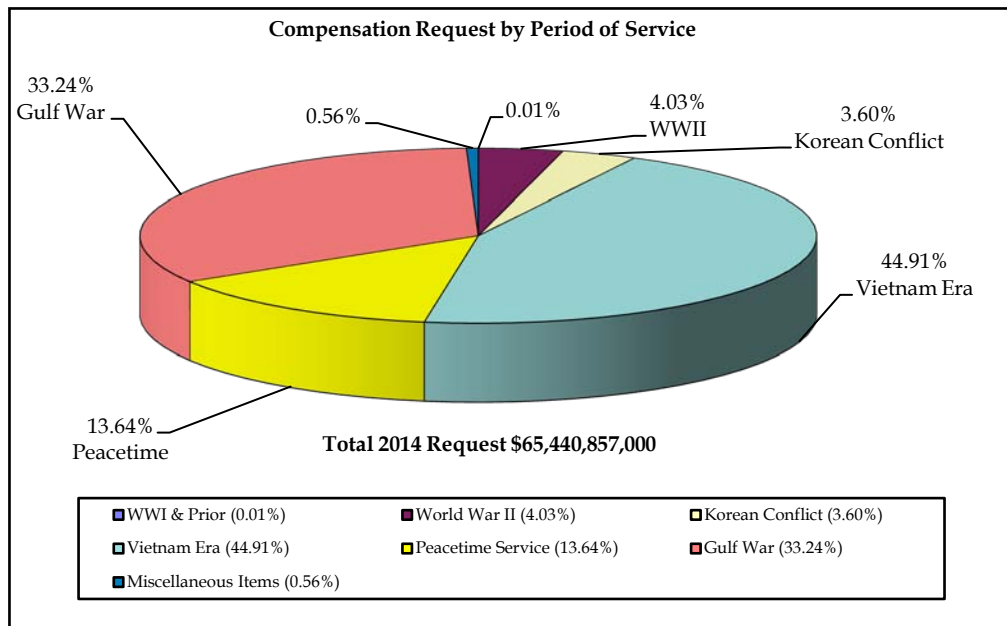
Burial

In 2014, burial benefits obligations are projected to increase by \$17.7 million. Caseload for headstones and markers slightly decrease and average payments increase from the 2013 level, contributing to a net increase of \$5.7 million in obligations in 2014. The combined increase in average payment and the number of preplaced crypts increases obligations \$5.0 million in 2014. Caseload and average payment for the burial allowance and plots increased over 2013, resulting in an increase of \$2.5 million. A rise in the anticipated number of service-connected deaths increases obligations \$2.9 million. Burial flag obligations

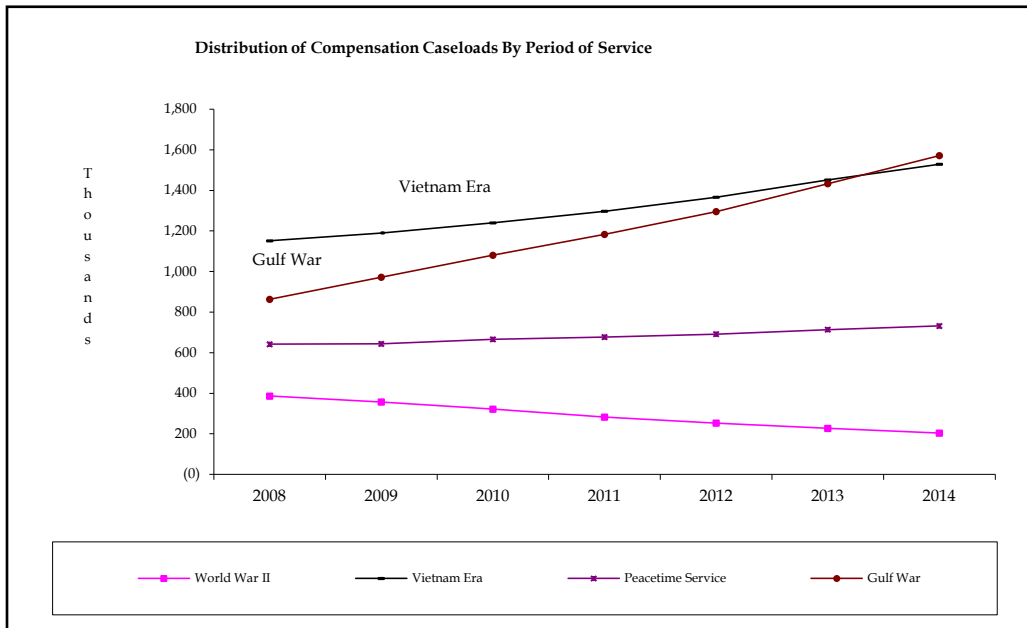
increased \$1.1 million over the prior year. While the estimated number for preplaced crypts increases, the National Cemetery Administration (NCA) projects a decrease in the estimated number of grave-liners. A decrease in the number of grave-liners and an increase in average payment results in a net increase of \$480 thousand.

Compensation Program Highlights

In 2014, compensation benefit obligations are expected to total \$65.4 billion and be made to 4,210,582 beneficiaries (3,846,018 Veterans and 364,564 survivors). The estimated obligations for 2014 will increase \$4.5 billion over the 2013 level (from \$61.0 billion to \$65.4 billion). Approximately 99.4 percent of total compensation obligations are direct benefit payments to Veterans and their survivors. As shown in the graphic below on “Compensation Request by Period of Service,” the Vietnam Era accounts for 44.9 percent of program obligations followed by the Gulf War Era at 33.2 percent. Program obligations for Vietnam Era have increased due to the establishment of the three additional presumptive conditions for the Veterans who served in the Republic of Vietnam.



In 2014, benefits in the Compensation program are estimated to be dispersed to 3,846,018 Veterans, 364,564 survivors, and 1,206 children. The 2014 Veteran and survivor caseload estimate is distributed among World War I & Prior (162), World War II (203,739), Korean Conflict (174,609), Vietnam Era (1,528,902), Gulf War (1,571,412), and Peacetime (731,759) periods of service. The older periods of service caseloads are steadily declining. Recent periods of service (Gulf War and Vietnam Era) are increasing rapidly and this trend is projected to continue through the budget year.



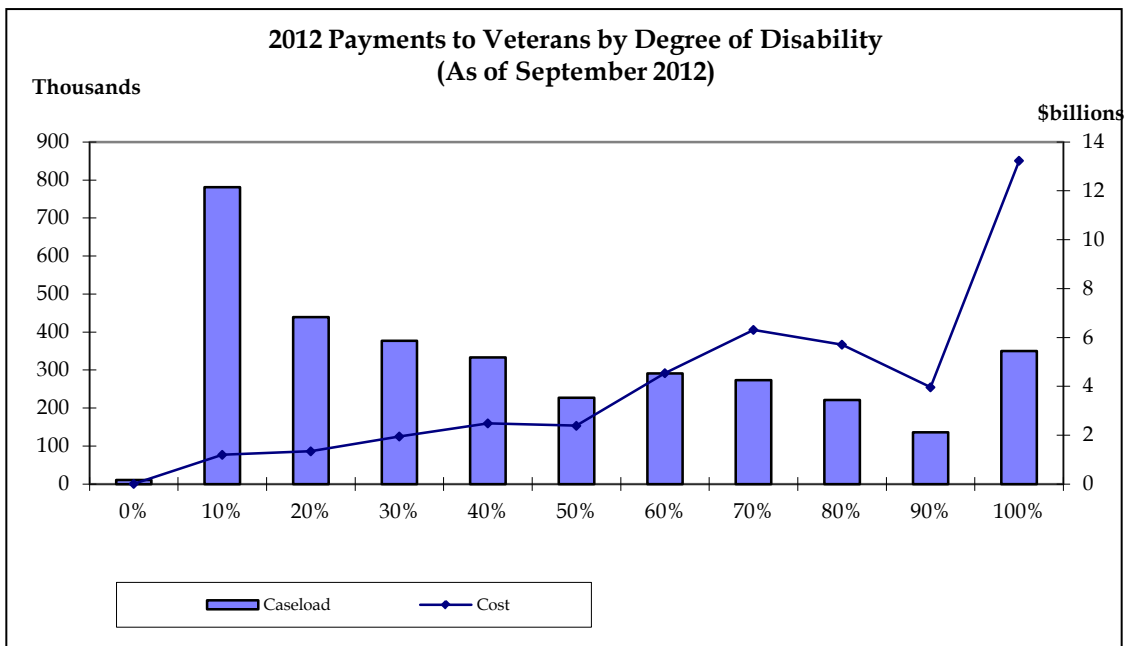
Numerous factors contribute to the total cost of the Compensation program. Some factors that influence cost fluctuations are increasing average degree of disability, additional benefits from enacted legislation or regulations, variations in the number of dependents, increasing number of Individual Unemployability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

Based on historical data, the average degree of disability is forecasted to increase through 2014 and the outyears. The average degree of disability for Veterans increased from 43.5 percent in 2011 to 44.9 percent in 2012. 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 causes increases in average payments.

<p style="text-align: center;">Veteran Compensation Caseloads by Degree of Disability (As of September 2012)</p>												
Year	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg. Degree
2007	13,774	782,034	429,621	344,912	274,216	172,351	197,877	178,663	124,943	67,208	249,175	39.6%
2008	13,287	783,340	437,976	353,587	288,079	183,831	213,413	193,526	138,880	75,311	261,901	40.4%
2009	12,833	783,754	444,762	361,436	301,764	195,945	230,579	211,166	155,224	85,856	277,814	41.3%
2010	12,325	791,558	452,075	370,668	316,930	208,464	249,780	230,900	175,048	99,037	294,700	42.2%
2011	11,423	780,978	440,188	373,677	322,635	214,552	267,838	247,636	192,546	112,824	320,059	43.5%
2012	11,064	781,510	439,354	377,028	332,864	226,725	290,938	273,577	220,876	136,267	350,054	44.9%

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

The Compensation Service projections aid in forecasting changes to a Veteran's degree of disability rating. These claims result when a Veteran files an amended claim because their disability worsens and/or new legislation or regulation allows for additional compensation. In 2012, over 212,000 Veterans received an increase to their disability benefits, as shown on the following chart.



Veterans Compensation 2012 Increased Disability Rating Levels											
	Disability Level Increase										
Current	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Total
0%	99	59	64	57	36	59	27	10	6	60	477
10%	-	10,489	5,351	7,224	1,891	4,486	1,919	889	318	2,802	35,369
20%	-	-	8,193	9,107	2,494	3,358	3,470	1,624	499	3,330	32,075
30%	-	-	-	7,753	6,415	3,528	3,991	1,587	497	2,938	26,709
40%	-	-	-	-	6,339	9,257	4,786	3,848	912	3,663	28,805
50%	-	-	-	-	-	6,755	5,600	3,687	1,109	3,087	20,238
60%	-	-	-	-	-	-	8,719	6,659	2,381	4,016	21,775
70%	-	-	-	-	-	-	-	8,644	4,620	5,039	18,303
80%	-	-	-	-	-	-	-	-	8,108	4,742	12,850
90%	-	-	-	-	-	-	-	-	-	6,004	6,004
Total	99	10,548	13,608	24,141	17,175	27,443	28,512	26,948	18,450	35,681	202,605

As of September 2012, 1.5 million out of nearly 3.5 million Veteran cases received additional compensation for dependents. The number of dependents totaled 2.3 million, or 1.56 dependents per case, down slightly from the 2011 average of 1.57. 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 2012, there were 295,719 Veterans receiving IU, an increase of 13,181 cases over 2011. While IU caseload continues to increase at a gradual rate, the total number of Veterans on the compensation rolls receiving IU remains constant with the growth of the overall Veteran compensation caseload.

Veterans Compensation Individual Unemployability							
	2006	2007	2008	2009	2010	2011	2012
Without Dependents	64,497	65,808	71,009	74,502	78,985	84,279	89,870
With Dependents	164,138	171,513	176,384	183,660	192,728	198,259	205,849
Total	228,635	237,321	247,393	258,162	271,713	282,538	295,719

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							
	2006	2007	2008	2009	2010	2011	2012
Without Dependents	96,345	103,702	112,368	121,967	132,010	142,375	157,478
With Dependents	154,555	172,643	189,590	210,707	234,571	260,471	288,435
Total	250,900	276,345	301,958	332,674	366,581	402,846	445,913

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 2012, retroactive payments were 13.1 percent of total compensation obligations. This is a slight decrease of 1.7 percent over the 2011 level. Although there was a decrease, retroactive payments are expected to increase as a result of reducing the claim backlog and paying back to the date of claim.

Compensation Retroactive Payments (Dollars in millions)							
	2006	2007	2008	2009	2010	2011	2012
Retro Payments	\$2,002	\$2,486	\$2,786	\$3,257	\$3,760	\$7,269	\$7,060
Compensation Payments	\$30,833	\$33,639	\$36,280	\$40,063	\$43,292	\$49,169	\$53,757
Percent of Retro to Total	6.5%	7.4%	7.7%	8.1%	8.6%	14.8%	13.1%

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

Compensation Net Effect (Accession Minus Terminations)							
	2006	2007	2008	2009	2010	2011	2012
Veterans	99,014	106,551	107,763	117,009	141,699	145,497	173,239
Survivors	3,344	4,286	11,256	2,771	5,360	7,949	9,464
Total	102,358	110,837	119,019	119,780	147,059	153,446	182,703

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

Veterans Compensation							
Accession Trends							
	2006	2007	2008	2009	2010	2011	2012
0%	495	496	502	575	574	488	710
10%	50,850	51,393	51,063	56,561	65,269	61,236	67,540
20%	32,752	33,054	32,180	33,488	35,568	28,601	31,163
30%	24,775	25,705	26,360	27,473	29,489	31,914	30,602
40%	20,324	21,218	21,795	23,102	24,656	22,585	24,050
50%	12,889	14,028	15,065	16,243	17,539	17,241	20,979
60%	11,949	13,359	15,004	16,618	17,940	22,286	24,477
70%	8,478	9,648	11,037	12,503	14,101	15,925	21,280
80%	4,864	5,816	7,062	8,499	9,872	10,291	15,054
90%	2,162	2,564	3,348	4,217	5,092	5,432	9,070
100%	8,829	9,591	10,327	12,486	13,294	19,147	16,912
Total	178,368	186,872	193,743	211,765	233,394	235,146	261,837
Avg. Degree	34.8%	35.5%	36.9%	37.7%	37.5%	40.8%	41.6%

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

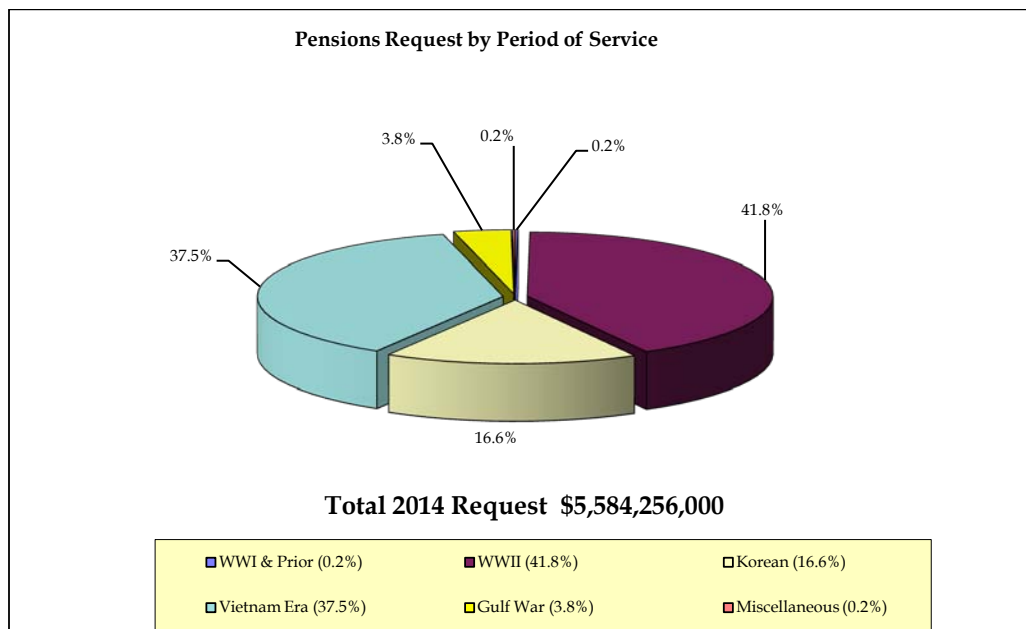
Survivor Compensation							
Accession Trends							
	2006	2007	2008	2009	2010	2011	2012
Total	17,876	17,507	24,737	18,850	21,654	23,504	25,745

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

Veteran termination data has demonstrated that survivors typically accede to the compensation rolls within three years. In 2012, 17,516 cases acceded to the DIC rolls within the first three years after the Veteran terminated.

Pensions Program Highlights

In 2014, Pensions benefit obligations are expected to total \$5.6 billion and be made to 516,932 pension beneficiaries. The 2014 request continues a trend of increasing obligations, with Veteran caseloads from the Korean War and prior decreasing and Veteran caseload from Vietnam to present increasing. Survivor pension caseload follows a similar trend; with WWII and prior survivor's caseload is expected to decrease and survivor caseload from the Korean War to present is increasing. Approximately, 96 percent of the estimated cases will receive benefits under the Improved Law program; accounting for 99 percent of the program's cost. As shown in the "Pensions Request by Period of Service" chart, the two largest pension requests come from WWII and Vietnam Era accounts. WWII accounts for 41.8 percent of program obligations largely associated with survivor benefit payments. The Vietnam Era is the second largest group of pension recipients accounting for 37.6 percent of the total request. This percentage will continue to increase as Vietnam Era Veterans are becoming eligible for the automatic permanent and totally disabling rating at age 65.



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

Pensions
PL 95-588 Income Limitations
(As of December 2012)

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

Pensions Summary by Law									
	2012			2013			2014		
	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	494,005	\$9,853	\$4,867,189	495,029	\$10,513	\$5,204,033	498,222	\$11,144	\$5,552,041
Prior Law	23,913	\$1,064	\$25,454	21,092	\$1,137	\$23,989	18,610	\$1,212	\$22,548
Old Law	149	\$772	\$115	122	\$737	\$90	100	\$730	\$73
Veterans									
Improved Law	310,827	\$11,176	\$3,473,674	311,075	\$11,786	\$3,666,355	312,428	\$12,306	\$3,844,614
Prior Law	3,205	\$1,664	\$5,333	2,686	\$1,878	\$5,044	2,250	\$2,093	\$4,710
Old Law	40	\$1,444	\$57	33	\$1,524	\$51	28	\$1,653	\$47
Survivors									
Improved Law	183,178	\$7,607	\$1,393,516	183,953	\$8,359	\$1,537,678	185,795	\$9,190	\$1,707,428
Prior Law	20,708	\$972	\$20,121	18,406	\$1,029	\$18,945	16,360	\$1,090	\$17,838
Old Law	110	\$529	\$58	88	\$440	\$39	72	\$366	\$26

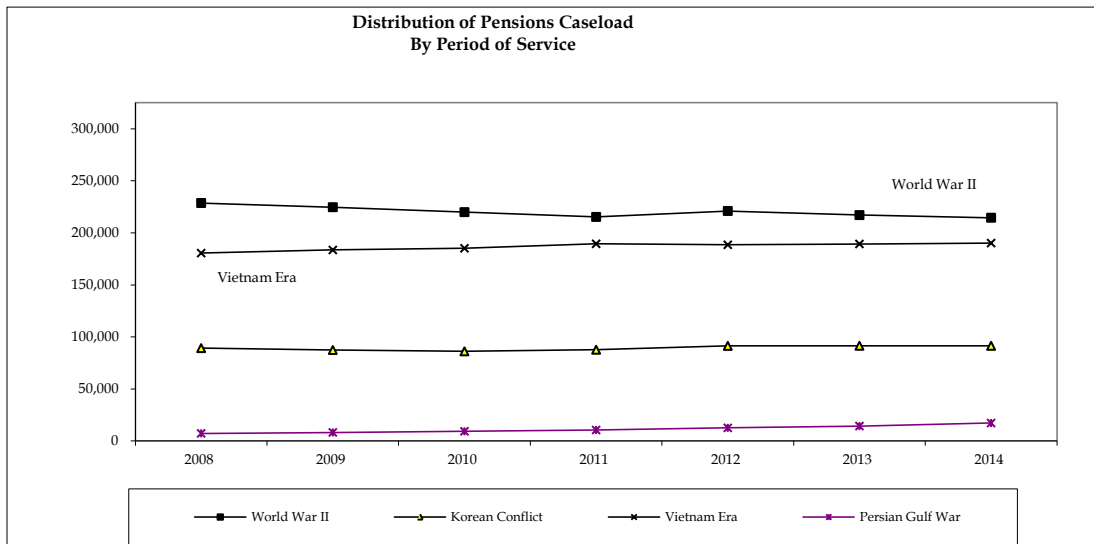
A major factor of the cost of the Pensions program is the impact of the automatic cost-of-living adjustment. However, the COLA for Improved Law beneficiaries, which is automatically tied to that afforded to Social Security beneficiaries, is estimated to be 2.2 percent in 2014. Since rates for pensioners covered by earlier programs are fixed, variations in average benefit payments for these beneficiaries are attributed to changes in dependency, qualifying income, health, or other eligibility criteria.

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

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

Veterans		Survivors	
Without dependents	\$12,465	Spouses without dependents	\$8,359
With one dependent	\$16,324	Spouses with one dependent	\$10,942
Each additional dependent	\$2,129	Each additional dependent	\$2,129

Total pension caseload is expected to slightly increase through 2014. Veteran pension increases to 314,706 from 313,794 in 2013. This increase is net of a decrease in WWII and Korea with an increase in Vietnam and Gulf War beneficiaries. WWII and Vietnam account for the largest pension caseload, 214,530 and 190,174 respectively, or 78 percent of all caseload. Of the 214,530 WWII beneficiaries, only 75,109 are Veterans, with the remaining caseload being survivors. The opposite is true of the Vietnam Veteran Era with 166,346 of the total 190,174 recipients being Veterans. Caseloads for the earlier periods of service are declining; however the most recent eras are expected to continue their increasing trend. This increase can be attributed to the number of Vietnam Era Veterans turning 65, allowing for an automatic permanent and totally disabling rating under current law. The number of Veterans of the Gulf War is also increasing but has not yet achieved the level of other periods of service. World War II still accounts for the largest caseload of pension recipients and total program obligations.



As of September 30, 2012, nearly 43 percent of Veterans who received pension were over age 75. Survivors of Veterans who received a pension were higher with 73 percent over the age 75. These percentages have been growing annually and we expect these percentages to rise as the overall Veteran population ages. 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 2012, Gulf War and Vietnam Era Veteran

caseloads increased by 1,364 and 494 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 2012)								
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	25	-	-	25	356	3	-	359
25 - 35	1,355	-	-	1,355	197	3	-	200
36 - 45	6,101	-	-	6,101	1,006	226	-	1,232
46 - 55	8,528	1	-	8,529	8,430	1,954	-	10,384
56 -65	121,466	261	-	121,727	20,407	3,879	7	24,293
66 - 75	41,684	244	-	41,928	17,466	2,062	18	19,546
Over 75	132,430	2,483	36	134,949	136,879	12,259	95	149,233
Total	311,589	2,989	36	314,614	184,741	20,386	120	205,247

Note: Veteran pension age data does not include 347 cases with unknown age and 2,181 cases with unknown age for survivor pension.

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

Veteran Pensions Accessions and Terminations							
	2006	2007	2008	2009	2010	2011	2012
Accessions	40,213	40,574	42,930	42,633	47,852	49,524	47,203
Terminations	46,146	47,426	48,257	46,021	48,548	52,920	46,304
Net Delta	-5,933	-6,852	-5,327	-3,388	-696	-3,396	+899

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

Pensions Program Trends

(As of September 2012)

“Old Law” Pensions Cases (closed program)

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

Veterans					Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Chil-dren Alone
2007	90	<0.1	55	35	176	0.1	171	5	114
2008	76	<0.1	46	30	224	0.1	122	2	100
2009	58	<0.1	35	23	224	0.1	94	1	87
2010	49	<0.1	30	19	145	0.1	69	-	76
2011	43	<0.1	25	18	130	0.1	130	-	-
2012	36	<0.1	21	21	120	0.1	120	-	-

“Prior Law” Pensions Cases (closed program)

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

Veterans					Surviving Spouses				
Year	Number	%	Veterans Alone	Veterans w/ Dependents	Number	%	Spouses Alone	Spouses w/ Dependents	Chil-dren Alone
2007	7,161	2.2	3,346	3,797	25,225	14.0	23,884	1,341	9,534
2008	5,958	2.0	2,823	3,135	30,836	15.7	20,560	1,181	9,095
2009	4,983	1.7	2,374	2,609	27,500	14.8	17,730	1,073	8,697
2010	4,166	1.3	1,974	2,192	24,489	12.6	15,265	940	8,284
2011	3,516	1.1	3,516	-	22,153	10.9	22,150	1	2
2012	2,990	1.0	2,989	-	20,405	9.1	20,405	-	-

“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	Chil-dren Alone
2007	315,624	97.7	235,846	79,778	155,263	85.9	152,892	2,371	4,803
2008	311,611	98.0	235,456	76,155	164,988	84.2	158,168	2,208	4,612
2009	309,203	98.3	221,151	88,052	166,438	85.1	159,964	2,035	4,439
2010	309,348	99.3	236,233	73,115	173,914	89.3	168,019	1,724	4,171
2011	310,115	99.0	237,900	72,215	185,384	89.3	173,756	5,739	5,889
2012	312,006	99.0	240,864	71,124	201,975	86.5	201,975	5,442	5,507

**Compensation and Pensions
Summary of Obligations
(obligations in thousands)**

	2012			2013			2014		
	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations	Average Cases	Average Benefit	Total Obligations
Compensation Total ^{1/}	3,788,754	\$14,189	\$53,757,032	4,003,540	\$15,137	\$60,601,049	4,210,582	\$15,455	\$65,072,775
Veterans Total	3,440,255	\$13,953	\$48,001,733	3,648,314	\$14,949	\$54,537,330	3,846,018	\$15,247	\$58,640,598
World War II	178,005	\$11,411	\$2,031,184	156,104	\$11,704	\$1,827,115	136,897	\$12,006	\$1,643,548
Korean Conflict	146,275	\$11,800	\$1,726,104	143,189	\$12,280	\$1,758,433	140,169	\$12,780	\$1,791,365
Vietnam Era	1,188,551	\$18,766	\$22,304,780	1,262,699	\$19,168	\$24,202,964	1,327,348	\$19,220	\$25,511,089
Peacetime Service	657,198	\$10,801	\$7,098,079	678,605	\$11,809	\$24,202,964	1,327,348	\$11,990	\$21,354,840
Gulf War	1,270,226	\$11,684	\$14,841,586	1,407,717	\$13,309	\$18,735,254	1,546,030	\$13,813	\$21,354,840
Survivors Total	348,499	\$16,515	\$5,755,298	355,226	\$17,070	\$6,063,719	364,564	\$17,643	\$6,432,177
Spanish-American War	3	\$11,360	\$34	3	\$10,694	\$32	3	\$10,027	\$30
Mexican Border Period	1	\$15,132	\$15	1	\$15,132	\$15	1	\$15,132	\$15
World War I	223	\$22,741	\$5,075	187	\$24,536	\$4,594	158	\$26,306	\$4,158
World War II	75,103	\$16,235	\$1,219,266	70,852	\$15,519	\$1,099,560	66,841	\$14,902	\$996,104
Korean Conflict	35,389	\$15,990	\$565,870	34,657	\$16,328	\$565,870	34,440	\$16,431	\$565,872
Vietnam Era	177,907	\$17,284	\$3,075,010	188,816	\$18,281	\$3,451,775	201,553	\$19,230	\$3,875,922
Peacetime Service	34,571	\$15,504	\$536,004	35,358	\$15,802	\$558,727	36,186	\$16,289	\$589,412
Gulf War	25,302	\$13,992	\$354,024	25,352	\$15,113	\$383,146	25,382	\$15,786	\$400,664
Other Total			\$325,891			\$381,114			\$368,082
Spec. Ben. For Children	1,184	\$17,736	\$20,999	1,195	\$18,037	\$21,554	1,206	\$18,434	\$22,231
Clothing Allowance	110,414	\$741	\$81,817	117,092	\$784	\$91,857	123,437	\$800	\$ 98,754
Other (REPS, SAFD, EAJA)	2,404	\$9,295	\$15,753	2,373	\$13,524	\$17,626	2,371	\$10,383	\$16,082
OBRA Payment to VBA	-	-	\$1,779	-	-	\$1,902	-	-	\$1,902
OBRA Payment to ITS	-	-	\$26	-	-	\$57	-	-	\$30
Medical Exam Pilot Prgm	-	-	\$205,517	-	-	\$248,118	-	-	\$229,083
Pensions Total ^{1/}	518,068	\$9,444	\$4,892,758	516,242	\$10,127	\$5,228,112	516,932	\$10,784	\$5,574,663
Veterans Pensions Total	314,072	\$11,077	\$3,479,064	313,794	\$11,700	\$3,671,450	314,706	\$12,232	\$3,849,371
World War II	78,654	\$13,898	\$1,093,126	76,860	\$14,228	\$1,093,574	75,109	\$14,505	\$1,089,477
Korean Conflict	58,435	\$9,878	\$577,228	57,912	\$10,519	\$609,147	57,416	\$11,124	\$638,667
Vietnam Era	165,358	\$10,074	\$1,665,876	165,851	\$10,871	\$1,802,996	166,346	\$11,561	\$1,923,190
Gulf War	11,625	\$12,286	\$142,834	13,171	\$12,583	\$165,733	15,835	\$12,507	\$198,037
Survivors Pensions Total	203,996	\$6,930	\$1,413,694	202,448	\$7,689	\$1,556,662	202,226	\$8,532	\$1,725,292

Civil War	2	\$805	\$2	2	\$1,000	\$2	2	\$1,000	\$2
Spanish-American War	100	\$2,813	\$281	90	\$2,846	\$256	81	\$2,880	\$234
Mexican	34	\$4,322	\$147	33	\$2,786	\$92	32	\$1,796	\$58
Border Period	4,356	\$2,836	\$12,353	3,840	\$2,854	\$10,961	3,387	\$2,872	\$9,724
World War I	142,375	\$7,202	\$1,025,376	140,212	\$7,970	\$1,117,429	139,420	\$8,915	\$1,242,887
World War II	32,982	\$6,561	\$216,399	33,598	\$7,884	\$264,894	34,062	\$8,514	\$290,002
Korean Conflict	23,158	\$6,539	\$151,433	23,491	\$6,528	\$153,355	23,828	\$7,144	\$170,239
Vietnam Era Gulf War	989	\$7,789	\$7,703	1,183	\$8,178	\$9,673	1,414	\$8,587	\$12,146
Other Pensions Total			\$24,733			\$9,913			\$9,593
OBRA Payment to VBA			\$6,691			\$7157			\$7,156
OBRA Payment to ITS			\$4,684			\$276			\$144
OBRA Payment to VHA Medical Exams Pilot Prgm			\$11,306			-			-
			\$2,052			\$2,480			\$2,293

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

Proposed Legislation

Compensation Cost of Living Adjustment (COLA): Legislation will be proposed to provide a cost of living increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2013. The percent increase will align with estimated annual increases in the Consumer Price Index (CPI) and Social Security benefits. That increase would result in an increase of \$1.0 billion in 2014, \$6.5 billion in five years, and \$14.2 billion in ten years. (NOTE: *2012 Compensation COLA increase is calculated within the baseline of the budget. It requires annual legislation for adjustment.)

Extension of COLA Round-Down: This proposal would amend 38 U.S.C. § 1303 (a) and 1104 (a) to provide a five-year extension of the round-down provisions of the computation of the cost of living adjustment (COLA) for service-connected disability compensation and dependency and indemnity compensation (DIC). Public Law 108-183 extended the ending dates of these provisions to 2013. The extension for the COLA round down provision five years beyond the 2013 expiration date results in cost savings. The benefit savings are estimated to be \$712.5 million for five years, and \$2.3 billion over ten years as a result of the compounding effects of rounding down the COLA from FY 2014 through FY 2018.

Elimination of Certain Apportionments of C&P or VR&E Benefits to a Veteran's Spouse or Child: VA seeks to repeal subsections (a)(1), (a)(2), and (c)

from 38 U.S.C. § 5307. Subsection (a)(1) provides that a Veteran's benefit payment may be apportioned to the Veteran's spouse, child, or dependent parent when the Veteran is being furnished hospital treatment, institutional, or domiciliary care by the United States. Subsection (a)(2) provides that all or part of a Veteran's compensation or pension may be apportioned as prescribed by the Secretary when the spouse does not live with the Veteran, or the child(ren) are not in the custody of the Veteran. Subsection (c) provides that all or part of the subsistence allowance payable to a Veteran under chapter 31 may be apportioned as prescribed by the Secretary when the spouse does not live with the Veteran, or the child(ren) are not in the custody of the Veteran. *The VA will no longer arbitrate domestic appropriations, and it has been decided by the VA that family courts shall make these decisions.* There are no benefit costs or savings associated with this proposal.

Extending Delimiting Date for Surviving Spouses of Gulf War Veterans: This proposal would update and extend the statutory marriage delimiting date for surviving spouses of Gulf War Veterans for purposes of determining entitlement to death pensions. 38 U.S.C. § 1541 (f)(1) states that pension benefits cannot be paid to a surviving spouse of a Gulf War Veteran unless the claimant was married to the Veteran for at least one year immediately preceding the Veteran's death, or a child was born of or before the marriage, or the marriage occurred before January 1, 2001. Updating the language and extending the delimiting dates in this proposal will not affect current benefits and will not incur obligations in any given fiscal year since the changes serve to clarify long standing VA practice. There are no benefit costs or savings associated with this proposal.

Update the Effective Date Statute to Conform to Prior Legislation Governing Marriages: This proposal would update an effective date statute providing an effective date for regained eligibility that no longer exists by the amendment of 38 U.S.C. § 5110(l), which will be updated to conform with Title 38 U.S.C. § 103 (e) regarding recognition of a child for VA benefits purposes. In 1990, Congress eliminated from section 103(e) a provision under which a Veteran's child whose marriage was terminated by death or divorce regained recognition as the Veteran's child. Under current section 103(e), a Veteran's child whose marriage is later either declared void or annulled may regain recognition as the Veteran's child. There are no benefit costs or savings associated with this proposal.

Expand Authority to Provide Headstones and Markers to Eligible Spouses and Dependents at Tribal Veterans Cemeteries: This proposal would amend title 38, United States Code (U.S.C.), § 2306, to provide eligibility for headstones and markers for burial and memorialization of Veterans' eligible spouses and dependent children interred at Tribal Veterans cemeteries. Costs are estimated to be under \$13 thousand in 2014 and \$182 thousand over ten years.

Expand VA's Authority to Provide an Allowance to Transport Certain Deceased Veterans to a State or Tribal Veterans Cemetery: This proposal would amend title 38, United States Code (U.S.C.), § 2308, to expand VA's current authority to pay the cost of transporting the remains of certain deceased Veterans to the closest National cemetery for burial to include transportation for burials in a State or Tribal Veterans Cemetery. *Under Section 104(b)(2) and (3) of Pub. L. No. 112-260, effective January 10, 2014, VA may only pay the cost of transporting the remains of certain deceased Veterans to the closest National Cemetery.* There are no benefit costs or savings associated with this proposal.

Expand VA Authority to Provide Outer Burial Receptacles to State and Tribal Cemeteries: This proposal would amend title 38, United States Code (U.S.C.), § 2306(e), to direct VA to provide an outer burial receptacle (OBR) for each new casketed gravesite in a State or Tribal Veterans cemetery that receives a grant from the VA Veterans Cemetery Grants Program (VCGP), as well as in new VCGP establishment projects. Costs are estimated to be \$2.55 million in 2014 and \$27.8 million over ten years.

Expansion of Eligibility for Medallion or Other Device to Signify Status as Deceased Veteran: This proposal would remove the November 1, 1990, applicability date for provision of medallions to Veterans. This would allow VA to provide the medallion benefit, regardless of date of death, in order to signify the status of the deceased as a Veteran who served in the U.S. Armed Forces. A medallion is issued to be affixed to a privately-purchased headstone or marker installed at the grave of an eligible Veteran buried in a private cemetery. Costs are estimated to be \$129 thousand in 2014 and \$794 thousand over ten years.

Allow for the Provision of Government-Furnished Headstones and Markers for the Privately Marked Graves of Medal of Honor Recipients who Died Prior to November 1, 1990: This proposal would amend title 38, United States Code (U.S.C.), § 2306(d), to allow VA to furnish headstones or markers for the privately marked graves of all eligible Medal of Honor recipients (MOH) who died prior to November 1, 1990. Costs are estimated to be \$54 thousand in 2014 and \$743 thousand over ten years.

Streamline non-VA Federal records requests: This proposal would amend 38 U.S.C. § 5103A(c)(2) to streamline non-VA Federal records requests by aligning requests for non-VA Federal records with other general requests for records (including private records). VA is required to make "reasonable efforts to obtain relevant private records that the claimant adequately identifies to the Secretary." There are no benefit costs or savings associated with this proposal.

Mandate forms for VA claims: This proposal would amend 38 U.S.C. § 5101 to require claimants to use specific paper and electronic applications along with approved web portals for all types of claims. This proposal supports VBA's transformational efforts in moving to a paperless environment. There are no benefit costs or savings associated with this proposal.

Extend the authority for operations of the Manila VA Regional Office (RO): This proposal would extend the authority currently provided by 38 USC 315(b) to maintain the operations of the Manila RO from December 31, 2013, to December 31, 2015. There are no benefit costs or savings associated with this proposal.

Contract Physicians Medical Disability Examinations: This proposal seeks to amend Public Law 108-183 by amending Section 704(c) with a five year extension. This Public Law provides authority under which persons not employed by the VA carry out examinations with respect to medical disability of applicants for VA benefits. There are no benefit costs or savings associated with this proposal.

Closing the Evidentiary Record for Appeals: This proposal seeks to amend 38 U.S.C. § 7105 by fixing a point in the appeals process when the evidentiary record will be closed and additional material related to the claim will no longer be considered. There are no benefit costs or savings associated with this proposal.

Extension of Time for Medical Examinations for Veterans with Mental Disorders: . Amend title 38 U.S.C. § 1156 to require VA to schedule a medical examination for Veterans discharged from the military due to a mental disorder no later than 18 months (rather than 6 months) after separation or discharge of such Veteran from active duty. Title 38 U.S.C. § 1156 currently requires VA to assign a temporary rating to a Veteran who, as a result of a highly stressful in-service event, has a mental disorder that is severe enough to bring about the Veteran's discharge or release from active duty. Section 1156(a)(3) stipulates that VA shall schedule a medical examination for such Veteran not later than six months after the separation or discharge of such veteran from active duty.

Although this statute provides VA with a valuable mechanism to assign a temporary disability evaluation, performing an examination of a Veteran with a mental disorder this soon after discharge has very limited utility, is administratively burdensome, and is unfair to the Veteran. Evaluating mental disorders to determine if the condition is stable at 6 months after discharge is premature when considering the trauma experienced by the Veteran, the limited treatment time that has elapsed, and the stressful nature of transitioning into civilian life. Performing the examination no later than 18 months after discharge allows the clinician to more accurately evaluate the severity, stability, and prognosis of the condition. This would better align with VA's current practice of

scheduling reexaminations for mental disorders. When adjudicating original disability claims, VA raters generally schedule reexaminations for mental disorders (outside of the § 1156 authority) no sooner than 18 months. There are no costs or savings associated with this proposal.

Exemption to the Right to the Financial Privacy Act by Fiduciaries of VA Beneficiaries: This proposal would add a new subsection to 38 U.S.C. § 5502, which contains VA's authority to oversee and monitor the activities of fiduciaries. This new subsection will authorize an exemption to the Right to Financial Privacy Act (12 U.S.C. § 3401 et seq.) so that VA will have enhanced access to financial accounts held by all fiduciaries of VA beneficiaries. The Secretary of VA will be allowed to require each fiduciary of a VA beneficiary to provide VA with a one-time authorization to obtain from any financial institution any financial record held by the institution with respect to the VA beneficiary whenever the Secretary determines the record is needed in connection with oversight of the activities of a fiduciary, as required by 38 U.S.C. § 5502. This authorization will last the life of the fiduciary relationship plus two years, and the standing authorization will serve as a condition of appointment of a fiduciary. There are no benefit costs or savings associated with this proposal.

Revision of time limits and effective dates for herbicide presumptions: This proposal would amend 38 U.S.C. § 1116 to provide extended time limits for VA action based on reports received from the Institute of Medicine of the National Academy of Sciences (IOM) concerning the health effects of herbicide exposure. Pursuant to that statute, when VA receives a report from the IOM concerning such health effects, VA must determine, for each health effect discussed in the report, whether a presumption of service connection is warranted by reason of a positive association between the health effect and herbicide exposure. There are no benefit costs or savings associated with this proposal.

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Readjustment Benefits

Appropriation Language

For the payment of readjustment and rehabilitation benefits to or on behalf of Veterans as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 51, 53, 55, and 61 of title 38, United States Code, and for the payment of benefits under the Veterans Retraining Assistance Program, \$13,135,898,000, 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)

	2013				
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate	Increase (+) Decrease (-)
Obligations:					
Post 9-11 GI Bill (33) ^{1/}	\$8,476,227	\$9,906,509	\$9,716,174	\$10,901,760	+\$1,185,586
Veterans/Sevicemembers (30/34)	931,756	1,033,262	726,697	591,750	-134,948
Reservists (1606)	154,829	204,623	159,018	155,137	-3,881
Reservists (1607)	76,990	96,327	54,313	39,550	-14,763
Dependents' Education and Training (35)	455,318	481,610	486,705	523,778	+37,073
Veterans Retraining Assistance Program	6,141	1,100,662	1,100,662	498,478	-602,185
VR&E Subsistence Allowance	301,919	491,681	386,309	438,766	+52,458
VR&E Books, Tuition, Supplies, Fees, etc	488,769	564,409	534,796	573,975	+39,179
Specially Adapted Housing Grants	59,020	63,133	127,809	78,017	-49,791
Specially Adapted Housing Technology Grants	-	1,000	1,000	1,000	-
Automobile Grants	42,015	36,300	43,196	44,060	+864
Adaptive Equipment	68,249	64,000	73,359	78,849	+5,490
Tuition Assistance	9,631	10,063	7,931	6,575	-1,356
National Call to Service	97	-	-	-	-
Licensing & Certification Tests	1,700	1,381	1,686	1,683	-3
National Exams ^{2/}	85	29	29	28	-1
Work-Study ^{3/}	37,278	40,680	40,824	50,361	+9,537
State Approving Agencies	18,738	19,000	19,000	19,000	-
Reporting Fees	11,339	12,822	13,424	13,309	-115
Reimbursement to GOE and IT	366	538	4,764	568	-4,196
Total Obligations	\$11,140,466	\$14,128,028	\$13,497,695	\$14,016,644	+\$518,949
Funding:					
Unobligated balance (SOY)	-\$1,221,327	-\$1,092,457	-\$2,554,542	-\$577,047	+\$1,977,494
Unobligated balance (EOY)	2,554,542	-	577,047	-	-577,047
Budget authority (gross)	12,473,681	13,035,570	11,520,201	13,439,596	+1,919,396
Offsetting collections	-365,193	-428,094	-321,581	-303,698	+17,882
Budget authority (net)	\$12,108,488	\$12,607,476	\$11,198,620	\$13,135,898	+\$1,937,278
Appropriation	\$12,108,488	\$12,607,476	\$12,023,458	\$13,135,898	+\$1,112,440
Transfer to Compensation	-	-	\$824,838	-	-\$824,838
Appropriation Adjusted	\$12,108,488	\$12,607,476	\$11,198,620	\$13,135,898	+\$1,937,278
Outlays (net)	\$10,330,493	\$13,699,934	\$13,139,140	\$13,674,466	+\$535,326
Total Obligations	\$11,140,466	\$14,128,028	\$13,497,695	\$14,016,644	+\$518,949
Education Program	10,341,075	13,061,402	12,566,934	12,993,464	+426,530
VR&E Program ^{4/}	799,391	1,066,626	930,761	1,023,180	+92,419
Budget authority (net)	\$12,108,488	\$12,607,476	\$11,198,620	\$13,135,898	+\$1,937,278
Education Program	11,309,096	11,540,850	10,267,859	12,112,718	+1,844,859
VR&E Program	799,391	1,066,626	930,761	1,023,180	+92,419
Outlays (net)	\$10,330,493	\$13,699,934	\$13,139,140	\$13,674,466	+\$535,326
Education Program	9,564,127	12,633,197	12,209,057	12,656,471	+447,414
VR&E Program	766,366	1,066,737	930,084	1,017,995	+87,911

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

1/ Includes Change in Selected Resources

2/ National Exams includes chapters 30, 33, and 35

3/ Includes chapter 1606 work-study reimbursement

4/ Includes chapter 31 work-study

Readjustment Benefits Summary of Appropriation Highlights (cont'd)

(total dollars in thousands)

	2013				
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate	Increase (+) Decrease (-)
Workload Data and Other Items					
Workload:					
Post 9-11 GI Bill (33)	646,302	606,318	710,932	764,252	+53,320
Veterans/Sevicemembers (30/34)	118,549	133,897	88,946	66,744	-22,202
Reservists (1606) ^{1/}	60,393	62,506	59,292	54,934	-4,359
Reservists (1607)	19,774	26,033	13,336	9,222	-4,114
Dependents' Education and Training (35)	87,707	98,793	89,618	91,574	+1,956
Veterans Retraining Assistance Program	12,251	99,000	99,000	54,000	-45,000
VR&E Receiving Subsistence Allowance	61,775	68,093	64,864	66,810	+1,946
VR&E Not Receiving Subsistence Allowance	23,656	23,781	24,844	25,590	+745
VR&E Rehab, Evaluation, Planning and Service ^{2/}	28,850	22,309	30,287	31,195	+909
Specially Adapted Housing Grants	1,501	1,407	3,617	2,469	-1,148
Specially Adapted Housing Technology Grants	-	5	5	5	-
Automobile Grants	2,511	1,892	2,531	2,531	-
Adaptive Equipment	7,816	7,786	7,816	7,816	-
National Call to Service	28	-	-	-	-
Average cost:					
Post 9-11 GI Bill (33)	\$13,080	\$16,314	\$13,628	\$14,249	+\$621
Veterans/Sevicemembers (30/34)	\$7,860	\$7,717	\$8,170	\$8,866	+\$696
Reservists (1606)	\$2,564	\$3,274	\$2,682	\$2,824	+\$142
Reservists (1607)	\$3,893	\$3,700	\$4,073	\$4,288	+\$216
Dependents' Education and Training	\$5,191	\$4,875	\$5,431	\$5,720	+\$289
Veterans Retraining Assistance Program	\$501	\$11,118	\$11,118	\$9,231	-\$1,887
VR&E Subsistence Allowance	\$4,887	\$7,221	\$5,956	\$6,567	+\$612
VR&E Books, Tuition, Supplies, Fees, etc	\$5,721	\$6,143	\$5,962	\$6,212	+\$250
Specially Adapted Housing Grants	\$39,321	\$44,859	\$35,336	\$31,601	-\$3,735
Specially Adapted Housing Technology Grants	-	\$200,000	\$200,000	\$200,000	-
Automobile Grants	\$16,732	\$19,202	\$17,067	\$17,408	+\$341
Adaptive Equipment	\$8,732	\$8,218	\$9,386	\$10,088	+\$702
National Call to Service	\$3,449	-	-	-	-
Total Cost:					
Post 9-11 GI Bill (33)	\$8,453,319	\$9,891,339	\$9,688,771	\$10,890,065	+\$1,201,294
Veterans/Sevicemembers (30/34)	\$931,756	\$1,033,262	\$726,697	\$591,750	-\$134,948
Reservists (1606)	\$154,829	\$204,623	\$159,018	\$155,137	-\$3,881
Reservists (1607)	\$76,990	\$96,327	\$54,313	\$39,550	-\$14,763
Dependents' Education and Training	\$455,318	\$481,610	\$486,705	\$523,778	+\$37,073
Veterans Retraining Assistance Program	\$6,141	\$1,100,662	\$1,100,662	\$498,478	-\$602,185
VR&E Subsistence Allowance	\$301,919	\$491,681	\$386,309	\$438,766	+\$52,458
VR&E Books, Tuition, Supplies, Fees, etc	\$488,769	\$564,409	\$534,796	\$573,975	+\$39,179
Specially Adapted Housing Grants	\$59,020	\$63,133	\$127,809	\$78,017	-\$49,791
Specially Adapted Housing Technology Grants	-	\$1,000	\$1,000	\$1,000	-
Automobile Grants	\$42,015	\$36,300	\$43,196	\$44,060	+\$864
Adaptive Equipment	\$68,249	\$64,000	\$73,359	\$78,849	+\$5,490
National Call to Service	\$97	-	-	-	-

^{1/} Work-study cost not included

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

Summary of Budget Request

Budget authority of over \$13.1 billion, when combined with a \$577.0 million unobligated balance and \$303.7 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.

On November 21, 2011, the President signed Public Law 112-56, The VOW (Veterans Opportunity to Work) To Hire Heroes Act of 2011. One key provision authorizes mandatory attendance of the Transition Assistance Program (TAP) classes for all separating service members. The Veteran Employment Initiative (VEI) Task Force is phasing-in a newly designed program, called "Transition GPS (Goals, Plans, Success)." Transition GPS will provide a seamless transition for servicemembers to better prepare them for post-service employment. Transition GPS will inform separating servicemembers about the educational opportunities funded by the Readjustment Benefits appropriation.

Changes from Original 2013 Budget Estimate

The current estimated obligation of \$13.5 billion for 2013 for the Readjustment Benefits program decreases over \$630 million from the original budget estimate of \$14.1 billion. A decrease to the 2013 appropriation of \$584 million, from \$12.6 billion to \$12.0 billion, compared to the 2013 President's budget request, is a result of modifications in the Education and Vocational Rehabilitation and Employment Service obligations for 2013. These modifications were based on 2012 actual experience as well as an increase to the unobligated balance carried forward to 2013. The appropriation request of \$12.0 billion, combined with \$321.6 million in offsetting collections from DoD and an unobligated balance of nearly \$2.6 billion available from 2012 make up the funds available for obligation in 2013. These will fund the estimated 2013 obligations for the Readjustment Benefits program of \$13.5 billion, a proposed transfer to the Compensation and Pension account of nearly \$825 million, and an estimated \$577 million in unobligated balance to be carried forward to 2013.

The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, P.L 112-154, was enacted on August 6th, 2012 and directly impacts the Readjustment Benefits program estimated obligations for 2013 and beyond. This legislation increased special assistance benefits for housing and automobiles paid

from the Readjustment Benefits account. The changes to the benefits were as follows:

- Allows temporary expansion (from October 1, 2012 – September 30, 2013) of eligibility for specially adapted housing assistance for certain Veterans with disabilities causing difficulty with ambulating.
- Excludes Temporary Residence Adaptations (TRA) grants from counting toward the maximum allowable grant amounts under either the Paraplegic Housing (PH) or Adaptive Housing (AH) grants.
- Allows VA to assist Veterans with severe visual impairments under title 38 U.S.C. § 2101(b) by defining “blindness” as visual acuity of 20/200 or less or of a peripheral field of vision of 20 degrees or less.
- Permits VA to provide assistance to a Veteran whose home was previously adapted, in the event the adapted home was destroyed or substantially damaged in a natural or other disaster.
- Allows VA to award an automobile grant to Veterans who previously received an automobile, in the event the automobile, was destroyed or substantially damaged in a natural or other disaster.

The cumulative effect of these changes to special assistance benefits increased obligations by over \$66 million in 2013.

Additionally, The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, PL 112-154, made the following changes to the VR&E program:

- Allows VA to provide for up to a two-month extension of subsistence allowance for a Veteran participating in a program of employment services under Chapter 31 if the Veteran has been displaced as a result of a natural or other disaster.
- Waives the limitation on the number of new programs of independent living that may be provided each fiscal year in any case in which a Veteran has been displaced as the result of, or has otherwise been adversely affected in the areas covered by, a natural or other disaster.

The cumulative effect of these changes to Vocational Rehabilitation and Employment benefits did not significantly change obligations in 2013.

Education Program

Current estimated obligations for FY 2013 reflect a decrease of \$494 million from the original budget estimate of nearly \$13.1 billion. The estimate for FY 2013 includes a \$307 million decrease in chapter 30 obligations, which is driven by lower FY 2012 actual participation than original estimates. Additionally, the estimated FY 2013 chapter 33 obligations decreased by \$190 million due to the net

effect of a decrease in the estimated average cost and an increase in estimated trainees, based on FY 2012 actual experience.

In addition, estimated obligations for chapter 1606 and chapter 1607 decreased by \$46 million and \$42 million, respectively. The decrease for chapter 1606 is driven by a lower than anticipated average cost, while the decrease for chapter 1607 was due to trainee levels below projections during FY 2012. Tuition assistance obligations also decreased by \$2 million due to actual experience.

These decreases are partially offset by the net effect of PL 112-154, The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. The changes under this legislation, as described in the previous section, increased obligations for special assistance grants by a combine \$66 million. An additional \$15 million increase to special assistance grants is due to actual experience in FY 2012. Additional adjustments to projected obligations due to FY 2012 experience increased chapter 35 obligations by \$5 million as well as increases to licensing and certification tests, work-study under education programs, and reporting fees by a combined \$2 million. There was also a \$4 million increase to projected reimbursements from GOE and IT.

Vocational Rehabilitation & Employment Program

Current estimated obligations for FY 2013 reflect a decrease of \$136 million from the original budget estimate of nearly \$1.1 billion. A significant increase in subsistence allowance payments was projected for FY 2012 due to changes under PL 111-377, which allowed individuals eligible for the Post-9/11 GI Bill to receive subsistence allowance at the basic allowance for housing rate in lieu of the historical monthly subsistence allowance rate. Actual subsistence payments for FY 2012 did not increase to the projected levels and, as a result, FY 2013 estimates for subsistence allowance have decreased by \$105 million.

The average cost of books, supplies, tuition, and fees was also slightly lower in FY 2012 than projected, resulting in a decrease of obligations \$30 million. An additional \$1 million decrease is due to a change in the estimate for work-study under Vocational Rehabilitation & Employment is based on FY 2012 experience.

Descriptions of the Individual Education and VR&E Component Programs

Post 9-11 GI Bill (Chapter 33)

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

- Full cost of tuition & fees for all public school in-state students, or up to \$18,077.50 (as of August 1, 2012) for those attending out-of-state, private or foreign schools;
- Monthly housing allowance equal to the basic allowance for housing payable to a military E-5 with dependents, in the same zip code as the school (paid to student);
- Yearly books and supplies stipend of up to \$1,000 per year (paid to student); and
- A one-time payment of \$500 to certain individuals relocating from highly rural areas (paid to student).
- Other benefits such as the Yellow Ribbon program, kickers, and refund of chapter 30 payroll deductions will also be available to certain students.

The Yellow Ribbon G.I. Education Enhancement Program was enacted to potentially assist eligible Chapter 33 individuals with payment of their tuition and fees in instances where costs exceed the most expensive in-state undergraduate tuition at a public institution of higher education. To be eligible, the student must be: a Veteran receiving benefits at the 100 percent benefit rate payable, a transfer-of-entitlement-eligible dependent child, or a transfer-of-entitlement eligible spouse of a Veteran. The school of attendance must have accepted VA's invitation to participate in the program, state how much student tuition will be waived (up to 50 percent) and how many participants will be accepted into the program during the current academic year. VA will match the school's percentage (up to 50 percent) to reduce or eliminate out-of-pocket costs for eligible participants.

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

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

- Allowing an individual with title 32 U.S.C. Active Duty service to qualify for the Post-9/11 GI Bill
- Modifying the amount of educational assistance payable to those eligible for the Post-9/11 GI Bill
- Authorizing payments under the Post-9/11 GI Bill for those pursuing a non-IHL program such as a non college degree (NCD), on the job (OJT)

training, apprenticeship training, flight program, or a correspondence program

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

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.

As expected, chapter 33 has become the most used education benefit that VA offers. In 2014, VA projects 764,252 participants under chapter 33 and \$10.9 billion in obligations out of a total \$14.0 billion, or 78 percent, of the Readjustment Benefits account.

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

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

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

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

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

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

Effective October 1, 2012, the rate for full-time training in college, technical or vocational school is \$1,564 a month for those who served three years or more or two years plus four years in the Selected Reserve. For those who served less than three years, the monthly rate is \$1,270. Benefits are reduced for part-time training. Payments for other types of training follow different rules. VA will pay an additional amount, called a “kicker” or “college fund,” if directed by DOD. The maximum number of months Veterans can receive payments is 36 months at the full-time rate or the part-time equivalent.

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

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

Survivors’ and Dependents’ Educational Assistance (Chapter 35)

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

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

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

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

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

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

Specific eligibility requirements include:

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

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

Reserve Educational Assistance Program (REAP) (Chapter 1607)

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

Some reservists may contribute up to an additional \$600 to the GI Bill to receive increased monthly benefits. For an additional \$600 contribution, they may receive up to \$5,400 in additional GI Bill benefits. One must be a member of a Ready Reserve component (Selected Reserve, Individual Ready Reserve, or Inactive National Guard) to pay into the "buy-up" program.

Veterans Retraining Assistance Program (VRAP)

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

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

The program was limited to 45,000 participants during FY 2012 and is limited to 54,000 participants from October 1, 2012, through March 31, 2014. Participants may receive up to 12 months of assistance at the full-time payment rate under the Montgomery GI Bill-Active Duty program (currently \$1,564 per month). Applications are submitted through DoL and benefits paid by VA. DoL provides employment assistance to every Veteran who participates upon completion of

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

As of March, 2013, VA has approved nearly 90,000 VRAP claims and anticipates reaching maximum program levels during FY 2013.

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

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

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

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

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

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

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

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

Training Time	Veterans With No Dependents	Veterans With One Dependent	Veterans With Two Dependents	Additional Dependent
Full-time	\$585.11	\$725.78	\$855.28	\$62.34
3/4-time	\$439.64	\$545.13	\$639.45	\$47.94
1/2-time	\$294.17	\$364.47	\$428.42	\$31.99

Special Assistance for Disabled Veterans

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

Eligibility for up to \$64,960: VA may approve a grant of not more than 50 percent of the cost of building, buying, or adapting existing homes or paying to reduce indebtedness on a currently owned home that is being adapted, up to a maximum of \$64,960. In certain instances, the full grant amount may be applied toward remodeling costs. Veterans and servicemembers must be determined eligible to receive compensation for permanent and total service-connected disability due to one of the following:

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

Eligibility for up to \$12,992: VA may approve a grant for the cost, up to a maximum of \$12,992, for necessary adaptations to a Veteran's or servicemember's residence or to help them acquire a residence already adapted with special features for their disability, to purchase and adapt a home, or for adaptations to a family member's home in which they will reside.

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

- Blindness in both eyes with 20/200 visual acuity or less.
- Anatomical loss or loss of use of both hands.
- Severe burn injuries.

Temporary Residence Adaptation (TRA): Eligible Veterans and servicemembers who are temporarily residing in a home owned by a family member may also receive a TRA grant to help the Veteran or servicemember adapt the family member's home to meet his or her special needs. Those eligible for a \$64,960 grant would be permitted to use up to \$28,518 and those eligible for a \$12,992 grant would be permitted to use up to \$5,093. Grant amounts will be adjusted annually based on a cost-of-construction index.

Automobile Allowance: Veterans and servicemembers may be eligible for a one-time payment of not more than \$19,278 toward the purchase of an automobile or other conveyance if they have service-connected loss or permanent loss of use of one or both hands or feet, permanent impairment of vision of both eyes to a certain degree, or ankylosis (immobility) of one or both knees or one or both hips.

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

	2013 Estimate	2014 Estimate
Prior Year Obligations	\$11,140,466	\$13,497,695
Chapter 33 (Post 9/11 GI Bill)		
COLA	+\$390,120	+\$474,636
Caseload	+849,826	+710,950
Average Payment	-	-
Net Changes	+\$1,239,947	+\$1,185,586
Chapter 30 (Montgomery GI Bill)		
COLA	+\$25,038	+\$19,518
Caseload	-232,668	-181,392
Average Payment	+2,571	+26,927
Net Changes	-\$205,058	-\$134,948
Chapter 35 (Dependent Education)		
COLA	+\$21,404	+\$26,363
Caseload	+10,042	+10,748
Average Payment	-58	-37
Net Changes	+\$31,389	+\$37,073
Chapter 1606 (Reservists)		
COLA	+\$6,993	+\$7,808
Caseload	-2,822	-11,690
Average Payment	+19	-
Net Changes	+\$4,190	-\$3,881
Chapter 1607 (Reservists)		
COLA	+\$2,389	+\$1,991
Caseload	-25,066	-16,754
Average payment	-	-
Net Changes	-\$22,677	-\$14,763
Veterans Retraining Assistance Program		
COLA	+\$44,365	+\$20,092
Caseload	+43,481	-500,301
Average payment	+1,006,676	-121,976
Net Changes	+\$1,094,522	-\$602,185
Chapter 31 (Vocational Rehabilitation and Employment)		
COLA	+\$38,545	+\$45,219
Caseload	+39,587	+27,633
Average payment	+52,285	+18,784
Net Changes	+\$130,417	+\$91,637
Special Assistance For Disabled Veterans		
Housing Grants	+\$68,788	-\$49,791
Housing Technology Grants	+\$1,000	-
Automobile Grants	+\$1,180	+\$864
Adaptive Equipment	+\$5,110	+\$5,490
Net Changes	+\$76,078	-\$43,437
Miscellaneous		
National Exams	-\$56	-\$1
Tuition Assistance	-1,700	-1,356
Licensing and Certification	-14	-3
Work-Study	+3,545	+9,537
National Call to Service	-97	-
Reimbursement to GOE	+4,398	-4,196
State Approving Agencies	+262	-
Reporting Fees	+2,085	-115
Net Changes	+\$8,424	+\$3,866
Total Net Change	\$2,357,230	\$518,949
Estimated Obligations	\$13,497,695	\$14,016,644

Analysis of Increases and Decreases

Obligations are expected to increase nearly \$2.4 billion from 2012 to 2013 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 \$1.2 billion dollars in 2013. A \$849.8 million increase in obligations is the result of an expected increase of 64,630 trainees electing chapter 33. The COLA is expected to increase obligations by \$390.1 million. The average payment unrelated to the COLA is expected to remain constant.

All-Volunteer Force Educational Assistance Program (Chapter 30)

The decrease in chapter 30 obligations is projected to be \$205.1 million in 2013. The primary cause for the decrease is the expectation that an increasing number of participants will continue to elect chapter 33 benefits instead of chapter 30 benefits. The cumulative caseload decreases by 29,603 trainees, resulting in obligations decreasing by \$232.7 million. Partially offsetting this decrease in obligations is an increase due to the COLA, which increases obligations by \$25.0 million. Additionally, obligations increase \$2.6 million due to average payment unrelated to the COLA.

Survivors' and Dependents' Educational Assistance (Chapter 35)

The total increase in obligations attributed to chapter 35 is expected to be \$31.4 million. The COLA is expected to increase obligations by \$21.4 million. Estimated caseload is expected to increase by 1,911 for children, increasing obligations \$10.0 million. Caseload for spouses is expected to remain constant. Average benefit unrelated to COLA decreases obligations by \$58 thousand.

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

An increase in obligations attributed to chapter 1606 is expected to be \$4.2 million. The COLA is expected to increase obligations \$7.0 million. A decrease in obligations of \$2.8 million is due to an estimated decrease of 1,101 reservist trainees. Average payment unrelated to the COLA increases obligations by \$19 thousand.

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

Obligations for chapter 1607 are expected to decrease by \$22.7 million. A decrease in obligations of \$25.1 million is due to a decrease in 6,438 trainees. The COLA is expected to increase obligations \$2.4 million. There are no expected changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program

Obligations for the Veterans Retraining Assistance Program are expected to increase by \$1.1 billion. Fiscal year 2013 will be the first full year of the Veterans Retraining Assistance Program, established under PL 112-56. As a result, average payment is expected to increase from \$501 to \$11,118 in 2013. Due to the full year of payments, average payment unrelated to the COLA will increase obligations by \$1.0 billion. The COLA, which increases the chapter 30 payment rate, results in an additional \$44.4 million. Also, the increased participation of 86,749 trainees is expected to cost \$43.5 million.

Vocational Rehabilitation and Employment (Chapter 31)

The total increase in chapter 31 obligations is \$130.4 million from 2012 to 2013. The average cost for subsistence allowance increases from \$4,887 to \$5,956 as more participants are expected to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate, as permitted for certain eligible Veterans under The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377). The resulting increase in obligations due to average payment unrelated to the COLA is \$52.3 million. Additionally, an increase of 4,277 trainees yields a \$39.6 million increase in program costs. The COLA is expected to increase obligations by an additional \$38.5 million.

Special Assistance for Disabled Veterans

Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. Housing grants are expected to increase by \$68.8 million in 2013. The primary reason for this increase is the changes due to PL 112-154, The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. This legislation made several changes to expand and increase special assistance grants for eligible Veterans. An increase of \$5.1 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability. Obligations for automobile grants are expected to increase by \$1.2 million. The Specially Adapted Housing Assistive Technology Grant Program is expected to increase by \$1 million in 2013.

Miscellaneous

The total change in obligations attributed to the remaining programs is expected to be an increase of \$8.4 million. An increase in reimbursement to GOE will increase obligations by \$4.4 million. Work-study costs are expected to increase by \$3.5 million and reporting fees are expected to increase by an additional \$2.1 million. Payments to State Approving Agencies is are expected to increase by \$262 thousand. Offsetting these increases, Tuition Assistance is expected to decrease by \$1.7 million. National Call to Service is expected to decrease by \$97 thousand. Additionally, National Exams will decrease by \$56 thousand and Licensing and Certification by \$14 thousand.

Obligations are expected to increase \$518.9 million from 2013 to 2014 due to the following:

Post 9-11 GI Bill (Chapter 33)

Chapter 33 benefits are anticipated to increase nearly \$1.2 billion in 2014. The increase is primarily due to continued growth in trainees, which are projected to increase by 53,320, resulting in a \$711.0 million increase to obligations. The COLA will increase obligations an additional \$474.6 million. Average payment unrelated to the COLA is expected to remain constant.

All-Volunteer Force Educational Assistance Program (Chapter 30)

The decrease of \$134.9 million in chapter 30 obligations is primarily attributed to increasing participant transfers from chapter 30 to chapter 33. The caseload is expected to decrease by 22,202 trainees resulting in a \$181.4 million decrease in obligations. This decrease is partially offset by an increase to the average payment unrelated to the COLA, which results in an increase of \$26.9 million. The COLA results in an increase of \$19.5 million.

Survivors' and Dependents' Educational Assistance (Chapter 35)

The total increase in obligations attributed to chapter 35 is expected to be \$37.1 million. The COLA is expected to increase obligations by \$26.4 million. Estimated caseload is expected to increase by 1,956 for children, increasing obligations \$10.7 million. Caseload for spouses is expected to remain constant. Average benefit unrelated to COLA is expected to decrease by \$37 thousand.

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

A decrease in obligations attributed to chapter 1606 is expected to be \$3.9 million. A decrease of \$11.7 million is due to an estimated decrease of 4,359 reservist trainees. The COLA is expected to increase obligations by \$7.8 million. No change in average payment unrelated to the COLA is anticipated for 2013.

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

Obligations for chapter 1607 are expected to decrease by \$14.8 million. A decrease in obligations of \$16.8 million is due to a decrease in 4,114 trainees. This decrease is caused by trainees expected to choose chapter 33 benefits instead of chapter 1607. The COLA is expected to increase obligations \$2.0 million. There are no expected changes in the average benefit unrelated to COLA.

Veterans Retraining Assistance Program

Obligations for the Veterans Retraining Assistance Program are expected to decrease by \$602.2 million. The decrease in obligations reflects the program's sunset date, which is March 31, 2014, as well as the limitation of 54,000 new

participants after October 1, 2012. As a result, a decrease of 45,000 trainees results in a decrease of \$500.3 million in obligations. Additionally, average payment unrelated to the COLA will decrease obligations by \$122.0 million. The COLA, which increases the chapter 30 payment rate, results in an increase of \$20.1 million.

Vocational Rehabilitation and Employment (Chapter 31)

The increase in chapter 31 obligations is \$91.6 million from 2013 to 2014. The COLA is expected to increase obligations by \$45.2 million. Caseload is expected to increase by 2,691, increasing obligations by \$27.6 million. Change in average payment as a result of more trainees being eligible to receive the subsistence allowance at the chapter 33 BAH rate will increase obligations by \$18.8 million in 2014.

Special Assistance for Disabled Veterans

Special Assistance provides housing, automotive, and adaptive equipment grants for severely disabled Veterans or servicemembers. In 2014, obligations for housing grants are expected to decrease significantly. This is due to the changes in legislation under PL 112-154, The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. Among changes to other provisions, this legislation allows temporary expansion (from October 1, 2012 – September 30, 2013) of eligibility for specially adapted housing assistance for certain Veterans with disabilities causing difficulty with ambulating. This provision is set to expire in 2014, resulting in a decrease in workload of 812 grants. In addition, VA anticipates a significant influx of trainees in 2013 due to increased eligibility and benefits under PL 112-154. However, VA expects this initial increase in grantees to decrease by 336 in 2014. In total, VA anticipates a decrease in 1,148 grants and obligations to decrease by \$49.8 million.

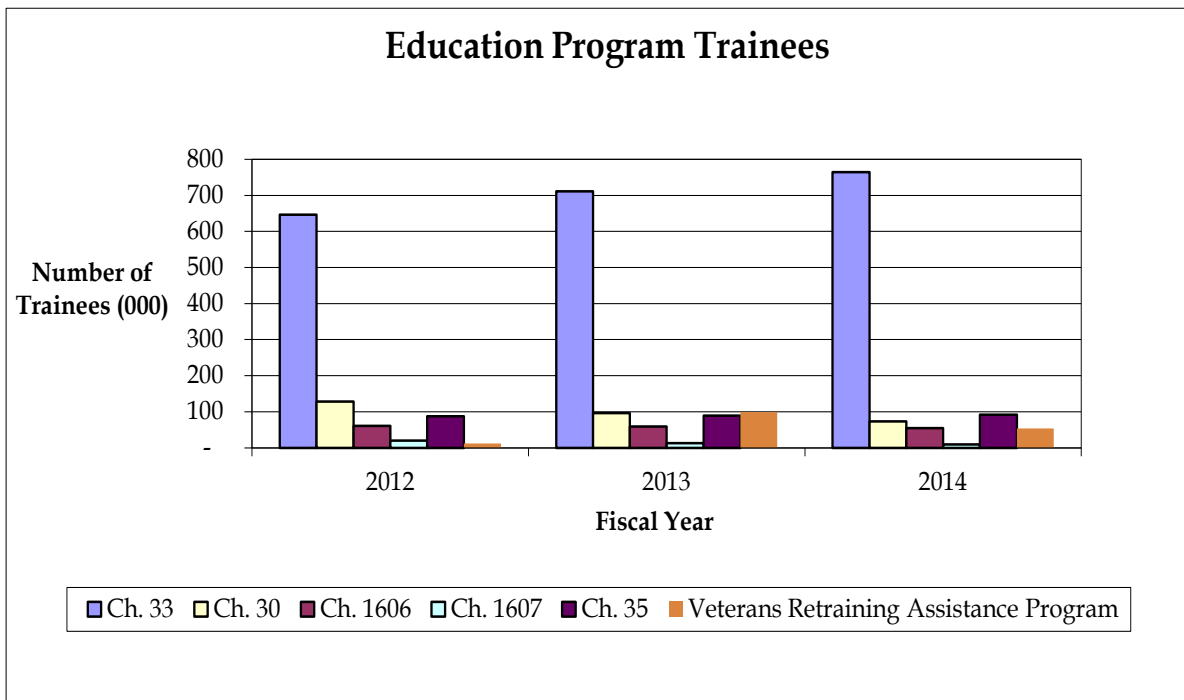
An increase of \$5.5 million is associated with the increasing costs of adaptive equipment made necessary by the nature of the Veteran's disability. In addition, obligations for automobile grants increase by \$864 thousand. Obligations for housing technology grants are expected to remain constant.

Miscellaneous

The total change in obligations attributed to the remaining programs is expected to be an increase of \$3.9 million. Work-study benefits are expected to increase by \$9.5 million. Offsetting the increase for work-study is a decrease of \$4.2 million for Reimbursement to GOE and \$1.4 million in tuition assistance. Additionally, reporting fees will decrease by \$115 thousand, licensing and certification by \$3 thousand and national exams by \$1 thousand. State Approving Agencies and National Call to Service will remain constant.

Education Program Highlights

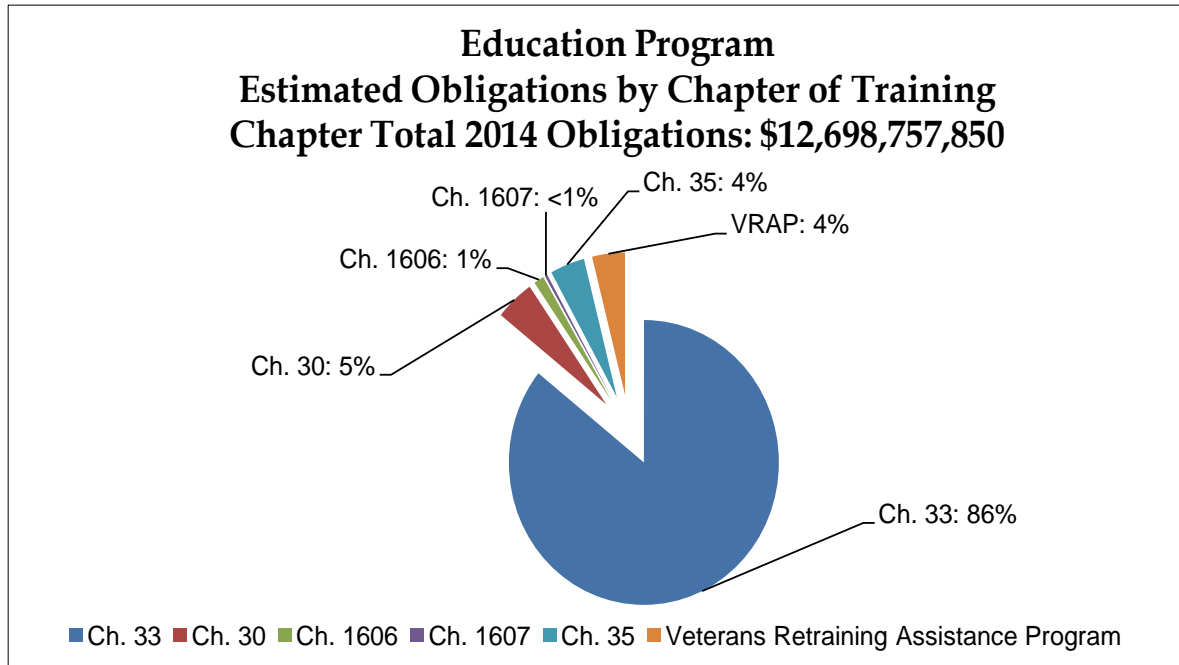
In 2012, education benefit obligations of over \$11.5 billion provided benefits to 945,004 trainees. Education obligations will continue to increase, reaching nearly \$13.0 billion in 2014. In 2014, the number of education program trainees is projected to be 1,040,726. Chapter 30 and chapter 1607 trainees and benefits are expected to continue to move into chapter 33. Chapter 1606 is also projected to decrease slightly. The Veterans Retraining Assistance Program will end on March 31, 2014, resulting in a decrease of 45,000 trainees from 2013 to 2014. The chart below shows the anticipated trend in cumulative trainees for each education program.



The average cost per trainee is highest for chapter 33, reaching \$14,249 in 2014. Chapter 30 average costs per trainee (\$8,866 by 2014) are less than chapter 33, causing the majority of trainees to elect chapter 33. Chapter 35, chapter 1606 and chapter 1607 average benefits (\$5,720, \$2,842, and \$4,288, respectively) continue to change at rates consistent with the COLA. Average benefit payments for all programs can be affected by time in service, type of educational program or institution, change in dependents, and other eligibility criteria.

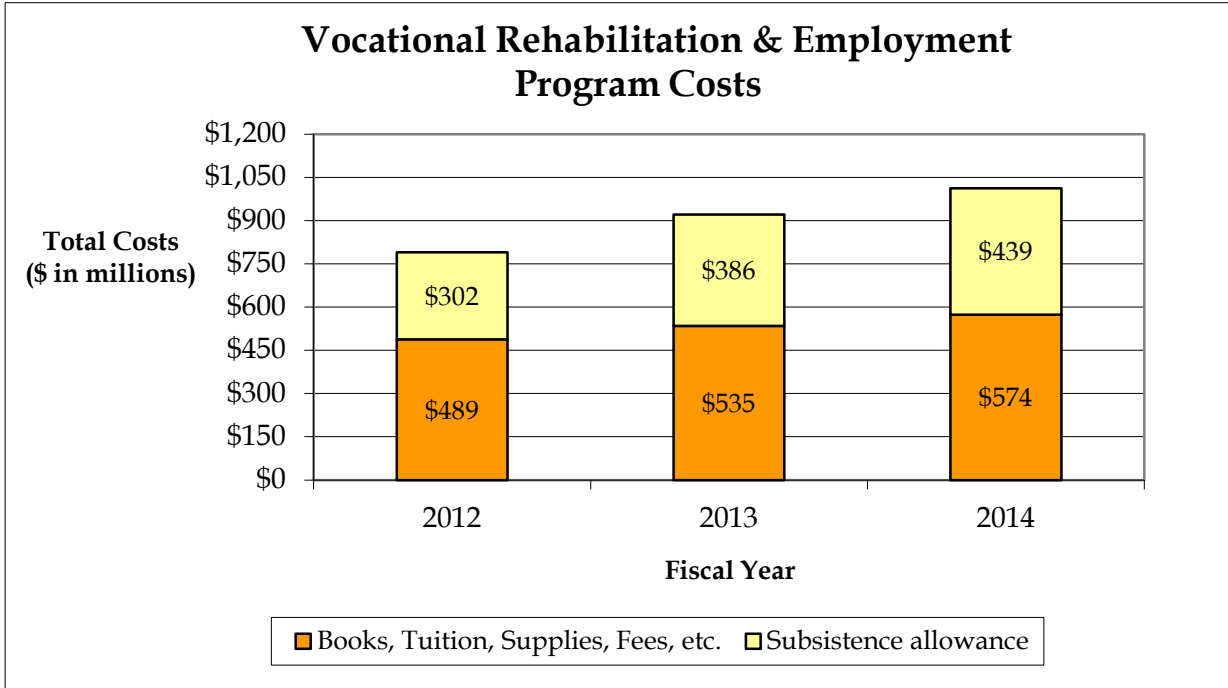
In 2012, chapter 33 was the largest education program, and is expected to reach 764,252 trainees in 2014, accounting for 86 percent of total training obligations. Prior to the implementation of chapter 33, chapter 30 was largest education

program, but reflects just 5 percent of education funding by 2014. The Veterans Retraining Assistance Program is expected to have the maximum 54,000 trainees in 2014, and represent 4 percent of total funding. Chapter 35 also represents 4 percent of education obligations. Chapter 1606 and chapter 1607 account for 1 percent and less than 1 percent of funding in 2014, respectively.

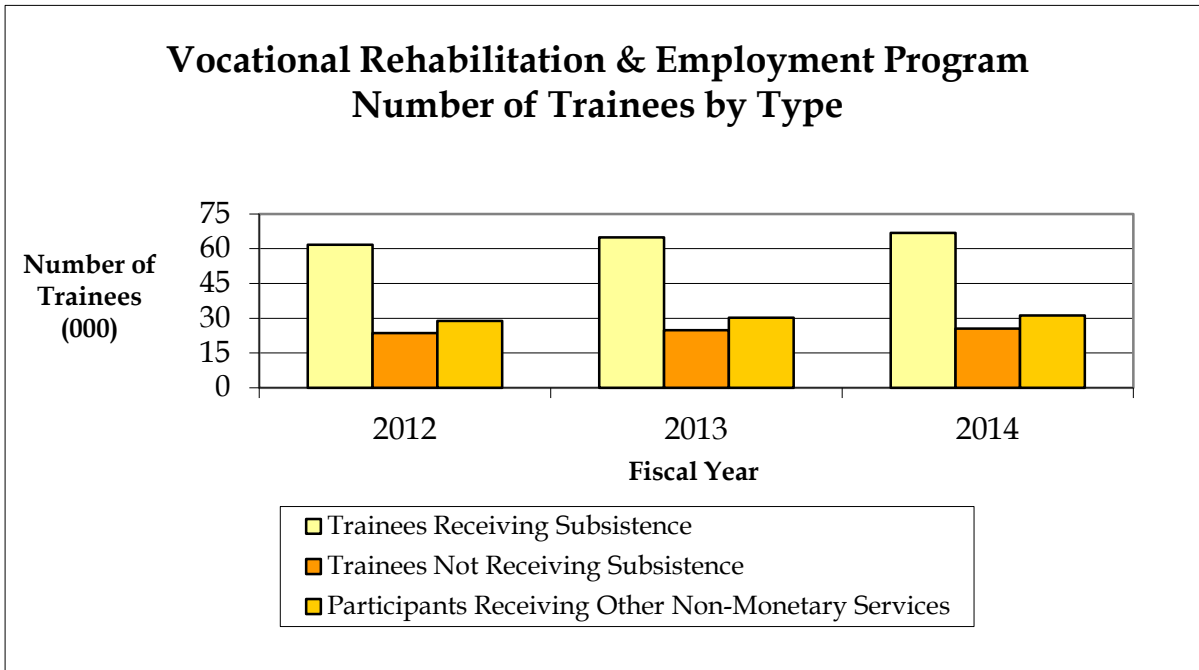


Vocational Rehabilitation & Employment Program Highlights

The number of cumulative participants in the program increased to 85,431 in 2012 and is expected to reach 92,400 by 2014. Program costs were \$799.4 million in 2012 and will increase to nearly \$1.0 billion in 2014. VR&E participation is contingent on individuals having a compensable service-connected disability and is expected to continue to increase. Based on historical trends, the average degree of disability will also continue to increase.



Participation and average cost per participant will continue to increase through 2014. Books, tuition, and supplies, coupled with subsistence allowance, accounted for 99 percent of program costs in 2012.



Trainees for VR&E are broken down into three categories: trainees receiving a monthly subsistence allowance, participants not receiving subsistence, and participants receiving rehabilitative evaluation, planning, and delivery services. The majority of program participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA, and the Veteran is provided with a monthly subsistence allowance. This monthly subsistence allowance will account for nearly 43 percent of the costs by 2014. The percentage of costs attributed to subsistence allowance is increasing due to a provision passed under The Veterans Educational Assistance Improvements Act of 2010 (PL 111-377), which allow trainees with service on or after September 11, 2001 to receive subsistence allowance at the chapter 33 Basic Allowance for Housing (BAH) rate. Trainees who receive rehabilitative evaluation, planning, and delivery services do not receive any payments. This specific service of the program provides non-monetary assistance such as resumé preparation, job hunting strategies, interview preparation, and other assistance designed to move the Veteran into a suitable job.

**Summary of Readjustment Benefit Requirements
(obligations in thousands)**

	2012			2013			2014		
	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations	Caseload	Average Benefits	Obligations
Total (Ch. 33, 30, 1606, 1607, 35, 31, VRAP)	1,030,407	\$ 10,548	\$ 10,869,040	1,150,833	\$ 11,415	\$ 13,137,272	1,133,126	\$ 12,101	\$ 13,711,499
All-volunteer force educational assistance:									
Chapter 33	646,302	\$ 13,080	\$ 8,453,319	710,932	\$ 13,628	\$ 9,688,771	764,252	\$ 14,249	\$ 10,890,065
Chapter 30-total	118,549	\$ 7,860	\$ 931,756	88,946	\$ 8,170	\$ 726,697	66,744	\$ 8,866	\$ 591,750
Veterans	107,760	\$ 8,285	\$ 892,744	80,820	\$ 8,613	\$ 696,083	60,615	\$ 9,364	\$ 567,577
Servicepersons	10,789	\$ 3,616	\$ 39,012	8,126	\$ 3,767	\$ 30,615	6,129	\$ 3,944	\$ 24,173
Reservists (1606)	60,393	\$ 2,564	\$ 154,829	59,292	\$ 2,682	\$ 159,018	54,934	\$ 2,824	\$ 155,137
Reservists (1607)	19,774	\$ 3,893	\$ 76,990	13,336	\$ 4,073	\$ 54,313	9,222	\$ 4,288	\$ 39,550
Education and training (Chapter 35):									
Dependents total	87,707	\$ 5,191	\$ 455,318	89,618	\$ 5,431	\$ 486,705	91,574	\$ 5,720	\$ 523,778
Sons and daughters-total	73,102	\$ 5,380	\$ 393,323	74,801	\$ 5,628	\$ 420,947	76,540	\$ 5,925	\$ 453,535
College	70,565	\$ 5,365	\$ 378,573	72,264	\$ 5,612	\$ 405,519	74,003	\$ 5,909	\$ 437,290
Bellow College Level	2,476	\$ 5,872	\$ 14,538	2,476	\$ 6,142	\$ 15,207	2,476	\$ 6,467	\$ 16,013
On-the-job-training	61	\$ 3,453	\$ 211	61	\$ 3,612	\$ 220	61	\$ 3,803	\$ 232
Spouses and widows (ers)-total	14,605	\$ 4,245	\$ 61,996	14,818	\$ 4,438	\$ 65,758	15,034	\$ 4,672	\$ 70,243
College	13,875	\$ 4,200	\$ 58,270	14,088	\$ 4,393	\$ 61,885	14,304	\$ 4,626	\$ 66,165
Bellow College Level	722	\$ 5,086	\$ 3,672	722	\$ 5,320	\$ 3,841	722	\$ 5,602	\$ 4,045
On-the-job-training	8	\$ 3,823	\$ 31	8	\$ 3,999	\$ 32	8	\$ 4,211	\$ 34
Veterans Retraining Assistance Program	12,251	\$ 501	\$ 6,141	99,000	\$ 11,118	\$ 1,100,662	54,000	\$ 9,231	\$ 498,478
Chapter 31	85,431	\$ 9,255	\$ 790,688	89,708	\$ 10,268	\$ 921,105	92,399	\$ 10,960	\$ 1,012,741
Tuition Assistance	9,883	\$ 975	\$ 9,631	7,781	\$ 1,019	\$ 7,931	6,126	\$ 1,073	\$ 6,575
Licensing and Certification Tests	3,625	\$ 469	\$ 1,700	3,436	\$ 491	\$ 1,686	3,258	\$ 517	\$ 1,683
Work-study	17,093	\$ 2,181	\$ 37,278	17,895	\$ 2,281	\$ 40,824	20,965	\$ 2,402	\$ 50,361
State Approving Agencies			\$ 18,738			\$ 19,000			\$ 19,000
Reporting Fees			\$ 11,339			\$ 13,424			\$ 13,309

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

Proposed Legislation for 2014 Budget

Allow any public institution in a consortium/district to certify any student enrolled in an institution in the consortium/district: Amend 38 U.S.C. § 3684(a)(1) to expand the reporting authority to allow any institution in a consortium (or district) to report enrollment information to VA for any student enrolled in the consortium if all institutions in the consortium are located in the same state and have the ability to view all student records and academic plans to ensure course(s) being certified meet the requirements of the primary institution. There would be no additional costs associated with this proposal since the reporting fees will be paid to the school that is certifying the enrollment, regardless of the location of the institution.

Rounding Down of Certain Cost-of-Living Adjustments: Amend 38 U.S.C. §§ 3015(h) and 3564 to extend the sunset dates for rounding-down of cost-of-living adjustments for two of VA's educational assistance programs (Montgomery GI Bill and chapter 35) from September 30, 2013, to September 30, 2018. Savings are estimated to be \$1.2 million in 2014, \$8.7 million over five years, and \$21.5 million over ten years.

Increase Annual Funding Limitation for Contracted Educational and Vocational Counseling: Amend 38 U.S.C. § 3697 to increase, from \$6 million to \$7 million, the annual limitation on funding available to provide contract vocational and educational counseling to individuals qualifying under section 3697A. Benefit costs are estimated to be \$1 million in 2014, \$5 million over five years, and \$10 million over ten years.

Permanent authorization of work-study activities: Amend 38 U.S.C. § 3485(a)(4) to permanently reauthorize the VA work-study allowance for certain activities, such as outreach programs with State Approving Agencies, an activity relating to the administration of a National Cemetery or a State Veteran's Cemetery, and assisting with the provision of care to Veterans in State Homes. Currently, authorization is set to expire on June 30, 2013. Benefit costs are estimated to be \$954 thousand in 2014, \$5.1 million over five years, and \$11.5 million over ten years.

Allow Use of SAH Grants for Veterans Living Permanently with Family Members: Permit the Secretary to provide Specially Adapted Housing (SAH) assistance under § 2101(a) to an eligible individual who resides permanently, or who intends to reside permanently, with a family member. Similar authority already exists for assistance provided under § 2101(b). Benefit costs are estimated to be \$6.2 million in 2014, \$34.1 million over five years, and \$77.3 million over ten years.

Exclude TRA Grants from Three Specially Adapted Housing (SAH) Grant Limit: Amend sections 2102 and 2102(a) of title 38, United States Code, so that Temporary Residence Adaptation (TRA) grants would not count toward the maximum number of grant usages allowed under chapter 21. Effective August 6, 2013, section 204 of Public Law 112-154 allows the Secretary to exclude TRA grants when calculating the maximum aggregate amount of assistance available under chapter 21; however, it did not change the effect of TRA grants on the three-use grant limit. Benefit Costs are estimated to be \$130 thousand in 2014, \$717 thousand over five years, and \$1.6 million over ten years.

Replace the SAH Program's Three-Usage Grant Limit with Limits Specific to Grant Type: Replace the three-grant limit on all SAH grants under Chapter 21 with separate three-grant limits for grants under § 2101(a) and for grants under § 2101(b), but retain the maximum aggregate amounts of assistance available for each type of grant. This change would address the situation where a Veteran qualifies for § 2101(b) grants and, due to a worsening disability, is later deemed eligible for § 2101(a) grants. Currently, the Veteran's earlier use of § 2101(b) grants is counted toward the three-grant limit. If he or she has used three § 2101(b) grants, for example, he or she receives no assistance under § 2101(a). Benefit costs are estimated to be \$402 thousand in 2014, \$2.2 million over five years, and \$5.0 million over ten years.

Restoration for Specially Adapted Housing Assistance: Provide for restoration of previously-used SAH grant amounts authorized under chapter 21. This proposal would authorize VA to restore previously-used grant funds in the event of loss of the adapted residence in certain specified circumstances. This proposal is modeled on VA's current authority to exclude, under certain circumstances, amounts of home loan guaranty entitlement previously used. Benefit costs are expected to be \$4.9 million in 2014, \$26.9 million over five years and \$61.0 million over ten years.

Increase Annual Limit on New Independent Living Cases: Amend 38 U.S.C. § 3120 to increase the current cap on new Vocational Rehabilitation & Employment Independent Living cases to 3,000 new cases per year. This would ensure that Veterans with severe service-connected disabilities would be able to benefit from this program, the goal of which is to improve their ability to function more independently in their families and communities. Benefit costs are estimated to be \$602 thousand over five years and \$20.5 million over ten years.

Increase in Reporting Requirements from Education Institutions: Amend chapter 36 of title 38, United States Code, to require educational institutions that furnish education or training to report information regarding a student's progress

and other information to show compliance with Executive Order 13607. There would be no benefit costs or savings associated with this proposal.

Refunds to Individuals Who Participated in the Buy-Up Program: Amend § 5003 of Public Law 110-252 to allow individuals who qualify for the reimbursement of their \$1,200 pay reduction to also receive a refund of their additional contribution under the Buy-Up provisions of the Montgomery GI Bill – Active Duty (MGIB-AD) and Reserve Educational Assistance Program (REAP) education benefits. Benefit costs are expected to be \$13 thousand in 2014, \$63 thousand over five years, and \$126 thousand over ten years.

Allow VA to send Post-9/11 GI Bill tuition-and-fee payments to students rather than schools: Amend 38 U.S.C. § 3313(g) to allow VA to pay students directly for tuition-and fees under the Post-9/11 GI Bill rather than making such payments directly to the educational institutions concerned. There would be no additional benefit costs for this proposal since the amounts paid by VA would be unchanged.

Vocational Rehabilitation for Servicemembers: Section 1631(b)(2) of Public Law 110-181 provided authority under which a Servicemember with a serious illness or injury who has not yet received a VA service-connected disability rating may receive the same vocational rehabilitation benefits (except subsistence allowance) as a Veteran would receive. This proposal would extend the current expiration date of December 31, 2014 (as provided in section 231 of Public Law 112-56) to December 31, 2015. There would be no additional benefit costs associated with this proposal.

Apply the 48-month rule to individuals who are eligible under the same benefit from two or more sources: Amend 38 U.S.C. § 3695 to limit the period for which an individual may receive assistance under two or more VA-administered educational assistance programs by changing two or more programs to one or more programs. Any cost savings associated with this proposal would be insignificant.

Bar Post-9/11 GI Bill recipients from receiving benefits from two sources (self and Transfer of Entitlement) simultaneously: Amend 38 U.S.C. § 3322 by adding a subsection to bar concurrent receipt of transferred education benefits and Post-9/11 GI Bill benefits earned by the individual. This would bar individuals from utilizing benefits earned under §§ 3311 and 3319 of title 38 simultaneously. Any cost savings associated with this proposal would be insignificant.

Extend Delimiting Dates for Spouses who are Caretakers of Seriously Injured Veterans: Amend title 38 U.S.C. § 3512 to permit the extension of delimiting dates for eligible spouses who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a Veteran or Servicemember seriously injured while on active duty in a contingency operation after September 10, 2001. Any cost savings associated with this proposal would be insignificant.



Vocational Rehabilitation Loan Program

Appropriation Language

For the cost of direct loans, \$5,000, as authorized by chapter 31 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended; Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$2,500,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$354,000, which may be paid to the appropriation for "General Operating Expenses, Veterans Benefits Administration."

Summary of Net 2014 Estimates				
(dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursement
Program Account	\$359	\$359	\$0	\$0
Direct Loan Financing Account	\$0	\$0	-\$194	-\$194
Total	\$359	\$359	-\$194	-\$194

Summary of Budget Request

An appropriation of \$359,000 is being requested to provide subsidy payments of \$5,000 to the Vocational Rehabilitation Direct Loan Financing Account and to reimburse \$354,000 to the General Operating Expenses appropriation for administrative expenses.

Program Description

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

These loans help to ensure the Veteran remains in training and/or to assist 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 loans are made in monthly installments, without interest, through deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retired pay; thus, ensuring all loans are fully repaid, on time. 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 comparable to non-credit transactions. The intent of credit reform is to separate subsidy costs, the cost to the government, from the non-subsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. To accomplish this objective, the Vocational Rehabilitation Loan Program is separate 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 administrative expenses that are 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)					
	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Obligations					
Direct loan subsidy	\$15	\$19	\$19	\$5	-\$14
Upward Reestimates	\$106	\$0	\$88	\$0	-\$88
Interest on Reestimates	\$0	\$0	\$3	\$0	-\$3
Administrative expenses	\$343	\$346	\$345	\$354	+\$9
Total obligations	\$464	\$365	\$455	\$359	-\$96
Unobligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Budget authority (net)	\$464	\$365	\$455	\$359	-\$96
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$464	\$365	\$455	\$359	-\$96
Workload:					
Number of loans established	2,768	2,857	2,906	2,738	-168
Average loan amount (dollars)	\$862	\$955	\$939	\$913	+\$16
Total Loan Amount	\$2,386	\$2,728	\$2,728	\$2,500	-\$114
Loan subsidy rate	0.63%	0.68%	0.68%	0.20%	-0.48%
Average employment:					
Veterans Benefits Administration	3	3	3	3	0

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

Detail of Budget Request

The subsidy rate is estimated to be 0.20 percent in 2014. The default rate for these loans remains less than 0.5 percent. A total of 2,738 loans are estimated to be made in 2014, with an average loan amount of \$913 with resulting \$2,500,000 in direct loans and \$5,000 in direct loan subsidy. For administrative expenses to provide issuance and accounting of all loans disbursed, an average employment level of 3 FTE and \$354,000 are requested during 2014.

Changes from Original 2012 Budget Estimate

In 2013, the Current Estimate Vocational Rehabilitation Program Account budget authority of \$455,000 is an increase of \$91,000 from the original 2013 budget estimate. This is the result of an increase of \$92,000 in upward reestimates.

Analysis of Increases and Decreases – Outlays		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Estimate
Prior year outlays (net)	\$464	\$455
Increases (+) and Decreases (-)		
Loan Subsidy	+\$4	-\$14
Upward Reestimates	-\$14	-\$92
Administrative expense	+\$3	+\$8
Change in obligated balance/other	\$0	\$0
Net Change	-\$9	-\$96
Estimated Outlays (net)	\$455	\$359

In 2013, the outlays are projected to decline by \$9,000 because of a decrease in upward reestimates of \$14,000. Offsetting this decrease are increases in loan subsidy of \$4,000 and administrative expenses of \$3,000. The subsidy rate (0.68% vs. 0.63%), loan obligations (\$2,728,000 vs. \$2,386,000), number of loans estimated to be disbursed (2,906 vs. 2,768) and average loan amount (\$939 vs. \$862) are all expected to increase in 2013 from 2012.

In 2014, the outlays will decrease by \$96,000 because of a decrease in upward reestimates (\$0 vs. \$92,000). The 2014 upward reestimates will not be calculated until the end of 2013 and will be shown in the 2015 Congressional Budget submission. The decrease in outlays is slightly offset by an increase in administrative expenses of \$8,000.

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)					
	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Obligations:					
Direct loans	\$2,386	\$2,728	\$2,728	\$2,500	-\$228
Downward Reestimates	\$189	\$0	\$86	\$0	-\$86
Interest on Treasury borrowing	\$41	\$0	\$0	\$0	\$0
Total obligations	\$2,616	\$2,728	\$2,815	\$2,500	-\$315
Unobligated Balance:					
Start of year	\$655	\$0	\$409	\$0	-\$409
End of year	\$409	\$0	\$0	\$0	\$0
Obligated Balance:					
Start of year	\$4	\$4	\$8	\$8	\$0
End of year	\$8	\$4	\$8	\$8	\$0
Offsetting Collections:					
Loan Repayments	\$2,117	\$3,462	\$2,679	\$2,659	-\$20
Interest on Un-invested Funds	\$22	\$26	\$28	\$29	+\$2
Payments from Program Account	\$15	\$19	\$19	\$5	-\$13
Upward Reestimates	\$106	\$0	\$92	\$0	-\$92
Total offsetting collections	\$2,260	\$3,507	\$2,817	\$2,694	-\$123
Financing:					
Financing authority, net	+\$568	-\$779	-\$2	-\$194	-\$192
Financing disbursements, net	+\$353	-\$779	-\$2	-\$194	-\$192

Summary of Off-Budget Financing Account

Approximately \$2,500,000 in direct loans is expected for 2014, a decrease of \$228,000 from the 2013 level. The decrease is due to a lower number of loans expected to be established (2,738 vs. 2,906).

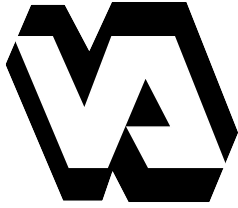
Offsetting collections in 2014 are estimated to be \$2,694,000, a decrease of \$123,000 from the 2013 level. The decrease is primarily due to decreases of \$20,000 in loan payments, \$13,000 in loan subsidy and \$92,000 in upward reestimates. The 2014 reestimates will not be calculated until the end of 2013 and shown in the 2015 Congressional Budget submission. Offsetting the decrease is an increase of \$2,000 in interest on un-invested funds.

In 2014, obligations of \$2,500,000 do not exceed offsetting collections of \$2.694 million with resulting financing authority (net) of negative \$78,000.

Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Estimate
Prior year Financing Disbursement (net)	+\$353	-\$2
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+\$343	-\$228
Downward Reestimates	-\$103	-\$86
Interest on Treasury borrowing	-\$41	\$0
Offsetting collections		
Loan Repayments	-\$562	+\$20
Interest on Un-invested Funds	-\$6	-\$2
Payments from Program Account	-\$4	+\$13
Upward Reestimates	+\$14	+\$92
Change in obligated balance/ other	+\$3	\$0
Net Change	-\$355	-\$192
Estimated Financing Disbursement (net)	-\$2	-\$194

In 2013, the net financing disbursements will decrease by \$355,000. This is primarily due to increases in collections with offsetting increases in obligations. The net increase in offsetting collections is primarily due to increases in loan repayments of \$562,000, interest on un-invested funds of \$6,000, and payments from the program account of \$4,000 and decreases in downward reestimates of \$103,000 and interest on Treasury borrowing of \$41,000. Offsetting the decreases to financing disbursement is increases in direct loans of \$343,000 and decrease in upward reestimates of \$14,000.

In 2014, the net financing disbursements will decrease by \$192,000, which is primarily due to decreases in net obligations of \$315,000 (driven mainly by a decrease of \$228,000 in direct loans) and increases in net offsetting collections of \$123,000. The 2014 reestimates will be calculated at the end of 2013 and shown in the 2015 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)					
	2012 Est. Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Obligations:					
Training	\$79	\$116	\$75	\$71	-\$4
Section 901 Training PL	\$250	\$444	\$237	\$225	-\$12
Disenrollments	\$603	\$584	\$536	\$468	-\$68
Total Obligations	\$932	\$1,144	\$848	\$764	-\$84
Budget Authority (trust fund, indefinite)	\$566	\$541	\$306	\$291	-\$15
Outlays	\$825	\$1,163	\$862	\$777	-\$84
Unobligated balance, start of year	\$63,919	\$63,245	\$63,554	\$63,012	-\$542
Unobligated balance, end of year	\$63,554	\$62,642	\$63,012	\$62,538	-\$474
Workload					
Trainee	72	101	68	65	-3
Section 901 Trainees	24	32	23	22	-1
Participants, end of year	192,778	192,214	192,318	191,912	-406
Disenrollments	446	423	396	346	-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 2014 portion of the cost for VEAP will be \$291 thousand for 87 trainees.

Changes From the Original 2013 Estimate

The current estimate for FY 2013 decreases by \$235 thousand associated with 42 fewer trainees. FY 2013 estimates are based on actual FY 2012 experience.

POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM		
Analysis of Increases and Decreases (dollars in thousands)		
	2013 Estimate	2014 Estimate
Prior year obligations	\$932	\$848
Training	-4	-4
Training Under section 901	-12	-12
Disenrollments	-68	-68
Net change	-84	-84
Estimated obligations	\$848	\$764

Analysis of Increases and Decreases

In 2014, obligations are projected to be \$764 thousand, a decrease of \$84 thousand from the 2013 level of \$848 thousand. Training obligations are projected to decline by \$4 thousand due to fewer trainees (65 vs. 68) and average payments are expected to remain constant. One less Section 901 trainees will result in a decrease in obligations of \$12 thousand. Disenrollment obligations are projected to decline by \$68 thousand as a result of fewer participants disenrolling (346 vs. 396).

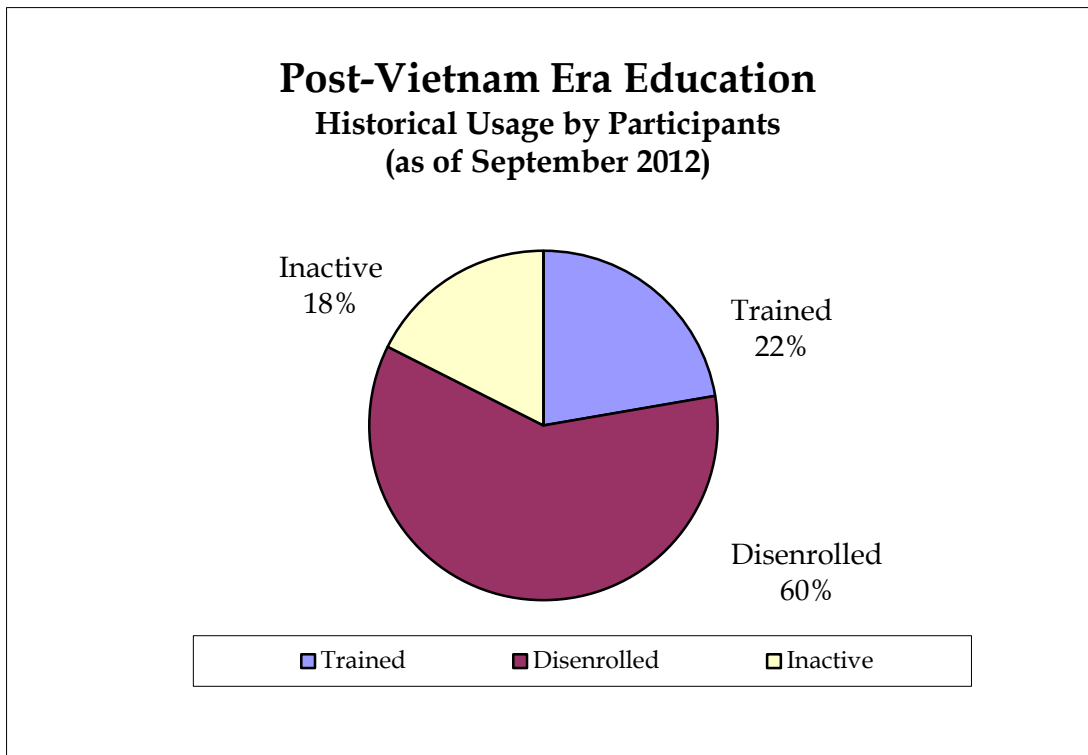
POST-VIETNAM ERA VETERANS' EDUCATION PROGRAM					
Summary of Workloads & Obligations					
(dollars in thousands)					
	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Current Estimate		
Participants, End of Year	192,778	192,214	192,318	191,912	-406
Trainees	72	101	68	65	-3
Average per Trainee (whole dollars)	\$1,092	\$1,144	\$1,092	\$1,092	-
Obligations for Training	\$79	\$116	\$75	\$71	-\$4
Section 901 Trainees	24	32	23	22	-1
Average per Trainee (whole dollars)	\$10,402	\$14,071	\$10,402	\$10,402	-
Obligations for Section 901	\$250	\$444	\$237	\$225	-\$12
Disenrollments	446	423	396	346	-50
Averages Per trainee (whole dollars)	\$1,353	\$1,381	\$1,353	\$1,353	-
Obligations for Disenrollments	\$603	\$584	\$536	\$468	-\$68
Sources of budget authority:					
Contributions of Servicepersons	\$6	\$8	\$5	\$5	-
Transfers from DoD:					
Matching Payments for Training	\$42	\$40	\$28	\$26	-\$1
Bonus "Kickers"	\$51	\$48	\$36	\$34	-\$2
Section 901 Training	\$468	\$444	\$237	\$225	-\$12
Section 903 Training	-	-	-	-	-
Total Budget Authority	\$566	\$541	\$306	\$291	-\$15

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 2014, 65 participants are expected to train under this program resulting in obligations of \$71 thousand. In addition, 22 individuals will train under section 901 of PL 96-342 with obligations totaling \$225 thousand. During 2014, 346 participants are expected to disenroll from this program and receive \$468 thousand in refunds.

Through the end of 2012, a total of 1,154,010 individuals have contributed to the VEAP program. Of these contributors, 257,170 have received some educational assistance; 694,088 have disenrolled and received a refund without receiving educational assistance; 202,747 are in an inactive status, never having received educational assistance or disenrolled, and 5 are 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 2014, 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, \$158,430,000.

Total Housing Summary of Appropriation Highlights (dollars in thousands)					
Housing Program and Liquidating Accounts	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Obligations:					
Liquidating Account	\$5,317	\$4,837	\$4,416	\$3,688	-\$728
Program Account	\$1,716,948	\$342,673	\$1,534,912	\$158,430	-\$1,376,482
Total Obligations	\$1,722,265	\$347,510	\$1,539,328	\$162,118	-\$1,377,211
Budget Authority:					
Mandatory, Program Account	\$1,559,599	\$184,859	\$1,379,267	\$0	-\$1,379,267
Mandatory, Liquidating Account	-\$7,383	-\$6,274	-\$7,736	-\$6,786	+\$951
Discretionary Program Account	\$154,698	\$157,814	\$155,645	\$158,430	+\$2,785
Total Budget Authority (net)	\$1,706,914	\$336,398	\$1,527,176	\$151,644	-\$1,375,532
Outlays:					
Liquidating Account	-\$8,545	-\$6,274	-\$4,736	-\$6,786	-\$2,049
Program Account	\$1,716,948	\$342,630	\$1,534,912	\$158,430	-\$1,376,482
Total Outlays (net)	\$1,708,403	\$336,398	\$1,530,176	\$151,644	-\$1,378,532

Notes:

Dollar amounts in charts may differ because of rounding errors.

FY 2013 Mandatory figures reflect current estimates.

Summary of Budget Request

The 2014 appropriation request includes funding for the discretionary requirements of the Housing program. The discretionary request of \$158.4 million includes the funding requirements for general operating expenses associated with General Counsel, Information Technology, and Veterans Benefits Administration. No mandatory funding is requested for the Loan Guaranty, Loan Sales Securities, and Direct Loan programs as they have projected no or negative subsidy rates. 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, sales of homes, etc.).

The Guaranteed Loan program subsidies reflect the portion of the expected payments by the government that it does not expect to recover; i.e., the cost to the government, in net present value terms. In 2014 the Guaranteed Loan program will have a subsidy rate of negative .02 percent and will not require any subsidy to finance 275,624 the loan guarantees, averaging \$237,763 per loan and total commitments of \$65.5 billion. The subsidy rate is calculated in a similar manner as direct loans, using the same discount rate.

The Guaranteed Loan Sales Securities program subsidies reflect the portion of the expected payments by the government that the government does not expect to be offset by collections, in net present value terms. The Department of Veterans Affairs (VA) stopped making new vendee loan sales and associated new guaranteed loan sales commitments beyond 2012. Consequently, in 2014 the Guaranteed Loan Sales Securities program will not require any new loan subsidy funding. VA's legal authority to guarantee new loan sales securities trust certificates was extended through December 31, 2016 by Public Law 112-154, 38 U.S.C. § 3720(h). VA continues to honor its guarantee of existing loan sales securities trust certificates.

The Direct Loan program subsidies reflect the portion of loan disbursements the government does not expect to recover; i.e., the cost to the government, in net present value terms. In 2014 the Direct Loan program will require no new loan subsidy. The Acquired Loan program will have a subsidy rate of negative 5.00 percent in 2014 and will not require any subsidy to finance the 584 acquired loans, averaging \$94,244 per loan and totaling \$55.0 million. The Vendee Loan program will have a subsidy rate of negative 24.13 percent in 2014 and will not require any subsidy to finance the 3,045 vendee loans, averaging \$117,611 per loan and totaling \$358.1 million. (VA will hold to maturity all performing vendee loans. This will increase vendee loan subsidy cost savings.) The loan subsidy rate is calculated after discounting the estimated risk-adjusted net cash flows associated with the loan disbursements by the comparable rates on Treasury securities. The

discounted net cash value divided by the total undiscounted value of loan disbursements equals the subsidy rate.

The Guaranteed Transitional Housing Loan program will not require any new loan subsidy funding. Since 2009 the program has not originated any new loans. The program's unobligated subsidy appropriation of \$43.4 million was returned to the U.S. Treasury in 2012.

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, the Housing Loan Program is separated into five accounts: the Liquidating Account, Program Account, Guaranteed Loan Financing Account, Loan Sales Securities Guaranteed Financing Account, and the Direct Loan Financing 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 loan subsidy costs (cost to the government) associated with direct loans obligated and loan guarantees committed since 1992, as well as administrative expenses for the housing programs. Loan subsidy costs are calculated on a net present value basis. Loan 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 borrowing, 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 sub-accounts for new direct acquired and 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 financial tracking of each cohort year's loan activity and is not included in 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. This guaranty authority by the Veterans Affairs expired December 31, 2011, yet was later reinstated in Section 702(a) of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. While the authority is extended through December 31, 2016, no securitized loan sales are currently planned. 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 budget totals when calculating total government spending.

Guaranteed Transitional Housing Direct Loan Financing Account:

The Guaranteed 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 financial tracking of each cohort year's loan activity within the financing account and is not included in budget totals when calculating total government spending. The program's direct loans are funded with borrowing from the Federal Financing Bank (FFB). For budgetary and financing reporting purposes, the program's loans are treated as Agency debt. Therefore, although this is a guaranteed loan program, all transactions are accounted for in a direct loan financing account.

Program Description

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

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

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

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

VA charges various upfront loan funding fees according to the fee structure authorized in 38 U.S.C. § 3729. A person who pays a fee for a loan guaranteed or insured after December 31, 1989, or who is exempt from payment of the fee, shall have no liability to VA for any loss resulting from default except in the case of fraud, misrepresentation, or bad faith. This exemption does not apply to manufactured homes under section 3712 or loan assumptions.

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

Public Law 112-26, enacted in August 2011, set the loan guaranty funding fee rate for subsequent use loans at 2.8 percent for 2012 only. Public Law 112-56, Section 265, enacted in November 2011 and superseded Public Law 112-26. Public Law 112-56 extended 2011 loan guaranty funding fee rates from November 22, 2011 to September 30, 2016.

Section 702(b) of Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 extended these funding fee rates through September 30, 2017. All other funding fee rates in the table below are in accordance with current law.

Section 702(c) of Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 reinstated the temporary increase to the maximum guaranty

amount that expired on December 31, 2011. The increase in the guaranty amount is effective August 6, 2012 through December 31, 2014.

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 loans to buy new or used manufactured homes and to buy or improve lots for placement of manufactured homes. The guaranteed loan amount is 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 Loan program was established by Public Law 105-368, the "Veterans Benefits Enhancement Act of 1998." The program started as 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 enforces sobriety standards and provides a wide range of supportive services, such as counseling for substance abuse and job readiness skills. Residents, once employed, are required to pay reasonable fee(s). The program has not made any new loan originations since 2009, which eliminates any requirement for new loan subsidy appropriation.

Loan Fee Structure for VA-Guaranteed Loans		
	Veterans	Reservists
First Time Use		
Downpayment		
Less than 5 percent*		
- October 1, 2011 until October 5, 2011	1.40%	1.65%
- October 6, 2011 until November 17, 2011	2.15%	2.40%
- November 18, 2011 through November 21, 2011	1.40%	1.65%
- November 22, 2011 through September 30, 2017	2.15%	2.40%
- On or after October 1, 2017	1.40%	1.65%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2017	1.50%	1.75%
- On or after October 1, 2017	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2017	1.25%	1.50%
- On or after October 1, 2017	0.50%	0.75%
Second and Subsequent Use		
Downpayment		
Less than 5 percent*		
- October 1, 2007 until October 1, 2011	3.30%	3.30%
- October 1, 2011 until October 5, 2011	2.80%	2.80%
- October 6, 2011 until November 17, 2011	3.30%	3.30%
- November 18, 2011 through November 21, 2011	2.80%	2.80%
- November 22, 2011 through September 30, 2017	3.30%	3.30%
- On or after October 1, 2017	1.25%	1.25%
At least 5 percent but less than 10 percent		
- October 1, 2011 until October 5, 2011	0.75%	1.00%
- October 6, 2011 until November 17, 2011	1.50%	1.75%
- November 18, 2011 through November 21, 2011	0.75%	1.00%
- November 22, 2011 through September 30, 2017	1.50%	1.75%
- On or after October 1, 2017	0.75%	1.00%
10 percent or more		
- October 1, 2011 until October 5, 2011	0.50%	0.75%
- October 6, 2011 until November 17, 2011	1.25%	1.50%
- November 18, 2011 through November 21, 2011	0.50%	0.75%
- November 22, 2011 through September 30, 2017	1.25%	1.50%
- On or after October 1, 2017	0.50%	0.75%
Refinancing Loans		
Interest Rate Reduction	0.50%	0.50%
Other		
Assumptions	0.50%	0.50%
Service-connected Veterans	0.00%	0.00%

* Includes 'Cash-Out' Refinancing loans

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

	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Liquidating:					
Program Obligations	\$5,317	\$4,837	\$4,416	\$3,688	-\$728
Unobligated Balance:					
Start of year	\$1,138	\$0	\$2,874	\$0	-\$2,874
End of year	\$2,874	\$0	\$0	\$0	\$0
Transfer to General Fund	-\$7,383	-\$6,274	-\$10,611	-\$6,786	+\$3,825
Offsetting Collections	\$14,365	\$11,111	\$12,152	\$10,473	-\$1,679
Budget Authority (net)	-\$7,383	-\$6,274	-\$7,736	-\$6,786	+\$951
Outlays (net)	-\$8,545	-\$6,274	-\$4,736	-\$6,786	-\$2,049
Housing Program:					
Loan Subsidy Obligations:					
Veterans Housing Guaranteed	\$45,194	\$0	\$0	\$0	-\$0
Veterans Housing Loan Sales	\$20,393	\$184,859	\$0	\$0	\$0
Veterans Housing Direct Acquired	\$191	\$0	\$0	\$0	-\$0
Veterans Housing Direct Vendee	\$0	\$0	\$0	\$0	\$0
Veterans Transitional Housing Loans	\$0	\$0	\$0	\$0	\$0
Loan Subsidy Modification::					
Veterans Housing Guaranteed	\$11	\$0	\$238	\$0	-\$238
Upward Reestimates, including interest:					
Veterans Housing Guaranteed	\$707,065	\$0	\$1,294,483	\$0	-\$1,294,483
Veterans Housing Loan Sales	\$73,599	\$0	\$34,257	\$0	-\$34,257
Veterans Housing Direct Acquired	\$716,691	\$0	\$40,848	\$0	-\$40,848
Veterans Housing Direct Vendee	\$12,530	\$0	\$9,441	\$0	-\$9,441
Administrative Expenses:					
Veterans Benefits Administration	\$118,081	\$137,487	\$131,218	\$121,503	-\$9,715
General Counsel	\$5,021	\$5,284	\$5,284	\$5,284	\$0
Information Technology	\$18,172	\$15,043	\$19,143	\$31,643	+\$12,500
Obligations	\$1,716,948	\$342,673	\$1,534,912	\$158,430	-\$1,376,482
Unobligated Balance:					
Unobligated Balance Expiring	-\$56,387	\$0	\$0	\$0	\$0
Start of year	\$59,671	\$43,387	\$632	\$632	\$0
End of year	\$632	\$43,387	\$632	\$632	\$0
Budget Authority (net)	\$1,714,297	\$342,673	\$1,534,912	\$158,430	-\$1,376,482
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$1,716,948	\$342,673	\$1,534,912	\$158,430	-\$1,376,482
Total Obligations	\$1,722,265	\$347,510	\$1,539,328	\$162,118	-\$1,377,211
Budget Authority:					
Appropriation, mandatory	\$1,559,599	\$184,859	\$1,379,267	\$0	-\$1,379,267
Appropriation, discretionary	\$154,698	\$157,814	\$155,645	\$158,430	+\$2,785
Liquidating Account	-\$7,383	-\$6,274	-\$7,736	-\$6,786	+\$951
Total Budget Authority (net)	\$1,706,914	\$336,398	\$1,527,176	\$151,644	-\$1,375,532
Total Outlays (net)	\$1,708,403	\$336,398	\$1,530,176	\$151,644	-\$1,378,532

Notes:

FY 2013 Mandatory figures reflect current estimates.

Detail of Budget Request

The Liquidating Account does not require an appropriation to fund its obligations because sufficient resources are available from its anticipated \$10.5 million in offsetting collections (borrower's principal and interest payments, sale of homes, etc.). The obligations in 2014 are estimated at \$3.7 million, which, when netted with collections, results in a negative budget authority of \$6.8 million. The Liquidating Account includes activity for all loans disbursed prior to 1992. These loans do not fall under the requirements of FCRA, and thus, loan subsidy estimates are not calculated for the Liquidating Account.

In 2014, budget authority of \$158.4 million is requested for the Housing Program Account to provide funding for loan administration costs. Loan subsidy appropriations are not required as the Guaranteed, Guaranteed Loan Sales Securities, and Direct Loan programs have zero or negative subsidy rates. VA stopped making new vendee loan sales past 2012, which eliminates requirement for new loan sales securities subsidy appropriation.

The Guaranteed Transitional Housing Loan program stopped originating new loans as of 2009. No loan subsidy is requested for this program.

Loan subsidies for federal credit programs represent the estimated cost to the Government of making and guaranteeing loans. Veterans' Housing loans are generally for 30 years and the subsidy rates reflect 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 30 years. Risk-adjusted cash inflows and outflows are estimated for each year of the 30 years. The loan subsidy budget authority requested is the subsidy rate for the program multiplied by the total loan level projected for 2014. 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 towards the end of this chapter.

Changes from Original 2013 Budget Estimate

The current 2013 Housing Program Account budget authority of \$1.5 billion is an increase of \$1.2 billion from the original 2013 budget estimate. This is primarily the result of an increase of \$1.4 billion in upward reestimates for the Guaranteed Loan, Guaranteed Loan Sales Securities, and Direct Acquired and Vendee Loan Housing programs.

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

	2013 Continuing Resolution	2014 Estimate
Prior Year Outlays	\$1,708,403	\$1,530,176
Liquidating:		
Liquidating Obligations	-\$902	-\$728
Liquidating Collections	+\$2,213	+\$1,679
Liquidating Change in Obligated Balance	+\$2,426	-\$3,000
Change in Uncollected Customer Payments	+\$72	\$0
Housing Program:		
Guaranteed Loan Subsidy	-\$45,194	\$0
Loan Sales Loan Subsidy	-\$20,393	\$0
Direct Acquired Loan Subsidy	-\$191	\$0
Transitional Housing Loan Subsidy	\$0	\$0
Upward reestimate, with interest:		
Guaranteed Loans	+\$587,419	-\$1,294,483
Loan Sales Securities	-\$39,342	-\$34,257
Direct Acquired Loans	-\$675,843	-\$40,848
Direct Vendee Loans	-\$3,089	\$0
Change in Obligated Balances/other	+\$227	-\$9,679
Administrative Expenses	+\$14,371	+\$2,785
Net Change	-\$178,227	-\$1,378,532
Estimated Outlays (net)	+\$1,530,176	+\$151,644

Net outlays for mandatory programs in 2013 are projected to decrease by \$178 million from the 2012 level. This is primarily due to a decrease of \$130.8 million in upward reestimates for the Housing programs. Upward reestimates will not be calculated for 2014 until the end of 2013 for the 2015 Congressional Budget submission. Also, there is a decrease of \$65.8 million in loan subsidy for the Guaranteed Loan, Guaranteed Loan Sales Securities, and Direct Acquired Loan programs. The decrease in outlays is slightly offset by an increase in administrative expenses of \$14.4 million.

Net outlays for mandatory programs in 2014 are projected to decrease by \$1.4 billion from the 2013 level. This is primarily due to a decrease of \$1.4 billion in upward reestimates for the Guaranteed Loan, Loan Sales Securities, and Direct Acquired Loan programs. Upward reestimates will not be calculated for 2014 until the end of 2013 and will be shown in the 2015 Congressional Budget submission. The decrease in outlays is slightly offset by an increase in administrative expenses of \$2.8 million.

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

	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Guaranteed Loans:					
Obligations	\$2,495,140	\$2,451,243	\$2,470,354	\$2,689,909	+\$219,555
Collections	\$3,059,007	\$2,470,783	\$3,804,352	\$3,084,641	-\$719,710
Financing Authority (net)	\$23,758	\$0	-\$3	\$0	+\$3
Financing Disbursements (net)	-\$586,463	-\$22,198	-\$1,074,592	-\$401,393	+\$673,199
Loan Sales Securities:					
Obligations	\$219,241	\$1,194,716	\$37,698	\$19,287	-\$18,412
Collections	\$297,738	\$1,263,376	\$34,257	\$0	-\$34,257
Financing Authority (net)	\$0	\$0	\$0	\$0	\$0
Financing Disbursements (net)	-\$78,497	-\$68,660	\$3,441	\$19,287	+\$15,845
Direct Loans:					
Obligations	\$300,746	\$1,465,679	\$421,658	\$626,031	+\$204,372
Collections	\$1,069,875	\$1,279,533	\$120,402	\$113,619	-\$6,783
Financing Authority (net)	-\$693,121	\$186,146	\$301,257	\$512,412	+\$211,155
Financing Disbursements (net)	-\$761,524	\$182,455	\$296,042	\$509,273	+\$213,231
Transitional Housing Loans:					
Obligations	\$334	\$224	\$481	\$221	-\$260
Collections	\$513	\$200	\$454	\$440	-\$14
Financing Authority (net)	-\$53	-\$2	-\$32	-\$2	+\$30
Financing Disbursements (net)	-\$177	\$24	\$28	-\$219	-\$246
Housing Financing Accounts Totals:					
Obligations	\$3,015,461	\$5,111,861	\$2,930,192	\$3,335,448	+\$405,256
Collections	\$4,427,132	\$5,013,891	\$3,959,464	\$3,198,700	-\$760,764
Financing Authority (net)	-\$669,416	\$186,144	\$301,224	\$512,410	+\$211,186
Financing Disbursements (net)	-\$1,426,662	\$91,621	-\$775,081	\$126,948	+\$902,029

Note:

FY 2013 Mandatory figures reflect current estimates.

Summary of Non-budgetary Financing Accounts

The Veterans Housing Guaranteed Loan program has a subsidy rate of negative .02 percent in 2014 and will require no subsidy to guarantee 275,624 Veterans Housing loans, totaling \$65.5 billion in commitments.

The Veterans' Benefits Improvement Act of 2008, Public Law 110-389, extended the VA's authority to guarantee adjustable rate mortgages (ARMs) and hybrid adjustable rate mortgages (HARMs) through September 30, 2012. The Act, also, increased the maximum guaranty for cash-out refinance loans to the same as purchase loans. In addition, cash-out refinance loans were authorized for up to 100 percent of the appraised value of the home. Sections 208 and 209 of Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 subsequently made permanent VA's authority to guarantee ARMs and HARMs.

Section 204 of The Veterans' Benefits Improvement Act of 2010, Public Law 111-275, enacted October 13, 2010, authorized the Housing program to originate loan guarantees without funding fees for Veterans with service-connected disabilities that had been called to active duty.

Section 206 of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 extended the home loan guaranty entitlement to surviving spouses of certain totally disabled Veterans. The Act, for the purpose of home loan benefits, includes as a "Veteran" a surviving spouse of a Veteran who died and who was in receipt of or entitled to receive compensation at the time of death for a service-connected disability rated totally disabling. The surviving spouses are also exempt from paying the funding fee.

Section 207 allowed an active-duty Servicemember's dependent child to satisfy the occupancy requirement for obtaining a VA-guaranteed home loan. Previously, only a Veteran or a Veteran's spouse was able to certify the occupancy requirement in 38 U.S.C. § 3704(c).

Section 210 amended 38 U.S.C. § 3729(c) allowing an individual to receive a loan fee waiver if, during a pre-discharge program, they receive a disability rating for purposes of VA compensation based on existing medical evidence, such as service medical and treatment records. This change authorizes an eligible individual to purchase a home without having to pay a VA funding fee even if they have not undergone a pre-discharge examination or a VA disability evaluation.

Section 702(a) reinstated VA's authority to issue or approve the issuance of, and guarantee the timely payment of principal and interest on, certificates or other securities evidencing an interest in a pool of mortgage loans. This guaranty authority previously expired on December 31, 2011. While the authority is extended through December 31, 2016, no securitized loan sales are currently planned.

Section 710 amended section 303 of the Servicemembers Civil Relief Act (SCRA) by extending the period in which a Servicemember may exercise SCRA

protections from nine months after the period of service ends to one year. The amendments made by section 710 will sunset on December 31, 2014, at which time the protection would revert to a 90-day period.

In 2014, vendee loan sales will not occur, which eliminates any requirement for loan sales securities subsidy funding. The Acquired Loan program will have a subsidy rate of negative 5.00 percent in 2014 and will not require any subsidy to finance the 584 acquired loans, averaging \$94,244 per loan and totaling \$55.0 million. The Vendee Loan program will have a subsidy rate of negative 24.13 percent in 2014 and will not require any subsidy to finance the 3,045 vendee loans, averaging \$117,611 per loan and totaling \$358.0 million. The Guaranteed Transitional Housing Loan program stopped originating new loans as of 2009. Through the home loan program, the Veterans Affairs continues to refund or acquire guaranteed loans based on current laws and policies and market conditions.

Analysis of Financing Account Increases and Decreases Non-Budgetary Disbursements

(dollars in thousands)

Financing	2013 Continuing Resolution	2014 Estimate
Prior Year Net Disbursements	-\$1,426,662	-\$775,081
Veterans Housing Financing Accounts:		
Guaranteed Loans:		
Obligations	-\$24,787	+\$219,555
Offsetting collections	-\$745,344	+\$719,710
Change in obligated balances	+\$281,591	-\$266,067
Change in Uncollected Customer Payments	+\$411	\$0
Loan Sales Securities:		
Obligations	-\$181,542	-\$18,412
Offsetting collections	+\$263,481	+\$34,257
Change in obligated balances	\$0	\$0
Change in Uncollected Customer Payments	\$0	\$0
Direct Loans:		
Obligations	+\$120,913	+\$204,372
Offsetting collections	+\$949,473	+\$6,783
Change in obligated balances	-\$12,835	+\$2,076
Change in Uncollected Customer Payments	\$0	\$0
Change in Prior Year Recoveries	+\$16	\$0
Transitional Housing Loans:		
Obligations	+\$147	-\$260
Offsetting collections	+\$59	+\$14
Change in obligated balances	-\$1	\$0
Change in Uncollected Customer Payments	\$0	\$0
Net Change	+\$651,581	+\$902,029
Estimated Net Disbursements	-\$775,081	+\$126,948

In 2013, the total financing net disbursements (outlays) are projected to increase by \$651.6 million, which is mostly due to decrease in Direct Loan offsetting collections. Net disbursements for Guaranteed Loans are estimated to decrease by \$488.1 million, which is mostly due to increase in offsetting collections of \$745.3 million with offsetting change in obligated balance of \$281.6 million. The financing net disbursements for Direct Loans are estimated to increase by \$1.1 billion, which is primarily due to decrease in collections of \$949.5 million and an increase in obligations of \$120.9 million. These outlay increases are offset from a decrease in net disbursements for Loan Sales Securities of \$81.9 million.

In 2014, the total financing net disbursements are projected to increase by \$902.0

million, which is due mostly to an increase in Guaranteed Loans and Direct Loans net outlays. Net disbursements for Guaranteed Loans are estimated to increase by \$673.2 million, which is primarily due to increase in obligations and to decrease in collections with offsetting change in obligated balances. Net disbursements for Direct Loans are estimated to increase by \$213.2 million, which is primarily due to increase in obligations. Net disbursements for Loan Sales Securities are estimated to increase by \$15.9 million, which is due to decrease in collections with offsetting decrease in obligations.

Loan Data Summary

(dollars in thousands)

	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution		
Veterans Housing Benefit Program:					
Guaranteed Loans:					
Subsidy rate	-0.14%*	-0.10%	-0.10%	-0.02%	+0.08%
Number of guaranteed loans	542,036	228,410	472,997	275,624	-197,372
Amount of guaranteed loans	\$120,061,879	\$49,639,723	\$108,211,220	\$65,533,282	-\$42,677,938
Average loan amount (full dollars)	\$221,502	\$217,328	\$228,778	\$237,763	+\$8,985
Loan Sales Securities:					
Subsidy rate	10.75%	15.65%	0.00%	0.00%	0.00%
Guaranteed loans sold:					
Number of loans sold	1,757	10,626	0	0	0
Amount of loans sold	\$189,531	\$1,181,206	\$0	\$0	\$0
Average loan amount (full dollars)	\$107,872	\$111,166	\$0	\$0	\$0
Gross proceeds from sale	\$198,018	\$1,063,086	\$0	\$0	\$0
Direct Loans:					
Acquired Loans:					
Subsidy rate	4.09%	-2.29%	-2.29%	-5.00%	-2.71%
Number of Loans	418	595	500	584	+84
Total amount of loans	\$42,124	\$63,151	\$45,631	\$55,014	+\$9,383
Average loan amount (full dollars)	\$100,686	\$106,085	\$91,262	\$94,244	+\$2,982
Vendee Loans:					
Subsidy rate	-2.12%	-2.55%	-14.25%	-24.13%	-9.88%
Number of Loans	2,293	10,816	1,925	3,045	+1,120
Total amount of loans	\$157,746	\$1,262,551	\$222,104	\$358,074	+\$135,970
Average loan amount (full dollars)	\$68,783	\$116,733	\$115,380	\$117,611	+\$2,231
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

*A blend of two actual subsidy rates (+0.28% @ ~2 mos. and -0.20% @ ~10 mos.) in 2012.

Mandatory figures reflect FY 2013 current estimates.

Proposed Legislation for 2014 Budget

Extension of Net Value Authority: Extend through FY 2018 VA's authority to calculate the net value of a property securing a VA-guaranteed loan when the loan goes into default. Pursuant to 38 U.S.C. § 3732(c), the net value is the fair market value of a property minus the costs the Secretary expects to incur if the Secretary acquires the property. The net value is used for determining VA's liability under a guaranty claim and whether VA will acquire the property as the result of a liquidation sale. Pursuant to section 201 of Public Law 112-191, the current authority expires September 30, 2013. This proposal would also provide the Secretary with the discretion to determine what costs should be included in the net value calculation, based on prevailing economic conditions and potential impact on the guaranteed loan program. The enactment of this proposal would not result in any loan subsidy costs.

Extension of Authority to Provide Shelter to Homeless Veterans or the Homeless Shelter Program (HSP) Authority: This proposal would extend the authority of the Secretary to use homes acquired through the guaranteed loan program to help provide shelter to homeless Veterans. Section 201 of Public Law 112-191 amended 38 U.S.C. § 2041(c) to extend the authority through December 31, 2013. Since 1991, VA has administered the Homeless Shelter Program to sell properties at a discount to non-profit organizations that will provide shelter for homeless Veterans. It is estimated that five HSP properties would be sold in the first year, 29 properties over 5 years, and none thereafter. This would result in an approximate 50 percent average reduction in sales proceeds (\$2.2 million) for the specified number of homes. The enactment of this proposal would not result in additional loan subsidy costs.

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Native American Veterans Housing Loan Program

Appropriation Language

For administrative expenses to carry out the direct loan program authorized by subchapter V of chapter 37 of title 38, United States Code, \$1,109,000.

Summary of Net 2014 Estimates (dollars in thousands)				
	Budget Authority	Outlays	Financing Authority	Financing Disbursements
Program Account	\$1,109	\$1,109	\$0	\$0
Direct Loan Financing Account	\$0	\$0	\$6,461	\$6,362
Total	\$1,109	\$1,109	\$6,461	\$6,362

Summary of Budget Request

An appropriation of \$1.109 million is being requested to reimburse the General Operating Expenses account for expenses necessary to administer this program. The Native American Housing program has a negative subsidy rate in 2014, and therefore will not require any subsidy from the program's \$2.3 million unobligated balance.

Program Description

The Native American Veterans Housing Loan Program is authorized by 38 U.S.C. chapter 37, section 3761 to provide direct loans to Veterans living on trust lands. The loans are available to purchase, construct or improve homes to be occupied as Veteran residences. These homes must be occupied as the Veteran's residence. The principal amount of a loan under this authority generally may not exceed \$417,000 (in some locations, this limit may be higher, depending on median area home prices). Veterans pay a funding fee of 1.25 percent of the loan amount, but Veterans with a service-connected disability are exempt from paying the funding fee. The law also requires that before a direct loan can be made, the Veteran's tribal organization signs 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." The initial authority for this pilot program expired September 30, 1997. The 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, the Native American Housing Loan Program is separated into two accounts: the Program Account and the Direct Loan Financing Account.

Program Account

The Native American Housing Loan's Program Account was established to receive loan subsidy appropriations for the Native American Veterans Housing Direct Loan Financing Account and to request appropriations for administrative expenses in order to reimburse the Department of Veterans Affairs' General Operating Expenses (GOE) Account. 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 loan subsidy.

Native American Direct Loan Program Account Summary of Appropriation Highlights

(dollars in thousands)

	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution*		
Obligations					
Upward reestimates, plus interest	\$12,911	\$0	\$5,796	\$0	-\$5,796
Administrative expenses:					
Veterans Benefits Administration	\$1,096	\$1,069	\$1,103	\$1,089	-\$14
General Counsel	\$20	\$20	\$20	\$20	\$0
Total administrative expenses	\$1,116	\$1,089	\$1,123	\$1,109	-\$14
Total obligations	\$14,027	\$1,089	\$6,919	\$1,109	-\$5,810
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)	\$14,027	\$1,089	\$6,919	\$1,109	-\$5,810
Obligated Balance:					
Start of year	\$0	\$0	\$0	\$0	\$0
End of year	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$14,027	\$1,089	\$6,919	\$1,109	-\$5,810
Financing:					
Appropriation, discretionary	\$1,116	\$1,089	\$1,123	\$1,109	-\$14
Mandatory Indefinite	\$12,911	\$0	\$5,796	\$0	-\$5,796
Workload:					
Number of direct loans established	32	60	60	60	0
Average direct loan amount (dollars)	\$176,356	188,263	\$187,222	\$190,779	+\$3,557
Amount of direct loans established	\$5,643	\$11,296	\$11,233	\$11,447	+\$213
NA direct loan subsidy rate	-11.97%	-17.84%	-17.84%	-16.75%	+1.09%

*Mandatory amounts reflect FY13 current estimates.

Detail of Budget Request

The direct loan subsidy reflects the portion of loan disbursements that 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 loan disbursements equals the subsidy rate.

When the Native American Direct Loan Program was initiated, a positive subsidy rate was estimated 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; that is, an interest rate spread. The 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 2014.

To provide for origination, servicing, management, investment and common overhead expenses, \$1.109 million is required for the Program Account. This amount will provide VBA seven FTE at a cost of \$1.089 million in payroll and non-payroll expenses. The Office of the General Counsel will be reimbursed \$20 thousand to support one FTE.

Native American Direct Loan Program Account Analysis of Increases and Decreases - Outlays (dollars in thousands)		
	2013 Continuing Resolution	2014 Estimate
Prior year outlays (net)	\$14,027	\$6,919
Increases (+) and Decreases (-)		
Upward reestimates, including interest	-\$7,115	-\$5,796
Administrative expenses	+\$7	+\$14
Change in obligated balance/other	\$0	\$0
Net Change	-\$7,108	-\$5,810
Estimated Outlays (net)	\$6,919	\$1,109

In 2013, the outlays will total \$6.9 million, which is a decrease of \$7.1 million from the 2012 level. The change in outlays is due to a decrease in direct loan upward reestimates to \$5.8 million from \$12.9 million.

In 2014, the outlays will total approximately \$1.1 million, which is a decrease of \$5.8 million from the 2013 level. The change in outlays is mainly the result of a decrease in upward reestimates of \$5.8 million with an offsetting increase in administrative expenses of \$20 thousand. The 2014 upward reestimates will not be calculated until the end of 2013 and will be shown in the 2015 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)

	2012 Actual	2013		2014 Estimate	Increase (+) Decrease (-)
		Budget Estimate	Continuing Resolution*		
Obligations:					
Direct loans	\$5,643	\$11,296	\$11,233	\$11,447	+\$213
Negative subsidy	\$744	\$2,015	\$2,004	\$1,917	-\$87
Interest on Treasury borrowing	\$3,523	\$1,524	\$2,747	\$3,025	+\$278
Property expenses	\$17	\$25	\$179	\$114	-\$66
Other Expenses	\$0	\$0	\$0	\$0	\$0
Treasury Receipt account:					
Downward Reestimates	\$4,078	\$0	\$1,927	\$0	-\$1,927
Int. on Downward Reestimates	\$927	\$0	\$733	\$0	-\$733
Total obligations	\$14,931	\$14,860	\$18,824	\$16,503	-\$2,321
Unobligated Balance:					
Start of year	\$7,020	\$0	\$4,373	\$0	-\$4,373
End of year	\$4,373	\$0	\$0	\$0	\$0
Obligated Balance:					
Start of year	\$1,173	\$1,264	\$3,378	\$1,567	-\$1,811
End of year	\$3,378	\$1,381	\$1,567	\$1,665	+\$99
Offsetting Collections:					
Payments from Program account	\$12,911	\$0	\$5,796	\$0	-\$5,796
Interest on Un-invested funds	\$1,254	\$0	\$0	\$0	\$0
Loan repayments	\$2,550	\$8,913	\$6,281	\$6,914	+\$633
Interest received on loans	\$2,290	\$3,268	\$2,838	\$3,039	+\$201
Fees	\$6	\$72	\$61	\$69	+\$7
Other	\$323	\$23	\$17	\$21	+\$4
Total offsetting collections	\$19,334	\$12,277	\$14,993	\$10,042	-\$4,950
Financing:					
Financing authority, net	-\$30	\$2,583	-\$542	\$6,461	+\$7,003
Financing disbursements, net	-\$6,295	\$2,466	-\$5,643	\$6,362	+\$720

*Mandatory amounts reflect FY13 current estimates.

Summary of Off-Budget Financing Account

Obligations are estimated at \$16.5 million in 2014 that is expected to support 60 direct loans to Native American Veterans with a value of almost \$11.4 million and a subsidy rate of negative 16.75 percent. Obligations also reflect interest on Treasury borrowing of \$3.0 million and property expenses of \$114 thousand. 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 2014 are estimated at \$10.0 million, including \$6.9 million in repayments and prepayments of principal, \$3.0 million in borrower's interest payments, \$69 thousand in fees on loans, and \$21 thousand in other collections. Offsetting collections are \$5.0 million lower in 2014 than in 2013 mainly

because of a decrease in upward reestimates of \$5.8 million. The 2014 upward reestimates will not be calculated until the end of 2013 and shown in the 2015 Congressional Budget submission.

Changes from Original 2013 Budget Estimate

The obligation current estimate for 2013 is almost \$4.0 million higher than the original estimate primarily because of increases in downward reestimates (including interest) of \$2.7 million and interest on Treasury borrowing of \$1.2 million. These increases are slightly offset by a decrease in direct loan obligations of \$62 thousand.

Native American Direct Loan Financing Account - Off-Budget Analysis of Increases and Decreases - Outlays		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Estimate
Prior year outlays (net)	-\$6,295	\$5,643
Increases (+) and Decreases (-)		
Obligations:		
Direct loans	+\$5,590	+\$213
Negative Subsidy	+\$1,260	-\$87
Interest on Treasury borrowing	-\$776	+\$278
Property Expenses	+\$163	-\$66
Other Expenses	\$0	\$0
Payments to Treasury Receipt account:		
Downward Reestimates	-\$2,150	-\$1,927
Int. on Downward Reestimates	-\$194	-\$733
Offsetting collections:		
Payments from Program account	+\$7,115	+\$5,796
Interest on Un-invested funds	+\$1,254	\$0
Loan repayments	-\$3,731	-\$633
Interest received on loans	-\$548	-\$201
Fees	-\$55	-\$7
Other	+\$307	-\$4
Change in obligated balances	+\$3,704	-\$1,910
Change in Uncollected Customer Payments	\$0	\$0
Net Change	+\$11,939	+\$720
Estimated Outlays (net)	+\$5,643	+\$6,362

In 2013, the outlays are estimated at \$5.6 million, which is an increase of \$11.9 million from the 2012 level. The overall outlay increase is due to net increases in offsetting collections of \$4.3 million, obligations of \$3.9 million, and change in obligated balances of \$3.7 million. Net offsetting collections decrease by \$4.3 million mainly because of decreases in payments from the program account of \$7.1 million and interest on un-invested funds of \$1.2 million. These decreases are offset by increases in loan repayments of \$3.7 million and loan interest payments of \$0.6 million. Net increase in obligations for 2013 is \$3.9 million. This increase is mainly due to increases in direct loan obligations of \$5.6 million and subsidy of negative \$1.3 million. These increases are offset by decreases in downward reestimates (including interest) of \$2.3 million and interest on Treasury borrowing of \$0.8 million.

In 2014, the outlays are estimated at \$6.4 million, which is an increase of \$0.7 million from the 2013 level. The overall outlay increase is due to net decrease in offsetting collections that exceeds net decrease in obligations and change in obligated balance. Net decrease in offsetting collections of \$4.9 million is mainly due to a \$5.8 million decrease in payments from the program account for upward reestimates. Net decrease obligations of \$2.7 million primarily results from a decrease in downward reestimates (including interest). The 2014 reestimates will not be calculated until the end of 2013 and shown in the 2015 Congressional Budget submission. The change in obligated balances is a decrease of \$1.9 million.

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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, \$77,567,000 to remain available until expended.

Insurance
Summary of Appropriation Highlights
(dollars in thousands)

	2013				
	2012 Actual	Budget Estimate	Current Estimate	2014 Request	Increase (+) Decrease(-)
Lives Insured:¹					
Veterans (Administered Programs)	885,404	821,784	820,468	758,181	-62,287
Veterans (VGLI)	427,319	430,500	427,100	428,200	+1,100
Servicemembers (SGLI)	2,389,500	2,415,000	2,410,000	2,404,000	-6,000
Spouses and Children (FSGLI)	3,193,000	3,248,000	3,238,000	3,230,000	-8,000
Total Lives Insured	6,895,223	6,915,284	6,895,568	6,820,381	-75,187
Face Amount In Force	\$1,325,078,362	\$1,350,990,270	\$1,345,806,620	\$1,344,419,710	-\$1,386,910
Obligations:					
Death Claims	\$1,078,731	\$1,121,501	\$1,105,670	\$1,072,090	-33,580
Dividends	206,738	174,470	168,110	132,980	-35,130
Premiums Paid to Prudential	803,364	811,780	821,530	832,870	+11,340
Transfers to Insurance Funds	357,462	84,730	333,304	57,977	-275,327
Payments for Administrative Expenses	38,518	47,280	47,835	45,393	-2,442
Capital Investments	60,584	67,455	58,910	57,820	-1,090
All Other Obligations	175,933	179,299	178,931	185,356	+6,425
Total Obligations	\$2,721,331	\$2,486,515	\$2,714,290	\$2,384,486	-329,804
Funding:					
Offsetting Collections					
Premiums	\$96,840	\$101,620	\$98,740	\$97,780	-960
SGLI Premiums	805,974	814,750	824,500	835,840	+11,340
Interest on U.S. Securities	126,620	115,430	116,570	107,330	-9,240
Payments for S-DVI	81,200	84,540	85,894	57,837	-28,057
SGLI Extra Hazard Payments	165,930	0	156,500	0	-156,500
TSGLI Payments	110,100	0	90,730	0	-90,730
All Other Collections	220,935	188,420	185,704	163,960	-21,744
Total Collections	\$1,607,599	\$1,304,760	\$1,558,638	\$1,262,747	-295,891
Unobligated balance (SOY)	-\$8,187,409	-\$7,505,155	-\$7,611,031	-\$6,930,619	+680,412
Unobligated balance (EOY)	\$7,611,031	\$6,813,689	\$6,930,619	\$6,201,387	-729,232
Budget Authority, net:					
Insurance Benefit (VI&I)	\$100,252	\$104,600	\$104,600	\$77,567	-27,033
Transfer From Other Sources	\$0	\$0	\$0	\$0	+0
Trust Funds	\$982,614	\$999,629	\$984,507	\$930,146	-54,361
Total:					
Budget Authority (net)	\$1,082,866	\$1,104,229	\$1,089,107	\$1,007,713	-81,394
Outlays (net)	\$1,208,108	\$1,274,557	\$1,252,049	\$1,226,161	-25,888

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 Veterans, Servicemembers, their families and their beneficiaries. All programs are operated on a commercial-like basis, to the extent possible, consistent with all applicable statutes.

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

In 2014, the VI&I account will require an appropriation of \$77.6 million to finance its operation. This will enable VA to transfer \$57.9 million to the S-DVI program, \$19.6 million to the VMLI program, and \$140,000 to the NSLI program (detailed explanations for these transfers are included under Insurance - VI&I Appropriated Fund).

Changes from Original 2013 Budget Estimate

The 2013 current estimate for total obligations increases by \$227.8 million from the original 2013 estimate. The majority of this increase is a result of a \$248.6 million increase in transfers to insurance funds.

The change in transfers to insurance funds is mainly due to an increase of \$156.5 million in SGLI extra hazard payments and \$90.7 million in transfers to fund the Servicemembers' Group Life Insurance Traumatic Injury Protection (TSGLI) program. SGLI extra hazard payments are payments that fund the difference between death claims incurred during military action and what would be expected under peacetime experience. TSGLI payments are extra hazard payments that fund the excess of TSGLI claims, since TSGLI premiums received are intended to cover the civilian incidence of traumatic injuries. SGLI extra hazard payments and TSGLI payments are transferred from DoD to VA.

Offsetting collections in 2013 are projected to increase by \$253.9 million from the original 2013 estimate. The majority of this increase is the result of increases in SGLI extra hazard payments of \$156.5 million and TSGLI payments of \$90.7 million (discussed above). SGLI premiums, SGLI extra hazard payments, and TSGLI payments are transferred from DoD to VA and then transferred by VA to Prudential. Therefore, the transfers will appear as both a collection and an obligation and do not impact net outlays.

Insurance		
Analysis of Increases and Decreases		
(dollars in thousands)		
	2013 Current Estimate	2014 Request
Prior Year Outlays	\$1,208,108	\$1,252,049
Increases (+) and Decreases (-)		
Obligations:		
Death Claims	+26,939	-33,580
Dividends	-38,628	-35,130
Premiums Paid to Prudential	+18,166	+11,340
Transfers to Insurance Funds	-24,158	-275,327
Payments for Administrative Expenses	+9,317	-2,442
Capital Investments	-1,674	-1,090
All Other Obligations	+2,998	+6,425
Offsetting collections:		
Premiums	-1,900	+960
SGLI Premiums	-18,526	-11,340
Interest on U.S. Securities	+10,050	+9,240
Payments for S-DVI	-4,694	+28,057
SGLI Extra Hazard Payments	+9,430	+156,500
TSGLI Payments	+19,370	+90,730
All Other Collections	+35,231	+21,744
Change in Obligated Balances	+2,020	+8,025
Net Change	+\$43,941	-\$25,888
Estimated Outlays (net)	\$1,252,049	\$1,226,161

In 2013, net outlays increase by \$43.9 million from the prior year primarily as a result of an increase in death claims, decreases in interest earned on U.S. Securities, and decreases in NSLI premiums (included in all other collections). These increases in net outlays are partially offset by decreases in dividend distributions.

The changes in death claims are due to the advancing average age of the policyholders and the number insured under each program. 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 distribution.

In addition to the above changes, there are changes in SGLI extra hazard payments and TSGLI payments. SGLI extra hazard payments and TSGLI payments decrease by \$9.4 million and \$19.4 million, respectively. The changes in SGLI extra hazard and TSGLI payments are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

In 2014, outlays are projected to decrease by \$25.9 million. The major changes in obligations and collections that impact net outlays are decreases in death claims, dividends, interest on U.S. securities, and NSLI premiums (included in all other collections). There are also significant decreases in SGLI extra hazard payments (\$156.5 million), TSGLI payments (\$90.7 million), and payments from S-DVI? (\$28.1 million). However, these decreases in collections are offset by corresponding changes in transfers to insurance funds, and as a result, do not affect net outlays.

Summary of Insurance Programs 2014 (dollars in millions)										
	VI&I (VMLI) (Open)	NSLI (WWII)	USGLI (WWI)	VSLI (Korean)	VRI (WWII- Korean)	SDVI (Open)	SGLI/ TSGLI (Open)	Family SGLI (Open)	VGLI (Open)	TOTAL
Beginning Date	08/11/71	10/08/40	01/01/19	04/25/51	05/01/65	04/25/51	09/29/65	11/01/2001	8/1/74	
Closing Date	Open to New Iss.	04/24/51	04/24/51	12/31/56	05/01/66	Open to New Iss.	Open to New Iss.	Open to New Iss.	Open to New Iss.	
Lives Insured	2,390	386,312	943	120,000	15,360	233,176	2,404,000	3,230,000	428,200	6,820,381
Number of Policies Inforce										
Term insurance	2,390	103,360	n/a	8,870	n/a	75,320	n/a	n/a	n/a	189,940
Permanent plans	n/a	337,580	950	122,969	17,603	193,056	n/a	n/a	n/a	672,158
Tot. policies inforce	2,390	440,940	950	131,839	17,603	268,376	2,404,000	3,230,000	428,200	6,924,298
Tot. value inforce⁽¹⁾	\$327	\$5,453	\$2	\$1,853	\$186	\$2,808	\$1,133,963	\$131,587	\$68,241	\$1,344,420
Avg amt. per policy ⁽²⁾	\$136,820	\$12,367	\$2,105	\$14,055	\$10,566	\$10,463	\$471,698	\$40,739	\$159,367	
Avg age	58.9	87.3	94.0	82.4	88.1	63.1	30.1	33.1 ⁽³⁾	51.5	
Annual death rate per 1,000	110.6	119.4	275.3	57.3	138.2	40.5	0.8	0.78 ⁽⁴⁾	6.7	

(1) The total value of inforce includes paid-up additional insurance.

(2) The average amount of insurance is represented in whole numbers.

(3) Average age for spouses only.

(4) Average annual death rate for spouses only.

Veterans Insurance and Indemnities Appropriation

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

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

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

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

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

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

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

The SGLI program is supervised by VA and administered, under a contractual agreement, by Prudential Insurance Company of America through the Office of Servicemembers Group Life Insurance (OSGLI). DoD collects premiums from members of each of the uniformed services and forwards the funds to VA. VA 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. In 2014, the monthly SGLI premium rate will increase to \$.07 per \$1,000 of insurance coverage from \$.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 and certain severe losses. The premium charged for this coverage is \$1 per month from each Servicemember insured under SGLI. TSGLI 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.

Administered Programs

The following five insurance programs operate basically in the same manner. The maximum amount of basic coverage available under any of these programs is \$10,000. However, under the NSLI, VRI, and VSLI programs, policyholders can purchase additional protection by electing to use their dividends to buy paid-up additional (PUA) insurance. Also, under the S-DVI program, supplemental coverage is available to policyholders who are eligible for waiver of premiums due to total disability.

United States Government Life Insurance - Trust Fund

USGLI was established in 1919 as a successor to the War Risk Insurance program. The program was closed to new issues on October 8, 1940, except for World War I Veterans who could apply for coverage until April 25, 1951. This program is self-supporting.³

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

National Service Life Insurance - Trust Fund

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

Service-Disabled Veterans' Insurance - Public Enterprise Fund

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

Veterans' Reopened Insurance - Public Enterprise Fund

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

Veterans' Special Life Insurance - Trust Revolving Fund

VSLI was established in 1951 to meet the insurance needs of Veterans who served during the Korean War 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

Highlights by Account (dollars in thousands)

	2012 Actual	2013 Current Estimate	2014 Request	Increase (+) Decrease (-)
Obligations				
USGLI	\$3,375	\$2,900	\$2,185	\$-715
NSLI	1,156,062	1,125,841	1,051,361	-74,480
SDVI	129,289	150,235	164,033	13,798
VRI	42,961	43,640	40,560	-3,080
VSLI	203,502	210,800	209,140	-1,660
SGLI	1,082,004	1,071,730	835,840	-235,890
VI& I	104,137	109,144	81,367	-27,777
Total obligations	\$2,721,331	\$2,714,290	\$2,384,486	\$-329,804
Budget authority (gross)				
USGLI	\$3,375	\$2,900	\$2,185	\$-715
NSLI	1,156,751	1,125,841	1,051,361	-74,480
SDVI	\$152,690	\$162,264	\$137,127	\$-25,137
VRI	\$18,289	\$16,210	\$13,660	\$-2,550
VSLI	\$172,963	\$160,420	\$148,910	\$-11,510
SGLI	1,082,018	1,071,740	835,850	-235,890
VI& I	104,380	108,370	81,367	-27,003
Total budget authority (gross)	\$2,690,465	\$2,647,745	\$2,270,460	\$-377,285
Outlays (gross)				
USGLI	\$5,165	\$4,367	\$3,215	\$-1,151
NSLI	1,247,582	1,211,515	1,143,421	-68,094
SDVI	129,756	150,098	163,963	13,865
VRI	46,883	47,707	44,440	-3,267
VSLI	201,618	214,959	216,660	1,701
SGLI	1,082,004	1,071,721	835,842	-235,879
VI& I	103,906	110,321	81,367	-28,954
Total outlays (gross)	\$2,816,914	\$2,810,687	\$2,488,908	\$-321,779
Offsetting collections				
USGLI	\$154	\$40	\$40	\$0
NSLI	177,358	144,194	123,360	-20,834
SDVI	152,690	162,264	137,127	-25,137
VRI	18,289	16,210	13,660	-2,550
VSLI	172,963	160,420	148,910	-11,510
SGLI	1,082,018	1,071,740	835,850	-235,890
VI& I	4,128	3,770	3,800	30
Total offsetting collections	\$1,607,599	\$1,558,638	\$1,262,747	\$-295,891

Highlights by Account (cont.)

(dollars in thousands)

	2012 Actual	2013 Current Estimate	2014 Request	Increase (+) Decrease (-)
Budget authority (net)				
USGLI	\$3,221	\$2,860	\$2,145	\$-715
NSLI	979,393	981,647	928,001	-53,646
SDVI	0	0	0	0
VRI	0	0	0	0
VSLI	0	0	0	0
SGLI	0	0	0	0
VI& I	100,252	104,600	77,567	-27,033
Total budget authority (net)	\$1,082,866	\$1,089,107	\$1,007,713	\$-81,394
Outlays (net)				
USGLI	\$5,012	\$4,327	\$3,175	\$-1,151
NSLI	1,070,913	1,067,321	1,020,061	-47,260
SDVI	-22,934	-12,166	26,836	39,002
VRI	28,080	31,497	30,780	-717
VSLI	27,275	54,539	67,750	13,211
SGLI	-15	-19	-8	11
VI& I	99,777	106,551	77,567	-28,984
Total outlays (net)	\$1,208,108	\$1,252,049	\$1,226,161	\$-25,888
Number of lives insured				
USGLI	2,149	1,459	943	-516
NSLI	513,795	448,271	386,312	-61,959
SDVI	209,585	221,954	233,176	11,222
VRI	20,927	18,039	15,360	-2,679
VSLI	136,482	128,355	120,000	-8,355
SGLI	2,389,500	2,410,000	2,404,000	-6,000
FSGLI	3,193,000	3,238,000	3,230,000	-8,000
VGLI	427,319	427,100	428,200	1,100
VI& I (VMLI)	2,466	2,390	2,390	0
Total number of lives insured	6,895,223	6,895,568	6,820,381	-75,187
Dividends				
USGLI	\$320	\$280	\$190	\$-90
NSLI	148,090	114,680	86,760	-27,920
VRI	4,712	4,010	3,160	-850
VSLI	53,616	49,140	42,870	-6,270
Total Dividends	\$206,738	\$168,110	\$132,980	\$-35,130

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

Proposed Legislation for 2014 Budget

Supplemental Service-Disabled Veterans' Insurance (SDVI) Coverage for Veterans over the Age of 65: This proposal would eliminate the requirement that a Veteran apply for supplemental SDVI coverage (statutory maximum amount is \$30,000) before he or she attains the age of 65 by amending 38 U.S.C. 1922A. This change would assist the relatively small number of Veterans who have expressed a desire for the opportunity; the costs are estimated to be \$100 thousand in 2014, \$900 thousand over five years and \$2.6 million over ten years.



Filipino Veterans Equity Compensation Fund

Program Description

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

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

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

Eligibility

- Persons who served before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States,
- Members of the organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States,
- Persons who served in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945,
- All persons must have been discharged or released from service under conditions other than dishonorable.

Payments

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

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

Filipino Veterans Equity Compensation Status of Funds

(\$ in thousands)

	2009	2010	2011	2012	2013 Estimate	2014 Estimate
Obligations	\$82,438	\$113,131	\$10,099	\$1,659	\$6,287	\$6,287
SOY Unobligated Balance	\$0	\$115,562	\$69,431	\$59,332	\$57,673	\$51,386
EOY Unobligated Balance	\$115,562	\$69,431	\$59,332	\$57,673	\$51,386	\$45,099
Appropriation	\$198,000	\$0	\$0	\$0	\$0	\$0
Transfer	\$0	\$67,000	\$0	\$0	\$0	\$0
Outlays	\$82,438	\$113,131	\$69,431	\$1,659	\$6,287	\$6,287

All original claims were adjudicated by the end of September 2011. Estimates of obligations for FY 2013 and FY 2014 reflect the experience of the resolution of appealed claims from early 2010 through September 2012 and the number of undecided Notices of Disagreement (NOD). Checks totaling \$223 million were issued through September 2012.

Approximately 936 appealed claims have been decided with 43 percent of the decisions resulting in an award. There are over 3,500 NODs remain to be resolved. While recent trends suggest decrease in obligations, estimated obligations in FY 2013 and FY 2014 are in anticipation of the outstanding potential grants from appeals. Although we have identified a potential unobligated balance end of year, there are two ongoing legal suits seeking additional award decisions remain a potential source of future obligation requirements that are not included in the estimated obligations.

Administration of the Fund

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

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

Administration of Filipino Veterans Equity Compensation Fund

Claim Type	Payment Amount	Claims Processed	Claims Paid	Claims Denied	Obligations (Millions)*
Total			18,708		\$223
Filipino Citizen	\$9,000	43,102	9,469	24,394	\$85
U.S. Citizen	\$15,000		9,239		\$138

*From 2009 through September 2012

All claims production is centralized at the Manila Regional Office (RO) in the Philippines. As of September 29, 2011, all initial claims have been adjudicated. Since inception, over 43 thousand claims have been processed. Of this total, 18,708 claims have been granted. Just over half the claims awarded were to Filipino citizens at the one time payment amount of \$9,000. Approximately, 49.4 percent were awarded to the Veterans who are United States citizens at the one-time payment amount of \$15,000 in recognition of their service during World War II. The predominant work in the out years is addressing the large number of Notices of Disagreement (NOD's) received.

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Veterans Benefits Administration

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General Operating Expenses, Veterans Benefits Administration

VBA Mission Statement

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

VBA Vision Statement

"We are dealing with Veterans, not procedures – with their problems, not ours."
Omar Bradley - 1947

Our vision is that the Veterans whom we serve will feel that our Nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day-to-day behavior.

VA Core Values

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

Integrity

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

Commitment

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

Advocacy

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

Respect

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

Excellence

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

Following are highlights for each program within VBA. Detailed information about each program can be found in the respective chapters throughout the 2014 budget submission.

Program Highlights

Organizational Transformation

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

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

People

VBA's employees are the key to our success. Our employees are leading advocates for Veterans, Servicemembers, their families, and survivors. We

strengthen the expertise of our workforce by incorporating specialization to reduce training time and increase proficiency while emphasizing accountability, quality, and productivity. We create professional development opportunities and expanded leadership development programs to ensure competent, forward-looking, and results-driven leaders at all levels.

Supporting Initiatives:

New Operating Model

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

Challenge Training

VBA redesigned Challenge Training in 2011 to improve employee training and quality while decreasing rework time. Challenge Training focuses on the overall skills and readiness of the workforce, while improving productivity of both new and longer tenured employees. Currently, these 1,900 new employees who have received Challenge Training complete 150 percent more claims per day than predecessor cohorts during their first 6 months on the job, with a 30 percent increase in accuracy, i.e., these new employees do 30 percent more claims per day than previous groups of employees at a similar stage in their development.

Quality Review Teams

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

Processes

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

Supporting Initiatives:

Disability Benefits Questionnaires (DBQs)

DBQs are standardized VA examination questionnaires developed to ensure complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. VA has made 71 DBQs available to the public, allowing Veterans to take them to their private physicians. DBQs facilitate submission of fully developed claims packages for expedited processing.

Fully Developed Claims (FDC) Program

The FDC Program focuses on increasing the volume of claims received with all information needed to make timely and accurate claims decisions. VBA continues to work with the Veterans Service Organization (VSO) community, the Department of Defense, and other stakeholders to facilitate electronic information exchange and submission of documents and find ways to boost participation in the FDC program through enhanced communication and outreach to Veterans and their advocates. While VBA receives over four percent of all claims as fully developed, it is developing strategies to aggressively increase that rate by encouraging Veterans to submit electronically all required documents for a substantially more accurate and reduced wait time

Simplified Notification Letters (SNL)

The SNL initiative streamlines and standardizes the communication of claims decisions. Veterans receive one simplified notification letter in which the substance of the decision, including a summary of the evidence considered and the reason for the decision, is all rendered in a single document.

Rules-Based Processing

Through this initiative, processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits. Rules-based programming is also being used to provide new automated employee job-aids (“calculators”) to assist decision makers in assigning

accurate disability evaluations. These new calculators significantly contribute to improvements in rating quality and consistency.

Technology

A digital and electronic operating environment will allow greater exchange of information and increased transparency to VA's clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VA to eliminate the claims backlog and redirect capacity to better serve Veterans and their families. Technology is a key element of VA's Transformation Plan and it depends on four major technology initiatives: Veterans Benefits Management System (VBMS); Veterans Relationship Management (VRM); eBenefits (a key component of VRM); and Virtual Lifetime Electronic Record (VLER). VA's strategy includes active stakeholder participation (Veterans Service Organizations, State Departments of Veterans Affairs, County Veterans Service Officers, and Department of Defense) to provide digitally ready electronic files and fully developed claims submitted online using the Stakeholder Enterprise Portal and VONAP Direct Connect (VDC). VA is aggressively promoting the value of eBenefits and the ease of enrolling Veterans who want to engage with VA on-line at the time of their choosing.

Supporting Initiatives:

VBMS, as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using VBMS at the Providence Regional Office. VA expanded VBMS to the Salt Lake City Regional Office in May 2011, based on the successes experienced at the Providence RO which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA Medical Centers and VSOs. National deployment of VBMS began in 2012, with full implementation by the end of 2013. As of March of 2013, 25 regional offices have VBMS in place.

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

Disability Compensation

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.

The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA annual claims receipts increased from 788,298 in 2005 to 1,080,342 in 2012. We anticipate claims receipts of 1,253,462 in 2013 and 1,329,724 in 2014. (These estimates include Pension claims to keep consistency in comparison. Compensation claims are 933,282 for 2012, with anticipated claims receipts of 1,103,907 in 2013 and 1,180,651 in 2014.)

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

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

The complexity of the workload will continue to grow because Veterans are claiming greater numbers of disabilities and the nature of disabilities such as PTSD, combat injuries, diabetes and related conditions, and environmental diseases is becoming increasingly complex. The number of original disability claims with eight or more claimed issues increased 100 percent from 43,655 in 2005 to 87,287 in 2012.

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.

Pension, Survivors Benefits, and Fiduciary

In 2011, VBA separated the pension and fiduciary program functions from the compensation program, creating a separate Pension and Fiduciary Service to provide greater oversight of the pension and fiduciary programs. This change also allows VBA to give greater focus to the complex and challenging workload and policy issues in our Veterans and survivors pension program. More recently, VBA transferred to Pension and Fiduciary Service responsibility for survivors benefits, to include dependency and indemnity compensation (DIC) and burial benefits.

The Pension program provides monthly payments to 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, and who have limited or no income. In 2011, more than 72 percent of the survivors pension beneficiaries were age 76 or older and 89 percent were age 56 or older.

Survivor benefits include two needs-based programs payable to eligible spouses, dependent children, and parents. In addition, the DIC program provides monthly benefits to the surviving spouse and dependent children of a Veteran whose death is related to military service. The burial benefits program provides one-time payments for the burial of a Veteran.

To improve the timeliness of service delivery in the Pension program and to ensure accurate claims processing, VA administers pension programs through three Pension Management Centers (PMCs) in Philadelphia, Milwaukee, and St. Paul. Consolidation of the Pension program enabled VA to achieve a 97 percent accuracy level in 2011 and 98 percent in 2012 for pension maintenance claims. VBA is currently evaluating a PMC realignment plan that may include distinct lanes for the different types of claims processed by the PMCs as well as cross-functional teams, similar to the claims transformation process currently underway in the disability compensation area. VBA projects that the realignment plan will produce efficiencies in claims processing that will enable VBA to redirect resources to work through these delays.

In Fiduciary, VBA is increasing the expertise of its workforce and the quality of its decisions through national training standards and centralized training that prepares personnel to work faster at a higher quality level. Centralized training for fiduciary personnel is scheduled to begin in 2013. The centralized training will provide all field examiners and legal instruments examiners with the knowledge and skills to better select and instruct fiduciaries. Additionally, this standardized training will provide fiduciary personnel with the tools to identify and address any performance issues with fiduciaries earlier in the process.

To improve operational efficiencies, VBA consolidated the management of its fiduciary activities into near-paperless processing environments at six fiduciary hubs in 2012. Under the hub model, fiduciary managers deploy their field examination resources according to the location of beneficiaries within the hub and without regard to state borders or VA regional office jurisdiction, while centralizing all other fiduciary functions at the hub site. The reorganization will improve the timeliness of initial fiduciary appointments and improve quality. It will also result in fewer miles traveled by field examiners when conducting field examinations.

Education

VBA's Education programs provide Veterans, Servicemembers, Reservists, and certain family members with educational resources. Our 2014 budget request reflects our commitment to their needs. These programs are meant to assist in the readjustment to civilian life, help the armed forces both recruit and retain members, and provide the opportunity to enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

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

On August 3, 2011, the President signed Public Law 112-26, the Restoring GI Bill Fairness Act of 2011. This law allows VA to issue more than \$17,500 in tuition and fee payments during the academic year on behalf of certain individuals. To qualify for the higher payment, a student must have pursued training at a private Institute of Higher Learning (IHL) in one of the seven specified states, must have been enrolled in a program of education that had tuition and fee charges that

exceeded \$17,500 for full-time attendance during the 2010-2011 academic year, and must have been enrolled in the same private institution since January 4, 2011.

VBA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. Six phases have been deployed with the Long-Term Solution (LTS) which include additional releases of functionality required to implement changes to the Post-9/11 GI Bill required by P.L. 111-377. On September 24, 2012, end-to-end automation of selected Post-9/11 GI Bill supplemental claims was activated in the LTS. Since deployment, over 4,500 claims per day are automatically processed without human intervention.

In 2014, the focus will be on technological enhancements to expand upon initial end-to-end automation capabilities.

Section 211 of Public Law 112-56, the VOW to Hire Heroes Act of 2011, established the Veterans Retraining Assistance Program (VRAP) for eligible unemployed Veterans. VRAP offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet in order to participate in the program, which include Veteran's age, employment status, character of discharge, type of training, and other key elements. The program is limited to 45,000 participants found eligible during the period May 15, 2012, through September 30, 2012, and to 54,000 additional participants beginning October 1, 2012. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associate degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the Department of Labor to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments ends on March 31, 2014.

On April 27, 2012, the President signed Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Serving Servicemembers, Veterans, Spouses, and Other Family Members. Executive Order 13607 directs VA along with the Departments of Defense and Education, to develop and implement Principles of Excellence to ensure that Servicemembers, Veterans, and their families have the information they need to make informed decisions concerning their educational benefits. These principles apply to educational institutions receiving funding from Federal military and Veterans educational benefit programs, including benefit programs provided by the Post-9/11 GI Bill. The principles will ensure that these educational institutions provide meaningful information to Servicemembers, Veterans, spouses, and other family members

about the financial cost and quality of educational institutions to assist prospective students in making choices about how to use their Federal educational benefits; prevent abusive and deceptive recruiting practices that target the recipients of Federal military and Veterans educational benefits; and ensure that educational institutions provide high quality academic and student support services to active-duty Servicemembers, Reservists, Veterans, and military families.

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

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

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.

VA guaranteed 542,036 home loans in 2012. In 2013, VA expects yearly loan volume will decrease to 472,997, reflecting decreased demand for refinance loans and relatively stable demand for purchase loans. In 2014, VA estimates the yearly loan volume will decrease to 275,624, reflecting continued demand for purchase loans and decreased demand for refinance loans.

Some of our clients, like other homeowners, experience financial difficulties that may cause them to default on their home loans. The earlier the default is addressed, the more options are available to help avoid foreclosure. To assist our

clients earlier in the default process, VA has delegated more loss-mitigation authority to private sector loan servicers. This authority enables servicers to help our clients receive the most advantageous resolution option based on their circumstances. Additionally, servicers are required to report all data electronically, which results in a paperless process. Electronically reported data allows VA to more effectively manage the portfolio of VA-guaranteed loans, resulting in better service to our clients.

Vocational Rehabilitation and Employment

Vocational Rehabilitation and Employment (VR&E) is a Veteran-centric program providing the services and assistance 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.

We anticipate the number of individuals leaving military service and being rehabilitated through VR&E services will increase. VR&E also anticipates an increase in the number of participants in 2014 as a result of the enactment of Public Law 112-56, the VOW to Hire Heroes Act of 2011, on November 21, 2011. Under this law, eligibility for certain services under the VR&E program has been extended or expanded. Severely injured Servicemembers will have automatic eligibility to VR&E services until December 31, 2014. This provision allows VA to serve these active duty military members earlier in their transition to civilian life. Unemployed Veterans who previously completed a VR&E program and have exhausted unemployment benefits may receive an additional 12 months of vocational rehabilitation services. The additional training will increase employment opportunities for these Veterans. VA may now pay an incentive to employers to hire or train Veterans participating in a VR&E program even when the Veteran has not completed a VR&E training program. This provision increases job prospects for Veterans who need assistance with direct job placement. 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.

VA has also begun implementing benefits briefings and other transition activities as required by the VOW Act and recommendations from the interagency Veteran Employment Initiative (VEI) Task Force. The VEI Task Force is phasing-in a newly designed program, called "Transition GPS (Goals, Plans, Success)". The Transition GPS program will help separating Servicemembers prepare for their civilian life by providing pre-separation assessments and individual counseling, a five-day core curriculum, an additional curriculum tailored to the Servicemembers' individual career goals, and a capstone event to verify that

transitioning Servicemembers have met certain standards that show they are ready for their civilian careers.

In 2012, VR&E expanded its efforts for early intervention to support successful reintegration by physically placing Vocational Rehabilitation Counselors (VRCs) at Integrated Disability Evaluation System (IDES) locations estimated to serve 12,000 Servicemembers. The 2013 expansion of this initiative will increase Servicemembers served to 22,000. The VRCs provide vocational evaluations, develop rehabilitation plans, and assist Servicemembers beginning their vocational rehabilitation. The IDES process allows Servicemembers to go through a medical evaluation board prior to separation. By integrating VRCs into the IDES process, Servicemembers will receive vocational rehabilitation services upon referral to the physical evaluation board and prior to their separation from active duty. This early intervention dramatically improves the accessibility of benefits to service-connected disabled Veterans.

VR&E continues to work collaboratively with VA's Education Service to provide continued outreach and guidance to Servicemembers and Veterans eligible for the Post-9/11 GI Bill and other education programs. VR&E has placed full-time VRCs on campus to provide a full range of services to Post-9/11 Veterans, including benefits information and assistance, educational/vocational counseling, and readjustment counseling. In 2013 and 2014, VetSuccess on Campus will be operational at 84 campuses.

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

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

VR&E continues to develop the VetSuccess.gov Web site to enhance content and provide a dynamic resource that is constantly adapted to meet Veterans' needs. In addition to hosting the VetSuccess.gov Web site, VR&E also currently partners with the DoD and Department of Labor on Veterans' employment and has a link to the National Resource Directory Web site on VA's VetSuccess.gov Web site. In 2014, VetSuccess.gov will continue to meet the needs of Veterans seeking career opportunities and employers searching for qualified Veterans to hire. At the end of 2012, over 184,000 Veterans and over 4,800 employers have registered on the site.

Insurance

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

VA insurance programs provide \$1.3 trillion of insurance coverage to 2.4 million Servicemembers, 1.2 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 that meet or beat private insurance industry benchmarks, at the lowest achievable administrative cost. Insurance coverage is made available in reasonable amounts at premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

VBA's Insurance Center, located in Philadelphia, PA, provides Veterans and their dependents a full range of insurance services for those policies directly administered by VA. The Insurance Center is responsible for collecting premiums, operating a nationwide call center, and responding to all types of policy requests (including policy changes and disability claims). The Insurance Center is also responsible for the processing of insurance death awards, which is considered the single most important service provided by the Insurance program.

The workload associated with maintaining and processing insurance benefits for our World War II and Korean War era programs is declining in line with the advancing age of our policyholders. However, the workload trend for programs that serve our disabled Veterans has been increasing. This upward trend is projected to continue partly as a result of the new presumptive conditions that expanded eligibility criteria. In addition, Insurance established an outreach unit in 2011 that contacts recently separated Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100-200 per month to an average of 2,000 per month.

In 2012, the Insurance program obligated \$2.7 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, dividends, policy loans, cash surrender benefits, and traumatic injury protection payments. In 2014, the Insurance program will obligate a projected \$2.4 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.

Insurance functions in a fully operational Electronic Workflow environment. The increased processing efficiencies resulting from this system are a key element in enabling us to maintain high levels of client satisfaction. We will continue to provide world-class service through our toll-free telephone service and continue to enhance our current alternative means for Veterans and their representatives to reach us, including e-mail, the Interactive Voice Response system, and our self-service Web site. In addition, we are designing and developing Web-based training programs to meet the emerging training needs of our employees and stakeholders to better serve our Veterans, Servicemembers, and their beneficiaries.

Total VBA Summary
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	18,188	18,767	18,767	18,827	639
Management Direction and Support	2,137	1,990	1,990	2,024	-113
Total FTE	20,325	20,757	20,757	20,851	526
Obligations					
Personal Services	\$1,776,988	\$1,842,841	\$1,844,494	\$1,892,936	\$115,948
Travel	25,992	29,052	29,052	30,100	4,108
Interagency Motor Pool	4,553	3,937	4,202	4,096	-457
Transportation of Things	1,930	2,093	1,708	2,376	446
Rent, Communications & Utilities	168,200	184,261	194,838	188,001	19,801
Printing	2,353	4,020	3,842	3,854	1,501
Other Services	401,670	500,704	502,702	706,121	304,451
Supplies and Materials	11,987	10,914	11,485	10,275	-1,712
Equipment	9,675	20,138	20,446	16,789	7,114
Insurance Claims	459	450	405	482	23
Total Administrative Obligations	\$2,403,807	\$2,598,410	\$2,613,174	\$2,855,030	\$451,223
Reimbursements	-\$366,979	-\$434,336	-\$428,049	-\$399,540	-\$32,561
Unobligated SOY	-\$28,052	\$0	-\$21,051	\$0	\$28,052
GOE Carry Over	-\$28,000	\$0	-\$21,000	\$0	\$28,000
Recycling	-\$52	\$0	-\$51	\$0	\$52
Unobligated EOY	\$51	\$0	\$0	\$0	-\$51
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$51	\$0	\$0	\$0	-\$51
Unobligated Bal expiring	\$9,937	\$0	\$0	\$0	-\$9,937
Total Appropriation	\$2,018,764	\$2,164,074	\$2,164,074	\$2,455,490	\$436,726
Outlays (net)	\$2,143,680	\$2,094,700	\$2,109,692	\$2,297,588	\$153,908

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

The following charts summarize VBA's 2014 discretionary budget request by program.

Disability Compensation
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,277	13,198	12,242	12,302	25
Management Direction and Support	1,417	1,366	1,307	1,341	-76
Total FTE	13,694	14,564	13,549	13,643	-51
Obligations					
Personal Services	\$1,198,848	\$1,264,029	\$1,201,596	\$1,238,267	\$39,419
Travel	20,055	19,538	20,196	22,875	2,820
Interagency Motor Pool	3,105	2,801	2,401	2,796	-309
Transportation of Things	1,158	1,508	1,085	1,644	486
Rent, Communications & Utilities	114,634	131,517	133,138	130,360	15,726
Printing	1,647	2,598	2,426	2,445	798
Other Services	328,725	400,474	418,301	525,956	197,231
Supplies and Materials	8,247	7,214	7,998	6,810	-1,437
Equipment	6,736	12,960	13,578	11,366	4,630
Insurance Claims	335	333	285	342	7
Total Administrative Obligations	\$1,683,490	\$1,842,973	\$1,801,005	\$1,942,861	\$259,371
Reimbursements	-\$207,665	-\$250,403	-\$250,352	-\$231,396	-\$23,731
Unobligated SOY	-\$28,052	\$0	-\$21,051	\$0	\$28,052
GOE Carry Over	-\$28,000	\$0	-\$21,000	\$0	\$28,000
Recycling	-\$52	\$0	-\$51	\$0	\$52
Unobligated EOY	\$51	\$0	\$0	\$0	-\$51
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$51	\$0	\$0	\$0	-\$51
Unobligated Bal expiring	\$9,937	\$0	\$0	\$0	-\$9,937
Total Appropriation	\$1,457,761	\$1,592,570	\$1,529,602	\$1,711,465	\$253,704
Outlays (net)	\$1,542,676	\$1,536,678	\$1,501,567	\$1,589,602	\$46,926

Pension, DIC, Burial, & Fiduciary
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct Pensions & Fiduciary	1,725	1,204	1,995	1,995	270
Direct Burial	117	118	118	118	1
Total Direct FTE	1,842	1,322	2,113	2,113	271
Management Direction and Support	241	169	228	228	-13
Total FTE	2,083	1,491	2,341	2,341	258
Obligations					
Personal Services	\$172,410	\$136,379	\$195,779	\$200,298	\$27,888
Travel	1,471	1,873	1,873	1,937	466
Interagency Motor Pool	432	236	821	403	-29
Transportation of Things	180	126	126	237	57
Rent, Communications & Utilities	15,797	11,212	19,212	18,898	3,101
Printing	224	226	226	358	134
Other Services	13,740	15,687	15,687	17,483	3,743
Supplies and Materials	1,107	993	993	960	-147
Equipment	850	1,083	1,083	1,588	738
Insurance Claims	40	28	28	49	9
Total Administrative Obligations	\$206,251	\$167,843	\$235,828	\$242,211	\$35,960
Reimbursements	-\$9,675	-\$10,848	-\$10,848	-\$10,518	-\$843
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$196,576	\$156,995	\$224,980	\$231,693	\$35,117
Outlays (net)	\$218,672	\$157,319	\$214,562	\$225,228	\$6,556

Education
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	1,771	1,672	1,837	1,837	66
Management Direction and Support	200	177	177	177	-23
Total FTE	1,971	1,849	2,014	2,014	43
Obligations					
Personal Services	\$158,261	\$147,667	\$162,629	\$166,369	\$8,108
Travel	1,210	1,915	1,915	1,443	233
Interagency Motor Pool	428	287	287	333	-95
Transportation of Things	140	91	91	196	56
Rent, Communications & Utilities	16,705	13,804	17,004	15,506	-1,199
Printing	223	762	762	522	299
Other Services	16,796	14,603	14,603	16,617	-179
Supplies and Materials	1,036	512	512	795	-241
Equipment	871	1,226	1,226	1,313	442
Insurance Claims	41	34	34	41	0
Total Administrative Obligations	\$195,711	\$180,901	\$199,063	\$203,135	\$7,424
Reimbursements	-\$246	-\$537	-\$537	-\$568	-\$322
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$195,465	\$180,364	\$198,526	\$202,567	\$7,102
Outlays (net)	\$202,910	\$176,700	\$193,990	\$197,549	-\$5,361

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

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	1,225	1,442	1,442	1,442	217
Management Direction and Support	138	152	152	152	14
Total FTE	1,363	1,594	1,594	1,594	231
Obligations					
Personal Services	\$136,086	\$172,461	\$163,581	\$167,318	\$31,232
Travel	1,715	3,525	3,525	2,295	580
Interagency Motor Pool	305	359	359	286	-19
Transportation of Things	321	249	249	169	-152
Rent, Communications & Utilities	11,383	16,605	14,105	13,330	1,947
Printing	162	319	319	433	271
Other Services	16,887	35,284	23,484	122,699	105,812
Supplies and Materials	995	1,229	1,229	1,061	66
Equipment	726	3,698	3,698	1,759	1,033
Insurance Claims	28	40	40	35	7
Total Administrative Obligations	\$168,609	\$233,769	\$210,589	\$309,385	\$140,776
Reimbursements	-\$343	-\$346	-\$345	-\$354	-\$11
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$168,266	\$233,423	\$210,244	\$309,031	\$140,765
Outlays (net)	\$178,841	\$223,423	\$198,993	\$284,617	\$105,776

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	775	820	820	820	45
Management Direction and Support	98	87	87	87	-11
Total FTE	873	907	907	907	34
Obligations					
Personal Services	\$84,974	\$93,069	\$91,673	\$90,786	\$5,812
Travel	1,427	2,043	1,396	1,403	-24
Interagency Motor Pool	270	241	321	265	-5
Transportation of Things	130	117	155	128	-2
Rent, Communications & Utilities	6,744	7,758	8,015	6,628	-116
Printing	67	85	79	66	-1
Other Services	24,682	33,673	29,633	22,448	-2,234
Supplies and Materials	393	681	468	387	-6
Equipment	475	874	564	466	-9
Insurance Claims	15	15	18	15	0
Total Administrative Obligations	\$119,177	\$138,556	\$132,321	\$122,592	\$3,415
Reimbursements	-\$119,177	-\$138,556	-\$132,321	-\$122,592	-\$3,415
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$0	\$0	\$0	\$0

Insurance
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	298	313	313	313	15
Management Direction and Support	43	39	39	39	-4
Total FTE	341	352	352	352	11
Obligations					
Personal Services	\$26,409	\$29,235	\$29,236	\$29,898	\$3,489
Travel	113	158	147	147	34
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	2	2	2	2	0
Rent, Communications & Utilities	2,937	3,365	3,364	3,279	342
Printing	30	30	30	30	0
Other Services	840	983	994	918	78
Supplies and Materials	209	285	285	262	53
Equipment	17	297	297	297	280
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	\$30,570	\$34,368	\$34,368	\$34,846	\$4,276
Reimbursements	-\$29,873	-\$33,646	-\$33,646	-\$34,112	-\$4,239
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$697	\$722	\$722	\$734	\$37
Outlays (net)	\$581	\$580	\$580	\$592	\$11

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

**2014 President's Budget Submission
VBA Initiative Investments (000s)**

	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
COMPENSATION								
Transformation Plan	1,387	17,053	18,440	16	1,387	17,053	18,440	16
Veterans Benefits Management System (VBMS)	3,468	14,803	18,271	40	3,527	32,184	35,711	40
Veterans Claims Intake Process (VCIP)	0	17,440	17,440	0	4,080	132,360	136,440	34
Compensation Subtotal	\$4,855	\$49,296	\$54,151	56	\$8,994	\$181,597	\$190,591	90
VBA-Wide:								
Veterans Relationship Management (VRM) <i>Including VONAPP</i>	1,646	4,927	6,573	19	6,646	4,927	11,573	79
VBA-Wide Subtotal	\$1,646	\$4,927	\$6,573	19	\$6,646	\$4,927	\$11,573	79
Compensation Total	\$6,501	\$54,223	\$60,724	75	\$15,640	\$186,524	\$202,164	169
PENSION AND FIDUCIARY								
VBA-Wide:								
Veterans Relationship Management	87	259	346	1	87	259	346	1
VBA-Wide Subtotal	\$87	\$259	\$346	1	\$87	\$259	\$346	1
Pension and Fiduciary Total	\$87	\$259	\$346	1	\$87	\$259	\$346	1
EDUCATION								
VBA-Wide:								
Veterans Relationship Management	87	385	472	1	87	385	472	1
VBA-Wide Subtotal	\$87	\$385	\$472	1	\$87	\$385	\$472	1
Education Total	\$87	\$385	\$472	1	\$87	\$385	\$472	1
VOCATIONAL REHABILITATION & EMPLOYMENT								
Integrated Disability Evaluation System (IDES) Expansion to VR&E	18,218	5,707	23,925	200	18,218	5,707	23,925	200
VetSuccess on Campus (VSOC)	7,318	1,501	8,819	79	7,318	1,501	8,819	79
VR&E Subtotal	\$25,536	\$7,208	\$32,744	279	\$25,536	\$7,208	\$32,744	279
VBA-Wide:								
Veterans Relationship Management	87	532	619	1	87	532	619	1
VBA-Wide Subtotal	\$87	\$532	\$619	1	\$87	\$532	\$619	1
VR&E Total	\$25,623	\$7,740	\$33,363	280	\$25,623	\$7,740	\$33,363	280
HOUSING								
VBA-Wide:								
Veterans Relationship Management	87	279	366	1	87	279	366	1
VBA-Wide Subtotal	\$87	\$279	\$366	1	\$87	\$279	\$366	1
Housing Total	\$87	\$279	\$366	1	\$87	\$279	\$366	1
INSURANCE								
VBA-Wide:								
Veterans Relationship Management	0	0	0	0	0	0	0	0
VBA-Wide Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
Insurance Total	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide								
Veterans Relationship Management	1,994	6,382	8,376	23	6,994	6,382	13,376	83
VBA-Wide Subtotal	\$1,994	\$6,382	\$8,376	23	\$6,994	\$6,382	\$13,376	83
TOTAL OBLIGATIONS	\$32,385	\$62,886	\$95,271	358	\$41,524	\$195,187	\$236,711	452

FTE Tables

The following tables display the allocation of FTE in 2012 by grade and location and the distribution of all grades from 2012 through the 2014 budget request.

Analysis of FTE Distribution HQ/Field			
2012 Actuals			
Grade	HQ	Field	Total
SES	23	39	62
GS-15	69	107	176
GS-14	200	214	414
GS-13	404	1,516	1,920
GS-12	110	4,075	4,185
GS-11	54	3,863	3,917
GS-10	0	2,449	2,449
GS-9	38	2,764	2,802
GS-8	5	95	100
GS-7	9	1,714	1,723
GS-6	1	1,140	1,141
GS-5	3	773	776
GS-4	1	626	627
GS-3	1	26	27
GS-2	0	6	6
GS-1	0	0	0
Total	918	19,407	20,325

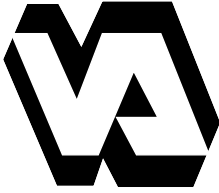
Empoyment Summary-FTE by Grade				
Grade	2012 Actual	2013 Request	2014 Request	2014-2012 Increase/ Decrease
SES	62	62	62	0
GS-15	176	176	177	1
GS-14	414	414	417	3
GS-13	1,920	1,920	1,950	30
GS-12	4,185	4,416	4,416	231
GS-11	3,917	3,951	3,956	39
GS-10	2,449	2,449	2,449	0
GS-9	2,802	2,691	2,746	(56)
GS-8	100	100	100	0
GS-7	1,723	2,001	2,001	278
GS-6	1,141	1,141	1,141	0
GS-5	776	776	776	0
GS-4	627	627	627	0
GS-3	27	27	27	0
GS-2	6	6	6	0
GS-1	0	0	0	0
Total	20,325	20,757	20,851	526

Net Changes

The following table displays the net change from the 2013 President's Budget Request to the 2014 appropriations request for VBA discretionary accounts.

Net Change VBA Discretionary Programs 2014 Summary of Resource Requirements (dollars in thousands)	
	BA
Original FY 2013 President's Budget	\$2,164,074
Adjusted FY 2013 Budget Estimate	\$2,164,074
2014 Current Services Increases	
Payraise Assumption Increases (1.0%)	\$30,706
Non-pay Inflation (1.5%)	\$6,069
Required Personnel Benefits Increases (3.9%)	\$17,736
Subtotal	\$54,512
2014 Total Current Services Increases	\$2,218,585
Must Fund Payments (Rent, Communications, Utilities, Taxes)	\$8,905
Subtotal	\$2,227,490
2014 Total Current Services	\$2,227,490
2014 Initiatives	
Current Major Initiatives (MI)/Supporting Initiatives (SI):	
1) Scanning Services for Ingest Strategy - MI (\$17.4M in FY13 budget)	\$119,000
Subtotal	\$119,000
New Budget Initiatives:	
2) eBenefits/VONAPP (SI)	\$5,000
3) VOW/VEI (MI)	\$104,000
Subtotal	\$109,000
2014 Total Budget Authority Request	\$2,455,490

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Disability Compensation

Mission

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

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.

Stakeholders

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

Disability Compensation
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct Compensation	12,277	13,198	12,242	12,302	25
Management Direction and Support	1,417	1,366	1,307	1,341	-76
Total FTE	13,694	14,564	13,549	13,643	-51
Obligations					
Personal Services	\$1,198,848	\$1,264,029	\$1,201,596	\$1,238,267	\$39,419
Travel	20,055	19,538	20,196	22,875	2,820
Interagency Motor Pool	3,105	2,801	2,401	2,796	-309
Transportation of Things	1,158	1,508	1,085	1,644	486
Rent, Communications & Utilities	114,634	131,517	133,138	130,360	15,726
Printing	1,647	2,598	2,426	2,445	798
Other Services	328,725	400,474	418,301	525,956	197,231
Supplies and Materials	8,247	7,214	7,998	6,810	-1,437
Equipment	6,736	12,960	13,578	11,366	4,630
Insurance Claims	335	333	285	342	7
Total Administrative Obligations	\$1,683,490	\$1,842,973	\$1,801,005	\$1,942,861	\$259,371
Reimbursements	-\$207,665	-\$250,403	-\$250,352	-\$231,396	-\$23,731
Unobligated SOY	-\$28,052	\$0	-\$21,051	\$0	\$28,052
GOE Carry Over	-\$28,000	\$0	-\$21,000	\$0	\$28,000
Recycling	-\$52	\$0	-\$51	\$0	\$52
Unobligated EOY	\$51	\$0	\$0	\$0	-\$51
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$51	\$0	\$0	\$0	-\$51
Unobligated Bal expiring	\$9,937	\$0	\$0	\$0	-\$9,937
Total Appropriation	\$1,457,761	\$1,592,570	\$1,529,602	\$1,711,465	\$253,704
Outlays (net)	\$1,542,676	\$1,536,678	\$1,501,567	\$1,589,602	\$46,926

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

Summary of Budget Request

Budget authority of \$1.7 billion is requested to fund the discretionary portion of the Disability Compensation program. The request will fund the administrative expenses of 13,643 FTE; the January 1, 2014, 1.0 percent projected pay raise; the associated level of fringe benefits; anticipated changes in staff composition; and inflationary expenses.

Changes from Original 2013 Budget Estimate

Obligations reflect a net decrease of \$42.0 million from the original budget estimate. This includes a decrease of \$68.0 million to support the realignment of 850 FTE to the newly created Pension and Fiduciary Service to support the Fiduciary hubs and the processing of burial and DIC claims. This realignment is discussed in greater detail in the Pension, Dependency and Indemnity Compensation, Burial, & Fiduciary Programs chapter. Total VBA obligations are not impacted by this realignment. This net decrease also reflects the realignment of 165 FTE to the Education program to process additional workload resulting from the Veterans Retraining Assistance Program (VRAP) authorized by Public Law 112-56, the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011.

Changes from 2012 Actuals to 2014 Request

Obligations increase \$259.4 million over 2012 actuals. Personal services obligations increase \$39.4 million over 2012 actuals and supports an additional 34 FTE to execute the Veterans Claims Intake Program (VCIP) (scanning strategy) and 60 FTE for eBenefits/VONAPP in 2014. This increase also provides for the January 1, 2014, 1.0 percent projected pay raise; the associated level of fringe benefits costs; and the anticipated changes to staff composition. Other services increase \$197.2 million and includes support contract costs to execute VCIP in conjunction with the Veterans Benefits Management System (VBMS) roll out to supply an electronic workload for processing claims. This increase also supports increased must-fund requirements to internal and external customers, such as the Department of Homeland Security for guard services.

**Disability Compensation
Analysis of Discretionary Increases and Decreases
(dollars in thousands)**

	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$1,683,490	\$1,683,490
Prior Year FTE	13,694	13,694
Adjustments:		
FTE	-145	-51
Personal Services	\$2,748	\$39,419
Travel	141	2,820
Interagency Motor Pool	-703	-309
Transportation of Things	-73	486
Rent, Communications & Utilities	18,504	15,726
Printing	779	798
Other Services	89,576	197,231
Supplies and Materials	-249	-1,437
Equipment	6,842	4,630
Insurance Claims	-50	7
Net Change	\$117,515	\$259,371
Estimated Obligations	\$1,801,005	\$1,942,861
Total FTE	13,549	13,643

Compensation Average Salary Analysis	
2012 Average Salary (Actual)	
Average Salary	\$63,222
Average Benefits (31.4%)	19,851
2012 Average Cost	83,073
2013 Average Salary	64,170
Annualization of 0.5% 2013 raise	237
Change in staff composition	711
Regular benefits percentage (34.2%)	21,835
2013 Average Cost	86,005
2014 Average Salary	63,788
Annualization of 0.5% 2013 raise	80
Annualization of 1.0% 2014 raise	481
Regular benefits percentage (37.4%)	22,611
2014 Average Cost	\$86,400

Program Highlights

In April 2011, VBA established the Pension and Fiduciary (P&F) Service for the purpose of providing more direct control and oversight of the pension and fiduciary programs. More recently, in 2012, VBA transferred to P&F Service responsibility for control and oversight of VBA's survivors' benefit programs, including dependency and indemnity compensation (DIC) and burial benefits, because the Pension Maintenance Centers process these claims.

Organizational Transformation

VBA continues to transform into a high-performing, 21st Century organization – one that adapts to new realities, leverages new technologies, and serves a changing population of Veterans with renewed commitment. VA is building its organization around three guiding principles: *people-centric*, *results-driven*, and *forward-looking*.

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

People

VBA employees are key to its success, and are leading advocates for Servicemembers, Veterans, their families, and survivors. Changing the paradigm, VBA is organizing its workforce into segmented processing lanes and "cross-functional" teams, managing work in the most efficient, effective ways possible and leveraging proven automated workflow tools.

VBA is also increasing the expertise of its workforce through national training standards and its newly redesigned centralized Challenge training program that prepares VBA employees to work efficiently and at a higher quality level after hands-on experiential training. Training and technology skills programs provide

the knowledge and expertise employees need to succeed in a 21st Century workplace.

Supporting Initiatives:

Organizational Model

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

Challenge Training

VBA redesigned its centralized Challenge training program in 2011 to improve employee training and quality while decreasing rework time. Challenge training focuses on the overall skills and readiness of the workforce, while improving productivity of both new and longer tenured employees. The 1,900 new employees who have received Challenge training through the end of 2012 complete 150 percent more claims per day than predecessor cohorts during their first 6 months on the job, with a 30 percent increase in accuracy, i.e., these new employees do 30 percent more claims per day than previous groups of employees at a similar stage in their development.

Quality Review Teams (QRTs)

Dedicated teams of quality review specialists have been established at each RO. These teams evaluate decision accuracy at both the RO and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The QRTs are comprised of personnel trained by VBA's national quality assurance staff to ensure local reviews are consistently conducted according to national standards.

Processes

VBA is relentlessly streamlining processes and eliminating repetition and rework, while keeping focus on delivering optimal client services. Utilizing "Design Teams," VBA emphasizes rapid development and testing of process changes and automated processing tools.

Supporting Initiatives:

Disability Benefits Questionnaires (DBQs)

DBQs are standardized VA examination questionnaires developed to ensure that complete and accurate medical evidence to support the disability evaluation process is obtained from both VA and private medical examiners. VA has made 71 DBQs available to the public, allowing Veterans to take them to their private physicians. DBQs facilitate submission of fully developed claims (FDC) packages for expedited processing.

Fully Developed Claims Program

The FDC program focuses on increasing the volume of claims that are received with all information and evidence needed to make timely and accurate claims decisions. VA continues to work with the VSO community, DoD, and other stakeholders to facilitate electronic information exchange and submission of documents and to find ways to boost participation in the FDC program through enhanced communication and outreach to Veterans and their advocates. While VBA receives over four percent of all claims as fully developed, it is developing strategies to aggressively increase that rate. Simplified Notification Letters (SNL)

The SNL initiative streamlines and standardizes the communication of claims decisions. Veterans receive one SNL in which the substance of the decision, including a summary of the evidence considered and the reason for the decision, is rendered in a single document.

Rules-Based Processing

Through this initiative, processing of dependency and pension claims is evolving with personalized self-service functionality via eBenefits. Rules-based programming is also being used to provide new automated employee job-aids (“calculators”) to assist decisionmakers in assigning accurate disability evaluations. These new calculators significantly contribute to improvements in rating quality and consistency.

Technology

A digital and electronic operating environment will allow greater exchange of information and increased transparency to VA’s clients, workforce, and stakeholders. Increased use of state-of-the-art technology plays a major role in enabling VBA to eliminate the claims backlog and redirect capacity to better serve Veterans and their families. Technology is a key element of VBA’s Transformation Plan, and it depends on four major technology initiatives: Veterans Benefits Management System (VBMS); Veterans Relationship Management (VRM); eBenefits (a key component of VRM); Veterans Claims Intake Process (VCIP); and Virtual Lifetime Electronic Record (VLER). VA’s

strategy includes active stakeholder participation (VSOs, State Departments of Veterans Affairs, County Veterans Service Officers, and DoD) to provide digitally ready electronic files and FDCs submitted online using the Stakeholder Enterprise Portal (SEP) and VONAP Direct Connect (VDC). VA is aggressively promoting the value of eBenefits and the ease of enrolling Veterans who want to engage with VA on-line at the time of their choosing.

Supporting Initiatives:

VBMS, as VBA's key business transformation initiative, relies on a paperless claims-processing environment and improved business processes to reduce the claims backlog and provide Veterans and their dependents with timely, high-quality decisions. In January 2011, VA began processing claims using VBMS at the Providence RO. This occurred approximately 1 year after VA began gathering business requirements for the prototype system, Virtual Regional Office. VA expanded VBMS to the Salt Lake City RO in May 2011, based on the successes experienced at the Providence RO which demonstrated the capability to process more claims and more claim types. This expansion also added more system users and provided access to local VA medical centers and VSOs. National deployment of VBMS began in 2012, with full implementation by the end of calendar year 2013. As of March of 2013, 25 regional offices have VBMS in place.

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

Leveraging available scanning technology as appropriate will better enable information intake and processing. VBA recently established VCIP, the program tasked with streamlining processes for receiving records and data into VBMS and other VA systems. A combination of direct electronic filing, scanning, and data-to-data connections allows VA to shift to this new model. Commercial scanning contracts were awarded to achieve the necessary means to populate Veterans electronic folders in VBMS. The VCIP contractors began scanning in September 2012 and successfully met the demands of the VBMS deployment to 25 offices as of March 2013

Rating Schedule Modernization

As of 2009, VA started updating the VA Schedule for Rating Disabilities (VASRD) to incorporate rating criteria that are based on current medical science and earnings data. Public forums were conducted to capture current medical science information, and VA is in the process of issuing a request for proposals for data-driven earnings loss studies.

Workload

The following chart presents a separate Compensation program budget and provides a summary of the VBA compensation workload and FTE projections, discussed in greater detail in this section. The summary includes data for only those claims considered to be “rating claims” which represents approximately 38 percent of all Compensation claims. However, VBA continues to track and report on the combined compensation, pension, and survivors (DIC) rating-related workload.

Projected Compensation Workload and FTE Requirements	2011	2012	2013 Estimate	2014 Estimate
Compensation Direct Labor FTE	12,599	12,277	12,242	12,302
Percentage of Compensation Pending Inventory That is More Than 125 Days Old	60	67	40	40
Average Days to Complete Compensation Rating Related Claims	188	287	250	250
Receipts Compensation Claims	1,160,486*	933,282	1,103,907	1,180,651
Production Compensation Claims	880,570	895,818	1,000,777	1,171,588
Year-end Inventory Compensation Claims	763,204	800,651	903,781	912,844

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

The following chart provides a summary of the total VBA disability determination workload (referred to as all “rating-related claims”) and FTE projections with the combined totals for Compensation, Pension, and DIC claims.

Projected Compensation, Pension, and Survivors Benefits Workload and FTE Requirements	2011	2012	2013 Estimate	2014 Estimate
Compensation and Pension Direct Labor FTE	14,038	14,119	14,355	14,415
Percentage of Compensation and Pension Pending Inventory That is More Than 125 Days Old	60%	66%	40%	40%
Average Days to Complete Compensation and Pension Rating Related Claims	188	262	250	250
Receipts	1,311,091*	1,080,342	1,253,462	1,329,724
Production	1,032,334	1,044,207	1,148,628	1,320,922
Year-end Inventory	810,455	846,590	951,424	960,226

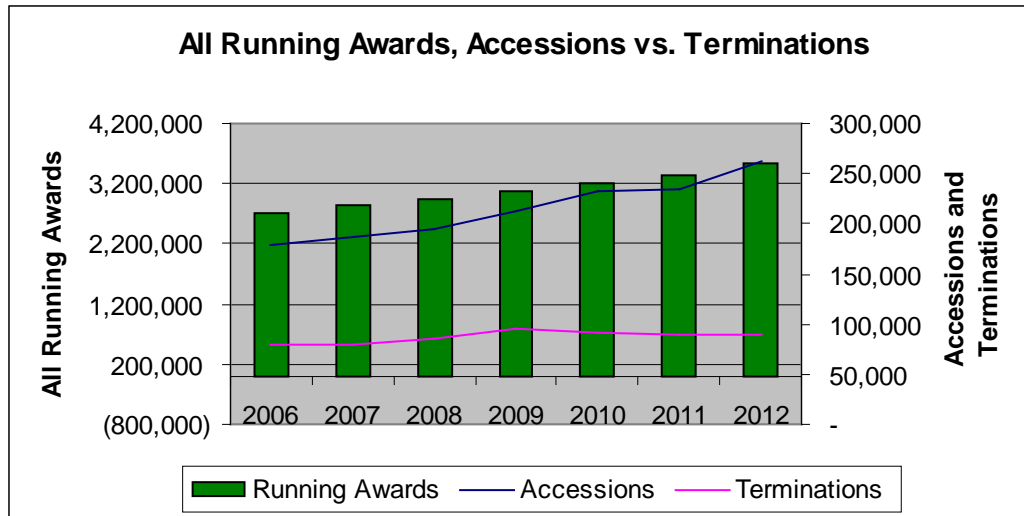
**Reflects increased receipts (230,778) resulting from the addition of Agent Orange presumptive conditions.*

The 2014 demand forecast uses a baseline regression method of calculating disability claims. This method uses historical demand to predict future receipts. The one-time surge of Agent Orange claims in 2011 has been removed from the regression calculation to prevent skewing to future forecasts. The result is about 30K additional claims expected in 2014 versus 2013.

Appealed cases include compensation, pension, burial, and accrued benefits decisions. The following chart shows the combined total of appeals.

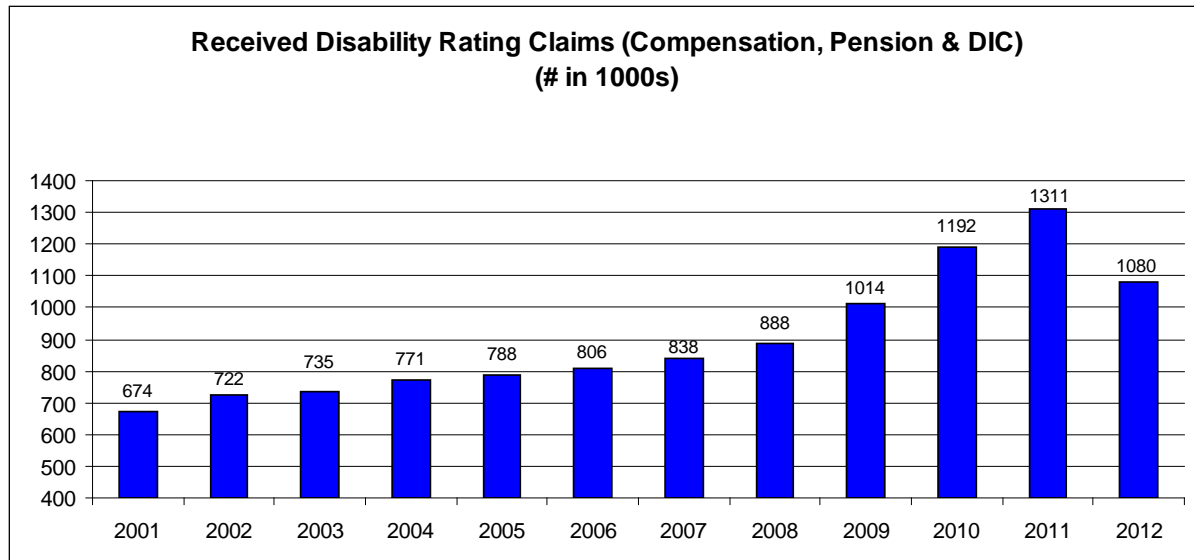
Appeals	2010	2011	2012
Receipts	141,483	127,318	115,637
Completed	118,309	100,558	92,027

Since 2001, the demand for benefits and services from Veterans, dependents, and survivors has steadily increased. Accessions have outpaced terminations each of the last 11 years. The following chart shows all Compensation Running Awards, Accessions vs. Terminations.



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

The total number of disability claims received has increased almost 60 percent from 674,219 in 2001 to 1,080,341 in 2012.



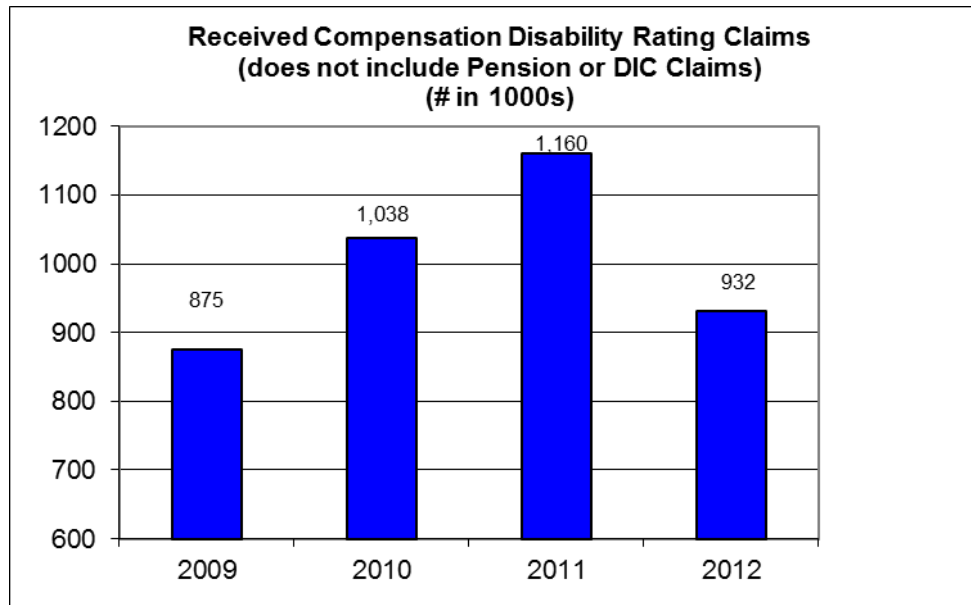
In 2012, compensation, pension, and survivors (DIC) disability rating claims received decreased from 2011 receipts, which included an additional 230,778 claims resulting from the expansion of Agent Orange presumptive conditions alone. VBA is forecasting that the disability claims volume will grow over the next several years. Over the next few years, VBA expects new and subsequent claims due to Servicemembers returning from wars, and Veterans seeking service connection for complications of serious injuries characteristic of the recent Mid-East conflicts, such as traumatic brain injury. There are also known new requirements which currently include claims for “Nehmer based Peripheral Neuropathy” in 2013 as well as for a review of granted Nehmer claims for an earlier effective date. Each of these is estimated to be almost 70K one-time increases in each year. Additionally, in 2014 there will be some increase in claims as a result of the Veterans Opportunity to Work Act/Veterans Employment Initiative.

Nehmer Based Peripheral Neuropathy

Under the Agent Orange Act of 1991, every two years the National Academy of Sciences’ Institute of Medicine (IOM) provides the Secretary of the Department of Veterans Affairs (VA) with a report that investigates the potential association of long-term health effects with Agent Orange exposure. In *Veterans and Agent Orange, Update 2010* (2011), the IOM identified “early onset” long-term chronic peripheral neuropathy as being associated with Agent Orange exposure. Previous IOM reports had identified “acute and subacute” peripheral neuropathy, with resolution within two years of onset, as the only form associated with Agent Orange exposure. On August 10, 2012, VA published a proposed rule in the Federal Register that would add early onset chronic

peripheral neuropathy, which appeared within one year of the last date of exposure, as a presumptive disease associated with Agent Orange exposure. The final rule is pending. Any new addition to the diseases associated with Agent Orange exposure requires VA to review claims according to the Nehmer court order (see 38 CFR 3.816).

Compensation Workload



VBA expects production levels to continue to increase each year through efficiency gains from transformational process changes and technological advances.

Growth in claims received has driven VBA's inventory to historic levels with its pending inventory projected to continue to increase into 2014. However, new business processes and technologies will enable us to increase production over the next three years, as these new capabilities are introduced into the ROs. With the implementation of electronic automated processes, we project that the rate of claims decisions will outpace claims receipts starting in 2014. This will allow us to reduce our pending inventory in the coming years and eliminate the claims backlog in 2015. In order to eliminate the backlog of Veterans disability compensation claims, VBA must complete more claims than it receives.

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 Entitlement Claims - claims by Veterans that traditionally require a rating decision. Note: With the establishment of the P&F Service, this category no longer includes claims from survivors.

- **Compensation Entitlement** - Claims filed by Veterans for benefits based upon the effects of disabilities, diseases, or injuries incurred or aggravated during active military service.
- **Compensation Entitlement Other** - Claims received for benefits for Veterans' children due to spina bifida or other birth defects, and other special issues

Compensation Award Adjustments

- **Compensation Award Adjustments** - Involves the modification of benefits based upon additional ancillary factors. Such modifications usually occurs when a Veteran is currently entitled to and receiving benefits, such as the adjudication of dependency issues.
- **Compensation Award Adjustments Other** - Includes program integrity actions that are initiated by internal VBA controls and mandates necessary to audit, review, and ensure that benefit and entitlement decisions are proper and the intent of laws and regulations is being followed. This category also combines workload received from Veterans and internal sources that does not effect entitlement or require any adjustment to monetary benefits, such as responding to Freedom of Information Act (FOIA) requests.

Received Claims	2,010	2011	2012
Compensation Entitlement	1,038,345	1,160,486	932,447
Compensation Entitlement Other	14,831	10,582	20,592
Compensation Award Adjustments	415,624	439,975	433,454
Compensation Award Adjustments Other	964,000	886,067	1,070,222
Total Compensation Workload	2,432,800	2,497,110	2,456,715

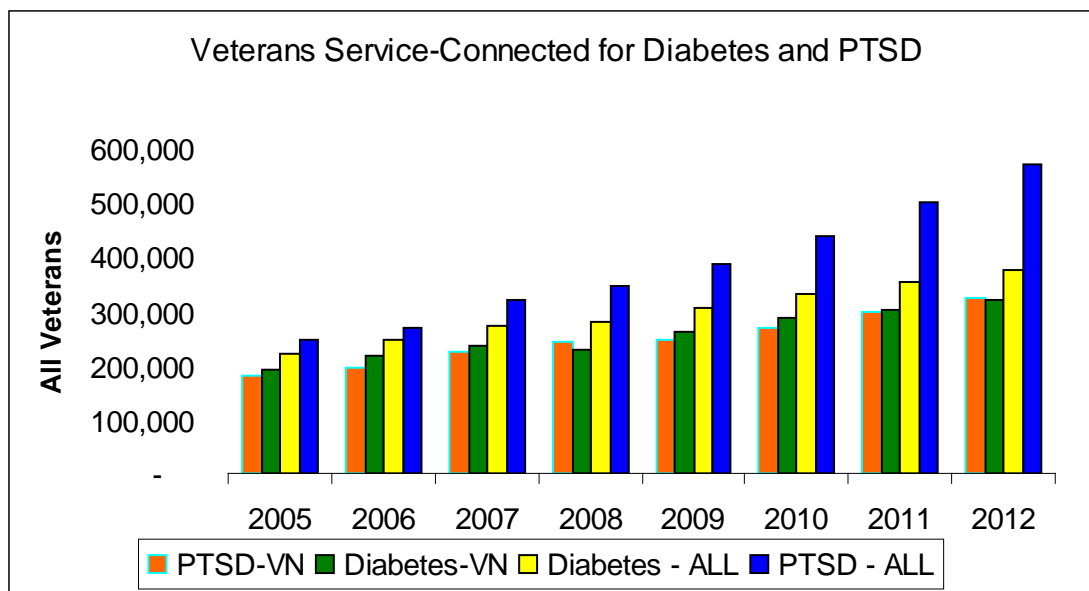
Completed Claims	2,010	2011	2012
Compensation Entitlement	936,874	880,570	895,818
Compensation Entitlement Other	15,344	10,423	17,856
Compensation Award Adjustments	445,288	381,234	332,438
Compensation Award Adjustments Other	977,982	946,329	1,018,565
Total Compensation Workload Actions	2,375,488	2,118,556	2,264,677

Compensation for Veterans

The Compensation program provides monthly payments in recognition of the effects of disabilities, diseases, or injuries incurred or aggravated during active military service.

The number of Veterans receiving benefits has significantly increased, both in terms of whole numbers and as a percent of the Veteran population. The current Veteran population demonstrates similar disability profiles as their predecessors in terms of the body systems affected. However, an increasing number of Veterans are claiming, on average, eight or more disabilities. Orthopedic, mental health, cardiovascular, endocrine, and hearing problems predominate. Most of these conditions can be characterized as chronic progressive disabilities resulting in repeat claims. Nearly 2/3 (59 percent) of our pending claims inventory are from Veterans and Survivors for whom we have already completed at least one claim. Fifty percent of supplemental claims are also from Veterans who are claiming three or more contentions.

The average degree of disability for Veterans on the rolls has increased steadily from 32.2 percent in 2001 to 44.9 percent in 2012, reflecting both the existence of large, unique disability cohorts such as traumatic brain injury, mental disorders, diabetes, heart disease, and cancers, as well as the general aging of the earlier service population. The chart below reflects the major drivers in claim activity for Vietnam Veterans.

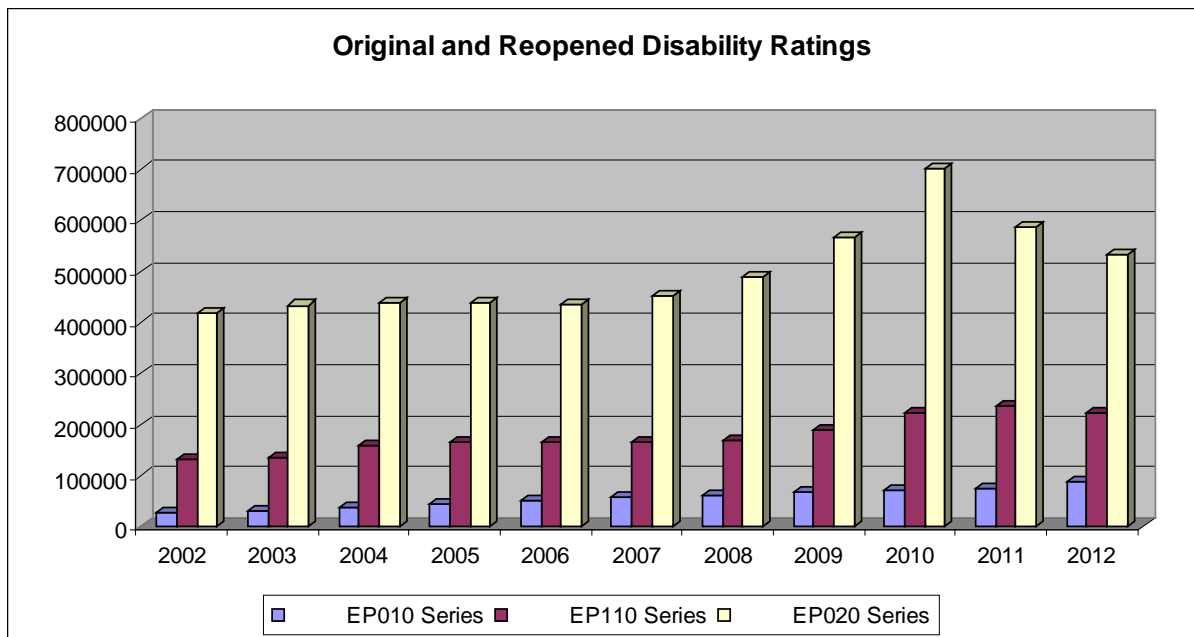


Disability Claims

Original disability claims with eight or more claimed issues increased more than 280 percent from 22,776 in 2001 to 87,287 in 2012.

After 11 years of sustained combat in Iraq and Afghanistan and the addition of the Agent Orange presumptive conditions, the number of Veterans receiving compensation has increased nearly 50 percent since 1999, from just over 2.3 million Veterans to nearly 3.44 million in 2012.

VA anticipates that reopened claims for increased benefits will continue to grow as compensation recipients age and their conditions worsen.



In 2012, 370,897 of the 471,308 pending supplemental claims were from Veterans who already receive a monetary benefit from VA. They represented 46 percent of the total pending inventory and 79 percent of supplemental claims.

Award Adjustments

In 2012, VBA completed 1,044,207 VA disability rating decisions. As previously indicated, due to approximately 3.44 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.

Special Programs and Processes

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

Pre-Discharge Claims Processing

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

Benefits Delivery at Discharge Program

The Benefits Delivery at Discharge (BDD) program allows Servicemembers to apply for disability compensation benefits prior to separating or retiring from military service. BDD is available to Servicemembers who have 60-180 days remaining on active duty and are able to complete their scheduled VA medical examinations prior to leaving their point of separation. Program participants receive a single cooperative medical examination that meets the requirements for a VA disability rating and military separation examination. BDD provides decisions on disability claims as close as possible to Servicemembers' separation from active duty as part of the overall goal of ensuring a seamless and successful transition to civilian life. The BDD program provides centralized decision-making with dedicated staffs at two sites, Winston-Salem, NC and Salt Lake City, UT. In 2012, VA received 30,381 BDD claims and completed more than 24,944 claims in an average of 210 days.

Quick Start Program

The Quick Start program is available to Servicemembers who have 1 to 59 days remaining on active duty, or to those who do not otherwise meet the BDD program criteria requiring availability for all examinations prior to discharge. Similar to the BDD program claims, Quick Start claims are processed centrally at the Winston-Salem, NC, and San Diego, CA ROs. In 2012, VA received 27,016 Quick Start claims and completed 34,933 claims in an average of 313 days.

Integrated Disability Evaluation System

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

The goal of IDES is to improve the previous legacy Physical Evaluation Board (PEB) process, where DoD and VA operated consecutive and often duplicative processes. In the legacy process, Servicemembers waited approximately 540 days

from their referral to the Medical Evaluation Board to the receipt of VA benefits. By using a single set of examinations and a single disability evaluation, IDES aims to reduce processing time to 295 days for active duty members, and 305 days for members of Reserve components. IDES increases the transparency and understanding of the disability evaluation and claim processes, and participants have consistently reported higher levels of satisfaction than have Servicemembers in the legacy system.

The IDES program has been expanded to entirely replace the legacy system; IDES now operates at 139 military treatment facilities worldwide and is available to all Servicemembers who are referred to Medical Evaluation Boards. Over 66,000 Servicemembers have been referred into IDES since the program was initiated in 2007, including over 30,000 new referrals in 2012.

Contract Examinations

VBA provided 194,040 disability examinations through contracted private examiners in FY 2012. These contracts help to better serve Veterans and supplement the capacity of VHA, which conducted 1,558,487 examinations and used contractors for an additional 59,194 examinations in FY 2012. VBA has hired 3 private companies to perform contract examinations at 18 ROs, in addition to various military bases in support of the IDES program throughout the United States. The service areas include urban centers as well as rural areas where Veterans would otherwise have to travel greater distances to undergo VA examinations. VBA estimates that in 2013, 225,795 Veterans will be examined by a private source and that number will increase to 237,085 in 2014.

Skills Certification Program

The skills certification program is an essential element in VBA's strategic goal of achieving a high-performing workforce. Currently, certification tests are used, or are under development or redesign, for Veterans service representatives, rating Veterans service representatives, decision review officers, as well as managers in Veterans service centers, pension management centers, and the Appeals Management Center (AMC). Certification is mandatory for all compensation and pension claims processors and their supervisors and will improve their skill levels, enhance job proficiency, and encourage professional development. Since the program's inception, 58 percent of the 14,456 individuals tested have obtained certification. VBA provides enhanced training opportunities and feedback to personnel to successfully retake the test.

Quality Assurance Program

VBA's Quality Assurance (QA) Program measures all elements of compensation national claims processing accuracy. There are six tiers to the QA program: Systematic Technical Accuracy Review (STAR), Quality Review Teams (QRTs),

Program Operations, Station Oversight, Rating Consistency Reviews, and the VHA Disability Examination Process.

Accuracy (STAR)

The STAR program is an outcome-based review program, focusing on authorization and rating accuracy. In addition to core rating and authorization reviews, STAR conducts special focus (or ad-hoc) reviews, which address subjects of interest to VBA or other stakeholders where accuracy and consistency are an issue.

Quality Review Teams (QRTs)

In March 2012, VBA implemented dedicated QRTs at each RO to assist in the effort to reach the strategic goal of 98 percent rating quality by 2015, to bridge the gap between local and national quality metrics, and to foster consistency in claims processing. QRTs conduct reviews of claims in various stages of the claims process.

Program Operations and Station Oversight

The Program Operations and Station Oversight tier of the QA Program consists of compliance oversight visits to ROs on a regular basis. These visits encompass a thorough review of all operational elements of claims processing to improve the consistency and accuracy of benefits delivery.

Rating Consistency Reviews

The QA Program's consistency facet involves conducting nationwide analysis of RO rating data with the goal of improving overall consistency in service connection rates and disability evaluations. Statistical data is collected to identify ROs where potential variations in grant rates and assigned disability percentages exist.

Contention-Based Quality

Traditionally, the STAR program has tracked national quality of rating decisions at the claim level, finding a case to be either completely correct or in error. In recent years, claims have become more complex with most involving multiple contentions, requiring numerous entitlement decisions in each case. Determining the quality of rating decisions based on each issue within the claim provides a more accurate assessment of actual rating quality. To track national quality data at the claim and contention level for every RO, Quality Assurance has requested programming enhancements to the STAR database to expand the analysis of error trends and provide appropriate, timely, and targeted training.

Committees

The Advisory Committee on Disability Compensation (ACDC) is a statutorily-mandated Federal advisory committee, which provides advice and recommendations to the Secretary regarding VA's disability benefits programs. Other advisory committees provide recommendations regarding former Prisoners of War, Veterans engaged in radiation risk activities, women Veterans, minority Veterans, and homeless Veterans.

Performance Measures

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

Table 1: Performance Summary Table

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	BACKLOG: Percentage of disability compensation claims pending inventory that is more than 125 days old (Supports Agency Priority Goal). <i>Note: Results History and 2012 Final reflect both Compensation and Pension pending inventory; 2013 and 2014 Targets are Compensation pending inventory only.</i>	N/A v	36%	60%	67%	40%	40%	0
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	BACKLOG: Percentage of disability compensation and pension claims pending inventory that is more than 125 days old (Supports Agency Priority Goal). <i>Note: Results History and 2012 Final reflect both Compensation and Pension pending inventory; 2013 and 2014 Targets are Compensation pending inventory only.</i>	N/A v	36%	60%	66%	40%	40%	0

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)	84%	84%	84%	86%	90%	93%	98%
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	Compensation entitlement claims - average days to complete (Supports Agency Priority Goal) <i>Note: Results History and 2012 Final reflect both Compensation and Pension average days to complete (ADC); 2013 and 2014 Targets are Compensation ADC only.</i>	161	166	188	287	250	250	90
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	Compensation maintenance claims - average days to complete	N/A v	99	106	128	110	90	60
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	National accuracy rate - compensation maintenance claims	95%	96%	97%	95%	97%	98%	98%
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	Percent of IDES participants who will be awarded benefits within 30 days of discharge; Assumption: IDES claims will continue to be a priority so impact of VOW/VEI will not affect performance.	N/A v	N/Av	N/Av	N/Av	60%	80%	90%

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income security	Identified with core missions of VA	Appeals Resolution Time (from NOD to final decision) (average number of days) (joint measure with BVA)	709	656	747	866	650	625	400

Table 2: Performance Measure Supporting Information

1) Percentage of disability compensation claims pending inventory that is more than 125 days old.

a) Means and Strategies:

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

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

c) Data Verification: Data are analyzed weekly and results are recorded quarterly by VBA’s Central Office- based Compensation Service, which perform quality and consistency reviews on cases from the regional offices with the highest rates of questionable practices. When anomalies are identified, when necessary, VBA staff follows standardized, documented procedures for making necessary changes to previously entered data.

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

e) Cross-Cutting Activities:

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

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

g) Other Supporting Information: None

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

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

2) National Accuracy Rate – compensation entitlement claims

a) Means and Strategies: Same as measure 1.

b) Data Sources:

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

c) Data Verification: Compensation STAR quality reviews by individual reviewers are routinely validated by Compensation Service managers as part of a review of individual performance. Additionally, when a regional office disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the Service Director.

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

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

f) External Factors: Same as measure 1.

g) Other Supporting Information: None

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

Initiatives

The following chart provides initiative data based on requested funding.

Initiatives (dollars in thousands)								
	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
COMPENSATION								
Transformation Plan	1,387	17,053	18,440	16	1,387	17,053	18,440	16
Veterans Benefits Management System (VBMS)	3,468	14,803	18,271	40	3,527	32,184	35,711	40
Veterans Claims Intake Process (VCIP)	0	17,440	17,440	0	4,080	132,360	136,440	34
Compensation Subtotal	\$4,855	\$49,296	\$54,151	56	\$8,994	\$181,597	\$190,591	90
VBA-Wide:								
Veterans Relationship Management (VRM) Including VONAPP	1,646	4,927	6,573	19	6,646	4,927	11,573	79
VBA-Wide Subtotal	\$1,646	\$4,927	\$6,573	19	\$6,646	\$4,927	\$11,573	79
Compensation Total	\$6,501	\$54,223	\$60,724	75	\$15,640	\$186,524	\$202,164	169

VBA-Wide Initiatives

Specific crosscutting initiatives that can be linked to a specific business line have been integrated into respective business line plans. However, certain 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: Transformation Plan

Total 2014 Initiative Cost: \$18,440,000 (no change from 2013)

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

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

Veterans Service Officers, labor partners, and employees). Many of the initiatives will help VBA achieve more timely and accurate benefits and service delivery to our beneficiaries. Other initiatives impact the culture of VA by demonstrating our advocacy for Veterans. All initiatives will support the overarching VBA Transformation initiative, which is VBMS.

As of 2012, this Transformation Plan has accomplished the national implementation of Quality Review Teams, a simplified and standardized rating notification process, completion of 81 Disability Benefits Questionnaires, and has begun the nationwide rollout of the new operating model and VBMS. The funding requested for 2014 will support contractual services and the ongoing phased implementation of the Transformation Plan. Strategic communications and project management support will aid VBA in developing and implementing further redesigned tools, business processes and technologies, as well as track the impact upon timely and accurate service to Veterans.

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

Expanding Initiative: Veterans Benefits Management System
Total 2014 GOE Initiative Cost: \$35.7M (No change over 2013)

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

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

Delivering VBMS will increase efficiencies for the disability claims process, improve quality, and reduce inventory backlog, ensuring the timely and accurate delivery of disability benefits to Veterans and their beneficiaries.

Components of the VBMS technology solution are in various stages of development and are being deployed to the field across several phases. Phase One (November 2010 – May 2011) was released to the Providence RO with limited functionality impacting claims establishment and claims processing. Phase Two (May 2011– November 2011) expanded VBMS at the Providence and Salt Lake City ROs to test scalability and functionality on a broader scale. VBMS began live claims processing at the Wichita and Fort Harrison ROs in March 2012, to align with the VBA’s Transformation Plan. Nationwide rollout of VBMS to all 56 ROs has begun and will continue through the 2013 calendar year following a prescribed schedule, which integrates with VBA’s overall transformation efforts. VBMS is planning additional software releases in 2013. Once all components of the system have been fully tested, integrated, and transitioned to the receiving organizations, VBMS will continue to add more sophisticated capabilities as technology evolves. Throughout its lifecycle, VBMS will play a critical role in improving the timeliness, accuracy, and efficiency of claims processing to deliver better service to our Veterans.

The Transition Phase will begin in 2014 and end in 2015.

Note: There is a corresponding IT budget for VBMS.

Initiative: Veterans Claims Intake Program

Total 2014 Initiative Cost: \$136,440,000 (+119M and 34 FTE over 2013)

The Office of Business Process Integration’s (OBPI’s) Veterans Claims Intake Program (VCIP) is supporting VBA’s Transformation Plan designed to eliminate the claims backlog and achieve our goal of processing all claims within 125 days with 98 percent accuracy in 2015. VCIP will coordinate the delivery of intake capabilities for source material (documentation, electronic records, and data) in direct support of Veterans benefits delivery, while collaborating with stakeholders to transition VBA from a paper to a digital operating environment.

In order to realize the benefits of VBMS, the system requires evidence in support of claims be converted to an electronic format and stored in the VBA database/image repository. Initially, much of the evidence will be received in a paper form and scanned/converted into digital information. This process is time consuming and expensive. Much of the needed information resides in electronic repositories within VA, VBA, VHA and other agencies (e.g., DoD, SSA, and the Internal Revenue Service). To reduce the costs and cycle-time associated with

scanning, VBA must coordinate and synchronize the electronic infrastructure development that will allow the electronic sourcing of this information by VBMS.

The scope for VCIP work will include the following lifecycle progression:

- Document Conversion - Populating the VBMS e-Folder by scanning and converting paper source material related to the claims process in support of benefits delivery and VBA's Transformation Plan
- Transition - Implementing an engagement campaign to support the VBA goal of stakeholder submission of 25 percent claims and evidence electronically (2013-2014)
- Digital Operating Environment - Achieving electronic submission by stakeholders of 70 percent of claims and evidence by 2018

VCIP will be responsible for enabling the delivery of intake capabilities through the following activities:

- Development of the strategy for the delivery of intake capabilities
- Coordination of activities required to execute the intake strategy
- Prioritization of intake capabilities
- Sequencing of the delivery of the intake capabilities
- Identification of intake capability gaps
- Identification and evaluation of new methods, tools, and techniques of intake capabilities
- Review of performance measurements and recommended improvements to intake capabilities

Initiative: Veterans Relationship Management

Total 2014 GOE Initiative Cost: \$13,376,000

Compensation: \$11,573,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and to improve their secure access to timely health-care and benefits information and assistance. VRM provides VA employees with up-to-date tools to better serve Veterans and their families. The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program ensures consistent, user-centric access to enhance the self-service experience of Veterans, their families, and their agents through a multi-channel customer relationship management (CRM) approach.

VRM has improved awareness of VA services and benefits by increasing the timeliness and relevance of information available to VA clients in the following ways:

- eBenefits has enhanced several self-service capabilities to include the ability to apply for benefits on-line through VONAPP Direct Connect (VDC). The number of registered eBenefits users has grown to over 1.7 million, and the goal is to reach 3.5 million registered users by the end of 2014.
- Telephony features include transfers, the ability for callers to be automatically routed to the first-available agent (national queue), and recording calls to develop a best-quality-calls library to identify training needs.
- The Interactive Voice Response (IVR) system now offers a Zero Option, allowing callers to select "0" and go to the top tier of the IVR system; and Polite Disconnect, which eliminates invalid traffic such as machine-generated or spam calls to our toll-free number. Callers can even receive a return call, rather than wait on hold, without losing their position in the queue. They can also schedule a call back up to 48 hours in advance, rather than wait on hold.
- Foundational elements for the Stakeholder Enterprise Portal (SEP) have been completed; SEP is a primary web-access point to VA for our business partners which will allow VSOs to assist Veterans in completion of benefit applications and other forms.
- CRM tools that provide an integrated view of Veterans' benefits and beneficiaries' claims, payment, and personal information have been piloted at VBA National Call Centers.

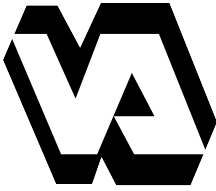
The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2014:

- Support Digit-to-Digit (D2D), the direct data exchange for claims ingestion from Veterans Service Organizations (VSOs) and State VSOs with their own claims processing systems.
- Develop new self-service capabilities both on the web and on mobile devices that take advantage of both the eBenefits portal as well as new services that are offered by both VA and DoD.
- Provide a help desk for VA clients that use capabilities offered by the eBenefits and Enterprise Stakeholder web portals.
- Prepare and execute a robust deployment environment that can support the growing number of Veterans and stakeholders using the self-service applications, as well as develop core/common infrastructure services that all VA self-service platforms can share.

- Deploy enhanced SEP functionality to extend services to medical providers, loan officers, and funeral directors.
- Expand CRM capabilities for the VBA Fiduciary Beneficiary System (FBS)
- Establish the CRM reference architecture and supporting environments to create a standard enterprise platform for VA.
- Improve ease of access to VA services with a single-sign-on portal for Veteran self-service (Enterprise Authentication Gateway (EAG), also known as AccessVA).

The total projected cost of \$13.4 million will be primarily used for contractual services that will provide strategic and tactical support to the program. An additional \$5 million and 60 FTE are requested in Compensation Service's budget. This increase will provide the resources to staff and train online support specialists that will provide support for VA clients that use capabilities offered by the eBenefits and Enterprise Stakeholder web portals.



Pension, Dependency and Indemnity Compensation, Burial, & Fiduciary Programs

Mission

This budget, in conjunction with the Office of Information and Technology budget, supports the Veterans Benefits Administration's (VBA) transformation into a 21st Century organization.

The mission of the pension program is to provide supplemental income for qualifying wartime Veterans and their survivors. The dependency and indemnity compensation (DIC) program provides supplemental income for survivors of Veterans who died as a result of their service. The burial program provides financial assistance for the dignified burial of Veterans.

The mission of the Fiduciary program is to protect Department of Veterans Affairs (VA) beneficiaries, who as a result of injury, disease, the infirmities of advanced age, or by reason of being less than age 18, are unable to manage their VA benefits.

Pension for Veterans and Survivors

Pension is a needs-based benefit program for wartime Veterans, who are age 65 or older or have a permanent and total non-service connected disability, and who have limited or no income. Veterans who are more seriously disabled may qualify for pension at the increased housebound or aid and attendance rates. Surviving spouses and dependent children of deceased wartime Veterans are eligible for monthly pension benefits if they meet the net worth and income requirements.

DIC and Parents DIC

VBA provides DIC benefits to two categories of survivors. The DIC program provides monthly benefits to surviving spouses and dependent children 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. VBA also pays these benefits to the survivors of a Veteran

whose death is not service-connected but who was rated by VA as being totally disabled due to service-connected disability for a specified period of time immediately preceding death. In addition to the DIC program for surviving spouses and dependent children, surviving dependent parents of a Servicemember or Veteran whose death is service-connected may be eligible for parents' DIC if they meet the income requirements.

Burial

The burial benefit program provides a one-time payment for the burial of a Veteran. The amount of the benefit varies depending upon whether the death was service-connected or non-service connected and whether the Veteran died in a Department of Veterans Affairs (VA) facility. The benefit will generally cover a portion of the actual cost of funeral and burial expenses up to the maximum amount prescribed by law, and may include a plot allowance and an allowance for the cost of transporting the decedent to the place of burial.

Fiduciary Program

The fiduciary program provides oversight for VA's most vulnerable beneficiaries, who are unable to manage their own VA benefits. Upon appointment by VA, a fiduciary is authorized to receive direct payment of a beneficiary's VA benefits and to disburse funds to creditors and the beneficiary according to the best interest of the VA beneficiary.

Stakeholders

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

Pension, DIC, Burial, & Fiduciary
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

Discretionary	2012	2013		2014	2014 - 2012
	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct Pensions & Fiduciary	1,725	1,204	1,995	1,995	270
Direct Burial	117	118	118	118	1
Total Direct FTE	1,842	1,322	2,113	2,113	271
Management Direction and Support	241	169	228	228	-13
Total FTE	2,083	1,491	2,341	2,341	258
Obligations					
Personal Services	\$172,410	\$136,379	\$195,779	\$200,298	\$27,888
Travel	1,471	1,873	1,873	1,937	466
Interagency Motor Pool	432	236	821	403	-29
Transportation of Things	180	126	126	237	57
Rent, Communications & Utilities	15,797	11,212	19,212	18,898	3,101
Printing	224	226	226	358	134
Other Services	13,740	15,687	15,687	17,483	3,743
Supplies and Materials	1,107	993	993	960	-147
Equipment	850	1,083	1,083	1,588	738
Insurance Claims	40	28	28	49	9
Total Administrative Obligations	\$206,251	\$167,843	\$235,828	\$242,211	\$35,960
Reimbursements	-\$9,675	-\$10,848	-\$10,848	-\$10,518	-\$843
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$196,576	\$156,995	\$224,980	\$231,693	\$35,117
Outlays (net)	\$218,672	\$157,319	\$214,562	\$225,228	\$6,556

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

Summary of Budget Request

Budget authority of \$231.7 million is requested to fund the discretionary portion of the pension, DIC, burial, and fiduciary programs. The request will fund the administrative expenses of 2,341 FTE; the projected January 1, 2014, 1.0 percent pay raise; the associated level of fringe benefits; the anticipated changes to staff composition; and inflationary expenses.

Changes from Original 2013 Budget Estimate

Obligations are projected to increase by \$68.0 million from the original budget estimate. This increase includes the realignment of 850 FTE from the Compensation program to support the fiduciary hubs and the processing of burial and DIC claims. Further, the 2013 continuing resolution reflects the realignment of VBA staff to create the Pension and Fiduciary (P&F) Service. Total VBA obligations are not impacted by the realignment.

Changes from 2012 Actual to 2014 Request

Obligations increase \$36.0 million over 2012 actuals. Personal services obligations increase \$27.9 million and provides for the projected January 1, 2014, 1.0 percent pay raise; the associated level of fringe benefits costs; the anticipated changes to staff composition; and inflationary expenses.

**Pension, Survivor Benefits & Fiduciary
Analysis of Discretionary Increases and Decreases
(dollars in thousands)**

	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$206,251	\$206,251
Prior Year FTE	2,083	2,083
Adjustments:		
FTE	258	258
Personal Services	\$23,369	\$27,888
Travel	402	466
Interagency Motor Pool	389	-29
Transportation of Things	-54	57
Rent, Communications & Utilities	3,415	3,101
Printing	2	134
Other Services	1,947	3,743
Supplies and Materials	-114	-147
Equipment	233	738
Insurance Claims	-12	9
Net Change	\$29,577	\$35,960
Estimated Obligations	\$235,828	\$242,211
Total FTE	2,341	2,341

**Pension, DIC, Burial, & Fiduciary
Average Salary Analysis**

2012 Average Salary (Actual)	
Average Salary	\$59,513
Average Benefits (32%)	19,031
2012 Average Cost	78,543
2013 Average Salary	58,087
Annualization of 0.5% 2013 raise	223
Change in staff composition	-1,649
Regular benefits percentage (34.8%)	20,890
2013 Average Cost	78,977
2014 Average Salary	59,900
Annualization of 0.5% 2013 raise	73
Annualization of 1.0% 2014 raise	437
Regular benefits percentage (35.3%)	21,826
2014 Average Cost	81,726

Program Highlights

In April 2011, VBA established the P&F Service for the purpose of providing more direct control and oversight of the pension and fiduciary programs. More recently, in 2012, VBA transferred to P&F Service responsibility for control and oversight of DIC and burial benefits.

Pension, DIC, and Burial Benefits

VBA's Pension Management Centers (PMCs) serve some of VA's most vulnerable beneficiaries. In 2011, more than 72 percent of the survivors pension beneficiaries were age 76 or older and 89 percent of DIC beneficiaries were age 56 or older.

VBA is evaluating a PMC realignment plan that may include distinct processing lanes for the different types of claims processed by the PMCs as well as cross-functional teams, similar to the claims transformation process currently underway in the disability compensation area. Consistent with VBA's transformation plan, the PMC realignment plan would leverage existing best practices. VBA projects that the realignment plan will produce efficiencies in claims processing that will enable VBA to redirect resources to work through these claims. The PMC plan would also prepare the PMCs for future program enhancements, such as program redesign and automation.

VBA has worked extensively with the SSA and Internal Revenue Service to improve interagency data sharing for purposes of verifying income eligibility for its needs-based programs. Under the improved process, VBA will receive the income information on a weekly rather than annual basis. The improved process will also provide VBA with three years of historical income information. These efforts are intended to transform the current paper-based income verification match process to a paperless one, reduce improper payments, and enable VBA to redirect resources to work on the PMC claims backlog. The improved process will begin in 2013.

VBA is updating pension, DIC, and burial benefits training materials, to include existing training curricula. By establishing standardized training curricula for these benefit programs, the PMCs will have a solid foundation for adjudicating claims and improving the timeliness and accuracy of the claims process.

Also related to accuracy, VBA established dedicated teams of quality review specialists at each PMC. These teams evaluate decision accuracy at both the PMC and individual employee levels, and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by national quality assurance staff to ensure local reviews are consistently conducted according to national standards.

Fiduciary

VBA is increasing the expertise of its workforce and the quality of its decisions through national training standards and centralized training that prepares personnel to work faster at a higher quality level. Centralized training for fiduciary personnel is scheduled to begin in 2013. The centralized training will provide all field examiners and legal instruments examiners with the knowledge and skills to better select and instruct fiduciaries. Additionally, this standardized training will provide fiduciary personnel with the tools to identify and address any performance issues with fiduciaries earlier in the process.

To improve operational efficiencies, VBA consolidated the management of its fiduciary activities into near-paperless processing environments at six fiduciary hubs in 2012. Under the hub model, fiduciary managers deploy their field examination resources according to the location of beneficiaries within the hub and without regard to state borders or VA regional office jurisdiction, while centralizing all other fiduciary functions at the hub site. The reorganization will improve the timeliness of initial fiduciary appointments and improve quality. It will also result in fewer miles traveled by field examiners when conducting field examinations.

In connection with the consolidation, VBA conducted an in-depth staffing analysis of its fiduciary activities. This analysis examined the location of beneficiaries and field examiners to develop a staffing model. Based on the resulting model, VBA hired 58 additional field examiners and deployed them based upon the needs of the current beneficiary population to further improve efficiency and client services.

VBA is in the process of developing fiduciary regulations. These are among VA's highest priority regulations. The proposed regulations address the rights of beneficiaries, the responsibilities of fiduciaries, and the role of VA in the beneficiary-fiduciary relationship.

Rating Claims Workload

The following chart provides a summary of the VBA pension and DIC rating workload and FTE projections, discussed in greater detail in this section. The summary includes data for only those pension and DIC claims considered to be part of VA's overall disability claims inventory (i.e., "rating claims").

Projected Pension and DIC Claims Workload and FTE Requirements	2011	2012	2013 Estimate	2014 Estimate
Pension, DIC, Burial, & Fiduciary Direct Labor FTE	1,439	1,842	2,113	2,113
Percentage of Original and Reopened Pension Claims Inventory Pending Over 125 days	N/Av*	34%	36%	20%
Percentage of DIC Claims Inventory Pending Over 125	N/Av*	41%	38%	20%
<u>Total Receipts</u>	150,605	147,060	149,555	149,073
Pension Claims	108,942	97,721	105,964	104,209
DIC Claims	41,663	49,339	43,591	44,864
<u>Total Production</u>	151,764	148,389	147,851	149,334
Pension Claims	110,783	100,930	105,577	105,763
DIC Claims	40,981	47,459	42,274	43,571
<u>Total Year-end Inventory</u>	47,251	45,939	47,643	47,382
Pension Claims	31,035	27,826	28,213	26,659
DIC Claims	16,216	18,113	19,430	20,723

**This is a new target for 2014. Therefore, the 2011 data has not been provided.*

The following chart provides a summary of the VA disability determination workload (i.e., disability claims inventory and backlog) and FTE projections with the combined totals for compensation, pension, and DIC benefits claims, as described in the 2013 budget.

Projected Compensation and Pension Benefits Workload and FTE Requirements	2011	2012	2013 Estimate	2014 Estimate
Compensation and Pension, DIC, Burial, & Fid Direct Labor FTE	14,038	14,119	14,355	14,415
Percentage of Compensation and Pension Pending Inventory That is More Than 125 Days Old	60%	66%	40%	40%
Average Days to Complete Compensation and Pension Rating Related Claims	188	262	250	250
Receipts	1,311,091*	1,080,342	1,253,462	1,329,724
Production	1,032,334	1,044,207	1,148,628	1,320,922
Year-end Inventory	810,455	846,590	951,424	960,226

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

Appeals Workload

Appealed cases include compensation, pension, DIC burial, and accrued benefits decisions. The following chart shows the combined total of appeals.

Appeals	2010	2011	2012
Receipts	141,483	127,318	115,637
Completed	118,309	100,558	92,027

Pension Management Center Workload

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.

- **Veterans pension claims** – original pension claims filed by Veterans, including claims for pension at the aid and attendance and housebound rates. Includes reopened pension claims.
- **Survivors pension claims** - pension claims filed by survivors, including aid and attendance and housebound.

- **Pension maintenance claims** - benefit adjustments based upon income changes and other changes in circumstances for individual beneficiaries, and program review actions initiated by VBA.
- **Pension other** - combination of workload from Veterans, survivors, and internal sources that is not included in the regular pension maintenance claims, e.g., correspondence and Privacy Act/Freedom of Information Act requests.
- **DIC** - claims filed for dependency and indemnity compensation.
- **Burial** - claims for burial, funeral, plot, and transportation allowances.
- **Pension program review** - additional reviews that are initiated by VBA and are classified as internal controls necessary to audit, review, and ensure that benefits and entitlements are proper and that the PMCs are following current law and VA policies and procedures.

Pension Management Center - Receipts	2010	2011	2012
Veterans Pension Claims (includes reopened claims)	111,230	108,942	97,721
Survivors Pension Claims	67,989	69,805	64,928
Pension Maintenance Claims	289,279	297,903	348,927
Pension - other	86,362	90,395	149,907
DIC	39,771	41,663	49,339
Burial Claims	145,225	142,139	140,638
Pension Program Review	18,444	11,535	59,627
Total	754,300	762,382	911,087

Pension Management Center - Production	2010	2011	2012
Veterans Pension Claims (includes reopened claims)	105,019	110,783	100,841
Survivors Pension Claims	63,710	60,213	60,332
Pension Maintenance Claims	297,259	297,338	296,716
Pension - other	87,512	89,633	140,537
DIC	38,382	40,981	47,400
Burial Claims	139,247	113,471	132,839
Pension Program Review	16,627	12,992	58,826
Total	747,756	725,411	837,491

Fiduciary Program

VA's fiduciary program provides services for compensation, pension, DIC, and insurance beneficiaries who are unable to manage their own VA benefits. The fiduciary program oversees more than 127,000 beneficiaries, dispersed in locations across the country, representing an increase of 20 percent since 2009.

VBA completed over 104,000 initial field examinations, follow-up field examinations, and accounting audits in 2012. Field examiners traveled almost 4 million miles to complete their duties in 2012. The workload of the fiduciary program continues to grow as the beneficiary population increases and ages.

Program Actions

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

Skills Certification Program

The skills certification program is an essential element in VBA's strategic goal of achieving a high-performing workforce. Currently, certification testing is administered to employees serving as veterans service representatives, rating veterans service representatives, decision review officers, and supervisors at Veterans service centers, PMCs, and the Appeals Management Center (AMC). Skills certification testing is mandatory for all compensation and pension claims processors and their supervisors. Since the inception of the skills certification testing, 58 percent of the 14,456 individuals who have taken the tests have passed. VBA provides enhanced training opportunities and feedback to personnel to successfully retake the test. The new mandatory requirement that all compensation and pension claims processors and their supervisors pass skills certification will improve the skill level of employees, enhance job proficiency, and encourage professional development.

Quality Assurance Program

The quality assurance program is a multi-tiered program focusing on program accuracy, regional office oversight, and special focus reviews. Based on the findings of these reviews, VBA publishes guidelines and provides significant training to decision makers to ensure claims are processed accurately and consistently across all 56 regional offices, PMCs, the Day-1 Brokering Centers (D1BCs), the AMC, and fiduciary hubs.

Accuracy

The Systematic Technical Accuracy Review (STAR) program is the national system for measuring the accuracy of compensation and pension claims and fiduciary work. In the pension program, STAR reviews measure claim processing quality at the three PMCs. The fiduciary program STAR staff review fiduciary program quality in the six fiduciary hubs and the Manila Regional Office. The P&F Service quality assurance staff work closely with the local offices to ensure that error trends are identified and corrected, that claims are processed accurately, and that policy and procedures issues are timely addressed.

Regional Office Oversight

PMC site visits encompass a thorough review of all operational elements of claims processing to improve workload management and ensure compliance with approved policies and procedures throughout the PMCs. Site visits include the following elements:

- Review of workload management and claims processing for all work.
- Review of local and national guidance to ensure compliance with policies, procedures, and regulations
- Special emphasis on management controls, training, program and data integrity areas, and security of personal identifying information
- Review of priority claims, such as those for homeless Veterans and Veterans facing financial hardship
- Review of public contact operations, outreach efforts, and liaison and coordinating efforts at offices to improve communication with the Veteran and survivor population being served

Fiduciary site visits encompass a thorough review of all operational elements of the fiduciary program to enhance program integrity, improve quality in service delivery, improve workload management, and ensure compliance with approved policies and procedures throughout the fiduciary hubs and the Manila Regional Office. Site visits include the same elements as used for the PMCs.

Performance Measures

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

Table 1: Performance Summary Table

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	Percentage of disability compensation and pension pending inventory that is more than 125 days old (Supports Agency Priority Goals)	NA	36%	60%	66%		40%	0
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	Percentage of Original and Reopened Pension Claims Inventory Pending Over 125 days	N/Av	N/Av	N/Av	34%	36%	20%	0%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	Percentage of DIC Claims Inventory Pending Over 125 days	N/Av	N/Av	N/Av	40.5%	38%	20%	0%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	Average Days to Complete Pension Maintenance Claims	N/Av	N/Av	N/Av	135	100	75	60
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	Original and Reopened Pension claims- Average Days to Complete	N/Av	N/Av	N/Av	113	115	100	90
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	Average Days to Complete Original Survivors Pension	N/Av	N/Av	N/Av	231	230	150	90
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	Burial Claims Processed- Average Days to Complete	78	76	113	178	140	90	21

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	National Accuracy Rate-Pension Maintenance Claims	95%	96%	97%	98%	98%	98%	98%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	National Accuracy Rate -Original and Reopened Pension Claims	95%	96%	98%	97%	98%	98%	98%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	National Accuracy Rate-Burial Claims Processed	N/Av	N/Av	N/Av	100%	98%	98%	98%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA	National Accuracy Rate-Fiduciary Work	82%	85%	88%	86%	92%	92%	98%
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders; VA is a demonstrated leader in government	Number of registered e-benefits users	N/Av	N/Av	1 M Base-line	1.65M	2.5 M	3.5 M	3.5 M
Support Delivery of Services	Controls and Oversight	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	National Call Center Client Satisfaction Index Score	N/Av	N/Av	N/Av	Base-line	754	765	765

Table 2: Performance Measure Supporting Information

1) Percentage of Original and Reopened Pension Claims Inventory Pending Over 125 days;

2) Percentage of DIC Claims Inventory Pending Over 125 days; and

3) Average Days to Complete Pension Maintenance Claims

a) Means and Strategies:

- Process claims timely, accurately, and consistently
- Develop staff expertise for higher quality decisions

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

c) Data Verification: Data are analyzed weekly and results are recorded quarterly by VBA's Central Office- based Pension and Fiduciary Services, which perform quality and consistency reviews on cases from the regional offices with the highest rates of questionable practices.

When anomalies are identified, when necessary, VBA staff follows standardized, documented procedures for making necessary changes to previously entered data.

d) Measure Validation: The focus of this measure is improved service delivery to claimants.

Additionally, the measure ensures that claimants receive the benefits to which they are entitled in a consistent and timely manner.

- **e) Cross-Cutting Activities:** None

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

g) Other Supporting Information: None

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

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

4) National Accuracy Rate - Pension Maintenance Claims

a) Means and Strategies: Same as measure 1.

b) Data Sources:

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

c) Data Verification: Pension and Fiduciary Service STAR quality staff reviews cases on a monthly basis to determine accuracy. Cases are pulled from a sample of case that each PMC completes. Additionally, when a PMC disagrees with an error call, it is reviewed as part of a formal process requiring the concurrence of the service director.

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

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

f) External Factors: Same as measure 1.

g) Other Supporting Information: None

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

Initiatives

The following chart provides initiative data based on requested funding.

Initiatives (dollars in thousands)								
	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
PENSION AND FIDUCIARY								
Pension and Fiduciary Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide:								
Veterans Relationship Management	87	259	346	1	87	259	346	1
VBA-Wide Subtotal	\$87	\$259	\$346	1	\$87	\$259	\$346	1
Pension and Fiduciary Total	\$87	\$259	\$346	1	\$87	\$259	\$346	1

VBA-Wide Initiatives

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

Initiative: Veterans Relationship Management

Total 2014 GOE Initiative Cost: \$13,376,000 (no change over 2013)

Pension, DIC, Burial & Fiduciary portion: \$346,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM provides VA employees with up-to-date tools to better serve Veterans and their families. The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program ensures consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

VRM has improved awareness of VA services and benefits by increasing the timeliness and relevance of information available to VA clients:

- eBenefits has enhanced several self-service capabilities to include the ability to apply for benefits on-line through VONAPP Direct Connect (VDC). The number of registered eBenefits users has grown to over 1.7 million, and the goal is to reach 3.5 million registered users by the end of 2014.
- Telephony features introduced include transfers, the ability for callers to be automatically routed to the first available, skilled agents (national queue), and recording calls to develop best-quality-calls library to identify training needs.
- The Interactive Voice Response (IVR) system now offers a Zero Option, allowing callers to select "0" and go to the top tier of the IVR system; and Polite Disconnect, which eliminates invalid traffic such as machine-generated or spam calls to our toll-free number. Callers can even receive a return call, rather than wait on hold, without losing their position in the call queue. They can also schedule a call back up to 48 hours in advance, rather than wait on hold.
- Foundational elements for the Stakeholder Enterprise Portal (SEP) have been completed; SEP is a primary web-access point to VA for our business partners which will allow Veterans Service Organizations (VSOs) to assist Veterans in completion of benefit applications and other forms.
- CRM tools that provide an integrated view of Veterans' benefits and beneficiaries' claims, payment, and personal information have been piloted at VA National Call Centers.

The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2014:

- Support Digit-to-Digit (D2D), the direct data exchange for claims ingestion from VSOs, and State VSO claims systems for those organizations that have their own claims processing systems.
- Develop new self-service capabilities both on the web and on mobile devices to include new capabilities that take advantage of both the eBenefits portal as well as new services that are offered across both VA and DoD.

- Provide a help desk for VA clients that use capabilities offered by the eBenefits and Stakeholder Enterprise web portals.
- Prepare and execute a robust deployment environment that can scale to support the growing number of Veterans and stakeholders using the self-service applications, as well as the development of core/common infrastructure services that can be shared across the VA enterprise for all self-service platforms.
- Deploy enhanced SEP functionality to extend services to medical providers, loan officers, fiduciaries, and funeral directors.
- Expand CRM capabilities for the VBA Fiduciary Beneficiary System (FBS).
- Establish the CRM reference architecture and supporting environments to create a standard enterprise platform for VA.
- Improve ease of access to VA services with a single-sign-on portal for Veteran clients' self-service (Enterprise Authentication Gateway (EAG), also known as AccessVA).

The total projected cost of \$13.4 million will be primarily used for contractual services that will provide strategic and tactical support to the program. An additional \$5 million and 60 FTE are requested in Compensation Service's budget. This increase will provide the resources to staff and train online support specialists that will provide online support for VA clients that use capabilities offered by the eBenefits and Enterprise Stakeholder web portals.



Education

Mission

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

Stakeholders

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

Education					
Summary of Discretionary Appropriation Highlights					
(dollars in thousands)					
	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	1,771	1,672	1,837	1,837	66
Management Direction and Support	200	177	177	177	-23
Total FTE	1,971	1,849	2,014	2,014	43
Obligations					
Personal Services	\$158,261	\$147,667	\$162,629	\$166,369	\$8,108
Travel	1,210	1,915	1,915	1,443	233
Interagency Motor Pool	428	287	287	333	-95
Transportation of Things	140	91	91	196	56
Rent, Communications & Utilities	16,705	13,804	17,004	15,506	-1,199
Printing	223	762	762	522	299
Other Services	16,796	14,603	14,603	16,617	-179
Supplies and Materials	1,036	512	512	795	-241
Equipment	871	1,226	1,226	1,313	442
Insurance Claims	41	34	34	41	0
Total Administrative Obligations	\$195,711	\$180,901	\$199,063	\$203,135	\$7,424
Reimbursements	-\$246	-\$537	-\$537	-\$568	-\$322
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$195,465	\$180,364	\$198,526	\$202,567	\$7,102
Outlays (net)	\$202,910	\$176,700	\$193,990	\$197,549	-\$5,361

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

Summary of Budget Request

Budget authority of \$202.6 million is requested to fund the discretionary portion of the Education program in 2014. The funding will support 2,014 FTE; the January 1, 2014, 1.0 percent projected pay raise; the associated level of fringe benefits; inflationary expenses; and maintenance for the Post-9/11 GI Bill program.

Changes from Original 2013 Budget Estimate

In 2013, obligations are projected to increase over the original budget estimate by \$18.2 million. Personal services obligations increase \$15.0 million for 165 additional FTE. These claims processors will process additional workload resulting from Public Law 112-56, the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011. The VOW to Hire Heroes Act of 2011 established the Veterans Retraining Assistance Program (VRAP), which provides retraining assistance to eligible, unemployed Veterans.

Changes from 2012 Actual to 2014 Request

In 2014 obligations are expected to increase \$7.4 million over 2012 actuals. Personal services obligations increase \$8.1 million for 43 additional FTE; the January 1, 2014, projected 1.0 percent pay raise; the anticipated changes in staff composition; and the associated level of fringe benefits. Non-pay obligations reflect decreases to more accurately reflect operational needs and efficiencies.

Education		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$195,711	\$195,711
Prior Year FTE	1,971	1,971
Adjustments:		
FTE	43	43
Personal Services	\$4,368	\$8,108
Travel	705	233
Interagency Motor Pool	-141	-95
Transportation of Things	-49	56
Rent, Communications & Utilities	299	-1,199
Printing	539	299
Other Services	-2,193	-179
Supplies and Materials	-524	-241
Equipment	355	442
Insurance Claims	-7	0
Net Change	\$3,352	\$7,424
Estimated Obligations	\$199,063	\$203,135
Total FTE	2,014	2,014

Education Average Salary Analysis	
2012 Average Salary (Actual)	
Average Salary	\$55,022
Average Benefits (33.5%)	18,458
2012 Average Cost	73,480
2013 Average Salary	
Annualization of 0.5% 2013 raise	206
Change in staff composition	1,525
Regular benefits percentage (35.5%)	20,280
2013 Average Cost	77,033
2014 Average Salary	
Annualization of 0.5% 2013 raise	71
Annualization of 1.0% 2014 raise	426
Regular benefits percentage (36.1%)	21,151
2014 Average Cost	\$79,027

Program Highlights

Legislation enacted in 2008 and 2011 significantly expanded education benefits and allowed more individuals the opportunity to use the Post-9/11 GI Bill. Additionally, P.L. 112-56 established VRAP which provides retraining assistance to eligible unemployed Veterans.

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

Public Law 111-377 limits the amount of tuition and fees payable to individuals attending private and foreign institutions of higher learning (IHLs) each academic

year. The maximum tuition and fees payable for the 2012-2013 academic year is \$18,077.

On August 3, 2011, the President signed Public Law 112-26, the Restoring GI Bill Fairness Act of 2011. This law allows VA to issue more than \$17,500 in tuition and fee payments during the academic year on behalf of certain individuals. To qualify for the higher payment, a student must have pursued training at a private IHL in one of the seven specified states, must have been enrolled in a program of education that had tuition and fee charges that exceeded \$17,500 for full-time attendance during the 2010-2011 academic year, and must have enrolled in the same private institution since January 4, 2011.

Individuals eligible for tuition and fee grandfathering whose tuition and fee charges during the current academic year exceed \$17,500 will be paid the greater of either the established charges payable based on the Department of Veterans Affairs Post-9/11 GI Bill 2010-2011 Tuition and Fee In-State Maximums published October 27, 2010, or an amount based on the \$17,500 annual cap. The grandfathered rates are effective from August 1, 2011, through July 31, 2014.

Section 211 of Public Law 112-56, the VOW to Hire Heroes Act of 2011, established VRAP for eligible unemployed Veterans. VRAP offers up to 12 months of training assistance. The law establishes a set of criteria that Veterans must meet to participate in the program, which include age, employment status, character of discharge, type of training, and other key elements. The program is limited to 45,000 participants to be found eligible during the period of May 15, 2012, through September 30, 2012, and to 54,000 additional participants beginning October 1, 2012. Eligible Veterans will receive the Montgomery GI Bill-Active Duty (chapter 30) full-time benefit rate for up to 12 months. Training must be completed at a VA-approved community college or technical school; it must lead to an associate degree, certificate, or other record of completion; and the training must pertain to an occupation deemed by the DOL to be in high demand. The training programs must begin on or after July 1, 2012, and the authority for VA to make payments expires on March 31, 2014.

On April 27, 2012, the President signed Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Serving Servicemembers, Veterans, Spouses, and Other Family Members. Executive Order 13607 directs VA, along with the Departments of Defense and Education, to develop and implement Principles of Excellence to ensure that Servicemembers, Veterans, and their families have the information they need to make informed decisions concerning their educational benefits. These principles apply to educational institutions receiving funding from Federal military and Veterans educational benefit programs, including benefit programs provided by the Post-9/11 GI Bill.

The principles will ensure that these educational institutions provide meaningful information to Servicemembers, Veterans, spouses, and other family members about the financial cost and quality of educational institutions to assist prospective students in making choices about how to use their Federal educational benefits; prevent abusive and deceptive recruiting practices that target the recipients of Federal military and Veterans educational benefits; and ensure that educational institutions provide high quality academic and student support services to active-duty Servicemembers, Reservists, Veterans, and military families.

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

In August 2009, VA implemented the Post-9/11 GI Bill using interim manual procedures and processing tools. VA's long-term strategy to implement the Post-9/11 GI Bill is the development of an end-to-end information technology (IT) solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. Six phases have been deployed with the Long-Term Solution (LTS) including several releases of functionality required to implement changes to the Post-9/11 GI Bill required by P.L. 111-377. This law made significant changes to the education benefit programs that VA administers with short timelines for implementation, thus impacting the development of the LTS for processing and automating Post-9/11 GI Bill claims. The deployment of the LTS was adjusted to make the system changes needed. On September 24, 2012, end-to-end automation of select Post-9/11 GI Bill supplemental claims was activated in the LTS. Since this deployment, over 2,500 claims per day are being processed automatically with no human intervention. Efficiencies gained through end-to-end automation will improve overall claims processing timeliness.

VA's FTE projections for 2013 reflect the retention of temporary GI Bill claims processors needed as a result of the delay in delivery of full LTS functionality. The retention of these claims processors will help VA reach original and supplemental education claims processing timeliness goals of 28 and 14 days, respectively, in 2014.

Accelerating Change in VA's Operating Model

VA is committed to providing reliable and beneficial services to Veterans and others using VA education benefits. Drastic increases in trainees and continuous high-level interest in VA education programs require VA, more than ever, to provide efficient and effective service to beneficiaries that enable them to meet education and training objectives. VA's understanding of service delivery has expanded. VA is continuing to strive for improved education claims processing timeliness and accuracy. However, VA has also expanded the support provided

to students throughout their educational career to ensure students are afforded the best opportunity to graduate and become gainfully employed. This expansion helps Veterans who use VA education benefits make sound decisions concerning the right school to attend, are aware of available services if they face academic challenges, and are provided a smooth transition to Federal, state, and local employment services.

VA recognizes the importance of both providing valuable readjustment opportunities for beneficiaries and maximizing it's potential to enhance the national workforce. As such, VA has enhanced and strengthened many of the services provided, with a significant expansion of it's capacity to actively engage with students throughout their educational experience. These services include:

- Assisting students with choosing the right schools, educational programs, and training opportunities to match their interests, aptitudes, and abilities
- Providing additional support and resources for students, specifically those who are:
 - Planning their educational pursuits
 - At risk for, or on, academic probation
 - Preparing for graduation
- Linking students to employment resources prior to and at completion of their educational goal

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

Workload and Resource Needs

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

	2011	2012	2013 Estimate	2014 Estimate
Direct Labor FTE (cum)	1,782	1,771	1,837	1,837
Total Claims Completed	3,365K	3,522K	4,020K	4,280K
Increase in Claims Completed (over previous year)	19.8%	4.7%	14.1%	6.5%
Average Days to Process Original Claims	24	31	28	28
Average Days to Process Supplemental Claims	12	17	14	14

2013 Workload

The Post-9/11 GI Bill was effective on August 1, 2009, and established eligibility based on qualifying active duty service completed after September 10, 2001. As a result, the workload significantly increased in 2010. Additional claims workload

is expected in FY 2013 in order to comply with the VOW Act and implement a newly designed Transition Assistance Program created by the Veterans Employment Initiative Task Force. The new program, "Transition GPS (Goals, Plans, Success)," will provide enhanced benefits briefings to all separating Servicemembers. In addition to this increased workload, VRAP became effective in 2012 and will peak in 2013 before ending in 2014. Participation in VRAP is limited by law to no more than 99,000, and this number has been included in the projected workload. VA expects the number of claims completed in 2013 to increase by 14.1 percent over 2012. Due to these factors, the estimated FTE required increased 165 FTE from the previous estimate to the current estimate of 1,837 FTE.

2014 Workload

In 2014, VA expects a 6.5 percent increase in the number of Veterans using education benefits compared to 2013, due in part to additional workload to support full implementation of Transition GPS.

Performance Measures

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

Table 1: Performance Summary Table

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure (Shaded measures are Key and those supporting APGs; Key Measures are in bold)	Results History				Future Targets		2014 Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
(A) Services for Veterans and Eligible Beneficiaries	Education	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	Average days to complete original Education claims	26	39	24	31	28	28	28
(A) Services for Veterans and Eligible Beneficiaries	Education	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	Average days to complete supplemental Education claims	13	16	12	17	14	14	14
(A) Services for Veterans and Eligible Beneficiaries	Education	Identified with core missions of VA	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	*Baseline	TBD	TBD
(A) Services for Veterans and Eligible Beneficiaries	Education	Identified with core missions of VA	Education Claims Completed Per FTE *Baseline is 2013 because the requisite level of automation within VA's long-term processing solution will not be reached until 2013	N/Av	N/Av	N/Av	N/Av	*Baseline	TBD	TBD

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure (Shaded measures are Key and those supporting APGs; Key Measures are in bold)	Results History				Future Targets		2014 Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested)	
(A) Services for Veterans and Eligible Beneficiaries	Education	Identified with core missions of VA	Payment accuracy rate	96	95	98	98	98	98	98
(B) Support Delivery of Services	Controls and Oversight	Identified with core missions of VA; Of demonstrated high visibility to our stakeholders	Education Call Center Client Satisfaction Index Score (New)	N/Av	N/Av	N/Av	N/Av	754	754	765
(B) Support Delivery of Services	Controls and Oversight	Identified with core missions of VA	Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim * Targets are TBD as this measure will be captured by customer satisfaction surveys under development	N/Av	N/Av	N/Av	N/Av	*Base-line	TBD	TBD
(B) Support Delivery of Services	Controls and Oversight	Identified with core missions of VA	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. *Targets are TBD as this measure will be captured by customer satisfaction surveys under development	N/Av	N/Av	N/Av	N/Av	*Base-line	TBD	TBD

Table 2: Performance Measure Supporting Information
KEY OR DEPARTMENTAL MEASURES ONLY

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

a) Means and Strategies: With the establishment of the Post-9/11 GI Bill, VA's long-term strategy to implement this new education program is the development of an end-to-end IT solution that uses rules-based, industry-standard technologies to modernize the delivery of education benefits. The LTS was implemented during 2011 . Currently, approximately 80 percent of all Post-9/11 GI Bill supplemental claims are automated – partially or fully. While the automation percentage varies daily, LTS recently fully automated over 53 percent of claims received in one single day. .

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:

- Regional Processing Offices 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 2012 there were 26,493 school certifying officials using VA ONCE. In the same year we received approximately 3,597,728 electronic documents through VA ONCE, which represented an increase of 559,263, or 18.4 percent, above the previous year.

f) External Factors: Expansion of educational benefit programs could have an impact on these goals by increasing the volume of claims submitted to VA.

g) Other Supporting Information: None

h) Link to New Strategic Planning Framework: These measures support:

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

Initiatives

The following chart outlines resources requested in support of Education initiatives:

Initiatives (dollars in thousands)								
	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
EDUCATION								
Education Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide:								
Veterans Relationship Management	87	385	472	1	87	385	472	1
VBA-Wide Subtotal	\$87	\$385	\$472	1	\$87	\$385	\$472	1
Education Total	\$87	\$385	\$472	1	\$87	\$385	\$472	1

VBA-Wide Initiatives

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

Continuing Initiative: Veterans Relationship Management

Total 2014 GOE Initiative Cost: \$13,376,000

Education Portion: \$472,000 (no change from 2013)

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM provides VA employees with up-to-date tools to better serve Veterans and their families. The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program ensures consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

VRM has improved awareness of VA services and benefits by increasing the timeliness and relevance of information available to VA clients:

- eBenefits has enhanced several self-service capabilities to include the ability to apply for benefits on-line through VONAPP Direct Connect (VDC). The number of registered eBenefits users has grown to over 2.1 million and the goal is to reach 3.5 million registered users by the end of 2014.

- Telephony features introduced include transfers, the ability for callers to be automatically routed to the first available skilled agent (national queue), and recording calls to develop best-quality-calls library to identify training needs.
- The Interactive Voice Response (IVR) system now offers a Zero Option, allowing callers to select "0" and go to the top tier of the IVR system; and Polite Disconnect, which eliminates invalid traffic such as machine-generated or spam calls to our toll-free number. Callers can even receive a return call, rather than wait on hold, without losing their position in the call queue. They can also schedule a call back up to 48 hours in advance, rather than wait on hold.
- Foundational elements for the Stakeholder Enterprise Portal (SEP) have been completed; SEP is a primary web-access point to VA for our business partners which will allow Veterans Service Organizations (VSOs) to assist Veterans in completion of benefit applications and other forms.
- CRM tools that provide an integrated view of Veterans' and beneficiaries' claims, payment, and personal information have been piloted at VA National Call Centers.

The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2014:

- Support Digit-to-Digit (D2D), the direct data exchange for claims ingestion from VSOs and State VSO claims systems for those organizations that have their own claims processing systems.
- Develop new self-service capabilities both on the web and on mobile devices to include new capabilities that take advantage of both the eBenefits portal as well as new services that are offered across both VA and DoD.
- Provide a help desk for VA clients that use capabilities offered by the eBenefits and Stakeholder Enterprise web portals.
- Prepare and execute a robust deployment environment that can scale to support the growing number of Veterans and stakeholders using the self-service applications, as well as the development of core/common infrastructure services that can be shared across the VA enterprise for all self-service platforms.
- Deploy enhanced SEP functionality to extend services to medical providers, loan officers, and funeral directors.
- Expand CRM capabilities for the VBA Fiduciary Beneficiary System (FBS).
- Establish the CRM reference architecture and supporting environments to create a standard enterprise platform for VA.

- Improve ease of access to VA services with a single-sign-on portal for Veteran clients self-service (Enterprise Authentication Gateway (EAG), also known as AccessVA).

The total projected cost of \$13.4 million will be primarily used for contractual services that will provide strategic and tactical support to the program. An additional \$5 million and 60 FTE are requested in Compensation Service's budget. This increase will provide the resources to staff and train online support specialists that will provide online support for VA clients that use capabilities offered by the eBenefits and Stakeholder Enterprise web portals.



Housing

Mission

The Housing program helps eligible Veterans, active duty personnel, eligible surviving spouses, and members of the Reserves and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. VA endeavors to operate in the most efficient manner possible to minimize cost and ensure the best use of taxpayers' dollars.

Stakeholders

Veterans, active duty personnel, eligible surviving spouses, members of the Reserves and National Guard, and their families are the primary clients of the program. Lenders, loan servicers, others in the housing finance industry, homebuilders, and real estate agents are partners with VA in providing service to Veterans. Employees and fee personnel, such as appraisers, inspectors, and management brokers, are critical to providing Veterans with quality and timely service. Congress, Veterans Service Organizations (VSOs), state and county Veterans representatives, and the military services are also important stakeholders.

Housing
Summary of Discretionary Appropriation Highlights
(dollars in thousands)

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	775	820	820	820	45
Management Direction and Support	98	87	87	87	-11
Total FTE	873	907	907	907	34
Obligations					
Personal Services	\$84,974	\$93,069	\$91,673	\$90,786	\$5,812
Travel	1,427	2,043	1,396	1,403	-24
Interagency Motor Pool	270	241	321	265	-5
Transportation of Things	130	117	155	128	-2
Rent, Communications & Utilities	6,744	7,758	8,015	6,628	-116
Printing	67	85	79	66	-1
Other Services	24,682	33,673	29,633	22,448	-2,234
Supplies and Materials	393	681	468	387	-6
Equipment	475	874	564	466	-9
Insurance Claims	15	15	18	15	0
Total Administrative Obligations	\$119,177	\$138,556	\$132,321	\$122,592	\$3,415
Reimbursements	-\$119,177	-\$138,556	-\$132,321	-\$122,592	-\$3,415
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$0	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$0	\$0	\$0	\$0

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

Summary of Budget Request

Reimbursement authority of \$122.6 million is requested from credit accounts to fund the discretionary portion of the Housing program in 2014. Administrative funding includes \$121.5 million for the Veterans Housing Program and \$1.1 million for the Native American Housing Program. The funding will support 907 VBA FTE for the Veterans and Native American Housing programs.

Changes from Original 2013 Estimate

Obligations decreased \$6.2 million from the original estimate. These decreases include reductions in personal services, travel, printing, other services, supplies and materials, and equipment resulting from targeted management efficiencies.

Changes from 2012 Actual to 2014 Request

In 2014, obligations are estimated to increase \$3.4 million over 2012 actuals. An increase of \$5.8 million in personal services will support an additional 34 FTE. This increase is offset by reductions in travel, rent communications and utilities, printing, other services, supplies and materials, and equipment as a result of targeted management efficiencies.

Housing		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$119,177	\$119,177
Prior Year FTE	873	873
Adjustments:		
FTE	34	34
Personal Services	\$6,699	\$5,812
Travel	-31	-24
Interagency Motor Pool	51	-5
Transportation of Things	25	-2
Rent, Communications & Utilities	1,271	-116
Printing	13	-1
Other Services	4,951	-2,234
Supplies and Materials	74	-6
Equipment	89	-9
Insurance Claims	3	0
Net Change	\$13,145	\$3,415
Estimated Obligations	\$132,321	\$122,592
Total FTE	907	907

Housing Average Salary Analysis	
2012 Average Salary (Actual)	
Average Salary	\$71,146
Average Benefits (29.9%)	21,249
2012 Average Cost	92,395
2013 Average Salary	70,673
Annualization of 0.5% 2013 raise	267
Change in staff composition	-740
Regular benefits percentage (32.9%)	23,348
2013 Average Cost	94,022
2014 Average Salary	72,247
Annualization of 0.5% 2013 raise	88
Annualization of 1.0% 2014 raise	530
Regular benefits percentage (33.3%)	24,276
2014 Average Cost	\$96,523

Workload and Resource Needs

2013 Workload

Total home loans guaranteed in 2012 were 542,036 with a decrease to 472,997 expected in 2013. The number of guaranteed loans expected in 2013 primarily reflects a decreased demand for refinance loans from 348,722 in 2012, to 262,497 in 2013. In 2013, an increasing interest-rate environment will reduce the number of Veteran borrowers choosing to lower the interest rates on their home mortgages. However, the tightened lending environment for home mortgages will continue to make the VA-guaranteed loan program attractive to Veterans and Servicemembers considering purchasing a home. Purchase loan volume in 2012 totaled 193,314 and is expected to reach 210,500 in 2013.

Because VA operates in the broader mortgage marketplace, the VA housing program is affected by the economic conditions in the housing market. These economic conditions have led to declining housing prices and tightening credit. Once the mortgage market is able to reach the point of a sustainable recovery, VA expects that the outcomes of servicing efforts, offered to borrowers with delinquent VA-guaranteed home loans, will improve. As home equity begins to recover, VA and loan servicers will be better able to use foreclosure-avoidance tools, resulting in more default resolution options.

2014 Workload

VA estimates that 275,624 home loans will be guaranteed in 2014. An estimated 213,845 of these loans will be purchase loans and 61,780 will be refinance loans.

The guaranteed loan estimate reflects continued strong volume in purchase loans and a continued decrease in refinance loans. The currently constrained mortgage lending environment will continue to increase confidence and use of the guaranteed loan program by the real estate and mortgage lending industries, upon which VA relies to deliver the home loan benefit to borrowers. The number of refinance loans will decrease as interest rates steadily rise. Defaults and foreclosures will also decrease consistent with the assumption of a recovering housing market and easing of credit in 2014, which also improves the effectiveness of default resolution options.

Transformation Initiative

VA relies on its nationwide appraiser fee panel to appraise properties being considered as security on VA-guaranteed home loans. The panel completes more than 300,000 appraisals annually. VA's oversight of the fee panel and the appraisal process consists of a network of delegated lender staff appraisal reviewers (SARs), who perform a 100-percent review of delegated appraisals, and approximately 300 VA staff who conduct post-closing quality reviews on a random sample of appraisal reports each year. To better protect Veteran borrowers and to reduce risk exposure to the government due to inaccurate appraisals, VA has procured appraisal management services (AMS)/automated valuation management (AVM) services. This services contract was awarded in March 2013 and delivery is expected in 2014

The AMS will evaluate the accuracy of all VA appraisals and produce a score based on VA appraisal review rules. The AMS will improve oversight by enabling VA to perform targeted reviews on 100 percent of all appraisals and determine if there are any areas that are deficient. VA will be able to use this capability to manage risk, and set performance based goals. On certain instances in which VA's risk tolerances are exceeded, VA may order AVM services. The AVM will provide VA staff with another independent valuation with additional information, which will assist VA staff in evaluating the accuracy and reasonableness of the appraisal.

VA's AMS/AVM will further improve the quality of the appraiser fee panel and lender SARs by providing performance data that will assist in VA's development of training for both appraisers and reviewers. AMS/AVM will transform the valuation oversight process through automation and improve the overall quality of the home loan benefit for Veterans while managing the fee panel workflow.

Performance Measures

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

Table 1: Performance Summary Table

Categories	Capa- bilities	Criteria	Performance Measures Data							
			Measure (Shaded measures are Key and those supporting APGs; Key Measures are in bold)	Results History				Future Targets		2014 Strate- gic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Request ed)	
(A) Services for Veterans and Eligible Benefici- aries	Income Security	Identified with core missions of VA	Default Resolution Rate (%)	71.5	76.3	83.0	80.9	82.0	83.0	85.0
(A) Services for Veterans and Eligible Benefici- aries	Income Security	Identified with core missions of VA	Program Review Accuracy Rate	N/Av	N/Av	Baseline	98.4	98.0	98.5	99.0
(A) Services for Veterans and Eligible Benefici- aries	Income Security	Identified with core missions of VA	Rate of home- ownership for Veterans compared to that of the general population (%)	117.2	117.2	122.98	123.1	120.5	120.5	122.0
B) Support Delivery of Services	Controls and Over- sight	Identified with core missions of VA	Veterans' Satisfaction Level with the VA Loan Guaranty Program (%)*Targets are TBD as this measure will be captured by customer satisfaction surveys under development as part of the Voice of the Veteran initiative.	92.3	N/Av	N/Av	N/Av	Baseline	TBD	TBD

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure (Shaded measures are Key and those supporting APGs; Key Measures are in bold)	Results History				Future Targets		2014 Strate- gic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested)	
(A) Services for Veterans and Eligible Benefici- aries	Income Security	Identifi ed with core mission s of VA	Specially Adapted Housing (SAH) grantees who believe adaptations obtained under the program have helped them live more independentl y (%) (NEW) *Targets are TBD as this measure will be captured by customer satisfaction surveys under development as part of the Voice of the Veteran initiative.	N/Av	N/Av	N/Av	N/Av	Baseline	TBD	TBD

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Default Resolution Rate - Percent of defaulted VA-guaranteed loans on which VA successfully implemented a home retention option or avoided foreclosure.

a) Means and Strategies:

- Implement new business processes and procedures related to the Veterans Affairs Loan Electronic Reporting Interface (VALERI) system (a purchased service) in order to help Veterans with delinquent VA-guaranteed loans
- Provide financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to assist Veterans in retaining their homes and prevent foreclosures

b) Data Source(s): VALERI system

c) Data Verification: VA loan administration staff review results data (e.g., loan files) for conformance with VALERI's business rules. Failure to conform to VALERI's business rules affects the accuracy of the data. Loan administration staff works to identify instances of failure in order to continually improve accuracy of performance results.

d) Measure Validation:

- One of Loan Guaranty's objectives is to assist Veterans in retaining home ownership
- Default resolution rate measures VA's and servicers' joint efforts in helping Veterans with delinquent VA-guaranteed loans receive the most advantageous resolution option
- Monitoring delinquent loan servicing means more Veterans will receive timely assistance in helping to prevent foreclosures and retaining their homes

e) Cross-Cutting Activities: None

f) External Factors:

- The volume of new VA-guaranteed loans is closely related to changes in interest rates
- Levels of defaults, foreclosures, and property acquisitions are affected by the performance of the economy

g) Other Supporting Information: None

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

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

Initiatives

The following chart outlines resources requested in support of Housing initiatives:

Initiatives (dollars in thousands)								
	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
HOUSING								
Housing Subtotal	\$0	\$0	\$0	0	\$0	\$0	\$0	0
VBA-Wide:								
Veterans Relationship Management	87	279	366	1	87	279	366	1
VBA-Wide Subtotal	\$87	\$279	\$366	1	\$87	\$279	\$366	1
Housing Total	\$87	\$279	\$366	1	\$87	\$279	\$366	1

VBA-Wide Initiatives

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

Continuing Initiative: Veterans Relationship Management

Total 2014 GOE Initiative Cost: \$13,376,000

Housing portion: \$366,000 (no change from 2013)

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM provides VA employees with up-to-date tools to better serve Veterans and their families. The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program ensures consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

VRM has improved awareness of VA services and benefits by increasing the timeliness and relevance of information available to VA clients:

- eBenefits has enhanced several self-service capabilities to include the ability to apply for benefits on-line through VONAPP Direct Connect

(VDC). The number of registered eBenefits users has grown to over to 2.1 million, and the goal is to reach 3.5 million registered users by the end of 2014.

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- The Interactive Voice Response (IVR) system now offers a Zero Option, allowing callers to select "0" and go to the top tier of the IVR system; and Polite Disconnect, which eliminates invalid traffic such as machine-generated or spam calls to our toll-free number. Callers can even receive a return call, rather than wait on hold, without losing their position in the call queue. They can also schedule a call back up to 48 hours in advance, rather than wait on hold.
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- CRM tools that provide an integrated view of Veterans' benefits and beneficiaries' claims, payment, and personal information have been piloted at VA National Call Centers.

The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2014:

- Support Digit-to-Digit (D2D), the direct data exchange for claims ingestion from VSOs, and State VSO claims systems for those organizations that have their own claims processing systems.
- Develop new self-service capabilities both on the web and on mobile devices to include new capabilities that take advantage of both the eBenefits portal as well as new services that are offered across both VA and DoD.
- Provide a help desk for VA clients that use capabilities offered by the eBenefits and Stakeholder Enterprise web portals.
- Prepare and execute a robust deployment environment that can scale to support the growing number of Veterans and stakeholders using the self-service applications, as well as the development of core/common infrastructure services that can be shared across the VA enterprise for all self-service platforms.

- Deploy enhanced SEP functionality to extend services to medical providers, loan officers, and funeral directors.
- Expand CRM capabilities for the VBA Fiduciary Beneficiary System (FBS).
- Establish the CRM reference architecture and supporting environments to create a standard enterprise platform for VA.
- Improve ease of access to VA services with a single-sign-on portal for Veteran clients' self-service (Enterprise Authentication Gateway (EAG), also known as AccessVA).

The total projected cost of \$13.4 million will be primarily used for contractual services that will provide strategic and tactical support to the program. An additional \$5 million and 60 FTE are requested in Compensation Service's budget. This increase will provide the resources to staff and train online support specialists that will provide online support for VA clients that use capabilities offered by the eBenefits and Stakeholder Enterprise web portals.

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Vocational Rehabilitation and Employment

Mission

The purpose of the Vocational Rehabilitation and Employment (VR&E) program is to provide comprehensive services and assistance 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

Clients and stakeholders of the VR&E program include Veterans, Servicemembers, Guard and Reserve Members; dependents of certain Veterans; Veterans Health Administration (VHA); Department of Labor (DOL); Small Business Administration; Office of Personnel Management; Department of Defense (DoD); education, training, and rehabilitation facilities; Congress; and Veterans Service Organizations (VSOs).

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

	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	1,225	1,442	1,442	1,442	217
Management Direction and Support	138	152	152	152	14
Total FTE	1,363	1,594	1,594	1,594	231
Obligations					
Personal Services	\$136,086	\$172,461	\$163,581	\$167,318	\$31,232
Travel	1,715	3,525	3,525	2,295	580
Interagency Motor Pool	305	359	359	286	-19
Transportation of Things	321	249	249	169	-152
Rent, Communications & Utilities	11,383	16,605	14,105	13,330	1,947
Printing	162	319	319	433	271
Other Services	16,887	35,284	23,484	122,699	105,812
Supplies and Materials	995	1,229	1,229	1,061	66
Equipment	726	3,698	3,698	1,759	1,033
Insurance Claims	28	40	40	35	7
Total Administrative Obligations	\$168,609	\$233,769	\$210,589	\$309,385	\$140,776
Reimbursements	-\$343	-\$346	-\$345	-\$354	-\$11
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$168,266	\$233,423	\$210,244	\$309,031	\$140,765
Outlays (net)	\$178,841	\$223,423	\$198,993	\$284,617	\$105,776

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

Summary of Budget Request

Budget authority of \$309.0 million is requested to fund the discretionary portion of the VR&E program in 2014. The funding will support 1,594 FTE; the January 1, 2014, 1.0 percent projected pay raise; the anticipated changes in staff composition; the associated level of fringe benefit costs; and inflationary expenses.

Changes from Original 2013 Estimate

In 2013, obligations are projected to decrease by \$23.2 million. This decrease is primarily a result of the decreases of \$8.9 million in personal services and \$2.5 million in rent, communications, and utilities to more accurately reflect current actual expenditures. This decrease also reflects an \$11.8 million decrease in other services for contracts associated with Integrated Disability Evaluation System (IDES) reallocated to the Compensation program.

Changes from 2012 Actual to 2014 Request

In 2014, a net increase of \$140.8 million in obligations is projected over 2012 actuals, of which \$31.2 million is associated with changes in pay to cover the projected pay raise, anticipated changes in staff composition, and the associated level of fringe benefits. Other services increase \$105.8 million of which \$104.0 million is to implement the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011 (P.L. 112-56). The remaining increase is a result of increases in other non-pay and travel estimates. Total obligations of approximately \$309.4 million will support the administrative costs of the VR&E program.

Vocational Rehabilitation and Employment Analysis of Discretionary Increases and Decreases (dollars in thousands)		
	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$168,609	\$168,609
Prior Year FTE	1,363	1,363
Adjustments:		
FTE	231	231
Personal Services	\$27,495	\$31,232
Travel	1,810	580
Interagency Motor Pool	54	-19
Transportation of Things	-72	-152
Rent, Communications & Utilities	2,722	1,947
Printing	157	271
Other Services	6,597	105,812
Supplies and Materials	234	66
Equipment	2,972	1,033
Insurance Claims	12	7
Net Change	\$41,980	\$140,776
Estimated Obligations	\$210,589	\$309,385
Total FTE	1,594	1,594

Vocational Rehabilitation and Employment Average Salary Analysis	
2012 Average Salary (Actual)	
Average Salary	\$73,894
Average Benefits (31%)	22,891
2012 Average Cost	96,785
2013 Average Salary	74,910
Annualization of 0.5% 2013 raise	277
Change in staff composition	738
Regular benefits percentage (34%)	25,444
2013 Average Cost	100,353
2014 Average Salary	77,778
Annualization of 0.5% 2013 raise	94
Annualization of 1.0% 2014 raise	562
Regular benefits percentage (34.2%)	26,627
2014 Average Cost	\$104,405

Workload and Resource Needs

In 2013 and 2014, VR&E expects workload increases associated with the growth in disability compensation and pension claims. Effective August 1, 2011, Section 205 of Public Law (P.L.) 111-377 allows a Veteran entitled to services under Chapter 31 who is also eligible for VA education benefits under Chapter 33 to receive an equivalent payment based on a military housing allowance. This rate is higher than the Chapter 31 rate in most locations and because of that, VA anticipates more Veterans who are eligible for Chapter 33 education benefits will continue to apply for Chapter 31 benefits.

The requested staffing levels are critical to meet the needs of new Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF), and Operation New Dawn (OND) Veterans, and will allow an increased focus on assisting Veterans with significant disabilities to meet economic challenges and successfully compete for careers and achieve suitable employment.

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	2011	2012	2013 Estimate	2014 Estimate
Direct Labor FTE	1,163	1,225	1,442	1,442
End of Year (EOY) Actual Participants	107,925	114,281	125,709	138,283
Increase in Actual Participants (over previous year)	4%	6%	10%	10%
VR&E New Applicants	65,239	72,605	78,938	86,832
Increase in VR&E New Applicants(over previous year)	*-6%	11%	10%	10%
Rehabilitation Rate	77%	77%	77%	78%

* In FY 2011, VR&E reported a decline in new applicants from 2010 as a result of the new Post-9/11 GI Bill. Section 205, P.L. 111-377 did not take effect until August 2011 and recent data reflects an increase in applicants as a result of this public law.

VR&E is actively engaged in a transformation effort to increase Servicemember, Veteran, and employer awareness of the program; increase participation; streamline operations; and improve accessibility of services. VR&E's transformation includes increased early intervention, outreach, and supportive services to Servicemembers and Veterans by implementing the following:

- VR&E continues to expand VA's Coming Home to Work (CHTW) program by integrating VR&E opportunities for Servicemembers transitioning through IDES and providing concurrent referrals to VR&E and the physical examination boards. With mandatory counseling services, VA will assist Servicemembers in developing vocational goals and commencing vocational rehabilitation services to support their successful transition from the military to their home communities. This initiative supports VA's goals for early intervention to achieve successful reintegration and prevent Veteran unemployment and homelessness.
- VR&E's VetSuccess on Campus program will expand from 32 to 84 college campuses in 2013, serving approximately 80,000 Veterans. This forward-looking program is designed to ease the transition of Servicemembers to college life and provide support to Veterans using the Post-9/11 GI Bill and other education benefit programs. Working collaboratively with VHA's VetCenter program and college Veteran services offices, VetSuccess on Campus staff provide a wide range of benefits assistance, supportive counseling, and medical and mental health referrals - all targeted to Veterans' completion of college programs and entry into career employment.

Program Highlights

VOW to Hire Heroes Act of 2011

On November 21, 2011, the President signed Public Law 112-56, The Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011. One key provision of this act mandates that all separating Servicemembers attend the Transition Assistance Program (TAP) classes prior to separating from service. Additionally, all Guard and Reserve members who have been called up for active duty for more than 180 days will attend TAP classes following their period of active service.

VBA's goal is to ensure that all of America's Veterans have the support they need and deserve in understanding and applying for VA benefits and services when they leave the military. While the principal objective of TAP is to prepare separating Servicemembers for post-service employment, VA, in partnership with the Departments of Labor and Defense, is leveraging TAP to provide a more complete and seamless transition for Servicemembers. This will be accomplished by directly engaging separating Servicemembers, including deactivating Guard and Reserve members.

VA has begun implementing benefits briefings and other transition activities as required by the VOW Act and recommendations from the interagency Veteran Employment Initiative (VEI) Task Force. The VEI Task Force is phasing-in a newly designed program, called "Transition GPS (Goals, Plans, Success)". The Transition GPS program will help separating Servicemembers prepare for their civilian life by providing pre-separation assessments and individual counseling, a five-day core curriculum, an additional curriculum tailored to the Servicemembers' individual career goals, and a capstone event to verify that transitioning Servicemembers have met certain standards that show they are ready for their civilian careers.

Through Transition GPS, VA will directly interact with Servicemembers, providing detailed benefits and other information in a small classroom setting. The benefits briefings include information on education, health care, compensation, life insurance, and home loans, as well as vocational rehabilitation and employment benefits and counseling. The benefits briefings also include information about healthcare options available through the VA, information on the Pre-discharge Programs and the claims process, and an introduction and navigation of the eBenefits portal.

For Servicemembers that choose the Technical Training Track of Transition GPS, VA will provide Servicemembers with a deeper understanding of technical training opportunities. This instruction includes information on: the differences

between technical training programs and traditional four-year college degree programs; various training opportunities available to meet their career goals; resources available to assist them in their search for the training program that best fits their situation and goals; VA services available to them; and the essential elements to creating a plan for success.

Transition GPS also provides Servicemembers the opportunity to meet individually with a VA representative in a one-hour assistance session.

As a new initiative, VA's Transition GPS activities will be delivered initially by contracted personnel. This implementation approach allows for assessment of workload volumes and adjustments to staffing plans at the Transition GPS sites prior to placement of permanent FTE.

The VOW Act also expanded VR&E services to transitioning Servicemembers and Veterans seeking employment as follows:

- Extends the authority of the National Defense Authorization Act of 2008 to grant automatic eligibility and entitlement to VR&E services to active-duty Servicemembers with severe injuries or illness.
- Expands the authority to pay employers for hiring or providing on-the-job training to Veterans who need employment assistance without needing training, and to Veterans who are unable to complete their training programs and are in need of employment.
- Provides an additional 12 months of rehabilitation services for Veterans who previously completed a VR&E program and have exhausted rights to unemployment benefits.

VetSuccess.gov

VetSuccess.gov is being redesigned to expand its Veteran-centric tools to provide a lifetime career management and transition resource for transitioning Servicemembers, Veterans, and family members; and a dynamic and easily searchable career staffing tool for employers. At the end of 2012, over 184,000 Veterans and over 4,800 employers have registered on the site.

In addition to hosting the VetSuccess.gov Web site, which is designed to serve all Veterans, VR&E also currently partners with DoD and DOL on Veteran employment and has incorporated the Veterans Job Bank widget, a central source for finding Veteran-committed employment opportunities. In 2013, VetSuccess.gov will offer enhanced functionality, including:

- Seamless access through integration with eBenefits

- Expanded career planning and management tools through integration with VAforVets
- Increased networking and mentoring resources for Veterans to help other Veterans
- A full suite of self-assessment tools
- Veteran training tools for those interested in starting their own businesses

VR&E Transformation

The VR&E transformation project is focused on streamlining services for Veterans and providing them with more self-service tools as well as decrease administrative workload. This modernization initiative also has a strong IT focus and will ultimately move VR&E to a fully integrated and paperless model in conjunction with the Veterans Benefits Management System initiative. This initiative will enhance services to Veterans by:

- Streamlining processes
- Speeding Veterans' entry into VR&E services
- Simplifying administrative documentation
- Allowing professional staff to work more efficiently, increasing the focus on providing Veteran counseling and job-placement assistance
- Providing modern IT tools that streamline counselors' administrative workload, allowing more focus on Veteran services
- Providing IT tools that empower Veterans to actively engage in their rehabilitation programs

The transformation project has three main areas of focus: identifying process improvements and cycle-time reductions, reviewing and revising staffing roles and performance metrics, and enhancing case management with new technologies. All efforts of the transformation project are designed to improve Veterans' experiences and increase outcomes through the VR&E program.

The VR&E Knowledge Management Portal (KMP), launched in 2011 to field offices, provides a one-stop shop for all staff to electronically access all job-related information. The KMP includes:

- Centralizing documents and cross referencing information to assist the counseling process
- Employing an advanced search function, allowing staff to conduct filtered searches of specific parts of the portal or the entire universe of VR&E content

Additionally, the VR&E staffing model is designed to project staffing needs based upon the actual caseload and geographic profile of the Veteran participants. The staffing model enables analysis of a variety of Veteran caseload scenarios to help drive staffing decisions at the regional office and national levels. The staffing model is currently under development and is scheduled to be deployed in 2013.

Independent Living (IL) Program

Provision of services to increase independence in daily living for VA's most severely disabled Veterans continues to be a priority for VR&E. The program continues to identify ways to improve IL services to Veterans.

VR&E is working on an IL transformation project that is investigating the current IL processes to increase the effectiveness of the delivery of IL services to the most severely disabled Veterans and enhance cooperative relationships with other VA and non-VA service providers. Additional areas such as the use or underutilization of individualized extended evaluation plans when making feasibility determinations will also be reviewed. This project will add to existing knowledge and facilitate the development of best practices, training initiatives, resource allocations, and long-term goals.

Outreach Activities

VR&E continues to increase outreach activities through the Coming Home to Work (CHTW) Program, through partnerships with the Yellow Ribbon Program and Post-Deployment Health Re-Assessment Program, and through expanded services to Servicemembers transitioning through the IDES. Expansion in 2012 allowed on-base services to approximately 25 percent of severely injured or ill Servicemembers exiting the military through the Physical Evaluation Board (PEB) process. This outreach will expand services VA provides to support Servicemembers and Veterans with service-connected disabilities as they transition to civilian life. Counselors placed at some IDES installations will also collaborate with the DoD Education and Employment Initiative (E2I). The objective of the E2I initiative is to employ over 2,500 transitioning wounded warriors, with the goal of cutting the current unemployment rate of transitioning wounded warriors by 50 percent within in the next 2 years. This new effort is designed to engage military Servicemembers early in their recovery, helping them identify the skills they have, the skills they need, and the opportunities where those skills can be used.

VR&E Longitudinal Study

The VR&E Longitudinal Study originated with the passage of P.L. 110-389, which requires VA to conduct a 20-year longitudinal study of three cohorts of VR&E participants. The study will track Veterans who began their VR&E programs in 2010, 2012, and 2014 over a 20-year period. This study will allow VR&E to

analyze trends among Veterans receiving services and respond with forward-looking initiatives that adapt services to the changing needs of Veterans. Beginning in 2013, the annual reports will include additional survey data from Veterans and administrative data from other government agencies.

Benefits Delivery Network (BDN) Migration

VR&E continues to modernize its existing infrastructure to better support Veterans by removing the dependency on the current BDN legacy system, migrating to the VETSNET systems application, Financial Accounting System. In 2013 VR&E will begin national deployment of this new system for payment of subsistence and housing benefits to Veteran-students in the Chapter 31 program.

Vocational Rehabilitation Counselor (VRC) Skill Certification Test

Representatives from VA, AFGE, and NFFE formed a workgroup that met for 12 weeks over the course of 2012 to develop a VRC skill certification test. The test is an internal, professional-level examination that tests technical and procedural knowledge, along with the situational judgment associated with the journey-level VRC position. The intent of this test is to identify knowledge gaps, assist in the continued development of world-class training to address and mitigate these gaps, and better standardize the delivery and quality of services to Veterans. Employees are required to take the test until certification is achieved. It is significant to note that this was VA's pilot pre-decisional "B-1" bargaining pilot, which resulted in a successful certification process.

In addition, VR&E Service, in collaboration with NFFE and AFGE, will participate in six workshops and planning meetings throughout 2013 focused on developing new test content.

Other VR&E Initiatives and Improvements

- To continue to improve vocational outcomes for vocational rehabilitation program participants, the DOL's Veterans Employment and Training Service (VETS) and VR&E adopted a team approach to job development and placement activities. The VR&E/DOL Joint Work Group (JWG) meets on a monthly basis to review the regional memorandums of understanding, review partnership assessments, and provide oversight and enhancements to the partnership. The JWG developed a desk-review survey for VR&E regional offices and DOL field personnel requesting their input on the effectiveness of the VA/DOL partnership, and how they would improve or update the VR&E tracking report and technical assistance guide. VA conducted a desk-review survey of employment coordinators, and DOL is planning to survey their VETS regional directors,

soliciting their input in identifying outstanding issues and best practices to strengthen the current partnership. The VR&E tracking report and technical assistance guide will be revised as necessary for greater efficiency based on the results of these surveys.

- On May 2, 2012, the Office of Personnel Management introduced the Formerly Homeless Veteran Employment (FHVE) pilot program. The pilot program was created to employ formerly homeless, job-ready Veterans in the Federal government using the VR&E Non-Paid Work Experience (NPWE) program as the model. Eligible Veterans are offered employment opportunities that align with their career aspirations and the staffing needs of the 24 Federal agencies in the President's Council. All 24 Federal agencies committed to hiring up to two formerly homeless Veterans. This program is being piloted at six VR&E sites across the nation.
- VA Innovation Initiative (VAi2) business competition: The VR&E program's VAi2 projects are focused on finding solutions to support Veterans in launching and building businesses by providing effective self-employment preparation and support services using direct and virtual tools. VR&E is currently working on three VA innovative initiatives. The first project is a business incubator, where Veterans have access to office space and managed IT infrastructure to utilize while initiating and sustaining their businesses. The second project is a virtual business accelerator, an on-line interactive tool to guide Veterans in planning, launching, and sustaining self-employment ventures. The third project focuses on education, consisting of a Web-based, self-paced curriculum on sales, marketing, business management, leadership, and human capital.

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

Table 1: Performance Summary Table

Categories	Capabilities	Criteria	Measure (Shaded measures are Key and those supporting APGs; Key Measures are in bold)	Performance Measures Data						2014 Strat Target
				Results History				Future Targets		
				2009	2010	2011	2012	2013 (Final)	2014 (Requested)	
(A) Services for Veterans and Eligible Beneficiaries	Workforce and Economic Development	Identified with core missions of VA; Demonstrated high visibility to stakeholders	Rehabilitation Rate (General)	74	76	77	77	77	78	80
(A) Services for Veterans and Eligible Beneficiaries	Workforce and Economic Development	Identified with core missions of VA; Demonstrated high visibility to stakeholders	Employment Rehabilitation Rate	Base line	73	74	73	77	77	80
(A) Services for Veterans and Eligible Beneficiaries	Workforce and Economic Development	Identified with core missions of VA; Demonstrated high visibility to stakeholders	Accuracy Rate of Vocational Rehabilitation Program Completion Decisions	96	96	97	97	97	98	99
(B) Support Delivery of Services	Controls and Oversight	Identified with core missions of VA	Veterans' satisfaction with the Vocational Rehabilitation and Employment Program (%) * Targets are TBD as this measure will be captured by client satisfaction survey under development	N/A V	N/AV	N/AV	Base line	TBD	TBD	TBD

Table 2: Performance Measure Supporting Information

KEY OR DEPARTMENTAL MEASURES ONLY

Rehabilitation Rate (General)

a) Means and Strategies:

- Focus on Veteran placement, marketing skills, job development, reasonable accommodations, rehabilitation technology, and community reentry
- Collaborate with key partners including Department of Labor's VETS, Rehabilitation Services Administration, and employers to create employment opportunities for Veterans
- Continue to enhance job-seeking tools, including Web sites and skills training to better equip Veterans to enter suitable careers

b) Data Source(s): Corporate WINRS

c) Data Verification: Data accuracy is verified by semi-annual case reviews

d) Measure Validation:

- The rehabilitation rate is the key indicator of the program's success in meeting its goal.
- The rehabilitation rate illustrates the percentage of Veterans who complete their rehabilitation program plan with the required skills and tools needed to obtain and maintain suitable employment or gain independence in daily living.

e) Cross-Cutting Activities: VR&E Service has partnered with many organizations, such as Department of Labor's VETS, VA's Loan Guaranty Service, Department of Defense (IDES), and Education (VetSuccess on Campus initiative). These partnerships focus on joint efforts to provide career opportunities to Veterans.

f) External Factors:

- 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.

With the provisions under P.L. 112-56, the VOW to Hire Heroes Act of 2011, and the anticipated military drawdown, VA is anticipating a significant number of Servicemembers and Veterans applying for educational benefits.

g) Other Supporting Information:

The rehabilitation rate is calculated as follows:

- (a) The number of disabled Veterans who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment* and Veterans with disabilities for which employment is infeasible but who obtain independence in their daily living with assistance from the program, divided by
- (b) The total number leaving the program - both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program and have been classified as one of the following:
 - Under one of two "maximum rehabilitation gain" categories:
 - 1) The Veteran is employed in a job other than the planned rehabilitation goal
 - 2) The Veteran is not currently employed but is employable and has informed VA that he or she is not interested in seeking employment, or is not employable for medical or psychological reasons
 - Transferred to Chapter 33: The Veteran has elected to discontinue his or her VR&E plan to pursue educational goals using Post-9/11 GI Bill benefits

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

The results calculation is a 12 month average through September 2012 shown below:

Base Data (as of September 30, 2012)

Total number of rehabilitations:	9,949
Employment rehabilitations:	8,113
Independent Living rehabilitations:	1,836
Discontinued:	4,926
Maximum Rehabilitation Gains (MRGs):	2,016
Transfers to Chapter 33:	606
Discontinued (Excluding MRGs & Transfers):	2,344

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)								
	2013 Estimate				2014 Estimate			
	Payroll	Non-pay	Total	FTE	Payroll	Non-pay	Total	FTE
VOCATIONAL REHABILITATION & EMPLOYMENT								
Integrated Disability Evaluation System (IDES) Expansion to VR&E	18,218	5,707	23,925	200	18,218	5,707	23,925	200
VetSuccess on Campus (VSOC)	7,318	1,501	8,819	79	7,318	1,501	8,819	79
VR&E Subtotal	\$25,536	\$7,208	\$32,744	279	\$25,536	\$7,208	\$32,744	279
VBA-Wide:								
Veterans Relationship Management	87	532	619	1	87	532	619	1
VBA-Wide Subtotal	\$87	\$532	\$619	1	\$87	\$532	\$619	1
VR&E Total	\$25,623	\$7,740	\$33,363	280	\$25,623	\$7,740	\$33,363	280

Expanding Initiative: Integrated Disability Evaluation System (IDES) Expansion to Include VR&E Services

Total 2014 Initiative Cost: \$23,925,000 (no change from 2013)

The VA/DoD Senior Oversight Committee approved the plan to provide VR&E outreach and transition services to Servicemembers transitioning through the IDES program. These services range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes to support services to identify and maintain employment. This aggressive initiative expands services VA provides to support Servicemembers and Veterans with service-connected disabilities as they transition to civilian life. By physically placing VR&E counselors at IDES locations, quality and timeliness of benefits delivery will improve by beginning the process of developing a new career that is uniquely appropriate for each individual's desires and abilities during the transition process.

By the end of 2014 this initiative will have served an estimated 25,000 transitioning Servicemembers.

Expanding Initiative: VetSuccess on Campus

Total 2014 Initiative Cost: \$8,819,000 (no change from 2013)

This ongoing initiative provides outreach and transition services to the general Veteran population during their transition from the military to college. VetSuccess on Campus eases the transition and ensures the coordinated delivery of benefits and services to Post-9/11 Veterans, transforming the way VA supports these Veterans and developing a new service-delivery method that is more supportive of Post-9/11 GI Bill Veterans. The mission of the VetSuccess on Campus vocational rehabilitation counselor and the Vet Center outreach coordinator is to collaborate with school certifying officials, perform outreach, and communicate with Veterans, ensuring their health, education, and benefit needs are met. This will enable Veterans to stay in college to complete their degrees and enter career employment.

Vetsuccess on Campus will continue to be fully operational at 84 sites at the end of 2014, serving an estimated 84,000 Servicemembers, Veterans, and family members with on-campus benefits assistance and adjustment counseling, leading them to completion of their college educations to prepare them to enter the labor market in viable careers.

VBA-Wide Initiatives

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

Continuing Initiative: Veterans Relationship Management

Total 2014 GOE Initiative Cost: \$13,376,000 (no change from 2013)

VR&E portion: \$619,000

Veterans Relationship Management (VRM) is a broad, multi-year initiative to empower Veterans through enhanced self-service capabilities and improve their secure access to timely health care and benefits information and assistance. VRM provides VA employees with up-to-date tools to better serve Veterans and their families. The goal of the VRM program is to enable on-demand access to comprehensive VA services and benefits. This program ensures consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

VRM has improved awareness of VA services and benefits by increasing the timeliness and relevance of information available to VA clients:

- eBenefits has enhanced several self-service capabilities to include the ability to apply for benefits on-line through VONAPP Direct Connect (VDC). The number

of registered eBenefits users has grown to over to 2.1 million, and the goal is to reach 3.5 million registered users by the end of 2014.

- Telephony features introduced include transfers, the ability for callers to be automatically routed to the first available, skilled agents (national queue), and recording calls to develop best-quality-calls library to identify training needs.
- The Interactive Voice Response (IVR) system now offers a Zero Option, allowing callers to select "0" and go to the top tier of the IVR system; and Polite Disconnect, which eliminates invalid traffic such as machine-generated or spam calls to our toll-free number. Callers can even receive a return call, rather than wait on hold without losing their position in the call queue. They can also schedule a call back up to 48 hours in advance, rather than wait on hold.
- Foundational elements for the Stakeholder Enterprise Portal (SEP) have been completed; SEP is a primary web-access point to VA for our business partners which will allow Veteran Service Organizations (VSO) to assist Veterans in completion of benefit applications and other forms.
- CRM tools that provide an integrated view of Veterans' and beneficiaries' claims, payment, and personal information have been piloted at VBA National Call Centers.

The VRM program will continue to implement up-to-date tools and capabilities to empower Veterans for more self-service and provide multiple channels of communication.

The VRM program will accomplish the following strategic business objectives in 2014:

- Support Digit-to-Digit (D2D), the direct data exchange for claims ingestion from VSOs and State VSO claims systems for those organizations that have their own claims processing systems.
- Develop new self-service capabilities both on the web and on mobile devices to include new capabilities that take advantage of both the eBenefits portal as well as new services that are offered across both VA and DoD.
- Provide a help desk for VA clients that use capabilities offered by the eBenefits and SEP web portals.
- Prepare and execute a robust deployment environment that can scale to support the growing number of Veterans and stakeholders using the self-service applications, as well as the development of core/common infrastructure services that can be shared across the VA enterprise for all self-service platforms.
- Deploy enhanced SEP functionality to extend services to medical providers, loan officers, and funeral directors.
- Expand CRM capabilities for the VBA Fiduciary Beneficiary System (FBS);
- Establish the CRM reference architecture and supporting environments to create a standard enterprise platform for VA.

- Improve ease of access to VA services with a single-sign-on portal for Veteran clients' self-service (Enterprise Authentication Gateway (EAG), also known as AccessVA).

The total projected cost of \$8.4 million will be primarily used for contractual services that will provide strategic and tactical support to the program. An additional \$5 million and 60 FTE are requested in Compensation Service's budget. This increase will provide the resources to staff and train online support specialists that will provide online support for VA clients that use capabilities offered by the eBenefits and SEP web portals.

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Insurance

Mission

The Insurance program provides Veterans with life insurance benefits that may not be available from the commercial insurance industry due to lost or impaired insurability resulting from military service. In addition, the Insurance program provides universally available life insurance benefits to Servicemembers and their families, as well as traumatic injury protection insurance for Servicemembers.

The Insurance program also provides a conversion option to either a permanent plan or a renewable term insurance policy after a Servicemember's separation from service. All benefits and services are provided in an accurate, timely, and courteous manner and at the lowest achievable administrative cost. Insurance coverage is provided in reasonable amounts at competitive premium rates. A competitive, secure rate of return is ensured on investments held on behalf of the insured.

Stakeholders

Stakeholders include Veterans who maintain VA life insurance policies and their beneficiaries; Servicemembers and Veterans insured under the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs and their families and beneficiaries; taxpayers; Veterans Service Organizations; the Department of Defense (DoD); the individual service branches; Congress; the SGLI Advisory Council; Prudential Insurance Company of America (the parent company of the Office of Servicemembers' Group Life Insurance (OSGLI)); 20 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)					
	2012	2013		2014	2014 - 2012
Discretionary	Actual	Budget Estimate	Continuing Resolution	Request	Increase(+) Decrease(-)
FTE					
Direct	298	313	313	313	15
Management Direction and Support	43	39	39	39	-4
Total FTE	341	352	352	352	11
Obligations					
Personal Services	\$26,409	\$29,235	\$29,236	\$29,898	\$3,489
Travel	113	158	147	147	34
Interagency Motor Pool	13	13	13	13	0
Transportation of Things	2	2	2	2	0
Rent, Communications & Utilities	2,937	3,365	3,364	3,279	342
Printing	30	30	30	30	0
Other Services	840	983	994	918	78
Supplies and Materials	209	285	285	262	53
Equipment	17	297	297	297	280
Insurance Claims	0	0	0	0	0
Total Administrative Obligations	\$30,570	\$34,368	\$34,368	\$34,846	\$4,276
Reimbursements	-\$29,873	-\$33,646	-\$33,646	-\$34,112	-\$4,239
Unobligated SOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated EOY	\$0	\$0	\$0	\$0	\$0
GOE Carry Over	\$0	\$0	\$0	\$0	\$0
Recycling	\$0	\$0	\$0	\$0	\$0
Unobligated Bal expiring	\$0	\$0	\$0	\$0	\$0
Total Appropriation	\$697	\$722	\$722	\$734	\$37
Outlays (net)	\$581	\$580	\$580	\$592	\$11

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

Summary of Budget Request

Budget authority of \$0.7 million is requested to fund the discretionary portion of the Veterans' Mortgage Life Insurance (VMLI) program. Combined budget authority and offsetting collections of \$34.1 million will fund total obligations of \$34.8 million. The combined request will provide sufficient funding for the administrative expenses of 352 FTE; the January 1, 2014, 1.0 percent projected pay raise; the anticipated changes in staff composition; the associated level of fringe benefits; and inflationary expenses. In 2014, 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. VA will continue to provide world-class service through its toll-free telephone service and enhance its current alternative means for Veterans and their representatives to reach VA, including e-

mail, the Interactive Voice Response system, social media, and the Insurance self-service Web site. The Web site is being redesigned to provide a more streamlined online experience for Veterans applying for insurance and managing their insurance policies.

Changes from Original 2013 Budget Estimate

Total obligations remain unchanged from the original estimate; however, \$11 thousand in travel obligations were realigned to other services to reflect only essential travel for program requirements.

Changes from 2012 Actual to 2014 Request

In 2014, obligations are expected to increase by \$4.3 million from the 2012 actuals. This increase is primarily a result of the \$3.5 million increase in personal services for 11 additional FTE, the projected 1.0 percent pay raise, and the projected increases in fringe benefit expenses. Non-pay costs increased to accommodate the additional FTE.

Insurance		
Analysis of Discretionary Increases and Decreases		
(dollars in thousands)		
	2013 Continuing Resolution	2014 Request (vs 2012)
Prior Year Obligations	\$30,570	\$30,570
Prior Year FTE	341	341
Adjustments:		
FTE	11	11
Personal Services	\$2,827	\$3,489
Travel	34	34
Interagency Motor Pool	0	0
Transportation of Things	0	0
Rent, Communications & Utilities	427	342
Printing	0	0
Other Services	154	78
Supplies and Materials	76	53
Equipment	280	280
Insurance Claims	0	0
Net Change	\$3,798	\$4,276
Estimated Obligations	\$34,368	\$34,846
Total FTE	352	352

Insurance Average Salary Analysis	
2012 Average Salary (Actual)	
Average Salary	\$59,112
Average Benefits (29.6%)	17,476
2012 Average Cost	76,588
2013 Average Salary	
Annualization of 0.5% 2013 raise	222
Change in staff composition	3,454
Regular benefits percentage (29.9%)	18,777
2013 Average Cost	81,565
2014 Average Salary	
Annualization of 0.5% 2013 raise	78
Annualization of 1.0% 2014 raise	471
Regular benefits percentage (31.9%)	20,115
2014 Average Cost	\$83,159

Program Highlights

In 2014, the Insurance program will obligate approximately \$2.4 billion for payments 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 its clients' expectations.

The Insurance program functions in a fully operational electronic workflow environment where all documents received from Veterans and other clients are imaged and delivered to the correct employee's electronic in-box within two hours of receipt in the office. At the same time, the imaged documents, along with the nearly 17 million existing images, are available to every workstation in the Insurance center, which resides in the Philadelphia, Pennsylvania regional office. The system is regularly modified to implement employee and other suggestions for improvement and added functionality, as well as to accommodate legislative and other required updates. The increased processing efficiencies resulting from this system are key elements in enabling us to maintain high levels of client satisfaction. Client satisfaction will remain high as VA continues providing world-class service through easy access to its toll-free telephone service by maintaining blockage at or below one percent and the average speed of answer at or below 20 seconds. VA validates its high customer satisfaction with studies performed by the American Customer Satisfaction Index (ACSI), which is produced by a partnership between the University of Michigan Business School,

the American Society for Quality, and the Claes Fornell International (CFI) Group. The ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights for companies, industry trade associations, and government agencies. ACSI has recently performed studies on VA's awards processing and toll-free telephone service (Customer Service Center). VA Insurance awards processing scored an 87, more than 20 points higher than the overall satisfaction rate with the federal government. VA Customer Service Center also scored an 87, nearly 20 points higher than the aggregate of all federal call centers, and was also 10 points higher than the aggregate for private-sector call centers. The CFI Group noted that VA's Customer Service Center has achieved the highest customer satisfaction score ever recorded for a government call or information center.

Through the Insurance self-service Web site, clients can apply for insurance, change their address, update their beneficiary designation, and apply for a loan, among other services. VA is continuing to expand the Insurance self-service Web site by providing improved functionality and easier access to insurance benefits. An SGLI online enrollment system will also be available through the eBenefits portal. Insurance, in cooperation with DoD, Prudential Insurance Company of America, and IBM will automate the paper forms process, which will enable Servicemembers to make online changes to their SGLI coverage.

VA is designing and developing insurance Web-based training programs to meet the emerging training needs of Insurance employees and employees of other VBA business lines, DoD, the branches of service, and other stakeholders to assist them in serving Veterans, Servicemembers, and their beneficiaries more effectively.

VA will continue to enhance its special one-on-one telephone outreach efforts to inform disabled Veterans of their insurance options, with a special emphasis on contacting severely disabled Veterans. VA has expanded the outreach process by identifying, in most instances, those Veterans whose disabilities would prevent them from purchasing life insurance in the private sector. This enhancement expanded the pool of Veterans receiving personalized outreach from 100 - 200 per month to an average of 2,000 per month.

As a result of the cooperative and productive relationships between Insurance, DoD, and Prudential Insurance Company of America, VA continues to provide Servicemembers and their families in the SGLI, Family SGLI, and SGLI Traumatic Injury Protection programs with compassionate and timely service during their greatest times of need.

Performance Measures. The following chart provides performance measurements and expectations based on receiving the funding requested:

Table 1: Performance Summary Table

Categories	Capabilities	Criteria	Performance Measures Data							
			Measure	Results History				Future Targets		2014 Strategic Target
				2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA, Of demonstrated high visibility to our stakeholders, Programs where VA is a demonstrated leader in government	Rate of high client satisfaction ratings on Insurance services delivered (%)	95	95	95	95	95	95	95
Services for Veterans and Eligible Beneficiaries	Income Security	Identified with core missions of VA, Of demonstrated high visibility to our stakeholders	Number of disbursements (death claims, loans, and cash surrenders) per FTE	1,755	1,714	1,786	1,775	1,750	1,770	1,800

Table 2: Performance Measure Supporting Information

Rate of high client satisfaction ratings on Insurance services delivered (Key Measure)

a) Means and Strategies:

- Continue to process disbursements in less than 2.7 workdays
- Maintain toll-free telephone blockage at or below one percent and the average speed of answer at or below 20 seconds

b) Data Source(s): Insurance client survey to 40 randomly selected Veterans and beneficiaries per month for each of 11 end products

c) Data Verification: Insurance Service reviews and tabulates survey responses and independently validates the results of the tabulated responses by re-entering randomly selected monthly responses to determine if similar results are calculated.

d) Measure Validation: This measure provides information on the satisfaction level of Veterans and other beneficiaries in VA's Insurance program. Results help VA identify areas where improvements on service delivery or program administration need to be implemented in order to better meet the needs of Veterans and their beneficiaries.

e) Cross-Cutting Activities: None

f) External Factors: None

g) Other Supporting Information: None

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

- Integrated Objective #2: Educate and empower Veterans and their families through proactive outreach and effective advocacy
- Integrated Strategy D: Engage in two-way communications with Veterans and their families to help them understand available benefits, get feedback on VA programs, and build relationships with them as our clients

Initiatives

There are no initiatives planned for 2014.

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General Administration

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Departmental General Administration

Appropriation Language

The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and Departmental General Administration. A detailed description of VBA is provided in Part 4 of this volume.

Departmental Administration

General Administration

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, \$403,023,000, of which not to exceed \$20,151,150 shall remain available until September 30, 2015: Provided, That funds provided under this heading may be transferred to ``General operating expenses, Veterans Benefits Administration''.

Departmental General Administration				
Appropriation Highlights				
(dollars in thousands)				
	2012 Actual	2013 Budget	2013 CR 1/	2014 Request
Appropriation	\$416,737	\$416,737	\$419,287	\$403,023
Start of Year Unobligated Balances	\$12,303		\$14,704	---
Recission	---		---	---
Total Direct Budgetary Resources	\$429,040	\$416,737	\$433,991	\$403,023
Average Employment (FTE)	2,972	3,382	3,228	3,334

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

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 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 Office of Enterprise Risk Management.

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 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.

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 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).

General Administration								
(\$ in thousands)								
	<u>2012 Actual</u>		<u>2013 Budget</u>		<u>2013 CR 1/</u>		<u>2014 Request</u>	
	<u>Enacted BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>	<u>BA</u>	<u>FTE</u>
Office of the Secretary	9,950	89	10,085	89	10,360	99	10,032	88
Board of Veterans' Appeals	76,422	510	78,006	527	78,006	518	75,432	492
Office of General Counsel	81,498	711	83,099	729	83,099	724	80,365	701
Office of Management	51,072	274	45,598	307	48,148	284	44,098	301
Office of Human Resources & Administration	81,479	714	70,379	889	72,275	817	68,064	867
Office of Policy & Planning	26,743	103	26,015	117	25,865	117	25,009	114
Office of Operations, Security & Preparedness	17,969	93	18,510	102	18,510	102	17,901	133
Office of Public and Intergovernmental Affairs	22,973	87	23,037	94	23,037	101	22,279	101
Office of Congressional & Legislative Affairs	5,981	45	6,302	48	6,177	47	5,969	45
Office of Acquisition, Logistics and Construction	42,650	346	55,706	480	53,810	419	53,874	492
Total Budget Authority	\$ 416,737	2,972	\$ 416,737	3,382	\$ 419,287	3,228	\$ 403,023	3,334

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

Note: FTE levels include staffing supported by reimbursements.

Summary of Budget Request

In 2014, VA is requesting \$403 million and 3,334 FTE for the General Administration account. These funds will sustain the management oversight and accountability process implemented during the last 3 years.

Highlights of the General Administration staff office requests include:

- In 2014, \$10 million and 88 FTE are requested to support 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 \$75.4 million and 492 FTE are requested for the Board of Veterans' Appeals (BVA) in 2014 to address an increasing appeals workload. The funding request will allow BVA to contract for hearing transcription services and access electronic research materials essential for accurate decision writing.
- In 2014, \$80.4 million and 701 FTE are requested for the Office of General Counsel. This will support GC's continuing efforts to address an expanding legal workload, including an increasing number of cases before the United States Court of Appeals for Veterans Claims and to improve the timeliness of publishing regulations for VA's legislative and regulatory programs.
- A total of \$44.1 million and 301 FTE are requested for the Office of Management in 2014. The 2014 budget will support priorities and initiatives designed to improve business practices, enhance financial oversight, and strengthen internal controls and transparency within the Department. The request includes funding for audits of the Non-VA Care (Fee) Program.
- In 2014, \$68.1 million and 867 FTE are requested for the Office of Human Resources and Administration. When combined with \$383 million in reimbursements, these funds will continue to support the VA's Human

Capital Investment Plan initiatives. These include: Leadership Development, Mission Critical Training, Program-Based Training for entry and mid-level employees, the H.R. Academy and Workforce Planning.

- A total of \$25 million and 114 FTE are requested for the Office of Policy and Planning (OP&P) in 2014. The 2014 budget will support the Corporate Analysis and Evaluation Service to allow VA to better anticipate demands for its services, conduct long range planning, and allow for increased VA/DoD Collaboration efforts. In addition, OP&P will partner with other VA organizations on new VA-wide initiatives to maximize economies and efficiencies across the Department. These initiatives include: the Business Intelligence Program Management Office, corporate predictive modeling, interagency data mining, as well as other strategic planning transformation efforts.
- A total of \$17.9 million and 133 FTE are requested for the Office Operations, Security, and Preparedness in 2014 for a variety of mission critical activities including the continued refinement and development of the department's continuity programs through crisis management exercises, evaluation and training. The budget also supports: a program office for the Personnel Security and Suitability Program; improvements to the protection of the Department's physical infrastructure to ensure the provision of safe and secure environments for care and service; expanded oversight and inspection of VA Police Operations at VA facilities throughout the country; a program office for HSPD-12 implementation and compliance; and increased requirements for VA Special Access Programs. Additionally, \$5,516,000 in reimbursements for FY 2014 is requested to support the new Identity, Credential, and Access Management (ICAM) program for the department.
- In 2014, \$22.3 million and 101 FTE are requested for the Office of Public and Intergovernmental Affairs. The budget request will provide for continued outreach, enhancing VA's partnership with Tribal Governments, and sustaining an Office of New Media intended to educate and empower Veterans and their families. In addition, the budget includes funding for grants to the U.S. Paralympics, Inc. and for subsistence payments to Veterans and service members participating in the program.
- A total of \$5.9 million and 45 FTE are requested for the Office of Congressional and Legislative Affairs in 2014. This funding supports the minimum level of FTE required to address an increasing workload and to become more proactive in advancing congressional communications and legislative outreach.

- A total of \$53.9 million and 492 FTE are requested for the Office of Acquisition, Logistics, and Construction in 2014. This funding supports activities to improve contracting and acquisitions and VA's Facilities Transformation initiatives by: increasing the role of project management at the regional and local levels; integrating facilities management functions to maximize life-cycle performance; expanding facility assessment and planning capability; leveraging technical expertise for minor design, construction and leasing; and increasing VA's return on investment.

Net Change	
General Administration	
2014 Summary of Resource Requirements	
(\$ in thousands)	
2013 President's Budget Request	\$416,737
Continuing Appropriations Act, 2013	\$2,550
2013 CR 1/	\$419,287
2014 Adjustments	
Pay Raise (1.0 percent)	\$2,352
Other Payroll and Benefits Increases	\$3,936
Direct FTE increase (14)	\$1,866
Rents & Utilities	-\$1,102
Transportation & Shipments of Things	-\$93
Travel	-\$137
Printing and Reproduction	-\$157
Contractual services	-\$21,898
Supplies & Materials	-\$221
Equipment	-\$811
Subtotal	-\$16,264
2014 Request	\$403,023

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

Employment Summary-FTE by Grade				
General Administration	2012	2013	2014	Change
Grade	Actual	Current	Request	FY14 v FY13
SES	94	102	105	3
GS-15	230	250	258	8
GS-14	1001	1086	1123	37
GS-13	614	667	689	22
GS-12	257	279	288	9
GS-11	215	234	242	8
GS-10	4	4	4	0
GS-09	182	198	205	7
GS-08	72	78	81	3
GS-07	122	133	137	4
GS-06	37	40	41	1
GS-05	34	37	38	1
GS-04	34	37	38	1
GS-03	65	71	73	2
GS-02	10	11	11	0
GS-01	1	1	1	0
Total Number of FTE	2,972	3,228	3,334	106

Analysis of FTE Distribution - Headquarters/Field		
General Administration Grade	2012	
	HQ-Actual	Field-Actual
SES	62	32
GS-15	152	78
GS-14	659	342
GS-13	405	209
GS-12	169	88
GS-11	142	73
GS-10	3	1
GS-09	120	62
GS-08	47	25
GS-07	80	42
GS-06	24	13
GS-05	22	12
GS-04	22	12
GS-03	43	22
GS-02	7	3
GS-01	1	0
Total Number of FTE	1,958	1,014



Office of the Secretary

Mission

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.

Summary of Budget Request

Budget Authority (\$ in 000)	2013 <u>CR</u> ^{1/}	<u>FTE</u>	2014 <u>BA</u>	<u>FTE</u>
Immediate Office of the Secretary ^{2/}	\$7,050	53	\$6,825	42
Special Staff Offices				
Center for Faith-Based and Neighborhood Partnerships	640	4	620	4
Center for Minority Veterans	1,176	7	1,134	7
Center for Women Veterans	850	5	826	5
Office of Survivors Assistance	552	3	535	3
Support Offices (Reimbursable funded)				
Office of Employment Discrimination Complaint Adjudication ^{3/}	52	24	52	24
Leading Executives Driving Government Excellence ^{4/}	40	3	40	3
Total Budget Authority	\$10,360	99	\$10,032	88

^{1/} The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

^{2/} Advisory Committee Management Office and Center for Innovation are within the Office of the Secretary

^{3/} 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.

^{4/} Leading EDGE will collect reimbursements for costs incurred to carry out its operations

Program Description

Office of the Secretary

Provides executive leadership and strategic direction for all VA programs. Its organization includes the Immediate Office of the Secretary, the Special Staff Offices, and, the Support Offices to fulfill its duties and responsibilities.

The **Immediate Office of the Secretary** consists of the Executive Secretariat staff, the Advisory Committee Management Office, the VA Center for Innovation, and a Training Support Office. Additionally, within this component are strategists, advisors and operations managers who carry out and execute Secretarial priorities including developing strategies for transformation, policies, budgets, organizations, communications and external relations – in short, providing critical oversight of strategic programs and initiatives and supporting Department operations. A small administrative staff manages the budget for the Office of the Secretary, as well as information technology requirements, the management of human resources, and administrative support functions (e.g., travel, supplies).

The **Executive Secretariat** staff controls and coordinates the preparation, staffing and dissemination of correspondence directed to the Secretary and Deputy Secretary, oversees all administrative operations of the Immediate Office of the Secretary and the Special Staff Offices, as well as correspondence and administrative policies for the Department.

The **Advisory Committee Management Office** (ACMO) coordinates and oversees policy implementation for VA's 24 federal advisory committees. ACMO is responsible for establishing clear goals, standards, and uniform procedures for advisory committee activities, ensuring all VA advisory committee actions comply with the provisions of the Federal Advisory Committee Act. ACMO ensures that all VA advisory committee meetings are open to the public and as appropriate, announced in the Federal Register.

The **VA Center for Innovation**, which began operation in 2010 as the VA Innovation Initiative, identifies, prioritizes, funds, tests and evaluates the most promising solutions to VA's most important challenges to increase Veteran access to VA services, improve the quality of services delivered, enhance the performance of VA operations, and reduce or control the cost of delivering those services that Veterans, their families, and survivors receive. The Center Director

advises the Secretary and VA senior leadership on proven and promising innovations that support and accelerate VA transformation.

Center for Innovation activities include:

- Executing all aspects of VA innovation activities, including identification of top priorities, selection of innovations for funding and implementation, overseeing development and/or pilot implementation, and evaluating outcomes of the projects undertaken.
- Executing prize challenges under the America COMPETES Act of 2011 and, when appropriate, conduct Special Projects focused on near-term, high-impact opportunities.
- Administering the Center's Innovation Fellows program and Entrepreneur-in-Residence program.

Special Staff Offices

The **Center for Faith-based and Neighborhood Partnerships** (CFBNP) serves as VA's principal office to develop partnerships and provide relevant information to faith-based and secular organizations and expand their participation in VA programs in order to better serve the needs of Veterans, their families, and survivors. The Center Director serves as the liaison and point of contact with the White House Office of Faith-Based and Neighborhood Partnerships.

The **Center for Minority Veterans** (CMV) was established by Title 38 Public Law 103-446. The Center Director serves as principal advisor to the Secretary on the adoption and implementation of policies and programs affecting minority Veterans. CMV serves as an advocate for minority Veterans by conducting outreach activities to promote the awareness and use of VA benefits and services.

The Center's activities include:

- Supporting and initiating activities designed to educate and sensitize internal staff within VA to the unique needs of minority Veterans.
- Identifying VA policies and business practices that present obstacles/challenges to minority Veterans.
- Serving as a resource center to internal and external stakeholders for the exchange of information regarding innovative, best practice initiatives, and successful programs that improve services to minority Veterans.
- Conducting statistical analysis of Minority Veterans Program Coordinators (MVPC) Web Based Quarterly Activity Reports to identify opportunities for improvement in outreaching and leveraging best practices within VA.
- Developing and providing current outreach materials, guidance, and training to approximately 300 MVPCs located within VBA/VHA/NCA.

- Establishing and maintaining 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) was established by Title 38 Public Law 103-446. The Center Director serves as principal advisor to the Secretary on matters related to policies, legislation, programs, issues, and initiatives affecting women Veterans. CWV 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 Center's activities include:

- Leading the operations of the Department-wide Women Veterans Program.
- Identifying and recommending effective VA policies, practices, programs, and related activities for women Veterans and disseminating information internally and to the 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 VA benefits and services.
- Educating external organizations on VA's benefits and services, to improve their advocacy for women Veterans.
- 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 publishing of a biennial ACWV report outlining recommendations, concerns, and observations on VA's delivery of benefits and services to women Veterans.

The **Office of Survivors Assistance (OSA)** was established by Public Law 110-389, Title II, Section 222. The OSA Director serves 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 serves as a resource regarding all benefits and services furnished by the Department to Survivors and dependents of deceased Veterans.

OSA's activities include:

- Building and maintaining collaborative partnerships with local, state and federal agencies as well as Veterans' service organizations, faith-based and community organizations and other stakeholder groups to increase awareness of benefits and services available to survivors and their dependents.
- Advocating for the needs of survivors in the policy and programmatic decisions of VA.
- Developing and providing communications materials and products for distribution to internal and external partners and organizations
- Tracking and recommending survivor legislative issues.
- Making appropriate referrals to VA administrations and staff offices so that survivors receive all benefits and services for which they are eligible.
- Developing innovative outreach opportunities to reach survivors who are eligible but are not receiving benefits.

Support Offices

The **Office of Employment Discrimination Complaint Adjudication (OEDCA)** was established by Public Law 105-114, Title I, Section 102. 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. 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.

Funding for this office is provided through reimbursement by the customers it services.

The **Leading Executives Driving Government Excellence (Leading EDGE) Program Office**: Established in 2012, the President's Management Council (PMC) approved and launched *Leading EDGE* as an executive interdisciplinary leadership and training program designed to cultivate new levels of creative thinking and partnership. It connects senior executives from across the Federal Government and gives them the insights and networks to effectively confront the toughest challenges they face, while helping government innovate and improve. *Leading EDGE* strives to: 1) Create a seamless and powerful senior executive corps, unified in purpose and aligned in priorities; 2) Identify, modify, and create solutions that have impact across agencies; 3) Inspire a shared government-wide identity and vision; and 4) Provide a renewed commitment to the highest ideals of public service.

Leading EDGE activities include:

- Designing a solution-focused curriculum that is delivered through workshops, coaching, cross-agency portal, assessments, and government performance projects to improve senior executive leadership.
- Incorporating successful leaders in the public, private, non-profit, and academic sectors providing role models in the program to enhance the interagency networks of senior executives and knowledge of cutting edge leadership enablers.
- Leads program communication and marketing efforts.
- Leading program return on investment measurement.
- Archiving program benefits to the taxpayer in terms of savings and cost avoidance.
- Documenting interagency connectedness improvements, new programs-solving methods and noteworthy mission performance vignettes.

Funding for this office is provided through reimbursement by other federal government departments and agencies program participants.

The **Office of Small and Disadvantaged Business Utilization (OSDBU)** was established by Public Law 95-507, Section 221(k). OSDBU serves as the Department's advocate for the participation of Service-Disabled Veteran-Owned small businesses, Veteran-Owned small businesses, small business concerns, small disadvantaged businesses, women-owned small businesses, and Historically Underutilized Businesses in VA contracts and subcontracts. OSDBU works closely with VA program offices and contracting activities to ensure maximum practical opportunity for small businesses in the Department's procurements. The OSDBU Executive Director serves as the Department's principal liaison to the Small Business Administration, and 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.

OSDBU 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 Veterans Service Organizations (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.

Funding for this office is provided through VA's Supply Fund.

Budget Highlights

The 2014 request provides for the following:

- An average employment of 88 FTE and total obligation authority of \$18,432,000 are requested in 2014 to support all operations of the Office of the Secretary, which includes CMV, CWV, CFBNP, OSA, Leading EDGE, ACMO, Center for Innovation and OEDCA. This request is comprised of \$10,032,000 in budget authority and \$8,400,000 in reimbursable authority.
- Within the total obligation authority, an average employment of 61 FTE, and budget authority of \$10,032,000 is requested to support the operations of the Office of the Secretary.
- In addition to \$52,000 in budget authority included above, OEDCA is requesting \$3,400,000 in total recoveries to support 24 FTE and its operations. Funding for this office is provided on a reimbursable basis. Recoveries are comprised of reimbursements from VHA, NCA, IG, VBA and OI&T. The budget authority represents the staff office share of the operational costs related to OEDCA.
- Leading EDGE is requesting \$5,000,000 in total recoveries to support 3 FTE and training operations and activities. Funding for this office is proportionally provided by the VA and all other participating government agencies.

Office of the Secretary
Summary of Employment and Obligations
(dollars in thousands)

	2012 Actual	2013		2014 Estimate	2014 - 2012 Increase/ Decrease
		Budget Estimate	Continuing Resolution ^{1/}		
FTE	89	89	99	88	(1)
Obligations:					
Personal services	\$13,131	\$12,925	\$14,648	\$14,330	\$1,199
Travel	\$449	\$279	\$495	\$271	(\$178)
Transportation of things	\$22	\$0	\$0	\$0	(\$22)
Rents, communications, and utilities	\$0	\$0	\$0	\$0	\$0
Printing and reproduction	\$16	\$16	\$43	\$16	\$0
Other services	\$1,482	\$125	\$4,335	\$3,655	\$2,173
Supplies and materials	\$170	\$100	\$265	\$160	(\$10)
Equipment	\$12	\$0	\$0	\$0	(\$12)
Total obligations	\$15,282	\$13,445	\$19,786	\$18,432	\$3,150
Reimbursements (OEDCA)	(\$4,979)	(\$3,360)	(\$3,360)	(\$3,400)	\$1,579
Reimbursements (Leading EDGE)			(\$4,500)	(\$5,000)	(\$5,000)
SOY Carry over (-)	(\$1,530)	\$0	(\$1,566)	\$0	\$1,530
EOY Carry over (+)	\$1,177	\$0	\$0	\$0	(\$1,177)
Total budget authority	\$9,950	\$10,085	\$10,360	\$10,032	\$82

^{1/}The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

Office of the Secretary
Table 1: Performance Summary Table

Categories (See Note at the bottom of this spreadsheet for a list of categories)	Performance Measures Data							
	Measure	Results History				Future Targets		2014 Strategic Target
		2009	2010	2011 ⁽³⁾	2012	2013 (Final)	2014 (Requested Funding)	
(A) Services for Veterans and Eligible Beneficiaries	Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses (OSDBU) ⁽¹⁾	17%	20%	18%	20%	10%	10%	10%
(A) Services for Veterans and Eligible Beneficiaries	Percent of total procurement dollars awarded to Veteran-owned small businesses (OSDBU); See above	19%	23%	21%	22%	12%	12%	12%
(A) Services for Veterans and Eligible Beneficiaries	Percent of total procurement dollars awarded to businesses located in Historically Underutilized Business Zones (OSDBU) ; See above	2.0%	2.1%	2.2%	1.7%	3.0%	3.0%	3.0%
(A) Services for Veterans and Eligible Beneficiaries	Percent of complete verification applications in the Vendor Information Pages (VIP) database that are processed within 60 days ⁽²⁾ (OSDBU)	N/Ap	N/Ap	93%	95%	90%	95%	95%

Notes: Categories are as follows: (A) *Services for Veterans and Eligible Beneficiaries*, (B) *Support Delivery of Services*, and (C) *Management of Government Resources*

(1) *VA's data reported may differ from data reported by the SBA due to the timing of when SBA runs their report*

(2) *For 2013, measure revised from 90 days to 60 days; Target adjusted accordingly to account for new, more aggressive standard*

(3) *Changes reflect SBA Procurement Scorecard analysis*

Table 2: Performance Measure Supporting Information

Performance Measure Supporting Information
<p>Office of Small Disadvantaged Business Utilization</p> <p>1. Percent of total procurement dollars awarded to <u>Service-Disabled Veteran-Owned small businesses</u> (Departmental Management Measure)</p> <p>a) Means and Strategies:</p> <ul style="list-style-type: none">• Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Service-Disabled Veteran-Owned small businesses (SDVOSB)• Continue to participate in Integrated Product Teams for acquisitions valued at or above \$5M to ensure maximum contracting opportunities for SDVOSB• Maintain counseling and training to the SDVOSB community regarding how to do business with VA• Retain counseling and training to the VA contracting and purchasing staff regarding small business programs <p>b) Data Source(s):</p> <ul style="list-style-type: none">• Federal Procurement Data System – Next Generation: A system that maintains data on all procurement contracts <p>c) Data Verification:</p> <ul style="list-style-type: none">• VA’s Chief Acquisition Officer certifies the accuracy of the data to Office of Federal Procurement Policy of the Office of Management and Budget (OMB) annually <p>d) Measure Validation:</p> <ul style="list-style-type: none">• Quantifies support of SDVOSB <p>e) Cross-Cutting Activities:</p> <ul style="list-style-type: none">• OSDDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations• Collaborative efforts include the Interagency OSDDBU Director’s Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country• Expand knowledge-based initiatives of contracting opportunities to enhance VA’s ability to meet statutory and the Secretary’s Socioeconomic Goals <p>f) External Factors:</p> <ul style="list-style-type: none">• None <p>g) Other Supporting Information:</p> <ul style="list-style-type: none">• Enhance support for small business programs through education, advocacy, outreach, and procurement accomplishments. <p>h) Link to New Strategic Planning Framework:</p> <ul style="list-style-type: none">• <u>Integrated Objective #1</u> – Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness• <u>Integrated Strategy B</u> – Develop a range of effective delivery methods that are convenient to Veterans and their families

Performance Measure Supporting Information

Office of Small Disadvantaged Business Utilization

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

a) Means and Strategies:

- Continue to conduct Small Business Programs Reviews to ensure maximum contracting opportunities for Veteran-Owned small businesses (VOSB)
- Continue to participate in Integrated Product Teams for acquisitions valued at or above \$5M to ensure maximum contracting opportunities for VOSB
- Maintain counseling and training to the VOSB community regarding how to do business with VA
- Retain counseling and training to the VA contracting and purchasing staff regarding small business programs

b) Data Source(s):

- Same as measure 1.

c) Data Verification:

- Same as measure 1.

d) Measure Validation:

- Same as measure 1.

e) Cross-Cutting Activities:

- OSDDBU participates in various non-VA sponsored conferences in order to collaborate with outside organizations
- Collaborative efforts include the Interagency OSDDBU Director's Council, the Veterans Entrepreneurship Task Force, and numerous Small Business Conferences throughout the country
- Expand knowledge-based initiatives of contracting opportunities to enhance VA's ability to meet statutory and the Secretary's Socioeconomic Goals

f) External Factors:

- None

g) Other Supporting Information:

- Same as measure 1.

h) Link to New Strategic Planning Framework:

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

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Board of Veterans' Appeals

Mission

The Board of Veterans' Appeals (BVA or Board) conducts hearings and issues timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law.

The Board is the component of the Department of Veterans Affairs (VA) responsible for making final decisions on behalf of the Secretary for the thousands of claims for Veterans benefits that are presented for appellate review. Despite the dynamic environment in which BVA has operated since the advent of judicial review, the mission has remained relatively unchanged.

Summary of Budget Request

The Board of Veterans' Appeals requests a budget authority of \$75,432,000 to support its operations.

Program Description and Accomplishments

The Board provides direct 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 initial claims for VA benefits, which, in turn, is a subset of the customer base for VA – all Veterans and their families.

The vast majority of BVA actions derive from claims initiated at Veterans Benefits Administration (VBA) regional offices. The appellate process begins at the local 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 97.1 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 79.6 percent of those appellants before BVA.

Proposed Legislation

Legislation is proposed to improve timeliness in the processing of Veterans benefits appeals including: (1) reduce the time period for initiating an appeal from one year to 180 days; (2) allow the Board more flexibility in scheduling video conference hearings in order to reduce the wait time for Veterans¹, and to minimize travel time and expenses related to conducting in-person travel board hearings; (3) 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 (4) 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 2014 request is 3.3 percent lower than the 2013 funding level. Even with a reduced budget in 2014, the Board will maximize its resources to issue final decisions and continue to reduce the pending inventory of appeals.

¹ In FY09, a Veteran saved an average of 66 days by electing to have a video conference hearing rather than Travel Board hearing (i.e. an in-person hearing where one of the Board's 64 Veterans Law Judges travels to the local VA office to hold the hearing); and in FY10, a Veteran saved an average of 80 days by electing to have a video conference hearing rather than a Travel Board hearing. Due to the Board's continued efforts to increase the number of video conference hearings held, Veterans saved an average of 124 days in FY11 and 123 days in FY12 by electing to have a video conference hearing rather than Travel Board hearing. Additionally, in FY12, the Board saved approximately \$291,000 in travel dollars compared to the prior year due to increased use of video conference hearings.

<i>Board of Veterans' Appeals Summary of Employment and Obligations (dollars in thousands)</i>					
	2012 Actual	2013		2014 Request	2012/2014
		Budget Request	Continuing Resolution		Increase/ Decrease
Average Employment	510	527	518	492	-18
Obligations:					
Personal Services	\$70,632	\$74,064	\$74,266	\$71,612	980
Travel	455	900	500	500	45
Transportation of Things	80	80	80	80	0
Rents, Communications & Utilities	347	400	300	300	-47
Printing & Reproduction	73	150	124	124	51
Other Services	2,787	2000	2,253	2,333	-454
Supplies & Materials	166	400	471	471	305
Equipment	0	12	12	12	12
Insurance & Indemnities	0	0	0	0	0
Total Obligations	\$74,541	\$78,006	\$78,006	\$75,432	\$891
Reimbursements	0	0	0	0	0
SOY Unobligated Balance (-)	(500)			0	500
EOY Unobligated Balance (+)	2,381	0	0	0	-2381
Budget Authority	\$76,422	\$78,006	\$78,006	\$75,432	(\$990)

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

The Board is tasked with conducting hearings and issuing decisions. A direct and proportional correlation exists between the number of employees and decisional output. BVA has explored efficiencies in its processes and has implemented operational changes in the areas of hearings and remands.

The majority of the Board's budget (95%) is allocated to labor costs. Approximately 80% of the Board's employees are on career ladders with step increases, meaning that even when the workforce stays constant, labor costs increase substantially. In FY 2013, based on internal reprogramming BVA will increase its FTE to 518. For FY 2014, with a 3.3 percent budget decrease, BVA will reduce its FTE level to 492.

Table 1: Performance Summary Table

Integrated Objective 1: Make it easier for Veterans and their families to receive the right benefits, meeting their expectations for quality, timeliness, and responsiveness									
Integrated Strategies	Maj. Initiatives (MIs), Supp. Initiatives (SIs), or Organization-Specific Efforts (OSEs)	Performance Measures Data							
		Measure (Key and Dept. Mgt. Measures in bold)	Results History				Future Targets		Strategic Target
			2009	2010	2011	2012	2013	2014 (Requested Funding)	
A. Improve and integrate services across VA to increase reliability, speed, and accuracy of delivery	1. BVA continues to partner with VBA to reduce the average length of time it takes the Department as a whole to process an appeal. (OSE)	Appeals Resolution Time (ART) (from NOD to final decision) (days)*	709	656	747	675	650	625	400
	2. BVA plans to maximize the number of final decisions and hearings and continue to reduce the pending inventory of appeals. (OSE)	BVA Appeals Pending Inventory (New)	17,713	21,112	20,287	25,599	41,098	46,860	21,000
B. Develop a range of effective delivery methods that are convenient to Veterans and their families	1. Advance key legislative initiatives to streamline the appeals process (reduce statutory time periods, expedite hearings, etc.) (OSE)	BVA Cycle Time (excludes representative time) (days)	100	99	119	117	140	140	104
	2. Update technology and expand videoconferencing capability for hearings at the Board of Veterans' Appeals, regional offices and beyond (OSE)	Percent of Total Hearings that are Conducted via Video Conference	29%	29%	29%	40%	46%	50%	50%

*The ART is a joint measure shared with VBA that accounts for resolution of appeals pending at the local Regional Office level and at the Board.

Performance Measure Supporting Information

1) Appeals Resolution Time (Departmental Management Measure)

a) Means and Strategies:

- Reduce the time a case spends at the Board by partnering with VA's Appeals Management Center to reduce administrative impediments that influence appeal resolution time

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

-

4) Percent of Total Hearings that are Conducted via Video Conference (Departmental Management Measure)

a) Means and Strategies:

Performance Measure Supporting Information

- Partner with Regional Offices and Veterans Service Organizations to encourage video hearings thus reducing the hearing wait time for veterans.

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors.

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:

- VRM, VBMS, VLER, and VBA Synchronization.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to New Strategic Planning Framework:

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

5) BVA Appeals Pending Inventory (Departmental Management Measure)

a) Means and Strategies:

- Strive to create final, legally accurate decisions in the shortest time possible by more robust Quality Review to identify problem areas and take appropriate corrective actions such as training and process improvement.
- Created mentoring program to pair up high-producing attorneys with new hires

b) Data Source(s):

- Veterans Appeals Control & Locator System (VACOLS), which is the Board's primary source of workload data

c) Data Verification:

- VACOLS has built-in edits and checks and balances throughout the system to detect errors; procedures are in place to correct errors

d) Measure Validation:

- This measure is closely aligned to BVA's mission to issue timely, understandable, quality decisions for Veterans and other appellants in compliance with the requirements of law.

e) Cross-Cutting Activities: None.

f) External Factors: None.

g) Other Supporting Information: Calculations: Pending Inventory from previous year + case receipts from current year minus appeals decided in current year=PENDING INVENTORY

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



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.

OGC provides legal services to its primary stakeholders. 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 Congress, the United States Court of Appeals for Veterans Claims and other Federal courts, other Federal agencies, and Veterans service organizations.

Summary of Budget Request

The OGC budget request includes the following resources in 2014:

Funding:		
Appropriated		\$80,365,000
Reimbursable:		
Medical Support and Compliance		5,102,000
Credit Reform		5,304,000
Supply		9,180,000
All Other		1,034,000
Total Resource Requirements		\$100,985,000

- In 2014, OGC requests budget authority of \$80.4 million, total resources of \$101 million, and 701 FTE to support its operations.

- Distribution of Resource Requirements over OGC Product Lines

Product Lines:	2012	FTE	2013 CR 1/	FTE	2014	FTE
Benefits Law	\$ 12,738,310	92	\$ 13,366,396	94	\$ 12,118,200	84
Business Law	\$ 39,194,800	285	\$ 42,155,555	299	\$ 43,423,550	302
Employment Law	\$ 20,577,270	149	\$ 21,591,870	152	\$ 21,206,850	147
Health Law	\$ 11,758,440	85	\$ 12,338,211	87	\$ 12,118,200	84
Other Specialized Legal Services	\$ 7,838,960	57	\$ 8,225,474	57	\$ 8,078,800	56
Veterans Benefits Litigation	\$ 5,879,220	43	\$ 5,140,921	35	\$ 4,039,400	28
Total Resource Requirements	\$ 97,987,000	711	\$ 102,818,427	724	\$ 100,985,000	701

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

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 throughout the country, OGC delivers nationwide coverage of legal services to the Department. Twenty-two Regional Counsel Offices located throughout the country support VA's operations outside of Central Office. The Central Office legal staff is made up of six staff groups (SGs) performing substantive legal work, another staff group provides management and operational support to all components of OGC, and a regulations policy and management office leads the Department's regulation rewrite project and oversees rulemaking.

OGC's practice of law may be divided into five broad subject areas or "product lines." These are Employment Law, Health Law, Benefits Law, Business Law, and Other Specialized Legal Services. Within each of these five product lines are a number of legal-specific areas or "product categories."

Product Lines (product categories are in order of service delivery priority):

Employment Law: Within this product line, OGC provides legal services involving the following:

1. Employee disciplinary actions appealed to the Merit Systems Protection Board;

2. Employee complaints of discrimination or harassment taken to the Equal Employment Opportunity Commission (EEOC);
3. Title 38 employee disciplinary actions before Disciplinary Appeals Boards;
4. Labor management issues taken before the Federal Labor Relations Authority;
5. Employee requests for representation by the Department of Justice;
6. Inspector General and criminal investigations;
7. General employment issues (includes Office of Special Counsel investigations, pay and leave policy issues, etc.);
8. Ethics advice and training;
9. Labor relations arbitration matters;
10. General labor-management relations;
11. Employee pay and benefit matters;
12. State licensing board matters;
13. National Practitioner Data Bank; and
14. Military Personnel/Civilian Employee Claims.

Health Law: Within this product line, OGC provides legal services involving the following:

1. Administrative tort claims filed against the Department for injuries alleged to have resulted from VA-provided health care;
2. Administrative tort claims filed against the Department for damages alleged to have resulted from actions involving VA property/employees not related to health care;
3. Issues relating to the administration and management of a health care system;
4. Patient safety;
5. Bioethics;
6. Educational/training programs for health care professionals;
7. Commitment of mentally disturbed/impaired Veterans to VA health care facilities;
8. Medical Research;
9. Eligibility for health care services;
10. Canteen Service operations;
11. Final agency decisions on patent and copyright matters;
12. Administration of the General Post Fund; and
13. Acceptance of gifts to VA.

Benefits Law: Within this product line, OGC provides legal services involving the following:

1. Burial benefits;

2. Loan Guaranty (including management of properties acquired by VA in loan default actions);
3. Appointment and removal of fiduciaries;
4. Compensation and Pensions;
5. Vocational Rehabilitation and Education;
6. Attorney fees for claimant representation;
7. Accreditation of Veterans service organization representatives; and
8. National Service Life Insurance, United States Government Life Insurance and Servicemembers' Group Life Insurance.

Business Law: Within this product line, OGC provides legal services involving the following:

1. Collections (includes debts owed to the United States by liable third parties, insurers, and Veterans);
2. Procurement (includes construction, supply, and service contracts);
3. Expanded sharing of medical facilities, equipment, and information;
4. Acquisition and disposition of real property (includes leases and land acquisitions by/for VA, and easements on land owned by VA but does not include real property acquired in the administration of the loan guaranty program, which is covered under the Benefits product line above);
5. Enhanced-use leases of real property;
6. Compliance with environmental and occupational safety laws; and
7. Non-profit research corporations (issues related to incorporation and management of these corporations).

Other Specialized Legal Services: Within this product line, OGC provides legal services involving the following:

1. Disclosure of information (for example, *Touhy*, FOIA, Privacy Act, etc.);
2. Organization/reorganization of VA and its component parts;
3. Authorized use of appropriated funds and other fiscal matters;
Federal Records Act;
4. Paperwork Reduction Act; and
5. Laws prohibiting discrimination in programs receiving Federal financial assistance (e.g., title 6 of the Civil Rights Act of 1974, title 9 of the Education Act, as amended, and Section 504 of the Rehabilitation Act, as amended).

Recent Accomplishments

Accomplishments resulting in significant recoveries for the Department

OGC attorneys assisted in negotiations that led to the largest federal-state civil settlement ever obtained. The agreement held mortgage servicers accountable for abusive practices and required them to commit more than \$20 billion in relief for consumers (including Veteran borrowers), and \$5 billion to federal and state governments. Approximately \$10 million was deposited directly into the Veterans Housing Benefit Program Fund. The agreement also resulted in substantial reforms to the mortgage servicing industry, returning more stability and reliability to the real estate and credit marketplace.

OGC attorneys assisted in the \$45 million settlement of a qui tam case in which realtors alleged that several mortgage companies and banks had charged Veterans for fees that the Department of Veterans Affairs prohibits. OGC attorneys are continuing to work toward settlements with other lenders charged with the same allegations.

OGC attorneys helped close a securities transaction in which proceeds totaled over \$198 million to VA. The securities, evidencing a pool of mortgage loans made in connection with the sale of VA-acquired properties, earned a premium at 104.5 percent of par value.

OGC attorneys, paralegals and legal support staff combined their efforts to recover more than \$55 million owed to the Department pursuant to 38 USC 1729 and 42 USC 2651.

Accomplishment which avoided the imposition of unwarranted court oversight

OGC attorneys worked closely with the Department of Justice to obtain a very significant, favorable decision from an *en banc* panel of the U.S. Court of Appeals for the Ninth Circuit (Ninth Circuit) in *Veterans for Common Sense v. Shinseki* (VCS), a complex, high-profile suit involving allegations that VA's delays in providing mental health care and in adjudicating disability compensation claims and appeals violated veterans' statutory and constitutional rights. After a decision in VA's favor by a U.S. district court, a divided three-judge Ninth Circuit panel had reversed the district court and remanded for the district court to fashion remedies that would have profoundly interfered with VA's initiatives to improve claims processing and manage its health care program. OGC attorneys worked closely with the Department of Justice to convince the Ninth Circuit to reconsider the case through an expanded (*en banc*) panel and provided expert assistance to Justice attorneys in convincingly briefing and arguing the matter for

the *en banc* panel. The expanded panel ruled in VA's favor in all aspects of the case, remanding the matter to the district court with orders to dismiss the case. The *en banc* decision, which will serve as a valuable precedent in future litigation, recognized that if the plaintiffs were given the relief they sought, the inevitable result would have been to embroil the district court in the day-to-day operation of VA. The court ruled that this result would have exceeded the jurisdictional limitations enacted by Congress in the Veterans' Judicial Review Act. The court recognized that Congress deliberately designed the VA claim adjudication process to be non-adversarial and found that the relief the plaintiffs sought would have transformed the system into an adversarial system of civil litigation. As a result of the Ninth Circuit's *en banc* decision, VA will remain free to implement innovative programs to improve the timeliness of claims adjudication and services to veterans without court oversight and interference.

Accomplishment which highlights VA/DOD collaboration

Disability Counsel Assistance Program (DCAP): The DCAP was created in December 2008 following the passage of the National Defense Authorization Act for Fiscal Year 2008 (NDAA), Pub. L. No. 110-181. Section 1612(b) of the Act required that the Secretaries of Defense and Veterans Affairs develop a policy to improve the conduct of physical disability evaluations by their respective departments, including procedures to eliminate unacceptable discrepancies and improve consistency among military and VA disability ratings. That Act also required the military services to use the VA Schedule for Rating Disabilities (VASRD), including any applicable case law, when determining the status and condition of wounded, ill or injured service members. The DCAP, led by OGC and assisted by personnel from the Board of Veterans' Appeals and the Veterans Benefits Administration's Compensation Service, serves as a source of information and guidance to attorneys and paralegals from the military service departments who handle disability evaluation cases. During FY 2012, the DCAP provided written opinions in response to more than 90 inquiries from attorneys and paralegals from the Army, Navy, Air Force, Marines, Coast Guard, and the Office of the Secretary of Defense. In addition, the OGC DCAP coordinator provided training to military personnel at the U.S. Army Judge Advocate's Legal Center and School in Charlottesville, VA; the Washington Navy Yard in Washington, DC; Joint Base Lewis-McChord, WA; the U.S. Army Office of Soldiers' Counsel in Arlington, VA, and the XVIII Airborne Corps, Fort Bragg, NC. The DCAP also gave training presentations at conferences held at Lackland Air Force Base, TX, and in Arlington, VA.

Accomplishments involving contract-law support

The Transformation Twenty-One Total Technology (T4) program is a set of five-year Indefinite Delivery, Indefinite Quantity (IDIQ) contracts designed to meet the full range of VA's long-term technology needs that will help ensure timely delivery of health care and benefits to our Veterans while simultaneously helping VA meet small business goals. The T4 program consists of 15 prime contracts, including seven reserved for service-disabled/Veteran-owned small businesses, with a program ceiling of \$12B. The T4 program gives VA access to the best of industry's information technology capabilities without extended acquisition lead time.

However, in the wake of VA's award of the T4 contracts, several of the approximately 90 unsuccessful competitors challenged the award, in a wave of litigation that included 22 GAO Protests and 3 U.S. Court of Federal Claims complaints. A team of OGC attorneys, including those who played key roles in the source-selection and award decisions at issue, was formed to defend VA in that litigation. Over a period of approximately seven months, OGC counsel litigated successfully against some of the most highly regarded contract-law firms in the country, obtaining decisions favorable to VA in each case. T4 is today serving to improve the support VA provides to our nation's Veterans.

Important FY 2012 Rulemakings:

In FY 2012, OGC attorneys and staff assisted VA program offices publish a number of important regulations for America's veterans and their families. VA published regulations that improved the Department's ability to share medical information with the Department of Defense; updated fire and safety standards for state nursing homes and community residential care facilities; improved the clothing allowance for veterans with prosthetic or orthopedic appliances; added genitourinary-system losses to VA's Servicemembers' Group Life Insurance Traumatic Injury Protection Program; authorized health care services to newborn children of women veterans receiving maternity care furnished by VA; amended VA's Schedule for Rating Disabilities to provide a total disability rating for veterans with service-connected amyotrophic lateral sclerosis (ALS), a progressive, untreatable, and fatal disease; liberalized the requirements for modifying VA-guaranteed loans and provided mortgage holders more options for working with veterans to avoid foreclosures; authorized payment for emergency treatment provided to veterans at non-VA facilities until they can be safely transferred to VA or other Federal facilities; extended the period of time during which disabilities associated with undiagnosed illnesses and medically unexplained chronic multi-symptom illnesses must become manifest in order for Persian Gulf War veterans to be eligible for compensation and treatment; clarified

the circumstances under which dental conditions may be service-connected for treatment purposes even though they may not qualify as disabilities for compensation purposes; implemented new authority to provide grants for the establishment, expansion, and improvement of Tribal Organizations' veterans cemeteries; established a presumption of service connection for AL Amyloidosis for Vietnam veterans exposed to herbicides; eliminated copayments for in-home video telehealth care to remove a barrier to using this service; reduced an administrative status verification burden placed on service-disabled veteran-owned small businesses and veteran-owned small businesses participating in VA acquisition set asides by extending their recertification periods from one year to two years; and codified VA's Core Values and Characteristics to encourage their application throughout the Department.

Budget Highlights

- In 2014, OGC requests budget authority of \$80.4 million, total resources of \$101 million, and 701 FTE to support its operations.

Summary of Employment and Obligations – Analyses

<i>Summary of Employment and Obligations</i> (dollars in thousands)					
	2012 Actuals	2013		2014 Request	2014 VS 2012
		Budget Estimate	Continuing Resolution 1/		
Average Employment	711	729	724	701	-10
Field	405	424	413	400	-6
Central Office	306	305	311	301	-4
Total	711	729	724	701	-10
Obligations:					
Personal Services 2/	\$92,444	\$97,682	\$96,684	\$95,146	\$2,702
Travel	859	1,077	1,028	\$1,078	219
Transportation of things	2	48	72	\$48	46
Rents, communications & utilities	990	1,247	949	\$1,037	47
Printing and reproduction	902	903	953	\$956	54
Other services	818	1,122	1,291	\$1,159	341
Supplies and materials	1,056	1,261	1,296	\$1,266	210
Equipment	905	525	525	\$275	-630
Insurance claims	11	20	20	\$20	9
Interest and dividends					-
Total Obligations	\$97,987	\$103,885	\$102,818	\$100,985	\$2,998
Reimbursements:					
Medical Support & Compliance	-\$4,976	-\$5,001	-\$5,016	-\$5,102	-126
Credit Reform	-\$5,041	-\$5,304	-\$5,304	-\$5,304	-263
Other Reimbursements	-\$8,587	-\$10,481	-\$9,399	-\$10,214	-1,627
Carryover	\$2,115	\$0	\$0	\$0	-2,115
Carryover current year					-
Total Budget Authority	\$81,498	\$83,099	\$83,099	\$80,365	-\$1,133

1/The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

2/The 2014 budget assumes a 1.0% pay raise.

Explanation of increases and decreases:

- FTE - The 2014 budget request reflects a decrease of 26 budget authority FTE, and an increase of three reimbursable FTE, for a net decrease of 23 FTE.
- Travel - OGC increased this account to cover the higher anticipated costs associated with air fare, mileage, hotels, etc.
- Other Services - The OGC request reduced this account due to two of our internal reimbursements decreasing (i.e. payments to the Office of Resolution Management (ORM), and to the Human Capital Investment Plan (HCIP)). OGC reallocated the funding to payroll.
- Equipment - OGC reduced this account since it does not anticipate any office moves in 2014. In addition, OGC replaced all of its copiers and outdated fax machines in 2012. OGC reallocated the funding to payroll.

Changes from Original Budget

<i>Changes from 2013 President's Budget Request</i>			
(dollars in thousands)			
		2013	
	Budget	Continuing	Increase (+)
	Estimate	Resolution 1/	Decrease (-)
Average Employment	729	724	-5
Obligations:			
Personal Services	\$97,682	\$96,684	-998
Travel	1,077	1,028	-49
Transportation of things	48	72	24
Rents, communications & utilities	1,247	949	-298
Printing and reproduction	903	953	50
Other services	1,122	1,291	169
Supplies and materials	1,261	1,296	35
Equipment	525	525	0
Insurance claims	20	20	0
Interest and dividends	-	-	0
Total Obligations	\$103,885	\$102,818	-\$1,067

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

- The 2013 Current Estimate is below the 2013 Original Budget Estimate due to several factors:
 1. FTE decreased by five reimbursable FTE.
 2. The decrease in payroll is caused by a reduction of five FTE, transit benefits, cash awards, and other miscellaneous payroll accounts being reduced.
 3. Travel decreased because OGC plans to increase use of LiveMeeting and video conferencing in lieu of physical travel.
 4. Rents Communications and Utilities decreased due to revised estimates for rent. OGC selected its space and has a more accurate assessment of the rental cost.
 5. Other services increased due to the transfer of all HR functions from the regions into VACO.

Summary of Workload Indicators

<i>Summary of Workload Indicators</i>								
Cases and Unit	FY 11 Actual		FY 12 Actual		FY 13 (Projected)		FY 14 (Projected)	
	Pending (@FY Start)	Received	Pending (@FY Start)	Received	Pending (@FY Start)	Received	Pending (@FY Start)	Received
Benefits Law Total	2,688	27,264	2,340	19,372	2,695	20,154	2,829	18,132
Business Law Total	24,453	39,722	27,989	39,144	30,354	41,036	33,128	42,454
Employment Law Total	5,985	29,085	4,664	30,557	4,926	32,139	4,584	33,657
Health Law Total	5,628	15,868	5,108	15,114	5,369	15,847	5,377	16,132
Other Specialized Legal Services Total	1,549	11,839	1,513	10,934	1,680	11,302	1,761	11,346
Veterans Benefits Litigation	3,410	6,526	2,996	6,170	1,741	5,892	645	5,579
Total	43,713	130,304	44,610	121,291	46,765	126,370	48,324	127,300

* In prior submissions, OGC defined workload as the sum of cases pending at the start of the FY plus cases received throughout the year. In an effort to more accurately identify workload trends, we have refined our methodology to separately forecast received and pending cases.



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, performance management, 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)	2013 ¹	FTE	2014	FTE
Office of Finance	\$15,759	90	\$15,241	100
Office of Budget	4,803	25	4,645	27
Office of Asset Enterprise Management	6,427	44	6,216	44
Office of Business Oversight	9,963	64	9,635	67
Office of Performance Management	1,698	9	1,642	10
Office of Enterprise Risk Management	494	3	502	3
Office of the Assistant Secretary ²	9,004	10	6,217	11
Total Budget Authority	\$48,148	245	\$44,098	262
Reimbursement:				
Office of Finance	\$29,565	0	\$29,483	0
Office of Asset Enterprise Management	1,237	8	1,330	8
Office of Business Oversight	8,215	30	8,350	31
VA Center of Innovation	400	0	400	0
Total Reimbursement	\$39,417	38	\$39,563	39
Total Budgetary Resources	\$87,565	284	\$83,661	301

¹The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

²Includes costs for Department-wide initiatives.
Numbers may not add due to rounding.

- In 2014 the Office of Management is requesting budget authority of \$44.1 million and 262 FTE to support its mission which includes priorities and initiatives to improve business practices, enhance financial oversight, and strengthen internal controls.
- Office of Management funding also includes \$39.56 million from reimbursements which will support an additional 39 FTE. Details on reimbursements can be found in the Budget Highlights section of this chapter.

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, capital asset management and enterprise risk management functions of the VA. The office is comprised of six organizational elements: the Offices of Finance, Budget, Asset Enterprise Management, Business Oversight, and Performance Management and Enterprise Risk Management.

The Assistant Secretary for Management is the Chief Financial Officer (CFO), Senior Real Property Officer (SRPO), and the VA official responsible for Performance Management, and energy, environment, and transportation.

Office of Finance:

The Office of Finance (OF), under the direction of the Deputy Assistant Secretary for Finance (VA's Deputy Chief Financial Officer), manages more than 500 staff located in the Office of Financial Business Operations, the Office of Financial Policy, the Office of Financial Process Improvement and Audit Readiness, and at two Enterprise Centers (non-appropriated entities within VA's franchise fund): the Financial Services Center (FSC) in Austin, Texas, and the Debt Management Center (DMC) in St. Paul, Minnesota.

OF establishes financial policy for all VA financial entities; provides guidance on all aspects of financial management; manages the Department's financial operations at the FSC and DMC; oversees the management of VA's Franchise Fund, travel and purchase card programs, and the performance and effectiveness of trusts established under VA's enhanced-use leasing program; and is responsible for overseeing grants management in VA. The office provides financial systems support for maintenance/modification of VA's core accounting

system, the Financial Management System, and the human resources Personnel Accounting Integrated Data (PAID) system. VA is currently in the process of developing modifications to its financial system to record recoveries of prior year unpaid and paid obligations. These modifications are currently projected to be implemented for FY 2013 reporting (FY 2015 budget). OF is responsible for processing payments to vendors and for employee travel and relocation, expanding electronic commerce and electronic data interchange capabilities, and developing and implementing long-range financial systems initiatives. OF also provides Departmental leadership and assistance to VA administrations and staff offices regarding financial process improvement and audit readiness 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

- Maintained unqualified (clean) audit opinion on VA's consolidated financial statements for the 14th consecutive year and the statements applicable to the VA Franchise Fund for the 15th consecutive year. Also reduced VA's material weaknesses from two to only one remaining.
- Completed VA's Systems to Drive Performance (STDP) major initiative and the financial management component of the Integrated Operating Model (IOM) major initiative. For STDP, all milestones and 17 planned dashboards (100%) that provide cost and workload program data to management were completed and the initiative was moved to sustainment. Under IOM, final increments were completed for the Web-based Time and Attendance system initiative and VA continued its commitment to a well-trained financial management workforce, providing training to over 400 additional employees, bringing the total percentage trained since 2010 to 85 percent.
- Exceeded the Department-wide 2012 spending reduction target of \$173.4 million established by the Office of Management and Budget for Executive Order 13589, "Promoting Efficient Spending," by an additional \$69 million. Met all requirements for USAspending.gov and reported 100 percent of all required contract, grant, loan, and other assistance program spending, totaling \$96 billion. Ensured all Recovery Act transparency, reporting, and accountability goals were met, increasing outlays in 2012 to over \$1.7 billion (96 percent) of Recovery Act funds.

Office of Budget:

The Office of Budget provides strategic and operational leadership in the development and execution of the Department's budget. The Office provides policy guidance, technical assistance, and Department-level oversight of all program budgets to ensure accuracy and consistency with policy, law, and regulation. The Office also provides the Department with an impartial forum to discuss and resolve budgetary issues to ensure Veterans' programs are carried out in an efficient and effective manner.

Recent Accomplishments

- Ensured the timely, accurate, and informed submission of VA's budget request to OMB and the President's budget request to Congress, while serving multiple roles as coordinator, examiner, mediator, advisor, broker, and advocate.
- Successfully coordinated the Secretary's budget review cycle made up of three components: a pre-year, mid-year, and end-of-year review. Reviews include an assessment of budget status, funds allocation, initiatives, performance, workload, budget adjustments and lessons learned, providing a comprehensive way to monitor the planning and execution of VA's budget.

Office of 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 capital investment selection and execution via the Strategic Capital Investment Planning (SCIP) process, portfolio management, and disposal of VA's capital assets. OAEM provides guidance, standards, and technical expertise that are conducive to sound business practices and are necessary to manage assets that support the VA's strategic goals; ensures that VA complies with all Federal real property and capital asset reporting and statutory requirements; and produces a SCIP Long Range Action Plan.

As part of its asset management activities, OAEM also serves as the policy and program office for the VA Green Management Program, making certain that VA meets performance and reporting mandates in the areas of sustainable building, energy efficiency and renewable energy, transportation (vehicle fleet), and environmental management. Additionally, OAEM serves as the policy, program, and application office for the enhanced-use (EU) Leasing Program.

Recent Accomplishments

- OAEM developed the Strategic Capital Investment Planning (SCIP) process, first used in FY 2012. This resulted in the first Department-wide integrated and prioritized list of projects that address 95 percent of VA performance gaps in a long range plan to provide improved quality service and benefits delivery to Veterans. Business cases were submitted for approximately 1,100 projects in FY 2012, 1,300 projects in FY 2013, and 1,350 projects in FY 2014 for funding consideration. Lessons learned from the 2012 and 2013 SCIP processes were incorporated into the 2013 and 2014 SCIP processes respectively, and decision criteria and gaps (including establishment of data that what used to help identify joint VA/DoD projects) were expanded to create more robust action plans each year. Concurrently, OAEM has worked with OIT to develop and implement the SCIP Automation Tool (SAT), an automated web-based data management system resulting in fewer errors and more robust, defensible SCIP processes. Output from the SAT system resulted in the formulation of the SCIP Action Plans as well as the SCIP Business Cases. The submission included all major construction, leases, minor construction, and non-recurring maintenance projects. OAEM staff was also responsible for managing the SCIP panels each year which scored all of the business cases using decision criteria weighted in response to guidance from senior VA leadership. The scores assigned to individual projects allowed VA to develop integrated and prioritized lists of projects for inclusion in the FY 2014 Budget.
- OAEM is responsible for corporate management of the VA real property inventory. This includes collection and reporting of inventory and performance information on all buildings, structures, and land to the Federal Real Property Council (FRPC), and other key internal and external stakeholders. OAEM is the key point of contact to respond to OMB, GSA, GAO, Congressional, and external media inquiries related to the state and usage of our real property assets. OAEM oversees maintenance and enhancements to data systems used to manage VA's real property portfolio. These systems are used to support departmental initiatives and internal processes, including SCIP, Green Management, Monthly Performance Reviews (MPR), OMB/GSA/GAO reporting, and many other real property related activities. VA launched the SCIP Automation Tool (SAT) in 2011, which VA administrations and staff offices used to develop their SCIP Action Plans for the FY 2013 budget cycle. During 2012, VA enhanced the SAT, including integrating Business Case submission, Scoring and Prioritization, Budget Creation, and Budget Execution

modules into SAT that were previously done manually or in separate stand-alone systems. OAEM completed the implementation of the Enhance Use Lease Information System (EULIS), a new system used for oversight and compliance of operational EUL projects. The implementation included end-user training and new handbook/directive, both designed to improve collaboration and ensure projects are being operated in compliance with the lease itself and providing the expected benefits to VA, Veterans, and local Communities. Lastly, a new records management site was launched to support all of the OAEM program offices in improving the management of critical business documents. The new tool allows for more robust upload, searching, and filing of documents as a central source for all of OAEM.

- In 2012, VA awarded over \$130 million in Green Management Program projects, studies, and energy efficiency projects. Contracts awarded included on-site renewable energy generation systems and feasibility studies (solar, geothermal and cogeneration), energy conservation and water-saving measures, retro-commissioning, and energy-using equipment and system upgrades. VA is continuing construction of over 30 planned alternative fueling stations.
- OAEM continued implementation of the Building Utilization Review and Repurposing (BURR) initiative. The BURR initiative assessed VA's existing real estate portfolio to identify buildings and land suitable for repurposing as housing opportunities for homeless or at-risk Veterans and their families, through public-private partnerships using VA's Enhanced-Use Lease (EUL) Program. The Department's EUL authority allows VA to match supply (available buildings and land) with demand (Veteran need for supportive housing) by leveraging third-party development, financing, and supportive services. In December of 2011, VA signed 38 leases to repurpose assets identified as part of this initiative. Pending finalization of project financing and other aspects of due diligence, the 38 EULs under BURR will contribute 4,100 additional housing units. VA's EUL authority was renewed in modified form in August 2012, and OAEM has resumed efforts to develop further supportive housing EUL projects consistent with this authority.

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 VA's primary internal review and quality assurance organization for the Department's financial and management activities. OBO also manages the Department's reviews and testing of internal controls over financial reporting required by Appendix A of OMB Circular A-123, *Management's Responsibility for Internal Control*.

Recent Accomplishments

- In 2012 OBO's Management Quality Assurance Service (MQAS) provided comprehensive internal oversight for VA financial, logistics, and capital asset management activities. MQAS conducted 79 reviews and special projects at VA field facilities and VA Central Office and made 1,800 recommendations to correct issues identified during these reviews and in annual summary reports. MQAS exceeded its 2012 Annual Review Plan by completing 120% of its minimum planned field reviews, 100% of planned special projects, and one unplanned special project.
- In 2012 OBO's Internal Controls Service (ICS) completed a comprehensive risk assessment of internal controls over financial reporting and initiated testing of VA's USAspending.gov submission. For its OMB Circular A-123, Appendix A work, ICS visited 24 VA sites including VA Medical Centers (VAMCs), regional offices (ROs), and Consolidated Mail Outpatient Pharmacies (CMOPs) and tested all identified high-risk and one third of moderate-risk key controls associated with VA financial processes and financial reporting with no additional material weaknesses identified. ICS' testing and review actions supported the SECVA's 2012 "Statement of Assurance" with respect to effectiveness of internal control over operations and financial reporting (Federal Managers' Financial Integrity Act, Section 2). For its testing of VA's USAspending.gov submission, ICS visited 7 VA sites to measure the accuracy and completeness of VA data reported to USAspending.gov.

Office of Performance Management:

The Office of Performance Management is responsible for coordinating, at the Department level, performance management activities of VA in compliance with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010. In this context, the office manages the development of VA's annual performance plan that is submitted with the annual budget submission to Congress and the development of the Performance and Accountability Report (PAR). The Office also manages the Department's Monthly Performance Review (MPR) process and the Agency Priority Goal process.

Recent Accomplishments

- As required by statute, produced the 2012 PAR. The PAR reports on VA's progress against its 2012 performance targets and provides VA's financial statements. The PAR is VA's report card and communicates to the American people how well VA has done toward meeting its mission requirements. The 2012 PAR was published in November 2012 and can be accessed via the following link: <http://www.va.gov/budget/report>.
- Promoted accountability and transparency through MPRs chaired by VA's Deputy Secretary and attended by Under Secretaries, Assistant Secretaries, and other senior leadership of the Department. MPRs assist senior leadership in monitoring the following:
 - Performance and workload compared to plan,
 - Actual budget spending compared to plan, and
 - Status of major construction and information technology projects.
- In 2012, the MPR was used as a flexible tool to measure progress towards achievement of VA's strategic plan within a balanced scorecard framework and to provide special focus on management of operational risk.

Office of Enterprise Risk Management:

The Office of Enterprise Risk Management (OERM) is responsible for implementing a common, enterprise wide risk management framework that provides the necessary governance, communications, training, processes and tools to effectively identify, assess, respond to, and monitor risks, enabling VA leadership to make informed decisions and focus priorities to better serve Veterans and make the best use of resources. OERM enables VA's senior leaders to maintain a consolidated, timely, and robust understanding of both known and emerging risks facing the Department, as well as how these risks are being addressed.

Recent Accomplishments

- Promoted horizontal risk data sharing by forming a VA-wide Enterprise Risk Management (ERM) Working Group to identify and assess enterprise risks and share risk management techniques.

- Developed a common ERM framework that provides a common language to communicate risk (risk taxonomy) and enables a rapid process to identify, assess, and prioritize risks.
- Developed VA's first Top Risk Register to focus management attention on the Department's most critical risks and surface opportunities for better risk mitigation.
- Conducted deep-dive risk management projects to improve mitigation and monitoring of enterprise-wide, cross-functional, top-tier risks.
- Provided risk management training to VA's risk managers to raise risk awareness and capacity to manage risk.

Budget Highlights

The 2014 request of \$44.1 million in budget authority (BA) will provide:

- The Office of the Assistant Secretary with \$6.2 million to support 11 FTE to continue the current level of operations and sustain efforts in critical Department wide initiatives underway in OM;
- The Office of Finance with \$15.2 million to support 100 FTE to continue providing a wide spectrum of financial management services to the entire Department. Included are services for financial policy, analysis, statement preparation, reporting, systems support and maintenance, operations, the Franchise Fund, VA's purchase and travel card programs, financial process improvement, audit readiness, and leadership for remediation of VA's audit-related material weakness and significant deficiencies. This budget authority will also provide resources to enhance financial skills of VA employees through certification and training;
- The Office of Budget with \$4.6 million to support 27 FTE in the formulation and execution of VA's budget. The funding level allows for budgetary analysis and oversight to allow the Department to make informed and cost-effective decisions in carrying out VA's mission in a transparent manner. This funding level will also provide for the production, printing, and distribution of VA's Congressional Budget;
- The Office of Asset Enterprise Management with \$6.2 million to support 44 FTE (plus reimbursable authority for 8 additional FTE for a total of 52 FTE) to continue providing services as the principal policy office and business advisor for investment selection and execution, portfolio management, and disposal of VA capital assets. The funding level also supports the staffing needed to provide management policy and oversight responsibility for

coordinating public-private ventures through the EU leasing program and greening VA efforts through the Department's implementation of energy and water conservation, renewable energy development, environmental compliance and management systems, fleet utilization and efficiency, and sustainability (green building practices) at its facilities;

- The Office of Business Oversight with \$9.6 million to support 67 FTE (plus reimbursable authority for 31 additional FTE for a total of 98 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.
- The Office of Performance Management with \$1.6 million to support 10 FTE to coordinate and respond to performance initiatives such as Agency Priority Goals and other performance-related efforts. This funding level supports development of VA's annual performance plan submitted with the annual budget submission to Congress and the development, printing, and distribution of the Performance and Accountability Report (PAR). This funding will enable the Office of Performance Management to provide support to Department leadership through the preparation of the Monthly Performance Reviews;
- The Office of Enterprise Risk Management with \$502 thousand to support 3 FTE which was transferred from the Office of the Assistant Secretary. The funding is to provide the Department's corporate risk management program office capability through risk assessment, analytics and reporting, as well as risk policy, governance and coordination.

Budgetary resources in the 2014 budget include \$39.56 million in reimbursements as follows:

- OF with \$29.5 million in reimbursable authority to pay for payroll processing with the Defense Finance and Accounting Service (DFAS).
- OAEM with \$870 thousand to support 5 FTE for the VA Green Management Program and \$460 thousand to support 3 FTE for the VA BURR/Homeless Supporting Initiative to eliminate veteran homelessness;
- OBO, at a total of \$8.4 million, with \$3.0 million in reimbursable authority to support 20 FTE and expenses associated with conducting reviews of VHA financial business processes; \$1.0 million in reimbursable authority to support 7 FTE and expenses associated with performing logistics reviews; \$4.4 million in reimbursable authority to support 4 FTE and expenses, plus

contractor support, associated with testing internal controls over VA's financial reporting;

- Office of Budget with \$400 thousand in reimbursable authority to cover the operating costs of the VA Center of Innovation (VACI). This will cover contract support and operating expenses associated with VACI's Department-wide mission to tap expertise both inside and outside government to improve access to services, lower costs, improve quality, and enhance the performance of VA operations.

Summary of Employment and Obligations- Analyses

<i>Summary of Employment and Obligations (dollars in thousands)</i>					
	2012 Actual	2013		2014 Estimate	Increase Decrease 2014 v 2012
		Budget Estimate	Current Estimate 1/		
Average Employment	274	307	284	301	27
Obligations:					
Personal Services	\$38,549	\$43,213	\$40,231	\$43,706	\$5,157
Travel	650	939	881	881	231
Transportation of Things	0	0	0	0	0
Rents, Communications & Utilities	466	501	591	534	68
Printing & Reproduction	37	122	109	74	37
Other Services	50,426	36,509	52,836	38,212	-12,214
Supplies & Materials	273	260	283	221	-52
Equipment	90	101	121	33	-57
Insurance & Indemnities	0	0	0	0	0
Total Obligations 2/	\$90,491	\$81,645	\$95,052	\$83,661	-\$6,830
Reimbursements	-36,654	-36,047	-39,417	-39,563	-2,909
SOY Unobligated Balance (-)	-11,133	0	-7,487	0	11,133
EOY Unobligated Balance (+)	8,368	0	0	0	-8,368
Budget Authority	\$51,072	\$45,598	\$48,148	\$44,098	-\$6,974

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

2/ 2013 Current Estimate's total obligations include prior year carryover

- Requested budget authority for 2014 is \$7 million less than the 2012 request.
- The increase in Personal Services request reflects increases in annualized FTE that will be hired in 2013, the anticipated 1.0% pay raise, within-grade increases and benefit increases.
- All other 2014 accounts have decreased primarily due to a lower VA budget request in 2014 in the General Administration account. VA recognizes the need for fiscal restraint in the current budget environment. The reduction in 2014 is also due to carryover funding available for 2013 obligations that will not be available in 2014.

Office of Management

Table 1: Performance Summary Table

Categories	Measure	Performance Measures Data						
		Results History			Future Targets			2014 Strategic Target
		2009	2010	2011	2012	2013 (Final)	2014 (Required Funding)	
(B) Support Delivery of Services	Commercial Small Business Payment Timeliness (% of Small Businesses Paid within 15 days of receipt of proper documentation) (New)	N/Av	N/Av	N/Av	87%	91%	92%	92%
(B) Support Delivery of Services	Overall Commercial Vendor Payment Timeliness (% of Commercial Vendors Paid within 15 days of receipt of proper documentation) (New)	N/Av	N/Av	N/Av	51%	91%	92%	92%
.B) Support Delivery of Services	Percent of Veterans or beneficiaries who contacted VA Debt Management Center's toll-free phone line without a busy signal (New)	N/Av	5%	74%	90%	95%	98%	98%
(C) Management of Government Resources	Percent of CY electricity consumption generated with renewable energy sources (OAEM) (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. *An estimate of 5% was forecasted in November 2012 when finalizing the FY2012 PAR. However, final data became available in January 2013.	3%	7%	5%	*13%	15%	16%	16%

Table 2: Performance Measure Supporting Information

Commercial Small Business Payment Timeliness (OM) (Departmental Management Measure) (New)

a) Means and Strategies:

- Communication – Outreach to VA officials to encourage prompt certification of invoices and processing of receiving reports.
- People – Ongoing training of VA staff of the importance of timely certifications and receiving report processing.
- Program Execution – Process improvements to FSC’s payment processing system is expected to streamline validation of payment data and improve the timeliness of payment processing which will enhance small business payment timeliness. FSC staff will also analyze payment details to identify opportunities for improving payment timeliness.

b) Data Source(s):

- Small business payment data extracted from VA’s Financial Management System (FMS).

c) Data Verification:

- Ongoing third party audits of VA’s financial statements accuracy.
- Recurring quality control statistical sampling of FSC-processed vendor payments.
- Recurring data analysis by FSC staff.

d) Measure Validation:

- Measure tracks FSC’s progress towards OMB policy goal of paying small businesses within 15 days of receiving all payment documentation.

e) Cross-Cutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Category, Capability, and Secondary Criteria:

- Category: Support Delivery of Services
- Capability: Controls and Oversight
- Secondary Criteria: Of demonstrated high visibility to our stakeholders
Programs where VA is a demonstrated leader in government

Table 2: Performance Measure Supporting Information

Overall Commercial Vendor Payment Timeliness (OM) (Departmental Management Measure) (New)

a) Means and Strategies:

- Communication – Outreach to VA officials to encourage prompt certification of invoices and processing of receiving reports.
- People – Ongoing training of VA staff of the importance of timely certifications and receiving report processing.
- Program Execution – Process improvements to FSC’s payment processing system is expected to streamline validation of payment data and improve the timeliness of payment processing which will enhance overall commercial vendor payment timeliness. FSC staff will also analyze payment details to identify opportunities for improving payment timeliness.

b) Data Source(s):

- Overall commercial vendor payment data extracted from VA’s Financial Management System (FMS).

c) Data Verification:

- Ongoing third party audits of VA’s financial statements accuracy.
- Recurring quality control statistical sampling of FSC-processed vendor payments.

d) Measure Validation:

- Measure tracks FSC’s progress towards payment of commercial vendors within 15 days of receiving all payment documentation.

e) Cross-Cutting Activities:

- None

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Category, Capability, and Secondary Criteria:

- Category: Support Delivery of Services
- Capability: Controls and Oversight
- Secondary Criteria: Of demonstrated high visibility to our stakeholders
Programs where VA is a demonstrated leader in government

Table 2: Performance Measure Supporting Information

Percent of Veterans or Beneficiaries Who Contacted VA Debt Management Center's Toll-Free Phone Line Without Receiving A Busy Signal (OM) (Departmental Management Measure) (New)

a) Means and Strategies:

- Make it easier for Veterans and beneficiaries to receive the right benefits, meeting their expectations for quality, timeliness and responsiveness.

b) Data Source(s):

- Monthly telephone reports generated from data received by Century Link and the Tadiran system
Estimates will be provided in the event of loss of system generated data.

c) Data Verification:

- Review telephone data from Century Link and the Tadiran system. Print off these monthly reports maintain a copy and update the reporting worksheet

d) Measure Validation:

- Evaluate VA efforts in improving Veterans and beneficiaries access to VA services

e) Cross-Cutting Activities:

- The Secretary's T-16 Veterans Relationship Management Initiative

f) External Factors:

- Phone System/Power Outage
- Unpredictable number of new Veterans and beneficiaries who contact the toll-free phone line
- The potential creation of new benefits and services

g) Other Supporting Information:

- None

h) Link to Category, Capability, and Secondary Criteria:

- Category: Support Delivery of Services
- Capability: Controls and Oversight
- Secondary Criteria: Identified with core missions of VA

Table 2: Performance Measure Supporting Information

Percent of CY electricity consumption generated with renewable energy sources (OAEM) **(Departmental Management Measure)**

a) Means and Strategies:

- Through the increased utilization of on-site renewable energy technologies, VA will gradually increase its percent of renewable electricity consumed to 16% in 2014.

b) Data Source(s):

- Capital Asset Management System (CAMS) based on Administration source databases; OAEM renewable energy certificate purchase documentation.

c) Data Verification:

- Data will be reviewed by Administrations and Green Management Program Service staff under the Office of Asset Enterprise Management.

d) Measure Validation:

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

e) Crosscutting Activities:

- VA is using the results of a national laboratory study to target facilities with high potential for renewable energy projects.

f) External Factors:

- None

g) Other Supporting Information:

- None

h) Link to Category, Capability, and Secondary Criteria:

- Category: Management of Government Resources
- Capability: Administrative Management
- Secondary Criteria: Of demonstrated high visibility to our stakeholders
Programs where VA is a demonstrated leader in government

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Human Resources & Administration

Mission

Lead human capital management strategies, policies, and practices which cultivate an engaged, proficient, and diverse workforce to transform VA and continually improve services to Veterans and their families.

Summary of Budget Request

(\$ in 000)	FY 2013 CR 1/	FTE	FY 2014	FTE
Budget Authority:				
Office of the Assistant Secretary	\$1,701	8	\$1,645	8
Office of Human Resources Management	\$18,121	140	\$17,525	141
Office of Administration	\$44,137	82	\$42,686	97
Office of Resolution Management	\$1,906	8	\$1,843	8
Office of Diversity and Inclusion	\$2,333	17	\$2,256	17
Office of Labor-Management Relations	\$2,181	12	\$2,109	10
Total Budget Authority	\$70,379	267	\$68,064	281
Reimbursement:				
Human Capital Investment Plan	\$258,687	279	\$291,297	281
Office of Resolution Management	\$38,771	243	\$42,026	267
Miscellaneous Reimbursements	\$ 15,148	28	\$68,232	38
Total Reimbursement	\$312,606	550	\$401,555	586

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

In 2014, the Office of Human Resources and Administration (HR&A) is requesting budget authority (BA) of \$68.1 million and 281 in FTE. Reimbursements in the amount of \$401.6 million will allow for total HR&A obligations of \$469.7 million. A total of 586 FTE will be required to support all reimbursable HR&A operations, including 281 FTE

funded from reimbursements to support the Human Capital Investment Plan, 267 FTE funded from Office of Resolution Management reimbursements, and 38 FTE funded from miscellaneous reimbursements.

Program Description and Accomplishments

VA's Office of Human Resources and Administration (HR&A) provides strategic direction and policy formulation for VA's human resources as well as management of VA's central office human resource and facilities administration activities. In addition to serving as the Chief Human Capital Officer and EEO Director for the Department, the Assistant Secretary for Human Resources and Administration (AS/HR&A) also serves as the Designated Agency Safety and Health Official (DASHO) and is responsible for administration of the Occupational Safety and Health and Workers' Compensation Programs. The Assistant Secretary also serves as VA's Dispute Resolution Specialist as required by Federal law and is responsible for Alternative Dispute Resolution policy and oversight. Concurrent with these activities, the Office of Human Resources and Administration also provides oversight of the Human Capital Investment Program, which provides human capital support for transforming the VA into a 21st Century organization.

HR&A is comprised of nine offices; the Corporate Senior Executive Management Office (CSEMO), the Office of Human Resources Management, the Office of Administration, the Office of Resolution Management, the Office of Diversity and Inclusion, the Office of Labor-Management Relations, the Veterans Employment Services Office, the VA Learning University (VALU) and the Strategic Management Group (SMG).

Corporate Senior Executive Management Office (CSEMO):

VA successfully implemented corporate SES management in VA with the stand up of CSEMO on October 1, 2009. The organization is operational and on track to be fully staffed. CSEMO drives a centralized approach to executive life cycle management, including allocation use, selection, assessment, compensation, performance management, and training and development for over 500 Senior Executive positions across VA. CSEMO, working on behalf of the Secretary of VA, ensures uniformity, fairness, equity and transparency in executive life cycle management.

Office of Human Resources Management (OHRM):

OHRM develops Department-wide policies, programs, and practices relevant to VA employees including the fundamental human resources functions of staffing, classification, compensation, workforce planning, employee relations and performance management, benefits, oversight, human resources information systems, recruitment and placement, and human capital planning and professional and career development

of the VA HR community. OHRM communicates with 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 VA Central Office (VACO) Campus. National program responsibilities include VA Occupational Safety and Health and Workers' Compensation Programs, VA's Transit Benefits Program, Executive Correspondence, 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 thirteen Washington area locations and manages special projects in support of the VACO community.

Office of Resolution Management (ORM):

ORM works to promote a discrimination-free work environment focused on serving Veterans by preventing, resolving, and processing EEO discrimination complaints in a timely and high-quality manner. ORM processes EEO complaints for VA employees, applicants for employment, and former employees. Complaint processing services include counseling, mediation, procedural determinations, and investigations. These services are provided through a nationwide network of field operations offices. ORM also administers the Alternative Dispute Resolution (ADR) program throughout VA to manage conflict and prevent and resolve disputes through mediation, conflict coaching and facilitation.

Office of Diversity & Inclusion (ODI):

ODI works to foster a diverse workforce and inclusive environment that ensures equal opportunity through national policy development, workforce analysis, outreach, retention, and education to best serve our Nation's Veterans. This includes strategic planning and annual reporting on workforce diversity and inclusion; recruitment outreach and retention strategies; diversity focused internship and mentoring programs; EEO and diversity training and education; diversity-related communications; implementation of an annual reporting on relevant White House Initiatives; affirmative employment programs for the hiring, placement, and advancement of disabled Veterans, people with targeted disabilities, groups with less than expected participation rates; and special emphasis programming. ODI is responsible for reviewing and evaluating policies, plans, reports, and programs for conformance with various EEO laws, regulations, and directives relating to EEO, affirmative employment, and workforce diversity.

Office of Labor-Management Relations (LMR):

LMR sets and administers the Department's national labor relations policy through consultation with the Administrations, Staff Offices, and national labor unions; facilitates effective communication between VA management and the Department's national labor unions; provides notice to unions of proposed changes in working conditions requiring bargaining, as well as leadership for management negotiating teams to facilitate agreement and expedite implementation of national initiatives; provides expert advice and counsel to management officials in VACO and field facilities; provides leadership for management negotiating teams at the national level to facilitate agreement and expedite implementation of Department initiatives; provides labor-management relations education and training at all levels; and assists the VA Office of General Counsel in representing the Departments in national labor litigation matters. LMR bargains with VA's five national unions, which represent approximately 80 percent of all VA employees.

VA Learning University (VALU):

VALU, through a corporate approach to training, is maximizing investments in education to develop agile leaders, ensure employee proficiency, and continuously impress VA core values of service to our Veterans and their families. VALU's mission is to support the agency's mission and business objectives through high quality, cost-effective continuous learning and development that enhances leadership, occupational proficiencies, and personal growth. VALU aligns competency-based leader development with driving transformation; delivers cross-cutting, competency-based learner-focused educational programs through an established learning technology infrastructure; partners with private and public sector organizations to ensure the learning needs of VA's employees are relevant to an ever-changing, complex and competitive work environment; ensures measurable outcomes link to the Department's strategic goals and have valid educational merit; leverages multiple sources of instructional media and delivery methodologies to offer VA's diverse workforce a greater role in developing their careers; and provides leaders the right learning-anytime-anywhere to meet emerging organizational needs.

Veterans Employment Services Office:

In FY 2012, to comply with the President's Executive Order 13518, Employment of Veterans in the Federal Government, the VA HR&A established the Veteran Employment Services Office (VESO). VESO is a strategic program management office that oversees all VA Veteran employment initiatives and manages **VA for Vets**, its flagship initiative.

VESO goals are to increase the percentage of Veterans hired each year through Veteran-focused recruiting efforts, reduce voluntary Veteran turnover in collaboration with VACO, VBA, VHA, and NCA by supporting Veteran assimilation through targeted onboarding initiatives and to honor VA military service member employees by implementing the infrastructure that will provide them and their managers with the

tools needed to support the deployment cycle. The VA for Vets tools have been enhanced for use by all Federal agencies under the Feds for Vets branding. Going forward, all Federal agencies that choose to will be able to enhance their specific Veteran employment goals using the tools provided through VA for Vets.

Strategic Management Group (SMG):

As part of an enterprise-wide transformational initiative designed to develop VA's human capital into a proactive, people-centric, and forward-looking workforce, the Strategic Management Group was established to implement a portfolio of projects, programs, and initiatives within the HR&A Offices.

The SMG Human Capital Investment Plan portfolio boasts more than 80 initiatives consisting of single- and multi-year efforts in various stages of their programmatic life-cycles. SMG 's Program Management Office (PMO) provides integrated management and contract oversight in the following functional areas: Program Management, Acquisition Management, Contract Management and Financial Management to ensure the initiatives are managed and executed to successfully deliver the intended benefits within the planned and approved schedule and cost parameters.

HR&A Recent Accomplishments

- CSEMO, in coordination with VALU, developed a new training program as part of the on boarding for Senior Executives new to VA – Senior Executive Leadership Development Course I (SLC I). Senior Executives attend the course in their first 90 days. The focus of the course is on developing essential skills to enable the Senior Executives to lead successfully in VA. So far, CSEMO has conducted two pilot courses. To date, 40 Senior Executives have attended SLC I. Attendees of the first two pilot classes provided very positive feedback.
- CSEMO, in conjunction with the University of North Carolina' Kennan-Flagler Business School, continues to conduct SLC II for VA's Senior Executives. Optimally, Senior Executives attend SLC II within their first year as a Senior Executive in VA. The course is designed to help all VA Senior Executives excel at the strategic level. Senior Executives learn key content and insight, and participate in simulations and group activities in areas such as Executive Decision Making, Managing High Performance, Strategy and Execution, Negotiation and Partnerships, Financial Resource Management and Driving Strategic Change. The overall goal of this course is to further develop an Executive's enterprise and business skills in an increasingly complex, volatile, and dynamic world. To date, 476 Senior Executives have completed SLC II. CSEMO is in the process of developing a follow-on advanced course, SLC III, for further strategic development of the Department's Senior Executives.

- CSEMO serves as the Department's point of contact for Leading EDGE. Leading EDGE is a President's Management Council initiative. The intent is to prepare Senior Executives for government-wide senior leadership challenges on the horizon. Six workshops have been conducted as of FY 2012.
- CSEMO is leveraging automation to enhance the recruitment process through USA Staffing. CSEMO continues to re-engineer its recruitment and staffing process to improve diversity and ensure that VA is attracting the brightest and best candidates for our SES cadre. This includes having a VA Executive Resources Board (ERB) and using a resume-only recruitment process. CSEMO implemented a new ERB Pool process. A pool of 50 Senior Executives serve as ERB members for a 6-month period. The intent is to ensure a fair, transparent, credible process, to identify the best leaders for further consideration, and to engage VA's current SES in this important process. Further, by scheduling Senior Executives far enough in advance for ERB duty, it allows them to better coordinate their calendars and to schedule time to focus on this important duty. VA is currently in its third iteration of this ERB process. CSEMO also coordinates with Administrations and Agencies to identify projected vacancies as soon as possible for advance recruitment. Through these initiatives, and Senior leadership engagement, VA has increased its fill rate of SES positions from 89% at the beginning of Fiscal Year 2012 to 94% at the end of FY 2012.
- CSEMO continued building upon its multi-faceted process to hold Department executives at all levels accountable for organizational and individual performance. CSEMO completed the required comprehensive, robust review of performance standards across VA in order to meet OPM/OMB Certification of VA's SES Performance Management System. VA was certified through January 20, 2013 and is in the process of being re-certified. In 2012, VA chose to immediately adopt the SES Performance Management System provided by the Office of Personnel Management (OPM) and adapted it to address VA-specific requirements (e.g., two levels of review). The performance period for FY 2013 will be October 1, 2012 to September 30, 2013. In keeping with the Secretary's commitment to transforming the performance culture among Senior Executives, CSEMO developed an aggressive training schedule for the new Senior Executive Performance Management System. This training will ensure that VA's Senior Executives are fully informed on how their performance will be evaluated and rated under the new system and how they are to evaluate and rate their subordinate Senior Executives.
- OA implemented several improvements 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.

- Office of OSH presented five face-to-face trainings on workers' compensation to personnel in the field in 2012. Basic training was provided to 150 new Workers' Compensation Specialists, Intermediate level training to 150 more-seasoned Specialists, and two training sessions for supervisors trained another 300 field supervisors in basic concepts and their roles in the process. Despite cost increases in compensation and medical expenses outside of VA's control, VA's expenses overall declined approximately \$7.5 million, partly as a result of these and previous trainings. OSH also managed a Pharmacy Benefits Management program, through an agreement with the US Postal Service, which saved over \$2 million dollars.
- ADR participation in the EEO complaint process has consistently increased over the last four years from 48% in 2009, to 52% in 2010, to 54% in 2011, and 58% in 2012 significantly avoiding costs to the Department. The cost of handling a discrimination case through the formal complaint process ranges from \$17,000 to \$30,000 per complaint, excluding the cost of damages that may be payable in the event of a finding of discrimination. In 2012, participation in the ADR process resulted in the resolution of 1,515 non-EEO workplace disputes, resulting in 88% of these disputes being resolved using ADR. The overall resolution rate for ADR to include its use during the EEO complaint process and for non-EEO disputes increased from 54% in 2009 to 56% in 2012. VA estimates cost avoidance of \$110 million in FY 2012 as a result of increased resolution of workplace disputes and EEO complaints.
- ORM has continued to improve processing times for EEO investigations. In FY 2012, ORM completed investigations in an average of 171 days, which is below the Equal Employment Opportunity Commission's mandated 180 days.
- ORM operates the Resolution Support Center (RSC), a full-service hotline, designed to provide employees and managers a forum to ask general questions or questions related to Transformation-21 initiatives, and learn about avenues to address workplace conflict and disputes. For FY 2012, the RSC has averaged 4,182 calls with a resolution rate of 41%. The RSC is a separate and distinct service from the EEO complaint processing toll-free line. It is designed to augment, not replace or bypass, the complaint hotline or other dispute resolution avenues (local union, facility program manager, workplace ADR). Benefits of RSC include increased use of ADR, decreased EEO complaint activity, increased opportunities 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.

- OHRM revitalized its recruitment outreach and marketing program to focus on providing advice and guidance to hiring managers on recruitment outreach and hiring solutions to recruit and hire for entry level positions; develop career paths; and build pipeline resources thru student employment educational programs.
- COHRS has assessed and is making improvement for the HR services provided by developing and implementing programs to improve customer satisfaction such as: business process reengineering, assessing competency levels of the HR staff, developing service level agreements and standard operating procedures. A workload tracking tool was developed to track SF-52s from the customer, capture workload and performance metrics, and implement an on-boarding program, tool and portal.
- OHRM fully implemented the use of the automated hiring system USA Staffing to electronically rate and rank applicants and submit certificates electronically April 1, 2012. Now that the USA Staffing system has been fully implemented the next step in improving the hiring process requires advising and training the HR specialists in the development of customized occupational assessments that reflect the competencies of mission critical occupations. This activity requires additional staff that can provide services to USA Staffing users in the application of assessments methods and techniques that are consistent with Uniform Guidelines and OPM qualification standards.
- OHRM is further improving the hiring process by determining and abolishing outliers that extend the time to hire. OHRM is developing standardized recruitment packages for the mission critical occupations that consist of established position descriptions and competency-based assessments. The established recruitment packages will decrease the amount of pre-planning time used to fill positions and will increase the Department's efforts to attract, recruit and hire highly qualified applicants in a timely manner. All 158 human resources offices throughout VA will be required to use the recruitment packages.
- ODI led the development of VA's updated Diversity & Inclusion Strategic Plan for FY 2012 - FY 2016 that presents a living roadmap for fostering a diverse workforce and inclusive work environment. This Plan was cited as a model for the government-wide Diversity and Inclusion Strategic Plan developed under Executive Order 13583, Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce.

To gauge progress on its initial Plan, ODI issued VA's third Diversity and Inclusion Annual Performance Report reflecting the new, groundbreaking initiatives and achievements. ODI:

- Developed and implemented a new Diversity Index to gauge progress in the area of workforce diversity;
- Implemented a new applicant flow system to measure the impact of SES recruitment process on diversity;
- Co-chaired leadership development programs to ensure EEO and diversity in outreach and recruitment processes; trained over 29,000 Executives, Managers, and Supervisors on standardized VA-wide EEO, Diversity, and Conflict Management Training;
- Trained over 2,500 employees VA-wide in diversity and cultural competency training; established a mandatory critical EEO, diversity and inclusion performance element in all SES performance plans;
- Led the achievement of, and surpassed hiring goals for individuals with targeted disabilities;
- Administered VA's centralized Reasonable Accommodations Fund to reimburse nearly 700 employees with disabilities accommodations ;
- Customized and deployed VA's first centralized Reasonable Accommodations Tracking System to accurately track and enforce the timely provision of reasonable accommodations for people with disabilities; funded 27 interns with disabilities under VA's first centralized Workforce Recruitment Program;
- Sponsored 64 diverse student internships under VA's centralized Diversity Internship Program to build a diverse pipeline for VA employment; administered quarterly VA Diversity Council meetings and EEO Stakeholder meetings;
- Produced numerous VA-wide diversity and inclusion communications including weekly news links, monthly broadcasts, videos, and bi-monthly newsletters conducted six technical assistance site visits to ensure EEO compliance in VA field facilities, and eight national outreach events to promote diversity VA-wide;
- Established new workforce protections for Lesbian, Gay, Bisexual, and Transgender (LGBT) employees, and an LGBT workgroup and web page to address emerging inclusion issues;
- Sponsored VA's fourth LGBT Pride Month observance; created a new Hispanic Employment Outreach Plan, and Disability Employment Plan, cited by GAO as a best practice. As a result of ODI's efforts, VA has received the following diversity-related national recognitions: the Hispanic Association for Colleges and Universities named VA as the Federal Partner of the Year; HBCUConnect ranked VA #7 in hiring Historically Black College and University student interns; DiversityInc named VA as one of the top 5 Federal Agencies for diversity; the Partnership for Public Service named VA Best Federal Agency for Employees starting their careers/under 30; Latinos for Hire Magazine

named VA as the Best Federal Agency; and Careers and the Disabled Magazine named VA as the 7th ranked Federal Agency.

- LMR has trained or funded training opportunities for managers and our labor partners on Executive Order 13522, Creating Labor-Management Forums to Improve Labor Relations. Furthermore, LMR sponsored VA/AFGE Master Agreement training for approximately 2355 management and labor teams. LMR developed Labor Relations web based training available on Talent Management System (TMS) to all employees.
- VESO's flagship initiative, VA for Vets, is a comprehensive career support and management program for Veterans, National Guard, Reserve members and VA employees that facilitates the reintegration, retention and hiring of Veteran employees at VA by offering career-search tools for Veterans seeking employment at VA, career development services for existing Veterans, and coaching and reintegration support for military service members.
- During FY 2012 VESO supported VA managers in hiring Veterans for VA employment with several being service-connected disabled Veterans returning from Operations Enduring and Iraqi Freedom. Since the establishment of VESO, the time to hire Veterans is less than 25 days in VA.
- The Strategic Management Group (SMG) successfully stood up the SMG Program Management Office (PMO) that established program management oversight, planning, programming, and budget management processes for the Major Initiative 12 - Human Capital Investment Plan (HCIP) portfolio. SMG PMO conducts oversight and program/project management assistance to each of the nine (9) HR&A business offices in the execution of approximately 60 HCIP sub-initiatives. Further, SMG established focused support structures within the PMO in the areas of Financial Management and full lifecycle Acquisitions support in meeting the HCIP mission.
- SMG implemented industry best practices for program management, acquisition management, and strategic Planning, Programming, and Budget Execution (PPB&E) approach for HCIP initiatives. VA employees as well as the Veterans they serve have benefitted through the improved HR&A capabilities implemented via the HCIP initiatives.
- Personnel support has been added via HCIP initiatives to provide HR&A with capabilities that did not exist previously, and to adequately staff existing functions whose capability was constrained due to insufficient staffing levels. Additional staffing is required to maintain HR&A improved levels of service and continue the transformational improvements.

- The training VALU offers is realizing a significant return on investment i.e. VALU training contributed to \$81M in turnover cost avoidance, a \$10M reduction in Accounts Receivable, and a reduction of 4.6 days in C&P claims processing.
- The VA Learning University's budget supports employee development (leadership development, supervisory training, and non-clinical career/technical training) through a robust infrastructure (Talent Management System & MyCareer@VA), and conducts comprehensive evaluation (including Return on Investment) across VA Administrations and Central Office.
- VALU provides a course catalog that maps over 110 courses to VA's competency model. As of March 2012, 97K VA employees have participated in leadership, mission critical and key occupational training completing more than 200K trainings.
- The recently launched MyCareer@VA portal provides valuable career planning, career mapping, and career fit tools to VA employees (averages 675 daily hits).
- VALU has been the recipient of the following awards between 2010 and 2012: Chief Learning Officer (CLO) Magazine 2012 Learning Elite Award; 13th Annual 2012 Corporate University Xchange Awards for Excellence and Innovation; Chief Learning Officer Magazine 2012 Learning Elite Awards; the 6th Annual 2012 Human Capital Management Defense (HCMD) Awards; The Elearning! Media Group (EMG) 2012 Learning! 100 Awards; Brandon Hall Excellence in Learning Award - Silver Best Custom Content (2011); CUBIC: Corporate University Best in Class Award - First Place, best new Corporate University (2011); INSIGHTS 2011 Award: Best Deployment to an Organization; Chief Learning Officer (CLO) Magazine 2011 Practitioner Leadership Award; Federal Government Distance Learning Association (FGDLA) Eagle Award for Advocacy, Innovation and Leadership; United States Distance Learning Association (USDLA) Award: 2011 Best Practices in Distance Learning Programming Gold.

Human Capital Investment Plan (HCIP)

VA's operating environment is changing due to the increasing complexity and growth of VA's requirements, and the increasingly diverse challenges faced by today's Veterans. The rise in the separation of members from military service will result in a new generation of Veterans with important needs. These newer Veterans are younger, more diverse, and more likely to have multiple serious injuries acquired during combat operations than previous generations of Veterans. The global economic recession makes finding stable employment upon leaving the armed services much more difficult. Additionally, aging Veterans require more long-term health care, and those living in rural areas may have difficulty accessing health care.

The impact of changing Veterans needs on VA's workforce is significant with one million Veterans about to enter VA's customer base over the next five years. Consequently, VA's employees face changing and growing workloads resulting from increased use of VA services. To ensure high-quality service, VA employees must be well-trained to meet the needs of the changing Veteran demographic.

In addition to these external factors, a number of internal VA trends affect VA's workforce. A significant portion of VA's workforce is rapidly approaching retirement age, with more than 30% of employees eligible for retirement, including roughly 50% of VA's senior executives. Consequently, there is a need to develop a cadre of senior leaders. VA's changing workforce demographics call for new ways to serve customers, as well as innovative recruitment, retention, and succession management strategies. VA also has the opportunity to leverage technological advances to create a more connected, mobile workforce, served by an increasingly automated HR.

To date, HRA has launched a number of HCIP initiatives designed to:

- Improve recruiting, hiring, and retention
- Invest in people development
- Manage VA's executive and senior professional assets
- Build a broad set of HR capabilities

HRA counts among its top successes the establishment of VALU and VESO. VALU provides a corporate approach to training and development that improves Veteran-customer satisfaction with VA employees, improves retention, and saves VA the high cost of replacing valuable employees. VESO is changing the way the federal government recruits, hires, and retains Veteran employees. Their model uses a state-of-the-art technological platform, a comprehensive career coaching system, job aids, mentoring, and specialized training to place Veterans in both the public and private sectors. VESO sponsored VA's first Veterans Job Fair in January 2012 with representatives from both federal agencies and private companies. More importantly, VESO's model is scalable and repeatable across public and private platforms.

In FY 2014, HR&A will use the total obligational authority provided from budget authority, HCIP and other reimbursables to:

- Attract, prepare, and develop leaders to transform VA into a 21st century organization and enable them to manage successfully in a rapidly changing health-care and benefits environment;
- Increase staff productivity, performance, and commitment by building and strengthening competencies;

- Reduce costly staff turnover and obtain the best and brightest talent available; improve employee satisfaction and performance and reduce absenteeism by promoting healthier employees;
- Improve the work environment;
- Reduce the time and cost associated with workplace disputes and EEO complaints by increasing early resolution of work-related issues and concerns;
- Provide HR Core Services by the new HR solution and retire the Personnel and Accounting Integrated Data (PAID) System. Although the enterprise is supported by a single HRIS application housed at a SSC, 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 be involved with all migration activities to include planning activities; serving on integrated project teams; writing requirements; mapping data; preparing interface control documents and standard operating procedures; data mapping; testing; deployment activities and communication.
- Continue to develop and deliver training programs through VALU, designed to make the investment in human capital necessary to improve the delivery of health care, benefits, and other services to Veterans and their families. HCIP initiatives are designed to increase staff productivity, performance and commitment by building and strengthening competencies including critical skills training in over 42,000 positions (e.g., human resources, financial management, project management, acquisition, and IT certification) and support the facilitation of developing leaders who are agile, innovative and values-centered to lead in a complex and changing environment.
- Continue through ODI, to promote efforts to build a diverse, high-performing workforce and inclusive work environment by realizing the goals and objectives contained in the VA's Diversity & Inclusion Strategic Plan for FY 2012-2016, Hispanic Outreach & Retention and other diversity related plans.
- CSEMO Performance and Talent Management System (CPTMS). CSEMO will continue to coordinate with OIT, and VALU to ensure transparency between VALU's Talent Management System and CPTMS while supporting the current established business processes. When fully implemented, CPTMS will assist CSEMO with Senior Executive succession planning, performance and talent management, leadership development, and data analysis such as retention and recruitment information, compensation information, and retirement projections.

Budget Highlights

The 2014 budget request includes resources necessary to continue current operations, sustain the critical initiatives in the Human Capital Investment Plan, continue current operations for other reimbursables programs and begin operation of the Human Resources Information Systems reimbursable program.

- \$68.2 million and 38 FTE in reimbursable authority for miscellaneous reimbursables for HRIS, administrative reimbursables and miscellaneous travel reimbursements administered by VALU.
- \$42 million and 267 FTE in reimbursable authority for the Office of Resolution Management to cover expenses associated with preventing, resolving, and processing EEO complaints. Total ORM recoveries of \$42.9 million in 2014 will include all related information technology support, which in turn will be reimbursed to the Information Technology Systems appropriation.
- Reimbursable authority of \$291.3 million and 281 FTE for HR&A for the continued implementation of the Human Capital Investment Plan.

Summary of Employment and Obligations - Analyses

<i>Office of Human Resources and Administration</i>					
<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	2012	2013		2014	2012-2014
	Actual	Budget Estimate	Continuing Resolution 1/	Request	Increase/Decrease
Average Employment					
Field	227	267	243	267	+40
Central Office	487	622	574	600	+113
Total	714	889	817	867	+153
Obligations:					
Personal services	\$85,952	\$108,777	\$103,116	\$108,072	+22,120
Travel	12,351	22,231	13,120	20,262	+7,911
Transportation of things	26	113	67	106	+80
Rents, communications & utilities	39,201	33,590	34,990	33,088	-6,113
Printing and reproduction	184	430	436	458	+274
Other services	250,005	303,124	234,438	305,442	+55,437
Supplies and materials	1,496	2,109	1,278	2,129	+633
Equipment	729	2,003	1,247	1,473	+744
Insurance & Indemnities	46	15	0	0	-46
Adjustments to Expenditures	-1,472	-13,542	-1,411	-1,411	+61
Total obligations	\$388,518	\$458,850	\$387,281	\$469,619	\$81,101
Reimbursements	-310,526	-388,471	-312,606	-401,555	-91,029
SOY Unobligated Balance (-)	...	...	-2,400	...	0
EOY Unobligated Balance (+)	3,487	...	...	...	-3,487
Reallocation	...	...	-1,896	...	0
Budget authority	\$81,479	\$70,379	\$70,379	\$68,064	-13,415

1/The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY2013 Continuing Resolution (P.L. 112-175).

HR&A's personal services estimate in FY 2014 reflects increased salary requirements for 867 FTE. Increases in personal services costs reflect an assumed 1.0% pay raise in 2014, benefits and additional funding for terminal leave costs of lump sum annual leave payments for those leaving federal service through retirement. Increases also include

FTE associated with reimbursable programs. Increases in printing and supply costs reflect increases in costs associated with training requirements of the HCIP program.

The budget includes reductions in rent costs for space savings efforts implemented at VA Central Office, however there are increases in other services over the FY 2013 current estimate associated with the Human Resources Information System (HRIS). HRIS was originally included as a reimbursement in the FY 2013 President's Budget. However a legal review of the General Services Administration's ability to assist VA with the acquisition of the new system delayed the award of the HRIS contract. HRIS will not be operational in FY 2013, and instead, HRIS reimbursements will be collected in FY 2014.

Travel estimates are increased based on historical travel projections associated with training. Current travel estimate reductions reflect an operational pause associated with new conference policies. Concurrent with the operational pause, HRA is determining different modalities for the delivery of training programs, which may result in a reduction travel costs in the future.

Human Resources and Administration

Table 1: Performance Summary Table

Categories (See Note (1) at the bottom of this spreadsheet for a list of categories, and choose the appropriate one)	Performance Measures Data							
	Measure	Results History				Future Targets		2014 Strategic Target
		2009	2010	2011	2012 (EOY Estimate)	2013 (Final) Unless otherwise noted as changed below	2014 (Requested Funding)	
(C) Management of Government Resources	Percentage of VA employees who are Veterans	30	31	32	32	35	40	40
(C) Management of Government Resources	Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months. ^{2/}	n/a	20	45	50	55	60	75
(C) Management of Government Resources	Percent of Title 5 employees hired through competitive examining process within 80 days.	64	45.95	48	51	55	59	75

^{2/} Competency Based Training Program - a program that contains competencies pertaining to the knowledge, skills, and abilities needed to build a highly competent organization capable of meeting current and future challenges.

Table 2: Performance Measures Supporting Information

Performance Measure Supporting Information
<p>Percentage of VA employees who are Veterans (Departmental Management Measure)</p> <p>a) Means and Strategies:</p> <ul style="list-style-type: none">• Provide varying degrees of employment assistance to all Veterans seeking VA employment by promoting the use of special appointing authorities for Veterans to streamline the Federal hiring process and reduce the time it takes managers to fill vacancies in their workforce.• Work closely with VBA's Vocational Rehabilitation and Employment Service (VR&E) to identify qualified transitioning service members with qualifications to fill critical occupations in VA.• Attend outreach and recruiting events to promote VA employment.• Routinely participate in the revamped program, called Transition GPS, the first major overhaul of the transition assistance program centers on briefing servicemembers and veterans at military career fairs, as well as publishing national military events lists for all HR recruiters. <p>b) Data Source(s):</p> <ul style="list-style-type: none">• COIN PAID reports; VISN Support Service Center (VSSC) <p>c) Data Verification:</p> <ul style="list-style-type: none">• Review by VA Human Resources Line of Business (HRIS) <p>d) Measure Validation:</p> <ul style="list-style-type: none">• 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 service members to the civilian workforce. <p>e) Cross-Cutting Activities:</p> <ul style="list-style-type: none">• None <p>f) External Factors:</p> <ul style="list-style-type: none">• Known losses from increased rate of retirement-eligible Veterans.• Compatible or existing skills and qualifications of younger, less experienced Veterans. <p>g) Other Supporting Information:</p> <ul style="list-style-type: none">• None <p>h) Link to New Strategic Planning Framework:</p> <ul style="list-style-type: none">• <u>Integrated Objective #3</u> – Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively• <u>Integrated Strategy B</u> – Recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges

Performance Measure Supporting Information

Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (Departmental Management Measure)

a) Means and Strategies:

- Continue to focus on creating a framework for corporate technical/program based training by defining competency models.
- Obtain additional support by executing contract to assist in development and deployment of technical program-based training.

b) Data Source(s):

- Training data collected through existing VA Talent Management System (TMS) and other training systems based on completion data for training opportunities tracked in those systems.

c) Data Verification:

- A system is required to identify and track mission critical and key occupations, there is currently no process or system that identifies all of the critical mission and key occupations.

d) Measure Validation:

- Leverage supervisors and managers to elevate the ability of the agency to deliver service to our Veterans and to align our people practices to meet mission and business requirements
- Enable our employees to meet current and future needs, supported by learning and development opportunities, to help drive employee skill capability
- Improve internal client satisfaction by defining what VA employees need to know and what they need to be able to do in order to contribute to our mission and live our core values.

e) Cross-Cutting Activities:

- None

f) External Factors:

- Resource constraints, legislative reform, and Congressional Oversight

g) Other Supporting Information:

- VA's success in this area is also contingent on educating managers and supervisors on the availability of training events and the benefits of continued learning.

h) Link to New Strategic Planning Framework:

- Integrated Objective #3 - Build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively
- Integrated Strategy B - Recruit, hire, train, develop, deploy, and **retain a diverse VA workforce** to meet current and future needs and challenges.

Performance Measure Supporting Information

Percent of Title 5 employee hired through competitive examining process within 80 days
(Department Management Measure)

a) Means and Strategies:

- Capturing all hiring data through the USA Staffing system and working with HROs to ensure that all hiring actions are complete and accurate.
- Streamline and standardize assessment to improve the percentage of hires within 80 days.
- To notify HROs monthly of any outliers and to recommend preventive measure to meet milestones.

b) Data Source(s):

- USA Staffing data is captured in the USA staffing system which used to determine the number of competitive hires within 80 days.

c) Data Verification:

- Data is verified by the USA Staffing Program Office and HROs are notified of any discrepancies and must provide corrective data.

d) Measure Validation:

- Improve the hiring process in order to hire highly qualified candidates and improve the time to hire.

e) Cross-Cutting Activities:

- Human Resources Offices (HROs)

f) External Factors:

- OPM Guidelines.

g) Other Supporting Information:

- VA's success in this area is also contingent on continuing to meet OPM Hiring Reform Requirements.

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's (OPP) mission is to serve as the principal advisor to the Secretary for policy and strategy, providing comprehensive advice, counsel, and support to the Secretary, Deputy Secretary, and Administrations in the areas of strategy and strategic planning; policy development and analysis; transformation and innovation; multi-year programming, program analysis and evaluation; program management; and data governance.

Summary of Budget Request

(\$ in 000)	2013*	FTE	2014	FTE
Office of the AS/PDAS	\$2,242	12	\$2,263	11
Office of VA/DoD Collaboration	\$2,506	14	\$2,594	14
Corporate Analysis and Evaluation	\$3,981	14	\$4,094	14
Office of Policy	\$4,429	21	\$4,256	21
Office of Data Governance & Analysis	\$5,573	29	\$5,300	30
Enterprise Program Management Office	\$7,133	27	\$6,502	24
Total Budget Authority	\$25,865	117	\$25,009	114
Reimbursement:				
Enterprise Data Contracts	\$2,909	0	\$2,909	0
Secretary's Carey Awards Program	\$500	0	\$500	0
VA Innovation initiative	\$0	0	\$0	0
Total Reimbursement	\$3,409	0	\$3,409	0

* The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

In 2014, OPP is requesting budget authority (BA) of \$25.0 million, to include 114 FTE, and reimbursements of \$3.4 million to support its mission. The 114 FTE represent a reduction of three FTE. This budget request includes the following priorities and initiatives:

- \$2.6 million for the Office of VA/DoD Collaboration to strengthen collaboration with the Department of Defense (DoD) and foster the development of policies and programs to improve the transition of Service members to Veteran status and produce better outcomes in health care delivery and benefit services for Veterans, Service members, military retirees, and eligible dependents.
- \$4.1 million for the Office of Corporate Analysis and Evaluation to further embed a planning, programming, budgeting, and evaluation process in the Department to facilitate strategic decision-making and align resources to achieve Department and Administration priorities.
- \$4.3 million for the Office of Policy to develop Veteran policy and provide forward-leaning strategy development and concept analysis capabilities that identify long-range issues and drive innovation and transformation across the Department.
- \$5.3 million for the Office of Data Governance and Analysis to act as the authoritative clearing house for Veteran data and statistics, statistical analysis, and predictive modeling to inform Department-wide decision making.
- \$6.5 million for the Enterprise Program Management Office to ensure successful transition of all major initiatives into the operation at the Department and foster the implementation of program management discipline, standards, and doctrine throughout the Department.

Program Description and Accomplishments

The Department of Veterans Affairs (VA) has experienced an increase in demand for its services due to many factors such as aging Veterans, Veterans with more complex needs, the impact of a decade of combat operations, and health care reform legislation. To address these demands and challenges, VA has undertaken significant transformational efforts to serve its beneficiaries and to refine its internal operations. VA has focused on creating a robust Department level decision making capability to more effectively anticipate change and set direction. As a result, OPP has taken on a more substantive advisory role in support of the Office of the Secretary.

Office of VA/DoD Collaboration

The Office of VA/DoD Collaboration facilitates the development of joint policies and programs between VA and DoD. The goal of this Office is to work collaboratively with DoD to avoid duplication between the Departments, remove organizational barriers, and produce better outcomes in health care delivery and

benefit services for Service members and Veterans. The Office is engaged in coordinating the implementation of the integrated disability evaluation system (IDES) and streamlining the disability evaluation process through continual process improvements. It is also assisting in the implementation of the integrated electronic health record (EHR) and virtual lifetime electronic record (VLER). The Office is also responsible for coordinating VA responses to external requirements and mandates and for coordinating a VA-wide perspective in all VA/DoD collaboration activities and initiatives. In addition, the Office continues to provide support for multiple VA/DoD governance bodies such as the VA/DoD Joint Executive Council (JEC). In coordination with DoD, the Office develops and monitors the execution of the VA/DoD Joint Strategic Plan (JSP) to synchronize these activities. In coordination with DoD, the Office also develops and publishes the VA-DoD Annual Report to Congress on VA-DoD collaboration issues.

This Office's vision for success is the development and sustainment of a VA/DoD partnership that delivers seamless, cost effective, quality services to beneficiaries and value to the Nation.

Corporate Analysis and Evaluation

The Office of Corporate Analysis and Evaluation (CAE) was established in 2010 to facilitate long range programming and provide independent program assessments to inform senior leader resource allocation decisions. CAE is responsible for leading the development of a planning, programming, budgeting, and evaluation (PPBE) process and a multi-year programming capability within the VA. CAE is also responsible for evaluating programmatic requirements, resource allocations, programmatic baselines, multi-year programmatic trade-offs, and conducting independent program analysis and evaluation. CAE is comprised of two service areas: *Programming* and *Analysis and Evaluation*.

CAE's vision is to establish programmatic excellence that is informed by strategic resource allocation and stewardship of VA resources. CAE will accomplish this by increasing its analytical capabilities on which to base organizational resource allocation and program decisions, while developing the ability to clearly align programmatic outcomes when building the multi-year program.

Office of Policy

The Office of Policy (OOP) is responsible for policy and strategic analysis and ensuring integration, collaboration, and cooperation across VA with regard to policy and strategy development. OOP leads the strategic planning efforts and is involved with managing the Department's governance process. The strategic planning process has incorporated an environmental scan of the internal and external environments. That scan looks for the potential opportunities or threats, ascertain the top strategic drivers, and identify capabilities that will need to be added,

modified or changed to improve the Department's abilities to meet the changing needs of Veterans. OOP manages the following governance bodies: the Senior Review Group (SRG); the Strategic Management Council (SMC); and the VA Executive Board (VAEB).

OOP is comprised of three service areas: the *Strategic Planning Service*, the *Policy Analysis Service*, and the *Strategic Studies Group*. The *Strategic Planning Service* manages a planning and governance capability focused on strategic outcomes that influence strategies, programs, and resources. The *Policy Analysis Service* conducts proactive policy analysis that is externally engaged and internally aligned. The purpose of the *Strategic Studies Group* is to develop a forward-leaning concepts analysis capability that identifies long-range issues and drives innovation and transformation.

OOP's vision is to enable better strategic decision making among VA senior leaders about services to Veterans and management of the Department.

Office of Data Governance and Analysis

The Office of Data Governance and Analysis (DGA) is responsible for leading data management, data analysis, and business intelligence capabilities to inform VA-wide decision making. It acts as an authoritative clearinghouse for the collection, analysis, and dissemination of information about Veterans and VA programs. It provides predictive analysis and forecasting capabilities to inform leadership decisions.

DGA is comprised of two service areas: the *National Center for Veteran Analysis and Statistics (NCVAS)* and the *Office of the Actuary*. NCVAS manages the Department's business intelligence tools and processes to support analysis and planning activities. Its core functions include statistical and data analysis and reporting. The *Office of the Actuary* constructs predictive models to support data-driven decision making about capital investments, actuarial analysis, financial modeling, and cost estimation.

The long-term vision of DGA is to build business intelligence capability and predictive analysis in VA to provide accurate, informed, and relevant analysis to enable data-driven decision making.

Enterprise Program Management Office

The Enterprise Program Management Office (ePMO) was chartered in 2010 to improve the overall program management in VA. This business line has developed and is implementing program management standards, doctrines, methodologies, and best practices. The ePMO is responsible for improving the planning and execution of the major initiatives by working with major initiative owners to validate requirements and ensure the synchronization of resources to transition these initiatives into the routine operations of the Department. The ePMO seeks to

revolutionize business processes and foster accountability through clearly defined milestones and integration plans. The ePMO has successfully integrated 11 of the major initiatives into the Department's business lines, resulting in improved access, quality, and performance.

The ePMO is comprised of three service areas: *Program Management Policy (PMP)*, *Resource Management Service (RMS)* and *Operational Management Review (OMR)*.

The ePMO's vision for success is the development of a world class program management capability leading to improved services to our Veterans and their families and to improve Department-wide business processes and foster accountability throughout VA.

Recent Accomplishments

In 2012:

The Office of VA/DoD Collaboration contributed to the development and sustainment of the VA/DoD partnership with the following actions:

- Strengthened VA/DoD governance and oversight by consolidating the Senior Oversight Committee (SOC) with the Joint Executive Committee (JEC), revising the JEC charter and publishing 2012 JEC guidance.
- Coordinated the implementation and execution of the integrated disability evaluation system (IDES), developed and led 23 program reviews of VA IDES performance metrics with VA Chief of Staff, participated in eight joint IDES performance metric reviews with Army Vice Chief of Staff and VA Chief of Staff, and participated in eight joint IDES performance metric reviews with Navy Bureau of Medicine and Surgery. Additionally, led weekly telephone conferences with Office of Secretary of Defense (OSD) and the Military Departments discussing IDES performance, accompanied OSD Personnel and Readiness on five IDES site reviews, and accompanied Army Inspector General on two IDES site reviews.
- Monitored and supported numerous VA/DoD collaboration efforts, including:
 - Integrated electronic health record (iEHR)
 - James A. Lovell Federal Health Care Center (FHCC) at North Chicago.
 - Virtual lifetime electronic record (VLER)
 - Joint pharmacy initiatives
 - Execution of the 2011-2013 VA-DoD Joint Strategic Plan
 - Veterans Opportunity to Work (VOW) Act and Veterans Employment Initiative

- Coordinated six joint Secretarial meetings between VA and DoD.
- Coordinated six VA-DoD Joint Executive Committee meetings.
- Coordinated the development and publishing of the 2011 VA-DoD Annual Report to Congress.
- Coordinated the development and publishing of the 2013-2015 VA-DoD Joint Strategic Plan.
- Provided testimony before the House Veterans Affairs Committee on care coordination and IDES and conducted over 40 congressional visits in support of the joint Secretary of DoD and VA hearing.

CAE continued the establishment of programmatic excellence; strategic resource allocation; and stewardship of VA resources with the following actions:

- Issued programming guidance for the 2014-2018 cycle that focused the Department's review of three strategic programming issues - Veterans Benefit Administration transformation, potential impacts of the *Affordable Care Act*, and information technology infrastructure requirements - to inform VA's 2014/2015 budget.
- Completed the programmatic alignment for the VA's budget by including the VA staff offices to account for 100 percent of Departmental programs and created a database for use in conducting analyses of VA's programs.
- Worked in collaboration with DoD's Cost Assessment and Program Evaluation (CAPE) office to assist the iEHR interagency program office in developing its cost analysis requirements description (CARD). The CARD is a key element necessary for the program to proceed through DoD acquisition milestones, and instrumental in developing the life cycle cost estimate (LCCE) and independent cost estimate (ICE).
- Developed an ICE process guide to provide a consistent and repeatable methodology for preparing a detailed and defensible cost estimate. Additionally, worked with the VA Acquisition Academy to develop a VA ICE training course, which will help grow the skills within VA and the major initiative teams required to accurately and completely cost, budget, and defend its respective program.
- Performed a cost benefit analysis of key programs within the Department's Homelessness Veterans Programs that demonstrated, for the scope of costs and benefits included in the analysis, that this investment has a net positive return to VA. CAE also conducted independent LCCE of two major initiatives: *New Models of Care* and *Veterans Benefits Management system*. These

LCCEs provided VA management with the total cost for these major initiatives enabling better decision making.

- Conducted a title 38 independent program evaluation of VA-funded medical research focused on enhancing research innovation and productivity by reducing duplicative regulatory burdens and validating the research and development investment strategy provides a balanced program to meet anticipated needs of the future Veteran population.
- Participated in a government wide study by the Government Accountability Office (GAO) on various agencies' cost estimating procedures and policies. Provided GAO with a briefing on VA's current and future cost estimating environment.
- Reviewed the Veterans Health Administration's (VHA) legislative proposals and made recommendations to the legislative review panel.

The Office of Policy supported decision making among VA senior leadership and management of the Department with the following actions:

- Implemented quadrennial strategic planning process (QSPP) from initial environmental scanning to strategic imperatives and gap analysis, enroute to development of the 2014-2020 VA Strategic Plan.
- Completed a corporate environmental scan.
- Advanced the development of VA strategic imperatives, including three high-level and nine supporting imperatives.
- Led long-range strategic planning development and change management, including four Department-wide workshops.
- Completed a gap analysis.
- Established a task force to develop strategic options for the Department based on the gap analysis.
- Published first strategic planning guidance as part of PBBE.
- Finalized strategic planning addendum.
- Aligned agency priority goals with the three Departmental priorities: Homelessness, Access, and Backlog.
- Continued to advance the development of the VA functional organization manual, including the completion of Version 1.0.

- Continued to advance the development of a VA strategic policy agenda.
- Enhanced VA policy analysis and development process through increased interagency collaboration and study of best practices.
- Continued development of a Veteran policy field of study through increased outreach, collaboration, research, and analysis.

DGA contributed to improved business intelligence capability and predictive analysis in the Department with the following actions:

- Developed statistical and actuarial models that are capable of supporting business model and service delivery options and analysis by implementing an integrated data model and data system to support capital investment, planning, and policy development. Among them:
 - Developed and implemented a bottom-up Veteran population projection model that provides 30 year projections of Veteran populations at various geographical levels for the following cohorts: age, gender, period of service, congressional district, race/ethnicity, and branch and rank.
 - Developed health care demand projection model for scenario-based analysis to support planning, policy analysis, and decision making. The model covers inpatient, outpatient, and emergency room.
 - Developed a Veteran mortality model using stochastic methods to project Veterans death rates over the long term (50 years).
 - Developed a compensation and pension projection model.
 - Established actuarial modeling database that linked various datasets on Veterans within and outside VA, including three years of commercial health claims data.
- Pursued opportunities to expand data sources and improve data quality for modeling by working with Census (American Community Survey), Congressional Budget Office (CBO), and Center for Medicare and Medicaid Services (CMMS).
- Completed a newly re-designed VetPop model for 2010–2040 to project Veteran population by county for use as input to VHA’s health care projection model and National Cemetery Administration planning activities.
- Implemented geospatial analysis capability to visually display information and project analytic results in map format.
- Delivered the 2010 Unique Veterans Report, providing detailed information on number of Veterans using VA benefits or services. Report provides specifics on utilization by program, service, and Administration.

- Created analysis products to support the Women Veteran’s Task Force, Joint DoD/VA Joint Task Force on Veterans employment, and the American Indian and Alaska Native Veteran Report.
- Developed and validated business process maps for major data streams across VA, and prepared detailed conceptual models to document VA data flows as the leader of VA’s data governance efforts.
- Expanded geospatial mapping and analysis capabilities, including the preparation of an integrated health care facilities map showing all VA, DoD, Department of Health and Human Services (DHHS), and Department of Homeland Security (DHS) facilities in the U.S.
- Prepared detailed reports showing the geographic distribution of expenditures at the state, county, and congressional district levels.
- Supported openness and transparency at VA through the posting of current information regarding Veteran demographics and benefits utilization on the VA public Web site.
- Served as the central clearinghouse for VA data posted on Data.Gov, directing the posting of more than 100 reports and other updates to the Web site in 2012.
- Responded to over 600 requests for information from Congress, researchers, news media, and the public.
- Completed a draft statistical report, presenting demographic and integrated benefits utilization information for Service members who were on active duty between September 11, 2001 and September 30, 2010.
- Led an integrated project team (IPT) responsible for improving the customer service Veterans receive through MyHealthEVet and BlueButton. Efforts undertaken by this IPT included updating the FAQs available to Veterans via the Blue Button web link to ensure the provided information is as comprehensive as possible.
- Continued to work closely with DoD’s Defense Manpower Data Center (DMDC) to develop a more integrated and collaborative relationship. One outgrowth of this relationship is that DGA has gained access to DMDC’s information delivery system, which provides aggregated demographic data for current Service members. Access to this data system has allowed DGA to develop a detailed profile of Service member demographics to support future VA planning initiatives.
- Supported IDES through the bi-weekly analysis and reporting of detailed performance metrics by service branch and by military treatment facility.

The Enterprise Program Management Office played a key role in establishing and implementing program management principles across the Department. The organization supported, managed, and led multiple efforts and processes to effect transformation and foster accountability. Specific efforts included:

- Transitioned 11 major initiatives into the operations of the Department for long-term viability and service delivery to Veterans, including:
 - Systems to drive performance (STDP)
 - Improve Veteran mental health (IVMH)
 - Research and development (R&D)
 - Enhance Veteran experience and access to health care (EVEAH)
 - Health care efficiency (HCE)
 - Health informatics (Hi2)
 - GI Bill
 - Human capital improvement plan (HCIP)
 - Preparedness (PREP)
 - Strategic capital improvement plan (SCIP)
 - New models of care (NMOC)
- Completed the 2013 major initiative operating plans, sustainment and transition plans, and continued to oversee the \$2.6 billion major initiative annual portfolio, resulting in achievement of 51 of 58 major milestones and \$461.68 million in information technology (IT) procurements in 2012.
- Managed and led prioritization of the Departments \$668 million 2013 IT development budget.
- Developed the framework for integrated, capability-based operating plans and piloted the framework with VA's health portfolio.
- Developed the VA's acquisition program management lifecycle in partnership with the Office of Acquisitions, Logistics, and Construction.
- Developed an enterprise-level framework for integration and initiated execution of four major areas for integration, including:
 - Enterprise-level data governance
 - Enterprise business requirement governance
 - Shared services management policy
 - Enterprise data strategy for information domains
- Completed VA's requirements development and management doctrine.
- Developed comprehensive certification requirements for VA program managers.
- Began implementation of the Program Management Center of Excellence.

- Established a framework to monitor Federally Funded Research and Development Center (FFRDC) utilization across VA.
- Established a \$1.1 billion indefinite delivery/indefinite quantity (IDIQ) contract (SPECTRUM) as an enterprise-wide vehicle to support program management and general management needs of VA.

Budget Highlights

The 2014 request includes resources necessary for OPP to provide comprehensive analysis to the Secretary and senior leaders in the areas of data governance and analysis; strategic planning; Veteran, departmental, and interagency policy; program analysis and evaluation; and operational planning and management of initiatives to support effective and efficient delivery of benefits and services to our Nation's Veterans and eligible beneficiaries. The highlights of the budget request include:

- \$450,000 in contract dollars and a total of 14 FTE will enable the **Office of VA/DoD Collaboration** to implement VA's integrated strategy of creating a collaborative, knowledge sharing culture with DoD. The Office serves as the agency's point-of-contact for the oversight and integration of programs and strategies between VA and DoD. This collaboration improves support to Service members transitioning to Veteran status. This level of staffing will also support VA's joint strategic planning and performance management capabilities in order to be a proactive partner with DoD.
- \$2.0 million in contract dollars and a total of 14 FTE will support the **Office of Corporate Analysis and Evaluation** in its analytical work to support VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions about resource allocation. CAE will analyze investment options for the Department and provide an analytical basis for deciding among investments in ongoing programs as well as new initiatives. This capability will include the development and maintenance of a programming relational database.
- \$950,000 in contract dollars and a total of 21 FTE will support the **Office of Policy** in the development, analysis, and review of policy issues affecting Veterans and the development of the strategic plan to implement VA's goals and objectives. Its work will enable better decision making among VA senior leaders about service to Veterans and Departmental management.
- \$970,000 in contract dollars and a total of 30 FTE will support the **Office of Data Governance and Analysis** in its mission of providing data analysis and assessment of programs, operations, and procedures to inform VA-wide

decision making. This effort supports VA's integrated strategy of creating a Department-wide management capability to make data-driven decisions.

- \$2.9 million in contract dollars and a total of 24 FTE will support the **Enterprise Program Management Office** in its mission of developing Department-wide program management standards and doctrine and its support of the major initiatives. This effort supports all of VA's strategic goals and integrated objectives.

Total resources in the 2014 budget include \$3,409,000 in reimbursable authority. This includes \$2,909,000 for continuing three data contracts which support Department-wide data collection and management efforts. Together this support enhances data collection reporting and analysis capabilities, while providing standards and guidelines for corporate-level functions (e.g. business intelligence program management). This request also includes \$500,000 in reimbursement authority to support the execution of the Secretary's Carey Awards Program.

Office of Policy and Planning
Summary of Employment and Obligations
(dollars in thousands)

	2012 Actual	2013		2014 Request	2014 - 2012 Increase/ Decrease
		President's Budget	Continuing Resolution*		
Average employment	103	117	117	114	11
Obligations:					
Personal services	\$15,066	\$17,250	\$16,350	\$16,846	\$1,780
Travel	\$306	\$306	\$200	\$185	(\$121)
Transportation of Things	\$13	\$0	\$0	\$0	(\$13)
Rent, Communications, Utilities	\$213	\$125	\$0	\$0	(\$213)
Printing and reproduction	\$20	\$90	\$40	\$40	\$20
Other services	\$19,031	\$8,366	\$13,279	\$11,222	(\$7,809)
Supplies and materials	\$182	\$139	\$155	\$125	(\$57)
Equipment	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0
Insurance/Indemnities/Interest	\$0	\$0	\$0	\$0	\$0
Adjustment to Expenditures (-)	\$0	\$0	\$0	\$0	\$0
Total obligations	\$34,831	\$26,276	\$30,024	\$28,418	(\$6,413)
Reimbursements (-)	(\$8,083)	(\$261)	(\$3,409)	(\$3,409)	\$4,674
SOY Carryover (-)	(\$550)	\$0	(\$750)	\$0	\$550
EOY Carryover (+)	\$546	\$0	\$0	\$0	(\$546)
Reallocation	\$0	\$0	\$0	\$0	\$0
Total Budget Authority	\$26,744	\$26,015	\$25,865	\$25,009	(\$1,735)

* The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

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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 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 and National Continuity Policy. Additionally, OSP provides trained and credentialed police officers for VA facilities and establishes VA-wide police policy and program direction. OSP also manages the Department's compliance with various Homeland Security Presidential Directives ((HSPDs) (e.g., HSPD-5, 12, and 20)) and Presidential Policy Directive 8.

Summary of Budget Request

(\$ in 000)	2013	FTE	2014	FTE
Assistant Secretary and Office of Resource Management	\$1,490	8	\$1,485	9
Office of Personal Security & Identity	3,540	21	3,322	21
Office of Emergency Management (OEM)	5,490	40	5,211	40
Office of Security & Law Enforcement	7,990	33	7,883	33
Total Budget Authority	\$18,510	102	\$17,901	103
Reimbursement:				
Personal Identity Verification Program	7,684	0	7,700	0
Identity, Credential & Access Mgt. Program	0	0	5,500	30
Total Reimbursement	\$7,684	0	\$13,200	30
Budgetary Resources	\$26,194	102	\$31,101	133

Note: The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

- In 2014, OSP is requesting budget authority of \$17.9 million and 103 FTE to support its assigned requirements and operations. This funding level will allow OSP to meet its requirements. Details of these mission requirements can be found

in the Budget Highlights section of OSP FY 2014 President's Budget. (Pages 4H-4 - 4H-7).

The Office of Operations, Security, and Preparedness funding includes \$13.2 million in reimbursements which support 30 FTE. The reimbursements identified in FY 2013 only support the Personnel Identity Verification Program, HSPD-12. The Identity, Credential and Access Management program begins in FY 2014.

Programs Supporting Transformation of VA to a 21st Century Organization

The Office of Emergency Management (OEM) leads VA in Emergency Management and National Security services to facilitate the Department's all-hazard emergency response and continuity of operations that may impact the Primary Mission Essential Function and Mission Essential Functions. OEM diligently works to integrate with VA Administrations and Staff Offices/Organizations to ensure a OneVA response for emergency incidents or events by jointly developing objectives, priorities, strategies, courses of action, and plans. OEM consists of the VA Integrated Operations Center (VA IOC), Planning, Exercise, Training, and Evaluation (PETE) Services and Operations and National Security Services. The VA IOC operates 24/7 as VA's fusion point for unified command, integrated planning, and data analysis to present recommendations to VA Senior Leaders and coordinate with key stakeholders and Federal partners. The VA IOC also includes 15 VA organization Watch Officers, who contributes to information sharing as well as prompt and well-organized response time for our customers. PETE manages, coordinates, and directs VA's Continuity of Operations (COOP) and Continuity of Government (COG) programs, Comprehensive Emergency Management program, and Emergency Management Exercise, Training, and Evaluation program. PETE reviews all National and Federal level Emergency Management, Homeland Security, and National Security policies and plans on behalf of the Department. PETE provides Geospatial Intelligence and has direct links to the Federal Geospatial Intelligence community. PETE maintains partnerships with the Federal planning community, the Department of Homeland Security, and the Federal Emergency Management Agency through dedicated liaisons. The Office of Operations and National Security Services manages the Department's Continuity of Operations sites and National Security program, to include Managing VA's Insider Threat Program. Within the National Security program, OEM maintains the Department's secure communications systems and is VA's primary office for "access" to national security programs.

The Office of Security and Law Enforcement (OS&LE) is responsible for developing policies, procedures and standards that govern VA's infrastructure protection,

personal security and law enforcement programs, protecting Veterans, visitors, and staff in and on Department facilities and grounds. OS&LE's goal is delivering the highest quality professional law enforcement services, ensuring the maintenance of law and order, and the protection of persons and property on VA Campuses and in buildings under the jurisdiction of the Department. To facilitate this for field units, OS&LE is composed of two units: Police Services, and the VA Law Enforcement Training Center (LETC). Working under Police Services is the Law Enforcement Oversight & Criminal Investigations Branch, Executive Protection Branch, Infrastructure Protection Branch and the Intelligence and Crime Analysis Branch. The Law Enforcement Oversight & Criminal Investigations is responsible for conducting program inspections of the 153 Police units around the nation. In addition, the branch conducts internal investigations on police officers for various infractions. The LETC provides basic and specialized law enforcement training programs for all VA Police officers. The LETC consists of four training divisions: Academic Division, Advanced Programs Division, Training Standards Division and the Technical Division. The LETC is a Franchise Fund Enterprise Center which does not receive any funding through OSP.

The Office of Personnel Security & Identity Management (OPS&IM) has a broad technical portfolio that encompasses the Federal Identity Credential and Access Management (FICAM) for VA employees, contractors, and affiliates, including background investigations, security clearances, and compliance with Homeland Security Presidential Directive 12 (HSPD-12). OPS&IM provides daily oversight, policy, and direction for the VA HSPD-12 Program Management Office and the Personnel Security and Suitability (PSS), and the VA Security and Investigations Center (SIC). The VA HSPD-12 Program Management Office is responsible for VA's compliance with HSPD-12, including policies, oversight, and compliance for the Personal Identity Verification (PIV) federal credential, Physical Access Control Systems (PACS), and Logical Access Control Systems (LACS). The Personnel Security and Suitability Service is responsible for all background investigations conducted on behalf of VA for employees, contractors, and affiliates, to include policy, training, oversight, and compliance for VA adjudications processes and personnel. The VA Security and Investigations Center (SIC), a VA Franchise Fund Center, is responsible for processing and adjudicating background investigations for VA contractors, and for all public trust and security clearance adjudications for VA employees, contractors, and affiliates. The Director of OPS&IM serves as the senior executive lead for the Secretary's Preparedness Initiative, Major Initiative Number Nine. The budget requests \$1.9 million to support this office which will be responsible for national compliance with all programs related to HSPD-12 and PSS. This provides funds for staff as well as necessary contractual support. This office provides the expertise in Federal laws, rules, regulations, policies, and standards, and VA policies, and procedures necessary for VA to meet its responsibilities under Federal HSPD-12 programs and federal background investigation requirements. In

order to measure performance and progress in the Preparedness Initiative two (2) measures are tracked internally: (1) Percent of Employees, Contractors and Affiliates who have a Background Investigation, and (2) Percent of Employees, Contractors and Affiliates who have HSPD-12 compliant PIV cards. Although not part of the OSP 2014 budget, the OPS&IM additionally has operational oversight and provides direction to the Security and Investigations Center, a franchise fund center responsible for timely processing and adjudicating of background investigations in support of the Department of Veterans Affairs.

Program Description and Accomplishments

On behalf of the Secretary, the Office of Operations, Security and Preparedness (OSP) oversees Emergency Management, National Security, Physical Security, Personnel Security, and Law Enforcement activities and processes that require coordination across the Department or which call for the application of broad perspective. The component offices within OSP serve the larger mission in the following ways:

The Office of Resource Management (ORM) enables OSP employees, managers, supervisors and executives, to identify, understand, manage, formulate, execute and monitor the Human Resources, Budget, Procurements, Administrative and Logistics in the Office of Operations, Security, and Preparedness. Activities include:

- Enables OSP employees, managers, supervisors and executives, to identify, understand, manage, and monitor the impact of initiatives aimed at improving the delivery of emergency management, security and law enforcement, and personnel security.
- Ensures that OSP receives and effectively uses sufficient resources, through budget formulation and execution, accounting policy, assets and liabilities, reporting of expenses and revenues, receipts and disbursements, and procurements.
- Ensures human resource management, training and labor management.
- Ensures a department-wide effort to expand VA's support of employees' learning and training needs by managing the integrated system (the Talent Management System) that supports the implementation of an effective talent management strategy for OSP employees.
- Responsible for promoting labor-management cooperation and promulgating labor-management relations policy and programs for OSP.
- Responsible for the timely processing of complaints of employment discrimination and filed by OSP employees.
- Ensures and manages executive correspondence.

- Deals with matters related to information protection including privacy, risk management, records management, safety compliances, Freedom of Information Act (FOIA), and business continuity OSP.
- Ensures the management of Electronic Records Archive (ERA) initiative as mandated by the Office of Management and Budget (OMB).
- Ensures VA requirements for the OSP Intranet / Internet website and social media compliance.
- Responsible for administrative actions involving telephone systems, audiovisuals, equipment, information technology oversight, travel, space management and property management.

The Office of Emergency Management (OEM) ensures that VA implements Comprehensive Emergency Management, Continuity, Homeland Security, and National Security programs, policies, and procedures department-wide. OEM has primary oversight of the Department's All Hazards-Emergency Management Program. OEM responsibilities include:

- Manages the Comprehensive Management Program.
- Crisis Management Exercises, Evaluation and Training.
- Development of the All Hazards Continuity of Operations Plans.
- Development of Continuity of Government Plans .
- Development and coordination of policy and guidance to ensure COOP and COG plans are consistent, integrated, and in place to respond to a disaster or national security emergency.
- Functions as the VA liaison with other Federal agencies on preparedness.
- Develops, implements, and evaluates preparedness training and exercises.
- Manages, directs, and staffs the VA Integrated Operations Center.
- Maintains VA's Continuity of Operations sites.
- Supports VA's Crisis Response Team (CRT).
- Manages, formulates policy, implements manuals and regulations for VA regarding the Department-wide classified national security information program to include classified systems.
- Provides oversight and management for the day-to day management of all aspects of the Sensitive Compartmented Information Facility (SCIF) and related functions.
- Provides Department-wide guidance, coordination and support to agency organizations and staff offices requesting access to classified information.
- Conducts reviews, inspections and self-assessments of all security violations involving national security classified documents.
- Implements Executive Orders (E.O.) thru briefings and security awareness indoctrinations and debriefings ensuring holders of clearances understand their responsibilities, have a need-to-know and are held accountable.
- Conducts initial, and refresher foreign travel briefings to VA employees.

- Serves as the intelligence community's principal point of contact at VA.
- Develops and provides baseline capabilities for intelligence coordination offices as they apply to Non-Title 50 organizations and to E.O.
- Verifies clearances of persons requesting access to classified areas and meetings, ensuring classified information is not provided to unauthorized personnel and manage VA's Insider Threat Program.
- Ensures the proper disposal of documents; properly storing and handling documents; ensures the classified area is maintained in accordance with internal security policies and practices.
- Coordinates VA's management of access to national security information in cooperation with the Security and Investigations Center (SIC)

The Office of Security & Law Enforcement (OS&LE) ensures that VA has effective security and law enforcement programs and policies in place across the department. This ensures the protection and safety of Veterans, staff, volunteers, and visitors on Department properties.

- Develops and oversees VA-wide police and physical security programs.
- Functions as the VA liaison with other Federal agencies on critical infrastructure protection, physical security, and law enforcement.
- Determines qualification standards and trains all newly hired VA police officers.
- Monitors and disseminates threat intelligence information to field activities.
- Co-operates in the protection of multiple Federal agencies in VACO campus buildings.
- Provides personal security for VA's Secretary and Deputy Secretary including motor vehicle support.
- Conducts program inspections on all 153 VA Police units.
- Conducts sustainment training for VA Police Officers.

The Office of Personnel Security and Identity Management (OPS&IM) oversees a broad technical program designed to ensure compliance with HSPD-12, Common Identification Standard for Federal Employees and Contractors, and with applicable laws, Federal Regulations, and Executive Orders pertaining to Personnel Security and Suitability. OPS&IM will lead VA's transformation effort and oversee the HSPD-12 Program, VA-wide, and will develop new policies and processes in conjunction with Personnel Security and Suitability (PSS) to ensure VA's workforce meets the standards set forth by laws, Federal Regulations, Executive Orders and VA policy. This includes: the HSPD-12 Program Management Office, including Personal Identity Verification (PIV), Physical Access Control Systems (PACS), and Logistical Access Control Systems (LACS) related to the use of PIV credentials.

- Directs, manages, coordinates and evaluates the HSPD-12 Program.
- Leads VA's HSPD-12 compliance process, managing and reporting on the

implementation of the Department's HSPD-12 Program and ensuring integration of the VA program with overall federal interoperability requirements.

- Participates in various councils, professional organizations, and working groups, both internal and external to federal government and VA VA related HSPD-12 initiatives as well as Personnel Security and Suitability initiatives.
- Directs, manages, and coordinates the Department's Personnel Security & Suitability (PSS) office.
- PSS ensures that all VA appointees, employees, contractors, and affiliates have the appropriated level of background investigation commensurate with the position's designated Risk and Sensitivity level.
- PSS provides policy, training, oversight, and compliance for all VA personnel security and suitability processing, adjudication, and reporting.
- Directs, manages, and ensures the VA Security and Investigation Center (SIC) performs timely processing and adjudications for suitability determinations for appointees and employees in Public Trust (Moderate and High Risk) positions, final security eligibility determinations for appointees, employees, contractors and affiliates in National Security positions; and makes suitability/fitness determinations for all contractors who work for or on behalf of VA.

Recent Accomplishments

- In 2012, OSP completed construction of the new IOC. It became fully operational in the first quarter of FY 2013.
- OSP is a member of an integrated planning team working closely with the Program Manager of the new Capital Region Readiness Center (CRRC). Site B, the VACO primary COOP site, is located at the CRRC.
- The construction contract for the VACO Reconstitution Planning Site, was awarded in mid 2011. Construction is scheduled to be complete in the first quarter of 2013. This facility is planned to be fully operational in the second quarter of FY 2013.
- In 2012, the Federal Law Enforcement Training Accreditation Board (FLETA) accredited the LETC Academy and the Air Force Basic Police Officer Course (AFBPOC) which is taught by the LETC. This is a huge accomplishment not only for OSP, OS&LE and the LETC, but the VA as a whole. This accreditation affirms the highest quality of training for VA's law enforcement personnel that protect Veterans, visitors and patients at VA facilities across the nation.

Budget Highlights

The 2014 request includes resources necessary to meet the assigned mission requirements of the office. OSP has matured as an organization since first standing up in 2006. Significant external requirements have increased the scope of OSP's mission including Homeland Security Presidential Directives 5, 8, 12, and 20; Executive Orders 10450 and 12968; as well as 5 CFR 731, 732 and CIA Directive 6/4. OSP will continue to be required to meet increasing requirements, as well as those in our base. Areas receiving increased emphasis include the following:

- Continued refinement and development of the VA's continuity programs through crisis management exercises, evaluation and training.
- Program office for HSPD-12 implementation and compliance.
- Program office for VA's Personnel Security and Suitability Program.
- Improving protection of the Department's physical infrastructure to ensure safe and secure environments for care and service.
- Oversight and inspection of VA Police Operations at VA facilities throughout the country. These inspections include facility vulnerability assessments that address the risks to staff, patients, beneficiaries and visitors to VA facilities.
- Increased requirements for VA Special Access Programs.

Summary of Employment and Obligations

An average employment of 133 FTE and \$31,101,000 are requested to fulfill the mission of the Office of Operations, Security, and Preparedness in 2014.

<i>Office of Operations, Security and Preparedness</i>					
<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	2012 Actual	2013		2014 Request	2012-2014 Increase/ Decrease
		President's Budget	Continuing Resolution		
Average employment	93	102	102	133	40
Central Office	93	102	102	133	40
Field Office	0	0	0	0	0
Obligations:					
Personal services	\$11,824	\$12,899	\$12,762	\$17,602	\$5,778
Travel	\$643	\$763	\$763	\$735	\$92
Transportation of Things	\$0	\$0	\$0	\$0	\$0
Rent, Communications, Utilities	\$0	\$203	\$203	\$185	\$185
Printing and reproduction	\$3	\$10	\$10	\$8	\$5
Other services	\$4,953	\$4,061	\$10,242	\$10,621	\$5,668
Supplies and materials	\$87	\$138	\$1,778	\$1,900	\$1,813
Equipment	\$470	\$436	\$436	\$50	\$(420)
Total obligations	\$17,981	\$18,510	\$26,194	\$31,101	\$13,120
Reimbursements (-)	\$0	\$0	\$(7,684)	\$(13,200)	\$(13,200)
SOY Unobligated Balance (-)	\$(700)	\$0	0	\$0	\$700
EOY Unobligated Balance (+)	\$688	\$0	\$0	\$0	\$(688)
Total Budget Authority	\$17,969	\$18,510	\$18,510	\$17,901	\$(68)

Note: The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

Funds all current service requirements, including contract support requirements.

The \$7,683,540 in FY 2013 reimbursements reflects the assumption of the responsibility for the procurement, distribution, management and support of the HSPD-12 Personal Identity Verification (PIV) cards and consumables for the Department. The additional \$5,516,000 in reimbursements for FY 2014 is to support

the new Identity, Credential, and Access Management (ICAM) program for the department.

The increase of 31 FTE in 2014 includes 30 FTE that directly support the on-going transformation initiative of Continuous Readiness in Information Security Program (CRISP), which began in FY 2012 when the Department of Veterans Affairs (VA) implemented a call to culture change. The 30 FTE that support CRISP and ICAM are funded through reimbursements as this program provides direct service and benefits to all VA organizations in the implementation of these programs. Identity Management links directly with existing OSP responsibilities for implementation of Homeland Security Presidential Directive 12 (HSPD-12). SECVA directly tasked OSP with overall responsibility for executing provisions of Office of Management and Budget (OMB) Memorandum 11-11 to ensure use of a PIV credential as the common means of authentication for access to VA's facilities and information systems. Identity Management is also in the Federal Identity Credential and Access Management (FICAM) roadmap.



Public & Intergovernmental Affairs

Mission

The Office of Public and Intergovernmental Affairs (OPIA) helps build and maintain public confidence in the Department of Veterans Affairs by positively reinforcing its commitment and readiness to serve America's Veterans of all generations. OPIA accomplishes this by developing, routinely updating and communicating the Department's key messages to many audiences through media relations, public affairs, intergovernmental affairs, outreach, and Veteran engagement intended to reach Veterans and their families, other beneficiaries, and other stakeholders.

Summary of Budget Request

(\$ in 000)	2013 ¹/FTE		2014 FTE	
Office of Assistant Secretary	\$2,343	11	\$1,981	11
Office of Public Affairs	8,028	54	7,687	54
Office of Intergovernmental Affairs	2,066	12	2,011	12
Office of National Veterans Sports Programs & Special Events	10,600	9	10,600	9
Total Budget Authority	\$23,037	86	\$22,279	86
Reimbursement				
Homeless Veterans Initiatives Office	\$3,466	15	\$3,466	15
Total Obligational Authority	\$26,503	101	\$25,745	101

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

In FY 2014, the Office of Public and Intergovernmental Affairs is requesting budget authority of \$22.2 million and reimbursable authority of \$3.5 million, totaling \$25.7 million for 101 FTE to support its operations.

The request in 2014 will allow VA to:

- Provide policy development oversight, communication, outreach, coordination, and execution of VA's Plan to Eliminate Veteran Homelessness by 2015.
- Improve its Public Affairs and Outreach capabilities and training.
- Ensure VA's position and key messages are received by Veterans, their family members and the general public.
- Ensure more Veterans access the benefits and services they have earned.
- Improve VA's social media capabilities and impact.
- Improve partnerships with State Veteran Affairs Directors.
- Improve VA's reputation among Veterans, Key Stakeholders, and the American people.
- Improve outreach and partnerships with Tribal Governments.

Program Description and Accomplishments

Office of the Assistant Secretary:

The Office of the Assistant Secretary provides executive oversight, management and direction to the Offices of Public and Intergovernmental Affairs (OPIA). The Assistant Secretary oversees VA's communications and outreach programs including media relations, internal communications and media products, social media, intergovernmental affairs, and homelessness policy. 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, VA's national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Olympic Committee (USOC). The Assistant Secretary is also the Executive Sponsor and has oversight responsibility for VA's initiative to end homelessness. The Office of the Assistant Secretary includes the Executive Director, Special Assistant, Executive Assistant, and other program analysts and assistants.

Deputy Assistant Secretary for Public Affairs:

The Deputy Assistant Secretary for Public Affairs is responsible for coordinating and orchestrating the release of external and internal public affairs communication and information for VA. The primary mission of this Office is to coordinate with VA's three Administrations (VBA, VHA and NCA) and other Offices throughout VA to ensure Veterans and their families, other beneficiaries, and stakeholders receive accurate and timely information about Department benefits and programs as well as information on many other topics using all forms of media to communicate.

Deputy Assistant Secretary for Intergovernmental Affairs:

The Deputy Assistant Secretary for Intergovernmental Affairs is responsible for VA's Intergovernmental Affairs Program, the International Affairs Program, the Consumer Affairs Program, and the Office of Tribal Government Relations. The Office of Intergovernmental Affairs provides VA leadership (Office of the Secretary and Under Secretaries for Health, Benefits, and Memorial Affairs, as well as other staff offices to the Secretary) with strategic advice, guidance, and information by fostering partnerships and acting as liaison between state, local, tribal, insular, and international governments.

Executive Director:

The OPIA Executive Director is the senior-ranking Federal employee within the Office of Public and Intergovernmental Affairs. As such, the Executive Director serves as the Assistant Secretary's senior advisor on all matters pertaining to personnel and operations, advertising, strategic communications, and is a key conduit with other OPIA Federal employees. On a daily basis, the Executive Director leads internal OPIA meetings; attends meetings within and outside of VA on behalf of the Assistant Secretary and/or as OPIA's representative; participates in meetings with other VACO Staff principal deputies and executive directors hosted by senior VA officials in OSVA; provides direction and oversight to other OPIA staff members assigned to the Office of the Assistant Secretary; and performs other duties assigned by the Assistant Secretary. The Executive Director is also responsible for providing oversight, guidance and direction to the Homeless Veterans Initiative Office (HVIO), Office of National Veterans Sports Program and Special Events (NVSP&SE), and the National Veterans Outreach Office (NVO), and those three offices report to the Executive Director.

Homeless Veterans Initiatives Office:

The Homeless Veterans Initiatives Office (HVIO) leads VA's initiative to eliminate Veteran homelessness. HVIO is responsible for policy development, inter and intra-agency coordination, developing and maintaining strategic external partnerships and socializing VA's plan to end Veteran homelessness. HVIO serves as the Department's coordinating office with the US Interagency Council on Homelessness (USICH). A member of HVIO is the designated federal official for VA's congressionally mandated Advisory Committee on Homeless Veterans. HVIO also coordinates, plans and assists with execution of the advisory committee meetings and preparation of the reports. HVIO coordinates VA involvement in joint conferences and national initiatives with federal departments that assist homeless Veterans including Labor, HUD, HHS, and DOJ. HVIO is aligned under the OPIA Executive Director.

Office of National Veterans Sports Programs and Special Events:

The Office of National Veterans Sports Programs and Special Events was established in 2011 and integrates VA's National rehabilitative sports and creative

arts programs with its Paralympic sport programs and its network of national and community organizations that provide ongoing adaptive sport opportunities for Veterans. This combination enables VA to maximize existing resources and supplement them with community resources funded through Paralympic grants. The office will continue to coordinate VA activities related to commemorative Veterans programs, VA-orchestrated national rehabilitative special events for disabled Veterans, and VA's partnership with U.S. Paralympics including the Paralympic grant program and Paralympic athlete assistance allowance. Additionally, the office offers VA clinicians the opportunity for advanced training in Paralympic and adaptive sport programming conducted by the U.S. Olympic Committee and other national adaptive sport authorities. The office also synergizes efforts with the Department of Defense in the DOD/VA Recovery Care Continuum in areas related to rehabilitative Paralympic and adaptive sport programs. NVSP&SE is aligned under the OPIA Executive Director.

National Veterans Outreach Office:

The National Veterans Outreach Office (NVO) was established in 2010. NVO's mission is to assess, standardize and coordinate outreach activities for the Department of Veterans Affairs. The office develops outreach plans, web resources and training programs to assist VA administrations and program offices in unifying outreach communications through clear, accurate, consistent and targeted messaging. The Office also provides project management of significant VA marketing and advertising contracts, and is developing a system to track department-wide performance measures for VA's outreach programs. With Office of Policy and Planning in the lead, NVO provided input to develop a VA-wide tracking system to measure new Veteran access by benefit and service. The "dash board" is updated monthly. In addition, the Office is responsible for preparing the report on the outcomes of VA outreach programs to the Secretary of Veterans Affairs; Congress; Veterans Service Organizations; other interested stakeholders; and the American people. NVO is aligned under the OPIA Executive Director.

Office of White House Liaison:

The Office of White House Liaison advises the Secretary, Deputy Secretary, and the Assistant Secretary for Public and Intergovernmental Affairs on the placement of top-level non-career appointments in the Department of Veterans Affairs.

Fiscal Year 2012 Accomplishments

Office of the Assistant Secretary

Homeless Veterans Initiative Office:

- Continued the “Make the Call” national homeless Veteran outreach program which includes development and focused distribution of Veteran outreach information, including the distribution of radio and television public service announcements (PSAs) and media buys (online, print, and out of home). This effort has generated more than 1 billion impressions from cable television, network radio, out-of-home, and online advertising.
- Outreach efforts have resulted in more than 2,500 partnerships with government, non-profit, and corporate organizations. They have all agreed to help increase awareness of VA services by distributing information about VA homeless programs on their websites; in newsletter; and at regional and national conferences.
- As a result of homeless Veteran outreach activities, VA’s National Call Center for Homeless Veterans (1-877-424-3838/1-877-4AID-VET) received nearly 130,000 total calls as of September 2012, a 123% increase since September 2011. There were 80,000 calls in 2012 alone.
- Housed more than 31,000 Veterans in permanent housing, 14,313 using HUD-VA Supportive Housing (HUD-VASH) housing choice vouchers and 17,137 upon exit from the Grant and Per Diem (GPD), Health Care for Homeless Veterans (HCHV), Domiciliary Care for Homeless Veterans (DCHV), Compensated Work Therapy/Transitional Residence (CWT/TR), Veterans Justice Outreach (VJO), and Health Care for Re-Entry Veterans (HCRV) Programs.
- In July 2012, VHA’s Supportive Services for Veteran Families (SSVF) Program awarded 151 community agencies in 49 states and the District of Columbia a total of \$100 million in grants, which will serve approximately 42,000 homeless and at-risk Veterans and their families.
- As of September 2012, SSVF has aided approximately 21,500 Veterans and over 35,000 persons of which 8,826 were children. Since SSVF is able to assist members of Veterans’ families, this program is helping Veterans keep their families housed and together.
- VA’s Homeless Providers Grant and Per Diem (GPD) Program VA has identified 38 projects in 25 states and the District of Columbia to implement a new “transition in place” housing model to facilitate housing stabilization for homeless Veterans. Approximately \$28.4 million will be expended to support these grants.

- Initiated the Homeless Veterans Support Employment Program (HVSEP) providing vocational assistance, job development and placement, and ongoing support to improve employment outcomes among homeless Veterans and Veterans at-risk of homelessness. During FY 2012, 12,815 unique Veterans were provided employment services through HVSEP.
- HUD and VA received the Samuel J. Heyman Citizen Service Medal for leading an interdepartmental program that reduced Veteran homelessness by 12 percent in 2011 as part of an ambitious national goal to prevent and end veteran homelessness by the end of 2015.

National Veterans Outreach Office:

- Provided support and project management of several contracts for strategic outreach support services to increase Veterans awareness of benefits and services.
- Established regular meetings with Outreach Teams in the three Administrations to develop strategies, plans and resources for the NVO.
- Established an Outreach Workgroup made up of leads responsible for Outreach activities in each of VA's Administrations as well as representatives from various program offices (Center for Minority Veterans, Homeless Program, Women Veterans, OIF/OEF Veterans, etc.).
- Produced a VA Graphics Standard Guide, which standardizes the appearance of VA print materials and signage and other material that is seen by Veterans and other key stakeholders.

Office of National Veterans Sports Programs and Special Events:

- Provided a monthly assistance allowance to 98 Veterans training for the U.S. Paralympic Team with 17 Veterans competing in the 2012 Paralympics Games in London, as well as activating all Paralympic sport categories.
- Executed \$7.8 million in FY 2011 grant funds to the USOC and its partners to provide more than 16,000 Veterans the opportunity to engage in adaptive sports in their communities during FY 2012; Paralympic grants are multiyear funds executed during the year subsequent to authorization.
- Awarded \$8.0 million in FY 2012 grants to the USOC and its partners to enact during FY 2013 that expands and improves rehabilitative sport opportunities for Veterans such as the Valor Games Series and decreases USOC administrative costs 47 percent.
- Developed a new adaptive sports Web site and on-line outreach and training capabilities providing new tools and resources to Veterans, clinicians and family members.
- With USOC, co-hosted the first-ever Rehabilitative Adaptive Sports Training Conference that trained 50 VA officials and clinicians from every VISN to establish rehabilitative adaptive sport programs.

- Awarded \$300,000 in grants to the USOC to co-sponsor the 2012 Warrior Games, along with DOD, and the Paralympic Leadership Conference.
- Conducted VA's six national rehabilitative programs – including hosting the largest number of Veterans (800) to ever participate in the National Veterans Golden Age Games.
- Developed partnerships with national Paralympic sport authorities, such as BlazeSports America (Boccia), USA Fencing, National Wheelchair Basketball Association, U.S. Association of Blind Athletes, and U.S. Tennis Association, to encompass Paralympic grant and allowance, Special Event, and other VA rehabilitative sport programs.
- Conducted innovative outreach activities and events supporting further rehabilitative sport partnerships, such as the January 2012 event with USA Hockey and Buffalo VAMC.
- Established formal links to U.S. Senior Games to enhance National Veterans Golden Age Games and promote whole-life health for all Veterans.
- Implemented comprehensive program planning and review procedures with Department of Defense counterparts to synergize Paralympic and adaptive sport programs and maximize rehabilitative opportunities for disabled Veterans and disabled Servicemembers.
- Hosted the 2011 National Veterans Day Observance at Arlington National Cemetery attended by President Barack Obama. In conjunction with the Veterans Day observance, hosted the first-ever National Veterans Day Concert featuring artists including Kool & the Gang, and managed diverse nationwide Veterans Day commemorative programs.
- Created and implemented comprehensive VA and USOC Paralympic grant and allowance management and monitoring programs and tools including on-line systems, to vastly improve processes and meet program mandates.

Office of Public Affairs

Media Products:

- *The American Veteran* - monthly outreach video program has revamped story generation and vetting process to underscore VA and individual administration strategic goals and messaging.
- *Vanguard* - magazine has added online edition and will complete a digital version by September 30, 2012.
- *VA News* - weekly internal video program celebrated its 500th episode and won two (2) Telly Awards.
- *Still Serving* - renewed production of video interview program with Veterans “still serving” their country and other Veterans.

- *Federal Benefits for Veterans, Dependents and Survivors* - VA produced both an English and Spanish version of the “Federal Benefits for Veterans, Dependent and Survivors” in an eBook format at no additional cost to the taxpayer. Furthermore, VA is also hosting the eBook at http://www.va.gov/opa/publications/benefits_book.asp and it is free to the public.
- Provided extensive coverage of the National Veterans Conference and Hiring Fair in Detroit and VA for Vets Hiring Fair in Washington, D.C.

Media Relations:

- Professional Development – Chartered and accomplished a blue-ribbon commission of the Department’s senior public affairs officers and finalized the first-ever competency study, which will be used to guide career development and influence future staffing levels in accordance with OPM standards and policies.
- Training – In conjunction with OPIA’s committee on professional development, staff members are examining the traditional PAO training curriculum to increase efficiencies and uniformity through a greater reliance upon self-paced, video and contractor training. In lieu of a national training conference this year, regional training conferences conducted in the seven OPIA regional offices resulted in the training of 625 public affairs and communications personnel.
- Environmental Exposures – New legislation authorized the Department to provide health care for certain illnesses and conditions to certain Veterans and family members living or working at U.S. Marine Corps Base Camp Lejeune from 1957 through 1987, where they were potentially exposed to contaminated drinking water. There has also been continued focus on the potential health consequences of “burn pits” in Iraq and Afghanistan. VA’s PAOs are informing stakeholders via media contacts of VA programs that provide services related to environmental exposures.
- Mental Health – Executed the media outreach elements of a six-month communications campaign to highlight VA’s goal of hiring 1,600 mental health providers and 300 administrative support staff professionals to improve the quality of VA’s mental health delivery to Veterans. With the decrease of fighting in Iraq and Afghanistan, public attention is shifting to the after-effects of combat, especially regarding mental health. PAOs at all levels are highlighting the expansion of services and benefits to help our most vulnerable Veterans. Efforts resulted in 50 significant media stories (print/broadcast) that educated and informed the public about VA’s increased mental health delivery initiatives.
- GI Bill – As the new GI Bill entered its third year in August 2012, PAOs from across the country supported the continued expansion of the program by informing Veterans of updates in the program. Additionally,

media relations provided direct support to a major public information campaign regarding the reduction in predatory practices by 'for profit' colleges along with the Dept. of Labor, and the States' Attorneys General Association.

- Supported the public roll-out of the Veterans Retraining and Assistance Program (VRAP) through press releases and continuous subject matter expert interviews from February through August that educated and informed Veterans of the initiative, and positively contributed to the program achieving its stated enrollment goals.

Online Communications:

Website

- Managed the Department's 15-person Web Governance Board (WGB) which is charged with standardization and enforcement oversight of VA's enterprise-wide web presence.
- The WGB held a pilot training program for Web Managers which resulted in a \$425,000 allowance from VA's VALU to produce enduring web management training materials.
- Started the web redesign effort, beginning with usability studies to inform the update of the look and feel and taxonomy of VA's web presence.
- Drafted the Web Standards Guide (WSG) to be used across the agency to inform developers and allow the Board to govern the standardization of VA's properties.
- The WGB is also working with VHA to craft an enterprise-wide certification and governance process for the development and deployment of safe, secure, VA branded mobile applications.

Social media/outreach

- VA's primary Facebook page gained over 96,000 new subscribers, bringing its total to over 277,022 subscribers – more than any other cabinet-level agency.
- VA's primary Twitter feed gained over 27,000 new followers, bringing its total to over 69,043 followers – more than any Veterans Service Organization.
- VA continues to publish impactful pieces on its blog, *VAntage Point*, with 494 posts and nearly 8,500 comments. *VAntage Point*, unlike any other Federal blog, accepts guest posts allowing VA leadership, Veterans, other agency officials, spouses, students, and VA employees to sound off about important Veteran issues.
- VA reaches more Veterans through social media each day than through the VA website.

Online video

- Posted 581 Veteran-centric videos on the Department's YouTube channel.
- Through August 2012, VA's YouTube videos had been viewed over 2,000,000 times.

Online photography

- VA published the successful Veterans Day Flickr set, *For Veterans, By Veterans*, which highlighted over 1,500 VA employees, who are Veterans, with pictures of them during their service. The photos have been viewed over 172,000 times.
- Published over 15,620 VA-related photos on the Department's Flickr page which were viewed over 2,000,000 times.

Office of Intergovernmental Affairs

Intergovernmental Affairs:

- In February, the SECVA signed a Memorandum of Understanding (MOU) with the National Association of State Directors of Veterans Affairs (NASDVA) outlining continued and enhanced partnership between VA and our state partners.
- In accordance with NASDVA MOU, IGA organizes and conducts quarterly conference calls with NASDVA Executive Committee members and VA senior officials.
- IGA filled two key open positions with highly qualified service connected OIF/OEF Veterans.
- In May, the SECVA signed a Memorandum of Understanding (MOU) with the U.S. Chamber of Commerce's "Hiring Our Heroes" program. VA and HOH will partner to hold 10 hiring fairs throughout the country and VA will support dozens of other HOH events through VAMC and RO participation.
- IGA has continued and expanded efforts to form and improve relationships and communications with Washington, DC based associations representing state and local governments and elected officials. IGA coordinates with the National Governor's Association, National Conference of State Legislatures, Council of State Governments, National Association of Counties, National Association of County Veterans Service Officers, and the U.S. Conference of Mayors.
- Conducted proactive outreach to Governors Offices with DC based federal representatives to establish and maintain open lines of communications.
- DAS asked to head White House IGA initiative to disseminate information among agency Directors of IGA on the Veteran Job Corps.
- Participated in Office of Policy and Planning interagency work group on improving VA's policy making process.

- Served on Executive Steering Committee for VA's National Small Business Conference, Hiring Fair, and Open House that took place in Detroit, Michigan in June 2012.
- Conducted monthly conference calls with VA program managers involved with administration and oversight over State Veterans Homes programs and funding.

International Affairs:

- Planned and coordinated visits for foreign delegations to visit VA Central Office, Community Based Outpatient Clinics, and VA Medical Centers.
- Planned and organized the 2012 Senior International Forum and Ministerial Summit.
- Coordinated more than 80 visits with foreign delegations.

Consumer Affairs:

- Responded to 5700 inquires from Veterans and their families through E-mails, telephone, and letters.

Tribal Governmental Relations Office:

- President Obama tasked all federal departments (November 2009) to develop a detailed plan of action to fully implement Executive Order 13175 on "Consultation and Coordination with Indian Tribal Governments." The Department of Veterans Affairs developed the plan in 2010 and has been successful in meeting objectives. The end result is to broaden communications between the Department of Veterans Affairs and Native American tribal leaders to improve services to Native American Veterans.
- During FY 2012, VA/OTGR sponsored and facilitated 7 regional training meetings with over 600 attendees. The training meetings included a series of interagency and intergovernmental dialogue sessions with tribal officials, state, federal and nonprofit entities focusing on identifying challenges facing American Indian and Alaska Native Veterans living in Indian Country.
- Held 4 VA tribal consultation sessions with over 200 tribal leaders in FY 2012 in Washington, DC, Anchorage, AK, Lincoln, NE, and Denver, CO. VA also participated in a joint consultation session with the Indian Health Service (IHS) in March 2012.
- VA/OTGR sponsored outreach booths at the National Congress of American Indians annual convention, Gathering of Nations Pow-Wow, and Indian Health Service Self-Governance Conference, and National Indian Health Board Annual Consumer Conference.
- OTGR Regional Staff network, partner, collaborate in Indian Country including meeting with Tribal Leaders, Tribal Veterans, Tribal Health

Directors, Tribal Veterans Representatives of tribes to facilitate improved access to healthcare and benefits.

- September 2012: Coordinated Veterans Track in partnership with the National Indian Health Board (NIHB) during the NIHB Annual Consumer Conference held in Denver, CO. Secretary Shinseki provided remarks during the plenary session. VA also facilitated a series of workshops that provided information and insight on serving our American Indian and Alaska Native Veterans, and over 300 attendees attended the Veterans track.
- September 2012: Published a Resource Guide for Tribal Justice Systems. The purpose of the Guide is to provide interested Tribal governments with a breakdown of how Veterans Treatment Courts work. The guide also identifies the movable parts of various programs that would allow Tribal governments to choose the parts it wants to explore using in its Tribal justice system.
- The Office of Tribal Government Relations continues to participate in Indian Health Service/VA Memorandum of Understanding subject specific workgroups, which are focused on increasing collaboration between the two agencies in an effort to increase access to services and benefits for American Indian and Alaska Native Veterans.

Budget Highlights

The request for fiscal year 2014 covers activities of the Office of the Assistant Secretary; the Office of Public Affairs and its seven regional offices in Atlanta, Chicago, Dallas, Denver, Los Angeles, New York, and Washington, DC; the Office of Online Communications, the Office of Intergovernmental Affairs; Homeless Veterans Initiative Office, the Office of National Veterans Sports Programs and Special Events, the National Veterans Outreach office, and the Office of Tribal Government Relations. The budget provides for employment of 101 FTE and funding of approximately \$25.7 million, comprised of \$22.2 million and 86 FTE in budget authority and \$3.5 million in reimbursements including 15 FTE for the Homeless Veterans Initiative Office (HVIO). The budget reimbursements will allow OPIA's HVIO to efficiently coordinate and execute VA's plan to prevent and end homelessness among Veterans.

Summary of Employment and Obligations – Analyses

<i>Summary of Employment and Obligations</i> <i>(dollars in thousands)</i>					
	2012	2013		2014	2012- 2014 Increase/ Decrease
		Budget			
	Actual	Estimate	CR 1/	Request	
Average employment	87	94	101	101	14
Central Office	65	72	79	79	14
Field Office	22	22	22	22	0
Obligations:					
Personal services	\$11,684	\$14,007	\$13,574	\$13,721	\$2,037
Travel	\$515	\$1,051	\$462	\$462	-\$53
Transportation of Things	\$12	\$19	\$10	\$0	-\$12
Rent, Communications, Utilities	\$215	\$449	\$507	\$205	-\$10
Printing and reproduction	\$354	\$518	\$330	\$280	-\$74
Other services	\$2,263	\$1,509	\$4,444	\$1,506	-\$757
Supplies and materials	\$81	\$270	\$101	\$71	-\$10
Equipment	\$125	\$180	\$75	\$0	-\$125
Grants	\$9,379	\$8,500	\$9,500	\$9,500	\$121
Insurance and Indemnities	\$0	\$0	\$0	\$0	\$0
Total obligations	\$24,628	\$26,503	\$29,003	\$25,745	\$1,117
Reimbursements	(\$2,910)	(\$3,466)	(\$3,466)	(\$3,466)	-\$556
SOY Carryover (-)	(\$750)	\$0	(\$2,500)	\$0	\$750
EOY Carryover (+)	\$2,005	\$0	\$0	\$0	-\$2,005
Total Budget Authority	\$22,973	\$23,037	\$23,037	\$22,279	-\$694

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

Under 38 U.S.C. §§ 322 and 521A, VA's Paralympics Program is authorized to expend up to \$8 million for grants to providers and \$2 million for monthly assistance for participating Veterans. This budget requests \$7.5 million in grants and \$2 million in monthly Veterans allowance for this program.

Changes from Original 2013 Budget Estimates			
<i>(dollars in thousands)</i>			
	2013		
	Budget Estimate	CR 1/	Increase (+) Decrease (-)
Average Employment			
Central Office	72	79	+7
Field Office	22	22	0
Total	94	101	+7
Obligations:			
Personal Services	\$14,007	\$13,574	-\$433
Travel	1,051	462	-589
Transportation of Things	19	10	-9
Rents, Communications & Utilities	449	507	+58
Printing & Reproduction	518	330	-188
Other Services	1,509	4,444	-2,935
Supplies & Materials	270	101	-169
Equipment	180	75	-105
Grants, Subsidies & Contributions	8,500	9,500	+1,000
Total Obligations	\$26,503	\$29,003	-\$2,500
Reimbursements	(3,466)	(3,466)	0
SOY Unobligated Balance (-)	0	(2,500)	+2,500
EOY Unobligated Balance (+)	0	0	0
Budget Authority	\$23,037	\$23,037	\$0

1/ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

Office of Public and Intergovernmental Affairs

Table 1: Performance Summary Table

Categories (See Note (1) at the bottom of this spreadsheet for a list of categories)	Performance Measures Data							
	Measure	Results History				Future Targets		Strategic Target
		2009	2010	2011	2012 (Final)	2013 (Final)	2014 (Requested Funding)	
(A) Services for Veterans and Eligible Beneficiaries	Number of homeless Veterans (on a single night) (Supports Agency Priority Goal) (Joint VHA-OPIA measure) (Based on January Point-In-Time (PIT) count results) This APG should be measured by the PIT count following the end of the fiscal year to ensure the efforts and investments of the full year are reflected.	75,609	76,329	67,495	62,619	47,000	35,000	TBD
(B) Support Delivery of Services	Percent of visitors to VA's website that indicated that they are satisfied/highly satisfied with information presented	N/A	N/A	67%	67%	73%	77%	80%
	Increase percent of Veterans aware of using benefits, reached through advertising and marketing efforts.	N/A	N/A	N/A	5%	10%	15%	15%

Note: Categories are as follows: (A) Services for Veterans and Eligible Beneficiaries, (B) Support Delivery of Services, and (C) Management of Government Resources

Table 2: Performance Measure Supporting Information
Key Measures Only

Number of Homeless Veterans (on a single night) (Supports Agency Priority Goal)

a) Means and Strategies:

- HUD's Annual Homeless Assessment Report (AHAR) provides the latest counts of homelessness nationwide – including counts of individuals, persons in families, and special population groups such as Veterans and chronically homeless people. The report also covers the types of locations where people use emergency shelter and transitional housing; where people were just before they entered a residential program; how much time they spend in shelters over the course of a year; and the size and use of the United States inventory of residential programs for homeless people.

b) Data Source(s):

- The AHAR is based on three data sources.
 - An annual Point-in-Time (PIT) count conducted by thousands of volunteers and staff across the country working with local HUD Continuums of Care (CoC).
 - HUD's Homeless Management Information System (HMIS), an electronic database designed to record information about the characteristics and service needs of homeless persons staying in shelters and transitional housing.
 - VA reports on Veterans being treated in transitional treatment programs for homeless Veterans.

c) Data Verification:

- VA and HUD work closely together to ensure that the counts used in the Veterans' AHAR chapter factor in all significant data sources and adjust for known confounding variables. It is expected this collaborative approach will produce the best available estimates on homelessness among Veterans.

**Table 2: Performance Measure Supporting Information
Key Measures Only**

d) Measure Validation:

- Involvement of providers, homeless case managers, and providers of services to homeless Veterans are situated at the “front lines” of homelessness. Their involvement with outreach and provision of services make them one of our most reliable sources for locating and engaging homeless Veterans and engaging them in participation. HUD works closely with the community, training local CoCs to conduct PITs. HUD also maintains HMIS, working closely with CoCs to ensure technical support and accurate data entry. VA and HUD’s collaborative approach in this process will ensure that the most accurate estimate of the number of homeless Veterans is available.
- Calculation is a risk adjusted HUD PIT count. The PIT uses a simple count to calculate the numbers of homeless Veterans. The PIT is then risk adjusted to yield the count of homeless Veterans on a single night.

e) Cross-Cutting Activities:

- There is ongoing interagency collaboration between VA and HUD, as well as other agencies that includes state, federal, county, city, profit and not for profit agencies, to accomplish the goal of ending homelessness among Veterans by 2015.

f) External Factors:

- Continued outreach will be core to success, availability of needed services will be critical.

g) Other Supporting Information:

Opening Doors Population Goals: Actuals and Incremental Targets						
	2010 Investment (2011 PIT)	2011 Investment (2012 PIT)	2012 Investment (2013 PIT)	2013 Investment (2014 PIT)	2014 Investment (2015 PIT)	2015 Investment (2016 PIT)
Veterans (Persons)	67,495 (Actual)	62,619 (Actual)	47,000	35,000	TBD	TBD

The APG should be measured by the PIT count *following* the end of the fiscal year to ensure the efforts and investments of the full year are reflected. Targets for 2014 and 2015 will be determined after the January 2013 PIT results are released, in consultation with HUD and USICH.

h) Link to a Category, Capability and to one or more secondary Criteria:

- This measure links to the Health Capability under the category of Services for Veterans and Eligible Beneficiaries.
- This measure is identified with the core missions of VA and is of demonstrated high-visibility to our stakeholders.

**Table 3: Priority Goals Summary
(Homelessness)**

Element #3 Priority Goal Summary

Priority Goal: Assist 24,400 additional homeless Veterans in obtaining housing and reduce the number of homeless Veterans to 35,000 in 2013 (to be measured by the January 2014 PIT Count) working in conjunction with the US Interagency Council on Homelessness (USICH) and HUD. VA will also assist homeless Veterans in obtaining employment, accessing VA services, and securing permanent supportive housing, with a long-range goal of eliminating homelessness among Veterans by the end of 2015.

OPIA monitors progress on the priority goal listed above in the Performance Summary Table.

The purpose of the goal is:

- Increase the number and variety of housing options available to at-risk and homeless Veterans - to include permanent, transitional, contracted, community-operated, and VA-operated.
- Increase the number and type of interventions and services to address homelessness among Veterans.
- Increase employment opportunities and rates of employment for homeless and at-risk Veterans.
- Review and evaluate progress in the demonstration programs.
- Provide additional supportive services that prevent homelessness, improve employability, promote recovery and sobriety and facilitate independent living.
- Implement and measure success with data from an electronic Management Information System for the National Homeless Registry and other program reporting requirements.
- Build a comprehensive data reporting structure to include monthly data reports from the field; quarterly reports to the Secretary and VA leadership; and an annual comprehensive report

Table 3: Priority Goals Summary (Homelessness)

Key Activities Planned for FY 2014 include:

- Decrease number of Homeless Veterans on any given night to 35,000 in 2013 to be measured by the January 2014 PIT Count (Agency Priority Goal with HUD).
- HUD-VASH: Deploy additional 10,000 vouchers and provide comprehensive case management to support Veterans and their families in permanent supported housing. (Cumulative total vouchers allocated for use by VASH: approximately 67,000 (vouchers activated FY 2008 through FY 2014 (if appropriated)
- Expand VA's Homeless Providers Grant and Per Diem (GPD) Program "transition in place" to increase permanent housing opportunities for homeless Veterans.
- Continue making Home Loan Guaranty properties available to community partners for permanent housing for homeless and at-risk Veterans.
- Veterans Justice Outreach (VJO): Provide services to approximately 18,000 Veterans.
- Supportive Services for Veteran Families (SSVF): Award \$300 million in supportive service grants and serve approximately 67,000 Veterans and their families (pending congressional appropriation and approval of the President's Budget).

Other measures related to this priority goal can be found in VHA's budget chapter.

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Congressional and Legislative Affairs

Mission

The mission of the Office of Congressional and Legislative Affairs (OCLA) is to improve the lives of Veterans and their families by advancing pro-Veteran legislation and maintaining responsive and effective communications with Congress.

Summary of Budget Request

(\$ in 000)	2013 ^{1/}	FTE	2014	FTE
Total Budget Authority	\$6,177	47	\$5,969	45

^{1/} The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175)

The requested budget in 2014 will allow OCLA to accomplish the following:

- This budget submission funds the activities of the Assistant Secretary for Congressional and Legislative Affairs. A total of \$5,969,000 and 45 FTE are requested in 2014 to support the mission of this office. The 45 FTE includes OCLA personnel assigned to Central Office and OCLA's Congressional Liaison Service offices on Capitol Hill.
- OCLA will continue to advance responsive and effective congressional communications (i.e., proactive approach to briefings, meetings, hearings, site visits, and constituent services) to improve the knowledge of the Department of Veterans Affairs among Members of Congress and staff.
- OCLA will sustain its transformational re-organization into functional teams with subject matter experts and analyst personnel. However, OCLA will reduce staff by 2 FTE. OCLA will look to efficiencies and effective prioritization to maximize capacity in order to sustain office output.
- Maintain a congressional liaison team with a strategic, customer service focus. Continue to advance constituent casework support capabilities.

- Continue to enhance the congressional knowledge management system to better support VA and Congressional leadership and improve the Department's responsiveness to requests for information.

Program Description and Accomplishments

OCLA is a small office where the work is complex, time sensitive, and of a precise nature. OCLA seeks to provide timely information to legislators and their staffs. OCLA is also focused on communicating the Department's mission and its care and support of Veterans. This involves frequent briefings by senior VA officials both in Washington, DC and in the field. In addition, OCLA conducts orientation and information briefings on VA benefits and services for Members of Congress and their staffs.

OCLA provides executive leadership, direction, and coordination of all communications, both legislative and non-legislative, with Congress; it also serves as the principal advising body for the Secretary, Deputy Secretary, and other senior Department officials regarding all Congressional activity related to Veterans.

The primary function of OCLA is to promote the enactment of legislation that improves Veterans benefits and services by:

- coordinating the development of pro-Veteran legislation;
- maintaining responsive communications with Congress through briefings, hearings, correspondence, reports, site visits, and constituent services; and
- maintaining productive working relationships with the Government Accountability Office (GAO).

The office also serves as the Department's primary point of contact for Members of Congress and their staffs on matters regarding policy, oversight, and Members' requests. OCLA maintains relationships and encourages the flow of information between VA and Members of Congress and congressional staff.

During 2012, OCLA supported 72 hearings and responded to over 1,400 questions for the record, and conducted 688 congressional briefings, including educational seminars. OCLA supported an average of 50 ongoing GAO analyses. OCLA coordinated the Department's response to 65 GAO draft reports that contained 68 recommendations and provided GAO updates on 84 additional open recommendations. OCLA's liaison team fielded over 11,210 telephone inquiries and processed 6,267 letters in support of constituent casework. OCLA supported over 52 advisory committee hearings. OCLA personnel directly supported over 57 Congressional oversight visits to VA facilities throughout the Nation.

In order to sustain productivity while reducing staff, OCLA will continue to review its internal operating processes and procedures, seek the concerns of the office's internal and external stakeholders and aggressively work to eliminate inefficiencies and redundant actions. OCLA will continue to update its processes and procedures and will continue to strive to improve the Department's responsiveness and communications with Congress

Budget Highlights

Office of Congressional and Legislative affairs					
<i>Summary of Employment and Obligations</i>					
<i>(dollars in thousands)</i>					
	2012 Actual	2013		2014 Request	2014 - 2012
		Budget Estimate	Continuing Resolution ^{1/}		Increase (+) Decrease (-)
Average employment	45	48	47	45	0
Obligations:					
Personal services	\$5,676	\$5,733	\$5,845	\$5,624	(-\$52)
Travel	\$169	\$170	\$99	\$100	(-\$69)
Transportation of Things	\$0	\$0	\$0	\$0	(\$0)
Rents, communications, and utilities	\$0	\$0	\$0	\$0	(\$0)
Printing and reproduction	\$9	\$21	\$1	\$10	(+\$1)
Other services	\$228	\$180	\$214	\$216	(-\$12)
Supplies and materials	\$82	\$198	\$18	\$19	(-\$63)
Equipment	\$0	\$0	\$0	\$0	(\$0)
Grants	\$0	\$0	\$0	\$0	(\$0)
Insurance/Indemnities/Interest	\$0	\$0	\$0	\$0	(\$0)
Adjustment to Expenditures	\$0	\$0	\$0	\$0	(\$0)
Total obligations	\$6,165	\$6,302	\$6,177	\$5,969	(-\$196)
Reimbursements					
SOY Carry over (-)	(-\$382)				
EOY Carry over (+)	\$198				
Total Budget Authority	\$5,981	\$6,302	\$6,177	\$5,969	(-\$12)

^{1/} The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

- The 2014 personal services request of \$5,624,000 supports 45 FTE.
- A total of \$345,000 is requested in 2014 to cover non-pay costs for travel, supplies and materials, other services, and equipment.



Acquisition, Logistics, and Construction

Mission

The mission of the Office of Acquisition, Logistics, and Construction (OALC) is to support the needs of the Administrations and staff offices as they fulfill their mission 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 continuing to transform OALC into an enterprise wide facility management operation. A key aspect of this transformation is the increased role of the Office of Construction and Facilities Management (CFM). CFM will provide regional and local support and on-site supervision of construction and lease projects. The table below provides a break out of the funding by account.

Office of Acquisition, Logistics, and Construction (OALC) 2014 Funding Sources

(\$ in 000s)	2012		2013		2014		Increases (+) Decreases (-)	
	Funding	FTE	CR ¹	FTE	Funding	FTE		
General Administration (GA):								
OALC Executive Director's Office	\$615	4	\$1,258	6	\$1,372	7	\$757	4
Construction & Facilities Mgt	\$40,599	192	\$54,448	239	\$52,502	289	\$11,903	97
Total GA Budget Authority	\$41,214	196	\$55,706	245	\$53,874	296	\$12,660	100
Reimbursements:								
From Major Construction ²	\$24,193	118	\$24,000	130	\$21,000	140	\$5,896	22
<i>Balances from Major Construction</i>	<i>(\$6,089)</i>		<i>(\$3,257)</i>		<i>\$3,000</i>			
From Medical Facilities	\$3,939	27	\$6,920	36	\$7,333	47	\$3,394	21
From Supply Fund	\$615	4	\$1,258	6	\$1,372	7	\$757	4
From National Cemetery Admin	\$310	2	\$310	2	\$320	2	\$10	0
Total Reimbursements	\$22,968	150	\$29,231	174	\$33,025	196	\$10,057	46
<i>Adjusted³</i>			<i>(\$1,896)</i>		<i>\$0</i>		<i>\$0</i>	
Total New Budgetary Resources	\$64,182	346	\$83,041	419	\$86,899	492	\$22,717	146
¹ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).								
² This line reflects the balances in the Major Construction funding appropriated in that year.								
³ Reflects a reallocation in FY 2013 for a hiring contract with HRA.								

The General Administration (GA) appropriation will provide funding for 296 FTE as described within this budget chapter. The Major Construction appropriation will provide funding for resident engineers who provide on-site supervision of VA's major construction projects located throughout the country. The Medical Facilities appropriation will provide funding for resident engineers who provide on-site supervision and related administrative support for VHA lease projects located throughout the country. In all circumstances, funding will cover all costs for these employees including salary and benefits, training, travel, permanent change of station funds, etc.

The table below shows the FTE breakout by appropriation for 2014.

Position	Funding Source					
	Major Construction	Medical Facilities	Supply Fund	NCA	GA	Total
Resident Engineers	140	47	0	0	0	187
Project/Program Managers	0	0	0	0	84	84
Realty Specialists	0	0	0	2	20	22
Planners	0	0	0	0	54	54
Contracting Officers	0	0	0	0	50	50
Architect/Engineers	0	0	0	0	22	22
Management Support	0	0	7	0	66	73
Total	140	47	7	2	296	492

VA has undertaken substantial reinvestment in the Department's infrastructure as the average age of VA facilities approaches 60 years. Beginning in FY 2014, OALC will have increased emphasis on policy, program oversight and enterprise-wide performance metrics. This will assist senior leaders in assessing the quality of the construction process and improve oversight of the major construction program.

Supply Fund Reimbursement

Of the \$53,874,000 in base budget authority requested from the GA appropriation, \$1,372,000 is to provide half of the funding for the OALC front office (14 FTE). The OALC front office provides management direction to the revolving Supply Fund. The Fund, in return, must pay for the other half of the front office. The revolving Supply Fund is funded through collections. The revolving Supply Fund budget is contained in a separate budget chapter.

Program Description and Accomplishments

The OALC oversees Office of Acquisitions and Logistics (OAL), Office of Acquisitions Operations (OAO) and CFM. OALC receives funds in part through the Supply Revolving Fund and the GA appropriation. The Principle Executive Director serves as the Department's Chief Acquisition Officer. OAL responsibilities include directing Department-wide policy for acquisition, contracting, and contract administration; training; and logistics for the Department. The office also provides acquisition and logistics services to the Department of Defense, Department of Health and Human Services, and other Federal agencies. OAO manages the activities of the Strategic Acquisition Center (SAC) and Technology Acquisition Center (TAC). OAO directs acquisition, contracting, and contract administration for VA staff offices, as well as other government agencies.

CFM responsibilities include overseeing the planning, design and construction of the Department's major construction projects. CFM is also responsible for lease project management, design and construction standards, and historic preservation services for VA in order to deliver high quality and cost-effective facilities in support of our Nation's Veterans. CFM oversight will include policy, oversight and accountability for construction and leases. CFM is consolidating and standardizing processes and governances for construction and leasing activities throughout the VA. CFM is providing program oversight to develop enterprise wide performance metrics that assess various all VA construction programs (major, minor and NRM).

Major Construction

CFM is responsible for providing on-site supervision for design and construction for VA's major construction projects. Major construction encompasses projects greater than \$10 million and includes a large and complex inventory of approximately 57 active projects valued at over \$12.6 billion total. Duties include managing, negotiating, awarding, and administering design, construction, and

other related contracts. CFM provides support in project scheduling, claims analysis, and risk management.

CFM provides oversight and execution of all Brooks Act Architect and Engineer evaluation and selection processes.

Leasing Services

CFM is responsible for providing supervision for the acquisition, management, and disposal of realty assets for the VA nationwide. Contracts are awarded for leased facility acquisitions and land purchases. Numerous easements, licenses, and permits are granted throughout the country. In 2013, CFM estimates that over 1.1 million square feet of leased space will be procured with an estimated contract value of over \$688.2 million.

Facility Engineering Support

CFM provides support regarding compliance with codes, regulations, historic preservation, cultural resource laws, regulations, and Executive Orders. CFM provides ad hoc architectural and engineering services to VA facilities. CFM provides oversight of Facility Condition Assessments and Electrical Studies. CFM also provides technical quality reviews for the Grants for State Extended Care Facilities and Homeless Providers Grant and Per Diem programs.

Facility Planning Support

CFM is responsible for VA's national quality design and construction standards including master specifications, design guides, technical manuals, and design alerts. CFM also manages several national programs such as the seismic and natural or manmade disaster preparedness program, various sustainability compliance programs, construction cost budgeting, and estimating programs. CFM provides master planning and project planning expertise, resources and tools to facilitate facility planning for the Administrations and staff offices.

Program Highlights

- Awarded approximately 24 major construction contracts in 2012. Total executed program for 2012 was \$1.1B million in contracted obligations.
- Effectively managed a large and complex inventory of 57 major construction projects valued at over \$12.6 billion, including high visibility projects at Orlando, FL; Las Vegas, NV; New Orleans, LA; Denver, CO; and Louisville, KY. Other major projects include two polytrauma projects at

Tampa, FL; and Palo Alto, CA; 3 new national cemeteries and 9 expansion national cemeteries.

- Awarded 17 lease contracts for \$688.2 million, delivered 13 newly leased facilities with a total value of \$405 million, and acquired nine parcels of land, including BRAC transfers from DoD.
- Granted a number of easements, licenses, and permits throughout the county.
- Updated the Community Living Center Design Guide and provided design/construction services to the Office of Capital Asset Management Support, State Home Grant Program. Managed the technical quality of VA's 65 State Home Grants valued at \$365 million in 2012.
- Updated the Mental Health Design Guide and provided design and construction services to the Office of Mental Health. Assisted in the request for information on all new grants in the Homeless Grant and Per Diem Program. Managed the technical quality of seven homeless grants worth \$8.05 million in construction.
- Provided extensive architectural, engineering, scheduling, and other technical consultant services to VA Medical Centers for budget development, review of capital projects, facility condition assessments, operations and maintenance issues, scheduling and estimating for the preparation of VA's major construction budget, and cost control assistance for projects under design with a value of \$7.5 billion. Monitored the progress of major projects under construction and assisted in claims related issues.

Budget Highlights

The 2014 GA request includes resources necessary to continue the current level of operations and sustain efforts on critical initiatives underway. The budget request will provide for fixed rent increases.

*Office of Acquisition, Logistics and Construction
Summary of Employment and Obligations
(dollars in thousands)*

	2012 Actual	2013 Budget Estimate	2013 Continuing Resolution ¹	2014 Request	2012-2014 Increase (+) Decrease (-)
Average employment:					
Field	204	340	279	301	97
Central Office	<u>142</u>	<u>140</u>	<u>140</u>	<u>191</u>	<u>49</u>
Total	346	480	419	492	146
Obligations:					
Personal services	\$47,202	\$66,900	\$56,420	\$70,092	\$22,890
Travel	\$2,288	\$4,908	\$3,645	\$4,903	\$2,615
Transportation of things	\$476	\$562	\$486	\$513	\$37
Rents, communications, and Utilities	\$2,088	\$4,122	\$2,416	\$3,857	\$1,769
Printing and reproduction	\$1	\$3	\$3	\$5	\$4
Other services	\$11,714	\$13,894	\$19,554	\$6,971	-\$4,743
Supplies and materials	\$180	\$211	\$231	\$258	\$78
Equipment	\$233	\$125	\$286	\$300	\$67
Land and structures	\$0	\$0	\$0	\$0	\$0
Facilities	\$0	\$0	\$0	\$0	\$0
Insurance Claims and Indemnities	\$0	\$0	\$0	\$0	\$0
Total obligations	\$64,182	\$90,725	\$83,041	\$86,899	\$22,717
Reimbursements	-\$22,968	-\$35,019	-\$29,231	-\$33,025	\$10,057
SOY Carry over (-)	\$0	\$0	\$0	\$0	\$0
EOY Carry over (+)	\$1,436	\$0	\$0	\$0	-\$1,436
Reallocation	\$0	\$0	\$1,896	\$0	\$0
Total budget authority	\$42,650	\$55,706	\$55,706	\$53,874	\$11,224

¹ The funding level for the 2013 current estimate is consistent with the annualized amounts provided under the FY 2013 Continuing Resolution (P.L. 112-175).

Office of Aquisitions and Logistics
Table 1: Performance Summary Table

Categories <small>(See Note (1) at the bottom of this spreadsheet for a list of categories, and choose the appropriate one)</small>	Capabilities <small>(See Note (2) at the bottom of this spreadsheet)</small>	Criteria <small>(See Note (3) at the bottom of this spreadsheet for a list of criteria, and choose all that apply)</small>	Performance Measures Data							
			Measure	Results History				Future Targets		2014 Strategic Target
				2009	2010	2011	2012 (EOY)	2013 (Final) unless otherwise noted for change below	2014 (Requested Funding)	
(B) Support Delivery of Services	Planning, Programming and Budgeting	Capital Planning	Percent of facilities customers that are satisfied with services being provided	N/Av	N/Av	85%	83%	85%	85%	85%



Inspector General

Appropriation Language

For necessary expenses of the Office of Inspector General (OIG), to include information technology, in carrying out the provisions of the Inspector General Act of 1978, \$116,411,000 [\$113,079,000] of which \$6,000,000 shall remain available until September 30, 2015 [2014].

Mission

The Inspector General is responsible for conducting and supervising audits, investigations, and healthcare inspections; recommending policies designed to promote economy and efficiency in the administration of, and to prevent and detect waste, mismanagement, and criminal activity in VA programs and operations; and for keeping the Secretary and Congress fully informed about problems and deficiencies in VA programs and operations and the need for corrective action.

Stakeholders

OIG oversight work encompasses all VA programs, services, functions, and funding. As such, stakeholders in the OIG's work and results may include the Secretary, Congress, VA managers and staff, beneficiaries, affiliated health care and educational institutions, taxpayers, contractors, other Federal agencies, law enforcement organizations, and other OIGs.

Summary of Budget Request

(dollars in thousands)	2013	FTE	2014	FTE
Office of Inspector General				
Regular Appropriation	\$113,079	610	\$116,411	610
Total Budget Authority	\$113,079	610	\$116,411	610
Reimbursement	\$4,811	29	\$4,909	29
Budgetary Resources	\$117,890	639	\$121,320	639

For 2014, the OIG is requesting budget authority of \$116,411,000 and 610 FTE to carry out its mission. This request also includes funding of \$4,909,000 from reimbursements, which will support an additional 29 FTE.

Program Description and Accomplishments

Office of Inspector General Programs

The OIG conducts operations through four Offices, each headed by an Assistant Inspector General, and the Office of Contract Review, which is directed by the Counselor to the Inspector General.

Office of Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts independent and timely performance and financial audits and other evaluations of VA health care, benefits, financial management, procurement, and information management programs. The audits and evaluations contribute to improved management of VA programs by providing useful and practical recommendations to improve the economy, efficiency, and effectiveness of VA management, programs, services, operations, and systems. OAE also conducts cyclical inspections of benefits processing activities at VA regional offices (VAROs). Additionally, OAE oversees the annual Consolidated Financial Statement audit that assesses VA's financial management systems and information under the requirements of the *Chief Financial Officers Act of 1990* and the annual evaluation of VA's information security programs and controls required by the *Federal Information Security Management Act of 2002 (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; bribery of VA employees, embezzlement, and extortion; 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 information systems; mortgage fraud; and workers compensation fraud. Administrative investigations focus on misuse of Government resources, abuse of authority, and travel irregularities by senior officials. Through criminal prosecutions, administrative sanctions, and monetary recoveries, these investigations promote integrity, patient safety, efficiency, security, and accountability in VA.

Office of Management and Administration. The Office of Management and Administration (OMA) provides a wide range of administrative and operational support functions to OIG offices and employees. OMA operates the OIG Hotline, providing the means for VA employees and others to report allegations of fraud, waste, and abuse to OIG and to ensure that these referrals are resolved timely and appropriately. Information technology units nationwide provide a broad array of information technology support and security services, as well as data gathering and analysis support for audits, inspections, and investigations. OMA also provides follow-up on OIG report recommendations and other administrative, human resources, logistics, budget, and fiscal services for the entire OIG organization.

Office of Contract Review. The Office of Contract Review, which is overseen by the Counselor to the Inspector General, provides preaward, postaward, and other reviews of vendor proposals and contracts under a reimbursable agreement with VA's Office of Acquisition and Logistics. The Counselor also provides independent legal advice and representation on issues arising from OIG activities and directs OIG's *Freedom of Information Act* and *Privacy Act* activities.

Office of Inspector General Accomplishments

OIG is dedicated to helping VA provide Veterans and their families the care, support, and recognition they have earned through their service to our country. Through its program oversight, OIG seeks to help VA become the best managed service delivery organization in Government by working as a catalyst for positive change, and proactively working to help ensure VA is fully prepared to meet the demands of a new generation of Veterans as well as to care for our older Veterans with their own particular needs.

In the 12 months covered by the last two OIG *Semiannual Reports to Congress*, OIG identified \$3.477 billion in actual and potential monetary benefits; issued 299 reports on VA programs and operations; and achieved 484 arrests, 337 indictments, 184 criminal complaints, 369 convictions, 47 pretrial diversions, and 1,208 administrative sanctions and corrective actions. OIG operations provided a return on investment of \$36 in monetary benefits for each \$1 of OIG resources expended, including a return of \$19 from recoveries returned to the Government for every \$1 of OIG resources. Some recent noteworthy accomplishments include:

- A Congressionally-requested OIG healthcare inspection evaluated VA's capability to deliver prosthetic care. Analysis of VA and Department of Defense data for 500,000 Veterans found that those with traumatic amputations are a complex population, have a variety of medical conditions, and are significant users of VA medical services beyond prosthetic care. Additionally, this first-ever study to characterize the population of 1,288 Veterans of Operations Enduring Freedom/ Iraqi Freedom/New Dawn with major traumatic amputations found that they were generally adapting to living with their amputations. However, compared with those with lower limb amputations, Veterans with upper limb amputations consistently had more psychosocial adaptation issues, more physical activity limitations, and lower prosthetic satisfaction.
- A special OIG review requested by the Congress and the Secretary concluded that VHA did not have an accurate or reliable method of determining if Veterans were receiving timely access to mental health care. VHA performance data did not accurately depict wait times for patients to see a mental health provider, understating the extent to which access did not meet policy requirements that first-time mental health patients receive an initial evaluation within 24 hours and a comprehensive evaluation within 14 days.
- An OIG administrative investigation confirmed allegations of lax financial management for two 2011 VA Human Resource conferences costing at least \$6.1 million. Although the conferences were held to meet valid training requirements, conference planning, acquisition, and financial oversight were weak and ineffective. OIG questioned \$762,000 in conference expenditures as unnecessary, unauthorized, or wasteful. In addition, 11 employees responsible for managing the conferences improperly accepted gifts from vendors seeking or doing business with VA.
- As a result of investigations by OIG and other Federal agencies, a multi-national corporation pled guilty to illegal promotion and false and misleading statements about a drug's safety, illegal off-label promotion of a drug for unapproved use, and failure to report clinical data on a drug's safety. The corporation was sentenced to a criminal fine of \$956.8 million and forfeiture of \$43.2 million; agreed to pay \$2 billion in restitution to Federal health care programs and other civil penalties; and to enter into a corporate integrity agreement.
- Three OIG audits of Veterans Integrated Service Network (VISN) management, fiscal, and procurement practices found substantial budgetary growth and variability in staffing and operating costs among the 21 VISN offices responsible for overseeing VA's networks of medical centers and clinics across the country. VHA did not have an adequate performance management system and controls

or reliable data necessary to effectively monitor and evaluate the organizational effectiveness and efficiency of VISN-level operations. VHA oversight of VISN procurement activities had not been effectively implemented, causing many contracting deficiencies and a lack of completion in procurements to continue uncorrected.

- An OIG audit of VHA's Grants and Per Diem program found that the community agencies receiving program funds were generally providing services to homeless Veterans as required by grant agreements. To improve program effectiveness, OIG recommended that funding be better aligned with program goals and that the grant application and evaluation process be strengthened by developing program safety, security, health, and welfare standards to ensure providers have the capability to deliver the services.
- An OIG healthcare inspection was performed to determine if the adverse conditions concerning improper reprocessing of dental instruments at a VA medical center reported in 2011 had been corrected. This follow-up review found that some of the previously reported deficiencies had been corrected. However, some recommended corrective actions concerning compliance with all elements of reusable medical equipment reprocessing, development of standard operating procedures, staff training and competencies, and monitoring by the VISN Supply, Processing, and Distribution Board, had not been fully implemented.
- After receiving several complaints, including some forwarded by a U.S. Senator, an OIG healthcare inspection reviewed allegations of substandard clinical practices at a VA medical center. The review confirmed that a physician had been granted clinical privileges for procedures for which his competencies had not been validated; peer reviews for patient deaths and intensive care unit (ICU) readmissions did not consistently recommend improvements in care when deficiencies were identified; the ICU, which often had ventilator-dependent patients, did not have staff with demonstrated competencies in airway management on duty at night or on weekends; the ICU did not have an appointed director; and ICU beds were inappropriately used for other patients.
- OIG conducted a Congressionally-requested healthcare inspection of alleged improper medication management and discharge planning at a medical center that contributed to a high-risk patient's suicide. The inspection did not substantiate the allegations, but found that the suicide prevention coordinator had not participated in the assessment and monitoring of the patient and that the treatment team did not complete a suicide risk assessment at discharge. OIG

recommended improvements in the medical center's suicide prevention, risk management, reporting, documentation, and quality management practices.

- An OIG healthcare inspection substantiated an allegation that a walk-in patient received inadequate triage and assessment of the severity of his symptoms at a VA community-based outpatient clinic that delayed emergency care. However, the inspection could not determine if the substandard care contributed to the patient's death the next day. OIG made recommendations to ensure adequate staff supervision by physicians; improve triage and emergency care procedures; perform peer reviews; and resolve problematic staff relationship issues.
- OIG benefits inspections at 21 VAROs identified systemic problems, including: error rates averaging 36 percent for high risk disability claims involving temporary 100 percent disability ratings, traumatic brain injury, and herbicide exposure; untimely beneficiary competency determinations; incomplete and untimely systematic analyses of operations; and inadequate outreach to shelters and providers serving homeless Veterans. Also, OIG issued a management advisory to the Veterans Benefits Administration concerning serious safety hazards and security risks related to improper claims folder storage observed at one VARO.
- OIG investigations continued to uncover wrongdoing in VA's Service-Disabled Veteran-Owned Small Business (SDVOSB) program. Two contractors pled guilty to defrauding the SDVOSB program and making illegal payments to a VA employee. The contractors had set up a shell company purportedly owned and operated by a service-disabled Veteran but was actually controlled by the contractors. The company was then awarded SDVOSB contracts by VA. The contractors were sentenced to incarceration, probation, and ordered to make restitution of \$1.6 million to VA. The VA employee, who had steered \$3.4 million in contracts to the company, pled guilty to accepting \$20,000 in money, meals, and entertainment from the contractors. In another case, a Veteran was sentenced to incarceration and forfeiture after pleading guilty to fraud charges for his role in falsely claiming to be a service-disabled and decorated war Veteran in order to obtain \$6.7 million in VA set-aside contracts.
- OIG conducted a review of a company that had been awarded five SDVOSB set-aside contracts to perform re-pricing services for fee-basis medical care payment claims. The review found that the company, which was owned by a former VA employee, violated subcontracting rules by not performing any of the required work, which had been subcontracted to a large business. VA staff responsible for administering the contract were aware of this arrangement. VA agreed to terminate the contracts and develop improved guidance to ensure that

competition is maximized and former VA employees are not given unfair preferences.

- An OIG evaluation found that VA did not receive reasonable value or in-kind consideration under an Enhanced Use Lease Agreement for property transferred to a developer. By using Enhanced Use Lease Authority to acquire space, parking, and domiciliary services for a VA medical center, VA officials circumvented normal procurement regulations and processes and avoided competition, causing VA to overpay for the space and services acquired and to incur increased security risks.
- OIG's annual assessment of VA compliance with FISMA found that VA had made progress in developing information security policies and procedures, but still faced challenges in implementing department-wide information security risk management. OIG made 31 recommendations to address deficiencies in system access controls, configuration management, continuous monitoring, and service continuity practices designed to prevent unauthorized access.
- As a result of OIG's continuing investigative focus to identify fraud in VA's fiduciary program, an attorney acting as a court-appointed guardian and his wife pled guilty to stealing \$2.3 million from the accounts of 54 disabled Veterans. In another case, a daughter of a disabled Veteran pled guilty to misappropriating \$200,000 of his VA compensation benefits and \$20,000 of his Social Security benefits while acting as his fiduciary.
- An OIG investigation determined that sales managers of a loan servicing company that managed foreclosed properties for VA and repair contractors committed fraud. One manager steered repair work to affiliates of a contractor in return for cash payments totaling \$14,000. In a separate scheme, another sales manager at the company received as much as \$147,256 in cash payments from other contractors to steer repair work to their affiliated companies.
- A Veteran pled guilty to defrauding VA of more than \$510,000 in disability compensation benefits. He falsely claimed he did not have use of his arms and legs, required prosthetic aids, and needed assistance with daily activities. The OIG investigation determined he could walk and drive without assistance and used a VA-issued scooter only for medical appointments.
- A Veteran was sentenced to 18 months of incarceration, 36 months of supervised probation, and required mental health treatment after pleading guilty to influencing, impeding, or retaliating against a Federal official. The Veteran had telephoned a VA call center and angrily threatened to injure and kill employees of a VARO who he indicated were stealing his money.

- OIG completed 98 preaward, postaward, and claim reviews related to VA contracts, identifying \$1.056 billion in potential savings and other monetary benefits, including \$14.9 million in recoveries returned to the Government.
- During 2012, the OIG Hotline received more than 27,500 contacts, opened 1,219 cases, and closed 1,104 cases with a substantiation rate of 40 percent.
- OIG representatives testified at 14 Congressional hearings, conducted 70 briefings for Members of Congress or their staffs, and provided over 200 responses to Members on OIG oversight activities.

Budget Highlights

The budget request of \$116,411,000 from appropriations will support an employment level of 610 FTE. With these resources, OIG will provide a comparable level of oversight of VA programs and activities by completing a similar number of audits, inspections, evaluations, investigations, and hotline review as accomplished in 2012 and planned for 2013.

Budget Submission Requirements of the *Inspector General Act*

This budget request was prepared in accordance with Section 6 (f) (1) of the *Inspector General Act of 1978*. The Inspector General's initial budget request transmitted to the Secretary of Veterans Affairs was \$117,203,000. The current request is \$116,411,000 and includes \$468,000 designated by OMB as OIG's allocation to support the Council of Inspectors General on Integrity and Efficiency (CIGIE). This request also includes \$958,000 for OIG employee training. The Inspector General certifies that the requested amounts will meet OIG's known 2014 requirements for CIGIE support and employee training.

In addition, \$885,000 for renovation and modernization of OIG offices is included in the 2014 VA Minor Construction appropriation request. This amount represents a 1.5 percent increase over OIG's request for 2013.

OIG continues to comply with Executive Order 13589, *Promoting Efficient Spending*, by identifying efficiencies and opportunities to reduce costs for travel, conferences, training, Government vehicles, technology, and other areas. However, as recognized in the Executive Order, OIG staff must perform substantial travel to VA facilities across the country to conduct its statutory oversight of VA programs, which means the opportunities to reduce travel costs are limited. An Inspector General-designated senior official has implemented policies, reviews, and other

controls to ensure OIG resources are efficiently used. OIG has reprogrammed identified efficiencies back into operations to sustain the level of oversight work to the extent possible.

Summary of Employment and Obligations—Analyses

Summary of Employment and Obligations (dollars in thousands)					
	2012 Actual	2013		2014 Request	Increase (+) Decrease (-) from 2012
		Budget Estimate	Current Estimate		
Average employment:					
Headquarters functions	114	108	115	115	—
Operations functions	523	536	524	524	—
Total employment	637	644	639	639	—
Obligations:					
Personal services	\$92,880	\$93,427	\$94,107	\$95,490	+\$2,610
Travel	\$5,044	\$6,071	\$5,571	\$5,635	+\$591
Transportation of things	\$98	\$254	\$254	\$258	+\$160
Rents, communications, and utilities	\$6,019	\$6,558	\$5,970	\$6,060	+\$41
Printing and reproduction	\$21	\$30	\$30	\$31	+\$10
Other services	\$9,496	\$9,405	\$10,748	\$11,023	+\$1,527
Supplies and materials	\$362	\$399	\$299	\$303	-\$59
Equipment	\$2,050	\$1,667	\$1,345	\$2,520	+\$470
Insurance	—	—	—	—	—
Total obligations	\$115,970	\$117,811	\$118,324	\$121,320	+\$5,350
Reimbursements	-\$3,924	-\$4,811	-\$4,811	-\$4,909	-\$985
SOY Unobligated Balance (-)	-\$307	—	-\$434	—	+\$307
EOY Unobligated Balance (+)	\$652	—	—	—	-\$652
Adjustments in Unobligated Balances (+/-)	—	—	—	—	—
Total Budget Authority	\$112,391	\$113,000	\$113,079	\$116,411	+\$4,020

The 2013 Current Estimate of \$113,079,000 provides a 0.6 percent increase over the 2012 appropriation. Notwithstanding continuing efforts to identify efficiencies in internal operations and reprogram the savings, the 2013 Current Estimate will support 610 FTE, 2 less than the 2012 staffing level from appropriations of 612 FTE.

The 2014 request of \$116,411,000 would provide a 2.9 percent increase over the 2013 Current Estimate and would support 610 FTE, the same as estimated for 2013. The 2014 personal services estimate reflects the salary and benefits for the requested FTE, including the proposed pay raise, career ladder advancements, within-grade increases, benefits increases, and changes in staff composition. Other amounts

reflect requirements for inflation, travel, rents for office space, communications, other contractual services, OIG case management/management information system and other technology infrastructure upgrades, other equipment replacement, and operating supplies to support OIG staffing at the requested level.

The following table summarizes the net changes in resource requirements between the 2013 Current Estimate and this 2014 request.

Net Change 2014 Summary of Resource Requirements (dollars in thousands)	
	Budget Authority
2013 Budget Authority (Current Estimate)	\$113,079
Adjustments	-
Adjusted 2013 Budget Authority	\$113,079
2014 Increases/Decreases:	
Pay Raise (1.0%), Career Ladder Promotions and Within-Grade Increases, and Other Staff Composition Adjustments	\$1,004
Required Personnel Benefits Increases	\$313
Non-Pay Inflation (1.5%)	\$322
Subtotal	\$1,639
Other Fixed Increases/Decreases	
Management Information System and Information Technology Infrastructure Upgrades, Other Equipment Replacement, Travel, Other Services	\$1,693
Reductions and Efficiencies	
(Reprogrammed into operations)	-
2014 Total Current Request	\$116,411
2014 Initiatives:	
None	-
2014 Total Budget Authority Request	\$116,411

The following tables present analyses of OIG employment levels by grade and by headquarters and operational functions.

Employment Summary – FTE by Grade				
Grade	2012 Actual	2013 Estimate	2014 Request	Incr./Decr. from 2013
Senior Executive Service (SES)	15	15	15	—
Senior-Level (SL)	3	3	3	—
GS-15	60	60	60	—
GS-14	106	106	106	—
GS-13	326	336	342	+6
GS-12	38	28	30	+2
GS-11	35	40	32	-8
GS-10	1	1	1	—
GS-9	27	23	25	+2
GS-8	19	17	15	-2
GS-7	6	10	10	—
GS-6	1	—	—	—
GS-5	—	—	—	—
GS-1–4	—	—	—	—
Total FTE	637	639	639	—

Analysis of 2012 Actual FTE Distribution—Headquarters/Operations		
Grade	Headquarters	Operations
Senior Executive Service (SES)	13	2
Senior-Level (SL)	1	2
GS-15	17	43
GS-14	28	78
GS-13	36	290
GS-12	4	34
GS-11	3	32
GS-10	1	0
GS-9	3	24
GS-8	5	14
GS-7	3	3
GS-6	—	1
GS-5	—	—
GS-1–4	—	—
Total FTE	114	523

Other Requirements

Physicians' Comparability Allowance Worksheet

The Office of Management and Budget directed that following information on OIG's use of Physician Comparability Allowance (PCA) be included in this budget submission.

VA Office of Inspector General

		PY 2012 Actual	CY 2013 Estimates	BY 2014* Estimates
1) Number of Physicians Receiving PCAs		8	8	8
2) Number of Physicians with One-Year PCA Agreements		-	-	-
3) Number of Physicians with Multi-Year PCA Agreements		8	8	8
4) Average Annual PCA Physician Pay (without PCA payment)		\$166,281	\$170,000	\$170,000
5) Average Annual PCA Payment		\$29,000	\$30,000	\$30,000
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position	-	-	-
	Category II Research Position	-	-	-
	Category III Occupational Health	-	-	-
	Category IV-A Disability Evaluation	-	-	-
	Category IV-B Health and Medical Admin.	8	8	8
*FY 2014 data will be approved during the FY 2015 budget cycle.				
7) If applicable, list and explain the necessity of any additional physician categories designated by your agency (for categories other than I through IV-B). Provide the number of PCA agreements per additional category for the PY, CY and BY.				
Not applicable.				
8) Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category.				
Physicians with 48 months or more of Government service at the GS-15, SL, or SES levels may receive a maximum of \$30,000 annually. OIG will pay the minimum PCA amount required to overcome recruitment and retention problems. Accordingly, OIG will base the amount on such considerations as relative earnings, responsibilities, expenses, workload, working conditions, and benefits for comparable physician positions inside and outside the Federal Government.				
9) Explain the recruitment and retention problem(s) for each category of physician in your agency (this should demonstrate that a current need continues to persist). <i>(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)</i>				
VA OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38				

physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered.

- 10) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year. *(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

Prior to OIG receiving approval to offer PCA, it was very difficult to recruit physicians and indicates why PCA is critical to OIG for recruiting and retaining Board-certified physicians. As a result of utilizing the PCA function, we have been able to retain 100 percent of our current physicians over the past 2 years.

- 11) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

With about 120 employees, the Office of Healthcare Inspections is the smallest of OIG line organizations. The retention of physicians is appropriate based upon OHI's mission of providing independent oversight of VHA, which is responsible for providing health care to more than 6 million Veterans at hundreds of medical facilities with more than 200,000 employees.

Further, the Secretary of Veterans Affairs has established many new health care mandates, such as improving Veteran mental health care, designing a Veteran-centric health care model, and expanding health care access. In addition to these initiatives, the expansion of VHA health care services to accommodate the increasing numbers of Veterans receiving care following service in Operations Enduring Freedom/Iraqi Freedom/New Dawn underscores the need and importance of OIG retaining the number of Board-certified physicians to ensure effective oversight of the quality of VA health care.

Program Goals, Objectives, and Performance Measures

Office of Inspector General Strategic Plan, Goals, and Measures

OIG has developed and implemented a strategic planning process to improve overall performance and to assist VA in achieving its strategic goals. The OIG's *Strategic Plan 2009–2015* includes five strategic areas—health care delivery, benefits processing, financial management, procurement practices, and information management. The plan encompasses VA's priority goals, key issues, management challenges, and high risks facing the Department in the coming years.

- **Strategic Goal 1 – Health Care Delivery.** Improve Veterans' access to high quality health care by identifying opportunities to improve the management and efficiency of VA's health care delivery systems, and by detecting, investigating, and deterring fraud and other criminal activity.
- **Strategic Goal 2 – Benefits Processing.** Improve the delivery of benefits and services to Veterans by identifying opportunities to improve the quality, timeliness, and accuracy of benefits processing, while reducing criminal activity in the delivery of benefits through proactive and targeted audit, inspection, and investigative efforts.
- **Strategic Goal 3 – Financial Management.** Assist VA in achieving its financial management mission of providing all VA activities with accurate, reliable, and timely information for sound oversight and decision making by identifying opportunities to improve the quality, management, and efficiency of VA's financial management systems.
- **Strategic Goal 4 – Procurement Practices.** Ensure that VA's acquisition programs support our Nation's Veterans, other Government entities, and the taxpayer by providing customers with quality and reasonably priced products, services, and expertise delivered on time.
- **Strategic Goal 5 – Information Management.** Assess information systems and policies within VA to ensure that they protect information security and integrity, are cost effective, meet the needs of users, and are used in a lawful and ethical manner; and investigate fraud and other computer-related crimes against VA.

OIG performance measures primarily focus on intended outcomes and demonstrate the critical linkages between work and results, effort and effect, and appraise the influence on both interim and long-term VA mission-related outcomes in each of the five strategic goal areas.

Table 1. Performance Summary Table

Categories*	Measure	Performance Measures Data						Strategic Target
		Results History				Future Targets		
		2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
(B) Support Delivery of Services	1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action	235	263	301	299	275	275	300
(B) Support Delivery of Services	2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, administrative sanctions, and corrective actions	2,250	1,929	1,939	2,683	1,900	1,900	2,300
(B) Support Delivery of Services	3) Monetary benefits (\$ in millions) from audits, investigations, contract reviews, inspections, and other evaluations	\$2,931	\$1,914	\$7,122	\$3,477	\$1,500	\$1,800	\$2,000
(B) Support Delivery of Services	4) Return on investment (monetary benefits ÷ cost of operations in dollars)**	38 to 1	20 to 1	76 to 1	36 to 1	15 to 1	18 to 1	20 to 1

*Categories include: (A) Services for Veterans and Eligible Beneficiaries, (B) Support Delivery of Services, and (C) Management of Government Resources.

**Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG’s September 2012 *Semiannual Report to Congress*, page 3, <http://www.va.gov/oig/publications/semiannual-reports.asp>).

Categories	Measure	Performance Measures Data						Strategic Target
		Results History				Future Targets		
		2009	2010	2011	2012	2013 (Final)	2014 (Requested Funding)	
(B) Support Delivery of Services	5) Percentage of:							
	<ul style="list-style-type: none"> Prosecutions successfully completed 	94%	97%	99%	94%	94%	94%	95%
	<ul style="list-style-type: none"> Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA 	94%	86%	87%	87%	90%	90%	95%
	<ul style="list-style-type: none"> Recommended recoveries achieved from postaward contract reviews 	N/Av	N/Av	100%	100%	96%	96%	98%
(B) Support Delivery of Services	6) Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):							
	<ul style="list-style-type: none"> Investigations 	4.9	4.9	4.9	4.9	4.5	4.5	5.0
	<ul style="list-style-type: none"> Audits and Evaluations 	4.0	4.0	4.4	4.0	4.0	4.0	5.0
	<ul style="list-style-type: none"> Healthcare Inspections 	4.7	4.6	4.6	4.4	4.3	4.3	5.0
	<ul style="list-style-type: none"> Contract Review 	4.6	4.7	4.8	4.7	4.2	4.2	5.0

Table 2. Performance Measure Supporting Information

Performance Measure Supporting Information	
<p>1) Number of reports (audit, inspection, evaluation, contract review, and CAP reports) issued that identify opportunities for improvement and provide recommendations for corrective action.</p>	<p>a) Means and Strategies: OIG conducts an extensive program of audits, health care inspections, evaluations, CAP reviews, and contract reviews in the five OIG strategic goal areas and issues reports with recommendations for improvement actions in VA programs.</p> <p>b) Data Sources: Data for completed audits, health care inspections, and other reviews are maintained in the automated OIG Master Case Index system.</p> <p>c) Data Verification: OIG publishes performance results in its <i>Semiannual Reports to Congress</i> and in the annual <i>VA Performance and Accountability Report</i>, which undergo rigorous quality control reviews and validation processes before publication.</p> <p>d) Measure Validation: OIG periodically reassesses strategic and performance goals and measures in consideration of mission, organizational priorities, resources, and accomplishments.</p> <p>e) Cross-Cutting Activities: OIG actively participates in the Council of Inspectors General on Integrity and Efficiency on the major challenges facing the Federal Government and other issues of common interest to the Inspector General community. OIG routinely works with other Inspectors General, the Government Accountability Office, and other Federal departments and agencies. OIG also participates in Recovery Accountability and Transparency Board activities on planning, coordinating, conducting, and reporting of Government-wide oversight required for Recovery Act-funded programs.</p> <p>f) External Factors: None.</p> <p>g) Other Supporting Information: None.</p> <p>h) Link to Category, Capability, and Secondary Criteria:</p> <ul style="list-style-type: none"> • Category (B) Support Delivery of Services. • Capability Controls and Oversight. • Secondary Criteria (1) Identified with core missions of VA; (2) Of demonstrated visibility to our stakeholders; (3) Programs where VA is a demonstrated leader in government.
<p>2) Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, administrative sanctions, and corrective actions.</p>	<p>a) Means and Strategies: OIG conducts an extensive program of proactive and reactive criminal and administrative investigations that result in arrests, convictions, sanctions, and other appropriate outcomes.</p> <p>b) Data Sources: Data for completed investigations is maintained in the automated OIG Master Case Index system.</p> <p>c) Data Verification: Same as measure 1.</p> <p>d) Measure Validation: Same as measure 1.</p> <p>e) Cross-Cutting Activities: OIG routinely works with Department of Justice, FBI, Secret Service, and other Federal, state, and local law enforcement agencies.</p> <p>f) External Factors: None.</p> <p>g) Other Supporting Information: None.</p> <p>h) Link to Category, Capability, and Secondary Criteria: Same as measure 1.</p>

Performance Measure Supporting Information

3) Monetary benefits (\$ in millions) from audits, investigations, contract reviews, inspections, and other evaluations.

- a) **Means and Strategies:** OIG audits, investigations, and other reviews identify monetary benefits, including better use of funds, savings, cost avoidance, questioned costs, fines, penalties, restitution, and civil judgments.
- b) **Data Sources:** Data summarizing monetary benefits is maintained in the automated OIG Master Case Index system.
- c) **Data Verification:** Same as measures 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Category, Capability, and Secondary Criteria:** Same as measure 1.

4) Return on investment (monetary benefits ÷ cost of operations in dollars).

- a) **Means and Strategies:** OIG return on investment goals are defined as monetary benefits from audits, investigations, and other reviews as multiples of annual resource levels.
- b) **Data Sources:** Monetary benefits data is maintained in the automated OIG Master Case Index system and resource data is taken from OIG budget data.
- c) **Data Verification:** Same as measure 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Category, Capability, and Secondary Criteria:** Same as measure 1.

5) Percentage of:

- **Prosecutions successfully completed.**
 - **Recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA.**
 - **Recommended recoveries achieved from postaward contract reviews.**
- a) **Means and Strategies:** OIG tracks these percentages as measures of outcome quality.
 - b) **Data Sources:** Same as measures 1 and 2.
 - c) **Data Verification:** Same as measure 1.
 - d) **Measure Validation:** Same as measure 1.
 - e) **Cross-Cutting Activities:** Same as measure 1.
 - f) **External Factors:** None.
 - g) **Other Supporting Information:** None.
 - h) **Link to Category, Capability, and Secondary Criteria:** Same as measure 1.

Performance Measure Supporting Information

- 6) **Customer satisfaction survey scores (based on a scale of 1—5, where 5 is high):**
- **Audits and Evaluations.**
 - **Investigations.**
 - **Healthcare Inspections.**
 - **Contract Review.**
- a) **Means and Strategies:** After each audit, investigation, evaluation, and other review, OIG requests performance feedback from VA program and/or facility managers or other stakeholders using a customer satisfaction instrument.
- b) **Data Sources:** Records of completed customer satisfaction surveys.
- c) **Data Verification:** Same as measure 1.
- d) **Measure Validation:** Same as measure 1.
- e) **Cross-Cutting Activities:** None.
- f) **External Factors:** None.
- g) **Other Supporting Information:** None.
- h) **Link to Category, Capability, and Secondary Criteria:** Same as measure 1.

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*Office of Acquisition and
Logistics/Office of Acquisition
Operations: Supply Fund*

Mission

The Office of Acquisition and Logistics (OAL) and Office of Acquisition Operations (OAO) are organizational elements within the Office of Acquisition, Logistics, and Construction (OALC)¹. OAL provides policy and oversight to VA's acquisition and logistics programs. In addition, OAL provides acquisition services to customers in VA and Other Government Agencies (OGAs) through its National Acquisition Center (NAC) and Denver Acquisition and Logistics Center (DALC). OAO provides a broad spectrum of acquisition services to VA customers through the Technology Acquisition Center (TAC), the Acquisition Service Offices, and the Strategic Acquisition Center (SAC).

Summary of Budget Request

The Supply Fund is a self-sustaining, revolving fund. As such, no Congressional appropriation is required. Revenue is realized from fees on acquisitions of goods and services from both VA and OGA customers.

Office of Acquisition and Logistics: Supply Fund Summary of Employment and Obligations (dollars in thousands)			
	2012 Actual	2013 Estimate	2014 Estimate
FTE	896	1,177	1,341
Appropriation			
Obligations:			
Operating	\$239,276	\$265,000	\$290,000
Merchandising	\$887,765	\$1,725,000	\$1,810,000
Total Obligations	\$1,127,041	\$1,990,000	\$2,100,000
Outlays	\$64,631	\$0	\$0

¹ Also included under the Office of Acquisition, Logistics, and Construction is the Office of Construction and Facility Management (CFM). Detailed information on the OALC management office staff and CFM is included in the Office of Acquisition, Logistics, and Construction budget chapter.

The Supply Fund Board of Directors have approved the requested FTE increases to support the following initiatives:

- Establishing the Strategic Acquisition Center which will be staffed by over 150 personnel. In an Executive Decision Memorandum signed by Secretary Shinseki, OAL was directed to establish clear ownership and accountability of the Department's procurement mission; increase standardization and enhance strategic sourcing opportunities; manage procurement data to drive acquisition mission outcomes; implement necessary policy and process changes, while ensuring transparency to our customers and stakeholders; and, professionalize the development and utilization of our acquisition workforce. Part of this effort includes the establishment of a new organization, the Strategic Acquisition Center (SAC). When fully staffed, the SAC will have over 150 acquisition professionals with responsibility for high dollar value and complex contracts for all of VA's goods and services.
- Establishing new courses of instruction at the VA Acquisition Academy for: Construction and Facilities Management; Supply Chain Management; and a Wounded Warriors program for training veterans to become acquisition professionals in the VA workforce.
- Staffing up for Subcontracting Compliance Review Program (SCRCP). This Program addresses Government Accountability Office (GAO) findings regarding fraud, waste and abuse associated with contract awards made to Service Disabled Veteran Owned Small Businesses (SDVOSB) and Veteran Owned Small Businesses (VOSB). The SCRCP conducts Compliance Reviews of SDVOSBs and VOSBs that have been awarded contracts by VA to ensure they are in compliance with applicable regulations.
- Staffing up to assume lead role in supporting acquisition of pharmaceuticals by VHA's Consolidated Mail Order Pharmacy (CMOP).
- Staffing up to support VHA's Telehealth Program. This involves overseeing the movement and delivery of medical devices to the homes of our nation's veterans throughout the United States for home healthcare.

Program Description and Accomplishments

OAL provides direct, operational support to the Department's Administrations in the areas of:

1. *Federal Supply Schedule, National Contracts and Hearing Aid acquisitions* – under delegated authority from the General Services Administration, OAL manages nine multiple award schedule programs. OAL also develops and maintains national contracts associated with High Tech Medical Equipment and Prime Vendor Distribution Programs. Finally, OAL procures and distributes hearing aids for veterans worldwide.
2. *Logistics operations* - provides selected direct logistics services to VA and OGA's. OAL provides such services as distribution of interment flags; and design, printing, and distribution of VA forms and publications.
3. *Acquisition and logistics program oversight and policy* - develops VA-wide acquisition and logistics policy and oversees these programs to ensure Departmental compliance with laws and regulations. OAL manages VA's mandatory acquisition training program, offers continuing education programs for VA procurement staff nationwide, operates VA's Contracting Officer Certification Program, and warrants all VA contracting officers.

OAO provides direct, operational support to the Department's Administrations in the areas of:

1. *Acquisition operations* – procures goods, services and provides innovative solutions to VA's acquisition challenges. This office awards and administers cost-effective contracts to meet supply, service, and equipment needs of VA organizations.
2. *Information technology (IT) acquisitions* – provides acquisition and program management expertise and support for the life cycle management of enterprise-wide solutions for the Office of Information and Technology (OIT).
3. *Strategic sourcing acquisitions* – leverages the Department's resources by obtaining lower prices and enhanced services from vendors with enterprise-wide contract vehicles.

The Supply Fund is the source of funding for the following organizations/activities:

- OAL awards and administers cost-effective national contracts to meet supply and equipment needs of VA facilities around the country and many OGAs. These contracts include medical-related Federal Supply Schedules (authority delegated by the General Services Administration); blanket purchase agreements; direct delivery (for high-tech medical equipment and systems); centralized purchases; and prime vendor distribution contracts. VA facilities and OGAs use prime vendor contracts to purchase pharmaceuticals; medical, surgical, and dental equipment and supplies; nonperishable food items; and other health-care items needed to operate the largest integrated health-care system in the Nation.
- OAL develops Department-wide acquisition policy, manages VA's acquisition training program, and offers continuing education programs for VA procurement staff around the country through the VA Acquisition Academy (VAAA). OAL also manages VA's Federal Acquisition Certification Programs for Contracting and Program/Project Management.
- OAL is responsible for warranting all VA contracting officers and oversees the Internal Management Accountability and Control Assessments required by Office of Management and Budget (OMB) Circular A-123. To ensure the integrity of VA's acquisition program, this office conducts reviews of all major contract actions and, when necessary, makes site visits to VA contracting offices.
- OAO awards and administers IT contracts in support of VA's major program areas.
- In support of the Department's strategic sourcing program, OAO will award and administer high dollar value and complex contracts for all of VA's goods and services.
- The Procurement and Logistics Office, an organizational element within the Veterans Health Administration (VHA), serves as VHA's senior advisor on all matters pertaining to VHA logistics, procurement, and standardization of commodities and equipment.
- The Office of Small and Disadvantaged Business Utilization is an organizational element within the Office of the Secretary of Veterans Affairs. Its mission is to advocate for the maximum practicable participation of small businesses in VA acquisitions, with special emphasis on service-disabled Veteran-owned and Veteran-owned small businesses.

Recent Accomplishments:

- Obtained a sixth successive unqualified “clean” opinion on financial statements from a private sector auditing firm with no material weaknesses or significant deficiencies.
- The SAC awarded its first contracts for the manufacture of VA Interment Flags. VA will receive over 1.25 million flags over the life of the contracts.
- The SAC also is putting in place enterprise-wide, multiple-award requirements contract vehicles. This will result in an estimated \$225 million Blanket Purchase Agreement to provide acquisition support throughout VA.
- Completed spend analysis driven healthcare commodity Business Case Analyses (BCA) that identified opportunities for savings through strategic sourcing.
- The TAC awarded 14 major contracts for an estimated program ceiling of \$12 billion in support of the Transformation 21 Total Technology (T4) program. The T4 program is intended to provide IT solutions in support of the OIT. The five year program will help VA transform into a 21st century organization and meet VA’s long-term technology needs. T4 will enable VA to provide Veterans high-quality services and health care. Services shall include total IT solutions encompassing the entire life-cycle of a system, including but not limited to program management and strategy planning, systems/software engineering, enterprise network, cyber security, operations and maintenance, and IT facilities. To date, over \$400 million has been obligated. During 2012, over two-thirds of the contract awards went to Veteran Owned Small Businesses or Service Disabled Veteran Owned Small Businesses.
- The VA Acquisition Academy (VAAA) established a Program Management (PM) Fellows Program. It is an accelerated and selective professional development initiative for aspiring mission critical Program Managers. The program is designed to alleviate the PM workforce shortages within VA by accelerating the development of technical PM, general business, and leadership skills within a specific career field. The program utilizes five on-the-job-training periods throughout its duration. Reinforcement of classroom training through on the job training is critical in order to accelerate PM Fellows through the learning curve and rapidly develop their PM skill-sets.
- The VAAA also implemented a Warriors to Workforce (W2W) Program. The W2W is a three year program designed to prepare wounded Veterans for a successful transition into a career as a contract specialist. At program completion, these Veterans are infused into the federal workforce as GS-1102-11 Contract Specialists.

SUMMARY OF EMPLOYMENT AND OBLIGATIONS - ANALYSES

<i>Summary of Employment and Obligations</i> (dollars in thousands)					
		2013			
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate	Increase(+) Decrease(-)
FTE:					
OAL/OAO - Field	610	800	725	789	+64
OAL/OAO - Central	174	370	320	420	+100
Office	81	90	90	90	
VHA P&LO	33	40	42	42	
OSDBU					
Total FTE	896	1,300	1,177	1,341	+164
Obligations:					
Personal Services	\$102,970	\$118,665	\$123,000	\$141,000	+18,000
Travel - Mission Training	7,193	7,040	7,000	7,500	+500
Travel - Admin	1,819	3,467	3,500	4,000	+500
Transportation of Things	1,347	3,708	1,800	4,000	+2,200
Rents, Communications & Utilities	11,706	12,979	12,000	13,000	+1000
Printing and Reproduction	9,582	30,902	45,000	50,000	+5,000
Other Services*	240,993	587,145	575,000	600,000	+25,000
Supplies and Materials	483,782	741,656	728,700	730,500	+1,800
Equipment	267,649	494,438	494,000	550,000	+56,000
Total Obligations	\$1,127,041	\$2,000,000	\$1,990,000	\$2,100,000	+110,000

<i>Income Statement</i> <i>(dollars in thousands)</i>				
		2013		
	2012 Actual	Budget Estimate	Current Estimate	2014 Estimate
Income	\$206,272	\$270,000	\$240,000	\$265,000
Expense	242,482	270,000	265,000	290,000
Net Income	\$(36,210)	\$0	(\$25,000)	(\$25,000)
Analysis of Retained Earnings				
Retained Earnings, BOY	\$267,662	\$202,662	\$231,452	\$206,452
Retained Earnings, EOY	\$231,452	\$202,662	\$206,452	\$181,452

Supply Fund

Table 1: Performance Summary Table

Categories <small>(See Note at the bottom of this spreadsheet for a list of categories)</small>	Measure	Performance Measures Data						2014 Strategic Target
		Results History				Future Targets		
		2009	2010	2011	2012	2013 (Final)	2014 (Request Funding)	
(C) Management of Government Resources	Number of audit qualifications identified in the auditor's opinion on the VA Supply Fund	0	0	0	0	0	0	0

Note: Categories are as follows: (A) Services for Veterans and Eligible Beneficiaries, (B) Support Delivery of Services, and (C) Management of Government Resources



Franchise Fund Enterprise Centers

Mission

The VA Franchise Fund is comprised of an administrative office (Franchise Fund Oversight Office) and six self-supporting business entities (Enterprise Centers). The Enterprise Centers' mission is to supply common administrative services at competitive prices. The Enterprise Centers (Corporate Data Center Operations, Debt Management Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center, and the Records Center and Vault) are adopting more efficient business processes and increasing sales to new and existing customers. This conserves scarce VA resources by spreading fixed costs over a larger business base. VA can then devote more resources to its primary mission. As we successfully market our services to other Federal agencies, we will enable the programs in those agencies to derive similar benefits.

Stakeholders

External stakeholders include: Veterans and their families, private sector vendors, Office of Management and Budget, Department of Agriculture, Department of Defense, Department of Energy, Department of Health and Human Services, Department of the Interior, Department of the Treasury, Environmental Protection Agency, General Services Administration, Government Accountability Office, National Aeronautics and Space Administration, National Archives and Records Administration and other Federal agencies.

Internal stakeholders include: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and other staff offices within VA.

Functions/Activity

The entrepreneurial organizations of the VA Franchise Fund provide a wide range of functions and activities:

Corporate Data Center Operations (CDCO). Comprised of data centers in Austin, TX; Falling Waters, WV; Hines, IL; Philadelphia, PA; and Quantico, VA; the CDCO provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers. The CDCO supports over 100 customer applications that provide mission-critical data for financial management, payroll, human resources, logistics, medical records, eligibility benefits, and supply functions. In addition, the CDCO offers a full complement of technical solutions (information technology system hosting, application management, information assurance, customer business continuity, configuration management, and data conversion and data interfacing) to best meet customers' varied projects. The CDCO comprises the Austin Information Technology Center (AITC), Hines Information Technology Center (HITC), Philadelphia Information Technology Center (PITC), and Capital Region Data Center (CRDC). The integration of these centers into CDCO is an integral part of the transition of the Department of Veterans Affairs (VA) Information Technology (IT) Management System. The goal of the integration is an even more efficient data processing environment that will allow VA to maximize knowledge transfer opportunities.

Debt Management Center (DMC). Located in St. Paul, MN, the DMC is a centralized facility that provides direct collect of 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 payment processing, 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, 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 3,400 law enforcement personnel working

at VHA health care facilities and to Federal law enforcement professionals at other Federal agencies.

Records Center and Vault (RCV). Located in a subterranean, climate-controlled facility in a remote Midwestern part of the country, the RCV provides records storage, protection, and management services for official federal records. The 403,160 square foot facility is certified by the National Archives and Records Administration to operate as an agency records center. General, vital, unscheduled, and records pending litigation freezes are safely and securely stored in paper or film format.

Security and Investigations Center (SIC). Located in Little Rock, AR, the SIC provides quality and timely background investigations and adjudications for employees and contractors in sensitive positions for all VA entities nationwide. .

Franchise Fund Oversight Office (FFO). Located in Washington, DC, the FFO, supports the Enterprise Centers and is responsible for the overall fund operations including administering the financial resources of the fund, coordinating all business activities, and serving as the liaison between the Enterprise Centers, their customers, and the Franchise Fund Board of Directors.

Assumptions, Opportunities, and Constraints

The entrepreneurial organizations are designed to deliver common administrative services to Federal entities. These services allow VA and other Federal agency customers to conserve their budgetary resources through innovative methods and/or efficiencies of scale with the same or lower unit costs, while improving the quality of services provided.

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. Permanent status was conferred upon the VA Franchise Fund by P.L. 109-114 in FY 2006.

The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality. The VA Enterprise Centers must meet all operational expenses through revenue collection unless unforeseen changes in a customer's budget or requirements create a need for modification of this approach. Modifications could range from accessing retained earnings or operating reserves to renegotiations with impacted customers. When activities join the VA Franchise Fund, appropriated resources that directly fund those activities are moved from the general operating expenses

(GOE) to their VA customers' operating budget accounts and they pay the Franchise Fund on a fee-for-service basis.

The Enterprise Centers' operations are totally dependent upon revenues realized from customer purchase of services. After the Board of Directors approves annual rates and service levels, the Enterprise Centers work with their customers to determine the appropriate mix of services within budget constraints. They also market their services to other Federal agencies. Successful market penetration spreads the Franchise Fund's fixed costs over a larger unit base, which leads to lower costs for all customers. This economy of scale leads to more effective use of taxpayer dollars.

<i>VA Enterprise Center Highlights</i> <i>(dollars in thousands)</i>			
	2012 Actual	2013 Estimate	2014 Estimate
Average Employment	1,020	1,268	1,305
Appropriation			
Obligations ¹	\$445,144	\$545,667	\$539,149
Outlays (Net)	\$13,462	\$0	\$0

Summary of Budget Request

In 2014, the Franchise Fund estimates total obligations of \$539 million and an average employment of 1,305 FTE to support the operations of the VA Enterprise Centers. Total obligations are primarily attributed to increases in personnel services which reflect the salary requirements for 1,305 FTE located nationwide; ongoing rents, communications, and utilities required to operate; and contractual resources, equipment replacements, and upgrades necessary to continue the current level of operations and sustain efforts on new product offerings and critical initiatives underway. These attributes will result in improved customer service, productivity, and efficiency. The increase in FTEs is primarily due to increased staffing for direct phone contact with Veterans (DMC) and to support new customer requirements to enhance infrastructure and security (CDCO).

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	<u>2014</u>	
	Obligations	FTE
Office of Management:		
Financial Services Center	\$181,116	423
Debt Management Center	18,145	165
Franchise Fund Oversight Office	<u>2,205</u>	<u>5</u>
Subtotal	\$201,466	593
Office of Information & Technology:		
Corporate Data Center Operations	\$312,859	621
VA Records Center and Vault	<u>4,661</u>	<u>13</u>
Subtotal	\$317,520	634
Office of Operations, Security, and Preparedness:		
Law Enforcement Training Center	\$10,079	44
Security and Investigations Center	<u>10,084</u>	<u>34</u>
Subtotal	\$20,163	78
Total	<u>\$539,149</u>	<u>1,305</u>

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 2014, the VA Enterprise Centers anticipate revenues, including external customers, of \$545 million.

<i>Revenue, Expense, and Retained Earnings</i> <i>(dollars in thousands)</i>			
	2012 Actual	2013 Current Budget	2014 Request
Sales Program:			
Revenue	\$439,656	\$539,368	\$545,475
Expense	<u>\$440,051</u>	<u>\$545,667</u>	<u>\$539,149</u>
Net Income	-\$395	-\$6,299	\$6,326
Reserves, SOY	\$121,990	\$113,473	96,059
Net Income	-\$395	-\$6,299	\$6,326
Capital Transactions ²	<u>-\$8,122</u>	<u>-\$11,115</u>	<u>-\$5,912</u>
Reserves, EOY	\$113,473	\$96,059	\$96,473

² Acquisition or improvements to assets with a value greater than or equal to \$100,000.



Pershing Hall Revolving Fund

Program Description

The Pershing Hall Revolving Fund provides for the obligation and receipt of funds associated with the operation and redevelopment of Pershing Hall, an asset of the United States, located in Paris, France. The United States acquired the property in 1935 from the American Legion under the provisions of Public Law 74-171.

In 1991, VA obtained jurisdiction and control over Pershing Hall through the enactment of Public Law 102-86, which provided for the building's redevelopment and the establishment of a memorial to General Pershing through a long-term lease of up to 35 years. Two years later, Public Law 103-79 authorized a lease period not to exceed 99 years. On October 20, 1998, the Department leased Pershing Hall for a period of 99 years to the French firm of L.A. Partners. The lease provides for the building's redevelopment as a hotel and the establishment therein of a memorial. In addition to the memorial, the lease also provides for the payment of consideration to VA.

Public Law 102-86 allowed for the transfer to the Pershing Hall Revolving Fund, at such time or times as the Secretary may determine and without limitation as to year, amounts as determined by the Secretary, not to exceed \$1,000,000 in total, from funds appropriated to VA for the construction of major projects. The account from which any such amount is transferred must be reimbursed promptly from other funds as they become part of the Pershing Hall Revolving Fund. Proceeds of the Pershing Hall Revolving Fund are available to be used for two separate activities. First, the Secretary may use up to \$100,000 annually from the Fund to support projects, activities, and facilities determined by the Secretary to be in keeping with the mission of the Department. In addition, necessary expenses to operate and maintain Pershing Hall may be funded from revenue in the Pershing Hall Revolving Fund.

From 2010 - 2014, a payment of 800,000 French Francs (FF) or the equivalent in Euros will be made to the fund, using an exchange rate of 6.50 FF per US dollar, which is expected to yield \$193,000 in annual receipts. From 2015 - 2097 annual payments have been negotiated at 1.2 million FF (\$180,180). All payments, however, are subject to updating as described in the lease.

<i>Funding Highlights</i> <i>(dollars in thousands)</i>				
	2012 Estimate	2013		2014 Estimate
		Budget Estimate	Current Estimate	
Budget authority	\$0	\$0	\$0	\$0
Receipts	\$178	\$193	\$193	\$193
Obligations	\$0	\$193	\$193	\$193
Unobligated balance:				
SOY	\$952	\$952	\$1,130	\$1,130
EOY	\$1,130	\$952	\$1,130	\$1,130
Outlays (net)	-\$18	\$0	\$0	\$0