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## *Executive Summary*

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## *Executive Summary*

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### **I. Introduction**

The 2014 President's Budget and 2015 advance appropriations request for the Department of Veterans Affairs (VA) delivers on the President's promises and fulfills our Nation's commitments to Veterans. VA's 2014 Budget continues support for transforming VA into a 21<sup>st</sup> Century organization that is people-centric, results-driven, and forward looking.

VA's 2014 Budget also continues our focus on three key priorities: expanding access to benefits and services; eliminating the claims backlog; and ending Veteran homelessness. These crosscutting and high impact efforts are designed to address the most visible and urgent issues in VA.

The Department's resource request for 2014 is \$152.7 billion. This includes \$66.5 billion in discretionary resources and \$86.1 billion in mandatory funding. Our discretionary budget request represents an increase of \$5.2 billion, or 8.5 percent, over the 2012 enacted level.

### **II. Resource Stewardship**

VA's 2014 Budget will continue to ensure effectiveness, accountability, and efficiency in the delivery of high quality and timely benefits and services to Veterans. Over the past several years, we have put the following management systems and new initiatives in place to make every dollar count and eliminate waste:

- Established the Project Management Accountability System (PMAS), which is a disciplined approach for managing our IT portfolio. Under PMAS, the cumulative on-time delivery of IT functionality is 82 percent since implementation in 2010. This functionality delivery rate reflects improved effectiveness and efficiency of service to Veterans and exceeds the average private sector project delivery rate of 42 percent.

- Established joint management and oversight processes with the Department of Defense to successfully guide the development of an Integrated Electronic Health Record (iEHR).
- Awarded 19.3 percent of contracts to service-disabled Veteran-owned small businesses in 2012, exceeding the government-wide goal of 3 percent and leading all other Federal agencies in contracting with service-disabled Veterans.
- Remediated all three longstanding financial material weaknesses identified in prior financial management audits and reduced significant deficiencies from 16 to 1. Also reduced the interest penalty paid for late payments per million dollars disbursed from \$47 per million in 2008 to \$38 per million in 2012, a 19 percent reduction.
- Implemented an innovative process to define and assess VA's capital portfolio. This process, Strategic Capital Investment Planning (SCIP), captures the full portfolio of VA's near to long-term infrastructure and service requirements and utilizes capital and non-capital solutions.
- Reduced improper payments and improved operational efficiencies in our medical fee care program. By implementing the use of Medicare pricing methodologies at VHA to pay for fee-basis services, VA has achieved savings of over \$528 million since 2012 without negatively impacting Veteran care and with improved consistency in billing and payment.
- Established three additional Consolidated Patient Account Centers (CPACs) to standardize VA's medical care billing and collection activities, consistent with industry best practices. In 2012, all seven CPACs became fully operational.

### **III. Multi-Year Plan for Medical Care**

The \$54.6 billion 2014 Budget request for VA medical care is an increase of \$157.5 million over the 2014 advance appropriations request level. Within the total 2014 request, the increased funding requested in this Budget will be combined with reinvested funds made available as a result of revisions to previous medical care funding estimates and additional savings from new proposals. The 2014 President's Budget also requests \$55.6 billion in advance appropriations for FY 2015. Advance appropriations enable timely and predictable funding for VA's

medical care to prevent our Nation's Veterans from being adversely affected by budget delays, and provides opportunities to more effectively plan and use resources.

## **IV. Strategic Framework**

VA's Strategic Plan includes four strategic goals:

- 1) Improve the quality and accessibility of health care, benefits, and memorial services, while optimizing value.
- 2) Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services.
- 3) Raise readiness to provide services and protect people and assets continuously and in time of crisis.
- 4) Improve internal customer satisfaction with management systems and support services to make VA an employer of choice by investing in human capital.

VA has identified three agency priority goals (APGs), which represent the Secretary's highest priorities. Each of the three APGs is focused on improving direct service delivery to Veterans and eligible beneficiaries and requires extensive collaboration across VA organizations. In addition, each APG will result in short-term and high impact improvement in VA performance.

### **Access**

VA continues to improve Veterans' access to VA benefits and services. One means of improving access is to ensure more Veterans are aware of VA programs. To accomplish this, VA is increasing the speed, accuracy, and efficiency of on-line information available to Veterans, Servicemembers, and eligible beneficiaries. Self-service, technology-enabled interactions provide access to information and the ability to execute transactions at the place and time convenient to the Veteran. The 2014 budget for this Veterans Relationship Management (VRM) initiative invests \$120 million in IT development, including \$5 million to enhance eBenefits and our Veterans' On-line Application Program (VONAPP), and will support continued development of the on-line portal as well as the development of new capabilities to better manage the relationship with our customers. By September 30, 2013, VA's goal is to increase the number of registered eBenefits users to 3.5 million, compared with the current number of just over 2 million registered users.

Another means of improving access is through the opening of new or improved facilities closer to where Veterans live. The 2014 medical care budget request includes \$799 million to open new and renovated healthcare facilities and



includes an authorization request for 28 new and replacement medical leases to increase Veteran access to services. The Budget also supports efforts to provide burial services to Veterans and their families by continuing the largest expansion of our national cemetery system since the Civil War. At present, approximately 90 percent of the Veteran population—about 20 million Veterans—has access to a burial option in a national, state, or tribal Veterans cemetery within 75 miles of their homes. In 2004, only 75 percent of Veterans had such access. This dramatically increased access over just 10 years is the result of a comprehensive strategic planning process that results in the most efficient use of resources to reach the greatest number of Veterans,

### **Claims Backlog**

VA is re-engineering the disability compensation claims process through a focused, multi-pronged approach that will allow for more efficient claims processing. A key element of VA's strategy is to deploy leading-edge, 21<sup>st</sup> century technology solutions in combination with trained people and improved processes.

The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy. It is a holistic solution that integrates a business process transformation strategy with a paperless claims processing system. Combining the two is the key to eliminating the backlog and providing Veterans with timely and quality decisions. Nationwide rollout of VBMS to all 56 Regional has begun and will continue through 2013 on a prescribed schedule.

The disability claims workload from returning war Veterans, as well as from Veterans from earlier periods, continues to increase with anticipated receipts at 1.10 million in 2013 to 1.2 million in 2014. The growth in disability claims demand is due in part to VA's assertive outreach; the joint partnership with Department of Defense in the Pre-Discharge Programs; the resulting mental and physical injuries from a war sustained for 11 years; 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 to nearly 3.4 million in 2012. Annual claims receipts increased 95 percent from 2001 to 2011 (674,000 to 1,311,000), including 231,000 claims for Agent Orange presumptive service-connected conditions.

The VBA funding request in the President's Budget is essential to meet this increasing workload and put VA on a path to achieve our ultimate goal of eliminating the backlog and processing all claims in less than 125 days by the end of 2015. This funding will allow us to reduce the percent of claims older than 125 days to 40 percent in 2013.

## **Veteran Homelessness**

Working in conjunction with the United States Interagency Council on Homelessness (USICH) and the Department of Housing and Urban Development (HUD), VA's goal is to end homelessness among Veterans by 2015. VA's approach is built upon six strategies: outreach/education; treatment; prevention; housing/supportive services; income/employment/benefits; and community partnership. These six strategies encompass a wide continuum of interventions and services.

The 2014 budget includes \$1.4 billion for targeted programs to prevent and reduce homelessness among Veterans. This is an increase of \$1.0 billion over 2009. The 2014 request includes an additional \$34 million to enhance case management for permanent housing solutions offered through the HUD-VA Supportive Housing (HUD-VASH) program. This Budget will continue to support VA's goal of reducing the number of homeless Veterans in 2014 and beyond.

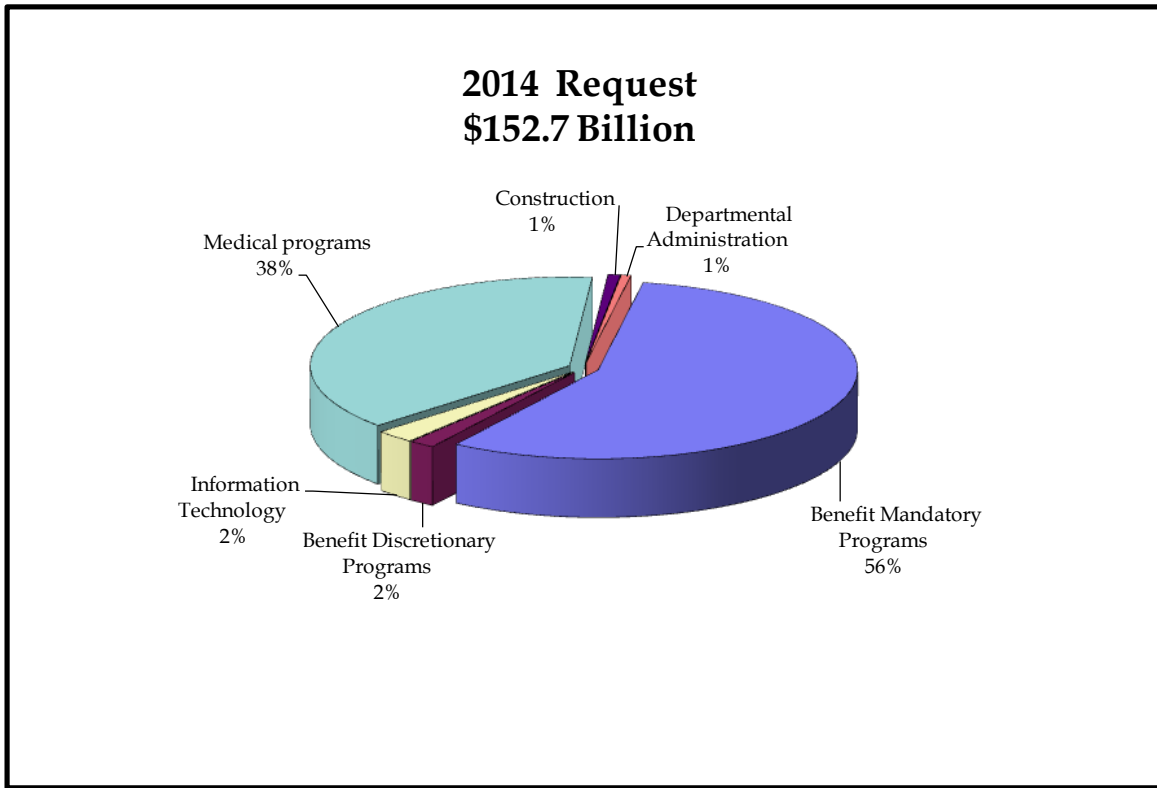
Our 2014 budget also supports a comprehensive approach to eliminating Veteran homelessness by making key investments in mental health programs. The 2014 budget includes \$7.0 billion for mental healthcare programs, an increase of \$930 million, or 15 percent, over the 2012 level of \$6.0 billion and an increase of 57 percent since 2009.

The 2014 budget also includes \$385 million for Caregivers support authorized under P.L. 111-163 and \$47 million to begin providing care to Camp Lejeune Veterans under P.L. 112-154.

## **V. Overview of the 2014 Funding Request**

- Provides \$152.7 billion for high-quality health care, benefits, and memorial service to our country's veterans. The request includes:
  - \$66.5 billion in discretionary funding, including medical care collections, primarily for medical programs to provide high-quality health care for our veterans, benefits processing, and research for conditions and diseases that affect these veterans.
  - \$86.1 billion for mandatory entitlement programs to provide benefits for our veterans and their beneficiaries.

The chart below illustrates the components of VA's 2014 request.



|                                |                      |        |
|--------------------------------|----------------------|--------|
| Benefit Mandatory Programs     | \$86,145,694         | 56.42% |
| Benefit Discretionary Programs | \$2,455,490          | 1.61%  |
| Information Technology         | \$3,683,344          | 2.41%  |
| Medical programs               | \$58,284,164         | 38.17% |
| Construction                   | \$1,184,300          | 0.78%  |
| Departmental Administration    | \$929,332            | 0.61%  |
| <b>Total budget authority</b>  | <b>\$152,682,324</b> |        |



## Budget Authority by Account

| <i>Budget Authority</i><br>(dollars in thousands)        |                      |                       |                      |
|--|----------------------|-----------------------|----------------------|
| BA/Fund Account  | 2012                 | 2013                  | 2014                 |
|  | Actual               | Continuing Resolution | Request              |
| <b>Federal funds:</b>                                    |                      |                       |                      |
| <b>Benefit programs:</b>                                 |                      |                       |                      |
| Disability Compensation                                  | \$46,125,514         | \$56,335,649          | \$65,440,857         |
| Burial Mandatory Benefits                                | 166,649              | 205,398               | 223,058              |
| Pensions Mandatory Benefits                              | 4,945,404            | 4,883,646             | 5,584,256            |
| <b>Subtotal, Compensation and Pension</b>                | <b>51,237,567</b>    | <b>61,424,693</b>     | <b>71,248,171</b>    |
| Education Mandatory Benefits                             | 11,309,096           | 10,267,859            | 12,112,718           |
| Vocational rehabilitation and employment Mandatory Benef | 799,391              | 930,761               | 1,023,180            |
| Vocational rehabilitation loan subsidy (non-add)         | 15                   | 19                    | 5                    |
| <b>Subtotal, Readjustment Benefits</b>                   | <b>12,108,487</b>    | <b>11,198,620</b>     | <b>13,135,898</b>    |
| Insurance Mandatory Benefits                             | 100,252              | 104,600               | 77,567               |
| Housing Mandatory Benefits                               | 1,559,599            | 1,379,029             | 0                    |
| Veterans Employment & Infrastructure Transfer            |                      |                       | 1,000,000            |
| <b>Non-Appropriated Accounts</b>                         |                      |                       |                      |
| Vocational Rehabilitation Upward Reestimate              | 106                  | 92                    | 0                    |
| Native American Veteran Housing                          | 12,911               | 5,796                 | 0                    |
| Housing Benefit Program fund Liquidating                 | -7,383               | -7,736                | -6,786               |
| Trust Funds  | 982,620              | 984,512               | 930,151              |
| General Post Fund  | 25,962               | 26,900                | 27,900               |
| Proprietary receipts                                     | -530,144             | -392,355              | -266,781             |
| Intragovernmental transactions                           | -793                 | -481                  | -426                 |
| <b>Total Benefits Mandatory</b>                          | <b>65,489,184</b>    | <b>74,723,670</b>     | <b>86,145,694</b>    |
| Medical Research and Support                             | 581,000              | 584,556               | 585,664              |
| <b>Medical programs:</b>                                 |                      |                       |                      |
| Medical services   | 39,517,585           | 41,360,000            | 43,699,500           |
| Medical care collection fund                             | 2,814,245            | 2,841,000             | 3,064,000            |
| <b>Total Medical services with collections</b>           | <b>42,331,830</b>    | <b>44,201,000</b>     | <b>46,763,500</b>    |
| Medical Support and Compliance                           | 5,405,482            | 5,746,000             | 6,033,000            |
| Medical facilities                                       | 5,388,838            | 5,447,000             | 4,872,000            |
| DoD/VA Health Care Sharing Incentive Fund                | 130,000              | 30,000                | 30,000               |
| Joint DoD/VA Medical Facility Demonstration Fund         | 375,758              |                       |                      |
| <b>Total Medical Care</b>                                | <b>53,631,908</b>    | <b>55,424,000</b>     | <b>57,698,500</b>    |
| <b>Total medical programs</b>                            | <b>54,212,908</b>    | <b>56,008,556</b>     | <b>58,284,164</b>    |
| <b>National Cemeteries Administration</b>                | 250,934              | 254,570               | 250,000              |
| <b>Department Administration:</b>                        |                      |                       |                      |
| General administration                                   | 416,737              | 419,287               | 403,023              |
| <i>Credit Reform - General Counsel (non-add)</i>         | 5,041                | 5,304                 | 5,304                |
| VBA-GOE  | 2,018,764            | 2,164,074             | 2,455,490            |
| Credit Reform - VBA (non-add)                            | 137,444              | 132,666               | 122,946              |
| <b>Subtotal, GOE</b>                                     | <b>2,435,501</b>     | <b>2,583,361</b>      | <b>2,858,513</b>     |
| Office of Inspector General                              | 112,391              | 113,079               | 116,411              |
| Construction Major                                       | 589,604              | 800,212               | 342,130              |
| Construction Minor                                       | 482,386              | 485,338               | 714,870              |
| Grants for State Extended Care                           | 85,000               | 85,520                | 82,650               |
| Grants for State Cemeteries                              | 46,000               | 46,282                | 44,650               |
| Credit Reform  | 156,172              | 157,132               | 159,898              |
| Information Technology                                   | 3,104,771            | 3,130,949             | 3,683,344            |
| <b>Total Departmental Administration</b>                 | <b>7,011,825</b>     | <b>7,401,873</b>      | <b>8,002,466</b>     |
| <b>Total Budget Authority</b>                            | <b>\$126,964,851</b> | <b>\$138,388,669</b>  | <b>\$152,682,324</b> |
| <b>Total Mandatory</b>                                   | <b>\$65,489,184</b>  | <b>\$74,723,670</b>   | <b>\$86,145,694</b>  |
| <b>Total Discretionary without MCCF</b>                  | <b>\$58,661,422</b>  | <b>\$60,823,999</b>   | <b>\$63,472,630</b>  |
| <b>Total Discretionary with MCCF and other receipts</b>  | <b>\$61,475,667</b>  | <b>\$63,664,999</b>   | <b>\$66,536,630</b>  |

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## Key Performance Measures

| Organization/Program/Measure<br>(Key Measures in Bold)   | Past Fiscal Year Results |         |        |                 | Fiscal Year Targets |                   |                                | Strategic Targets |
|--|--------------------------|---------|--------|-----------------|---------------------|-------------------|--------------------------------|-------------------|
|  | 2009                     | 2010    | 2011   | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv. Approp. Request) |                   |
| <b>Veterans Health Administration</b>  |                          |         |        |                 |                     |                   |                                |                   |
| <b>Prevention Index V</b><br>(The 2008 result is PI III. The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.)   | 89%                      | 91%     | 92%    | 94%             | 93%                 | 94%               | 94%                            | 95%               |
| <b>Clinical Practice Guidelines Index IV</b><br>(The 2008 result is CPGI II. The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.)   | 91%                      | 92%     | 91%    | 94%             | 92%                 | 93%               | 93%                            | 94%               |
| <b>Percent of new primary care appointments completed within 14 days of the create date for the appointment (New)</b><br>[1] In 2012, VHA will begin measuring the four appointment performance measures using a 14-day standard.  | N/Av                     | N/Av    | N/Av   | N/Av            | TBD<br>(Baseline)   | TBD               | TBD                            | TBD               |
| <b>Percent of established primary care appointments completed within 14 days of the desired date for the appointment (New)</b><br>(See [1] above)  | N/Av                     | N/Av    | N/Av   | N/Av            | TBD<br>(Baseline)   | TBD               | TBD                            | TBD               |
| <b>Percent of new specialty care appointments completed within 14 days of the create date for the appointment (New)</b> (See [1] above)  | N/Av                     | N/Av    | N/Av   | N/Av            | TBD<br>(Baseline)   | TBD               | TBD                            | TBD               |
| <b>Percent of established specialty care appointments completed within 14 days of the desired date for the appointment (New)</b><br>(See [1] above)  | N/Av                     | N/Av    | N/Av   | N/Av            | TBD<br>(Baseline)   | TBD               | TBD                            | TBD               |
| <b>Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10)</b><br>(VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010.) |                          |         |        |                 |                     |                   |                                |                   |
| <b>Inpatient</b><br>(1) Corrected  | 63%<br>(Baseline)        | (1) 64% | 64%    | 64%             | 66%                 | 67%               | 67%                            | 75%               |
| <b>Outpatient</b>  | 57%<br>(Baseline)        | 55%     | 55%    | 55%             | 58%                 | 59%               | 59%                            | 70%               |
| <b>Percent of total HUD-VASH vouchers that resulted in a Veteran achieving resident status (Supports Agency Priority Goal)</b>   | N/Av                     | 88%     | 100%   | 92%             | 90%                 | 90%               | 90%                            | 90%               |
| <b>Number of Homeless Veterans on any given night (Supports Agency Priority Goal)</b> (Joint VHA-OPIA measure)   | 75,609                   | 76,329  | 67,495 | 62,619          | 47,000              | 35,000            | 0                              | 0                 |

| Organization/Program/Measure<br>(Key Measures in Bold)  | Past Fiscal Year Results |       |       |                 | Fiscal Year Targets |                   |                                      | Strategic<br>Targets |
|---|--------------------------|-------|-------|-----------------|---------------------|-------------------|--------------------------------------|----------------------|
|   | 2009                     | 2010  | 2011  | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                      |
| <b>Veterans Benefits Administration</b>   |                          |       |       |                 |                     |                   |                                      |                      |
| National accuracy rate - compensation entitlement claims<br>(Supports Agency Priority Goal)   | 84%                      | 84%   | 84%   | 86%             | 90%                 | 93%               |                                      | 98%                  |
| National accuracy rate - pension maintenance claims   | 95%                      | 96%   | 97%   | 98%             | 98%                 | 98%               |                                      | 98%                  |
| Original and reopened pension claims - average days to complete (Supports Agency Priority Goal) (new)   | N/Av                     | N/Av  | N/Av  | Baseline        | 115                 | 100               |                                      | 90                   |
| Percent of disability compensation and pension claims pending inventory that is more than 125 days old (Supports Agency Priority Goal)                    | N/Av                     | 36%   | 60%   | 66%             | 40%                 | 40%               |                                      | 0%                   |
| Average days to complete original Education claims  | 26                       | 39    | 24    | 31              | 28                  | 28                |                                      | 28                   |
| Average days to complete supplemental Education claims  | 13                       | 16    | 12    | 17              | 14                  | 14                |                                      | 14                   |
| Rehabilitation Rate (General)   | 74%                      | 76%   | 77%   | 77%             | 77%                 | 78%               |                                      | 80%                  |
| Default Resolution Rate   | 71.5%                    | 76.3% | 83.0% | 80.9%           | 82.0%               | 83.0%             |                                      | 85.0%                |
| Rate of high client satisfaction ratings on Insurance services delivered  | 96%                      | 95%   | 95%   | 95%             | 95%                 | 95%               |                                      | 95%                  |
| <b>National Cemetery Administration</b>   |                          |       |       |                 |                     |                   |                                      |                      |
| 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%                  |
| Percent of graves in national cemeteries marked within 60 days of interment   | 95%                      | 94%   | 93%   | 89%             | 95%                 | 95%               |                                      | 95%                  |
| 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%                |
| Percent of respondents who rate the quality of service provided by the national cemeteries as excellent   | 95%                      | 95%   | 95%   | 98%             | 98%                 | 98%               |                                      | 100%                 |
| Percent of respondents who rate national cemetery appearance as excellent   | 98%                      | 98%   | 98%   | 99%             | 99%                 | 99%               |                                      | 100%                 |



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## *Mission*

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### **Our Mission: *What We Are Here to Do***

**To fulfill President Lincoln's promise - "To care for him who shall have borne the battle, and for his widow, and his orphan" - by serving and honoring the men and women who are America's Veterans.**

President Lincoln's immortal words - delivered in his Second Inaugural Address more than 140 years ago - describe better than any others the mission of the Department of Veterans Affairs (VA). We care for Veterans, their families, and survivors - men and women who have responded when their Nation needed help. Our mission is clear-cut, direct, and historically significant. It is a mission that every employee is proud to fulfill.

VA fulfills these words by providing world-class benefits and services to the millions of men and women who have served this country with honor in the military. President Lincoln's words guide the efforts of all VA employees who are committed to providing the best medical care, benefits, social support, and lasting memorials that Veterans and their dependents deserve in recognition of Veterans' service to this Nation.

### **Our Programs: *What We Do***

#### **Veterans Health Administration**

##### **Providing Medical Care**

VA operates the largest direct health care delivery system in America. In this context, VA meets the health care needs of America's Veterans by providing a broad range of primary care, specialized care, and related medical and social support services. VA focuses on providing health care services that are uniquely related to Veterans' health or special needs. VA is also the Nation's largest provider of health care education and training for physician residents and other health care trainees. These education and training programs are designed to help ensure an adequate supply of clinical care providers for Veterans and the Nation.

**Web:** <http://www1.va.gov/health/index.asp>



### **Conducting Veteran-Centered Research**

VA advances medical research and development in ways that support Veterans' needs by pursuing medical research in areas that most directly address the diseases and conditions that affect Veterans.

Shared VA medical research findings contribute to the public good by improving the Nation's overall knowledge of disease and disability.

**Web:** <http://www.research.va.gov>

### **Veterans Benefits Administration**

#### **Delivering Compensation Benefits**

The Compensation program provides monthly payments and ancillary benefits to Veterans in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability or disease incurred in or aggravated during active military service.

This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in recognition of the economic loss caused by the Veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

**Web:** [www.vba.va.gov/bln/21/compensation/](http://www.vba.va.gov/bln/21/compensation/)

#### **Providing Pension Benefits**

Pension benefits are monthly payments, specified by law, provided to Veterans with nonservice-connected disabilities who served in a time of war. Veterans must meet specific income limitations and must be permanently and totally disabled or must have reached the age of 65. This program also provides monthly payments, as specified by law, to income-eligible surviving spouses and dependent children of deceased wartime Veterans who die as a result of a disability unrelated to military service.

**Web:** [www.vba.va.gov/bln/21/pension/](http://www.vba.va.gov/bln/21/pension/)

#### **Providing Fiduciary Services**

Fiduciary services are provided to Veterans and beneficiaries, who, because of injury, disease, infirmities of age, or they are minor children, are unable to manage their financial affairs. This program provides for a selected fiduciary, normally a family member or caregiver, to manage the beneficiary's financial affairs to ensure all of his or her debts are paid. Additionally, through the fiduciary program, periodic visits are conducted with beneficiaries to ensure they are being properly cared for.

**Web:** <http://www.vba.va.gov/bln/21/Fiduciary/>

### **Providing Educational Opportunities**

VA's education programs provide eligible Veterans, Servicemembers, Reservists, survivors, and dependents the opportunity to achieve their educational or vocational goals. Education programs also assist the Armed Forces in their recruitment and retention efforts, and help Veterans in their readjusting to civilian life.

These benefits serve to enhance the Nation's competitiveness through the development of a better educated and more productive workforce. VA administers a number of education programs, including the Montgomery GI Bill, the Post-9/11 GI Bill, and a new education program, the Veterans Retraining Assistance Program (VRAP), which provides financial support to individuals between 35 and 60 years old, to Veterans who are unemployed and are not eligible for other VA education benefits. VRAP training programs must begin on or after July 1, 2012, and the authority to make payments ends on March 31, 2014.

**Web:** [www.gibill.va.gov](http://www.gibill.va.gov)

### **Delivering Vocational Rehabilitation and Employment Services**

VA's Vocational Rehabilitation and Employment program provides services to Servicemembers and Veterans with service-connected disabilities to assist them with obtaining suitable career employment, maintaining employment, and/or achieving independence in daily living.

This program offers services that include vocational and personal adjustment counseling, financial aid, job assistance, job readiness and placement services, and referrals for medical and dental treatment to help each eligible Servicemember or Veteran reach his or her vocational rehabilitation goal.

This program also provides services to enhance an individual's opportunity to obtain career employment through training. VA pays the costs of tuition, fees, books, supplies, equipment, and, if needed, special services. VA also provides a monthly benefit allowance to help with living expenses.

**Web:** <http://www.vba.va.gov/bln/vre/index.htm>

### **Providing Educational and Vocational Counseling (Chapter 36)**

VA's Vocational Rehabilitation and Employment program administers the Educational and Vocational Counseling (Chapter 36) benefit to transitioning Servicemembers and current beneficiaries and new Veterans eligible under all Education chapters. The counseling services may include career decision making for civilian and military occupations, assistance with choosing an appropriate civilian occupation and developing a training program, selection of an academic

facility, and academic and adjustment counseling to resolve barriers that impede success in training and/or employment.

### **Promoting Home Ownership**

VA's Loan Guaranty program helps eligible Veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard in purchasing homes. VA also assists these borrowers in retaining their homes through joint servicing efforts with VA-guaranteed loan servicers via foreclosure avoidance services. In addition, VA offers Specially Adaptive Housing grants to Veterans and Servicemembers who have certain service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet their special needs.

The Loan Guaranty program also provides direct loans to Native American Veterans living on Federal trust land and offers some loans to the public when buying homes owned by VA as a result of foreclosure.

**Web:** <http://www.homeloans.va.gov>

### **Meeting Insurance Needs**

VA's Insurance program provides Servicemembers and their families with universally available life insurance (automatically issued to all Servicemembers and their families without underwriting), as well as traumatic injury protection insurance for Servicemembers. It also provides the option for the continuation of insurance coverage after a Servicemember's separation from service. The program continues to provide life insurance coverage to WWII and Korean War-era Veterans, and to Veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at standard (healthy) rates. In total, the program insures 6.9 million Veterans, Servicemembers, and their families.

Insurance coverage is made available in reasonable amounts and 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.

**Web:** <http://www.insurance.va.gov>

## **National Cemetery Administration**

### **Delivering Burial Services to Veterans**

Primarily through the National Cemetery Administration (NCA), VA honors Veterans and their eligible family members with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service and sacrifice to our Nation.

**Web:** <http://www.cem.va.gov>

## **Staff Offices**

The Department's staff offices are critical to VA's ability to deliver services to Veterans in a cost-effective manner. These offices provide a variety of services including information technology, human resources management, financial management, acquisition, and facilities management.

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## *Population of American Veterans*

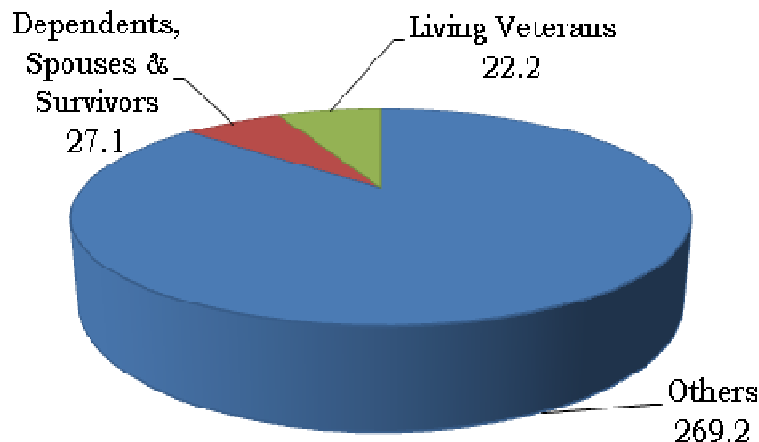
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### **Veterans Population**

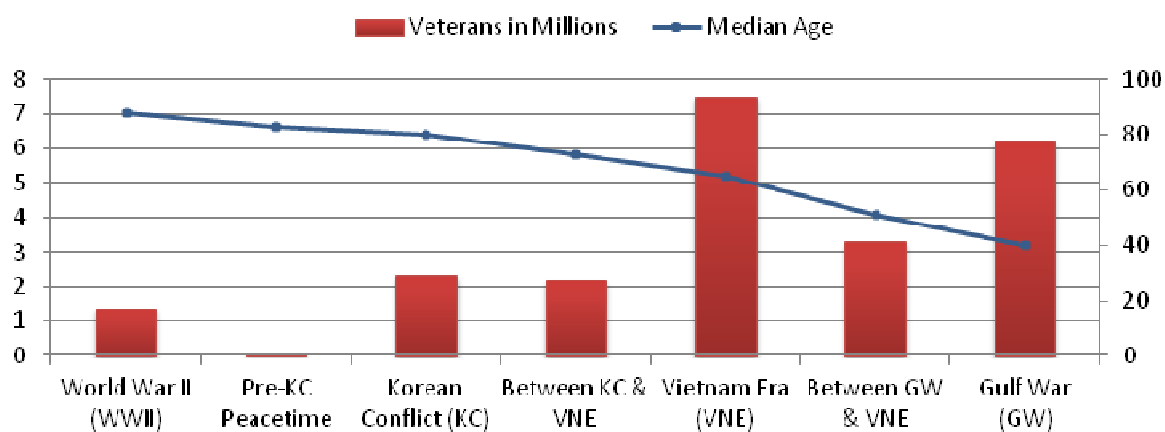
On September 30, 2012, there were an estimated 22.3 million living Veterans, with 22.2 million of them in the United States and Puerto Rico. There were an estimated 26.5 million dependents (spouses and dependent children) of living Veterans in the U.S. and Puerto Rico. Additionally, there were about 570,000 survivors of deceased Veterans receiving survivor benefits (either Dependency and Indemnity Compensation or death pension payments) in the U.S. and Puerto Rico. Thus, approximately 49.3 million people, or 15.5 percent of the total estimated resident population of the U.S. and Puerto Rico (318.5 million), were recipients, or potential recipients, of Veterans' benefits from the Federal Government.

The pie chart represents the estimated number (in millions) in the resident population of the U.S. and Puerto Rico classified as living Veterans, dependents of living Veterans and survivors of Veterans receiving VA survivor benefits, and others (the remainder of the resident population) as of September 30, 2012.

**Estimated Population (in Millions) of Living Veterans, Dependents of Living Veterans, Survivors of Veterans Receiving VA Survivor Benefits, and Others  
U.S. and Puerto Rico, September 30, 2012**



**Estimated Number and Median Age of Veterans by Period of Service\*,  
September 30, 2012**



| 9/30/2012            | Median Age | Veterans in Millions |
|----------------------|------------|----------------------|
| World War II (WWII)  | 88         | 1.4                  |
| Pre-KC Peacetime     | 83         | 0.1                  |
| Korean Conflict (KC) | 80         | 2.3                  |
| Between KC & VNE     | 73         | 2.2                  |
| Vietnam Era (VNE)    | 65         | 7.5                  |
| Between GW & VNE     | 51         | 3.3                  |
| Gulf War (GW)        | 40         | 6.2                  |

**\* Veterans are included in all wartime periods in which they served. Therefore, period categories do NOT add to total Veteran population**

Source – Veterans Population Model 2011 as of September 30, 2012



## Estimates & Projections of the Veterans Population

| Estimates and Projections <sup>(5)</sup> of the Veteran Population of the United States, Puerto Rico, US Island Areas <sup>(6)</sup> , and Foreign Countries<br>September 30, 2010 – September 30, 2020 |            |            |            |            |            |            |            |            |            |            |            |  |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| Veteran populations projected as of September 30, 2012.   |            |            |            |            |            |            |            |            |            |            |            |  |
| Period  | 9/30/2010  | 9/30/2011  | 9/30/2012  | 9/30/2013  | 9/30/2014  | 9/30/2015  | 9/30/2016  | 9/30/2017  | 9/30/2018  | 9/30/2019  | 9/30/2020  |  |
| <b>All Veterans<sup>(1)</sup></b>   | 23,081,892 | 22,676,149 | 22,328,279 | 21,972,964 | 21,619,731 | 21,291,961 | 20,966,249 | 20,615,270 | 20,270,850 | 19,932,474 | 19,604,276 |  |
| <b>Wartime Veterans<sup>(1)</sup></b>   | 17,117,921 | 16,850,862 | 16,706,224 | 16,475,283 | 16,205,888 | 15,954,184 | 15,712,869 | 15,470,604 | 15,250,650 | 15,043,834 | 14,828,327 |  |
| <b>Gulf War<sup>(2)(3)</sup></b>  | 5,599,420  | 5,954,523  | 6,240,055  | 6,484,914  | 6,693,780  | 6,919,682  | 7,207,149  | 7,427,190  | 7,631,276  | 7,798,893  | 7,935,460  |  |
| GW Only   | 5,236,917  | 5,610,639  | 5,903,926  | 6,153,544  | 6,363,009  | 6,581,330  | 6,873,638  | 7,100,400  | 7,312,269  | 7,487,320  | 7,630,093  |  |
| GW, VNE Only  | 362,503    | 343,884    | 336,128    | 331,370    | 330,771    | 338,352    | 333,511    | 326,790    | 319,007    | 311,573    | 305,367    |  |
| <b>Vietnam Era<sup>(2)</sup></b>  | 7,695,836  | 7,574,032  | 7,489,353  | 7,330,032  | 7,153,996  | 6,962,018  | 6,703,555  | 6,484,370  | 6,297,325  | 6,162,142  | 6,049,166  |  |
| VNE Only  | 7,072,213  | 6,986,367  | 6,925,289  | 6,787,916  | 6,631,385  | 6,449,518  | 6,212,856  | 6,015,248  | 5,850,292  | 5,737,413  | 5,646,039  |  |
| VNE, KC Only  | 205,336    | 200,948    | 192,489    | 178,890    | 162,277    | 147,632    | 134,133    | 122,680    | 112,048    | 100,890    | 89,139     |  |
| VNE, KC, WWII Only  | 55,783     | 42,832     | 35,447     | 31,856     | 29,563     | 26,517     | 23,055     | 19,652     | 15,979     | 12,267     | 8,621      |  |
| <b>Korean Conflict<sup>(2)</sup></b>  | 2,531,471  | 2,433,372  | 2,273,001  | 2,073,580  | 1,878,257  | 1,742,446  | 1,565,609  | 1,414,071  | 1,275,115  | 1,133,410  | 989,383    |  |
| KC Only   | 2,120,543  | 2,078,176  | 1,951,991  | 1,777,902  | 1,606,823  | 1,496,679  | 1,346,063  | 1,218,522  | 1,103,679  | 986,715    | 867,737    |  |
| KC, WWII Only   | 149,809    | 111,416    | 93,074     | 84,931     | 79,594     | 71,618     | 62,357     | 53,216     | 43,409     | 33,538     | 23,886     |  |
| <b>WWII<sup>(2)</sup></b>   | 2,120,409  | 1,630,848  | 1,396,402  | 1,245,660  | 1,111,623  | 940,674    | 812,667    | 686,964    | 553,356    | 419,923    | 289,953    |  |
| WWII Only   | 1,914,817  | 1,476,600  | 1,267,880  | 1,128,873  | 1,002,466  | 842,539    | 727,255    | 614,095    | 493,968    | 374,118    | 257,445    |  |
| <b>Peacetime Veterans<sup>(4)</sup></b>   | 5,913,971  | 5,825,286  | 5,622,055  | 5,497,681  | 5,413,843  | 5,337,777  | 5,253,380  | 5,144,666  | 5,020,199  | 4,888,640  | 4,775,948  |  |
| Between GW & VNE  | 3,405,465  | 3,407,847  | 3,333,734  | 3,312,415  | 3,310,010  | 3,306,080  | 3,272,301  | 3,228,412  | 3,201,106  | 3,173,759  | 3,151,077  |  |
| Between KC & VNE  | 2,339,762  | 2,257,355  | 2,153,836  | 2,073,441  | 2,005,039  | 1,936,161  | 1,896,909  | 1,829,369  | 1,724,841  | 1,600,368  | 1,465,142  |  |
| Pre-KC  | 168,743    | 160,084    | 134,485    | 111,825    | 98,793     | 95,535     | 84,170     | 73,492     | 62,639     | 51,739     | 41,040     |  |

Detail may not add to totals or subtotals due to rounding.

<sup>(1)</sup> Veterans serving in more than one period of service are counted only once in the total.

<sup>(2)</sup> This sum includes Veterans who served in multiple periods.

<sup>(3)</sup> Prior to Fiscal Year 2010, Post-Gulf War Veterans (10/01/09 - present) were included under Peacetime Veterans.

<sup>(4)</sup> Veterans who served both in wartime and peacetime are only counted as serving in wartime.

<sup>(5)</sup> These data differ slightly from published Census data because they include 17 year-old Veterans and Veterans in foreign countries, neither of which are included in the published Census.

<sup>(6)</sup> US Island Areas is composed of Virgin Islands, Guam, American Samoa, and the Northern Marianas.

Source: VetPop 2011



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## *2014 Budget Highlights*

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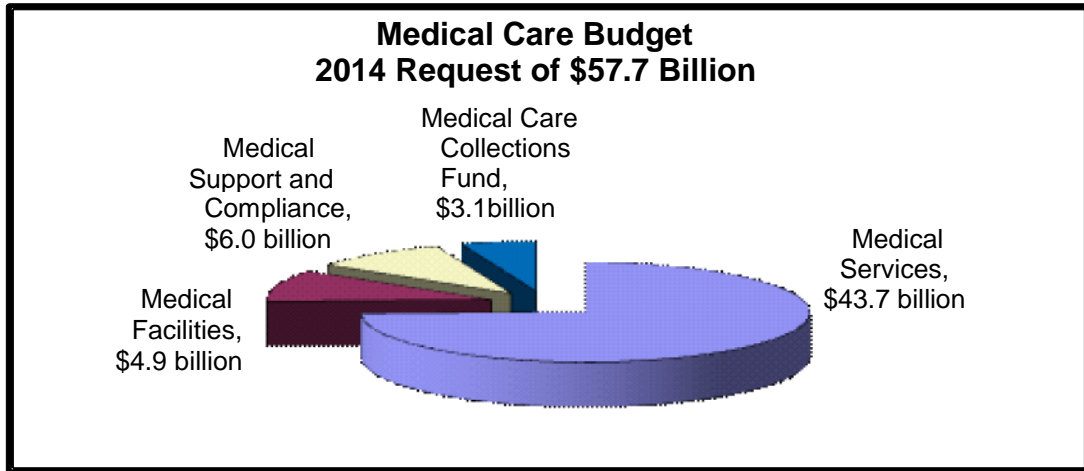


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## Medical Programs

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### Overview

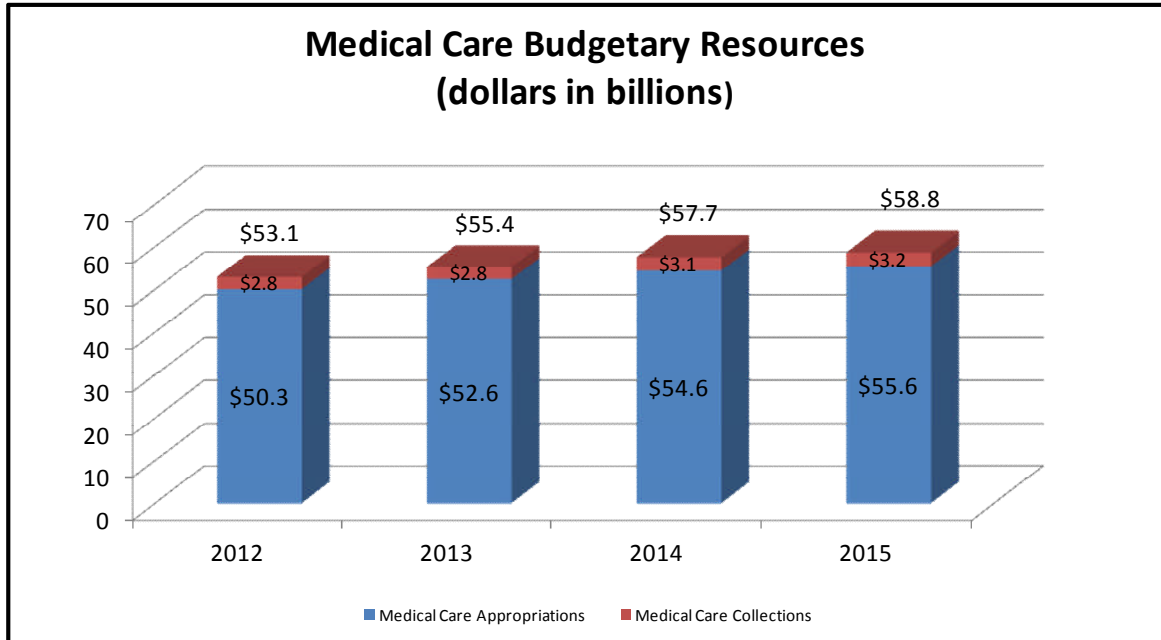


- Provides \$57.7 billion in 2014 in direct appropriations and medical care collections to ensure delivery of the highest quality of health care to our Nation's Veterans, a 4.1 percent increase over the 2013 level. Direct appropriations in 2014 are \$54.6 billion and VA anticipates medical care collections of \$3.1 billion.
- The Medical Care 2014 direct appropriations request of \$54.6 billion is an increase of \$157.5 million over the 2014 original advance appropriations of \$54.4 billion in the 2013 President's budget.
- Provides \$58.8 billion in advance appropriations for 2015 for the three medical care appropriations: Medical Services, Medical Support and Compliance, and Medical Facilities. This includes \$55.6 billion in advance appropriations and \$3.2 billion in medical care collections. This request for advance appropriations, an increase of \$1.1 billion, or 2.0 percent, will provide reliable and timely resources to VA medical facilities to support the uninterrupted delivery of health care for Veterans.
- Provides health care to 6.5 million unique patients in 2014 and 6.6 million unique patients in 2015.

- Includes 674,754 Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn (OEF/OIF/OND) Veterans (10.4% of all patients) in 2014.
- Includes 742,146 OEF/OIF/OND Veterans (11.3% of all patients) in 2015.
- Provides \$4.8 billion for direct health care services for homeless Veterans and \$1.4 billion (a 3 percent increase over the 2013 enacted level) for specific programs to assist homeless and at-risk Veterans as VA continues to implement its comprehensive plan to end Veteran homelessness by 2015. This plan includes major programs such as:
  - \$250 million for the Grant and Per Diem program to assist community-based organizations with the provision of services for homeless Veterans.
  - \$278 million for the Department of Housing and Urban Development (HUD)-VA Supportive Housing (HUD-VASH) program to provide case management services to Veterans who receive HUD Section 8 rental assistance vouchers.
  - \$865 million of additional support to continue VA's extensive outreach efforts to homeless Veterans in the community; the continued activation of the new homeless domiciliary residential rehabilitation and treatment programs; supportive services for low income Veterans; and other homeless programs.
- Expands and improves access to health care with funding for the following programs in 2014:
  - **Mental Health**—\$7.0 billion to continue our effort to improve access to mental health services across the country, including increases for post-traumatic stress disorder, substance use disorder, and suicide prevention.
  - **Iraq and Afghanistan Veterans**—\$4.1 billion to meet the needs of 674,754 Veterans with service in OEF/OIF/OND.
  - **Prosthetics**—\$2.5 billion to support the rising demand for prosthetics to improve Veterans' quality of life through new and innovative technology.
  - **Spinal Cord Injuries**—\$601 million for spinal cord injury (SCI) continuum of care at VA's 25 regional spinal cord injury centers. VA has the largest single network of SCI care in the nation that provides a full range of care for our Veterans.

- **Patient-Centered Care**—\$258 million for VA’s continued investment in new models of care and expanded access for Veterans which supports a patient-centered, accessible, coordinated and technologically sophisticated health care system. The initiative is aimed at transforming primary care services into a patient-centered medical home model (Patient Aligned Care Teams or PACT).
- **Women Veterans**—\$422 million to enhance primary care for women Veterans, one of VA’s top priorities. VA has 144 full-time Women Veterans Program Managers serving at VA medical facilities to help ensure care is provided with the appropriate level of privacy and sensitivity.
- **Traumatic Brain Injuries**—\$246 million for screening and treatment of traumatic brain injury (TBI) to provide the highest quality care for our Veterans with TBI and polytrauma through VA’s TBI and polytrauma system of care.
- **Rural Health**—\$250 million for rural health initiatives to continue providing access and quality care to Veterans in rural areas with initiatives such as: mobile clinics, expanding fee-basis care, operating Rural Health Resource Centers, accelerating telemedicine deployment, and exploring collaborations with other federal and community providers.
- **Readjustment Counseling**—\$230 million for readjustment counseling and outreach services provided through our 300 Vet Centers to meet the needs of our Veterans. There will be 70 mobile Vet Centers that provide outreach at active-duty, National Guard, and Reserve activities nationally.

## Summary of the Health Care Budget 2014 Funding and 2015 Advance Appropriations Request



**Note:** Table includes funding transferred to the DoD-VA Health Care Sharing Incentive Fund (JIF) in all years. 2013 includes Hurricane Sandy supplemental funding; it does not reflect \$1,762 million as shown in the President’s Budget Appendix (explanation in footnote 1/ on page 1A-33).

|                              | 2012    | 2013    | 2014    | 2015    |
|------------------------------|---------|---------|---------|---------|
| <b>Full-Time Equivalents</b> | 257,655 | 267,524 | 275,308 | 281,780 |

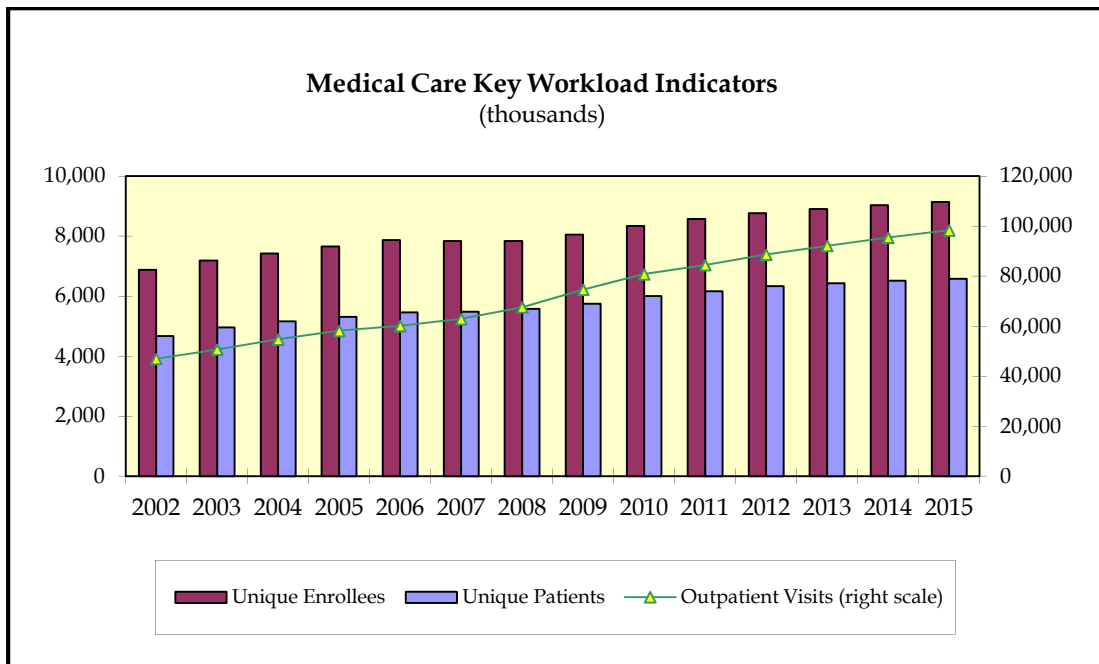
- In 2014, VA requests \$57.7 billion (including collections) for health care services, long-term care, other health care programs, initiatives, legislative proposals, and operational improvements and requests \$58.8 billion (including collections) in 2015 for advance appropriations.
- **Health Care Services** 2014 funding of \$45.9 billion and 2015 advance appropriations request of \$47.9 billion.
  - Ambulatory care is provided in VA hospital-based and community-based clinics. Contract fee care is often provided to eligible beneficiaries when VA facilities are not geographically accessible, services are not available at a particular facility, or when care cannot be provided in a timely manner. **2014: \$24.3 billion; 2015: \$25.4 billion.**

- Inpatient acute hospital care services delivered in VA hospitals and through inpatient contract care include neurology, surgery, and maternity. **2014: \$10.7 billion; 2015: \$10.9 billion.**
- Dental care for our Veterans. **2014: \$741 million; 2015: \$768 million.**
- Mental health care to improve access to mental health services across the country. **2014: \$7.0 billion; 2015: \$7.5 billion.**
- Prosthetics care to purchase and repair prosthetics and sensory aids such as hearing aids, pacemakers, artificial hip and knee joints, and ocular lenses. **2014: \$2.5 billion; 2015: \$2.7 billion.**
- **Long-Term Care** 2014 funding of \$7.6 billion and 2015 advance appropriations of \$8.0 billion.
  - Non-institutional care funding of \$1.8 billion includes increases for programs like home-based primary care (an increase of \$132 million from the 2013 current estimate), Homemaker/Home Health Aide Programs (an increase of \$55 million from the 2013 current estimate) and Telehealth (an increase of \$18 million from the 2013 current estimate). The VA telehealth program will help Veterans gain better access to and use of VA services by enhancing the ability to deliver care in the Veteran’s home. **2014: \$1.8 billion; 2015: \$1.9 billion.**
  - VA community living centers care funding of \$4.0 billion for over 9,500 average daily census (ADC). **2014: \$4.0 billion; 2015: \$4.2 billion.**
  - Community nursing home care funding of \$726 million for almost 7,400 ADC. **2014: \$726 million; 2015: \$762 million.**
  - State home nursing care funding of \$1.0 billion for over 22,000 ADC. **2014: \$1.0 billion; 2015: \$1.1 billion.**
- **Other Health Care Programs** funding for various other health care services such as the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA), and readjustment counseling. **2014: \$1.8 billion; 2015: \$1.9 billion.**
- **Congressional Action** includes Caregivers Initiative funding of \$385 million to provide supplemental help to family caregivers of the most severely wounded post September 11, 2001 Veterans.
- **Initiatives** funding in 2014 is designed to expand health care services, including:
  - **Homeless Veterans Programs** funding of \$1.4 billion, an increase of 3 percent over 2013, will provide for specific programs to assist homeless and at-risk Veterans as VA continues to implement its comprehensive plan to eliminate Veterans homelessness by 2015.



- **Activations** funding of \$799 million, an increase of 2 percent over 2013, will provide non-recurring (equipment and supplies) and recurring (additional personnel) costs associated with the activation of completed construction of new or replacement facilities.
- **Improve the Quality of Health Care while Reducing Costs** funding of \$6 million is provided for VA to further assess and develop efficiencies and successful practices by analyzing the delivery and reimbursement of health care within other Federal health programs, such as DoD's Defense Health Program and Medicare. This assessment will help to drive future innovation as VA strives to continually improve health outcomes, quality of care, and access to services while responsibly managing public resources.
- **Legislative Proposals** are being proposed that are designed to use better business practices with the private sector to reduce costs and increase revenues. **Cost Savings: 2014: -\$30 million; 2015: -\$29 million. Revenues: 2014: \$129 million; 2015: \$135 million.**
- **Proposed Savings** will result in the VA healthcare system operating more efficiently and help the Nation better meet its fiscal challenges. VA is proposing \$370 million in new acquisition savings and \$112 million in improved operations. In addition to these savings, embedded in the estimates of the actuarial model used to project VA health care requirements is \$257 million of clinical and pharmaceutical savings. These savings are realized due to assumptions about how VA manages its system compared to private-sector health care systems. **Cost Savings: 2014: -\$482 million; 2015: -\$482 million.**
- **Operational Improvements** In the 2012 and 2013 President's Budgets, VA proposed six operational improvements dealing with acquisition, fee care, energy and other administrative savings. In 2012, VA successfully completed these improvements with estimated savings of \$1.2 billion, our target level. The savings from these improvements are now embedded in VA's baseline estimates of resource needs. This information is included to inform the reader and close out this effort. **Cost Savings: 2014: -\$1.328 billion; 2015: -\$1.328 billion.**

## Medical Patient Case Load



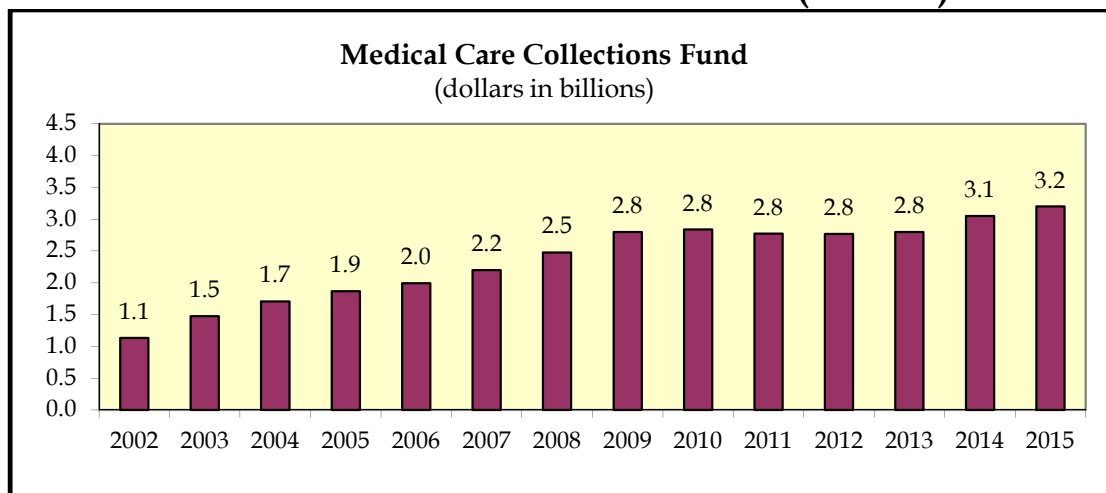
- Supports an increase in 2014 of over 86,000, or 1.3 percent, unique patients over the 2013 estimate.
  - Priority 1-6 patients - In 2014, there are 4.5 million patients, an increase over 2013 of 1.6 percent, or 71,015 new patients. We devote 86 percent of our health care resources to meet the needs of these Veterans.
  - Priority 7-8 patients - In 2014, there are 1.3 million patients, a decrease from 2013 of 0.2 percent, or 2,600 patients.
- Increases outpatient visits from 92.2 million in 2013 to 95.5 million in 2014, an increase of 3.3 million, or 3.6 percent.
- Increases inpatients treated from 920,928 in 2013 to 931,246 in 2014, an increase of 10,318, or 1.1 percent.

## **Resources Support Secretary's Health Care Priorities**

- Provide easier access to benefits and services and end homelessness among our Veterans as we transform VA into a 21<sup>st</sup> Century organization.
- Achieve the following Agency Priority Goal through activities undertaken by the Veterans Health Administration:
  - House 24,400 additional homeless Veterans and reduce the number of homeless Veterans to 35,000 by September 2013. Working in conjunction with the United States Interagency Council on Homelessness (USICH), HUD and VA will also assist homeless Veterans in obtaining employment, accessing VA services, and securing permanent supportive housing. The long-range goal is to eliminate homelessness among Veterans by 2015.
- Continue to improve the quality and safety of health care:
  - Sustain our performance on the clinical practice guidelines index, which focuses on high-prevalence and high-risk diseases that have a significant impact on Veterans' overall health status. VA plans to achieve a 93 percent performance level in 2014.
  - Improve our performance on the prevention index aimed at primary prevention and early detection with immunizations and screenings. VA plans to achieve a 94 percent performance level in 2014.
- Improve timely and appropriate access to the delivery of primary and specialty care that is critical to providing high-quality health care to Veterans:
  - Improve standards for the percent of new primary and specialty care appointments completed within 14 days of the create date for the appointment. Specific standards for these measures are yet to be determined.
  - Improve standards for the percent of established primary and specialty care patients with a scheduled appointment within 14 days of the desired date for the appointment. Specific standards for these measures are yet to be determined.
  - Continue the mental health care goals as follows:
    - Ensure 83 percent in 2014 and 90 percent in 2015 of OEF/OIF/OND Veterans with a primary diagnosis of PTSD receive a minimum of eight psychotherapy sessions within a 14-week period.

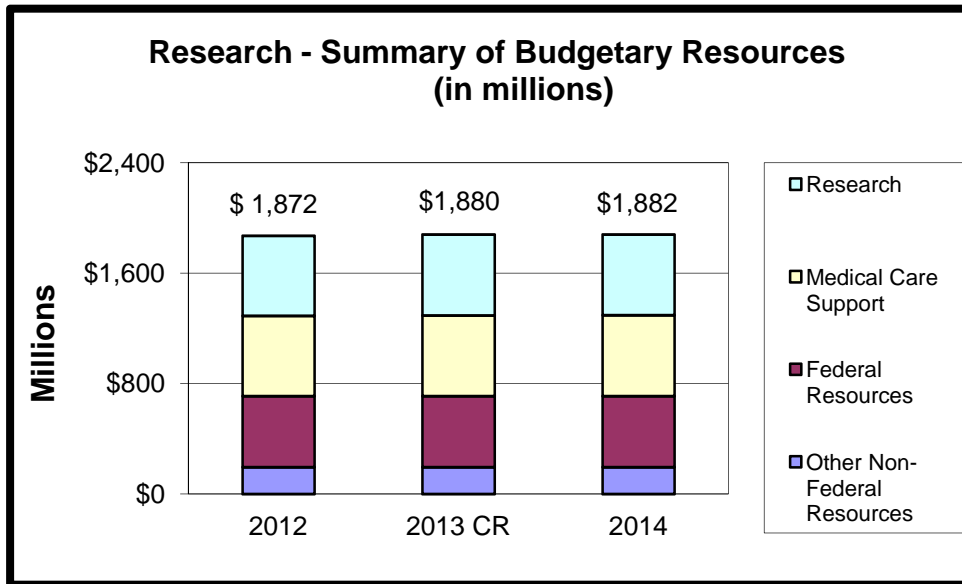
- Ensure 75 percent in 2014 and 80 percent in 2015 of Veterans being discharged from an inpatient Mental Health unit receive outpatient mental health follow-up care within seven days of discharge.
- Improve standards for mental health appointments completed within 14 days of the create date for the appointment.

## Medical Care Collections Fund (MCCF)



- This fund supplements our appropriations by collecting co-payments from veterans for pharmacy co-payments, and first-party other co-payments which includes inpatient and outpatient co-payments, and nursing home co-payments. VA also collects third-party insurance payments.
- VA estimates collections of \$3.1 billion, representing 5.3 percent of the available resources in 2014 and an increase of \$223 million, or a 7.8 percent increase, over the 2013 estimate.
  - Of the \$223 million increase in collections for 2014, \$76 million is in first party co-payments; \$18 million is in third-party insurance collections; and \$129 million is for increased collections resulting from new legislative proposals.
- For the 2015 advance appropriations, VA estimates collections of \$3.2 billion, representing 5.4 percent of the available resources in 2015 and an increase of \$110 million, or a 3.6 percent increase, over the 2014 estimate.
  - Of the \$110 million increase in collections for 2015, \$81 million is in first party co-payments, \$13 million is in third-party insurance collections, \$10 million is in third-party prescription insurance and \$6 million for the legislative proposals.

## Medical and Prosthetic Research



|                              | 2012  | 2013  | 2014  |
|------------------------------|-------|-------|-------|
| <b>Full-Time Equivalents</b> | 3,496 | 3,526 | 3,491 |

- VA is anticipating \$1.9 billion in total resources for Medical and Prosthetic Research in 2014.
- The direct Medical and Prosthetic Research appropriation request is \$586 million.
- Other Federal and Other Non-Federal resources are estimated to be \$710 million in 2013.
- Total projects for Research are anticipated to be 2,224.

The following table summarizes Research and Development Program Funding for selected Operation Enduring Freedom (OEF), Operation Iraqi Freedom (OIF) and Operation New Dawn (OND), Prosthetics, Women's Health, Gulf War Veterans Illness programs, ALS and other neurodegenerative disorders, and Genomic Medicine, including the Million Veteran Program.

| Selected Research and Development Program Funding<br>(dollars in thousands) |                |            |                  |
|---|----------------|------------|------------------|
| Description   | 2012<br>Actual | 2013<br>CR | 2014<br>Estimate |
| <b>OEF/OIF/OND</b>  |                |            |                  |
| Pain.....   | \$10,462       | \$13,961   | \$14,105         |
| Post Deployment Mental Health .....   | \$52,891       | \$52,891   | \$53,367         |
| Sensory Loss.....   | \$17,799       | \$17,886   | \$17,680         |
| Spinal Cord injury.....   | \$26,936       | \$29,486   | \$29,791         |
| Traumatic Brain Injury and Other Neurotrauma.....                           | \$31,894       | \$31,894   | \$32,189         |
| Prosthetics.....  | \$17,051       | \$17,393   | \$17,573         |
| Women's Health.....   | \$14,291       | \$14,291   | \$14,414         |
| Gulf War Veterans Illness.....  | \$6,480        | \$7,200    | \$15,000         |
| ALS and Other Neurodegenerative Disorders.....                              | \$30,253       | \$30,253   | \$30,405         |
| Genomic Medicine including MVP.....   | \$37,169       | \$37,169   | \$45,204         |

- Clinical research represents an evidence-based approach for choosing the most effective therapeutic interventions for the Veteran population, and is an important contributor to the ongoing improvement of VA clinical care.
- VA is at the forefront of producing new transformational approaches and technologies for preventing, diagnosing, and treating disease.
- VA research takes advantage of being fully integrated within the nation’s biomedical community through partnerships with academic affiliates, non-profit and commercial entities, and other federal agencies.

### Focus Highlights for 2014

The 2014 focus for VA research will emphasize the critical needs of our newest OEF/OIF/OND Veterans, while continuing to address the special and unique health care needs of all Veterans. VA research will increase its emphasis on critical areas that will impact VA for years to come, including Homelessness/ Access to Care and Rural Health, and Personalized Medicine.

#### Homelessness / Rural Health / Access / Telemedicine

- Homelessness is a top priority for VA with emphasis on interventions, risk factors and health care usage patterns in an effort to eliminate homelessness.
- One of the critical missions of VA research is to identify system-wide gaps in care to Veterans. This includes assessing specific barriers to care for vulnerable populations, including rural Veterans. VA research has

demonstrated an explicit focus on access to care as a component of validating the quality of care in all VA health care services, organizational structures, and mechanisms for delivering care.

- Current studies address new telemedicine and Telehealth initiatives, community based outpatient clinics (CBOCs), collaborative care models, access for OEF/OIF/OND Veterans, and access to specialized care such as VA rehabilitation services.

### **Genomic & Personalized Medicine**

- Using information on a patient's genetic make-up, healthcare can be tailored to more effectively provide a precise level of care. VA expects to continue investigating whether genetic influences in disease and/or responses to medications can be used to further advance personalized care.
- The Million Veteran Program, with the goal of collecting one million genetic samples, will help VA investigate whether genetic influences in disease and/or responses to medication can be used to further advance personal care and develop evidence-base for treatments that are optimized to each Veterans genetic makeup.

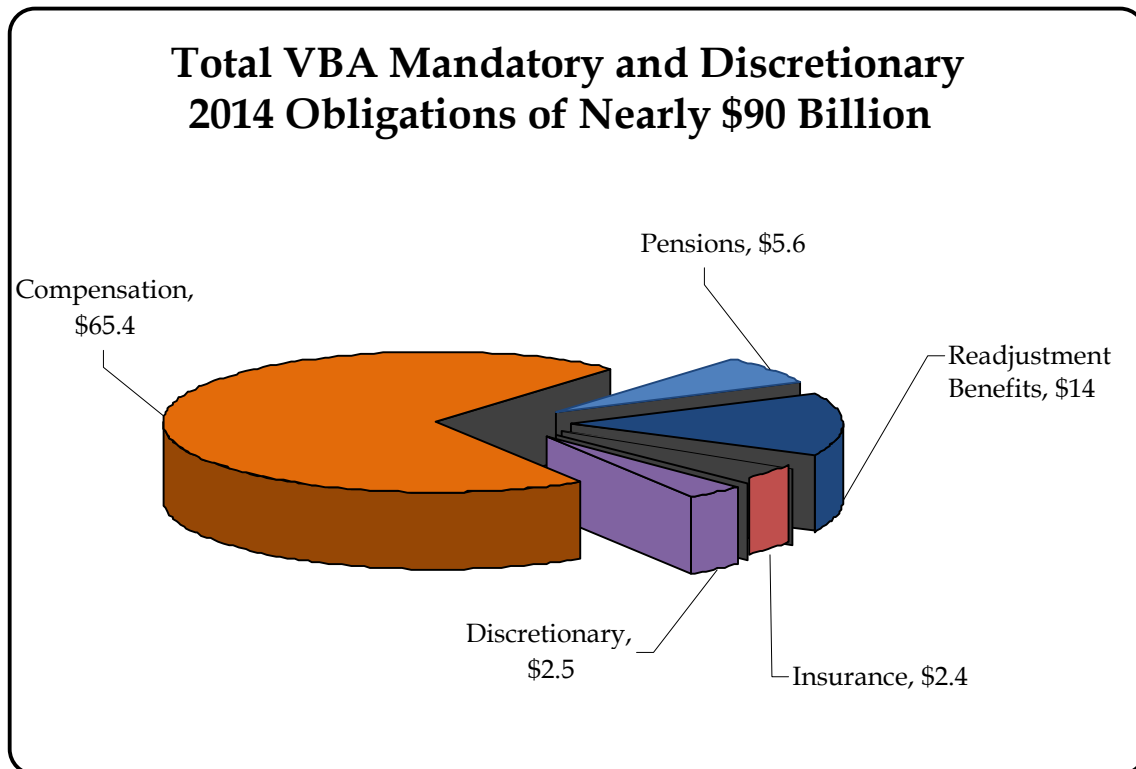
### **Core Research Priorities**

- Genomic Medicine,
- Priorities for combat Veterans (e.g., rehabilitation engineering, prosthetics/orthotics, Gulf War Veterans' illnesses, traumatic brain injury, and spinal cord injury),
- Women Veterans, and
- Homelessness



## Veterans Benefits Administration

### Overview



### Summary of 2014 Budget Request

VBA's Transformation Plan is driven by a new era, emerging technologies, the latest demographic realities, and a renewed commitment to today's Veterans, family members, and survivors. In the face of increasing workloads, VBA must deliver first-rate and timely benefits and services with greater efficiency. VBA is retraining; reorganizing; streamlining business processes; and building and implementing technology solutions based on the newly redesigned processes in order to improve benefits delivery. VBA's Transformation Plan includes people, process, and technology initiatives that transform benefits delivery through rules-based tools, streamlined claims processes, enhanced training and support for our workforce, and paperless workload management and claims processing systems. The initiatives will help VBA deliver more timely and accurate benefits and



services, and impact the culture of VA 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.

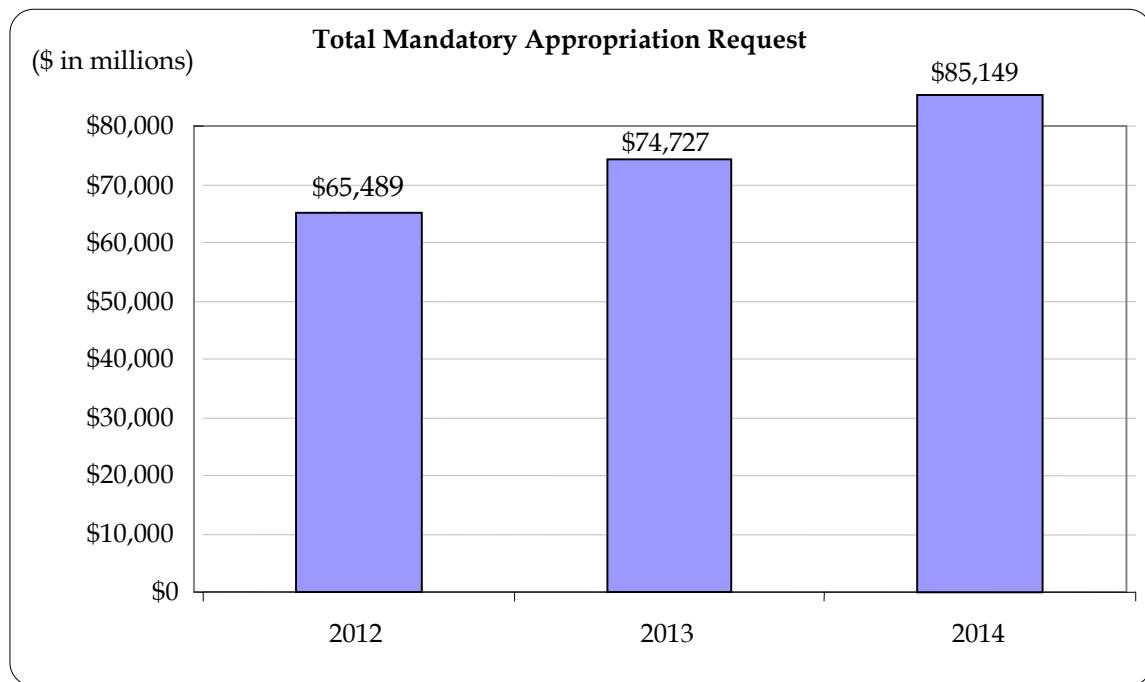
The number of disability compensation and pension claims received is expected to increase from 1,253,462 in 2013 to 1,329,724 in 2014. Claims receipts were 1,080,342 in 2012.

Of the \$90 billion in total obligations, 97 percent is for mandatory Veterans Benefits payments:

- 72.6 percent of the total represents costs associated with Compensation
- 6.2 percent is for the Pension programs
- 15.5 percent of the total supports Readjustment Benefits, which include both the Education Program and the Vocational Rehabilitation and Employment (VR&E) Program
- 2.6 percent represents the Insurance Program
- 0.3 percent is for the Housing Program

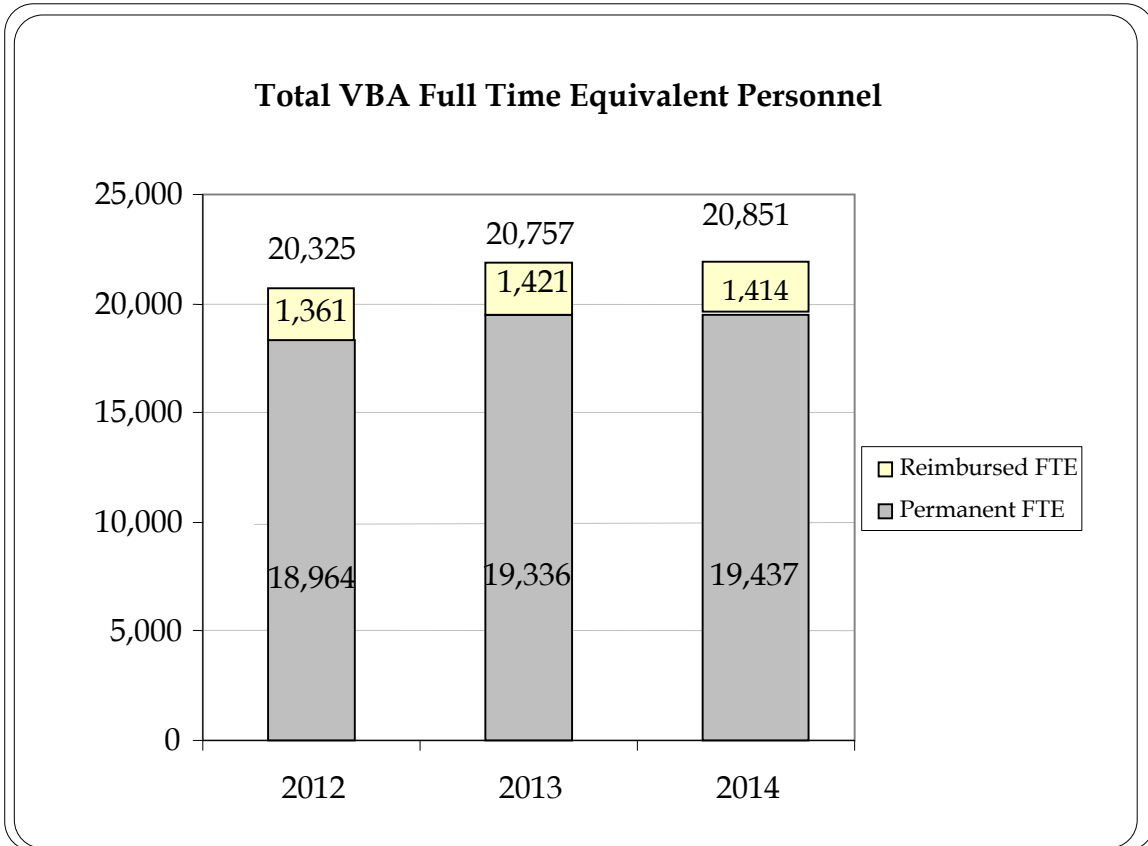
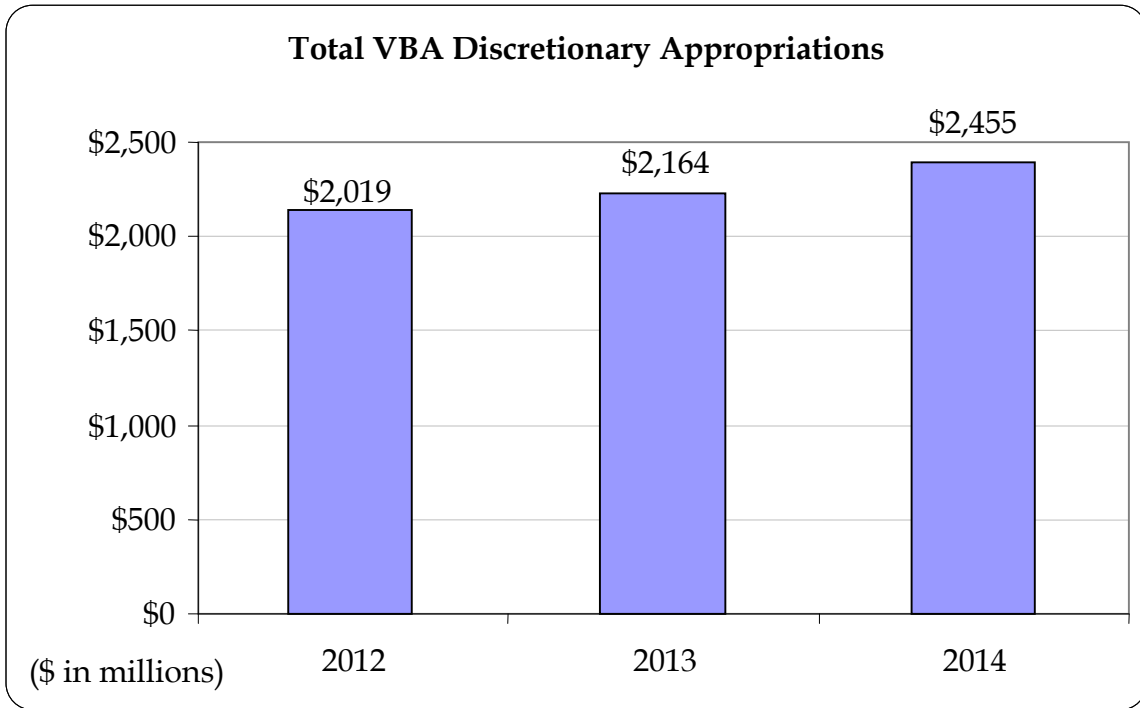
The remaining 2.8 percent will fund the discretionary costs associated with administering all benefit programs.

## Highlights of VBA Mandatory Benefits Budget Request



- Total 2014 benefit appropriation request is \$85.1 billion, an increase of \$10.4 billion, or 13.9 percent from the 2013 level.
- An estimated 4.2 million Veterans and survivors will receive Compensation, and over 517 thousand will receive Pension benefits in 2014.
- Almost 1.2 million Veterans, reservists, and dependents are expected to receive Readjustment Benefits in 2014, including over 1.0 million receiving education benefits and almost 124 thousand receiving VR&E payments.
- Just over 6.8 million Servicemembers, Veterans, and family members are expected to be insured under VA life insurance programs in 2014, with a face value of \$1.3 trillion.
- An estimated 276 thousand Servicemembers and Veterans will receive VA-guaranteed housing loans in 2014, with a face value of \$65.5 billion.

## Highlights of the VBA Discretionary Budget Request



With a workforce that is correctly sized, trained, led, and supported by innovation, VBA will be positioned to meet the needs of our Veterans while also ensuring the sound stewardship of taxpayer funds. The 2014 request includes:

- \$2,455 million in appropriations, for a total of \$2,855 million in obligations for administrative expenses, and 20,851 FTE in 2014. The budget request represents a 21.6 percent increase over the 2012 enacted appropriation level
- An FTE increase of 94 over the 2013 request or 526 over the 2012 actual, to support key initiatives such as the Veterans Claims Intake Process (VCIP) and eBenefits/VONAPP.
- Continued funding for the Veterans Benefits Management System and the Veterans Relationship Management initiative.
- \$104 million to support the newly designed Transition Assistance Program, “Transition GPS (Goals, Plans, Success)”. The new program will help separating servicemembers better prepare for their civilian life as they transition.

## **Business Process Re-engineering and Innovative**

### **Technology Improvements**

VBA continues to partner with the Office of Information and Technology on a number of innovative improvements designed to improve services to Veterans and enhance their VA experience. They will assist VBA to fulfill its responsibilities to process Veterans’ benefit claims quicker and with high quality, and reduce the pending claims inventory. There are three key and interdependent major initiatives, each providing a unique service:

### **Veterans Benefits Management System**

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

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

## **Veterans Relationship Management**

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.

This program will ensure consistent, user-centric access to enhance Veterans', their families', and their agents' self-service experience through a multi-channel customer relationship management (CRM) approach.

To date, VRM has delivered several self-service capabilities via eBenefits and completed telephony features, such as call transfer capability, national queue and call-routing to the best-skilled agent, and call recording to develop a "best quality calls" library and identify training needs. In addition, VRM has implemented the ability to assign the VA identifier to active duty military personnel at VA facilities. This minimizes inaccuracies in identifying a Veteran and decreases the number of duplicate records. VRM has also completed foundational elements for CRM tools for a pilot at the St. Louis Call Center, the knowledge management system, and business process improvement work, as well as continuous improvement of the interactive voice response system.

## **Virtual Lifetime Electronic Record (VLER)**

The VLER initiative is an interagency federal initiative that will ultimately contain administrative and medical information from the day an individual enters military service, throughout his/her military career and after separation from the military (including information from private-sector providers who care for Veterans and their beneficiaries). VLER streamlines VA's use of data and information.

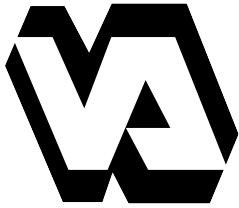
## **Meeting Veterans' Needs**

- Continue implementation of the Transformation Plan using an integrated approach that incorporates people, process, and technology initiatives to achieve the Agency Priority Goals of eliminating the disability claims backlog and achieving 98 percent accuracy by 2015.
- Process an estimated 1.3 million disability claims in 2014 while ensuring no more than 40 percent of the compensation and pension claims in the pending inventory are more than 125 days old.
- Meet the demands of the significant increase in education workload resulting from the Post-9/11 GI Bill and the subsequent modifications to the Post-9/11 GI Bill in the Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (P.L. 111-377); and the Vow to Hire Heroes Act of 2011 (P.L. 112-56). VA intends to fulfill our commitment to supporting

Veterans in their educational pursuits by completing education original claims in 28 days in 2014.

- Meet the demands of the estimated 10 percent increase in vocational rehabilitation and employment participants in 2014 compared to 2013, while increasing the rehabilitation rate to 78 percent.
- Continue to provide world-class insurance service by providing a projected \$2.4 billion to Servicemembers, Veterans, and their beneficiaries in the form of insurance death benefits, policy loans, and traumatic injury protection payments; and maintain the high client-satisfaction ratings for services delivered at 95 percent in 2014.

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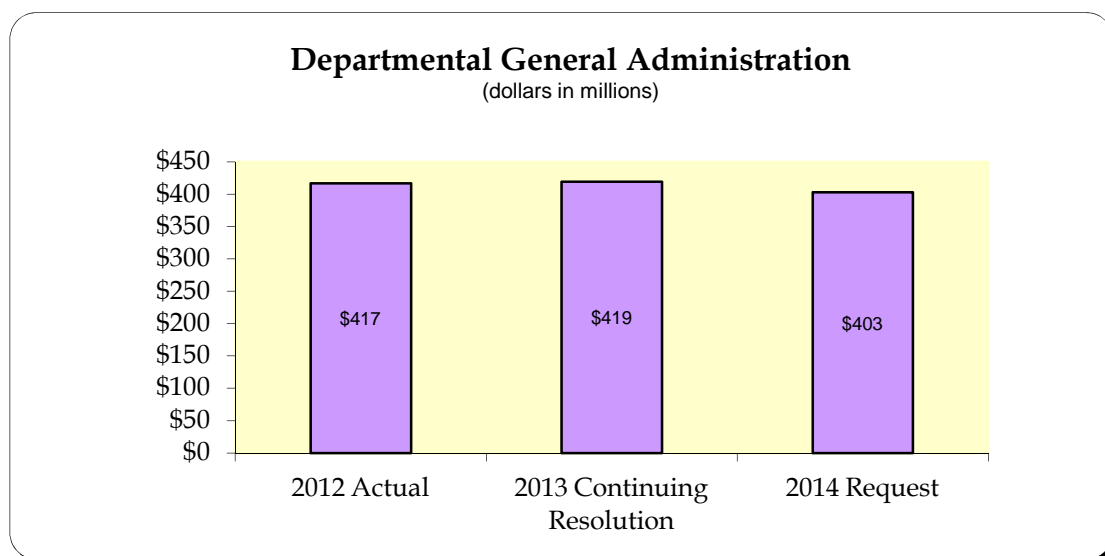
## General Administration

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### Overview

- The Military Construction and Veterans Affairs and Related Agencies Appropriations Act of 2012 split the General Operating Expenses account into two separate accounts: General Operating Expenses, Veterans Benefits Administration (VBA) and General Administration. An overview of VBA is provided in a separate chapter of this volume.
- The General Administration account provides funding for the Office of the Secretary, six Assistant Secretaries and three Department-level staff offices. These offices provide policy guidance, oversight, and technical expertise to the Department to fulfill the Nation's commitment to provide Veterans with the best possible service.

### Summary of the General Administration Budget Request





## Highlights of the 2014 General Administration 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.

The table at the end of this section summarizes the resource level by staff office for the General Administration account. Highlights include:

- In 2014, \$10 million and 88 FTE are requested to support all operations within the Office of the Secretary, which includes: the Center for Minority Veterans, the Center for Women Veterans, the Center for Faith Based and Neighborhood Partnerships, the Office of Survivors Assistance, the Office of Employment Discrimination Complaint Adjudication (OEDCA) and the immediate Office of the Secretary. The Office of Secretary provides executive leadership to all programs to transform VA into a 21<sup>st</sup> 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 request will also 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.

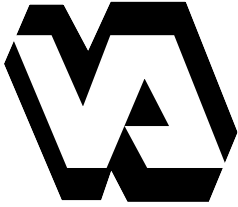
- In 2014, \$68.1 million and 867 FTE are requested for the Office of Human Resources and Administration. When combined with \$383 million in reimbursements, these funds will continue to support the VA's Human Capital Investment Plan initiatives. These include: Leadership Development, Mission Critical 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 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 will allow VA to continue to address an increasing workload and to become more

proactive in advancing congressional communications and legislative outreach.

- A total of \$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.

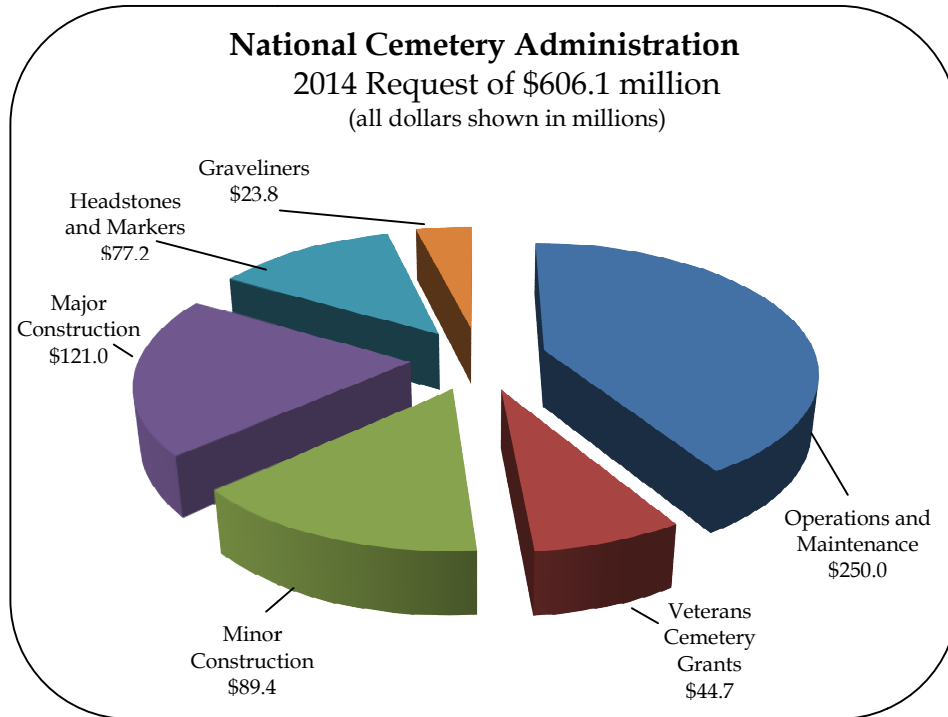
| <b>Departmental General Administration</b>        |                    |              |                        |              |                     |              |
|---|--------------------|--------------|------------------------|--------------|---------------------|--------------|
| (\$ in thousands)                                 |                    |              |                        |              |                     |              |
|   | <u>2012 Actual</u> |              | <u>2013 Continuing</u> |              | <u>2014 Request</u> |              |
|   | <u>Enacted BA</u>  | <u>FTE</u>   | <u>BA</u>              | <u>FTE</u>   | <u>BA</u>           | <u>FTE</u>   |
| Office of the Secretary                           | 9,950              | 89           | 10,360                 | 99           | 10,032              | 88           |
| Board of Veterans' Appeals                        | 76,422             | 510          | 78,006                 | 518          | 75,432              | 492          |
| Office of General Counsel                         | 81,498             | 711          | 83,099                 | 724          | 80,365              | 701          |
| Office of Management                              | 51,072             | 274          | 48,148                 | 284          | 44,098              | 301          |
| Office of Human Resources & Administration        | 81,479             | 714          | 72,275                 | 817          | 68,064              | 867          |
| Office of Policy & Planning                       | 26,743             | 103          | 25,865                 | 117          | 25,009              | 114          |
| Office of Operations, Security & Preparedness     | 17,969             | 93           | 18,510                 | 102          | 17,901              | 133          |
| Office of Public and Intergovernmental Affairs    | 22,973             | 87           | 23,037                 | 101          | 22,279              | 101          |
| Office of Congressional & Legislative Affairs     | 5,981              | 45           | 6,177                  | 47           | 5,969               | 45           |
| Office of Acquisition, Logistics and Construction | 42,650             | 346          | 53,810                 | 419          | 53,874              | 492          |
| <b>Total Budget Authority</b>                     | <b>\$416,737</b>   | <b>2,972</b> | <b>\$419,287</b>       | <b>3,228</b> | <b>\$403,023</b>    | <b>3,334</b> |

Note: FTE levels include staffing supported by reimbursements.



# National Cemetery Administration

## Overview



## Highlights of the 2014 Request

### Discretionary

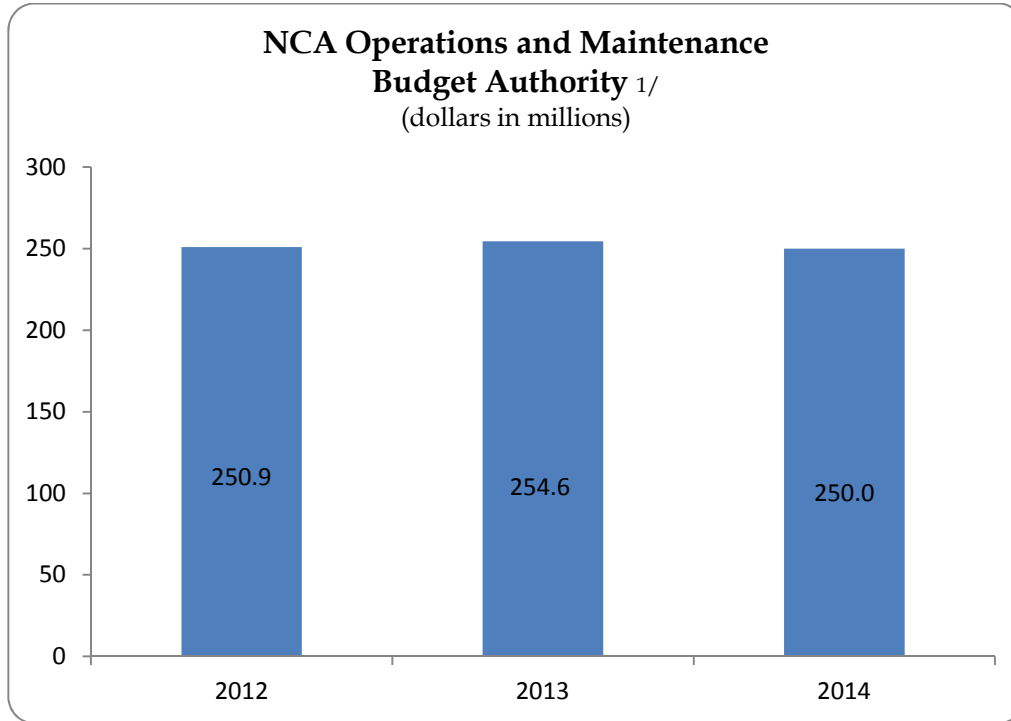
- 41.3% of the total National Cemetery Administration's (NCA) budget is for the operation and maintenance of VA's national cemeteries.
- 34.7% of the NCA budget is for the construction and renovation of VA's national cemeteries and facilities.
- 7.4% of the total resources under NCA are available for grants to states and tribal organizations for Veterans cemeteries.

### Mandatory

- 3.9% is available for Graveliners and Outer Burial Receptacles (OBRs).
- 12.7% of the total NCA budget is for Headstones and Markers.

**Summary of the NCA Budget Request**

The National Cemetery Administration requests \$250.0 million in budget authority and 1,719 FTE for operations and maintenance in 2014.



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

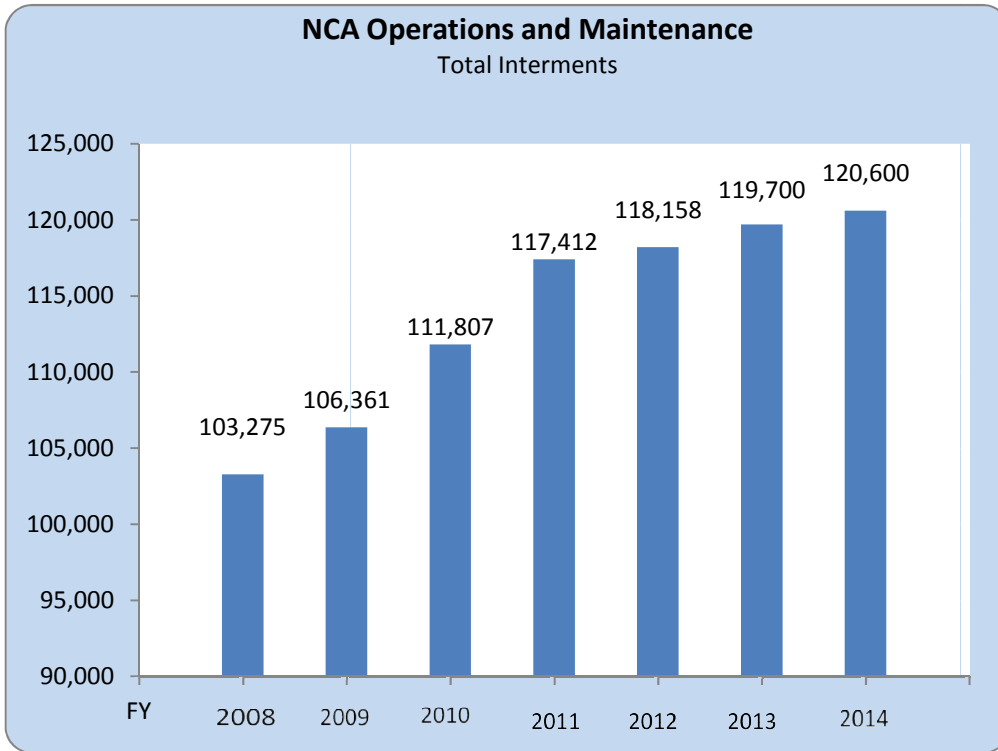
|                              | 2012  | 2013  | 2014  |
|------------------------------|-------|-------|-------|
| <b>Full-Time Equivalents</b> | 1,652 | 1,700 | 1,719 |

The 2014 NCA request includes:

- \$116 million to construct three new national cemeteries in the areas of Central East Florida; Tallahassee, Florida; and Omaha, Nebraska.
- \$2.3 million and 7 FTE to support increased interment activities and maintenance workload.
- A total of \$16.5 million for projects to raise, realign, and clean headstones and markers and repair turf in the burial sections. These renovations help NCA to

continue its commitment to maintain our national cemeteries as national shrines.

- \$2.0 million to continue support of non-recurring maintenance activities.



### Cemetery Workload

- NCA continues to experience growth in cemetery workload.
- In 2014, NCA projects that interments will increase by 900 over 2013.
- Cemetery maintenance workload will also continue to increase in 2014 over 2013. NCA projects that the number of gravesites maintained will increase by 83,000 (2.5%) and the number of developed acres maintained will increase by 153 (1.7%).

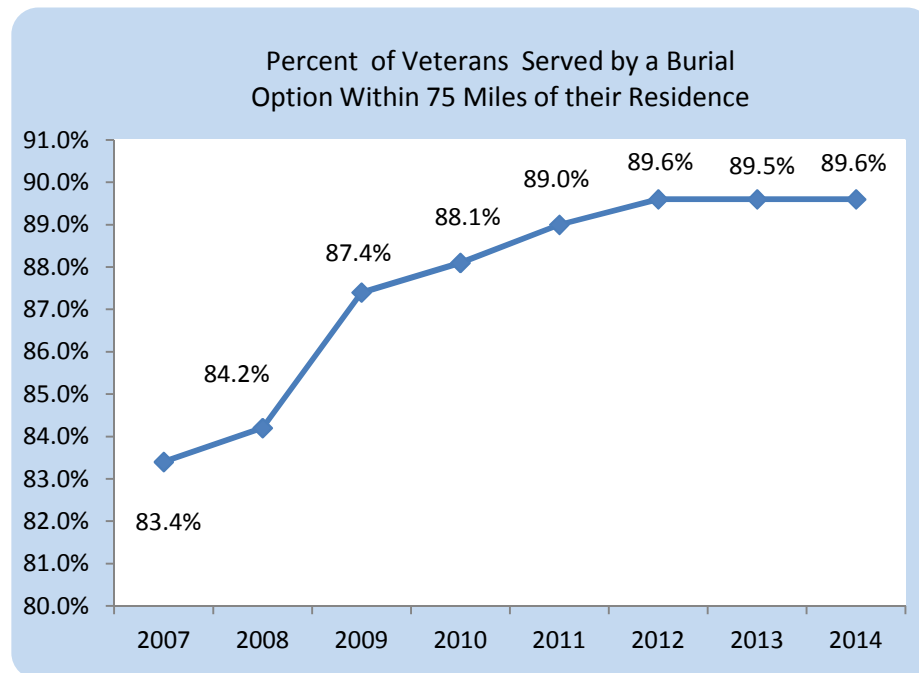
## Accomplishments

- As a result of the recent expansion and the opening of new state Veterans cemeteries, the percentage of Veterans served by a burial option within 75 miles of their residence has increased steadily from 83.4% in 2007 to 89.6% in 2012.
- VA introduced new burial policies in the President's 2011 Budget request that will result in the opening of five new national cemeteries. As a result, land acquisition and design has begun to construct cemeteries that will provide an additional 550,000 Veterans access to a burial option. VA will also improve access through the construction of columbarium-only satellite cemeteries in densely populated urban areas and establish a national cemetery presence in rural areas where the Veteran population is less than 25,000 within a 75-mile service area.

## Expected Results

The budget request will support the following results in 2014:

- NCA will maintain its service level by continuing to provide 89.6% of America's Veterans with a burial option within 75 miles of their residence.



- 98% surveyed will rate the quality of service of NCA as excellent.
- 95% of graves in national cemeteries will be marked within 60 days of interment.
- 90% of applications for headstones and markers will be processed within 20 days for the graves of Veterans who are not buried in national cemeteries.
- 99% surveyed will rate national cemetery appearance as excellent.



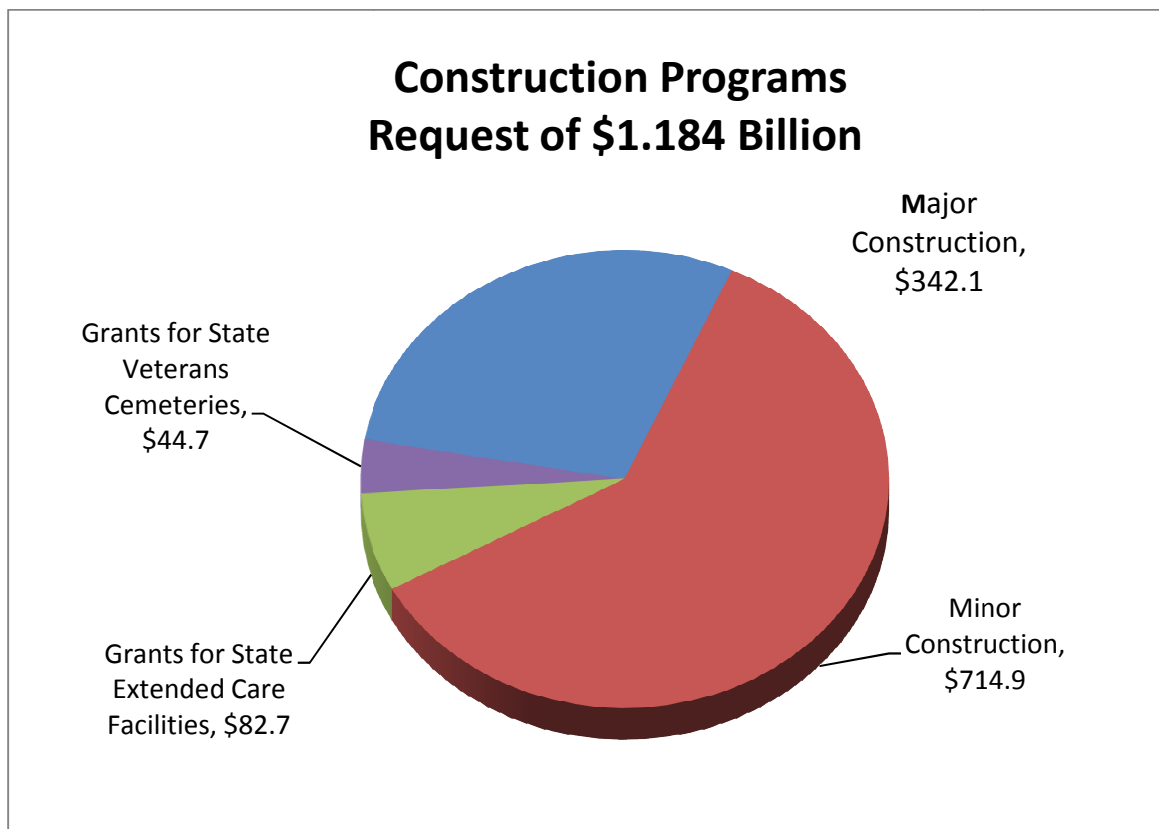
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## Construction Programs

### Overview of 2014 Request

The pie chart below reflects funding for all Construction Programs.



For 2014, VA prioritized construction projects utilizing the Strategic Capital Investment Planning (SCIP) process. SCIP, which was first implemented for the 2012 budget cycle, is an innovative Department-wide planning process that resulted in the creation of a single, integrated prioritized list of projects from all capital investment accounts (major construction, minor construction, non-recurring maintenance and leasing). SCIP is designed to provide a long range plan to improve the delivery of services and benefits to Veterans, their families and survivors by addressing VA's most critical capital needs and/or performance gaps and investing wisely in VA's

future. In addition the SCIP process informs the prioritization of capital requirements in the annual budget process.

## **Construction, Major Projects**

- Major Construction funding of \$342,130,000 is requested for 2014.
  - The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, assessments, and site acquisition, where the estimated cost of a project is greater than \$10,000,000; or where funds for a project were made available in a previous appropriation under this heading.
  - The major construction request is for 1 existing partially funded medical facility projects in Seattle, WA and 3 new cemeteries.
  - Funds are provided for advance planning activities, to support salaries and expenses of resident engineer staff, and to support other construction related activities.

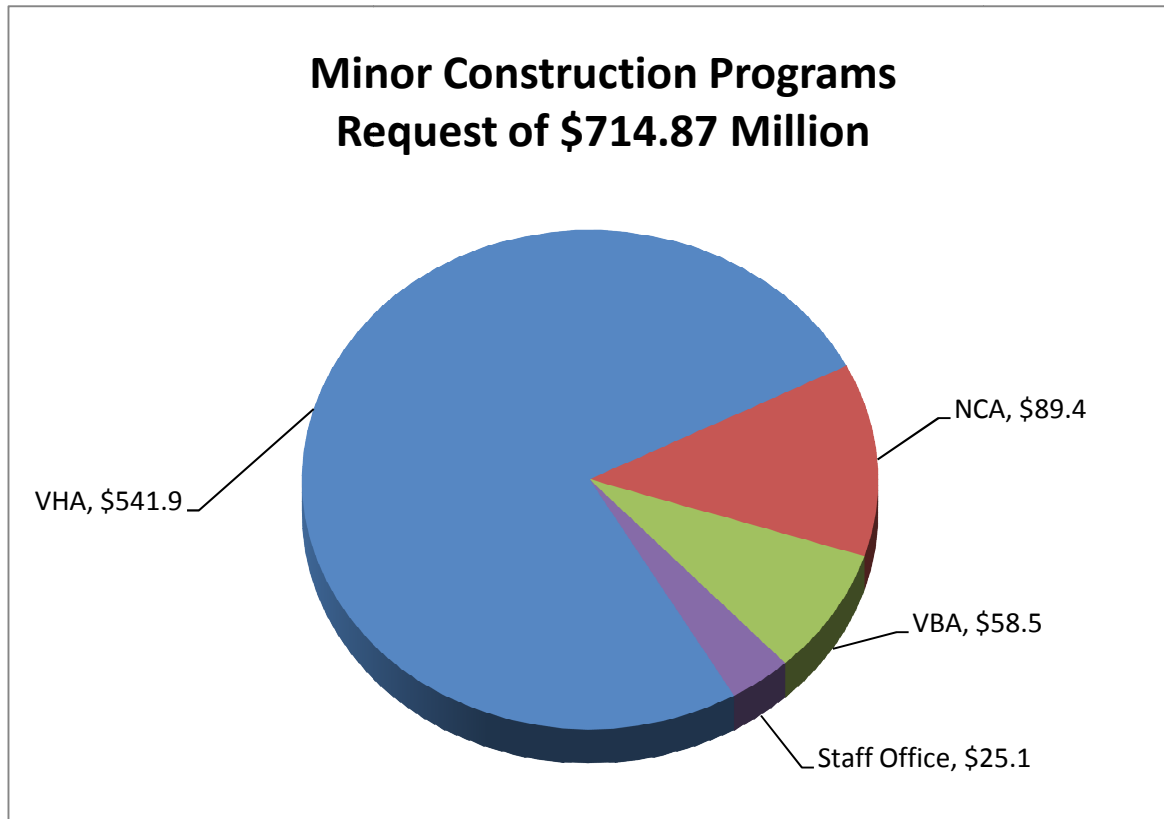
A summary of the major construction program funding level by activity is provided below:

| <b>Major Construction Detail of Request (\$ in 000's)</b> |                             |                             |                             |                     |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------|
| <b>Location</b>   | <b>Description</b>          | <b>Total Estimated Cost</b> | <b>Funding Through 2013</b> | <b>2014 Request</b> |
| <b>Veterans Health Administration (VHA)</b>               |                             |                             |                             |                     |
| Seattle, WA   | B101 Mental Health          | 222,000                     | 72,870                      | 149,130             |
| Advance Planning Fund                                     | Various Stations            |                             |                             | 33,000              |
| Asbestos  | Various Stations            |                             |                             | 5,000               |
| Major Construction Staff                                  | Various Stations            |                             |                             | 21,000              |
| Claims Analysis   | Various Stations            |                             |                             | 2,000               |
| Hazardous Waste   | Various Stations            |                             |                             | 5,000               |
|   | <b>Subtotal, Line Items</b> |                             |                             | <b>66,000</b>       |
| <b>Total VHA</b>  |                             | <b>222,000</b>              | <b>72,870</b>               | <b>215,130</b>      |
| <b>National Cemetery Administration (NCA)</b>             |                             |                             |                             |                     |
| Central East FL   | New Cemetery                | 40,000                      | 0                           | 40,000              |
| Tallahassee FL  | New Cemetery                | 40,000                      | 0                           | 40,000              |
| Omaha, NE   | New Cemetery                | 36,000                      | 0                           | 36,000              |
| Advance Planning Fund                                     | Various Stations            |                             |                             | 5,000               |
|   | <b>Subtotal, Line Items</b> |                             |                             | <b>5,000</b>        |
| <b>Total NCA</b>  |                             | <b>116,000</b>              | <b>0</b>                    | <b>121,000</b>      |
| <b>Veterans Benefits Administration Major</b>             |                             |                             |                             |                     |
| Department APF for Major                                  |                             |                             |                             | 1,000               |
| <b>Total VBA</b>  |                             |                             |                             | <b>1,000</b>        |
| <b>General Administration/Staff Offices</b>               |                             |                             |                             |                     |
| Department APF for Major                                  |                             |                             |                             | 5,000               |
| <b>Total Staff Offices</b>                                |                             |                             |                             | <b>5,000</b>        |
| <b>Major Construction</b>                                 |                             | <b>338,000</b>              | <b>72,870</b>               | <b>342,130</b>      |

## Construction, Minor Projects

- Minor Construction funding of \$714,870,000 is requested for 2014.

The pie chart below reflects appropriations for Minor Construction by Administration:



- The Construction, Minor Projects appropriation provides for constructing, altering, extending, and improving any VA facility, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than or equal to \$10,000,000.
- VHA's 2014 request will address the most critical minor construction needs in the system by funding efforts such as facilitating realignments; seismic corrections; improving safety; improving access to healthcare; increasing capacity for dental services; enhancing patient privacy; improving treatment of special emphasis programs; and enhancing research capability.

- NCA's 2014 Minor Construction request provides for gravesite expansion and columbaria projects to keep existing national cemeteries open. The minor request will also fund repair projects to address infrastructure deficiencies and other requirements necessary to support National Cemetery operations.
- VBA's minor construction request in 2014 includes funding to address an ongoing national need for relocations, realignments, tenant improvements, repair and alteration projects. These projects are critical to ensuring continued world-class service delivery of benefits to veterans and their families and to the well being of VA employees.
- Staff Office minor construction funds are used to make infrastructure repairs and enhancements to improve operations and provide an acceptable and operationally effective work environment for the Department's staff offices.

## **Grants for the Construction of State Extended Care Facilities**

- \$82,650,000 for the Grants for the Construction of State Extended Care Facilities.
  - Resources for grants for construction of State extended care facilities provide funding to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans.

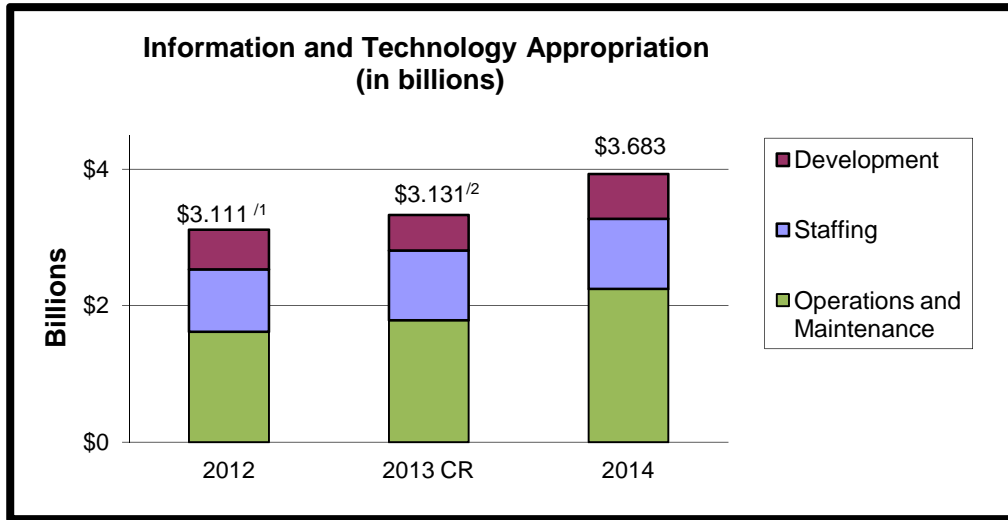
## **Grants for Construction of Veterans Cemeteries**

- \$44,650,000 for Grants for Construction of Veterans Cemeteries.
  - Grants are provided to states and tribal governments for the establishment, expansion, improvement or operation of state and tribal organization Veterans cemeteries. The state and tribal organization Veterans cemeteries complement the national cemeteries and are a critical part of ensuring that the burial needs of Veterans and eligible family members are met.

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## Information Technology Programs



<sup>1/</sup>Reflects the FY 2012 Veterans Affairs Appropriation (P.L. 112-74).

<sup>2/</sup>Full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

|                              | 2012  | 2013  | 2014  |
|------------------------------|-------|-------|-------|
| <b>Full-Time Equivalents</b> | 7,311 | 7,536 | 7,459 |

### Overview

- The 2014 request for Information and Technology (IT) is \$3.683 billion, an increase of \$572 million (18%) from 2012. VA's level of IT investment is 5.8 percent of the overall VA discretionary funding and 2.4 percent of VA's total funding.
- \$2.2 billion for the operations and maintenance of VA's IT infrastructure, an increase of \$566 million (35%) from 2012. These funds pay for the computer hardware, software maintenance, networks and phone systems at all the VA hospitals, outpatient clinics, regional benefit offices and cemeteries across the country.
- The IT budget will help improve the delivery of Veterans' healthcare services and benefits claims processing improvements. In 2014 VA will invest \$495 million for the development of IT solutions.



- The request includes \$1.026 billion in 2014 to support 7,355 direct FTE, with an additional \$13 million in estimated reimbursements to support 104 reimbursable FTE for this national level IT organization. Around the clock operations especially for the electronic medical health record and the new online educational claims processing systems require high levels of system availability and user support to meet the various missions of VA.
- Programmatic IT activities utilize 72 percent of the budget authority, while operational, staffing and administration costs account for 28 percent.

## Summary of the IT Budget Request

The request includes funding for the following:

- \$344 million for integrated electronic health record (iEHR) development and sustainment, the joint electronic health record that VA and DoD are developing.
- \$245 million for the development of Major Transformational Initiatives in VA's Strategic Plan, Each initiative is highlighted in the next section below.
- \$123 million for information security programs which protect Veteran's privacy and provide secure IT operations across VA.
- \$5 million for the conversion of VA health care systems to the 10<sup>th</sup> edition of the International Classification of Diseases (ICD-10) code standard.

## Major Transformational Initiatives

IT funding requested to support the development and sustainment of VA's Major Transformational Initiatives includes the following:

- \$142 million for the Veterans Relationship Management initiative, which will increase the number of flexible communication channels for Veterans to receive information such as the Virtual Call Center and self-service capabilities through the eBenefits portal.
- \$38 million for the New Models of Health Care (NMHC) initiative. Examples of information technology projects under this initiative include: pilot projects for phone and electronic specialty care consultations, a web-based smoking cessation service, and the use of telepathology/teleaudiology to diagnose diseases/hearing disorders remotely.
- \$36 million for the Veterans Benefits Management System, to continue nationwide deployment of this new paperless based system to VBA Regional Offices integrating new and improved business processes.

- \$14 million for the Virtual Lifetime Electronic Record, which includes the effort to develop unconstrained health data sharing across the National Health Information Network and the expansion of the Information Disability Evaluation System from 27 to 120 sites.
- \$8 million for Health Informatics will include an investment in A Virtual Implementation of VistA (AViVA) which will make it easier for third party providers to build applications and for health care providers to collaborate and provide the best care for Veterans.
- \$6 million for the Access to Healthcare initiative that will provide for the installation of inpatient flow technology tools throughout all VHA facilities and the Point of Service Kiosk system.
- \$1 million for projects in support of the Mental Health initiative including an on-line recovery planning tool, deployment of educational material using the MyHealthVet web application, and mental health assessment tools for patient information collection.

## **Management Initiatives**

VA utilizes a rigorous department-wide IT project management approach that halts programs that fail to meet delivery milestones.

The Project Management Accountability System (PMAS) is specifically designed to improve the results of IT investments at VA through the use of incremental product build methods to focus on near-term, assured deliveries of new capabilities. Benefits of PMAS include the following:

- Enhances business effectiveness through frequent delivery of functionality
- Re-balances requirements with available staffing
- Enables VA to focus on troubled projects early and implement corrective actions quickly through real-time performance indicators
- In FY 2012, PMAS achieved an 82 percent on-time increment finish rate, significantly above the average government and industry delivery rate of 42 percent. In FY 2012 VA project managers initiated 158 reviews. This is a yearly increase of 51 percent. This process led to the quick resolution of over a third of the project delivery issues.
- In FY 2012, PMAS initiated Milestone 0 and 1 Reviews. These Reviews ensure that projects are ready to enter the Planning and Active states respectively.

The Ruthless Reduction Task Force (RRTF) initiative identifies opportunities for cost avoidance in VA IT expenses by a variety of means. The RRTF has explored decommissioning redundant systems; consolidation of development and test

environments; implementation of service-oriented architecture, data center consolidation and cloud computing; and efficiencies in obtaining security approvals for would-be employees and contractors. In FY 2012, the RRTF renegotiated the Microsoft Enterprise License Agreement contract to significantly reduce costs associated with Microsoft Products used in VA and in FY 2013 VA negotiated with Oracle to combine individual database licenses to an enterprise wide license agreement.

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## *Legislation Summaries*

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## *Proposed Legislation Summary*

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### **Summary of Legislation Proposed**

#### **Medical Care - Proposed Legislation**

The nine following legislative proposals have a budgetary impact that is reflected on the accompanying table.

**Sunset for Health Professionals Educational Assistance Program:** Legislation will be proposed to amend 38 USC 7619 to extend the current sunset date of December 14, 2014, for the Health Professionals Educational Assistance Program (HPEAP) by extending authorization for the program for an additional five years to offer scholarships under this program to help meet recruitment and retention needs for critical health care providers. VA is drafting new regulations for the HPEAP and anticipates publishing final regulations in 2013. Therefore under the current sunset, this program would only be operative for less than two years. Extending the program through 2019 will enable VA to offer scholarships for more than two academic years to meet the future needs for health care professionals. This program will help alleviate the health care workforce shortages in VA by obligating scholarship recipients to complete a service obligation at a VA health care facility after graduation and licensure/certification. Additionally, scholarships will enable students to gain academic credentials without additional debt burdens from student loans. Future benefits are gained in reduced recruitment costs as scholarship recipients will have obligated service agreements to fulfill. These types of obligations secure the graduates' services for up to three years and reduce turnover, and associated costs, typically associated with the first two years of employment.

**Medical Foster Home:** Legislation will be proposed to give VA authority to pay for Veterans' care (room, board and caregiver services) in VA-approved Medical Foster Homes (MFHs). For Veterans who would otherwise need nursing home care, MFHs provide care in a private home at much lower cost than nursing home care. Medical Foster Homes have already proven to be safe, preferable to Veterans, and highly Veteran-centric, at less than half the cost to VA as care in a nursing home. Currently, all Veterans in VA's MFH program must pay for MFH, as VA does not have authority to pay. Under this proposal, VA payment for

MFH would be exclusively for Veterans who would otherwise need nursing home care, while assisted living by most definitions and in most states routinely excludes individuals who would otherwise need nursing home level of care. Authorizing VA to pay for certain MFH care would result in more Veterans receiving long-term care in a preferred setting, with substantial reductions in costs to VA.

**Exception to 24-Month Eligibility Requirement for Emergency Treatment:** Legislation will be proposed to add subparagraph “(C)” to section 1725(b)(2) of title 38, U.S.C., to provide an exception to the 24-month requirement in §1725(b)(2)(B) for Veterans who have recently enrolled in the VA health care system but have not received care or services under chapter 17 due to wait times associated with their initial appointment at a VA medical facility. Currently, Veterans who are enrolled in the VA health care system, but have not received care or services from VA under chapter 17, lack eligibility for payment or reimbursement for non-VA emergency treatment under § 1725. Under the current statute, payment for such treatment would be administratively denied because the Veteran had not received care or services in the last 24 months from VA under chapter 17, even if the Veteran had requested and was scheduled for a new patient examination. If adopted, this proposed change would address the restrictive nature of the 24-month requirement included in §1725(b)(2)(B) and provide otherwise eligible recently enrolled Veterans with the “safety net” of non-VA emergency coverage.

**Transportation of Individual to and from Facilities of the Department of Veterans Affairs (VA):** Legislation will be proposed to extend a recently enacted provision, 38 USC § 111A, that authorized VA to transport any person to or from a VA facility or other place in connection with vocational rehabilitation or counseling required by the Secretary pursuant to chapter 34 or 35 of Title 38, or for the purpose of examination, treatment, or care. This authority was enacted in January 2013 as section 202 of the Dignified Burial and Other Veterans’ Benefits Improvement Act of 2012 (P.L. 112-260) and expires one year after the date of enactment, on January 10, 2014.

VA launched a Veterans Transportation Service (VTS) initiative in 2010 to enhance, support, and organize transportation services provided by volunteers to assist Veterans in getting to and from their VA health care appointments. However, with increasing numbers of transportation-disadvantaged Veterans, there simply are not enough volunteers in all regions of the country to sustain the current level of service. Further, volunteers generally do not transport Veterans who are not ambulatory, require portable oxygen, have undergone a procedure involving sedation, or have other clinical issues and some volunteers are reluctant to transport very ill Veterans. Section 202 allows VA to supplement volunteers

with VA staff drivers. Without the proposed extension, it is possible that VTS will need to be significantly reduced or curtailed in January 2014, particularly in rural areas of the country.

**Smoke-Free Environment:** Legislation will be proposed to reverse the requirement in Public Law 102-585 §526 for designated smoking areas at VA facilities. It would eliminate all smoking on the grounds of all VA health care facilities to make them completely smoke-free. Currently Public Law 102-585 §526, enacted in 1992, requires the Veterans Health Administration (VHA) to provide suitable smoking areas, either an indoor area or detached building, for patients or residents who desire to smoke tobacco products. As of January 2, 2013, there are 3,750 local and/or state/territory/commonwealth hospitals, healthcare systems and clinics and four national healthcare systems (e.g., Kaiser Permanente, Mayo Clinic, SSM Health Care, and CIGNA Corporation) in the United States that have adopted 100% smoke-free policies that extend to all their facilities, grounds, and office buildings. Numerous Department of Defense medical treatment facilities (MTF) have become tobacco-free as well. VHA health care providers and visitors do not have the same level of protection from the hazardous effects of second-hand smoke exposures as do patients and employees in these other systems. Currently, approximately 20% of Veterans enrolled in VA health care are smokers. Many of the non-smokers are also older Veterans who may be at higher risk for cardiac or other conditions that may make them even more vulnerable to the cardiovascular events associated with secondhand smoke. As with patients of other health care systems, Veteran patients have a right to be protected from secondhand smoke exposures when seeking health care at a VA facility. For Veterans who are inpatients, nicotine replacement therapy is currently available so they would not have to experience nicotine withdrawal during hospital admissions.

**Remove Requirement that VA Reimburse Certain Employees for Professional Education:** Legislation will be proposed to eliminate title 38, United States Code, section 7411 that states “The Secretary shall reimburse any full-time board-certified physician or dentist appointed under section 7401 (1) of this title for expenses incurred, up to \$1,000 per year, for continuing professional education.” VHA has a long history of providing educational and training support to all clinical and administrative staff. The Employee Education System and VA Learning University offer a large course catalog with opportunities for physicians and dentists, as well as other occupations, to obtain continuing professional education at VA expense. VHA will continue to manage training and education funding within long-standing parameters in conjunction with published policies at the national and local levels. Continuance of the entitlement in section 7411 is



no longer necessary, given the improved competitive recruitment position resulting from the new pay system.

**Clarify Breach of Agreement under the Employee Incentive Scholarship Program (EISP):** Legislation will be proposed to amend title 38, United States Code, chapter 76, section 7675, subchapter VI, to provide that full-time student participants in the EISP would have the same liability as part-time students for breaching an agreement by leaving VA employment. The current statute clearly limits liability to part-time student status participants who leave VA employment prior to completion of their education program. This allows a scholarship participant who meets the definition of full-time student to leave VA employment prior to completion of the education program, breaching the agreement with no liability. This proposal would require liability for breaching the agreement by leaving VA employment for both full- and part-time students. All other employee recruitment/retention incentive programs have a service obligation and liability component. This proposal would result in cost savings for the Department by recovering the education funds provided to employees who leave VA employment prior to fulfilling their agreement.

**Allow VA to Release Patient Information to Health Plans (increases collections):** This proposal would amend 38 U.S.C. § 7332(b) to permit the disclosure of VA records of the identity, diagnosis, prognosis or treatment of a patient relating to drug abuse, alcoholism or alcohol abuse, infection with the human immunodeficiency virus (HIV), or sickle cell anemia (referred to as 7332-protected conditions or information) to health plans for the purpose of VA obtaining reimbursement for the cost of nonservice-connected care. The Veterans Health Administration (VHA) is prohibited from disclosing information identifying a patient as having been treated for 7332-protected conditions for any purposes not specified in 38 U.S.C. § 7332 unless a signed, written consent is obtained from the patient. VA must obtain signed, written consents to bill health plans for each treatment of a patient relating to 7332-protected conditions. Often it is not possible to obtain this signed, written consent for a variety of reasons. Some patients refuse to sign the written consent, while other patients are incapacitated at the time of care. Written requests to the patient following treatment often result in no response. One of the major clinical areas affected by the current statutory language is testing for and care of HIV infection within VA. VA may not condition treatment on the Veteran signing an authorization to allow VA to disclose 7332-protected information to health plans or health insurance carriers for payment activities. For VA to bill health plans or health insurance carriers for all admissions and episodes of care for nonservice-connected disabilities, a provision authorizing this disclosure activity needs to be included in 38 U.S.C. 7332(b). This provision would ensure that the use of this information

for billing purposes would be consistent with its use for treatment purposes in VA - that no consent is needed for either purpose.

**Consider VA a Participating Provider for “Purpose of Reimbursement” (increases collections):** The proposal would require VA to be treated as a participating provider of a health plan, thus preventing the effect of excluding coverage or limiting payment by a health insurer or other third-party payer for the cost of VA medical care and services provided to Veterans for nonservice-connected conditions. With the enactment of the Balanced Budget Act of 1997, Public Law 105-33, § 8023(a), codified at 38 U.S.C. § 1729A, VA was authorized to retain collections from third-party payers and certain co-payments. VA can use these collections to fund medical care to Veterans and to pay for its medical care collection expenses. This law also authorized VA to collect reasonable charges based on the amounts that health insurers would pay for the same care provided by non-government health care providers in the same geographic area. This proposal would prevent a health insurer from denying or reducing payment to VA on the grounds that VA is not a participating provider.

The twenty-six following legislative proposals have no impact on the budget in 2013 and 2014:

**Extend Authorization of Appropriations for Support Services for Veteran Families (SSVF) Program:** The SSVF Program provides supportive services to very low-income Veteran families in or transitioning to permanent housing. Funds are granted to private non-profit organizations and consumer cooperatives that assist very low-income Veteran families by providing a range of supportive services designed to promote housing stability. The SSVF Program is the only VA homeless program that is national in scope that can provide direct services to both Veterans and their family members. This authority, contained in 38 U.S.C. § 2044, expires on September 30, 2013. VA proposes to amend section 2044 to extend the authorization of appropriations to FY 2014 and beyond.

**Require Non-VA Facilities and Providers Who Accept Federal Medicare Payments to Accept VA Payments Based on a Medicare Payment Methodology:** Since July 1, 1987, Medicare-participating hospitals that provide inpatient hospital services have been required to participate in VA’s contract-care program authorized by 38 U.S.C. § 1703 (then § 603), expressly subjecting them to VA’s payment rules. See § 233 of Pub.L. 99-576 (1986), codified at 42 U.S.C. § 1395cc(a)(1)(L). However, other Medicare-participating facilities (other than hospitals which provide inpatient care) and providers are not required to accept VA patients or VA’s payment rates as a condition of Medicare participation. This gap has proved especially problematic since December 2010 when VA adopted a Medicare payment methodology for non-VA outpatient medical services and

(inpatient and outpatient) professional services. In response to these rate changes, non-VA Medicare-participating providers who accept VA referrals have informed VA that they will not accept the VA payment amount, i.e., the rates based on the Medicare methodology. These are the same providers that already accept other Federal medical benefit payments for the same services at the same rates. Requiring Medicare-participating providers to agree to accept VA payment rates for outpatient medical services and inpatient and outpatient professional services would increase payment consistency across the Federal health care system. It would also greatly enhance VA's ability to meet the needs of Veterans by ensuring their access to needed non-VA medical services authorized under section 1703.

**Increase the Specific Authorization Amount on the Homeless Grant and Per Diem Program:** This proposal would amend title 38 U.S.C. § 2013, "Authorizations of Appropriations", to increase the authorization cap to \$250 million for grants and per diem payments for fiscal year 2014 and for each subsequent fiscal year.

**Extend Homeless Grant and Per Diem Program to Support a "Transition in Place" Model toward Permanent Housing:** This proposal would amend 38 U.S.C. § 2012, the per diem component of the Department's Homeless Providers Grant and Per Diem Program (GPD Program), to authorize per diem payments to entities receiving grants under section 2011, or entities eligible to receive such grants, to transition Veterans from transitional to permanent housing. The legislation would establish the maximum rate for such per diem at one hundred and fifty percent of the current per diem rate for domiciliary care under section 1741(a)(1)(A). Entities receiving per diem for converting transitional housing beds to permanent housing would be required to replace each VA-funded transitional housing bed converted to permanent housing.

Currently, GPD Program assistance is limited to transitional housing and supportive services. No Homeless Veterans Program authorizes Departmental support of permanent housing except for supportive services provided in connection with HUD-VASH. The GPD Program law caps per diem at the rate for domiciliary care in State homes under section 1741(a)(1)(A). Supporting Veterans' transition from homelessness to permanent housing is fundamental to ending homelessness among Veterans. By allowing Veterans to "transition in place" to permanent housing, the Department would provide a valuable alternative for Veterans who may not need or be interested in participating in HUD/VASH.

**Establish a Central Nonprofit Corporation for Research (NPC):** With the establishment of the central NPC, VA would be able to negotiate and implement

national level research and education projects that are beyond the scope of the local NPCs. The proposal would permit the establishment of a national level NPC that is not affiliated with a particular VAMC, but has the capability to operate with any or all VAMCs, including those with a local NPC. The central NPC would facilitate national medical research and education projects conducted by VA in conjunction with non-VA and non-Federal entities with an emphasis on interdisciplinary interchange and dialogue between these participants. The central NPC would not take the place of the local NPCs, but rather would work with them to facilitate those elements of national-scope research and education projects that are conducted at the local level. This streamlining of effort through the central NPC for national level projects would in turn make VA a more appealing research collaborator to both federal and private research sponsors.

**Technical Amendment to Clarify Individual Authorizations for Non-VA Services:** 38 U.S.C. 1703 authorizes the Secretary to contract with non-VA facilities for care and services for certain Veterans when VA is unable to furnish economical care or services due to geographical inaccessibility or because VA facilities are not capable of providing needed care or services. VA regulations implementing the authority in section 1703 have long provided that “individual authorizations” may be used as a method of making infrequent purchases of necessary non-VA health care for eligible Veterans. Individual authorizations provide the flexibility to purchase services necessary to a full continuum of care based on the patient’s condition, frequency of need, and quality of care issues which would otherwise be unavailable from VA without negotiating the purchase under formal contracting provisions. VA proposes to amend section 1703 to clarify that VA is not limited to formal contracting when purchasing health care services under this authority.

**Exempt Medal of Honor Awardees from Copayment Requirements:** Section 512 of Public Law 111-163 amended 38 USC 1705 to add certain Veterans who were awarded the Medal of Honor to the list of Veterans included in enrollment priority group 3; however, this provision did not make any corresponding amendments to 38 USC 1710, 38 USC 1710B, or 38 USC 1722A to exempt these Veterans from copayment requirements. VA proposes to amend these provisions to specifically exempt Medal of Honor awardees from VA copayment requirements. The Medal of Honor awardees are highly courageous Veterans who served their country without regard for their own safety or well-being. VA believes making them exempt from copayment requirements is appropriate recognition of their service and ensures that they can receive cost-free care to maintain their well-being.

**Make VA an Ex Officio Member of the Association of Military Surgeons of the United States:** Although VA has long participated in Association of Military

Surgeons of the United States (AMSUS) as an equal partner with the other constituent services, VA has never been officially incorporated into the organization. The purpose of this proposal is to correct a long-standing inconsistency by making the Department of Veterans Affairs (VA) an ex officio Member of AMSUS. Becoming an ex officio member of AMSUS would permit VA to help organize and host the AMSUS annual meeting without the additional steps to justify our involvement. These annual meetings are valuable to VHA because AMSUS provides a platform for sharing with other Federal health care entities. The program serves as continuing education for health care professionals across multiple disciplines.

**Extend Authority to Provide Care and Services to Mentally Ill and Homeless Veterans:** Title 38 USC § 2031 states, “(a) In providing care and services under section 1710 of this title to veterans suffering from serious mental illness, including veterans who are homeless, the Secretary may provide (directly or in conjunction with a governmental or other entity) - (1) outreach services; (2) care, treatment, and rehabilitative services (directly or by contract in community-based treatment facilities, including halfway houses); and (3) therapeutic transitional housing assistance under section 2032 of this title, in conjunction with work therapy under subsection (a) or (b) of section 1718 of this title and outpatient care.” This authority expires on December 31, 2013. VA proposes to extend the authority through December 31, 2016.

**Extend Authority to Provide Expanded Services to Homeless Veterans:** Title 38 USC § 2033 authorizes VA, subject to the availability of appropriations, to operate a program to expand and improve the provision of benefits and services to homeless Veterans. The program includes the establishment of centers for the provision of comprehensive services to homeless veterans in the 20 largest metropolitan statistical areas. Section 2033 will expire on December 31, 2013. VA proposes to extend this authority through December 31, 2016.

**Extend Authority for the Homeless Veterans Advisory Committee:** Title 38 USC § 2066 established an Advisory Committee on Homeless Veterans. Pursuant to § 2066(d), the Committee will cease to exist on December 31, 2013. VA proposes to extend this authority through December 31, 2016.

**Make Permanent Authority to Charge Certain Copayments for Hospital Care:** P.L. 112-154, § 112, extended until September 30, 2013 VA’s authority to collect specified copayments for hospital care of certain Veterans pursuant to 38 USC § 1710(f). VA requests that this authority be made permanent.

**Make Permanent Authority to Recover Costs from Insurance Companies:** Public Law 112-154, § 113, extended VA’s authority, through October 1, 2013, to recover

from health-plan contracts VA's reasonable charges for medical care and services for nonservice-connected conditions of Veterans with service-connected disabilities. The proposal would make this authority permanent.

**Extend Authority Requiring VA to Provide Nursing Home Care to Certain Veterans:** Title 38 USC § 1710A(a) requires VA, subject to appropriations for such purpose, to provide nursing home care that the Secretary determines is needed (1) to any Veteran in need of such care for a service-connected disability, and (2) to any Veteran who is in need of such care and who has a service-connected disability rated at 70 percent or more. This authority is currently due to expire December 31, 2013. VA proposes to extend current authority through December 31, 2020.

**Authority to offer capital grants for Special Need Populations under Homeless Grant and Per Diem (GPD) Program:** This legislative proposal seeks to amend 38 U.S.C. § 2061 to grant VA permanent authority to offer capital grants for homeless veterans with special needs on the same basis as the grants currently made to homeless veteran providers under the VA Homeless Grant and Per Diem (GPD) Program pursuant to 38 U.S.C. § 2011. Veterans with special needs are defined in 38 U.S.C. § 2061, as amended by the recent passage of P.L. 112-154 § 203. This proposal also would amend section 2061 by removing the requirement that VA make grants to VA health care facilities and amend Subchapter VII of Chapter 20, by adding new section 2061A to establish a per diem program for homeless veterans with special needs. The new program would mirror the requirements of the per diem component of the GPD Program. However, recognizing the additional operational expenses incurred by providers serving this group of veterans, per diem would be capped at twice the domiciliary rate under the State home program. (Per Diem under the GPD Program is capped at the State home domiciliary rate.) This authority would be permanent.

**Amend Title 38 U.S.C. §1720D to include Veterans who experienced sexual trauma while serving on inactive duty for training:** VA proposes that 38 U.S.C. §1720D be amended to include Veterans who experienced sexual trauma (as that term is defined by section 1720D) while serving on inactive duty for training. Currently, VA's counseling and care authority extends only to those whose sexual trauma occurred while they were serving on active duty or on active duty for training. See 38 U.S.C. 1720D(a)(1).

**Proposal to establish homelessness as a criterion for the provision of temporary lodging:** VA proposes to amend Subchapter I of Chapter 17, title 38 by adding new section 1708A to allow VA to provide temporary lodging in the form of emergency hotel stays to homeless Veterans awaiting placement in permanent and/or transitional housing or other suitable housing alternatives. Veterans

placed in such temporary lodging would also receive case management and other forms of treatment and support from existing homeless case managers. This proposal is both consistent with and essential to the Secretary's Plan to End Homelessness Among Veterans, and VA's operating philosophy of "no wrong door" - meaning that all Veterans seeking to prevent or exit homelessness must have easy access to programs and services.

**Recovery of Medical Care Reasonable Charges from Third-Party Insurers:** VA proposes to amend 38 U.S.C 1729 to clarify VA's authority to recover reasonable charges from third parties for care provided to Veterans or other individuals. VA routinely provides medical care for non-service connected conditions to Veterans who are covered by health insurance or other third-party coverage. VA appropriately bills the third party for the reasonable charges of the Veterans' care. Over the years, some of the terminology used to describe third-party payers has changed, and the new terminology is sometimes relied upon by payers to deny or reduce reimbursements to VA. The proposal would also improve VA's collection program by providing authority to bill and collect from health insurers when VA medical care is provided to a non-Veteran. Under current law, although the individual is liable for the cost of the care, VA has no authority to bill and recover from the individual's health insurer. Clarification of VA's collection authority is needed to maintain VA's ability to recoup reasonable charges from health insurers and other third parties.

**Veterans' Access to Additional Generic Drugs Currently Available to Private Sector Patients:** VA is proposing that the Federal Acquisition Regulation (FAR) be modified to allow VA pharmaceutical procurements to be exempt from the Trade Agreements Act (TAA) and Buy American Act (BAA). Currently, there are numerous generic drugs made in Food and Drug Administration (FDA) approved manufacturing facilities in non-TAA countries. Even though these products are made in FDA approved manufacturing plants and are used extensively in the private sector in the United States, the TAA makes it difficult if not impossible for VA to purchase these products in times of national drug shortages. VA is experiencing numerous and prolonged shortages of some pharmaceuticals and these shortages are affecting patient care, because prescription quantities must be decreased from 90-day supplies to 30-day supplies and/or patients must be switched to other drugs. At lower dollar thresholds, the BAA also restricts VA's ability to purchase pharmaceuticals. The private sector is not experiencing these shortages because of their ability to purchase drugs regardless of where they were manufactured. VA would only use this new authority in drug shortage situations where medically necessary drugs are in short supply or not available from sources that conform to TAA and BAA but are readily available from non TAA or non BAA conforming sources.

VA would purchase pharmaceuticals not in short supply in conformance with the TAA and BAA. These situations are sporadic and usually for short duration.

**Advance Medical Directives of Veterans Requirement for Recognition of Completed VA Form 10-0137 by States:** This proposal seeks to amend Title 38 United States Code (U.S.C.) by adding a new section 7335 to create parity between VA and DoD by specifying that a VA advance directive (VA Form 10-0137) shall be given the same legal effect as any valid State advance directive. DoD's comparable provision for recognition of military advance medical directives by States is 10 U.S.C. §1044c. Currently, there is no formal mechanism allowing legal recognition of completed VA Form 10-0137 ("VA **Advance Directive:** Durable Power of Attorney for Health Care and Living Will") outside of VA health care facilities. As a result, although the Veteran population is highly mobile, Veterans' VA advance directives are not portable except within the national VA system. If a Veteran seeks care at a community hospital or is transported there in an emergency situation, the Veteran's wishes and preferences stated on VA Form 10-0137 have no legal weight.

**Verification of Income for Certain Veterans who Receive Beneficiary Travel Benefits and are exempt from Medication Copayments:** VA proposes to clarify its legal authority to conduct income verification for purposes of determining beneficiary travel eligibility and medication copayment exemption when based on a Veteran's income. As discussed in 38 U.S.C. 5317, the Secretary may compare Veteran-submitted financial information with information obtained from the Commissioner of Social Security and the Secretary of the Treasury for the purposes of income verification in certain VA benefit and service programs.

This income verification ensures a reasonable check and balance that guards against waste, fraud and abuse. In order to protect resources and ensure that eligible Veterans receive appropriate benefits, VA proposes to clarify the Secretary's authority to conduct income verification for certain Veterans who, based on their income, receive beneficiary travel benefits and are exempt from medication copayments requirements.

**Deletion of Classification Under Supportive Services for Veteran Families (SSVF) Program:** Current statutory authority (38 U.S.C. 2044(b)(1-3)) creates three groups of very low-income Veterans eligible for the SSVF Program. VA proposes that the third group be removed, by deleting subparagraph 38 U.S.C 2044(b)(3). Based on current operations, VA has determined that this third group duplicates the second group (38 U.S.C 2044(b)(2)) since both groups identify homeless Veteran families. This duplication creates confusion about how to classify participants when grantees report data to the Department of Housing and Urban Development's (HUD) national database - the Homeless Management



Information System (HMIS) – since this third group does not exist in HMIS. As a result, SSVF outcome data cannot be directly compared to similar programs that use HMIS, such as HUD’s Homeless Prevention and Rapid Re-Housing (HPRP) program and HUD’s Emergency Solutions Grant (ESG). The comparison of SSVF outcome data with these programs is essential for measuring the effectiveness of VA and HUD homeless programs.

**Modify Crediting of Hours Worked by Registered Nurses on the 72/80 Alternate Work Schedule:** This proposal would modify 38 U.S.C. 7456A to allow hours worked on tours of duty that cross over from the last day of a pay period into the first day of the following pay period by registered nurses on an approved 72/80 alternate work schedule to be credited as if all hours were worked on the last day of the pay period in which the tour of duty began. The 72/80 alternate work schedule would be most advantageous to VA if it could be used to provide coverage for weekend tours of duty that are typically difficult to staff. The proposed language allows VA to maintain a standard administrative work week and pay period for all employees while achieving maximum scheduling flexibility for nurses on a 72/80 alternate work schedule.

**Secretary Authority to Regulate Leave Pay for Title 38 Hybrid employees and Title 5 Health Care Workers:** This proposal would modify 38 U.S.C. § 7454 to expand the definition of compensation to include pay earned by employees when performing work or when using paid leave or other paid time off. This will clarify that the Secretary may regulate pay authorized under 38 U.S.C. § 7454 for title 38 hybrid employees and title 5 health care workers when performing work or when using paid leave or other paid time off which will allow the Secretary to issue Department policy to prohibit weekend pay and night differential for periods of leave consistent with government-wide regulations and the Department’s prior understanding and intent.

**Technical Amendment to Overtime Provisions for Registered Nurses on the 72/80 Alternate Work Schedule:** This proposal would modify 38 U.S.C. 7456A to provide that registered nurses on an approved 72/80 alternate work schedule shall only be entitled to officially ordered and approved overtime for hours worked in excess of their regularly scheduled tour of duty. The Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163, dated May 5, 2010) that established the 72/80 work schedule did not include the necessary conforming amendments to the overtime provisions for nurses on this alternate work schedule. As a result, nurses may be entitled to overtime pay for non-overtime hours.

**Extend Authorization of Appropriations for Homeless Providers Grant and Per Diem Special Needs Program:** VA proposes to extend the authorization of

appropriations contained in 38 U.S.C. § 2061(d)(1) in order to authorize appropriations to make grants to health care facilities of the Department and grant and per diem providers (GPD) carrying out programs for homeless Veterans with special needs. The current authorization expires on December 31, 2013. VA proposes to extend this authorization through 2014 and beyond.

## **Construction - Proposed Legislation**

**Allow Transfers to/from VA Capital Accounts in Support of Joint Federal Facilities:** In 2014 VA will propose changes to its authorization to allow VA to plan, design, construct, or lease shared medical facilities with the goal of improving the access to, and quality and cost effectiveness of, the health care provided by the Department and other Federal agencies (for example, the Department of Defense) to their beneficiaries. The proposal would allow the Department to transfer and/or receive funds (major and minor construction) to/from another Federal agency for use in the planning, design, and/or construction of a shared medical facility. It would also allow the transfer (from the medical facility appropriation) or receiving of funds to/from other Federal agencies for the purpose of leasing space for a shared medical facility, after section 8104 authorization requirements have been met. In order to foster collaboration, VA will also request to amend the definition of a “medical facility” to include any facility or part thereof which is, or will be, under the jurisdiction of the Secretary, or as otherwise authorized by law, for the provision of health-care services.

## **Compensation and Pensions - 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.

**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.

**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. The current authority expires after December 31, 2013. 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.

## **Burial - Proposed Legislation**

**Use of Character of Service Determinations for Active Duty Deaths:** This proposal would amend § 2402(a)(1) of title 38, United States Code (U.S.C.), to

require that a Servicemember who dies in active service must have been serving under conditions other than dishonorable to be eligible for burial in a VA National Cemetery. It would also amend title 38, U.S.C. § 2306(b)(4)(A) and (f)(2) to impose the same requirement for eligibility for a memorial headstone or marker and amend title 38, U.S.C. § 2301(d) to do the same for a burial flag. This proposal seeks to rectify the current inequity in eligibility determinations that exists between Veterans and active duty Servicemembers, and would not result in benefits cost or savings.

**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.

## **Readjustment Benefits – Proposed Legislation**

**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 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 \$954,000 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 \$602,000 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 \$13,000 in 2014, \$63,000 over five years, and \$126,000 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, 2017. 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.

## **Housing – Proposed Legislation**

**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.

## **Insurance – Proposed Legislation**

**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.

## **Other Legislative Proposals**

**Veterans Job Corps:** This legislative proposal would authorize and provide funding to the Department of Veterans Affairs to coordinate an interagency process and transfer up to \$1 billion in mandatory funding over five years to establish the Veterans Job Corps. Funding will enable Veterans to leverage skills developed in the military in jobs on the country's public lands and in its communities, ranging from conservation and infrastructure projects to law enforcement and first responder jobs, such as park rangers, police officers, and firefighters.

**Reestablish a Modified Enhanced-Use Lease Authority:** VA will propose certain amendments to VA's enhanced-use lease (EUL) authority (codified at 38 U.S.C. § 8161-8169) to pursue EULs for purposes beyond creating supportive housing, similar to the broader authority that existed prior to expiration in December of 2011. VA's original enhanced use lease (EUL) authority was enacted in 1991. It allowed VA to lease land or buildings under control of the Secretary to public, private, and/or non-profit entities (ultimately for terms of up to 75 years), in return for cash and/or in-kind consideration -- provided the use of the property was not inconsistent with VA's mission. The statute subsequently expired on December 31, 2011. In August 2012, a modified version of VA's EUL authority was enacted via Section 211 of P.L. 112-154. It limits VA EULs entered into after January 1, 2012 to the providing of "supportive housing" on the leased property (as that term is defined in 38 U.S.C. § 8161(3)). It does not allow VA to enter into a broader range of public/private partnerships, as was permitted in the expired 2011 version of the statute. The current statute hinders VA's ability to enter into a wider range of EULs that would benefit Veterans, and VA's mission and operations.

**Legislative proposal to Allow the Office of Information and Technology (OI&T) Title 38 Pay Authority, in order to maintain on-call pay for Title 5 IT Specialists:** The proposed change in Title 38 legislation is to continue to allow Title 5 IT Specialists authority to serve in an "on-call" status and receive "on-call" pay because of the requirement to support VA's healthcare mission 24 hours a

day, 7 days a week (24 x 7). When the realignment of OI&T occurred, Title 5 IT staff were transferred out of VHA and the authority to receive “on-call” pay was subsequently lost. This change has resulted in the inability to provide off-tour IT support for mission-critical IT systems that are in use by VA employees across the country 24 hours a day, 365 days a year. On-call coverage is needed because VA does not staff IT on a 24x7 basis.

**Legislative proposal to Allow the Office of Information and Technology (OI&T) Title 38 Pay Authority to Recruit and Retain Healthcare Professionals:**

The purpose of the proposed change in Title 38 legislation is to allow OI&T, now operating under a single IT authority, to recruit and retain healthcare professionals in several of our leadership positions. Having senior executives, specifically, in our IT software development and at the IT Veterans Integrated Service Network (VISN) Chief Information Officer (CIO) level that possess both the medical field background and management background is very important. The complexities of the medical field itself require individuals that have both extensive specialized experience and knowledge in this field, and in the IT management field.

**Reasons and Bases:** The Board of Veterans’ Appeals (BVA) proposes to define the term “reasons and bases” in 38 U.S.C. § 7104(d)(1) to mean a plausible statement of the reasons for the Board’s ultimate findings of fact and conclusions of law. This proposal seeks to simplify the content requirements of Board decisions, making them more understandable to Veterans.

**Repeal Obsolete Ethics Provision:** This proposal would eliminate the blanket prohibition against VA employees having interests in, or receiving income or services from, certain for-profit educational institutions.

**Notice of Disagreement Filing Period:** This proposal would amend 38 U.S.C. § 7105(b)(1) to reduce the time period for filing of a notice of disagreement (NOD) following the issuance of a rating decision from one year to 180 calendar days.

**Board of Veterans’ Appeals Video Hearings:** This proposal would amend 38 U.S.C. § 7107(d)(1) and (e)(2) to allow the Board to determine the most expeditious type of hearing to afford an appellant (i.e., an in-person hearing or a video conference hearing), restricting the appellant to the hearing selected by the Board unless good cause or special circumstances are shown to warrant another type of hearing.

**Definition of Prevailing Party for the Equal Access of Justice Act (EAJA) and Veterans Benefits Appeals:** This proposal would amend the definition of “prevailing party” for purposes of establishing eligibility to receive attorney fees

and expenses fees under 28 U.S.C. § 2412 of the Equal Access of Justice Act (EAJA) for cases handled by the United States Court of Appeals for Veterans Claims (Court).

**Filing of Substantive Appeals:** This proposal would amend 38 U.S.C. § 7105(d)(3), to establish a clear time period for filing a substantive appeal in order to perfect an appeal to the Board of Veterans' Appeals (Board), to make the filing of a timely substantive appeal a jurisdictional requirement for Board review, and to establish that finality attaches to any matter in which a timely substantive appeal is not filed, all for the purpose of promoting efficiency in the adjudication process.

**Extension of the authority for the Paralympics Integrated Adaptive Sports Program and Expansion of the Grant and Monthly Assistance Programs:** Extend the authority in 38 U.S.C. §§ 322(d) and 521A by five years for VA support of the U.S. Paralympics Integrated Adaptive Sports Program. The current authority expires after September 30, 2013. This support consists of the Monthly Assistance Allowance paid to disabled Veterans training in a Paralympic sport, and grants to the U.S. Olympic Committee to plan, develop, manage, and implement an integrated adaptive sport program for disabled Veterans and disabled members of the Armed Forces. This proposal would also improve the accessibility and equity of VA's therapeutic sports programs for disabled Veterans and disabled Servicemembers by extending allowance benefits to disabled Veterans competing in Able-Body sports, by authorizing grants to Paralympic sports entities in the American Samoa, Guam, Puerto Rico, the Northern Mariana Islands, and the U.S. Virgin Islands, and by ensuring that the current grant authority in section 521A is not focused solely on Paralympic sports.

**Extend Authority for Advisory Committee on Minority Veterans (extend for five years):** VA proposes extending the current authority to Dec 31, 2019. The law (38 U.S.C. 544(e)) currently specifies that "[t]he Committee shall cease to exist December 31, 2014."

**Franchise Fund:** This proposal would modify Public Law 109-114, Military Quality of Life and Veterans Affairs Appropriations Act of 2006, to provide a better financial procedure for the VA Franchise Fund to more quickly return refunds to customers when improper payments are inadvertently made by the fund on the customer's behalf.

**Establishment of Assistant Secretary and Deputy Assistant Secretary Positions:** Legislation is proposed to amend title 38, United States Code, to establish within the Department, the position of Assistant Secretary for Acquisition, Logistics and

Construction. This position will provide policy direction and management oversight over an acquisition and construction program that is growing larger and more complex each year. This legislation will also authorize eight additional Deputy Assistant Secretary positions to manage growing VA programs in the areas of construction, facilities, asset management and information technology. The additional positions will allow VA to transform and modernize its business practices across the department.

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# Proposed Legislation Chart

| Proposed Legislation<br>(dollars in thousands)   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|  | 2014            |                 | 2015            |                 | 2016            |                 | 2017            |                 | 2018            |                 | 2014 to 2018     |                  |
|  | BA              | Outlays         | BA              | Outlays         | BA              | Outlays         | BA              | Outlays         | BA              | Outlays         | BA               | Outlays          |
| <b>\$ in thousands</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| <b>Disability Compensation Benefits:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| 2012 Compensation COLA increase of 2.2 percent effective December 1, 2012*                 | 1,033,498       | 1,033,498       | 1,292,591       | 1,292,591       | 1,342,378       | 1,342,378       | 1,389,258       | 1,389,258       | 1,432,431       | 1,432,431       | 6,490,156        | 6,490,156        |
| Extend Rounding-Down of Compensation and DIC COLA Through 2018                             | (41,600)        | (41,600)        | (91,300)        | (91,300)        | (147,800)       | (147,800)       | (192,800)       | (192,800)       | (239,000)       | (239,000)       | (712,500)        | (712,500)        |
| <b>Burial Benefits:</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Expand eligibility for Headstones for Eligible Spouses and Dependents at Tribal Cemeteries | 12              | 12              | 15              | 15              | 15              | 15              | 15              | 15              | 15              | 15              | 72               | 72               |
| Provide outer burial receptacles to state and tribal cemeteries                            | 2,551           | 2,551           | 4,406           | 4,406           | 3,290           | 3,290           | 1,086           | 1,086           | 6,019           | 6,019           | 17,352           | 17,352           |
| Allow for Government Furnished Headstones  | 54              | 54              | 58              | 58              | 62              | 62              | 66              | 66              | 70              | 70              | 310              | 310              |
| Expand eligibility for Veterans Medalion for Headstones                                    | 129             | 129             | 129             | 129             | 129             | 129             | 103             | 103             | 82              | 82              | 572              | 572              |
| <b>Total Burial Benefits Costs</b>   | <b>2,746</b>    | <b>2,746</b>    | <b>4,608</b>    | <b>4,608</b>    | <b>3,496</b>    | <b>3,496</b>    | <b>1,270</b>    | <b>1,270</b>    | <b>6,186</b>    | <b>6,186</b>    | <b>18,306</b>    | <b>18,306</b>    |
| <b>Veterans Employment and Infrastructure Enhancement Transfer Fund</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Veterans Job Corps   | 50,000          | 50,000          | 237,000         | 237,000         | 237,000         | 237,000         | 238,000         | 238,000         | 238,000         | 238,000         | 1,000,000        | 1,000,000        |
| <b>Readjustment Benefits</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Extend Rounding-Down of Education COLA Through 2018  | (1,208)         | (1,208)         | (1,181)         | (1,181)         | (1,892)         | (1,892)         | (1,913)         | (1,913)         | (2,499)         | (2,499)         | (8,693)          | (8,693)          |
| Increase Cap on Contract Counseling  | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 1,000           | 5,000            | 5,000            |
| Make Permanent Pilot Expansion of Certain Work-Study Activities                            | 954             | 954             | 991             | 991             | 1,019           | 1,019           | 1,063           | 1,063           | 1,115           | 1,115           | 5,143            | 5,143            |
| Provide SAH Grants to Veterans Living with Family  | 6,200           | 6,200           | 6,860           | 6,860           | 6,940           | 6,940           | 6,980           | 6,980           | 7,150           | 7,150           | 34,130           | 34,130           |
| Exclude TRA Grants from Three SAH Grants Limit   | 130             | 130             | 140             | 140             | 150             | 150             | 150             | 150             | 150             | 150             | 721              | 721              |
| Replace the SAH Program's Grant Limit  | 398             | 398             | 440             | 440             | 450             | 450             | 460             | 460             | 460             | 460             | 2,208            | 2,208            |
| Restore Eligibility for Housing Adaptation   | 4,894           | 4,894           | 5,128           | 5,128           | 5,375           | 5,375           | 5,633           | 5,633           | 5,903           | 5,903           | 26,932           | 26,932           |
| Increase Annual Limit on New Independent Living Cases                                      | 0               | 0               | 150             | 150             | 130             | 130             | 150             | 150             | 130             | 130             | 600              | 600              |
| Refunds to Participants of Buy-Up Program  | 13              | 13              | 13              | 13              | 13              | 13              | 13              | 13              | 13              | 13              | 63               | 63               |
| <b>Total Readjustment Benefits</b>   | <b>12,381</b>   | <b>12,381</b>   | <b>13,541</b>   | <b>13,541</b>   | <b>13,205</b>   | <b>13,205</b>   | <b>13,536</b>   | <b>13,536</b>   | <b>13,442</b>   | <b>13,442</b>   | <b>66,105</b>    | <b>66,105</b>    |
| <b>Insurance:</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Extend Supplemental SDVI Coverage  | 100             | 100             | 100             | 100             | 200             | 200             | 200             | 200             | 300             | 300             | 900              | 900              |
| <b>Medical Care:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Eliminate Sunset Date for Health Professionals Scholarship Program                         | 850             | 850             | 4,110           | 4,110           | 6,233           | 6,233           | 6,257           | 6,257           | 6,282           | 6,282           | 23,732           | 23,732           |
| VA Payment for Medical Foster Home (MFH)   | (5,762)         | (5,762)         | (6,825)         | (6,825)         | (8,084)         | (8,084)         | (9,576)         | (9,576)         | (11,342)        | (11,342)        | (41,589)         | (41,589)         |
| Exception to 24-Month Eligibility Requirement for Emergency Treatment                      | 1,382           | 1,382           | 1,513           | 1,513           | 1,657           | 1,657           | 1,818           | 1,818           | 1,993           | 1,993           | 8,363            | 8,363            |
| Veterans Transportation Services   | (19,219)        | (19,219)        | (19,875)        | (19,875)        | (20,544)        | (20,544)        | (21,205)        | (21,205)        | (21,855)        | (21,855)        | (102,698)        | (102,698)        |
| Smoke-Free Environment   | (7,318)         | (7,318)         | (7,440)         | (7,440)         | (7,566)         | (7,566)         | (7,697)         | (7,697)         | (7,833)         | (7,833)         | (37,854)         | (37,854)         |
| Remove Requirement that VA Reimburse Certain Employees for Professional Education          | (325)           | (325)           | (325)           | (325)           | (325)           | (325)           | (325)           | (325)           | (325)           | (325)           | (1,625)          | (1,625)          |
| Clarify Breach of Agreement under Employee Incentive Scholarship Program                   | (38)            | (38)            | (38)            | (38)            | (39)            | (39)            | 0               | 0               | 0               | 0               | (115)            | (115)            |
| <b>Total Medical Care Costs</b>  | <b>(30,430)</b> | <b>(30,430)</b> | <b>(28,880)</b> | <b>(28,880)</b> | <b>(28,668)</b> | <b>(28,668)</b> | <b>(30,728)</b> | <b>(30,728)</b> | <b>(33,080)</b> | <b>(33,080)</b> | <b>(151,786)</b> | <b>(151,786)</b> |
| <b>Medical Care Collections:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |
| Allow VA to Release Patient Information to Health Plans                                    | 35,000          | 35,000          | 37,000          | 37,000          | 37,920          | 37,920          | 39,361          | 39,361          | 40,857          | 40,857          | 190,138          | 190,138          |
| Consider VA a Participating Provider for Purpose of Reimbursement* (revenues)              | 94,000          | 94,000          | 98,000          | 98,000          | 101,468         | 101,468         | 105,324         | 105,324         | 109,326         | 109,326         | 508,118          | 508,118          |
| <b>Total Medical Care Revenue</b>  | <b>129,000</b>  | <b>129,000</b>  | <b>135,000</b>  | <b>135,000</b>  | <b>139,388</b>  | <b>139,388</b>  | <b>144,685</b>  | <b>144,685</b>  | <b>150,183</b>  | <b>150,183</b>  | <b>698,256</b>   | <b>698,256</b>   |

\*2012 Compensation COLA increase is calculated within the baseline of the budget. It requires annual legislation for adjustment.



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## Legislative Authorization of Programs

### Legislative Authorization of Programs

The authorizations for VA's programs are contained in title 38 of the U.S. Code. With the exception of major medical construction projects and certain leases, annual authorization by the legislative committees and the Congress is not required. However, title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by title 38 in regard to the time and/or amount as indicated:

| Section of U.S.C.- Citation                | Public Law- Citation      | Public Law- Citation Most Recent Extension | Title  | Description  | Expiration Date |
|--|---------------------------|--|--|--|-----------------|
| <b>Compensation and Pension</b>            |                           |  |  |  |                 |
| 38 USC 1303(a)                             | P.L. 105-33, § 8031(b)(1) | P.L. 108-183 § 706                         | COLA Adjustment for DIC for Service Connected Deaths             | Rounding Down of Cost-of-Living Adjustments for Dependency and Indemnity Compensation for Service-Connected Deaths   | 9/30/2013       |
| 38 USC 1104 (a)                            | P.L. 108-183 § 706        | P.L. 112-56, § 262                         | COLA Adjustment for Compensation for Service Connected Deaths    | Rounding Down of Cost-of-Living Adjustments for Compensation for Service-Connected Disability or Death   | 9/30/2013       |
| 38 USC 5503(d)(7)                          | P.L. 85-857               | P.L. 112-260 § 203                         | Pension Limitations Regarding Medicaid                           | Pension Limitations Regarding Medicaid (Reduction of pension to certain Medicaid-eligible veterans and surviving spouses receiving care in nursing homes)                          | 11/30/2016      |
| 38 USC 1116(e)                             | P.L. 102-4, § 2(a)(1)     | P.L. 107-103 § 201(d)(1)                   | Presumptions of Service Connection for Agent Orange Exposure     | Presumptions of Service Connection for Diseases Associated with Exposure to Certain Herbicide Agents: Presumption of Exposure for Veterans who Serviced in the Republic of Vietnam | 9/30/2015       |
| 38 USC 5317(g); 26 USC 6103(l)(7)(D)(viii) | P.L. 101-508 § 8051       | P.L. 112-56 § 264                          | IRS Data Match for Pension Eligibility                           | Access to IRS data for purposes of verifying eligibility for pension (Use of Income Information from IRS and SSA)  | 9/30/2016       |
| 38 USC 503(c)                              | PL 102-83 § 2(a)          | PL 111-275 § 808                           | Administrative Error; Equitable Relief                           | Required reports on dispositions of recommendations for equitable relief   | 12/31/2014      |
| 38 U.S.C. 5110(b)                          | P.L. 112-154, sec. 506    | N/A  | Retroactive Effective Date for Awards of Disability Compensation | Authority for retroactive effective date for awards of disability compensation in connection with applications that are fully-developed at submittal                               | 8/6/2015        |

| Section of U.S.C.-<br>Citation                       | Public Law- Citation                  | Public Law- Citation      |  | Title  | Description | Expiration Date |
|--|---------------------------------------|---------------------------|--|--|-------------|-----------------|
|  |                                       | Most Recent               | Extension  |  |             |                 |
| <b>Readjustment Benefits</b>                         |                                       |                           |  |  |             |                 |
| 10 U.S.C. 1071 note                                  | P.L. 110-181 § 1631<br>(b)(2)         | P.L. 112-56 § 231         | Vocational Rehab<br>for Seriously<br>Disabled<br>Servicemembers      | Vocational rehabilitation for certain<br>seriously disabled servicemembers   | 12/31/2014  |                 |
| 38 USC<br>3485(a)(4)(A)(C)and<br>(D)                 | P.L. 107-103                          | P.L. 111-275 § 101        | Enhanced Work-<br>Study Allowance                                    | Enhanced Work Study Allowance  | 6/30/2013   |                 |
| 38 USC 3015(h) & 38<br>USC 3564                      | P.L. 105-178 § 8201                   | P.L. 108-183 § 304        | COLA Adjustment<br>in Chapters 30 & 35                               | Rounding down of Cost-of-Living<br>Adjustments in chapters 30 and 35<br>rates through FY 2013  | 9/30/2013   |                 |
|  | P.L. 112-56 § 211                     | N/A                       | Veterans Retraining<br>Assistance Program                            | Authority for up to 12 months of<br>retraining assistance for unemployed<br>Veterans ages 35-60  | 3/31/2014   |                 |
| 38 USC 3692(c)                                       | P.L. 89-358                           | P.L. 111-275 § 102        | Veterans' Advisory<br>Committee on<br>Education                      | Veterans' Advisory Committee on<br>Education   | 12/31/2013  |                 |
| <b>Housing</b>                                       |                                       |                           |  |  |             |                 |
| 38 USC<br>3729(b)(2)(A)(iii),(B)(i)(<br>C)(i),(D)(i) | P.L. 108-183 § 405                    | P.L. 112-154, §<br>702(b) | Loan Fee Collections   | Loan Fees Collections [adjusts the<br>loan fee for certain loans closed either<br>before October 1, 2011, or on or after<br>October 1, 2011, and before<br>September 30, 2013] | 9/30/2017   |                 |
| 38 U.S.C. 2101(a)(2)(C)                              | P.L. 112-154 §202                     | N/A                       | Temporary<br>Expansion of<br>Specially Adapted<br>Housing Assistance | Temporary Expansion of Specially<br>Adapted Housing Assistance for<br>Certain Veterans with Disabilities<br>Causing Difficulty with Ambulating                                 | 9/30/2013   |                 |
| 38 U.S.C. 3703<br>(annotation)                       | P.L. 110-389, sec. 501                | P.L. 112-154 §702(c)      | Temporary Increase<br>to Maximum<br>Guaranty Amount                  | Temporary Increase to Maximum<br>Guaranty Amount   | 12/31/2014  |                 |
| 38 U.S.C. 3720(h)(2)                                 | P.L. 102-291 §5<br>P.L. 107-103 § 405 | P.L. 112-154 §<br>702(a)  | Mortgage<br>Certificates for<br>Pooled Loans                         | Mortgage Certificates for Pooled<br>(Vendee) Loans (pooled loans asset<br>sales - Authority to guarantee sold<br>loans)  | 12/31/2016  |                 |
| 38 USC 2102A   | P.L. 109-233 § 101(a)                 | P.L. 112-154 §205         | SAH for Veterans<br>Temporarily<br>Residing w/Family                 | Specially-Adapted Housing<br>Assistance (SAH) for Veterans<br>temporarily residing with family<br>members.   | 12/31/2022  |                 |
| 38 USC 8118(a)(5)                                    | P.L. 102-54 §9(a)                     | P.L. 112-37 § 10(g)       | Real Property<br>Transfers for<br>Homeless Veterans                  | Real Property Transfers for Homeless<br>Veterans Assistance (Housing<br>Assistance for Homeless Veterans)  | 12/31/2018  |                 |
| 38 USC 3732(c)                                       | P.L. 98-369§ 2514                     | P.L. 112 – 191 § 201      | Calculation<br>ofLiquidation Sales<br>Amounts                        | Calculation of Net Value at time of<br>foreclosure   | 9/30/2013   |                 |
| 38 USC 3733(a)(7)                                    | P.L. 108-183 § 404(a)                 | N/A                       | Change Vendee<br>Loan Program  | Change Vendee Loan Program   | 9/30/2013   |                 |
| 38 U.S.C. 2108                                       | P.L. 111-275 § 203                    | N/A                       | Specially Adapted<br>Housing Assistive<br>Technology Grant           | Specially Adapted Housing Assistive<br>Technology Grant  | 9/30/2016   |                 |

| Section of U.S.C-<br>Citation         | Public Law- Citation        | Public Law- Citation          |   | Title   | Description   | Expiration Date |
|---------------------------------------|-----------------------------|-------------------------------|---|---|---|-----------------|
|                                       |                             |                               | Most Recent<br>Extension  |   |   |                 |
| <b>Programs for Homeless Veterans</b> |                             |                               |   |   |   |                 |
| 38 USC 2041(c)                        | P.L. 102-54 §9(a).          | P.L. 112-191 § 205            | Homeless Veterans<br>Housing Assistance   | Housing assistance for homeless<br>veterans   | 12/31/2013  |                 |
| 38 USC 2044(e)                        | P.L. 110-387 §606           | P.L. 112-154 §<br>305(c)      | Financial Assistance<br>for Supportive<br>Services                                  | Financial assistance for supportive<br>services for very low- income veteran<br>families in permanent housing   | After FY 2013<br>(expiration date for<br>designated funding for<br>subsections (a)<br>through (c) of section<br>2044; expiration of<br>auth of approps for<br>subsection (d) of<br>section 2044 expired<br>after FY 2012) |                 |
| 38 USC 2061(d)                        | P.L. 107-95 § 5(a)(1)       | P.L. 112-154 § 303,<br>305(d) | Homeless Veterans-<br>Grant Program for<br>Homesless Veterans<br>with Special Needs | Grant Program for Homeless Veterans<br>with Special Needs   | After FY 2013<br>(expiration date only<br>for designated<br>funding)  |                 |
| 38 USC 2021(e)                        | PL 107-95 § 5(a)(1)         | PL 112-154 § 305(b)           | Homeless Veterans<br>Reintegration<br>Programs                                      | Homeless Veterans reintegration<br>programs   | After FY 2013   |                 |
| <b>Medical Care</b>                   |                             |                               |   |   |   |                 |
| 38 USC 2066(d)                        | P.L. 107-95 § 5(a)(1)       | P.L. 112-191 § 206            | Advisory Committee<br>on Homeless<br>Veterans                                       | Advisory Committee on Homeless<br>Veterans  | 12/31/2013  |                 |
| 38 USC 2031(b)                        | P.L. 105-114 § 202(a)       | P.L. 112-191 § 203            | Homeless and<br>Seriously Ill<br>Veterans-<br>Treatment/Rehab                       | Treatment and Rehabilitation for<br>Seriously Mentally Ill and Homeless<br>Veterans- General treatment  | 12/31/2013  |                 |
| 38 USC 2033(d)                        | P.L. 105-114 § 202(a)       | P.L. 112-191 § 204            | Homeless &<br>Mentally Ill Veterans<br>Addl Services                                | Treatment and Rehabilitation for<br>Seriously Mentally Ill and Homeless<br>Veterans-Additional services at<br>certain locations   | 12/31/2013  |                 |
| 38 USC 1710A(d)                       | P.L. 106-117 § 101(a)       | P.L. 110-387 § 805            | Required nursing<br>home care for<br>certain veterans                               | Required nursing home care for<br>certain service-connected veterans  | 12/31/2013  |                 |
| 38 USC 1712A Note                     | P.L. 111-163 §203           | N/A                           | Pilot Program on<br>Counseling in<br>Retreat Settings                               | Pilot Program on Counseling in<br>retreat settings for women Veterans<br>newly seperated from service in the<br>Armed Forces  | 6/6/2013  |                 |
| 38 USC 1712A Note                     | P.L. 98-528                 | P.L. 112-260 § 204            | PTSD- Diagnosis &<br>Treatment,<br>Education &<br>Training                          | Post-Traumatic Stress Disorder;<br>Diagnosis and Treatment; Education<br>and Training of Health-Care<br>Personnel; Coordination with<br>Readjustment Counseling; Special<br>Committee; National Center;<br>Compilation and Publication of<br>Research Results; Reports to<br>Congressional Committees | 5/1/2016  |                 |
| 38 USC 1710 Note                      | P.L. 111-163 §205           | N/A                           | Pilot Program on<br>assistance for Child<br>Care                                    | Pilot Program on assistance for Child<br>Care for certain Veterans receiving<br>health care   | 10/2/2013   |                 |
| 38 USC 1712 Note                      | P.L. 111-163 §510           | N/A                           | Pilot Program for<br>Provision of Dental<br>Ins. Plans                              | Pilot Program on provision of dental<br>insurance plans to Veterans and<br>survivors and dependents of Veterans   | 3 years after<br>commencement of the<br>pilot program   |                 |
| 38 USC 111A                           | P.L. 112-260 section<br>202 | N/A                           | Transportation of<br>Beneficiaries  | Transportation of beneficiaries to and<br>from facilities of Department of<br>Veterans Affairs.   | 1/10/2014   |                 |

| Section of U.S.C- Citation                        | Public Law- Citation                  | Public Law- Citation Most Recent Extension | Title   | Description   | Expiration Date |
|---|---------------------------------------|--|---|---|-----------------|
| <b>Co-Payments and Medical Care Cost Recovery</b> |                                       |  |   |   |                 |
| 38 USC 1710(f)(2)(B)                              | P.L. 111-163, section 517             | P.L. 112-154 section 112                   | Hospital Co-pay   | Copayments for Hospital Care and Nursing Home Care  | 9/30/2013       |
| 38 USC 1729(a)(2)(E)                              | P.L. 111-163 §518                     | P.L. 112-154, § 113                        | Medical Care Cost Recovery Authority                          | Medical care cost recovery authority (Third-party Billing)  | 10/1/2013       |
| 38 USC§ 1703(d)(4)                                | P.L. 108-422 § 601                    | P.L. 112-37 § 10(a)                        | Recovery Audits for Certain Contracts under 38 USC 1703       | Recovery Audits for certain contracts under 38 USC 1703   | 9/30/2020       |
| <b>VA/DoD Joint Sharing Funds</b>                 |                                       |  |   |   |                 |
| 38 USC 8111 (d)                                   | P.L. 111-84, § 1706                   |  | VA-DOD Joint Incentives for Sharing Initiatives               | VA-DOD Joint Incentives for Sharing Initiatives   | 9/30/2015       |
| National Defense Authorization Act of 2010.       | P.L. 111-84 § 1704 (e)                | N/A  | VA -DoD Joint Funding for Medical Facility Demonstration Fund | VA-DoD Joint funding authority for Medical facility demonstration fund  | 9/30/2015       |
| <b>General Operating Expenses</b>                 |                                       |  |   |   |                 |
| 38 USC 315(b)                                     | P.L. 102-83, § 2 (a)                  | P.L. 112-191 § 202                         | Philippines Regional Office                                   | Philippines Regional Office   | 12/31/13        |
| 38 USC 5101 note                                  | P.L. 108-183, § 704                   | P.L. 112-191 § 207                         | Contract Disability Claims                                    | Contract medical Disability Exams - (Temporary authority for performance of medical disability examinations by contract physicians)   | 12/31/2013      |
| 38 USC 544(e)                                     | P.L. 103-446 § 510(a)                 | P.L. 110-389 § 809                         | Advisory Committee on Minority Veterans                       | Advisory Committee on Minority Veterans   | 12/31/2014      |
| 38 USC 322  | P.L. 110-389 § 703                    | N/A  | National Veterans Sports Programs & Special Events            | Office of National Veterans Sports Programs and Special Events  | 9/30/2013       |
| 38 USC 521A                                       | P.L. 110-389 §§ 701-702               | N/A  | Assistance for United States Paralympics, Inc.                | Assistance for United States Paralympics, Inc.  | 9/30/2013       |
| <b>Information Technology</b>                     |                                       |  |   |   |                 |
| 38 USC 7907                                       | P.L. 109-461 section 903(a)(1)        | N/A  | VA Information Security Education Assistance                  | Provides educational assistance to IT professionals who then work for the Department.   | 7/31/2017       |
| <b>Construction</b>                               |                                       |  |   |   |                 |
| 38 USC 8161-8169                                  | P.L. 102-86, Title IV, Section 401(a) | P.L. 112-154, Title II §211(j)             | Enhanced Use Leasing  | Authority to outlease VA property for selected Lessees to provide Supportive Housing for Veterans on a priority basis, and provide VA with negotiated monetary consideration. | 12/31/2023      |

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## *GAO Audit Reports Introduction*

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The reports provided in the Summary Volume are those received by VA during the period of November 1, 2011 through October 31, 2012.

The reports are identified by title and are presented in calendar year order. Each report is summarized to include the responsible organization, the actual GAO recommendations, VA's "actions taken," and budget implications, if any, are noted. The "actions taken" portion of the report follows closely from VA's comments that are represented in the draft reports that VA provides for all GAO reports. The narrative summarizes the instances where VA has incorporated GAO recommendations into current operations (e.g., where VA has employed a different approach in the budgeting process, or where specific steps have been utilized to improve forecasting results). Budget implications are presented to emphasize the need to recognize the impact of the recommendations on VA resources.



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**1. SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS**

**PROGRAM:** Additional Improvements to Fraud Prevention Controls Are Needed; GAO-12-152R; issued October 26, 2011 (GAO File # 4472)

**RESPONSIBLE OFFICE:** **Office of Small and Disadvantaged Business Utilization**

**RECOMMENDATIONS:**

- Provide regular fraud awareness training to CVE and VA contracting personnel.
- Provide additional guidance and training to the VA contracting personnel on the use of the VetBiz website so that Service Disabled Veteran Owned Small Business (SDVOSB) contracts are only awarded to verified firms.
- Provide additional guidance and training to the VA contracting personnel on the use of the VetBiz website so that SDVOSB contracts are only awarded to verified firms.
- Explore the feasibility of validating applicant's information with third parties, for example, requesting consent from SDVOSB applicants to validate tax information with the IRS to assess the accuracy of the information provided.
- Formalize a process for conducting unannounced site visits to firms identified as high risk during the verification process
- Develop and implement procedures for conducting unannounced site visits to contract performance locations and interviews with contracting officials to better assess whether verified companies comply with program rules after verification.
- Develop and implement process for unannounced site visits to verified companies' offices to obtain greater effectiveness and consistency in the verification program.
- Develop procedures for risk-based periodic reviews of verified firms receiving contracts to assess compliance with NAICS size standards and SDVOSB program rules.
- Develop and implement specific processes and criteria for the Debarment Committee on compliance with the requirement in P.L. 109-461 to debar,

for a reasonable period of time, firms and related parties that misrepresent their SDVOSB status.

- Develop and implement specific procedures and criteria for staff to make referrals to VA's Debarment Committee and VA's OIG as a result of misrepresentations identified during initial verification and periodic reviews.
- Develop specific guidelines outlining the Debarment Committee's decision process to debar firms that misrepresent their SDVOSB status.
- Develop procedures on removing SDVOSB contracts from ineligible firms.
- Formalize procedures to advertise debarments and prosecutions.

**ACTIONS TAKEN:**

- There were 13 recommendations in the report. GAO has closed recommendations 2, 3, 4, 5, 7 and 10. The Office of Small and Disadvantaged Business Utilization (OSDBU) and the Office of Acquisition, Logistics, and Construction (OALC) continue to work with GAO to close the remaining open recommendations.
- VA submitted additional documentation to support closure of recommendations 1, 6, and 8, as part of VA's November 2012 60-day update to GAO report 12-697.
- OALC continues to work with GAO to close recommendations 9, 11, 12, and 13. OALC is coordinating with OGC to:
  - Revise responses and provide documentation of relevant procedures within the VAAR.
  - Address the expected implications of P.L. 112-154, which requires VA to define willful misrepresentation and changes the debarment period from a maximum of three to a minimum of five years.
  - Determine responsible offices and develop a timeline to incorporate P.L. 112-154 and promulgate amendments to the VAAR.

**BUDGET IMPLICATIONS:** None

2. **VA COMMUNITY LIVING CENTERS:** Actions Needed to Better Manage Risks to Veterans' Quality of Life and Care; GAO-12-11; issued October 19, 2011 (GAO File # 4464)

**RESPONSIBLE OFFICE:** **Veterans Health Administration**

**RECOMMENDATIONS:**

- For reviews conducted by Long Term Care Institute, Inc. (LTCI) under the current contract and any similar future contracts:
  - Clearly and completely document the feedback provided to Community Living Centers (CLCs) about their corrective action plans,
  - Require VA networks to provide periodic reports on the status of CLCs' implementation of their corrective action plans, and
  - Develop and implement a process for verifying any information reported directly to VA headquarters by CLCs.
- Develop and implement a process to comprehensively identify, estimate, and mitigate risks in CLCs by analyzing and comparing all available information regarding the quality of care and quality of life in CLCs.

**ACTIONS TAKEN:**

- The Veterans Health Administration (VHA) has implemented a process to provide continuous national feedback in response to LTCI's CLC review results. This process includes, but is not be limited to:
  - Veterans Integrated Service Network (VISN) Chief Medical Officers /Quality Management Officers are working with Department of Veterans Affairs Medical Center (VAMC) leadership to develop a comprehensive action plan to address areas of concern obtained in the feedback from an LTCI review and are using a standardized action plan template to outline corrective action plans;
  - VAMCs placing final action plans on a secured Sharepoint site that will automatically notify the Offices of Geriatrics and Extended Care (GEC) in the Offices of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) and Deputy Under Secretary for Health for Policy and Services (DUSH/PS); VAMCs are required to update action plans at least monthly;
  - The GEC operations and policy offices briefing the Assistant Deputy Under Secretary for Health for Policy and Services (ADUSH/PS) and the ADUSH for Clinical Operations quarterly on the status of all action plans; the ADUSH Offices providing oversight to ensure completion of plans of action.



This process provides access to status of actions plans at any point in time for review and action as well as planned quarterly reviews and briefings with yearly surveys to determine overall effectiveness of process and national outcomes. VISNs will validate the completion of all action items. The findings of the contract CLC Yearly Survey outcomes will serve to validate the success of action plans.

- VHA has implemented a process to analyze and compare information regarding the quality of care and quality of life in CLCs. The process supports continuous data collection and quarterly analysis, including the ability to identify trends at the VAMC, VISN and National levels. Work continues on the refinement of a consolidated dashboard. Meanwhile the following data are received and reviewed quarterly: survey reports and follow up actions, Issue Briefs (IB), Advancing Excellence data, Artifacts of culture change, Inpatient Evaluation Center (IPEC) data, and the final Minimum Data Set (MDS) 2.0 Quality Indicators (QI) Appropriate actions regarding all data are considered and taken as needed.

**BUDGET IMPLICATIONS:** None

3. **VA HEALTH CARE:** VA Uses Medical Injury Tort Claims Data to Assess Veterans' Care, but Should Take Action to Ensure That These Data Are Complete; GAO-12-6R; issued October 28, 2011 (GAO File # 4465)

**RESPONSIBLE OFFICE:** **Veterans Health Administration and  
Office of General Counsel**

**RECOMMENDATIONS:**

- Ensure that Regional Counsel offices notify VA's Office of Medical Legal Affairs (OMLA) about all paid tort claims resolved through VA's administrative review and through litigation.
- Develop and implement an internal control process to verify the completeness of the notifications of paid tort claims that regional counsel offices provide to OMLA.
- Review all paid tort claims related to medical injuries at VA facilities in prior years to ensure that all of these claims are reported to OMLA.

**ACTIONS TAKEN:**

- The report recommended that the Secretary direct the General Counsel (OGC) to ensure that Regional Counsel Offices notify OMLA of all paid tort claims. This action has been completed to date, and is continuing. We have re-emphasized to the Regional Counsels the need to provide the notice and have modified our data systems to add a date field for documenting the date the notice is sent.
- The report also recommended the development of an internal control process to verify completeness of the notices of malpractice claim payments. OGC has provided OMLA with a report of all tort claim payments for Fiscal Year 2011 and has verified that notices were sent to OMLA on all such payments. OMLA is able to determine whether it has received from the Regional Counsel the required information on each paid claim. Beginning FY 2012, a monthly report of paid claims is being furnished to OMLA. After reviewing the report, OMLA provides a listing of cases for which a notice has not been received. The Regional Counsels are then reminded to send the notices and their compliance is verified.

- GAO's final recommendation was that all paid tort claims be reviewed to ensure that all such payments are reported to OMLA. This review was completed in January 2012. OGC has provided notices to OMLA of all payments for which OMLA has no record of a prior notice

**BUDGET IMPLICATIONS:** None

4. **CYBERSECURITY HUMAN CAPITAL:** Initiatives Need Better Planning and Coordination; GAO-12-8; issued November 29, 2011 (GAO File #4466)

**RESPONSIBLE OFFICE:** Office of Information and Technology

**RECOMMENDATIONS:**

Secretary of Veterans Affairs direct the department's Chief Information Officer, in consultation with its Chief Human Capital Officer: To update its department-wide cybersecurity competency model or establish a cybersecurity workforce plan that fully addresses gaps in human capital approaches and critical skills and competencies, supporting requirements for its cybersecurity workforce strategies, and monitoring and evaluating agency progress.

**ACTIONS TAKEN:**

The Office of Information and Technology's (OIT), IT Workforce Development (ITWD) has made the following progress to date implementing competency models for the 2210 workforce:

- Security - implemented 2009 with additional technical competency developed 2011/2012
- Policy and Planning - CIOs implemented 2011
- Software Developers - implemented 2011
- Supervisory model - implemented January 2012
- OIT Core competency model - implemented January 2012
- Network Services - implemented February 2012
- System Administration - implemented February 2012
- Data Management - implemented February 2012
- IT Project/Program Management - implemented May 2012
- NSOC - implemented September 2012
- System Analysis - implemented November 2012
- Internet - implemented November 2012
- Operating Systems - on schedule to be implemented December 2012
- Enterprise Architecture - on schedule to be implemented December 2012
- Customer Support - on schedule to be implemented December 2012

VA's commitment to fully integrate a robust IT Competency model targeted to VA's GS-2210 workforce is on track to be completed by January 30, 2013. This IT-specific competency model places Information Assurance as one of the top competencies to be accessed and further targets training development to close any identified skill gaps.

VA is currently evaluating its CyberSecurity Internal Certification Program, currently targeted to only the Information Security Officers (ISOs). VA's ITWD plans to update the Core Body of Knowledge (CBOK) and possibly expand the targeted audience to include VA's Network Security Operations Center (NSOC). The target completion date is September 30, 2013.

VA has determined in order to fully establish a cybersecurity workforce plan that wholly addresses gaps in all areas of human capital, not just training development, the newly appointed OIT Human Capital Management (HCM) Director will lead and coordinate this effort. OIT HCM Director will collaborate as appropriate with the VA's Chief Human Capital Officer and parent organization. This coordination will focus on establishing a more vigorous approach to recruitment, retention and other supporting requirements for further development of its cybersecurity workforce strategy. The target completion date is September 30, 2013.

**BUDGET IMPLICATIONS:**

Additional budgetary requirements will be evaluated and identified if needed and for how much, including the cost estimates to recruit, train and retain qualified personnel using a comparison of other government agency known costs and industry best practices, no later than September 30, 2013.

5. **ARLINGTON NATIONAL CEMETERY:** Management Improvements Made, but a Strategy Is Needed to Address Remaining Challenges; GAO-12-105; issued December 15, 2011 (GAO File #4470)

**RESPONSIBLE OFFICE:** National Cemetery Administration

**RECOMMENDATIONS:**

To expand collaboration between the Army and VA national cemeteries, GAO recommends that the Secretary of the Army and the Secretary of VA develop and implement a joint working group or other such mechanism as the agencies deem appropriate that will enable the Army National Cemeteries Program (ANCP) and VA's National Cemetery Administration to collectively identify potential improvements, share lessons learned, avoid potential duplication and develop solutions to common problems

**ACTIONS TAKEN:**

The inaugural meeting of the Army National Military Cemeteries (ANMC) and VA National Cemetery Administration (NCA) Joint Working Group was held on September 27, 2012 at Arlington National Cemetery. Ms. Kathryn Condon, Executive Director, Army National Cemeteries Program, and Mr. Glenn Powers, Deputy Under Secretary for Field Programs, National Cemetery Administration, co-chaired the meeting. The Joint Working Group members addressed issues of mutual concern to both agencies and agreed to invite representation from the National Parks Service (NPS) and the American Battle Monuments Commission (ABMC) for future meetings. Key topics included a review of Government Accountability Office language and recommendations; an update of Information Technology work at Arlington National Cemetery; a discussion about approaches to media coverage of committal services; and discussion on the implementation of automated methods for headstone inscriptions. The next meeting of the Joint Working Group will be scheduled in January 2013.

**BUDGET IMPLICATIONS:** None

6. **VA ENHANCED MONTHLY BENEFITS:** Recipient Population Is Changing, and Awareness Could Be Improved; GAO-12-153; issued December 14, 2011 (GOA File #4469)

**RESPONSIBLE OFFICE:** Veteran Benefits Administration

**RECOMMENDATIONS:**

To enable VA to improve its efforts to educate veterans and their family members about enhanced monthly benefits, the Secretary of VA should direct the Undersecretary for Benefits to take steps to conduct more focused outreach to potential recipients, which could entail the following:

- Improving communication of and accessibility to information about enhanced monthly benefits. Such efforts could include (1) providing more information in the VA benefits handbook and other informational material on VA benefits, (2) increasing the visibility of links on VA's website to information about these benefits, and (3) using local or national broadcast and print media to disseminate information about these benefits.
- Continuing efforts to establish specific performance goals and metrics for increasing outreach to elderly veterans.
- Providing more detailed guidance to regional offices on how elderly outreach should be conducted and on the specific duties of outreach coordinators.

**ACTIONS TAKEN:**

- The 2012 *Federal Benefits for Veterans, Dependents and Survivors* handbook was updated to include more detailed language on enhanced monthly benefits. The handbook was published in August 2012 and is available online to the public at [http://www.va.gov/opa/publications/benefits\\_book.asp](http://www.va.gov/opa/publications/benefits_book.asp). VBA social media continues to publicize and promote awareness of Aid and Attendance and Housebound benefits via periodic Facebook and Twitter postings. Furthermore, VBA posted the fact sheet for enhanced monthly benefits on its Internet web page at <http://www.vba.va.gov/VBA/> on September 21, 2012.

VBA determined that a direct mailing targeted to those Veterans and survivors in receipt of pension benefits to inform them of the eligibility requirements for enhanced benefits and the application process is not feasible. However, VBA has incorporated the detailed language about enhanced monthly benefits in the 2013 cost-of-living adjustment letter.

- VBA's Benefits Assistance Service (BAS) has established an internal performance goal to increase all outreach efforts by 10 percent for fiscal year (FY) 2013. The baseline will be established using the FY 2012 outreach data.
- BAS conducted national awareness training in June 2012 through a national conference call for the elderly outreach coordinators. BAS will continue to conduct monthly conference calls with these coordinators beginning in October 2012. The conference calls will feature guest speakers from other agencies, such as the Social Security Administration, American Association of Retired Persons, National Council on Aging, and Assisted Living Federation of America. The calls will also feature discussions of best practices for outreach, and provide updates on events that will enhance outreach efforts in the field offices.

BAS will begin publishing a quarterly elderly Veterans outreach coordinator newsletter with the first issue due in early calendar year 2013, and will provide assistance and guidance for the field offices to create posters and flyers targeted to elderly Veterans for posting in nursing homes and community centers with an elderly population.

BAS provided guidance to the field offices on outreach efforts to elderly Veterans during the Pension and Fiduciary Service monthly conference call and the Compensation Service monthly conference call, both conducted in August 2012.

Furthermore, in September 2012, BAS published the M27-1, *Benefits Assistance Service Procedures Manual*, which is available on the VA Web Automated Reference Material System (WARMS) Internal site, [http://www.benefits.va.gov/warms/M27\\_1.asp](http://www.benefits.va.gov/warms/M27_1.asp).

**BUDGET IMPLICATIONS:** None



7. **HOMELESS WOMEN VETERANS:** Actions Needed to Ensure Safe and Appropriate Housing; GAO-12-182; issued December 23, 2011 (GAO File #4471)

**RESPONSIBLE OFFICE:** OPIA/Homeless Veterans Initiative Office

**RECOMMENDATIONS:**

- To better serve the needs of homeless women veterans with children, the Secretary of VA should examine ways to improve transitional housing services for homeless women veterans with children.
- In order to ensure homeless women veterans have an appropriate place to stay while they await placement in VA's Homeless Providers Grant and Per Diem Program (GPD) or HUD-VA Supportive Housing (HUD-VASH housing), the Secretary of VA should ensure implementation of VA's referral policies.
- In order to help achieve the goal of ending homelessness among veterans, the Secretaries of VA and HUD should collaborate to ensure appropriate data are collected on homeless women veterans, including those with children and those with disabilities, and use these data to strategically plan for services.
- To ensure that women veterans are safely housed, the Secretary of VA should determine what gender-specific safety and security standards are needed for GPD programs, especially for those serving both women and men.

**ACTIONS TAKEN:** The Department of Veterans Affairs (VA) is committed to protecting the privacy, safety, and security needs of homeless women Veterans, and took the following actions to ensure safe and appropriate housing for women Veterans:

- VA is revising the GPD Program handbook to clarify the duties of those assigned responsibilities under the GPD Program, addressing staffing changes associated with implementing and monitoring GPD-funded programs nationally, and addressing program enhancements. The revised handbook includes additional sections that focus on the issues of providing services for women Veterans, medication storage and the referral processes.
- Veterans Health Administration (VHA) Homeless Program leadership, clinicians, and staff, in coordination with mental health and women's health officials, reviewed and modified current national guidance and policies on referral processes for homeless women Veterans.

- VA is working with HUD to examine ways to ensure appropriate data are collected on homeless women and children to identify opportunities to share information and resources. VA is also working with HUD to reduce inefficiency, better leverage resources, and identify opportunities to streamline homeless programs and services. In 2009, VA and HUD collaborated to release the first Veteran supplement to the Annual Homeless Assessment Report (AHAR) to Congress. The Veteran supplements to the AHAR highlight the unique traits and demographics of homeless male and female Veterans. The data from the Veteran AHAR are used to strategically plan and implement services for all homeless and at risk Veterans, including women.
- VA revised the Communities Homelessness Assessment, Local Education and Networking Groups (CHALENG) survey to capture gender specific data for homeless Veterans. The VHA Homeless Programs Office held two national webinars for VA staff that highlighted the methods used by local medical centers to reach out and engage services for homeless women Veterans and those at risk of homelessness. The webinars highlight creative, innovative, and collaborative methods that increase services-access for homeless and at risk women Veterans. VA personnel are developing a brochure for homeless women Veterans that highlights services and programs targeted to that population. It will be completed in January of 2013. VHA personnel held webinars monthly for VA staff through fiscal year (FY) 2012, specifically addressing homeless women Veterans issues. Subjects included trauma informed care, post traumatic stress disorder (PTSD), mental health, substance use, and military sexual trauma (MST). Webinars also included discussions on engaging homeless women Veterans in treatment. VHA Homeless Programs Office is developing two national webinars for 2013 for community providers that work with homeless and at risk populations. The first webinar will be didactic and inform providers about services available, on local and national levels, for homeless and at risk women Veterans. The second webinar will be developed in a 'forum' format and will provide discussion opportunities for community partners to share methods and services used to engage women Veterans and link them to services. These methods and services will be shared nationally with other providers. The webinars will be planned in collaboration with representatives from the VA Women Veterans.

**BUDGET IMPLICATIONS:** None

8. **VA HEALTH CARE:** Methodology for Estimating and Process for Tracking Savings Need Improvement; GAO-12-305; issued February 27, 2012 (GAO File #4473)

**RESPONSIBLE OFFICE:** **Veterans Health Administration**

**RECOMMENDATIONS:**

- In order to better inform future budget requests, develop a sound methodology for estimating savings from new operational improvements. This methodology should include: an explanation of how savings from each operational improvement will be achieved; an implementation plan that includes a realistic timeline for implementation, to help ensure that savings can be achieved within the targeted timeframe; an explanation for the basis of any assumptions included in the savings estimates;
- Develop a detailed process for tracking VA's actual savings resulting from those operational improvements for which we identified concerns. This process should provide detailed written guidance for those responsible for tracking the savings, which outlines the methodology for calculating savings.

**ACTIONS TAKEN:**

- VA agreed with GAO that a sound methodology is desirable for identifying potential savings or cost avoidance opportunities that are included in the budget. For each new operational improvement, or major redesign of existing operational improvements in the Veterans Health Administration (VHA), VHA agreed that each operational improvement would:
  - Be appropriately documented to explain how the improvement was computed;
  - Include an explanation as to how the improvement is to be achieved, with an explanation of the specific assumptions included in the improvement; and
  - Have an implementation plan included a realistic timeline for achieving the improvement.

It was also agreed that VA and VHA senior leadership will approve all improvements prior to implementation. At present, VA and VHA are reviewing and will be finalizing the redesign of several existing operational improvements, and no new operational improvements have been developed to be included in future budgets. The anticipated completion date is February 2013, to align with issuance of President's Budget.

- VHA agreed to develop a methodology for identifying and reporting savings for the operational improvements identified in the report. In VHA these were realigning VA clinical staff and resources by using less costly health care providers (clinical staff realignments) and reducing costs for medical and administrative support activities (indirect costs). To accomplish this, VHA has developed a revised approach to document and report each savings. This revised approach was presented to the National Leadership Council in July and was approved by the Under Secretary for Health in August. The annual target for clinical staff realignments was \$151 million, and the actual amount through August 2012 was \$152 million. The annual target for indirect costs was \$150 million, and the actual amount through September 2012 was \$774 million.

**BUDGET IMPLICATIONS:** None

9. **HOMELESSNESS:** Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies; GAO-12-491; issued May 10, 2012 (GAO File #4485)

**RESPONSIBLE OFFICE:** OPIA/Homeless Veterans Initiative Office

**RECOMMENDATIONS:**

The Interagency Council and the Office of Management and Budget; in conjunction with the Secretaries of HHS, HUD, Labor, and VA should consider examining inefficiencies that may result from overlap and fragmentation in their programs for persons experiencing homelessness. As a starting point, the agencies could use the program information from this report to further analyze the degree and effects of overlap and fragmentation. The results of this assessment could be used to take actions to reduce any identified inefficiencies and therefore better leverage their resources. Actions may include streamlining services offered within specific programs or by agencies, identifying programs that could benefit from further research or evaluations, or consolidating programs or services to reduce administrative costs.

**ACTIONS TAKEN:**

- While the US Interagency Council on Homelessness (USICH) is the lead agency on this recommendation, VA is actively working with USICH to ensure that inefficiencies that may result from fragmentation and overlap are addressed. VA is working with USICH, HHS, HUD, and DoL to reduce inefficiency, better leverage resources, and identify opportunities to streamline homeless programs and services.
- Since the GOA report was published, VA and its federal partners have undertaken the following activities to address GAO's recommendations regarding fragmentation and overlap:
  - In October 2012, VA, HUD, and USICH had the first meeting of the Strategic Decision and Coordination Team (SDCT). The Team serves as a collaborative body for coordinating and making decisions to enable VA, HUD, and USICH to optimally execute joint activities necessary to end homelessness among Veterans by the end of 2015. The group includes senior officials from each agency. The joint structure ensures that what needs to be done collaboratively can be done efficiently, effectively, and with the appropriate mix of stakeholders. When the SDCT does not have the authority to make a particular decision, its members will be responsible for informing

their organization's executives and for securing approval. The team's work will help to identify and address redundancies, fragmentation, and overlap.

- A meeting was convened in October 2012 with subject matter experts from USICH, HUD, and HHS to identify ways of providing homeless services to those who served in the military, but are ineligible for VA services. Those persons include Veterans who were dishonorably discharged and others who do not qualify for VA benefits under Title 38 of the US Code. During the meeting, HHS programs were identified that may be able to serve those who do not qualify for assistance from VA. Attendees also discussed cross training of HHS and VA personnel and began mapping out a framework for a referral process between VA and HHS. Quarterly meetings are planned.
- VA is committed to the goal of ending homelessness among Veterans. VA will continue to work with its strategic partners on an ongoing basis to identify and eliminate redundancies, ensuring that this goal is met in an efficient and fiscally responsible manner.

**BUDGET IMPLICATIONS:** None

10. **VA DIALYSIS PILOT:** Increased Attention to Planning, Implementation, and Performance Measurement Needed to Help Achieve Goals; GAO-12-584; issued May 23, 2012 (GAO File #4486)

**RESPONSIBLE OFFICE:** **Veterans Health Administration**

**RECOMMENDATIONS:**

- To improve communication related to the Dialysis Pilot, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following action: ensure key decisions made regarding pilot location selection and efforts to continue or expand the Pilot are clearly documented.
- To ensure reasonable cost estimates are created for the Dialysis Pilot and other similar programs, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following action: restrict or evaluate changes made at the VISN and VAMC levels to cost estimation models that impact pilot development and analysis.
- To ensure start-up funds are repaid and cost savings are accurately calculated for the Dialysis Pilot, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health take the following action: develop written guidance about expectations for the repayment of start-up funds and how the cost savings generated by the four pilot locations should be calculated.
- Develop an evaluation plan that outlines how the Dialysis Pilot will be assessed and provides target dates for the completion of this assessment.
- Develop clear measures for assessing the performance of the four Dialysis Pilot locations in key areas—including quality, access, and cost.

**ACTIONS TAKEN:**

- VA is in the process of completing a site selection document detailing the methodology VA will utilize to identify the locations for potential future free-standing dialysis clinics. VA plans to complete the site selection methodology document by February 15, 2013.
- VHA is completing an annual report on pilots to identify what if any changes should be made to the cost estimation model. The next step is to establish an oversight office to maintain responsibility for evaluating and approving all proposed changes to the dialysis make-buy model and finalizing a contract for an external review of the dialysis pilot.

- Final fiscal year (FY) 2012 cost data on the VA's free-standing dialysis clinics will be available January 2013. Because a full FY 2012 cost data is required in order for VA to determine what, if any, changes should be made to the cost estimation model, the annual report on changes to the dialysis make-buy model will now be completed by February 15, 2013.
- VA has identified the metrics that will be utilized to evaluate the performance of VA free-standing dialysis clinics. VA is in the process of completing a report summarizing the performance of the VA dialysis pilot units. The report will be completed by February 15, 2013.
- Final fiscal year (FY) 2012 cost data on the VA's free-standing dialysis clinics will be available January 2013. In order to ensure the annual report on the performance of VA's free-standing dialysis pilot clinics includes complete FY 2012 cost data, VHA expects completion of the annual performance report on the free-standing dialysis clinics to be February 15, 2013.

**BUDGET IMPLICATIONS:** None



11. **IT REFORM:** Progress Made; More Needs to Be Done to Complete Actions and Measure Results; GAO-12-461; issued May 24, 2012; (GAO File #4478)

**RESPONSIBLE OFFICE:** Office of Information Technology

**RECOMMENDATIONS:**

- That the Secretaries of DHS and VA, and Atty Gen of DOJ, address action items in the IT Reform Plan where the agencies have fallen behind. Specifically, that they direct their CIO's to complete elements missing from the agencies' plans for migrating services to a cloud computing environment.
- That they also direct their CIO's to identify and report on the commodity services proposed for migration to shared services.

**ACTIONS TAKEN:**

- VA's submission for the three "must moves" to cloud computing have been updated to include discussion of needed resources, migration schedules and plans for retiring legacy systems where applicable. Documentation to support closing the recommendation was provided to GAO in July 2012. OIT considers this recommendation fully implemented.
- VA has, and continues to, leverage enterprise contracts to eliminate duplication, drive down costs and improve service for commodity IT. Highlights of the completed and planned activities (shown below) were provided to GAO in July 2012, to support closing the recommendation. OIT considers this recommendation fully implemented.
  - *Desktop PCs* - VA has been pooling its purchasing power across the entire organization for desktop PCs since August 2007 when it issued its first Enterprise PC contract. The first contract was a three year contract which leased over 298,000 PCs for the entire agency. The contract included deployment and repair services which enabled VA staff to direct efforts to other projects. This contract also brought about the implementation of a single desktop image across the entire agency. Upon completion of the contract there were only four variations of PCs which made testing of patches and upgrades much easier and ensured greater success of deployment. By maintaining a single contract for the enterprise the VA became a premier customer for the supplying Original Equipment Manufacturer (OEM). The standardization improved the VA's ability to allocate VA engineering resources in a disciplined manner

for swift and accurate enterprise-wide problem resolution and provided access to all VA facilities, no matter of size or location, to higher levels of VA and contractor engineering support than would have been available with distributed contracts. In April 2011, the VA issued its second Enterprise PC contract in which lessons learned from the first contract were included and a reduction of over 24% in costs was obtained. In addition, new operating system deployment methods were enabled providing even better image control and greater efficiencies. Overall, the enterprise PC contracts at the VA have increased efficiency, speed of deployment and utilization of resources across the entire agency.

- **Laptops** - Enterprise wide purchases of laptop computers are made at regular intervals to maintain the inventory and refresh devices exceeding their useful life. These standard purchases bring about many of the same benefits as the enterprise PC contract such as: enabling better use of engineering time developing images, better pricing, increased OEM support levels and greater knowledge sharing across the agency. The VA plans to continue to purchase laptops as needed via enterprise purchases to continue reaping these benefits.
- **Mobile Devices** - VA is consolidating its mobile infrastructure to reduce operational and staffing costs necessary to maintain that infrastructure. With non-Blackberry devices, VA has reduced its Mobile Device Manager infrastructure from two separate installs down to one. This consolidation reduces the need for additional hardware and provides a single instance of the user database to configure and manage. In regards to Blackberry devices, VA is moving towards reducing the number of Blackberry Servers commensurate with reductions to the total Exchange infrastructure. Each of these initiatives recognizes the virtual capacity for these solutions, as well as the ability to serve more devices with a smaller footprint. This reduces environmental needs as well as reduces the total number of resources to manage the backend systems.
- **Mobile Data Services** - The VA is in the process of issuing a solicitation for an enterprise wide Mobile Data Services contract. This will consolidate the numerous contracts currently in place across the enterprise to a single set of contracts for the major carriers to provide enterprise level pricing to all offices within the VA. A Request for Proposal is targeted for release by then end of FY 2012 with an anticipated award in February 2013.

- *Data Centers* - All data center activities are managed by the National Data Center Program within the Enterprise Operations Division of the Office of Information and Technology. Data center services are provided by this single entity to avoid duplication of effort and ensure most efficient use of valuable assets. VA is also leveraging shared services in its National Data Center Program by co-locating systems in Defense Information Systems Agency (DISA) Data Centers. The first application to be migrated to the DISA Defense Enterprise Computing Centers (DECCs) is the electronic health record and its associated systems for Regions 2 and 3 followed by similar systems for Regions 1 and 4.
- *E-Mail* - VA has run a single standard enterprise e-mail system since 1997. In its earliest deployments it was a widely distributed model with systems at each medical center. The last upgrade in 2003 consolidated it from over 250 locations down to 36 locations. The VA continues to work toward greater efficiencies with plans to migrate to Software-as-a-Service (SaaS) offerings or consolidate further internally. A pilot procurement of SaaS e-mail is expected to be issued by the end of Fiscal Year 2012 with a rapid implementation planned to follow award.
- *Servers* - Servers are predominantly obtained via enterprise purchases for both lifecycle replacements and new application needs. Some recent examples include enterprise wide purchases of servers for virtualization at all facilities and “front end” servers for the VA’s electronic health record. All servers purchased for implementation at the DISA DECCs have been and will continue to be purchased via enterprise commodity purchases. These enterprise purchases drive efficiencies by reducing overall costs, simplifying the management of the systems, and reducing the administrative burden of the procurement process.

#### **BUDGET IMPLICATIONS:**

Potential for unit cost reductions by consolidating purchases in larger contracts.

**12. VA ADMINISTRATIVE INVESTIGATIONS:** Improvements Needed in Collecting and Sharing Information; GAO-12-483; issued May 30, 2012 (GAO File #4480)

**RESPONSIBLE OFFICE:** Veterans Health Administration

**RECOMMENDATIONS:**

That SECVA direct the U/S for Health to:

- Establish a process to collect and aggregate data from Administrative Investigation Board (AIB) investigations, including the number of investigations conducted, the types of matters investigated, whether the matters were substantiated, and systematic deficiencies identified;
- Establish a process for sharing information about systemic changes, including policies and procedures implemented in response to the results of AIB investigations, which may have broader applicability throughout VHA.

**ACTIONS TAKEN:**

- Regarding AIB reviews in the Veterans Health Administration (VHA), VHA agrees that there is value in exploring the usefulness of establishing processes to collect and analyze aggregated data from AIB investigations. It is also important to note that other VHA processes, which would normally occur prior to the conclusion of an AIB, require reporting and sharing information when patient safety or other clinical issues are involved.
- VHA has established a work group to explore establishing processes to collect and analyze aggregate data from AIB investigations to determine if the results of AIB investigations provide additional perspectives that are not captured elsewhere. The workgroup managed a statistical analysis of a random sample of the AIB data collected as a result of the GAO Review of VHA AIBs completed between fiscal years (FY) 2009 – 2011. The workgroup supplemented the statistical analysis through telephone conference calls with Veterans Integrated Service Network (VISN) and Department of Veterans Affairs Medical Center (VAMC) staff. The analysis shows an overwhelming majority of facility-level AIBs dealt with unique incidents involving a single employee or small numbers of employees at a facility. The workgroup found that these events were often not reported to VA Central Office (CO) during the referenced time period (FY 2009-2011). Since that time, however, some of the triggering events

that caused the facility directors to convene the AIB are being reported through an Issue Brief Tracking System implemented in October 2011.

VHA established the Issue Brief Tracking System requiring medical center facilities and VISN offices to report specific information to leadership regarding particular situations/events/issues, also known as Notification Triggers.

The workgroup determined that the VHA CO is currently monitoring and reviewing trends across the VHA system, aggregated as a result of the Issue Brief Tracking System. Examples of procedural improvements that have resulted from trending information through the Issue Brief Tracking System include earlier identification and intervention when adverse events occur that may trigger large scale disclosures (e.g., improper processing of Reusable Medical Equipment (RME)).

In fiscal year 2013, VHA will conduct a quarterly roll-up of the issue briefs findings related to AIBs generated through the Issue Brief Tracking System. VHA will track and trend the data. Data will be provided to VHA program offices for further evaluation and intervention, as appropriate. The complete quarterly reports will be submitted to the Quality Safety and Value (QSV) Subcommittee of the National Leadership Council (NLC) to evaluate for evidence of issues that may need further review for system-wide modifications to improve the quality of service delivery to Veterans.

**BUDGET IMPLICATIONS:** None

**13. VETERANS PENSION BENEFITS:** Improvements Needed to Ensure Only Qualified Veterans and Survivors Receive Benefits; GAO-12-540; issued June 7, 2012 (GAO File #4487)

**RESPONSIBLE OFFICE:** **Veterans Benefits Administration**

**RECOMMENDATIONS:**

To improve VA's ability to ensure that only veterans and surviving spouses with financial need receive VA pension benefits, SECVA should direct the Undersecretary for Benefits to take the following actions:

- Modify pension application forms, as well as EVR forms, to include space for claimants or recipients to report asset transfers, and to specify annuities, trusts, or private retirement income. For assets, such as annuities and trusts that are reported, forms should also request related documentation to enable claims processors to determine if claimants or recipients retain ownership and control of these assets.
- For all claimants, verify financial information during the initial claims assessment process. This may include requesting supporting documentation such as bank statements and tax returns, or using automated databases that can verify financial information.
- Strengthen coordination between pension and fiduciary programs to identify pension claimants or recipients who have transferred or unreported assets, such as allowing claims processors access to fiduciary field exam reports for these cases.
- Revise the VA procedures manual to better define the concept of ownership and control to help claims processors determine when specific types of assets such as annuities and trusts should be counted as part of net worth, and establish a more specific criteria for what is considered a reasonable period of time for pension claimants to use up their financial resources before becoming eligible for pension benefits.

**ACTIONS TAKEN:**

- VBA has determined that we must amend each VA form claimants use to apply for or maintain pension benefits so that each form requests the same information regarding income, net worth, and asset transfers made within the past three years. These amendments include new detailed inquiries on asset transfers and change existing inquiries on income and net worth so that claimants' statements can be verified by data reported in computer matches with the Internal Revenue Service (IRS) and Social Security Administration (SSA). Additionally, the inquiries regarding income and net worth will adopt language that is similar to IRS terminology for

income and financial assets so that claimants better understand what income they must report to VA. By relying on information that claimants are already required to submit to the IRS and keep for tax purposes, e.g., wage and dividend information, VBA will lessen potential burden on claimants. Because the instructions to the forms will also need extensive changes, VBA estimates that it will be able to submit these updated forms to the Office of Management and Budget for approval by March 1, 2013.

- VBA has determined that verification of claimants' income and net worth during the initial adjudication process is best achieved by modifying existing computer matching agreements with the IRS and SSA that would allow for more frequent matching of data and include a broader scope of data. The modifications will provide VBA with weekly access to reports of claimants' income for the three most recent tax years. VBA expects these modifications to be finalized in the second quarter of fiscal year (FY) 2013. In addition to modifying the existing agreements, VBA will require pension applicants to provide copies of tax documents, e.g., W-2, or other objective evidence for those periods for which income information is not available from IRS or SSA. Additionally, VBA will work with the VA Office of Information and Technology to develop computer systems that support automated data exchange. VBA estimates that these systems will be deployed in the fourth quarter of FY 2013.
- VBA currently conducts more than 70,000 fiduciary field examinations annually. According to VBA's Adjudication Procedures Manual, M21-1MR, Part XI.4.C.11.a, fiduciary program personnel must immediately provide Pension Management Center (PMC) personnel with information that may establish a basis for adjusting a beneficiary's pension benefit. This process ensures program integrity without requiring PMC personnel to review every field examination report generated by VBA's fiduciary activities. It also allows VBA's fiduciary field examiners to assess the credibility of information they obtain from multiple sources, to include incompetent beneficiaries and their family members and other acquaintances, and determine whether it could affect pension eligibility. VBA has effective procedures in place for coordination between the pension and fiduciary programs regarding benefit adjustments and other benefit matters. In addition, VBA has established a pension-fiduciary workgroup, which meets monthly to discuss methods for improving program coordination. This group is establishing procedures to further facilitate the receipt of income information from fiduciary to pension personnel to strengthen coordination. Based on all of our current efforts and the refinement of income information transfer, VBA considers this recommendation fully implemented.

- In process - Rather than initially revising its Adjudication Procedures Manual, which is not binding on claimants, VBA is drafting proposed regulations that would address the effect of pre-filing asset transfers on pension eligibility and provide a more consistent set of rules for adjudicating pension claims. These regulations would also address and clarify the various factors VA uses to determine whether excessive net worth precludes eligibility for pension, e.g., life expectancy, income, expenses, and liquidity of assets, and generally provide a more consistent set of rules for adjudicating pension claims. In addition, VBA has provided technical assistance to Congress on draft legislation that, if approved, would establish in law look-back and penalty periods for pension claimants who transfer assets before applying for pension.

Upon completion of the rulemaking proceeding, VBA will amend its manual provisions consistent with the new regulations. The amended manual will interpret the regulations and provide the procedures required to properly implement them. Anticipated completion date is December 1, 2013.

**BUDGET IMPLICATIONS:** None



14. **VA/DOD FHCC: Costly IT Delays Continue and Evaluation Plan Lacking;**  
GAO-12-669; issued June, 26, 2012; (GAO File #4493)

**RESPONSIBLE OFFICE:** Office of Information Technology

**RECOMMENDATIONS:**

- Determine the costs associated with the workarounds required due to delayed IT capabilities at the Captain James A. Lovell Federal Health Care Center (FHCC) for each year of the demonstration, including the costs of hiring additional staff and of managing the administrative burden to work arounds
- Develop plans with clear definitions and specific deliverables including timeframes for two IT capabilities—documentation of patient care to support medical and dental operational readiness and outpatient appointment enhancements—and formalize these plans such as by incorporating them into the Executive Agreement
- Expeditiously develop and agree to an evaluation plan, including the performance measures and standards, such as target scores, to be used to evaluate the FHCC demonstration, and formalize the plan, such as incorporating it into the Executive Agreement
- Establish measures related to the cost-effectiveness of the FHCC's care and operations to be included as a part of the evaluation plan

**ACTIONS TAKEN:**

- The FHCC Site has performed analysis to determine the costs associated with the workarounds required due to delayed IT capabilities at the FHCC. The site has submitted this analysis to the HEC and has requested additional staff to support both maintenance of developed joint IT products in use and support for “work-arounds.” Final decision on provision of resources not yet known. Integrated Project Office, Clinical Informatics and Requirements Division has solicited Blanket Purchase Request contract utilizing FHCC Joint Incentive Fund (JIF) to assist site in alleviating some workload burden caused by potentially correctable inefficiencies. The analysis to be performed by this team may discover modifications to workflows which could lessen the administrative and staff support required.
- No action taken to date. Recommendation expected to be resolved by implementation of the Integrated Electronic Health Care Record (iEHR) at North Chicago in 2017.

- FHCC has been monitoring current standards of measurement, and site has been performing to these standards. Additionally, FHCC has been working on improved integration benchmarks and methods of evaluation with Enterprise support. IPO has offered providing assistance, but support not required. The site does not intend to add to FHCC EA.
- FHCC has analyzed improved financial data received, and continues to adjust care plans to best utilize resources

**BUDGET IMPLICATIONS:**

FHCC has submitted analysis, figures and justification to the Health Executive Council for the continuation of six full time pharmacists.

15. **FORECLOSURE MITIGATION:** Agencies Could Improve Effectiveness of Federal Efforts with Additional Data Collection and Analysis; GAO-12-296; issued June 28, 2012 (GAO File #4497)

**RESPONSIBLE OFFICE:** **Veterans Benefits Administration**

**RECOMMENDATIONS:**

- To more fully understand the strengths and risks posed by foreclosure mitigation actions and protect taxpayers from absorbing avoidable losses to the maximum extent possible, we recommend that VA conduct periodic analyses of the effectiveness and the long-term costs and benefits of their loss mitigation strategies and actions. These analyses should consider (a) the redefault rates associated with each type of home retention action and (b) the impact that loan and borrower characteristics have on the performance of different home retention actions. The agencies should use the results from these analyses to reevaluate their loss mitigation approach and provide additional guidance to servicers to effectively target foreclosure mitigation actions. If VA does not maintain data needed to consider this information, they should require servicers to provide it.

**ACTIONS TAKEN:**

- VBA has completed its initial evaluation and determined that private industry analyses should be leveraged to fulfill both recommendations. VBA is in the process of compiling a Request for Information (RFI) to obtain price, delivery, and private industry capabilities for planning purposes. VBA expects the RFI process to be completed by March 2013. Once the RFI process has been completed, VBA will evaluate the information received and proceed accordingly.

**BUDGET IMPLICATIONS:**

VBA anticipates a potential cost of approximately \$2 million for contractor services to implement this recommendation.

**16. VETERANS' HEALTH CARE BUDGET:** Transparency and Reliability of Some Estimates Supporting President's Request Could Be Improved; GAO-12-689; issued June 11, 2012 (GAO File #4489)

**RESPONSIBLE OFFICE:** Veterans Health Administration

**RECOMMENDATIONS:**

- State in future budget justifications whether the estimates for initiatives include funding for ongoing health care services.
- State in future budget justifications whether the estimates for initiatives in support of the advance appropriations request reflect all the funding that may be required if all initiatives are to be continued.
- Reflect in future budget justifications estimates of annual resource needs for non-recurring maintenance (NRM) that fully account for resources that VA medical facilities have consistently spent for this purpose.

**ACTIONS TAKEN:**

- The Veterans Health Administration (VHA) is on schedule to provide clarifications whether the estimates for initiatives include funding for ongoing health care services in the fiscal year (FY) 2014 President's Budget.
- VHA has no changes to its original comments: Estimates for initiatives in support of the advance appropriations request cannot reflect all the funding that may be required if all initiatives are to be continued, because the current budget formulation process for the advance appropriations requests requires the Department of Veterans Affairs (VA) to submit an updated request 1 year later in the next President's Budget submission. Thus, the funding that may be required if all initiatives are to be continued would not be known until that time (i.e., one year after the initial advance appropriations request is submitted).
- VHA is on schedule to attempt to reflect the annual resource needs for non-NRM and the other components of the Medical Facilities appropriation in future budget justification estimates beginning with the FY 2014 President's Budget.

**BUDGET IMPLICATIONS:** None

**17. INFORMATION TECHNOLOGY COST ESTIMATION:** Agencies Need to Address Significant Weaknesses in Policies and Practices; GAO-12-629; issued July 27, 2012 (GAO File #4495)

**RESPONSIBLE OFFICE:** Office of Information Technology

**RECOMMENDATIONS:**

We recommend that the Secretary of Veterans Affairs direct responsible officials to:

- Modify policies governing cost estimating to ensure that they address the weaknesses that we identified.
- Update future life-cycle cost estimates of the system acquisition programs discussed in this report using cost-estimating practices that address the detailed weaknesses that we identified.

**ACTIONS TAKEN:**

- In September 2012, Product Development (PD) received three proposals for Project Resource Estimating Services (PRES), which will require the contractor to collect and store cost estimating data. However, the procurement for this effort was moved to FY 2013, and no funding has yet been identified. The implementation of function point counting within PD continues to progress. A function point count is now required as part of the Milestone 1 Review, which is necessary for projects to move into an 'active' PMAS state. Ultimately, PD will require all increments within a project to have a function point count. In furtherance of this goal, PD is evaluating its capacity to conduct function point counts at the increment level. In addition, PD is developing training requirements in support of function point counting.
- PD continues its efforts to implement fully-resourced project schedules for all projects, using Primavera. The full implementation of Primavera, along with the procurement of a cost-estimating tool through the PRES contract, will allow PD to develop accurate lifecycle cost estimates for the portions of the lifecycle for which PD is responsible. The first step in this project (requiring time entry for all resources in PD) has been successfully completed. The new processes for implementing Primavera, as well as those developed under the PRES contract, will be documented in ProPath. Lifecycle cost estimates, as well as function point counts, are now included in the Milestone Review process in support of PMAS.

**BUDGET IMPLICATIONS:**

Procurement for PRES was moved to FY 2013, and no funding has yet been identified.

The procurement of a cost-estimating tool through the PRES contract was moved to FY 2013 and is currently pending funding.

18. **VETERANS PARALYMPICS PROGRAM:** Improved Reporting Needed to Ensure Grant Accountability; GAO-12-703; issued July 26, 2012 (GAO File #4504)

**RESPONSIBLE OFFICE:** Office of Public and Intergovernmental Affairs

**RECOMMENDATIONS:**

- To improve oversight within the VA Paralympics grant program, the Secretary of VA should direct the National Director of the Office of National Veterans Sports Programs and Special Events to: Require the United States Olympic Committee (USOC) to modify reporting requirements that will: a. Direct subgrantees to only include VA Paralympics program funds in expenditure reports; b. Provide a consistent methodology for how subgrantees should count their program activities and participants, including explicit instruction on what should and should not be counted as an activity or participant.
- Ensure USOC to adds controls to its electronic reporting system that will require subgrantees to identify how VA grant funds were used separate from other funding sources subgrantees use to support adaptive sports activities.
- Review the implementation of USOC's monitoring plan after a reasonable period to ensure planned efforts are conducted.

**ACTIONS TAKEN:**

- VA developed a grant monitoring plan and provided it to the USOC to specifically address oversight of grant funds; it is a living document that incorporates changes to improve grant management. The USOC is following the methodology outlined in the VA grant monitoring plan and incorporates it in reports. VA asked, and USOC directed subgrantees to only include VA Paralympic program funds as specified in the recommendation. The VA and USOC are working with subgrantees to implement these new requirements in any future grant applications. In addition, the VA and USOC refined details in both organizations' monitoring plans on how subgrantees count their program activities and participants. The VA and USOC established a method to track unique Veterans, without compromising the confidentiality of their personal information, to better identify the level and breadth of individual disabled Veteran and disabled Servicemember involvement in Paralympic programs. Also, the USOC grant managers and regional coordinators receive formal grant management training for more effective grant management and on-site evaluations, which enhances program activity

and participation evaluation and planning. Additional new procedures include a weekly VA-USOC program status analysis telephone review and a VA-USOC teleconference for each quarterly report. The additional training and analysis of cost factors have resulted in improved expense accounting and processes in areas such as supplies and equipment items. As part of this effort, the USOC re-accomplished and resubmitted all components of the FY2012 USOC grant application, including all 125 subgrants, and rewrote all USOC-subgrantee agreements in order to capture and maintain these improvements. In addition, the USOC and the University of Pittsburgh's Human Engineering Research Laboratory finalized their agreement on a project to analyze factors that directly support better understanding of Paralympic program participation and activities. The VA and USOC have implemented additional processes to enhance more effective tracking of Paralympic fund expenditures, activities, and participation, and these processes will be refined further to more effectively identify and analyze the various components of the U.S. Paralympics Integrated Adaptive Sports Program. The results of these efforts will translate into more precise understanding of participation and results. Furthermore, in its assessment, the GAO analyzed system controls and other factors for both the Paralympic grant and assistance allowance programs; however, the GAO did not provide any recommendations on the allowance program. Recognizing the numerous synergies, VA oversight and other Paralympic grant and allowance improvements are being incorporated across both programs, as well as with other VA, Department of Defense (DOD), and USOC and its partners rehabilitative sport programs.

- The USOC implemented an on-line data reporting system for subgrantee monitoring in January 2012 and has further refined financial monitoring and reporting processes, including financial inputs in August 2012 to the FY2012 Paralympic Grant Application, such as the overhaul of equipment and supplies accounting referenced under Recommendation 1. At the request of VA, the USOC continues to develop the tool to better accomplish this recommendation. This tool provides an electronic reporting system that requires subgrantees to identify how VA grant funds were used separately from other funding sources used to support adaptive sports activities. The VA will review USOC system before it goes online to ensure that it meets VA needs. With the implementation of the FY2012 Paralympic Grant during the First Quarter 2013, the USOC provided training to subgrantees on appropriate reporting. Also, the VA and USOC are developing the procedures to implement new financial processes to effectively comply with 38 C.F.R. §49.21 & §49.22 standards, with particular emphasis on documentation and funds transfer. In addition, the USOC began formal grant management training for its grant personnel



through the Management Concepts Pass-Through Track Grant Management Certificate Program in July 2012 and made formal USOC grant management training a component of its FY2012 Paralympic Grant. This training should significantly enhance the USOC's ability to identify financial data required, translate financial reporting requirements more effectively to subgrantees, and implement the controls recommended by the GAO.

- Beginning in April 2012, the VA and USOC staff began developing an enhanced grant monitoring program. The VA and USOC staff met in June 2012 to finalize and approve an enhanced USOC grant monitoring program, and meet quarterly to review progress. In June, the USOC reorganized staff to put full-time emphasis on grant oversight and monitoring and in July, the VA and USOC began conducting weekly grant oversight conference calls to review subgrantee status. The VA and USOC maintain diverse initiatives to enact effective implementation of the VA and USOC monitoring plans and continual grant implementation improvement; these efforts were incorporated in the FY2012 Paralympic Grant Application process. These initiatives include cooperative on-site and remote monitoring of subgrantees, and not only comprehensive consideration of directed factors such as risk, but also elements such as portability of lessons learned and benefits to other programs and more effective integration of subgrantee programs with VA rehabilitative programs. The USOC has implemented new training and technical assistance programs such as webinars for subrecipients to improve grant comprehension and compliance. The VA and USOC initiatives fostered broader VA initiatives such as a review and improved development of grant special conditions throughout VA grant programs.

#### **BUDGET IMPLICATIONS:**

As far as budget implications, the GAO recommendations and changes enacted by the VA and USOC involve more effective oversight and implementation of U.S. Paralympics Integrated Adaptive Sports Program (Paralympic Program) and do not directly relate to significant cost factors that would either increase or decrease the FY2014 budget. Because the Paralympic Program is currently in the First Quarter of Paralympic Program grant execution, there have been major changes in cost factors, such as the 47% reduction in USOC administrative costs from the FY2011 Paralympic Grant to the FY2012 Paralympic Grant. However, simultaneously there have been increases in providing rehabilitative Paralympic and adaptive sport opportunities to disabled Veterans and disabled Servicemember during the same timeframe, such as the expansion of the Olympic Opportunity Funds subgrants, the joint Warrior Games sponsorship with the DOD, and creation of the Valor Games Series of regional programs. Therefore,

the primary budget implication is that the Paralympic Programs are being executed more effectively to meet the Intent of Congress. In addition, based on the current funding levels, VA is unable to provide grants to all regions of the country, but will continue to implement efficiencies to expand rehabilitative Paralympic and adaptive sport opportunities where possible.

**19. TRANSPORTATION DISADVANTAGED POPULATIONS:** Federal Coordination efforts Could Be Further Strengthened; GAO-12-647; issued June 20, 2012 (GAO File #4492)

**RESPONSIBLE OFFICE:** Veterans Health Administration

**RECOMMENDATIONS:**

- Complete and publish a strategic plan for the Coordinating Council, which should, among other things, clearly outline agency roles and responsibilities and articulate a strategy to help strengthen interagency collaboration and communication.
- Report on the progress of Coordinating Council recommendations made as part of its 2005 Report to the President on Implementation of Executive Order 13330 and develop a plan to address any outstanding recommendations, including the development of a cost-sharing policy endorsed by the Coordinating Council and the actions taken by member agencies to increase federal program grantee participation in locally developed, coordinated planning processes.

**ACTIONS TAKEN:**

- The recommendations for the report were made to the Secretary of Transportation as Chair of the Coordinating Council on Access and Mobility (CCAM). VA is working with the Department of Transportation (DoT) to implement the two recommendations.
- Several Coordinating Council working groups prepared a draft strategic plan for the Coordinating Council, which provides common goals and objectives for the member agencies and articulates a strategy to help strengthen interagency collaboration and communication. For example, the draft strategic plan calls for a policy consultation process when member agencies issue regulations, policies or guidance on transportation. DoT informed VA that this policy will be published after being distributed and confirmed by all CCAM member agencies and departments and is expected by December 31, 2012. Many actions described in the draft strategic plan are already being implemented, such as the Veterans Transportation and Community Living Initiative and continuous efforts to support to the building of the transportation coordination infrastructure. VA continues to work within the Coordinating Council to enhance transportation

**BUDGET IMPLICATIONS:** None

**20. MORTGAGE FORECLOSURES:** Regulatory Oversight of Compliance with Servicemembers Civil Relief Act Has Been Limited; GAO-12-700; issued July 17, 2012 (GAO File #4500)

**RESPONSIBLE OFFICE:** **Veterans Benefits Administration**

**RECOMMENDATIONS:**

- To help ensure that VA assists servicemembers with remaining in their homes and avoiding foreclosure, the Secretary of Veterans Affairs should ensure that a review for SCRA compliance is included in the department's new mortgage servicer monitoring program and that additional steps to assess SCRA compliance are taken by VA staff during its Adequacy of Servicing reviews and while conducting supplemental servicing.
- To increase agencies' awareness of potential problems with SCRA compliance, the Comptroller of the Currency, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Deposit Insurance Corporation, and Chairman of the National Credit Union Administration, the Acting Director of the Federal Housing Finance Administration, the Secretary of Housing and Urban Development, and Secretary Veterans Affairs should explore options to utilize existing mechanisms or develop new ones to share information related to SCRA compliance oversight

**ACTIONS TAKEN:**

- One emphasis of VA's Home Loan Program is to ensure all Veterans and Servicemembers receive every opportunity to retain their homes or avoid foreclosure. VA accomplishes this by advocating for Veterans to make sure they are aware of their protections under Servicemembers Civil Relief Act (SCRA). This includes sending letters and talking personally to Veteran borrowers in default to advise them of SCRA protections, handing out "quick books" detailing SCRA provisions at military and homeowner-focused events, and providing a SCRA Web banner on VA's Home Loan Web page detailing all of the SCRA mortgage protections. VA will revalidate and as necessary, revise its focus and procedures to ensure Veteran borrowers are receiving all SCRA protections to which they are entitled. VA is committed to assisting Veteran borrowers during times of financial hardship and to appropriately notify Department of Justice (DOJ) and other stakeholder agencies/regulators of any identified violations. As noted in the report, the DOJ has explicit authority to enforce compliance with SCRA.

VA has included a review of SCRA compliance in its mortgage servicer-monitoring procedures. This review ensures that servicers appropriately afford SCRA-eligible borrowers the mortgage protections available to them under SCRA during the loss mitigation process. VA implemented the enhancement to the servicer-monitoring program in September 2012.

VA has incorporated additional steps to assess whether the servicer acted to appropriately afford SCRA-eligible borrowers with the mortgage protections available to them under SCRA. On August 13, 2012, VA released the VALERI Technician Newsflash implementing these additional review steps effective August 15, 2012.

If violations of SCRA mortgage provisions are discovered, VA will also act to appropriately notify DOJ and other stakeholder agencies/regulators of those violations.

- VA is collaborating with several government entities to explore options for utilizing existing mechanisms or developing new ones to share information regarding SCRA compliance. The Joint Federal Housing Agencies (JFHA) task force, consisting of representatives from USDA, HUD, CFPB, and VA, meets regularly to coordinate and improve housing programs. The most recent meeting took place on September 26, 2012, and the JFHA task force identified a number of initiatives to improve the housing programs in a collaborative way. For example, HUD is evaluating VA's servicing oversight model, which includes SCRA activities. Additionally, all agencies are sharing ideas, including lender scorecard, servicer scorecard, and appraisal management. New initiatives include the concept of a "shared services model" which could be deployed for lender approval requirements, common appraisal standards, and a combined "watch list" of lenders who are not performing as expected.

**BUDGET IMPLICATIONS:** None

**21. DATA CENTER CONSOLIDATION:** Agencies Making Progress on Efforts, but Inventories and Plans Need to Be Completed; GAO-12-742; issued July 19, 2012 (GAO File #4498)

**RESPONSIBLE OFFICE:** Office of Information Technology

**RECOMMENDATIONS:**

The Secretary of Veterans Affairs should direct component agencies and data center consolidation program managers to implement recognized best practices when completing required program schedules and cost-benefit analyses.

**ACTIONS TAKEN:**

VA provided the following update to GAO in August 2012:

*GAO issued their final report in July 2012. In the report, they evaluated four aspects of VA's Master Project Schedule. VA was ranked as compliant with all aspects of best practice for "No dangling activities" and "No start-to-finish links". VA was ranked as addressing some aspects of best practices for "Identified Dependencies" because some of the scheduled tasks did not have predecessors. VA was ranked as addressing no aspects of best practices for "No Summary Links" because the schedule contained summary links. VA has updated the master schedule to correct the dependencies and removed the summary links per GAO recommended best practices. VA has been working with General Services Administration (GSA), to update the VA inputs to the Total Cost of Ownership model (developed by GSA) in order to improve the VA cost benefit analysis. VA intends to use this updated information in the 4th quarter plan submission.*

Since then, VA met again with GSA and it was determined there were technical issues on both sides (VA and GSA) that were creating invalid results in the Total Cost of Ownership (TCO) modeling. However, identification of the root causes came too late to be corrected in the 4th quarter submission of the VA Data Center Consolidation Plan and Progress Report to OMB. For unrelated reasons, OMB delayed issuance of the Public Release of that same Report and has yet to establish a new delivery date. In keeping with data center consolidation best practices, VA updates the cost-benefit analysis of our data center consolidation plan utilizing the TCO as directed by OMB. We are currently in progress issuing the first FY 2013 data call for data center inventory updates and expect the results to be analyzed and the TCO corrected with the new results before the end of the first quarter FY 2013. In November 2012, we began staffing a team to maintain

the VA data center inventory and issue/analyze routine data calls for the inventory, TCO cost modeling, and other FDCCI-related submissions. OIT considers this recommendation fully implemented

**BUDGET IMPLICATIONS:** None

## 22. SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

**PROGRAM:** Vulnerability to Fraud and Abuse Remains; GAO-12-697; issued August 1, 2012 (GAO File #4507)

**RESPONSIBLE OFFICE:** Office of Small and Disadvantaged Business Utilization

### RECOMMENDATIONS:

To minimize potential fraud and abuse in VA's SDVOSB program and provide reasonable assurance that legitimate SDVOSB firms obtain the benefits of this program, we recommend that the Secretary of Veterans Affairs ensure that all firms within VetBiz have undergone its 2010 Act verification process. Specifically, this should include consideration of the following three actions:

- Inventory firms listed in VetBiz to establish a reliable beginning point for the verification status of each firm
- Establish procedures to maintain the accuracy of the status of all firms listed in VetBiz, including which verification process they have undergone
- Expediently verify all current VetBiz firms and new applicants under the 2010 Act verification procedures

### ACTIONS TAKEN:

- The Center for Veterans Enterprise (CVE) has a complete inventory of all firms listed in its Vendor Information Pages (VIP), located at the VetBiz Web site that identifies the status of each firm, its eligibility date, and whether it was verified under the processes established as a result of the 2010 P.L. 111-275. The Verification Master Inventory List (VMIL) is a comprehensive inventory of every firm in VIP. It provides information concerning the eligibility date of all firms in VIP. This was supplied to GAO in response to the draft report. The VMIL is updated on a daily basis and provides accurate status of all firms in VIP. The September 30, 2012, VMIL was provided to GAO on October 12, 2012.
- CVE has established procedures to maintain the accuracy of the status of all firms listed in VIP; however, due to limitations in the Verification Case Management System (VCMS) - VA's information management system -the status of firms is maintained separately in the VMIL. The VMIL is updated as changes occur. CVE has initiated action to upgrade VCMS so that it can support current and future business processes. CVE has begun the process to upgrade VCMS so that it can better support current and future business processes.



- All firms listed as verified in VIP have been verified in accordance with P.L. 109-461 and 38 CFR Part 74. VA seeks to verify all firms using the process established as a result of 111-275; however, 38 CFR 74.15 (c) only authorizes CVE to initiate a verification examination "whenever it receives credible information calling into question a participant's eligibility as a Veterans-owned small business (VOSB)." As a result, CVE did not require firms who were verified under the process before enactment of P.L. 111-275 in October 2010 and whose period of eligibility has not expired, to initiate reverification prior to the expiration of their eligibility. All new applicants and all reverification applicants are processed under the post-2010 Act verification procedures. All companies whose verification has expired (verification approval more than two years old) are ineligible for contract awards and must go through reverification under the process established after P.L. 111-275 in order to become eligible for a VA Veterans First award. Only verified firms in VIP are eligible to receive awards. All companies whose verification has expired (based on a two year verification eligibility period) are ineligible for contract awards and must go through reverification under the process established after P.L. 111-275 in order to become eligible for a VA Veterans First award. A class deviation to the VA Acquisition Regulation was established in June 2012 that allowed firms listed in VIP as "reverification" to continue to submit proposals for VA Veterans First awards and have their reverification applications fast tracked for a determination within 21 business days when a VA contracting officer notified CVE that the firm was the apparently successful offeror on a VA Veterans First contract. That class deviation expired on September 30, 2012, making firms listed as "reverification" no longer eligible to either submit proposals or receive awards on VA Veterans First contracts. The two year eligibility period of all firms verified under the older process will expire by February 2013. After that time, only firms verified under the process established under P.L. 111-275 will appear in VIP. The current regulation does not permit removal of firms who were properly verified in accordance with regulations in place at the time of their eligibility determination.

**BUDGET IMPLICATIONS:** None

**23. HOUSING ASSISTANCE: Opportunities Exist to Increase Collaboration and Consider Consolidation; GAO-12-554; issued September 17, 2012 (GAO File #4506)**

**RESPONSIBLE OFFICE: Veterans Benefits Administration**

**RECOMMENDATIONS:**

- To enhance task force efforts to evaluate the potential for coordination or consolidating single-family housing programs and activities, the Secretaries or other designated officials of HUD, USDA, and VA, and the Director of OMB should take steps to establish a more rigorous approach to collaboration. For example, as a first step, agencies could define and articulate goals or common outcomes and identify opportunities that can be addressed or problems solved through their collaborative efforts. Enhancing the task force's efforts also could entail establishing and implementing a written agreement; specifying roles and responsibilities; establishing mechanisms to monitor, evaluate, and report on results; and reinforcing accountability for collaborative efforts
- To build on federal efforts already underway to coordinate, consolidate, or improve housing programs, and help inform Congress's decision-making process, the Secretaries or other designated officials of HUD, Treasury, USDA, and VA should evaluate and report on the specific opportunities for consolidating similar housing programs, including those that would require statutory changes.

**ACTIONS TAKEN:**

- VA is collaborating with the noted Government entities to enhance task force efforts to evaluate the potential for coordination of and collaboration between single-family housing programs and activities. The Joint Federal Housing Agencies (JFHA) task force, consisting of representatives from USDA, HUD, CFPB, and VA, meets regularly to coordinate and improve housing programs. The most recent meeting took place on September 26, 2012, and the JFHA task force identified a number of initiatives to improve the housing programs in a collaborative way. For example, VA is evaluating USDA's Guaranteed Underwriting System and HUD is evaluating VA's servicing oversight model. Additionally, all agencies are sharing ideas, including lender scorecard, servicer scorecard, and appraisal management. New initiatives include the concept of a "shared services model" which could be deployed for lender approval requirements, common appraisal standards, and a combined "watch list" of lenders who are not performing as expected.

- As noted in GAO's report, "Consolidating programs carries certain implications for users, existing programs, personnel, portfolios, and associated information systems." The uncoordinated, unilateral reporting by Departments could waste resources, cause confusion and inaccurately portray opportunities. VA supports efforts to identify opportunities to achieve more efficient and effective programs across federal government through a coherent and coordinated mechanism. This recommendation does not suggest such a mechanism, and VA would not support unilateral evaluations and reporting in this area. However, VA is participating in the JFHA task force to coordinate and improve housing programs.

**BUDGET IMPLICATIONS:** None

**24. VETERANS' HEALTH CARE BUDGET:** Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification; GAO-12-908; issued September 18, 2012 (GAO File #4517)

**RESPONSIBLE OFFICE:** Veterans Health Administration

**RECOMMENDATIONS:**

- To improve the clarity and usefulness of information presented in VA's congressional budget justifications that support the President's budget request for VA health care, we recommend the Secretary of VA take the following two actions: Label health care services consistently so it is clear what services, such as Mental Health, are being referred to across appropriations accounts.
- Further consult with congressional decision makers to determine what detailed information related to the three appropriations accounts should be presented, and how, in its Congressional Budget Justification.

**ACTIONS TAKEN:**

- VA will undertake a review of the programmatic reference in the Congressional Justification Volume for the medical programs and standardize throughout. VA will also initiate discussions with the Office of Management and Budget to determine whether the references in the President's Budget Appendix can also be made consistent. The issue will be addressed in the fiscal year (FY) 2014 President's budget.
- VA has worked with Congressional staff to determine their preferences for changes in the detail of the Congressional Budget Justification. Specific changes have been identified in consultation with the Appropriations Committees in both Houses of Congress. Additional information will be in the FY 2014 Congressional Budget Justification.

**BUDGET IMPLICATIONS:** None

**25. MILITARY DISABILITY SYSTEM:** Improved Monitoring Needed to Better Track and Manage Performance; GAO-12-676; issued September 19, 2012 (GAO File #4510)

**RESPONSIBLE OFFICE:** Veterans Benefits Administration

**RECOMMENDATIONS:**

- To ensure that servicemember cases are processed and are awarded benefits in a timely manner, we recommend that the Secretaries of Defense and Veterans Affairs work together to develop timeframes for completing the IDES business process review and implementing any resulting recommendations.
- To ensure that IDES management decisions continue to be based upon reliable and accurate data, we recommend that the Secretaries of Defense and Veterans Affairs work together to develop a strategy to continuously monitor and remedy issues with VTA timeliness information. This could include issuing guidance to facilities or developing best practices on preventing and correcting data entry errors; and developing reporting capabilities in VTA to alert facilities to potential issues with their data.

**ACTIONS TAKEN:**

- Although the Department of Defense (DoD) has been leading the business process review efforts described in this report, the Department of Veterans Affairs (VA) has provided input and support to promote these efforts and will continue to do so to the extent possible. At this time, the full scope or current status of these efforts has not been disclosed to VA. As such, VA recommends that developing timeframes for completion of these efforts should be referred to DoD. If, as a result of these business process reviews, recommendations are set forth and approved by VA and DoD, VA will contribute to the development of timeframes for implementation of these recommendations.
- VA is currently engaged in several efforts to improve the quality of Veterans Tracking Application (VTA) data. VA now leads bi-monthly VTA training sessions, which are offered to both VA and DoD users. The training serves as an introduction for new users and refresher training for experienced users. As VA identifies error trends in VTA data, the training is modified to address those trends. Further, VA holds a monthly Integrated Disability Evaluation System (IDES) teleconference call for IDES field personnel. As part of this call, VTA updates are shared each month, including information about system updates, reminders (to address error

trends), and best practices (to facilitate compliance). Finally, during routine oversight visits of regional offices and intake sites, VA conducts IDES program reviews that include verifying the timeliness and accuracy of VTA data entered by VA users.

VA continues to identify VTA reporting capability needs and will examine the feasibility of alerting local users of potential outlier data. Expected date of completion, to include VTA programming, is September 30, 2014.

**BUDGET IMPLICATIONS:**

The estimated cost to modify VTA reporting capability is \$3 million.

**26. VA DISABILITY COMPENSATION: Actions Needed to Address Hurdles Facing Program Modernization; GAO-12-846; issued September 10, 2012 (GAO File #4512)**

**RESPONSIBLE OFFICE: Veterans Benefits Administration**

**RECOMMENDATIONS:**

- To ensure that decisions about veteran disability compensation benefits are informed by current earnings loss information, we recommend that the Secretary of Veterans Affairs: take necessary steps to increase research capacity to determine the impact of impairments on earnings in a timely manner; and develop a more complete plan for conducting earnings loss and validation studies for the entire rating schedule.
- To ensure that VA is positioned to seamlessly implement revisions to the rating schedule, we recommend that the Secretary of Veterans Affairs develop a written implementation strategy. This strategy could include steps to mitigate the possible effects of rating schedule revisions on agency operations, including an increase in the number of claims received.
- To ensure that VA is positioned to seamlessly implement revisions to the rating schedule, we recommend that the Secretary of Veterans Affairs develop a written implementation strategy. This strategy could include steps to mitigate the possible effects of rating schedule revisions on agency operations, including an increase in the number of claims received.

**ACTIONS TAKEN:**

- Beginning in early June 2011, VA conducted market research into the possibility of increasing our research capacity and partnerships with research organizations. VA is exploring the option of engaging in research partnerships to conduct more than one study at a time to increase VA's research capacity. With regard to developing a more complete and overall plan for the earnings loss studies, VA is expanding the Project Management Plan to include a specific addendum that will include milestones, deliverables, and the designation of a sub-program manager who is dedicated to managing the earnings loss and validation studies. Targeted completion date is August 31, 2013.
- VA recognizes the need to ensure that changes to the rating schedule are seamlessly integrated into business processes and rating procedures. Currently, proposed rules regarding rating schedule changes, the first step in the rating schedule update process, have not yet been approved by VA. However, VA agrees that now is the time to standardize a process for

implementing rating schedule changes. One step VA has already taken is including members of the rating community on the workgroups that are developing the proposed changes to the rating schedule. This helps ensure that changes do not unnecessarily adversely impact the rating process and suggestions that would improve the process are taken into account.

Going forward, VA will convene point persons from affected staffs to develop a formal plan. The plan will establish cross-functional teams representing all business processes and procedural functions involved in rating schedule changes, including needs in areas of training curriculum; procedure, field guidance, and VA manual updates; rating automation; and other related areas. Targeted completion date is August 31, 2013.

- VA is currently formulating a plan that evaluates the rating schedule revision process to date. This includes the acquisition and analysis of “lessons learned” data from the public forums, working groups, drafting of proposed rules, a Veteran Service Organization Summit, and the internal rulemaking concurrence process. VA is also reviewing auditing tools to determine the efficiency and effectiveness of operations associated with the revision process.

Evaluating the “lessons learned” data and auditing the current revision process will allow Compensation Service to establish a formal, continuous revision policy that is efficient, traceable, and transparent to produce a rating schedule that reflects up-to-date medical information. Targeted completion date is August 31, 2013.

#### **BUDGET IMPLICATIONS:**

Compensation Service is still evaluating the current ratings schedule revision process; budget implications will not be known until this evaluation has been completed.



27. **ORGANIZATIONAL TRANSFORMATION:** Enterprise Architecture Value Needs to Be Measured and Reported; GAO-12-791; issued September 26, 2012 (GAO File #4519)

**RESPONSIBLE OFFICE:** Office Information Technology

**RECOMMENDATIONS:**

- Fully establish an approach for measuring enterprise architecture outcomes, including a documented method (i.e., steps to be followed) and metrics that are measurable, meaningful, repeatable, consistent, actionable, and aligned with the agency's enterprise architecture's strategic goals and intended purpose; and
- Periodically measure and report enterprise architecture outcomes and benefits to top agency officials (i.e., executives with authority to commit resources or make changes to the program) and to OMB.

**ACTIONS TAKEN:**

During FY 2013, VA is continuing to focus on maturing the Department's EA and embedding use of EA in VA core processes. Below please find an update on planned actions:

- Embed ETA compliance in the Department's program development / management milestone processes. (1<sup>st</sup> Quarter FY 2013/ 2<sup>nd</sup> Quarter FY 2013)
  - VA is has already begun use of the ETA Compliance Criteria in PMAS milestone 0 and 1 reviews. To formalize this use, the VA has formed a cross-functional team (architects, process management specialists and PMAS representatives to document the use of ETA compliance criteria in PMAS Milestones in ProPath (VA's IT process asset library) by the March 2013 quarterly release of ProPath.
- Partner with the Office of Planning and Policy to embed EA usage in the emerging consolidated VA requirements process. (1<sup>st</sup> Quarter FY 2013/ 2<sup>nd</sup> Quarter FY 2013)
  - VA's Chief Architect is supporting the Office of Planning and Policy in developing an Enterprise Requirements process, incorporating strategic planning, business requirements development and architecture. The new process is planned for publication in March of 2013.

- Partner with VA administrations and VACO staff offices to expand VA business architecture capabilities. (Throughout FY 2013)
  - The VA Chief Architect has published the first release of the OneVA Enterprise Architecture. The architecture team is focusing on the addition of business content for benefits administration and healthcare in FY2013. The Chief Architect is also placing an emphasis on Customer Data Integration (CDI). These efforts will continue throughout FY 2013
  
- Partner with the VA Strategic Planning team to develop an integrated VA Enterprise Transition Plan. (3<sup>rd</sup> Quarter FY 2013)
  - The Enterprise Architecture team is a key participant in the Strategic Environmental Assessment sessions sponsored by the Office of Strategic Planning. The Chief Architect has begun a series of meetings with the Head of the Office of Strategic Planning to coordinate planning efforts, including the development of an integrated VA Enterprise Transition Plan.

These accomplishments will put VA in a position to then develop and implement a formal VA EA measurement program. During the second half of FY 2013, as VA gains experience in using EA in its application development / management processes, VA will be able to capture and report isolated examples of savings due to EA usage. Based on that experience, VA will use these examples to assist in developing, publishing and implementing a formal measurement program in 1<sup>st</sup> Quarter FY 2014.

**BUDGET IMPLICATIONS:** None

**28. VA AND DOD HEALTH CARE:** Department-Level Actions Needed to Assess Collaboration Performance, Address Barriers, and Identify Opportunities; GAO-12-992; issued September 28, 2012 (GAO File #4520)

**RESPONSIBLE OFFICE:** **Veterans Health Administration**

**RECOMMENDATIONS:**

- To help assess progress, identify areas for improvement, and make informed decisions about health care collaborations, we recommend that the Secretaries of Veterans Affairs and Defense require collaboration sites to develop and implement a process for using performance measures to gauge their progress in achieving goals related to access, quality of care, and costs.
- To facilitate the departments' current collaboration efforts, we recommend that the VA and DOD systematically identify areas where department-level actions could help address significant barriers that hinder collaboration. Specifically, we recommend that the Secretaries of Veterans Affairs and Defense take the following three actions: Expedite and communicate a plan with timeframes for when iEHR solutions will be made available to joint ventures and other collaboration sites;
- Take steps to resolve problems with collaboration sites' incompatible business and administrative processes, including reimbursement for services, collection of workload information, dual credentialing, and computer security training;
- Clarify, as part of the newly initiated joint efforts to address base access, departmental guidance regarding collaboration to include a discussion of base access issues local officials should consider when discussing and planning collaboration efforts. This could include a discussion of successful approaches that current collaboration sites have adopted to facilitate base access for veterans and their escorts.
- To fully identify potential opportunities to improve access to and quality of care - and reduce costs as well as duplication and overlap between the VA and DoD health care systems - the departments should further develop a systematic process for identifying and furthering collaboration opportunities, such as through sharing agreements and joint ventures. This process should review the portfolios of the departments' health care facilities, ensure information necessary to identify collaboration opportunities is available; identify both new and expanded opportunities for collaboration; and assign responsibility to ensure identified opportunities are explored and implemented if appropriate.

## **ACTIONS TAKEN:**

- The Fiscal Year (FY) 2011- 2013 Department of Veterans Affairs (VA)/Department of Defense (DoD) Joint Strategic Plan (JSP) set a measure for VA/DoD Joint Ventures to demonstrate cost efficiencies. The VA/DoD Health Executive Council (HEC) plans to expand this measure to other sites and develop additional measures for VA/DoD sharing sites. The HEC Joint Venture/Resource Sharing Work Group is developing a plan for HEC consideration of this issue in mid-2013.
- Recommendation 2 was issued to the Interagency Program Office associated with the Integrated Electronic Health Record. The VA Office of Information and Technology could provide the status of the actions in regard to that Recommendation.
- The HEC, and its associated work groups, will continue its work to resolve the incompatible business and administrative processes including reimbursement for services, collection of workload information, and computer security training. Updates to the Financial Management Work Group Charter to emphasize the administrative and business processes as identified by the Government Accountability Office (GAO) review are expected to be coordinated between VA and DoD by July 2013.
- With regard to the recommendation for dual credentialing, VHA will continue its work with the accrediting agency (The Joint Commission) as well as all stakeholders to streamline the credentialing process at joint and co-located facilities. Also, the HEC co-chairs are establishing a task force to explore the feasibility of a joint credentialing system. The task force expects to provide a preliminary report to the HEC by March 2013. VHA officials will continue to work with appropriate DoD officials as well as local DoD facilities to overcome base access issues for Veterans. VHA will ensure that the outcomes of the joint effort are widely disseminated to all VA medical facilities.
- VA continues to seek new and expanded opportunities for collaboration. For example, the JSP includes a systematic and measured approach to expanding collaborative initiatives including an annual assessment of VA and DoD health care facilities, using pre-determined criteria, to identify potential opportunities for new collaboration. VA will continue to work with DoD to hone and improve our joint market selection criteria process.

**BUDGET IMPLICATIONS:** None

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## High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In February 2011, GAO issued an update to its High-Risk Series (GAO-11-278). The GAO-identified High-Risk Areas (specific to VA as well as Governmentwide) are shown in the table below.

| High-Risk Area |   | Estimated Resolution Timeframe (Fiscal Year) | Page # (in PAR) |
|----------------|---|--|-----------------|
| No.            | Description   |  |                 |
| GAO 1          | Improving and Modernizing Federal Disability Programs   | 2014   | II-139          |
| GAO 2          | Strategic Human Capital Management: A Government-wide High-Risk Area  | 2013   | II-143          |
| GAO 3          | Managing Federal Real Property: A Government-wide High-Risk Area  | 2013   | II-145          |
| GAO 4          | Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Government-wide High-Risk Area | 2013   | II-146          |
| GAO 5          | Management of Interagency Contracting: A Government-wide High-Risk Area   | 2012   | II-148          |
|                | Appendix  |  | II-149          |

The Department's responses were published in its 2012 Performance and Accountability Report (PAR) published in November 2012. In the PAR, for each High-Risk Area (HRA), the Department provided the following:

- *Estimated resolution timeframe (fiscal year)* for VA to eliminate each HRA
- *Responsible Agency Official* for each HRA
- *Completed 2012 milestones* in response to the HRA
- *Planned 2013 milestones* along with *estimated completion quarter*

The PAR is available online at: [www.va.gov/budget/report](http://www.va.gov/budget/report).

The GAO High-Risk section of the PAR can be accessed on page II-138 at the following link: [http://www.va.gov/budget/docs/report/PartII/2012-VAPAR\\_Part\\_II.pdf](http://www.va.gov/budget/docs/report/PartII/2012-VAPAR_Part_II.pdf).

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## Major Management Challenges Identified by the OIG

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The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG submitted the following update of the most serious management challenges facing VA. This update was incorporated within the Department's 2012 Performance and Accountability Report (PAR) published in November 2012.

The Department reviewed the OIG's report and provided responses specific to each identified challenge. These responses, provided in the PAR, include the following for each Major Management Challenge (MMC):

- *Estimated resolution timeframe (fiscal year)* to resolve the challenge
- *Responsible Agency Official* for each challenge area
- *Completed 2012 milestones* in response to the challenges identified by the OIG

The PAR is available online at: [www.va.gov/budget/report](http://www.va.gov/budget/report).

The MMC section of the PAR can be accessed on page II-87 at the following link: [http://www.va.gov/budget/docs/report/PartII/2012-VAPAR\\_Part\\_II.pdf](http://www.va.gov/budget/docs/report/PartII/2012-VAPAR_Part_II.pdf).

The table below lists the OIG-identified MMCs for 2012.

| Major Management Challenge |   | Estimated Resolution Timeframe (Fiscal Year) | Page # (in PAR) |
|----------------------------|---|--|-----------------|
| No.                        | Description   |  |                 |
| <b>OIG 1</b>               | <b>Health Care Delivery</b>                                     |  | <b>II-91</b>    |
| 1A                         | Quality of Care   | 2014   | II-91           |
| 1B                         | Access to Care  | 2013   | II-93           |
| 1C                         | Accountability of Prosthetic Supplies in VHA Medical Facilities | 2015   | II-98           |
| <b>OIG 2</b>               | <b>Benefits Processing</b>                                      |  | <b>II-99</b>    |
| 2A                         | Effectively Managing Disability Benefits Claims Workload        | 2015   | II-99           |
| 2B                         | Improving the Quality of Claims Decisions                       | 2012   | II-102          |



| <b>Major Management Challenge</b> |   | <b>Estimated Resolution Timeframe (Fiscal Year)</b> | <b>Page # (in PAR)</b> |
|-----------------------------------|---|---|------------------------|
| <b>No.</b>                        | <b>Description</b>  |   |                        |
| 2C                                | VA Regional Office Operations   | 2015  | II-104                 |
| 2D                                | Improving Disability Benefits Questionnaires (DBQs)                                   | 2013  | II-104                 |
| 2E                                | Improving the Management of VBA's Fiduciary Program                                   | 2012  | II-106                 |
| <b>OIG 3</b>                      | <b>Financial Management</b>   |   | <b>II-108</b>          |
| 3A                                | Strengthen Financial Management and Fiscal Controls for VISN Offices                  | 2014  | II-108                 |
| 3B                                | Strengthen Oversight of Human Capital Management and Development Programs             | 2012  | II-109                 |
| 3C                                | Strengthen Oversight to Better Leverage Capital Assets                                | 2013  | II-112                 |
| <b>OIG 4</b>                      | <b>Procurement Practices</b>  |   | <b>II-113</b>          |
| 4A                                | Compliance with Laws, Regulations, and Policies                                       | 2013  | II-113                 |
| 4B                                | Improve Oversight for VA's VOSB and SDVOSB Programs Procurement Activities            | 20XX  | II-116                 |
| 4C                                | Effective Contract Administration   | 2013  | II-118                 |
| 4D                                | Improve Oversight of Procurement Activities   | 2013  | II-120                 |
| 4E                                | Sound IT Procurement Practices  | 2013  | II-122                 |
| <b>OIG 5</b>                      | <b>Information Management</b>   |   | <b>II-124</b>          |
| 5A                                | Development of an Effective Information Security Program and System Security Controls | 2013  | II-124                 |
| 5B                                | Interconnections with University Affiliates   | 2013  | II-126                 |
| 5C                                | Successful Deployment of Encryption Software  | 2013  | II-127                 |
| 5D                                | Strategic Management of Office of Information Technology Human Capital                | 2013  | II-128                 |
| 5E                                | Strengthening Information Technology Governance                                       | 2013  | II-130                 |
| 5F                                | Effective Oversight of Active IT Investment Programs and Projects                     | 2013  | II-131                 |
|                                   | <b>Appendix</b>   |   | <b>II-135</b>          |

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## Expenditures by States

| <i>Amounts Included in FY 2014 President's Budget</i> |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| (dollars in thousands)                                |                     |                     |                     |
|   | 2012                | 2013                | 2014                |
|   | Actuals             | Estimates           | Estimates           |
| <b>Alabama</b>  |                     |                     |                     |
| Compensation and pensions                             | 1,370,722           | 1,545,489           | 1,629,718           |
| Readjustment benefits                                 | 175,145             | 197,476             | 208,238             |
| General operating expenses                            | 36,140              | 40,748              | 42,968              |
| Medical and construction programs                     | 836,331             | 942,964             | 994,355             |
| Insurance and indemnities                             | 28,028              | 31,602              | 33,324              |
| <b>Total</b>  | <b>\$2,446,366</b>  | <b>\$2,758,278</b>  | <b>\$2,908,604</b>  |
| <b>Alaska</b>   |                     |                     |                     |
| Compensation and pensions                             | 179,405             | 202,279             | 213,303             |
| Readjustment benefits                                 | 54,056              | 60,948              | 64,270              |
| General operating expenses                            | 5,999               | 6,764               | 7,133               |
| Medical and construction programs                     | 187,050             | 210,898             | 222,392             |
| Insurance and indemnities                             | 4,228               | 4,767               | 5,027               |
| <b>Total</b>  | <b>\$430,737</b>    | <b>\$485,656</b>    | <b>\$512,124</b>    |
| <b>Arizona</b>  |                     |                     |                     |
| Compensation and pensions                             | 1,187,111           | 1,338,468           | 1,411,414           |
| Readjustment benefits                                 | 308,272             | 347,577             | 366,520             |
| General operating expenses                            | 109,961             | 123,981             | 130,738             |
| Medical and construction programs                     | 1,165,726           | 1,314,356           | 1,385,989           |
| Insurance and indemnities                             | 36,370              | 41,008              | 43,242              |
| <b>Total</b>  | <b>\$2,807,441</b>  | <b>\$3,165,390</b>  | <b>\$3,337,904</b>  |
| <b>Arkansas</b>                                       |                     |                     |                     |
| Compensation and pensions                             | 807,459             | 910,410             | 960,027             |
| Readjustment benefits                                 | 73,893              | 83,314              | 87,855              |
| General operating expenses                            | 35,019              | 39,484              | 41,635              |
| Medical and construction programs                     | 829,194             | 934,916             | 985,869             |
| Insurance and indemnities                             | 15,277              | 17,225              | 18,164              |
| <b>Total</b>  | <b>\$1,760,842</b>  | <b>\$1,985,349</b>  | <b>\$2,093,551</b>  |
| <b>California</b>                                     |                     |                     |                     |
| Compensation and pensions                             | 4,246,755           | 4,788,217           | 5,049,175           |
| Readjustment benefits                                 | 1,402,808           | 1,581,666           | 1,667,867           |
| General operating expenses                            | 182,301             | 205,545             | 216,747             |
| Medical and construction programs                     | 4,837,071           | 5,453,798           | 5,751,030           |
| Insurance and indemnities                             | 165,486             | 186,586             | 196,755             |
| <b>Total</b>  | <b>\$10,834,422</b> | <b>\$12,215,811</b> | <b>\$12,881,573</b> |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012<br>Actuals    | 2013<br>Estimates   | 2014<br>Estimates   |
|-----------------------------------|--------------------|---------------------|---------------------|
| <b>Colorado</b>                   |                    |                     |                     |
| Compensation and pensions         | 1,017,563          | 1,147,302           | 1,209,830           |
| Readjustment benefits             | 286,797            | 323,363             | 340,987             |
| General operating expenses        | 65,584             | 73,946              | 77,976              |
| Medical and construction programs | 2,176,480          | 2,453,981           | 2,587,723           |
| Insurance and indemnities         | 29,366             | 33,110              | 34,914              |
| <b>Total</b>                      | <b>\$3,575,790</b> | <b>\$4,031,703</b>  | <b>\$4,251,430</b>  |
| <b>Connecticut</b>                |                    |                     |                     |
| Compensation and pensions         | 311,773            | 351,524             | 370,682             |
| Readjustment benefits             | 74,578             | 84,087              | 88,670              |
| General operating expenses        | 14,262             | 16,080              | 16,956              |
| Medical and construction programs | 525,981            | 593,043             | 625,364             |
| Insurance and indemnities         | 24,688             | 27,836              | 29,353              |
| <b>Total</b>                      | <b>\$951,281</b>   | <b>\$1,072,570</b>  | <b>\$1,131,025</b>  |
| <b>Delaware</b>                   |                    |                     |                     |
| Compensation and pensions         | 146,381            | 165,044             | 174,039             |
| Readjustment benefits             | 29,988             | 33,811              | 35,654              |
| General operating expenses        | 4,493              | 5,065               | 5,341               |
| Medical and construction programs | 196,508            | 221,562             | 233,638             |
| Insurance and indemnities         | 5,762              | 6,496               | 6,850               |
| <b>Total</b>                      | <b>\$383,130</b>   | <b>\$431,980</b>    | <b>\$455,522</b>    |
| <b>District of Columbia</b>       |                    |                     |                     |
| Compensation and pensions         | 67,247             | 75,821              | 79,953              |
| Readjustment benefits             | 22,264             | 25,102              | 26,470              |
| General operating expenses        | 1,592,365          | 1,795,392           | 1,893,241           |
| Medical and construction programs | 1,976,367          | 2,228,354           | 2,349,799           |
| Insurance and indemnities         | 3,641              | 4,105               | 4,329               |
| <b>Total</b>                      | <b>\$3,661,884</b> | <b>\$4,128,774</b>  | <b>\$4,353,792</b>  |
| <b>Florida</b>                    |                    |                     |                     |
| Compensation and pensions         | 4,093,059          | 4,614,924           | 4,866,437           |
| Readjustment benefits             | 787,274            | 887,651             | 936,028             |
| General operating expenses        | 156,445            | 176,392             | 186,005             |
| Medical and construction programs | 3,915,461          | 4,414,682           | 4,655,282           |
| Insurance and indemnities         | 133,307            | 150,303             | 158,495             |
| <b>Total</b>                      | <b>\$9,085,545</b> | <b>\$10,243,952</b> | <b>\$10,802,247</b> |
| <b>Georgia</b>                    |                    |                     |                     |
| Compensation and pensions         | 2,103,564          | 2,371,769           | 2,501,030           |
| Readjustment benefits             | 391,381            | 441,282             | 465,332             |
| General operating expenses        | 109,934            | 123,951             | 130,706             |
| Medical and construction programs | 1,427,388          | 1,609,380           | 1,697,091           |
| Insurance and indemnities         | 49,324             | 55,612              | 58,643              |
| <b>Total</b>                      | <b>\$4,081,591</b> | <b>\$4,601,994</b>  | <b>\$4,852,803</b>  |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012<br>Actuals    | 2013<br>Estimates  | 2014<br>Estimates  |
|-----------------------------------|--------------------|--------------------|--------------------|
| <b>Hawaii</b>                     |                    |                    |                    |
| Compensation and pensions         | 270,384            | 304,858            | 321,473            |
| Readjustment benefits             | 133,048            | 150,012            | 158,187            |
| General operating expenses        | 14,202             | 16,013             | 16,886             |
| Medical and construction programs | 238,733            | 269,172            | 283,842            |
| Insurance and indemnities         | 13,272             | 14,965             | 15,780             |
| <b>Total</b>                      | <b>\$669,640</b>   | <b>\$755,020</b>   | <b>\$796,168</b>   |
| <b>Idaho</b>                      |                    |                    |                    |
| Compensation and pensions         | 289,564            | 326,484            | 344,277            |
| Readjustment benefits             | 48,555             | 54,746             | 57,729             |
| General operating expenses        | 7,597              | 8,566              | 9,033              |
| Medical and construction programs | 211,178            | 238,103            | 251,080            |
| Insurance and indemnities         | 7,935              | 8,947              | 9,435              |
| <b>Total</b>                      | <b>\$564,830</b>   | <b>\$636,846</b>   | <b>\$671,554</b>   |
| <b>Illinois</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,187,637          | 1,339,060          | 1,412,039          |
| Readjustment benefits             | 282,796            | 318,853            | 336,230            |
| General operating expenses        | 55,864             | 62,987             | 66,420             |
| Medical and construction programs | 1,887,025          | 2,127,621          | 2,243,576          |
| Insurance and indemnities         | 67,589             | 76,206             | 80,360             |
| <b>Total</b>                      | <b>\$3,480,911</b> | <b>\$3,924,727</b> | <b>\$4,138,625</b> |
| <b>Indiana</b>                    |                    |                    |                    |
| Compensation and pensions         | 879,428            | 991,555            | 1,045,594          |
| Readjustment benefits             | 132,165            | 149,017            | 157,138            |
| General operating expenses        | 44,439             | 50,105             | 52,835             |
| Medical and construction programs | 752,785            | 848,765            | 895,023            |
| Insurance and indemnities         | 24,474             | 27,594             | 29,098             |
| <b>Total</b>                      | <b>\$1,833,290</b> | <b>\$2,067,035</b> | <b>\$2,179,688</b> |
| <b>Iowa</b>                       |                    |                    |                    |
| Compensation and pensions         | 428,543            | 483,182            | 509,516            |
| Readjustment benefits             | 67,810             | 76,456             | 80,623             |
| General operating expenses        | 10,381             | 11,705             | 12,342             |
| Medical and construction programs | 534,062            | 602,155            | 634,973            |
| Insurance and indemnities         | 18,613             | 20,987             | 22,130             |
| <b>Total</b>                      | <b>\$1,059,410</b> | <b>\$1,194,485</b> | <b>\$1,259,584</b> |
| <b>Kansas</b>                     |                    |                    |                    |
| Compensation and pensions         | 461,050            | 519,834            | 548,165            |
| Readjustment benefits             | 87,664             | 98,842             | 104,229            |
| General operating expenses        | 27,046             | 30,494             | 32,156             |
| Medical and construction programs | 480,090            | 541,302            | 570,802            |
| Insurance and indemnities         | 16,309             | 18,388             | 19,390             |
| <b>Total</b>                      | <b>\$1,072,159</b> | <b>\$1,208,859</b> | <b>\$1,274,742</b> |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012               | 2013               | 2014               |
|-----------------------------------|--------------------|--------------------|--------------------|
|                                   | Actuals            | Estimates          | Estimates          |
| <b>Kentucky</b>                   |                    |                    |                    |
| Compensation and pensions         | 952,702            | 1,074,171          | 1,132,713          |
| Readjustment benefits             | 119,888            | 135,174            | 142,541            |
| General operating expenses        | 36,249             | 40,870             | 43,098             |
| Medical and construction programs | 645,530            | 727,835            | 767,502            |
| Insurance and indemnities         | 19,554             | 22,048             | 23,249             |
| <b>Total</b>                      | <b>\$1,773,923</b> | <b>\$2,000,098</b> | <b>\$2,109,103</b> |
| <b>Louisiana</b>                  |                    |                    |                    |
| Compensation and pensions         | 879,474            | 991,607            | 1,045,649          |
| Readjustment benefits             | 110,610            | 124,713            | 131,510            |
| General operating expenses        | 26,847             | 30,270             | 31,919             |
| Medical and construction programs | 888,588            | 1,001,883          | 1,056,485          |
| Insurance and indemnities         | 19,293             | 21,753             | 22,938             |
| <b>Total</b>                      | <b>\$1,924,811</b> | <b>\$2,170,225</b> | <b>\$2,288,502</b> |
| <b>Maine</b>                      |                    |                    |                    |
| Compensation and pensions         | 423,145            | 477,096            | 503,098            |
| Readjustment benefits             | 37,904             | 42,737             | 45,066             |
| General operating expenses        | 19,745             | 22,262             | 23,475             |
| Medical and construction programs | 284,856            | 321,176            | 338,680            |
| Insurance and indemnities         | 8,229              | 9,279              | 9,784              |
| <b>Total</b>                      | <b>\$773,879</b>   | <b>\$872,549</b>   | <b>\$920,103</b>   |
| <b>Maryland</b>                   |                    |                    |                    |
| Compensation and pensions         | 831,141            | 937,112            | 988,185            |
| Readjustment benefits             | 275,003            | 310,066            | 326,964            |
| General operating expenses        | 28,823             | 32,498             | 34,269             |
| Medical and construction programs | 604,676            | 681,773            | 718,929            |
| Insurance and indemnities         | 36,275             | 40,900             | 43,129             |
| <b>Total</b>                      | <b>\$1,775,919</b> | <b>\$2,002,348</b> | <b>\$2,111,476</b> |
| <b>Massachusetts</b>              |                    |                    |                    |
| Compensation and pensions         | 815,557            | 919,541            | 969,656            |
| Readjustment benefits             | 154,603            | 174,315            | 183,815            |
| General operating expenses        | 34,161             | 38,517             | 40,616             |
| Medical and construction programs | 1,075,169          | 1,212,253          | 1,278,321          |
| Insurance and indemnities         | 40,209             | 45,335             | 47,806             |
| <b>Total</b>                      | <b>\$2,119,700</b> | <b>\$2,389,962</b> | <b>\$2,520,214</b> |
| <b>Michigan</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,400,416          | 1,578,969          | 1,665,022          |
| Readjustment benefits             | 172,996            | 195,053            | 205,684            |
| General operating expenses        | 50,815             | 57,294             | 60,417             |
| Medical and construction programs | 1,337,475          | 1,508,004          | 1,590,190          |
| Insurance and indemnities         | 43,371             | 48,901             | 51,566             |
| <b>Total</b>                      | <b>\$3,005,073</b> | <b>\$3,388,220</b> | <b>\$3,572,878</b> |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012<br>Actuals    | 2013<br>Estimates  | 2014<br>Estimates  |
|-----------------------------------|--------------------|--------------------|--------------------|
| <b>Minnesota</b>                  |                    |                    |                    |
| Compensation and pensions         | 869,226            | 980,052            | 1,033,465          |
| Readjustment benefits             | 134,494            | 151,642            | 159,907            |
| General operating expenses        | 81,972             | 92,424             | 97,461             |
| Medical and construction programs | 997,209            | 1,124,353          | 1,185,630          |
| Insurance and indemnities         | 31,351             | 35,349             | 37,275             |
| <b>Total</b>                      | <b>\$2,114,252</b> | <b>\$2,383,819</b> | <b>\$2,513,737</b> |
| <b>Mississippi</b>                |                    |                    |                    |
| Compensation and pensions         | 584,818            | 659,382            | 695,319            |
| Readjustment benefits             | 79,472             | 89,605             | 94,489             |
| General operating expenses        | 29,218             | 32,943             | 34,738             |
| Medical and construction programs | 774,470            | 873,215            | 920,805            |
| Insurance and indemnities         | 11,826             | 13,334             | 14,061             |
| <b>Total</b>                      | <b>\$1,479,805</b> | <b>\$1,668,480</b> | <b>\$1,759,412</b> |
| <b>Missouri</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,160,562          | 1,308,534          | 1,379,849          |
| Readjustment benefits             | 162,370            | 183,072            | 193,049            |
| General operating expenses        | 146,768            | 165,481            | 174,500            |
| Medical and construction programs | 1,261,500          | 1,422,342          | 1,499,859          |
| Insurance and indemnities         | 31,855             | 35,916             | 37,873             |
| <b>Total</b>                      | <b>\$2,763,055</b> | <b>\$3,115,345</b> | <b>\$3,285,131</b> |
| <b>Montana</b>                    |                    |                    |                    |
| Compensation and pensions         | 260,447            | 293,654            | 309,658            |
| Readjustment benefits             | 34,943             | 39,398             | 41,546             |
| General operating expenses        | 7,561              | 8,525              | 8,990              |
| Medical and construction programs | 225,815            | 254,606            | 268,482            |
| Insurance and indemnities         | 7,989              | 9,007              | 9,498              |
| <b>Total</b>                      | <b>\$536,755</b>   | <b>\$605,192</b>   | <b>\$638,175</b>   |
| <b>Nebraska</b>                   |                    |                    |                    |
| Compensation and pensions         | 430,003            | 484,828            | 511,251            |
| Readjustment benefits             | 59,084             | 66,617             | 70,248             |
| General operating expenses        | 34,513             | 38,914             | 41,035             |
| Medical and construction programs | 407,920            | 459,930            | 484,996            |
| Insurance and indemnities         | 11,997             | 13,527             | 14,264             |
| <b>Total</b>                      | <b>\$943,517</b>   | <b>\$1,063,816</b> | <b>\$1,121,793</b> |
| <b>Nevada</b>                     |                    |                    |                    |
| Compensation and pensions         | 519,309            | 585,521            | 617,432            |
| Readjustment benefits             | 86,246             | 97,243             | 102,543            |
| General operating expenses        | 14,267             | 16,086             | 16,962             |
| Medical and construction programs | 716,336            | 807,669            | 851,687            |
| Insurance and indemnities         | 12,912             | 14,558             | 15,352             |
| <b>Total</b>                      | <b>\$1,349,071</b> | <b>\$1,521,078</b> | <b>\$1,603,976</b> |



**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012<br>Actuals    | 2013<br>Estimates  | 2014<br>Estimates  |
|-----------------------------------|--------------------|--------------------|--------------------|
| <b>New Hampshire</b>              |                    |                    |                    |
| Compensation and pensions         | 223,286            | 251,755            | 265,475            |
| Readjustment benefits             | 51,433             | 57,991             | 61,151             |
| General operating expenses        | 6,294              | 7,097              | 7,484              |
| Medical and construction programs | 149,217            | 168,242            | 177,412            |
| Insurance and indemnities         | 8,621              | 9,720              | 10,250             |
| <b>Total</b>                      | <b>\$438,851</b>   | <b>\$494,805</b>   | <b>\$521,772</b>   |
| <b>New Jersey</b>                 |                    |                    |                    |
| Compensation and pensions         | 779,129            | 878,468            | 926,344            |
| Readjustment benefits             | 165,592            | 186,705            | 196,880            |
| General operating expenses        | 16,214             | 18,281             | 19,278             |
| Medical and construction programs | 534,481            | 602,627            | 635,470            |
| Insurance and indemnities         | 47,425             | 53,471             | 56,385             |
| <b>Total</b>                      | <b>\$1,542,840</b> | <b>\$1,739,553</b> | <b>\$1,834,358</b> |
| <b>New Mexico</b>                 |                    |                    |                    |
| Compensation and pensions         | 600,140            | 676,658            | 713,536            |
| Readjustment benefits             | 63,534             | 71,635             | 75,539             |
| General operating expenses        | 16,383             | 18,472             | 19,479             |
| Medical and construction programs | 462,402            | 521,358            | 549,772            |
| Insurance and indemnities         | 12,536             | 14,134             | 14,904             |
| <b>Total</b>                      | <b>\$1,154,995</b> | <b>\$1,302,257</b> | <b>\$1,373,230</b> |
| <b>New York</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,744,184          | 1,966,567          | 2,073,745          |
| Readjustment benefits             | 416,875            | 470,027            | 495,643            |
| General operating expenses        | 127,280            | 143,509            | 151,330            |
| Medical and construction programs | 2,742,039          | 3,091,649          | 3,260,144          |
| Insurance and indemnities         | 93,392             | 105,299            | 111,038            |
| <b>Total</b>                      | <b>\$5,123,771</b> | <b>\$5,777,051</b> | <b>\$6,091,901</b> |
| <b>North Carolina</b>             |                    |                    |                    |
| Compensation and pensions         | 2,299,886          | 2,593,121          | 2,734,446          |
| Readjustment benefits             | 346,408            | 390,575            | 411,861            |
| General operating expenses        | 94,255             | 106,273            | 112,065            |
| Medical and construction programs | 1,580,748          | 1,782,294          | 1,879,429          |
| Insurance and indemnities         | 49,243             | 55,522             | 58,548             |
| <b>Total</b>                      | <b>\$4,370,541</b> | <b>\$4,927,785</b> | <b>\$5,196,349</b> |
| <b>North Dakota</b>               |                    |                    |                    |
| Compensation and pensions         | 128,774            | 145,193            | 153,106            |
| Readjustment benefits             | 19,581             | 22,077             | 23,280             |
| General operating expenses        | 6,784              | 7,649              | 8,066              |
| Medical and construction programs | 198,636            | 223,962            | 236,168            |
| Insurance and indemnities         | 3,615              | 4,075              | 4,298              |
| <b>Total</b>                      | <b>\$357,389</b>   | <b>\$402,957</b>   | <b>\$424,918</b>   |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012               | 2013               | 2014               |
|-----------------------------------|--------------------|--------------------|--------------------|
|                                   | Actuals            | Estimates          | Estimates          |
| <b>Ohio</b>                       |                    |                    |                    |
| Compensation and pensions         | 1,593,257          | 1,796,397          | 1,894,301          |
| Readjustment benefits             | 270,489            | 304,976            | 321,598            |
| General operating expenses        | 2,064,214          | 2,327,401          | 2,454,245          |
| Medical and construction programs | 2,197,005          | 2,477,124          | 2,612,127          |
| Insurance and indemnities         | 58,863             | 66,368             | 69,985             |
| <b>Total</b>                      | <b>\$6,183,829</b> | <b>\$6,972,267</b> | <b>\$7,352,256</b> |
| <b>Oklahoma</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,340,126          | 1,510,992          | 1,593,341          |
| Readjustment benefits             | 122,491            | 138,109            | 145,635            |
| General operating expenses        | 113,870            | 128,389            | 135,386            |
| Medical and construction programs | 690,731            | 778,799            | 821,243            |
| Insurance and indemnities         | 18,569             | 20,937             | 22,078             |
| <b>Total</b>                      | <b>\$2,285,787</b> | <b>\$2,577,225</b> | <b>\$2,717,684</b> |
| <b>Oregon</b>                     |                    |                    |                    |
| Compensation and pensions         | 930,249            | 1,048,855          | 1,106,018          |
| Readjustment benefits             | 121,436            | 136,919            | 144,381            |
| General operating expenses        | 36,448             | 41,095             | 43,335             |
| Medical and construction programs | 977,602            | 1,102,246          | 1,162,319          |
| Insurance and indemnities         | 22,376             | 25,229             | 26,604             |
| <b>Total</b>                      | <b>\$2,088,111</b> | <b>\$2,354,345</b> | <b>\$2,482,657</b> |
| <b>Pennsylvania</b>               |                    |                    |                    |
| Compensation and pensions         | 1,731,697          | 1,952,489          | 2,058,899          |
| Readjustment benefits             | 298,307            | 336,341            | 354,672            |
| General operating expenses        | 167,523            | 188,883            | 199,177            |
| Medical and construction programs | 2,130,492          | 2,402,130          | 2,533,046          |
| Insurance and indemnities         | 76,437             | 86,183             | 90,880             |
| <b>Total</b>                      | <b>\$4,404,457</b> | <b>\$4,966,026</b> | <b>\$5,236,674</b> |
| <b>Puerto Rico</b>                |                    |                    |                    |
| Compensation and pensions         | 607,900            | 685,407            | 722,762            |
| Readjustment benefits             | 43,573             | 49,129             | 51,806             |
| General operating expenses        | 24,363             | 27,469             | 28,966             |
| Medical and construction programs | 598,539            | 674,853            | 711,633            |
| Insurance and indemnities         | 2,286              | 2,577              | 2,717              |
| <b>Total</b>                      | <b>\$1,276,661</b> | <b>\$1,439,435</b> | <b>\$1,517,884</b> |
| <b>Rhode Island</b>               |                    |                    |                    |
| Compensation and pensions         | 168,943            | 190,484            | 200,865            |
| Readjustment benefits             | 27,144             | 30,604             | 32,272             |
| General operating expenses        | 19,180             | 21,625             | 22,804             |
| Medical and construction programs | 285,246            | 321,615            | 339,143            |
| Insurance and indemnities         | 6,570              | 7,407              | 7,811              |
| <b>Total</b>                      | <b>\$507,083</b>   | <b>\$571,736</b>   | <b>\$602,895</b>   |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012<br>Actuals    | 2013<br>Estimates   | 2014<br>Estimates   |
|-----------------------------------|--------------------|---------------------|---------------------|
| <b>South Carolina</b>             |                    |                     |                     |
| Compensation and pensions         | 1,309,784          | 1,476,782           | 1,557,266           |
| Readjustment benefits             | 202,173            | 227,950             | 240,373             |
| General operating expenses        | 59,966             | 67,612              | 71,297              |
| Medical and construction programs | 731,460            | 824,721             | 869,668             |
| Insurance and indemnities         | 28,535             | 32,174              | 33,927              |
| <b>Total</b>                      | <b>\$2,331,918</b> | <b>\$2,629,238</b>  | <b>\$2,772,531</b>  |
| <b>South Dakota</b>               |                    |                     |                     |
| Compensation and pensions         | 188,773            | 212,841             | 224,441             |
| Readjustment benefits             | 28,480             | 32,112              | 33,862              |
| General operating expenses        | 10,551             | 11,896              | 12,545              |
| Medical and construction programs | 359,640            | 405,494             | 427,593             |
| Insurance and indemnities         | 6,047              | 6,818               | 7,189               |
| <b>Total</b>                      | <b>\$593,491</b>   | <b>\$669,161</b>    | <b>\$705,630</b>    |
| <b>Tennessee</b>                  |                    |                     |                     |
| Compensation and pensions         | 1,408,699          | 1,588,309           | 1,674,871           |
| Readjustment benefits             | 198,415            | 223,713             | 235,905             |
| General operating expenses        | 65,685             | 74,060              | 78,096              |
| Medical and construction programs | 1,473,164          | 1,660,993           | 1,751,517           |
| Insurance and indemnities         | 31,345             | 35,342              | 37,268              |
| <b>Total</b>                      | <b>\$3,177,308</b> | <b>\$3,582,415</b>  | <b>\$3,777,657</b>  |
| <b>Texas</b>                      |                    |                     |                     |
|                                   |                    |                     | 0                   |
| Compensation and pensions         | 4,991,178          | 5,626,214           | 5,932,843           |
| Readjustment benefits             | 986,218            | 1,111,763           | 1,172,354           |
| General operating expenses        | 215,043            | 242,417             | 255,629             |
| Medical and construction programs | 3,586,372          | 4,042,917           | 4,263,256           |
| Insurance and indemnities         | 107,830            | 121,556             | 128,181             |
| <b>Total</b>                      | <b>\$9,886,640</b> | <b>\$11,144,868</b> | <b>\$11,752,264</b> |
| <b>Utah</b>                       |                    |                     |                     |
| Compensation and pensions         | 296,886            | 334,590             | 352,825             |
| Readjustment benefits             | 79,699             | 89,821              | 94,716              |
| General operating expenses        | 50,909             | 57,374              | 60,501              |
| Medical and construction programs | 416,702            | 469,623             | 495,217             |
| Insurance and indemnities         | 10,823             | 12,197              | 12,862              |
| <b>Total</b>                      | <b>\$855,018</b>   | <b>\$963,605</b>    | <b>\$1,016,122</b>  |
| <b>Vermont</b>                    |                    |                     |                     |
| Compensation and pensions         | 105,970            | 119,429             | 125,938             |
| Readjustment benefits             | 16,415             | 18,499              | 19,508              |
| General operating expenses        | 4,420              | 4,981               | 5,252               |
| Medical and construction programs | 182,173            | 205,308             | 216,498             |
| Insurance and indemnities         | 3,510              | 3,956               | 4,171               |
| <b>Total</b>                      | <b>\$312,487</b>   | <b>\$352,173</b>    | <b>\$371,367</b>    |

**Amounts Included in FY 2014 President's Budget**

(dollars in thousands)

|                                   | 2012               | 2013               | 2014               |
|-----------------------------------|--------------------|--------------------|--------------------|
|                                   | Actuals            | Estimates          | Estimates          |
| <b>Virginia</b>                   |                    |                    |                    |
| Compensation and pensions         | 1,916,322          | 2,159,695          | 2,277,399          |
| Readjustment benefits             | 748,829            | 843,930            | 889,925            |
| General operating expenses        | 67,593             | 76,178             | 80,329             |
| Medical and construction programs | 1,038,631          | 1,170,538          | 1,234,332          |
| Insurance and indemnities         | 56,653             | 63,848             | 67,327             |
| <b>Total</b>                      | <b>\$3,828,029</b> | <b>\$4,314,188</b> | <b>\$4,549,311</b> |
| <b>Washington</b>                 |                    |                    |                    |
| Compensation and pensions         | 1,457,796          | 1,642,936          | 1,732,476          |
| Readjustment benefits             | 312,707            | 352,420            | 371,627            |
| General operating expenses        | 63,411             | 71,464             | 75,359             |
| Medical and construction programs | 1,062,013          | 1,196,888          | 1,262,119          |
| Insurance and indemnities         | 43,117             | 48,593             | 51,241             |
| <b>Total</b>                      | <b>\$2,939,043</b> | <b>\$3,312,302</b> | <b>\$3,492,822</b> |
| <b>West Virginia</b>              |                    |                    |                    |
| Compensation and pensions         | 570,104            | 642,507            | 677,524            |
| Readjustment benefits             | 43,147             | 48,627             | 51,277             |
| General operating expenses        | 206,091            | 232,265            | 244,923            |
| Medical and construction programs | 816,422            | 920,108            | 970,254            |
| Insurance and indemnities         | 10,643             | 11,994             | 12,648             |
| <b>Total</b>                      | <b>\$1,646,407</b> | <b>\$1,855,501</b> | <b>\$1,956,626</b> |
| <b>Wisconsin</b>                  |                    |                    |                    |
| Compensation and pensions         | 866,609            | 976,669            | 1,029,727          |
| Readjustment benefits             | 121,117            | 136,499            | 143,870            |
| General operating expenses        | 64,671             | 72,884             | 76,820             |
| Medical and construction programs | 1,010,844          | 1,139,222          | 1,200,740          |
| Insurance and indemnities         | 33,803             | 38,096             | 40,153             |
| <b>Total</b>                      | <b>\$2,097,045</b> | <b>\$2,363,369</b> | <b>\$2,491,309</b> |
| <b>Wyoming</b>                    |                    |                    |                    |
| Compensation and pensions         | 111,430            | 125,581            | 132,425            |
| Readjustment benefits             | 13,312             | 15,003             | 15,821             |
| General operating expenses        | 1,632              | 1,840              | 1,940              |
| Medical and construction programs | 216,717            | 244,240            | 257,551            |
| Insurance and indemnities         | 3,937              | 4,437              | 4,678              |
| <b>Total</b>                      | <b>\$347,028</b>   | <b>\$391,100</b>   | <b>\$412,415</b>   |
| <b>Guam</b>                       |                    |                    |                    |
| Compensation and pensions         | 37,891             | 42,704             | 45,031             |
| Readjustment benefits             | 7,551              | 8,510              | 8,974              |
| General operating expenses        | 0                  | 0                  | 0                  |
| Medical and construction programs | 7,324              | 8,254              | 8,704              |
| Insurance and indemnities         | 883                | 995                | 1,049              |
| <b>Total</b>                      | <b>\$53,649</b>    | <b>\$60,463</b>    | <b>\$63,758</b>    |

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## *Appropriation Structure*

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Appropriations and funds are listed below with a brief description of the scope of the account:

### **Medical Programs**

#### *Appropriations*

MEDICAL CARE PROGRAMS: Provides for a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans by financing the operation, maintenance, and administration from the following accounts that are required to address the health care needs of eligible veterans.

MEDICAL SERVICES: Provides for a comprehensive, integrated health care delivery system that addresses the needs of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the Civilian Health and Medical Programs for the Department of Veterans Affairs (CHAMPVA). This is an annual, multi-year, and no-year account.

MEDICAL SUPPORT AND COMPLIANCE: Provides for the management, security, and administration of the VA health care system through the operation of VA medical centers, other facilities, Veterans Integrated Service Networks offices and facility director offices, chief of staff operations, quality of care oversight, legal services, billing and coding activities, procurement, financial management, and human resource management. This is an annual, multi-year, and no-year account.

MEDICAL FACILITIES: Provides for the operations and maintenance of the VA health care system's vast capital infrastructure required to provide health care to the Nation's veterans. These costs include utilities, engineering, capital planning, leases, laundry services, grounds maintenance, trash removal, housekeeping, fire protection, pest management, facility repair, and property disposition and acquisition. This is an annual, multi-year, and no-year account.



DOD VA HEALTH CARE SHARING INCENTIVE FUND: Provides a minimum of \$15,000,000 annually from each Department for a joint incentive program to enable the Departments to carry out a program to identify and provide incentives to implement creative sharing initiatives at the facility, intra-regional, and nationwide levels. Section 8111(d) of title 38, United States Code requires each Secretary to contribute a minimum of \$15,000,000 from the funds appropriated to the Secretary's Department fund and to establish the fund effective October 1, 2003. P. L. 111-84, The National Defense Authorization Act for Fiscal Year 2010, section 1706, amended section 8111(d)(3) of title 38, United States Code, to extend the program's authorization to September 30, 2015. This is a no-year account.

JOINT DEPARTMENT OF DEFENSE-DEPARTMENT OF VETERANS AFFAIRS MEDICAL FACILITY DEMONSTRATION FUND: Combines the resources of the Department of Defense (DoD) and the Department of Veterans Affairs (VA) to operate the first totally integrated federal health care facility in the country. The Captain James A. Lovell Federal Health Care Center located in North Chicago, Illinois, will care for all eligible VA and DoD beneficiaries. This center is the integration of the North Chicago VA Medical Center and the Navy Health Clinic Great Lakes. Each department will contribute funding to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund established by section 1704 of Public Law 111-84, the National Defense Authorization Act for Fiscal Year 2010.

The VA's budget request includes funding to be provided to the Medical Services, Medical Support and Compliance, Medical Facilities, and Information Technology Systems appropriations and transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund. This is an annual and multi-year account.

MEDICAL AND PROSTHETIC RESEARCH: Supports research that facilitates and improves the primary function of VHA, which is to provide high-quality and cost-effective medical care to eligible Veterans and contribute to the Nation's knowledge about disease and disability. This is a multi-year appropriation and no-year appropriation.

## **Special Funds**

MEDICAL CARE COLLECTIONS FUND: Provides medical collections that are used for specified purposes to support the health care for eligible veterans. Public Law 105-33, the Balanced Budget Act of 1997, established the Department of Veterans Affairs Medical Care Collections Fund (MCCF). It required that amounts collected or recovered after June 30, 1997, be deposited

in the MCCF. The amounts collected in the fund are available only for: 1) VA medical care and services during any fiscal year; and 2) VA expenses for identifying, billing, auditing, and collecting amounts owed to the government. VA has the authority to collect inpatient, outpatient, medication, and nursing home co-payments; authority for certain income verification; authority to recover third-party insurance payments from veterans for non-service connected conditions; and authority to collect revenue from enhanced use leases. Public Law 108-7, the Consolidated Appropriations Resolution, 2003, granted permanent authority to recover pharmacy co-payments for outpatient medication. VA's authority to do income verification with the Social Security Administration and Internal Revenue Service in title 38, section 5317(g) was extended through September 30, 2016, by section 264 of Public Law 112-56, to amend the Internal Revenue Code of 1986. Public Law 112-154, the Honoring America's Veterans and Caring for Camp Lejuene Families Act of 2012, section 112, extended the authority, in title 38, section 1729(a)(2)(E) to recover third-party insurance payments from service-connected veterans for nonservice-connected conditions through October 1, 2013. Public Law 112-154, the Honoring America's Veterans and Caring for Camp Lejuene Families Act of 2012, section 113, extended the authority in title 38, section 1710(f)(2)(B), to collect copayments for hospital care and nursing home care through September 30, 2013. Public Law 108-199, the Consolidated Appropriations Act, 2004, and P.L. 108-447, the Consolidated Appropriations Act, 2005, require revenue from the following accounts to be deposited into the MCCF beginning in FY 2004:

**Long-Term Care Co-Payments (Formerly Veterans Extended Care Revolving Fund):** This account was established by Public Law 106-117, the Veterans Millennium Health Care and Benefits Act. This account receives per diems and co-payments from certain patients receiving extended care services as authorized in title 38, U.S.C., § 1701B. Amounts deposited in the account are used to provide extended care services.

**Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund):** This program, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, approved October 21, 1976, provides a mechanism for furnishing rehabilitative services to certain Veteran beneficiaries receiving medical care and treatment from VA. Funds to operate the various rehabilitative activities and to provide therapeutic work for remuneration to patients and members in VA facilities are derived from contractual arrangements with private industry, non-profit

organizations, and State and Federal entities. This is a self-sustaining activity that does not require an appropriation.

**Compensation and Pensions Living Expenses Program (formerly Medical Facilities Revolving Fund):** This program provides for operating expenses of VA medical facilities furnishing nursing home care to certain Veterans who receive Pensions. Title 38, U.S.C., provides that a Veteran with no spouse or child will receive \$90 per month in Pensions beginning the third full month following the month of admission to VA-furnished nursing home care. The difference between the \$90 the Veteran receives and the amount otherwise authorized is transferred to this fund to cover the expenses of the facility furnishing the nursing home care. Public Law 105-368, Veterans Programs Enhancement Act of 1998, granted permanent authority for the transfer of Pensions funds in excess of \$90 per month from the Compensation and Pensions account, in accordance with the provisions of title 38, U.S.C. § 5503(a)(1)(B). This authority was retroactive as of October 1, 1997.

**Parking Program (formerly Parking Revolving Fund):** VA collects parking fees for the use of parking facilities at VA facilities.

## **Other Revolving Funds**

MEDICAL CENTER RESEARCH ORGANIZATIONS: The Veterans' Benefits and Services Act of 1988, P.L. 100-322 authorized VA Research and Education Corporations to provide a mechanism whereby non-VA funds may be received and administered to perform research by a nonprofit corporation at any VA medical center.

CANTEEN SERVICE REVOLVING FUND: This fund finances the operation of canteens at all medical facilities. These activities are under the management of the Veterans Canteen Service, established by Congress in 1946. Income from sales makes this a self-sustaining activity.

## **Other Trust Funds**

GENERAL POST FUND: This trust fund consists of gifts, bequests, and proceeds from the sale of property left in the care of VA facilities by former beneficiaries who die leaving no heirs or without having otherwise disposed of their estates. Such funds are used to promote the comfort and welfare of Veterans in hospitals and other facilities where no general appropriation is available for this purpose.

In addition, donations from pharmaceutical companies, non-profit corporations, and individuals to support VA medical research are deposited in this fund.

## **Benefits Programs**

### *Appropriations*

COMPENSATION AND PENSIONS: Provides for compensation payments to service-connected disabled Veterans and their survivors; provides for pension payments, subject to an income standard, to war-time Veterans who are permanently and totally disabled from non-service-connected causes and their survivors; and provides burial and other benefits to Veterans and their survivors.

READJUSTMENT BENEFITS: Provides payments for education and training for eligible Veterans and dependents, as well as special assistance to disabled Veterans. Funding provided for this program consists of direct appropriations to this VA account, as well as offsetting collections received from the Department of Defense.

VETERANS INSURANCE AND INDEMNITIES: Provides payment for extra hazard costs to the National Service Life Insurance and United States Government Life Insurance funds, supplements the Service-Disabled Veterans Insurance Fund, and provides direct payment to policyholders. It also provides funds for expenses of the Veterans Mortgage Life Insurance Program.

### *Special Funds*

FILIPINO VETERANS EQUITY COMPENSATION FUND: Provides one-time payments to eligible persons who served in the Philippines during World War II.

### *Trust Funds*

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT: Funding for this account consists primarily of voluntary contributions by eligible servicepersons and Department of Defense matching contributions on behalf of specific servicepersons. The account serves as a depository and disbursing account for the contributory-matching education program which provides educational assistance payments to participants who entered the service between January 1, 1977 and June 30, 1985, and are pursuing training under chapter 32 (38 U. S. C.). Public Law 99-576, enacted October 28, 1986, permanently closed the program to new enrollees after March 31, 1987.

Subsequently, the enactment of Public Law 101-510 allows servicepersons enrolled or eligible to enroll in the program who are involuntarily separated from the service on or after February 3, 1991, an opportunity to receive assistance under the Montgomery GI Bill (MGIB) program in lieu of Post-Vietnam Era Veterans Education Program (VEAP). Public Law 102-484 extended the same opportunity to certain servicepersons who voluntarily separated from the military on or after December 5, 1991. An opportunity to enroll in the MGIB program also was extended to Chapter 32 (and section 903) servicepersons, who were VEAP participants on October 9, 1996, under Public Law 104-275.

### *Revolving Funds*

VOCATIONAL REHABILITATION PROGRAM FUND: Loans (advances) will be made to disabled Veterans eligible for vocational rehabilitation who are without sufficient funds to meet their expenses. Under the Federal Credit Reform Act of 1990, this fund now receives a direct appropriation for its administrative expenses, which it reimburses directly to the General Operating Expenses appropriation. Subsidy budget authority is provided for costs associated with loans obligated in 1992 and beyond.

VETERANS HOUSING BENEFIT PROGRAM FUND: The Veterans Housing Benefit Program Fund (VHBPF) reflects the loan financing activity in the Direct Loan Financing Account, Guaranteed Loan Financing Account, the Loan Sales Securities Guaranteed Loan Financing Account, and the Transitional Housing Direct Loan Financing Account. All direct and guaranteed loans made prior to September 30, 1991, are scored in the VHBPF Liquidating Account. Under the Federal Credit Reform Act of 1990, all direct and guaranteed loans made after September 30, 1991, are financed by subsidy appropriations to the VHBPF Program Account. This account also receives an appropriation for administrative expenses. The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to Veterans for the purchase, construction, or improvement of homes to be occupied by Veterans and their families.

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM: This program was established in the Veterans Benefits Improvement Act of 1998, Public Law 105-368. The program is a pilot project designed to expand the supply of transitional housing for homeless Veterans by authorizing the Secretary to guarantee loans for self-sustaining housing projects specifically designed to create long-term transitional housing for homeless Veterans. VA may guarantee up to 15 loans with a maximum aggregate value of \$100 million. The project must enforce sobriety standards

and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee. All funds authorized for this program were appropriated by the end of 2000; therefore, no appropriation language has been included in this budget. The loan financing activity of this account is shown under the "Transitional Housing Direct Loan Financing Account" in the President's budget.

NATIVE AMERICAN VETERANS HOUSING PROGRAM: This program was designed to test the feasibility of enabling VA to make direct home loans to Native American Veterans who live on U.S. trust lands. Annual appropriations are received for administrative expenses associated with this program. This program began as a pilot program in 1993 and was made permanent in 2006. The direct loan financing activity of this account is shown under the "Native American Direct Loan Financing Account" in the President's budget.

SERVICEMEMBER'S GROUP LIFE INSURANCE FUND (SGLI): This fund was established in 1965 as the financing mechanism to provide Group Life Insurance to members of the uniformed forces on active duty and certain members of the Reserves. Premiums, including the cost of administration, are deducted monthly from the serviceperson's pay and remitted by each uniformed service to VA and, in turn, to the primary insurer. The Government contributes toward the military extra hazard cost by paying for all death claims over a certain maximum, as defined by law. Public Law 109-80 increased the maximum amount of coverage available to \$400,000, effective September 1, 2005. In addition, Public Law 109-13 provides for Traumatic Servicemember's Group Life Insurance, effective December 1, 2005. This program provides for payment between \$25,000 and \$100,000 to any member of the uniformed services covered by SGLI who sustains a traumatic injury that results in certain serious losses.

### ***Public Enterprise Funds***

SERVICE-DISABLED VETERANS INSURANCE FUND: This program finances claim payments on non-participating policies issued to service-disabled Veterans who served in the Armed Forces after April 25, 1951. The program provides insurance coverage for service-disabled Veterans at standard rates. Claim payments exceed premium receipts each year. Funds are derived mainly from premiums and payments from the Veterans Insurance and Indemnities appropriation. Public Law 106-419 allowed for term premiums to be frozen, effective November 1, 2000, at the first renewal after the insured reaches age 70 and remain frozen thereafter.

VETERANS REOPENED INSURANCE FUND: This fund was established in 1965 as the financing mechanism for a program authorizing reopening of National Service Life Insurance for one year, for certain disabled Veterans of World War II and the Korean conflict. Operations are financed from premiums collected from policyholders and interest on investments.

### ***Trust Funds***

NATIONAL SERVICE LIFE INSURANCE FUND: Started in 1940 as the financing mechanism for World War II insurance. Closed to new issues in 1951. Income is derived from premiums, interest on investments, and transfers from Veterans Insurance and Indemnities appropriation.

UNITED STATES GOVERNMENT LIFE INSURANCE FUND: Started in 1919 as the financing mechanism for converted insurance issued under the War Risk Insurance Act of 1914, as amended. Closed to new issues April 1951. Income is derived from interest on investments and transfers from the Veterans Insurance and Indemnities appropriation.

VETERANS SPECIAL LIFE INSURANCE FUND: Finances the payment of claims for the insurance program authorized for insurable Veterans who served after April 1951 and before January 1, 1957. Income is derived mainly from premiums and interest on investments.

## **Departmental Administration**

### ***Appropriations***

GENERAL OPERATING EXPENSES VETERANS BENEFITS ADMINISTRATION: For the management and administration of the Veterans Benefits Administration. While the program accounts associated with credit reform receive an appropriation directly for associated administrative expenses, collections from those appropriations to this account are reflected as obligations under the VBA General operating expenses account.

DEPARTMENTAL GENERAL ADMINISTRATION: Includes Departmental executive direction and management of VA's Staff Offices' function, including the Office of General Counsel, the Board of Veterans Appeals and the Office of Acquisition, Logistics and Construction. VA's Staff Offices provide management direction and administrative support in the delivery of health care, benefits, and memorial services. While the program accounts associated with credit reform receive an appropriation directly for associated administrative expenses, collections from those appropriations to this account are reflected as obligations

in this account.

NATIONAL CEMETERY ADMINISTRATION: This appropriation provides funding for the administration of all functions associated with the National Cemetery Administration. Provides, upon request, for the interment in any national cemetery with available grave space the remains of eligible deceased service persons and discharged Veterans (together with their spouses and certain dependents).

OFFICE OF THE INSPECTOR GENERAL: Provides for carrying out the independent oversight responsibilities of the *Inspector General Act of 1978* by conducting audits, investigations, and inspections that promote economy and efficiency and identify and prevent fraud, waste, and criminal activity; and by informing the Secretary and Congress about problems, deficiencies, and recommended improvements in VA programs and activities.

INFORMATION TECHNOLOGY SYSTEMS ACCOUNT: Provides for the development and operational support of information technology and telecommunications systems of the Department. This account also receives reimbursements from the credit and insurance benefit programs, as well as other revolving funds. This account was established in 2005 under P.L. 109-114 in order to support the Department's reorganization and centralization of information technology activities. Development funding is authorized for two years; sustainment and payroll funds are authorized for one year with a small portion of each additionally authorized for two years.

CONSTRUCTION, MAJOR PROJECTS: For constructing, altering, extending, and improving any VA facility, including planning, assessments of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is more than \$10 million or where funds for a project were made available in a previous major project appropriation.

CONSTRUCTION, MINOR PROJECTS: For constructing, altering, extending and improving any VA facility, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is equal to or less than \$10 million.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES: Grants to States for the purpose of assisting States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospitals, nursing homes, and domiciliary facilities in State homes to furnish care to Veterans. A grant may not exceed 65 percent of the total cost of the project. This account was approved on August 19, 1964, and authorized as an



appropriation in 1965. Public Law 102-585 granted permanent authority for this program. Public Law 104-262 added Adult Day Health Care and another level of care that may be provided by State homes. This is a no-year account.

GRANTS FOR THE CONSTRUCTION OF VETERANS CEMETERIES: Grants to aid states, federally recognized tribal governments, or U.S. territories in establishing, expanding or improving Veterans' cemeteries controlled by the recipient. A grant can be up to 100 percent of the cost of establishment, expansion or improvement and may fund the initial cost of equipment when the cemetery is established. VA does not provide for acquisition of land. The value of the land cannot be considered as an "allowable cost" under the grant. Grant recipients are solely responsible for acquisition of the necessary land. Grant recipients may apply for additional grants to aid in the operation and maintenance of a cemetery but are otherwise responsible for all costs related to operations and maintenance, including the cost for subsequent equipment purchases.

### *Other Revolving Funds*

PERSHING HALL REVOLVING FUND: Established by Public Law 102-86 for the operation and maintenance of Pershing Hall, an asset of the United States located in Paris, France. Receipts generated by the operation of Pershing Hall are deposited in the revolving fund. The Secretary may use up to \$100,000 per fiscal year from the revolving fund for activities determined to be in keeping with the VA mission.

NATIONAL CEMETERY GIFT FUND: Consists of gifts and bequests which are made for the purpose of beautifying national cemeteries or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

NATIONAL CEMETERY ADMINISTRATION FACILITIES OPERATION FUND: Consists of proceeds from the lease of land or buildings or from agricultural licensing of lands. The National Cemetery Administration uses the fund to cover the cost of the operations and maintenance of its property.

DEPARTMENT OF VETERANS AFFAIRS CAPITAL ASSET FUND: Provides for costs associated with the transfer and future transfers of real property, including costs of demolition, environmental remediation, maintenance and repair, improvements to facilitate the transfer, and administrative expenses. This account also finances costs associated with enhancing medical care services to Veterans by improving, renovating, replacing, updating, or establishing patient care facilities through construction projects. Additionally, costs associated with the transfer, lease, or adaptive use of a structure or property under the jurisdiction

of the Secretary that is listed on the National Register of Historic Places will be financed in this account. Receipts to this account will be realized from the transfer of real property to another department or agency of the United States, to a State (or a political subdivision of a state), or to any public or private entity, including an Indian tribe in accordance with P. L. 108-422. This is a no-year revolving fund.

### ***Intragovernmental Funds***

SUPPLY REVOLVING FUND: Established in 1953, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. Functioning as an intragovernmental fund, without fiscal year limitation, it seeks to assure the most timely, cost-effective acquisition of goods and services for VA programs. As a self-sustaining fund, the majority of its operating expenses are recovered through a mark-up on goods sold.

FRANCHISE FUND: The Franchise Fund has permanent authority under P.L. 109-114. Established in 1997 under P.L. 104-204, (P.L.103-356 extended it to October 2003), the Franchise Fund provides VA program offices with common administrative services and is financed on a fee-for-service basis.

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## *2012-2014 Budget Tables*

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| <b>Department of Veterans Affairs</b>  |                   |                   |                |  |                   |                |                   |                   |                |
|--|-------------------|-------------------|----------------|--|-------------------|----------------|-------------------|-------------------|----------------|
| <b>Discretionary Programs Funding and Average Employment for 2012 - 2014</b> |                   |                   |                |  |                   |                |                   |                   |                |
| <i>(dollars in thousands)</i>  |                   |                   |                |  |                   |                |                   |                   |                |
|  | 2012- Actuals     |                   |                | 2013- Continuing Resolution <sup>1</sup> |                   |                | 2014- Request     |                   |                |
|  | BA                | (PY)<br>Outlay    | FTE            | BA                                       | (CY)<br>Outlay    | FTE            | BA                | (BY)<br>Outlay    | FTE            |
| <b>Discretionary Programs</b>  |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Medical Programs- VHA</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| Medical Services   | \$39,517,585      | \$37,310,835      | 187,313        | \$41,360,000                             | \$40,539,424      | 194,752        | \$43,699,500      | \$42,829,645      | 201,665        |
| Medical Support & Compliance (formerly Administration)                       | \$5,405,482       | \$5,288,202       | 47,021         | \$5,746,000                              | \$5,627,565       | 48,604         | \$6,033,000       | \$5,914,534       | 49,929         |
| Medical Facilities   | 5,388,838         | 5,442,108         | 23,321         | 5,447,000                                | 5,283,291         | 24,168         | 4,872,000         | 4,873,609         | 23,714         |
| Collections  | 2,814,245         | 2,887,965         | 0              | 2,841,000                                | 2,828,960         | 0              | 3,064,000         | 2,963,650         | 0              |
| <b>Total Medical care</b>  | <b>53,126,150</b> | <b>50,929,110</b> | <b>257,655</b> | <b>55,394,000</b>                        | <b>54,279,240</b> | <b>267,524</b> | <b>57,668,500</b> | <b>56,581,438</b> | <b>275,308</b> |
| DoD-VVA Health Care Sharing Incentive Fund                                   | 130,000           | 61,000            | 151            | 30,000                                   | 130,000           | 225            | 30,000            | 80,000            | 250            |
| Joint DoD-VVA Medical Facility Demonstration Fund                            | 375,758           | 342,312           | 1,957          | 0  | 34,857            | 0              | 0                 | 3,597             | 0              |
| Medical research   | 581,000           | 584,297           | 3,496          | 584,556                                  | 574,534           | 3,526          | 585,664           | 576,206           | 3,491          |
| <b>Subtotal, VHA</b>   | <b>54,212,908</b> | <b>51,916,719</b> | <b>263,259</b> | <b>56,008,556</b>                        | <b>55,018,631</b> | <b>271,275</b> | <b>58,284,164</b> | <b>57,241,241</b> | <b>279,049</b> |
| <b>National Cemetery Administration- NCA</b>                                 |                   |                   |                |  |                   |                |                   |                   |                |
| Burial Administration  | 250,934           | 255,005           | 1,652          | 254,570                                  | 248,113           | 1,700          | 250,000           | 247,729           | 1,719          |
| <b>Information Technology</b>  |                   |                   |                |  |                   |                |                   |                   |                |
| Information Technology   | 3,104,771         | 3,265,767         | 7,311          | 3,130,949                                | 2,891,642         | 7,536          | 3,683,344         | 3,502,217         | 7,459          |
| <b>Subtotal Information Technology</b>                                       | <b>3,104,771</b>  | <b>3,265,767</b>  | <b>7,311</b>   | <b>3,130,949</b>                         | <b>2,891,642</b>  | <b>7,536</b>   | <b>3,683,344</b>  | <b>3,502,217</b>  | <b>7,459</b>   |
| <b>Construction</b>  |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Major</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| Veterans Health Administration   | 545,404           | 639,633           |                | 785,565                                  | 833,866           |                | 215,130           | 760,997           |                |
| Veterans Benefits Administration   | 0                 | 0                 | 0              | 0  | 0                 | 0              | 1,000             | 7                 | 7              |
| National Cemetery Administration   | 38,200            | 90,754            |                | 9,647                                    | 88,101            |                | 121,000           | 66,075            |                |
| Staff Offices  | 6,000             | 7,864             |                | 5,000                                    | 5,638             |                | 5,000             | 5,230             |                |
| <b>Subtotal Major Construction</b>   | <b>589,604</b>    | <b>738,251</b>    | <b>0</b>       | <b>800,212</b>                           | <b>927,605</b>    | <b>0</b>       | <b>342,130</b>    | <b>832,309</b>    | <b>0</b>       |
| <b>Minor</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Subtotal Minor Construction</b>   | <b>589,604</b>    | <b>738,251</b>    | <b>0</b>       | <b>800,212</b>                           | <b>927,605</b>    | <b>0</b>       | <b>342,130</b>    | <b>832,309</b>    | <b>0</b>       |
| Veterans Health Administration   | 405,022           | 461,624           |                | 404,494                                  | 336,143           |                | 541,879           | 331,080           |                |
| Veterans Benefits Administration   | 20,734            | 18,202            |                | 23,721                                   | 19,931            |                | 58,498            | 28,660            |                |
| National Cemetery Administration   | 36,504            | 48,152            |                | 46,414                                   | 41,535            |                | 89,426            | 51,802            |                |
| Staff Offices  | 20,126            | 21,629            |                | 10,709                                   | 19,166            |                | 25,067            | 16,357            |                |
| <b>Subtotal Minor Construction</b>   | <b>482,386</b>    | <b>549,607</b>    | <b>0</b>       | <b>485,338</b>                           | <b>416,775</b>    | <b>0</b>       | <b>714,870</b>    | <b>427,899</b>    | <b>0</b>       |
| Grants For State Extended Care Facilities                                    | 85,000            | 201,011           |                | 85,520                                   | 104,857           |                | 82,650            | 92,949            |                |
| Grants For State Cemeteries  | 46,000            | 27,697            |                | 46,282                                   | 32,810            |                | 44,650            | 32,012            |                |
| <b>Total Construction</b>  | <b>1,202,990</b>  | <b>1,516,566</b>  | <b>0</b>       | <b>1,417,352</b>                         | <b>1,482,047</b>  | <b>0</b>       | <b>1,184,300</b>  | <b>1,385,169</b>  | <b>0</b>       |
| <b>Departmental Administration</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Veteran Benefits Administration</b>                                       |                   |                   |                |  |                   |                |                   |                   |                |
| Filipino Veterans Equity Compensation Fund                                   |                   | 1,659             |                |  | 6,287             |                | 0                 | 6,287             |                |
| <b>Subtotal Filipino ECF</b>   |                   | <b>1,659</b>      |                | <b>0</b>                                 | <b>6,287</b>      |                | <b>0</b>          | <b>6,287</b>      |                |
| <b>Veteran Benefits Administration- GOE</b>                                  |                   |                   |                |  |                   |                |                   |                   |                |
| Compensation Administration (includes Burial)                                | 1,457,760         | 1,542,676         | 13,694         | 1,529,602                                | 1,501,567         | 13,549         | 1,711,465         | 1,589,602         | 13,643         |
| Pensions Administration  | 196,576           | 218,672           | 2,083          | 224,980                                  | 214,562           | 2,341          | 231,693           | 225,228           | 2,341          |
| <b>Subtotal, Compensation and Pension</b>                                    | <b>1,654,336</b>  | <b>1,761,348</b>  | <b>15,777</b>  | <b>1,754,582</b>                         | <b>1,716,129</b>  | <b>15,890</b>  | <b>1,943,158</b>  | <b>1,814,830</b>  | <b>15,984</b>  |
| Education Administration   | 195,465           | 202,910           | 1,971          | 198,526                                  | 193,990           | 2,014          | 202,567           | 197,549           | 2,014          |
| Vocational Rehabilitation and Employment                                     | 168,266           | 178,841           | 1,360          | 210,244                                  | 198,993           | 1,591          | 309,031           | 284,617           | 1,591          |
| Insurance Administration   | 697               | 581               | 341            | 722                                      | 580               | 352            | 734               | 592               | 352            |
| <b>Subtotal GOE, VBA without Credit Reform</b>                               | <b>2,018,764</b>  | <b>2,143,680</b>  | <b>19,449</b>  | <b>2,164,074</b>                         | <b>2,109,692</b>  | <b>19,847</b>  | <b>2,455,490</b>  | <b>2,297,588</b>  | <b>19,941</b>  |

| <b>Department of Veterans Affairs</b>  |                   |                   |                |  |                   |                |                   |                   |                |
|--|-------------------|-------------------|----------------|--|-------------------|----------------|-------------------|-------------------|----------------|
| <b>Discretionary Programs Funding and Average Employment for 2012 - 2014</b> |                   |                   |                |  |                   |                |                   |                   |                |
| <i>(dollars in thousands)</i>  |                   |                   |                |  |                   |                |                   |                   |                |
|  | 2012- Actuals     |                   |                | 2013- Continuing Resolution <sup>1</sup> |                   |                | 2014- Request     |                   |                |
|  | BA                | Outlay            | FTE            | BA                                       | Outlay            | FTE            | BA                | Outlay            | FTE            |
| <b>Discretionary Programs</b>  |                   |                   |                |  |                   |                |                   |                   |                |
| <b>General Administration</b>  |                   | 283,965           | 89             |  | 409,722           | 99             |                   | 397,347           |                |
| Office of the Secretary  | 9,950             |                   |                | 10,360                                   |                   |                | 10,032            |                   | 88             |
| Board of Veterans Appeals  | 76,422            |                   | 510            | 78,006                                   |                   | 518            | 75,432            |                   | 492            |
| General Counsel  | 81,498            |                   | 711            | 83,099                                   |                   | 724            | 80,365            |                   | 701            |
| AS for Management  | 51,072            |                   | 274            | 48,148                                   |                   | 284            | 44,098            |                   | 301            |
| AS for Human Resources & Administration                                      | 81,479            |                   | 714            | 72,275                                   |                   | 817            | 68,064            |                   | 867            |
| AS for Policy and Planning   | 26,743            |                   | 103            | 25,865                                   |                   | 117            | 25,009            |                   | 114            |
| AS for Operations, Security & Preparedness                                   | 17,969            |                   | 93             | 18,510                                   |                   | 102            | 17,901            |                   | 133            |
| AS for Public and Intergovernmental Affairs                                  | 22,973            |                   | 87             | 23,037                                   |                   | 101            | 22,279            |                   | 101            |
| AS for Congressional and Legislative Affairs                                 | 5,981             |                   | 45             | 6,177                                    |                   | 47             | 5,969             |                   | 45             |
| Office of Acquisitions, Logistics, & Construction                            | 42,650            |                   | 346            | 53,810                                   |                   | 419            | 53,874            |                   | 492            |
| <b>Subtotal General Administration</b>                                       | <b>416,737</b>    | <b>283,965</b>    | <b>2,972</b>   | <b>419,287</b>                           | <b>409,722</b>    | <b>3,228</b>   | <b>403,023</b>    | <b>397,347</b>    | <b>3,334</b>   |
| Office of Inspector General  |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Total Office of Inspector General</b>                                     | <b>112,391</b>    | <b>111,563</b>    | <b>637</b>     | <b>113,079</b>                           | <b>115,549</b>    | <b>639</b>     | <b>116,411</b>    | <b>112,777</b>    | <b>639</b>     |
| <b>Credit Reform Administrative</b>  |                   |                   |                |  |                   |                |                   |                   |                |
| <b>Credit Reform Administrative- VBA</b>                                     |                   |                   |                |  |                   |                |                   |                   |                |
| Native American loan administrative  | 1,096             | 1,096             | 7              | 1,103                                    | 1,103             | 7              | 1,089             | 1,089             | 7              |
| Vocational rehabilitation loan program - admin                               | 343               | 343               | 3              | 345                                      | 345               | 3              | 354               | 354               | 3              |
| Veterans housing benefit program fund program                                | 136,005           | 118,081           | 866            | 131,218                                  | 131,218           | 900            | 121,503           | 121,503           | 900            |
| <b>Subtotal VBA</b>  | <b>137,444</b>    | <b>119,520</b>    | <b>876</b>     | <b>132,666</b>                           | <b>132,666</b>    | <b>910</b>     | <b>122,946</b>    | <b>122,946</b>    | <b>910</b>     |
| <b>Credit Reform Administrative- General Counsel</b>                         |                   |                   |                |  |                   |                |                   |                   |                |
| Native American loan administrative  | 20                | 20                | 20             | 20                                       | 20                | 20             | 20                | 20                | 20             |
| Transitional Housing for Homeless Veterans (Non-Add)                         | 20                | 20                | 20             | 20                                       | 20                | 20             | 20                | 20                | 20             |
| Veterans housing benefit program fund program                                | 5,021             | 5,021             | 0              | 5,284                                    | 5,284             | 0              | 5,284             | 5,284             | 0              |
| <b>Subtotal General Counsel</b>  | <b>5,041</b>      | <b>5,041</b>      | <b>0</b>       | <b>5,304</b>                             | <b>5,304</b>      | <b>0</b>       | <b>5,304</b>      | <b>5,304</b>      | <b>0</b>       |
| <b>Credit Reform Administrative- OIT</b>                                     |                   |                   |                |  |                   |                |                   |                   |                |
| Veterans Housing   | 13,672            | 18,172            | 0              | 19,143                                   | 19,143            | 0              | 31,643            | 31,643            | 0              |
| <b>Subtotal OIT</b>  | <b>13,672</b>     | <b>18,172</b>     | <b>0</b>       | <b>19,143</b>                            | <b>19,143</b>     | <b>0</b>       | <b>31,643</b>     | <b>31,643</b>     | <b>0</b>       |
| <b>Credit Reform Subsidy</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| Vocational rehabilitation loan program - subsidy                             | 15                | 15                | 0              | 19                                       | 19                | 0              | 5                 | 5                 | 0              |
| <b>Subtotal, Credit Reform Subsidy</b>                                       | <b>15</b>         | <b>15</b>         | <b>0</b>       | <b>19</b>                                | <b>19</b>         | <b>0</b>       | <b>5</b>          | <b>5</b>          | <b>0</b>       |
| <b>Subtotal, Credit Reform Administrative</b>                                | <b>156,157</b>    | <b>142,733</b>    | <b>876</b>     | <b>157,113</b>                           | <b>157,113</b>    | <b>910</b>     | <b>159,893</b>    | <b>159,893</b>    | <b>910</b>     |
| <b>Departmental Administration</b>   |                   |                   |                |  |                   |                |                   |                   |                |
| Franchise Fund   | 0                 | 13,462            | 1,020          | 0  | 0                 | 1,268          | 0                 | 0                 | 1,305          |
| <b>Subtotal Departmental Administration</b>                                  | <b>0</b>          | <b>13,462</b>     | <b>1,020</b>   | <b>0</b>                                 | <b>0</b>          | <b>1,268</b>   | <b>0</b>          | <b>0</b>          | <b>1,305</b>   |
| <b>Total, Other Discretionary</b>  | <b>8,349,517</b>  | <b>8,722,024</b>  | <b>39,521</b>  | <b>8,270,999</b>                         | <b>8,159,575</b>  | <b>38,879</b>  | <b>8,868,130</b>  | <b>8,768,815</b>  | <b>39,048</b>  |
| <b>Total, Discretionary Program w/o Collections</b>                          | <b>58,661,422</b> | <b>56,763,169</b> | <b>297,176</b> | <b>60,823,999</b>                        | <b>59,609,855</b> | <b>306,403</b> | <b>63,472,630</b> | <b>62,386,603</b> | <b>314,356</b> |
| <b>Total, Discretionary Program with Collections</b>                         | <b>61,475,667</b> | <b>59,651,134</b> | <b>297,176</b> | <b>63,664,999</b>                        | <b>62,438,815</b> | <b>306,403</b> | <b>66,536,630</b> | <b>65,350,253</b> | <b>314,356</b> |

| <b>Department of Veterans Affairs</b>  |               |                   |  |                   |                   |                   |
|--|---------------|-------------------|--|-------------------|-------------------|-------------------|
| <b>Discretionary Programs Funding and Average Employment for 2012 - 2014</b> |               |                   |  |                   |                   |                   |
| <i>(dollars in thousands)</i>  |               |                   |  |                   |                   |                   |
|  | 2012- Actuals |                   | 2013- Continuing Resolution <sup>1</sup> |                   | 2014- Request     |                   |
|  | BA            | Outlay (PY)       | BA                                       | Outlay (CY)       | BA                | Outlay (BY)       |
|  | FTE           |                   | FTE                                      | FTE               |                   | FTE               |
| <b>Mandatory Programs</b>  |               |                   |  |                   |                   |                   |
| <b>Benefit Programs</b>  |               |                   |  |                   |                   |                   |
| <b>Compensation and Pensions</b>   |               |                   |  |                   |                   |                   |
| Disability Compensation Benefits   |               | 50,049,995        |  | 60,771,715        | 64,407,359        | 65,215,021        |
| Compensation ARRA  |               |                   | 824,838                                  |                   | 1,033,498         |                   |
| Proposed legislation - COLA Increase of 1.9% in 2014                         |               |                   |  |                   |                   |                   |
| Transfer to/from Readjustment Benefits (RB)                                  |               |                   |  |                   |                   |                   |
| <b>Subtotal Compensation</b>   |               | <b>50,049,995</b> |  | <b>60,771,715</b> | <b>65,440,857</b> | <b>65,215,021</b> |
| Pensions Benefits  |               | 4,945,404         |  | 5,219,949         | 5,584,256         | 5,564,985         |
| <b>Subtotal Pension</b>  |               | <b>4,945,404</b>  |  | <b>5,219,949</b>  | <b>5,584,256</b>  | <b>5,564,985</b>  |
| Burial Benefits  |               | 166,649           |  | 205,398           | 223,058           | 223,058           |
| <b>Subtotal Burial</b>   |               | <b>166,649</b>    |  | <b>205,398</b>    | <b>223,058</b>    | <b>223,058</b>    |
| <b>Emergency Appropriations for Economic Recovery Act</b>                    |               |                   |  |                   |                   |                   |
| <b>Total Compensation and Pensions &amp; ARRA</b>                            |               | <b>51,237,567</b> |  | <b>66,197,062</b> | <b>71,248,171</b> | <b>71,003,064</b> |
| <b>Readjustment Benefits</b>   |               |                   |  |                   |                   |                   |
| Education Benefits   |               | 9,564,127         |  | 12,209,057        | 12,112,718        | 12,656,471        |
| Transfer to/from Compensation Benefits                                       |               | 0                 |  | -824,838          |                   |                   |
| <b>Subtotal Education</b>  |               | <b>9,564,127</b>  |  | <b>12,209,057</b> | <b>12,112,718</b> | <b>12,656,471</b> |
| Vocational Rehabilitation & Employment                                       |               | 799,391           |  | 930,761           | 1,023,180         | 1,017,995         |
| <b>Total Readjustment Benefits</b>   |               | <b>12,108,487</b> |  | <b>13,139,141</b> | <b>13,135,898</b> | <b>13,674,466</b> |
| <b>Housing Program</b>   |               |                   |  |                   |                   |                   |
| Housing Program Upward Reestimate  |               | 1,493,809         |  | 1,379,029         |                   |                   |
| Housing Program Original Loan Subsidy  |               | 65,790            |  | 0                 | 0                 | 0                 |
| Native American Veteran housing Loan Program                                 |               | 12,911            |  | 5,796             | 0                 | 0                 |
| Vocational Rehabilitation Upward Reestimate                                  |               | 106               |  | 0                 | 0                 | 0                 |
| Veterans housing benefit program fund liquidating                            |               | -7,383            |  | -7,736            | -6,786            | -6,786            |
| <b>Subtotal Housing</b>  |               | <b>1,565,233</b>  |  | <b>1,380,089</b>  | <b>-6,786</b>     | <b>-6,786</b>     |
| <b>Insurance Benefits</b>  |               | <b>100,252</b>    |  | <b>104,600</b>    | <b>77,567</b>     | <b>77,567</b>     |
| <b>Subtotal Insurance</b>  |               | <b>100,252</b>    |  | <b>104,600</b>    | <b>77,567</b>     | <b>77,567</b>     |
| <b>Trust Funds</b>   |               |                   |  |                   |                   |                   |
| Post-Vietnam era veterans education account                                  |               | 6                 |  | 5                 | 5                 | 777               |
| Service-disabled veterans insurance fund                                     |               | 0                 |  | 0                 | 0                 | 26,836            |
| Veterans reopened insurance fund   |               | 0                 |  | 0                 | 0                 | 30,780            |
| Service members' group life insurance fund                                   |               | 0                 |  | 0                 | 0                 | -8                |
| National service life insurance  |               | 979,393           |  | 981,647           | 928,001           | 1,020,061         |
| U.S. Government life insurance   |               | 3,221             |  | 2,860             | 2,145             | 3,175             |
| Veterans special life insurance fund   |               | 0                 |  | 0                 | 0                 | 67,750            |
| <b>Subtotal Trust Funds</b>  |               | <b>982,620</b>    |  | <b>984,512</b>    | <b>930,151</b>    | <b>1,149,371</b>  |



| <b>Department of Veterans Affairs</b>  |                    |                    |                |  |                    |                |                    |                    |                |
|--|--------------------|--------------------|----------------|--|--------------------|----------------|--------------------|--------------------|----------------|
| <b>Discretionary Programs Funding and Average Employment for 2012 - 2014</b> |                    |                    |                |  |                    |                |                    |                    |                |
| <i>(dollars in thousands)</i>  |                    |                    |                |  |                    |                |                    |                    |                |
|  | 2012- Actuals      |                    |                | 2013- Continuing Resolution <sup>1</sup> |                    |                | 2014- Request      |                    |                |
|  | BA                 | Outlay             | FTE            | BA                                       | Outlay             | FTE            | BA                 | Outlay             | FTE            |
| <b>Medical Programs</b>  |                    |                    |                |  |                    |                |                    |                    |                |
| Canteen service revolving fund   | 0                  | -21,392            | 3,294          | 0  | 3,000              | 3,500          | 0                  | 3,000              | 3,550          |
| General post fund  | 25,962             | 24,321             | 0              | 26,900                                   | 25,200             | 0              | 27,900             | 26,100             | 0              |
| <b>Subtotal Veterans Health Administration</b>                               | <b>25,962</b>      | <b>2,929</b>       | <b>3,294</b>   | <b>26,900</b>                            | <b>28,200</b>      | <b>3,500</b>   | <b>27,900</b>      | <b>29,100</b>      | <b>3,550</b>   |
| <b>Departmental Administration</b>   |                    |                    |                |  |                    |                |                    |                    |                |
| Supply Fund  | 0                  | 64,631             | 896            | 0  | -790,000           | 1,177          | 1,000,000          | 50,000             | 1,341          |
| Proposed-Veterans Employment & Infrastructure Transfer                       |                    |                    |                | 0  | 0                  | 0              | 1,000,000          | 50,000             | 5              |
| <b>Subtotal Departmental Administration</b>                                  | <b>0</b>           | <b>64,631</b>      | <b>896</b>     | <b>0</b>                                 | <b>-790,000</b>    | <b>1,177</b>   | <b>1,000,000</b>   | <b>50,000</b>      | <b>1,346</b>   |
| <b>Benefits Programs Proprietary receipts</b>                                |                    |                    |                |  |                    |                |                    |                    |                |
| GI Bill  | -149,095           | -149,095           | 0              | -128,221                                 | -128,221           | 0              | -107,348           | -107,348           | 0              |
| National service life insurance fund   | -71,561            | -71,561            | 0              | -64,960                                  | -64,960            | 0              | -55,210            | -55,210            | 0              |
| Post-Vietnam era veterans education account                                  | -6                 | -6                 | 0              | -5                                       | -5                 | 0              | -5                 | -5                 | 0              |
| <b>Downward Reestimates:</b>   |                    |                    |                |  |                    |                |                    |                    |                |
| Acquired Direct Loan   | -12,373            | -12,373            | 0              | -946                                     | -946               | 0              |                    |                    |                |
| Vendee Direct  | -1,747             | -1,747             | 0              | -14,766                                  | -14,766            | 0              |                    |                    |                |
| Transitional housing- Direct Loans   | -103               | -103               | 0              | -257                                     | -257               | 0              |                    |                    |                |
| Veterans housing benefit fund guaranteed loan                                | -77,971            | -77,971            | 0              | -18,384                                  | -18,384            | 0              |                    |                    |                |
| Veterans housing benefit fund loan sales securities                          | 0                  | 0                  | 0              | -19,120                                  | -19,120            | 0              |                    |                    |                |
| Native American veterans program account                                     | -5,004             | -5,004             | 0              | -2,660                                   | -2,660             | 0              |                    |                    |                |
| Vocational rehabilitation loan program                                       | -189               | -189               | 0              | -86                                      | -86                | 0              |                    |                    |                |
| <b>Negative Subsidy:</b>   |                    |                    |                |  |                    |                |                    |                    |                |
| Acquired Direct  | 0                  | 0                  | 0              | -1,045                                   | -1,045             | 0              | -2,751             | -2,751             | 0              |
| Vendee Direct  | -3,355             | -3,355             | 0              | -31,650                                  | -31,650            | 0              | -86,403            | -86,403            | 0              |
| Veterans housing benefit fund guaranteed loans                               | -207,842           | -207,842           | 0              | -108,211                                 | -108,211           | 0              | -13,107            | -13,107            | 0              |
| U.S. Government life insurance   | -154               | -154               | 0              | -40                                      | -40                | 0              | -40                | -40                | 0              |
| Native American veterans program account                                     | -744               | -744               | 0              | -2,004                                   | -2,004             | 0              | -1,917             | -1,917             | 0              |
| <b>Subtotal, Proprietary receipts</b>  | <b>-530,144</b>    | <b>-530,144</b>    | <b>0</b>       | <b>-392,355</b>                          | <b>-392,355</b>    | <b>0</b>       | <b>-266,781</b>    | <b>-266,781</b>    | <b>0</b>       |
| <b>Intragovernmental transactions</b>  |                    |                    |                |  |                    |                |                    |                    |                |
| National service life insurance fund   | -232               | -232               | 0              | -180                                     | -180               | 0              | -140               | -140               | 0              |
| Post-Vietnam era veterans education account                                  | -561               | -561               | 0              | -301                                     | -301               | 0              | -286               | -286               | 0              |
| <b>Subtotal, Intragovernmental transactions</b>                              | <b>-793</b>        | <b>-793</b>        | <b>0</b>       | <b>-481</b>                              | <b>-481</b>        | <b>0</b>       | <b>-426</b>        | <b>-426</b>        | <b>0</b>       |
| <b>Total, Mandatory Programs</b>   | <b>65,489,184</b>  | <b>67,410,276</b>  | <b>4,190</b>   | <b>74,723,670</b>                        | <b>80,814,568</b>  | <b>4,677</b>   | <b>86,145,694</b>  | <b>85,709,575</b>  | <b>4,896</b>   |
| <b>Total Net, Department Veterans Affairs</b>                                | <b>124,150,606</b> | <b>124,173,445</b> | <b>301,366</b> | <b>135,547,669</b>                       | <b>140,424,423</b> | <b>311,080</b> | <b>149,618,324</b> | <b>148,096,178</b> | <b>319,252</b> |
| <b>Total Gross, Department Veterans Affairs</b>                              | <b>126,964,851</b> | <b>127,061,410</b> | <b>301,366</b> | <b>138,388,669</b>                       | <b>143,253,383</b> | <b>311,080</b> | <b>152,682,324</b> | <b>151,059,828</b> | <b>319,252</b> |

<sup>1</sup>/2013 Continuing resolution includes funding of \$236.6 million for P.L. 113-2 Disaster Supplemental

| <i>Appropriation-Reconciliation</i><br>(dollars in thousands) |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Appropriation/Fund Account                                    | 2012<br>Actual    | 2013<br>CR        | 2014<br>Request   |
| <b>Federal funds:</b>   |                   |                   |                   |
| <b>Benefit programs:</b>                                      |                   |                   |                   |
| Disability Compensation Mandatory Benefits                    | \$46,125,514      | \$55,510,811      | 64,407,359        |
| Transfer to/from Readjustment Benefits (RB)                   |                   | 824,838           |                   |
| Proposed legislation - COLA Increase of 1.9% in 2013          |                   |                   | 1,033,498         |
| Total Disability Compensation                                 | 46,125,514        | 56,335,649        | 65,440,857        |
| Burial Mandatory Benefits                                     | 166,649           | 205,398           | 223,058           |
| Pensions Mandatory Benefits                                   | 4,945,404         | 4,883,646         | 5,584,256         |
| Subtotal, Compensation and Pension                            | 51,237,567        | 61,424,693        | 71,248,171        |
| Education Mandatory Benefits                                  | 11,309,096        | 11,092,697        | 12,112,718        |
| Transfer to/from Compensation                                 |                   | -824,838          |                   |
| Vocational rehabilitation and employment Mandatory Benefits   | 799,391           | 930,761           | 1,023,180         |
| Subtotal, Readjustment Benefits                               | 12,108,487        | 11,198,620        | 13,135,898        |
| Insurance Mandatory Benefits                                  | 100,252           | 104,600           | 77,567            |
| Housing Mandatory Benefits                                    | 1,559,599         | 1,379,029         | 0                 |
| Veterans Employment and Infrastructure Transfer               |                   |                   | 1,000,000         |
| <b>Total Benefits Mandatory</b>                               | <b>65,005,905</b> | <b>74,106,942</b> | <b>85,461,636</b> |
| Medical Research and Support                                  | 581,000           | 581,000           | 585,664           |
| P.L. 112-175 0.612% increase                                  |                   | 3,556             |                   |
| <b>Total Medical Research and Support</b>                     | <b>581,000</b>    | <b>584,556</b>    | <b>585,664</b>    |
| <b>Medical programs:</b>                                      |                   |                   |                   |
| Medical Services  | 39,649,985        | 41,354,000        | 43,714,500        |
| Transfer from Medical Support and Compliance                  | 55,350            |                   |                   |
| Transfer to Joint DoD/VA Medical Facility Demonstration Fund  | -172,750          | 0                 |                   |
| Transfer to VA/DoD Health Care Sharing Incentive Fund         | -15,000           | -15,000           | -15,000           |
| Disaster Supplemental P.L 113-2                               |                   | 21,000            |                   |
| Medical Care Collections Fund                                 | 2,814,245         | 2,841,000         | 3,064,000         |
| <b>Total Medical Services with Collections</b>                | <b>42,331,830</b> | <b>44,201,000</b> | <b>46,763,500</b> |
| Medical Support and Compliance                                | 5,535,000         | 5,746,000         | 6,033,000         |
| Transfer to Joint DoD/VA Medical Facility Demonstration Fund  | -24,168           |                   |                   |
| Transfer to VA/DoD Health Care Sharing Incentive Fund         | -50,000           |                   |                   |
| Transfer to Medical Services                                  | -55,350           |                   |                   |
| <b>Total Medical Support and Compliance</b>                   | <b>5,405,482</b>  | <b>5,746,000</b>  | <b>6,033,000</b>  |
| Medical Facilities  | 5,426,000         | 5,441,000         | 4,872,000         |
| Transfer to Joint DoD/VA Medical Facility Demonstration Fund  | -37,162           |                   |                   |
| Disaster Supplemental P.L 113-2                               |                   | 6,000             |                   |
| <b>Total Medical Facilities</b>                               | <b>5,388,838</b>  | <b>5,447,000</b>  | <b>4,872,000</b>  |
| VA/DoD Health Care Sharing Incentive Fund                     | 15,000            | 15,000            | 15,000            |
| Transfer from Medical Support and Compliance                  | 50,000            |                   |                   |
| Transfer from DoD   | 65,000            | 15,000            | 15,000            |
| <b>Total VA/DoD Health Care Sharing Incentive Fund</b>        | <b>130,000</b>    | <b>30,000</b>     | <b>30,000</b>     |
| Joint DoD/VA Medical Facility Demonstration Fund              |                   |                   |                   |
| Transfer from DoD   | 119,016           |                   |                   |
| Transfer from Medical Services                                | 172,750           |                   |                   |
| Transfer from Medical Support and Compliance                  | 24,168            |                   |                   |
| Transfer from Medical Facilities                              | 37,162            |                   |                   |
| Collections   | 16,057            |                   |                   |
| Transfer from Information Technology                          | 6,605             |                   |                   |
| <b>Total Joint DoD/VA Medical Facility Demonstration Fund</b> | <b>375,758</b>    | <b>0</b>          | <b>0</b>          |
| <b>Total Medical Care</b>                                     | <b>53,631,908</b> | <b>55,424,000</b> | <b>57,698,500</b> |
| <b>Total Medical Programs</b>                                 | <b>54,212,908</b> | <b>56,008,556</b> | <b>58,284,164</b> |

| <i>Appropriation-Reconciliation</i><br>(dollars in thousands) |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| Appropriation/Fund Account                                    | 2012<br>Actual       | 2013<br>CR           | 2014<br>Request      |
| <b>Federal funds:</b>   |                      |                      |                      |
| <b>National Cemetery Administration</b>                       | 250,934              | 250,934              | 250,000              |
| P.L. 112-175 0.612% increase                                  |                      | 1,536                |                      |
| Disaster Supplemental P.L 113-2                               |                      | 2,100                |                      |
| <b>Total National Cemetery Administration</b>                 | <b>250,934</b>       | <b>254,570</b>       | <b>250,000</b>       |
| <b>Department Administration:</b>                             |                      |                      |                      |
| General administration  | 416,737              | 416,737              | 403,023              |
| P.L. 112-175 0.612% increase                                  |                      | 2,550                |                      |
| <b>Total General Administration</b>                           | <b>416,737</b>       | <b>419,287</b>       | <b>403,023</b>       |
| VBA-GOE   | 2,018,764            | 2,164,074            | 2,455,490            |
| Total VBA GOE   | 2,018,764            | 2,164,074            | 2,455,490            |
| <b>Subtotal, GOE</b>  | <b>2,435,501</b>     | <b>2,583,361</b>     | <b>2,858,513</b>     |
| Office of Inspector General                                   | 112,391              | 112,391              | 116,411              |
| P.L. 112-175 0.612% increase                                  |                      | 688                  |                      |
| <b>Subtotal, IG</b>   | <b>112,391</b>       | <b>113,079</b>       | <b>116,411</b>       |
| Construction Major  | 589,604              | 589,604              | 342,130              |
| P.L. 112-175 0.612% increase                                  |                      | 3,608                |                      |
| Disaster Supplemental P.L 113-2                               |                      | 207,000              |                      |
| <b>Subtotal, Construction Major</b>                           | <b>589,604</b>       | <b>800,212</b>       | <b>342,130</b>       |
| Construction Minor  | 482,386              | 482,386              | 714,870              |
| P.L. 112-175 0.612% increase                                  |                      | 2,952                |                      |
| <b>Subtotal, Construction Minor</b>                           | <b>482,386</b>       | <b>485,338</b>       | <b>714,870</b>       |
| Grants for State Extended Care                                | 85,000               | 85,000               | 82,650               |
| P.L. 112-175 0.612% increase                                  |                      | 520                  |                      |
| <b>Subtotal, Grants State Extended Care</b>                   | <b>85,000</b>        | <b>85,520</b>        | <b>82,650</b>        |
| Grants for State Cemeteries                                   | 46,000               | 46,000               | 44,650               |
| P.L. 112-175 0.612% increase                                  |                      | 282                  |                      |
| <b>Subtotal, Grants State Cemeteries</b>                      | <b>46,000</b>        | <b>46,282</b>        | <b>44,650</b>        |
| Credit Reform   | 156,157              | 156,157              | 159,893              |
| Credit Reform   | 15                   | 19                   | 5                    |
| P.L. 112-175 0.612% increase                                  |                      | 956                  |                      |
| <b>Subtotal, Credit Reform</b>                                | <b>156,172</b>       | <b>157,132</b>       | <b>159,898</b>       |
| Information Technology  | 3,111,376            | 3,111,376            | 3,683,344            |
| Transfer to North Chicago                                     | -6,605               |                      |                      |
| P.L. 112-175 0.612% increase                                  |                      | 19,042               |                      |
| Disaster Supplemental P.L 113-2                               |                      | 531                  |                      |
| <b>Subtotal, Information Technology</b>                       | <b>3,104,771</b>     | <b>3,130,949</b>     | <b>3,683,344</b>     |
| <b>Total Departmental Administration</b>                      | <b>7,011,825</b>     | <b>7,401,873</b>     | <b>8,002,466</b>     |
| <b>Total appropriations</b>                                   | <b>\$126,481,572</b> | <b>\$137,771,941</b> | <b>\$151,998,266</b> |
| <b>Total Mandatory</b>  | <b>\$65,005,905</b>  | <b>\$74,106,942</b>  | <b>\$85,461,636</b>  |
| <b>Total Discretionary without MCCF</b>                       | <b>\$58,661,422</b>  | <b>\$60,823,999</b>  | <b>\$63,472,630</b>  |
| <b>Total Discretionary with MCCF and other receipts</b>       | <b>\$61,475,667</b>  | <b>\$63,664,999</b>  | <b>\$66,536,630</b>  |

| <b>Budget Authority (Net)</b><br>(dollars in thousands) |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Appropriation/Fund Account                              | 2012<br>Actual     | 2013<br>CR         | 2014<br>Request    |
| <b>Federal funds:</b>                                   |                    |                    |                    |
| <b>Benefit programs:</b>                                |                    |                    |                    |
| Disability compensation benefits                        | \$46,125,514       | \$56,335,649       | \$65,440,857       |
| Pensions benefits                                       | 4,945,404          | 4,883,646          | 5,584,256          |
| Education Benefits                                      | 11,309,096         | 10,267,859         | 12,112,718         |
| Vocational rehabilitation and employment benefits       | 799,391            | 930,761            | 1,023,180          |
| Insurance benefits                                      | 100,252            | 104,600            | 77,567             |
| Housing program account mandatory                       | 1,559,599          | 1,379,029          | 0                  |
| Native American   | 12,911             | 5,796              | 0                  |
| Vocational Rehabilitation Upward Reestimates            | 106                | 92                 | 0                  |
| Burial benefits   | 166,649            | 205,398            | 223,058            |
| Veterans Employment and Infrastructure Transfer         |                    |                    | 1,000,000          |
| <b>Total benefit programs</b>                           | <b>65,018,922</b>  | <b>74,112,830</b>  | <b>85,461,636</b>  |
| <b>Medical programs:</b>                                |                    |                    |                    |
| Medical services  | 39,517,585         | 41,360,000         | 43,699,500         |
| Medical care collections fund                           | 2,814,245          | 2,841,000          | 3,064,000          |
| Total medical care                                      | 42,331,830         | 44,201,000         | 46,763,500         |
| Medical Support and Compliance                          | 5,405,482          | 5,746,000          | 6,033,000          |
| Medical facilities                                      | 5,388,838          | 5,447,000          | 4,872,000          |
| VA/DoD Health Sharing Incentive Fund                    | 130,000            | 30,000             | 30,000             |
| Joint DoD/VA Medical Facility Demonstration Fund        | 375,758            | 0                  |                    |
| Medical and prosthetic research                         | 581,000            | 584,556            | 585,664            |
| <b>Total medical programs</b>                           | <b>54,212,908</b>  | <b>56,008,556</b>  | <b>58,284,164</b>  |
| <b>National Cemeteries Administration</b>               | <b>250,934</b>     | <b>254,570</b>     | <b>250,000</b>     |
| <b>Departmental Administration:</b>                     |                    |                    |                    |
| General administration                                  | 416,737            | 419,287            | 403,023            |
| Filipino Veterans Equity Compensation Fund              | 0                  | 0                  | 0                  |
| Office of Inspector General                             | 112,391            | 113,079            | 116,411            |
| VBA-GOE   | 2,018,764          | 2,164,074          | 2,455,490          |
| Construction Major                                      | 589,604            | 800,212            | 342,130            |
| Construction Minor                                      | 482,386            | 485,338            | 714,870            |
| Grants for State Extended Care                          | 85,000             | 85,520             | 82,650             |
| Grants for State Cemeteries                             | 46,000             | 46,282             | 44,650             |
| Credit Reform   | 156,172            | 157,132            | 159,898            |
| Information Technology                                  | 3,104,771          | 3,130,949          | 3,683,344          |
| <b>Total Departmental administration</b>                | <b>7,011,825</b>   | <b>7,401,873</b>   | <b>8,002,466</b>   |
| <b>Total appropriations, adjusted</b>                   | <b>126,494,589</b> | <b>137,777,829</b> | <b>151,998,266</b> |

| <b>Budget Authority (Net)</b><br><i>(dollars in thousands)</i>   |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| Appropriation/Fund Account                                       | 2012<br>Actual       | 2013<br>CR           | 2014<br>Request      |
| <b>Proprietary receipts from the public:</b>                     |                      |                      |                      |
| GI Bill receipts   | -149,095             | -128,221             | -107,348             |
| National service life insurance fund                             | -71,561              | -64,960              | -55,210              |
| Post-Vietnam era veterans education account                      | -6                   | -5                   | -5                   |
| Downward reestimates:  |                      |                      |                      |
| Acquired Direct  | -12,373              | -946                 | 0                    |
| Vendee Direct  | -1,747               | -14,766              | 0                    |
| Transitional Housing   | -103                 | -257                 | 0                    |
| Veterans housing benefit fund guaranteed loan account            | -77,971              | -18,384              | 0                    |
| Veterans housing benefit fund loan sale securities               | 0                    | -19,120              | 0                    |
| Native American veterans program account                         | -5,004               | -2,660               | 0                    |
| Vocational rehabilitation loan program                           | -189                 | -86                  | 0                    |
| Negative subsidy:  |                      |                      |                      |
| Acquired Direct Loan   | 0                    | -1,045               | -2,751               |
| Vendee Direct  | -3,355               | -31,650              | -86,403              |
| Veterans housing benefit fund guaranteed loan account            | -207,842             | -108,211             | -13,107              |
| U.S. Government life insurance                                   | -154                 | -40                  | -40                  |
| Native American veterans program account                         | -744                 | -2,004               | -1,917               |
| Medical care collections fund                                    | -2,814,245           | -2,841,000           | -3,064,000           |
| <b>Total proprietary receipts from the public</b>                | <b>-3,344,389</b>    | <b>-3,233,355</b>    | <b>-3,330,781</b>    |
| <b>Total federal funds</b>                                       | <b>123,150,200</b>   | <b>134,544,474</b>   | <b>148,667,485</b>   |
| <b>Trust funds:</b>  |                      |                      |                      |
| Post-Vietnam era veterans education account                      | 6                    | 5                    | 5                    |
| General post fund  | 25,962               | 26,900               | 27,900               |
| Pershing Hall revolving fund                                     | 0                    | 0                    | 0                    |
| National service life insurance                                  | 979,393              | 981,647              | 928,001              |
| U.S. Government life insurance                                   | 3,221                | 2,860                | 2,145                |
| <b>Total trust funds (gross)</b>                                 | <b>1,008,582</b>     | <b>1,011,412</b>     | <b>958,051</b>       |
| <b>Veterans housing benefit program fund liquidating account</b> | <b>-7,383</b>        | <b>-7,736</b>        | <b>-6,786</b>        |
| <b>Intragovernmental transactions</b>                            |                      |                      |                      |
| Post-Vietnam era veterans education account                      | -232                 | -180                 | -140                 |
| National service life insurance                                  | -561                 | -301                 | -286                 |
| <b>Total Intergovernmental transactions</b>                      | <b>-793</b>          | <b>-481</b>          | <b>-426</b>          |
| <b>Total Department of Veterans Affairs</b>                      | <b>\$124,150,606</b> | <b>\$135,547,669</b> | <b>\$149,618,324</b> |

| <b>Outlays (Net)</b><br><i>(dollars in thousands)</i>     |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| <b>Appropriation/Fund Account</b>                         | 2012<br>Actual     | 2013<br>CR         | 2014<br>Request    |
| <b>Federal funds:</b>                                     |                    |                    |                    |
| <b>Benefit programs:</b>                                  |                    |                    |                    |
| Disability compensation benefits                          | \$50,049,995       | \$60,771,715       | \$65,215,021       |
| Pensions benefits   | 4,537,437          | 5,219,949          | 5,564,985          |
| Burial Benefits   | 166,649            | 205,398            | 223,058            |
| Education Benefits  | 9,564,127          | 12,209,057         | 12,656,471         |
| Vocational rehabilitation and employment benefits         | 766,366            | 930,084            | 1,017,995          |
| Insurance benefits  | 99,777             | 106,551            | 77,567             |
| Veterans housing benefit program fund liquidating account | -8,545             | -4,736             | -6,786             |
| Housing program account benefits                          | 1,575,674          | 1,379,029          | 0                  |
| Native American Veteran housing Loan Program              | 12,911             | 5,796              | 0                  |
| Vocational Rehabilitation Upward Reestimate               | 106                | 0                  | 0                  |
| Credit Reform   | 142,748            | 157,132            | 159,898            |
| Veterans Employment and Infrastructure Transfer           |                    | 0                  | 50,000             |
| Service-disabled veterans insurance fund                  | -22,934            | -12,166            | 26,836             |
| Veterans reopened insurance fund                          | 28,080             | 31,497             | 30,780             |
| Servicemembers' group life insurance fund                 | -15                | -19                | -8                 |
| <b>Total benefit programs</b>                             | <b>66,912,376</b>  | <b>80,999,287</b>  | <b>85,015,817</b>  |
| <b>Medical programs:</b>                                  |                    |                    |                    |
| Medical services  | 37,310,835         | 40,539,424         | 42,829,645         |
| Medical care collections fund                             | 2,887,965          | 2,828,960          | 2,963,650          |
| Total medical services                                    | 40,198,800         | 43,368,384         | 45,793,295         |
| Medical Support and Compliance                            | 5,288,202          | 5,627,565          | 5,914,534          |
| Medical facilities  | 5,442,108          | 5,283,291          | 4,873,609          |
| VA/DoD Healthcare Sharing Incentive Fund                  | 61,000             | 130,000            | 80,000             |
| Joint VA/DoD Medical Facility Demonstration Fund          | 342,312            | 34,857             | 3,597              |
| Medical and prosthetic research                           | 584,297            | 574,534            | 576,206            |
| Canteen service revolving fund                            | -21,392            | 3,000              | 3,000              |
| <b>Total medical programs</b>                             | <b>51,895,327</b>  | <b>55,021,631</b>  | <b>57,244,241</b>  |
| <b>Departmental Administration</b>                        |                    |                    |                    |
| General Administration                                    | 283,965            | 409,722            | 397,347            |
| VBA GOE   | 2,143,680          | 2,109,692          | 2,297,588          |
| Filipino Veterans Equity Compensation Fund                | 1,659              | 6,287              | 6,287              |
| National Cemetery Administration                          | 255,005            | 248,113            | 247,729            |
| Construction-Major  | 738,251            | 927,605            | 832,309            |
| Construction-Minor  | 549,607            | 416,775            | 427,899            |
| Grants for State Extended Care Facilities                 | 201,011            | 104,857            | 92,949             |
| Grants for State Cemeteries                               | 27,697             | 32,810             | 32,012             |
| Information Technology                                    | 3,265,767          | 2,891,642          | 3,502,217          |
| Office of Inspector General                               | 111,563            | 115,549            | 112,777            |
| Franchise fund  | 13,462             | 0                  | 0                  |
| Supply fund   | 64,631             | -790,000           | 0                  |
| <b>Total GOE &amp; Miscellaneous</b>                      | <b>7,656,298</b>   | <b>6,473,052</b>   | <b>7,949,114</b>   |
| <b>Total appropriations &amp; funds</b>                   | <b>126,464,001</b> | <b>142,493,970</b> | <b>150,209,172</b> |

| <b>Outlays (Net)</b><br><i>(dollars in thousands)</i> |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| Appropriation/Fund Account                            | 2012<br>Actual       | 2013<br>CR           | 2014<br>Request      |
| <b>Proprietary receipts from the public:</b>          |                      |                      |                      |
| GI Bill   | -149,095             | -128,221             | -107,348             |
| Downward reestimates                                  |                      |                      |                      |
| Direct Loans  | -12,373              | -946                 | 0                    |
| Vendee Direct   | -1,747               | -14,766              | 0                    |
| Transitional Housing - Direct Loans                   | -103                 | -257                 | 0                    |
| Veterans housing benefit fund guaranteed loan         | -77,971              | -18,384              | 0                    |
| Veterans housing benefit fund loan sale securities    | 0                    | -19,120              | 0                    |
| Native American veterans program account              | -5,004               | -2,660               | 0                    |
| Vocational rehabilitation loan program                | -189                 | -86                  | 0                    |
| Negative subsidy:                                     |                      |                      |                      |
| Acquired Direct                                       | 0                    | -1,045               | -2,751               |
| Vendee Direct   | -3,355               | -31,650              | -86,403              |
| Veterans housing benefit fund guaranteed loan         | -207,842             | -108,211             | -13,107              |
| Native American veteran housing loan program account  | -744                 | -2,004               | -1,917               |
| Medical care collections fund                         | -2,887,965           | -2,828,960           | -2,963,650           |
| <b>Total proprietary receipts from the public</b>     | <b>-3,346,388</b>    | <b>-3,156,310</b>    | <b>-3,175,176</b>    |
| <b>Total federal funds</b>                            | <b>123,117,613</b>   | <b>139,337,660</b>   | <b>147,033,996</b>   |
| <b>Trust funds:</b>                                   |                      |                      |                      |
| General post fund                                     | 24,321               | 25,200               | 26,100               |
| Post-Vietnam era veterans education account           | 825                  | 862                  | 777                  |
| National service life insurance                       | 1,070,913            | 1,067,321            | 1,020,061            |
| U.S. Government life insurance                        | 5,012                | 4,327                | 3,175                |
| Veterans special life insurance                       | 27,275               | 54,539               | 67,750               |
| National cemetery gift fund                           | 0                    | 0                    | 0                    |
| <b>Total trust funds (gross)</b>                      | <b>1,128,346</b>     | <b>1,152,249</b>     | <b>1,117,863</b>     |
| <b>Proprietary receipts from the public</b>           | <b>-71,721</b>       | <b>-65,005</b>       | <b>-55,255</b>       |
| Post-Vietnam era veterans education account           | -6                   | -5                   | -5                   |
| U.S. Government life insurance                        | -154                 | -40                  | -40                  |
| National service life insurance                       | -71,561              | -64,960              | -55,210              |
| <b>Total trust funds (net)</b>                        | <b>1,056,625</b>     | <b>1,087,244</b>     | <b>1,062,608</b>     |
| <b>Intragovernmental transactions</b>                 | <b>-793</b>          | <b>-481</b>          | <b>-426</b>          |
| Post-Vietnam era veterans education account           | -561                 | -301                 | -286                 |
| National service life insurance                       | -232                 | -180                 | -140                 |
| <b>Total Department of Veterans Affairs</b>           | <b>\$124,173,445</b> | <b>\$140,424,423</b> | <b>\$148,096,178</b> |

**Functional Distribution of Budget Authority (Net)**  
(dollars in thousands)

| Function and Program   | 2012<br>Actual    | 2013<br>CR        | 2014<br>Request   |
|--|-------------------|-------------------|-------------------|
| <b>701: Income security for veterans:</b>                        |                   |                   |                   |
| Disability compensation benefits                                 | \$46,125,514      | \$56,335,649      | \$65,440,857      |
| Pensions benefits  | 4,945,404         | 4,883,646         | 5,584,256         |
| Burial benefits  | 166,649           | 205,398           | 223,058           |
| National cemetery gift fund                                      | 0                 | 0                 | 0                 |
| Insurance benefits   | 100,252           | 104,600           | 77,567            |
| Service-disabled veterans insurance fund                         | 0                 | 0                 | 0                 |
| Veterans reopened insurance fund                                 | 0                 | 0                 | 0                 |
| National service life insurance                                  | 979,393           | 981,647           | 928,001           |
| US Government life insurance                                     | 3,221             | 2,860             | 2,145             |
| Veterans special life insurance fund                             | 0                 | 0                 | 0                 |
| Servicemember's group life insurance fund                        | 0                 | 0                 | 0                 |
| US Government life insurance                                     | -154              | -40               | -40               |
| <b>Subtotal, income security for veterans</b>                    | <b>52,320,279</b> | <b>62,513,760</b> | <b>72,255,844</b> |
| <b>702: Veterans education, training and rehabilitation:</b>     |                   |                   |                   |
| Education benefits   | 11,309,096        | 10,267,859        | 12,112,718        |
| Vocational rehabilitation and employment benefits                | 799,391           | 930,761           | 1,023,180         |
| Post-Vietnam era veterans education account                      | 6                 | 5                 | 5                 |
| Post-Vietnam era veterans education receipts                     | -232              | -180              | -140              |
| National service life insurance receipts                         | -561              | -301              | -286              |
| Downward reestimates:  |                   |                   |                   |
| Vocational Rehabilitation loan program                           | -189              | -86               | 0                 |
| GI Bill receipts   | -149,095          | -128,221          | -107,348          |
| National service life insurance fund                             | -71,561           | -64,960           | -55,210           |
| Post-Vietnam era veterans education account                      | -6                | -5                | -5                |
| Veterans Employment and Infrastructure Transfer                  |                   |                   | 1,000,000         |
| <b>Subtotal, veterans education, training and rehabilitation</b> | <b>11,886,849</b> | <b>11,004,872</b> | <b>13,972,914</b> |
| <b>703: Hospital &amp; Medical Care for veterans:</b>            |                   |                   |                   |
| Medical services   | 39,517,585        | 41,360,000        | 43,699,500        |
| Medical care collections fund                                    | 2,814,245         | 2,841,000         | 3,064,000         |
| Total medical services   | 42,331,830        | 44,201,000        | 46,763,500        |
| Medical Support and Compliance                                   | 5,405,482         | 5,746,000         | 6,033,000         |
| Medical facilities   | 5,388,838         | 5,447,000         | 4,872,000         |
| VA/DoD Health Sharing Incentive Fund                             | 130,000           | 30,000            | 30,000            |
| Joint DoD/VA Medical Facility Demonstration Fund                 | 375,758           | 0                 |                   |
| Medical and prosthetic research                                  | 581,000           | 584,556           | 585,664           |
| Medical care collections fund, receipts                          | -2,814,245        | -2,841,000        | -3,064,000        |
| Downward reestimates:  |                   |                   |                   |
| <b>Subtotal, hospital and medical care for veterans</b>          | <b>51,398,663</b> | <b>53,167,556</b> | <b>55,220,164</b> |



| <b>Functional Distribution of Budget Authority (Net)</b><br>(dollars in thousands) |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| Function and Program   | 2012<br>Actual       | 2013<br>CR           | 2014<br>Request      |
| <b>704: Veterans housing:</b>  |                      |                      |                      |
| Veterans housing benefit program fund liquidating account                          | -7,383               | -7,736               | -6,786               |
| Housing program account mandatory  | 1,559,599            | 1,379,029            | 0                    |
| Native American  | 12,911               | 5,796                | 0                    |
| Vocational Rehabilitation Upward Reestimates                                       | 106                  | 92                   | 0                    |
| Downward reestimates:  |                      |                      |                      |
| Veterans housing benefit guaranteed loan   | -77,971              | -18,384              | 0                    |
| Veterans housing benefit fund loan sale securities                                 | 0                    | -19,120              | 0                    |
| Veterans housing benefit direct loan   | 0                    | 0                    | 0                    |
| Native American veterans program account   | -5,004               | -2,660               | 0                    |
| Acquired Direct  | -12,373              | -946                 | 0                    |
| Vendee Direct  | -1,747               | -14,766              | 0                    |
| Transitional Housing-Direct Loans  | -103                 | -257                 | 0                    |
| Negative subsidy:  |                      |                      |                      |
| Acquired Direct Loan   | 0                    | -1,045               | -2,751               |
| Vendee Direct  | -3,355               | -31,650              | -86,403              |
| Veterans housing benefit fund guaranteed loan account                              | -207,842             | -108,211             | -13,107              |
| Native American veterans program account   | -744                 | -2,004               | -1,917               |
| <b>Subtotal, veterans housing</b>  | <b>1,256,094</b>     | <b>1,178,138</b>     | <b>-110,964</b>      |
| <b>705: Other veterans benefits and services:</b>                                  |                      |                      |                      |
| National Cemeteries Administration   | 250,934              | 254,570              | 250,000              |
| General post fund  | 25,962               | 26,900               | 27,900               |
| General administration   | 416,737              | 419,287              | 403,023              |
| Office of Inspector General  | 112,391              | 113,079              | 116,411              |
| VBA-GOE  | 2,018,764            | 2,164,074            | 2,455,490            |
| Filipino Veterans Compensation Fund  | 0                    | 0                    | 0                    |
| Construction Major   | 589,604              | 800,212              | 342,130              |
| Construction Minor   | 482,386              | 485,338              | 714,870              |
| Grants for State Extended Care   | 85,000               | 85,520               | 82,650               |
| Grants for State Cemeteries  | 46,000               | 46,282               | 44,650               |
| Credit Reform  | 156,172              | 157,132              | 159,898              |
| Information Technology   | 3,104,771            | 3,130,949            | 3,683,344            |
| <b>Subtotal, other veterans benefits and services</b>                              | <b>7,288,721</b>     | <b>7,683,343</b>     | <b>8,280,366</b>     |
| <b>Total, function 700 distribution of Budget</b>                                  |                      |                      |                      |
| <b>Authority for the Department of Veterans Affairs</b>                            | <b>124,150,606</b>   | <b>135,547,669</b>   | <b>149,618,324</b>   |
| Deduction for offsetting receipts (function 902)                                   | 0                    | 0                    | 0                    |
| <b>Total Department of Veterans Affairs</b>  | <b>\$124,150,606</b> | <b>\$135,547,669</b> | <b>\$149,618,324</b> |

| <i>Functional Distribution of Outlays</i>                        |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <i>(dollars in thousands)</i>                                    |                   |                   |                   |
| <b>Function and Program</b>                                      | 2012<br>Actual    | 2013<br>CR        | 2014<br>Request   |
| <b>701: Income security for veterans:</b>                        |                   |                   |                   |
| Disability compensation benefits                                 | \$50,049,995      | \$60,771,715      | \$65,215,021      |
| Proposed legislation - Concurrent Receipt                        | 0                 | 0                 | 0                 |
| Pensions benefits  | 4,537,437         | 5,219,949         | 5,564,985         |
| Burial benefits  | 166,649           | 205,398           | 223,058           |
| Insurance benefits   | 99,777            | 106,551           | 77,567            |
| Service-disabled veterans insurance                              | -22,934           | -12,166           | 26,836            |
| Veterans reopened insurance fund                                 | 28,080            | 31,497            | 30,780            |
| Servicemembers' group life insurance fund                        | -15               | -19               | -8                |
| National service life insurance                                  | 1,070,913         | 1,067,321         | 1,020,061         |
| U.S. Government life insurance                                   | 5,012             | 4,327             | 3,175             |
| Veterans special life insurance                                  | 27,275            | 54,539            | 67,750            |
| NSLI & USGLI receipts  | -71,947           | -65,180           | -55,390           |
| <b>Subtotal, income security for veterans</b>                    | <b>55,890,242</b> | <b>67,383,932</b> | <b>72,173,835</b> |
| <b>702: Veterans education, training, and rehabilitation:</b>    |                   |                   |                   |
| Education benefits   | 9,564,127         | 12,209,057        | 12,656,471        |
| Vocational rehabilitation and employment benefits                | 766,366           | 930,084           | 1,017,995         |
| Vocational rehabilitation Upward Reestimate                      | 106               | 0                 | 0                 |
| Credit Reform  | 142,748           | 157,132           | 159,898           |
| Post-Vietnam era veterans education                              | 825               | 862               | 777               |
| Post-Vietnam era veterans education receipts                     | -567              | -306              | -291              |
| Downward reestimates:  |                   |                   |                   |
| Vocational rehabilitation loan program                           | -189              | -86               | 0                 |
| GI Bill receipts   | -149,095          | -128,221          | -107,348          |
| Veterans Employment and Infrastructure Transfer                  |                   |                   | 50,000            |
| <b>Subtotal, veterans education, training and rehabilitation</b> | <b>10,324,321</b> | <b>13,168,522</b> | <b>13,777,502</b> |
| <b>703: Hospital and medical care for veterans:</b>              |                   |                   |                   |
| Medical services   | 40,198,800        | 43,368,384        | 45,793,295        |
| Medical Support and Compliance                                   | 5,288,202         | 5,627,565         | 5,914,534         |
| Medical facilities   | 5,442,108         | 5,283,291         | 4,873,609         |
| VA/DoD Health Sharing Incentive Fund                             | 61,000            | 130,000           | 80,000            |
| Joint VA/DoD Medical Facility Demonstration Fund                 | 342,312           | 34,857            | 3,597             |
| Medical and prosthetic research                                  | 584,297           | 574,534           | 576,206           |
| Medical care collections fund, receipts                          | -2,887,965        | -2,828,960        | -2,963,650        |
| <b>Subtotal, hospital and medical care for veterans</b>          | <b>49,028,754</b> | <b>52,189,671</b> | <b>54,277,591</b> |

| <i>Functional Distribution of Outlays</i>                 |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| <i>(dollars in thousands)</i>                             |                      |                      |                      |
| <b>Function and Program</b>                               | 2012<br>Actual       | 2013<br>CR           | 2014<br>Request      |
| <b>704: Veterans Housing</b>                              |                      |                      |                      |
| Veterans housing benefit program fund liquidating account | -8,545               | -4,736               | -6,786               |
| Housing program account benefits                          | 1,575,674            | 1,379,029            | 0                    |
| Native American Veteran housing Loan Program              | 12,911               | 5,796                | 0                    |
| Downward reestimates:                                     |                      |                      |                      |
| Vendee Direct   | -1,747               | -14,766              | 0                    |
| Transitional Housing - Direct Loans                       | -103                 | -257                 | 0                    |
| Veterans housing benefit guaranteed loan                  | -77,971              | -18,384              | 0                    |
| Veterans housing benefit loan securities                  | 0                    | -19,120              | 0                    |
| Veterans housing benefit direct loan                      | -12,373              | -946                 | 0                    |
| Native American veterans program account                  | -5,004               | -2,660               | 0                    |
| Negative subsidy:   |                      |                      |                      |
| Acquired Direct   | 0                    | -1,045               | -2,751               |
| Vendee Direct   | -3,355               | -31,650              | -86,403              |
| Veterans housing benefit fund guaranteed loan             | -207,842             | -108,211             | -13,107              |
| Native American veteran housing loan program account      | -744                 | -2,004               | -1,917               |
| <b>Subtotal, veterans housing</b>                         | <b>1,270,901</b>     | <b>1,181,046</b>     | <b>-110,964</b>      |
| <b>705: Other veterans benefits and services:</b>         |                      |                      |                      |
| VBA-GOE   | 2,143,680            | 2,109,692            | 2,297,588            |
| Filipino Veterans Equity Compensation Fund                | 1,659                | 6,287                | 6,287                |
| National Cemetery Administration                          | 255,005              | 248,113              | 247,729              |
| Canteen service revolving fund                            | -21,392              | 3,000                | 3,000                |
| Supply fund   | 64,631               | -790,000             | 0                    |
| General post fund   | 24,321               | 25,200               | 26,100               |
| General Administration                                    | 283,965              | 409,722              | 397,347              |
| Construction-Major  | 738,251              | 927,605              | 832,309              |
| Construction- Minor                                       | 549,607              | 416,775              | 427,899              |
| Grants for State Extended Care                            | 201,011              | 104,857              | 92,949               |
| Grants for State Cemeteries                               | 27,697               | 32,810               | 32,012               |
| Information Technology                                    | 3,265,767            | 2,891,642            | 3,502,217            |
| National cemetery gift fund                               | 0                    | 0                    | 0                    |
| Office of Inspector General                               | 111,563              | 115,549              | 112,777              |
| Franchise fund  | 13,462               | 0                    | 0                    |
| General Operating Expenses-SSA                            | 0                    | 0                    | 0                    |
| Pershing hall revolving fund                              | 0                    | 0                    | 0                    |
| <b>Subtotal, other veterans benefits and services</b>     | <b>7,659,227</b>     | <b>6,501,252</b>     | <b>7,978,214</b>     |
| <b>Total, function 700 Distribution of Budget</b>         |                      |                      |                      |
| <b>Outlays for the Department of Veterans Affairs</b>     | <b>\$124,173,445</b> | <b>\$140,424,423</b> | <b>\$148,096,178</b> |
| Deduction for offsetting receipts (Function 902)          |                      |                      |                      |
| <b>Total Department of Veterans Affairs</b>               | <b>\$124,173,445</b> | <b>\$140,424,423</b> | <b>\$148,096,178</b> |

| <b>Obligations</b><br><i>(dollars in thousands)</i>                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| Appropriation/Fund Account   | 2012                 | 2013                 | 2014                 |
| <b>Federal funds:</b>  |                      |                      |                      |
| <b>Benefit programs:</b>   |                      |                      |                      |
| Disability compensation benefits   | \$54,082,799         | \$60,982,164         | \$64,407,359         |
| Proposed legislation (COLA)  | 0                    | 0                    | 1,033,498            |
| Pensions benefits  | 4,917,492            | 5,238,025            | 5,584,256            |
| Burial benefits  | 166,649              | 205,398              | 223,058              |
| Education benefits   | 10,341,075           | 12,566,934           | 12,993,464           |
| Post-Vietnam era veterans' education account                             | 932                  | 848                  | 764                  |
| Vocational rehabilitation and employment benefits                        | 799,391              | 930,761              | 1,023,180            |
| Vocational rehabilitation loan program account                           | 464                  | 455                  | 359                  |
| Insurance benefits   | 104,137              | 109,144              | 81,367               |
| Housing program account benefits   | 1,722,265            | 1,539,328            | 162,118              |
| Native American Direct Loan Program Account                              | 14,027               | 6,919                | 1,109                |
| Service-disabled veterans insurance fund                                 | 129,289              | 150,235              | 164,033              |
| Veterans reopened insurance fund   | 42,961               | 43,640               | 40,560               |
| Servicemembers' group life insurance fund                                | 1,082,004            | 1,071,730            | 835,840              |
| Filipino Veterans Equity Compensation Fund                               | 1,659                | 6,287                | 6,287                |
| Veterans Em  | 0                    | 0                    | 0                    |
| <b>Total benefits programs</b>   | <b>73,405,144</b>    | <b>82,851,868</b>    | <b>86,557,252</b>    |
| <b>Medical programs:</b>   |                      |                      |                      |
| Medical care   | 53,868,410           | 56,438,916           | 57,933,500           |
| Medical prosthetics and research   | 580,359              | 667,474              | 625,664              |
| Medical center research organizations                                    | 243,830              | 284,865              | 298,040              |
| VA/DoD Health Care Sharing Incentive Fund                                | 57,650               | 94,000               | 94,000               |
| Joint DoD/VA Medical Facility Demonstration Fund                         | 379,167              | 0                    | 0                    |
| Canteen service revolving fund   | 351,380              | 433,000              | 445,350              |
| <b>Total medical programs</b>  | <b>55,480,796</b>    | <b>57,918,255</b>    | <b>59,396,554</b>    |
| <b>National Cemetery Administration:</b>                                 |                      |                      |                      |
|  | <b>252,757</b>       | <b>255,370</b>       | <b>250,300</b>       |
| <b>Departmental administration:</b>                                      |                      |                      |                      |
| VBA- GOE   | 2,403,807            | 2,613,174            | 2,855,030            |
| General administration   | 814,600              | 857,382              | 926,264              |
| Pershing Hall revolving fund   | 175                  | 193                  | 193                  |
| Franchise fund   | 445,144              | 545,667              | 539,149              |
| Office of Inspector General  | 115,970              | 118,324              | 121,320              |
| Supply fund  | 1,127,041            | 1,990,000            | 2,100,000            |
| Information Technology   | 3,249,384            | 3,274,375            | 3,869,912            |
| Construction, Major & Minor  | 1,607,612            | 1,851,063            | 1,512,190            |
| Grants for State Extended Care   | 66,625               | 187,807              | 102,650              |
| Grants for State Cemeteries  | 47,119               | 51,117               | 44,650               |
| Proposed Legislation- Veterans Employment & Infrastructure               |                      |                      | 75,000               |
| <b>Total Departmental administration</b>                                 | <b>9,877,477</b>     | <b>11,489,102</b>    | <b>12,146,358</b>    |
| <b>Total federal funds</b>   | <b>139,016,174</b>   | <b>152,514,595</b>   | <b>158,350,464</b>   |
| <b>Trust funds:</b>  |                      |                      |                      |
| General post fund  | 23,383               | 24,300               | 25,200               |
| National service life insurance  | 1,156,062            | 1,125,841            | 1,051,361            |
| U.S. Government life insurance   | 3,375                | 2,900                | 2,185                |
| Veterans special life insurance  | 203,502              | 210,800              | 209,140              |
| National cemetery gift fund  | 214                  | 250                  | 250                  |
| <b>Total trust funds</b>   | <b>1,386,536</b>     | <b>1,364,091</b>     | <b>1,288,136</b>     |
| <b>Total Department of Veterans Affairs</b>                              | <b>\$140,402,710</b> | <b>\$153,878,686</b> | <b>\$159,638,600</b> |
| <b>Non-Budget</b>  |                      |                      |                      |
| Veterans housing benefit program direct loan financing account           | 300,746              | 421,658              | 626,031              |
| Veterans housing benefits program loan sale securities financing account | 219,241              | 37,698               | 19,287               |
| Veterans housing benefit program guaranteed loan financing account       | 2,495,140            | 2,470,354            | 2,689,909            |
| Native American and transitional housing direct loan financing account   | 15,265               | 19,308               | 16,724               |
| Vocational rehabilitation loan financing account                         | 2,616                | 2,815                | 2,500                |
| <b>Total Non-Budget</b>  | <b>\$3,033,008</b>   | <b>\$2,951,833</b>   | <b>\$3,354,451</b>   |

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## *Ten Year Tables*

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|                                   |        |
|-----------------------------------|--------|
| Ten Year Budget Authority         | 6I - 1 |
| Ten Year Outlays                  | 6J - 1 |
| Ten Year Total Average Employment | 6K - 1 |

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| <b>Budget Authority</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>2003 - 2012 Actuals</b>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <i>(dollar in thousands)</i>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Appropriation/Fund Account</b>                                    | 2003 (Net)        | 2004 (Net)        | 2005 (Net)        | 2006 (Net)        | 2007 (Net)        | 2008 (Net)        | 2009 (Net)        | 2010 (Net)        | 2011 (Net)        | 2012 (Net)        |
| <b>Federal funds:</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Benefit programs</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Compensation and pensions  | \$28,949,000      | \$29,842,126      | \$32,361,923      | \$33,897,787      | \$38,622,360      | \$41,238,855      | \$43,505,909      | \$61,176,942      | \$53,039,657      | \$51,237,567      |
| Readjustment benefits  | 2,264,808         | 2,529,734         | 2,801,997         | 3,309,234         | 2,812,006         | 3,300,289         | 4,132,944         | 8,820,722         | 11,334,634        | 12,108,487        |
| Veterans insurance and indemnities                                   | 27,957            | 32,017            | 44,380            | 45,907            | 49,850            | 41,250            | 48,072            | 56,288            | 77,589            | 100,252           |
| Veterans housing benefit program fund program account                | 1,464,750         | 356,581           | 2,042,210         | 198,009           | 204,479           | 969,168           | 486,232           | 974,811           | 1,553,906         | 1,727,314         |
| Veterans housing benefit program fund liquidating account, permanent | -60,000           | -40,000           | -45,000           | -49,485           | -42,000           | -20,242           | -7,930            | -6,813            | -7,329            | -7,383            |
| Native American veteran housing loan program account                 | 886               | 1,265             | 567               | 580               | 584               | 628               | 646               | 664               | 663               | 1,116             |
| Guaranteed transitional housing loans for homeless veterans          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Education loan fund program account                                  | 70                | 197               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Vocational rehabilitation loans program account                      | 329               | 350               | 356               | 355               | 358               | 355               | 381               | 357               | 354               | 358               |
| <b>Total benefits programs</b>                                       | <b>32,647,800</b> | <b>32,722,270</b> | <b>37,206,433</b> | <b>37,402,387</b> | <b>41,647,637</b> | <b>45,530,303</b> | <b>48,166,254</b> | <b>71,022,971</b> | <b>65,999,474</b> | <b>65,167,711</b> |
| <b>Medical programs:</b>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Medical care   | 25,369,020        |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Medical services   |                   | 20,449,427        | 22,584,161        | 24,139,378        | 27,517,363        | 30,445,908        | 33,512,421        | 37,588,065        | 39,718,911        | 42,331,830        |
| Medical support and compliance                                       |                   | 4,095,078         | 4,437,300         | 3,430,542         | 3,674,815         | 3,956,617         | 4,405,500         | 4,882,000         | 5,252,367         | 5,405,482         |
| Medical facilities   |                   | 3,188,817         | 3,329,749         | 3,357,869         | 4,548,165         | 4,233,182         | 6,029,000         | 4,859,000         | 5,703,116         | 5,388,838         |
| Total Medical care programs  | 25,369,020        | 27,733,322        | 30,351,210        | 30,927,789        | 35,740,343        | 38,635,707        | 43,946,921        | 47,329,065        | 50,674,394        | 53,126,150        |
| Medical and prosthetic research                                      | 392,400           | 405,593           | 402,348           | 412,000           | 446,480           | 480,000           | 510,000           | 581,000           | 579,838           | 581,000           |
| Medical administration and miscellaneous operating expenses          | 74,230            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| DoD/VA health care sharing Incentive fund                            |                   | 30,000            | 30,000            | 30,000            | 70,000            | 90,000            | 34,000            | 55,000            | 130,000           | 130,000           |
| Joint DoD/VA Medical Facility Demonstration Fund                     |                   |                   |                   |                   |                   |                   |                   |                   | 104,004           | 375,758           |
| Medical care cost recovery fund, permanent                           | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total medical programs</b>  | <b>25,835,650</b> | <b>28,168,915</b> | <b>30,783,558</b> | <b>31,369,789</b> | <b>36,256,823</b> | <b>39,205,707</b> | <b>44,490,921</b> | <b>47,965,065</b> | <b>51,488,236</b> | <b>54,212,908</b> |



| <b>Budget Authority</b><br><b>2003 - 2012 Actuals</b><br><i>(dollar in thousands)</i> |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|--|
| <b>Appropriation/Fund Account</b>   | 2003 (Net)          | 2004 (Net)          | 2005 (Net)          | 2006 (Net)          | 2007 (Net)          | 2008 (Net)          | 2009 (Net)          | 2010 (Net)           | 2011 (Net)           | 2012 (Net)           |  |
| <b>Construction programs:</b>   |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| Construction, major projects  | 99,526              | 671,578             | 481,498             | 1,560,519           | 399,000             | 1,531,477           | 923,382             | 1,194,000            | 1,073,734            | 589,604              |  |
| Advance appropriation   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Construction, minor projects  | 224,531             | 250,656             | 245,476             | 233,137             | 524,937             | 630,535             | 741,534             | 703,000              | 466,765              | 482,386              |  |
| Grants for the construction of State extended care facilities                         | 99,350              | 101,498             | 104,322             | 85,000              | 85,000              | 165,000             | 325,000             | 100,000              | 84,830               | 85,000               |  |
| Grants for the construction of State veterans cemeteries                              | 31,792              | 31,811              | 31,744              | 32,000              | 32,000              | 39,500              | 42,000              | 46,000               | 45,908               | 46,000               |  |
| Parking revolving fund  | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| <b>Total construction programs</b>  | <b>455,199</b>      | <b>1,055,543</b>    | <b>863,040</b>      | <b>1,910,656</b>    | <b>1,040,937</b>    | <b>2,366,512</b>    | <b>2,031,916</b>    | <b>2,043,000</b>     | <b>1,671,237</b>     | <b>1,202,990</b>     |  |
| Information Technology  |                     |                     | 1,283,517           | 1,231,420           | 1,247,846           | 2,358,122           | 2,798,182           | 3,307,000            | 2,991,624            | 3,104,771            |  |
| National cemetery administration  | 132,284             | 143,352             | 147,784             | 149,798             | 160,231             | 193,858             | 280,000             | 250,000              | 249,500              | 250,934              |  |
| <b>General operating expenses and misc.:</b>  |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| General operating expenses  | 1,353,196           | 1,275,201           | 1,433,700           | 1,373,240           | 1,586,372           | 1,751,758           | 1,954,167           | 2,086,707            | 2,132,502            | 2,018,764            |  |
| VBA General Operating Expenses  |                     |                     |                     |                     |                     |                     |                     |                      | 396,705              | 416,737              |  |
| General Administration  | 57,623              | 61,634              | 69,153              | 69,074              | 70,641              | 80,500              | 88,818              | 109,000              | 108,782              | 112,391              |  |
| Filipino veterans equity compensation fund  |                     |                     |                     |                     |                     | 0                   | 198,000             | 67,000               | 0                    | 0                    |  |
| Office of Inspector General   | 1,410,819           | 1,336,835           | 1,502,853           | 1,442,314           | 1,637,013           | 1,832,258           | 2,240,985           | 2,262,707            | 2,637,989            | 2,547,892            |  |
| <b>Total GOE and miscellaneous</b>  | <b>60,349,468</b>   | <b>63,283,563</b>   | <b>70,355,884</b>   | <b>72,125,146</b>   | <b>80,602,410</b>   | <b>88,934,780</b>   | <b>96,930,076</b>   | <b>123,293,743</b>   | <b>121,796,936</b>   | <b>123,131,501</b>   |  |
| <b>Total appropriations (adjusted)</b>  | <b>-1,485,924</b>   | <b>-1,697,725</b>   | <b>-1,868,383</b>   | <b>-1,994,172</b>   | <b>-2,226,653</b>   | <b>-2,477,000</b>   | <b>-2,766,908</b>   | <b>-2,847,565</b>    | <b>-2,770,663</b>    | <b>-2,814,245</b>    |  |
| DEDUCT: Proprietary receipts from the public  | 58,863,544          | 61,585,838          | 68,487,501          | 70,130,974          | 78,375,757          | 86,457,780          | 94,163,168          | 120,446,178          | 119,026,273          | 120,317,256          |  |
| <b>Trust funds:</b>   |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| Post-Vietnam era veterans education account   | 1,266               | 1,024               | 619                 | 333                 | 230                 | 820                 | 49                  | 6                    | 8                    | 6                    |  |
| General post fund   | 30,576              | 31,066              | 30,926              | 31,851              | 30,754              | 39,718              | 36,365              | 26,950               | 28,024               | 25,962               |  |
| Pershing Hall revolving fund  | -250                | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| National service life insurance   | 1,192,335           | 1,238,240           | 1,210,888           | 1,185,856           | 1,138,518           | 1,144,755           | 1,117,152           | 1,078,083            | 1,042,461            | 979,393              |  |
| U.S. Government life insurance  | 8,506               | 7,877               | 7,323               | 6,322               | 4,000               | 5,295               | 4,688               | 4,294                | 3,690                | 3,221                |  |
| Service-disabled veterans insurance fund  | 0                   | 0                   | 1                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Veterans reopened insurance fund  | 0                   | 0                   | -1                  | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Veterans special life insurance fund  | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Servicemembers' group life insurance fund   | 957                 | 0                   | -21                 | -20                 | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| National cemetery gift fund   | 78                  | 78                  | 0                   | 396                 | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| <b>Total trust funds (gross)</b>  | <b>1,233,468</b>    | <b>1,278,285</b>    | <b>1,249,735</b>    | <b>1,224,738</b>    | <b>1,173,502</b>    | <b>1,190,588</b>    | <b>1,158,254</b>    | <b>1,109,333</b>     | <b>1,074,183</b>     | <b>1,008,582</b>     |  |
| DEDUCT: Proprietary receipts from the public  | -1,282,639          | -2,677,090          | -1,474,804          | -1,710,188          | -1,393,310          | -1,691,506          | -1,372,124          | -684,058             | -531,188             | -530,144             |  |
| <b>Total trust funds (net)</b>  | <b>-49,171</b>      | <b>-1,398,805</b>   | <b>-225,069</b>     | <b>-485,450</b>     | <b>-219,808</b>     | <b>-500,918</b>     | <b>-213,870</b>     | <b>425,275</b>       | <b>542,995</b>       | <b>478,438</b>       |  |
| DEDUCT: Intragovernmental transactions  | -1,665              | -1,279              | -1,670              | -886                | -725                | -1,191              | -1,303              | -1,269               | -1,015               | -793                 |  |
| <b>Total Department of Veterans Affairs</b>   | <b>\$58,944,992</b> | <b>\$60,329,106</b> | <b>\$69,692,063</b> | <b>\$71,025,856</b> | <b>\$79,563,302</b> | <b>\$88,507,651</b> | <b>\$97,026,177</b> | <b>\$124,427,184</b> | <b>\$122,809,377</b> | <b>\$124,150,606</b> |  |

**Budget Outlays  
2003 - 2012 Actuals  
(dollar in thousands)**

| Appropriation/Fund Account                                  | 2003 (Net)        | 2004 (Net)        | 2005 (Net)        | 2006 (Net)        | 2007 (Net)        | 2008 (Net)        | 2009 (Net)        | 2010 (Net)        | 2011 (Net)        | 2012 (Net)        |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Federal Funds:</b>                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Benefit programs:</b>                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Compensation & pensions                                     | \$28,020,904      | \$29,783,850      | \$34,693,641      | \$34,680,630      | \$34,599,803      | \$40,241,426      | \$44,734,687      | \$47,901,439      | \$57,577,997      | \$54,754,081      |
| Readjustment benefits                                       | 2,364,257         | 2,684,382         | 2,936,589         | 2,949,314         | 2,999,468         | 3,209,553         | 3,875,395         | 8,316,712         | 10,705,469        | 10,330,493        |
| Veterans insurance and indemnities                          | 27,958            | 31,638            | 44,649            | 45,956            | 49,873            | 41,332            | 47,659            | 44,927            | 81,667            | 99,777            |
| Reinstated entitlement program for survivors                | 3,478             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Veterans housing benefit program fund liquidating account   | -61,218           | -92,958           | -76,577           | -71,812           | -28,340           | -24,632           | -11,868           | -9,892            | -8,828            | -8,545            |
| Veterans housing benefit program fund program account       | 1,450,699         | 370,964           | 2,033,378         | 213,086           | 208,472           | 969,168           | 467,660           | 974,811           | 1,533,530         | 1,729,965         |
| Native American veteran housing loan program account        | 886               | 1,278             | 555               | 566               | 571               | 628               | 617               | 664               | 663               | 1,116             |
| Service-disabled veterans insurance fund                    | 5,548             | 3,002             | -6,281            | -5,713            | -8,085            | 3,407             | 8,004             | 5,974             | -16,423           | -22,934           |
| Veterans reopened insurance fund                            | 15,065            | 17,896            | 19,840            | 20,956            | 22,973            | 23,121            | 24,649            | 23,110            | 26,733            | 28,080            |
| Education loan fund liquidating account                     | -43               | 109               |                   |                   |                   |                   |                   |                   |                   |                   |
| Education loan modification                                 |                   | -129              |                   |                   |                   |                   |                   |                   |                   |                   |
| Education loan fund program account                         | 70                | 69                | 347               | 348               | 350               | 355               | 375               | 357               | 354               | 358               |
| Vocational rehabilitation loans program account             | 329               | 337               |                   |                   |                   |                   |                   |                   |                   |                   |
| Service members' group life insurance fund                  | -3,466            | 5,239             | -21               | -19               | -25               | -17               | -11,247           | 11,208            | -17               | -15               |
| <b>Total benefits programs</b>                              | <b>31,824,467</b> | <b>32,805,677</b> | <b>39,646,120</b> | <b>37,833,312</b> | <b>37,845,060</b> | <b>44,464,341</b> | <b>49,135,931</b> | <b>57,269,310</b> | <b>69,901,145</b> | <b>66,912,376</b> |
| <b>Medical programs:</b>                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Medical care  | 24,755,762        |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Medical services  |                   | 21,877,112        | 21,861,500        | 23,855,420        | 26,083,319        | 30,038,203        | 33,969,490        | 36,580,626        | 39,583,974        | 40,198,800        |
| Medical support and compliance                              |                   | 3,418,844         | 4,171,364         | 3,695,558         | 3,640,454         | 3,634,998         | 4,224,639         | 4,711,724         | 5,344,172         | 5,288,202         |
| Medical facilities  |                   | 2,472,619         | 3,015,958         | 3,341,474         | 3,544,804         | 4,241,189         | 4,639,594         | 5,057,072         | 5,478,874         | 5,442,108         |
| Total Medical care programs                                 | 24,755,762        | 27,768,575        | 29,048,822        | 30,892,452        | 33,268,577        | 37,914,390        | 42,833,723        | 46,349,422        | 50,407,020        | 50,929,110        |
| Medical and prosthetic research                             | 363,988           | 389,091           | 389,759           | 406,094           | 403,841           | 436,626           | 507,911           | 520,904           | 558,875           | 584,297           |
| Medical administration and miscellaneous operating expenses | 68,370            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| VA/DoD health care sharing Incentive fund                   | 0                 | 0                 | 811               | 6,861             | 35,663            | 41,567            | 42,538            | 46,920            | 88,800            | 61,000            |
| Joint DoD/VA medical Facility Demonstration Fund            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Medical care cost recovery fund                             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Health professional scholarship program                     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Medical facilities revolving fund                           | 167               | 212               |                   |                   |                   |                   |                   |                   |                   |                   |
| Veterans extended care revolving fund                       | -3,076            | -1,673            |                   |                   |                   |                   |                   |                   |                   |                   |
| Special therapeutic and rehabilitation activities fund      | -1,116            | -796              |                   |                   |                   |                   |                   |                   |                   |                   |
| Canteen service revolving fund                              | -4,814            | 3,447             | -5,813            | 2,622             | -3,355            | 3,762             | 16,313            | 6,120             | 7,862             | -21,392           |
| <b>Total medical programs</b>                               | <b>25,179,281</b> | <b>28,158,856</b> | <b>29,433,579</b> | <b>31,308,029</b> | <b>33,704,726</b> | <b>38,396,345</b> | <b>43,400,485</b> | <b>46,923,366</b> | <b>51,127,013</b> | <b>51,895,327</b> |

| <b>Budget Outlays</b>   |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|--|
| <b>2003 - 2012 Actuals</b>                                    |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| <i>(dollar in thousands)</i>                                  |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| <b>Appropriation/Fund Account</b>                             | 2003 (Net)          | 2004 (Net)          | 2005 (Net)          | 2006 (Net)          | 2007 (Net)          | 2008 (Net)          | 2009 (Net)          | 2010 (Net)           | 2011 (Net)           | 2012 (Net)           |  |
| <b>Construction programs:</b>                                 |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| Construction, major projects                                  | 124,886             | 118,396             | 146,228             | 237,185             | 437,136             | 528,791             | 658,137             | 990,942              | 1,011,708            | 738,251              |  |
| Construction, minor projects                                  | 173,260             | 199,766             | 217,353             | 259,427             | 267,315             | 412,682             | 507,720             | 535,426              | 578,966              | 549,607              |  |
| Parking revolving fund  | 795                 | 3,404               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Grants to the Republic of the Philippines                     | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| Grants for the construction of State extended care facilities | 86,286              | 77,369              | 96,780              | 122,106             | 108,793             | 115,634             | 128,794             | 108,716              | 124,369              | 201,011              |  |
| Grants for the construction of State veterans cemeteries      | 25,286              | 39,168              | 22,510              | 37,354              | 25,585              | 31,092              | 29,848              | 36,406               | 49,872               | 27,697               |  |
| Nursing home revolving fund                                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| <b>Total construction programs</b>                            | <b>410,513</b>      | <b>438,103</b>      | <b>482,871</b>      | <b>656,072</b>      | <b>838,829</b>      | <b>1,088,199</b>    | <b>1,324,499</b>    | <b>1,671,490</b>     | <b>1,764,915</b>     | <b>1,516,566</b>     |  |
| Information Technology  | 125,218             | 135,593             | 150,028             | 148,734             | 156,263             | 167,002             | 209,275             | 250,431              | 254,521              | 255,005              |  |
| National cemetery administration                              | 1,220,932           | 1,252,361           | 1,293,600           | 1,544,925           | 1,476,092           | 1,628,150           | 1,839,593           | 1,897,029            | 2,232,616            | 2,143,680            |  |
| <b>General operating expenses and misc.:</b>                  |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| General operating expenses                                    | 943,555             | 1,158,328           | 1,359,507           | 1,878,738           | 1,586,743           | 1,735,945           | 1,996,210           | 2,047,693            | 2,656,111            | 2,618,960            |  |
| VBA General Operating Expenses                                | 58,357,816          | 62,560,964          | 70,922,077          | 71,676,151          | 73,975,358          | 85,684,830          | 95,857,125          | 107,911,859          | 125,449,184          | 122,943,229          |  |
| General Administration  | -1,485,924          | -1,697,725          | -1,868,383          | -1,994,172          | -2,226,653          | -2,477,000          | -2,766,908          | -2,421,010           | -2,588,294           | -2,887,965           |  |
| Filipino veterans equity compensation fund                    | 56,871,892          | 60,863,239          | 69,053,694          | 69,681,979          | 71,748,705          | 83,207,830          | 93,090,217          | 105,490,849          | 122,860,890          | 120,055,264          |  |
| Franchise fund  | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 82,438              | 113,131              | 10,099               | 1,659                |  |
| Office of Inspector General                                   | -17,300             | -5,532              | 0                   | 0                   | 10,000              | 33,784              | 13,101              | -28,243              | -54,809              | 13,462               |  |
| Supply fund   | 53,228              | 57,819              | 65,952              | 72,815              | 71,696              | 71,583              | 88,445              | 96,650               | 109,148              | 111,563              |  |
| Pershing hall revolving fund                                  | -313,041            | -146,211            | 0                   | 261,043             | 29,000              | 2,564               | -27,367             | -30,874              | -45,803              | 64,631               |  |
| <b>Total GOE and miscellaneous</b>                            | <b>-264</b>         | <b>-109</b>         | <b>-45</b>          | <b>-45</b>          | <b>-45</b>          | <b>-136</b>         | <b>0</b>            | <b>0</b>             | <b>0</b>             | <b>0</b>             |  |
| <b>Total appropriations (adjusted)</b>                        | <b>58,357,816</b>   | <b>62,560,964</b>   | <b>70,922,077</b>   | <b>71,676,151</b>   | <b>73,975,358</b>   | <b>85,684,830</b>   | <b>95,857,125</b>   | <b>107,911,859</b>   | <b>125,449,184</b>   | <b>122,943,229</b>   |  |
| DEDUCT: Proprietary receipts from the public                  | -1,485,924          | -1,697,725          | -1,868,383          | -1,994,172          | -2,226,653          | -2,477,000          | -2,766,908          | -2,421,010           | -2,588,294           | -2,887,965           |  |
| <b>Total federal funds</b>                                    | <b>56,871,892</b>   | <b>60,863,239</b>   | <b>69,053,694</b>   | <b>69,681,979</b>   | <b>71,748,705</b>   | <b>83,207,830</b>   | <b>93,090,217</b>   | <b>105,490,849</b>   | <b>122,860,890</b>   | <b>120,055,264</b>   |  |
| <b>Trust funds:</b>   |                     |                     |                     |                     |                     |                     |                     |                      |                      |                      |  |
| Post-Vietnam era veterans education account                   | 4,658               | 3,560               | 2,897               | 2,375               | 2,200               | 2,030               | 1,909               | 1,498                | 1,341                | 825                  |  |
| General post fund   | 30,367              | 27,487              | 30,508              | 30,324              | 29,670              | 27,082              | 37,589              | 26,466               | 25,799               | 24,321               |  |
| National service life insurance                               | 1,178,204           | 1,231,445           | 1,206,851           | 1,199,743           | 1,168,739           | 1,163,064           | 1,188,023           | 1,147,080            | 1,130,388            | 1,070,913            |  |
| U.S. Government life insurance                                | 9,525               | 9,316               | 8,525               | 7,661               | 7,003               | 6,190               | 6,290               | 5,537                | 5,169                | 5,012                |  |
| Veterans special life insurance                               | -43,404             | -37,141             | -40,256             | -31,852             | -25,224             | -14,164             | -1,582              | 4,434                | 15,322               | 27,275               |  |
| National cemetery gift fund                                   | 144                 | 51                  | 0                   | 79                  | 0                   | 0                   | 0                   | 0                    | 0                    | 0                    |  |
| <b>Total trust funds (gross)</b>                              | <b>1,179,494</b>    | <b>1,234,718</b>    | <b>1,208,525</b>    | <b>1,208,330</b>    | <b>1,182,388</b>    | <b>1,184,202</b>    | <b>1,232,229</b>    | <b>1,185,014</b>     | <b>1,178,019</b>     | <b>1,128,346</b>     |  |
| DEDUCT: Proprietary receipts from the public                  | -1,282,639          | -2,677,090          | -1,474,804          | -1,710,188          | -1,393,310          | -1,691,506          | -1,366,596          | -689,584             | -531,188             | -530,144             |  |
| <b>Total trust funds (net)</b>                                | <b>-103,145</b>     | <b>-1,442,372</b>   | <b>-2,666,279</b>   | <b>-501,858</b>     | <b>-210,922</b>     | <b>-507,304</b>     | <b>-134,367</b>     | <b>495,430</b>       | <b>646,831</b>       | <b>598,202</b>       |  |
| DEDUCT: Intragovernmental transactions                        | -1,665              | -1,279              | -1,670              | -886                | -725                | -1,191              | -1,303              | -1,269               | -1,015               | -793                 |  |
| <b>Total Department of Veterans Affairs</b>                   | <b>\$56,892,300</b> | <b>\$59,555,181</b> | <b>\$69,667,378</b> | <b>\$69,950,105</b> | <b>\$72,804,697</b> | <b>\$84,855,311</b> | <b>\$95,559,159</b> | <b>\$108,761,246</b> | <b>\$127,115,727</b> | <b>\$124,173,445</b> |  |

**Total Average Employment  
2003 - 2012 Actuals**

| Appropriation/Fund Account                       | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Medical Programs</b>                          |                |                |                |                |                |                |                |                |                |                |
| Medical Care                                     | 186,553        | *              | *              | *              | *              | *              | *              | *              | *              | *              |
| Medical Services                                 |                | 131,140        | 135,283        | 135,186        | 140,491        | 158,263        | 172,338        | 178,913        | 185,064        | 187,313        |
| Medical Support and Compliance                   |                | 34,218         | 35,652         | 36,244         | 37,405         | 35,847         | 39,851         | 42,434         | 45,258         | 47,021         |
| Medical Facilities                               |                | 28,914         | 26,715         | 26,470         | 26,678         | 22,291         | 23,430         | 23,790         | 23,908         | 23,321         |
| Total Medical Care Programs                      | 186,553        | 194,272        | 197,650        | 197,900        | 204,574        | 216,401        | 235,619        | 245,137        | 254,230        | 257,655        |
| Medical and Prosthetic Research                  | 3,217          | 3,234          | 3,206          | 3,193          | 3,175          | 3,142          | 3,226          | 3,352          | 3,526          | 3,496          |
| DoD-VA Health Care Sharing Incentive Fund        |                |                |                |                | 88             | 126            | 126            | 127            | 132            | 151            |
| Joint DoD-VA Medical Facility Demonstration Fund |                |                |                |                |                |                |                |                | 479            | 1,957          |
| Canteen Service Revolving Fund                   | 2,837          | 2,890          | 2,952          | 2,965          | 2,953          | 3,008          | 3,170          | 3,246          | 3,274          | 3,294          |
| <b>Total Medical Programs</b>                    | <b>193,158</b> | <b>200,395</b> | <b>203,808</b> | <b>204,058</b> | <b>210,790</b> | <b>222,677</b> | <b>242,141</b> | <b>251,862</b> | <b>261,641</b> | <b>266,554</b> |
| <b>Construction Programs</b>                     |                |                |                |                |                |                |                |                |                |                |
| Construction, major projects                     | 6              | 0              | 6              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Construction, minor projects                     | 50             | 36             | 50             | 19             | 17             | 19             | 12             | 8              | 0              | 0              |
| <b>Total Construction Programs</b>               | <b>56</b>      | <b>36</b>      | <b>56</b>      | <b>19</b>      | <b>17</b>      | <b>19</b>      | <b>12</b>      | <b>8</b>       | <b>0</b>       | <b>0</b>       |
| General Operating Expenses                       |                |                |                |                |                |                |                |                |                |                |
| Veterans Benefits Administration                 | 13,206         | 12,795         | 12,582         | 12,810         | 13,504         | 14,965         | 17,123         | 19,605         | 19,990         | 20,325         |
| General Administration                           | 2,385          | 2,431          | 2,499          | 2,589          | 2,901          | 2,420          | 2,591          | 2,753          | 2,941          | 2,972          |
| <b>Total General Operating Expenses</b>          | <b>15,591</b>  | <b>15,226</b>  | <b>15,081</b>  | <b>15,399</b>  | <b>16,405</b>  | <b>17,385</b>  | <b>19,714</b>  | <b>22,358</b>  | <b>22,931</b>  | <b>23,297</b>  |
| Information Technology**                         | **             | **             | **             | **             | **             | 6,348          | 6,710          | 6,853          | 7,004          | 7,311          |
| National Cemetery Administration                 | 1,476          | 1,492          | 1,523          | 1,527          | 1,541          | 1,512          | 1,622          | 1,670          | 1,676          | 1,652          |
| Office of Inspector General                      | 399            | 434            | 454            | 480            | 470            | 448            | 509            | 553            | 633            | 637            |
| Franchise Fund                                   | 662            | 706            | 688            | 688            | 726            | 702            | 769            | 822            | 1,054          | 1,020          |
| Supply Fund                                      | 410            | 421            | 414            | 435            | 426            | 407            | 504            | 699            | 803            | 896            |
| <b>Total Department of Veterans Affairs</b>      | <b>211,752</b> | <b>218,710</b> | <b>222,024</b> | <b>222,605</b> | <b>230,375</b> | <b>249,498</b> | <b>271,981</b> | <b>284,825</b> | <b>295,742</b> | <b>301,366</b> |

\* Reflects change in the Veterans Health Administration appropriations structure as enacted in 2004.

\*\* Reflects change in the IT appropriations structure as enacted in 2008.

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## *Estimates of Combat Theatre Obligations*

- **In compliance with provisions of the Veterans' Judicial Review Act, P. L. 100-687, Section 1404.**

| <i>Estimates of Combat Theatre Obligations from the National Survey of Veterans</i><br>(dollars in millions) |                     |  |   |
|--|---------------------|--|---|
| Appropriations   | 2012<br>Obligations | Estimate<br>of Combat<br>Theatre<br>Veterans * | Estimated<br>Obligation<br>on Combat<br>Theatre<br>Veterans |
| Employment Services  |                     |  |   |
| HIRE/CETA  |                     | N/A  |   |
| EJTP/VJTP  |                     | N/A  |   |
| Compensation   | 54,083              | 58%  | \$31,368  |
| Dependency and Indemnity Compensation  |                     | N/A  |   |
| Pensions   |                     |  |   |
| Veterans   | 3,479               | 27%  | \$939   |
| Survivors  | 1,414               | N/A  |   |
| Inpatient Facilities (including long-term care)  | 16,724              | N/A  |   |
| Outpatient Care  | 23,611              | N/A  |   |
| Miscellaneous Medical Service  | 13,352              | N/A  |   |
| Readjustment Counseling  | 181                 | N/A  |   |
| Veterans Insurance and Indemnities   | 104                 | N/A  |   |
| Specially Adapted Housing  | 59                  | N/A  |   |
| Burial Benefits  | 167                 | 45%  | \$75  |
| Educational Assistance   | 10,341              | 38%  | \$3,930   |
| Vocational Rehabilitation  | 799                 | 52%  | \$415   |
| Survivors' and Dependents' Educational Assistance  | 455                 | N/A  |   |
| Home Loan Guaranty   | 1,717               | 41%  | \$704   |
| Automobiles and Adaptive Equipment   | 110                 | N/A  |   |

\* Combat Theatre is based on the question, "Did you ever serve in a combat or war zone?" from the 2010 National Survey of Veterans (NSV). N/A - Not available from the 2010 NSV.

NSV questions on program usage refer to current usage (2009 - 2010 time period) or in case of burial benefits anticipated usage

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## Performance Measures by Program

| Organization/Program/Measure<br>(Key Measures in Bold)   | Past Fiscal Year Results |        |        |                 | Fiscal Year Targets |                   |                                      | Strategic Targets |
|--|--------------------------|--------|--------|-----------------|---------------------|-------------------|--------------------------------------|-------------------|
|  | 2009                     | 2010   | 2011   | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                   |
| <b>Veterans Health Administration</b>  |                          |        |        |                 |                     |                   |                                      |                   |
| <i>Medical Care Programs</i>   |                          |        |        |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>  |                          |        |        |                 |                     |                   |                                      |                   |
| <b>Prevention Index V</b><br>(The 2009-2011 results are PI IV. The 2012-2014 targets are PI V.)  | 89%                      | 91%    | 92%    | 94%             | 93%                 | 94%               | 94%                                  | 95%               |
| <b>Clinical Practice Guidelines Index IV</b><br>(The 2009-2011 results are CPGI III. The 2012-2014 targets are CPGI IV.)   | 91%                      | 92%    | 91%    | 94%             | 92%                 | 93%               | 93%                                  | 94%               |
| Percent of total HUD-VASH vouchers that resulted in a Veteran achieving resident status<br><b>(Supports Agency Priority Goal)</b>  | N/Av                     | 88%    | 100%   | 92%             | 88%                 | 90%               | 90%                                  | 90%               |
| Number of Homeless Veterans on a single night<br><b>(Supports Agency Priority Goal)</b> (Joint VHA-OPIA measure)<br>(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                                  | TBD               |
| Percent of targeted population of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period<br>(The targeted number of Veterans remains unchanged, but the manner in which the information is displayed within the Future and Strategic Targets beginning in FY 2013 has been improved to reflect more directly the percent of Veterans who would be realistically expected to agree to participate in this psychotherapy, rather than assuming all OEF/OIF/OND Veterans would participate.) | N/Av                     | 11%    | 15%    | 15%             | 67%                 | 83%               | 90%                                  | 97%               |
| The percent of Veterans being discharged from an inpatient Mental Health unit who receive outpatient mental health follow-up care within 7 days of discharge<br>(The description of this measure has been changed in 2013 to more accurately reflect how this is measured.)  | N/Av                     | N/Av   | N/Av   | N/Av            | 68%                 | 75%               | 80%                                  | 85%               |



| Organization/Program/Measure<br>(Key Measures in Bold)  | Past Fiscal Year Results |      |      |                 | Fiscal Year Targets |                   |                                      | Strategic Targets |
|---|--------------------------|------|------|-----------------|---------------------|-------------------|--------------------------------------|-------------------|
|   | 2009                     | 2010 | 2011 | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                   |
| <b>Veterans Health Administration</b>   |                          |      |      |                 |                     |                   |                                      |                   |
| <i>Medical Care Programs</i>  |                          |      |      |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>   |                          |      |      |                 |                     |                   |                                      |                   |
| <b>Percent of new mental health appointments completed within 14 days of the create date for the appointment (New)</b><br>[1] In 2013, VHA updated the methodology to measure wait times for new patient appointments to improve reliability and consistency. Appointments for new patients will use the create date, defined as when the appointment was made and automatically captured by the scheduling system. Therefore, no targets are set in 2013 and 2014 so baseline performance can be established.  | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of established mental health patients with a scheduled appointment within 14 days of the desired date for the appointment (New)</b><br>[2] In 2013, VHA updated the methodology to measure wait times for established patient appointments to improve reliability and consistency. Appointments for established patients will use the desired date, defined as the agreed upon date determined together by provider and patient. Desired date is measured prospectively to better represent patient satisfaction. Therefore, no targets are set in 2013 and 2014 so baseline performance can be established. | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of new primary care appointments completed within 14 days of the create date for the appointment (New)</b>   | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of established primary care patients with a scheduled appointment within 14 days of the desired date for the appointment (New)</b>   | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of new specialty care appointments completed within 14 days of the create date for the appointment (New)</b> (See [3] above)   | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of established specialty care patients with a scheduled appointment within 14 days of the desired date for the appointment (New)</b> (See [4] above)   | N/Av                     | N/Av | N/Av | N/Av            | TBD (Baseline)      | TBD               | TBD                                  | TBD               |
| <b>Percent of patients rating VA health care as 9 or 10 (on a scale from 0 to 10)</b><br>(VHA has moved to a nationally standardized tool, a family of surveys known as Consumer Assessment of Health Care Plans and Systems (CAHPS). 2009 was a re-baseline year to determine both annual and strategic targets. The 2009 results are not comparable with prior years and cannot be compared to 2010 due to additional changes to the survey instrument and administration protocol that were implemented in 2010. 2011 was a re-baseline year after measure validation was completed in 2010.)                        |                          |      |      |                 |                     |                   |                                      |                   |
| <b>Inpatient</b>  | 63%<br>(Baseline)        | 64%  | 64%  | 64%             | 66%                 | 67%               | 67%                                  | 75%               |
| <b>Outpatient</b>   | 57%<br>(Baseline)        | 55%  | 55%  | 55%             | 58%                 | 59%               | 59%                                  | 70%               |

| Organization/Program/Measure<br>(Key Measures in Bold)  | Past Fiscal Year Results |      |                   |              | Fiscal Year Targets |                |                             | Strategic Targets |
|---|--------------------------|------|-------------------|--------------|---------------------|----------------|-----------------------------|-------------------|
|   | 2009                     | 2010 | 2011              | 2012 (Final) | 2013 (Request)      | 2014 (Request) | 2015 (Adv. Approp. Request) |                   |
| <b>Veterans Health Administration</b>   |                          |      |                   |              |                     |                |                             |                   |
| <i>Medical Care Programs</i>  |                          |      |                   |              |                     |                |                             |                   |
| <b>Performance Measures</b>   |                          |      |                   |              |                     |                |                             |                   |
| Percent of Veterans who report "yes" to the Shared Decision-making questions in the Inpatient Surveys of the Health Experiences of Patients (SHEP)<br>(2011 was a re-baseline year after measure validation was completed in 2010.)   | N/Av                     | 71%  | 72%<br>(Baseline) | 72%          | 72%                 | 73%            | 73%                         | 75%               |
| The average proportion of patients responding "Always" to receiving timely appointments, care and information (New)   | N/Av                     | N/Av | N/Av              | N/Av         | TBD (Baseline)      | TBD            | TBD                         | TBD               |
| Percent of NonVA claims paid in 30 days (VHA)   | N/Av                     | N/Av | 79%               | 80%          | 90%                 | 90%            | 90%                         | 90%               |
| <i>Medical Research</i>   |                          |      |                   |              |                     |                |                             |                   |
| <b>Performance Measures</b>   |                          |      |                   |              |                     |                |                             |                   |
| Percent of Veterans participating in telehealth (The description of this measure was changed in 2012 to reflect a more patient centric assessment of telehealth growth. Telehealth programs that are included in the Monthly Performance Review metric = Clinical Video Telehealth (CVT), Home Telehealth (HT) and Store and Forward Telehealth (SFT). The denominator is the number of unique patients in the most recent fiscal year, excluding: Non-Veterans, Active Duty Service members, Caregivers, and Veterans receiving Pharmacy services only. The FY 2012 denominator was 5,455,769 Veterans.) | N/Av                     | N/Av | N/Av              | 9%           | 15%                 | 16%            | 16%                         | TBD               |
| <b>Veterans Benefits Administration</b>   |                          |      |                   |              |                     |                |                             |                   |
| <i>Compensation and Pension</i>   |                          |      |                   |              |                     |                |                             |                   |
| <b>Performance Measures</b>   |                          |      |                   |              |                     |                |                             |                   |
| <b>National accuracy rate - compensation entitlement claims (Supports Agency Priority Goal)</b>   | 84%                      | 84%  | 84%               | 86%          | 90%                 | 93%            |                             | 98%               |
| Compensation maintenance claims - average days to complete  | N/Av                     | 99   | 106               | 128          | 110                 | 90             |                             | 60                |
| Compensation entitlement claims - average days to complete (Supports Agency Priority Goal)  | 161                      | 166  | 188               | 287          | 250                 | 250            |                             | 90                |
| Burial claims processed - average days to complete (Compensation)   | 78                       | 76   | 113               | 178          | 140                 | 90             |                             | 21                |
| National accuracy rate -- compensation maintenance claims   | 95%                      | 96%  | 97%               | 95%          | 97%                 | 98%            |                             | 98%               |
| National accuracy rate - burial claims processed (Compensation)   | N/Av                     | N/Av | N/Av              | 100%         | 98%                 | 98%            |                             | 98%               |
| Overall satisfaction rate (%) (Compensation)  | N/Av                     | N/Av | N/Av              | N/Av         | baseline            | TBD            |                             | TBD               |
| <b>National accuracy rate - pension maintenance claims</b>  | 95%                      | 96%  | 97%               | 98%          | 98%                 | 98%            |                             | 98%               |
| <b>Original and reopened pension claims - average days to complete (Supports Agency Priority Goal) (new)</b>  | N/Av                     | N/Av | N/Av              | 113%         | 115                 | 100            |                             | 90                |
| National accuracy rate - original and reopened pension claims   | 95%                      | 96%  | 98%               | 97%          | 98%                 | 98%            |                             | 98%               |
| Overall satisfaction rate (%) (Pension)   | N/Av                     | N/Av | N/Av              | N/Av         | baseline            | TBD            |                             | TBD               |

| Organization/Program/Measure<br>(Key Measures in Bold)  | Past Fiscal Year Results |      |                  |                 | Fiscal Year Targets |                   |                                      | Strategic Targets |
|---|--------------------------|------|------------------|-----------------|---------------------|-------------------|--------------------------------------|-------------------|
|   | 2009                     | 2010 | 2011             | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                   |
| <b>Percent of disability compensation and pension claims pending inventory that is more than 125 days old (Supports Agency Priority Goal)</b>                           | N/Av                     | 36%  | 60%              | 66%             | 40%                 | 40%               |                                      | 0%                |
| <b>Number of registered eBenefits users (Supports Agency Priority Goal)</b>   | N/Av                     | N/Av | 1M<br>(Baseline) | 1.65M           | 2.5M                | 3.5M              |                                      | 3.5M              |
| Pension National accuracy rate - fiduciary work   | 82%                      | 85%  | 88%              | 86%             | 92%                 | 92%               |                                      | 98%               |
| Appeals resolution time (From NOD to Final Decision) (Average Number of Days)   | 709                      | 656  | 747              | 866             | 650                 | 625               |                                      | 400               |
| Average days to complete original survivors pension claims  | N/Av                     | N/Av | N/Av             | 231             | 230                 | 150               |                                      | 90                |
| National Call Center Client Satisfaction Index Score (New)  | N/Av                     | N/Av | N/Av             | Baseline        | 754                 | 765               |                                      | 765               |
| Percent of IDES participants who will be awarded benefits within 30 days of discharge   | N/Av                     | N/Av | N/Av             | N/Av            | 60%                 | 80%               |                                      | 90%               |
| <b>Education</b>  |                          |      |                  |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>   |                          |      |                  |                 |                     |                   |                                      |                   |
| <b>Average days to complete original Education claims</b>   | 26                       | 39   | 24               | 31              | 28                  | 28                |                                      | 28                |
| <b>Average days to complete supplemental Education claims</b>   | 13                       | 16   | 12               | 17              | 14                  | 14                |                                      | 14                |
| 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               |
| Education Claims Completed Per FTE  | N/Av                     | N/Av | N/Av             | N/Av            | Baseline            | TBD               |                                      | TBD               |
| Payment accuracy rate (Education)   | 96%                      | 95%  | 98%              | 98%             | 98%                 | 98%               |                                      | 98%               |
| Education Call Center Client Satisfaction Index Score   | N/Av                     | N/Av | N/Av             | N/Av            | 754                 | 754               |                                      | 765               |
| Percent of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim   | N/Av                     | N/Av | N/Av             | N/Av            | Baseline            | TBD               |                                      | TBD               |
| Percent of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal | N/Av                     | N/Av | N/Av             | N/Av            | Baseline            | TBD               |                                      | TBD               |
| <b>Vocational Rehabilitation and Employment</b>   |                          |      |                  |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>   |                          |      |                  |                 |                     |                   |                                      |                   |
| <b>Rehabilitation Rate (General)</b>  | 74%                      | 76%  | 77%              | 77%             | 77%                 | 78%               |                                      | 80%               |
| Employment Rehabilitation Rate  | Baseline                 | 73%  | 74%              | 73%             | 77%                 | 77%               |                                      | 80%               |
| Accuracy Rate of Vocational Rehabilitation Program Completion Decisions   | 96%                      | 96%  | 97%              | 97%             | 97%                 | 98%               |                                      | 99%               |
| Veterans' satisfaction with the Vocational Rehabilitation and Employment Program  | N/Av                     | N/Av | N/Av             | Baseline        | TBD                 | TBD               |                                      | TBD               |

| Organization/Program/Measure<br>(Key Measures in Bold)   | Past Fiscal Year Results |        |          |                 | Fiscal Year Targets |                   |                                      | Strategic<br>Targets |
|--|--------------------------|--------|----------|-----------------|---------------------|-------------------|--------------------------------------|----------------------|
|  | 2009                     | 2010   | 2011     | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                      |
| <b>Housing</b>   |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Performance Measures</b>  |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Default Resolution Rate</b>   | 71.5%                    | 76.3%  | 83.0%    | 80.9%           | 82.0%               | 83.0%             |                                      | 85.0%                |
| Program Review Accuracy Rate (Housing)   | N/Av                     | N/Av   | Baseline | 98.4%           | 98.0%               | 98.5%             |                                      | 99.0%                |
| Rate of homeownership for Veterans compared to that of the general population  | 117.2%                   | 117.2% | 122.98%  | 123.1%          | 120.5%              | 120.5%            |                                      | 122.0%               |
| Specially Adapted Housing (SAH) grantees who believe adaptations obtained under the program have helped them live more independently                             | N/Av                     | N/Av   | N/Av     | N/Av            | baseline            | TBD               |                                      | TBD                  |
| Veterans' Satisfaction Level with the VA Loan Guaranty Program   | 92.3%                    | N/Av   | N/Av     | N/Av            | baseline            | TBD               |                                      | TBD                  |
| <b>Insurance</b>   |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Performance Measures</b>  |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Rate of high client satisfaction ratings on Insurance services delivered</b>  | 95%                      | 95%    | 95%      | 95%             | 95%                 | 95%               |                                      | 95%                  |
| Number of disbursements (death claims, loans, and cash surrenders) per FTE (Insurance)   | 1,755                    | 1,714  | 1,786    | 1,775           | 1,750               | 1,770             |                                      | 1,800                |
| <b>National Cemetery Administration</b>  |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Burial Program</b>  |                          |        |          |                 |                     |                   |                                      |                      |
| <b>Performance Measures</b>  |                          |        |          |                 |                     |                   |                                      |                      |
| <b>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</b> | 93%                      | 74%    | 93%      | 88%             | 90%                 | 90%               |                                      | 90%                  |
| <b>Percent of graves in national cemeteries marked within 60 days of interment</b>   | 95%                      | 94%    | 93%      | 89%             | 95%                 | 95%               |                                      | 95%                  |
| <b>Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence</b>  | 87.4%                    | 88.1%  | 89.0%    | 89.6%           | 89.5%               | 89.6%             |                                      | 95.0%                |
| <b>Percent of respondents who rate the quality of service provided by the national cemeteries as excellent</b>   | 95%                      | 95%    | 95%      | 98%             | 98%                 | 98%               |                                      | 100%                 |
| <b>Percent of respondents who rate national cemetery appearance as excellent</b>   | 98%                      | 98%    | 98%      | 99%             | 99%                 | 99%               |                                      | 100%                 |
| Percent of respondents who would recommend the national cemetery to Veteran families during their time of need   | 98%                      | 98%    | 98%      | 99%             | 99%                 | 99%               |                                      | 100%                 |
| Percent of gravesites that have grades that are level and blend with adjacent grade levels   | 90%                      | 89%    | 91%      | 93%             | 87%                 | 84%               |                                      | 95%                  |
| Percent of headstones and markers that are delivered undamaged and correctly inscribed   | 96%                      | 96%    | 95%      | 96%             | 97%                 | 97%               |                                      | 98%                  |
| Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations  | 82%                      | 85%    | 82%      | 82%             | 83%                 | 80%               |                                      | 95%                  |
| Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment  | 64%                      | 67%    | 70%      | 69%             | 71%                 | 70%               |                                      | 90%                  |
| Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent                                    | N/Av                     | 94%    | 95%      | 91%             | 96%                 | 97%               |                                      | 100%                 |
| Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent                      | N/Av                     | 96%    | 94%      | 90%             | 97%                 | 97%               |                                      | 100%                 |

| Organization/Program/Measure<br>(Key Measures in Bold)   | Past Fiscal Year Results |        |        |                 | Fiscal Year Targets |                   |                                      | Strategic Targets |
|--|--------------------------|--------|--------|-----------------|---------------------|-------------------|--------------------------------------|-------------------|
|  | 2009                     | 2010   | 2011   | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                   |
| <b>Board of Veterans' Appeals</b>  |                          |        |        |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>  |                          |        |        |                 |                     |                   |                                      |                   |
| Appeals resolution time (From NOD to Final Decision) (Average Number of Days) (Joint BVA-VBA Compensation and Pension measure)   | 709                      | 656    | 747    | 866             | 650                 | 625               |                                      | 400               |
| BVA Cycle Time (Excludes Representative Time) (Average Number of Days)   | 100                      | 99     | 119    | 117             | 140                 | 140               |                                      | 104               |
| Percent of Total Hearings that are Conducted via Video Conference  | N/Av                     | N/Av   | 29%    | 40%             | 46%                 | 50%               |                                      | 50%               |
| BVA pending inventory  | 17,713                   | 21,112 | 20,287 | 25,599          | 29,187              | 46,860            |                                      | 21,000            |
| <b>Departmental Management</b>   |                          |        |        |                 |                     |                   |                                      |                   |
| <b>Performance Measures</b>  |                          |        |        |                 |                     |                   |                                      |                   |
| Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses (OSDBU)<br>(1) VA's data reported may differ from data reported by the Small Business Administration (SBA) due to the timing of when SBA runs its report.        | 16.96%                   | 20.0%  | 18.3%  | 20.0%           | 10.0%               | 10.0%             |                                      | 10.0%             |
| Percent of total procurement dollars awarded to Veteran-owned small businesses (OSDBU) (See (1) above)   | 19.30%                   | 23.0%  | 20.5%  | 22.0%           | 12.0%               | 12.0%             |                                      | 12.0%             |
| Percent of total procurement dollars awarded to businesses located in Historically Underutilized Business Zones. (OSDBU) (See (1) above)   | 19.00%                   | 23.0%  | 21.0%  | 22.0%           | 12.0%               | 12.0%             |                                      | 12.0%             |
| Percent of complete verification applications in the Vendor Information Pages (VIP) database that are processed within 60 days (OSDBU) (Measure revised from 90 to 60 days in FY 2013. Target adjusted accordingly to account for new, more aggressive standard) | N/Av                     | N/Av   | 93.0%  | 95.0%           | 90.0%               | 95.0%             |                                      | 95.0%             |
| Number of Homeless Veterans on any given night ( <b>Supports Agency Priority Goal</b> ) (Joint VHA-OPIA measure)   | N/Av                     | N/Av   | N/Av   | 62,619          | 47,000              | 35,000            |                                      | TBD               |
| Percent of visitors to VA's website that indicated that they are satisfied/highly satisfied with information presented (OPIA)  | N/Av                     | N/Av   | 67%    | 67%             | 73%                 | 77%               |                                      | 80%               |
| Increase percent of Veterans aware of using benefits, reached through advertising and marketing efforts (OPIA)   | N/Av                     | N/Av   | N/Av   | 5%              | 10%                 | 15%               |                                      | 15%               |
| Number of Material Weaknesses (OIT)  | 4                        | 1      | 1      | 1               | 1                   | 1                 |                                      | 0                 |
| Percent of milestones achieved towards deployment and implementation of a paperless disability claims processing system ( <b>Supports Agency Priority Goal</b> ) (OIT)   | N/Av                     | N/Av   | 100%   | 100%            | 100%                | 100%              |                                      | 100%              |
| Percent of milestones achieved in deploying and implementing the Veterans Relationship Management System (VRMS) ( <b>Supports Agency Priority Goal</b> ) (OIT)   | N/Av                     | N/Av   | 30%    | 70%             | 100%                | 100%              |                                      | 100%              |
| Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER) ( <b>Supports Agency Priority Goal</b> ) (OIT)  | N/Av                     | N/Av   | 88%    | 60%             | 100%                | 100%              |                                      | 100%              |
| Percent of VA IT projects delivering functionality on 6-month or less intervals (OIT)  | N/Av                     | 80.00% | 80%    | 80%             | 80%                 | 80%               |                                      | 100%              |
| The enterprise VA American Customer Service Index for internal customer satisfaction with VA IT services (OIT)   | N/Av                     | N/Av   | 71.0%  | 73%             | 74%                 | 75%               |                                      | 76%               |

| Organization/Program/Measure<br>(Key Measures in Bold)  | Past Fiscal Year Results |      |          |                 | Fiscal Year Targets |                   |                                      | Strategic Targets |
|---|--------------------------|------|----------|-----------------|---------------------|-------------------|--------------------------------------|-------------------|
|   | 2009                     | 2010 | 2011     | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv.<br>Approp.<br>Request) |                   |
| Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe (OCLA)  | 75%                      | 12%  | 90%      | 76%             | 85%                 | 90%               |                                      | 90%               |
| Percentage of testimony submitted to Congress within the required timeframe (OCLA)  | 80%                      | 62%  | 98%      | 87%             | 90%                 | 90%               |                                      | 90%               |
| Percentage of title 38 reports that are submitted to Congress within the required timeframe (OCLA)  | 76%                      | 63%  | 33%      | 60%             | 85%                 | 85%               |                                      | 85%               |
| Percent of employees in mission critical and key occupations who participated in a competency-based training program within the last 12 months (HRA)<br>*HRA will continue working with customers to determine which occupations are considered mission critical  | N/Av                     | 20%  | 45%      | 50%             | 55%                 | 60%               |                                      | 75%               |
| Percent of Title 5 employees hired through competitive examining process within 80 days   | 64%                      | 46%  | 48.0%    | 51.0%           | 55%                 | 59%               |                                      | 75%               |
| Percentage of VA employees who are Veterans (HRA)   | 30%                      | 31%  | 32%      | 32%             | 35%                 | 40%               |                                      | 40%               |
| Weighted Satisfaction Index related to: (1) timeliness of legal services (VA client-organization-centered) (2) responsiveness of legal services (VA client-organization-centered) (3) tort processing times (Veteran-centered), and (4) Office of General Counsel employee  | N/Av                     | N/Av | baseline | 89.7%           | 89.7%               | 89.7%             |                                      | 95.0%             |
| Percent of current year (CY) electricity consumption generated with renewable energy sources (OAEM)<br>**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. | 5%                       | 7%   | 12%      | 13%             | 15%                 | 16%               |                                      | 16%               |
| Commercial Small Business Payment Timeliness (% of Small Businesses paid within 15 days of receipt of proper documentation)   | N/Av                     | N/Av | N/Av     | 87%             | 91%                 | 92%               |                                      | 92%               |
| Overall Commercial Vendor Payment Timeliness (% of Commercial Vendors paid within 15 days of receipt of proper documentation)   | N/Av                     | N/Av | N/Av     | 50%             | 91%                 | 92%               |                                      | 92%               |
| Percent of Veterans or beneficiaries who contacted VA Debt Management Center's toll-free phone line without a busy signal   | N/Av                     | 5%   | 74%      | 90%             | 95%                 | 98%               |                                      | 98%               |
| Percent of projects transferred to the VA facility upon lease acceptance in the month identified  | N/Av                     | N/Av | 76%      | 80%             | 80%                 | 82%               |                                      | 90%               |
| Percent of facilities customers that are satisfied with services being provided   | N/Av                     | N/Av | 85%      | 83%             | 85%                 | 85%               |                                      | 85%               |

| Organization/Program/Measure<br>(Key Measures in Bold)   | Past Fiscal Year Results |         |         |                 | Fiscal Year Targets |                   |                                | Strategic Targets |
|--|--------------------------|---------|---------|-----------------|---------------------|-------------------|--------------------------------|-------------------|
|  | 2009                     | 2010    | 2011    | 2012<br>(Final) | 2013<br>(Request)   | 2014<br>(Request) | 2015<br>(Adv. Approp. Request) |                   |
| <b>Office of Inspector General</b>   |                          |         |         |                 |                     |                   |                                |                   |
| <b>Performance Measures</b>  |                          |         |         |                 |                     |                   |                                |                   |
| 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               |
| Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions  | 2,250                    | 1,929   | 1,939   | 2,683           | 1,900               | 1,900             |                                | 2,300             |
| Monetary benefits (dollars 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           |
| Return on investment (monetary benefits divided by cost of operations in dollars)<br>Beginning in 2009, the cost of operations for the Office of Healthcare Inspections, whose oversight mission results in improving the health care provided to Veterans rather than saving dollars, is not included in the return on investment calculation (see OIG's September 2011 <i>Semiannual Report to Congress</i> , page 5, <a href="http://www.va.gov/oig/publications/semiannual-reports.asp">www.va.gov/oig/publications/semiannual-reports.asp</a> ) | 38 to 1                  | 20 to 1 | 76 to 1 | 36 to 1         | 15 to 1             | 18 to 1           |                                | 20 to 1           |
| Percentage of:   |                          |         |         |                 |                     |                   |                                |                   |
| Prosecutions successfully completed  | 94%                      | 97%     | 99%     | 94%             | 94%                 | 94%               |                                | 95%               |
| 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%               |
| Recommended recoveries achieved from postaward contract reviews  | N/Av                     | N/Av    | 100%    | 100%            | 96%                 | 96%               |                                | 98%               |
| OIG Customer satisfaction survey scores (based on a scale of 1 - 5, where 5 is high):  |                          |         |         |                 |                     |                   |                                |                   |
| Investigations   | 4.9                      | 4.9     | 4.9     | 4.9             | 4.5                 | 4.5               |                                | 5.0               |
| Audits and Evaluations   | 4.0                      | 4.0     | 4.4     | 4.0             | 4.0                 | 4.0               |                                | 5.0               |
| Healthcare Inspections   | 4.7                      | 4.6     | 4.6     | 4.4             | 4.3                 | 4.3               |                                | 5.0               |
| Contract Review  | 4.6                      | 4.7     | 4.8     | 4.7             | 4.2                 | 4.2               |                                | 5.0               |



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## *Selected Facilities by Type*

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### *Selected VA Facilities by Type* (as of December 2012)

| <b>Type of Facility</b>   | <b>Number</b> |
|---|---------------|
| Domiciliary Rehabilitation Treatment Programs - As of September 30, 2012  | 107           |
| Geriatric Research, Education, and Clinical Centers - As of December 2012 | 20            |
| Health Administration Management Center                                   | 1             |
| Independent Outpatient Clinics  | 6             |
| Insurance Center  | 1             |
| Memorial Service Networks   | 5             |
| Mobile Clinics  | 11            |
| Nursing Home Units  | 133           |
| Orthotic/Prosthetic Laboratories  | 67            |
| Prosthetic and Sensory Aids Restoration Clinics                           | 5             |
| Regional Loan Centers   | 9             |
| Appeals Management Center   | 1             |
| Regional Office - Outpatient Clinic                                       | 1             |
| Regional Offices  | 56            |
| Regional Pension Management Centers                                       | 3             |
| Regional Education Processing Offices                                     | 4             |
| VA Hospitals  | 152           |
| VA National Cemeteries  | 131           |
| VA Outpatient Clinics - As of September 30, 2012                          | 821           |
| Vet Centers - As of September 30, 2012                                    | 300           |
| Mobile Vet Centers - As of September 30, 2012                             | 70            |
| Veterans Benefits Administration Area Offices                             | 4             |
| Veterans Integrated Service Networks (VISNS)                              | 21            |



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