



FY 2009 Highlights for the Citizen



Honoring America's Heroes

Purpose of the Highlights: *What it Contains*



The *Highlights for the Citizen* is based on VA's full Performance and Accountability Report (PAR). The *Highlights* communicates VA's most important performance results, financial statements, and other information in an easy-to-read format.

The PAR, together with its *Highlights for the Citizen* companion, contains performance targets and results achieved during FY 2009. It is VA's report card and communicates to the American people how well VA has done, the tangible public benefits we have produced, the impact VA has had in improving Veterans' quality of life, and the forward-looking strategies we are employing to achieve and maintain excellence.

VA's Mission: *What We are Here to Do*



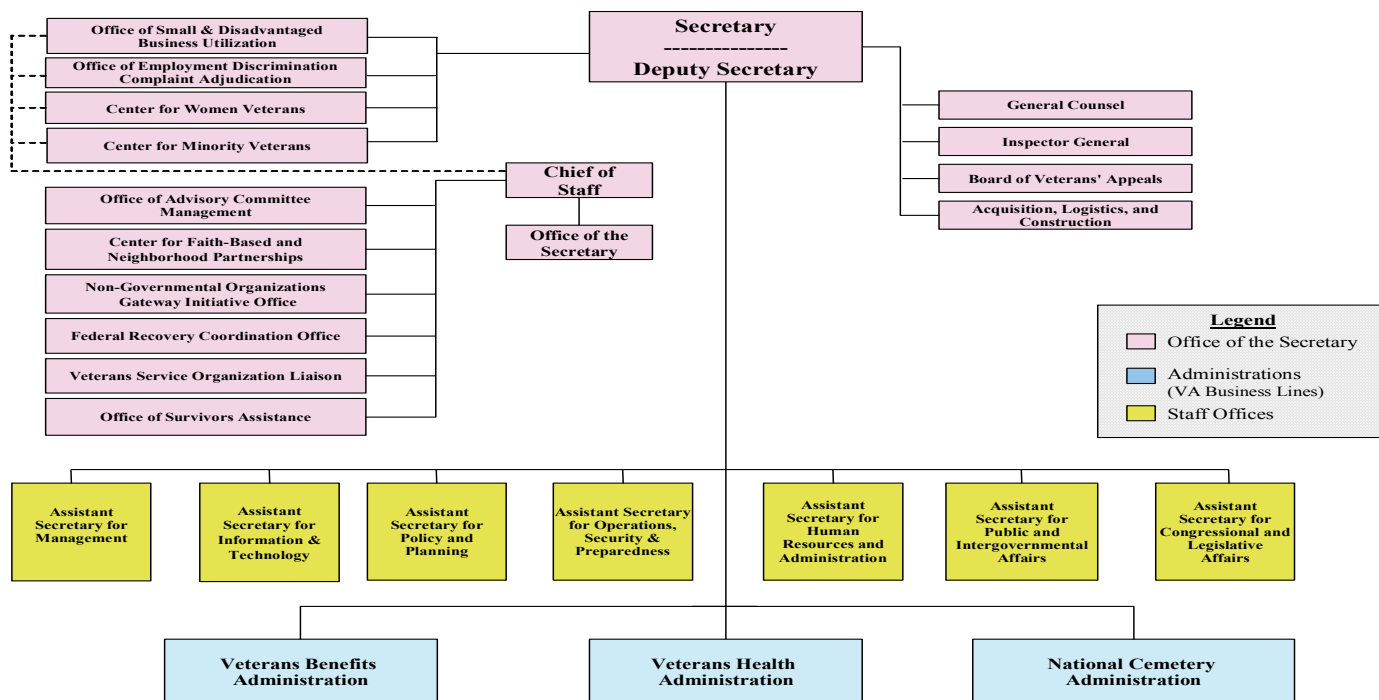
To fulfill President Lincoln's promise – "To care for him who shall have borne the battle, and for his widow, and his orphan" – by serving and honoring the men and women who are America's Veterans.

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. We care for Veterans and their families – 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 VA's employees are proud to fulfill.

Our Organization: *How We are Structured*



VA is structured around the Office of the Secretary, which develops policy and oversees special programs for Veterans, the three Administrations that operate VA's primary programs, and staff offices that support all organizations.





THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

March 3, 2010

To the American People,

I am pleased to provide you with the *Department of Veterans Affairs (VA) FY 2009 Highlights for the Citizen*. This is a short “user-friendly” summary of the progress VA made in FY 2009 toward improving the timeliness, accessibility, and quality of health care and benefits that Veterans have earned through their sacrifice and service to our country. It also transparently describes the remaining challenges we face—challenges that we are aggressively tackling in order to strengthen the delivery of benefits and services consistent with Veterans’ expectations.

Despite the many accomplishments the Department achieved during FY 2009, we realize that fundamental changes must be implemented to transform VA into a 21st Century organization that is people-centric, results-driven, and forward-looking. We will soon publish a new strategic plan that charts the course for achieving the transformation necessary for us to meet our Nation’s commitment to the men and women who have served this country in uniform.

This strategic road map includes a relentless focus on accountability for achieving results that will improve the lives of Veterans and their families, and we will accomplish this while applying business principles that will make VA more efficient and effective at every opportunity. Our new strategic goals and objectives are reflected in the individual performance plans of the senior executives in VA who are leading the key initiatives critical to achieving transformation. This linkage between organizational and employee performance will soon extend to performance plans for staff throughout the Department.

The entire Department is dedicated to serving the needs of Veterans in the 21st Century, and every VA employee has a stake in transformation to meet those needs.

Sincerely,

A handwritten signature in blue ink, reading "Eric K. Shinseki", is positioned below the word "Sincerely,". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eric K. Shinseki



Executive Summary

Introduction

In 2009, with more than \$100 billion in obligations and approximately 270,000 full-time equivalent employees, VA achieved numerous accomplishments that helped improve the quality of life for America's Veterans and their families. Our major accomplishments are summarized below.

Medical Services: *Delivering High-Quality Health Care*

In FY 2009 VA maintained its status as the largest integrated health care system in America. Throughout the year, VA implemented new innovative practices to improve Veterans' access to health care, such as telemedicine and mobile clinics, to provide care to more than 5.6 million unique patients. Our commitment to delivering timely, high-quality health care to America's Veterans while controlling costs, remains a top priority.

Key performance results for FY 2009 are as follows:

- **Patient Access:** Ninety-nine percent of primary care appointments were completed within 30 days of desired appointment date.
- **Quality of Health Care:** VA continues to improve performance on nationally recognized industry standards such as the Clinical Practice Guidelines Index (CPGI) and the Prevention Index (PI). Compared to last year's ratings the CPGI increased from 84 percent to 86 percent and PI increased from 88 percent to 89 percent.
- **Rural Health:** In addition to continuing the Rural Mobile Health Care Clinics pilots, VA supported studies and analyses on a wide range of health care issues relevant to rural and highly rural Veterans including studies on telehealth technology and implementation, the unique needs of the Native American population, and older Veterans.
- **Suicide Hotline and Suicide Prevention:** Further expansion and development of the Veterans Suicide Hotline allowed for about 350 callers a day to access the Hotline. The addition of Veterans Chat expanded the reach of the Suicide Prevention program to our newer Veterans who may choose to communicate via the Internet. Almost 20,000 referrals from callers have been sent to the local suicide prevention coordinators in the first two years of operation. Over 5,000 callers had already begun the act of hurting themselves or were at imminent risk of suicide when they called the hotline, and local community rescue services were dispatched to assist them.
- **Homeless Veterans:** In partnership with the Department of Housing and Urban Development, VA provided 20,000 units of permanent supportive housing to homeless Veterans. More than 6,300 Veterans have been placed in permanent housing and are no longer homeless.
- **Telehealth Programs:** VA's Telehealth programs, the largest and most sophisticated in the nation, are providing care for over 230,000 patients in more than 144 VA medical centers and 450 community-based outpatient clinics. Telehealth not only involves increasing the number of Veterans accessing VA care through the computer, but also expanding the types of services provided such as teleradiology, teledermatology, and telepathology, health promotion for weight management and control, and audiology clinic support.
- **VA Nursing Academy:** VA's Nursing Academy established five new partnerships with the country's leading nursing schools for the academic year 2009-2010. In addition to the six partnerships established in 2008-2009 and the four partnerships established in 2007-2008, these 15 partnerships increase recruitment and retention of VA nurses.



Benefits: Ensuring a High Quality of Life After Military Service

VA is providing compensation and pension benefits to nearly 4 million Veterans and beneficiaries. In 2009, VA received more than 1,000,000 claims for disability benefits and processed more than 975,000 of these claims. Despite a 14 percent increase in workload from last year, VA achieved a number of significant positive performance results in the benefits delivery area such as:

- **Increased Workforce:** To reduce the claims backlog and improve claims processing timeliness, VA hired 500 permanent and 2,000 temporary employees under the American Reinvestment and Recovery Act.
- **Joint Department of Defense(DoD)/VA Disability Evaluation System (DES) Pilot:** The pilot uses a single disability examination based upon VA examination standards to produce a single disability rating by VA that is used by both VA and DoD for those servicemembers who incur injury, wounds or illness that may preclude further military service. The DES pilot has assisted 337 active duty servicemembers to successfully transition to civilian life with more timely access to the benefits and services available to them through VA.
- **Seamless Transition:** VA received more than 51,000 pre-discharge claims in 2009, up from 47,000 received in 2008, through the Benefits Delivery at Discharge (BDD) program and the Quick Start program. To participate in the BDD program, servicemembers must be within 60-180 days of discharge and be available for examinations prior to discharge. Since VA rates disabilities while the servicemembers are still in military service, BDD allows disability benefits to be awarded very soon after discharge. The Quick Start program allows servicemembers with fewer than 60 days to discharge--or who do not meet the BDD criterion--to submit a claim prior to discharge. In 2009, all BDD claims were processed in a paperless environment.
- **Quality:** VA increased to 95 percent the national accuracy rate for authorization work for pension claims, compared to 92 percent in 2008.
- **Insurance:** VA processed traumatic injury protection payments, which provide short-term financial assistance to traumatically injured servicemembers, in an average of 2.9 workdays.
- **Education:** VA provided education benefits to approximately 565,000 students. With the implementation of the Post-9/11 GI Bill in August 2009, the number of students receiving education benefits increased by approximately 4 percent over FY 2008.
- **Vocational Rehabilitation and Employment:** VA rehabilitated over 10,000 Veterans in FY 2009, providing more than 8,000 of them with the required tools and skills needed to obtain and maintain employment. More than 2,000 Veterans were provided with assistance in gaining independence in daily living.
- **Housing:** VA guaranteed approximately 325,700 loans to Veterans. Of these loans, 180,900 were for the purchase of a home and 144,800 were for the reduction of the interest rate on a home loan. VA also provided 1,270 Specially Adapted Housing grants to severely disabled Veterans and servicemembers to construct an adapted dwelling or modify an existing one to meet their special needs.

Cemeteries: Honoring Veterans for Sacrifices on Behalf of the Nation

VA honors the service and sacrifices of America's Veterans through the construction and maintenance of national cemeteries as national shrines. In 2009, VA maintained nearly 3 million gravesites at 163 properties, including 130 national cemeteries and 33 other cemetery installations.

Key results include:

- **More Veterans Served by Burial Option:** More than 87 percent of Veterans are served by a burial option within a reasonable distance (75 miles) of their residence -- up from 84.2 percent in 2008. This increase resulted from the following:
 - **Five New National Cemeteries:** VA opened five new national cemeteries to serve Veterans in the areas of Birmingham, Alabama; Bakersfield, California; Columbia/Greenville, South Carolina; and Jacksonville and Sarasota, Florida. These cemeteries will provide service to about 700,000 previously unserved



Veterans and are part of the Department's largest expansion of its system of national cemeteries since the Civil War era.

- Three New State Veterans Cemeteries: VA funded the establishment of three new State Veterans Cemeteries to serve Veterans in the areas of Missoula, Montana; Abilene, Texas; and Fort Riley, Kansas.
- Timeliness: VA achieved a 95 percent threshold of the proportion of graves in national cemeteries marked within 60 days of interment, a remarkable improvement when compared to the 49 percent level of 2002.
- Quality: Ninety-eight percent of survey respondents rated national cemetery appearance as "excellent."

Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF)

VA implemented a key initiative to help ensure the successful transition of our returning military men and women to civilian life: the Care Management Tracking and Reporting Application (CMTRA). CMTRA is a robust, Web-based tracking system that allows care managers to specify a care management schedule for each individual Veteran and to identify specialty care managers for areas such as polytrauma and spinal cord injury. CMTRA also allows the Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) Care Management team to designate a lead case manager when multiple case managers are involved in the Veteran's care. As of August 2009, CMTRA tracked more than 2,300 severely ill or injured OEF/OIF Veterans' care.

VA/DoD Collaboration: *Working Together to Serve our Veterans*

In 2009, VA and DoD released the VA/DoD Clinical Practice Guideline for Management of Concussion/Mild Traumatic Brain Injury. The intent of the guideline is to reduce variation in how this injury is treated by providing facilities with a structured framework to help improve patient outcome. The guideline also provides evidence-based recommendations to assist providers and their patients in the decision-making process related to patient health care problems, and identifies outcome measures to support the development of evidence-based practice that can ultimately be used to improve clinical guidelines.

Finance: *Ensuring Proper Stewardship of Taxpayer Dollars*

VA is extremely proud to have obtained an unqualified audit opinion on our financial statements for the eleventh consecutive year. VA remains committed to aggressively pursuing improvements in our business processes and the remediation of our material weaknesses.

The FLITE Program is a major transformational effort of the Department that, when completed, will modernize VA's financial and asset management systems and improve VA's financial accountability. The implementation phase of the FLITE Program began in earnest in April 2009 when the Strategic Asset Management (SAM) pilot project was initiated at the Milwaukee VAMC. The pilot phase entails configuration, testing, and deployment of the new asset management software at the Milwaukee VAMC. After successful implementation at the SAM pilot site, SAM will be deployed at beta sites and later to the rest of the Department of Veterans Affairs.

Implementation of the American Recovery and Reinvestment Act (ARRA) (Recovery Act) of 2009 began in February 2009. VA was provided \$1.4 billion to improve its medical facilities and national cemeteries, provide grants for State nursing home and domiciliary facilities, hire and train temporary claims processors, and pursue information technology systems initiatives. VA also received an additional \$700 million to make one-time payments of \$250 to eligible Veterans and/or beneficiaries. As of September 30, VA obligated nearly 51 percent of its Recovery Act funds and made outlays totaling 27 percent. VA successfully released \$250 payments to 1.8 million Veterans and/or beneficiaries in June



2009. More than 99 percent of all contract awards for Recovery Act projects are competitively bid. In addition, Veteran-owned small business awards totaled 73.8 percent of all ARRA-awarded contracts and 75.4 percent were awarded to small businesses.

Data Quality: *Assuring Completeness and Reliability*

The financial and performance data presented in this report are complete and reliable. Throughout the year, our senior managers assess the efficiency and effectiveness of their organizations by analyzing financial and program performance data. Management relies on these data to identify control deficiencies and material inadequacies in the financial and program performance areas and to identify corrective tasks needed to resolve them. The Secretary's signed Statement of Qualified Assurance on Internal Controls may be found on page I-89 in the full PAR in the section entitled Management Control, Systems, and Compliance with Laws and Regulations.

Data Security: *Safeguarding Sensitive Information*

VA made substantial progress in 2009 to safeguard sensitive information. First, VA resolved more than half of its information security weaknesses while at the same time pursuing additional initiatives designed to further protect VA information assets. In addition, VA published its first information protection strategic plan designed to guide the continued development of a robust, mature program to improve information protection.

During 2009, VA also focused on risk mitigation and accredited or maintained accreditation on 94 percent of operational systems. VA plans to achieve 100 percent compliance by the end of FY 2010. This accreditation serves as the official management decision given by a senior Department official to authorize operation of an information system and to explicitly accept the risk to agency operations, agency assets, or individuals based on the implementation of an agreed-upon set of security controls. VA also completed information technology (IT) contingency plan tests on 95 percent of VA operational systems to ensure the continuity of operations in the event of an emergency.

VA enhanced its overall security posture by implementing technology and threat mitigation solutions. The Trusted Information Protection initiative is designed to enhance security controls on workstations and data through the use of new technology. VA's Blue Moon project is a proactive measure to improve vulnerability, configuration, and incident management.



VA On-Line: *Fast and Easy Access to Information*

Several Web sites that provide information for and about Veterans are referenced in the full FY 2009 PAR. The table below provides links to many of these sites and shows page locations where they are cited in the PAR.

<i>What Information do You Need?</i>	<i>Web Site</i>	<i>PAR Location</i>
<i>An Electronic Version of This Report</i>	www.va.gov/budget/report	See Page I-9
<i>Health Care in VA</i>	www.va.gov/health/index.asp	See Page I-12
<i>Managing My Health as a Veteran</i>	www.myhealth.va.gov	See Page II-105
<i>Medical Research in VA</i>	www.research.va.gov	See Page I-12 See Page II-78 See Page II-81
<i>Clinical Training Opportunities and Education Affiliates</i>	www.va.gov/oa	See Page II-83
<i>Disability Compensation for Veterans</i>	www.vba.va.gov/bln/21/compensation	See Page I-13
<i>Pension Benefits for Veterans</i>	www.vba.va.gov/bln/21/pension	See Page I-13
<i>Education Benefits for Veterans</i>	www.gbill.va.gov	See Page I-13 See Page I-38 See Page II-29
<i>Vocational Rehabilitation and Employment for Veterans</i>	www.vba.va.gov/bln/vre	See Page I-13
<i>Home Loans for Veterans</i>	www.homeloans.va.gov	See Page I-13 See Page II-71
<i>Specially Adapted Homes for Veterans</i>	www.homeloans.va.gov/sah.htm	See Page II-4
<i>Insurance Benefits for Veterans</i>	www.insurance.va.gov	See Page I-14 See Page II-54
<i>Burial Benefits for Veterans</i>	www.cem.va.gov	See Page I-14 See Page II-59
<i>Opportunities for Veteran-Owned Small Businesses</i>	http://www.VetBiz.gov	See Page II-86
<i>American Recovery and Reinvestment Act of 2009</i>	www.va.gov/recovery	See Page I-75
<i>Center for Minority Veterans</i>	http://www1.va.gov/centerforminorityVeterans/	See Page II-101
<i>Center for Women Veterans</i>	www.va.gov/womenvet	See Page II-100
<i>Office of Survivors Assistance</i>	www.va.gov/survivors	See Page II-20 See Page II-22



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Notes

⁽¹⁾ In this report, with the exception of table and chart titles, references to years (e.g., 2008, 2009) are fiscal years unless stated otherwise.

⁽²⁾ Questions should be directed to VA's Office of Budget at **202-461-6630**. An electronic version is available on the World Wide Web at www.va.gov/budget/report



Performance Scorecard

Color coding for FY 2009 Results
 ● Target Achieved
 ● Target Missed - Small Extent
 ● Target Missed - Great Extent

Strategic Goals	Key Performance Measures (page references)	FY 2008 Recap		FY 2009 Recap					
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2008?	Measure Type
						Yes	No		
Strategic Goal #1 RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS	National accuracy rate for compensation rating claims (pp. II-12 & 134)	90%	86%	90%	83%*		No	No	Output
	Compensation & Pension rating-related actions — average days to complete (pp. II-10 & 134) (Also supports SG #3)	169	179	168	161	Yes		Yes	Output
	Rating-related compensation actions - average days pending (pp. II-11 & 134)	120	121	116	117		No	Yes	Output
	Rehabilitation Rate (General) (pp. II-17 & 134)	75%	76%	76%	74%		No	No	Outcome
	Average days to complete Dependency and Indemnity Compensation actions (pp. II-21 & 134)	118	121	115	109	Yes		Yes	Output
Strategic Goal #2 SMOOTH TRANSITION TO CIVILIAN LIFE	Average days to complete education claims								
	Original claims (pp. II-30 & 134)	24	19	24	26		No	No	Output
	Supplemental claims (pp. II-31 & 134)	11	9	10	13		No	No	Output
Strategic Goal #3 HONORING, SERVING, AND MEMORIALIZING VETERANS	Percent of patients rating VA health care service as very good or excellent: - Inpatient (pp. II-43 & 136)	79%	79%	Baseline	62%*				Outcome
	- Outpatient (pp. II-44 & 136)	79%	78%	Baseline	56%*				Outcome
	Percent of primary care appointments completed within 30 days of the desired date (pp. II-39 & 136)	97%	99%	97%	99%*	Yes		Same	Output
	Percent of specialty care appointments completed within 30 days of the desired date (pp. II-40 & 136)	95%	98%	95%	98%*	Yes		Same	Output
	Percent of new patient appointments completed within 30 days of the create date (pp. II-41 & 136)	Baseline	89%	92%	90%*		No	Yes	Output
	Percent of unique patients waiting more than 30 days beyond the desired appointment date (pp. II-42 & 136)	Baseline	8%	6%	8%*		No	Same	Output



Performance Scorecard

Color coding for FY 2009 Results

- Target Achieved
- Target Missed - Small Extent
- Target Missed - Great Extent

Strategic Goals	Key Performance Measures (page references)	FY 2008 Recap		FY 2009 Recap						
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2008? Yes/No/Same	Measure Type	
						Yes	No			
Strategic Goal #3 (continued)	HONORING, SERVING, AND MEMORIALIZING VETERANS	Clinical Practice Guidelines Index III (pp. II-37 & 136)	85%	84%	86%	86%*	Yes		Yes	Outcome
		Prevention Index IV (pp. II-38 & 138)	88%	88%	89%	89%*	Yes		Yes	Outcome
		Non-institutional, long-term care average daily census (pp. II-45 & 138)	N/Av	54,053	72,352	71,944*		No	Yes	Output
		Pension maintenance claims — average days to complete (pp. II-50 & 138)	84	119	85	101		No	Yes	Output
		National accuracy rate for pension maintenance claims (pp. II-51 & 138)	92%	93%	94%	94%*	Yes		Yes	Output
		Average number of days to process Traumatic Injury Protection Insurance disbursements (pp. II-55 & 138)	5.0	2.5	5.0	2.9	Yes		No	Output
		Percent of Veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp. II-60 & 140)	83.7%	84.2%	86.9%	87.4%	Yes		Yes	Outcome
		Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (pp. II-61 & 140)	97%	94%	98%	95%		No	Yes	Outcome
		Percent of graves in national cemeteries marked within 60 days of interment (pp. II-66 & 140)	95%	93%	95%	95%	Yes		Yes	Output
		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 (pp. II-67 & 140)	75%	95%	90%	93%	Yes		No	Output
		Default Resolution Rate (pp. II-72 & 140)	N/Av	N/Av	56.5%	66.4%	Yes		N/A	Outcome
Strategic Goal #4	CONTRIBUTING TO THE NATION'S WELL-BEING	Progress towards development of one new treatment for post-traumatic stress disorder (3 milestones over 3 years) (pp. II-80 & 140)	80%	80%	87%	80%*		No	Same	Outcome
		Percent of respondents who rate national cemetery appearance as excellent (pp. II-90 & 142)	99%	98%	99%	98%		No	Same	Outcome

Notes: 1) * Indicates partial or estimated actual data.



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 medical 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/

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/

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 readjustment 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 and the Post-9/11 GI Bill, a new education program which provides financial support to individuals with at least 90 days of aggregate service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days.

Web: www.gibill.va.gov



Delivering Vocational Rehabilitation and Employment Services

The Vocational Rehabilitation and Employment program focuses on providing individualized services to Veterans with service-connected disabilities to assist them to achieve functional independence in daily activities, become employable, and obtain and maintain suitable employment.

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

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 grants to Veterans and servicemembers who have specific 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 7.1 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 with final resting places in national shrine cemeteries and with lasting tributes that commemorate their service 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.

New Staff Offices

Office of Survivors Assistance

Mandated by Public Law 110-389, Title II, Section 222, Oct 10, 2008, the Office of Survivors Assistance (OSA) was established to serve as a resource regarding all benefits and services furnished by the Department to survivors and dependents of deceased Veterans. OSA is the primary advisor to the Secretary and Deputy Secretary on all matters related to policies, programs, legislative issues, and other initiatives affecting survivors.



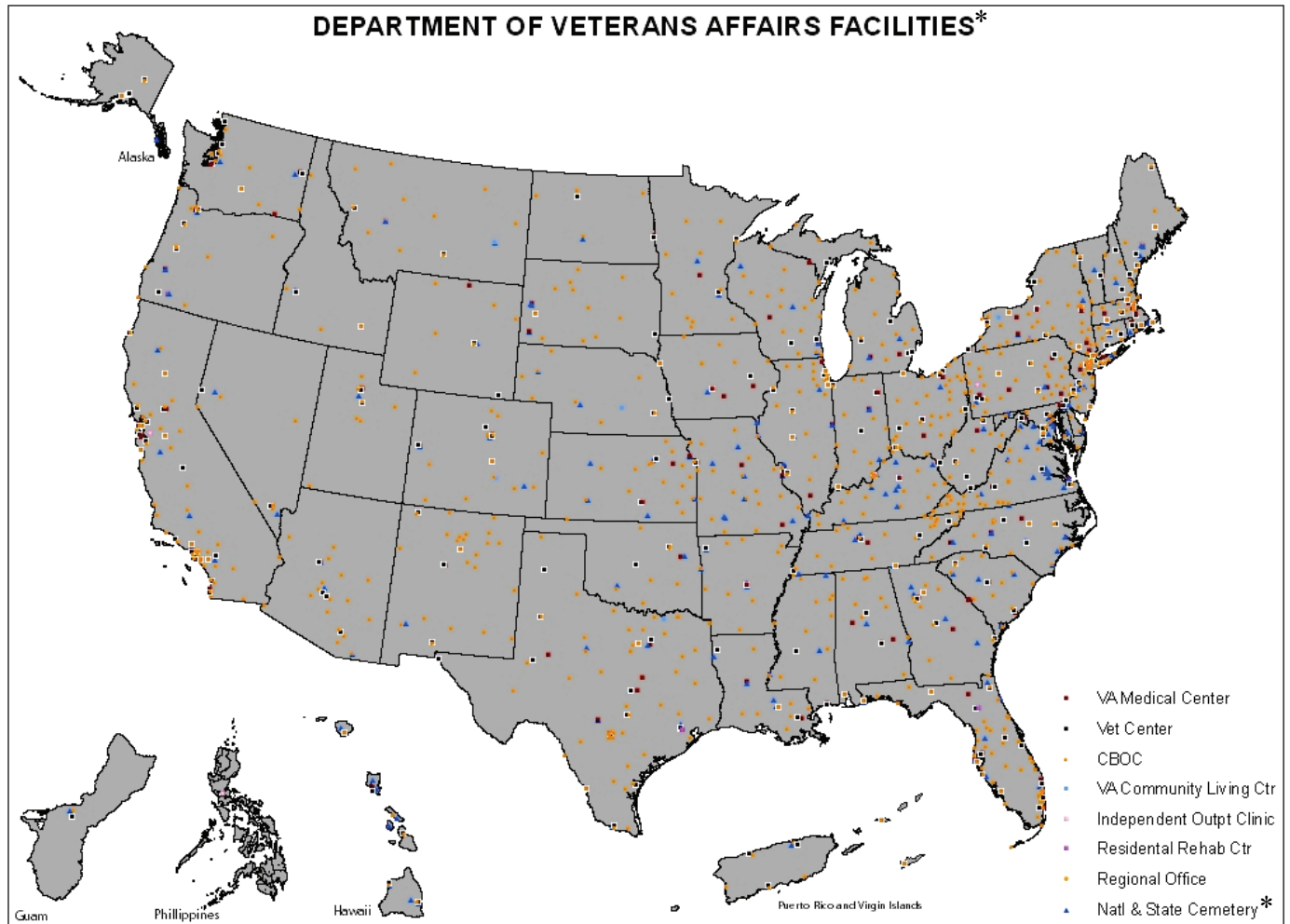
Office of Acquisition, Logistics, and Construction

In October 2008 the Office of Acquisition, Logistics, and Construction (OALC) was established to transform and modernize VA's business practices and processes. OALC is the result of the consolidation of the Office of Construction & Facilities Management and the Office of Acquisition and Logistics. OALC is responsible for acquisition, logistics, major construction, and real property functions, and the new structure is designed to improve customer service, strengthen accountability, and streamline business operations.



Our Programs: *Where We Are Located*

VA provides medical care, benefits and burial services throughout the nation. Shown below is a depiction of VA's geographical locations as of March 31, 2009. The map identifies 153 Medical Centers, 232 Vet Centers, 768 CBOCs, 134 VA Community Living Centers, 6 Independent Output Clinics, 50 Residential Rehabilitation Centers, 204 National and State Cemeteries, and 57 Regional Offices.



Source: VAST Q2FY09

VA Office of Policy and Planning -- National Center for Veterans Analysis and Statistics (008A3)

* Although State Cemeteries are included on the above map, they are not VA facilities *per se*. VA provides grants for the establishment of State-operated cemeteries, which provide a burial and memorial benefit to Veterans.



Our Programs: *Who We Serve*

As described on the previous pages, VA programs and services are as varied as the Veterans and family members we serve. From space-age technology used in prosthetic devices that bring mobility to the severely disabled, to the pension benefits paid to three survivors of Civil War Veterans, VA's commitment to those who have "borne the battle" continues. As shown below, VA is serving more Veterans and their dependents than ever before.

Program	Year-to-Year Comparison		
	FY 2008 Participants ⁽¹⁾	FY 2009 Participants ⁽¹⁾	Percent Change
Medical Care			
Unique Patients	5,565,000	5,626,800	1.1
Compensation			
Veterans	2,951,600	3,069,700	4.0
Survivors/Children	333,200	341,300	2.4
Pension			
Veterans	317,600	314,200	-1.1
Survivors	195,600	194,100	-0.8
Education⁽²⁾⁽³⁾			
Veterans/Servicemembers	354,300	376,400	6.2
Reservists	106,400	106,400	0.0
Survivors/Dependents	80,200	81,300	1.4
Vocational Rehabilitation⁽²⁾			
Program Participants	97,100	106,200	9.4
Housing			
Loans Guaranteed	179,700	325,700	81.2
Specially Adapted Housing (SAH) Grants Approved ⁽⁴⁾	1,000	1,300	30.0
Insurance			
Veterans	1,630,000	1,541,100	-5.5
Servicemembers/Reservists	2,337,000	2,380,000	1.8
Spouses/Dependent Children	3,078,000	3,135,000	1.9
Burial			
Interments	103,300	106,400	3.0
Graves Maintained	2,914,500	2,988,700	2.5
Headstones/Markers (Processed)	361,200	352,000	-2.5
Presidential Memorial Certificates	511,400	655,800	28.2

⁽¹⁾Figures are rounded to nearest hundred.

⁽²⁾Figures represent 12-month rolling data through September.

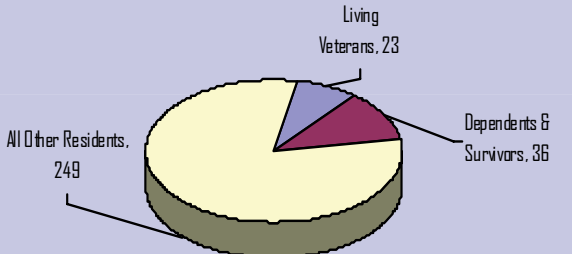
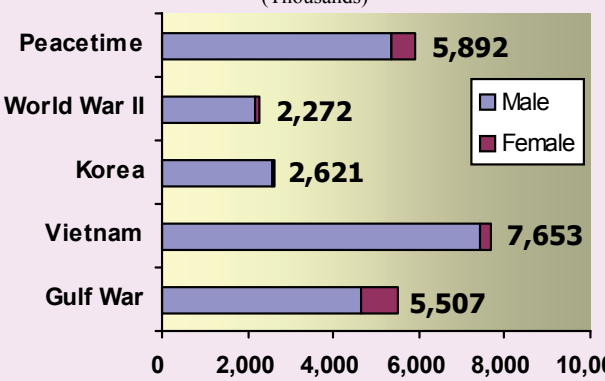
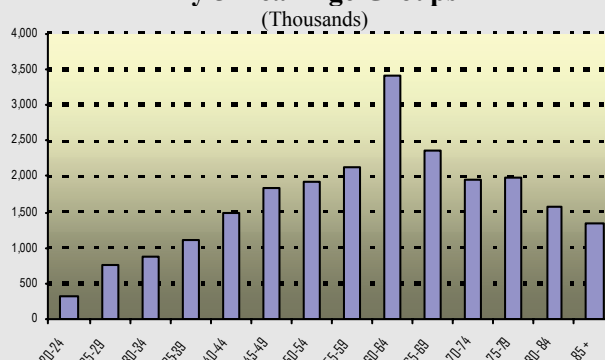
⁽³⁾FY 2008 figures shown in last year's PAR were estimated. These figures are now final.

⁽⁴⁾FY 2008 figures adjusted as a result of updated reporting procedures.



America's Veterans: A Demographic Profile

Beginning with our Nation's struggle for freedom more than two centuries ago, approximately 43 million men and women have served this country during wartime periods. The charts below provide various social and demographic information on today's Veteran population.

Data	Analysis
<p>Veteran Population Compared to Total U.S. Population (Millions)</p>  <p>Living Veterans, 23 Dependents & Survivors, 36 All Other Residents, 249</p>	<ul style="list-style-type: none"> • Currently there are about 23.1 million living U.S. Veterans, 8 percent of whom are women. The percentage of women Veterans is expected to increase over time given the increased role of women in the Armed Forces. • There are an estimated 36 million dependents (spouses and dependent children) of living Veterans and survivors of deceased Veterans in the U.S. • Together, Veterans, dependents, and survivors make up about 19 percent of America's population.
<p>Veteran Population by Period of Service* (Thousands)</p>  <p>Peacetime 5,892 World War II 2,272 Korea 2,621 Vietnam 7,653 Gulf War 5,507</p> <p>Male Female</p>	<ul style="list-style-type: none"> • More than 17 million (74 percent) of America's Veterans served during at least one wartime period. • The nearly 7.7 million Vietnam Era Veterans account for the largest segment of the Veteran population. • About 74 percent of all women Veterans served during the post-Vietnam Era compared to 36 percent of men. • Between 2009 and 2018, the number of women Veterans enrolled in VA's health care system is expected to increase from 498,045 to 837,243, or 68 percent.
<p>Age Distribution of the Veteran Population By 5-Year Age Groups (Thousands)</p>  <p>20-24 25-29 30-34 35-39 40-44 45-49 50-54 55-59 60-64 65-69 70-74 75-79 80-84 85+</p>	<ul style="list-style-type: none"> • As of September 2009, the median age of all living Veterans was 61 years. • Men's median age was 62; women's 48. • The number of Veterans 85 and older totaled about 1,348,000, compared to 164,000 in 1990. • Between 2009 and 2018, Veterans 85 and older enrolled in VA's health care system are expected to increase from 601,202 to 792,498, or 32 percent.

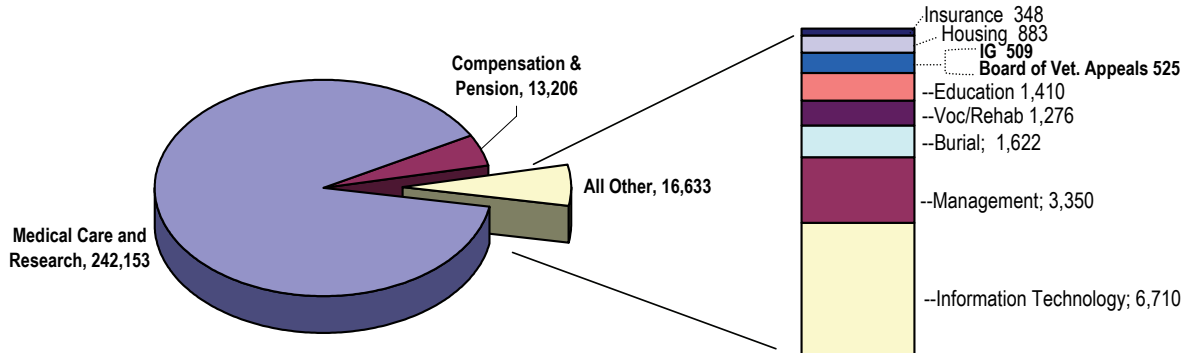
* The sum of period of service will exceed number of all Veterans because Veterans who served in multiple periods are shown in each period.



Resources: Our People

As of September 30, 2009, the Department employed about 270,000 full-time equivalent (FTE) employees nationwide. The charts below show the distribution of full-time equivalent employees by program area.

Number of Full-Time Equivalent Employees
as of September 30, 2009

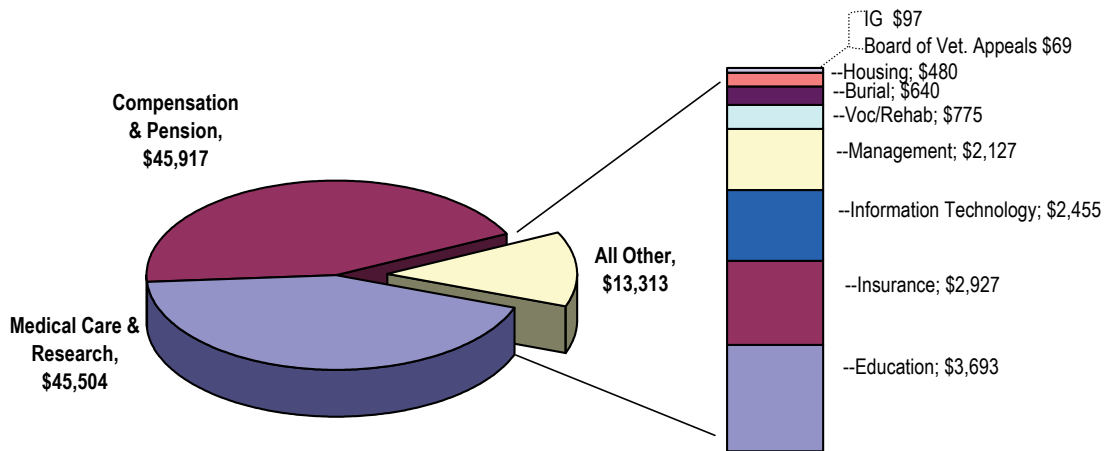


As shown above, more than 242,000 FTE support VA's health care system, one of the largest in the world. Of the remaining FTE, approximately 17,000 are involved with providing compensation and pension as well as other benefits to Veterans and their families. About 1,600 provide burial and memorial services for Veterans and their eligible spouses and children, and about 10,000, located primarily in the Washington, DC area, provide policy, administrative, information technology, and management support to the programs.

Resources: Our Budget

In 2009 VA obligated approximately \$104.7 billion.* Approximately 97 percent of total funding went directly to Veterans in the form of monthly payments of benefits or for direct services such as medical care. The depictions below show how VA spent the funds with which it was entrusted.

FY 2009 Obligations Information*
(\$ Millions)

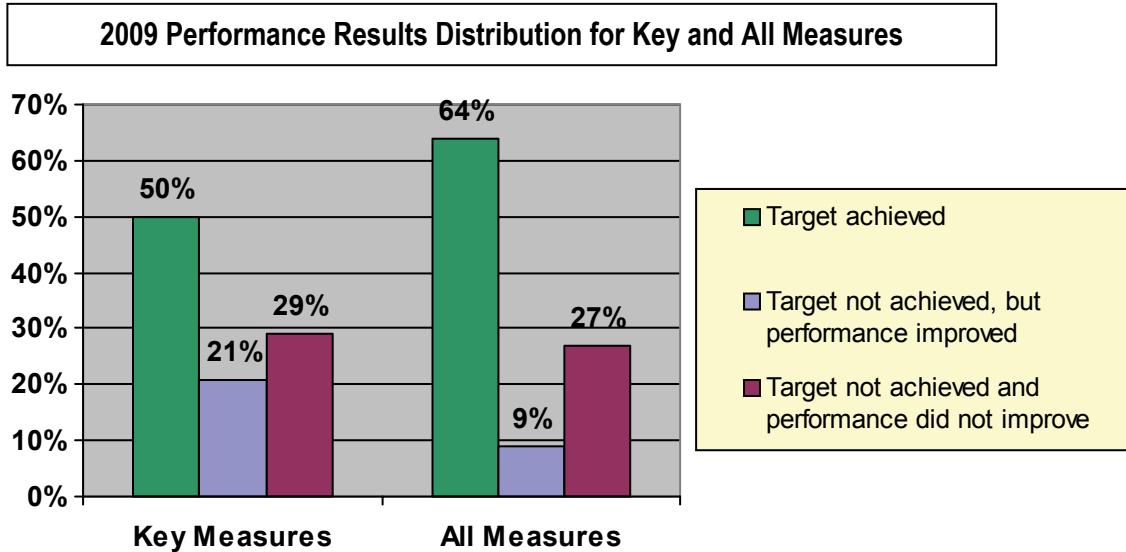


* The obligation information shown above does not tie to the Obligations Incurred amounts shown in the Condensed Financial Statements. The difference includes but is not limited to the fact that adjustments to prior-year expired funds are netted with Obligations Incurred in the Condensed Financial Statements.

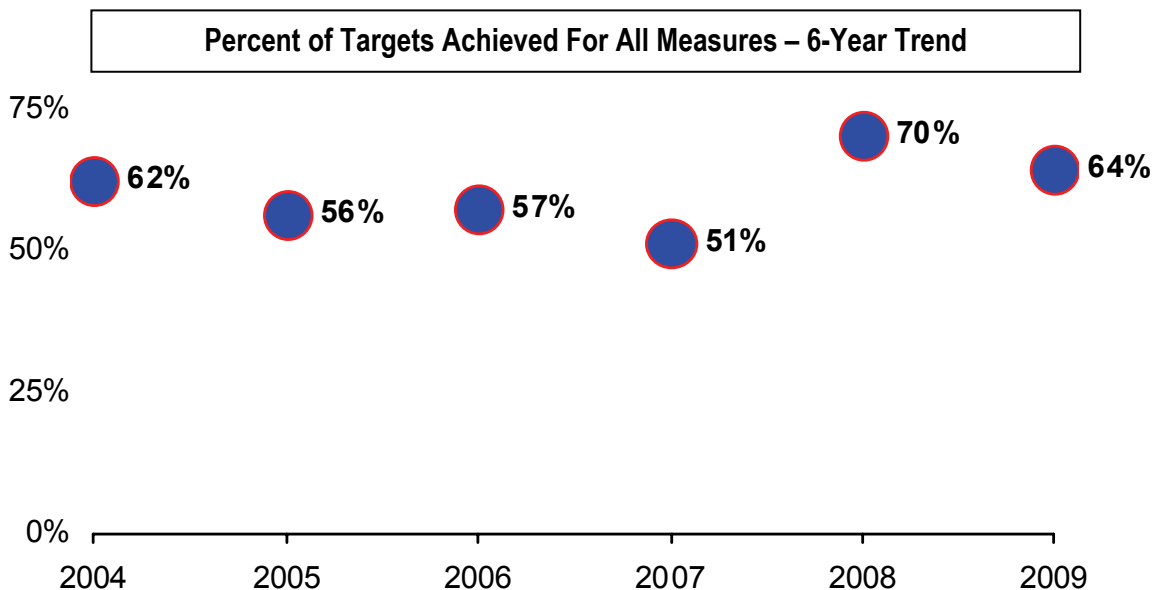


2009 Performance -- A Department-Level Summary

Performance Results: Key vs. All Measures: The chart below shows how well VA performed in meeting its performance targets. As shown, VA achieved the target for 50 percent of its key measures and 64 percent of all measures. In addition, for key measures, 21 percent of the targets were not achieved, but performance improved. Further details on performance by goal and objective are provided in Part I (pages I-31-I-62) and in Part II (pages II-3-II-121) of the full PAR.



Performance Trends: All Measures: The chart below shows how well VA performed in meeting its performance targets for all of its measures since 2004. Trend analysis should be considered in light of yearly changes to performance targets and, to a lesser extent, changes to the numbers and types of measures.





Strategic Goal Summary

STRATEGIC GOAL 1

Restoration and Improved Quality of Life for Disabled Veterans

Restore the capability of Veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

Benefit to Citizens

Providing for the **specialized health care** needs of Veterans is an integral component of America's commitment to its Veterans. Due to the prevalence of certain chronic and disabling conditions among Veterans, VA has developed strong expertise in certain specialized services such as blind rehabilitation, spinal cord injury, and traumatic amputation as well as others that are not uniformly available in the private sector.

VA has developed a **polytrauma system of care (PSC)** that provides coordinated inpatient, transitional, and outpatient rehabilitation services to active duty servicemembers and Veterans who have experienced severe injuries resulting in multiple traumas including spinal cord injuries, traumatic brain injuries, visual impairment, burns, amputations, combat stress, and post-traumatic stress disorder (PTSD). This tiered system of specialized care addresses the full range of rehabilitation services including comprehensive acute rehabilitation, outpatient specialty care, long term care, and community re-entry. PSC also provides intensive clinical and social work case management services essential to coordinating the complex components of care for polytrauma patients and their families.

VA's expertise in these specialized services has been shared with health care systems across the **country** and throughout the **world**.

In addition to VA's comprehensive system of health care, VA provides **compensation, vocational rehabilitation, life insurance, dependency and indemnity compensation**, and dependents' and survivors' **education services** to **Veterans and their families**.

Through the use of **Specially Adapted Housing (SAH) grants**, seriously disabled Veterans and servicemembers are able to construct an adapted dwelling or modify an existing one to meet their special needs and help them live more independent lives.

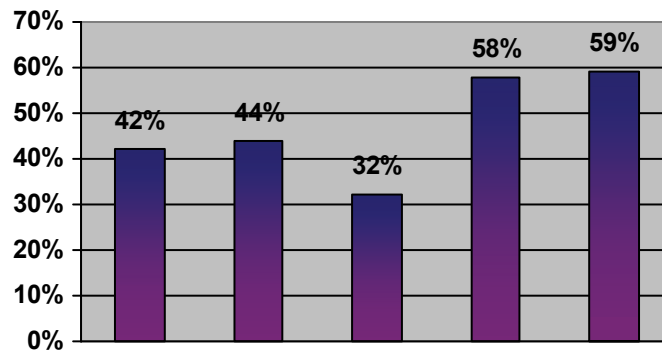
Through the monthly monetary benefits provided by the Compensation and Pension program, Veterans and their families are able to sustain a level of economic well-being that would otherwise prove extremely challenging in the face of disabilities, diseases, or injuries incurred or aggravated during active military service.

VA's www.VetSuccess.gov **Web** site provides Veterans with a comprehensive employment tool. Veterans can post resumes, review job openings, and apply for jobs online. To date, over 26,000 Veterans have registered on this site.

These services are concrete expressions of the pact between our Nation and those who bravely served it in uniform.



Strategic Goal 1: Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2005	2006	2007	2008	2009
Targets Achieved	10	11	6	11	10
Total Targets	24	25	19	19	17

Making a Difference for Veterans

Bringing VA to Veterans



Motor coaches such as the one shown here will help bring VA services and benefits to Veterans

VA unveiled the **first of 50 mobile counseling centers** for use by Vet Centers in October 2008 at VA headquarters in Washington, DC. Each vehicle will be assigned to one of VA's existing Vet Centers, enabling the center to improve access to counseling by bringing services closer to Veterans. The 38-foot motor coaches, which have areas for **confidential counseling**, will carry Vet Center counselors and outreach workers to activities and events to reach Veterans in broad geographic areas, supplementing VA's 232 current Vet Centers (scheduled to increase to 271 by the end of 2009). The vehicles will also be used to visit events typically staffed by local Vet Center employees, including homeless "stand downs," Veteran community events, county fairs, and unit reunions at sites ranging from Native American reservations to colleges.

While the vehicles will primarily be used in the delivery of readjustment counseling services, the local Vet Center manager may arrange with VA hospitals or clinics in the region to provide occasional support for health promotion activities such as **health screenings**. The normal counseling layout can be converted to support emergency medical missions, such as hurricanes and other natural disasters. The entire fleet was activated in 2009.

For more information, visit the [Web](http://www.vetcenter.va.gov) site at www.vetcenter.va.gov.



Most Important Achievements and Current Challenges

Strategic Goal 1

RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS

Most Important Achievements

SUICIDE PREVENTION PROGRAM: Further **expansion** of the Veterans **Suicide Hotline** has allowed for an average of over 350 callers a day to access the Hotline and these numbers continue to grow. The addition of the Internet-based Veterans Chat feature has expanded the reach of the Suicide Prevention program to our newer Veterans who may choose to communicate via the Internet. Over **5,000** rescues have been sent out as a result of this outreach program and more importantly almost 20,000 referrals from callers have been sent to the local suicide prevention coordinators in the first 2 years of operation.

TRACKING TOOL FOR SEVERELY ILL AND INJURED: VA implemented a tracking tool for care management of **severely ill** and injured **OEF/OIF Veterans**. The new application, known as the Care Management Tracking and Reporting Application (CMTRA), is a robust, **Web-based** tracking system that allows care managers to specify a **care management** schedule for each individual Veteran and to identify specialty care managers such as Polytrauma Case Managers, Spinal Cord Injury Case Managers, and others. CMTRA also allows the OEF/OIF Care Management team to designate a Lead Case Manager when multiple case managers at the facility level are involved in the Veteran's care. As of August 2009, VA is caring for more than 2,300 severely ill or injured OEF/OIF Veterans.

COMPLETION OF THE GERIATRICS AND EXTENDED CARE STRATEGIC PLAN: This plan will guide **VA service delivery for frail elderly and disabled Veterans through the year 2020**. The plan is based on 82 recommendations, input of 6 workgroups convened in over 100 conference calls over a 4-month period.

EXPANDING THE DISABILITY EVALUATION SYSTEM PILOT PROGRAM: VA expanded the DES pilot program **from 3 sites** in the National Capitol Region **to 21 sites nationwide**. The pilot program, in cooperation with DoD, involves administering a **single medical examination** and assigning a single disability evaluation for active duty persons entering the Medical Evaluation Board process. The goal of the pilot program is to **reduce the overall time** it takes a servicemember to progress through DES from time of referral to the Medical Evaluation Board to receipt of VA benefits.

SURVIVOR BENEFIT CLAIMS PROCESSING CONSOLIDATED: VA completed its consolidation of all survivor benefit claims processing to the three Pension Management Centers in Milwaukee, St. Paul, and Philadelphia. This will **reduce wait time for beneficiaries** and **increase the accuracy and consistency** of VA's claims decisions.

25 PERCENT INCREASE IN SPECIALLY ADAPTED HOUSING GRANTS AWARDED: 1,270 severely **disabled Veterans and servicemembers** now live in new housing or have adapted an existing dwelling to meet their adaptive **housing needs** enabling them to live more independently. This is a **25 percent increase** from 2008.



Strategic Goal 1, cont'd

RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS

Most Important Achievements, cont'd

VETERANS' QUALITY OF LIFE IMPROVED THROUGH MORE OUTREACH: VA initiatives included:

- Improved VA's VetSuccess.gov Web site: Veterans can now browse job listings, post resumes, and apply for positions online. VetSuccess.gov allows Veterans to access more than 500,000 job openings. An estimated 27,000 Veterans and 200 employers are registered on VetSuccess.gov.
- Increased outreach to National Guard and Reserve members by collaborating with DoD on two new initiatives: The Post Deployment Health Reassessment Program (PDHRA) and the Yellow Ribbon Reintegration program (YRRP).
 - PDHRA events are **health screening events** designed to address post deployment-related health concerns and readjustment concerns. Servicemembers and Veterans receive evaluations and referrals for follow-up and care.
 - YRRP activities focus on **reconnecting servicemembers and their families with service providers** and the resources that are available to help them overcome the challenges of reintegration.

Challenges

SUICIDE PREVENTION PROGRAM: Reaching Veterans of all ages requires a variety of approaches and multi-modal outreach strategies. **Communicating with Veterans via the Internet and social networking sites** presents new security problems as well as the development of new types of intervention strategies.

CLAIMS WORKLOAD TO INCREASE: VA received over one million disability compensation and pension claims in 2009. This represents a **14 percent increase in workload** from 2008 to 2009.

CLAIMS COMPLEXITY: The complexity of claims received continues to increase as more **Veterans are claiming 8 or more chronic progressive conditions** such as orthopedic, mental health, cardiovascular, etc.

DES REQUIRES EXTENSIVE CHANGE: The DES pilot program requires significant changes to business processes and extensive, complex coordination between VA and DoD. For example, **service treatment records are transferred to VA in hard copy** because the infrastructure to transfer the records electronically has yet to be built.

MORE TRAINING AND CONTINUAL TRAINING NEEDED: Consolidation of survivor claims processing requires **ongoing dedication to training newly hired staff** before improvements in efficiency are fully realized.

CONTINUED INCREASE IN SAH WORKLOAD ANTICIPATED: The number of SAH grants **approved increased 75 percent** from 2007 levels because of changes in Public Laws 109-233 and 110-289. These changes included **increased grant amounts**, multiple use provisions, and yearly adjustments to the grant maximums based on a cost-of-construction index.



STRATEGIC GOAL 2

Smooth Transition to Civilian Life

Ensure a smooth transition for Veterans from active military service to civilian life.

Benefit to Citizens

As part of VA's outreach efforts to advertise the Post-9/11 GI Bill, VA revised its quarterly notification to active duty members to include information about the new education benefit. The quarterly mailing is distributed to individuals at three separate times in their military career. In addition, VA mailed a Post-9/11 GI Bill informational letter to each individual who served at least 30 days of continuous active duty service after September 10, 2001. This includes reservists and guard members who were mobilized for 30 days or more after September 10, 2001.

In 2009, VA developed a special Web site: www.oefoif.va.gov/ specifically for attracting OEF/OIF Veterans. The site emphasizes benefits specifically for our newest servicemembers. It features videos, a weekly OEF/OIF blog, and links to VA social media sites on Facebook, Twitter, YouTube, and Second Life. We want to provide the information our Nation's newest Veterans need in a convenient, attractive, and cutting-edge Web site.

The joint DoD/VA Disability Evaluation System (DES) Pilot uses one disability examination based on VA examination standards to produce a single disability rating by VA that is used by both Departments for those servicemembers who incur injury, wounds, or illness that may preclude further military service. The DES pilot is currently at 21 military treatment facilities. It has assisted 337 servicemembers successfully transition to civilian life with a greater understanding of the benefits and services available to them through VA. During the pilot process, servicemembers are introduced to VA health care while on active duty.

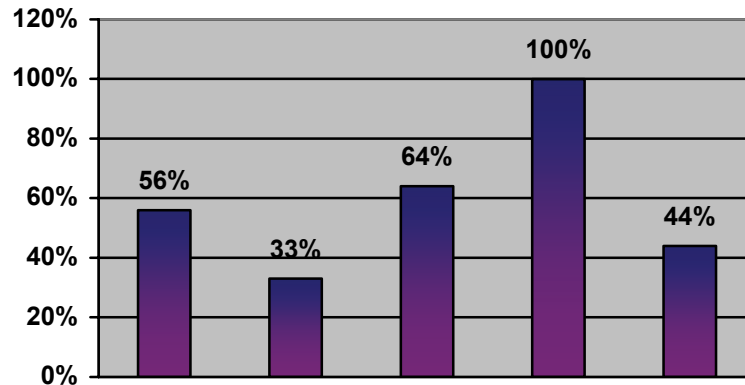
VA's Center for Faith-Based and Community Initiatives expanded grassroots participation with VA programs and pilot programs in order to address a wide range of issues related to Veterans in need, especially those who are homeless, returning from Afghanistan and Iraq, disabled, and hospitalized.

Recent results include the following:

- From 2002-2009, the number of Faith-Based Community Organizations (FBCO) in funded partnership with VA's Homeless Providers Grant and Per Diem Program (GPD) rose from 176 to over 590 GPD-funded facilities; these facilities are serving over 15,000 Veterans annually. Collectively, over 9,800 transitional housing beds are now available to homeless Veterans with appreciable cost-sharing by non-profit FBCOs. In 2009, GPD-funded facilities increased from 482 to 590.
- In 2009, FBCOs in partnership with VA's Vocational Rehabilitation and Employment Service hired 607 service-connected disabled Veterans. The average monthly wage of a Veteran employed by Faith-Based or Non-Profit organizations was more than \$2,700.
- In 2009 through the third quarter, FBCOs hired 591 service-connected disabled Veterans. From 2005-2008, FBCOs hired a total of 2,207 disabled Veterans.
- Since 2006, VHA CHALENG has been developing a joint pilot with VA's homeless program initiative and FBCOs at four VA sites to secure eyeglasses for homeless Veterans. Through 2008, 619 Veterans received vision care and eyeglasses.



Strategic Goal 2: Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2005	2006	2007	2008	2009
Targets Achieved	5	4	7	12	4
Total Targets	9	12	11	12	9

Making a Difference for Veterans

SUPPORTING OUR TROOPS: THE POST-9/11 GI BILL



President Obama speaks at a celebration rally for the new GI Bill at George Mason University in Fairfax, VA, on August 3, 2009.

On August 3, President Obama celebrated the beginning of implementation of the Post-9/11 GI Bill. This bill, through its Yellow Ribbon Programs and partnerships with colleges and universities throughout the Nation, will provide our servicemembers with the most generous educational benefits package since the original GI Bill of 1944.

Over 3,400 agreements were received from the 1,100 schools participating in the Yellow Ribbon Program. The program, a provision of the new Post-9/11 GI Bill, funds tuition expenses that exceed the highest public in-State undergraduate tuition rate.

“Sixty-five years ago, a grateful Nation offered a generation of World War II heroes the chance to go to college,” **President Obama** said. “The original GI Bill paved the way to a better life for millions of Veterans and their families while building the foundation of the American middle class. Today, the Post-9/11 GI Bill is affording a new generation of heroes a 21st century version of that same opportunity.”

“The President and I know that the Nation’s courageous servicemembers and their families have shouldered the heaviest burden for our country’s security and safety over the past 8 years,” **VA Secretary Eric K. Shinseki** said. “This new GI Bill is a way for a grateful Nation to tangibly demonstrate our heartfelt appreciation and



abiding respect for their service.”

“More than 2 and a half years ago, we began with the simple concept that those who have been serving since 9/11 should have the same opportunity for a first-class educational future as those who served during World War II,” **Senator Jim H. Webb** said. “This bill provides a modern and fair educational benefit to address the needs of those who answered the call of duty to our country--those who moved toward the sound of the guns--often at great sacrifice.”

With the implementation of the Post-9/11 GI Bill, our Nation has an opportunity to honor America's Veterans in a very tangible way. The maximum benefit under the Post-9/11 GI Bill allows eligible Veterans, servicemembers, Reservists, and Guard members the ability to receive an in-State, undergraduate education at a public institution at no cost. Further, to honor their many sacrifices, the Post-9/11 GI Bill allows for the transferability of unused benefits to eligible career servicemembers' families.

President Obama has directed Secretary Shinseki to create a results-driven, 21st Century VA. Since the signing of this monumental legislation, VA has made meeting the August 1 implementation deadline a top priority. As of the end of July, VA had processed over 112,000 claims.

For more information, visit the [Web](#) site at www.gibill.va.gov or by calling 1-888-442-4551.

Based on a White House press release

Most Important Achievements and Current Challenges

Strategic Goal 2

SMOOTH TRANSITION TO CIVILIAN LIFE

Most Important Achievements

HOUSING FOR HOMELESS VETERANS: VA, in partnership with the Department of Housing and Urban Development, **provided 20,000 units of permanent supportive housing to homeless Veterans**. As of the end of August 2009, more than 6,300 Veterans have been placed in permanent housing.

31 VA LIAISONS PLACED IN 17 MILITARY TREATMENT FACILITIES: VA now has **31 VA Liaisons** strategically placed at 17 Military Treatment Facilities (MTF) with concentrations of recovering servicemembers returning from Afghanistan and Iraq. The VA Liaisons **facilitate the transfer of servicemembers and Veterans** from the MTF to the VA medical center closest to their home or most appropriate for the specialized services their medical condition requires.

RESTORED VISION FOR HOMELESS VETERANS: Through this pilot program **more than 620 homeless Veterans received vision care and eye glasses** through donations from Faith-Based and Community Organizations and foundations.

POST-9/11 GI BILL IMPLEMENTED: On August 1, 2009, the **Post-9/11 GI Bill became law**. VA's successful implementation was made possible because of the following achievements:

- Published 359 pages of new regulations and modified 10 existing information technology systems.
- Hired and trained approximately 760 term-limited Veterans Claims Examiners.
- Began accepting applications on May 1, 2009, well before the fall enrollment.
- Started accepting enrollment certifications and processing awards on July 7, 2009.
- Began making payments for the Post-9/11 GI Bill on August 3, 2009.



Strategic Goal 2, *cont'd* SMOOTH TRANSITION TO CIVILIAN LIFE

Challenges

GREATER WORKLOAD AND AUTOMATING GI BILL WORK: With the implementation of the Post-9/11 GI Bill, VA faces operational challenges including:

- Managing the increased workload associated with the implementation of the Post-9/11 GI Bill.
- Achieving timeliness targets with limited automation and less experienced claims processing staff.
- Transitioning from an interim IT solution to a long-term IT solution for processing Post-9/11 GI Bill claims.

PREPARING STAFF FOR NEW CHALLENGES: VA must continue to **prepare our military service coordinators for future challenges**, particularly expansion of the Disability Evaluation System pilot, expansion of the Benefits Delivery at Discharge and Quick Start programs, and potential deployed support to service personnel in combat zones.

STRATEGIC GOAL 3

Honoring, Serving, and Memorializing Veterans

Honor and serve Veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

Benefit to Citizens

The Veterans Health Administration (VHA) is the United States' largest integrated health system and continues to set the national standard of excellence in quality and patient safety for the **health care industry**. Interactive technology strategies are being implemented to provide care in the least restrictive environments to allow patients and families maximum participation in disease management and health maintenance.

Telehealth technologies continue to be implemented to facilitate access to care and to improve the health of Veterans and provide the right care in the right place at the right time. In 2009, VHA supported a growing number of Veteran patients with chronic diseases so that they could remain living independently in their own homes through the expansion of non-institutional services delivered through care coordination/home telehealth programs in VA. VA's Telehealth programs are the largest and most sophisticated in the Nation, providing care for over 230,000 patients in more than 144 VA medical centers and 450 community-based outpatient clinics.

VA has developed and implemented **nationally recognized clinical guidelines** for treatment and care of patients with one or more high-volume diagnoses. VA's innovations in patient care and development of technology strategies serve as models for the health care industry.

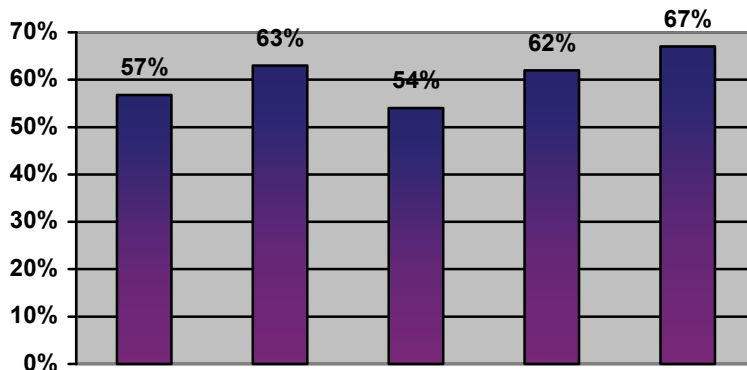
Veterans are assured of and merit dignity in their lives, especially in time of need. Such dignity is provided through VA **pension programs** and **life insurance**.

Through **readjustment counseling**, employment services, vocational rehabilitation, education assistance, and **home loan guarantees**, VA helps Veterans become fully reintegrated into their communities with minimal disruption to their lives.

VA honors Veterans with final resting places in **national shrine cemeteries** and with lasting tributes that commemorate their service to our Nation.



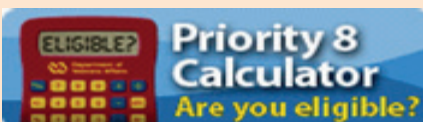
Strategic Goal 3: Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2005	2006	2007	2008	2009
Targets Achieved	21	30	21	24	22
Total Targets	37	48	39	39	33

Making a Difference for Veterans

VA Extends Health Care to Thousands of Veterans



Use the Priority 8 Calculator to see if you qualify for enrollment under new rules for VA health care.

For more information, visit the Web site <http://www.va.gov/healtheligibility/apps/enrollmentcalculator/>

VA has nearly 8 million Veterans enrolled in its award-winning health care system. It is poised to **welcome nearly 266,000 more Veterans into its medical centers and clinics** across the country by expanding access to health care enrollment for certain Veterans who had been excluded due to their income.

“This incremental approach to expanding enrollment ensures that access to VA health care for a greater number of beneficiaries does not sacrifice timely access or quality medical care for those Veterans already enrolled in VA’s health care system,” said Dr. Gerald Cross, VA’s Acting Under Secretary for Health. “Over the next 4 years, we hope to provide enrollment to more than 500,000 Veterans.”

Under a new regulation, which became effective in June, VA enrolled Veterans whose income exceeds current means-tested thresholds by up to 10 percent. These Veterans were excluded from VA healthcare enrollment when income limits were imposed in 2003 on Veterans with no service-connected disabilities or other special eligibility for care. There is no income limit for Veterans with compensable service-connected disabilities or for Veterans being seen for their service-connected disabilities.

Veterans who have applied for VA health care but were rejected due to income at any point in 2009 will have their applications reconsidered under the new income threshold formula. Those who applied before 2009, but were rejected due to income, must reapply. VA will contact these Veterans through a direct-mail campaign, Veterans service organizations, and a national and regional marketing campaign.

For more information, visit the [Web](http://www.va.gov/healtheligibility) site at www.va.gov/healtheligibility or call 1-877-222-8387 to contact VA’s Health Benefits Service Center.



Most Important Achievements and Current Challenges

Strategic Goal 3

HONORING, SERVING, AND MEMORIALIZING VETERANS

Most Important Achievements

FIVE NEW CEMETERIES OPEN: VA began interment operations at **five new national cemeteries** in 2009: Alabama National Cemetery, Bakersfield (CA) National Cemetery, Fort Jackson National Cemetery (Columbia/Greenville, SC), Jacksonville (FL) National Cemetery, and Sarasota (FL) National Cemetery. Combined, these cemeteries will provide a burial option to nearly 700,000 previously unserved Veterans.

STREAMLINED NOTIFICATION SYSTEM: In 2009 VA implemented a new automated notification system for clients who apply for a Government headstone or marker. This new system will **automatically send post card notifications to applicants informing them of the status of their application** and details about the delivery of their headstone or marker. VA processes approximately 250,000 headstone and marker applications annually.

COLLABORATION WITH U.S. ADMINISTRATION ON AGING (AOA) TO IMPROVE LONG-TERM HEALTH CARE: VA and AoA (an agency within the Department of Health and Human Services) are cooperating to allow Veterans of all ages to **receive long-term care services** that enable them to avoid institutionalization and continue to live in their homes and communities. This program combines the expertise of AoA's Aging Network with the commitment and resources of VHA to provide Veterans and their Caregivers **with more services, more choices, and more control** in order for them to remain safely in the home, supported by family and community. Currently, this program is available in 7 States, and VA expects to be offering this program in an additional 20 to 30 States by October 2011.

NATION'S LEADER IN TELEHEALTH: VA's Telehealth programs are the largest and most sophisticated in the Nation providing care for over 230,000 patients, in more than 144 VA medical centers, and 450 community-based outpatient clinics. Telehealth is the delivery of health-related services and information via telecommunications technologies. Telehealth delivery could be as simple as two health professionals discussing a case over the telephone, or as sophisticated as using videoconferencing between providers at facilities in two countries, or even as complex as robotic technology.

TELERETINAL INITIATIVE IMPLEMENTED: VA successfully implemented Teleretinal imaging to 103 sites across the Nation and **provided care to over 175,000 Veterans with diabetes**. VA's teleretinal imaging program was developed to enhance the timely assessment and intervention for diabetic retinopathy for preventing visual impairment and blindness in diabetic patients.

ACCURACY OF CLAIMS PROCESSING IMPROVES: VA's centralization of claims processing, aggressive training, and improved quality review programs helped **increase the national accuracy rate** for decisions made on pension maintenance claims from 93 percent in 2008 to 94 percent in 2009. VA pension is an income-based program that provides a level of economic stability that is very important to Veterans, survivors, and their families in the current economic climate.

COST-EFFECTIVE DEFAULT AVOIDANCE: VA achieved an "Efficiency-Default Resolution Rate" ratio of 20.0. This means VA **avoided \$20.00** in potential claim payments **for every dollar spent** on assisting Veterans who were at risk of losing their homes because of foreclosure.

INSURANCE PAYMENTS TO SEVERELY WOUNDED VETERANS: 2,000 severely wounded servicemembers and Veterans **received \$102 million** in 2009 through the Servicemembers' Group Life Insurance Traumatic Injury Protection program. Over \$394 million has been paid to more than 6,600 claimants since the program's inception.



Strategic Goal 3, cont'd

HONORING, SERVING, AND MEMORIALIZING VETERANS

Challenges

MEETING HIGH CUSTOMER EXPECTATIONS DURING EXPANSION: Between 2005 and 2010, VA will establish **11 new national cemeteries**, the largest expansion of VA's system of national cemeteries since the Civil War. As VA opens these new cemeteries, it must continue to provide high-quality service in all of its contacts with Veterans and their families – particularly with respect to scheduling committal services, arranging and conducting interments, and providing cemetery information.

IMPACT OF THE ECONOMIC DOWNTURN: VA is feeling the impact of the economic downturn in two significant ways:

- **Pension Claims:** VA pension entitlement **claim receipts increased from 139,000 in 2008 to over 165,000 in 2009** as more and more Veterans and survivors are seeking VA pension benefits as a way to reduce medical costs and maintain a satisfactory standard of living. As VA continues to consolidate additional claims processing to its three Pension Management Centers, it must continue to provide accurate and timely decisions to those seeking pension benefits.
- **Foreclosures:** There will be **an increase in the number of defaults and foreclosures** of VA-guaranteed loans. The levels of defaults, foreclosures, and property acquisitions are related to interest rates, micro and macro economic fluctuations, and especially regional downturns.

STRATEGIC GOAL 4

Contributing to the Nation's Well-Being

Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

Benefit to Citizens

VA advances **medical research** and development programs to support Veterans' needs and contribute to the Nation's medical and scientific knowledge base as a public good.

Since the H1N1 vaccine has been in short supply during the current outbreak of H1N1 flu, the drug of choice has been oseltamivir (sold as Tamiflu). VA researchers have been studying a strategy to make flu drugs like oseltamivir more effective and long-lasting. In one trial, an infectious disease specialist at the VA Palo Alto Health Care System showed that if volunteers took probenecid capsules four times a day, they could take oseltamivir every other day instead of daily and still keep enough of the drug in their bloodstream. Probenecid has been used for decades to extend the effects of penicillin. The oseltamivir–probenecid combination would have to undergo further testing in clinical trials and

receive approval from the Food and Drug Administration. If it proves to be effective, it could be of value in future flu pandemics.

Over **100,000 health professions trainees** rotate through VA facilities each year as part of their clinical training programs. These trainees participate in the care of Veterans while learning in their field of study. Trainees are an excellent pool from which to draw a high-quality health care workforce. In fact, trainees who have received training in VA double their likelihood of considering a VA career. In 2009, the VA Office of Academic Affiliations implemented a new metric to assess the contribution of clinical training programs to the VA workforce. According to data from the 2009 All Employee Survey, over 27 percent of VHA health care professionals reported having trained in VA prior to employment, including nearly 60



percent of physicians and 70 percent of psychologists.

Genomics—the study of a person's genetic information—is the key to optimizing health care for Veterans and the public in the 21st century. Researchers are looking for genes or gene variations that play a role in causing disease. This could lead to improved screening, diagnosis, and treatment.

Three large-scale genomics studies are being conducted or planned by the VA Cooperative Studies Program.

- One study is investigating the roles of genes and environment in the development of amyotrophic lateral sclerosis (ALS) in 1,200 Veterans. Analysis of the group's genes has already begun.
- A second study is examining whether one or more genes are associated with the development of PTSD. A pilot study is underway to develop an appropriate questionnaire and evaluate the best ways to collect blood or saliva from which the genetic material will be obtained.
- A genomic study on Veterans suffering from schizophrenia or bipolar illness was recently approved. The goal of the study is to identify genetic variants that contribute to functional disability associated with bipolar illness and schizophrenia.

VA's maintenance of **national cemeteries** as national shrines preserves our Nation's history, nurtures patriotism, and honors the service and sacrifice of our Nation's Veterans. Each national cemetery exists as a national shrine providing an enduring memorial to this service, as well as a dignified and **respectful setting** for their final rest.

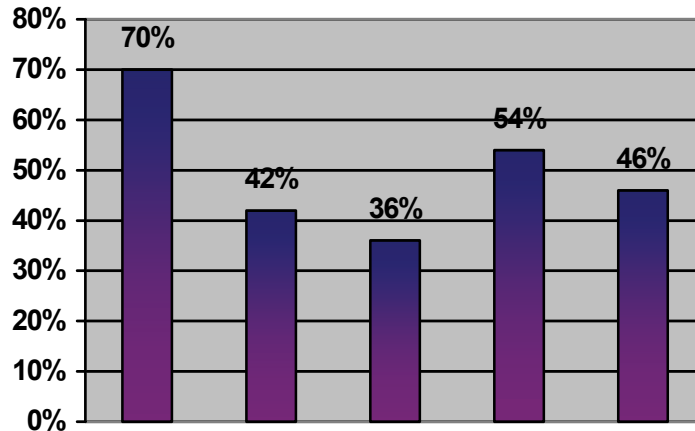
VA's Office of Operations, Security, and Preparedness (OSP) leads the Department's Continuity of Government and Continuity of Operations Programs, enabling continued provision of services to Veterans in a safe and secure environment, regardless of conditions. What this means to the Veteran is that no matter the emergency, VA will continue to provide essential services.

Both VA's Integrated Operations Center in Central Office and the alternate site in Martinsburg, West Virginia are well equipped and designed to help VA prepare for, respond to, and recover from natural or other disasters.

VA's Office of Small and Disadvantaged Business Utilization (OSDBU) is responsible for oversight of the Department's functions and duties related to the awarding of contracts and subcontracts to small businesses. It is national policy that Federal agencies support small businesses in recognition of their vital role in the economic security and stability of our country. Small businesses are the engine that drives job creation and sustainment. As one of the largest procurement organizations in the Federal government, VA is a highly visible customer, much sought after by small businesses. Data released by the Small Business Administration in August 2009 establishes that VA created almost 2 million opportunities for small businesses in FY 2009, spending a total of \$4.9 billion. OSDBU has two divisions, the Center for Small Business Utilization and the Center for Veterans Enterprise, that continue to assist and support the interest of small businesses.



Strategic Goal 4: Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2005	2006	2007	2008	2009
Targets Achieved	7	5	4	7	6
Total Targets	10	12	11	13	13

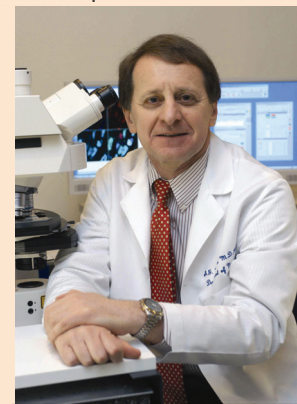
Making a Difference for Veterans

Prestigious Awards Given to VA Scientists



Thomas Starzl, M.D., Ph.D., of Pittsburgh, left, with a former transplant patient.

Secretary of Veterans Affairs, Eric K. Shinseki presented the prestigious William S. Middleton Award and Secretary’s Diamond Award in April to two of VA’s most outstanding research pioneers. The 2008 **Middleton Award** was presented to Stephen G. Waxman, MD, PhD, in recognition of his extraordinary contributions to the understanding of the causes and treatment of spinal cord injury, multiple sclerosis, and chronic neuropathic pain. The **Diamond Award** was presented to Thomas Starzl, MD, PhD, for his lifetime achievement in transplantation medicine. Both Dr. Waxman, who has worked as a VA clinician-scientist for more than 30 years, and Dr. Starzl, who devoted nearly 50 years of his career to



Stephen G. Waxman, M.D., Ph.D., of the VA medical center in West Haven, Connecticut.

VA, have made exceptional contributions to the health and care of Veterans and Americans in general.

Dr. Waxman has dedicated himself to bridging science and medicine, building on the “**genomic revolution**” to develop new strategies for restoring function after spinal cord, nerve, and brain injury. Among his findings are a number of seminal discoveries about the basic molecular biology of sodium channels and their involvement in normal and



neurological disease states.

Dr. Starzl has come to be called the “**Father of Transplantation**” by revolutionizing the field of organ transplantation. His research on the basic science of immune regulation and transplantation immunology, as well as immunosuppressive drugs, led to his discovery of methods to prevent rejection of transplanted organs.

Most Important Achievements and Current Challenges

Strategic Goal 4

CONTRIBUTING TO THE NATION'S WELL-BEING

Most Important Achievements

IMPROVING VA'S WORKFORCE AND HEALTHCARE DELIVERY: VA added **five new partnerships** to the VA Nursing Academy; continued the expansion of Graduate Medical Education begun in FY 2007 to add 2,000 additional physician resident training positions; began work to enhance Rural Health training programs; created new advanced fellowships in Polytrauma and Health Systems Engineering; and collaborated with the Harvard Business School to launch national VHA performance measurements of organizational health and research to optimize VHA organizational learning.

VA RESEARCH ADVANCES NATION'S MEDICAL KNOWLEDGE AND TREATMENT CAPABILITIES: Important achievements in FY 2009 include the following:

- Began a 3-year study of an advanced artificial arm that allows those with severe limb loss to pick up a key or hold a pencil.
- Completed a 6-year study on deep brain stimulation for Parkinson's disease. The study found that 71 percent of patients who received deep brain stimulation had significant gains in motor function compared with only 32 percent of patients who received just drug therapy.
- Completed a ground-breaking, 7-year multi-site clinical trial on type 2 diabetes. VA investigators found that intensive blood sugar control did not lower cardiovascular risks in older patients with long-standing diabetes compared with normal blood sugar targets.

NATIONWIDE GRAVESITE LOCATOR ON SMART PHONES: VA's Nationwide **Gravesite Locator** is now available for viewing and browsing **on smart phones** and other handheld devices. This application enables users of handheld devices to access the gravesites of more than 6.7 million Veterans.

IMPROVING VA'S EMERGENCY PREPAREDNESS CAPABILITIES: VA began construction of a Capital Region Readiness Center (CRRC) on the grounds of the Martinsburg, WV Medical Center. When complete, this facility will house **essential information technology functions** and the **Department's Alternate Integrated Operations Center**. This facility will enable VA to respond more efficiently to emergency situations. For example, during a long-term emergency such as Hurricane Katrina, it will serve as the Continuity of Operations site for VA Central office. In this case, VA leadership and those personnel necessary to ensure VA's continued operational capability will deploy at this one facility. It will provide VA decision-makers the ability to see an “operational picture” of the entire Department at any given time.

VA'S COMMITMENT TO SMALL BUSINESSES: VA continued its support for small business concerns in FY 2009; achievements were as follows:

- VA awarded 56 percent of all Federal transactions to small business concerns.
- VA awarded 56 percent of all Federal transactions to historically underutilized businesses.
- VA awarded 39 percent of all Federal transactions to women-owned small businesses.
- VA awarded 26 percent of all Federal transactions to small disadvantaged businesses.



Strategic Goal 4, *cont'd*

CONTRIBUTING TO THE NATION'S WELL-BEING

Challenges

NEED TO MODERNIZE RESEARCH INFRASTRUCTURE: An ongoing review of VA's research facilities has found a **clear need for research infrastructure improvements throughout the system**. To meet current standards of good laboratory practice and to retain and recruit top researchers, a long-term, comprehensive plan is needed to modernize research infrastructure.

IMPROVING GRAVESITE MAINTENANCE: In 2009, VA provided maintenance for 64 percent of headstones and markers at national cemeteries within proper standards for height and alignment. VA's long-term goal is to **maintain at least 90 percent of headstones and markers at the proper height and alignment**. VA is investigating new methods to counteract the effects of changing soil and weather conditions to ensure better performance in this area. Additional funding recently targeted for this area should improve future performance as projects are completed over the course of 2 years.



Transformation 21

VA is engaged in a transformation process to provide 21st century services for the Nation’s Veterans. Below is a summary of some of the key “T-21” initiatives.

For more information, see pages I-71-I-75 in the full PAR.

T-21 Initiative	Brief Description
<p>VIRTUAL LIFETIME ELECTRONIC RECORD (VLER)</p>	<ul style="list-style-type: none"> Beneficiary health care from VA and DoD is delivered along a continuum that involves VA, DoD, and the private sector. As patients move from one area of care to another, important data are lost. Virtual VLER will integrate the data. VLER will leverage current IT integration efforts between Federal health facilities and key private sector partners. VLER will ensure improved care and cost control and avoid errors due to data gaps.
<p>TELEHEALTH AND HOME CARE</p>	<p><u>Telehealth</u></p> <ul style="list-style-type: none"> VA will increase the number of unique Veteran patients receiving health care services via telehealth through remote access via computer. This will increase access to care and reduce avoidable travel for Veteran patients and their families. Expansion of the telehealth program involves more than just increasing the numbers of Veterans accessing care through telehealth. It also expands the types of services provided such as teleradiology, teledermatology, and telepathology; health promotion for weight, management, and control; and audiology clinic support. This expansion will increasingly address the needs of special populations through implementation and expansion of telemental health and post-amputation telehealth care as well as management of OEF/OIF and other Veterans suffering from traumatic and catastrophic injuries and illnesses. <p><u>Patient-Centered Medical Home Health Care</u></p> <ul style="list-style-type: none"> Building on progress made over the last 20 years, VA will deliver continuous, coordinated, comprehensive, and accessible health care to Veterans through implementation of a Patient-Centered Medical Home Health Care model. Through this model, a team of health professionals, led by the Veteran’s personal provider, work collaboratively to improve access, communication, coordination, quality, and safety.



T-21 Initiative	Brief Description
<p>ZERO HOMELESSNESS^(*)</p>	<ul style="list-style-type: none"> • Veterans comprise about one-third of the adult homeless population. Current population estimates suggest that about 131,000 male and female Veterans are homeless at any given time and perhaps up to twice as many experience homelessness at some point during the course of a year.(*)

(*) Accurately counting and/or calculating the number of homeless Veterans in the United States is understandably difficult. The homeless are usually mobile, generally cannot be contacted by phone or mail, and may not be willing to participate in surveys or avail themselves to other data-gathering efforts. Based on a recent U.S. Department of Housing and Urban Development (HUD) report submitted to Congress, homeless Veterans make up approximately 19 percent of all homeless adults who accessed emergency shelters or transitional housing in communities across the U.S. Many other Veterans are considered near homeless or at risk because of their poverty, lack of support from family and friends, and dismal living conditions in cheap hotels or in overcrowded or substandard housing.

T-21 Initiative	Brief Description
<p>E-CHECK IN/SELF SERVICE KIOSKS</p>	<ul style="list-style-type: none"> • VA's Point of Service program will provide small, stand-alone devices enabling Veterans and patients to efficiently and easily perform a variety of administrative, financial, and clinical tasks. • Kiosks with these devices will improve VA's information collection without requiring significant expenditures in staff costs. • VA plans to place kiosks in all VA health care facilities to improve interactions with patients. • Kiosks will be aligned with capabilities already offered through <i>My HealtheVet</i> or at VA's Contact Management Center.
<p>INTEGRATED VETERANS RELATIONSHIP MANAGEMENT (VRM)</p>	<ul style="list-style-type: none"> • Through a multi-channel client relationship management approach, Veterans can find uniform information about VA's benefits and services regardless of their electronic access channel. • Veterans will also be able to complete their transactions with VA; be identified quickly by VA without having to repeat and/or reenter information; and be able to seamlessly access multiple VA service lines (e.g., health, compensation, education).



T-21 Initiative	Brief Description
<p>HUMAN CAPITAL INVESTMENT PLAN</p>	<ul style="list-style-type: none"> • VA's workforce includes nearly 300,000 employees, volunteers, and contractors. Investing in them is to invest in our mission. • To serve our Veterans, this workforce needs to have the skills and tools necessary to meet Veterans' needs today and in the future, and the culture, climate, and processes must create the conditions that attract and retain the best talent. • This VA-wide initiative helps provide the highest quality in medical care, benefits, and memorial services by creating a talent pool of trained, certified, and inspired employees to ensure high-level care and services. • VA will develop training needs assessments, recruitment programs, certification programs, leadership assessments, enterprise-wide workforce planning approaches, and updated systems and processes that help build and sustain the right talent to deliver the right results.

The Recovery Act

The American Recovery and Reinvestment Act of 2009 (ARRA) provided the Department with \$1.4 billion as part of President Obama's economic recovery plan. VA is using these funds to improve services to America's Veterans.

Current and detailed information on VA's efforts to deliver its portion of Recovery Act funds to benefit Veterans can be found at [Web www.va.gov/recovery](http://www.va.gov/recovery). See also pages I-76-I-78 in the full PAR. The table below provides a description of the intent of initiatives and show how much money was spent during FY 2009.

Recovery Act Initiative	Description	FY 2009 Spending Recap				
<p>MEDICAL FACILITIES NON-RECURRING MAINTENANCE (NRM) AND ENERGY PROJECTS</p>	<p>These projects will encompass energy priorities and NRM projects. Renewable energy and energy efficiency projects will encompass all stages of energy development from detailed feasibility studies through construction.</p> <p>The focus of the NRM projects is to correct, replace, upgrade, and modernize existing infrastructure and utility systems for VA medical centers. Projects include, but are not limited to, patient privacy corrections, life safety corrections, facility condition deficiency corrections, utility system upgrades, and improvements related to Mental Health care.</p>	<table border="1"> <tr> <td>Planned</td> <td>\$ 160.9 million</td> </tr> <tr> <td>Actual</td> <td>\$ 261.4 million</td> </tr> </table>	Planned	\$ 160.9 million	Actual	\$ 261.4 million
Planned	\$ 160.9 million					
Actual	\$ 261.4 million					
<p>MONUMENT AND MEMORIAL REPAIRS</p>	<p>The National Cemetery Administration has identified projects for the following:</p> <ul style="list-style-type: none"> • National shrine projects to raise, realign, and clean headstones/markers and repair sunken graves at 	<table border="1"> <tr> <td>Planned</td> <td>\$ 4.4 million</td> </tr> <tr> <td>Actual</td> <td>\$ 0.8 million</td> </tr> </table>	Planned	\$ 4.4 million	Actual	\$ 0.8 million
Planned	\$ 4.4 million					
Actual	\$ 0.8 million					



Recovery Act Initiative	Description	FY 2009 Spending Recap				
	various locations across the country. <ul style="list-style-type: none"> • Projects for repairing roads, buildings, and other cemetery infrastructure at locations nationwide. • Equipment purchases for cemetery operations. • Projects that conserve energy and water through the use of wind turbines, solar power, and other measures. • Repairs to historic monuments and memorials at national cemeteries. 					
GRANTS FOR STATE EXTENDED CARE	VA provides financial assistance to the States to construct or acquire nursing home, domiciliary, and/or adult day health care facilities. VA may participate in up to 65 percent of the cost of construction or acquisition of State nursing homes or domiciliaries or for renovations to existing State homes.	<table border="1"> <tr> <td>Planned</td> <td>\$ 75 million</td> </tr> <tr> <td>Actual</td> <td>\$ 131 million</td> </tr> </table>	Planned	\$ 75 million	Actual	\$ 131 million
Planned	\$ 75 million					
Actual	\$ 131 million					
HIRING TEMPORARY CLAIMS PROCESSORS	Temporary employees will assume responsibilities that allow trained employees to focus on the core elements of claims processing, thus speeding completion of claims determinations.	<table border="1"> <tr> <td>Planned</td> <td>\$ 26.1 million</td> </tr> <tr> <td>Actual</td> <td>\$ 16.9 million (FYTD Aug)</td> </tr> </table>	Planned	\$ 26.1 million	Actual	\$ 16.9 million (FYTD Aug)
Planned	\$ 26.1 million					
Actual	\$ 16.9 million (FYTD Aug)					
VETERAN ECONOMIC RECOVERY PAYMENTS	The ARRA provides for a one-time payment of \$250 to eligible Veterans and survivors to help mitigate the effects of the current economy.	<table border="1"> <tr> <td>Planned</td> <td>\$1.5 million</td> </tr> <tr> <td>Actual</td> <td>\$1.5 million</td> </tr> </table>	Planned	\$1.5 million	Actual	\$1.5 million
Planned	\$1.5 million					
Actual	\$1.5 million					
SUPPORT OF POST-9/11 GI BILL	The Department will primarily utilize ARRA funds to provide software development, staff, and associated supplies and equipment to support implementation of the Post-9/11 GI Bill (Chapter 33).	<table border="1"> <tr> <td>Planned</td> <td>\$43.8 million</td> </tr> <tr> <td>Actual</td> <td>\$43.8 million</td> </tr> </table>	Planned	\$43.8 million	Actual	\$43.8 million
Planned	\$43.8 million					
Actual	\$43.8 million					

Major Management Challenges Identified by the OIG

The Department's Office of Inspector General (OIG), an independent entity, evaluates VA's programs and operations. The OIG submitted an update of the most serious management challenges facing VA. Please refer to pages II-160-II-222 of the full PAR for more details.

VA is committed to addressing its major management challenges. Using the OIG's perspective as a catalyst, we will take whatever steps are necessary to help improve services to our Nation's Veterans. We welcome and appreciate the OIG's perspective on how the Department can improve its operations to better serve America's Veterans.



The table below shows the strategic goal to which each challenge is most closely related, as well as its estimated resolution timeframe.

Major Management Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
OIG 1	Health Care Delivery	
1A	Quality of Care	2010
1B	New and Significantly Increased Health Problems Associated with OEF/OIF	2010
1C	Health Care Business Processes	2010
1D	Accountability of Pharmaceuticals in VHA Medical Facilities and Consolidated Mail Outpatient Pharmacies (CMOPs)	2010
OIG 2	Benefits Processing	
2A	Benefits Claims Workload	2010
2B	Quality of Claims Decisions	2010
2C	Hiring and Managing Rapid Growth of Claims Processing Staff	2010
2D	Processing of New GI Bill Benefits Payments	2011
OIG 3	Financial Management	
3A	Financial Management System Functionality	2014
3B	Financial Management Oversight	2011
OIG 4	Procurement Practices	
4A	Compliance with Existing Laws, Regulations, and Internal VA Procurement Policies	2010
4B	VA FSS Contract Pricing and VA Purchasing Agent Compliance	2010
4C	Insufficiently Trained and Experienced VA Personnel to Plan, Award, and Administer IT Contracts	2010
OIG 5	Information Management	
5A	Information Security Program and System Security Controls	2010
5B	IT Capital Planning and Programs Need Immediate Attention	2010
OIG 6	American Recovery and Reinvestment Act of 2009 Activities	
6A	Systems Integration Needed to Provide ARRA Expected Transparency and Accountability for Economic Stimulus Funds	2010
6B	Immediate Resources Needed to Manage and Provide Oversight of Grants to State Extended Care Facilities	2010
OIG 7	Data Integrity	
7A(1)	Health Care Data	2010
7A(2)	Benefits Data	2011



High-Risk Areas Identified by GAO

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. In January 2009, GAO issued an update to its High-Risk Series (GAO-09-271). The GAO-identified High-Risk Areas (specific to VA as well as governmentwide) and other selected reports pertaining to VA are summarized in the full PAR. Please refer to pages II-223-II-241 of the full PAR for more details.

The table below shows the strategic goal to which each high-risk area is most closely related, as well as its estimated resolution timeframe.

High-Risk Area		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
GAO 1	Improving and Modernizing Federal Disability Programs	2012
GAO 2	Strategic Human Capital Management: A Governmentwide High-Risk Area	2010
GAO 3	Managing Federal Real Property: A Governmentwide High-Risk Area	2014
GAO 4	Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures: A Governmentwide High-Risk Area	2010
GAO 5	Management of Interagency Contracting: A Governmentwide High-Risk Area	2010



Letter from the Office of Management

The Department of Veterans Affairs (VA) completed a challenging, but successful year by receiving an unqualified audit opinion for the 11th consecutive year on the Department's consolidated financial statements from our independent auditor, Deloitte & Touche LLP. We are extremely proud of this continued accomplishment.

VA has met challenges involved in implementing the American Recovery and Reinvestment Act (Recovery Act) of 2009 that brought new responsibilities to the CFO to ensure funds are available and are used for their intended purpose in an effective, efficient manner.

Implementation of the Recovery Act of 2009 began in February 2009. VA was provided \$1.4 billion to improve its medical facilities and national cemeteries, provide grants for State nursing home and domiciliary facilities, hire and train temporary claims processors, and pursue information technology systems initiatives. VA also received an additional \$700 million to make one-time payments of \$250 to eligible Veterans. As of September 30, VA obligated nearly 51 percent of its Recovery Act funds and made outlays totaling 27 percent. VA also released 1.8 million \$250 payments to Veterans and/or their beneficiaries in June 2009. Over 99 percent of all contract awards for Recovery Act projects are competitively bid. In addition, Veteran-owned small business awards totaled 73.8 percent of all VA Recovery Act-awarded contracts and 75.4 percent were awarded to small businesses.

VA continues to make strides toward improving financial management operations. VA continued work on corrective action plans (CAPs) to address material weaknesses identified in the 2008 audit (Financial Management System Functionality, Information Technology Security Controls, and Financial



Management Oversight). CAPs guide VA efforts to focus on and eliminate material weaknesses. However, the underlying issues of the weaknesses are complex, and comprehensive corrective actions will take a long term commitment to accomplish.

VA established a new Office of Financial Process Improvement and Audit Readiness (FPIAR) to oversee and coordinate agency-wide oversight activities for correcting material weaknesses and improving existing financial business processes. FPIAR works directly with individual CAP owners to provide assistance in remediating the respective audit findings.

VA made progress on the Financial Management System Functionality material weakness through our Financial & Logistics Integrated Technology Enterprise (FLITE) initiative being developed to integrate disparate VA systems, standardize functional processes, and modernize the information technology environment across VA. The FLITE initiative is a multiple-year phased approach comprised of three major components: the logistics and asset management system component, referred to as Strategic Asset Management (SAM); the financial management component, referred to as the Integrated Financial Accounting System



(IFAS); and the data warehouse component referred to as the FLITE Data Warehouse.

VA expects to award the IFAS implementation contract and initiate the IFAS pilot phase during FY 2010 as well as prepare the acquisition package for the SAM beta and national deployment phase of the SAM project. IFAS will replace VA's legacy core financial management system (FMS), implement standardized business processes, accounting procedures and data, and initiate development of an IFCAP replacement system leading to a fully integrated and centralized procurement system for VA. The RFP for the FLITE Data Warehouse is projected for release in 2010 and is intended to provide a repository for financial and asset management information for corporate-level reporting and decision-making.

The Payroll Modernization initiative was completed during 2009 when VA successfully migrated the VA employee population (approximately 299,000 employees) to the Defense Finance and Accounting Service for payroll processing.

On November 30, 2008, as part of the General Services Administration's SmartPay2 contracting efforts, VA transitioned all charge card programs from Citibank to U.S. Bank. The transition included over 32,000 travel cards, 43,000 purchase cards and 2,500 fleet cards. The effort also included the successful upload of FedTraveler.com with all new U.S. Bank travel profiles and a transition to the Power Track payment process for pharmaceutical prime vendor purchases. The transition to U.S. Bank maximizes VA buying power through increased refunds received on over \$6 billion in purchases each year. This translates into over \$60 million per year that is channeled back into Veterans programs and services.

VA successfully completed its risk assessments, statistical sampling, and all program reporting requirements for the Improper Payments Information Act (IPIA) of 2002. Data from

2008 were used to ensure that an accurate representation of a full fiscal year's results was obtained for all VA reporting programs. VA is required to report three VBA programs: Compensation, Pension, and Education, and two VHA programs: Non-VA Care Fee and Non-VA Care Civilian Health and Medical Program of VA (CHAMPVA). Last year, CHAMPVA was a new program and not included in VA's improper payment reduction and audit recovery targets for 2008. VA also received approval from OMB to remove the Loan Guaranty program from IPIA reporting requirements until 2012.

VA's Franchise Fund is expected to receive its 12th successive unqualified audit opinion on its FY 2009 consolidated financial statements. In addition to VA's Supply Fund receiving a clean audit opinion in 2007, the Supply Fund also received a clean opinion in 2008 on its second independent audit by an outside audit firm. The 2008 audit was a full-encompassing audit expanding on its first audit which concentrated on the balance sheet.

VA is dedicated to ensuring the proper stewardship of resources entrusted to it by Congress and the American taxpayer. We are proud of our many accomplishments and know that a lot of work remains. We continually strive to improve our financial stewardship and have set new goals to enhance our performance. We will continue to promote sound business practices and improve accountability while fulfilling our mission of quality service to our Nation's Veterans.

A handwritten signature in black ink, appearing to read "Rita A. Reed", is positioned above the printed name.

Rita A. Reed
Office of Management



Financial Highlights

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Veterans Affairs (VA), pursuant to the requirements of 31 U.S.C. 3515(b). VA is a component of the U.S. Government, a sovereign entity. The statements have been prepared from the books and records of the Department in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB.

VA received an unqualified opinion on the Department's financial statements for 2009 and 2008 from the external auditors, Deloitte & Touche LLP. As a result of its audit work, Deloitte & Touche LLP reported four material weaknesses, three of which are repeat material weaknesses. In addition, the auditors reported 11 significant deficiencies, one of which is not included in the material weaknesses.

VA programs operated at a net benefit of \$52.5 billion in 2009 compared with a net cost of \$422.6 billion in 2008. Again this year, the change in the actuarial liability for future years' Veterans' compensation is primarily responsible for the significant variation in net cost from year to year. The actuarial liability decreased by \$149 billion during 2009 and increased by \$339 billion during 2008. The 2009 decrease in actuarial liability was caused primarily by a large decrease in the cost of living adjustment (COLA) rate due to the change in inflation over the past year and the impact lower estimated COLA rates have in the actuarial liability. The large COLA decrease was partially offset by higher beneficiary counts and lower interest rates used to discount the projected liability. Excluding the change in this actuarial liability from the net cost would result in an adjusted net cost for VA's programs of \$96.8 billion and \$83.6 billion for 2009 and 2008, respectively. Two VA programs, Medical Services and Compensation, accounted for the bulk of the

increase in the adjusted net cost, \$6 billion and \$4.6 billion, respectively.

Assets and liabilities reported in VA's balance sheets do not show significant change from year to year with the exception of Federal Employee and Veterans Benefits Liability. The majority of change in the Federal Employee and Veterans Benefits Liability, \$149 billion, is driven by the actuarial estimate previously discussed. It should be noted that the future cash flows to liquidate the actuarial estimate liability are not supported by identifiable assets as they are anticipated to be funded from the future general revenues of the U.S. Government.

Medical care collections continue to improve. In 2009, collections through September totaled \$2.7 billion. The 2009 MCCF goal of \$2.5 billion was exceeded by 9.5 percent. The 2009 collections build on the \$2.41 billion collected in 2008.

In the area of debt management, through September 2009, VA referred \$658 million (98.8 percent) of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred \$151 million (97 percent) of eligible debt to Treasury for collection.

Implementation of the American Recovery and Reinvestment Act (ARRA) (Recovery Act) of 2009 began in February 2009. VA is committed to investing the Recovery Act dollars for the specific programs identified in the Act and having actions fully transparent and accountable.

VA was provided \$1.4 billion to improve its medical facilities and national cemeteries, provide grants for State nursing home and domiciliary facilities, to hire and train temporary claims processors, to pursue needed information technology systems initiatives, and to oversee and audit programs, grants, and projects funded



under ARRA. VA also received an additional \$700 million to make one-time payments of \$250 to eligible Veterans.

As of September 30, 2009, VA obligated nearly 51 percent of its Recovery Act funds and made outlays totaling 27 percent. Over 99 percent of all contract awards for Recovery Act projects are competitively bid. In addition, 75.35 percent of all VA Recovery Act-awarded contracts were awarded to small businesses, of which 73.8 percent of the contracts were awarded to Veteran-owned small businesses.

VA also continued with the multi-year Audit Readiness initiative in FY 2009 by establishing the Office of Financial Process Improvement and Audit Readiness (FPIAR). FPIAR's primary responsibility is to define and support a strategy to identify root causes of deficiencies identified in the audit report to improve financial management and other control deficiencies.

VA continues to work diligently to address its audit material weaknesses. Through the establishment of FPIAR, VA gained a standardized process for resolving material weaknesses through its agency-wide Corrective Action Plan (CAP) efforts. As part of the CAP effort, FPIAR identifies and prioritizes findings related to material weaknesses and significant deficiencies. FPIAR also supports the establishment of teams—comprised of representatives from across VA's Administrations and Staff Offices—to develop remediation plans and implement definitive measures. The CAPs are updated and monitored on a monthly basis. The ultimate goal of FPIAR is to reduce the risk of material weaknesses on subsequent audits and improve processes, including internal controls.

During 2009, the Department aggressively used the governmentwide commercial purchase card program. Over 4.7 million transactions were processed, representing \$3.0 billion in purchases. The entire charge card program (purchase, travel, and fleet) earned over

\$64 million in refunds in 2009, compared to \$49 million during 2008. As a result of VA's daily electronic billing and payment process for centrally billed accounts, and a higher negotiated refund rate, VA earned over \$59.1 million in purchase card refunds. These refunds are returned to VA entities for use in Veterans programs.

Throughout 2009, VA continued to make operational enhancements, which resulted in improvements in interest paid, discounts earned, and audit recoveries. Interest penalties paid per million dollars disbursed to commercial vendors improved almost 8 percent from \$51 per million in 2008 to \$47 per million in 2009. At the same time, VA earned 94 percent (\$8.5 million) of its available discounts.

VHA continues to monitor and improve its financial reporting process. In 2009 VHA developed a financial dashboard to monitor facility operations on a monthly basis. This process assesses the quality of the facility's performance over time; identifies issues; and directs resources to their prompt follow-up and resolution.

In 2009 VBA implemented a payment and accounting system to support the Post-9/11 GI Bill. As part of the American Recovery and Reinvestment Act, VBA made payments of \$250 to approximately 1.8 million Veterans. VBA also developed and implemented a system to make one-time payments to certain Filipino Veterans.

NCA implemented the business office concept to establish a single site for each of the primary activities: finance, acquisition, and asset management. Currently, a good portion of the major acquisition and associated accounting is accomplished by the operations support center in Stafford, Virginia, with general acquisition, finance, and asset management support for non-centralized cemeteries being provided by a VA medical center.



Management Controls, Systems, and Compliance With Laws and Regulations

Federal Managers’ Financial Integrity Act

The Federal Managers’ Financial Integrity Act (FMFIA) requires agencies to establish management controls over their programs and financial systems. VA managers monitor and improve the effectiveness of management controls associated with their programs and financial systems throughout the year. The results of monitoring and conducting other periodic evaluations provide the basis for the Secretary’s annual assessment of and report on management controls. VA managers are required to identify material weaknesses relating to their programs and operations pursuant to sections 2 and 4 of the FMFIA as defined:

- Section 2 requires agencies to assess internal controls necessary to ensure compliance with applicable laws and regulations; protect against loss from waste, fraud, and abuse; and ensure receivables and expenditures are properly recorded.
- Section 2 also requires management’s assessment of internal control over financial reporting.
- Section 4 requires agencies to assess nonconformance with governmentwide financial systems requirements.

Management Assurances

During 2009, the Secretary of Veterans Affairs emphasized the importance of managers implementing strong internal controls that will enhance the Department’s diligent stewardship and wise application of taxpayers’ assets and programs to deliver timely and high quality benefits.

Management conducted its assessment and other evaluations to determine the effectiveness of internal controls over operations and compliance with applicable laws and regulations in accordance with FMFIA and OMB Circular A-123, Management’s Responsibility for

Internal Control. After reviewing the results of the assessments outlined in the Statements of Written Assurance provided by the Under Secretaries, Assistant Secretaries, and other key officials, the Secretary of Veterans Affairs provided a qualified statement of assurance. The following three material weaknesses identified under FMFIA were carried forward into 2009: “Financial Management System Functionality,” “Information Technology (IT) Security Controls,” and “Financial Management Oversight.” A new material weakness, “Compensation, Pension and Burial Liabilities” was also identified under FMFIA.

During 2006-2008, VA completed its first comprehensive assessment of internal controls over financial reporting, resulting in the identification and documentation of 11 key business processes. This assessment also established a baseline metric of the operating effectiveness of key controls. Beginning in 2009, VA identified all key controls associated with material financial statement accounts supported by those business processes. VA tested all controls rated “high risk” and more than one-third of the controls rated “moderate risk.” Low risk controls are evaluated on a 3-year cycle through self-assessment procedures conducted by Department managers.

Management’s assessment of internal control over financial reporting included an evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting and finance policies, and our overall control environment. Based on the results of VA’s internal control assessment, no additional material weaknesses were identified in 2009.



Condensed Financial Statements

DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED CONSOLIDATED BALANCE SHEETS* (dollars in millions)		
As of September 30,	2009	2008
ASSETS		
Fund Balance with Treasury	\$ 27,086	\$ 26,292
Investments and Other Assets - Intragovernmental	12,266	12,569
Public		
Accounts and Loans Receivable, Net	4,520	4,668
General Property and Equipment, Net	14,699	13,068
Other Assets	330	317
TOTAL ASSETS	\$ 58,901	\$ 56,914
LIABILITIES		
Intragovernmental Liabilities	\$ 3,134	\$ 3,562
Public		
Federal Employee and Veterans Benefits Liability	1,319,235	1,468,605
Insurance Liabilities	10,249	10,751
Other Liabilities	17,698	15,954
TOTAL LIABILITIES	1,350,316	1,498,872
NET POSITION	(1,291,415)	(1,441,958)
TOTAL LIABILITIES AND NET POSITION	\$ 58,901	\$ 56,914
CONDENSED CONSOLIDATED STATEMENTS OF NET COST* (dollars in millions)		
for the Years Ended September 30,	2009	2008
NET PROGRAM COSTS		
Medical Care	\$ 40,975	\$ 35,019
Medical Education	1,512	1,367
Medical Research	1,011	917
Compensation	42,499	37,869
Pension	4,413	3,978
Education	3,193	2,537
Vocational Rehabilitation and Employment	904	787
Loan Guaranty	495	(565)
Insurance	116	118
Burial	437	448
NET PROGRAM COSTS BEFORE CHANGES IN VETERANS BENEFITS ACTUARIAL LIABILITIES	95,555	82,475
COMPENSATION AND BURIAL	(149,200)	339,000
NET NON-PROGRAM COSTS	1,180	1,147
NET (BENEFIT) COST OF OPERATIONS	\$ (52,465)	\$ 422,622

*For a full set of financial statements and footnotes, see Part III of the FY 2009 PAR at www.va.gov/budget/report



Part III - VA's Financial Position and Management Controls

DEPARTMENT OF VETERANS AFFAIRS

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION*
(dollars in millions)

For the Years Ended September 30,	2009	2008
Cumulative Results of Operations		
Beginning Balance	\$ (1,445,952)	\$ (1,110,716)
Financing Sources, primarily Appropriations Used	100,074	87,386
Net Cost of Operations	(52,465)	422,622
Net Change	152,539	(335,236)
Ending Balance – Cumulative Results	\$ (1,293,413)	\$ (1,445,952)
Unexpended Appropriations		
Beginning Balance	\$ 3,994	\$ 2,107
Appropriations Received	97,230	89,084
Appropriations Used and Other Changes	(99,226)	(87,197)
Total Unexpended Appropriations	1,998	3,994
Total Net Position	\$ (1,291,415)	\$ (1,441,958)

* For a full set of financial statements and footnotes, see Part III of the FY 2009 PAR at www.va.gov/budget/report



DEPARTMENT OF VETERANS AFFAIRS

CONDENSED COMBINED STATEMENTS OF BUDGETARY RESOURCES*
 (dollars in millions)
 for the Year Ended September 30, 2009

Budgetary Resources

	Budgetary	Non-Budgetary Credit Program
Unobligated Balance at the Beginning of the Period	\$ 10,559	\$ 3,285
Net Increase in Budget Authority	106,255	2,507
Total Budgetary Resources	\$ 116,814	\$ 5,792

Status of Budgetary Resources

Obligations Incurred	\$ 105,604	\$ 3,212
Unobligated Balance Available	8,356	-
Unobligated Balance Not Available	2,854	2,580
Total Status of Budgetary Resources	\$ 116,814	\$ 5,792

Obligated Balance, Net-End of Period

\$ 16,669	\$ 50
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Net Outlays

\$ 96,526	\$ (349)
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for the Year Ended September 30, 2008

Budgetary Resources

	Budgetary	Non Budgetary Credit Program
Unobligated Balance at the Beginning of the Period	\$ 18,312	\$ 2,950
Net Increase in Budget Authority	89,275	3,400
Total Budgetary Resources	\$ 107,587	\$ 6,350

Status of Budgetary Resources

Obligations Incurred	\$ 97,028	\$ 3,065
Unobligated Balance Available	7,907	-
Unobligated Balance Not Available	2,652	3,285
Total Status of Budgetary Resources	\$ 107,587	\$ 6,350

Obligated Balance, Net-End of Period

\$ 15,924	\$ 62
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Net Outlays

\$ 86,146	\$ (1,145)
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* For a full set of financial statements and footnotes, see Part III of the FY 2009 PAR at www.va.gov/budget/report



Summary of Financial Statement Audit

During 2009, VA developed remediation plans and is taking actions to correct the material weaknesses “Financial Management System Functionality,” “Information Technology Security Controls,” and “Financial Management Oversight.” Material weaknesses were identified by VA’s independent auditors or by VA management. One new material weakness, “Compensation, Pension, and Burial Liabilities,” was identified in 2009.

Audit Opinion	Unqualified
Restatement	No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Oversight	✓				✓
IT Security Controls	✓				✓
Financial Management System Functionality	✓				✓
Compensation, Pension and Burial Liabilities		✓			✓
Total Material Weaknesses	3	1	0	0	4



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