



Department of  
Veterans Affairs

FY 2008

Highlights  
for the Citizen

*VA – A beacon of hope  
for America's heroes and their families*



## Purpose of the Highlights: *What it Contains*



Based on the full Performance and Accountability Report (PAR), the *Highlights for the Citizen* 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 2008. 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*



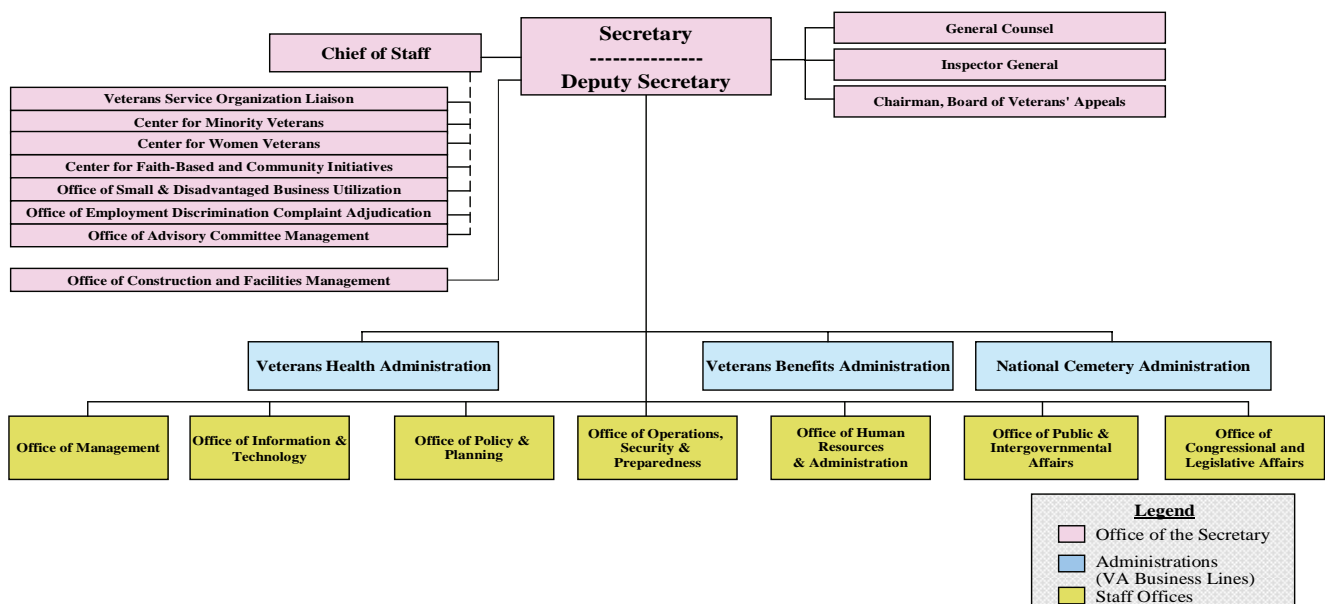
To fulfill President Lincoln's promise – "To care for him who shall have borne the battle, and for his widow, and his orphan" – by serving and honoring the men and women who are America's veterans.

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 every employee is proud to fulfill.

## Our Organization: *How We are Structured*



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





December 19, 2008

To the American People,

I am pleased to provide you with the Department of Veterans Affairs' *Highlights for the Citizen*, a short "user-friendly" summary of the Department's accomplishments, financial position, and management challenges for Fiscal Year 2008.



### **Medical Services: *Delivering High-Quality Health Care***

- **Patient Access:** 98.7 percent of primary care appointments were scheduled within 30 days of the desired appointment date.
- **Quality of Health Care:** Attained scores of 84 percent and 88 percent for the Clinical Practice Guidelines and Prevention Index, respectively -- nationally recognized industry standards used to measure quality of health care.
- **Rural Health:** Established the Rural Mobile Health Care Clinics pilot project to improve access to primary care and mental health services to serve veterans in 24 predominately rural counties.
- **Suicide Hotline and Suicide Prevention:** Continued to operate a national suicide prevention hotline to provide veterans in emotional crisis with free, 24/7 access to trained counselors.
- **Expanding Polytrauma Treatment Capabilities:** Identified San Antonio, Texas, for the location of a fifth polytrauma center to assist severely injured OEF/OIF veterans.
- **Traumatic Brain Injury (TBI):** VA and the Department of Defense are developing a joint TBI Center of Excellence at the Walter Reed National Military Medical Center in Bethesda, Maryland. When completed, this will be a state-of-the-art facility dedicated to the support and treatment of complications arising from TBI.
- **Other Initiatives:** Initiatives are underway to address serious injuries such as amputations, spinal cord injuries, and blindness.

### **Benefits: *Ensuring a High Quality of Life After Military Service***

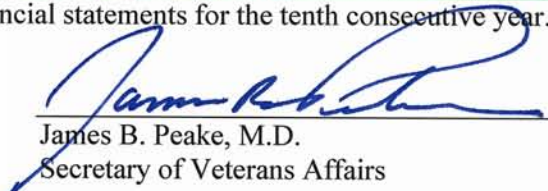
- **Disability Benefits:** Processed nearly 900,000 claims for disability benefits.
- **Disability Exam Pilot Project:** Began a Disability Evaluation pilot in the national capital region wherein the servicemembers undergo a single medical examination to aid in determining benefits.
- **Insurance:** Processed insurance disbursements in an average of 1.6 workdays – significantly better than the industry average of 5.7 workdays.
- **Education:** Provided education benefits to approximately 539,000 students and processed original claims in 19 days – down from 32 days in 2007.

### **Cemeteries: *Honoring Veterans for Sacrifices on Behalf of the Nation***

- **Veterans Served:** With the opening of four new State veterans cemeteries in Georgia, South Carolina, Iowa, and Kentucky, 84.2 percent of veterans are now served by a burial option within a reasonable distance (75 miles) of their residence.
- **Cemetery Expansion:** Continued progress in establishing six new national cemeteries, which will provide service to approximately 1 million veterans.

### **Finance: *Ensuring Proper Stewardship of Taxpayer Dollars***

- Obtained an unqualified audit opinion on our financial statements for the tenth consecutive year.

  
James B. Peake, M.D.  
Secretary of Veterans Affairs



**FY 2008 Highlights for the Citizen**  
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<sup>(1)</sup> In this report, with the exception of table and chart titles, references to years (e.g., 2007, 2008) are fiscal years unless stated otherwise.

<sup>(2)</sup> For additional copies of the PAR or *Highlights for the Citizen*, please call VA’s Office of Budget at **202-461-6630**. Electronic versions of these reports are available on the World Wide Web at [www.va.gov/budget/report](http://www.va.gov/budget/report)





## 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 2008 PAR. The table below shows many of these sites and provides page locations in the full PAR.



<i>What Information do You Need?</i>	<i>Link to Web Site</i>	<i>Full PAR Location</i>
<b>Obtaining Hard Copies of This Report</b>	<a href="http://www.va.gov/budget/report">www.va.gov/budget/report</a>	See Page 7
<b>Health Care in VA</b>	<a href="http://www.va.gov/health/index.asp">www.va.gov/health/index.asp</a>	See Page 10
<b>Managing My Health as a Veteran</b>	<a href="http://www.myhealth.va.gov">www.myhealth.va.gov</a>	See Page 206
<b>Medical Research in VA</b>	<a href="http://www.research.va.gov">www.research.va.gov</a>	See Page 10 See Page 183
<b>VA's Traveling Nurses</b>	<a href="http://www.travelnurse.va.gov">www.travelnurse.va.gov</a>	See Page 198
<b>Clinical Training Opportunities and Education Affiliates</b>	<a href="http://www.va.gov/oa">www.va.gov/oa</a>	See Page 188
<b>Disability Compensation for Veterans</b>	<a href="http://www.vba.va.gov/bln/21/compensation">www.vba.va.gov/bln/21/compensation</a>	See Page 10
<b>Pension Benefits for Veterans</b>	<a href="http://www.vba.va.gov/bln/21/pension">www.vba.va.gov/bln/21/pension</a>	See Page 11 See Page 155
<b>Education Benefits for Veterans</b>	<a href="http://www.gibill.va.gov">www.gibill.va.gov</a>	See Page 11 See Page 31 See Page 139
<b>Vocational Rehabilitation and Employment for Veterans</b>	<a href="http://www.vba.va.gov/bln/vre">www.vba.va.gov/bln/vre</a>	See Page 11
<b>Home Loans for Veterans</b>	<a href="http://www.homeloans.va.gov">www.homeloans.va.gov</a>	See Page 11 See Page 176
<b>Specially Adapted Homes for Veterans</b>	<a href="http://www.homeloans.va.gov/sah.htm">www.homeloans.va.gov/sah.htm</a>	See Page 112
<b>Insurance Benefits for Veterans</b>	<a href="http://www.insurance.va.gov">www.insurance.va.gov</a>	See Page 12 See Page 161
<b>Burial Benefits for Veterans</b>	<a href="http://www.cem.va.gov">www.cem.va.gov</a>	See Page 12 See Page 193
<b>VA's Status and Progress on the President's Management Agenda</b>	<a href="http://www.results.gov">www.results.gov</a>	See Page 61
<b>OMB's Assessment on how Well VA Programs are Managed</b>	<a href="http://www.ExpectMore.gov">www.ExpectMore.gov</a>	See Page 74
<b>Opportunities for Veteran-Owned Small Businesses</b>	<a href="http://www.vetbiz.gov">www.vetbiz.gov</a>	See Page 189



# Performance Scorecard

Color coding for FY 2008 Results  
 ● Target Achieved  
 ○ Target Missed – Small Extent  
 ○ Target Missed – Great Extent

Strategic Goals	Key Performance Measures (page references in full PAR)	FY 2007 Recap		FY 2008 Recap					
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2007?	Measure Type
						Yes	No		
Strategic Goal #1 RESTORATION AND IMPROVED QUALITY OF LIFE FOR DISABLED VETERANS	National accuracy rate for compensation core rating work (pp. 121, 228)	89%	88%	90%	86%*		No	No	Output
	Compensation and pension rating-related actions — average days to process (pp. 119, 228)	160	183	169	179		No	Yes	Output
	Rating-related compensation actions — average days pending (pp. 120, 228)	127	132**	120	121		No	Yes	Output
	Vocational rehabilitation and employment rehabilitation rate (pp. 126, 228)	73%	73%	75%	76%	Yes		Yes	Outcome
	Average days to process Dependency and Indemnity Compensation actions (pp. 130, 228)	125	132	118	121		No	Yes	Output
Strategic Goal #2 SMOOTH TRANSITION TO CIVILIAN LIFE	Average days to complete education claims								
	Original claims (pp. 140, 228)	35	32	24	19	Yes		Yes	Output
	Supplemental claims (pp. 141, 228)	15	13	11	9	Yes		Yes	Output
Strategic Goal #3 HONORING, SERVING, AND MEMORIALIZING VETERANS	Percent of patients rating VA health care service as very good or excellent: - Inpatient (pp. 150, 230)	78%	78%	79%	79%*	Yes		Yes	Outcome
	- Outpatient (pp. 151, 230)	78%	78%	79%	78%*		No	Same	Outcome
	Percent of primary care appointments scheduled within 30 days of desired date (pp. 148, 230)	96%	97%	97%	98.7% <sup>(a)</sup>	Yes		Yes	Output
	Percent of specialty care appointments scheduled within 30 days of desired date (pp. 149, 230)	95%	95%	95%	97.5% <sup>(a)</sup>	Yes		Yes	Output
	Percent of new patient appointments completed within 30 days of desired date (p. 230)	N/A	N/A	FY 2008 was a <b>Baseline</b> year		N/A		N/A	Output
	Percent of unique patients waiting more than 30 days beyond the desired appt. date (p. 230)	N/A	N/A	FY 2008 was a <b>Baseline</b> year		N/A		N/A	Output



# Performance Scorecard

Color coding for FY 2008 Results  
 ● Target Achieved  
 ○ Target Missed - Small Extent  
 ○ Target Missed - Great Extent

Strategic Goals	Key Performance Measures (page references in full PAR)	FY 2007 Recap		FY 2008 Recap						
		Targets	Results	Targets	Results	Target Achieved?		Improved From FY 2007?	Measure Type	
						Yes	No			
Strategic Goal #3 <i>(continued)</i>	HONORING, SERVING, AND MEMORIALIZING VETERANS	Clinical Practice Guidelines Index II (pp. 146, 230)	84%	83%	85%	84%*		No	Yes	Outcome
		Prevention Index III (pp. 147, 232)	88%	88%	88%	88%*	Yes		Same	Outcome
		Annual percent increase of non-institutional, long-term care average daily census (2006 baseline=43,325) (pp. 152, 232)	26.3%	-5.3%	7.7%	31.7%	Yes		Yes	Output
		Non-rating pension actions — average days to process (pp. 157, 232)	96	104	84	119		No	No	Output
		National accuracy rate for pension authorization work (pp. 158, 232)	89%	91%	92%	92%*	Yes		Yes	Output
		Average number of days to process Traumatic Injury Protection Insurance disbursements (pp. 162, 232)	5	3.0	5.0	2.5	Yes		Yes	Output
		Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence (pp. 167, 234)	83.8%	83.4%	83.7%	84.2%	Yes		Yes	Outcome
		Percent of respondents who rate the quality of service provided by the national cemeteries as excellent (pp. 168, 234)	97%	94%	97%	94%		No	Same	Outcome
		Percent of graves in national cemeteries marked within 60 days of interment (pp. 173, 234)	90%	94%	95%	93%		No	No	Output
		Foreclosure avoidance through servicing (FATS) ratio (pp. 177, 234)	51.0%	57.0%	56.0%	52.4%		No	No	Outcome
Strategic Goal #4	CONTRIBUTING TO THE NATION'S WELL-BEING	Progress towards development of one new treatment for post-traumatic stress disorder (5 milestones over 4 years) (pp. 184, 234)	67%	67%	80%	80%	Yes		Yes	Outcome
		Percent of respondents who rate national cemetery appearance as excellent (pp. 194, 234)	99%	97%	99%	98%		No	Yes	Outcome

Notes: 1) \* Indicates partial or estimated actual data. 2) \*\*Indicates corrected data. 3) <sup>(a)</sup> Office of Inspector General reports in 2005, 2007 and 2008 found reported outpatient waiting times to be unreliable because of data integrity concerns associated with VHA's scheduling system. VHA non-concurred with the 2007 findings due to disagreements with the OIG's methodology. In 2008, VHA obtained the services of an expert consultant to perform a thorough analysis and assessment of its scheduling and wait times reporting system. VHA is in the process of implementing the recommendations.



## 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 Vet-Centered Medical Research

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

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

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

### Veterans Benefits Administration

#### Delivering Compensation Benefits

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

This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents in

recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

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

#### Providing Pension Benefits

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

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

#### Providing 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 Reserve Educational Assistance Program (REAP) for Reserve and National Guard troops activated in support of the Global War on Terror.

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





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

The Vocational Rehabilitation and Employment program assists veterans with service-connected disabilities 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**

Through loan guaranties, VA's Loan Guaranty program helps eligible veterans, active duty personnel, surviving spouses, and members of the Reserves and National Guard to purchase homes. We also assist veterans in retaining their homes through foreclosure avoidance services. In addition, VA offers grants to veterans who have specific service-connected disabilities for the purpose of constructing an adapted dwelling or modifying an existing one to meet the veteran's 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 the Department as a result of foreclosure.

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

### **Meeting Insurance Needs**

The 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 for the optional continuation of insurance coverage after a servicemember's separation from service. In this context, the program continues to provide life insurance coverage to 1.2 million WWII and Korean War-era veterans.

In addition, the program provides life insurance to veterans who have lost or impaired insurability resulting from military service and therefore cannot obtain commercial insurance at

standard (healthy) rates. Insurance coverage is made available in reasonable amounts and at premium rates largely 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.



## 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 2007 Participants <sup>(1)</sup>	FY 2008 Participants <sup>(1)</sup>	Percent Change
<b>Medical Care</b>			
Unique Patients	5,479,000	5,565,000	1.6
<b>Compensation</b>			
Veterans	2,839,700	2,951,600	3.8
Survivors/Children	329,700	333,200	1.1
<b>Pension</b>			
Veterans	322,900	317,600	-1.7
Survivors	194,600	195,600	0.5
<b>Education<sup>(2)</sup></b>			
Veterans/ Servicemembers	345,000	352,600	2.2
Reservists	101,700	106,200	4.4
Survivors/ Dependents	77,300	80,100	3.6
<b>Vocational Rehabilitation<sup>(2)</sup></b>			
Program Participants	90,600	97,116	6.4
<b>Housing</b>			
Loans Guaranteed	133,300	179,700	34.8
<b>Insurance</b>			
Veterans	1,695,000	1,630,000	-3.8
Servicemembers/ Reservists	2,354,000	2,337,000	-0.7
Spouses/ Dependents	3,075,000	3,078,000	0.1
<b>Burial</b>			
Interments	100,200	103,300	3.1
Graves Maintained	2,842,700	2,914,500	2.5
Headstones/Markers (Processed)	359,500	361,200	0.5
Presidential Memorial Certificates	423,100	511,400	20.9

<sup>(1)</sup> Figures are rounded to nearest hundred.

<sup>(2)</sup> Figures represent 12-month rolling data through September.



## 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 style="text-align: center;"><b>Veteran Population Compared to Total U.S. Population</b> (Millions)</p> <p style="text-align: center;">Living Veterans, 23 Dependents &amp; Survivors, 36 All Other Residents, 246</p>	<ul style="list-style-type: none"> <li>• Currently there are about 23.4 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.</li> <li>• There are an estimated 36 million dependents (spouses and dependent children) of living veterans and survivors of deceased veterans in the U.S.</li> <li>• Together, veterans, dependents, and survivors make up about 19 percent of America's population.</li> </ul>
<p style="text-align: center;"><b>Veteran Population by Period of Service*</b> (Thousands)</p> <p style="text-align: center;">Peacetime 5,987 World War II 2,583 Korea 2,792 Vietnam 7,773 Gulf War 5,239</p> <p style="text-align: center;">0 2,000 4,000 6,000 8,000 10,000</p> <p style="text-align: center;">■ Male ■ Female</p>	<ul style="list-style-type: none"> <li>• More than 17 million (74 percent) of America's veterans served during at least one wartime period.</li> <li>• The nearly 8 million Vietnam Era veterans account for the largest segment of the veteran population.</li> <li>• About 73 percent of all women veterans served during the post-Vietnam Era compared to 34 percent of men.</li> <li>• Between 2008 and 2018, the number of women veterans enrolled in VA's health care system is expected to increase from 474,621 to 747,408, or 58 percent.</li> </ul>
<p style="text-align: center;"><b>Age Distribution of the Veteran Population By 5-Year Age Groups</b> (Thousands)</p> <p style="text-align: center;">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"> <li>• As of September 2008, the median age of all living veterans was 61 years.</li> <li>• Men's median age was 61; women's 48.</li> <li>• The number of veterans 85 and older totaled about 1,290,000, compared to 164,000 in 1990.</li> <li>• Between 2008 and 2018, veterans 85 and older enrolled in VA's health care system are expected to increase from 546,922 to 774,177, or 42 percent.</li> </ul>

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

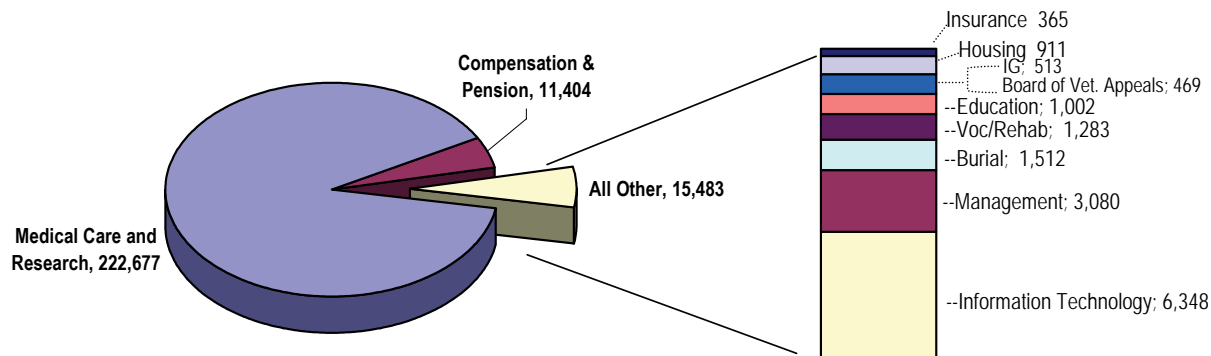




## Resources: *Our People*

As of September 30, 2008, the Department employed about 250,000 staff 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, 2008

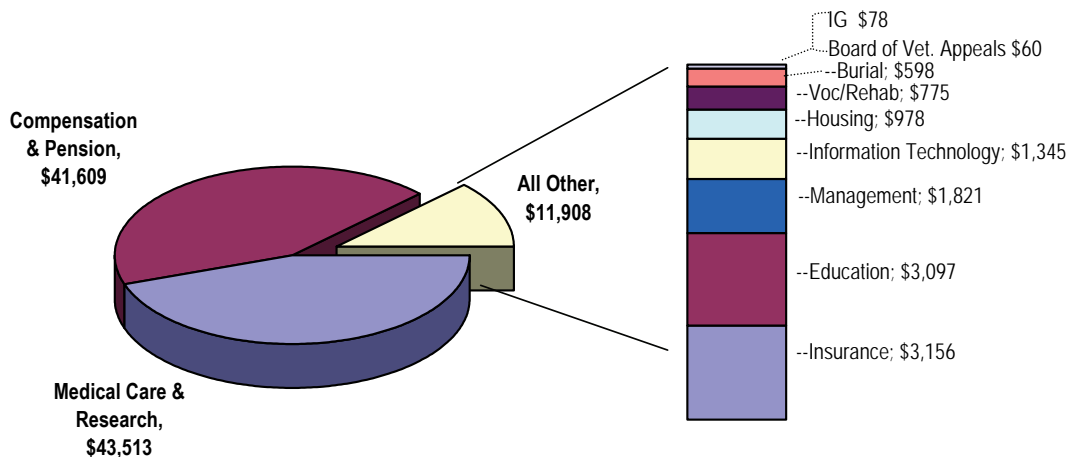


As shown above, more than 222,000 employees support VA's health care system, one of the largest in the world. Of the remaining employees, approximately 15,000 are involved with providing compensation and pension as well as other benefits to veterans and their families. About 1,500 provide burial and memorial services for veterans and their eligible spouses and children, and about 9,900 employees, located primarily in the Washington, DC area, provide policy, administrative, information technology, and management support to the programs.

## Resources: *Our Budget*

In 2008 VA obligated approximately \$97.0 billion. Approximately 98 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 2008 Obligations**  
(\$ Millions)

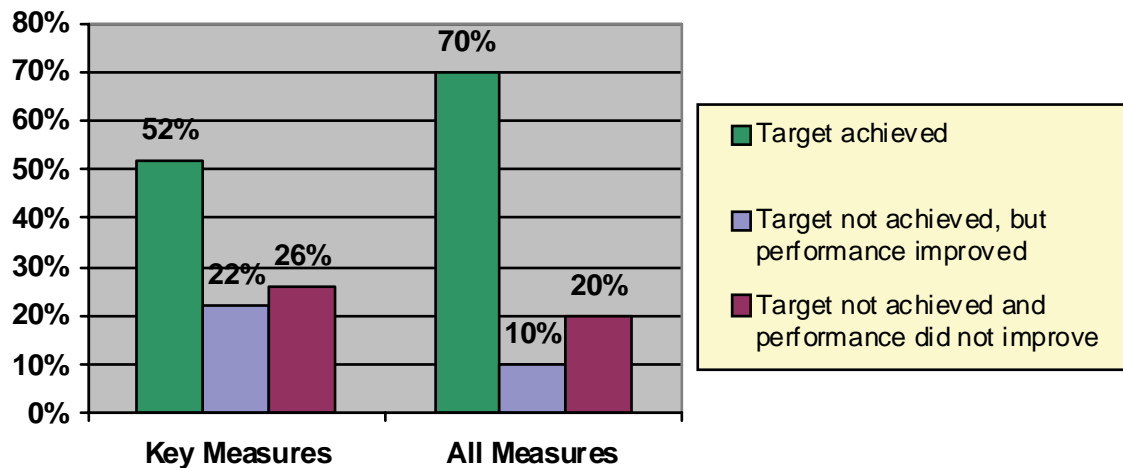




## 2008 Performance -- A Department-Level Summary

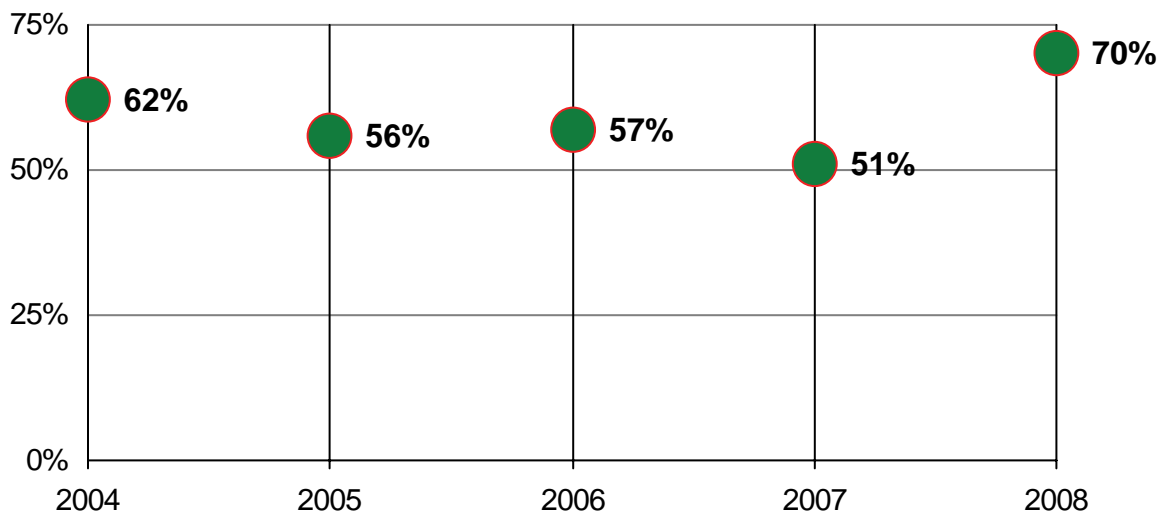
**Performance Results: Key vs. All Measures:** The chart below shows how well VA performed in meeting its performance targets. As shown, VA achieved the target for 52 percent of its key measures and 70 percent of all measures. In addition, for key measures, 22 percent of the targets were not achieved, but performance improved from 2007. For all measures, 10 percent of the targets were not achieved, but performance improved from 2007.

**2008 Performance Results Distribution for Key and All Measures**



**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.

**Percent of Targets Achieved For All Measures – 5-Year Trend**





## 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.*

#### Public Benefit

Providing **specialized health care** for 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 that are not uniformly available in the private sector.

For example, 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. The PSC provides intensive clinical and social work case management services essential to coordinating the complex

components of care for polytrauma patients and their families.

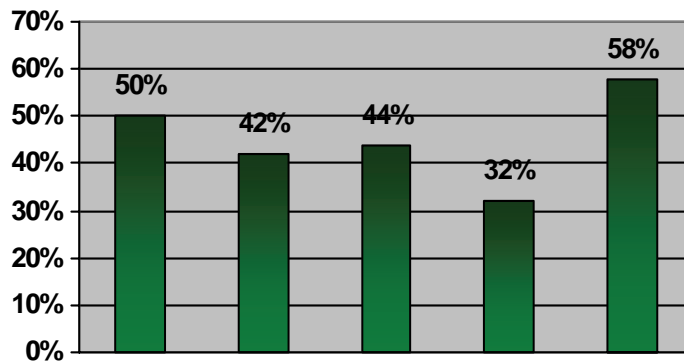
VA's expertise in these specialized services has been shared with health care systems across the **country** and throughout the **world**.

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.

Seriously disabled veterans use **Specially Adapted Housing grants** to modify their homes so that they may live more independent lives.

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

#### Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2004	2005	2006	2007	2008
Targets Achieved	14	10	11	6	11
Total Targets	28	24	25	19	19





## Making a Difference for the Veteran

### Disabled Veteran Completes 3,200 Mile Cross Country Run



Vietnam veteran Eugene Roberts and his grandson run the final stretch of his more than 3,200-mile cross country journey to the Baltimore VA Medical Center where he was welcomed by hundreds of cheering supporters. Baltimore City Police and members of the Patriot Guard Riders escorted Roberts for the final five miles to the medical center.

Hundreds of Department of Veterans Affairs (VA) employees, veterans, and onlookers cheered, waved U.S. flags, and shed tears of joy as Marine veteran Eugene Roberts, Sr., turned from West Baltimore Street into the Baltimore VA Medical Center to finish his more than **3,200-mile cross country run** in April.

While any cross country run is a feat worthy of celebration, what made this Vietnam veteran's trek so special was that he has **two prosthetic legs**. Roberts began his incredible journey in early July 2007 from Marine Corps base Camp Pendleton, California. He crossed nine southern States to Parris Island Marine Corps Depot, South Carolina, and then ran to the VA medical center in Baltimore.

Nothing deterred Roberts -- not the 120-degree temperatures on the desert highways of Southern California and Arizona, or the torrential southern rain storms. "Running on these prosthetic legs wasn't easy," Roberts said to the crowd of supporters after he crossed the finish line. "But my

faith in Jesus kept me going each day." He also attributed his success to the loving support of his wife of more than 40 years, and continual assistance from the **VA Maryland Health Care System prosthetics team**.

Prosthetics Specialist Charlene Grant supported Roberts from day one. Grant made sure that Roberts had the latest athletic prostheses that were up to the task. She also worked with Roberts to coordinate health care "pit stops" at VA medical centers along his journey across the country. These medical centers quickly accommodated the VA Maryland Health Care System patient during his cross country journey. Due to the unprecedented use of his prosthetics, VA medical staff needed to make regular adjustments to his legs and sockets, and the soles of his prosthetic feet had to be replaced after the constant pounding on the pavement. As with any distance runner, Roberts also had his share of blisters and minor injuries.

"This is a great example of how the VA Maryland Health Care System and the VA as a whole is going the 'extra mile' to provide world-class health care services to our Nation's veterans," said Dennis Smith, Director of the VA Maryland Health Care System. "Veterans like Roberts are an inspiration to other amputees, veterans, health care providers, and just about anybody who learns of his amazing story," Smith added. **"His 'never surrender' attitude is an example to people of all walks of life** that no matter how bad things might seem, having the right attitude can lead you down the road to personal accomplishment and fulfillment."



## Most Important Achievements and Current Challenges

### Most Important Achievements – Strategic Goal 1

**TRAUMATIC BRAIN INJURY (TBI):** In collaboration with the Department of Defense, VA developed the first **evidence-based guideline** on the management of **traumatic brain injury** in primary care settings. This will form the basis of caring for this challenging population throughout the VA healthcare system.

**DEVELOPED SURGICAL QUALITY AND OPERATIVE COMPLEXITY INFRASTRUCTURE MODEL:** As surgical procedures and perioperative care become more complex, it is increasingly important to understand their nature, and to quantify and qualify the extent of processes and personnel involved in the **pre-operative assessment**, the operative intervention, and the post-operative care of the surgical patient. The model **quantifies optimal levels** of pre-operative, intra-operative, and post-operative support in order to assure quality, safety, and efficiency.

**SUICIDE PREVENTION HOTLINE:** VA continued operating a **national suicide prevention hotline** to ensure that veterans in emotional crisis have free, **24/7 access** to trained counselors. Veterans can call the Lifeline number, 1-800-273-TALK (8255), and press "1" and they are immediately connected to VA suicide prevention and mental health professionals.

**UNIFORM MENTAL HEALTH SERVICES PROGRAM HANDBOOK:** This Handbook establishes **minimum clinical requirements** for VA Mental Health Services. It delineates the essential components of the mental health program that are to be implemented nationally to ensure that all veterans, wherever they obtain care in VA, have access to needed mental health services.

**36 PERCENT INCREASE IN SPECIALLY ADAPTED HOUSING (SAH) GRANTS AWARDED:** VA assisted 985 severely **disabled veterans** in building a new or adapting an existing dwelling to meet their adaptive **housing needs** enabling them to live more independently. This is a **36 percent increase** from 2007.

**BEGAN PILOTING NEW DISABILITY EVALUATION SYSTEM (DES):** Starting in the National Capital Region in **cooperation with DoD**, VA began testing a pilot project that involves administering a single DoD medical examination and a single VA disability evaluation for active duty persons entering the Physical Evaluation Board (PEB) 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 Examination Board to receipt of VA benefits.

**PAPERLESS PROCESSING OF CLAIMS:** Benefits Delivery at Discharge (BDD) claims are now being processed electronically -- in a **paperless, fully automated environment**. On average, VA processes 28,500 BDD claims per year. Veterans will receive benefits more quickly after separation from service.

**INCREASED EFFICIENCY AND EFFECTIVENESS THROUGH SPECIALIZATION:** VA consolidated all customer service calls into nine **National Call Centers**, created a **fiduciary hub pilot** consolidating oversight of fiduciary activities from several sites into one site, and centralized processing of original pension claims to three **Pension Management Centers**.

**UPGRADING WORKFORCE SKILLS AND CAPABILITIES:** VA has embarked on an **aggressive training program** for new and seasoned **employment** and **rehabilitation counselors** to ensure that all veterans receive the high quality care they deserve. Training focus areas include the following: leading people, new counselor training, new manager training, employment coordinator training, and contract management training.



### Challenges – Strategic Goal 1

**MAKING CULTURAL CHANGES AT VA'S COMMUNITY LIVING CENTERS (CLCs):** Cultural transformation at VA's CLCs means transforming the way we think about how we deliver care to our veterans in these facilities. The purpose of cultural transformation is to transform our CLCs from the institutional care model to **vibrant communities** where the focus is on resident-centered care and a homelike environment. Cultural transformation will take time.

**INCREASED SPECIAL ADAPTED HOUSING (SAH) WORKLOAD:** The SAH program's **workload increased 84 percent** from 2006 levels as a result 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.

**ADAPTING TO NEW WAYS OF DOING BUSINESS:** (1) The **DES Pilot** has required 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. (2) Adoption of **paperless processing** beyond just BDD will require a **robust electronic infrastructure** that builds on the efficiencies VA has achieved through its paperless processing pilots. (3) Consolidation of pension claims processing requires ongoing dedication to **training** of newly hired staff before improvements in efficiency are realized.

**DETERMINING WHAT VETERANS NEED FOR ENHANCED INDEPENDENT LIVING:** VA is conducting a study of **independent living services** and **outcomes** by reviewing a random sample of counseling files for veterans who entered independent living programs between February 2005 and December 2007. Through this analysis, VA will develop ways to enhance service delivery for veterans with independent living needs.

## STRATEGIC GOAL 2

### *Smooth Transition to Civilian Life*

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

### Public Benefit

Beginning in May 2008, VHA's Outreach Office initiated a **national call center** to reach two distinct populations of OEF/OIF veterans. Veterans are being contacted by telephone to inform them about recent changes and enhanced benefits for VA services and to provide assistance in accessing these benefits, if requested.

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 2002-2007, the number of Faith-Based and Community Organizations (FBCOs) in funded partnership with the VA's Homeless Veteran's Grant and Per Diem Program rose from 176 to 506 – a 187 percent increase. Further, 15,000 beds were created and 50,000 homeless veterans were served by these partners.
- In FY 2007, FBCOs in partnership with VA's Vocational Rehabilitation and Employment Service hired 673 service-connected disabled veterans. In FY 2008 through the third quarter, FBCOs hired 480 service-connected disabled veterans. From FY 2005-FY 2007, FBCOs hired a total of 1,600 disabled veterans.
- As a result of the VA Loan Guaranty Program for Homeless Veterans Multifamily Transitional Housing, Catholic Charities' St. Leo Campus opened a newly built apartment



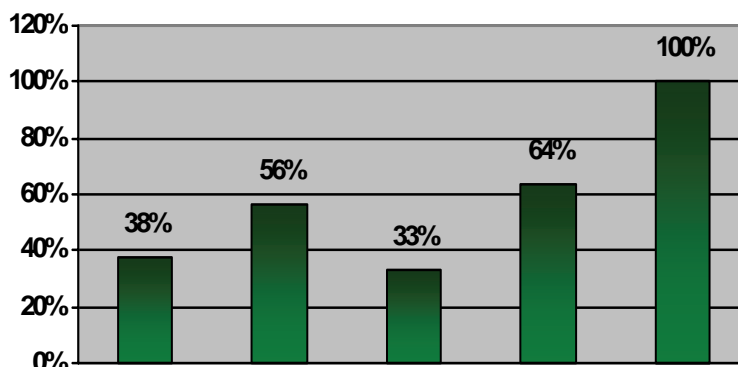


building, which is occupied by 141 homeless veterans.

- With VA's assistance, more than 350 FBCOs have enlisted 65 major veterans,

civic, and service organizations in providing services to hospitalized veterans in their local communities.

### Five-Year Performance Trend – Percent of Targets Achieved



Data Table	2004	2005	2006	2007	2008
Targets Achieved	5	5	4	7	12
Total Targets	13	9	12	11	12

Note: For 2006 and 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.

### Making a Difference for the Veteran

#### Post 9/11 GI Bill Expands Veterans' Benefits



The Post-9/11 GI Bill for veterans with active duty service on or after September 11, 2001, goes into effect August 1, 2009.

In June 2008, President Bush signed the "Post-9/11 GI Bill," which creates an entirely **new veterans' educational program**. The new law gives veterans with active duty service on or after September 11, 2001, enhanced educational benefits similar to those provided to veterans following World War II. It also provides the **opportunity** for veterans to transfer unused educational benefits to their spouses and children.

The Post-9/11 GI Bill offers **tuition payments** for approved training up to the cost of in-state tuition charged undergraduates at the most expensive public institution of higher learning in the veteran's state. A monthly housing stipend is paid if the veteran is attending school more than half-time in a classroom setting.

For more details about the Post-9/11 GI Bill and other veterans' educational programs, on the **Web** go to [www.giill.va.gov](http://www.giill.va.gov) or call 1-888-GI-BILL-1 (1-888-442-4551).



## Most Important Achievements and Current Challenges

### Most Important Achievements – Strategic Goal 2

**OUTREACH TO DEMOBILIZED TROOPS:** VA initiated a **pilot demobilization program** with the Army to inform demobilizing reserve component (RC) combat veterans of their enhanced **5 years of free VA health care** and 180 days for dental care at VA during their mandatory demobilization separation briefings. VA offered assistance to demobilizing RC soldiers with completion of the enrollment form, collected completed forms, and submitted them to the VA medical center of the veteran's choosing.

**RESTORING VISION FOR HOMELESS VETERANS:** More than **550 homeless veterans** received vision care and eye glasses through donations from FBCOs and private sector foundations.

**CREATED THE VETSUCCESS PILOT:** In this pilot program, VA's Vocational Rehabilitation and Employment Service developed **partnerships** with **150 new FBCOs**. As a result, approximately **1,600 veterans** with service-connected disabilities have been **employed** by FBCOs.

**MEETING EDUCATIONAL NEEDS OF VETERANS:** VA provided benefits to approximately **539,000 total students** in 2008. Coupled with this increased demand, **operational improvements** were realized as new staff became more experienced. Compared to FY 2007, **claims** were completed more **quickly** and **accurately**. For example, **payment accuracy** improved by 1 percentage point from **95 percent** in FY 2007 to **96 percent** in FY 2008 – and for original education claims, timeliness improved from **32 days** to **19 days** to process a claim.

### Challenges – Strategic Goal 2

**MANAGING THE EXPANSION OF EDUCATION BENEFITS:** VA faces the challenge of implementing provisions of Public Law 110-252, the Supplemental Appropriations Act, 2008. The new law expands education benefits and creates the need to establish a **new payment and claims processing system**. There will be a significant increase in **workload**, which will make it increasingly difficult to ensure performance targets continue to be met.

## 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.*

### Public Benefit

The Veterans Health Administration 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.

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**.

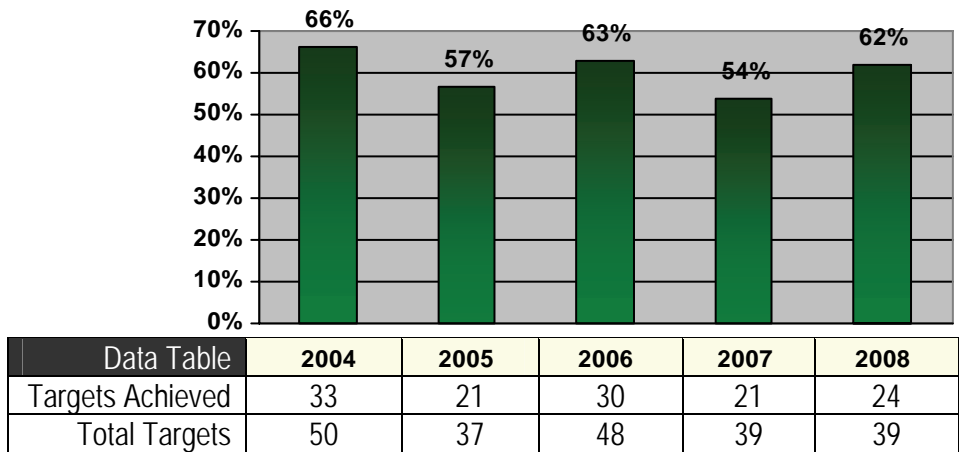
Through **readjustment counseling**, employment services, vocational rehabilitation, education assistance, and home loan guarantees, VA helps veterans become fully reintegrated



into their communities with minimal disruption to their lives.

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

### Five-Year Performance Trend – Percent of Targets Achieved



Note: For 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.

### Making a Difference for the Veteran

#### Michael E. DeBakey VAMC Performs First Liver Transplant



Liver transplant patient Michael Abshire, a 63 year-old, U.S. Navy veteran from Webster, Texas was released to go home in early December. Abshire poses with (from left) David H. Berger, M.D., MEDVAMC Operative Care Line Executive; John A. Goss, M.D., Chief, Division of Abdominal Transplantation at Baylor College of Medicine; Ralph G. Depalma, M.D., VA National Director of Surgery; and Donna Jackson, R.N.-C., Liver Transplant Clinical Coordinator.

A 63 year-old U.S. Navy veteran from Webster, Texas, became the first patient to undergo orthotopic liver transplantation at the Michael E. DeBakey VA Medical Center (MEDVAMC). The surgery, which took place in November 2007, represents a milestone locally in the field of organ transplantation and provides end-stage liver disease veterans with state-of-the-art care.

"The Michael E. DeBakey VA Medical Center's program for the treatment of liver disease is among the most advanced in the country. Given that we provide excellent care for veterans with end-stage liver disease preoperatively and postoperatively, the ability to now meet their transplantation surgical needs is a tremendous advantage," said David H. Berger, M.D., MEDVAMC Operative Care Line executive.

A Vietnam veteran, Abshire said he and his family are most grateful for the care he received at MEDVAMC and for the availability of the donor organ that saved his life. "I am alive today because of this hospital, because of these wonderful doctors and nurses and everyone else involved in the transplant program, and most importantly, because of the gift of life that was bestowed to me from an organ donor and their family. I feel incredibly blessed," said Abshire.





## Most Important Achievements and Current Challenges

### Most Important Achievements – Strategic Goal 3

**VA HOSPITAL REPORT CARD ISSUED TO CONGRESS:** VA issued its first comprehensive **Hospital Report Card** to Congress, including **analysis of disparities** in **quality of care** and **satisfaction**, demonstrating VA's commitment to **transparency** and **accountability** in health system performance.

**STRENGTHENED HEALTH CARE CREDENTIALING AND PRIVILEGING REQUIREMENTS:** VA strengthened its requirements for **credentialing** and **privileging** licensed **independent health care practitioners** to ensure **safe care** to veterans is delivered by appropriately qualified clinicians.

**HIGH CUSTOMER SATISFACTION WITH NATIONAL CEMETERIES:** VA's National Cemetery Administration once again received the **highest rating** awarded for customer satisfaction on the American Customer Satisfaction Index (ACSI). NCA scored 95 out of a possible 100 points, **scoring higher** than all 200-plus **Federal agencies** and **private corporations** and matching NCA's top ranked score on the 2004 survey.

**FUNDING NEW STATE VETERANS CEMETERIES:** In 2008, **4 new State veterans cemeteries** funded by VA's State Cemetery Grants Program began interment operations. These new cemeteries in Glennville, Georgia; Anderson, South Carolina; Des Moines, Iowa; and Williamstown, Kentucky will provide a burial option for approximately **200,000 veterans**.

**TIMELY HEADSTONE AND MARKER PROCESSING:** VA annually processes approximately **220,000 applications** for headstones and markers that mark the graves of veterans in cemeteries other than VA national cemeteries worldwide. In 2008, VA processed **95 percent of headstone and marker applications** within 20 days of the date of receipt. This is a dramatic **improvement** over 2007, when VA processed **38 percent** of applications within 20 days of receipt.

**COST EFFECTIVE FORECLOSURE AVOIDANCE:** VA achieved an "Efficiency-Foreclosure Avoidance Through Servicing (E-FATS)" ratio of 5.8. This means VA **avoided \$5.80** in potential claim payments **for every dollar spent** on assisting veterans who were at risk of losing their homes because of foreclosure. This figure has been impacted by the conversion of VA loan servicing to a new business environment and system.

**HELPING SEVERELY WOUNDED VETERANS:** In 2008, the **Traumatic Injury Protection Program**, which is designed to provide short-term financial assistance to severely injured members, paid **\$303 million** to more than **4,900** severely wounded servicemembers and veterans. VA also provided \$1.4 billion in life insurance coverage and benefits to severely injured veterans who have recently separated from service.

### Challenges – Strategic Goal 3

**MEETING SERVICE EXPECTATIONS DURING EXPANSION:** VA has established **5 new national cemeteries** since 2005 with plans underway to establish **6 more in 2009**. This is 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 AN ECONOMIC DOWNTURN:** Any significant **downturn** in the national or local economies will likely **increase** the number of defaults and **foreclosures** of VA-guaranteed loans. The levels of **defaults**, foreclosures, and property acquisitions are related to **interest rates** and the economy in general, and are particularly sensitive to regional downturns.

**IMPROVING PROGRAM IMPLEMENTATION:** In 2008, VA completed a "**Year One Review**" of the Servicemembers' Group Life Insurance Traumatic Injury Protection Program (TSGLI) to assess how well it is fulfilling its Congressional intent of providing short-term financial assistance to severely injured members. Over the next year or so, as recommended by the review, program **enhancements** providing for expanded benefits such as payments for limb salvage, uniplegia, and facial reconstruction along with administrative efficiencies and improved claims assistance must be **implemented**.



## 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.*

#### Public Benefit

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.

VA continues to expand research efforts to evaluate the impact of **post-traumatic stress disorder (PTSD)** in both the clinical and non-clinical settings. VA assessed 800 U.S. Army soldiers before and after 1-year military deployments to Iraq. As part of the **Neurocognition Deployment Health Study** procedures, each soldier completed self-assessment reports on indices of PTSD symptom severity, health behaviors (smoking, alcohol use), and somatic health-related functioning.

Participants also completed a health-symptom checklist at the **postdeployment** assessment. Structural equation modeling revealed that postdeployment PTSD severity was associated with change in somatic health-related functioning, with postdeployment health symptoms as an intermediary variable. These relationships were independent of health risk behaviors, which had little association with somatic symptoms or PTSD. VA's findings highlight the functional impact of PTSD, which extends beyond psychological symptoms to health-related daily functioning.

Over **100,000 clinical trainees** rotate through VA facilities each year from accredited training programs. Trainees comprise an excellent pool from which to draw to maintain a high-quality health care workforce. In most disciplines, an experience in VA translates into a doubling of interest in a VA career. In 2008, the Office of Academic Affiliation proposed a new performance metric that will give firm numbers

regarding the success of our trainee program in contributing to our VA employee workforce. This metric will be implemented in the spring of 2009.

VA researchers are working to improve the construction of prostheses, using leading-edge technologies such as **robotics**, tissue engineering, and **nanotechnology** to create lighter limbs that closely mimic their real counterparts. The integration of body, mind, and machine is a major guiding principle as VA specialists design and build artificial limbs that look, feel, and respond like natural arms and legs. To meet the diverse needs of disabled veterans, VA researchers are working on numerous technologies such as **progressive wheelchairs**, artificial retinas, and hands-free computers with voice recognition.

Additionally, VA investigators are working to identify the best match for an individual veteran's prosthetic needs by collecting information such as how various **prosthetic devices** are used and the degree of satisfaction they provide to users. Important areas of advancement include the development of the first powered ankle-foot **prosthesis**, which thrusts users forward with tendon-like springs and an electric motor; the use of electrical stimulation delivered by devices implanted into the body, such as cardiac pacemakers, to enable veterans with varying degrees of **spinal cord injury** to improve their ability to walk and control the movement of paralyzed limbs; and the use of microelectronic implants in the eye to restore vision to veterans with such conditions as macular degeneration—the leading cause of blindness in the industrialized world.

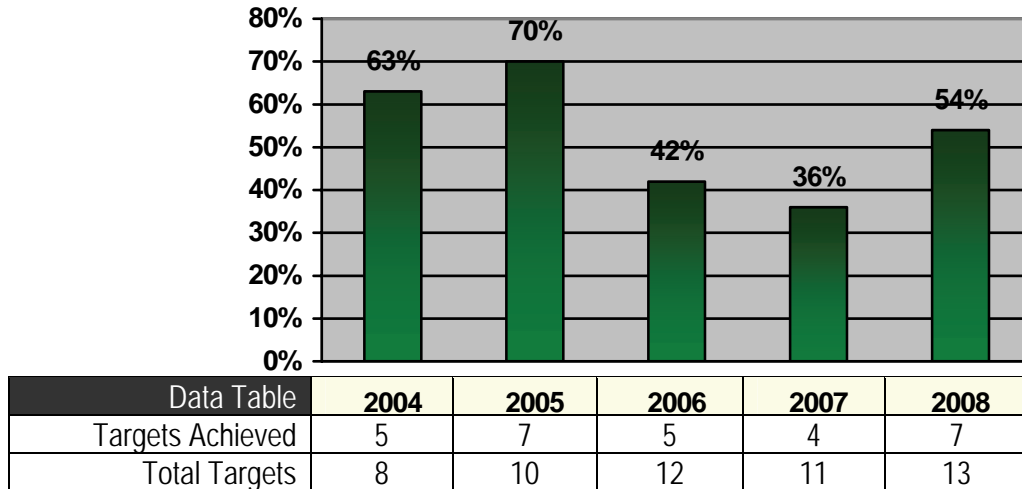


VA's maintenance of **national cemeteries** as national shrines preserves our Nation's history, nurtures patriotism, and honors the service and sacrifice of our Nation's veterans. Each national cemetery exists as a national shrine providing an enduring memorial to this service, as well as a dignified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

VA's Office of Operations, Security, and Preparedness (OSP) coordinates the

Department's **emergency management**, preparedness, security, and law enforcement activities to ensure the Department can continue to perform its essential functions under all circumstances across the spectrum of threats. Both VA's Central Office and Martinsburg Readiness Operation Centers are well equipped and are designed to help VA prepare for, respond to, and recover from natural or other disasters.

**Five-Year Performance Trend – Percent of Targets Achieved**



Note: For 2007, additional final results are now available. Thus, numbers and percentages have been adjusted from those appearing in the FY 2007 PAR.



## Making a Difference for the Veteran

### VA In Space...Working to Prevent Salmonella Infection

A Department of Veterans Affairs (VA) researcher participated in a project that may lead to development of a vaccine to prevent *Salmonella* poisoning. **NASA's space shuttle Endeavour**, launched in March, transported research material to the International Space Station.

"This space flight is an exciting step in the development of a *Salmonella* vaccine that will benefit not only our Nation's veterans, but all mankind," said Secretary of Veterans Affairs Dr. James B. Peake. "This is a great example of VA working with the private and public sectors on vital research to create a life-saving advancement." The research will be used by VA investigators and other researchers to develop a ***Salmonella* vaccine** with the potential to save lives and billions of dollars.

The project came about through the teaming of VA researchers with investigators from the National Space Biomedical Research Institute, Duke University Medical Center, the University of Colorado at Boulder, and Germany's Max Planck Institute, as well as a commercial industry sponsor, SPACEHAB Inc.

*Salmonella* infection is the most common form of **food poisoning** in the United States, and leads to a loss of productivity estimated at close to \$100 billion annually. Worldwide, *Salmonella* diarrhea is one of the top three causes of infant mortality.



A VA research project bound for the International Space Station was onboard the shuttle Endeavour when it launched in March.

#### Most Important Achievements – Strategic Goal 4

**VA RESEARCH SHOWS HOW EARLIER INTERVENTION COULD BENEFIT HIV PATIENTS:** Highly Active Antiretroviral Therapy (HAART) is the standard treatment for HIV infection. VA investigators identified human genes that may inform the decision of when to initiate HAART treatment for each patient. VA's research has shown that patients with a CCL3L1-CCR5 genotype would **benefit** from **earlier initiation** of therapy.

**ENABLING GAINFUL EMPLOYMENT AMONG THE SPINAL-CORD INJURED:** Using a comprehensive, innovative, intensive vocational intervention technique, VA has succeeded in **assisting veterans** with **spinal cord injury** to return to **gainful employment**. The program is being implemented in **five VA hospitals** throughout the Nation.

**PROVIDING RELIEF FOR PATIENTS WITH STABLE CORONARY DISEASE:** VA's Cooperative Studies Program conducted the **COURAGE** trial, which showed that patients with chronic coronary disease can obtain relief from angina if they are treated with Percutaneous Coronary Intervention (PCI) plus optimal medical therapy or with optimal medical therapy alone. PCI plus optimal medical therapy relieved angina and improved health status better than optimal medical therapy alone for about 24 months. PCI's benefit was greater in patients with more severe and frequent angina.

**INCREASING VA'S MEDICAL RESIDENTS COHORT:** VA's Graduate Medical Education (GME) Enhancement aims to increase VA's share of U.S. resident positions from its low of 8.5% to the range of 10-11%. The 5-year plan is designed to add approximately 2,000 positions to VA's pre-existing physician resident positions. In the first three years, VA added 967 residency positions to the base allocations of 72 VA facilities in 66 different specialty training programs.





## Most Important Achievements and Current Challenges

### Most Important Achievements – Strategic Goal 4, *cont'd.*

**COMPLETED PROGRAM EVALUATION OF BURIAL PROGRAM:** An **independent** evaluation was completed to **assess** the extent to which VA's program of **burial benefits** has reached its stated **goals** and the **impact** that this program has had on the lives of veterans and their families. The information received from this evaluation, which included a nation-wide **survey** sent to more than **38,000** veterans, will help to guide future policy decisions for improving the ways in which VA serves the burial needs of veterans.

**NEW HUMAN RESOURCES CENTER ESTABLISHED:** In June 2008, VA established a new **centralized** Human Resources Center (HRC) devoted to meet the **staffing requirements** of VA's 131 national cemeteries, 5 Memorial Service Networks, and NCA's National Training Center. Previously, the burial program's field staffing needs were supported by local VHA and VBA field sites. Through the HRC, NCA has implemented new **automated HR procedures** and other process **improvements** that have increased the efficiency and cost effectiveness of NCA recruitment and workers compensation processes.

**HIGH SATISFACTION WITH CEMETERY APPEARANCE:** **Ninety-eight percent** of respondents to NCA's annual Survey of Satisfaction with National Cemeteries rated the appearance of national cemeteries as excellent. This is the **seventh consecutive year** that VA's national cemeteries have been rated at or above 97 percent in overall appearance by funeral home directors and family members of veterans interred in a national cemetery.

**SUPPORTING VETERAN-OWNED SMALL BUSINESSES:** In January 2008, pursuant to P.L. 109-46, the Veterans Benefits, Health Care, and Information Technology Act of 2006, the Secretary established first-ever procurement targets for **contracting** with Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB), respectively. The targets are **ambitious** with **5 percent** and **10 percent** of **procurement dollars** to be directed towards these entities. VA is **committed** to **supporting** veteran **entrepreneurs**.

**ENCOURAGING AND PROMOTING VETERAN ENTREPRENEURSHIP:** Since 2002, through **VetFran**, VA's Partnership with the **International Franchise Association**, more than 350 franchisors have created discounted franchise opportunities for more than 1,100 veterans. Leading the charge is Mike Ilitch, owner of **Little Caesar's Pizza**, who **waives the franchise fee** completely for disabled veterans and adds unique training support and other credits to encourage disabled veterans to operate his stores, a **\$68,000 savings** to the veteran.

**CREATING PUBLIC-PRIVATE PARTNERSHIPS TO PROMOTE VETERANS EMPLOYMENT:** VA and Monster Government Solutions, Inc., began a partnership in July 2008 to help **veteran-owned businesses** quickly **locate** honorably-discharged **veterans** seeking employment by **matching data** from VA's **VetBiz.gov** Vendor Information Pages and Monster's database as an information conduit. VA executed a partnership with **Schneider National** to help veterans become **independent business owners**.

**APPLYING LESSONS LEARNED TO IMPROVE EMERGENCY RESPONSE:** As a result of **lessons learned** from **Hurricane Katrina** and numerous organizational changes in the area of emergency preparedness, the Department's **planning, response, and recovery** from **Hurricanes Gustav, Hanna, and Ike** was more effective. Specifically, VA deployed liaison officers to the National Operations Center, the National Response Coordination Center, and the Department of Health and Human Services.

### Challenges – Strategic Goal 4

**MAINTAINING CEMETERY APPEARANCE:** VA must ensure that the appearance of national cemeteries meets the standards our Nation expects of its national shrines. To meet these standards and fulfill the National Shrine Commitment, VA needs to make **improvements** in the **appearance** of burial grounds and historic structures as well as conduct regular **maintenance** and **repair** projects at more than 800 facilities on over 17,000 acres of land contained within 156 cemeterial installations.

**FULLY IMPLEMENT NCA BUSINESS OFFICE:** Implementation of an **NCA Business Office** to provide **centralized** contracting, procurement, finance, and accounting support to national cemeteries will require coordination and involve numerous offices and functions.

**MONITOR USE OF VA'S VETBIZ.GOV VERIFICATION PROGRAM:** Examines ownership and control of **veteran-owned small businesses**, including service-disabled veteran-owned small businesses seeking Federal contracts at the prime or subcontract level. This program launched in May 2008. The challenge is to ensure that only eligible business concerns benefit from VA's unique "**Veterans First**" **buying authority** and to ensure that government and corporate teams have a base of competent, mission-ready businesses who meet their performance and pricing criteria.



## The President's Management Agenda

The President's Management Agenda (PMA), which was announced in 2001, is an aggressive strategy for improving the management of the Federal government. It focuses on key areas of management weakness across the government. Information on the PMA can be found at the following [Web site](http://www.whitehouse.gov/results/agenda/index.html): <http://www.whitehouse.gov/results/agenda/index.html>

OMB issues reports quarterly and uses a "stoplight" scorecard to show *status* and *progress* made by each Federal agency. These are defined below.

Symbol	Status Definitions	Progress Definitions
	Success; meets standards	Implementation is proceeding according to plan
	Mixed results	Some slippage requiring adjustment
	Unsatisfactory; one or more serious flaws	Unlikely to meet objectives absent significant management intervention

VA is working closely with OMB to address weaknesses identified in each of the areas. The table below summarizes VA's progress and status as of September 30, 2008. Please refer to pages 61-73 of the full PAR for more details or select the following: [Web](#).

VA's Status and Progress on the President's Management Agenda			
As of September 30, 2008			
Initiative	Status	Progress	Status Change from September 30, 2007
Human Capital (g-wide)			↔
Commercial Services Management (g-wide)			↑
Financial Performance (g-wide)			↔
E-Government (g-wide)			↔
Performance Improvement (g-wide)			↑
Real Property			↔
VA/DoD Coordination			↓
Research and Development		-- not rated --	
Improper Payments			↔
Faith-Based and Community Initiative			↔
Credit Management			↔
Health Information			↔



## Program Assessment Rating Tool (PART) Reviews

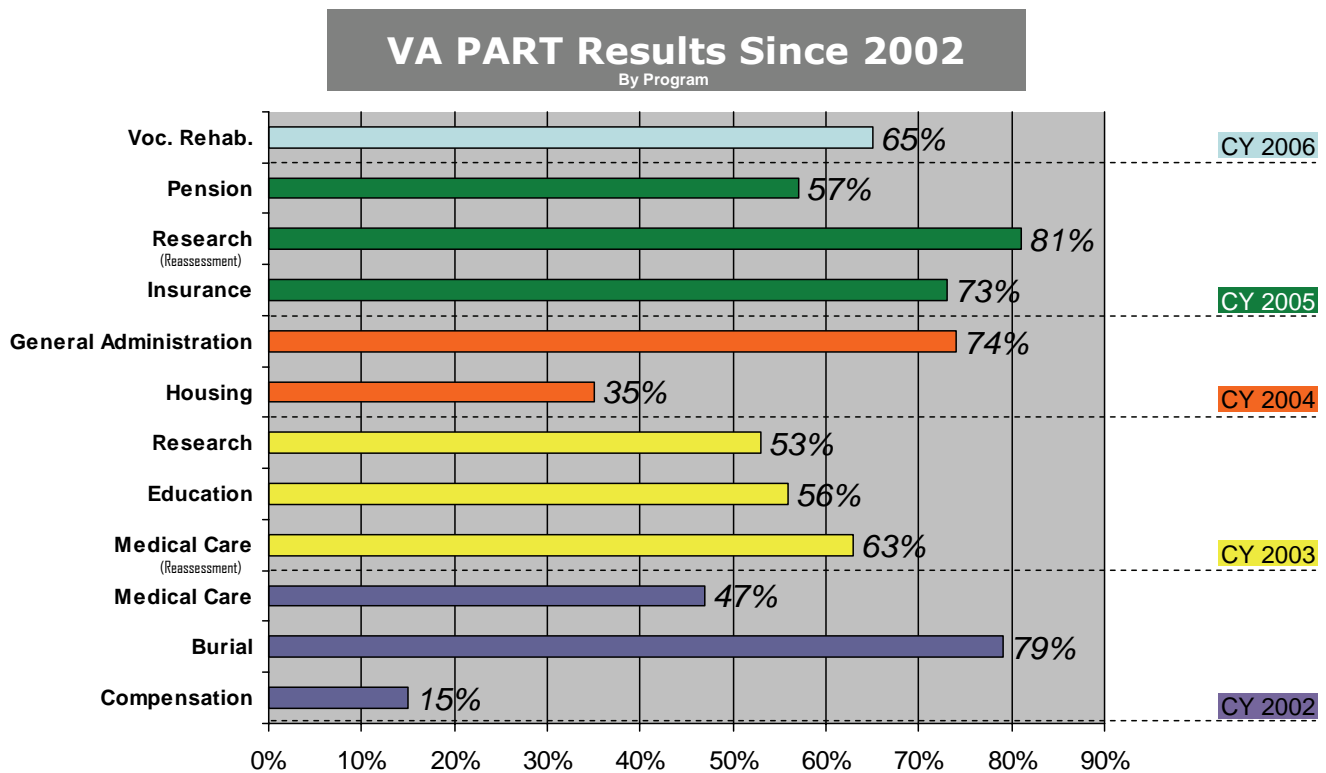
Starting in 2002, OMB began to evaluate all Federal programs using a detailed questionnaire-driven methodology called the Program Assessment Rating Tool (PART). The PART contains 25 questions pertaining to a program's design and purpose, strategic planning capability, quality of performance measurements, financial oversight, and reporting of accurate and consistent performance data. Information on the PART can be found at the following [Web site: www.ExpectMore.gov](http://www.ExpectMore.gov).

Once the review is completed, programs are given one of five ratings as follows:

Rating	Score Range
Effective .....	85-100%
Moderately Effective.....	70-84%
Adequate.....	50-69%
Ineffective.....	0-49%
Results Not Demonstrated.....	- - - *

\* Regardless of the Overall Score, programs that do not have acceptable performance measures or have not yet collected performance data generally receive a rating of Results Not Demonstrated.

All of VA's 10 programs have been reviewed at least once. Below is a chart summarizing VA's PART results by program:



Please refer to pages 74-83 of the full PAR for more details or select the following: [Web](#).



## 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 the following update of the most serious management challenges facing VA. Please refer to pages 252-305 of the full PAR for more details or select the following: [Web](#).

We reviewed OIG's report and provided responses, which are integrated within the OIG's report. Our responses include the following for each challenge area:

- *Estimated resolution timeframe (fiscal year)* to resolve the challenge
- *Responsible Agency Official* for each challenge area
- *Completed 2008 milestones* in response to the challenges identified by the OIG
- *Performance results/impacts* of completed milestones
- *Planned 2009 milestones* along with *estimated completion quarter*
- *Anticipated impacts* of the planned milestones

VA is committed to addressing its major management challenges. Using 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 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.

Challenge		Estimated Resolution Timeframe (Fiscal Year)
No.	Description	
<b>Strategic Goal 3: Honoring, Serving, and Memorializing Veterans</b>		
<b>OIG 1</b>	<b>Health Care Delivery</b>	
1A	Quality of Care	2009 and beyond
1B	New and Significantly-Increased Health Problems Associated with OEF/OIF	2009 and beyond
1C	Research	2009 and beyond
<b>Strategic Goal 1: Restoration and Improved Quality of Life for Disabled Veterans</b>		
<b>OIG 2</b>	<b>Benefits Processing</b>	
2A	Workload	2009
2B	Quality	2009
2C	Staffing	2009
<b>Enabling Goal: Applying Sound Business Principles</b>		
<b>OIG 3</b>	<b>Financial Management</b>	
3A	Financial Management System Functionality	2014
3B	Financial Management Oversight	2011
3C	Benefits Delivery Network System Records	Completed
<b>OIG 4</b>	<b>Procurement Practices</b>	
4A	Open Market Procurements and Inventory Controls	2009 and beyond
4B	Contract Modifications to Use Expired Years Funds	2009 and beyond
4C	Contract Award and Administration	2009
4D	Electronic Contract Management System	2009
<b>OIG 5</b>	<b>Information Management</b>	
5A	IT Security Controls	2013
5B	Information Security Program	2013





## Letter from the Chief Financial Officer

The Department of Veterans Affairs (VA) completed another successful year by receiving an unqualified audit opinion for the 10<sup>th</sup> consecutive year from our external auditors, Deloitte & Touche. We are extremely proud of this continued accomplishment.

VA continued to implement corrective actions to address the material weaknesses identified in the FY 2007 audit (Financial Management System Functionality, Information Technology Security Controls, Financial Management Oversight, and Retention of Computer Generated Detail Records in the Benefits Delivery Network (BDN) System). During this year, we successfully remediated and eliminated the material weakness Retention of Computer Generated Detail Records in the Benefits Delivery Network (BDN) System, reducing the total number of VA material weaknesses from four to three.

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

In 2008 VA completed initial planning and documentation of business requirements for SAM and IFAS. Key program management activities were also implemented, including establishment of a Risk Management Control Board, base-lining the life cycle cost estimate, initiating organizational change management communications targeted toward stakeholders,



and continued engagement of the FLITE Governance Structure to provide senior level oversight and guidance. The FLITE program also implemented the final planned interfaces into the Financial Reporting Data Warehouse production environment. This will substantially improve VA's ability to capture transaction details from targeted interface systems and reconcile data interfacing to the VA legacy Financial Management System (FMS) resulting in an enhanced reconciliation process between FMS and legacy subsidiary systems.

VA also made improvements to the intragovernmental accounting and reporting process. A Hyperion-based intragovernmental reporting tool was developed, and tested, and will be in production in the first quarter of FY 2009. This will significantly improve the accuracy of reporting VA's reciprocal intragovernmental accounts.

Progress has also been made in addressing the Information Technology (IT) Security Controls material weakness. The Department's overall information security posture has been improved with the establishment of the Information Protection and Risk Management (IPRM) organization to centralize security and privacy staff and business functions, increase accountability, and standardize security processes. With IPRM, VA has established the organizational foundation to ensure VA has a



stronger security program well into the future. VA continues to implement the comprehensive Data Security - Assessment and Strengthening of Controls Program to govern the multiple, concurrent security activities already underway to remediate this material weakness.

During 2008, VA implemented initiatives related to remediating the Financial Management Oversight material weakness. VA procured contractor support to provide financial process improvement, audit readiness, and audit remediation services. VA also started the 3-year Financial Policy Improvement Initiative to ensure that financial policy and procedural information is standardized, accurate, clear, and readily available across the Department.

Corrective action plans for each of the three material weaknesses guide VA's efforts as we continue to work diligently and proactively to address and eliminate them. However, these weaknesses are complex and involve corrective actions over several years. OMB recognized VA's improvements by upgrading our "progress" score on the President's Management Agenda Financial Performance scorecard from "red" to "yellow."

We also continued efforts to ensure VA's compliance with OMB Circular A-123, Appendix A, Internal Control over Financial Reporting. Based on the approved implementation plan, VA completed the first full cycle of all actions identified for its 3-year plan. As a result of completing the assessment of VA's 11 key business processes, no material weaknesses were identified. Remediation actions were identified and implemented to address all findings.

VA successfully completed risk assessments, statistical sampling, and all requirements for programs under the Improper Payments Information Act (IPIA) of 2002. This year, VA maintained a "green" score for "progress" on the President's Management Agenda scorecard for Eliminating Improper Payments.

VA continued to advance e-Gov initiatives and aggressively worked with the General Services Administration and Electronic Data Systems, VA's e-Gov travel prime contractor, to implement an electronic travel solution for VA. VA completed Departmentwide implementation of FedTraveler on schedule in December 2007. For the e-Payroll e-Gov initiative, VA has successfully migrated 16,417 employees to the Defense Finance and Accounting Service for payroll servicing. The remaining VA population, 251,905, is scheduled to migrate in 2009.

VA's Franchise Fund is expected to receive its 11<sup>th</sup> successive unqualified audit opinion on its FY 2008 consolidated financial statements.

VA's Supply Fund received an unqualified opinion in 2007 on its balance sheet; this was the first independent audit by an outside audit firm on this component of the Supply Fund's financial statements.

We are proud that in FY 2008, medical care collections continued to improve to over \$2.4 billion. VA plans to continue to increase these collections, reaching nearly \$2.5 billion in FY 2009. Additionally, VA has developed a Departmental managerial cost accounting (MCA) system to enable managers to review and analyze cost data at the detail and programmatic levels. All MCA processes within VA's Administrations became operational during FY 2008.

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 improve our performance. We will continue to promote sound business practices and improve accountability while fulfilling our mission of service to our Nation's veterans.

A handwritten signature in blue ink, appearing to read "Robert J. Henke", is located below the text.

Robert J. Henke  
December 19, 2008



## 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 2008 and 2007 from the external auditors, Deloitte & Touche LLP. As a result of its audit work, Deloitte & Touche LLP reported three material weaknesses that are also repeat material weaknesses. In addition, the auditors reported 16 Significant Deficiencies, seven of which are not included in the material weaknesses.

VA programs operated at a net cost of \$422.6 billion in 2008 compared with \$51.1 billion in 2007. 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 increased by \$339 billion during 2008 and decreased by \$26.1 billion during 2007. The 2008 increase in actuarial liability was caused primarily by a change in the discount rates and changes in original compensation awards. Lower discount rates, which track the interest rates of Treasury securities, resulted in an increase in liability. Additionally, the liability increased significantly due to factoring in a considerable number of original compensation awards for Vietnam veterans suffering from diabetes and other diseases, the prevalence for which generally increases with age. Excluding the change in this actuarial liability from the net cost would result in an adjusted net cost for VA's programs of \$82.5 billion and \$76.2 billion for 2008 and

2007, respectively. Two VA programs, Medical Services and Compensation, accounted for the bulk of the increase in the adjusted net cost, \$3 billion and \$3 billion, respectively.

Assets and liabilities reported in VA's balance sheets do not show significant change from year to year with the exception of Fund Balance with Treasury, Public Accounts Payable, and Federal Employee and Veterans Benefits Liability. The majority of change in the Federal Employee and Veterans Benefits Liability, \$339 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. Fund Balance with Treasury increased \$4.1 billion primarily due to higher appropriations received as a result of providing improved healthcare to a higher number of patients and an increase in veterans' benefits as a result of the growth in compensation and pension claims. In FY 2008, VA received appropriations of \$92.7 billion. This compares to \$82.6 billion of appropriations received in 2007. In 2008 VA provided disability compensation, death compensation, and pensions to 3.7 million people. More than 5.5 million people received care in VA health care facilities in 2008.

Medical care collections continue to improve. In FY 2008, collections totaled \$2.4 billion. MCCF exceeded the FY 2008 goal of \$2.2 billion by \$128.5 million (105.6 percent of the FY 2008 goal), which builds on the \$2.1 billion collected in FY 2007. VA plans to continue to increase these collections, reaching \$2.5 billion in FY 2009.



In the area of debt management, in 2008, VA referred \$577 million (98.8 percent) of eligible debt to Treasury for offset under the Treasury Offset Program (TOP). Under the cross-servicing program, VA referred \$108 million (96.9 percent) of eligible debt to Treasury for collection.

During 2008, the Department aggressively used the Governmentwide commercial purchase card program. Over 4.8 million transactions were processed, representing \$3.0 billion in purchases. The electronic billing and payment process for centrally billed accounts earned VA over \$49 million in credit card refunds compared to \$42 million during 2007. These refunds are returned to VA entities for use in veterans programs.

Throughout 2008, VA continued to make operational enhancements, which resulted in improvements in interest paid, discounts earned, and audit recoveries. Interest improvements occurred largely because the Department centralized VHA-certified payments at the Financial Services Center (FSC) in Austin, Texas, while the percentage of discounts earned increased because of operational improvements implemented at the FSC and VA's National Acquisition Center. Interest paid per million dollars disbursed improved almost 18 percent from \$84 per million in 2007 to \$69 per million in 2008, and VA earned nearly 93 percent (\$6.4 million) of its available discounts.

VA continues to work diligently to address its three audit material weaknesses. Improvements were made in VA financial management throughout the year in providing additional and clarifying financial policies and procedures to VA's fiscal community, particularly in the area

of internal controls. VHA's Business Process Improvement Committee (BPIC) continued to work toward improving VHA's internal controls and reforming VHA business processes to improve financial performance.

VHA, VBA, and NCA continue to be actively engaged in addressing financial management at all levels of management and in all activities that have direct or indirect impact on financial records.

VBA implemented the Centralized Administrative Accounting System in 2008. This system allows the regional offices to process the majority of their accounting transactions online with a direct interface into the VA financial management system. This system has improved our business process by eliminating the need to create paper documents and fax them to VBA's Administrative and Loan Accounting Center for input into the financial management system. A joint VHA/VBA team has developed a plan and procedures for the transfer of finance functions related to automobile adaptive equipment to VHA. This concept is being pilot-tested with three VBA regional offices and VHA medical centers.

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 Quantico, with general acquisition, finance, and asset management support being provided by a VA medical center or regional office.





## 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. Throughout the year, VA managers monitor and improve the effectiveness of management controls associated with their programs and financial systems. 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

Department managers continue to take responsibility for establishing and maintaining effective internal controls over financial integrity and financial reporting, including safeguarding assets and complying with applicable laws and regulations. During 2008, the Secretary of Veterans Affairs maintained his leadership role in stressing that strong internal controls will enhance the Department's stewardship of taxpayers' assets and programs.

Management conducted its assessment of 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 statement of qualified assurance. The following three material weaknesses are identified under FMFIA: "Financial Management System Functionality," "Information Technology Security Controls," and "Financial Management Oversight."

VA assessed its internal control over financial reporting as of June 2008 for all 11 key business processes identified from FY 2006: Funds Management; Revenue Management; Property, Plant & Equipment; Budgetary Resources; Risk Management; Benefits Management (Part 1); Procurement Management; Benefits Management (Part 2); Financial Reporting; Grants Management; and Human Capital Management. Information Technology Management was also reviewed, as it relates to each of the key processes. During FY 2008, VA completed Benefits Management (Part 2); Financial Reporting; Grants Management; and Human Capital Management.

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 2008.



## Condensed Consolidated Financial Statements

DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED CONSOLIDATED BALANCE SHEETS* (dollars in millions)		
As of September 30,	2008	2007
<b>ASSETS</b>		
Fund Balance with Treasury	\$ 26,292	\$ 22,213
Investments and Other Assets - Intragovernmental	12,569	12,548
Accounts and Loans Receivable, net - Public	4,668	4,187
General Property and Equipment, net	13,068	12,176
Other Assets	317	293
<b>TOTAL ASSETS</b>	<b>\$ 56,914</b>	<b>\$ 51,417</b>
<b>LIABILITIES</b>		
Intragovernmental Liabilities	\$ 3,562	\$ 3,307
Federal Employee and Veterans Benefits Liability	1,468,605	1,129,527
Insurance Liabilities	10,751	11,217
Other Liabilities	15,954	15,975
<b>TOTAL LIABILITIES</b>	<b>1,498,872</b>	<b>1,160,026</b>
<b>NET POSITION</b>	<b>(1,441,958)</b>	<b>(1,108,609)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 56,914</b>	<b>\$ 51,417</b>

CONDENSED CONSOLIDATED STATEMENTS OF NET COST* (dollars in millions)		
for the Years Ended September 30,	2008	2007
<b>NET PROGRAM COSTS</b>		
Medical Care	\$ 35,019	\$ 32,013
Medical Education	1,367	1,267
Medical Research	917	843
Compensation	37,869	34,897
Pension	3,978	3,902
Education	2,537	2,348
Vocational Rehabilitation and Employment	787	722
Loan Guaranty	(565)	(200)
Insurance	118	94
Burial	448	355
<b>NET PROGRAM COSTS BEFORE CHANGES IN VETERANS BENEFITS ACTUARIAL LIABILITIES</b>	<b>82,475</b>	<b>76,241</b>
<b>COMPENSATION AND BURIAL</b>	<b>339,000</b>	<b>(26,100)</b>
<b>NET NON-PROGRAM COSTS</b>	<b>1,147</b>	<b>953</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 422,622</b>	<b>\$ 51,094</b>

\*For a full set of financial statements and footnotes, see Part III of the FY 2008 PAR at [www.va.gov/budget/report](http://www.va.gov/budget/report).



DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION*		
(dollars in millions)		
For the Years Ended September 30,		
	FY 2008	FY 2007
<b>Cumulative Results of Operations</b>		
Beginning Balance	\$ (1,110,716)	\$ (1,138,621)
Financing Sources, primarily Appropriations Used	87,386	78,999
Net Cost of Operations	422,622	51,094
<b>Net Change</b>	<b>(335,236)</b>	<b>27,905</b>
Ending Balance – Cumulative Results	\$ (1,445,952)	\$ (1,110,716)
<b>Unexpended Appropriations</b>		
Beginning Balance	\$ 2,107	\$ 1,274
Appropriations Received	89,084	79,817
Appropriations Used and Other Changes	(87,197)	(78,984)
<b>Total Unexpended Appropriations</b>	<b>3,994</b>	<b>2,107</b>
<b>Total Net Position</b>	<b>\$ (1,441,958)</b>	<b>\$ (1,108,609)</b>

\*For a full set of financial statements and footnotes, see Part III of the FY 2008 PAR at [www.va.gov/budget/report](http://www.va.gov/budget/report).



DEPARTMENT OF VETERANS AFFAIRS		
CONDENSED COMBINED STATEMENTS OF BUDGETARY RESOURCES* (dollars in millions)	Budgetary	Non-Budgetary Credit Program
<b>for the Year Ended September 30, 2008</b>		
<b>Budgetary Resources</b>		
Unobligated Balance at the Beginning of the Period	\$ 18,312	\$ 2,950
Net Increase in Budget Authority	89,275	3,400
<b>Total Budgetary Resources</b>	<b>\$ 107,587</b>	<b>\$ 6,350</b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$ 97,028	\$ 3,065
Unobligated Balance Available	7,907	-
Unobligated Balance Not Yet Available	2,652	3,285
<b>Total Status of Budgetary Resources</b>	<b>\$ 107,587</b>	<b>\$ 6,350</b>
<b>Obligated Balance, Net End of Period</b>	<b>\$ 15,924</b>	<b>\$ 62</b>
<b>Net Outlays</b>	<b>\$ 86,146</b>	<b>\$ (1,145)</b>
<b>for the Year Ended September 30, 2007</b>		
<b>Budgetary Resources</b>		
Unobligated Balance at the Beginning of the Period	\$ 16,958	\$ 3,560
Net Increase in Budget Authority	87,603	1,591
<b>Total Budgetary Resources</b>	<b>\$ 104,561</b>	<b>\$ 5,151</b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$ 86,249	\$ 2,201
Unobligated Balance Available	15,702	-
Unobligated Balance Not Yet Available	2,610	2,950
<b>Total Status of Budgetary Resources</b>	<b>\$ 104,561</b>	<b>\$ 5,151</b>
<b>Obligated Balance, Net End of Period</b>	<b>\$ 12,911</b>	<b>\$ 87</b>
<b>Net Outlays</b>	<b>\$ 73,870</b>	<b>\$ (331)</b>

\*For a full set of financial statements and footnotes, see Part III of the FY 2008 PAR at [www.va.gov/budget/report](http://www.va.gov/budget/report).





## Summary of Financial Statement Audit

During 2008, 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.” During 2008, VA resolved “Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA.” Material weaknesses were identified by VA’s independent auditors or by VA management.

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Oversight	✓				✓
IT Security Controls	✓				✓
Financial Management System Functionality	✓				✓
Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA	✓		✓		
<i>Total Material Weaknesses</i>	4	0	1	0	3



**KEY REPORT OFFICIALS**

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Assistant Secretary for  
Management, CFO

**RITA A. REED**  
Principal Deputy Assistant  
Secretary for Management

**GEORGE J. OPFER**  
Inspector General

**EDWARD J. MURRAY**  
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Deputy Assistant Secretary  
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VA Budget Office at 202-461-6630.**





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Office of Management

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