

DEPARTMENT OF VETERANS AFFAIRS

AT A GLANCE:

2006 Discretionary Budget Authority (with collections):

\$33.4 billion (Increase from 2005: 3 percent)

Major Programs:

- Health care for veterans
- Disability compensation
- Pensions for low-income veterans
- Vocational rehabilitation training and employment services
- National cemeteries



MEETING PRESIDENTIAL GOALS

Promoting Economic Opportunity and Ownership

- Providing timely compensation and job assistance to veterans with disabilities.
- Helping veterans and active-duty members own a home.

Supporting a Compassionate Society

- Providing health care to veterans with service-related injuries.
- Serving veterans through homeless assistance programs in all 50 States.

Making Government More Effective

- Providing health care services in more convenient locations, using information technology to serve patients more quickly and more accurately.
- Working with the Department of Defense to help service members gain access to veteran services and benefits.

PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP

Replacing Lost Income for Disabled Veterans

Veterans' disability compensation is a monthly benefit payment to veterans who are disabled as a result of their military service. It is the workers' compensation program for military members, which complements retired pay and disability annuities provided by the Department of Defense (DOD). In 2006, 2.7 million veterans will receive \$26 billion of these tax-free benefits from the Department of Veterans Affairs (VA), 57 percent more than when the President came to office.

When President Bush took office, the number of claims waiting to be processed had risen to more than 600,000. As a result, many veterans were waiting an average of over 230 days for a claim to be processed. One of the President's top priorities was to significantly reduce this processing time. VA trained nearly 1,800 employees in proper claims processing procedures and created specialized teams to process claims for those veterans who had been waiting the longest. Uniform measurement tools were established to evaluate quality and timeliness, and employee evaluations were re-designed to hold VA personnel accountable for meeting the President's goal. Further, VA worked with both DOD and the National Records Center in St. Louis to expedite the exchange of information needed to process claims. As a result, the number of days to process a claim will drop from 230 when the President took office to an average of 145 days in 2006—an improvement that the Department is committed to continuing in the years ahead.

Providing Education Opportunities to Veterans

The Vocational Rehabilitation and Employment (VR&E) program helps disabled veterans find suitable employment, so they can live independently. The program provides comprehensive services and assistance, such as tuition, books, vocational counseling, and assistive technology.

In March 2004, a comprehensive review of the VR&E program was completed which led to several changes now underway. For example, instead of waiting for veterans to contact the VR&E program, counselors visit service members at military and VA hospitals and also call recently discharged veterans to offer their services. In 2004, 11,000 veterans were successfully rehabilitated with approximately 8,300 veterans employed and the remaining 2,700 achieving independent living goals, an increase of approximately 1,500 veterans above those successfully rehabilitated in 2003.

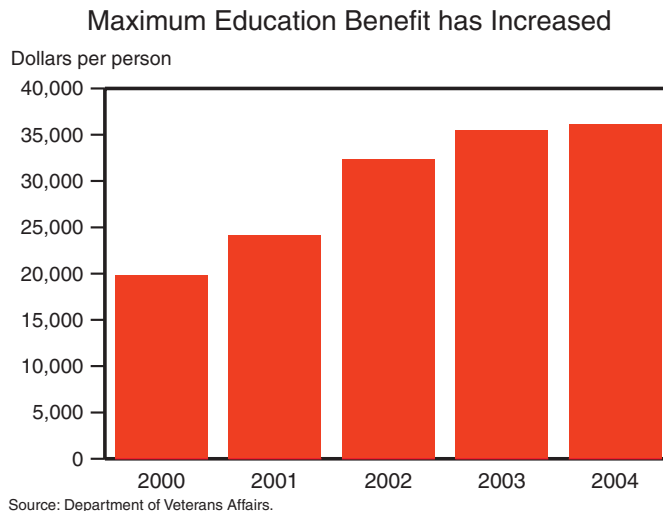


Vocational rehabilitation counselors visit patient.

For almost 20 years, the Montgomery GI Bill has provided education benefits to help members of the Armed Forces adjust to civilian life after leaving active service. On December 27, 2001, President Bush signed into law the Veterans Education and Benefits Expansion Act. The Act contained several improvements to the Montgomery GI Program, including an increase in the maximum monthly benefit amount of more than 46 percent by 2003 (see accompanying chart), a broader choice of education opportunities, and an expansion of education programs paid for by the scholarships to include

non-traditional educational settings such as software certification programs and distance learning courses. As a result, approximately 421,000 veterans, service members, and reservists used their benefits in 2004 to obtain degrees, certifications, and licenses, an increase of five percent since the President took office. In 2004, President Bush requested legislation to increase monthly education benefits for reservists mobilized for 90 days or more in response to a war or national emergency declared by the President or the Congress. Veterans are also receiving faster service. Since 2001, claims processed have increased from 89,000 to 105,000 per month and the maximum monthly benefit has increased by

almost 50 percent. In the same period, the average processing time for education benefits dropped from 50 days to 26 days for original claims. The 2006 Budget provides almost \$3 billion to assist veterans, active duty members, and reservists for educational benefits.



Promoting Home Ownership Among Veterans

The Veterans Housing Benefit Program provides guaranteed home loans to veterans, active-duty service members, and reservists. In addition to the loan guarantee program, the Veterans Housing Benefits Program also includes assistance to veterans living on Indian Reservations and veterans needing wheelchair accessible homes that are specially adapted to their needs.

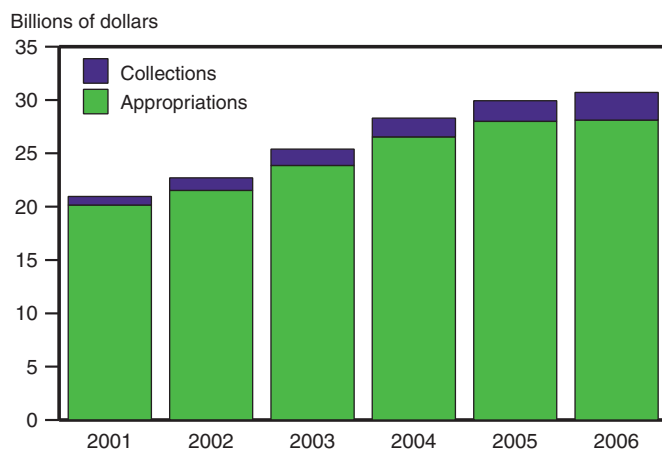
There is no limit to the number of loans issued in a year. In 2006, VA expects to issue 300,000 guaranteed loans for nearly \$46.2 billion, including 183,000 no down payment loans. The program also offers options with 5-percent and 10-percent down payments.

SUPPORTING A COMPASSIONATE SOCIETY

Providing Medical Care to Veterans

Treating veterans with military disabilities, low incomes, and special needs (such as substance abuse or spinal cord injury) has historically been VA's core medical care mission and its highest priority. The President is fulfilling his promise to deliver high-quality, accessible health care to these veterans. As shown in the accompanying chart, the President's 2006 VA medical care budget is more than 47 percent greater than when he took office, and VA will treat about 950,000 more patients in 2006 than it did in 2001. The Budget assumes that most new veterans enrolling in the VA medical care system will fall under VA's core medical care mission, and that all other veterans will pay an annual enrollment fee and increased prescription drug co-payments that are still low but more in line with other public and private health care programs.

Medical Care Budget Increasing



Source: Department of Veterans Affairs.

The best way to guarantee that veterans understand the benefits to which they are entitled is with outreach and education. VA instituted a program to provide information on all veterans' benefits—not just medical care—to service members as they leave military service, especially those with service-related special needs. This outreach effort includes a special emphasis on Reserve and National Guard personnel called to active duty.

To date, about 32,000 returning service members from Iraq and Afghanistan have received medical care from VA, and all returning service members receive a day of orientation on VA benefits and programs. At the major

DOD hospitals, injured service members are assigned a VA case worker (stationed at the hospital), who assists them in accessing their VA benefits and easing their transition to VA hospitals if needed. Case workers also assist the families of injured service members. VA and DOD now electronically share medical information, thus providing these patients with better, more timely care.

VA has been a leader in implementing health information technology to improve patient care. Patients have benefited from innovative safety and quality systems implemented by VA. For example, VA has developed a bar-code drug dispensing system—similar to that used in most stores today. This system assures that patients receive the correct drugs at the right times, and prevents them from receiving potentially dangerous drug combinations. In addition, VA has implemented a patient safety program that encourages physicians, nurses, and other providers to report problems or errors in care. As a result of the many innovative programs that were introduced in recent years, in 2003 the Institute of Medicine recognized VA as a leader in assuring patient safety and providing quality and cited VA as one of the best Government programs based on a 2004 national survey of customer satisfaction.

To assist and complement the work of VA staff, the Department coordinates a large volunteer program. Last year, 133,000 Americans donated about 14 million hours of their time to volunteer at VA facilities, providing transportation to and from VA hospitals, delivering mail and medical records, and visiting patients.

VA's research program is known worldwide for its work in areas such as prosthetics, spinal cord injuries, and diseases such as Parkinson's and diabetes. Care provided at VA facilities also helps patients have the medical equipment and understanding they need to live independently. For example, many VA hospitals have rooms set up similar to an apartment to prepare veterans to live on their own.

Helping Homeless Veterans

VA estimates that there are more than 250,000 homeless veterans in the Nation, or one-third of the adult homeless population. VA's homeless assistance programs now constitute the largest integrated network of services in the United States and serve approximately 40,000 homeless veterans annually. The Budget provides \$231 million to directly support VA's homeless network and an additional \$1.5 billion for medical care to homeless veterans.

Almost three-fourths of homeless veterans suffer from a mental illness and/or substance abuse problem, making it difficult for them to keep a job and live independently. VA's programs provide a continuum of services including mental health care, substance abuse counseling, and employment training. These comprehensive programs often require VA cooperation with Federal, State, and local governments, and the private sector.

VA has expanded community grants to all 50 States and the District of Columbia to improve access to housing and health care for homeless veterans. In addition, VA has created partnerships with the Departments of Health and Human Services and Housing and Urban Development to support new initiatives that provide permanent housing, a full range of medical care, and support services for chronically homeless veterans. VA, in partnership with States, continues to support transitional, community-based housing in a program that emphasizes stronger collaboration with community organizations, including faith-based organizations.

National Cemeteries

In 2006, approximately 100,000 veterans and eligible family members will be buried in the national cemetery system. From 2001 to 2006, there is estimated to be a 21-percent increase in the number of burials due to the advancing age of our World War II, Korean War, and Vietnam War veterans. In the next 20 years, one-third of our veterans will pass away. To make sure these veterans are accorded a proper burial, VA continues to evaluate the national cemetery system to make sure we have the appropriate number and location of national and State cemeteries. The 2006 Budget provides over 35 percent more funding for burial services and national cemeteries than five years ago. The 2006 Budget provides funding to acquire land to build six new cemeteries, including one each in Alabama, Pennsylvania, California, South Carolina, and two in Florida. VA has also expanded its partnership with States over the last four years to give veterans more burial options. Grants for construction and equipment are provided to establish or improve State cemeteries in areas where national cemeteries do not exist. In return, these States agree to adhere to VA standards of eligibility and maintenance. The Department takes pride in the service provided to the families of our veterans; a recent survey of family members and funeral directors showed 95 percent rated the service they received from our national cemeteries as excellent.



VA prepares patient for independent living.

MAKING GOVERNMENT MORE EFFECTIVE

Providing More Convenient and Timely Medical Care

Many veterans have moved to the South and Southwest, yet VA maintains underused hospitals throughout the northern and eastern regions of the country where fewer veterans live. VA completed a nationwide study of its facilities in 2004 to better align resources with patient needs by increasing services where veterans live, and converting large underused hospitals to more efficient clinics. Construction decisions were completed, and VA will spend \$1.5 billion in 2004 and 2005 on this effort. The 2006 Budget includes an additional \$750 million for this purpose.

When President Bush took office, waiting lists for new patients were six months or longer. At one point, the number of patients waiting for care peaked at 300,000. There was no system in place to ensure that veterans with military disabilities, low incomes, and special needs received prompt treatment unless they were facing a medical emergency. VA moved to prioritize those waiting for appointments and implemented a temporary program to fill non-VA prescriptions for the first time. This year, the list of veterans waiting more than six months for an appointment for basic medical care has been essentially eliminated.

VA is a leader in developing electronic medical records to ensure that critical patient information is not stored in a paper file somewhere but is accessible easily to all providers that may see a veteran, while appropriately protecting medical privacy. When a veteran receives care at VA, the doctor or nurse quickly enters all important information into a computer system and reads information on the patient's test results, drugs, and other vital information. As a result of these and other improvements, in most situations veterans can go to any facility for care and know that the medical staff can immediately access their records. They also receive drugs more quickly, safely, and easily. For example, after having an exam, a patient can go directly to the pharmacy and pick up any needed drugs that were electronically ordered by the physician.

Increasing Coordination Between DOD and VA

President Bush has placed a great emphasis on improving cooperation between DOD and VA in providing care to our veterans. Both Departments have made significant progress in meeting this goal. VA and DOD established a high-level Executive Council to develop and implement significant collaborative efforts. The council has focused on three major system-wide issues: 1) sharing "real-time" computer information on the enrollment and eligibility status for services and benefits; 2) continually placing all critical medical information for each patient in computer files that can be shared by DOD and VA; and 3) increasing the number of places where DOD and VA share medical facilities and staff.



DOD medical staff treat veteran patient.

Sharing information and technology speeds up service, ensures safer healthcare, and informs veterans of earned entitlements and services—such as eligibility and enrollment status for medical care,

disability benefits, home loans, life insurance, burial benefits, vocational rehabilitation, and education benefits.

The Departments are aggressively moving towards electronic patient medical records so both DOD and VA doctors and nurses have rapid access to patients’ records. Since all veterans start out in the military system and almost 700,000 use both systems annually, this coordinated effort is critical. The first phase was implemented in June 2002 with an electronic exchange of former military members’ patient health information available at VA. The next step, expected in 2005, is the two-way sharing of this information.

DOD and VA are working together to solve mutual problems in the Greater Chicago area, where five VA hospitals and one DOD hospital are located. DOD originally planned to build a new hospital within walking distance of an underutilized VA hospital. DOD now plans to share VA’s hospital—ensuring military members, their families, and veterans will have access to quality care in a fiscally responsible way. In addition, the two Departments have made progress in sharing personnel. In some locations, such as Albuquerque, New Mexico and Chicago, Illinois, they share many personnel. In other smaller areas, one or two shared staff may be key to maintaining critical capacity. For example, the Air Force Base in Grandforks, North Dakota needed a doctor for its family practice clinic. An agreement was reached for a VA doctor to provide care to service members at the military hospital. This lowered overall cost to taxpayers and improved access to care at the military hospital.

DOD and VA are working together to ensure that all separating service members who file a VA disability claim at discharge sites receive a discharge physical that meets requirements of both the VA and the Services, prior to separation. This allows one physical examination that saves time later.

Update on the President’s Management Agenda







The table below provides an update on VA’s implementation of the President’s Management Agenda as of December 31, 2004.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
Status	●	●	●	● ↓	●
Progress	●	●	●	●	●

Arrow indicates change in status since evaluation on September 30, 2004.

While VA continues to make progress on many aspects of each of the initiatives, its overall status in implementing the President’s Management Agenda has remained largely unchanged over the past year. VA developed a comprehensive human capital plan, completed testing of an on-line self-evaluation program, and redesigned an appraisal system for many of its employees. Ongoing negotiations with the labor union have resulted in some delays in implementing the new performance appraisal system for all employees. Improvements in financial performance and E-Government were delayed due to serious failures in the rollout of a new financial management information technology system. VA is assessing its options for next steps but has halted implementation of this massive system and has reverted back to its old system. VA has been unable to use Competitive Sourcing to achieve efficiency improvements since under law it is not able to carry out any such comparisons. The Administration is working with the Congress to find a solution so that resources can be better spent on direct services to veterans.

MAKING GOVERNMENT MORE EFFECTIVE—Continued

Initiative	Status	Progress
Real Property Asset Management		
Eliminating Improper Payments		
Coordination of VA and DOD Programs and Systems		
<p><i>Arrow indicates change in status since evaluation on September 30, 2004.</i></p> <p>In regard to the Real Property Initiative, VA has an Asset Management Plan where it has inventoried and proposed changes to right-size its massive network of buildings across the Nation to ensure that veterans are treated in the most convenient places for the veteran. The total dollar value at risk of Improper Payments at VA is approximately \$43.6 billion. After its initial assessment, VA determined that six high-risk programs exist. Of those six programs, four have completed remediation plans that are actively being implemented and the remaining two plans are likely to be completed in the second quarter of 2005. (Because this is the first quarter that agency efforts in the Eliminating Improper Payments Initiative were rated, progress scores were not given.) As discussed earlier, VA and DOD have taken numerous steps to improve the coordination of medical care and transition of injured service members to VA for healthcare and other benefit programs.</p>		

Department of Veterans Affairs
(In millions of dollars)

	2004 Actual	Estimate	
		2005	2006
Spending			
Discretionary Budget Authority:			
Medical Programs	27,365	28,784	28,903
Medical Services	18,468	19,764	19,789
<i>Medical Services Collections (non-add)</i>			
Existing law	1,708	1,953	2,164
Legislative proposal	—	—	424
Medical Administration	4,027	4,377	4,439
Medical Facilities	4,004	3,858	3,888
Medical Research	866	784	786
Benefit Programs	1,429	1,453	1,548
Disability Compensation	659	652	701
Pension	143	138	148
Education	76	90	100
Vocational Rehabilitation and Employment	124	139	147
Housing	157	156	157
Insurance	4	4	5
Burial Benefits	265	272	290
Departmental Administration	343	371	401
General Administration	280	301	330
Inspector General	62	70	71
Total, Discretionary budget authority (no collections)	29,137	30,607	30,852
Total, Discretionary budget authority (with new collections)	29,137	30,607	31,274
<i>Total, including all collections</i>	<i>30,845</i>	<i>32,560</i>	<i>33,440</i>
Total, Discretionary outlays	28,497	28,408	30,428
Mandatory Outlays:			
Medical Programs:			
Existing law	29	33	35
Legislative proposal	—	—	-424
Benefit Programs and Receipts:			
Disability Compensation	26,297	31,153	30,643
Pension	3,334	3,674	3,470
Education	2,137	2,454	2,579
Vocational Rehabilitation and Employment	551	604	632
Housing	218	1,904	65
Insurance	1,260	1,298	1,330
Burial Benefits	153	168	171
Other Receipts and Transactions	-2,771	-1,650	-648
Departmental Administration	-151	—	—
Total, Mandatory outlays	31,057	39,638	37,853
Total, Outlays	59,554	68,046	68,281

Department of Veterans Affairs—Continued
(In millions of dollars)

	2004 Actual	Estimate	
		2005	2006
Credit activity			
Direct Loan Disbursements:			
Vocational Rehabilitation Loans	3	4	4
Native American and Transitional Housing Loans	6	9	26
Vendee and Acquired Loans	123	915	1,675
Total, Direct loan disbursements	132	928	1,705
Guaranteed Loan Commitments:			
Veterans Home Loans	35,315	43,802	46,173
Total, Guaranteed loan commitments	35,315	43,802	46,173