

**STATEMENT OF THE HONORABLE ERIC K. SHINSEKI  
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**FOR PRESENTATION BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON MILITARY  
CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES**

**BUDGET REQUEST FOR FISCAL YEAR 2012**

**MARCH 16, 2011**

Chairman Culberson, Ranking Member Bishop, Distinguished Members of the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies.

Thank you for the opportunity to present the President's 2012 Budget and 2013 Advance Appropriations Requests for the Department of Veterans Affairs (VA). Budget requests for this Department deliver the promises of Presidents and fulfill the obligations of the American People to those who have safeguarded us in times of war and peace.

Today, the Nation's military remains deployed overseas as it has during the last 9 years of major conflict. Our requirements have grown over the past two years as we addressed longstanding issues from past wars and watched the requirements for those fighting the current conflicts grow significantly. These needs will continue long after the last American combatant departs Iraq and Afghanistan. It is our intent to continue to uphold our obligations to our Veterans when these conflicts have subsided, something that we have not always done in the past. Not upholding these obligations in the past has left at least one generation of Veterans struggling in anonymity for decades. We, who sent them, owe them better.

VA has an obligation to track, communicate to stakeholders, and take decisive action to consistently meet the requirements of our Nation's Veterans for care and services. We pay great attention to detail but there are many factors in the health care market that we cannot control. We must mitigate the risk inherent when requirements for Veterans' care and services, and costs in the healthcare market, exceed our estimates. This request is the Department's plan for managing that risk and meeting our obligations to all Veterans effectively, accountably, and efficiently.

The President's budget for 2012 requests \$132 billion -- \$62 billion in discretionary funds and \$70 billion in mandatory funding. Our discretionary budget request represents an increase of \$5.9 billion, or 10.6 percent, over the 2010 enacted level.

Our plans for 2012 and 2013 pursue strategic goals we established two years ago to transform VA into an innovative, 21<sup>st</sup> century organization that is people-centric,

results-driven, and forward-looking. These strategic goals seek to reverse in-effective decision making, systematic inefficiency, and poor business practices in order to improve quality and accessibility to VA healthcare, benefits, and services; increase Veteran satisfaction; raise readiness to serve and protect in a time of crisis; and improve VA internal management systems to successfully perform our mission. We seek to serve as a model of governance, and this budget is shaped to provide VA both the tools and the management structure to achieve that distinction.

For almost 146 years now, VA and its predecessor institutions have had the singular mission of caring for those who have “borne the battle” and their survivors. This is our only mission, and to do that well, we operate the largest integrated healthcare system in the country; the eighth largest life insurance entity covering both active duty members as well as enrolled Veterans; a sizable education assistance program; a home mortgage enterprise which guarantees over 1.4 million Veterans’ home loans with the lowest foreclosure rate in the Nation; and the largest national cemetery system, which continues to lead the country as a high performing institution.

For two years now, we have disciplined ourselves to understand that successful execution of any strategic plan, especially one for a Department as large as ours, requires good stewardship of resources entrusted to us by the Congress. Every dollar counts, both in the current constrained fiscal environment and during less stressful times. Accountability and efficiency are behaviors consistent with our philosophy of leadership and management. The responsibility of caring for America’s Veterans on behalf of the American people demands unwavering commitment to effectiveness, accountability, and in the process, efficiency. In the past two years, we have established and created management systems, disciplines, processes, and initiatives that help us eliminate waste.

### **Stewardship of Resources**

VA has made great progress instilling accountability and disciplined processes by establishing our Project Management Accountability System (PMAS). This approach has created an information technology (IT) organization that can rapidly deliver technology to transform VA. PMAS is a disciplined approach to IT project development whereby we hold ourselves and our private-sector partners accountable for cost, schedule and performance. In just one year, PMAS exceeded an 80% success rate of meeting customers’ milestones.

In addition to PMAS, we adopted a new acquisition strategy to make more effective use of our IT resources. This new strategy, Transformation Twenty-One Total Technology (T4 - for short), will consolidate our IT requirements into 15 prime contracts, leveraging economies of scale to save both time and money and enable greater oversight and accountability. T4 also includes significant goals for subcontractors and other protections to make sure Veteran-owned small businesses get a substantial share

of the work. Seven of the 15 prime contracts are reserved for Veteran-owned small businesses, and four of the seven are reserved for service-disabled small businesses.

In developing the 2012 budget, VA used an innovative, Department-wide process to define and assess VA's capital portfolio. This process for Strategic Capital Investment Planning (SCIP) is a transformative tool enabling VA to deliver the highest quality of services by investing in the future and improving efficiency of operations. SCIP has captured the full extent of VA infrastructure and service gaps and developed both capital and non-capital solutions to address these gaps through 2021. SCIP also produced VA's first-ever Department-wide integrated and prioritized list of capital projects, which is being used to ensure that the most critical infrastructure needs are met, particularly in correcting safety, security, and seismic deficiencies, and creating consistent standards across the system.

The use of metrics to monitor and assess performance is another key strategy we employ to ensure the effective use of resources and accountability. For example, in November 2010, VA launched two online dashboards to offer transparency of the clinical performance of our healthcare system to the general public. First, VA's *Linking Information Knowledge and Systems* (LinKS) provides outcome measurement data in areas such as acute, intensive, and outpatient care. This allows management to assess a specific medical facility's performance against other facilities while, at the same time, serving as a motivational tool to improve performance. The dashboard, *Aspire*, compiles data from VA's individual hospitals and hospital systems to measure performance against national private-sector benchmarks. Financial and performance metrics also provide the foundation for monthly performance reviews that are chaired by the Deputy Secretary. These monthly meetings play a vital role in monitoring performance throughout the Department, and are designed to ensure both operational efficiency and the achievement of key performance targets.

We also demonstrated our ongoing commitment to effective stewardship of our financial resources by obtaining our 12<sup>th</sup> consecutive unqualified (clean) audit opinion on VA's consolidated financial statements. In 2010, we were successful in remediating 3 of 4 longstanding material weaknesses, a 75 percent reduction in just one year. We also began implementation of a number of key management initiatives that will allow us to better serve Veterans by getting the most out of our available resources:

- Reducing improper payments and improving operational efficiencies in our medical fee care program will result in estimated savings of \$150 million in 2011. This includes continued expansion of the Consolidated Patient Account Centers to standardize VA's billing and collection activities.
- Implementing Medicare's standard payment rates will allow VA to better plan and redirect more funding into the provision of healthcare services. The estimated savings of this change in business practices in 2011 is \$275 million.

- Consolidating contracting requirements, adopting strategic sourcing and other initiatives will reduce acquisition costs by an estimated \$177 million in 2011.

The effective use of information technology is critical to achieving efficient healthcare and benefits delivery systems for Veterans. To accelerate the process for adjudicating disability claims for new service-connected presumptive conditions associated with exposure to Agent Orange, we implemented a new on-line claims application and processing system.

A recent independent study, which covered a 10-year period between 1997 and 2007, found that VA's health IT investment during the period was \$4 billion, while savings were more than \$7 billion<sup>1</sup>. More than 86 percent of the savings were due to the elimination of duplicated tests and reduced medical errors. The rest of the savings came from lower operating expenses and reduced workload. VA is continuing to modernize its electronic medical records to optimally support healthcare delivery and management in a variety of settings. This effort includes migrating the current computerized patient record system into a modern, Web-based electronic health record.

Advance appropriations for VA medical care require a multi-year approach to budget planning whereby one year builds off the previous year. This provides opportunities to more effectively use resources in a constrained fiscal environment as well as to update requirements.

### **Multi-Year Plan for Medical Care Budget**

The 2012 budget request for VA medical care of \$50.9 billion is a net increase of \$240 million over the 2012 advance appropriations request of \$50.6 billion in the 2011 budget. This is the result of an increase of \$953 million associated with potential increased reliance on the VA healthcare system due to economic employment conditions, partially offset by a rescission of \$713 million which reflects the cumulative impact of the statutory freeze on pay raises for Federal employees in 2011 and 2012. The 2013 request of advance appropriations is \$52.5 billion, an increase of \$1.7 billion over the 2012 budget request.

The establishment of a Contingency Fund of \$953 million for medical care is requested in 2012. These contingency funds would become available for obligation if the Administration determines that additional costs, due to changes in economic conditions as estimated by VA's Enrollee Health Care Projection Model, materialize in 2012. This economic impact variable was incorporated into the Model for the first time this year. Based on experience from 2010, the need for this fund will be carefully monitored in 2011 and 2012. This cautious approach recognizes the potential impact of

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<sup>1</sup> **The Value From Investments In Health Information Technology At The U.S. Department Of Veterans Affairs** , Colene M. Byrne, Lauren M. Mercincavage, Eric C. Pan, Adam G. Vincent, Douglas S. Johnston, and Blackford Middleton , *Health Aff April 2010 29:4629-638*.

economic conditions as estimated by the Model to ensure funds are available to care for Veterans, while acknowledging the uncertainty associated with the new methodology incorporated into the Model estimates.

Another key building block in developing the 2012 and 2013 budget request for medical care is the use of unobligated balances, or carryover, from 2011 to meet projected patient demand. This carryover of more than \$1 billion, which includes savings from operational improvements, supports anticipated costs for providing medical care to Veterans in 2012 and 2013 and is factored into VA's request for appropriations. This is a vital component of our multi-year budget and any reductions in the amount of 2011 projected carryover funding would require increased appropriations in 2012 and 2013.

### **Transforming VA**

The Department faces an increasingly challenging operating environment as a result of the changing population of Veterans and their families and the new and more complex needs and expectations for their care and services. Transforming VA into a 21st-century organization involves a commitment to many broad challenges: to stay on the cutting edge of healthcare delivery; to lay the foundation for safe, secure, and authentic health record interoperability; to deliver excellent service for Veterans who apply for disability and education benefits; and to create a modern, efficient, and customer-friendly interface that better-serves Veterans. In this journey, we are focusing on opportunities to improve our efficiency and effectiveness and the individual performance of our employees.

Our health informatics initiative is a foundational component for VA's transition from a medical model to a patient-centered model of care. The delivery of healthcare will be better tailored to the individual Veteran, yet utilize treatment regimens validated through population studies. Veterans will receive fewer unnecessary tests and procedures and more standardized care based on best practices and empirical data.

The purpose of the VA Innovation Initiative (VAi2) is to identify, fund, and test new ideas from VA employees, academia, and the private sector. The focus is on improving access, quality, performance, and cost. VA remains committed to the best system of delivering quality care and benefits to Veterans. VAi2 plays an important role by enabling the use of promising technologies in the design of cost-effective solutions. For example, TBI Toolbox pilot, located at McGuire VA Medical Center in Richmond, Virginia, will test a software tool to standardize data gathered from brain injury treatments. The strategy will allow sharing of rapidly evolving treatment guidelines at VA polytrauma centers and Department of Defense medical facilities, as well as patient progress and outcomes.

The 2012 budget continues our focus on three key transformational priorities I established when I became Secretary: Expanding access to benefits and services;

reducing the claims backlog; and eliminating Veteran homelessness by 2015. These priorities address the most visible and urgent issues in VA.

### **Expanding Access to Benefits and Services**

Expanding access to healthcare and benefits for underserved Veterans is vital to VA's success in best-serving Veterans of all eras.

The Veterans Relationship Management (VRM) initiative will provide Veterans, their families, and survivors with direct, easy, and secure access to the full range of VA programs through an efficient and responsive multi-channel program, including phone and Web services. VRM will provide VA employees with up-to-date tools to better serve VA clients, and empower clients through enhanced self-service capabilities. Expanding the self-service capabilities of the *eBenefits* on-line portal is one of the early successes of the VRM program in 2010, and expansion of eBenefits functionality continues through quarterly releases and programs to engage new users.

VA also saw significant progress in expanding access to Veterans. In July 2010, the *Center for Women Veterans* sponsored a forum to highlight enhancements in VA services and benefits for women Veterans which resulted in an information toolkit for advocates such as Veteran Service Organizations to share with their constituencies.

Outreach was extended directly to women when, for the first time in 25 years, VA surveyed women Veterans across the country to (1) identify in a national sample the current status, demographics, healthcare needs, and VA experiences of women Veterans; (2) determine how healthcare needs and barriers to VA healthcare differ among women Veterans of different generations; and (3) assess women Veterans' healthcare preferences in order to address VA barriers and healthcare needs. The interim report, released in summer 2010, informs policy and planning and provides a new baseline for program evaluation with regard to Veterans' perceptions of VA health services. The final report will be released in spring 2011.

The *Enhancing the Veteran Experience and Access to Healthcare* (EVEAH) initiative will expand healthcare for Veterans, including women and rural populations. Care alternatives will be created to meet these special population access needs, including the use of new technology. Where technology solutions safely permit, VA has already transitioned from inpatient to outpatient settings through the use of telemedicine, in-home care, and other delivery innovations.

One area of success is our expansion of telehome health-based clinical services in rural areas, which increases access, and reduces avoidable travel for patients and clinicians. In 2010, the total average daily census in telehome health was 31,155. This program will continue to expand to an estimated average daily census of 50,147 in 2012, an increase of 60 percent over 2010.

Through the *Improve Veteran Mental Health* (IVMH) initiative more Veterans will have access to the appropriate mental health services for which they are eligible, regardless of their geographic location. VA is leveraging the virtual environment with services such as the *Veterans' Suicide Prevention Chat Line* and real-time clinical video conferences.

## **Reducing the Claims Backlog**

One of VA's highest priority goals is to eliminate the disability claims backlog by 2015 and ensure all Veterans receive a quality decision (98 percent accuracy rate) in no more than 125 days. VBA is attacking the claims backlog through a focused and multi-pronged approach. At its core, our transformational approach relies on three pillars: a culture change inside VA to one that is centered on advocacy for Veterans; collaborating with stakeholders to constantly improve our claims process using best practices and ideas; and deploying powerful 21st century IT solutions to simplify and improve claims processing for timely and accurate decisions the first time.

The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy. It integrates a business transformation strategy to address process and people with a paperless claims processing system. Combining a paperless claims processing system with improved business processes is the key to eliminating the backlog and providing Veterans with timely and quality decisions. The Virtual Regional Office, completed in May 2010, engaged employees and subject-matter experts to determine system specifications and business requirements for VBMS. The first VBMS pilot began in Providence in November 2010. Nationwide deployment of VBMS is expected to begin in 2012.

VA is encouraging Veterans to file their Agent Orange-related claims through a new on-line claims application and processing system. Vietnam Veterans are the first users of this convenient automated claims processing system, which guides them through Web-based menus to capture information and medical evidence for faster claims decisions. While the new system is currently limited to claims related to the new Agent Orange presumptive conditions of Parkinson's Disease, Ischemic Heart Disease, and Hairy Cell Leukemia's, we will expand it to include claims for other conditions.

VA also published the first set of streamlined forms capturing medical information essential to prompt evaluation of disability compensation and pension claims, and dozens more of these forms are in development for various disabilities. The content of these disability benefit questionnaires is being built into VA's own medical information system to guide in-house examinations. Veterans can provide them to private doctors as an evidence guide that will speed their claims decisions.

Another initiative to reduce the time needed to obtain private medical records utilizes a private contractor to retrieve the records from the provider, scan them into a

digital format, and send them to VA through a secure transmission. This contract frees VA staff to focus on processing claims more quickly.

Additional claims transformation efforts deployed nationwide in 2010 include the Fully Developed Claims initiative to promptly rate claims submitted with all required evidence and an initiative to proactively reach out to Veterans via telephone to quickly resolve claims issues.

VA needs these innovative systems and initiatives to expedite claims processing as the number of claims continue to climb. The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, is increasing each year. Annual claims receipts increased 51 percent when comparing receipts from 2005 to 2010 (788,298 to 1,192,346). We anticipate claims receipts of nearly 1.5 million in 2011 (including new Agent Orange presumptive) and more than 1.3 million claims in 2012. The funding request in the President's budget for VBA is essential to meet the increasing workload and put VA on a path to achieve our ultimate goal of no claims over 125 days by 2015.

### **Eliminating Veteran Homelessness**

VA has an exceptionally strong track record in decreasing the number of homeless Veterans. Six years ago, there were approximately 195,000 homeless Veterans on any given night; today, there are about 75,600. VA uses a multi-faceted approach by providing safe housing; outreach; educational opportunities; mental healthcare and treatment; support services; homeless prevention services, and opportunities to return to employment. The National Call Center for Homeless has received 13,000 calls since March 2010, and 18,000 Veterans and families of Veterans have been provided permanent housing through VA and Housing and Urban Development Department programs. These Veterans were also provided with dedicated case managers and access to high-quality VA healthcare.

The *Building Utilization Review and Repurpose (BURR)* study is using VA's inventory of vacant/underutilized buildings to house homeless and at-risk Veterans and their families, where practical. Congress allocated \$50 million to renovate unused VA buildings and VA has identified 94 sites with the potential to add approximately 6,300 units of housing through public/private ventures using VA's enhanced-use lease authority. This legislative authority is scheduled to lapse at the end of calendar year 2011. The Administration remains committed to this important program, and a proposal to address the expiration will accompany the Department's legislative package submitted through the President's Program. In addition to helping reduce homelessness, vacant building reuse is being considered for housing for OEF/OIF/OND Veterans, poly-trauma patients, assisted living, and seniors.

Homelessness is both a housing and healthcare issue, heavily burdened by depression and substance abuse. Our 2012 budget plan also supports a

comprehensive approach to eliminating Veteran homelessness by making key investments in mental health programs.

The 2012 budget includes \$939 million for specific programs to prevent and reduce homelessness among Veterans. This is an increase of 17.5 percent, or \$140 million over the 2011 level of \$799 million. This increase includes an additional \$50.4 million to enhance case management for permanent housing solutions offered through the *Housing Urban Development-VA Supported Housing* (HUD-VASH) program. These funds are required to maintain the services that keep Veterans rescued from homelessness sheltered; get the remaining men and women off the streets whom we have not reached in the past; and, prevent additional Veterans from becoming homeless during a time of war and difficult economic conditions.

### **Mental Health**

The mental health of Veterans is a more important issue now than ever before, as increasing numbers of Veterans are diagnosed with mental health conditions, often coexisting with other medical problems. More than 1.2 million of the 5.2 million Veterans seen in 2009 in VA had a mental health diagnosis. This represents about a 40 percent increase since 2004.

Veterans of Iraq and Afghanistan rely on mental healthcare from VA to a greater degree than earlier groups of Veterans. Diagnosis of PTSD is on the rise as the contemporary nature of warfare increases both the chance for injuries that affect mental health and the difficulties facing Veterans upon their return home. In addition, mental health issues are often contributing factors to Veterans' homelessness.

In order to address this challenge, VA has significantly invested in our mental healthcare workforce, hiring more than 6,000 new mental healthcare workers since 2005. In 2010, VA hired more than 1,500 clinicians to conduct screenings and provide treatment as well as trained over 1,000 clinicians in evidenced-based practices. The Department has also established high standards for the provision of mental healthcare services through the recent publication of our Handbook on Uniform Mental Health Services in VA medical centers and clinics, and we have developed an integrated mental health plan with DoD to ensure better continuity of care—especially for Veterans of Iraq and Afghanistan. The 2012 budget includes \$6.2 billion for mental healthcare programs, an increase of \$450 million, or 8 percent over the 2011 level of \$5.7 billion.

### **Medical Care Program**

We expect to provide medical care to over 6.2 million unique patients in 2012, a 1.4 percent increase over 2011. Among this community are nearly 536,000 Veterans of Iraq and Afghanistan, an increase of over 59,000 (or 12.6 percent) above 2011.

The 2012 budget will support several new initiatives in addition to our efforts to eliminate Veteran homelessness. For example, \$344 million is provided for the activation of newly constructed medical facilities. In addition, we provide \$208 million to implement provisions of the Caregivers and Veterans Omnibus Health Services Act and improve the quality of life for Veterans and their families.

The 2012 budget also includes operational improvements that will make VA more effective and efficient in this challenging fiscal and economic environment. VA is proposing \$1.2 billion of operational improvements which include aligning fees that VA pays with Medicare rates, reducing and improving the administration of our fee-based care program, clinical staff realignments, reducing indirect medical and administrative support costs, and achieving significant acquisition improvements to increase our purchasing power.

Beginning in 2010, VHA embarked on a multi-year journey to enhance significantly the experience of Veterans and their families in their interactions with VA while continuing to focus on quality and safety. This journey required the VHA to develop new models of healthcare that educated and empowered patients and their families, focused not only on the technical aspects of healthcare but also designed for a more holistic, Veteran-centered system, with improved access and coordination of care. New Models of Healthcare is a portfolio of initiatives created to achieve these objectives. We are re-designing our systems around the needs of our patients and improving care coordination and virtual access through enhanced secure messaging, social networking, telehealth, and telephone access.

An essential component of this approach is transforming our primary care programs to increase our focus on health promotion, disease prevention, and chronic disease management through multidisciplinary teams. The new model of care will improve health outcomes and the care experience for our Veterans and their families. The model will standardize healthcare policies, practices and infrastructure to consistently prioritize Veterans' healthcare over any other factor without increasing cost or adversely affecting the quality of care. This important initiative will enable VA to become a national leader in transforming primary care services to a medical home model of healthcare delivery that improves patient satisfaction, clinical quality, safety and efficiencies. VA Tele-Health and the Home Care Model will develop a new generation of communication tools (i.e. social networking, micro-blogging, text messaging, and self management groups) that VA will use to disseminate and collect critical information related to health, benefits and other VA services.

VA is taking this historic step in redefining medical care for Veterans with the adoption of a modern healthcare approach called PACT, which stands for *Patient Aligned Care Team*. PACT is VA's adaptation of the popular contemporary team-based model of healthcare known as *Patient Centered Medical Home* designed to provide continuous and coordinated care throughout a patient's lifetime.

## **Medical Research**

VA's many trailblazing research accomplishments are a source of great pride to our department and the nation. Today's committed VA researchers are focusing on traumatic brain injury, post-traumatic stress disorder, post-deployment health, women's health and a host of other issues key to the well-being of our Veterans. As one of the world's largest integrated healthcare systems, VA is uniquely positioned to not only conduct and fund research, but to develop solutions and implement them more quickly than other healthcare systems—turning hope into reality for Veterans and all Americans.

VA's budget request for 2012 includes \$509 million for research, a decrease of \$72 million below the 2010 level. In addition, VA's research program will receive approximately \$1.2 billion from medical care funding and federal and non-federal grants. These research funds will continue support for genomic medicine, point of care research, and medical informatics and information technology. Genomic medicine, also referred to as personalized medicine, uses information on a patient's genetic make-up to tailor prevention and treatment for that individual. The Million Veteran Program invites users of the VA healthcare system nationwide to participate in a longitudinal study with the aim of better understanding the relationship between genetic characteristics, behaviors and environmental factors, and Veteran health.

To leverage data in the electronic health record, *VA Informatics and Computing Infrastructure* (VINCI) is creating a powerful and secure environment within the Austin Information Technology Center. This environment will allow VA researchers to access more easily a wide array of VHA databases using custom and off-the-shelf analytical tools. The *Consortium for Healthcare Informatics Research* (CHIR) will provide research access to patient information in VA's *Computerized Patient Record System* (CPRS) narrative text and laboratory reports. Together, VINCI and CHIR will allow data mining to accelerate findings and identify emerging trends. Ultimately, this critical work will lead to greater effectiveness of our medical system—improving value by assisting in the prevention and cure of disease.

## **Veteran Benefits**

The 2012 budget request for the Veterans Benefits Administration is \$2.0 billion, an increase of \$330 million, or 19.5 percent, over the 2010 enacted level of \$1.7 billion. This budget supports ongoing and new initiatives to reduce disability claims processing time, including development and implementation of further redesigned business processes. It funds an increase in FTE of 716 over 2010 to 20,321 to assist in reducing the benefits claims backlog. It also supports the administration of expanded education benefits eligibility under the Post-9/11 GI Bill, which now includes benefits for non-college degree programs, such as on-the-job training, flight training, and correspondence courses. In addition, the 2012 budget request supports the following initiatives:

### Integrated Disability Evaluation System (IDES) Program

IDES simplifies the process for disabled servicemembers transitioning to Veteran status, improves the consistency of disability ratings, and improves customer satisfaction. An IDES claim is completed in an average of 309 days; 43 percent faster than in the legacy system. VA and DoD worked together to increase the number of sites for the IDES program from 21 to 27 in 2010. The six new sites are Fort Riley, Fort Benning, Fort Lewis, Fort Hood, Fort Bragg and Portsmouth Naval Hospital, and VA and DoD will continue to expand the IDES program.

IDES is being expanded to provide Vocational Rehabilitation and Employment (VR&E) services to active duty Servicemembers transitioning through the IDES. These services range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes as well as support services to identify and maintain employment. The budget request includes \$16.2 million for 110 FTE for the VR&E program to support IDES.

### Veterans Benefits Management System (VBMS)

In 2011, we will conduct two of three planned pilot programs to test VBMS, the new paperless claims processing system. Each pilot will expand on the success of the first pilot by adding additional software components. In the 2012 budget request for information technology, we will invest \$148 million to complete pilot testing and initiate a national rollout.

### VetSuccess on Campus

In July 2009, VA established a pilot program at the University of South Florida called *VetSuccess on Campus* to improve graduation rates by providing outreach and supportive services to Veterans entering colleges and universities and ensuring that their health, education and benefit needs are met. The program has since expanded to include an additional seven campuses, serving approximately 8,000 Veterans. The campus Vocational Rehabilitation Counselor (VRC) and the Vet Center Outreach Coordinator liaise with school certifying officials, perform outreach, and communicate with Veteran-students to ensure their health, education, and benefit needs are met. This will enable Veterans to stay in college to complete their degrees and enter career employment. In addition, it provides Veterans the skills necessary to gain employment after graduation, which can help prevent Veteran homelessness. The 2012 budget includes \$1.1 million to expand the program to serve an additional 9,000 Veteran students on nine campuses, more than doubling the size of the current program.

## **National Cemetery Administration**

The budget plan includes \$250.9 million in operations and maintenance funding for the National Cemetery Administration (NCA). The funding will allow us to provide more than 89.8 percent of the Veteran population a burial option within 75 miles of their residences by keeping existing national cemeteries open and establishing new state Veterans cemeteries, as well as increasing outreach efforts.

VA expects to perform 115,500 interments in 2012, a 1.0 percent increase over 2011. In 2012, NCA will provide maintenance of 8,759 developed acres, 3.0 percent over the 2011 estimate, while 3,228,000 or 2.6 percent more gravesites will be given perpetual care.

The budget request will allow NCA to maintain unprecedented levels of customer satisfaction. NCA achieved the top rating in the nation four consecutive times on the prestigious American Customer Satisfaction Index (ACSI) established by the University of Michigan. ACSI is the only national, cross-industry measure of satisfaction in the United States. On the most recent 2010 survey and over the past decade, NCA's scores bested over 100 federal agencies and the nation's top corporations including Ford, FedEx and Coca Cola, to name a few. Our own internal surveys confirm this exceptional level of performance. For 2010, 98% of the survey respondents rated the appearance of national cemeteries as excellent; 95% rated the quality of service as excellent.

NCA has implemented innovative approaches to cemetery operations: the use of pre-placed crypts, that preserve land and reduce operating costs; application of "water-wise" landscaping that conserves water and other resources; and installation of alternative energy products such as windmills and solar panels that supply power for facilities. NCA has also utilized biobased fuels that are homegrown and less damaging to the environment. NCA is developing an independent study of emerging burial practices throughout the world to inform its planning for the future.

Support for the Veterans Cemetery Grants Program continues in 2012 with \$46 million to fund the highest priority Veterans cemetery grant requests ready for award. In addition to state cemetery grants, NCA is engaged in discussions with tribal governments regarding the construction of Veterans' cemeteries on their land and is awarding six such grants in 2011. The inclusion of tribal governments as grant recipients recognizes and empowers the authority of these groups to represent a unique group of Veterans and respond to their needs.

## **Capital Infrastructure**

Congressional support of VA has resulted in 63 major construction projects funded in whole, or in part, since 2004. When combined with investments in our minor construction and major lease programs, this has contributed to a plant inventory which includes 5,541 owned facilities, 1,629 leased facilities, 155 million square feet of occupied space (owned and leased) and 33,718 acres of owned real property.

To best utilize resources, VA has reduced its inventory of owned vacant space by 34 percent, from 8.6 million square feet in 2001 to 5.7 million square feet in 2010. As discussed previously, we are using the *Building Utilization Review and Repurpose* (BURR) effort to reuse vacant space for homeless Veterans and their families. BURR also identifies other potential reuses of vacant and underutilized space and land within VA's inventory such as assisted living, senior housing, and housing for Veterans of Iraq and Afghanistan and their families. VA also houses homeless Veterans in public/private ventures through enhanced-use leasing.

### **Major Construction**

The major construction request in 2012 is \$589.6 million in new budget authority. In addition, VA has been the beneficiary of a favorable construction market and, as a result, is able to reallocate \$135.6 million from previously authorized and appropriated projects to accomplish additional project work—resulting in a total of \$725.2 million for the major construction program. This reflects the Department's continued commitment to provide quality healthcare and benefits through improving its infrastructure to provide for modern, safe, and secure facilities for Veterans. It includes seven ongoing medical facility projects (New Orleans, Denver, San Juan, St. Louis, Palo Alto, Bay Pines, and Seattle) and design for three new projects (Reno, West Los Angeles and San Francisco) primarily focused on safety and security corrections. One cemetery expansion will be completed to maintain and improve burial service in Honolulu, HI

### **Minor Construction**

In 2012, the minor construction request is \$550.1 million. In support of the medical care and medical research programs, minor construction funds permit VA to realign critical services, make seismic corrections, improve patient safety, enhance access to healthcare and patient privacy, increase capacity for dental care, improve treatment of special emphasis programs, and, expand our research capability. We also use minor construction funds to improve the appearance of our national cemeteries. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

## Greening VA

The “greening VA” effort continues to be strong. There are 21 facilities Green Globe-certified and four LEED-certified. We have completed energy efficiency benchmarking for 99% of VA-owned facilities and obtained the Energy Star label for 30 VA sites since 2003. Electric meter installations were completed for 60% of targeted buildings and we are installing solar energy systems at 35 sites for a total capacity of 30 megawatts. VA has installed wind turbines at two sites, awarded two ground source heat pump projects, awarded five renewably fueled cogeneration projects, and completed one fuel cell project.

In 2012, we plan to invest \$27 million for solar photovoltaic projects, \$51 million in energy infrastructure improvements, \$21 million in renewably fueled cogeneration using biomass (wood waste) or biogas (waste methane), \$1 million in sustainable building, \$14 million for wind projects, and \$10 million for alternative fueling projects and expansion of environmental management systems.

## **Information Technology**

Information Technology (IT) is integral to the delivery of efficient and effective service to Veterans. IT is not a supplementary function -- it is key to the delivery of efficient, modern healthcare. The 2012 budget includes \$3.161 billion to support Information Technology (IT) development, operations and maintenance expenses. The 2012 budget will fund the Department’s highest IT priorities as well as information security programs, which protect privacy and provide secure IT operations across VA. Under our disciplined development program, PMAS, the delivery of customer software milestones exceeds 80% which is up from just 20% before the implementation of PMAS. The budget request will also fund systems that VA will develop and implement under the Caregivers and Veterans Omnibus Health Services Act of 2010.

In 2010, VA made the sound business decision to discontinue the Integrated Financial Accounting System (IFAS) and the data warehouse component of the Financial and Logistics Integrated Technology Enterprise (FLITE). OI&T will fund other continuing projects such as Compensation and Pension Records Interchange (CAPRI) which offers VBA Rating Veteran Service Representatives and Decision Review Officers help in building the rating decision. CAPRI does this by creating a more efficient means of requesting compensation and pension examinations and navigating existing patient records.

## **Veterans Relationship Management (VRM)**

The 2012 IT budget for VRM is \$108 million, and will support continued development of the on-line portal as well as the development of Customer Relationship Management capabilities.

## Virtual Lifetime Electronic Record (VLER)

The Virtual Lifetime Electronic Record (VLER) is a Federal, inter-agency initiative to provide portability, accessibility and complete health, benefits, and administrative data for every Service member, Veteran, and their beneficiaries. The goal of this major initiative is to establish the interoperability and communication environment necessary to facilitate the rapid exchange of patient and beneficiary information that will yield consolidated, coherent and consistent access to electronic records between DoD, VA, and the private sector.

VLER will not create a new data record, but it will ensure availability of reliable data from the best possible source. The VLER health component of this initiative is in operation at two pilot sites with a plan to add nine more pilots this fiscal year. VLER will work closely with other major initiatives including the Veterans Benefits Management System (VBMS) and the Veterans Relationship Management (VRM). A total of \$70 million in IT funds in 2012 is required to complete the effort and move to national production and deployment of initial VLER capabilities. The VLER partnership between VA and the Department of Defense will serve as a positive model for electronic health record interoperability in the country, which has been an Administration priority.

### **Summary**

VA is the second largest Federal department and has over 300,000 employees. Among the many professions represented in the vast VA workforce are physicians, nurses, counselors, claims processors, cemetery groundskeepers, statisticians, engineers, architects, computer specialists, budget analysts, police, and educators—all working with the greatest determination to best serve all generations of Veterans. In addition, VA has approximately 140,000 volunteers serving Veterans at our hospitals, Vetcenters and cemeteries. There are things that they do that cannot be converted into dollar values – patience, dignity and respect for Veterans, some of whom are heavily challenged by the memories of their wars.

As advocates for Veterans and their families, VA is committed to providing the very best services. I will do everything possible to ensure that we wisely use the funds Congress appropriates for VA to improve the quality of life for Veterans and the efficiency of our operations—innovatively and transparently—as we deliver on the enduring promises of Presidents and the obligations of the American people to our Veterans.

I am honored to present the President's 2012 budget request for VA, and to represent all VA employees and the interests of those outside of VA, who share our commitment to Veterans.