

**Department of
Veterans Affairs**

Memorandum

Date: FEB 22 2018

From: Deputy Secretary (001)

Subj: Fiscal Year 2020-2024 Programming Guidance (VAIQ #7859536)

To: Under Secretaries, Assistant Secretaries, and Other Key Officials

1. This memorandum issues the Department's Programming Guidance for the Fiscal Year (FY) 2020-2024 programming cycle. This cycle incorporates feedback from the FY 2019-2023 programming cycle, as well as direction from Department of Veterans Affairs (VA) leadership to increase accountability and transparency while building a more defensible budget.
2. The Department's programming process provides a disciplined framework to develop, assess and prioritize multi-year requirements and trade space in support of VA's mission. This year's programming guidance requires that your submission align to the Agency Reform Plan and VA FY2018 – 2024 Strategic Plan objectives and incorporate comprehensive costs (including but not limited to Capital Activations and IT requirements). This increased integration will allow VA leadership to make informed decisions and maximize care for Veteran's and their families.
3. Submissions are due to Programming, Analysis, and Evaluation (PAE) in two parts: (1) resource allocation data due April 13, 2018, in the Resource Allocation Database; and (2) briefing due 72 hours before Chief Financial Officer (CFO) review and program review board (May – June).
4. PAE will review your resource allocation data for compliance with the enclosed guidance and will coordinate with your subject matter experts and/or the applicable VACO functional experts to address major issues and concerns prior to CFO review and Program Review Boards.
5. Upon completion of the Program Review Boards, I will issue a Program Decision Memorandum that will inform your FY 2020 budget submission to the Secretary of Veterans Affairs.

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6. I greatly appreciate the support you, your CFOs and staff have provided to date for these important Department-wide efforts. If you have questions, please contact Clarsha Frederick, Office of Management, Director of Programming Service at (202) 461-7617 or Clarsha.Frederick@va.gov.


Thomas G. Bowman

Attachment

Attachments List:

FY 2020-2024 Programming Guidance
Attachment A- VA Agency Reform Plan
Attachment B- Strategic Plan Poster
Attachment C- Manpower Working Group Roster
Attachment D- Financial Policy Vol. III Chapter 12
Attachment E- Part 1- Major Construction Activations National Cemetery Administration
Attachment E- Part 2- Major Construction Activations Veterans Health Administration
Attachment F- Part 1- MYP Guidance Revision 1 2020-2024 Final
Attachment F- Part 2- IT Roadmap
Attachment F- Part 3- Signed Memorandum initiating FY 2020 – 2024 MYP
Attachment G- Financial Policy Volume XIV Chapter 10
Attachment H- FY2019 APP
Attachment I- Chief of Staff Signed Approval- VA Enterprise Programming Governance Charter
Attachment J- Program Hierarchy Program Levels 1-2

Fiscal Year 2020 – 2024 Programming Guidance

Department of Veterans Affairs Programming Guidance FY 2020 – 2024 Cycle

Purpose:

The Office of Programming, Analysis and Evaluation (PAE) within the Office of Management (OM) leads the Department of Veteran Affairs' (VA) Programming cycle, which serves as the initial estimate of resources required to meet the Secretary's strategic goals and priorities over a 5-year period, worth approximately \$186 billion per year. The purpose of this cycle is to produce detailed resource allocation plans that are based on time-phased resource requirements, including investments, construction, human capital, IT, and other support and operating expenses. The resource allocation plans are vetted through a series of program reviews and concludes with the signing of the Program Decision Memorandum by the Deputy Secretary, which informs the subsequent budget cycle. The following information provides instructions to the Assistant and Under Secretaries for the Fiscal Year 2020 Programming Cycle (FY 2020 PC), which covers the period FY 2020 – FY 2024. Submissions are due in two parts: (1) resource allocation data due in the Resource Allocation Database (RAD) on April 13, 2018, and (2) a briefing due 72 hours before program review with the Chief Financial Officer (CFO), VA Chief of Staff (COSVA) and/or the Deputy Secretary, (DEPSEC) (tentatively scheduled for May and June).

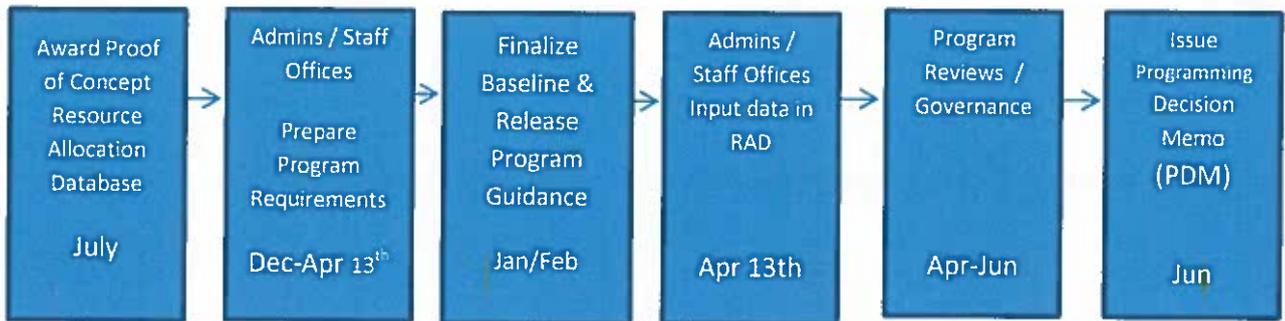
Background:

The Department's Programming process provides the disciplined framework to develop, assess, and prioritize multi-year resource requirements and trade space to effectively achieve VA's mission. The primary objective of the Programming phase is to make decisions that align resources to VA's strategic goals, objectives, and planning priorities over a 5-year period. The 5-year resource allocation plans are based on key themes and focus areas for the Department. The FY 2020 PC will focus on refining out-year requirements and quantifiable impacts from VA's Modernization and Workforce Optimization efforts. More specifically, the FY 2020 PC will capture and mature Modernization decisions outlined in VA's Agency Reform Plan, the FY 2018 – FY 2024 VA Strategic Plan, and the FY 2019 Budget Request.

Over the past two years, PAE has made incremental strides to mature the Programming capability across the Department. This cycle in the resource allocation process has become increasingly important as fiscal constraints have become a reality and VA has seen increased scrutiny on the cost estimates of Programs and Projects required to reform and modernize the Department. In order to memorialize key decisions and facilitate annual submissions, PAE invested in a proof of concept RAD leveraging a

highly configurable and modern software being used by other Federal Agencies. When deployed in a Production environment, the RAD will interface with the new Financial Management Business Transformation (FMBT) system, iFAMS, and human resources (HR) position management system, HR Smart, and provide Administrations and Staff Offices with customizable security needed to facilitate their own internal Programming process.

FY 2020 PC Timeline (July 2017 – Jun 2018):



Process:

The FY 2020 PC consists of six steps: (1) establish Baseline; (2) Program Requirements; (3) conduct Program Review; (4) develop/submit Program Briefings; (5) Governance; and (6) issue Program Decision Memorandum (PDM). In addition to the new database, PAE will also provide information on a SharePoint site. It is imperative that Administration and Staff Office representatives continuously check the SharePoint for updated or supplemental information throughout the FY 2020 PC.

Step 1 – Baseline

The FY 2019 Pass Back position will be extended out to FY 2020 – FY 2024 and then adjusted with the Office of Management and Budget (OMB) economic assumptions (e.g. pay raise and non-pay inflation). Baselines that are affected by FY 2020 Advanced Appropriations will be extended out to FY 2021 – FY 2024 and then adjusted with OMB economic assumptions.

Step 2 – Administration and Staff Offices Program Requirements (Submission 1)

Administration and Staff Office submissions are due in the Proof of Concept RAD on or before April 13, 2018. Program Integration Team (PIT)-Program Integration Board (PIB) members will work one-on-one with PAE to submit their FY 2020 PC input directly into the RAD beginning 2 weeks before the due date.

Additional rigor will be implemented this cycle with regard to capturing comprehensive, time-phased resource requirements and interdependencies (i.e. reimbursements,

capital assets, information technology, legislative changes, etc.). FY 2020 – 2024 resource allocation plan submissions must include:

- I. **Agency Reform Plan** – The Agency Reform, directed by the Executive Order and OMB M-17-22, was submitted with FY 2019 Budget. FY 2020 PC submissions should include out-year requirements of and quantifiable impacts from VA Modernization and Workforce Optimization, such as foundational services and layering (See Attachment A).

- II. **Strategic Alignment** – The Secretary’s goals are outlined in the FY 2018 – 2024 VA Strategic Plan’s Goals and Strategic Objectives (see Attachment B). The Strategic Plan incorporates the Secretary of Veterans Affairs (SECVA) five priorities and enterprise initiatives used to build the Agency Reform Plan. FY 2020 PC submissions should include time-phased resource allocation plans that identify which programs VA should continue to fund at the current funding level, those that need additional funding, and those that can be decreased or eliminated. Administrations and Staff Offices should consider the strategic alignment to SECVA goals when prioritizing and making trade-offs for internal resources. Additionally, the submission should capture the Strategic Goal (2 digit) for each program adjustment that is submitted.

- III. **Manpower / Human Capital** – In October 2017, SECVA established a Manpower Management Office within PAE. Since then, representatives from each Administration and Office of Information Technology (OIT) have been participating in a working group to establish policies and guidance pertaining to establishing staffing standards for nearly 400 thousand employees. In December 2017, the VA implemented position management in an effort to streamline hiring and vacancy reporting.

FY 2020 PC is the first cycle that the VA will make resource allocation decisions using positions as the unit of measure. Administrations and Staff Offices should work with their Manpower representatives (see Attachment C) to determine or estimate the number of required positions and identify if the request is backed by a manpower standard.

As a first step in establishing a robust operating support tail that will help enable better direct services to veterans, Administrative and Staff Offices must provide the baselines (support staff, contracts, supplies, equipment, training, travel, etc.) for Information Technology (IT) services, HR services, and General Council services. During the Program Review, PAE will coordinate with the following

offices to submit additional position requirements for consideration during the governance process.

- a. OIT to calculate adjustments IT support staff, hardware, and software costs.
- b. The Office of Human Resources Administration to calculate adjustments to support staff and other related costs.
- c. The Office of General Counsel to calculate adjustments to attorney support staff and other related costs.

The positions that are approved during the review process will be captured as authorized positions in the PDM and may not equal the number of required positions. The delta between the required number of positions and the authorized positions are considered unfunded positions. Both authorized and unfunded positions will be used to inform HR Smart's position management system, which is differentiated by ensuring the BUDGETED box is checked for authorized and unchecked for unfunded. The Manpower representatives in coordination with Workforce Planners and HR specialists will be responsible for ensuring the positions in HR Smart matches RAD. Note: This is a snapshot in time. Adjustments may occur in execution.

- IV. **Civilian Pay** – Salary and Benefit costs will be calculated automatically based on Average Work Year Costs provided by the Office of Budget and the number of positions inputted into the RAD.
- V. **Cost Estimates** – At a minimum, supporting cost documentation should include methodologies and assumptions used to develop submissions in accordance with Government Accountability Office guidelines. VA Financial Policy Volume III, Chapter 12, "Life Cycle Cost Estimating" provides guidance to determine if a Life Cycle Cost Estimate (LCCE) is required to be produced. For assistance in developing basic cost estimates, please refer to the VA Cost Estimating Guide published by PAE. Questions may be referred to Matthew Hildebrandt, the Director of Analysis and Evaluation, at Matt.Hildebrandt@va.gov.

If an independent LCCE is required by policy (Attachment D) but not yet completed, Administrations and Staff Offices will present schedules with their Program Briefings to senior leaders demonstrating when LCCEs will be performed and completed.

- VI. **Legislative Proposals** – Unequivocally legislative proposals (LP) will play a key role in the VA implementing the Strategic Plan in the execution years, FY 2020 – FY 2024. The FY 2020 PC submissions should provide a status of existing LPs and identify new LPs that will be required in order for the resource allocation plan to be viable. Additionally, Administrations and Staff Offices must follow Office of Congressional and Legislative Affairs policies and procedures regarding the LP process.

In support of VA's Legislative Review Panel, LPs must align with SECVA goals/strategies and be supported by a validated cost estimate. During the FY 2019 data call, OMB asked VA to re-submit all proposals, even those approved for FY 2018. Similarly, FY 2019 proposals should be re-submitted along with anticipated proposals for new programs, and forthcoming legislative requirements for FY 2020 – 2024. More rigorous cost analysis of these proposals supports the intent for resource justification in advance of budget formulation.

- VII. **Capital Assets** – Office of Asset Enterprise Management's Strategic Capital Investment Planning process prioritizes capital projects (Major Construction, Minor Construction, Non-Recurring Maintenance, and Leasing) in accordance with SECVA strategic goals. This process runs concurrently with the FY 2020 PC.
- a. **Active Major Construction** – The Veterans Health Administration and the National Cemetery Administration must provide a comprehensive resource allocation plan for all projects that are listed on Construction and Facilities Management Active Major Construction Projects with estimated completion dates between FY 2017- 2024 (see Attachment E). This includes activation costs and recurring operating expenses (staff, supplies, equipment, services).
 - b. **Minor/Non-recurring Maintenance (NRM)/ Leases** – In order to capture VA's comprehensive resource request for Program Review, Administrations and Staff Offices must include minor, NRM, and lease costs dependencies with their program submissions.
- VIII. **Information Technology** – IT is a critical enabler for VA programs and will play a significant role in the implementation of VA's Agency Reform Plan and strategic goals. All IT requests must be submitted in accordance with OIT Multi-Year Plan Guidance (see Attachment F). The IT governance process runs concurrently

with FY 2020 PC. Additionally, Administrations and Staff Offices must submit comprehensive resource allocation plans for programs with IT dependencies (including IT costs). OIT will serve as an advisor during the Program Review Boards for submissions with IT dependencies.

- IX. **Talent Development** – Administrations and Staff Offices must establish a baseline for Level 3 Program, Talent Development in this year’s submission even if there aren’t any change requests. Talent Development involves executing, implementing, and maintaining comprehensive employee development and engagement programs to meet current and future talent demands of the agency and to develop and retain quality, high performing, and diverse talent.

The baseline should span FY 2018 – FY 2024 and costs should include staff who occupy dedicated positions to operate, oversee, or participate in Talent Development programs (including but not limited to fellowships, residencies, internships, and professional development), contracted services, supplies, travel, leases. Include offsite training programs that primarily focus on providing tools and information needed to excel staff in their career or in their current role and that provide education credits. These costs should not include routine travel or conferences that primarily focus on providing valuable information and garnering support (most of which do not provide education credits). Refer to VA Financial Policy Volume XIV, Chapter 10 (Attachment G) for additional details.

PAE, in coordination with Office of Human Resources Administration may provide supplemental guidance. Administrations and Staff Offices should work with their respective PAE analyst to establish Level 4 Program codes to provide the appropriate level of granularity.

- X. **Performance** – The submission must include the applicable performance metrics for each program that includes the baseline, the standard (or ideal standard for new metrics) and the performance expected in the event the resource allocation plan is approved. The metrics must span FY 2018 – FY 2024. Refer to VA FY 2019 Annual Performance Plan (Attachment H) for additional information.

Step 3 – Program Review (Coordination)

After submissions into the RAD, PAE will review analyze the data and provide feedback on the program requirement submissions. PAE will assess cross-functional integration of interdependent resources with the appropriate functional owners and will coordinate meetings to inform those affected by the request in an effort to mitigate issues prior to Program Review Boards (PRB). PAE will ensure data is updated in RAD as needed.

Step 4 - Program Briefings (Coordination and Submission 2 Deliverable)

This year, PAE will leverage the capability from the RAD to generate the standard template charts for each of the Administration and Staff Offices. PAE will provide pre-populated charts to the Administrations and Staff Offices during Step 3 (Analysis and Feedback). Administrations and Staff Offices will be expected to populate remaining sections of the standard template and may also provide supplemental slides as back-up. The slides must be provided to PAE 72 hours before the scheduled CFO Review and PRBs.

Step 5 – Governance (Deliverable)

In April and May 2018, the Assistant Secretary for Management/CFO will coordinate a series of program reviews beginning with a CFO review, PRBs with senior leaders from each organization, COSVA, and the DEPSEC in accordance with Programming Governance Charter (see Attachment I). Assistant and Under Secretaries are expected to attend their PRB and may designate someone from their staff to present the briefing.

Step 6 – Release Programming Decision Memorandum

The Programming decisions will be published in a PDM signed by the DEPSEC and will be used to inform FY 2020 Budget Formulation. The signed PDM will be disseminated in VAIQ.

Appendix 1 – Additional Baseline Information

The methodology used to establish the baseline in the Resource Allocation Database (RAD) consists of two sub-parts: (A) Accounting Classification Structure (ACS) data elements; and (B) quantifiable values of the ACS by FY. See Appendix 1 for additional details.

Part A – Accounting Classification Structure

The ACS structure in RAD is consistent with the Office of Finance's (OF) FMBT ACS standardization effort. The effort to standardize the Department's ACS has been socialized with Administrations and Staff Offices through a series of weekly ACS Working Group meetings that began June 2017. A list of codes will be posted to the SharePoint and may be updated throughout the FY 2020 PC. The key ACS data elements used in Programming will include:

- Treasury Appropriation Fund Symbol;
- Direct/Reimbursable ;
- Budget Object Class;
- Organization;

- Station (optional for Administrations but required for Staff Offices);
- Program Code; and
- Project Code (IT and Capital Projects).

Although all of the ACS elements listed above are important to capture programming, budgeting, and execution data, the Program Code has historically been ambiguous. As a result, the ACS Working Group created a four level Program taxonomy. At the time of this publication, only the first two levels have been defined (See Attachment J). This guidance seeks the establishment of the first Level 3 program, Talent Development (see para IX for additional details).

- Level 1 equates to the OMB Max A-11 List of VA Programs that is captured in the President's Budget.
- Level 2 equates to the break-out of Programs that are captured in the Congressional Justification Books.
- Level 3 will be defined by PAE to standardize similar capabilities across the enterprise.
- Level 4 will be defined by Administrations and Staff Offices for further granularity of Level 3 programs.

The primary purpose of the Project Codes is to capture Capital Investments (e.g. Major and Minor Construction and IT projects). In the future this field may be used to capture other costs as approved by the ACS Governance Council. A crosswalk of programs used for the FY 2019 – FY 2023 PC is available on the PAE SharePoint.

Part B – Allocate Resources to ACS

The data from the FY 2018 President's Budget (PB) and FY 2018 Congressional Justifications (CJs), which includes FY 2016 actuals, FY 2017 current estimate, and FY 2018 request, was used to establish the RAD baseline. The next set of data consists of adjustments made during FY 2019 – FY 2023 Programming Cycle, FY 2019 Budget Submission and Pass Back.

The FY 2019 Pass Back position will be extended out to FY 2020 – FY 2024 and then adjusted with OMB economic assumptions (e.g. pay raise and non-pay inflation). If VA receives FY 2019 PB during the FY 2020 PC, PAE will work with Office of Budget, the Administrations and Staff Offices to update the RAD. Baselines that are affected by Advanced Appropriations will be adjusted and extended out to FY 2021-FY 2024.

If there is ever any concern with the data housed in the RAD, Administrations and Staff Offices should contact their respective PAE Program Analyst.