

**THE  
BALANCED SCORECARD  
HANDBOOK**

**VETERANS BENEFITS ADMINISTRATION  
JULY 2000**

# THE BALANCED SCORECARD

## INTRODUCTION

As an organization begins a change process, it asks itself four questions:

- Where are we now?
- Where are we going?
- What does success look like?
- What do we measure?

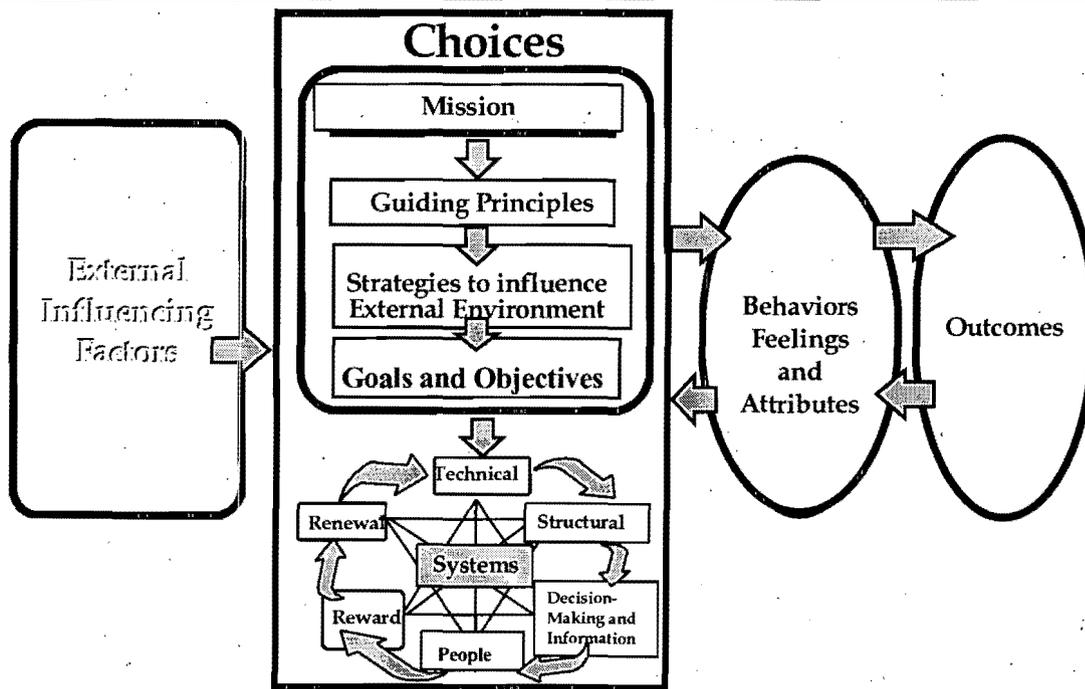
In December 1997, the Veterans Benefits Administration (VBA) answered the first three questions. The Under Secretary began the transition process by having key VBA leaders look at VBA's current state and define its vision, or future state. In June 1998, VBA published The Roadmap to Excellence – Planning the Journey, which discusses the 12 goals the Under Secretary established for 2001. These 12 goals describe, in concrete terms, what a successful VBA will look like. The answer to the last question, "What do we measure?" is critical, since measurement adds accountability, discipline and focus to the process.

The Government Performance and Results Act (GPRA), also known as the Results Act, requires Federal agencies to develop strategic plans, annual performance plans and reports, and budget requests that link resources with performance objectives. VBA, in its Business Plan, introduced the Balanced Scorecard approach to its measurement process. The Roadmap to Excellence states that to help keep VBA focused on achieving the *Goals for 2001*, VBA will deploy the Balanced Scorecard as its strategic management system and will report results at both the operational and strategic levels.

## THE OSD MODEL AND THE BALANCED SCORECARD

VBA has adopted the **Organizational Systems Design (OSD) Model** as the primary tool for its change process. The model is a framework that organizes thinking about how an organization functions. It provides a way to discuss the relationships affecting the outcomes the organization is achieving. It looks at such things as the external environment, the organization's strategic plan and systems, and how the values and behaviors of the organization's members all affect each other.

## The Organizational Systems Design Model



The OSD Model is helping VBA make choices as it aligns its organizational systems to the outcomes it needs to be successful. These choices involve:

- Technical systems, including work flow and technology;
- Structural systems dealing with the types of positions and the way people are organized to get their work done;
- Decision-making and information systems that include performance and outcome measures;
- People systems that include selection, training, and performance management;
- Reward systems that involve pay and incentives; and
- Renewal systems that focus on progress reviews and adjustments to meet new developments and requirements.

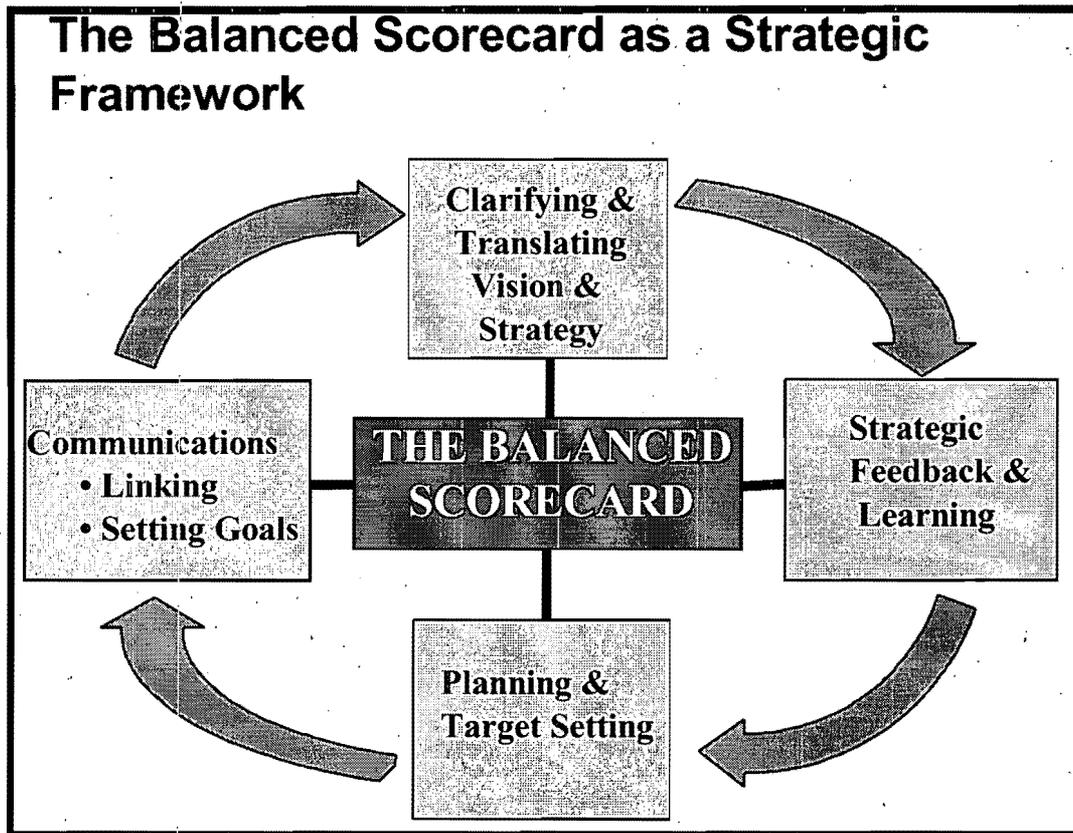
While VBA identified the changes it has to make in the **Roadmap to Excellence**, VBA's use of the OSD model makes it clear that it has to reassess and rethink its decision-making and information systems so that these systems support VBA's vision for the future. VBA's measures have to indicate if its change efforts are on track. VBA has to decide what type of information it needs for decisions and how to capture, store, and distribute this information.

The OSD Model makes it clear that VBA's decision-making and information systems must consider the needs of all of its stakeholders. The old information and measurement systems used the measures of timeliness, quality and productivity. These measures reflected the interests of VA Central Office, the Office of Management and Budget (OMB), and the General Accounting Office (GAO). VBA found that it had overlooked three other important stakeholders - veterans, employees and taxpayers. VBA also found that its information and measurement systems placed too much emphasis on timeliness and too little on quality. In addition, the overemphasis on timeliness encouraged organizations to manipulate data. There was no focus on outcomes, and there was no correlation between timeliness and customer satisfaction. Based on this assessment, VBA decided to adopt the Balanced Scorecard as a strategic management tool, because it will help VBA:

- Measure the right things;
- Emphasize the importance of the core values of honesty, open communications, and accountability;
- Look at the total picture of organizational performance; and,
- Report, use, and communicate results in the same way throughout VBA.

## **WHAT IS A BALANCED SCORECARD?**

The Balanced Scorecard is a tool that is in wide use in both the public and private sectors. It uses financial and non-financial measures at various levels of an organization to provide all employees with information they can use to affect the results being achieved. In the book, *The Balanced Scorecard: Translating Strategy into Action*, the authors, Robert S. Kaplan and David P. Norton, explain that the Balanced Scorecard helps "...innovative companies...to manage their strategy over the long run." The Balanced Scorecard makes an organization's mission and strategy more concrete by translating them "...into objectives and measures organized into four different perspectives: financial, customer, internal business process, and learning and growth." Its basic philosophy is sharing and using information on results at all levels to ensure that every person knows how he or she can affect the results the organization is achieving.



The Balanced Scorecard's use has grown because it helps an organization align its systems to the results it needs to achieve to be successful. In doing so, it not only helps organizations measure and focus on the right things, but it helps them look at the complete picture of organizational performance. As a strategic management system, the Balanced Scorecard helps organizations: clarify and translate vision and strategy; communicate and link strategic goals, objectives and measures; plan, set targets and align strategic initiatives; and enhance strategic feedback and learning. The Balanced Scorecard with its emphasis on communications, alignment and learning, allows an organization to quickly respond to changes in its environment while keeping its focus on its vision and the results it needs to achieve to be successful.

## **HOW IS THE SCORECARD BALANCED?**

The Balanced Scorecard uses an array of measures to keep an organization focused on its strategic vision. The scorecard is balanced in a number of different ways:

- It is balanced, because it looks at the measures in relation to each other and ensures that one measure does not receive too much emphasis. Balanced means that the total performance picture and the relationships among the measures are never forgotten.
- It is balanced because the measures consider both internal and external sources of information. While a speed measure focuses on internal processes and is derived from information that exists within the organization, a customer satisfaction measure provides information on performance from people who are not part of the organization and who may judge performance differently.
- It is balanced because it includes objective, numerical measures and more subjective judgmental measures. The information that a unit cost measure provides an organization is very different from the information obtained from a survey that records a customer's reaction to service delivery. Both measures provide different perspectives of service delivery that an organization needs to understand the results it is achieving.
- It is balanced because it looks at lagging indicators - those measures that are based on past actions - and at leading indicators - those that shape future actions. For example, it is important to know the average number of days taken to complete a unit of work; this is a historical measure. It is also important to know the average number of days of pending work units, since this helps an organization plan for the future and make course adjustments to help it reach its goals. If a strategic initiative of VBA is to improve speed, having measures that provide both the prospective and the historical perspectives are important.

**Balanced does not mean equal.** It is possible for one measure to be more important than the other measures. That is why the scorecard establishes weighted measures that recognize the various factors contributing to the results the organization needs to achieve.

Taking into account the strategic focus of the Balanced Scorecard, its emphasis on an organization's total environment, and the importance it places on obtaining and using data from a variety of perspectives and sources, the Balanced Scorecard provides VBA with a powerful tool for keeping its change efforts on track.

## **VBA'S BALANCED SCORECARD**

VBA's Balanced Scorecard is an information system for the organization. When fully deployed, it will provide employees at all levels of the organization with information on both program outcome and performance measures they are able to influence. For that reason, VBA plans to develop Balanced Scorecards at two levels:

- The **Program Outcomes Scorecard** will measure the outcomes of the benefit programs and will only be at the program level. It will measure the impact the benefits programs have on the lives of the veterans and the beneficiaries VBA serves. The program outcome measures will help VBA determine how well the programs meet statutory intent. They will also measure the results of VBA's programs as required by the Government Performance and Results Act.

VBA will have a program outcome scorecard for each of the programs it administers. The "outcomes" scorecard will focus on the benefit programs and related policy and legislative issues. This scorecard will contain the major benefit programs such as The Montgomery GI Bill – active duty, the Montgomery GI Bill – selective reserve and the Dependents Education Assistance Program that the VBA Education program administers. The program outcome scorecard will help VBA focus on strategy development, program development and demand creation.

- The **Program Performance Scorecard**, deployed beginning in FY 1998 and more fully into FY 1999, depicts performance at the operating levels and will focus on the actions needed to support and accomplish VBA's strategic objectives. The Program Performance Scorecards are scorecards that evaluate the organization's operational measures. These scorecards focus on service delivery. These scorecards ensure that VBA is measuring the right things. They also help ensure that what VBA measures supports its core values, that VBA is looking at the total picture of organizational performance, and that VBA reports, uses, and communicates results in the same way throughout the organization.

**VBA:** At this level, the scorecard focuses on operations and the results the programs are achieving.

**Program or Business Line:** VBA has program performance scorecards for its five programs – Compensation and Pension, Education, Insurance, Loan Guaranty, and Vocational Rehabilitation and Employment.

**Service Delivery Network (SDN):** Each Service Delivery Network has a scorecard that focuses on operations and the results each Network is achieving.

**Regional Office:** This is an operational scorecard that focuses on the results the entire Regional Office is achieving.

**Division:** At this level, the scorecard focuses on the results achieved in the Business Line, or program, in the Regional Office.

**Teams:** Where appropriate, Regional Offices also have the option of deploying the scorecard at the team level.

This Handbook discusses VBA's program performance scorecards at the operating, or service delivery levels.

## VBA'S PERFORMANCE CATEGORIES AND MEASURES

The Balanced Scorecard in VBA five performance categories: Customer Satisfaction, Accuracy, Speed, Cost, and Employee Development and Satisfaction. Each category consists of one or more measures that create a picture of service delivery and of how VBA is translating its strategic objectives into action.

The Programs developed these measures based on information gathered from customers, employees and stakeholders as well as from benchmarking. The measures reflect program needs, and while there are similarities among the programs, there are also differences due to mission requirements. While a number of these measures were phased in during late FY 1998 and into FY 1999, VBA officially implemented the Balanced Scorecard as its performance measurement system at the beginning of Fiscal Year 1999. VBA continues to improve, expand and refine the Balanced Scorecard today, and into the future.

### **Speed or Timeliness**

The Speed category consists of measures that depict the length of time it takes to complete specific end products or work units. The following are examples of speed measures used in VBA:

- **Average Days to Complete Rating Action:** This measures the average number of days to complete rating actions (Compensation and Pension).
- **Processing Days for Supplemental Claims:** This indicator represents the average number of days to complete supplemental education claims (Education).
- **Average Processing Days for Disbursements:** This measures the average number of days taken to process the payment of death claims, policy loans and cash surrenders. It uses a "weighted" composite average number of processing days for the three types of disbursements (Insurance).
- **Property Holding Time:** This is the average number of months from date of acquisition to the date of sale of properties acquired due to defaults on VA guaranteed loans (Loan Guaranty).

- **Days to Enter Suitable Employment:** This indicator is the average number of days taken from the date the veteran begins Employment Services case status to the date the veteran enters suitable employment (Vocational Rehabilitation and Employment).

## Accuracy

The Accuracy category consists of measures that depict the quality of work performed. The work performed can be a claim, rehabilitation, a home loan or a payment. Some of the programs also include measures that deal with correct payments or disbursements and that address program integrity. The following are examples of the accuracy measures:

- **National Accuracy Rate (Core Rating Work):** This measures how well a national sample of core rating cases meets technical accuracy standards (Compensation and Pension).
- **Payment Accuracy Rate:** This measures how well decisions reflect payment at the proper rate for the correct period of time (Education).
- **Accuracy of Disbursements:** This is the "weighted" composite accuracy rate for the three types of disbursement made in the insurance program. The rate is "weighted," since it considers the volume of end products produced in each category (Insurance).
- **Foreclosure Avoidance Through Servicing (FATS) Ratio:** This measures the quality and the level of effort the Loan Guaranty program is having in assisting veterans who are facing foreclosure. The FATS Ratio measures the extent to which VA would have foreclosed on a property if VA had not pursued one of the four available alternatives to foreclosure (Loan Guaranty).
- **Accuracy of Evaluation, Planning, and Rehabilitation Services:** This indicator measures the quality of work with veterans and other beneficiaries who are: applicants for Chapter 31 benefits; applicants for educational or vocational benefits under other Chapters; or, applicants for both Chapter 31 benefits and benefits under other Chapters (Vocational Rehabilitation and Employment).

## Unit Cost

The Unit Cost category deals with VBA's financial measures. Most of the cost measures are unit cost measures, which look at what resources are used to achieve the results shown by the other measures. The unit cost measures rely on VBA's Activity Based Costing (ABC) model, which looks at activities and identifies all costs associated with producing a service or a product. Other cost measures focus on return on investment and audits. The following are examples of cost measures:

- **Cost Per Compensation Claim Completed:** This measure reflects the cost of completing a compensation claim. (Compensation and Pension)
- **Administrative Cost per Trainee:** This measure represents the average cost to serve an education beneficiary. (Education)
- **Maintenance Cost per Policy:** This measure reflects the average cost of maintaining an insurance policy. (Insurance)
- **Favorable Inspector General's (IG) Audit Opinion:** This measure will simply be a "yes" or "no" on whether the Insurance program received a favorable opinion, as a result of the annual Office of Inspector General audit. This audit states whether or not the Chief Financial Officer (CFO) statements fairly and accurately present the financial position and results of operations of the Insurance Programs. (Insurance)
- **Return on Sales (ROS) on Properties Acquired:** This measure reflects the average return on sales (percentage) on properties sold that were acquired due to defaults on a VA guaranteed loan. (Loan Guaranty)

## Customer Satisfaction

The Customer Satisfaction category consists of measures which view the organization from the perspective of the customer. The term "customer" is used in its broadest sense, since, for the purpose of the Balanced Scorecard, it may include not only veterans, but family members, stakeholders, and service delivery partners.

One type of customer satisfaction measure uses results from written or telephone surveys. The other type of customer satisfaction measure focuses on telephone service, which is a primary method for customer interaction with VBA. The following are examples of customer service measures used in VBA:

- **High Ratings Received from Customers or Veterans:** This measure looks at the survey ratings at the top two categories of the rating scale used. The top two categories are "Very Satisfied" and "Somewhat Satisfied." It provides the percentage of veterans giving a high rating on the satisfaction surveys. (Education and Insurance)
- **Low Ratings Received from Veterans:** This measure looks at the survey ratings at the bottom two categories of the rating scale used. It provides the percentage of veterans giving a low rating on the satisfaction surveys. A low rating is defined as a rating of either "1" or "2" on a five point scale. (Insurance)
- **Abandoned Call Rate:** This is the percentage of callers who get through, but hang-up before being connected to an employee. (Compensation and Pension, Education, and Loan Guaranty)
- **Average Hold Time, or Average Speed to Answer:** This is the average length of time that a caller waits before being connected to telephone agent. (Insurance)
- **Rehabilitation Rate:** This measure compares the proportion of veterans who receive planned service and are rehabilitated, with all veterans who exit a program. Included in this measure are veterans who are discontinued from the program and veterans who are rehabilitated. (Vocational Rehabilitation and Employment)
- **Rehabilitation Rate/Serious Employment Handicap (SEH).** The SEH rehabilitation rate is the ratio of veterans with a serious employment handicap who are rehabilitated compared to veterans with an employment handicap who are rehabilitated. (Vocational Rehabilitation and Employment)

## Employee Development and Satisfaction

Employee measures support organizational growth. One type of measure focuses on development and includes the skill level of the workforce, training needs, and course development. Service delivery partners may also be included under this type of measure. The following are examples of employee development measures.

- **Employee Technical Skills Matrix:** This measure, which is under development, will focus on the skill acquisition and development of VBA employees. Periodically, every employee assesses the technical skills he or she possesses. This self-reporting tool, validated through higher level review, assigns a score for the overall skill level of employees by percentage of skills acquired or possessed. (Compensation and Pension, Education, Vocational Rehabilitation and Employment, and Loan Guaranty)
- **State Approving Agency (SAA) Peer Review Ratio:** This measure represents the percentage of State Approving agencies that receive a satisfactory rating as a result of their annual performance review. A joint peer review group convenes at the end of each year to evaluate the performance of every State Approving Agency (SAA). The number receiving a satisfactory rating is divided by the total number of SAAs evaluated to arrive at the ratio. (Education)
- **Computer Based Training Modules Completed:** This will be a measure of the Insurance program's progress in getting as much of its training as possible automated in order to gain all of the advantages that such a system offers. Current plans call for the automation of five out of the nine Policyholders Services training modules. The score of this sub-measure will be the percent of modules completed and being used operationally. (Insurance)

Employee Satisfaction is an organizational measure that is based on the results of the One VA Employee Survey. The One VA Employee Survey was developed as a Department initiative in response to Executive Order 12862, *Setting Customer Service Standards*, which calls on each agency to survey front line employees to identify and remove those barriers that prevent agencies from providing customer service which matches the best in business. The One VA Survey is a modification of the Organizational Assessment Survey (OAS) which is a set of workforce demographic items and 133 core questions designed to measure aspects of organizational climate known to be related to high organizational performance. Each dimension group has questions concerning a particular subject. These dimensions include such areas as: *Leadership and Quality, Customer Orientation, Employee Involvement, Communication, Diversity, and Work and Family/Personal Life.*

## **COMPILING THE BALANCED SCORECARDS**

Another initiative set forth in the Roadmap to Excellence was the improvement of VBA's data and information systems. To begin to address this goal, the Data Management Office (DMO) was created. One tool used by the DMO to improve VBA's use of information is a data warehouse. The data warehouse gives VBA the capability to bring in data from multiple systems and sources, and use those data together in meaningful ways. Using tools that directly access the data warehouse, DMO staff compile VBA's performance data and generate the Balanced Scorecards.

When first deployed, users were able to access an intranet web site and retrieve the pre-formatted Microsoft Excel spreadsheets developed to depict the Scorecards. With the development of VBA's virtual Operations Center, employees may now access the data warehouse directly using web-based tools, and retrieve not only the Scorecards, but all the performance data used to support the Scorecards. The Operations Center provides the capability for users to access and display Scorecard data to support analysis and improved performance.

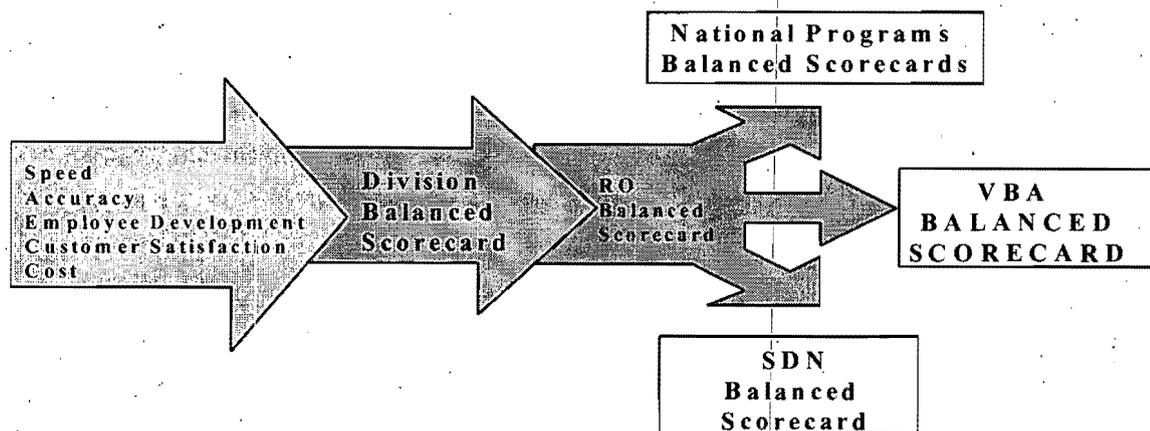
## **VBA'S OPERATING LEVEL BALANCED SCORECARDS**

VBA's operating level scorecards are found at the Division, Regional Office, Service Delivery Network, Program and VBA levels. Regional Offices will have the option of establishing scorecards at the team level.

### **Division Level Balanced Scorecards**

In the Regional Offices, the divisions, or business lines, use the Scorecards developed by the Programs. The division Balanced Scorecard is the basic building block of VBA's Balanced Scorecard at the operating level, because it provides a picture of a program's performance.

## **BUILDING THE BALANCED SCORECARDS**



## General Principles

The Balanced Scorecard distributes a total of 100 points across all the measures in the five performance categories. It operates following these general principles:

- Each measure has a Strategic Objective, which depicts the expected performance level in FY 2004.
- The total score achieved for the Scorecard is an index of how closely the business line involved had come to achieving VBA's vision as outlined in the **Roadmap to Excellence**.
- Each measure receives points based on the measure's importance to VBA in achieving the results it needs to successfully reach its vision.
- Each category consists of one or more measures that receive points based on a set formula. Points are awarded based on the results achieved in relation to the Strategic Objective for that particular measure.
- For each of the measures, the Office of Field Operations identifies Fiscal Year Targets that will help the Program move closer to the Strategic Objective for that measure.
- The organization is required to improve its overall Balanced Scorecard index taking into account all of the factors that affect its performance.

## A Generic Scorecard

The scorecard at the end of this section is a sample of a scorecard at the division level and reflects program performance. The scorecard has five categories of measures. They are: Speed, Accuracy, Cost, Customer Satisfaction, and Employee Development.

The scorecard will use the following **formulas** to assign points and derive scores:

- Each category of measures has a **weight**, which is the relative importance of a measure, in relation to the other measures on the Balanced Scorecard. The weight will indicate the strategic importance placed on the specific measure. The combined weight of the categories equals 100 percent or points.

Those measures having the greatest assigned weight are the most critical. The greatest weight means that the measure receives the largest percentage of the 100 points given for the Scorecard. For example, if environmental scans indicate that customer service is critical in helping VBA reach its vision for a particular program, customer service would be the measure assigned the greatest weight on the scorecard.

The Programs establish the category weights based upon the emphasis it wants to place on that category. These weights may change from year to year.

- Each category of measures may be divided into sub-categories of measures that include leading indicators and lagging indicators. The sum of the measures in the category is the category weight.
- For each measure there is a **Strategic Objective** which generally reflects the expected performance in FY 2004 as envisioned in VBA's **Roadmap to Excellence**.
- For each measure a **Zero Value** is assigned which means no points are earned at or below this level of performance.
- The scorecard will indicate the entity's **Actual Performance** for each measure.
- Each measure has **Maximum Points** assigned to it, which is a ceiling for the points that can be awarded. These points are set based upon a strategic decision considering such things as feedback received from customers and stakeholders, benchmarking, and program emphasis.

- To calculate **Earned Points**:
  1. Determine the gap between the Zero Value and the Actual Performance: (Actual Performance – Zero Value).
  2. Determine the gap between the Strategic Objective and the Zero Value: (Strategic Objective – Zero Value).
  3. Divide the number obtained for the first gap by the number obtained for the second gap:  
$$\frac{\text{(Actual Performance – Zero Value)}}{\text{(Strategic Objective – Zero Value)}}$$
  4. Multiply the result by the Maximum Points available for the measure to obtain the Earned Points.
- The **Total Score** is the sum of all the Earned Points.

**NOTE:** When all measures are populated on the Balanced Scorecards, the total possible score will be 100 points. Until that time, the total available points are converted to a 100-point scale to provide a basis for comparison. For example, the Skills Matrix is worth a maximum of 10 points. If all other measures are populated, the maximum that could be earned is only 90 points. The sum of the earned points is therefore multiplied by a factor of 1.1112 (i.e.,  $90 \times 1.1112 = 100.0$ ) to equate actual performance to a 100-point scale.

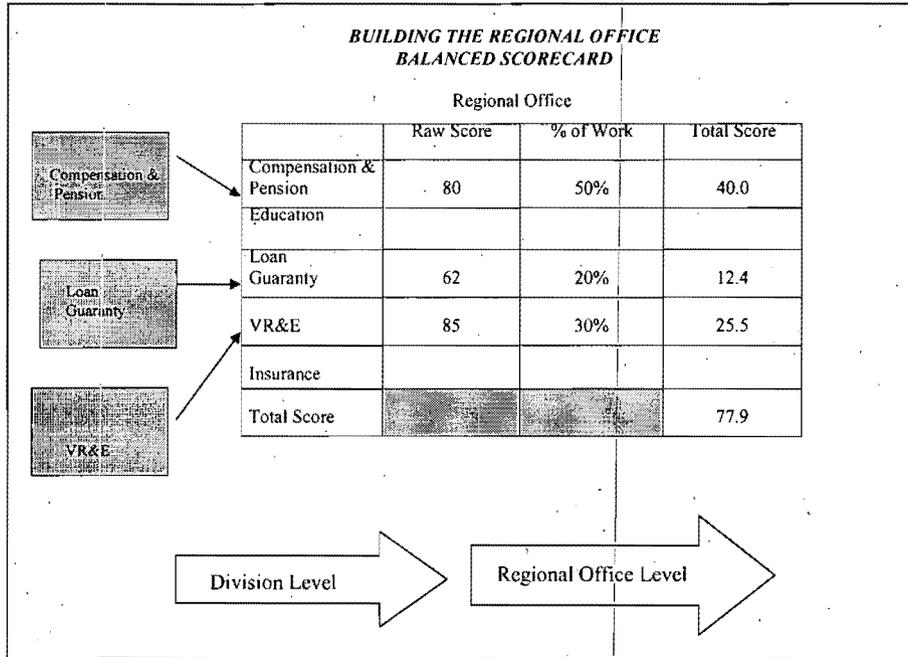
Category	SPEED			ACCURACY			UNIT COST				CUSTOMER SATISFACTION				EMPL. DEV. & SAT.	
Weight	21%			28%			16%				20%				15%	
Measure	Measure 1	Measure 2	Measure 3	Measure 1	Measure 2	Measure 3	Measure 1	Measure 2	Measure 3	Measure 4	Measure 1	Measure 2	Measure 3	Measure 4	Employee Development Skill Matrix	One YA Survey (mean score)
<b>Strategic Object</b>	74	78	17	96%	93%	93%	249	96	121	161	90%	90%	5%	10%	TBD	4
<b>FY 2000 Target</b>	160	150	33	81%	85%	75%	TBD	TBD	TBD	TBD	65%	65%	10%	15%	TBD	3
<b>Zero Value</b>	200	150	125	35%	35%	35%	550	250	215	500	35%	35%	35%	50%	TBD	1
<b>Actual</b>																
<b>Earned Points</b>																
<b>Points</b>	8	8	5	16	8	4	4	4	4	4	6	6	4	4	10	5
<b>Total Score</b>	38.0	#1.35	51.3													
<b>Maximum Score</b>	74	#1.35	100													

**EARNED POINTS FORMULA**

$$\frac{\text{ACTUAL PERFORMANCE} - \text{ZERO VALUE}}{\text{STRATEGIC OBJECTIVE} - \text{ZERO VALUE}} \times \text{MAXIMUM POINTS}$$

## Regional Office Scorecard

The Regional Office Balanced Scorecard provides a composite picture of the organization. It consists of scores from the programs at the division level.



## Formulas for the Regional Office Balanced Scorecard

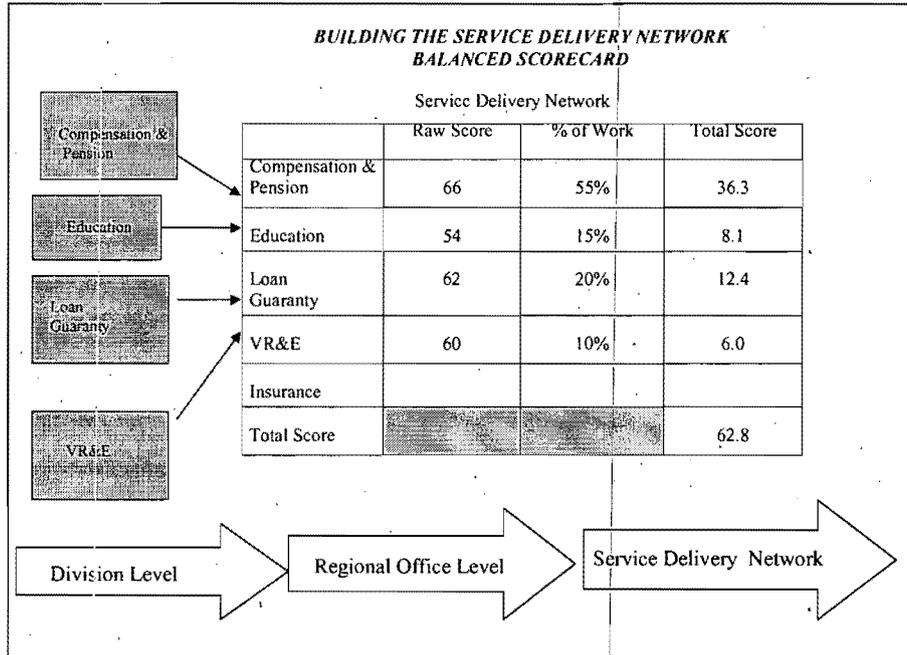
### Programs

- For each of the programs in the Regional Office, the **Raw Score** is the total score taken from the Division, or Program, scorecard.
- For each of the programs, indicate under **% of Work** the actual percentage of that Program's work in the Regional Office. This is based on the percentage of all the programs weighted output for the station. This percentage can be found on the COIN DOOR 0006 report, and is based on the Standard Weighted Output as of the end of the prior fiscal year (adjusted for program / mission change expected during the coming fiscal year).

- To compute the **Weighted Score**, multiply the program score from the division level scorecard by the “% of Work” in the Regional Office.
- The **Regional Office Total Score** is the sum of the **Weighted Score** for each of the programs. On the Scorecard example, the Weighted Score of Compensation and Pension is 40, the Weighted Score of Loan Guaranty is 12.4, and the Weighted Score of Vocational Rehabilitation and Employment is 25.5. The **Total Score** for the Regional Office is 77.9.

## The Service Delivery Network

The Service Delivery Network (SDN) Balanced Scorecard provides a composite picture of the performance of the Network. These Scorecards are built using the Regional Office Scorecards for each of the Programs. Scores are based on the SDN's actual performance in each measure on the business line Scorecards, not the average of Regional Office total scores.



## Formulas for the Service Delivery Network Balanced Scorecard

### Programs

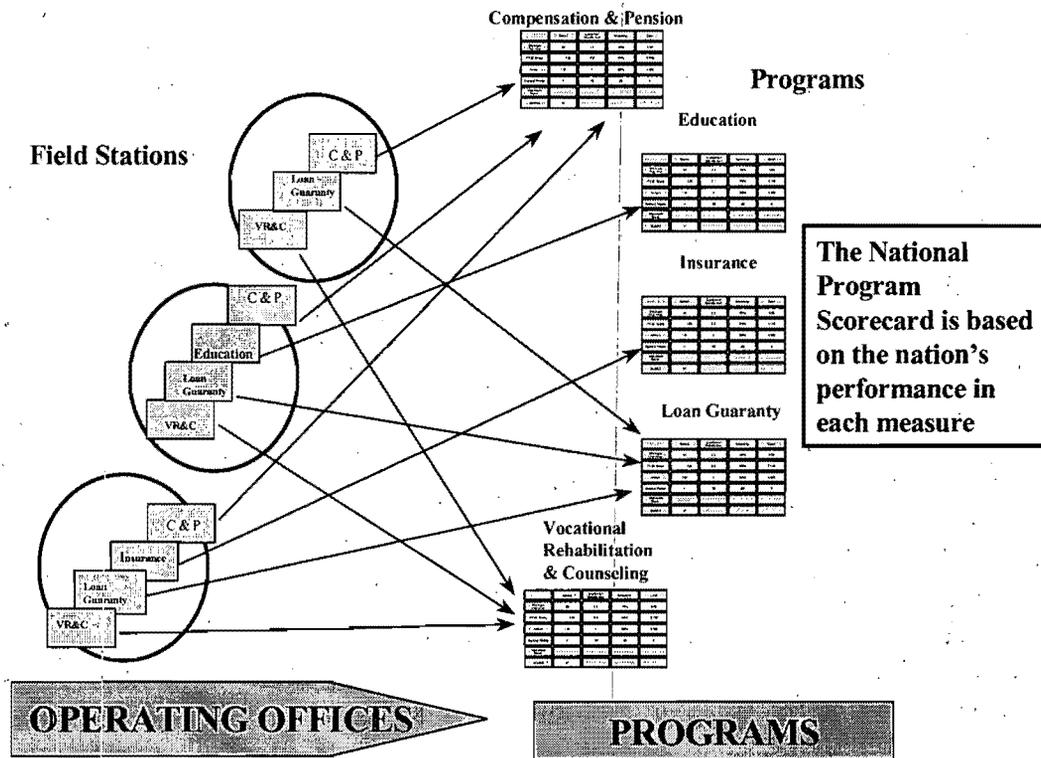
- The **Raw Score** for the each of the Programs is derived from the actual performance of the stations within the SDN on each measure. The sum of the Earned Points for each measure is the SDN score for the Program.

- The **% of Work** for each of the Programs is the actual percentage of that Program's work in the Service Delivery Network. This is based on the percentage of the weighted output for all the Programs in the Network. This percentage can be found on the COIN DOOR 0006 report, and is based on the Standard Weighted Output as of the end of the prior fiscal year (adjusted for program / mission change expected during the coming fiscal year).
- To compute the **Weighted Score**, multiply the Program score from the SDN Program-level Scorecard by the **% of Work** in the SDN.
- The **Service Delivery Network Total Score** is the sum of the **Weighted Score** for each of the Programs. On the Scorecard example, the Weighted Score of Compensation and Pension is 36.3, the Weighted Score for Education is 8.1, the Weighted Score of Loan Guaranty is 12.4, and the Weighted Score of Vocational Rehabilitation and Employment is 6. The **Total Score** for the SDN is 62.8.

## The National Program (Business Line) Scorecards

Each of the Programs has a National Scorecard that provides a total picture of its operational performance. These Scorecards are built using the Regional Office and SDN Scorecards for each of the Programs. Scores are based on the national performance in each measure on the business line Scorecard, not the average of Regional Office or SDN total scores.

### BUILDING THE PROGRAM BALANCED SCORECARD

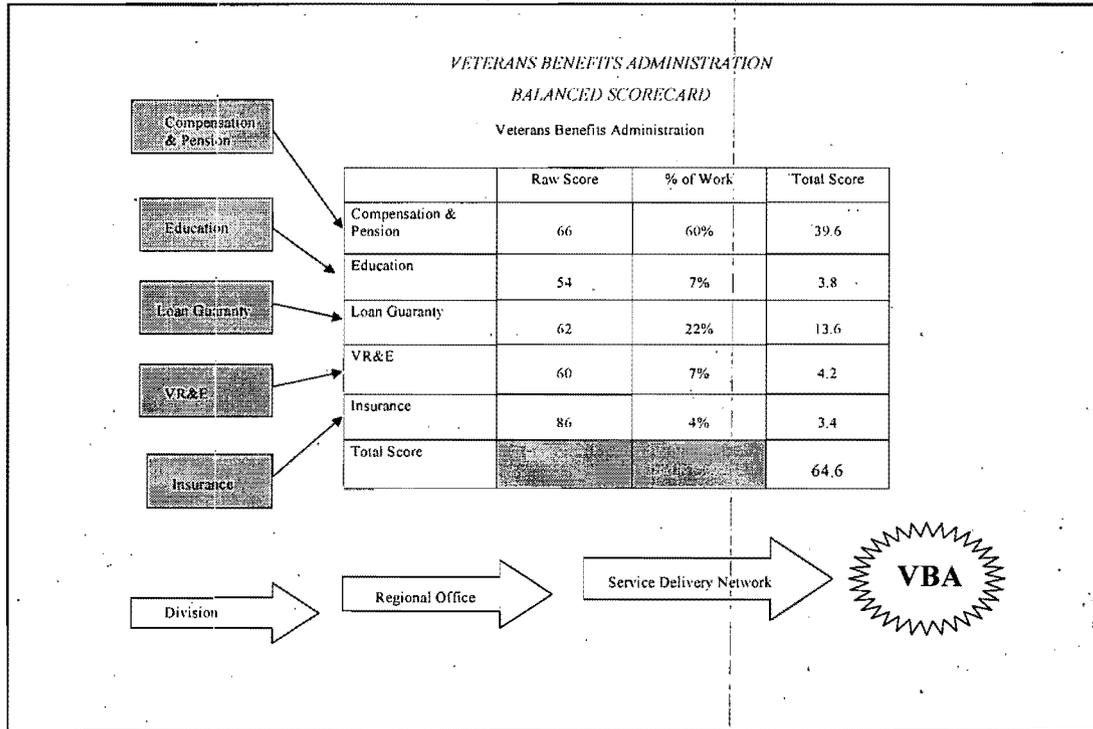


The details of the Balanced Scorecards for the national programs (business lines) are found in the appendices.

- **Appendix A** - Compensation and Pension Program
- **Appendix B** - Education Program
- **Appendix C** – Loan Guaranty Program
- **Appendix D** – Vocational Rehabilitation and Employment Program
- **Appendix E** – Insurance Program

## The Veterans Benefits Administration Scorecard

The VBA Scorecard provides a composite picture of performance of all the operating offices in VBA. This Scorecard is built using the National Program Scorecards for each of the five business lines.



## Formulas for the Veterans Benefits Administration Balanced Scorecard

### Programs (Business Lines)

- The **Raw Score** for the each of the Programs is derived from the actual performance of the stations within the SDN on each measure. The sum of the Earned Points for each measure is the SDN score for the Program.
- The **% of Work** for each of the Programs is the actual percentage of that Program's work in the nation. This is based on the percentage of the weighted output for each business line. This percentage can be found on the COIN DOOR 0006 report, and is based on the Standard Weighted Output as of the end of the prior fiscal year (adjusted for program / mission change expected during the coming fiscal year).

- To compute the **Weighted Score**, multiply the Program score from the National Program-level Scorecard by the **% of Work** in the nation.
- The **VBA Total Score** is the sum of the **Weighted Score** for each of the Programs. On the Scorecard example, the Weighted Score of Compensation and Pension is 39.6, the Weighted Score for Education is 3.8, the Weighted Score of Loan Guaranty is 13.6, the Weighted Score of Vocational Rehabilitation and Employment is 4.2, and the Weighted Score for Insurance is 3.4. The **Total Score** for VBA is 64.6.

The Scorecard below shows the actual VBA Balanced Scorecard for May of 2000. This Scorecard, as well as all supporting information, can be found via the VBA Operations Center (<http://152.125.217.56>)

**Geography**: USA | **Time**: May 2000

All Business Lines	
Weighted Score	58.4
Weighted Score (FYTD)	58.8

	Monthly			FYTD		
	Score Month	Workload Weights (%) Month	Weighted Score Month	Score FYTD	Workload Weights (%) FYTD	Weighted Score FYTD
Compensation and Pension	51.6	59.7	30.9	51.3	59.7	30.7
Education Program	72.8	6.8	4.9	68.0	6.8	4.6
Loan Guaranty	74.0	21.7	16.1	74.0	21.7	16.1
Vocational Rehabilitation and Employment Service	51.7	7.6	4.0	51.7	7.6	4.0
Insurance	85.1	4.1	3.5	85.1	4.1	3.5

## **LOOKING AHEAD**

Fiscal Year 1999 was the first full year of implementation of the Balanced Scorecard in VBA. A number of changes occurred throughout the year as the business lines re-evaluated measures, objectives, and computation methodologies, and as the leadership of the organization worked together to ensure our "line of sight" was on track. As we progress through Fiscal Year 2000, we continue to refine our processes, including the Activity Based Costing model (supporting Unit Cost measures), the Employee Skills Matrix, and our Employee Satisfaction measure (the One VA survey), to bring together all the components necessary to evaluate organizational performance.

We expect FY 2001 to bring about further refinement of our measures and completion of all the components of the Balanced Scorecard. Linkage of the organization's rewards and recognition system to Balanced Scorecard performance will also become a reality, bringing to fruition a number of objectives outlined in the **Roadmap to Excellence**.

As an organization, we have come a long way toward reaching our goals, but the journey is not over. Using the Balanced Scorecard, VBA will constantly check its progress, adjust its course, and continue to strive toward world class service to veterans and their families. By monitoring results, VBA will be able to focus on those things that are most important in making this goal a reality.

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## COMPENSATION AND PENSION

### INTRODUCTION

As a VBA business line, the Compensation and Pension Program is responsible for providing more than \$20 billion annually in benefits to veterans and their dependents. By means of the Balanced Scorecard, we are defining areas of emphasis that are considered essential to provide the service that Congress envisioned in its benefits legislation and veterans expect based on the service they rendered their government.

The VBA Balanced Scorecard standardizes, across all of VBA's business lines, five performance categories for which each business line has defined measures, as well as set performance targets and strategic objectives. Working on a 100-point scale, each performance category is assigned a share of the total points based on its strategic importance to VBA goals as compared with each of the other performance categories. Managers at all levels are expected to organize and use their resources in ways that maximize their activities' efforts to achieve high quality, timely service to veterans. The Balanced Scorecard provides the guide for VBA managers to follow as they strive to meet the expectations of higher management, stakeholders and most importantly, our veteran-customers.

The Compensation and Pension Program is effecting modifications to the measures of the five performance categories for Fiscal Year 2000 based on the experience from the initial year of operating in a Scorecard environment. The most significant change is a revision in the weighting of the five categories to place more emphasis on improving Accuracy, and to adjust the comparative values of the other four categories. In addition, some modifications are being made to better capture actual performance improvements against the backdrop of the Targets and Strategic Objectives for each measure. The FY 2000 Targets and Zero Value Levels were defined based on discussions with the Deputy Under Secretary for Operations and his staff, who obtained field comments concerning each measure. The modifications to the zero value levels widen the opportunity for field activities to earn points and see their improvement register on the Scorecard as they make operational adjustments that result in incremental service improvements.

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## **SCORECARD CATEGORIES AND MEASURES**

**Accuracy.** For FY 2000, this performance category has been increased from 25 to 28 percentage points on the Scorecard. Additionally, the data are being captured on a 12-month cumulative basis rather than fiscal year to-date basis. This change will permit us to display trend data for SDN-level performance on a monthly basis. Further, the accuracy percent or quality level achieved by the SDN will be applied to each station within that SDN rather than each station's individual accuracy. There continue to be three measures for the accuracy element—rating work, non-rating (or authorization) work, and fiduciary work.

1. **National Accuracy Rate (Rating-related Work).** This element depicts the accuracy of cases completed in the core rating end products, as measured by the C&P Service Systematic Technical Accuracy Review (STAR) process. STAR also records errors made by non-rating specialists in the promulgation of the rating decisions, such as errors in decision letters, effective dates, etc.

The data source for this measure is the STAR database, where all cases reviewed under this program are recorded. The National Accuracy Rate is computed by assessing the ratio of the number of rating decisions reviewed to the number of errors identified during the review. This ratio is weighted by the percent of the national rating work completed by the SDN (weight based on FY 1998 rating EPCs completed).

This is a 12-month cumulative measure, as is the same on both the monthly and fiscal-year-to-date (FYTD) Scorecards.

2. **National Accuracy Rate (Non-rating or Authorization Work).** This element depicts the accuracy of cases completed in the core authorization (non-rating) end products, as measured by the C&P Service Systematic Technical Accuracy Review (STAR) process.

The data source for this measure is the STAR database, where all cases reviewed under this program are recorded. The National Accuracy Rate is computed by assessing the ratio of the number of non-rating actions reviewed to the number of errors identified during the review. This ratio is weighted by the percent of the national non-rating work completed by the SDN (weight based on FY 1998 rating EPCs completed).

This is a 12-month cumulative measure, as is the same on both the monthly and fiscal-year-to-date (FYTD) Scorecards.

3. **National Accuracy Rate (Fiduciary Work).** This element depicts the accuracy of actions completed in the fiduciary program, as measured by the C&P Service Systematic Technical Accuracy Review (STAR) process.

The data source for this measure is the STAR database, where all cases reviewed under this program are recorded. The National Accuracy Rate (fiduciary work) is computed by assessing the ratio of the number of fiduciary actions reviewed to the number of errors identified during the review. This ratio is weighted by the percent of the national fiduciary work completed by the SDN (weight based on FY 1998 rating EPCs completed).

This is a 12-month cumulative measure, and is the same on both the monthly and fiscal-year-to-date (FYTD) Scorecards.

**Processing Timeliness (Speed).** For FY 2000, this Scorecard element has been increased from 18 to 21 points based on feedback from field managers. In addition, the points assigned to the leading and lagging indicators for rating-related claims have been revised to emphasize the need to complete them more timely while simultaneously improving the processing time for non-rating related claims. The points assigned to the processing time for appellate cases and fiduciary cases have not been modified. There are 6 measures in this category.

1. **Rating-related Actions (Completed).** This "leading indicator" is the average elapsed time (in days) it takes to complete those claims that require a disability decision. The elapsed time is measured from the date the claim is received by VA to the date the decision is rendered. This category includes the following types of claims:

- EP 110 -- Original Compensation, 1-7 issues
- EP 010 -- Original Compensation, 8 or more issues
- EP 140 -- Original Service Connected Death Claim
- EP 180 -- Original Disability Pension Claim
- EP 020 -- Reopened Compensation Claim
- EP 120 -- Reopened Pension Claim
- EP 310 -- Review Examination
- EP 320 -- Hospitalization Adjustment

The source of data for this measure is the Benefits Delivery Network (BDN). The measure is calculated by dividing the total number of days recorded, from receipt to completion, for all the cases completed in the specified end product categories, by the total number of cases completed in the specified categories.

The element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (on the FYTD Scorecard).

2. **Rating-related Actions (Pending).** This "lagging indicator" reflects the average age (in days) of the inventory of claims in the specified end product categories (listed above).

The source of data for this measure is the Benefits Delivery Network (BDN). The measure is calculated by dividing the total number of days recorded, from receipt to the last day of the current month, for all the cases yet to be completed in the specified end product categories, by the total number of cases yet to be completed in the specified categories.

The element is an snapshot of the age of the inventory at the end of the processing month, and is the same for both the individual month Scorecard as well as the FYTD Scorecard.

3. **Non-rating Actions (Completed).** This "leading indicator" is the average elapsed time (in days) it takes to complete those claims that do not require a disability decision. The elapsed time is measured from the date the claim is received by VA to the date the decision is rendered. This category includes the following types of claims:

- EP 160 -- Claim for Burial Expenses
- EP 165 -- Claim for Accrued Benefits
- EP 190 -- Original Death Pension
- EP 130 -- Dependency Adjustment
- EP 150 -- Income Adjustment
- EP 154 -- Income Verification Match Adjustment
- EP 155 -- Eligibility Verification Report
- EP 290 -- Eligibility Determination

(Note: A field managers' suggestion to move EP 160 from this measure to the rating-related measure was referred to the Service. A review of data concerning these types of claims found that the overwhelming majority of burial claims do not necessitate a rating determination so there was not sufficient justification to support the proposal.)

The source of data for this measure is the Benefits Delivery Network (BDN). The measure is calculated by dividing the total number of days recorded, from receipt to completion, for all the cases completed in the specified end product categories, by the total number of cases completed in the specified categories.

The element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (on the FYTD Scorecard).

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4. **Rating-related Actions (Pending).** This "lagging indicator" reflects the average age (in days) of the inventory of claims in the specified end product categories (listed above).

The source of data for this measure is the Benefits Delivery Network (BDN). The measure is calculated by dividing the total number of days recorded, from receipt to the last day of the current month, for all the cases yet to be completed in the specified end product categories, by the total number of cases yet to be completed in the specified categories.

The element is a snapshot of the age of the inventory at the end of the processing month, and is the same for both the individual month Scorecard as well as the FYTD Scorecard.

5. **Appellate Actions-Average Total Days Per Case.** This measure reflects the average time (in days) for the entire appellate review process (from Notice of Disagreement to completed BVA decision). In the past, the processing time for appeal cases was identified separately between VBA field station time and BVA review time. Because the separation between field station action and BVA action is transparent to the veteran, it was determined that the total time involved to complete the appellate action should be measured. (Note: Field managers suggested establishment of a leading indicator for the measure of appellate case timeliness from the pending appellate casework. After reviewing data for the pending appellate cases, it was determined that the prolonged lifecycle of this work precludes identifying a leading indicator.)

The source of data for this measure is the Veterans Appeals Control and Locator System (VACOLS). The measure is calculated by determining the total elapsed time in each of the appellate stages, from Notice of Disagreement to completed BVA decision, and dividing by the total number of appellate actions completed.

This is a fiscal-year-to date measure, and is reflected as such on both the individual monthly Scorecard, as well as the FYTD Scorecard.

6. **Fiduciary Activities- Initial Appointments.** This element reflects the percentage of fiduciary initial appointments completed in excess of 45 days of the determination of need for a fiduciary. Timeliness of the appointment is significant in that, if the need for a fiduciary has been determined, no VA benefits can be paid to the beneficiary until the fiduciary has been appointed.

The source of data for this measure is the Fiduciary Beneficiary System (FBS) database. The measure is calculated by determining the total number of initial appointments completed within 45 days from notification of the need of appointment, and dividing by the total number of initial appointments completed. Subtracting this total from 1 provides the percentage of initial appointments completed in excess of the 45 timeliness goal. This measure is reflected as a percentage on the Scorecard.

The element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (on the FYTD Scorecard).

**Customer Satisfaction.** For FY 2000, the weight of this category has been changed from 22 to 20 percent (or points), acknowledging its nearly equal value with processing timeliness. There are four measures in this category.

1. **Overall Satisfaction.** This element of the larger Scorecard category of Customer Satisfaction is drawn from the *Survey of Veterans' Satisfaction With the VA Compensation and Pension Claims Process*. The score for this element is taken from the reply to the survey question:

Regardless of outcome, how satisfied are you with the way VA has handled your claim?

A further analysis of the factors contributing to overall satisfaction identified three variables that have the greatest influence on overall satisfaction: whether or not the claim was granted, whether the veteran felt treated with courtesy and respect, and whether or not the veteran felt the amount of time taken to decide the claim was reasonable. Only the last two variables are considered actionable; that is, local offices can undertake efforts that will impact on how veterans feel about their claims adjudication experience. The variable addressing the claims processing timeliness is self-explanatory; however, arriving at the veteran's meaning when speaking about whether he/she felt treated with courtesy and respect requires a bit more consideration. Additional analysis found that there are predictors of courtesy and respect with underlying "actionable" issues to which the veteran is referring when speaking about being treated with courtesy and respect. The following three concerns capture the theme of what is meant by courtesy and respect: 1) not having to contact VA more than once about the same issue or problem; 2) whether or not needed information was received through phone contact with VA; and 3) whether or not the medical examination was appropriate for the claim. Local managers can be proactive in addressing overall satisfaction by addressing the two actionable influencing variables (i.e., whether the veteran felt treated with courtesy and respect, and whether or not the veteran felt the amount of time taken to decide the claim was reasonable).

The source of data for this measure, as noted previously, is the *Survey of Veterans' Satisfaction With the VA Compensation and Pension Claims Process*. The score for this element is taken from the reply to the survey question:

Regardless of outcome, how satisfied are you with the way VA has handled your claim?

The score is derived from the percentage of survey respondents who answered the above question "Very Satisfied" or "Somewhat Satisfied."

2. **Customer Orientation.** This measure has been added to reflect claimants' satisfaction with the service we provide—whether or not the veteran has filed a claim—at several specific points-of-contact (those points are in-person visits, phone contact, mail correspondence, and receipt of a decision letter). The initial background data for this measure has been drawn from questions on the *Survey of Veterans' Satisfaction With the VA Compensation and Pension Claims Process*. We expect the data for this measure will come from a different source as VBA develops a more robust customer service improvement plan that addresses both strategic and operational areas. The source of data for this measure, as noted previously, is the *Survey of Veterans' Satisfaction With the VA Compensation and Pension Claims Process*. The score is derived from determining the percentage of respondents who answered ten specific questions with one of the top two answer choices provided. This percentage, for each of the ten questions (question numbers 7, 18, 26, 33, 37, 38, 47, 56, 62, and 63) has been summed together then divided by ten to determine the average.
3. **Telephone Activities - Abandoned Call Rate.** This measure reflects the percentage of incoming telephone calls that are abandoned (i.e., the caller hangs up) prior to speaking to a VBA employee.

The source of this data for this measure is each station's Automatic Call Distributor (ACD), as reported by input of specific workload identifiers (WIDs) in VBA's DOOR (Distribution of Operational Resources) system. The measure is calculated by dividing the number of calls abandoned (WID 7535.23) by the total number of incoming calls (WIDs 7535.03, 7535.04 and 7535.05). The resulting percentage is the abandoned call rate.

The element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (on the FYTD Scorecard).

4. **Telephone Activities—Blocked Call Rate.** This measure reflects the percentage of incoming telephone calls which are not connected (i.e., caller gets a busy signal).

The source of data for this measure is Sprint, Inc., which manages VBA's incoming telephone traffic. Sprint provides the VBA each month with the total number of calls attempted for each of VBA's telephone circuits along with the number of those calls that encounter a busy signal. The measure is calculated by dividing the total number of calls that are blocked by the total number of call attempts. The resulting percentage is the blocked call rate.

The element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (on the FYTD Scorecard).

It should be noted that both the Abandoned and Blocked Call measures are affected by the introduction of an enhanced telephone system across the country. As the National Automated Response System (N-ARS) is activated, it is anticipated that stations will experience short-term service anomalies; therefore, these measures were only minimally modified for FY 2000.

**Unit Cost.** VBA has undertaken an Activity Based Costing (ABC) project to determine the actual cost of specific tasks and activities associated with conducting its core business processes. An ABC model was developed to provide the framework for determining these costs. To formulate the model, an Activity Dictionary was developed for each business line. Each field station then completed a Data Collection Instrument (DCI) to attribute a percentage of staff resources to the tasks, activities and processes defined. The results of the DCI are used to distribute costs to the core processes. Also factored into the unit cost for each field office are costs for VACO, Hines Finance, Austin SDC, Hines BCD, Hines SDC, Philadelphia SDC and BDC, Records Management Center (RMC), and Debt Management Center (DMC).

For the Compensation and Pension business line, a percentage of GOE costs are attributed to either Compensation or Pension based on the ABC model. The term "Completed Claims" used in the discussion of the unit cost categories includes both routine claims completed and appellate actions completed.

1. **Cost Per Compensation Claim Completed.** One of VBA's primary activities is the payment of compensation benefits to disabled veterans. Therefore, the cost to complete claims for benefits is a key indicator of performance in the Unit Cost category for the C&P business line.

The source of data for this measure is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Benefits Delivery Network (BDN) which provides the number of claims completed. The actual performance on this measure is calculated by dividing the number of compensation claims completed into the costs associated with the Compensation program (reflected as the Compensation percentage of total C&P GOE costs).

This is a fiscal-year-to-date measure, and is depicted as such on both the monthly Scorecard and the FYTD Scorecard.

2. **Cost Per Pension Claim Completed.** Payment of disability or death pension benefits to eligible veterans and beneficiaries is a significant activity for VBA. Therefore, the costs associated with completing claims for pension benefits is a key indicator of performance in this category.

The source of data for this measure is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Benefits Delivery Network (BDN) which provides the number of claims completed. The actual performance on this measure is calculated by dividing the number of pension claims completed into the costs associated with the Pension program (reflected as the Pension percentage of total C&P GOE costs).

This is a fiscal-year-to-date measure, and is depicted as such on both the monthly Scorecard and the FYTD Scorecard.

**Cost Per Active Compensation Case on the Rolls.** Once the initial claim for compensation benefits is completed, there are costs associated with maintaining the beneficiary on the rolls. The veteran may reapply any number of times for increased or additional benefits, he or she may gain or lose dependents, and certain of situations require periodic review of the veteran's circumstances. This measure assesses the cost associated with maintaining beneficiaries who are in receipt of compensation benefits.

The source of data for this measure is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Benefits Delivery Network (BDN) which provides the number of claims completed. The actual performance on this measure is calculated by dividing the number of compensation beneficiaries on the rolls into the costs associated with the Compensation program (reflected as the Compensation percentage of total C&P GOE costs).

This is a fiscal-year-to-date measure, and is depicted as such on both the monthly Scorecard and the FYTD Scorecard.

4. **Cost Per Active Pension Case on the Rolls.** Once the initial claim for pension benefits is completed, there are costs associated with maintaining the beneficiary on the rolls. The pension programs are income-based, which requires periodic review of the beneficiaries' circumstances to determine continued eligibility. This measure assesses the cost of maintaining pension beneficiaries on the rolls.

The source of data for this measure is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Benefits Delivery Network (BDN) which provides the number of claims completed. The actual performance on this measure is calculated by dividing the number of pension beneficiaries on the rolls into the costs associated with the pension program (reflected as the pension percentage of total C&P GOE costs).

This is a fiscal-year-to-date measure, and is depicted as such on both the monthly Scorecard and the FYTD Scorecard.

**Employee Development and Satisfaction.** There are two measures in this category.

1. **Employee Development.** C&P Service will improve staff competency, address staff deficiencies and create an environment that supports employee career development.

The source of data for the measure will be the Employee Skills Matrix. At the time of release of this Handbook, this tool is still under development

2. **Employee Satisfaction.** VBA has established as one of its core values that it will be "an employer of choice." One method of determining achievement in this area is to assess employee satisfaction.

The data source for this measure is the One VA Survey. The survey was administered to all VBA employees in the Spring of 1999. The actual performance for this measure is determined by the mean score on a 1 to 5 scale for Question #131 ("Considering everything, how satisfied are you with your job?") and Question #132 ("Considering everything, how would you rate our overall satisfaction in the organization at this time?"). Scores on these two questions from all respondents, regardless of work unit, were used to determine the RO, SDN, and National scores.

This measure will be updated as the Survey is re-administered, and both the monthly and FYTD Scorecards reflect the same score.

At the time of release of this Handbook, the methodology for scoring this measure is under review.

## **CATEGORY AND MEASURE WEIGHTS**

The Balanced Scorecard carries a maximum possible score of 100 points. Points are earned based on performance in the five basic categories. Each category has been assigned a relative value, or weight, based on its importance to the accomplishment of the overall program objectives. Within each category, individual measures contribute points to the category total. For FY 2000 field managers asked for a redistribution of points, or weight, across the Scorecard categories, with increased value for processing timeliness. We also wanted to get more points into play, and that motivation led to several modifications.

<b>CATEGORY</b>	<b>MEASURE</b>	<b>MAXIMUM POINTS (MEASURE)</b>	<b>CATEGORY WEIGHT</b>
Accuracy	National Accuracy Rate (Core Rating Work)	16	28
	National Accuracy Rate (Authorization Work)	8	
	National Accuracy Rate (Fiduciary Work)	4	
Speed (Processing Time)	Rating Related Actions (Completed)	5	21
	Rating Related Actions (Pending)	3	
	Non-Rating Related Actions (Completed)	3	
	Non-Rating Related Actions (Pending)	2	
	Appeals Resolution - Average Days / Case	6	
Fiduciary Activities - Initial Appointments	2		
Customer Satisfaction	Customer Satisfaction	6	20
	Customer Orientation	6	
	Telephone Activities - Abandoned Call Rate	4	
	Telephone Activities - Blocked Call Rate	4	
Unit Cost	Cost per Compensation Claim Completed	4	16
	Cost per Compensation Claim on the Rolls	4	
	Cost per Pension Claim Completed	4	
	Cost per Pension Claim on the Rolls	4	
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

**Accuracy:** For FY 2000 Accuracy remains the pre-eminent measure on the C&P Scorecard. In fact, the points allotted to this category increased from FY 1999. Review findings throughout FY 99 confirmed the continuing need to re-establish the importance of doing casework with a high standard of technical accuracy. The value assigned to Accuracy of Core Rating Work increased from 13 to 16 points to emphasize the continuing need to significantly improve the technical accuracy of this segment of the claims work. The number of points assigned to Accuracy of Authorization Work and Fiduciary Work remain at eight and four, respectively.

**Speed:** In terms of available points, Processing Timeliness (or Speed) has moved to the second most important category on the C&P Scorecard. In addition, points for the leading and lagging indicators for both rating-related and non-rating actions have been revised to place more emphasis on completing casework. For rating-related actions, the points assigned to completed claims (lagging indicator) have been increased from three to five, while the points assigned to pending claims (leading indicator) remained at three. For non rating-related actions, the points assigned to completed claims (lagging indicator) have been increased from two to three, while the points assigned to pending claims (leading indicator) remained at two. For Appeals Resolution, six points are assigned. Fiduciary Activities continues to be assigned two points.

**Customer Satisfaction:** Customer Satisfaction is assigned the third highest number of points, designating it as the third most important measure on the C&P Scorecard. Although the points assigned to this category decreased to six for FY 2000, we understand that we continue to fall significantly short of our customers' overall expectations regarding the claims adjudication service we provide. In an effort to acknowledge our customers' service expectations a measure titled Customer Orientation has been added. By dividing points between an Overall Satisfaction measure and a Customer Orientation measure (also six points), we intend to address our veteran-customers' concerns with both the entire claims adjudication process and the points-of-contact where they directly interact with us.

Points assigned to the two measures of telephone activity are unchanged at 4 points each for FY 2000, in part, to account for N-ARS nationwide implementation.

**Unit Cost:** For FY 2000 Unit Cost occupies the fourth position in terms of assigned points. All four measures have been assigned the same point value (four points each). At the time of release of this Handbook, Unit Cost measures across the business lines were not being scored, while further analysis of the Activity Based Costing process and Unit Cost measures is being conducted.

**Employee Development and Satisfaction:** This category has been assigned the fewest points for FY 2000 because VBA is still working to finalize the Employee Development measure (i.e., the Skills Matrix). Employee Satisfaction is given 5 of the 15 points, based on a consensus decision of VBA's leadership to consistently weight this measure across the business lines. Further, until the Skills Matrix is finalized, we believe it is reasonable to move points to other categories to put more points into play.

## TARGETS AND STRATEGIC OBJECTIVES

Strategic Objectives and FY 2000 Targets have been identified for the measures of four of the five performance categories - only the Employee Development (Skills Matrix) measure remains to be finalized. The following table reflects each measure with its associated indicators as well as the Targets for FY 2000 and the Strategic Objectives for FY 2004 for comparison purposes. (Note: The C&P business line has embarked on a Business Process Reengineering (BPR) initiative to fundamentally restructure the manner in which benefits claims are processed. While the full implementation of BPR may extend beyond FY 2004, it has resulted in a Compensation and Pension Program Business Plan that provides Strategic Objectives through FY 2004).

CATEGORY	MEASURE	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004
Accuracy	National Accuracy Rate (Core Rating Work)	81%	96%
	National Accuracy Rate (Authorization Work)	85%	93%
	National Accuracy Rate (Fiduciary Work)	75%	93%
Speed (Processing Time)	Rating Related Actions (Completed)	160 days	74 days
	Rating Related Actions (Pending)	150 days	78 days
	Non-Rating Related Actions (Completed)	33 days	17 days
	Non-Rating Related Actions (Pending)	59 days	44 days
	Appeals Resolution - Average Days / Case	570 days	365 days
Customer Satisfaction	Fiduciary Activities – Initial Appointments	8%	1%
	Overall Satisfaction	65%	90%
	Customer Orientation	65%	90%
	Telephone Activities – Abandoned Call Rate	10%	5%
Unit Cost	Telephone Activities – Blocked Call Rate	15%	10%
	Cost per Compensation Claim Completed	\$315	\$249
	Cost per Compensation Claim on the Rolls	\$150	\$96
	Cost per Pension Claim Completed	\$135	\$121
Employee Development And Satisfaction	Cost per Pension Claim on the Rolls	\$250	\$161
	Employee Development (Skills Matrix)	TBD	TBD
	Employee Satisfaction (One VA Survey)	3	4

**Accuracy.** Based on staffing requests in the Program's business plan, the Strategic Objective for Core Rating Work has been increased from 93 percent to 96 percent. Based on the range of actual performance during FY 1999, the FY 2000 Target is 81 percent. Based on the range of actual performance during FY 1999, the FY 2000 Targets for Non-Rating or Authorization Work and Fiduciary Work are 85 percent.

**Processing Timeliness.** For Rating-Related Actions and Non Rating Related Actions, both the pending and completed measures, the Targets have been modified for FY 2000 so that field stations can monitor the impact of their improvement efforts. The Target for Appeals Resolution has also been eased. The FY 99 Target for Fiduciary Activities has been retained.

**Customer Satisfaction.** The Targets for Overall Satisfaction and Customer Orientation were set based our experience to date with this type of measure. We have found that measures of customer satisfaction generally lag behind the initiatives aimed at service improvements. The FY 99 Targets for the Telephone Activities measures have been retained.

**Unit Cost.** The basis for the Strategic Objectives and Target is FY 1998 information.

**Cost Per Compensation Claim Completed.** By sorting the Service Delivery Networks (SDNs) by cost per claim completed, a range from \$219 to \$360 emerges. A similar sort by field station shows a cost range from a low of \$152 to a high of \$578. The Strategic Objective was determined by finding the average of the five lowest cost offices (excluding the Manila office and all VAMROC offices because of cost-reducing distortions associated with their special circumstances). From the sort, the five offices whose costs were averaged were: Montgomery, Columbia, Waco, Portland, and Winston-Salem. The FY 1998 average cost of the five offices was \$198. Adding the Service Business Plan's 12% increase factor for FY 1999 arrives at a figure of \$222 (rounded to the nearest whole dollar); adding the Service Business Plan's 12% increase factor for FY 2000 arrives at a figure of \$249 (rounded to the nearest whole dollar). The Strategic Objective for this indicator is set at \$249.

**Cost Per Pension Claim Completed.** By sorting the Service Delivery Networks (SDNs) by cost per claim completed, a range from \$100 to \$164 emerges. A similar sort by field station shows a cost range from a low of \$65 to a high of \$297. The Strategic Objective was determined by finding the average of the five lowest cost offices (excluding the Manila office and all VAMROC offices because of cost-reducing distortions associated with their special circumstances). From the sort, the five offices whose costs were averaged were: San Diego, Roanoke, Newark, Oakland, and Huntington. The FY 1998 average cost of the five offices was \$77 (rounded to the nearest whole dollar). Adding the Service Business Plan's 12% increase factor for FY 1999 arrives at a figure of \$86 (rounded to the nearest whole dollar); adding the Service Business Plan's 12% increase factor for FY 2000 arrives at a figure of \$96 (rounded to the nearest whole dollar). The Strategic Objective for this indicator is set at \$96.

**Cost Per Active Compensation Case on the Rolls.** By sorting the Service Delivery Networks (SDNs) by cost per active compensation claim on the rolls, a range from \$109 to \$145 emerges. A similar sort by field station shows a cost range from a low of \$77 to a high of \$231. The Strategic Objective was determined by finding the average of the five lowest cost offices (excluding the Manila office and all VAMROC offices because of cost-reducing distortions associated with their special circumstances). From the sort, the five offices whose costs were averaged were: Buffalo, Cleveland, Indianapolis, Waco, and Boston. The FY 1998 average cost of the five offices was \$97 (rounded to the nearest whole dollar). Adding the Service Business Plan's 12% increase factor for FY 1999 arrives at a figure of \$109 (rounded to the nearest whole dollar); adding the Service Business Plan's 12% increase factor for FY 2000 arrives at a figure of \$121 (rounded to the nearest whole dollar). The Strategic Objective for this indicator is set at \$121.

**Cost Per Active Pension Case on the Rolls.** By sorting the Service Delivery Networks (SDNs) by cost per active pension claim on the rolls, a range from \$152 to \$206 emerges. A similar sort by field station shows a cost range from a low of \$119 to a high of \$623. The Strategic Objective was determined by finding the average of the five lowest cost offices (excluding the Manila office and all VAMROC offices because of cost-reducing distortions associated with their special circumstances). From the sort, the five offices whose costs were averaged were: Huntington, Oakland, Roanoke, San Diego, and Newark. The FY 1998 average cost of the five offices was \$129 (rounded to the nearest whole dollar). Adding the Service Business Plan's 12% increase factor for FY 1999 arrives at a figure of \$144 (rounded to the nearest whole dollar); adding the Service Business Plan's 12% increase factor for FY 2000 arrives at a figure of \$161 (rounded to the nearest whole dollar). The Strategic Objective for this indicator is set at \$161.

**Employee Development and Satisfaction.** This category of performance is VBA's least mature element. Because the data source for the Employee Development measure (the Skills Matrix) is still under development, no Strategic Objective or Target has been established. For the Employee Satisfaction measure (the One VA Survey mean score), a consensus decision was made by the VBA Leadership Team to set the Strategic Objective at four, and the Target at three.

## ZERO VALUES

When the performance for a particular measure fails to meet a minimally acceptable level of achievement, no points will be earned on the Balanced Scorecard. The following table shows the Zero Value levels established for each of the measures. For FY 2000, several measures have had the Zero Value modified to provide field activities a wider opportunity to earn Scorecard points.

CATEGORY	MEASURE	ZERO VALUE
Accuracy	National Accuracy Rate (Core Rating Work)	35%
	National Accuracy Rate (Authorization Work)	35%
	National Accuracy Rate (Fiduciary Work)	35%
Speed (Processing Time)	Rating Related Actions (Completed)	200 days
	Rating Related Actions (Pending)	150 days
	Non-Rating Related Actions (Completed)	125 days
	Non-Rating Related Actions (Pending)	100 days
	Appeals Timeliness	1000 days
	Fiduciary Timeliness – Initial Appointments	43%
Customer Satisfaction	Overall Satisfaction	35%
	Customer Orientation	35%
	Telephone Activities – Abandoned Call Rate	35%
	Telephone Activities – Blocked Call Rate	50%
Unit Cost	Cost per Compensation Claim Completed	\$550
	Cost per Compensation Claim on the Rolls	\$250
	Cost per Pension Claim Completed	\$215
	Cost per Pension Claim on the Rolls	\$500
Employee Development And Satisfaction	Employee Development (Skills Matrix)	TBD
	Employee Satisfaction (One VA Survey)	1

**Accuracy.** Based on the range of actual performance during FY 1999, the Zero Value for each of the Accuracy measures is 35%.

**Processing Timeliness.** For Rating and Non Rating-Related Actions measures, pending and completed, as well as the Appeals Timeliness, the Zero Values have been eased so that field stations can more readily earn Scorecard points to monitor the impact of their improvement efforts. The Zero Value for Fiduciary Timeliness has been retained at the FY 99 level.

**Customer Satisfaction.** The Zero Values for Overall Satisfaction and Customer Orientation were set based our experience to date with this type of measure. For Telephone Activities, the Zero Value for Abandoned Call Rate has been modified to 35%, but the FY 99 Zero Value for the Blocked Call Rate has been retained at 50%.

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**Unit Cost.** The basis for the Strategic Objectives and Target is FY 1998 information. In acknowledgement of the evolving nature of the unit cost performance indicator, it was determined that the Zero Value level should be set at a point that provides as many offices as possible an opportunity to earn Scorecard points. As we accumulate more experience with the measure, it is reasonable that the performances achievement levels will become more demanding. After reviewing the data available, the Zero Values for the four measures in this category have been set at \$550 (Cost Per Compensation Claim Completed), \$250 (Cost Per Pension Claim Completed), \$215 (Cost Per Compensation Case on the Rolls), and \$500 (Cost Per Pension Case on the Rolls).

**Employee Development and Satisfaction.** This category of performance is VBA's least mature element. Because the data source for the Employee Development measure (the Skills Matrix) is still under development, the Zero Value for this measure has not been established. For the Employee Satisfaction measure (the One VA Survey mean score), a consensus decision was made by the VBA Leadership Team to set the Zero Value at one.

**CALCULATING THE SCORE**

The score or earned points are calculated based actual performance in relation to the Strategic Value and the Zero Value levels. The maximum number of points for any single measure is the maximum allocated to that measure. For example, Days to Complete Rating Related Actions is worth a maximum of 5 points. The minimum number of points that can be earned for any specific measure is zero; negative points will not be assigned. Similarly, the total points earned for the measures with a category cannot exceed the maximum points assigned to the category. For example, The Speed or Processing Timeliness category is worth 21 points, spread across six separate measures. The points earned for the six measures in the Processing Timeliness category cannot exceed 21 points.

After establishing the Zero Value, the Strategic Objective, and the maximum number of points allowed for each measure, and determining the actual performance level achieved (i.e., the number of days to notification of entitlement determination, etc.), you can calculate the score, or earned points, for the measure. The formula is shown below.

$$\text{Measure Value} \times \frac{(\text{Actual Performance Level} - \text{Zero Value})}{(\text{Strategic Objective} - \text{Zero Value})} = \text{Points Earned}$$

For example, the calculation of points earned under the Blocked Call Rate measure is determined as follows:

Station A achieved an 11% Blocked Call for the measurement period Rate (8,146 attempted calls; 884 blocked calls). A maximum of 4 points can be earned for achieving the Strategic Objective of 10% or less. The Zero Value, or the level at which no points are earned, is 50% or greater.

Therefore:

$$4 * (11 - 50) / (10 - 50) = 3.9 \text{ points for Station A}$$

To calculate the SDN and National score for each measure, the same formula is used. For example, the stations in SDN X attained the following achievement levels during the measurement period:

	Number of Blocked Calls	Number of Call Attempts	Blocked Call Rate
Station A	884	8,146	11%
Station B	315	2,268	14%
Station C	6	2,083	0%
Station D	129	5,405	2%
SDN X	1,334	17,902	7.5%

Therefore:

$$4 * (7.5 - 50) / (10 - 50) = 4.0 \text{ points for SDN X}$$

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004	ZERO VALUE
Accuracy	National Accuracy Rate (Core Rating Work)	16	28	81%	96%	
	National Accuracy Rate (Authorization Work)	8		85%	93%	
	National Accuracy Rate (Fiduciary Work)	4		75%	93%	
Speed (Processing Time)	Rating Related Actions (Completed)	8	21	160 days	74 days	
	Rating Related Actions (Pending)			150 days	78 days	
	Non-Rating Related Actions (Completed)	5		33 days	17 days	
	Non-Rating Related Actions (Pending)			59 days	44 days	
	Appeals Timeliness	6		570 days	365 days	
	Fiduciary Timeliness – Initial Appointments	2		8%	1%	
Customer Satisfaction	Customer Satisfaction	6	20	65%	90%	
	Customer Orientation	6		65%	90%	
	Telephone Activities – Abandoned Call Rate	4		10%	5%	
	Telephone Activities – Blocked Call Rate	4		15%	10%	
Unit Cost	Cost per Compensation Claim Completed	4	16	\$315	\$249	
	Cost per Compensation Claim on the Rolls	4		\$150	\$96	
	Cost per Pension Claim Completed	4		\$135	\$121	
	Cost per Pension Claim on the Rolls	4		\$250	\$161	
Employee Development and Satisfaction	Employee Development (Skills Matrix)	10	15	TBD	TBD	
	Employee Satisfaction (One VA Survey)	5		3	4	
<b>TOTAL SCORE</b>			<b>100</b>			

### COMPENSATION AND PENSION NATIONAL BALANCED SCORECARD FY 2000

Category	SPEED						ACCURACY			UNIT COST				CUSTOMER SATISFACTION				EMPL. DEV. & SAT.	
Weight	21%						28%			16%				20%				15%	
Measure	Rating Related Actions (Completed) (2)	Rating Related Actions (Pending) (7)	Non-Rating Related Actions (Completed) (2)	Non-Rating Related Actions (Pending) (7)	Appeals Resolution-Average Days/Case (2)	Fiduciary Activities - Initial Appnts (2)	National Accuracy Rate (core rating work) (4)	National Accuracy Rate (authorization work) (4)	National Accuracy Rate (fiduciary work) (4)	Cost per Compensation Claim Completed (5)	Cost per Pension Claim Completed (5)	Cost per Active Compensation Case on the Rolls (5)	Cost per Active Pension Case on the Rolls (5)	Overall Satisfaction (6)	Customer Orientation (6)	Telephone Activities - Abandoned Call Rate (2)	Telephone Activities - Blocked Call Rate (2)	Employee Development Skill Matrix	One VA Survey (mean score) (6)
<b>Strategic Object</b>	74	78	17	44	365	1%	96%	93%	93%	249	96	121	161	90%	90%	5%	10%	TBD	4
<b>FY 2000 Target</b>	160	150	33	59	670	8%	81%	85%	75%	TBD	TBD	TBD	TBD	65%	65%	10%	15%	TBD	3
<b>Zero Value</b>	200	150	125	100	1,000	43%	35%	35%	35%	550	250	215	500	35%	35%	35%	50%	TBD	1
<b>Actual</b>																			
<b>Earned Points</b>																			
<b>Points</b>	5	3	3	2	6	2	16	8	4	4	4	4	4	6	6	4	4	10	5
										NOTES:									
										(1) Reflects monthly data									
										(2) Reflects FYTD data (thru current month)									
										(3) Reflects FYTD data (thru prior month)									
										(4) Reflects 12-month cumulative data									
										(5) Updated quarterly									
										(6) Updated annually									
										(7) End of month snapshot									
<b>Total Score</b>	38.0	x1.35	51.3																
<b>Maximum Score</b>	74	x1.35	100																

## EDUCATION

### INTRODUCTION

In its various forms, the GI Bill has had a profound impact on millions of American lives. From the original bill crafted for returning World War II service members to the current Montgomery GI Bill created to support the all-volunteer philosophy of today's Armed Forces, the value of providing education benefits to a most deserving segment of this nation's population can not be understated.

The Education Program's Balanced Scorecard reflects the concerns expressed by beneficiaries who need to receive benefits when they are due, expect access to VA employees when they have questions or concerns, and demand accurate information from knowledgeable sources. Additionally, interest by taxpayers and other stakeholders in how well the education programs are managed is demonstrated by measuring the cost of administration, the level of program and institutional integrity, and the payment accuracy in claims processing. Finally, employee measures focus on their development and overall job satisfaction.

By using the scorecard to focus on improvement efforts, we will determine the extent to which we move toward achieving our vision: to earn the respect and trust of veterans, employees, and the public by

- Processing requests for benefits rapidly and accurately;
- Providing clear, timely, and informative communications;
- Serving as a good steward of the resources entrusted for our use; and
- Providing employees with training opportunities and job satisfaction.

## **SCORECARD CATEGORIES AND MEASURES**

**Speed.** Two measures exist within this category.

1. **Processing Days for Original Claims.** This indicator depicts the average number of days to complete original education claims. The elapsed time is measured from the date the claim is received by VA to the date the action on the claim is completed. This category includes the following types of claims:

EP 200 - Original Chapter 30 (Montgomery GI Bill - Active Duty)  
EP 220 - Original Chapter 32 (Veterans Education Assistance Program)  
EP 240 - Original Chapter 35 (Dependents' Educational Assistance Program)  
EP 260 - Original Chapter 1606 (Montgomery GI Bill - Selected Reserve)

The data source for this measure is the Benefits Delivery Network (BDN). Each original claim is controlled through (BDN) from the date of establishment until the date final action is taken. Upon completion of every claim, BDN records the number of elapsed days, from arrival in the RPO to final action. The measure is calculated by dividing the total number of days elapsed for all original claims, from receipt to completion, by the total number of original claims completed. The results of the measure are depicted on COIN DOOR 1016 report (Note: There are a few end products recorded each month by stations that are not Regional Processing Offices (RPOs). These claims are not counted in for the Balanced Scorecard).

This element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (depicted on the FYTD Scorecard).

1. **Processing Days for Supplemental Claims.** This indicator depicts the average number of days to complete supplemental education claims. The elapsed time is measured from the date the claim is received by VA to the date the action on the claim is completed. This category includes the following types of claims:

EP 210 - Supplemental Chapter 30 (Montgomery GI Bill - Active Duty)  
EP 230 - Supplemental Chapter 32 (Veterans' Educational Assistance Program)  
EP 250 - Supplemental Chapter 35 (Dependents' Educational Assistance Program)  
EP 280 - Supplemental Chapter 1606 (Montgomery GI Bill - Selected Reserve)

The data source for this measure is the Benefits Delivery Network (BDN). The elapsed time from receipt of the claim by VA to the date of final action is recorded in the BDN. The measure is calculated by dividing the total number of days elapsed for all supplemental claims, from receipt to completion, by the total number of supplemental claims completed. The results of the measure are depicted on COIN DOOR 1016 report (Note: There are a few end products recorded each month by stations that are not Regional Processing Offices (RPOs). These claims are not counted in for the Balanced Scorecard).

This element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (depicted on the FYTD Scorecard).

**Accuracy / Integrity.** There are three measures within this category of the Scorecard.

1. **Payment Accuracy Rate.** This element measures the quality of work performed in the claims examination process. Specifically, it measures the extent to which decisions reflect payment at the proper rate for the correct period of time.

The data source for this measure is the quality assurance reviews conducted by Education Service personnel, which are tabulated and maintained in Central Office. Each completed claim randomly selected for review is measured against established payment accuracy criteria. If the claim has no payment error, it passes inspection. The payment accuracy rate is expressed as a ratio of the number of completed claims reviewed that have no payment error to the total number of completed claims reviewed.

The Payment Accuracy Rate is measured on a cumulative basis, from fourth quarter of the preceding fiscal year through third quarter of the current fiscal year. It is depicted as such on both the individual monthly Scorecard, as well as the FYTD Scorecard.

2. **Accuracy of Compliance and Liaison Actions.** This element measures the quality of work performed in the areas of compliance and liaison. Specifically, it measures the extent to which those actions that have a direct effect on payment are correctly made.

The data source for this measure is the Quality Assurance Reviews conducted by the four Chief Education Liaison Officers. The results are tabulated and maintained by Education Service in Central Office. Each action randomly selected for review is measured against the payment-related accuracy criteria for compliance surveys and liaison actions. If the action has no payment-related error, it passes inspection. The compliance and liaison accuracy rate is expressed as a ratio of the number of completed actions reviewed that have no payment-related error to the total number of completed actions reviewed.

The Compliance and Liaison Accuracy Rate is measured on a cumulative basis, from fourth quarter of the preceding fiscal year through third quarter of the current fiscal year. It is depicted as such on both the individual monthly Scorecard, as well as the FYTD Scorecard.

- 3. Compliance Survey Completion Rate.** This measure reports the extent to which compliance surveys are scheduled and completed. Approximately 3,000 surveys are scheduled each year in accordance with specific procedural guidance.

The data source for this measure is self-report depicted through the DOOR system. Each RPO is responsible for the preparation of a schedule within its processing jurisdiction and reporting in DOOR the number of surveys scheduled at the end of October for the current fiscal year. As surveys are completed, that information is reported in DOOR as well. The completion rate equals the number of surveys completed divided by the number scheduled, proportionate to the number of months of the fiscal year that have elapsed. For example, RPO A reports that 1200 compliance surveys will be completed during the fiscal year. To compute December's compliance survey completion rate, the number of surveys completed from October through December is divided by 300 (the proportionate number of surveys that should have been completed in three months).

This is a fiscal-year-to-date measure, and is reflected as such on both individual monthly Scorecard, as well as the FYTD Scorecard.

**Unit Cost. Unit Cost.** VBA has undertaken an Activity Based Costing (ABC) project to determine the actual cost of specific tasks and activities associated with conducting its core business processes. An ABC model was developed to provide the framework for determining these costs. To formulate the model, an Activity Dictionary was developed for each business line. Each field station then completed a Data Collection Instrument (DCI) to attribute a percentage of staff resources to the tasks, activities and processes defined. The results of the DCI are used to distribute costs to the core processes. Also factored into the unit cost for each field office are costs for VACO, Hines Finance, Austin SDC, Hines BCD, Hines SDC, Philadelphia SDC and BDC, Records Management Center (RMC), and Debt Management Center (DMC). There is one measure of Unit Cost on the Education Program Balanced Scorecard.

- 1. Administrative Cost per Trainee.** This measure represents the average cost to serve an education beneficiary. It includes all direct labor and other overhead costs, associated with the Education program (as depicted in the Activity Based Costing model).

The source of data for this measure is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Benefits Delivery Network (BDN), which provides the number of beneficiaries served. Relevant costs are divided by the number of education beneficiaries receiving benefits during the year, resulting in the cost per trainee.

**Customer Satisfaction.** The four measures within this category quantify the levels of satisfaction stakeholders and beneficiaries have with the delivery of education benefits and services.

1. **High Ratings Received From Customers.** Customer satisfaction surveys are undertaken by the Education Service on a recurring basis. The education survey presents a series of questions that leads to a specific question related to an overall level of satisfaction with the benefit claims process.

The score for this measure is derived from the percentage of survey respondents who reported that they are very or somewhat satisfied (the top two response choices).

This is an annual measure, updated each time the Customer Satisfaction survey process is completed. It is depicted as such on both the monthly and FYTD Scorecard.

2. **High Ratings Received from Education Stakeholders.** Results from a recurring survey of school officials, when implemented, will provide this measure. The survey will be structured in a manner similar to the customer survey. The score will represent the percentage of respondents who are very or somewhat satisfied (the top two response choices) with our level of service to them.
3. **Abandoned Call Rate.** This measure addresses the level of frustration experienced by beneficiaries who tire of waiting to speak to an education case manager. Specifically, it is the proportion of callers who hang up after being put "on hold" while waiting to speak to an education case manager.

The data source for this measure is each station's Automatic Call Distributor (ACD), as reported weekly to the Education Service in Central Office. The specific indicators are the number of calls received by the ACD, and the number of calls that disconnect before being connected to an education case manager. The abandoned call rate is expressed as a ratio of the number of callers who hang up before being connected to an education case manager to the total number of calls received.

This element is measured for each month (recorded on the monthly Scorecard), and for the fiscal-year-to-date (recorded on the FYTD Scorecard).

4. **Blocked Call Rate.** This element measures the level of difficulty education beneficiaries have in accessing our toll-free telephone system. Specifically, it is the proportion of callers who are unable to get into the system.

The data source for this measure is U.S. Sprint, Inc., which manages VBA's incoming toll-free telephone traffic. The number of calls attempted for the education toll-free telephone number and the number of calls that receive a busy signal before connecting to the system are reported monthly to Education Service. This includes calls that are routed to the Education RPOs as well as those calls that are routed to the overflow call center at the St. Paul Regional Office. The blocked call rate is expressed as a ratio of the number of call that are unable to get into the system (i.e., encounter a busy signal) to the total number of calls that are attempted.

This element is measured for each month (recorded on the monthly Scorecard) and for the fiscal-year-to-date (recorded on the FYTD Scorecard).

**Employee / Stakeholder Development and Satisfaction.** There are two measures within this category.

1. **Employee Development.** This measure, when implemented, will focus on the skill acquisition and development of VBA employees who provide education benefits and services. Periodically, every employee assesses the technical skills he or she possesses. This self-reporting tool, validated through higher level review, assigns a score for the overall skill level of education employees by percentage of skills acquired or possessed.

The source of data for the measure will be the Employee Skills Matrix. At the time of release of this Handbook, this tool is still under development.

2. **Employee Satisfaction.** VBA has established as one of its core values that it will be "an employer of choice." One method of determining achievement in this area is to assess employee satisfaction.

The data source for this measure is the One VA Survey. The survey was administered to all VBA employees in the Spring of 1999. The actual performance for this measure is determined by the mean score on a 1 to 5 scale for Question #131 ("Considering everything, how satisfied are you with your job?") and Question #132 ("Considering everything, how would you rate our overall satisfaction in the organization at this time?"). Scores on these two questions from all respondents, regardless of work unit, are used to determine the score. For the Education business line, the SDN score is derived from the responses of employees at the RPO only. For example, the St. Louis and SDN 6 Education Scorecards depict the responses of all employees at the St. Louis Regional Office, regardless of work unit assigned; the National Education Scorecard depicts the responses of all employees at all Regional Offices, regardless of work unit assigned (i.e., the national score is the same for all business lines).

At the time of release of this Handbook, the methodology for scoring this measure is under review.

## **CATEGORY AND MEASURE WEIGHTS**

The Balanced Scorecard carries a maximum possible score of 100 points. Points are earned based on performance in the five basic categories. Each category has been assigned a relative weight based on its importance to the accomplishment of the overall program objectives. Within each category, individual measures contribute points to the category total.

The following table depicts the value of each measure as it relates to the Education Program Balanced Scorecard.

<b>CATEGORY</b>	<b>MEASURE</b>	<b>MAXIMUM POINTS (MEASURE)</b>	<b>CATEGORY WEIGHT</b>
Speed	Processing Days - Original Claims	15	25
	Processing Days - Supplemental Claims	10	
Accuracy / Integrity	Payment Accuracy Rate	12	20
	Compliance & Liaison Accuracy Rate	4	
	Compliance Survey Completion	4	
Unit Cost	Administrative Cost per Trainee	10	10
Customer Satisfaction	High Ratings Received from Customers	10	30
	High Ratings Received from Education Stakeholders	6	
	Telephone Activities – Abandoned Call Rate	7	
	Telephone Activities – Blocked Call Rate	7	
Employee Development and Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

**Speed:** Speed, or claims processing and payment timeliness, is worth 25 points in the Education Scorecard. Focus group respondents have consistently stated that VA should process claims and disburse payments quicker than we do today. Original claims processing timeliness is valued at 15 points because it represents the first opportunity to provide good service. Timeliness for processing supplemental claims is worth 10 points.

**Accuracy/Integrity:** This category is valued at 20 points. Although our customers are more concerned with timeliness and access to correct information, other stakeholders (Inspector General and taxpayers, for instance) expect payment decisions to conform to legal doctrine. Therefore, Payment Accuracy accounts for 12 points. Completion of compliance surveys carries a value of four points, as does the accuracy of compliance and liaison actions.

**Unit Cost:** The unit cost measure is worth 10 points. Although our resource allocation decisions should not be driven strictly by costs, we have an obligation to serve as a responsible steward for taxpayer resources entrusted to our use.

**Customer Satisfaction:** This category is worth 30 points. Again, focus group respondents report they are interested in gaining access to those who can provide them with the correct information when they need it. Values range from 10 points for high customer ratings to six points for high ratings from education stakeholders and seven points each for the Abandoned Call Rate and Blocked Call Rate.

**Employee/Stakeholder Development and Satisfaction:** This category is worth a total of 15 points. Employee related measures must recognize the importance of training and development in the context of providing world class service to our education beneficiaries. The Employee Development (Skills Matrix) is worth ten points and Employee Satisfaction (One VA Survey) is valued at five points.

## TARGETS AND STRATEGIC OBJECTIVES

Where appropriate and possible, each measure has been assigned a Target for FY 2000 and a Strategic Objective for FY 2004. The table below and following paragraphs describe each and explain the reasons and bases for establishing the Targets and Strategic Objectives.

CATEGORY	MEASURE	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004
Speed	Processing Days - Original Claims	26 days	10 days
	Processing Days - Supplemental Claims	17 days	7 days
Accuracy / Integrity	Payment Accuracy Rate	95%	97%
	Compliance & Liaison Accuracy Rate	91%	97%
	Compliance Survey Completion	88%	90%
Unit Cost	Administrative Cost per Trainee	TBD	TBD
Customer Satisfaction	High Ratings Received from Customers	81%	95%
	High Ratings Received from Education Stakeholders	TBD	TBD
	Telephone Activities – Abandoned Call Rate	18%	5%
	Telephone Activities – Blocked Call Rate	23%	10%
Employee Development and Satisfaction	Employee Development (Skills Matrix)	TBD	TBD
	Employee Satisfaction (One VA Survey)	3 (mean)	4 (mean)

**Speed:** Original claims require more elapsed days to complete than supplemental claims. Additional steps are necessary more often (building a folder, updating BIRLS, etc.), or development is needed to establish eligibility. Overall program Targets for FY 2000 are 26 days for original and 17 days for supplemental claims. However, for the longer term, Strategic Objectives for FY 2004 are ten days for original and seven days for supplemental claims. Expert system processing (EDI/EFT), where up to 90 percent of the claims will be processed overnight without human intervention, will allow education benefits specialists to concentrate on the exceptional cases. That combination should result in dramatic timeliness improvements.

**Accuracy/Integrity:** The claims processing Payment Accuracy Rate has remained in the lower 90 percent range for several years. The FY 2000 Target of 95% reflects a slight improvement attributed to the beginning of reductions of keystroke errors with expert system processing. By FY 2004, EDI will eliminate enough keystroke errors to establish a Strategic Objective of 97%.

Education Service implemented a new quality assurance review program for compliance and liaison actions during FY 1999. The accuracy rates for compliance and liaison actions calculated for the RPOs covering the 2nd and 3rd Quarters of FY 1999 ranged from 90 to 100 percent. The FY 2000 Target for the accuracy of compliance and liaison actions was set taking into account the newness of the system and the previous lack of standardization of procedures nationwide. By FY 2004, experience with the review system and training in standardized procedures will eliminate enough errors to establish a Strategic Objective of 97 percent.

The Compliance Survey Completion Rate has recently fallen below 80 percent due to the loss of experienced personnel through buyouts. That trend has been reversed and RPO management has more control over the compliance survey process than in past years. Based on these considerations, a Target of 88 percent has been established for FY 2000. By FY 2004, the success of remote surveys and assistance from selected State Approving Authorities (SAAs) should allow 90 percent of the compliance survey schedule to be conducted.

**Administrative Cost per Trainee:** This measure will be tracked through VBA's Activity Based Costing (ABC) process. However, Targets and Strategic Objectives will not be established until some experience is gained with the ABC Model.

**Customer Satisfaction:** A customer satisfaction survey, designed for response by education beneficiaries, was administered to a portion of the country in late 1997 and the remainder of the nation in 1998. Considering the results from the first sample and the introduction of limited toll-free service into the four RPOs, the Target for FY 2000 is to achieve high ratings from 81 percent of the survey respondents. By FY 2004, with toll-free service fully operational and EDI/EFT installed, the Strategic Objective is 95 percent high ratings.

Another satisfaction survey, designed to query school officials, will be developed and administered in a manner similar to the customer satisfaction survey. Targets and Strategic Objectives will be determined at a later date.

The Abandoned Call Rate the Blocked Call Rate are competing measures. Given the level of resources allocated, the Targets for 2000 are 18 and 23 percent, respectively. The Strategic Objectives are five and ten percent, respectively, taking into account initiatives designed to move telephone traffic to an automated environment and shift resources from claims processing to customer service with full implementation of EDI/EFT.

**Employee/Stakeholder Development and Satisfaction:** The Employee Skills Matrix has no Target or Strategic Objective at this time. Information has not yet been collected to establish a baseline and the gaps that need to be addressed. For the One VA Survey, the Target for FY 2000 is a mean score of three, and the Strategic Objective is a mean score of four. The Target and Strategic Objective were established by consensus decision of the VBA Leadership Team, and are the same for all business lines.

**ZERO VALUES**

In addition to the Targets for 2000 and the Strategic Objectives, each measure has a "Zero Value" established by Education Service. When a measure fails to achieve a minimum acceptable level of performance, no points are awarded. For example, the Zero Value for Payment Accuracy Rate is 85 percent. When payment accuracy falls below that level, program management believes performance does not warrant any points on the Balanced Scorecard for that measure. Based on the judgment of program management, the following Zero Values have been established.

<b>CATEGORY</b>	<b>MEASURE</b>	<b>ZERO VALUE</b>
Speed	Processing Days - Original Claims	70 days
	Processing Days - Supplemental Claims	40 days
Accuracy / Integrity	Payment Accuracy Rate	85%
	Compliance & Liaison Accuracy Rate	85%
	Compliance Survey Completion	50%
Unit Cost	Administrative Cost per Trainee	TBD
Customer Satisfaction	High Ratings Received from Customers	30%
	High Ratings Received from Education Stakeholders	TBD
	Telephone Activities – Abandoned Call Rate	30%
	Telephone Activities – Blocked Call Rate	50%
Employee Development and Satisfaction	Employee Development (Skills Matrix)	TBD
	Employee Satisfaction (One VA Survey)	1 (mean)

## CALCULATING THE SCORE

The score or earned points are calculated based actual performance in relation to the Strategic Objective and the Zero Value levels. The maximum number of points for any single measure is the maximum allocated to that measure. For example, the Processing Days for Original Claims measure is worth a maximum of 15 points. The minimum number of points that can be earned for any specific measure is zero; negative points will not be assigned. Similarly, the total points earned for the measures within a category cannot exceed the maximum points assigned to the category. For example, the Speed category is worth 25 points total, spread across two separate measures. The maximum number of points that can be achieved in the Speed category is 25 points.

The formula for computing the score is:

$$\text{Measure Value} \times \frac{(\text{Actual Performance Level} - \text{Zero Value})}{(\text{Strategic Objective} - \text{Zero Value})} = \text{Points Earned}$$

For example, the calculation of points for the Abandoned Call Rate measure is determined as follows:

RPO A achieved a 13.1% abandoned call rate for the measurement period (17,828 total calls attempted; 2,333 calls abandoned). A maximum of 7 points can be earned for achieving the Strategic Objective of 5% or less. The Zero Value, or the level at which no points accrue, is 30% or more.

Therefore:

$$7 \times (13.1\% - 30\%) / (5\% - 30\%) = 4.7 \text{ points for RPO A}$$

To calculate the National score for each measure, the same formula is used. For example, the RPOs attained the following achievement levels during the measurement period:

	Number of Calls Attempted	Number of Calls Abandoned	Abandoned Call Rate
RPO A	17,828	2,333	13.1%
RPO B	17,904	3,612	20.2%
RPO C	16,855	5,042	29.9%
RPO D	30,053	2,991	10.0%
National	82,640	13,978	16.9%

Therefore:

$$7 * (16.9 - 30) / (5 - 30) = 3.7 \text{ points for the National score}$$

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004	ZERO VALUE
Speed	Processing Days - Original Claims	15	25	26 days	10 days	70 days
	Processing Days - Supplemental Claims	10		17 days	7 days	40 days
Accuracy / Integrity	Payment Accuracy Rate	12	20	95%	97%	85%
	Compliance & Liaison Accuracy Rate	4		91%	97%	85%
	Compliance Survey Completion	4		88%	90%	50%
Unit Cost	Administrative Cost per Trainee	10	10	TBD	TBD	TBD
Customer Satisfaction	High Ratings Received from Customers	10	30	81%	95%	30%
	High Ratings Received from Education Stakeholders	6		TBD	TBD	TBD
	Telephone Activities – Abandoned Call Rate	7		18%	5%	30%
	Telephone Activities – Blocked Call Rate	7		23%	10%	50%
Employee Development and Satisfaction	Employee Development (Skills Matrix)	10	15	TBD	TBD	TBD
	Employee Satisfaction (One VA Survey)	5		3 (mean)	4 (mean)	1 (mean)
<b>TOTAL SCORE</b>			<b>100</b>			

**EDUCATION  
NATIONAL BALANCED SCORECARD  
FY 2000**

Category	SPEED		ACCURACY			UNIT COST	CUSTOMER SATISFACTION				EMPL. DEV. & SAT.	
Weight	25%		20%			10%	30%				15%	
Measure	Processing Days for Original Claims (2)	Processing Days for Supplemental Claims (2)	Payment Accuracy (2)	Accuracy of Compliance & Liaison Actions (2)	Compliance Survey Completion Rate (2)	Administrative Cost per Trainee (5)	High Ratings Received from Customers (6)	High Ratings Received from Education Stakeholders	Telephone Activities - Abandoned Call Rate (2)	Telephone Activities - Blocked Call Rate (2)	Employee Development Skill Matrix	One VA Survey (mean score) (6)
<b>Strategic Objective</b>	10	7	97%	97%	90%	\$168	95%	95%	5%	10%	75	4
<b>FY 2000 Target</b>	26	17	95%	91%	88%	TBD	81%	78%	18%	23%	TBD	3
<b>Zero Value</b>	70	40	85%	85%	50%	TBD	30%	30%	30%	50%	25	1
<b>Actual</b>	32.6	20.5	96.3%	99.3%	85.0%	\$43	78.0%	TBD	16.1%	44.7%	TBD	3.3
<b>Earned Points</b>	9.3	5.9	11.3	4.0	3.5	TBD	7.4	TBD	3.9	0.9	TBD	3.9
<b>Maximum Points</b>	15	10	12	4	4	10	10	6	7	7	10	5
						NOTES:						
<b>Total Score</b>	50.1	x1.35	67.8									
<b>Maximum Score</b>	74	x1.35	100									
				(1) Reflects monthly data								
				(2) Reflects FYTD data (thru current month)								
				(3) Reflects FYTD data (thru prior month)								
				(4) Reflects 12-month cumulative data								
				(5) Updated quarterly								
				(6) Updated annually								
				(7) End of month snapshot								



## LOAN GUARANTY

### INTRODUCTION

#### **The Loan Guaranty Program Mission:**

VA will help veterans and active duty personnel purchase and retain homes in recognition of their service to the Nation. We will treat all veterans and other participants in the program in a courteous, responsive, and timely manner. We will endeavor to operate in the most efficient manner possible to minimize costs and ensure the best use of the taxpayer's dollar.

#### **The Loan Guaranty Program Vision:**

VA will continue to provide veterans with complete and timely access to their loan guaranty benefits, while minimizing the costs of the program. VA will assist as many veterans as possible to avoid a foreclosure on their home, thus reducing costs to the government due to loan defaults. Real administrative costs will be reduced while high quality customer service to veterans is maintained. Service to lenders will improve and VA will catch up with technological advances in the private mortgage industry. This will encourage lenders to continue to offer VA loans, which will allow veterans greater choice of lenders and better terms on VA loans.

Loan Guaranty selected measures for its Balanced Scorecard that would indicate how well VA is performing in meeting this mission and vision. Surveys of veterans and lenders measure customer service. The processing time for value determinations measures timeliness of service to veterans. Unit cost and acquired property holding time measure efficiency. Assistance to veterans in avoiding a foreclosure is directly measured by the Foreclosure Avoidance Through Servicing (FATS) Ratio. Accuracy of VA processing, as measured by the Statistical Quality Control (SQC) Index, can affect customer satisfaction and efficiency. Employee development and satisfaction are also measured, as increased employee development and satisfaction should lead to increased customer satisfaction, timeliness, and accuracy.

The Loan Guaranty program has been realigned to better conform to the mortgage loan industry. Each Service Delivery Network (SDN) has one Regional Loan Center (RLC) where many functions of the Program have been consolidated for improved efficiency. Processing of Certificates of Eligibility has also been consolidated to two Eligibility Centers. Because the functions differ between the RLCs, the Eligibility Centers and Regional Offices, variations of the National Loan Guaranty Balanced Scorecard have been developed for these entities.

## SCORECARD CATEGORIES AND MEASURES

**Speed.** There are three measures in this category.

1. **Acquired Property Holding Time.** This measure depicts the average number of months from date of custody of the property to the date of sale of properties acquired due to defaults on VA guaranteed loans. Not included are properties acquired from Vendee and refunded loans, since those properties are often the most difficult to sell and can distort the average holding time. Although this measure is in the speed category, it actually measures more than timeliness. A station must appropriately price the homes and market the VA home sales program in order to sell the homes in a timely manner. Balancing this measure is the Return on Sales of Acquired Properties measure under the Unit Cost category.

The data source is the Property Management System (PMS). The element is calculated by determining the number of properties sold and the number of property months those properties were held in inventory. The total number of property months is divided by the total number of properties sold to arrive at the average Acquired Property Holding Time. Certain adjustments are made for those jurisdictions which are deemed "redemption states."

This is a fiscal year-to-date measure.

2. **Processing Time for Eligibility Certificates.** This measure has been added to track the total number of days to process eligibility certificates. This data is only being collected from the 2 eligibility centers, Winston-Salem and Los Angeles.

The data source is a local tracking application. Specific data from the application are entered into the DOOR system, WIDs 6163.01 (LP- Elig. Determinations), 6164.01 (LP - OTH - Rest of Entitlement Appr.) and 6164.11(Total Eligibility Days). The measure is calculated by dividing the Total Eligibility Days (6164.11) by the total number of Certificates of Eligibility issued (sum of 6163.01 and 6164.01).

This is a fiscal year-to-date measure.

3. **Processing Time for Value Determinations.** This measure tracks the elapsed time between appraisal request and issuance of a Certificate of Reasonable Value (CRV).

The data source is the Construction and Valuation (C&V) System. An extract from the system is generated by each station and used for processing. The extract contains WIDs 6244.03 (CRV Issued – Individual Proposed), 6243.03 (CRV Issued – Individual Existing), and 6230.01 (Individual CRV Processing Time). The measure is calculated by dividing the total processing time (6230.01) by the number of CRVs issued (WID 6244.03 + 6243.03).

This is a fiscal year-to-date measure.

**Accuracy.** There are two measures in this category of the scorecard.

1. **Foreclosure Avoidance Through Servicing (FATS) Ratio.** The Foreclosure Avoidance Through Servicing (FATS) Ratio measures the extent to which foreclosures would have been greater had VA not pursued one of the four available alternatives to foreclosure. For example, a FATS ratio of 34 means that for about 34 percent of the loans that were headed for a foreclosure, a foreclosure was avoided due to VA's servicing efforts.

When VA is able to pursue an alternative to foreclosure, government costs are reduced. VA helps veterans by either saving their home or avoiding the expense and damage to their credit rating caused by a foreclosure. Loan Guaranty devised the FATS ratio to measure the overall level of success VA is having in assisting veterans who are facing foreclosure. It measures the quality as well as the level of effort of our supplemental servicing activities. There are four measured alternatives to foreclosure:

- a) **Successful Intervention (SI)** - VA may intervene with the holder of the loan on behalf of the borrower to set up a repayment plan or take other action that results in the loan being reinstated. Reinstatements without VA assistance are not counted.
- b) **Refunding (R)** - VA may purchase the loan when the holder is no longer willing or able to extend forbearance but VA believes the borrower has the ability to make mortgage payments, or will have the ability in the near future.
- c) **Voluntary Conveyance (VC)** - VA may accept a deed in lieu of foreclosure from the borrower if it is in the best interest of the government.

- d) **Compromise Claim (C)** - If a borrower in default is trying to sell the home but it cannot be sold for an amount that is greater than or equal to what is owed on the loan, VA may pay a compromise claim for the difference in order to complete the sale.

Each of the alternatives to foreclosure for use in calculating the FATS ratio has been weighted equally at 1. The data source is the LS&C system.

To calculate the FATS ratio:

1. Add together the total number of each of the four alternatives to foreclosure - Successful Interventions (SI), Refundings (R), Voluntary Conveyance (VC), Compromises (C).
2. Then divide the total by the sum of Foreclosures (F) plus Successful Interventions (SI) plus Refundings (R) plus Voluntary Conveyance (VC) plus Compromises (C). The result is the FATS Ratio.

$$\frac{SI + R + VC + C}{F + SI + R + VC + C} = \text{FATS Ratio}$$

This is a fiscal year-to-date measure.

2. **Statistical Quality Control (SQC) Index.** SQC reviews are currently conducted on a monthly basis. The SQC index is based on first level reviews of files at each station and second level reviews of files at RLCs and Central Office.

The quality performance measure is a Quality Index that reflects the number of correct actions found in SQC reviews, measured as a percentage of total actions reviewed.

The data source is the first level quality reviews conducted at the station level. RLC or Central Office personnel validate a sample of those cases. The results of the reviews and validation process are input into the DOOR system and used for calculation of the Index. The specific DOOR WIDs are: 6111.30, 6111.40, 6111.41, 6111.59, 6211.30, 6211.40, 6211.41, 6211.59, 6311.30, 6311.40, 6311.41, 6311.59, 6411.30, 6411.40, 6411.41, 6411.59. The ".30" WID records the number of cases reviewed for the given Schedule. The ".40" WID records the total number of "NO" answers for all the questions in the given Schedule. The ".41" WID records the total number of "NA" answers for all questions in the given Schedule. The ".59" WID records whether Central Office has validated the first level review of the given Schedule (0=Incomplete Information; 1=Validated; 2=Not Validated).

The defect rate for each Schedule is calculated by applying the following formula:

$$\text{Defect Rate} = \frac{\text{Number of "No" answers}}{(\text{cases} * \text{questions} - \text{Nos} - \text{NAs}) + \text{Nos}}$$

Once the Defect Rate is calculated, an Average Defect Rate is calculated by adding the defect rates for each Schedule and dividing by the number of Schedules.

From the Average Defect Rate, the SQC Index further calculated by subtracting the Average Defect Rate from 100%.

The measure is reported for a specific number of months, until such time as the fiscal year cycle is achieved.

**Unit Cost.** VBA has undertaken an Activity Based Costing (ABC) project to determine the actual cost of specific tasks and activities associated with conducting its core business processes. An ABC model was developed to provide the framework for determining these costs. To formulate the model, an Activity Dictionary was developed for each business line. Each field station then completed a Data Collection Instrument (DCI) to attribute a percentage of assigned staff resources to the tasks, activities and processes defined. The results of the DCI are used to distribute General Operating Expense (GOE) costs to the core processes. Also factored into the unit cost for each field office are GOE costs for VACO, Hines Finance, Austin SDC, Hines BCD, Hines SDC, Philadelphia SDC and BDC, Records Management Center (RMC), and Debt Management Center (DMC). For the Loan Guaranty Program, administrative unit costs are measured in three areas and program costs are measured in one are.

1. **Return on Sale (ROS) of Acquired Properties.** VA acquires a property after foreclosure of a VA loan under certain circumstances. The cost to acquire the property is either the net value or the total indebtedness, whichever is less. The net value is based on the appraised value of the home, minus a percentage which represents VA's average property management expenses and the average loss per property for the three previous years.

The performance measure is the average sales return (percentage) on properties sold that were acquired due to defaults on a VA guaranteed loan. Properties acquired from vendee and refunded loans are not included. The ROS for a property is the amount received for the property (selling price) divided by VA's investment in the property (the acquisition cost plus the net cost of improvements and operating and selling expenses). More than 100% means that VA received a gain on the sale. Less than 100% means that VA lost money on the sale.

The data source is the Property Management System (PMS). The measure is calculated by adding the Total Initial Capital Value of the properties sold to the Net Cost After Acquisition for the properties sold, and dividing by the Total Selling Price of the properties sold..

This is a fiscal year-to-date measure.

2. **Administrative Unit Cost Measures.** The following unit cost measures will be developed as part of the Activity Based Costing (ABC) project. Goals and objectives will be set once more experience with the ABC model is gained. Unit cost is measured for three core areas: loan origination, loan servicing, and property management.

- a) **Cost Per Loan Guaranty Issued.** Loan origination includes distribution of information about VA loans, issuing Certificates of Eligibility, managing and processing the appraisals of properties, issuing guaranties on loans, managing lender participation, and related activities. All these activities support the origination of VA guaranteed loans, so the costs are spread over all loan guaranties issued.

Since both Regional Offices and Regional Loan Centers contribute to the process that leads to a loan guaranty, this measure will apply to both. Regional Offices will be grouped with their related Regional Loan Center. While a Regional Office will only control a small part of the Regional Loan Centers cost per loan guaranty, as with the veteran satisfaction measure, tying them all to one measure will increase awareness of their close relationship.

The data source is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the GIL system which tracks the number of loans guaranteed. The actual performance on this measure is calculated by dividing the number of loans guaranteed into the computed costs associated with the issuance of Loan Guaranties.

This is a fiscal year to date measure.

- b) **Servicing Cost Per Default Processed.** Loan servicing includes attempting to contact veterans whose loans have gone into default, assisting veterans avoid a foreclosure, limiting the government's losses in the event of foreclosure, and paying claims. A default processed is a default that is either cured, or the loan is terminated through foreclosure or an alternative to foreclosure. All Loan Service and Claims costs are spread over the defaults processed. This cost will only be measured at Regional Loan Centers and Honolulu and San Juan Regional Offices where loan servicing continues to be performed.

The data source is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the LCS system which tracks the number of defaults. The actual performance on this measure is calculated by dividing the number of defaults processed into the computed costs associated with processing defaults.

This is a fiscal year to date measure.

- c) **Cost Per Property Sold.** Property management includes all the activities from the point of acquisition of a property to the time the sale of the property is closed. This cost will be measured individually at each Regional Office with a loan guaranty division.

The data source is VBA's Activity Based Costing model; VBA's accounting system, the Financial Management System (FMS); and the Property Management System (PMS) which tracks the number of properties sold. The actual performance on this measure is calculated by dividing the number of properties sold into the computed costs associated with the sale of these properties.

This is a fiscal year to date measure.

**Customer Satisfaction.** The following four measures address the level of satisfaction stakeholders have with the delivery of home loan benefits and services.

1. **Ratings Received from Veterans.** A new Loan Guaranty Veteran Satisfaction Survey will be administered for Loan Guaranty Service in FY 2001. Results of the survey will be statistically significant for Regional Loan Centers. The exact measure will be defined after final drafting of survey questions. It will likely be a satisfaction index based on the number of veterans responding that they are satisfied or highly satisfied with VA on a number of different questions. Non-RLC Regional Offices will share the same index of their associated Regional Loan Centers. Veterans are generally not aware that two different VA offices play a role in their loan. Tying Regional Offices to the same index as Regional Loan Centers will promote cooperation and coordination between the Regional Offices and Regional Loan Centers.

The data source will be the survey instrument and the responses to pertinent questions.

This measure will most likely be updated on an annual basis, after completion of the survey.

2. **Ratings Received from Service Delivery Partners.** Lenders are partners with VA in providing service to veterans. Because lender participation in the program is voluntary, failure to provide quality service could discourage them from participating in the program, making it more difficult for veterans to use their VA home loan benefit. In addition, lenders provide direct service to veterans and depend on VA support to make VA guaranteed loans. VA's

failure to fully support lenders would indirectly affect veterans' satisfaction with the program.

A new Loan Guaranty Lender Satisfaction Survey will be administered. Results of the survey will be statistically significant for Regional Loan Centers and Regional Offices. The exact measure will be defined after final drafting of survey questions. It will likely be a satisfaction index based on the number lenders responding that they are satisfied or highly satisfied with VA on a number of different questions. Regional Loan Centers and non-RLC Regional Offices will be measured separately on lender satisfaction, since Regional Offices still directly provide Construction and Valuation services to lenders.

The data source will be the survey instrument and the responses to pertinent questions.

This measure will most likely be updated on an annual basis, after completion of the survey.

3. **Telephone Activities -- Abandoned Call Rate.** This is the percentage of callers who get through on the toll free loan guaranty phone number at an RLC and the Eligibility Centers but hang-up before being connected to VBA personnel. Scoring of this measure will begin in FY 2001.

The source of data for this measure is the Automatic Call Distributor (ACD) for the office, as reported by input of specific workload identifiers (WIDs) in VBA's DOOR (Distribution of Operational Resources) system. The measure is calculated by dividing the number of calls abandoned (WID 6900.21) by the number of incoming calls (WID 6900.20). The resulting percentage is the Abandoned Call Rate.

This will be a fiscal-year-to-date measure.

3. **Telephone Activities -- Blocked Call Rate.** This measure reflects the percentage of incoming telephone calls directed to an RLC and the Eligibility Centers which are not connected (i.e., the caller gets a busy signal). Scoring of this measure will begin in FY 2001.

Consistent with the same measure for the Compensation and Pension business line, the source of data for this measure will be Sprint, Inc., which manages VBA's incoming telephone traffic. Sprint provides VBA each month with the total number of calls attempted for each of VBA's telephone circuits along with the number of those calls that encounter a busy signal. The measure is calculated by dividing the total number of calls that are blocked by the total number of call attempts. The resulting percentage is the blocked call rate.

This will be a fiscal-year-to-date measure.

**Employee Development and Satisfaction:** There are two measures within this category of the scorecard.

**Employee Development Skills Index.** Loan Guaranty Service has developed a matrix of skills necessary for each loan guaranty position. At the journeyman level, Loan Guaranty normally employs technical staff in five different positions: Loan Specialist, Loan Service Representative, Appraiser, Construction Analyst, and Realty Specialist. Some offices have a separate sixth position of Specially Adapted Housing (SAH) agent. Both Loan Specialists (in Loan Processing) and Loan Service Representatives (in Loan Service and Claims) are generally classified as Loan Specialist (Realty), although their responsibilities and skills are quite different. Another position, Loan Assistant, is seen as leading to the Loan Specialist (Realty) position. Clerical and support positions include: Claims Clerk, Coding Clerk, Secretary, and Program Support Clerk.

Using the software application being developed by the New York Regional Office, all Loan Guaranty employees will take an inventory of the skills they have, validated by the supervisor.

The software will assist in a variety of calculations, some of which will be used to support the Scorecard. Since this skills inventory has not been performed, the details of the scoring methodology and the update cycle have not yet been developed.

**Employee Satisfaction - One-VA Survey.** VBA has established as one of its core values that it will be "an employer of choice." One method of determining achievement in this area is to assess employee satisfaction.

The data source for this measure is the One VA Survey. The survey was administered to all VBA employees in the Spring of 1999. The actual performance for this measure is determined by the mean score on a 1 to 5 scale for Question #131 ("Considering everything, how satisfied are you with your job?") and Question #132 ("Considering everything, how would you rate our overall satisfaction in the organization at this time?"). Scores on these two questions from all respondents, regardless of work unit, were used to determine the RO, SDN, and National scores.

This measure will be updated as the Survey is re-administered, and both the monthly and FYTD Scorecards reflect the same score. At the time of release of this Handbook, the methodology for scoring this measure is under review.

**CATEGORY MEASURES AND WEIGHTS**

Loan Guaranty Operations are split between Regional Loan Centers (RLCs), Eligibility Centers, and Regional Offices (ROs). Some Loan Guaranty offices are unique in that they do not contain all the same work functions. Therefore, measures appropriate for Regional Loan Centers are not appropriate for all ROs. As a result, there are separate Loan Guaranty Scorecards for the Regional Loan Centers, the two Island regional offices (Honolulu and San Juan), the Eligibility Centers and for Regional Offices.

The Balanced Scorecard carries a maximum possible score of 100 points. Points are earned based on performance in five basic categories. Each category has been assigned a relative weight based on its importance to the accomplishment of the overall program objectives. Within each category, individual measures contribute points to the category total. The tables below depict the values of each of the measures on the various Loan Guaranty Scorecards.

**National Scorecard and Regional Loan Centers (SDNs) 4 and 9 Scorecards**

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT
Speed	Acquired Property Holding Time	5	15
	Processing Time for Eligibility Certificates	5	
	Processing Time for Value Determinations	5	
Accuracy	Foreclosure Avoidance through Servicing (FATS) Ratio	15	30
	Statistical Quality Control (SQC) Index	15	
Unit Cost	Return on Sales (ROS) of Acquired Properties	2.5	15
	Administrative Cost per Loan Guaranty Issued	5	
	Administrative Servicing Cost per Default Processed	5	
	Administrative Cost per Property Sold	2.5	
Customer Satisfaction	Veteran Satisfaction Index	7.5	25
	Lender Satisfaction Index	7.5	
	Telephone Activities – Abandoned Call Rate	5	
	Telephone Activities - Blocked Call Rate	5	
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

**Customer Satisfaction and Accuracy:** Customer satisfaction and accuracy are the paramount goals and have been assigned the highest overall category weights at 25 and 30 respectively. Helping veterans avoid a foreclosure while limiting the costs to the government is measured as the FATS ratio and has been given a value of 15. It is also very important that activities be performed accurately. Therefore, the SQC Index also has been assigned a value of 15. Accuracy can have a direct impact on other performance indicators, such as unit cost and speed.

**Speed:** Although Acquired Property Holding Time is attributed to the Speed category, it is also a measure of efficiency in the form of program cost avoidance. This measure is assigned a value of 5 percent or points. The remaining Speed measures, Processing Time for Value Determinations and Processing Time for Eligibility Certificates, have been given a weight of 5 percent or points each.

**Unit Cost:** Efficiency, as measured by Return on Sales of Acquired Properties, is given a value of 2.5 points or percent. Efficiency, measured by administrative unit cost, has a total category weight of 12.5% and has been distributed to each measure as follows:

- |   |      |
|---|------|
| a) Administrative cost per loan guaranty issued | 5%   |
| b) Administrative cost per default processed    | 5%   |
| c) Administrative cost per property sold        | 2.5% |

**Employee Development and Satisfaction:** This category is also assigned a weight of 15 percent. Employee development should indirectly affect customer satisfaction, timeliness, and accuracy and therefore has a value of 10. The One VA survey, which provides an indication of employees' satisfaction, is given a value of 5, consistent with the other business lines, as determined by consensus of the VBA Leadership Team.

### Regional Loan Centers 1, 2, 3, 5, 6, 7 and 8 Scorecards

The weights and points for these Regional Loan Centers have been adjusted from the National Scorecard as the measure for processing time for eligibility certificates is not an element on Scorecards for these areas.

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT
Speed	Acquired Property Holding Time	5	10
	Processing Time for Value Determinations	5	
Accuracy	Foreclosure Avoidance through Servicing (FATS) Ratio	15	30
	Statistical Quality Control (SQC) Index	15	
Unit Cost	Return on Sales (ROS) of Acquired Properties	2.5	15
	Administrative Cost per Loan Guaranty Issued	5	
	Administrative Servicing Cost per Default Processed	5	
	Administrative Cost per Property Sold	2.5	
Customer Satisfaction	Veteran Satisfaction Index	10	30
	Lender Satisfaction Index	10	
	Telephone Activities – Abandoned Call Rate	5	
	Telephone Activities - Blocked Call Rate	5	
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

## Regional Office Scorecards

Weights and points have been adjusted on these Scorecards to reflect the functions currently performed by these entities.

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT
Speed	Acquired Property Holding Time	10	20
	Processing Time for Value Determinations	10	
Accuracy	Statistical Quality Control (SQC) Index	20	20
Unit Cost	Return on Sales (ROS) of Acquired Properties	10	20
	Administrative Cost Per Property Sold	10	
Customer Satisfaction	Veteran Satisfaction Index	15	25
	Lender Satisfaction Index	10	
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

### Adjustments made for Regional Offices

Regional Offices that no longer perform Loan Servicing and Claims functions, do not have measures for the FATS Ratio (15% at an RLC), or for the Unit Cost for Defaults Processed (5% at an RLC). Regional Offices that no longer perform Loan Processing functions have only a limited impact on lender satisfaction through their Construction and Valuation function. The weight for lender satisfaction at a Regional Office is, therefore, 10%. Abandoned and blocked call rates are applicable to the RLCs and Eligibility Centers, which have special toll-free lines for case-specific or detailed loan guaranty questions.

Since these measures are not used at the Regional Offices that do not have all Loan Guaranty functions, the weight is redistributed to other measures on the non-RLC Loan Guaranty scorecard. The weight is redistributed as follows:

- Both speed measures (Acquired Property Holding Time and Processing Time for Value Determinations) are increased by 5%. The accuracy measure (Statistical Quality Control (SQC) Index) is increased by 5%.
- The Return on Sale of Acquired Properties measure is increased, as is the Administrative Cost per Property Sold.

The Honolulu and San Juan Regional Offices are unique in that these two regional offices do perform Loan Service and Claims and Loan Processing work functions. These offices currently have measures and weights identical to that of an RLC because they perform the full compliment of Loan Guaranty work functions. Beginning in FY 2001, these offices will have a separate Scorecard. Measures for FATS, Unit Costs for

Defaults and Loan Guaranty Issued will remain on their Scorecards. Measures for telephone activities (blocked and abandoned call rates) will not included.

Based on these unique features of the Honolulu and San Juan Regional Offices, points were redistributed as follows:

- Speed · 20% (10 points each for Holding Time and Processing Time for Value Determinations)
- Accuracy · 30% (15 points each for FATS and SQC)
- Unit Cost · 15% (2.5 each for ROS and Cost per Property Sold; 5 points each for Cost per Default and Cost per Guaranty Issued)
- Customer Satisfaction · 20% (10 points each for Veteran and Lender Satisfaction Index)
- Employee Development and Satisfaction · 15% (10 points for Employee Development and 5 points for One VA Survey)

### Eligibility Center Scorecards

A Scorecard has been created for the Winston-Salem and Los Angeles Eligibility Centers to measure the processing time for Certificates of Eligibility (COE). As processing eligibility certificates is a primary function of these two Regional Offices, 15 points are assigned to this measure. The points for the veteran and lender satisfaction are decreased to 5 points each on the Eligibility Center Scorecards.

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT
Speed	Acquired Property Holding Time	10	35
	Processing Time for Eligibility Certificates	15	
	Processing Time for Value Determinations	10	
Accuracy	Statistical Quality Control (SQC) Index	20	20
Unit Cost	Return on Sales (ROS) of Acquired Properties	10	20
	Administrative Cost per Property Sold	10	
Customer Satisfaction	Veteran Satisfaction Index	5	10
	Lender Satisfaction Index	5	
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

## TARGETS AND STRATEGIC OBJECTIVES

Each measure has been assigned a fiscal year Target and a Strategic Objective for FY 2004. The FY Target provides "line of sight" toward achieving the Strategic Objective, or desired "to be" state. The table below and following paragraphs describe each and explain the rationale for establishing the Targets.

CATEGORY	MEASURE	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004
Speed	Acquired Property Holding Time	9	8
	Processing Time for Eligibility Certificates	7	5
	Processing Time for Value Determinations	19	15
Accuracy	Foreclosure Avoidance through Servicing (FATS) Ratio	TBD	40%
	Statistical Quality Control (SQC) Index	97%	98%
Unit Cost	Return on Sales (ROS) of Acquired Properties	98%	100%
	Administrative Cost per Loan Guaranty Issued	TBD	\$125
	Administrative Servicing Cost per Default Processed	TBD	\$320
	Administrative Cost per Property Sold	TBD	TBD
Customer Satisfaction	Veteran Satisfaction Index	TBD	95%
	Lender Satisfaction Index	TBD	80%
	Telephone Activities – Abandoned Call Rate	TBD	TBD
	Telephone Activities - Blocked Call Rate	TBD	TBD
Employee Development And Satisfaction	Employee Development (Skills Matrix)	TBD	TBD
	Employee Satisfaction (One VA Survey)	3 (mean)	4 (mean)

### Speed

The Target for Acquired Property Holding Time is 9 months and the Strategic Objective is 8 months. The method for measuring holding time has changed. Previously, holding time was measured just from the time VA obtained title to the property until the sale. The current measure includes the time from custody to sale. Adjustments for redemption periods have been made for certain field stations.

Certificates of Eligibility should be processed on average in no more than 7 days. The Target is in line with our current system of measurement (percent of eligibility certificates issued within 7 days). The Strategic Objective is to reduce the processing time to an average of 5 days.

The Target for average processing time for Certificates of Reasonable Value should be no more than 19 days. The Strategic Objective is to reduce the processing time to an average of 15 days. Increasingly, the private sector is speeding up the time to obtain a mortgage approval and demanding faster service from appraisers. VA relies on private sector fee appraisers to perform the appraisal. The fee appraiser is expected to complete the appraisal within five days, which will leave VA with an average of 10 days (including weekends) to issue the CRV.

## Accuracy

Aggressive outreach to defaulted borrowers is often necessary to convince them of the seriousness of the situation and prod them to take action to avoid a foreclosure. An increase in the number of loan defaults and foreclosures will tax VA's efforts. While the foreclosure rate will be smaller than for loans made in the 1980s, the number of foreclosures will increase because the large number of loans made in 1993 and 1994 will be reaching their peak years for foreclosures. The Strategic Objective for the FATS Ratio is set at 40.

Loan Guaranty uses the results of Central Office and RLC SQC reviews for the Quality Index. A Target of 97% has been set and the Strategic Objective is 98%.

## Unit Cost

The Target for Return on Sale (ROS) of Acquired Properties is 98% and the Strategic Objective is to have a 100% ROS. The formula for calculating the net value of the property (the maximum acquisition cost) is designed so that over the long term, VA does not gain or lose money on property sales. Because of variations in local real estate markets, some ROs will achieve a Return on Sale of over 100%, and some will not be able to achieve a Return on Sale of 100%. There is no way to take this market variation into account in awarding Scorecard points for performance on the Return on Sales of Acquired Properties measure; users of Regional Office level Scorecards should keep this in mind.

The administrative unit cost measures are still being developed. As the Activity Based Costing (ABC) project progresses, we will be able to evaluate current costs and set targets for the administrative unit costs. Given the fact that Loan Guaranty has significantly reduced staff over the last few years, further reductions in administrative unit costs are not likely. At the National level, the goal will likely be to limit cost increases to the rate of increase in average payroll costs.

## Customer Satisfaction

The Target for the Veteran Satisfaction Index will be determined after development of the veterans' survey. The Strategic Objective is to achieve veteran satisfaction of 95%.

The Target for Lender Satisfaction will also be determined after development of the lender survey. The Strategic Objective is to increase lender satisfaction to 80%. Lenders profit from participating in the program and their interests may not always coincide with the interests of veterans and the government. These potential conflicts of interest make it impossible for VA to fully satisfy lenders, and the planned levels are set accordingly.

## Employee Development and Satisfaction

The Employee Skills Matrix is under development and goals are to be determined. The One VA Survey was administered in 1999. This survey was distributed to all VBA employees and employees were strongly encouraged to participate, however, participation was voluntary. As a consensus decision of the Leadership Team, the current Target was set at attaining a mean score of 3 and the Strategic Objective is a mean score of 4.

**ZERO VALUES**

In addition to the Targets and the Strategic Objectives, each measure has a "Zero Value" established by Loan Guaranty Service. When an office fails to achieve a minimum acceptable level of performance on a certain measure, no points are awarded. For example, the Zero Value for the Veteran Satisfaction Index is 80 percent. When veteran satisfaction falls below that level, program management believes performance does not warrant any points on the Balanced Scorecard for that measure. In addition, setting a Zero Value has the effect of scaling the points awarded, and the differences between performance levels can be magnified. Based on the judgment of program management, the following Zero Values have been established.

CATEGORY	MEASURE	ZERO VALUE
Speed	Acquired Property Holding Time	15 months
	Processing Time for Eligibility Certificates	15 days
	Processing Time for Value Determinations	30 days
Accuracy	Foreclosure Avoidance through Servicing (FATS) Ratio	18%
	Statistical Quality Control (SQC) Index	80%
Unit Cost	Return on Sales (ROS) of Acquired Properties	80%
	Administrative Cost per Loan Guaranty Issued	TBD
	Administrative Servicing Cost per Default Processed	TBD
	Administrative Cost per Property Sold	TBD
Customer Satisfaction	Veteran Satisfaction Index	80%
	Lender Satisfaction Index	50%
	Telephone Activities - Abandoned Call Rate	TBD
	Telephone Activities - Blocked Call Rate	TBD
Employee Development And Satisfaction	Employee Development (Skills Matrix)	TBD
	Employee Satisfaction (One VA Survey)	1 (mean)

## CALCULATING THE SCORE

The score or earned points are calculated based actual performance in relation to the Strategic Value and the Zero Value levels. The maximum number of points for any single measure is the maximum allocated to that measure. For example, at the national level, Processing Time for Value Determinations is worth a maximum of 5 points. The minimum number of points that can be earned for any specific measure is zero; negative points will not be assigned. Similarly, the total points earned for the measures with a category cannot exceed the maximum points assigned to the category. For example, The Speed category is worth 15 points, spread across six separate measures. The points earned for the six measures in the Processing Timeliness category cannot exceed 21 points.

After establishing the Zero Value, the Strategic Objective, and the maximum number of points allowed for each measure, and determining the actual performance level achieved (i.e., the processing time for value determinations, etc.), you can calculate the score, or earned points, for the measure. The formula is shown below.

$$\text{Measure Value} \times \frac{(\text{Actual Performance Level} - \text{Zero Value})}{(\text{Strategic Objective} - \text{Zero Value})} = \text{Points Earned}$$

For example, the calculation of points earned under the Acquired Property Holding Time measure is determined as follows:

RLC A's Acquired Property Holding Time is 9.2 months for the measurement period. A maximum of 5 points can be earned for achieving the Strategic Objective level of 8 months. The Zero Value, or the level at which no points are earned, is 15 months or more.

Therefore:

$$5 * (9.2 - 15) / (8 - 15) = \mathbf{4.1 \text{ points}} \text{ for RLC A}$$

To calculate the SDN and National score for each measure, the same formula is used. For example, the stations in SDN X attained the following achievement levels during the measurement period:

	Number of Properties Sold	Total Number of Property Months	Acquired Property Holding Time
Station A	370	3,390	9.2
Station B	387	3,201	8.3
Station C	69	699	10.1
Station D	138	1,342	9.7
SDN X	964	8,632	9.0

Therefore:

$$5 * (9.0 - 15) / (8 - 15) = \mathbf{4.3 \text{ points}} \text{ for SDN X}$$

CATEGORY	MEASURE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004	ZERO VALUE
Speed	Acquired Property Holding Time	5		9	8	15 months
	Processing Time for Eligibility Certificates	5		7	5	15 days
	Processing Time for Value Determinations	5	15	19	15	30 days
Accuracy	Foreclosure Avoidance through Servicing (FATS) Ratio	15		TBD	40%	18%
	Statistical Quality Control (SQC) Index	15	30	97%	98%	80%
Unit Cost	Return on Sales (ROS) of Acquired Properties	2.5		98%	100%	80%
	Administrative Cost per Loan Guaranty Issued	5		TBD	\$125	TBD
	Administrative Servicing Cost per Default Processed	5		TBD	\$320	TBD
	Administrative Cost per Property Sold	2.5	15	TBD	TBD	TBD
Customer Satisfaction	Veteran Satisfaction Index	7.5		TBD	95%	80%
	Lender Satisfaction Index	7.5		TBD	80%	50%
	Telephone Activities – Abandoned Call Rate	5		TBD	TBD	TBD
	Telephone Activities - Blocked Call Rate	5	25	TBD	TBD	TBD
Employee Development And Satisfaction	Employee Development (Skills Matrix)	10		TBD	TBD	TBD
	Employee Satisfaction (One VA Survey)	5	15	3 (mean)	4 (mean)	1 (mean)
<b>TOTAL SCORE</b>			<b>100</b>			



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## VOCATIONAL REHABILITATION AND EMPLOYMENT

### INTRODUCTION

The Balanced Scorecard is VBA's tool for measuring overall program performance and progress toward important program goals. Each business line has a unique set of performance indicators or measures within five VBA program categories: speed, accuracy, unit cost, customer satisfaction, and employee development and satisfaction. This descriptive material introduces the Vocational Rehabilitation and Employment (VR&E) program Balanced Scorecard.

VR&E identified four major program goals and supports these goals through measures on the program Scorecard. Each measure or performance indicator on the Scorecard is directly related to one of the four VR&E goals. By incorporating these goals into the Scorecard, VR&E will drive the behavior of staff and program managers to achieve VR&E program goals:

- Assure that the level of satisfaction our customers expect is achieved and maintained;
- Increase the number of vocational rehabilitation program participants who achieve successful program outcomes;
- Assure the cost effectiveness of delivering vocational rehabilitation services; and
- Ensure all employees have the skills needed for their positions in order to maintain a highly skilled, motivated, and adaptable workforce.

The goals of the VR&E program are directly related to three VBA goals:

- Improve responsiveness to customer needs and expectations;
- Ensure the best value available for the taxpayers' dollar; and
- Ensure a satisfying and rewarding work environment.

## **SCORECARD CATEGORIES AND MEASURES**

**Speed.** For FY 2000, there are two measures in this category.

1. **Days to Notification of Entitlement Determination.** This indicator is the average number of days from receipt of the veteran's application for Chapter 31 in VA, to the date the veteran is informed of entitlement or non-entitlement to a plan of Chapter 31 services. Through focus groups, VR&E program participants emphasized the importance of timely response to an application for Chapter 31 benefits.

The data source is the Benefits Delivery Network (BDN), end product codes (EPCs) 095, 295, 719, and the Chapter 31 Applicant Case Status. This indicator is measured from the date the application for Chapter 31 is received in VA to the date VA staff notifies the veteran that entitlement to Chapter 31 benefits is granted or denied, at which time the VR&E staff person clears EPC 095, 295 or 719. (Note: the only 095 and 295 EPCs counted are those associated with disallowance transactions since the time measured for the EPC 719 includes 095 and 295 EPC time by measuring from the EPC 719 clear date to the Begin Date of Applicant Case Status.) VR&E Service provides stations a spreadsheet each month listing the specific EPCs used in calculating this indicator.

This is a fiscal-year-to-date measure.

2. **Days to Enter Suitable Employment.** This indicator is the average number of days from the date the veteran is determined employable (designated as Begin Date of Employment Services case status in BDN) to the date the veteran enters (presumed) suitable employment (as recorded on the CAST 320 screen in BDN). In some situations, veterans begin suitable employment prior to beginning Employment Services case status. These cases are calculated as having achieved suitable employment in zero days. This may also indicate that the employment was begun in a prior fiscal year. Those cases are included in the current fiscal year calculation inasmuch as prior fiscal years' Balanced Scorecards are not retroactively amended. VR&E is committed to assisting service-connected disabled veterans to enter suitable employment as quickly as possible after they are found to be job ready. This course of action is beneficial to participants, customers, and stakeholders alike.

The data source for this measure is BDN. The data are depicted on the M35 screens of the Chapter 31 Master Record. To calculate this measure, the Chapter 31 Master Record is queried to identify all cases with a "begin date" in Rehabilitated Case Status (Status 07) in the most recent 12 month period. For each of these records, a further query is executed to select all cases with a "begin date" in Employment Services Case Status (Status 06) which also have a date in the Entered Suitable Employment field. Both of these dates must occur anytime prior to the "begin date" in Rehabilitated Case Status (07) to be considered. Of the cases that fit these criteria, the number of days between the "begin date" of Employment

Services Case Status and the date in the Entered Suitable Employment field is calculated. The total number of cases fitting the criteria is divided into the total number of days calculated for the records selected to arrive at the average number of days to suitable employment. VR&E Service provides SDNs and stations a spreadsheet each month listing the specific records used in calculating this indicator.

From October through January, this measure was calculated on a fiscal-year-to-date basis. Based on a consensus decision at the Leadership Circle Meeting the week of January 24, 2000, this measure was changed to a 12-month cumulative calculation, to better reflect to the cyclical nature of employment placement of Chapter 31 participants. The 12-month cumulative calculation was effective with the release of the February 2000 Balanced Scorecards.

In addition, to more precisely measure the time from completion of rehabilitation to the point of employability to suitable employment, the focus was changed to those veterans actually entering rehabilitated status during the most recent 12-month period. Thus, the calculation methodology was changed to reflect the number of days it took for those veterans to achieve suitable employment. This means that the date veterans actually enter suitable employment may be during or prior to the most recent 12 month period, so long as they achieved rehabilitated status during the most recent 12 month period. Prior to this change, the focus was on veterans entering suitable employment during the measurement period without tying that to subsequent achievement of rehabilitation status.

**Accuracy.** There are three indicators of accuracy in this category.

1. **Accuracy of the Entitlement Determination.** The Entitlement Determination Accuracy rate is expressed as a ratio of the number of determinations reviewed that were correct, compared to the total number reviewed.

The data source is VR&E's Quality Assurance (QA) instrument, as recorded in the QA database. The calculation method is the score on Criterion 1a (Entitlement Determination Accuracy) of the instrument.

This is a 12-month cumulative measure.

2. **Accuracy of Evaluation, Planning, and Rehabilitation Services.** This indicator measures the quality of work with veterans and other beneficiaries who receive Chapter 31 services and/or educational/vocational counseling benefits under several other benefit chapters. Accuracy of non-Chapter 31 service delivery is reviewed only at the station level and is not reflected on the National and SDN Scorecards.

The data source is VR&E's Quality Assurance (QA) instrument, as recorded in the QA database. Reviewers identify if veterans received accurate evaluations; a plan of services supported by the evaluations; rehabilitation services as directed by veterans' individualized plans; or if VA beneficiaries under other benefit chapters were provided with the correct services. The calculation methodology is the Total Case Scores on Entitlement Determination/Rehabilitation Planning, Rehabilitation Services Delivery, and Outcome type cases. Accuracy of service delivery is expressed as a percent of the highest possible score (100) on cases reviewed.

This is a 12-month cumulative measure.

3. **Fiscal Accuracy.** This indicator measures the extent to which vendor fiscal transactions and subsistence award transactions are accurate and consistent with law and regulations.

The data source is Criterion 6 (Rehab Services and Outcomes) of VR&E's Quality Assurance (QA) instrument, as recorded in the QA database. The measure is calculated by determining the number of completed cases reviewed that were correct compared to the total number of cases reviewed, and is expressed as a ratio.

This is a 12-month cumulative measure.

**Unit Cost.** VBA has undertaken an Activity Based Costing (ABC) project to determine the actual cost of specific tasks and activities associated with conducting its core business processes. An ABC model was developed to provide the framework for determining these costs. To formulate the model, an Activity Dictionary was developed for each business line. Each field station then completed a Data Collection Instrument (DCI) to attribute a percentage of staff resources to the tasks, activities and processes defined. The results of the DCI are used to distribute costs to the core processes. Also factored into the unit cost for each field office are costs for VACO, Hines Finance, Austin SDC, Hines BCD, Hines SDC, Philadelphia SDC and BDC, Records Management Center (RMC), and Debt Management Center (DMC). VR&E Service has one measure in this category.

1. **Cost to Deliver a Program of Services.** The Chapter 31 program will be administered in a way that is cost effective. This indicator provides an incentive for delivering efficient and effective services that will lead to successful outcomes.

The data source is VBA's Activity Based Costing model. This measure reflects the program costs of delivering rehabilitation services to service-connected disabled veterans. For VR&E, in addition to employee salary cost and other costs standard across the other business lines, also included are costs associated with contracting for initial evaluations, case management, and employment services. The total expenditure is divided by the number of veterans in a program of services (IEEP, IILP, IWRP, and IEAP) and those interrupted from a program of services.

This is a fiscal year to date measure. At the time of release of this Handbook, VBA's entire Activity Based Costing methodology and Unit Cost measures are undergoing a review process. It is likely that the calculation methodology for this measure will change.

**Customer Satisfaction.** There are four measures of customer satisfaction.

1. **Rehabilitation Rate.** The rehabilitation rate is the proportion of all veterans who are rehabilitated to all veterans who exit a program of services (Discontinued or Rehabilitated) during the fiscal year. This includes those veterans with an employment handicap as well as those with a serious employment handicap. VR&E will increase the proportion of veterans who leave the program rehabilitated.

The data source is the BDN, Chapter 31 Master Record, M35 screen. This measure is calculated by selecting from the Master Record, cases shown in Rehabilitated status that came from either Independent Living or Employment Services case statuses, and cases in Discontinued status that discontinued from a program of services where the goal was Rehabilitation (IILP, IWRP, and/or IEAP). To be included in this calculation, the dates of the program(s) were preceded by Applicant case status, and there is no date of death in the Master Record.

From October through January, this measure was calculated on a fiscal-year-to-date basis. Based on a consensus decision at the Leadership Circle Meeting the week of January 24, 2000, this measure was changed to a 12-month cumulative calculation, to better reflect to the cyclical nature of the Chapter 31 program. The 12-month cumulative calculation was effective with the release of the February 2000 Balanced Scorecards.

2. **Serious Employment Handicap (SEH) Rehabilitation Rate.** The SEH rehabilitation rate is the proportion of all veterans who have a Serious Employment Handicap who are Rehabilitated, to all veterans with a Serious Employment Handicap who exit a program of services (Discontinued or Rehabilitated) during the fiscal year. These veterans are also captured in the Rehabilitation Rate, above. The SEH Rehabilitation Rate provides additional credit for success in rehabilitating veterans with serious employment handicaps. VR&E Service is targeting veterans with serious employment handicaps for increased attention and services. VR&E will increase the proportion of veterans with SEH who leave the program rehabilitated.

The data source is the BDN, Chapter 31 Master Record, M35 screen. This measure is calculated by selecting from the Master Record, SEH cases shown in Rehabilitated status that came from either Independent Living or Employment Services case statuses, and SEH cases in Discontinued status that discontinued from a program of services where the goal was Rehabilitation (IILP, IWRP, and/or IEAP). To be included in this calculation, the dates of the program(s) were preceded by Applicant case status, and there is no date of death in the Master Record.

The measure is calculated by selecting from the Master Record, Rehabilitated cases with SEH; and Discontinued cases with SEH that discontinued from a program of services where the goal was Rehabilitation (IILP, IWRP, and/or IEAP). To be included in this calculation, the dates of the program(s) were preceded by Applicant case status, and there is no date of death in the master record.

From October through January, this measure was calculated on a fiscal-year-to-date basis. Based on a consensus decision at the Leadership Circle Meeting the week of January 24, 2000, this measure was changed to a 12-month cumulative calculation,

to better reflect to the cyclical nature of the Chapter 31 program. The 12-month cumulative calculation was effective with the release of the February 2000 Balanced Scorecards.

3. **Customer Access Satisfaction.** Customers are surveyed to determine the level of satisfaction with general access to VR&E Chapter 31 services and support. A VR&E national pre-test survey was completed in fiscal year 1999 and a national survey was conducted in fiscal year 2000.

The data source for this measure is the Vocational Rehabilitation and Employment Customer Satisfaction Survey. The score for this element is taken from responses to access-related questions on the VR&E customer satisfaction survey:

Evaluation and Planning questions: 19, 20, 30, 52, 53, 55, 62  
Rehabilitation Services questions: 28, 29, 30, 31, 33, 34, 39  
Employment Services questions: 27, 28, 29, 30, 32, 33, 48

The score is derived from the percentage of survey respondents who answered the above questions "Very Satisfied" or "Somewhat Satisfied."

4. **Customer Satisfaction Survey.** Customers are surveyed to determine the level of overall satisfaction with VR&E Chapter 31 services. A VR&E national pre-test survey was completed in fiscal year 1999 and a national survey was conducted in fiscal year 2000.

The data source for this measure is the Vocational Rehabilitation and Employment Customer Satisfaction Survey. The score for this element is taken from the reply to survey question 59 on the Employment Services portion of the survey.

The score is derived from the percentage of survey respondents who answered the above question "Very Satisfied" or "Somewhat Satisfied."

**Employee Development and Satisfaction.** There are two measures in this category.

1. **Employee Development.** VR&E will improve staff competency, address staff deficiencies and create an environment that supports employee career development.

The source of data for the measure will be the Employee Skills Matrix. At the time of release of this Handbook, this is still under development

2. **Employee Satisfaction.** VBA has established as one of its core values that it will be "an employer of choice." One method of determining progress in this area is to assess employee satisfaction.

The data source for this measure is the One VA Survey. The survey was administered to all VBA employees in the Spring of 1999. The actual performance for this measure is determined by the mean score on a 1 to 5 scale for Question #131 ("Considering everything, how satisfied are you with your job?") and Question #132 ("Considering everything, how would you rate our overall satisfaction in the organization at this time?"). Scores on these two questions from all respondents, regardless of work unit, were used to determine the RO, SDN, and National scores.

This measure will be updated as the Survey is re-administered, and both the monthly and FYTD Scorecards reflect the same score.

## **CATEGORY AND MEASURE WEIGHTS**

The Balanced Scorecard carries a maximum possible score of 100 points. Points are earned based on performance in the five overall categories. Each category has been assigned a relative weight based on its importance to the accomplishment of the overall program objectives. Within each category, individual measures contribute points to the category total. The table below depicts the value of each measure as it relates to the Balanced Scorecard.

<b>CATEGORY</b>	<b>MEASURE</b>	<b>MAXIMUM POINTS (MEASURE)</b>	<b>CATEGORY WEIGHT</b>
Speed	Days to Notification of Entitlement Determination	7	15
	Days to Enter Suitable Employment	8	
Accuracy	Accuracy of Entitlement Determination	10	30
	Accuracy of Evaluation, Planning, and Rehab Svcs.	15	
	Fiscal Accuracy	5	
Unit Cost	Cost to Deliver Rehabilitation Services	5	5
Customer Satisfaction	Rehabilitation Rate	15	35
	SEH Rehabilitation Rate	5	
	Customer Access Satisfaction	5	
	Customer Satisfaction Survey	10	
Employee Development and Satisfaction	Employee Development (Skills Matrix)	10	15
	Employee Satisfaction (One VA Survey)	5	
<b>TOTAL SCORE</b>			<b>100</b>

**Speed:** Speed of notifying a veteran of entitlement (or non-entitlement) to a program of rehabilitation services and speed of helping a veteran obtain suitable employment are worth a total of 15 points. These two measures of speed are designed to drive staff behavior toward providing more timely responses to veterans' requests for rehabilitation services, a theme evident by responses from veterans in customer satisfaction surveys and focus group discussions.

**Accuracy:** Accuracy is a measure of quality in entitlement determinations, rehabilitation plans, delivery of rehabilitation services, and fiscal transactions. Quality measures, the second most important category, are worth a total of 30 points.

**Unit Cost:** This measure will ensure cost effective delivery of services for veterans in ways that yield the greatest value and benefit for the taxpayers' dollar. It is important that we communicate this emphasis on fiscal responsibility to both stakeholders and partners. This cost measure is worth 5 points. At the time of release of this Handbook, Unit Cost measures across the business lines were not being scored, while further analysis of the Activity Based Costing process and Unit Cost measures is being conducted.

**Customer Satisfaction:** Customer Satisfaction, our most important performance category, has the largest number of measures and is given the greatest weight. Four measures of customer satisfaction - rehabilitation rate, serious employment handicap (SEH) rehabilitation rate, customer access satisfaction, and customer satisfaction survey - are worth a total of 35 points. This combination of measures will drive staff behavior to achieve the program goal of increasing the number of vocational rehabilitation program participants who achieve successful and satisfactory program outcomes.

**Employee Development and Satisfaction:** The Employee Development and Satisfaction category is worth 15 points. The two measures in this category measure VR&E progress in developing and maintaining a highly skilled, adaptable, motivated, and satisfied workforce. Employee Satisfaction is given 5 of the 15 points, based on a consensus decision of VBA's leadership to consistently weight this measure across the business lines.

## TARGETS AND STRATEGIC OBJECTIVES

VR&E Service establishes Strategic Objectives based on projected performance for FY 2004. The Strategic Objective is an ideal state, or stretch goal, that illustrates the distance between the "as is" and the "will be" state of the Program. Fiscal year Targets are established by the VBA Office of Field Operations (OFO) in collaboration with Service Delivery Networks (SDNs), and are established as benchmarks on the way to the Strategic Objective.

The table below identifies the strategic objective for FY 2004 for each measure.

CATEGORY	MEASURE	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004
Speed	Days to Notification of Entitlement Determination	78	60 days
	Days to Enter Suitable Employment	52	50 days
Accuracy	Accuracy of Entitlement Determinations	88%	96%
	Accuracy of Evaluation, Planning, and Rehab Svcs.	89%	96%
	Fiscal Accuracy	95%	99%
Unit Cost	Cost to Deliver Rehabilitation Services	TBD	\$1,900
Customer Satisfaction	Rehabilitation Rate	60%	70%
	SEH Rehabilitation Rate	55%	65%
	Customer Access Satisfaction	TBD	92%
	Customer Satisfaction Survey	TBD	92%
Employee Development and Satisfaction	Employee Development (Skills Matrix)	TBD	TBD
	Employee Satisfaction (One VA Survey)	3 (mean)	4 (mean)

**Speed:** Through focus groups, VR&E program participants emphasized the importance of timely response to an application for Chapter 31 benefits. VR&E customers emphasized that the timeliness of the VA's determination of their entitlement (or non-entitlement) to a program of Chapter 31 services was a priority. The Strategic Objective for the measure "Days to Notification of Entitlement Determination" was established in response to those expressed needs.

Timeliness in obtaining suitable employment was a recurrent theme observed in responses from veterans in customer satisfaction surveys and focus group discussions. The Strategic Objective will focus staff efforts on this important program outcome.

**Accuracy:** A baseline was established during FY 1999 for the Accuracy of Entitlement Determination measure. The Strategic Objective will focus staff efforts on this aspect of the VR&E Quality Assurance program.

There are existing data for a total quality assurance score that includes accuracy of evaluation, planning, and rehabilitation services. A Strategic Objective was set using actual past performance and the reasonable expectation that veterans will be provided quality services.

The Strategic Objective of 99% for fiscal accuracy was established with the expectation that accuracy of fiscal transactions is essential.

**Unit Cost:** The measure identifying the cost to deliver rehabilitation services is in development. Although actual overhead costs are being collected and unit cost calculated quarterly using the number of veterans receiving services and those interrupted from a plan of services, the measure continues to be reviewed.

**Customer Satisfaction:** The most important outcome measure of the VR&E program is the Rehabilitation Rate. The Strategic Objective for this measure is a stretch goal that makes it clear to all that VR&E is re-doubling its efforts to help service-connected disabled veterans reach this major program goal - Rehabilitation.

VR&E Service is targeting veterans with serious employment handicaps (SEH) for increased attention and services.

VR&E Service is focusing on improvement of Customer Access Satisfaction, e.g., access to VR&E staff by phone or personal appointment, appointment locations, etc.

With respect to the Overall Satisfaction measure based on the customer satisfaction survey, the Strategic Objective is based on pre-test results from the FY99 national survey. A VR&E national survey was conducted in FY00.

**Employee Development & Satisfaction:** The two measures in this category measure VR&E progress in developing and maintaining a highly skilled, adaptable, motivated, and satisfied workforce. The One VA Survey Strategic Objective and FY00 Target are based on the FY99 survey results, and are the same for all VBA program areas (consensus decision of the VBA Leadership team); the Employee Development measure (Skills Matrix) continues in development.

## **ZERO VALUES**

In addition to the Strategic Objectives for FY 2004, each measure has a Zero Value established by Headquarters' VR&E Service. When a measure fails to achieve a minimum acceptable level of performance, no points are awarded. Based on the judgment of program management, the following Zero Values are established.

<b>CATEGORY</b>	<b>MEASURE</b>	<b>ZERO VALUE</b>
Speed	Days to Notification of Entitlement Determination	100 days
	Days to Enter Suitable Employment	90 days
Accuracy	Accuracy of Entitlement Determination	80%
	Accuracy of Evaluation, Planning, and Rehab Svcs.	80%
	Fiscal Accuracy	90%
Unit Cost	Cost to Deliver Rehabilitation Services	\$3,000
Customer Satisfaction	Rehabilitation Rate	40%
	SEH Rehabilitation Rate	40%
	Customer Access Satisfaction	60%
	Customer Satisfaction Survey	60%
Employee Development and Satisfaction	Employee Development (Skills Matrix)	TBD
	Employee Satisfaction (One VA Survey)	1 (mean)

## CALCULATING THE SCORE

The score, or earned points, are calculated based on actual performance in relation to the Strategic Objective and the Zero Value levels. The maximum number of points for any single measure is the maximum allocated to that measure. For example, the Days to Notification of Entitlement Determination measure is worth a maximum of 7 points. The minimum number of points that can be earned for any specific measure is zero; negative points will not be assigned. Similarly, the total points earned for the measures within a category cannot exceed the maximum points assigned to the category. For example, the Speed category is worth 15 points total, spread across two separate measures. The maximum number of points that can be achieved in the Speed category is 15 points.

After establishing the Zero Value, the Strategic Objective, and the maximum number of points allowed for each measure, and determining the actual performance level achieved (i.e., the number of days to notification of entitlement determination, etc.), you can calculate the score, or earned points, for the measure. The formula is shown below.

$$\text{Measure Value} \times \frac{(\text{Actual Performance Level} - \text{Zero Value})}{(\text{Strategic Objective} - \text{Zero Value})} = \text{Points Earned}$$

For example, the calculation of points earned under the Days to Suitable Employment measure is determined as follows:

Station A achieved 58 days to employment for the measurement period (4,988 total days to suitable employment; 86 veterans entering suitable employment). A maximum of 8 points can be earned for achieving the Strategic Objective of 50 days. The Zero Value, or the level at which no points are earned, is 90 days or more.

Therefore:

$$8 * (58 - 90) / (50 - 90) = \mathbf{6.4 \text{ points}} \text{ for Station A}$$

To calculate the SDN and National score for each measure, the same formula is used. For example, the stations in SDN X attained the following achievement levels during the measurement period:

	Number of Days to Suitable Employment	Number of Veterans Entering Suitable Employment	Days to Employment
Station A	17,418	261	66.7
Station B	6,841	103	66.4
Station C	4,530	124	36.5
Station D	2,820	69	40.9
SDN X	31,609	557	56.7

Therefore:

$$8 * (56.7 - 90) / (50 - 90) = \mathbf{6.7 \text{ points}} \text{ for SDN X}$$

CATEGORY	MEASURE	TARGET FOR FY 2000	STRATEGIC OBJECTIVE FOR FY 2004	ZERO VALUE	MAXIMUM POINTS (MEASURE)	CATEGORY WEIGHT
Speed	Days to Notification of Entitlement Determination	78	60 days	100 days	7	15
	Days to Enter Suitable Employment	52	50 days	90 days	8	
Accuracy	Accuracy of Entitlement Determination	88%	96%	80%	10	30
	Accuracy of Evaluation, Planning, and Rehab Svcs.	89%	96%	80%	15	
	Fiscal Accuracy	95%	99%	90%	5	
Unit Cost	Cost to Deliver Rehabilitation Services	TBD	\$1,900	\$3,000	5	5
Customer Satisfaction	Rehabilitation Rate	60%	70%	40%	15	35
	SEH Rehabilitation Rate	55%	65%	40%	5	
	Customer Access Satisfaction	75%	92%	60%	5	
	Customer Satisfaction Survey	75%	92%	60%	10	
Employee Development and Satisfaction	Employee Development (Skills Matrix)	TBD	TBD	TBD	10	15
	Employee Satisfaction (One VA Survey)	3 (mean)	4 (mean)	1 (mean)	5	
<b>TOTAL SCORE</b>						<b>100</b>

VOCATIONAL REHABILITATION & EMPLOYMENT  
 NATIONAL BALANCED SCORECARD  
 FY 2000

Category	SPEED		ACCURACY			UNIT COST	CUSTOMER SATISFACTION				EMPL. DEV. & SAT.	
Weight	15%		30%			5%	35%				15%	
Measure	Days to Notification - Entitlement Determination (2)	Days to Employment (4)	Entitlement Determination Accuracy (4)	Evaluation, Planning, & Services Accuracy (4)	Fiscal Accuracy (4)	Cost to Provide a Veteran a Program of Services (5)	Rehabilitation Rate (4)	SEH Rehabilitation Rate (4)	Customer Access Satisfaction (\$)	Customer Satisfaction Survey (\$)	Employee Development Skill Matrix	One VA Survey (mean score) (\$)
<b>Strategic Objecti</b>	60	50	96%	96%	99%	\$1,900	70%	65%	92%	92%	TBD	4
<b>FY 00 Target</b>	78	52	88%	89%	95%	TBD	60%	55%	75%	75%	TBD	3
<b>Zero Value</b>	100	90	80%	80%	90%	\$3,000	40%	40%	60%	60%	TBD	1
<b>Actual</b>	86.8	45.1	89.0%	86.0%	94.0%	\$2,017	53.3%	49.8%	76.4%	76.4%	TBD	3.3
<b>Earned Points</b>	<b>2.3</b>	<b>8.0</b>	<b>5.6</b>	<b>5.6</b>	<b>2.2</b>	<b>TBD</b>	<b>6.6</b>	<b>2.0</b>	<b>2.6</b>	<b>5.1</b>	<b>TBD</b>	<b>3.9</b>
<b>Points</b>	7	8	10	15	5	5	15	5	5	10	10	5

<b>Total Score</b>	44.0	x1.18	51.7									
<b>Maximum Score</b>	85	x1.18	100									
NOTES: (1) Reflects monthly data (2) Reflects FYTD data (thru current month) (3) Reflects FYTD data (thru prior month) (4) Reflects 12-month cumulative data (5) Updated quarterly (6) Updated annually (7) End of month snapshot												

# INSURANCE

## Introduction

The following contains a description of the Insurance program Balanced Scorecard (BSC). Each of VBA's business lines (Insurance, Compensation and Pension, Loan Guaranty, Vocational Rehabilitation and Employment) has adopted a Balanced Scorecard. The BSC will, among other things, help us to focus our efforts in the right direction. Each year, we spend approximately \$40 million of policyholders' and taxpayers' money providing a service to veterans and their beneficiaries. We want to make sure that we are providing the best service possible at the lowest possible cost.

The Balanced Scorecard will provide the programs with a tool to measure overall program performance based on the most important goals of the program. In the past, performance has been measured based on individual criteria such as accuracy, timeliness or productivity. Performance based on individual measures is of limited usefulness since one measure can often be improved at the expense of another with no meaningful gain in overall performance. By incorporating all of the most important goals of the program into one composite "scorecard", we gain a broad view of program performance that is not possible using one or two measures.

In addition, this type of broad-based measure will help us to formulate improvement strategies that will make the best possible use of limited resources. Having Unit Cost as one of the BSC categories helps us to be more aware of the tradeoffs between cost and improvements in performance. Every opportunity for improvement in performance must be weighed against the cost of those improvements. The resource expenditures required to reach 0% toll-free blockage or 2.0 processing days for disbursements may be too high to be an appropriate and efficient use of policyholders' money. We want to achieve improvements in service as well as continuing to hold the line on cost to policyholders.

## Measures of Performance

Each business lines' balanced scorecard incorporates five basic areas of performance. These are Speed, Accuracy, Unit Cost, Veterans' Satisfaction and Employee Development. Contained within these five basic categories are measures which are unique to the business line. The basic performance areas and measures for Insurance are discussed below.

Speed is the performance category which measures the length of time it takes to complete specific end products.

Average Processing Days for Disbursements - This is the only measure for Insurance under the Speed category. Disbursements are defined as the payment of death awards, policy loans and cash surrenders. These are considered the most important services provided to our customers. The average processing days for each type of disbursement is determined through sampling under the Statistical Quality Control (SQC) program. A weighted composite average number of processing days for the three types of

disbursements is used for the measure. "Weighted" composite average processing days means that the volume of end products produced in each category is taken into account in the calculation of average processing days in order to make the measure more representative of the group as a whole. This data is stored in the Distribution of Operational Resources (DOOR) system. Data for this measure is collected monthly and is reported on the Balanced Scorecard as a 12-month moving average.

Accuracy is the performance category for measuring the quality of work performed.

Accuracy of Disbursements - This is the only measure for Insurance under the Accuracy category. A disbursement (death award, loan or cash surrender) is not considered accurate if a mistake made on the disbursement adversely affects the insured, his or her beneficiary, the insurance trust fund(s), or Government appropriations. Disbursements are regularly sampled and reviewed for accuracy and timeliness under the SQC program. The results are then stored in the DOOR system. The measure used for the Accuracy category is the weighted composite accuracy rate for all three types of disbursements. "Weighted" composite accuracy rate means that the volume of end products produced in each category is taken into account in the calculation of average accuracy in order to make it more representative of the group. Data for this measure is collected monthly and is reported on the Balanced Scorecard as a 12-month moving average.

Unit Cost is the category that looks at what resources are used to achieve the results shown by the other measures. It will rely upon Activity Based Costing (ABC) that looks at activities and identifies all costs associated with producing a service or a product. To make year-to-year comparison more meaningful, unit costs are expressed in constant 1997 dollars:

Maintenance Cost per Policy- This measure is calculated by determining the activities and costs associated with maintaining policies, including direct and indirect support. The cost of maintaining policies is divided by the average number of policies in force during the year to obtain the cost of maintaining each policy for a year.

Cost per Death Claim- This measure is calculated by determining the activities and costs associated with processing a death claim, including direct and indirect support. The cost of processing a death claim is divided by the number of death claims processed during the year to arrive at a cost per claim processed.

In addition to the unit cost measures shown above, the following measure is included in this category.

Favorable Inspector General's (IG) Audit Opinion - Each year, the IG conducts an audit of each Insurance program to determine if assets, liabilities, income and expenses are reported properly in the Chief Financial Officer statements. Their audit states whether or not the Chief Financial Officer (CFO) statements present fairly the financial position and results of operations of the Insurance Programs. The measure for this objective will simply be a "yes" or "no" on whether we received a favorable opinion.

Veterans' Satisfaction is the category that measures performance from the perspective of the veteran. It is generally based on the results of surveys although Insurance has included two measures in this category which directly relate to veterans' satisfaction but are not based on surveys. These are the telephone service factors of toll-free telephone blockage and average caller hold time.

**High Ratings Received from Veterans** - The Insurance program utilizes a survey instrument for the purpose of measuring veterans' satisfaction. The survey is made up of ten brief questionnaires, sent monthly, which target specific areas of service within the Claims and Policyholders Services Divisions. Veterans are asked to evaluate different aspects of service delivery on a five-point rating scale. The results are then tabulated using what is referred to as "Top Box Scoring." This measure combines all responses that scored in either of the highest two categories of the scale and divides that number by the combined total responses received to get the percentage of high ratings. Top Box Scoring gives a clear picture of both strong and problem areas. Therefore, the first measure under Veterans' Satisfaction is the percentage of survey responses falling into the top two categories for all customer surveys (score of 5 or 4). Customer survey data is gathered and recorded by the Policyholders Services and Insurance Claims Divisions.

**Low Ratings Received from Veterans** - The second measure under Veterans' Satisfaction is the percentage of veterans that give us a low rating on the veterans' satisfaction surveys. A low rating is defined as a rating of either 1 or 2 on the five point rating scale.

Note- Reporting Delay: Scores for these two measures are tabulated each month and are reported on the BSC as 12-month moving averages. However, the results of these surveys are reported on a three month delayed basis to allow for collection and tabulation of the responses, e.g., February score of survey results is the 12 month average for responses on work done from December 1997 through November 1998. Services are performed in November 1998, surveys are released in December 1998 and returned in February 1999. By March 10<sup>th</sup> all survey results for November have been tabulated and reported in February data. This delay is true only for the Customer Survey results. The scores of all other elements are true to the reporting month, e.g., February score is the average on work done from March 1998 through February 1999.

**Toll-free Telephone Service Blockage** - The third measure under Veterans' Satisfaction is the percentage of callers who receive a busy signal when dialing the Insurance toll-free service, divided by the total number of call attempts. Blockage data is provided by the toll-free carrier, Sprint. Blockage data is shown on the BSC as a 12-month moving average.

**Average Hold Time on Toll-free Telephone Service** - The fourth measure under Veterans' Satisfaction is the average length of time (in seconds) that a caller waits before being connected to a telephone agent. Hold time data is provided by the ACD Management Information System in the Philadelphia VARO&IC. Average Hold Time data is shown on the BSC as a 12 month moving average.

Employee Measures support organizational growth. This category includes such elements as the skill level of the workforce, training needs, and strengths and weaknesses of the organization from the employees' perspective.

Survey of Employee Skills and Training Needs - This measure will be based on the New York Regional Office Technical Skills Matrix.

The Technical Skills Matrix is a tool that focuses on the skill acquisition and skill development of employees. Skill lists for each position were compiled by teams of the division supervisors in collaboration with the Insurance Service. These lists are incorporated into the NYRO computer program, which in turn will be used to query the employees on the skills they have, the skills they are learning and the skills they need to provide complete customer service to veterans and their families. The individual assessment results are combined to provide a picture of current skills in the unit, team, division or business line.

Computer Based Training Modules Completed - This will be a measure of our progress in getting as much of our training as possible automated in order to gain all of the advantages that such a system offers. Current plans call for the automation of five out of the nine Policyholders Services training modules. The score of this measure will be the percent of modules completed and being used operationally.

Employee Satisfaction Index - The Insurance Service utilizes the national One-VA Survey for the purpose of measuring employee satisfaction. Employees responded to 146 statements that are categorized into 18 different dimensions. Employees rate these statements about the organization and their job satisfaction on a five-point scale. The reported score is the mean (average) score based on the number of employee responses in each category (1 through 5) to questions #131 and #132 in the One-VA Survey of 1999.

### Scoring

#### The Five Basic Performance Categories

The BSC scoring system is based on a possible maximum score of 100 points. Points are awarded based on the program performance in five basic performance categories. Each of the five areas has been assigned a relative weight based on its importance to the accomplishment of the overall program objectives as follows:

Category of Performance	Weight
Speed	10
Accuracy	15
Unit Cost	20
Veterans' Satisfaction	40
Employee Measures	15
Total Score	100

The most important area measured in the Insurance Program is considered to be Veterans' Satisfaction. Therefore, Veterans' Satisfaction has been assigned the highest weight of any area (40 out of the 100 points). This means that if we had a perfect performance in Veterans' Satisfaction we would earn 40 points in that category toward our total score.

#### Measures Under Each Performance Category

Each basic performance category is made up of measures unique to the business line. Each measure is assigned a portion of the categories allotted "weight" as shown in the table below. For instance, under Veterans' Satisfaction there are four measures. Each has been assigned relative weights according to its importance. The total weights assigned to each of the four measures equals the total Veterans' Satisfaction category weight of 40.

Category	Category Weight	Measure	Measure Weight
Speed	10	Processing Days for Disbursements	10
Accuracy	15	Accuracy of Disbursements	15
Unit Cost	20	Maintenance Cost per Policy	6
		Cost per Death Claim Processed	6
		Favorable Inspector General's Opinion	8
Veterans' Satisfaction	40	High Ratings Received from Veterans'	15
		Low Ratings Received from Veterans'	15
		Toll-free Blockage	5
		Toll-free Average Hold Time	5
Employee Measures	15	Survey of Skill and Training Needs	5
		Computer Based Training Modules Completed	5
		Employee Satisfaction Index	5
Total Score	100		100

#### Establishing Appropriate Performance Targets and Zero Values

Each measure is assigned a 2000 target and 2004 strategic objective. (Strategic Objective is just another term for long range target). These are the levels of performance we want to achieve in fiscal years 2000 and 2004. Targeted performance levels are based on current performance, historical trends, initiatives designed to improve performance and the need for improvement in specific areas. For scoring purposes, by reaching (or exceeding) the target level of performance in a given measure we receive 100% credit on the BSC for that measure.

In addition, each measure is assigned a performance level at which we will receive zero credit on the BSC for that measure. This is called the zero value. Zero values are

established through our knowledge of historic performance trends and customer expectations.

The table below shows each measure's zero value, 1999 performance, 2000 target performance and 2004 strategic objective. The narrative below the table explains our reasoning in arriving at these targets. These numbers are based on managers' judgment. The intent is to set goals that are balanced in their overall approach, make good sense for the program and may be somewhat difficult to meet. Note that in some cases the 1999 performance level is near or exceeding the target performance level. In situations where current performance is better than what was considered "normal" in the recent past we would like to see program performance remain at the current high level for a reasonable time period before changing the target.

Measure	Zero Value	1999 Actual	2000 Target	2004 Strategic Object:
<b>Speed</b>				
Processing Days for Disbursements	7.5	3.2	3.0	2.5
<b>Accuracy</b>				
Accuracy of Disbursements	90	99.1	99	99
<b>Unit Cost</b>				
Maintenance Cost per Policy	\$19.50	\$11.25	\$11.87	\$13.00
Cost per Death Claim Processed	\$127.50	\$78.18	\$85.65	\$85.00
Favorable Inspector General's Opinion	No	Yes	Yes	Yes
<b>Customer Satisfaction</b>				
High Ratings Received from Veterans'	90	96.4	95	95
Low Ratings Received from Veterans'	5	1.3	2	2
Toll-free Blockage	10	6	6	1
Toll-free Average Hold Time	30	20	21	20
<b>Employee Development</b>				
Survey of Skills and Training Needs	TBD	TBD	TBD	TBD
Computer Based Training Modules	0	1	4	5
Employee Satisfaction Index	1	N/A	3.5	4

Average Processing Days for Disbursements - Our strategic objective in this category is to process disbursements in 2.5 workdays. The 1999 average was 3.2 days. The Paperless Processing initiative is expected to improve the performance under this measure. The zero value has been set at 7.5 workdays.

Accuracy of Disbursements - Our strategic objective in this category is to have 99% of all disbursements be paid accurately. Historically, the accuracy of disbursements has

been very high and the goal is to maintain this level of accuracy. The zero value has been set at 90% accuracy.

Maintenance Cost per Policy - The strategic objective for this measure is to hold the cost of maintaining a policy to \$11.87 for FY2000 and below \$13.00 for FY2004. The administrative costs of the VBA Insurance program are significantly lower than comparable commercial insurance company costs. Our challenge is to maintain our low cost structure while offering world class service. The zero value has been set at 50% higher than the strategic objective.

Cost per Claim Processed - The strategic objective for this measure is to process Death Claims for \$85.65 each in FY2000 and \$ 85.00 in FY2004. As discussed above, the VBA Insurance program costs are significantly lower than comparable commercial insurance company costs. Our challenge is to maintain our low cost structure while offering world class service. The zero value has been set at 50% higher than the strategic objective.

Favorable Inspector General's (IG) Audit Opinion - The goal for this measure is, of course, to receive a favorable IG Audit Opinion. The zero value is equivalent to receipt of an unfavorable opinion from the IG.

High Ratings Received from Veterans - The strategic objective for this measure is to receive high ratings on 95% of survey response. In 1998, the Insurance program received favorable ratings on 95 of responses. In 1999, performance improved to 96%. The zero value has been set at 90%.

Low Ratings Received from Veterans - The strategic objective for this measure is to reduce low veterans' satisfaction ratings to 2% of total responses. In 1998, the program received low ratings on 2% of all responses. Here too, 1999 data shows an improvement (1%). The zero value has been set at 5%.

Toll-free Telephone Service Blockage - Our strategic objective for blockage is 1%. In 1998, blockage averaged 17%, however, it improved to 6% in 1999. Additional toll-free trunk lines and staffing were added mid- 1998, resulting in improved performance. The zero value has been set at 10 percent.

Average Hold Time on Toll-free Telephone Service - Our strategic objective for average hold time will be 30 seconds. In 1998, the Insurance program averaged 35 seconds but that figure improved to 20 seconds in 1999. The zero value has been set at 30 seconds.

Survey of Employee Skills and Training Needs - This measure does not have a strategic objective or zero values since it is still under development.

Computer Based Training Modules Completed - Our strategic objective will be to complete the five modules currently planned. These are the five most difficult training modules out of the nine total training modules. To date, one module has been completed.

Employee Satisfaction Index - The strategic objective for this measure is to increase favorable employee satisfaction mean (average) of responses to questions #131 and #132 of the One-VA Survey of 1999 to 4. The 1999 survey resulted in favorable ratings of 3.22 for the Service and 3.3 for the Station. The Y2000 target is 3.5 and the zero value has been set at 1.

### Calculating Our Score

Once the strategic objective level and the zero value level have been established for each measure, we can calculate our score for that measure. The formula is:

Points Earned = Measure Weight \* (Actual Performance Level - Zero Value) / (Strategic Objective - Zero Value)

For example, the calculation for points earned under the blockage measure could be calculated as follows. A maximum of 5.0 points can be earned under the blockage measure. The strategic goal is 1% blockage and the zero value is 10% blockage. In the sample calculation below, the actual blockage is 5.65% which means 2.4 points were earned in this measure as follows:

$$\text{Points} = 5.0 * (5.24-10) / (1-10)$$

The sum of all points earned then equals the program score. For example, on the attached sample scorecard, the total point are arrived at by adding the earned points in each category as follows:

86.5 Total Points Earned = + 8.5 (Processing Days for Disbursement)  
 +15.0 (Accuracy of Disbursements)  
 + 6.0 (Maintenance Cost per Policy)  
 + 5.9 (Cost per Death Claim)  
 + 8.0 (Favorable IG Audit Opinion)  
 +15.0 (High Veterans' Ratings)  
 +15.0 (Low Veterans' Ratings)  
 + 2.6 (Toll-free Blockage)  
 + 5.0 (Average Hold Time)  
 +TBD (Employee Skills Survey)  
 + 1.0 (Computer Based Training Modules)  
 + 3.8 (Employee Satisfaction Index)

**INSURANCE  
NATIONAL BALANCED SCORECARD  
FY 2000**

Category Weight	Speed	Accuracy	Unit Cost			Veterans' Satisfaction				Employee Development		
	10%	15%	20%	20%	20%	40%	40%	40%	40%	15%	15%	15%
Measure	Processing Days for Disbursements (in work days)	Accuracy of Disbursements (in percent)	Maintenance Cost per Policy (in 1997 Dollars)	Cost per Death Claim Processed (in 1997 Dollars)	Favorable LG Opinion (Yes or No)	High Ratings Received (in percent)	Low Ratings Received (in percent)	Tollfree Blockage (in percent)	Tollfree Average Hold Time (in seconds)	Survey of Employee Skills and Training Needs (not determined)	Computer Based Training Modules Completed (number completed)	One VA Survey Elements Employee Satisfaction Index
<b>Strategic Objective (2000)</b>	<b>2.5</b>	<b>99</b>	<b>\$ 13.00</b>	<b>\$ 85.00</b>	<b>Yes</b>	<b>95</b>	<b>2</b>	<b>1</b>	<b>20</b>	<b>TBD</b>	<b>5</b>	<b>4</b>
<b>2000 Targets</b>	<b>3.0</b>	<b>99</b>	<b>\$ 11.87</b>	<b>\$ 85.65</b>	<b>Yes</b>	<b>95</b>	<b>2</b>	<b>6</b>	<b>21</b>	<b>TBD</b>	<b>4</b>	<b>3.5</b>
<b>Zero Value</b>	<b>7.5</b>	<b>90</b>	<b>\$ 19.50</b>	<b>#####</b>	<b>No</b>	<b>90</b>	<b>5</b>	<b>10</b>	<b>30</b>	<b>TBD</b>	<b>0</b>	<b>1</b>
<b>Actual</b>	<b>3.3</b>	<b>98.8</b>	<b>\$ 11.87</b>	<b>\$ 85.65</b>	<b>Yes</b>	<b>96.1</b>	<b>1.5</b>	<b>4.8</b>	<b>21.2</b>	<b>TBD</b>	<b>1</b>	<b>3.3</b>
<b>Last Actual Month</b>	<b>May-00</b>	<b>May-00</b>	<b>2000 E</b>	<b>2000 E</b>	<b>1999</b>	<b>#####</b>	<b>#####</b>	<b>May-00</b>	<b>May-00</b>	<b>NA</b>	<b>Oct-98</b>	<b>1999</b>
<b>Data Validator</b>	<b>LG</b>	<b>LG</b>	<b>YM</b>	<b>YM</b>	<b>MT</b>	<b>LG</b>	<b>LG</b>	<b>BH</b>	<b>BH</b>	<b>NA</b>	<b>PO</b>	<b>LG</b>
<b>Strategic Objective Earned Points</b>	<b>8.4</b>	<b>14.6</b>	<b>6.0</b>	<b>5.9</b>	<b>8.0</b>	<b>15.0</b>	<b>15.0</b>	<b>2.9</b>	<b>4.4</b>	<b>TBD</b>	<b>1.0</b>	<b>3.83</b>
<b>Maximum Points</b>	<b>10.0</b>	<b>15.0</b>	<b>6.0</b>	<b>6.0</b>	<b>8.0</b>	<b>15.0</b>	<b>15.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
<b>Total Score</b>	<b>85.1</b>		FYTD: 12 month cumulative as of 5/31/2000									
<b>Maximum Score</b>	<b>100.0</b>											