

DEPARTMENT OF VETERANS AFFAIRS

The 2003 budget provides \$27,531 million in discretionary funding for veterans health, benefits, and other services, including \$26,447 million in gross discretionary budget authority and \$1,084 million in anticipated discretionary medical collections.

This funding level recognizes that VA will administer a new state grant program that consolidates several training grant programs previously administered by the Department of Labor. The funding level also recognizes a new annual medical care deductible charged to higher-income non-disabled veterans.

The account by account information provided in the following budget schedules is supplemented by a department-wide strategic plan, published in September 2001, a performance plan submitted annually with the Budget, and an annual performance report. The performance plan contains annual goals for each of the Department of Veterans Affairs' (VA) programs along with historic performance data, where available. The plan highlights approximately 24 key measures that VA's top executives consider critical to the success of the Department. The performance report includes actual program performance as measured against goals.

VETERANS HEALTH ADMINISTRATION

Federal Funds

General and special funds:

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; aid to State homes as authorized by 38 U.S.C. 1741; administrative and legal expenses of the department for collecting and recovering amounts owed the department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq., **[\$21,331,164,000]** \$23,537,183,000, plus reimbursements: *Provided*, That of the funds made available under this heading, **[\$675,000,000]** \$500,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, **[2002]** 2003, and shall remain available until September 30, **[2003]** 2004: *Provided further*, That of the funds made available under this heading, not to exceed \$900,000,000 shall be available until September 30, **[2003]** 2004: *Provided further*, That of the funds made available under this heading for non-recurring maintenance and repair (NRM) activities, \$15,000,000 shall be available without fiscal year limitation to support the NRM activities necessary to implement Capital Asset Realignment for Enhanced Services (CARES) activities: *Provided further*, That from amounts appropriated under this heading, additional amounts, as designated by the Secretary no later than September 30, 2002, may be used for CARES activities without

fiscal year limitation]2004: *Provided further*, That the Secretary of Veterans Affairs shall conduct by contract a program of recovery audits for the fee basis and other medical services contracts with respect to payments for hospital care; and, notwithstanding 31 U.S.C. 3302(b), amounts collected, by setoff or otherwise, as the result of such audits shall be available, without fiscal year limitation, for the purposes for which funds are appropriated under this heading and the purposes of paying a contractor a percent of the amount collected as a result of an audit carried out by the contractor: *Provided further*, That all amounts so collected under the preceding proviso with respect to a designated health care region (as that term is defined in 38 U.S.C. 1729A(d)(2)) shall be allocated, net of payments to the contractor, to that region.

In addition, in conformance with Public Law 105-33 establishing the Department of Veterans Affairs Medical Care Collections Fund, such sums as may be deposited to such Fund pursuant to 38 U.S.C. 1729A may be transferred to this account, to remain available until expended for the purposes of this account. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.*)

Unavailable Collections (in millions of dollars)

Identification code 36-0160-0-1-703	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	59	62	62
Receipts:			
02.20 Medical care collections	771		
02.21 MCCF first party collections		228	192
02.22 MCCF third party collections		577	529
02.23 Pharmaceutical copayments		225	364
02.24 Enhanced-use lease proceeds		1	1
02.25 Deductibles, MCCF			363
02.99 Total receipts and collections	771	1,031	1,449
04.00 Total: Balances and collections	830	1,093	1,511
Appropriations:			
05.00 Medical care	-768	-1,031	-1,449
05.99 Total appropriations	-768	-1,031	-1,449
07.99 Balance, end of year	62	62	62

Program and Financing (in millions of dollars)

Identification code 36-0160-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct program:			
Operating expenses:			
Provision of veterans health care:			
00.01 Acute hospital care	5,257	5,456	5,644
00.02 Rehabilitative care	421	447	464
00.03 Psychiatric care	1,203	1,187	1,159
00.04 Nursing home care	2,044	2,129	2,247
00.05 Subacute care	371	357	339
00.06 Residential care	402	416	415
00.07 Outpatient care	9,970	11,070	12,479
00.08 Miscellaneous benefits and services	1,112	1,210	1,289
00.09 CHAMPVA	158	236	394
00.91 Total operating expenses	20,938	22,508	24,430
Capital investment:			
Provision of veterans health care:			
01.01 Acute hospital care	269	222	196
01.02 Rehabilitative care	20	20	20
01.03 Psychiatric care	55	55	55
01.04 Nursing home care	59	59	59
01.05 Subacute care	16	16	16
01.06 Residential care	19	19	19
01.07 Outpatient care	481	481	481
01.08 Miscellaneous benefits and services	33	33	33
01.09 CHAMPVA (GPRA)	3	3	3
01.91 Total capital investment	955	908	882

General and special funds—Continued

MEDICAL CARE—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0160-0-1-703	2001 actual	2002 est.	2003 est.
01.92 Total direct program	21,893	23,416	25,312
09.01 Reimbursable program	128	156	181
10.00 Total new obligations	22,021	23,572	25,493
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,324	1,083	771
22.00 New budget authority (gross)	21,783	23,257	25,167
22.10 Resources available from recoveries of prior year obligations		3	3
23.90 Total budgetary resources available for obligation	23,107	24,343	25,941
23.95 Total new obligations	-22,021	-23,572	-25,493
23.98 Unobligated balance expiring or withdrawn	-2		
24.40 Unobligated balance carried forward, end of year	1,083	771	448
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	20,986	22,071	23,537
40.20 Appropriation (special fund)	768	805	1,084
40.77 Reduction pursuant to P.L. 106-554 (0.22 percent)	-46		
41.00 Transferred to other accounts	-53	-1	
43.00 Appropriation (total discretionary)	21,655	22,875	24,621
Mandatory:			
60.20 Appropriation (special fund)		226	365
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)	117	156	181
68.10 Change in uncollected customer payments from Federal sources (unexpired)	11		
68.90 Spending authority from offsetting collections (total discretionary)	128	156	181
70.00 Total new budget authority (gross)	21,783	23,257	25,167
Change in obligated balances:			
72.40 Obligated balance, start of year	2,448	2,647	3,008
73.10 Total new obligations	22,021	23,572	25,493
73.20 Total outlays (gross)	-21,760	-23,208	-25,080
73.40 Adjustments in expired accounts (net)	-64		
73.45 Recoveries of prior year obligations		-3	-3
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-11		
74.10 Change in uncollected customer payments from Federal sources (expired)	13		
74.40 Obligated balance, end of year	2,647	3,008	3,418
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	18,550	19,763	21,400
86.93 Outlays from discretionary balances	3,209	3,242	3,329
86.97 Outlays from new mandatory authority		203	329
86.98 Outlays from mandatory balances			23
87.00 Total outlays (gross)	21,760	23,208	25,080
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-50	-62	-72
88.40 Non-Federal sources	-79	-94	-109
88.90 Total, offsetting collections (cash)	-129	-156	-181
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-11		
88.96 Portion of offsetting collections (cash) credited to expired accounts	12		
Net budget authority and outlays:			
89.00 Budget authority	21,655	23,101	24,986
90.00 Outlays	21,631	23,052	24,899

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	20,951	22,361	24,193
90.00 Outlays	20,927	22,312	24,106

For 2003, the budget process provides total resources for the VA Medical Care program of \$25.0 billion, an increase of \$1.9 billion (\$1.5 billion in medical care and \$0.4 billion in collections) over the 2002 level. This includes \$23.5 billion in appropriated budget authority, \$1.1 billion to be collected in the Medical Care Collections Fund, \$365 million in anticipated collections from the Health Services Improvement Fund, and other available resources.

The budget request also includes a proposal to establish a \$1,500 annual deductible for priority level 7 veterans (non-disabled, higher-income). This proposal is in response to the significant growth in enrollment and usage by priority level 7 veterans over the last 3 years, as well as anticipated future growth. The objective is to have these veterans pay a larger portion of the cost of their health care. Coupled with the recent increase in pharmacy co-payments and decrease in outpatient care co-payments, this proposal makes certain that VA's health care system is able to continue providing high-quality health care to VHA's core population—disabled and low-income veterans.

Veterans will be assessed the deductible for their inpatient and outpatient care at a rate of 45 percent of the reasonable charges, which equals VA's cost to provide this care, up to a \$1,500 annual ceiling. This legislative proposal is included in the general provisions of the appropriation request. Obligation estimates in this section include the net cost and revenue associated with this copayment.

WORKLOAD

Provision of Veterans Health Care—

Acute hospital care.—Costs for 2003 are estimated to increase by \$166 million for operating medical, neurological, surgical, contract and State home hospital beds, reflecting the shift to increased use of ambulatory care.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	438,735	441,450	443,028
Average daily census	8,066	8,046	8,035
Average employment	49,586	48,307	47,303

Rehabilitative care.—An increase of \$18 million in 2003 is estimated for the provision of rehabilitative care, including spinal cord injury care.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	14,705	14,705	14,852
Average daily census	1,173	1,170	1,168
Average employment	4,782	4,878	4,976

Psychiatric care.—A decrease of \$28 million is estimated in 2003 for the inpatient care of veterans with problems related to mental illness, including alcohol and drug problems.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	101,831	101,338	100,852
Average daily census	4,214	4,029	3,843
Average employment	14,177	13,524	12,931

Nursing home care.—In 2003, an increase of \$120 million is estimated for the care of residents in VA nursing homes, contract nursing homes and State nursing homes.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	87,232	90,351	97,492
Average daily census	31,941	31,963	33,168
Average employment	20,766	21,684	22,529

Noninstitutional extended care.—Included in outpatient estimates in 2003 is an increase of \$103 million estimated for noninstitutional extended care programs such as adult day care; home based primary care, skilled nursing and rehabilitation care; and home health aids.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Average daily census	24,734	30,633	35,907

Subacute care.—A decrease of \$18 million is estimated in 2003 for the treatment of veterans who require a level of care between acute and long-term care, as provided in VA hospital intermediate bed sections.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	41,451	39,946	39,147
Average daily census	1,701	1,543	1,435
Average employment	4,651	4,206	3,916

Residential care.—A decrease of \$1 million is estimated in 2003 for the care of veterans in locations other than their own homes, such as residential rehabilitation and domiciliary care programs.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Patients treated	45,495	44,676	44,367
Average daily census	10,697	10,771	10,712
Average employment	4,752	4,682	4,565

Outpatient care.—An increase of \$1,426 million is estimated in 2003 for the cost of outpatient medical and dental care provided by staff, physicians, and dentists participating under a fee basis arrangement for certain eligible veterans.

Estimated operating levels are:

NUMBER OF MEDICAL VISITS AND DENTAL WORKLOADS

	2001 actual	2002 est.	2003 est.
Medical visits (in thousands):			
Staff visits	40,506	43,246	45,003
Fee visits	2,395	2,814	3,309
Readjustment counseling	907	910	910
Total	43,808	46,970	49,222

	2001 actual	2002 est.	2003 est.
Dental:			
Staff:			
Examinations	402,966	403,000	403,000
Treatments	134,628	140,000	140,000
Total	537,594	543,000	543,000
Fee: Cases completed	11,875	12,000	12,000
Average employment	76,386	75,971	79,802

Miscellaneous benefits and services.—An increase of \$80 million is estimated in 2003 for the cost of this activity which includes items of nondirect medical care and treatment such as beneficiary travel, care of the dead, operation of personnel quarters at medical facilities, and the cost of furnishing supply, engineering, housekeeping, and other administrative support services to other departments on a nonreimbursable basis.

	2001 actual	2002 est.	2003 est.
Average employment	7,660	7,967	8,286

Civilian health and medical program of the Department of Veterans Affairs (CHAMPVA).—An increase of \$158 million is estimated in 2003 for private hospital and outpatient care for dependents and survivors of certain veterans.

Estimated operating levels are:

	2001 actual	2002 est.	2003 est.
Average daily hospital census	155	156	157
Outpatient (in thousands)	1,320	2,647	3,530
Average employment	186	281	313

PERFORMANCE MEASURES

Chronic Disease Care Index II and Prevention Index II.—Investment in effective chronic disease management results in improved health of veterans and reduced use of services. The prevention index spotlights and summarizes a variety of evidenced based measures for high quality preventive health care.

	2001 actual	2002 est.	2003 est.
Chronic Disease Care Index II	77%	78%	79%
Prevention Index II	80%	80%	80%

Waiting Time for Scheduled Appointments.—VA's strategy is to improve access and timeliness of service by reducing waiting times in specific clinics as well as primary care clinics in medical centers nationwide.

	2001 actual	2002 est.	2003 est.
Percent of patients seen within 20 minutes of a scheduled appointment	63%	70%	72%
Percent of primary care appointments scheduled within 30 days of desired date	87%	88%	88.5%
Percent of specialist appointments scheduled within 30 days of desired date	84%	85%	86.5%

Hepatitis C.—VA's strategy is to improve the screening, testing, and treatment of hepatitis C in the veteran population. As a result, VA has developed three performance measures to track the hepatitis C program.

	2001 actual	2002 est.	2003 est.
Percent of patients screened and/or tested for the risk factors for hepatitis C	51%	56%	61%
Percent of patients tested for hepatitis C subsequent to a positive hepatitis C risk factor screening	48%	61%	65%
Percent of patients with hepatitis C who have annual assessments of liver function	Baseline to be established in 2002		

CARES.—VA is seeking to right-size its infrastructure through the CARES process. Its goal is to eliminate excess space (as defined by the CARES study) in a VISN four years after a Secretarial decision is made.

	2001 actual	2002 est.	2003 est.
Percent cumulative reduction in excess space as a result of CARES	N/A	10%	30%

Object Classification (in millions of dollars)

Identification code 36—0160—0—1—703	2001 actual	2002 est.	2003 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	7,357	7,466	7,909
11.3 Other than full-time permanent	979	994	1,053
11.5 Other personnel compensation	941	955	1,012
Total personnel compensation	9,277	9,415	9,974
12.1 Civilian personnel benefits	3,023	3,365	3,516
13.0 Benefits for former personnel	32	35	40
Travel and transportation of persons:			
21.0 Employee travel	50	56	60
21.0 Beneficiary travel	127	129	132
21.0 Interagency motor pool payments	18	19	21
21.0 All other	42	43	46
22.0 Transportation of things	23	25	26
23.1 Rental payments to GSA	10	10	11
23.2 Rental payments to others	49	52	55
23.3 Communications, utilities, and miscellaneous charges	647	764	852
24.0 Printing and reproduction	11	13	14
25.2 Other contractual services	2,041	2,274	2,550
Medical care:			
25.6 Outpatient dental fees	13	14	14
25.6 Medical and nursing fees	428	489	533
25.6 Community nursing homes	231	179	217
25.6 Contract hospitalization	327	339	352
25.6 Civilian Health and Medical Program of the Department of Veterans Affairs	145	215	375
Supplies and materials:			
26.0 Supplies and materials	4,022	4,610	5,139
26.0 Provisions	75	75	76
31.0 Equipment	653	606	610
32.0 Land and structures	302	302	272

General and special funds—Continued

MEDICAL CARE—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

Object Classification (in millions of dollars)—Continued

Identification code 36-0160-0-1-703	2001 actual	2002 est.	2003 est.
Grants, subsidies, and contributions:			
41.0 Grants, subsidies, and contributions	328	367	406
41.0 Grants to private organizations	18	18	19
43.0 Interest and dividends	1	2	2
99.0 Direct obligations	21,893	23,416	25,312
99.0 Reimbursable obligations	128	156	181
99.9 Total new obligations	22,021	23,572	25,493

Personnel Summary

Identification code 36-0160-0-1-703	2001 actual	2002 est.	2003 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	181,854	180,230	180,500
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	1,092	1,270	1,323

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, [2003, \$371,000,000], 2004, \$409,075,000, plus reimbursements. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.)

Program and Financing (in millions of dollars)

Identification code 36-0161-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct program:			
Operating expenses:			
00.01 Medical research	224	249	250
00.02 Rehabilitation research	32	36	37
00.03 Health services research	45	48	48
00.04 Cooperative studies research	31	51	50
00.91 Total operating expenses	332	384	385
Capital investment:			
01.01 Medical research	11	16	14
01.02 Rehabilitation research	3	5	4
01.03 Health services research	2	4	4
01.04 Cooperative studies research	2	2	2
01.91 Total capital investment	18	27	24
01.92 Total direct program	350	411	409
09.01 Reimbursable program	27	33	33
10.00 Total new obligations	377	444	442
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	23	36	9
22.00 New budget authority (gross)	390	417	442
23.90 Total budgetary resources available for obligation	413	453	451
23.95 Total new obligations	-377	-444	-442
24.40 Unobligated balance carried forward, end of year	36	9	9
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	364	384	409
40.35 Appropriation rescinded	-1		
43.00 Appropriation (total discretionary)	363	384	409
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	27	33	33
70.00 Total new budget authority (gross)	390	417	442

Change in obligated balances:

72.40 Obligated balance, start of year	102	97	130
73.10 Total new obligations	377	444	442
73.20 Total outlays (gross)	-378	-411	-436
73.40 Adjustments in expired accounts (net)	-2		
74.40 Obligated balance, end of year	97	130	136

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	284	310	329
86.93 Outlays from discretionary balances	95	101	107
87.00 Total outlays (gross)	378	411	436

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-27	-33	-33

Net budget authority and outlays:

89.00 Budget authority	363	384	409
90.00 Outlays	352	378	403

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	350	371	394
90.00 Outlays	339	365	388

The Medical and Prosthetic Research account is an intramural program whose mission is to acquire knowledge and create innovations that advance the health and care of veterans and the Nation. Veterans health issues are addressed comprehensively in the following four program divisions:

Medical Research.—Medical Research strives to understand the disease process so that efficient, rational interventions can be made to cure or alleviate the effects of disease. The program supports investigator-initiated research projects, the training of clinicians in basic and clinical research, and centers of excellence devoted to specific diseases. The research is done in areas particularly relevant to the veteran population—aging, chronic disease, mental illness, substance abuse, military occupations, and environmental exposures.

Rehabilitation Research.—Rehabilitation Research is dedicated to the development and application of science and engineering to improve the care and quality of life for the physically disabled. The program supports investigator-initiated research projects, the training of clinicians and engineers in rehabilitation research, centers of excellence devoted to specific disabilities, and technology transfer. The research is done in areas particularly relevant to the disabled veteran population—aging, sensory loss, and trauma related illness.

Health Services Research.—Health Services Research is directed toward improving the outcome effectiveness and cost efficiency of health care delivery for the veteran population. The program supports investigator-initiated research projects, the training of clinicians in applied clinical research, centers of excellence devoted to specific aspects of health care delivery, and service-directed projects addressing clinical management needs. The research focuses on the translation of research findings to clinical best practices for all veteran patients. Particular contributions are made in the areas of aging, substance abuse, health systems, and special populations.

Cooperative Studies.—Cooperative Studies Research has recently been separated from the Medical Research and Health Services Research programs and is directed toward large multi-site clinical trials. Cooperative Studies supports the clinical trials with its own statistical support centers and its own FDA-approved pharmacy. The research determines the efficacy and cost effectiveness of new medications and new treatment strategies of direct benefit to the veteran popu-

lation in the areas of aging, chronic disease, mental illness, special populations, and military occupations and environmental exposures.

VA's Medical and Prosthetic Research programs are included in the Federal Science & Technology (FS&T) budget.

SUMMARY OF BUDGETARY RESOURCES

(In millions of dollars)

	2001 actual	2002 est.	2003 est.
Medical and prosthetic research appropriation	363	384	409
Medical care appropriation	355	377	400
Federal grants (NIH)	417	438	460
Other grants (voluntary agencies, private proprietary)	178	186	196
Total budgetary resources	1,313	1,385	1,465

Object Classification (in millions of dollars)

Identification code 36-0161-0-1-703	2001 actual	2002 est.	2003 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	46	52	54
11.3 Other than full-time permanent	76	86	89
11.5 Other personnel compensation	22	24	25
11.9 Total personnel compensation	144	162	168
12.1 Civilian personnel benefits	50	54	57
21.0 Employee travel	3	4	5
23.3 Communications, utilities, and miscellaneous charges	1	2	1
24.0 Printing and reproduction	1	1	1
25.5 Research and development contracts	101	120	119
26.0 Supplies and materials	32	41	37
31.0 Equipment	18	27	21
99.0 Direct obligations	350	411	409
99.0 Reimbursable obligations	27	33	33
99.9 Total new obligations	377	444	442

Personnel Summary

Identification code 36-0161-0-1-703	2001 actual	2002 est.	2003 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	2,796	2,723	2,907
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	223	260	260

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of capital policy activities, **[\$66,731,000] \$77,214,000, of which \$3,861,000 should be available until September 30, 2004, plus reimbursements: Provided,** That technical and consulting services offered by the Facilities Management Field Service, including project management and real property administration (including leases, site acquisition and disposal activities directly supporting projects), shall be provided to Department of Veterans Affairs components only on a reimbursable basis, and such amounts will remain available until September 30, **[2002] 2003.** (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.*)

Program and Financing (in millions of dollars)

Identification code 36-0152-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Operating expenses: Integrated health care system administration	68	73	76

00.02 Capital investment	1	1	1
01.00 Total direct program	69	74	77
09.01 Reimbursable program	7	7	7
10.00 Total new obligations	76	81	84

Budgetary resources available for obligation:

22.00 New budget authority (gross)	76	81	84
23.95 Total new obligations	-76	-81	-84

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	69	74	77
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	7	7	7
70.00 Total new budget authority (gross)	76	81	84

Change in obligated balances:

72.40 Obligated balance, start of year	14	10	10
73.10 Total new obligations	76	81	84
73.20 Total outlays (gross)	-79	-81	-84
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	10	10	10

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	69	73	76
86.93 Outlays from discretionary balances	10	9	8
87.00 Total outlays (gross)	79	81	84

Offsets:

Against gross budget authority and outlays:			
88.45 Offsetting collections (cash) from: Offsetting governmental collections (from non-Federal sources)	-7	-7	-7

Net budget authority and outlays:

89.00 Budget authority	69	74	77
90.00 Outlays	71	74	77

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	62	67	70
90.00 Outlays	64	67	70

Supervision and administration of VA's comprehensive and integrated healthcare system.—Central office staff elements provide executive direction for all Departmental medical and construction programs through program development, implementation, and the administration of policies, plans, and objectives. The Facilities Management Service Delivery Office will be directly reimbursed from organizations utilizing its services. The funding for tactical management and support activities is being aligned with organizations that directly utilize its services.

Object Classification (in millions of dollars)

Identification code 36-0152-0-1-703	2001 actual	2002 est.	2003 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	35	37	38
11.3 Other than full-time permanent	2	3	3
11.5 Other personnel compensation	6	7	7
11.9 Total personnel compensation	43	47	48
12.1 Civilian personnel benefits	15	15	16
21.0 Travel and transportation of persons: employee travel	1	2	2
23.1 Rental payments to GSA	5	5	6
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.2 Other services	3	3	3
31.0 Equipment	1	1	1
99.0 Direct obligations	69	74	77

General and special funds—Continued

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES—Continued

Object Classification (in millions of dollars)—Continued

Identification code 36-0152-0-1-703	2001 actual	2002 est.	2003 est.
99.0 Reimbursable obligations	7	7	7
99.9 Total new obligations	76	81	84

Personnel Summary

Identification code 36-0152-0-1-703	2001 actual	2002 est.	2003 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	477	494	494
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	51	51	51

Public enterprise funds:

VETERANS EXTENDED CARE REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4032-0-3-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Reimbursable program		20	40
10.00 Total new obligations (object class 25.6)		20	40

Budgetary resources available for obligation:			
22.00 New budget authority (gross)		20	40
23.95 Total new obligations		-20	-40

New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)		20	40

Change in obligated balances:			
73.10 Total new obligations		20	40
73.20 Total outlays (gross)		-20	-40

Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		20	40

Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources		-20	-40

Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

This fund was authorized by the Millennium Health Care and Benefits Act P.L. 106-117 section 101(a) to credit collections for long-term care for utilization by VA of extended care services. VA anticipates \$40 million from this effort in 2003.

MEDICAL FACILITIES REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4138-0-3-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.02 Reimbursable capital expenses	2	2	2
10.00 Total new obligations (object class 31.0)	2	2	2

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	4	3

22.00 New budget authority (gross)	1	1	1
23.90 Total budgetary resources available for obligation	5	5	4
23.95 Total new obligations	-2	-2	-2
24.40 Unobligated balance carried forward, end of year	4	3	3

New budget authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	1	1	1

Change in obligated balances:

73.10 Total new obligations	2	2	2
73.20 Total outlays (gross)	-2	-2	-2

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	1	1	1
86.98 Outlays from mandatory balances	1		
87.00 Total outlays (gross)	2	2	2

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-1	-1	-1

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	1	1	1

This account provides funds for the operating expenses of VA medical facilities furnishing nursing home care to certain veterans in receipt of pensions. Title 38 provides that a veteran with no spouse or child will only receive \$90 per month in pension beginning the third full month following the month of admission to VA furnished nursing home care. The difference between the \$90 the veteran receives and the amount otherwise authorized is transferred to this fund from the Compensation and Pension account to assist in covering expenses at the facility furnishing the nursing care.

CANTEEN SERVICE REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4014-0-3-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Reimbursable operating expenses	135	144	140
09.02 Reimbursable direct operations	86	87	87
09.10 Reimbursable capital investment: Sales program: Purchase of equipment and leasehold	5	5	4
10.00 Total new obligations	226	236	231

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	14	16	18
22.00 New budget authority (gross)	227	238	234
23.90 Total budgetary resources available for obligation	241	254	252
23.95 Total new obligations	-226	-236	-231
24.40 Unobligated balance carried forward, end of year	16	18	21

New budget authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	227	238	234

Change in obligated balances:

72.40 Obligated balance, start of year	26	19	15
73.10 Total new obligations	226	236	231
73.20 Total outlays (gross)	-233	-240	-234
74.40 Obligated balance, end of year	19	15	12

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	231	237	233
86.98 Outlays from mandatory balances	2	3	3
87.00 Total outlays (gross)	233	240	234

Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.20 Interest on Federal securities		-2	-2

88.40	Non-Federal sources	-227	-236	-232
88.90	Total, offsetting collections (cash)	-227	-238	-234
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	6	2	
Memorandum (non-add) entries:				
92.01	Total investments, start of year: Federal securities: Par value	39	32	34
92.02	Total investments, end of year: Federal securities: Par value	32	34	35

The Veterans Canteen Service was established to furnish, at reasonable prices, merchandise and services necessary for the comfort and well-being of veterans in VA medical facilities.

Financing.—Operations will be financed from current revenues.

Object Classification (in millions of dollars)

Identification code 36-4014-0-3-705	2001 actual	2002 est.	2003 est.
Personnel compensation:			
11.1 Full-time permanent	36	41	41
11.3 Other than full-time permanent	29	28	28
11.9 Total personnel compensation	65	69	69
12.1 Civilian personnel benefits	22	24	25
21.0 Travel and transportation of persons	1	1	1
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.2 Other services	4	5	3
26.0 Supplies and materials	128	131	128
31.0 Equipment	5	5	4
99.9 Total new obligations	226	236	231

Personnel Summary

Identification code 36-4014-0-3-705	2001 actual	2002 est.	2003 est.
2001 Total compensable workyears: Full-time equivalent employment	2,933	3,025	3,000

SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND

Program and Financing (in millions of dollars)

Identification code 36-4048-0-3-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Contracts	22	23	24
09.02 Education and training	1	1	1
09.03 Operating expenses	12	12	12
10.00 Total new obligations	35	36	37
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	14	16	17
22.00 New budget authority (gross)	36	37	38
23.90 Total budgetary resources available for obligation	50	53	55
23.95 Total new obligations	-35	-36	-37
24.40 Unobligated balance carried forward, end of year	16	17	18
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	36	37	38
Change in obligated balances:			
72.40 Obligated balance, start of year	2	3	3
73.10 Total new obligations	35	36	37
73.20 Total outlays (gross)	-34	-35	-36
74.40 Obligated balance, end of year	3	3	3
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	34	35	36

Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-36	-37	-38
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	-1	-2	-2

This revolving fund, established pursuant to the Veterans Omnibus Health Care Act of 1976, Public Law 94-581, provides a mechanism for the furnishing of rehabilitative services to certain veteran beneficiaries who are receiving medical care and treatment from the Department of Veterans Affairs.

Funds to operate the various rehabilitative activities and provide for the therapeutic work for remuneration for patients and members in VA health care facilities are derived from contractual arrangements with private industry or nonprofit entities. Public Law 102-54 authorizes VA to contract with any Federal agency, including VA, and authorizes the fund to cover the training, education, and travel costs of employees associated with the rehabilitative programs. This is a self-sustaining fund, and therefore no appropriation is required to support these activities.

Statement of Operations (in millions of dollars)

Identification code 36-4048-0-3-703	2000 actual	2001 actual	2002 est.	2003 est.
0101 Revenue	39	37	37	38
0102 Expense	-38	-35	-36	-37
0105 Net income or loss (-)	1	2	1	1

Balance Sheet (in millions of dollars)

Identification code 36-4048-0-3-703	2000 actual	2001 actual	2002 est.	2003 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	17	18	20	21
Investments in US securities:				
1106 Receivables, net	1	1	1	1
1206 Non-Federal assets: Receivables, net	2	3	3	3
1999 Total assets	20	22	24	25
LIABILITIES:				
2105 Federal liabilities: Other	3	3	3	3
2999 Total liabilities	3	3	3	3
NET POSITION:				
3300 Cumulative results of operations	17	19	21	22
3999 Total net position	17	19	21	22
4999 Total liabilities and net position	20	22	24	25

Object Classification (in millions of dollars)

Identification code 36-4048-0-3-703	2001 actual	2002 est.	2003 est.
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.2 Other services	33	33	34
26.0 Supplies and materials	1	2	2
99.9 Total new obligations	35	36	37

MEDICAL CENTER RESEARCH ORGANIZATIONS

Program and Financing (in millions of dollars)

Identification code 36-4026-0-3-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Operating expenses	141	144	148
09.02 Capital investments	16	17	18
10.00 Total new obligations	157	161	166
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	16	16	17

Public enterprise funds—Continued

MEDICAL CENTER RESEARCH ORGANIZATIONS—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-4026-0-3-703	2001 actual	2002 est.	2003 est.
22.00 New budget authority (gross)	157	161	166
23.90 Total budgetary resources available for obligation	173	177	183
23.95 Total new obligations	-157	-161	-166
24.40 Unobligated balance carried forward, end of year	16	17	17
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	157	161	166
Change in obligated balances:			
73.10 Total new obligations	157	161	166
73.20 Total outlays (gross)	-157	-161	-166
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	157	161	166
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-157	-161	-166
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

These nonprofit corporations provide a flexible funding mechanism for the conduct of approved research at Department of Veterans Affairs medical centers. These organizations will derive funds to operate various research activities from Federal and non-Federal sources. No appropriation is required to support these activities.

Object Classification (in millions of dollars)

Identification code 36-4026-0-3-703	2001 actual	2002 est.	2003 est.
21.0 Travel and transportation of persons	2	2	2
25.2 Other services	97	100	103
26.0 Supplies and materials	41	42	43
31.0 Equipment	17	17	18
99.9 Total new obligations	157	161	166

Trust Funds

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

Unavailable Collections (in millions of dollars)

Identification code 36-8180-0-7-705	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year			
Receipts:			
02.00 General post fund, national homes, deposits	32	33	34
02.40 General post fund, national homes, interest on investments	3	3	3
02.99 Total receipts and collections	35	36	37
Appropriations:			
05.00 General post fund, national homes	-35	-36	-37
07.99 Balance, end of year			

Program and Financing (in millions of dollars)

Identification code 36-8180-0-7-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Religious, recreational, and entertainment activities	28	29	29
00.02 Research activities	2	2	2

00.03 Therapeutic residence maintenance	1	1	1
10.00 Total new obligations	31	32	32

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	50	54	59
22.00 New budget authority (gross)	35	36	37
23.90 Total budgetary resources available for obligation	85	90	96
23.95 Total new obligations	-31	-32	-32
24.40 Unobligated balance carried forward, end of year	54	59	63

New budget authority (gross), detail:

Mandatory:			
60.26 Appropriation (trust fund)	35	36	37

Change in obligated balances:

72.40 Obligated balance, start of year	6	5	4
73.10 Total new obligations	31	32	32
73.20 Total outlays (gross)	-32	-33	-33
74.40 Obligated balance, end of year	5	4	3

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	30	30	30
86.98 Outlays from mandatory balances	2	3	3
87.00 Total outlays (gross)	32	33	33

Net budget authority and outlays:

89.00 Budget authority	35	36	37
90.00 Outlays	32	33	33

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value	57	57	55
92.02 Total investments, end of year: Federal securities:			
Par value	57	55	55

This fund consists of: gifts, bequests, and proceeds from the sale of property left in the care of the facilities by former beneficiaries; patients' fund balances; and, proceeds from the sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estate. Such funds are used to promote the comfort and welfare of veterans at hospitals, nursing homes, and domiciliaries where no general appropriation is available. Public Law 102-54 authorizes compensation work therapy and therapeutic transitional housing and loan programs to be funded from the General Post Fund. In addition, donations from pharmaceutical companies, nonprofit corporations, and individuals to support VA medical research are deposited into this fund. (38 U.S.C. chs. 83 and 85.)

Object Classification (in millions of dollars)

Identification code 36-8180-0-7-705	2001 actual	2002 est.	2003 est.
21.0 Travel and transportation of persons	2	2	2
25.2 Other services	14	14	14
26.0 Supplies and materials	11	12	12
31.0 Equipment	3	3	3
32.0 Land and structures	1	1	1
99.9 Total new obligations	31	32	32

VETERANS BENEFITS ADMINISTRATION

Federal Funds

General and special funds:

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial

benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 540 et seq.) and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198), **[\$24,944,288,000, to remain available until expended] such sums as may be necessary: Provided, That not to exceed [\$17,940,000] \$17,138,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: *Provided further*, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized. *In addition, such sums as may be necessary to provide for any cost-of-living adjustment authorized by 38 U.S.C. 1104. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.)***

Summary of Budget Authority and Outlays by Program

[In thousands of dollars]

	2001 actual	2002 est.	2003 est.
Distribution of budget authority by program:			
Compensation	20,223,100	21,741,188	23,287,680
Pensions	3,018,066	3,059,357	3,081,708
Burial benefits	114,523	143,743	154,912
Distribution of outlays by program:			
Compensation	18,545,183	21,721,487	23,200,679
Pensions	2,760,014	3,040,413	3,065,197
Burial benefits	114,523	143,743	154,912

Program and Financing (in millions of dollars)

Identification code 36-0102-0-1-701

	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Compensation:			
Veterans:			
00.01 World War II	3,174	3,096	2,994
00.02 Korean conflict	1,293	1,337	1,347
00.03 Vietnam era	6,946	7,824	8,756
00.04 Peacetime service	3,454	3,708	3,883
00.05 Persian Gulf conflict	1,662	1,992	2,323
00.91 Total veterans	16,529	17,957	19,303
Survivors:			
01.01 World War I	28	23	17
01.02 World War II	1,387	1,409	1,429
01.03 Korean conflict	442	457	466
01.04 Vietnam era	1,244	1,345	1,434
01.05 Peacetime service	452	453	448
01.06 Persian Gulf conflict	98	113	127
01.91 Total survivors	3,651	3,800	3,921
02.93 Total compensation	20,180	21,757	23,224
Other compensation expenses:			
03.01 Payment to general operating expense	1	1	1
03.02 Medical exam pilot program	27	29	29
03.03 Clothing allowance	43	43	44
03.04 Children of Vietnam Era	13	14	15
03.91 Total other compensation expenses	84	87	89
Pensions:			
Veterans:			
04.03 Improved Law	2,281	2,327	2,362
04.04 Prior Law	36	31	27
04.91 Total veterans	2,317	2,358	2,389
Survivors:			
05.01 Improved Law	609	618	618
05.02 Prior Law	74	65	57
05.03 Old Law	1	1	
05.91 Total survivors	684	684	675
05.92 Total pensions	3,001	3,042	3,064
Other pension expenses:			
06.02 Reimbursement to GOE and VHA	16	18	18

Burial benefits:			
07.01 Burial allowance	33	34	36
07.02 Burial plots	10	18	21
07.03 Service-connected deaths	11	18	18
07.04 Burial flags	17	18	19
07.05 Headstones and markers	27	35	36
07.06 Graveliners	9	9	8
07.07 Pre-placed crypts	4	8	13
07.91 Total burial benefits	111	140	151
08.01 Equal access to justice	3	3	3
Reimbursable pension program:			
09.01 Minimum income for widows program		3	3
10.00 Total new obligations	23,396	25,050	26,552

Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	171	130	26
22.00 New budget authority (gross)	23,356	24,948	26,527
23.90 Total budgetary resources available for obligation	23,527	25,078	26,553
23.95 Total new obligations	-23,396	-25,050	-26,552
24.40 Unobligated balance carried forward, end of year	130	26	

New budget authority (gross), detail:			
Mandatory:			
Appropriation:			
60.00 Appropriation	23,356	24,945	26,246
60.00 Appropriation			279
62.50 Appropriation (total mandatory)	23,356	24,945	26,525
69.00 Offsetting collections (cash)		3	3
70.00 Total new budget authority (gross)	23,356	24,948	26,528

Change in obligated balances:			
72.40 Obligated balance, start of year	43	2,020	2,162
73.10 Total new obligations	23,396	25,050	26,552
73.20 Total outlays (gross)	-21,420	-24,908	-26,424
74.40 Obligated balance, end of year	2,020	2,162	2,292

Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	21,420	24,908	26,424

Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources		-3	-3

Net budget authority and outlays:			
89.00 Budget authority	23,356	24,945	26,525
90.00 Outlays	21,420	24,906	26,421

This appropriation provides for the payment of compensation, pensions, and burial benefits to veterans and survivors.

Compensation is paid to veterans for disabilities incurred in or aggravated during active military service. Dependency and Indemnity Compensation is paid to survivors of service-persons or veterans whose death occurred while on active duty or as a result of service-connected disabilities. Compensation and vocational rehabilitation is provided to the children of Vietnam veterans who were born with the birth defect spina bifida.

The Secretary may pay a clothing allowance to each veteran who uses a prescribed medication for a service-connected skin condition or wears a prosthetic or orthopedic appliance (including a wheelchair) which, in the judgment of the Secretary, tends to damage or tear the clothing of such veteran.

AVERAGE NUMBER OF COMPENSATION CASES AND PAYMENTS

	2001 actual	2002 est.	2003 est.
Veterans:			
Mexican border period	7	5	4
World War I	31	17	8
World War II	485,635	449,120	416,655
Korean conflict	168,212	164,060	159,789
Vietnam era	743,555	784,899	837,818
Peacetime service	567,870	577,593	585,277
Persian Gulf conflict	345,570	388,543	431,772
Total	2,310,880	2,364,237	2,431,323
Average payment per case, per year	\$7,153	\$7,596	\$7,940
Total obligations (in millions)	\$16,529	\$17,958	\$19,304
Children of Vietnam era veterans:			
Children	929	949	959

General and special funds—Continued**COMPENSATION AND PENSIONS—Continued**
(INCLUDING TRANSFER OF FUNDS)—Continued**AVERAGE NUMBER OF COMPENSATION CASES AND PAYMENTS—Continued**

	2001 actual	2002 est.	2003 est.
Average payment per case, per year	\$14,451	\$14,851	\$15,220
Total obligations (in millions)	\$13	\$14	\$15
Chapter 18 Vocational rehabilitations:			
Rehabilitations	15	19	19
Average payment per case, per year	\$9,933	\$10,158	\$10,421
Total obligations (in millions) ¹	\$0	\$0	\$0
¹ Amounts round to less than \$1 million.			
Survivors:			
Prior to Spanish-American War	1	1	1
Spanish-American War	12	11	10
Mexican border period	3	3	3
World War I	2,545	1,955	1,406
World War II	114,883	113,702	112,875
Korean conflict	36,775	36,866	36,947
Vietnam era	105,464	110,715	116,384
Peacetime service	39,470	38,437	37,366
Persian Gulf conflict	7,685	8,538	9,392
Total	306,838	310,228	314,384
Average payment per case, per year	\$11,899	\$12,249	\$12,473
Total obligations (in millions)	\$3,651	\$3,800	\$3,921
Clothing allowance:			
Number of veterans	78,073	79,144	80,650
Average payment per case, per year	\$546	\$548	\$542
Total obligations (in millions)	\$43	\$43	\$44

Pension benefits may be paid to veterans or their survivors. A veteran's entitlement is based on active duty service of a specific length (normally 90 days or more) during a designated war period, disabilities considered permanent and total, and countable income below established levels. There is no disability requirement for survivor cases or veterans age 65 or older. Income support is provided at established benefit levels.

An automatic annual cost-of-living increase comparable to the annual social security increase is provided for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase, effective with payments made on January 1, 2003, is expected to be 1.8 percent.

AVERAGE NUMBER OF PENSION CASES AND PAYMENTS

	2001 actual	2002 est.	2003 est.
Veterans:			
Improved law	332,027	326,382	322,076
Prior law	21,547	18,985	16,306
Old law and service	282	247	217
Total	353,856	345,614	338,599
Average payment per case, per year (in dollars)	\$6,548	\$6,822	\$7,056
Total obligations (in millions)	\$2,317	\$2,358	\$2,389
Survivors:			
Improved law	175,122	168,633	162,775
Prior law	71,454	63,257	56,029
Old law and service	1,208	875	652
Total	247,784	232,765	219,456
Average payment per case, per year	\$2,765	\$2,939	\$3,080
Total obligations (in millions)	\$685	\$684	\$676
Minimum Income for Widows Program:			
Widows		523	488
Average benefit per case, per year		\$6,585	\$6,746
Total obligations (in millions)		\$3	\$3

¹ Amounts round to less than \$1 million.

Burial benefits provides for: (a) the payment of an allowance of \$300 (plus transportation charges where death occurs under VA care) to reimburse, in part, the burial and funeral

expense of an eligible deceased veteran; (b) the payment of \$300 for a plot allowance where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States; (c) the payment of a burial allowance up to \$2,000 when a veteran dies as the result of service-connected disability; (d) furnishing a flag to drape the casket of each deceased veteran entitled thereto; (e) furnishing a headstone or marker for the grave of a veteran and, in certain cases, eligible dependents; and (f) authority to provide outer burial receptacles in the National Cemetery System.

NUMBER OF BURIAL BENEFITS

	2001 actual	2002 est.	2003 est.
Burial allowance	79,989	81,989	84,039
Burial plot	65,777	67,421	69,107
Service-connected death	8,740	8,959	9,183
Burial flags	502,883	515,455	528,341
Headstone markers	304,296	351,046	354,150
Headstone allowance			
Graveliners	51,877	48,306	45,187
Preplaced crypts	11,056	26,800	41,000

Miscellaneous assistance provides for: (a) payments to emergency officers of World War I and certain officers of the Regular Establishment who have retired because of service-connected disability; (b) payments for claims made pursuant to the provision of the World War Adjusted Compensation Act of 1924, as amended; (c) a special allowance (38 U.S.C. 1312) to dependents of certain veterans who died after December 31, 1956, but who were not fully and currently insured under the Social Security Act; and (d) payments authorized by the Equal Access to Justice Act.

MISCELLANEOUS ASSISTANCE CASELOAD

	2001 actual	2002 est.	2003 est.
Retired Officers	1	1	1
Special allowance dependents	110	100	90
Equal Access to Justice payments	1,125	1,100	1,100

Object Classification (in millions of dollars)

Identification code 36-0102-0-1-701	2001 actual	2002 est.	2003 est.
42.0 Direct obligations: Insurance claims and indemnities	23,396	25,047	26,549
99.0 Reimbursable obligations: Reimbursable obligations		3	3
99.9 Total new obligations	23,396	25,050	26,552

COMPENSATION AND PENSIONS

(Legislative proposal, subject to PAYGO)

The Administration will transmit legislation that would permanently extend the Internal Revenue Service's authority to provide VA with access to data for determining eligibility for means-tested programs.

GRANTS FOR VETERANS EMPLOYMENT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0136-2-1-702	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Grants to States for veterans employment			177
10.00 Total new obligations (object class 41.0)			177
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			177
23.95 Total new obligations			-177

New budget authority (gross), detail:	
Discretionary:	
40.00	Appropriation 177
Change in obligated balances:	
73.10	Total new obligations 177
73.20	Total outlays (gross) -159
74.40	Obligated balance, end of year 18
Outlays (gross), detail:	
86.90	Outlays from new discretionary authority 159
Net budget authority and outlays:	
89.00	Budget authority 177
90.00	Outlays 159

The Administration will transmit legislation that will establish a new competitive grant program in the Department of Veterans Affairs, subject to Congressional authorization, which will enable the Department to assist States in establishing, expanding, or improving employment and training services for veterans. The Department will set clear employment-based outcome measures for these grants and judge grantee performance on this basis. The emphasis will be on serving those veterans who most need employment assistance, including disabled or homeless veterans.

This new competitive grant program will replace a similar set of programs now in the Department of Labor's Veterans Employment and Training Service.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61), **[\$2,135,000,000, to remain available until expended] such sums as may be necessary: Provided,** That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under section 3104(a) of title 38, United States Code, other than under subsection (a)(1), (2), (5), and (11) of that section, shall be charged to this account. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0137-0-1-702	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct program:			
Education and training:			
00.01	Sons and daughters 157	182	192
00.02	Spouses 19	24	25
00.91	Total education and training 176	206	217
Special assistance to disabled veterans:			
01.01	Vocational rehabilitation 426	441	452
01.02	Housing grants 20	25	25
01.03	Automobiles, adaptive equipment, maintenance and repair 34	36	36
01.91	Total special assistance to disabled veterans 480	502	513
02.01	Work study 32	46	51
02.02	Payments to states 14	14	13
02.03	All-volunteer assistance: Basic benefits and all other 914	1,367	1,662
02.04	Reporting fees 3	4	4
02.05	Tuition Assistance 6	79	79
02.06	Licensing and Certification 6	6	19
02.91	All-volunteer assistance and other 969	1,516	1,828
02.93	Total direct program 1,625	2,224	2,558
09.01	Veterans' basic benefits 8	10	11
09.02	Veterans' supplementary benefits 70	81	86
09.03	Reservists benefits 116	115	110
09.04	Reservists supplementary benefits 20	21	33
09.05	Reimbursement to GOE 1	1	1
10.00	Total new obligations 1,839	2,452	2,799

Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	26	383	293
22.00	New budget authority (gross)	2,197	2,363	2,506
23.90	Total budgetary resources available for obligation	2,223	2,746	2,799
23.95	Total new obligations	-1,839	-2,452	-2,799
24.40	Unobligated balance carried forward, end of year	383	293	.....
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation	1,981	2,135	2,265
69.00	Offsetting collections (cash)	216	228	241
70.00	Total new budget authority (gross)	2,197	2,363	2,506
Change in obligated balances:				
72.40	Obligated balance, start of year	37	52	54
73.10	Total new obligations	1,839	2,452	2,799
73.20	Total outlays (gross)	-1,824	-2,450	-2,798
74.40	Obligated balance, end of year	52	54	55
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	1,772	2,015	2,450
86.98	Outlays from mandatory balances	52	436	348
87.00	Total outlays (gross)	1,824	2,450	2,798
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-216	-228	-241
Net budget authority and outlays:				
89.00	Budget authority	1,981	2,135	2,265
90.00	Outlays	1,608	2,222	2,557

This appropriation finances educational assistance allowances for certain service persons, peacetime veterans and for eligible dependents of those veterans: (a) who died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were captured or missing in action. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with the associated approved adaptive equipment. This appropriation provides such sums as may be necessary in 2003 to meet program obligations which are currently estimated to be \$2,265 million.

The following table provides a comparison of trainees and costs for the Dependents Educational Assistance program.

NUMBER OF TRAINEES AND COST			
	2001 actual	2002 est.	2003 est.
Sons and daughters:			
Number of trainees	40,742	42,916	44,455
Average cost per trainee (in dollars)	\$3,842	\$4,247	\$4,324
Total cost (in millions)	\$157	\$182	\$192
Spouses and widow(ers):			
Number of trainees	6,175	7,033	7,291
Average cost per trainee (in dollars)	\$3,077	\$3,395	\$3,455
Total cost (in millions)	\$19	\$24	\$25

Special assistance to disabled veterans.—Service-disabled veterans requiring vocational rehabilitation receive assistance to cover the costs of subsistence, tuition, books, supplies, and equipment.

Specially adapted housing grants, up to a maximum of \$48,000, are provided to certain severely disabled veterans. Veterans who suffer service-connected blindness or who have lost the use of both upper extremities can receive up to \$8,250.

An allowance, up to a maximum of \$9,000, is provided to certain service-disabled veterans and servicepersons toward the purchase price of an automobile. Adaptive equipment and the maintenance and replacement of such equipment is also provided.

General and special funds—Continued

READJUSTMENT BENEFITS—Continued

The following table shows caseload for this program. Specific performance goals are contained in VA's annual performance plan.

CASELOAD AND AVERAGE COST DATA

	2001 actual	2002 est.	2003 est.
Total number of trainees	64,235	64,556	64,879
Average cost per trainee	\$6,639	\$6,830	\$6,967
Total cost (in millions)	\$426	\$441	\$452
Housing grants:			
Number of housing grants	548	600	600
Average cost per grant	\$35,978	\$41,600	\$41,600
Total cost (in millions)	\$20	\$25	\$25
Automobiles or other conveyances:			
Number of conveyances	875	1,000	1,000
Average cost per conveyance	\$7,994	\$8,750	\$8,995
Total cost (in millions)	\$7	\$9	\$9
Adaptive equipment (including maintenance, repair and installation for automobiles):			
Number of items	8,036	8,000	7,800
Average cost	\$3,314	\$3,394	\$3,469
Total cost (in millions)	\$27	\$27	\$27

Tuition Assistance.—Public Law 106–398, enacted October 30, 2000, allows the military services to pay up to 100 percent of tuition and expenses charged by a school for service members. If a service department pays less than 100 percent, a service member eligible for the Montgomery GI Bill—Active-duty (MGIB) can elect to receive MGIB benefits for all or a portion of the remaining expenses.

Licensing and certification test payments.—Under Public Law 106–419, enacted November 1, 2000, veterans and other eligible persons may receive up to \$2,000 to pay fees required for civilian occupational licensing and certification examinations needed to enter, maintain, or advance in employment in a vocation or profession—effective March 1, 2001.

CASELOAD AND AVERAGE COST DATA

	2001 actual	2002 est.	2003 est.
Tuition Assistance:			
Number of trainees	12,006	160,000	160,000
Average cost per trainee	\$494	\$494	\$494
Total cost (in millions)	\$5,926	\$79	\$79
Licensing and Certification:			
Number of individuals	141	25,000	80,000
Average cost per trainee	\$234	\$235	\$235
Total cost (in millions)	N/A	\$6	\$19

Work-Study.—Certain veterans pursuing a program of rehabilitation, education, or training, who are enrolled as a full-time student, can work up to 250 hours per semester, receiving the Federal (\$5.15 on 9/1/97) or State minimum wage rate, whichever is higher.

	2001 actual	2002 est.	2003 est.
Number of contracts	27,690	25,500	28,560
Total cost (in millions)	\$32	\$46	\$51

Payments to States.—State approving agencies are reimbursed for the costs of inspecting, approving, and supervising programs of education and training offered by educational institutions and training establishments in which veterans, dependents, and reservists are enrolled or are about to enter.

Reporting fees.—Public Law 105–368, enacted November 11, 1998, transferred the reporting fee payments from the General Operating Expenses appropriation (GOE). Reporting fees are paid to education and training institutions to help defray the costs of certifying education enrollment for veterans enrolled in training during a calendar year.

All Volunteer Force educational assistance (Montgomery GI Bill).—Public Law 98–525, enacted October 19, 1984, established two new peacetime educational programs: an assistance program for veterans who enter active duty during the period beginning July 1, 1985; and an assistance program for certain members of the Selected Reserve. The Readjustment benefits appropriation pays the basic benefit allowance for the peacetime veterans, except for certain Post-Vietnam Era Veterans Education participants who transferred to the Montgomery GI Bill program. Supplementary educational assistance and the basic benefit allowance for peacetime veterans, Post-Vietnam Era Veterans Education converters, and reservists are financed by payments from the Department of Defense and the Department of Transportation.

The following table shows a caseload and cost comparison for these beneficiaries under existing legislation.

CASELOAD AND AVERAGE COST DATA

	2001 actual	2002 est.	2003 est.
Veterans:			
Number of trainees	263,490	311,309	310,269
Average cost per trainee	\$3,642	\$4,557	\$5,458
Total cost (in millions)	\$960	\$1,419	\$1,694
Reservists:			
Number of trainees	82,283	79,000	81,721
Average cost per trainee	\$1,653	\$1,718	\$1,748
Total cost (in millions)	\$136	\$136	\$143

Object Classification (in millions of dollars)

Identification code 36–0137–0–1–702	2001 actual	2002 est.	2003 est.
41.0 Direct obligations: Grants, subsidies, and contributions	1,623	2,224	2,558
99.0 Reimbursable obligations: Reimbursable obligations	216	228	241
99.9 Total new obligations	1,839	2,452	2,799

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS UNDER PUBLIC LAW 97–377**Program and Financing (in millions of dollars)**

Identification code 36–0200–0–1–701	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Return of overpayment	3		
01.00 Total Direct Program	3		
09.01 Reimbursables	13	15	12
09.99 Total reimbursable program	13	15	12
10.00 Total new obligations	16	15	12
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	16	15	12
23.95 Total new obligations	–16	–15	–12
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	16	15	12
Change in obligated balances:			
73.10 Total new obligations	16	15	12
73.20 Total outlays (gross)	–16	–15	–12
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	16	15	12

Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-16	-15	-12
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	-2		

In accordance with Public Law 97-377, this program restores social security benefits to certain surviving spouses or children of veterans who died of service-connected causes. Financing is provided in the form of offsetting collections from the Department of Defense.

CASELOAD AND AVERAGE COST DATA

	2001 actual	2002 est.	2003 est.
Spouses	187	176	145
Average benefit	\$12,362	\$15,858	\$13,020
Obligations (in millions)	\$2	\$3	\$2
Children	696	777	686
Average benefit	\$14,056	\$15,151	\$14,781
Obligations (in millions)	\$10	\$12	\$10

Object Classification (in millions of dollars)

Identification code 36-0200-0-1-701	2001 actual	2002 est.	2003 est.
99.0 Reimbursable obligations: Reimbursable obligations ...	13	15	12
44.0 Allocation Account: Refunds	3		
99.9 Total new obligations	16	15	12

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, **[\$26,200,000, to remain available until expended] such sums as may be necessary. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.)**

Program and Financing (in millions of dollars)

Identification code 36-0120-0-1-701	2001 actual	2002 est.	2003 est.	
Obligations by program activity:				
Operating expenses:				
00.04	Payment to national service life insurance fund	1	1	1
00.05	Payment to service-disabled veterans insurance fund	16	19	19
00.06	Total operating expenses	9	8	8
10.00	Total new obligations	26	28	28
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	5	1	1
22.00	New budget authority (gross)	22	28	30
23.90	Total budgetary resources available for obligation	27	29	31
23.95	Total new obligations	-26	-28	-28
24.40	Unobligated balance carried forward, end of year	1	1	1
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation	20	26	28
69.00	Offsetting collections (cash)	2	2	2
70.00	Total new budget authority (gross)	22	28	30
Change in obligated balances:				
73.10	Total new obligations	26	28	28
73.20	Total outlays (gross)	-26	-28	-28
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	22	28	28
86.98	Outlays from mandatory balances	4		
87.00	Total outlays (gross)	26	28	28

Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: VMLI premiums	-2	-2	-2
Net budget authority and outlays:				
89.00	Budget authority	20	26	28
90.00	Outlays	24	26	26

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

Military and naval insurance.—Payments are made to the U.S. Government life insurance fund for certain World War I veterans for extra hazards of military service and for claims on war risk insurance issued to servicemen and veterans of World War I.

National service life insurance.—Payments are made to the national service life insurance fund for certain World War II veterans for: (a) the extra hazards of service; (b) gratuitous insurance granted to certain persons unable to apply for national service life insurance; and (c) death claims on policies under the waiver of a premium while the insured was on active duty.

Veterans mortgage life insurance (VMLI).—Payments are made to mortgage holders under this program which provides mortgage protection life insurance to veterans who have received a grant for specially adapted housing due to severe disabilities.

The general decline in the number of policies and the amount of insurance in force is expected to continue in 2003 as indicated in the following table.

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
VMLI policies:			
Number of policies	3,300	3,120	2,970
Amount of insurance (dollars in millions)	\$193	\$187	\$183

Payment to service-disabled veterans insurance fund.—Payments are made to the service-disabled veterans insurance fund to supplement the premiums and other receipts of the fund in amounts necessary to pay claims on insurance policies issued to veterans with service-connected disabilities.

Object Classification (in millions of dollars)

Identification code 36-0120-0-1-701	2001 actual	2002 est.	2003 est.
41.0 Grants, subsidies, and contributions	17	20	20
42.0 Insurance claims and indemnities	9	8	8
99.9 Total new obligations	26	28	28

Public enterprise funds:

SERVICE-DISABLED VETERANS INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-4012-0-3-701	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	27	19	6
Appropriations:			
05.00 Service-disabled veterans insurance fund	-8	-13	-6
07.99 Balance, end of year	19	6	

Program and Financing (in millions of dollars)

Identification code 36-4012-0-3-701	2001 actual	2002 est.	2003 est.	
Obligations by program activity:				
09.01	Capital investment	12	12	11
09.02	Death Claims	43	46	45
09.03	All Other	8	10	8
10.00	Total new obligations	63	68	64

Public enterprise funds—Continued

SERVICE-DISABLED VETERANS INSURANCE FUND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-4012-0-3-701	2001 actual	2002 est.	2003 est.
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	63	70	64
23.95 Total new obligations	-63	-68	-64
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	55	57	58
69.26 From offsetting collections (unavailable balances)	8	13	6
69.90 Spending authority from offsetting collections (total mandatory)	63	70	64
Change in obligated balances:			
72.40 Obligated balance, start of year	8	8	6
73.10 Total new obligations	63	68	64
73.20 Total outlays (gross)	-63	-68	-68
74.40 Obligated balance, end of year	8	6	2
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	55	62	64
86.98 Outlays from mandatory balances	8	6	4
87.00 Total outlays (gross)	63	68	68
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources: Payments from VI and I	-16	-18	-19
Non-Federal sources:			
88.40 Interest on loans	-3	-3	-3
88.40 Insurance premiums earned	-24	-24	-24
88.40 Repayments of loans	-12	-12	-12
88.90 Total, offsetting collections (cash)	-55	-57	-58
Net budget authority and outlays:			
89.00 Budget authority	8	13	7
90.00 Outlays	8	11	10

This fund finances the payment of claims on nonparticipating life insurance policies issued and currently is open for new issues to veterans having service-connected disabilities. The program provides insurance coverage for service-disabled veterans at standard rates. Administrative expenses are paid from the General operating expenses appropriation.

Operating costs—

Death claims.—Represents payments to designated beneficiaries.

All other.—Represents payments to policyholders who surrender their policies for their cash value and hold endowment policies which have matured.

Capital investment.—A policyholder may borrow up to 94 percent of the value of his policy.

The trend in the number and amount of policies in force is indicated in the following table.

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
Number of policies	148,674	145,324	141,730
Insurance in force (dollars in millions)	\$1,401	\$1,376	\$1,348

Financing.—Operations are financed from premiums and other receipts. Additional funds are received by transfer from the veterans' insurance and indemnities appropriation, instead of direct appropriations to this fund.

Operating results and financial condition.—Since premium and other receipts are insufficient to cover operations, the fund continues to project liabilities in excess of assets. The deficit is expected to reach an estimated \$458 million by September 30, 2003.

Object Classification (in millions of dollars)

Identification code 36-4012-0-3-701	2001 actual	2002 est.	2003 est.
33.0 Investments and loans	12	12	11
42.0 Insurance claims and indemnities	51	56	53
99.9 Total new obligations	63	68	64

VETERANS REOPENED INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-4010-0-3-701	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	454	440	422
Appropriations:			
05.00 Veterans reopened insurance fund	-14	-18	-21
07.99 Balance, end of year	440	422	401

Program and Financing (in millions of dollars)

Identification code 36-4010-0-3-701	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Death claims	36	38	39
09.02 Dividends	20	20	18
09.03 All other	8	8	8
09.04 Capital investment: policy loans	5	4	4
10.00 Total new obligations	69	70	69
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	69	70	69
23.95 Total new obligations	-69	-70	-69
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	55	52	48
69.26 From offsetting collections (unavailable balances)	14	18	21
69.90 Spending authority from offsetting collections (total mandatory)	69	70	69
Change in obligated balances:			
72.40 Obligated balance, start of year	46	48	49
73.10 Total new obligations	69	70	69
73.20 Total outlays (gross)	-67	-69	-68
74.40 Obligated balance, end of year	48	49	49
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	55	49	49
86.98 Outlays from mandatory balances	12	21	20
87.00 Total outlays (gross)	67	69	68
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources: interest on U.S. securities	-36	-34	-32
Non-Federal sources:			
88.40 Interest on loans	-1	-1	-1
88.40 Insurance premiums earned	-12	-11	-10
88.40 Repayments of loans	-6	-6	-5
88.90 Total, offsetting collections (cash)	-55	-52	-48
Net budget authority and outlays:			
89.00 Budget authority	14	18	21
90.00 Outlays	12	18	20

Identification code 36-4010-0-3-701	2001 actual	2002 est.	2003 est.
Memorandum (non-add) entries:			
92.01 Total investments, start of year: Federal securities:			
Par value	500	488	470
92.02 Total investments, end of year: Federal securities:			
Par value	488	470	450

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund pays claims and administrative costs on participating life insurance policies issued during the period May

1, 1965, through May 2, 1966, under three life insurance programs: (1) service-disabled standard insurance; (2) service-disabled rated insurance; and (3) nonservice disabled insurance availing disabled World War II and Korean conflict veterans an opportunity to acquire life insurance coverage who were no longer eligible for other Government insurance.

Death claims.—Represents payments to designated beneficiaries.

Dividends.—Policyholders participate in the distribution of annual dividends.

All other.—This represents payments to the General Operating Expenses account for the administrative costs of processing claims and maintaining the accounts, and to those policyholders who: (a) surrender their policies for cash value; (b) hold endowment policies which have matured; and (c) have purchased total disability income coverage and subsequently become disabled.

Policy loans made.—A policyholder may borrow up to 94 percent of the cash value of his policy at an interest rate adjusted to reflect private sector borrowing costs.

The following table reflects the decrease in the number of policies and the amount of insurance in force:

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
Number of policies	72,581	67,430	62,230
Insurance in force (dollars in millions)	\$618	\$584	\$551

Financing.—Operations are financed from premiums collected from policyholders and interest on investments. Excess earnings of the fund are now distributed to the policyholders in the form of an annual dividend.

Object Classification (in millions of dollars)

Identification code 36-4010-0-3-701	2001 actual	2002 est.	2003 est.
33.0 Investments and loans	5	4	4
42.0 Insurance claims and indemnities	40	42	43
43.0 Interest and dividends	24	24	22
99.9 Total new obligations	69	70	69

SERVICEMEMBERS' GROUP LIFE INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 36-4009-0-3-701	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Premium payments	460	659	683
09.02 Reimbursable program	1	1	1
10.00 Total new obligations (object class 41.0)	461	660	684
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	461	660	684
23.95 Total new obligations	-461	-660	-684
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	461	660	684
Change in obligated balances:			
72.40 Obligated balance, start of year	5	5	5
73.10 Total new obligations	461	660	684
73.20 Total outlays (gross)	-461	-660	-684
74.40 Obligated balance, end of year	5	5	5
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	457	655	679
86.98 Outlays from mandatory balances	5	5	5
87.00 Total outlays (gross)	461	660	684

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources: Withholdings from serviceman's pay	-461	-660	-684

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays			

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value	5	5	5
92.02 Total investments, end of year: Federal securities:			
Par value	5	5	5

This fund finances the payment of group life insurance premiums to private insurance companies under the Servicemembers' Group Life Insurance Act of 1965, as amended.

Credit accounts:

**VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)**

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That during fiscal year [2002] 2003, within the resources available, not to exceed \$300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, [\$164,497,000] \$175,677,000, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-1119-0-1-704	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Direct loan subsidy	32	16	
00.02 Guaranteed loan subsidy	132	186	437
00.05 Reestimates of direct loan subsidy	20	17	
00.06 Interest on reestimates of the direct loan subsidy	5	3	
00.07 Reestimates of guaranteed loan subsidy	123	417	
00.08 Interest on reestimates of the guaranteed loan subsidy	24	115	
00.09 Administrative expenses	169	171	176
10.00 Total new obligations	505	925	613
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	505	925	613
23.95 Total new obligations	-505	-925	-613
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation (definite)	169	171	176
Mandatory:			
60.00 Appropriation	336	754	437
70.00 Total new budget authority (gross)	505	925	613
Change in obligated balances:			
73.10 Total new obligations	505	925	613
73.20 Total outlays (gross)	-505	-925	-613
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	169	171	176
86.97 Outlays from new mandatory authority	336	754	437
87.00 Total outlays (gross)	505	925	613
Net budget authority and outlays:			
89.00 Budget authority	505	925	613
90.00 Outlays	505	925	613

Credit accounts—Continued**VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT—Continued**

(INCLUDING TRANSFER OF FUNDS)—Continued

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	498	918	606
90.00 Outlays	498	918	606

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 36-1119-0-1-704	2001 actual	2002 est.	2003 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Acquired and Vendee Loans	1,463	1,809	1,917
115901 Total direct loan levels	1,463	1,809	1,917
Direct loan subsidy (in percent):			
132001 Direct loan levels	2.16	0.86	-5.09
132901 Weighted average subsidy rate	2.16	0.86	-5.09
Direct loan subsidy budget authority:			
133001 Direct loan levels	32	16	-98
133901 Total subsidy budget authority	32	16	-98
Direct loan subsidy outlays:			
134001 Direct loan levels	32	16	-98
134901 Total subsidy outlays	32	16	-98
Direct loan upward reestimate subsidy budget authority:			
135001 Direct loan levels	25	20	.....
135901 Total upward reestimate budget authority	25	20	.....
Direct loan upward reestimate subsidy outlays:			
136001 Direct loan levels	25	20	.....
136901 Total upward reestimate outlays	25	20	.....
Direct loan downward reestimate subsidy budget authority:			
137001 Direct loan levels	-163	-1,068	.....
137901 Total downward reestimate budget authority	-163	-1,068	.....
Direct loan downward reestimate subsidy outlays:			
138001 Direct loan levels	-163	-1,068	.....
138901 Total downward reestimate subsidy outlays	-163	-1,068	.....
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Veterans Housing Benefit Program	31,138	32,067	32,665
215002 Guaranteed Loan Sale Securities	810	1,219	1,699
215901 Total loan guarantee levels	31,948	33,286	34,364
Guaranteed loan subsidy (in percent):			
232001 Guaranteed loan	0.29	0.39	1.07
232002 Guaranteed loan sales	5.21	5.05	5.18
232901 Weighted average subsidy rate	0.41	0.56	1.27
Guaranteed loan subsidy budget authority:			
233001 Guaranteed loan	90	125	349
233002 Guaranteed Loan Sale Securities	42	62	88
233901 Total subsidy budget authority	132	187	437
Guaranteed loan subsidy outlays:			
234001 Guaranteed loan	90	125	349
234002 Guaranteed Loan Sale Securities	42	62	88
234901 Total subsidy outlays	132	187	437
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Guaranteed loan	147	532	.....
235901 Total upward reestimate budget authority	147	532	.....
Guaranteed loan upward reestimate subsidy outlays:			
236001 Guaranteed loan	147	532	.....
236901 Total upward reestimate subsidy outlays	147	532	.....
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Guaranteed loan	-1,257	-727	.....

237901 Total downward reestimate subsidy budget authority	-1,257	-727	.....
Guaranteed loan downward reestimate subsidy outlays:			
238001 Guaranteed loan	-1,257	-727	.....
238901 Total downward reestimate subsidy outlays	-1,257	-727	.....

Administrative expense data:

351001 Budget authority	169	171	183
359001 Outlays from new authority	169	171	183

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond, (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) as well as for the administrative expenses of this program. The subsidy amounts are estimated on a net present value basis.

The Federal guaranty for this program protects lenders against the following types of losses: (a) for loans of \$45,000 or less, 50 percent of the loan is guaranteed; (b) for loans greater than \$45,000, but not more than \$56,250, \$22,500; (c) for loans more than \$56,250, but less than \$144,000, the lesser of \$36,000 or 40 percent of the loan; or (d) for loans greater than \$144,000, the lesser of \$60,000 or 25 percent of the loan.

Object Classification (in millions of dollars)

Identification code 36-1119-0-1-704	2001 actual	2002 est.	2003 est.
25.3 Other purchases of goods and services from Government accounts	169	171	176
41.0 Grants, subsidies, and contributions	336	754	437
99.9 Total new obligations	505	925	613

VETERANS HOUSING BENEFIT PROGRAM FUND DIRECT LOAN FINANCING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 36-4127-0-3-704	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Direct loans	1,463	1,809	1,917
00.02 Interest on Treasury borrowing	244	163	192
00.03 Property sales expense	3	3	3
00.04 Property management/other expense	7	1	.....
00.05 Property improvement expense	2	1	1
00.91 Direct Program by Activities—Subtotal (1 level)	1,719	1,977	2,113
08.01 Payment of negative subsidy to receipt account .....	.....	.....	98
08.02 Payment of downward reestimate to receipt account	127	714	.....
08.04 Payment of excess interest earned to receipt account	36	354	.....
08.91 Direct Program by Activities—Subtotal (1 level)	163	1,068	98
10.00 Total new obligations	1,882	3,045	2,211
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	279	45	.....
22.00 New financing authority (gross)	1,647	3,001	2,211
23.90 Total budgetary resources available for obligation	1,926	3,046	2,211
23.95 Total new obligations	-1,882	-3,045	-2,211
24.40 Unobligated balance carried forward, end of year	45	.....	.....
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	1,660	2,797	1,917
69.00 Offsetting collections (cash)	1,546	1,844	2,427
69.47 Portion applied to repay debt	-1,559	-1,640	-2,133
69.90 Spending authority from offsetting collections (total mandatory)	-13	204	294
70.00 Total new financing authority (gross)	1,647	3,001	2,211
Change in obligated balances:			
72.40 Obligated balance, start of year	9	52	85

73.10	Total new obligations	1,882	3,045	2,211
73.20	Total financing disbursements (gross)	-1,839	-3,013	-2,234
74.40	Obligated balance, end of year	52	85	62
87.00	Total financing disbursements (gross)	1,839	3,013	2,234

Offsets:

Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Federal sources:				
88.00	Federal sources: Payments from program account	-57	-35	.....
88.00	Transfer of loan sales from LSSA	-809	-1,154	-1,699
Non-Federal sources:				
Non-Federal sources:				
88.40	Repayments of principal	-406	-465	-491
88.40	Interest received on loans	-86	-87	-86
88.40	Fees	-22	-23	-35
88.40	Downpayment on Vendee loan/other	-3	-38	-74
88.40	Interest income—Treasury	-144	.....	.....
88.40	Cash sale of properties	-19	-42	-42
88.90	Total, offsetting collections (cash)	-1,546	-1,844	-2,427

Net financing authority and financing disbursements:

89.00	Financing authority	101	1,157	-216
90.00	Financing disbursements	292	1,169	-193

Status of Direct Loans (in millions of dollars)

Identification code 36-4127-0-3-704				
Position with respect to appropriations act limitation on obligations:				
1131	Direct loan obligations exempt from limitation	1,463	1,809	1,917
1150	Total direct loan obligations	1,463	1,809	1,917
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	1,556	1,782	1,883
1231	Disbursements: Direct loan disbursements	1,463	1,809	1,917
Repayments:				
1251	Repayments and prepayments	-406	-465	-491
1253	Proceeds from loan asset sales to the public with recourse	-809	-1,154	-1,699
1262	Adjustments: Discount on loan asset sales to the public or discounted	-1	-65	.....
1263	Write-offs for default: Direct loans	-21	-24	-25
1290	Outstanding, end of year	1,782	1,883	1,585

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 36-4127-0-3-704				
ASSETS:				
1101	Federal assets: Fund balances with Treasury	312	133	296
Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross	1,556	1,782	1,883
1402	Interest receivable	121	.....	.....
1403	Accounts receivable from foreclosed property .....	.....	1	.....
1405	Other assets .....	.....	1,102	.....
1499	Net present value of assets related to direct loans	1,677	2,885	1,883
1999	Total assets	1,989	3,018	2,179
LIABILITIES:				
Federal liabilities:				
2103	Debt .....	.....	1,878	1,985
2104	Resources payable to Treasury	1,778	.....	.....
2105	Other .....	.....	1,140	194
2204	Non-Federal liabilities: Liabilities for loan guarantees	211	.....	.....

2999	Total liabilities	1,989	3,018	2,179	1,878
4999	Total liabilities and net position	1,989	3,018	2,179	1,878

VETERANS HOUSING BENEFIT PROGRAM FUND GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4129-0-3-704		2001 actual	2002 est.	2003 est.
Obligations by program activity:				
00.01	Acquisition of homes	1,126	1,760	1,996
00.02	Losses on defaulted loans	365	506	479
00.03	Interest on Treasury borrowing	2	2	2
00.04	Reimburse DLFA for loan sales	809	1,154	1,699
00.05	Payment to trustee reserve	50	51	58
00.06	Reimburse Liquidating for subordination certificate	28	36	30
00.07	Loan Sale Closing Costs	2	6	8
00.09	Property sales expense	100	113	140
00.10	Property management expense	55	50	75
00.11	Property improvement expense	69	53	53
00.12	Loans acquired	333	94	96
00.91	Direct Program by Activities—Subtotal (1 level)	2,939	3,825	4,636
08.02	Payment of downward reestimate to receipt account	893	580	.....
08.04	Payment of excess interest to receipt account	364	147	.....
08.91	Direct Program by Activities—Subtotal (1 level)	1,257	727	.....
10.00	Total new obligations	4,196	4,552	4,636
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	5,128	4,634	4,975
22.00	New financing authority (gross)	3,702	4,894	5,490
23.90	Total budgetary resources available for obligation	8,830	9,528	10,465
23.95	Total new obligations	-4,196	-4,552	-4,636
24.40	Unobligated balance carried forward, end of year	4,634	4,975	5,829
New financing authority (gross), detail:				
Mandatory:				
69.00	Offsetting collections (cash)	3,702	4,894	5,490
Change in obligated balances:				
72.40	Obligated balance, start of year	22	62	63
73.10	Total new obligations	4,196	4,552	4,636
73.20	Total financing disbursements (gross)	-4,156	-4,551	-4,645
74.40	Obligated balance, end of year	62	63	54
87.00	Total financing disbursements (gross)	4,156	4,551	4,645

Offsets:

Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Federal sources:				
Federal sources:				
88.00	Payments from program account	-279	-719	-437
88.00	Recoveries from DLFA	-1,135	-1,558	-1,651
88.25	Interest on uninvested funds	-299	-244	-280
Non-Federal sources:				
Non-Federal sources:				
88.40	Funding fees	-506	-534	-597
88.40	Cash sale of properties	-610	-624	-772
88.40	Redemption of properties and other	-5	-25	-24
88.40	Subordinate certificate deposits	-28	-36	-30
88.45	Loan sale proceeds	-840	-1,154	-1,699
88.90	Total, offsetting collections (cash)	-3,702	-4,894	-5,490

Net financing authority and financing disbursements:

89.00	Financing authority .....	.....	.....	.....
90.00	Financing disbursements	455	-343	-845

Status of Guaranteed Loans (in millions of dollars)

Identification code 36-4129-0-3-704		2001 actual	2002 est.	2003 est.
Position with respect to appropriations act limitation on commitments:				
2131	Guaranteed loan commitments exempt from limitation	31,138	32,067	32,665
2132	Guaranteed loan commitments for loan asset sales with recourse	810	1,219	1,699

Credit accounts—Continued

VETERANS HOUSING BENEFIT PROGRAM FUND GUARANTEED LOAN FINANCING ACCOUNT—Continued

Status of Guaranteed Loans (in millions of dollars)—Continued

Identification code 36-4129-0-3-704	2001 actual	2002 est.	2003 est.
2150 Total guaranteed loan commitments	31,948	33,286	34,364
2199 Guaranteed amount of guaranteed loan commitments	10,804	11,510	12,183
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	211,568	227,705	238,843
2231 Disbursements of new guaranteed loans	31,138	32,067	32,665
2232 Guarantees of loans sold to the public with recourse	810	1,219	1,699
2251 Repayments and prepayments	-13,936	-19,788	-19,830
Adjustments:			
2261 Terminations for default that result in loans receivable	-362	-129	-126
2262 Terminations for default that result in acquisition of property	-1,126	-1,760	-1,996
2263 Terminations for default that result in claim payments	-53	-377	-353
2264 Other adjustments, net	-334	-94	-96
2290 Outstanding, end of year	227,705	238,843	250,806
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	78,251	82,625	87,529
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	9	344	418
2331 Disbursements for guaranteed loan claims	362	129	126
2351 Repayments of loans receivable	-1	-22	-26
2361 Write-offs of loans receivable	-26	-33	-38
2390 Outstanding, end of year	344	418	480

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond, including modifications of guaranteed loans that resulted from commitments in any year, and from the guarantee of loans sold through the securitization programs. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 36-4129-0-3-704	2000 actual	2001 actual	2002 est.	2003 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	5,150	4,696	4,975	5,223
1106 Investments in US securities:				
Receivables, net	114	594	578	604
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross	9	344	418	480
1502 Interest receivable	9	9	10	10
1504 Accounts receivable from foreclosed property	806	830	896	937
1505 Other assets	196	43	49	55
1599 Net present value of assets related to defaulted guaranteed loans	1,020	1,226	1,373	1,482
1999 Total assets	6,284	6,516	6,926	7,309
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	38	26	29	30
2105 Other	1,296	1,129	1,143	1,238
2204 Non-Federal liabilities: Non-federal liabilities	4,950	5,361	5,754	6,041
2999 Total liabilities	6,284	6,516	6,926	7,309
4999 Total liabilities and net position	6,284	6,516	6,926	7,309

VETERANS HOUSING BENEFIT PROGRAM FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4025-0-3-704	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Capital investments:			
00.01 Acquisition of homes	83	63	49
00.02 Direct Program Activity	6	4	3
00.03 Cash advances	-82	4	3
00.04 Acquisition of defaulted guaranteed loans	30	29	27
00.05 Repurchase of loans sold	7	6	6
00.91 Total capital investments	44	106	88
01.00 Total capital investments	44	106	88
Operating expenses:			
01.02 Property management expense	16	17	18
01.03 Sales expense	17	10	10
01.04 Claims processed	106	74	68
01.05 Other operating expenses	1		
01.91 Total operating expenses	140	101	96
10.00 Total new obligations (object class 33.0)	184	207	184
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	244	115	
22.00 New budget authority (gross)	299	210	188
22.40 Capital transfer to general fund	-244	-118	-4
23.90 Total budgetary resources available for obligation	299	207	184
23.95 Total new obligations	-184	-207	-184
24.40 Unobligated balance carried forward, end of year	115		
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	263	210	188
69.10 Change in uncollected customer payments from Federal sources (unexpired)	36		
69.90 Spending authority from offsetting collections (total mandatory)	299	210	188
Change in obligated balances:			
72.40 Obligated balance, start of year	88	-24	21
73.10 Total new obligations	184	207	184
73.20 Total outlays (gross)	-260	-162	-186
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-36		
74.40 Obligated balance, end of year	-24	21	19
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	260	162	186
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Federal sources: Payments from direct loan financing account	-100	-126	-119
88.00 Federal sources: Payments from loan sales	-21	-11	-10
Non-Federal sources:			
Non-Federal sources:			
88.40 Loan and other repayments	-44	-34	-25
88.40 Sale of homes, cash	-78	-28	-26
88.40 Interest on loans	-15	-11	-8
88.45 Offsetting governmental collections (from non-Federal sources)	-5		
88.90 Total, offsetting collections (cash)	-263	-210	-188
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-36		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-4	-48	-2
Status of Direct Loans (in millions of dollars)			
Identification code 36-4025-0-3-704			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	164	128	94

1232	Disbursements: Purchase of loans assets from the public	7	6	5
	Repayments:			
1251	Repayments and prepayments	-44	-34	-25
1253	Proceeds from loan asset sales to the public with recourse		-6	-6
1264	Write-offs for default: Other adjustments, net	1		
1290	Outstanding, end of year	128	94	68

Status of Guaranteed Loans (in millions of dollars)

Identification code 36-4025-0-3-704	2001 actual	2002 est.	2003 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	12,740	9,182	6,611
2251 Repayments and prepayments	-3,339	-2,406	-1,732
Adjustments:			
2261 Terminations for default that result in loans receivable	-30	-29	-27
2262 Terminations for default that result in acquisition of property	-83	-62	-50
2263 Terminations for default that result in claim payments	-106	-74	-67
2290 Outstanding, end of year	9,182	6,611	4,735
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	4,154	2,990	2,142
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	286	274	282
2331 Disbursements for guaranteed loan claims	30	29	27
2361 Write-offs of loans receivable	-22	-21	-19
2364 Other adjustments, net	-20		
2390 Outstanding, end of year	274	282	290

Statement of Operations (in millions of dollars)

Identification code 36-4025-0-3-704	2000 actual	2001 actual	2002 est.	2003 est.
0101 Revenue	93	140	112	89
0102 Expense	-93	-140	-101	-96
0105 Net income or loss (-)			11	-7

Balance Sheet (in millions of dollars)

Identification code 36-4025-0-3-704	2000 actual	2001 actual	2002 est.	2003 est.
ASSETS:				
Investments in US securities:				
1106 Federal assets: Receivables, net	165	128	93	68
1201 Non-Federal assets: Investments in non-Federal securities, net		452	407	366
1999 Total assets	165	580	500	434
LIABILITIES:				
2103 Federal liabilities: Debt	165	567	500	434
2207 Non-Federal liabilities: Other		13		
2999 Total liabilities	165	580	500	434
4999 Total liabilities and net position	165	580	500	434

As required by the Federal Credit Reform Act of 1990, this account records all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. All new activity in this program in 1992 and beyond is recorded in the corresponding program and financing accounts.

MISCELLANEOUS VETERANS HOUSING LOANS PROGRAM ACCOUNT

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended,

[\$544,000] \$565,000, which may be transferred to and merged with the appropriation for "General operating expenses" *Provided, that no new loans in excess of \$5,000,000 may be made in fiscal year 2003. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.)*

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS
VETERANS PROGRAM ACCOUNT

For the administrative expenses to carry out the guaranteed transitional housing loan program authorized by 38 U.S.C. chapter 37, subchapter VI, not to exceed \$750,000 of the amounts appropriated by this Act for "General operating expenses" and "Medical care" may be expended. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.)*

Program and Financing (in millions of dollars)

Identification code 36-0128-0-1-704	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Direct Loan Subsidy			9
00.09 Administrative expenses	1	1	1
10.00 Total new obligations (object class 25.3)	1	1	10
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	51	51	51
22.00 New budget authority (gross)	1	1	1
23.90 Total budgetary resources available for obligation	52	52	52
23.95 Total new obligations	-1	-1	-10
24.40 Unobligated balance carried forward, end of year	51	51	42
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
Change in obligated balances:			
73.10 Total new obligations	1	1	10
73.20 Total outlays (gross)	-1	-1	-5
74.40 Obligated balance, end of year			5
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	1
86.98 Outlays from mandatory balances			5
87.00 Total outlays (gross)	1	1	5
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	1	5

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 36-0128-0-1-704	2001 actual	2002 est.	2003 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Native American	1		3
115002 Transitional Housing			20
115901 Total direct loan levels	1		23
Direct loan subsidy (in percent):			
132001 Native American	7.72	7.72	-8.96
132002 Transitional Housing	0.00	0.00	48.25
132901 Weighted average subsidy rate	7.72	7.72	43.48
Direct loan subsidy budget authority:			
133001 Native American			
133002 Transitional Housing			10
133901 Total subsidy budget authority			10
Direct loan subsidy outlays:			
134001 Native American			
134002 Transitional Housing			4
134901 Total subsidy outlays			4
Direct loan downward reestimate subsidy budget authority:			
137001 Native American		-2	
137901 Total downward reestimate budget authority		-2	

Credit accounts—Continued

GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS
VETERANS PROGRAM ACCOUNT—ContinuedSummary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in
millions of dollars)—Continued

Identification code 36-0128-0-1-704	2001 actual	2002 est.	2003 est.
Direct loan downward reestimate subsidy outlays:			
138001 Native American		-2	
138901 Total downward reestimate subsidy outlays		-2	
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Transitional Housing			
215901 Total loan guarantee levels			
Guaranteed loan subsidy (in percent):			
232001 Transitional Housing	48.25	48.25	0.00
232901 Weighted average subsidy rate	48.25	48.25	0.00
Guaranteed loan subsidy budget authority:			
233001 Transitional Housing			
233901 Total subsidy budget authority			
Guaranteed loan subsidy outlays:			
234001 Transitional Housing			
234901 Total subsidy outlays			
Administrative expense data:			
351001 Budget authority	1	1	1
358001 Outlays from balances			
359001 Outlays from new authority	1	1	1

All information from the Native American Veterans Housing Loan program and the Guaranteed Transitional Housing Loans for Homeless Veterans program is consolidated in a single housing fund called the Miscellaneous Veterans Housing Loans Fund.

The Native American Veterans Housing Loan program provides direct loans to veterans living on trust lands under 38 U.S.C. chapter 37, section 3761. These loans are available to purchase, construct or improve homes to be occupied as the veteran's residence. The principal amount of a loan under this authority is generally limited to \$80,000, except in areas where housing costs are significantly higher than average costs nationwide. This is a pilot program that began in 1993 and is authorized through December 31, 2005.

Public Law 105-368, the "Veterans Benefits Improvement Act of 1998," established a pilot project designed to expand the supply of transitional housing for homeless veterans and to guarantee up to 15 investment loans with a maximum aggregate value of \$100 million. Not more than five loans may be guaranteed in the first three years of the program. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee.

As required by the Federal Credit Reform Act of 1990, this account records, for these programs, the subsidy costs associated with the direct loans obligated and the guaranteed loans committed in 1992 and beyond, as well as the administrative expenses of these programs. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

MISCELLANEOUS VETERANS HOUSING LOANS DIRECT LOAN
FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4130-0-3-704	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Direct loans	2	3	13
00.03 Interest on Treasury borrowing	1	1	2
00.91 Direct Program by Activities—Subtotal (1 level)	3	4	15
08.02 Payment of downward reestimate to receipt account		2	
10.00 Total new obligations	3	6	15
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1		
22.00 New financing authority (gross)	2	6	20
23.90 Total budgetary resources available for obligation	3	6	20
23.95 Total new obligations	-3	-6	-15
24.40 Unobligated balance carried forward, end of year			5
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	3	5	13
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)	2	2	8
68.47 Portion applied to repay debt	-3	-1	-1
68.90 Spending authority from offsetting collections (total discretionary)	-1	1	7
70.00 Total new financing authority (gross)	2	6	20
Change in obligated balances:			
73.10 Total new obligations	3	6	15
73.20 Total financing disbursements (gross)	-3	-6	-15
87.00 Total financing disbursements (gross)	3	6	15
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources			-5
Non-Federal sources:			
88.40 Repayment of principal	-1	-1	-1
88.40 Interest received on loans	-1	-1	-2
88.90 Total, offsetting collections (cash)	-2	-2	-8
Net financing authority and financing disbursements:			
89.00 Financing authority		4	12
90.00 Financing disbursements	1	4	7

Status of Direct Loans (in millions of dollars)

Identification code 36-4130-0-3-704	2001 actual	2002 est.	2003 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			5
1121 Limitation available from carry-forward			100
1131 Direct loan obligations exempt from limitation	2	3	
1143 Unobligated limitation carried forward (P.L. 105-368)			-90
1150 Total direct loan obligations	2	3	15
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	17	19	21
1231 Disbursements: Direct loan disbursements	2	3	15
1251 Repayments: Repayments and prepayments	-1	-1	-1
1264 Write-offs for default: Other adjustments, net	1		
1290 Outstanding, end of year	19	21	35

Balance Sheet (in millions of dollars)

Identification code 36-4130-0-3-704	2000 actual	2001 actual	2002 est.	2003 est.
ASSETS:				
Investments in US securities:				
1106 Federal assets: Receivables, net	1			5
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	17	19	21	34
1402 Interest receivable	-1			
1499 Net present value of assets related to direct loans	16	19	21	34
1999 Total assets	17	19	21	39
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable				10
2103 Federal liabilities debt	17	19	21	29
2999 Total liabilities	17	19	21	39
4999 Total liabilities and net position	17	19	21	39

This account contains information on the Native American Veterans Housing Loan program and the Guaranteed Transitional Housing Loans for Homeless Veterans program. The Transitional Housing loans are 100% guaranteed and use the Federal Financing Bank (FFB) as the lending institution. For budget purposes, all FFB loans shall be treated as direct loans.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligation in 1992 and beyond. The amounts in the account are means of financing and are not included in the budget totals.

MISCELLANEOUS VETERANS PROGRAMS LOAN FUND PROGRAM ACCOUNT

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, **[\$72,000] \$55,000**, as authorized by 38 U.S.C. chapter 31, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That funds made available under this heading are available to subsidize gross obligations for the principal amount of direct loans not to exceed **[\$3,301,000] \$3,626,000**.

In addition, for administrative expenses necessary to carry out the direct loan program, **[\$274,000] \$293,000**, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

EDUCATION LOAN FUND PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$1,000, as authorized by 38 U.S.C. 3698, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$3,400.

In addition, for administrative expenses necessary to carry out the direct loan program, **[\$64,000] \$71,000**, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0140-0-1-702	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.09 Administrative expenses	1		

10.00 Total new obligations (object class 25.3)	1		
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Budgetary resources available for obligation:

22.00 New budget authority (gross)	1		
23.95 Total new obligations	-1		

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	1		

Change in obligated balances:

73.10 Total new obligations	1		
73.20 Total outlays (gross)	-1		

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	1		
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Net budget authority and outlays:

89.00 Budget authority	1		
90.00 Outlays	1		

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 36-0140-0-1-702	2001 actual	2002 est.	2003 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Direct loan levels, vocational rehabilitation	2	3	3
115002 Direct loan levels, education			
115901 Total direct loan levels	2	3	3
Direct loan subsidy (in percent):			
132001 Direct loan levels, vocational rehabilitation	1.88	2.18	1.50
132002 Direct loan levels, education	13.93	7.81	6.49
132901 Weighted average subsidy rate	1.88	2.18	1.50
Direct loan subsidy budget authority:			
133001 Direct loan levels, vocational rehabilitation			
133002 Direct loan levels, education			
133901 Total subsidy budget authority			
Direct loan subsidy outlays:			
134001 Direct loan levels, vocational rehabilitation			
134002 Direct loan levels, education			
134901 Total subsidy outlays			
Administrative expense data:			
351001 Budget authority	1		
358001 Outlays from balances			
359001 Outlays	1		

All information from the Vocational Rehabilitation Loan Program and Education Loan Fund is consolidated in a single housing fund called the Miscellaneous Veterans Programs Loan Fund.

The Vocational Rehabilitation Loan Fund provides loans of up to \$896 (based on indexed Chapter 31 Subsistence allowance rate) to veterans enrolled in a program of vocational rehabilitation who are temporarily in need of additional funds to meet their expenses.

The Education Loan program provides loans of up to \$2,500 to dependents of veterans who are eligible for training benefits under chapter 35, title 38, U.S.C. and who are without sufficient funds to meet their education related expenses.

As required by the Federal Credit Reform Act of 1990, this account records, for these programs, the subsidy costs associated with the direct loans obligated in 1992 and beyond, as well as the administrative expenses of these programs. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

MISCELLANEOUS VETERANS PROGRAMS LOAN FUND DIRECT LOAN
FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4259-0-3-702	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Direct loans	2	3	3
10.00 Total new obligations	2	3	3
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	4	6	6
22.60 Portion applied to repay debt	-2	-3	-3
23.90 Total budgetary resources available for obligation	2	3	3
23.95 Total new obligations	-2	-3	-3
New financing authority (gross), detail:			
Discretionary:			
47.00 Authority to borrow	2		
Mandatory:			
67.10 Authority to borrow		3	3
Discretionary:			
68.00 Spending authority from offsetting collections: Off- setting collections (cash)	2	3	3
70.00 Total new financing authority (gross)	4	6	6
Change in obligated balances:			
73.10 Total new obligations	2	3	3
73.20 Total financing disbursements (gross)	-2	-3	-3
87.00 Total financing disbursements (gross)	2	3	3
Offsets:			
Against gross financing authority and financing dis- bursements:			
88.40 Offsetting collections (cash) from: Interest on loans	-2	-3	-3
Net financing authority and financing disbursements:			
89.00 Financing authority	2	3	3
90.00 Financing disbursements			

Status of Direct Loans (in millions of dollars)

Identification code 36-4259-0-3-702	2001 actual	2002 est.	2003 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	3	3	3
1150 Total direct loan obligations	3	3	3
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1	1	1
1231 Disbursements: Direct loan disbursements	2	3	3
1251 Repayments: Repayments and prepayments	-2	-3	-3
1290 Outstanding, end of year	1	1	1

Balance Sheet (in millions of dollars)

Identification code 36-4259-0-3-702	2000 actual	2001 actual	2002 est.	2003 est.
ASSETS:				
Investments in US securities:				
1106 Federal assets: Receivables, net	-1	-1	-1	-1
Net value of assets related to post- 1991 direct loans receivable:				
1401 Direct loans receivable, gross	1	1	1	1
1499 Net present value of assets related to direct loans	1	1	1	1
1999 Total assets				

This account contains information on the Vocational Rehabilitation Loan Program and Education Loan Fund.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond. The amounts in the account are means of financing and are not included in the budget totals.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT

Unavailable Collections (in millions of dollars)

Identification code 36-8133-0-7-702	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year			
Receipts:			
02.20 Deductions from military pay	2	1	
02.40 Contributions	1	1	2
02.99 Total receipts and collections	3	2	2
Appropriations:			
05.00 Post-Vietnam era veterans education account	-3	-2	-2
05.99 Total appropriations	-3	-2	-2
07.99 Balance, end of year			

Program and Financing (in millions of dollars)

Identification code 36-8133-0-7-702	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Payment to post-Vietnam era trainees	4	4	3
00.03 Participant disenrollments	11	9	9
10.00 Total new obligations	15	13	12
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	97	84	74
22.00 New budget authority (gross)	3	2	2
23.90 Total budgetary resources available for obligation	100	86	76
23.95 Total new obligations	-15	-13	-12
24.40 Unobligated balance carried forward, end of year	84	74	64
New budget authority (gross), detail:			
Mandatory:			
60.26 Appropriation (trust fund)	18	14	14
60.45 Portion precluded from obligation	-15	-12	-12
62.50 Appropriation (total mandatory)	3	2	2
Change in obligated balances:			
72.40 Obligated balance, start of year	1	1	2
73.10 Total new obligations	15	13	12
73.20 Total outlays (gross)	-15	-12	-12
74.40 Obligated balance, end of year	1	2	2
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	2	2	2
86.98 Outlays from mandatory balances	13	10	10
87.00 Total outlays (gross)	15	12	12
Net budget authority and outlays:			
89.00 Budget authority	3	2	2
90.00 Outlays	14	12	12

This account consists of voluntary contributions by eligible servicepersons and matching contributions provided by the Department of Defense. The fund provides educational assistance payments to participants who entered the service after December 31, 1976, and are pursuing training under chapter 32, title 38, U.S.C. Section 901 is a non-contributory program with educational assistance provided by the Department of Defense. Public Law 99-576, enacted October 28, 1986, closed the program permanently for new enrollments effective March 31, 1987. Public Law 106-419, enacted November 1, 2000, provides qualified participants in this program another opportunity (through October 31, 2001) to convert to the All-Volunteer Force Educational Assistance program (Montgomery GI Bill). The estimated activity in the fund follows:

CONTRIBUTIONS, PARTICIPANTS, DISENROLLMENTS, REFUNDS AND TRAINEES

[In millions of dollars]

	2001 actual	2002 est.	2003 est.
Total budget authority	\$4	\$2	\$2
Servicepersons	\$1	\$1	\$1
Transferred from Department of Defense (bonus)	\$1	\$1	\$1
Transferred from Department of Defense (matching)	\$2	\$1	\$0
Transferred from Department of Defense (section 901)	\$0	\$0	\$0
Total participants (end of year)	210,385	200,385	189,785
Total contributors (end of year)	1,600	700	200
Average contribution per contributor (actual dollars)	\$923	\$923	\$923
Number of disenrollments	12,600	10,700	10,800
Total refunds	\$11	\$9	\$9
Total trainees	1,680	1,180	980
Total trainee cost	\$4	\$4	\$4
Average cost per trainee (actual dollars)	\$2,298	\$2,966	\$3,286
Section 901 trainees	20	20	20

Object Classification (in millions of dollars)

Identification code 36-8133-0-7-702	2001 actual	2002 est.	2003 est.
41.0 Grants, subsidies, and contributions	4	4	3
44.0 Refunds	11	9	9
99.9 Total new obligations	15	13	12

NATIONAL SERVICE LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-8132-0-7-701	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	10,426	10,236	9,989
Receipts:			
02.20 Premium and other receipts	194	198	184
02.40 Interest	855	828	780
02.41 Payments from general and special funds	1	1	2
02.80 National Service Life Insurance fund, offsetting collections	493	472	451
02.99 Total receipts and collections	1,543	1,499	1,417
04.00 Total: Balances and collections	11,969	11,735	11,406
Appropriations:			
05.00 National Service Life Insurance fund	-1,733	-1,746	-1,733
05.99 Total appropriations	-1,733	-1,746	-1,733
07.99 Balance, end of year	10,236	9,989	9,673

Program and Financing (in millions of dollars)

Identification code 36-8132-0-7-701	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct:			
Operating expenses:			
00.01 Death claims	653	638	649
00.02 Disability claims	14	13	11
00.03 Matured endowments	5	7	9
00.04 Cash surrenders	32	34	35
00.05 Dividends	375	363	335
00.06 Interest paid on dividend credits and deposits	55	55	55
00.07 Payment to general operating expenses	21	22	22
00.91 Total operating expenses	1,155	1,132	1,116
02.01 Capital investment: Policy loans	96	94	96
02.93 Total direct obligations	1,251	1,226	1,212
Reimbursable program:			
09.01 Death claims	247	293	303
09.02 Disability Claims	6	6	5
09.03 Matured Endowments	2	3	4
09.04 Cash Surrenders	15	16	16
09.05 Dividends	176	167	156
09.06 Interest paid on dividend credits and deposits	26	25	26
09.07 Payment to general operating expenses	10	10	10
09.09 Reimbursable program	482	520	520
10.00 Total new obligations	1,733	1,746	1,732
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	1,733	1,746	1,732

23.95 Total new obligations	-1,733	-1,746	-1,732
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New budget authority (gross), detail:

	2001 actual	2002 est.	2003 est.
Mandatory:			
60.26 Appropriation (trust fund)	1,050	1,027	965
69.00 Offsetting collections (cash)	493	472	451
69.26 From offsetting collections (unavailable balances)	190	247	317
69.90 Spending authority from offsetting collections (total mandatory)	683	719	768
70.00 Total new budget authority (gross)	1,733	1,746	1,733

Change in obligated balances:

72.40 Obligated balance, start of year	1,385	1,403	1,417
73.10 Total new obligations	1,733	1,746	1,732
73.20 Total outlays (gross)	-1,715	-1,730	-1,722
74.40 Obligated balance, end of year	1,403	1,417	1,427

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	1,543	1,499	1,416
86.98 Outlays from mandatory balances	171	230	306
87.00 Total outlays (gross)	1,715	1,730	1,722

Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of loans	-128	-124	-118
88.40 Optional settlements	-2	-1	-1
88.40 Net income offsets adjustments	-363	-347	-332
88.90 Total, offsetting collections (cash)	-493	-472	-451

Net budget authority and outlays:

89.00 Budget authority	1,240	1,274	1,281
90.00 Outlays	1,221	1,258	1,271

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value	11,804	11,639	11,406
92.02 Total investments, end of year: Federal securities:			
Par value	11,639	11,406	11,099

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund was established in 1940. It is for the World War II servicemen's and veterans' insurance program. Over 22 million policies have been issued under this program. Activity of the fund reflects a rising claim workload. The trend in the number and amount of policies in force is shown as follows:

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
Number of policies	1,606,590	1,495,800	1,384,620
Insurance in force (dollars in millions)	\$16,288	\$15,540	\$14,756

This fund is operated on a commercial basis to the extent possible. The income of the fund is derived from premium receipts, interest on investments, and payments which are made to the fund from the Veterans insurance and indemnities appropriation.

Assets of the fund, which are largely invested in special interest-bearing Treasury securities and in policy loans, are expected to decrease from \$12,225 million as of September 30, 2002 to \$11,861 million as of September 30, 2003. The actuarial estimate of policy obligations as of September 30, 2003, total \$11,581 million, leaving a balance of \$280 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows:

Status of Funds (in millions of dollars)

Identification code 36-8132-0-7-701	2001 actual	2002 est.	2003 est.
Unexpended balance, start of year:			
0100 Uninvested balance [unavailable collections]	6	1	1

NATIONAL SERVICE LIFE INSURANCE FUND—Continued

Status of Funds (in millions of dollars)—Continued

Identification code 36-8132-0-7-701	2001 actual	2002 est.	2003 est.
0101 U.S. Securities: Par value	11,804	11,639	11,406
0199 Total balance, start of year	11,811	11,639	11,406
Cash income during the year:			
Current law:			
Offsetting receipts (proprietary):			
1220 NSLI fund, premium and other receipts	194	198	184
Offsetting receipts (intragovernmental):			
1240 NSLI fund, interest	855	828	780
1241 NSLI fund, payments from general and special funds	1	1	2
Offsetting collections:			
1280 NSLI fund, offsetting collections	493	472	451
1299 Income under present law	1,543	1,499	1,417
Cash outgo during year:			
Current law:			
4500 National service life insurance fund	-1,715	-1,730	-1,722
Unexpended balance, end of year:			
8700 Uninvested balance	1	1	1
8701 Federal securities: Par value	11,639	11,406	11,099
8799 Total balance, end of year	11,639	11,406	11,100

Object Classification (in millions of dollars)

Identification code 36-8132-0-7-701	2001 actual	2002 est.	2003 est.
Direct obligations:			
33.0 Investments and loans	96	94	96
42.0 Insurance claims and indemnities	704	692	704
43.0 Interest and dividends	451	440	412
99.0 Direct obligations	1,251	1,226	1,212
99.0 Reimbursable obligations	482	520	520
99.9 Total new obligations	1,733	1,746	1,732

UNITED STATES GOVERNMENT LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-8150-0-7-701	2001 actual	2002 est.	2003 est.
01.99 Balance, start of year	55	50	44
Receipts:			
02.40 Interest and profits on investments in public debt securities	5	4	4
02.80 United States government life insurance fund, offsetting collections	1	1	1
02.99 Total receipts and collections	6	5	5
04.00 Total: Balances and collections	61	55	49
Appropriations:			
05.00 United States government life insurance fund	-11	-11	-10
05.99 Total appropriations	-11	-11	-10
07.99 Balance, end of year	50	44	39

Program and Financing (in millions of dollars)

Identification code 36-8150-0-7-701	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Operating expenses:			
00.01 Death claims	2	2	2
00.05 Dividends	1	1	1
00.06 Interest paid on dividend credits and deposits	1	1	1
00.07 Other costs	1	1	1
09.01 Death Claims	4	4	4
09.02 Dividends	2	2	2
09.09 Reimbursable program	6	6	6
10.00 Total new obligations	11	11	10
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	11	11	10

23.95 Total new obligations	-11	-11	-10
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New budget authority (gross), detail:

Mandatory:			
60.26 Appropriation (trust fund)	5	4	4
69.00 Offsetting collections (cash)	1	1	1
69.26 From offsetting collections (unavailable balances)	5	6	5
69.90 Spending authority from offsetting collections (total mandatory)	6	7	6
70.00 Total new budget authority (gross)	11	11	10

Change in obligated balances:

72.40 Obligated balance, start of year	19	18	16
73.10 Total new obligations	11	11	10
73.20 Total outlays (gross)	-12	-13	-12
74.40 Obligated balance, end of year	18	16	14

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	6	5	5
86.98 Outlays from mandatory balances	6	7	6
87.00 Total outlays (gross)	12	13	12

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Repayments of loans	-1	-1	-1

Net budget authority and outlays:

89.00 Budget authority	11	10	10
90.00 Outlays	11	12	11

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value	74	68	61
92.02 Total investments, end of year: Federal securities:			
Par value	68	61	54

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund was established in 1919 to receive premiums and pay claims on insurance issued under the provisions of the War Risk Insurance Act. The general decline in the activity of the fund is indicated in the following table:

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
Number of policies	14,683	13,040	11,440
Insurance in force (dollars in millions)	\$48	\$42	\$37

The fund is operated on a commercial basis to the extent possible. The income of the fund is derived from interest on investments and payments from the Veterans insurance and indemnities appropriation. Effective January 1, 1983, premiums were discontinued because reserves held in the fund were adequate to meet future liabilities of the program.

Assets of the fund, which are largely invested in interest-bearing securities and policy loans, are estimated to decrease from \$65 million as of September 30, 2002, to \$58 million as of September 30, 2003, as an increasing number of policies mature through death or disability. The actuarial evaluation of policy obligations as of September 30, 2003, totals \$57 million, leaving a balance of \$1 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows:

Status of Funds (in millions of dollars)

Identification code 36-8150-0-7-701	2001 actual	2002 est.	2003 est.
Unexpended balance, start of year:			
0101 U.S. Securities: Par value	73	68	61
0199 Total balance, start of year	74	68	60
Cash income during the year:			
Current law:			
Offsetting receipts (intragovernmental):			
1240 Interest and profits on investments in public debt securities, USGLI, VA	5	4	4

Offsetting collections:				
1280	Offsetting collections, USGLI	1	1	1
1299	Income under present law	6	5	5
Cash outgo during year:				
Current law:				
4500	United States government life insurance fund	-12	-13	-12
Unexpended balance, end of year:				
8701	Federal securities: Par value	67	61	54
8799	Total balance, end of year	68	60	53

Object Classification (in millions of dollars)

Identification code 36-8150-0-7-701	2001 actual	2002 est.	2003 est.	
Direct obligations:				
42.0	Insurance claims and indemnities	2	2	2
43.0	Interest and dividends	3	3	2
99.0	Direct obligations	5	5	4
99.0	Reimbursable obligations	6	6	6
99.9	Total new obligations	11	11	10

VETERANS SPECIAL LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-8455-0-8-701	2001 actual	2002 est.	2003 est.	
01.99	Balance, start of year	1,462	1,488	1,507
Receipts:				
02.80	Veterans special life insurance fund, offsetting collections	235	234	230
04.00	Total: Balances and collections	1,697	1,722	1,737
Appropriations:				
05.00	Veterans special life insurance fund	-209	-215	-221
05.99	Total appropriations	-209	-215	-221
07.99	Balance, end of year	1,488	1,507	1,516

Program and Financing (in millions of dollars)

Identification code 36-8455-0-8-701	2001 actual	2002 est.	2003 est.	
Obligations by program activity:				
09.01	Death claims	56	61	66
09.02	Cash surrenders	6	6	6
09.03	Dividends	93	93	88
09.04	All other	30	33	38
09.05	Payments to GOE account	5	5	5
09.06	Capital investment	18	17	18
10.00	Total new obligations	209	215	221
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	209	215	221
23.95	Total new obligations	-209	-215	-221
New budget authority (gross), detail:				
Mandatory:				
69.00	Offsetting collections (cash)	235	234	230
69.26	From offsetting collections (unavailable balances)	-26	-19	-9
69.90	Spending authority from offsetting collections (total mandatory)	209	215	221
Change in obligated balances:				
72.40	Obligated balance, start of year	249	270	287
73.10	Total new obligations	209	215	221
73.20	Total outlays (gross)	-188	-198	-207
74.40	Obligated balance, end of year	270	287	301
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	19	20	21
86.98	Outlays from mandatory balances	170	178	186
87.00	Total outlays (gross)	188	198	207
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.20	Interest on Federal securities	-143	-143	-141

Non-Federal sources:				
88.40	Interest on loans	-6	-6	-6
88.40	Insurance premiums earned	-68	-67	-65
88.40	Repayments of loans	-18	-18	-18
88.90	Total, offsetting collections (cash)	-235	-234	-230

Net budget authority and outlays:

89.00	Budget authority	-26	-19	-9
90.00	Outlays	-47	-36	-23

Memorandum (non-add) entries:

92.01	Total investments, start of year: Federal securities: Par value	1,710	1,756	1,793
92.02	Total investments, end of year: Federal securities: Par value	1,756	1,793	1,816

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund finances the payment of claims on life insurance policies issued before January 3, 1957, to veterans who served in the Armed Forces subsequent to April 1, 1951. No new policies can be issued. Policyholders may elect to purchase total disability income coverage with the payment of additional premiums.

Budget program—

Death claims.—Represents payments to designated beneficiaries.

Cash surrenders.—A policyholder may terminate his or her insurance by cashing in the policy for its cash value.

Dividends.—Policyholders participate in the distribution of annual dividends.

All other.—Classified in this category are payments to policyholders who: (a) hold endowment policies which have matured; (b) have purchased total disability income coverage and subsequently become disabled; and (c) are paid interest on dividend credits and deposits.

The following table reflects the decrease in the number of policies and the amounts of insurance in force:

POLICIES AND INSURANCE IN FORCE

	2001 actual	2002 est.	2003 est.
Number of policies	233,335	223,460	212,890
Insurance in force (dollars in millions)	\$2,635	\$2,598	\$2,556

Financing.—Payments from this fund are financed primarily from premium receipts and interest on investments.

Operating results and financial condition.—Lower than expected death rates on insurance written against this fund has kept death claim payments well below the amount of premium and interest receipts, thereby producing an annual increase in the total revenue of the fund. Excess earnings of the fund are now distributed to the policyholders in the form of an annual dividend.

Object Classification (in millions of dollars)

Identification code 36-8455-0-8-701	2001 actual	2002 est.	2003 est.	
33.0	Investments and loans	18	17	18
42.0	Insurance claims and indemnities	77	84	93
43.0	Interest and dividends	114	114	110
99.9	Total new obligations	209	215	221

CONSTRUCTION

Federal Funds

General and special funds:

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of

General and special funds—Continued

CONSTRUCTION, MAJOR PROJECTS—Continued

title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is \$4,000,000 or more or where funds for a project were made available in a previous major project appropriation, [\$183,180,000] \$193,740,000, to remain available until expended, of which [\$60,000,000] \$5,000,000 shall be for Capital Asset Realignment for Enhanced Services (CARES) activities; and of which [not to exceed \$20,000,000 shall be for costs associated with land acquisitions for national cemeteries in the vicinity of Sacramento, California; Pittsburgh, Pennsylvania; and Detroit, Michigan: *Provided*, That of the amount made available under this heading for CARES activities, up to \$40,000,000 shall be for construction of a blind and spinal cord injury center at the Hines Veterans Affairs Medical Center pursuant to the Veterans Integrated Service Network (VISN) 12 CARES study, and construction of such center is hereby deemed authorized pursuant to title 38, United States Code: *Provided further*, That the amounts designated in the previous proviso shall be available for obligation only after the Secretary of Veterans Affairs has initiated all actions necessary to implement fully Option B of the July 19, 2001 VISN 12 Service Delivery Options after consulting with interested and affected parties, and has initiated Phase II of the CARES process] \$10,000,000 shall be to make reimbursements as provided in 41 U.S.C. 612 for claims paid for contract disputes: *Provided further*, That except for advance planning activities, including needs assessments which may or may not lead to capital investments, and other capital asset management related activities, such as portfolio development and management activities, and investment strategy studies funded through the advance planning fund and the planning and design activities funded through the design fund and CARES funds, including needs assessments which may or may not lead to capital investments, none of the funds appropriated under this heading shall be used for any project which has not been approved by the Congress in the budgetary process: *Provided further*, That funds provided in this appropriation for fiscal year [2002] 2003, for each approved project (except those for CARES activities [and the three land acquisitions] referenced above) shall be obligated: (1) by the awarding of a construction documents contract by September 30, [2002] 2003; and (2) by the awarding of a construction contract by September 30, [2003] 2004: *Provided further*, That the Secretary of Veterans Affairs shall promptly report in writing to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above: *Provided further*, That no funds from any other account except the "Parking revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until 1 year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0110-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Medical program	75	93	199
00.02 National cemeteries	11	82	88
00.03 Replacement or renovation of regional offices	2	1	2
00.04 Other		1	1
10.00 Total new obligations	88	177	290
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	417	395	401
22.00 New budget authority (gross)	66	183	194
23.90 Total budgetary resources available for obligation	483	578	595
23.95 Total new obligations	-88	-177	-290
24.40 Unobligated balance carried forward, end of year	395	401	305

New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	66	183	194
Change in obligated balances:				
72.40	Obligated balance, start of year	299	208	278
73.10	Total new obligations	88	177	290
73.20	Total outlays (gross)	-179	-107	-114
74.40	Obligated balance, end of year	208	278	454
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	2	8	8
86.93	Outlays from discretionary balances	177	98	106
87.00	Total outlays (gross)	179	107	114
Net budget authority and outlays:				
89.00	Budget authority	66	183	194
90.00	Outlays	179	107	114

Funds are requested for new cemeteries in the vicinity of Miami, Florida and Pittsburgh, Pennsylvania; cemetery improvement and expansion in Willamette, Oregon; activities related to CARES; and seismic corrections to two medical facilities in Palo Alto, CA, one in San Francisco, CA, and one in West Los Angeles, CA.

Additional funds are provided to remove asbestos from Department-owned buildings, reimburse the judgment fund, and support advanced planning (including assessments of needs) and design activities.

Budget Authority by Program Activity

(In millions of dollars)

	2001 actual	2002 est.	2003 est.
General	17	112	30
Seismic	0	0	94
Patient environment	1		
Other departments	51	71	69
Design fund offset	(1)		
Reprogramming	(2)		
Total budget authority	66	183	194

Object Classification (in millions of dollars)

Identification code 36-0110-0-1-703	2001 actual	2002 est.	2003 est.
11.3 Personnel compensation: Other than full-time permanent	2	2	2
25.2 Other services	32	35	45
26.0 Supplies and materials	2	3	3
31.0 Equipment	2	4	3
32.0 Land and structures	50	133	237
99.9 Total new obligations	88	177	290

Personnel Summary

Identification code 36-0110-0-1-703	2001 actual	2002 est.	2003 est.
1001 Total compensable workyears: Full-time equivalent employment	21	50	50

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning and assessments of needs which may lead to capital investments, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, 8122, and 8162 of title 38, United States Code, where the estimated cost of a project is less than \$4,000,000, [\$210,900,000] \$210,700,000,

to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than \$4,000,000, of which ~~[\$25,000,000]~~ \$35,000,000 shall be for Capital Asset Realignment for Enhanced Services (CARES) activities: *Provided*, That from amounts appropriated under this heading, additional amounts may be used for CARES activities upon notification of [and approval by] the Committees on Appropriations: *Provided further*, That funds in this account shall be available for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0111-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Medical programs	111	191	175
00.06 National cemeteries	22	27	21
00.07 Staff Offices	5	12	5
00.08 Replacement or renovation of regional offices	12	21	15
10.00 Total new obligations	150	251	216
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	56	72	32
22.00 New budget authority (gross)	166	211	211
23.90 Total budgetary resources available for obligation	222	283	243
23.95 Total new obligations	-150	-251	-216
24.40 Unobligated balance carried forward, end of year	72	32	27
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	171	211	211
41.00 Transferred to other accounts	-5		
43.00 Appropriation (total discretionary)	166	211	211
Change in obligated balances:			
72.40 Obligated balance, start of year	215	208	282
73.10 Total new obligations	150	251	216
73.20 Total outlays (gross)	-157	-177	-194
74.40 Obligated balance, end of year	208	282	304
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	43	55	55
86.93 Outlays from discretionary balances	114	122	139
87.00 Total outlays (gross)	157	177	194
Net budget authority and outlays:			
89.00 Budget authority	166	211	211
90.00 Outlays	157	177	194

The Construction, Minor Projects appropriation, which funds construction projects costing less than \$4 million, is used to reduce risks to patient life and safety, correct code deficiencies, improve ambulatory care settings, and improve national cemeteries and regional and staff offices.

Object Classification (in millions of dollars)

Identification code 36-0111-0-1-703	2001 actual	2002 est.	2003 est.
11.3 Personnel compensation: Other than full-time permanent	2	2	2
25.2 Other services	26	37	45
26.0 Supplies and materials	5	5	5
32.0 Land and structures	117	207	164
99.9 Total new obligations	150	251	216

Personnel Summary

Identification code 36-0111-0-1-703	2001 actual	2002 est.	2003 est.
1001 Total compensable workyears: Full-time equivalent employment	43	80	80

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131-8137, \$100,000,000, to remain available until expended. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0181-0-1-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Grants to States	85	242	100
10.00 Total new obligations (object class 41.0)	85	242	100
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	127	142	
22.00 New budget authority (gross)	100	100	100
23.90 Total budgetary resources available for obligation	227	242	100
23.95 Total new obligations	-85	-242	-100
24.40 Unobligated balance carried forward, end of year	142		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	100	100	100
Change in obligated balances:			
72.40 Obligated balance, start of year	62	87	238
73.10 Total new obligations	85	242	100
73.20 Total outlays (gross)	-60	-91	-95
74.40 Obligated balance, end of year	87	238	243
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	60	91	95
Net budget authority and outlays:			
89.00 Budget authority	100	100	100
90.00 Outlays	60	91	95

In 2002, the Department plans to obligate \$242 million to acquire or construct State home facilities for furnishing domiciliary or nursing home care to veterans and expand, remodel, or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veterans cemeteries as authorized by 38 U.S.C. 2408, ~~[\$25,000,000]~~ \$32,000,000, to remain available until expended. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-0183-0-1-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Grants to States	24	42	32
10.00 Total new obligations (object class 41.0)	24	42	32
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	16	17	
22.00 New budget authority (gross)	25	25	32
23.90 Total budgetary resources available for obligation	41	42	32

General and special funds—Continued

**GRANTS FOR THE CONSTRUCTION OF STATE VETERANS
CEMETERIES—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 36-0183-0-1-705	2001 actual	2002 est.	2003 est.
23.95 Total new obligations	-24	-42	-32
24.40 Unobligated balance carried forward, end of year	17		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	25	25	32
Change in obligated balances:			
72.40 Obligated balance, start of year	22	25	46
73.10 Total new obligations	24	42	32
73.20 Total outlays (gross)	-20	-21	-25
74.40 Obligated balance, end of year	25	46	53

Identification code 36-0183-0-1-705	2001 actual	2002 est.	2003 est.
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	4		
86.93 Outlays from discretionary balances	16	21	25
87.00 Total outlays (gross)	20	21	25
Net budget authority and outlays:			
89.00 Budget authority	25	25	32
90.00 Outlays	20	21	25

This program enables the Department to assist States in establishing, expanding, or improving State-operated veterans cemeteries.

Public enterprise funds:

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, income from fees collected [and \$4,000,000 from the general fund, both], to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from "Medical care". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

Program and Financing (in millions of dollars)

Identification code 36-4538-0-3-703	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.01 Operating expenses: parking leases	3	3	3
09.01 Capital Investment: parking construction program	3	12	5
10.00 Total new obligations	6	15	8
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	12	17	9
22.00 New budget authority (gross)	10	7	3
23.90 Total budgetary resources available for obligation	22	24	12
23.95 Total new obligations	-6	-15	-8
24.40 Unobligated balance carried forward, end of year	17	9	4

Identification code 36-4538-0-3-703	2001 actual	2002 est.	2003 est.
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation		4	
42.00 Transferred from other accounts	7		
43.00 Appropriation (total discretionary)	7	4	
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	3	3	3
70.00 Total new budget authority (gross)	10	7	3

Identification code 36-4538-0-3-703	2001 actual	2002 est.	2003 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	3	1	10
73.10 Total new obligations	6	15	8
73.20 Total outlays (gross)	-8	-6	-7
74.40 Obligated balance, end of year	1	10	9

Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2	3	3
86.93 Outlays from discretionary balances	6	3	4
87.00 Total outlays (gross)	8	6	7

Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-3	-3	-3

Net budget authority and outlays:			
89.00 Budget authority	7	4	
90.00 Outlays	5	3	4

The Parking Revolving Fund provides funding for the construction and lease of parking facilities and surface parking at various medical centers.

Object Classification (in millions of dollars)

Identification code 36-4538-0-3-703	2001 actual	2002 est.	2003 est.
23.2 Rental payments to others	3	3	3
32.0 Land and structures	3	12	5
99.0 Reimbursable obligations	6	15	8
99.9 Total new obligations	6	15	8

PERSHING HALL REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4018-0-3-705	2001 actual	2002 est.	2003 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1	1	1
24.40 Unobligated balance carried forward, end of year	1	1	1
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

The Pershing Hall Revolving Fund was created to operate and manage Pershing Hall, an asset of the United States, located in Paris, France. All operating expenses for Pershing Hall are borne by the revolving fund and all receipts generated by the operation of Pershing Hall are deposited in the revolving fund.

To facilitate account restructuring and consolidation, the Pershing Hall Revolving Fund also reflects budget information for the Nursing Home Revolving Fund. The Nursing Home Revolving Fund provides for the construction, alteration, and acquisition (including site acquisition) of nursing home facilities and is available only as provided in appropriations acts.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-wide capital planning, management and policy activities, uniforms or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail, **[\$1,195,728,000]** *\$1,316,765,000: Provided.* That expenses for services and assistance authorized under 38 U.S.C. 3104(a)(1), (2), (5), and (11) that the Secretary determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: *Provided*

further, That of the funds made available under this heading, [not to exceed \$60,000,000] \$65,800,000 shall be available for obligation until September 30, [2003] 2004: Provided further, That from the funds made available under this heading, the Veterans Benefits Administration may purchase up to [four] two passenger motor vehicles for use in operations of that Administration in Manila, Philippines: Provided further, That travel expenses for this account shall not exceed \$15,665,000]. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.)

[For emergency expenses to respond to the September 11, 2001, terrorist attacks on the United States for "General operating expenses", \$2,000,000, to remain available until expended, to be obligated from amounts made available in Public Law 107-38.] (Emergency Supplemental Act, 2002)

Program and Financing (in millions of dollars)

Identification code 36-0151-0-1-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct program:			
Veterans benefits:			
00.04 Compensation and pensions	696	787	798
00.05 Education	66	89	103
00.06 Vocational rehabilitation and counseling	112	130	134
00.09 Insurance ¹	3	4	4
00.11 General administration	265	259	278
01.00 Total Direct Program	1,142	1,269	1,317
Reimbursable program:			
09.01 Administration of housing credit programs	169	171	176
09.02 Administration of other credit programs	1	1	1
09.03 Administration of insurance programs	39	39	40
09.04 Other reimbursable programs	163	252	212
09.99 Total reimbursable program	372	463	429
10.00 Total new obligations	1,514	1,732	1,746
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	14	.....
22.00 New budget authority (gross)	1,524	1,718	1,746
23.90 Total budgetary resources available for obligation	1,529	1,732	1,746
23.95 Total new obligations	-1,514	-1,732	-1,746
23.98 Unobligated balance expiring or withdrawn	-1	.....	.....
24.40 Unobligated balance carried forward, end of year	14	.....	.....
New budget authority (gross), detail:			
Discretionary:			
Appropriation:			
40.00 Appropriation	1,102	1,252	1,317
40.00 Appropriation .....	.....	2	.....
40.35 Appropriation rescinded	-2	.....	.....
42.00 Transferred from other accounts	52	1	.....
43.00 Appropriation (total discretionary)	1,152	1,255	1,317
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	372	463	429
70.00 Total new budget authority (gross)	1,524	1,718	1,746
Change in obligated balances:			
72.40 Obligated balance, start of year	190	201	215
73.10 Total new obligations	1,514	1,732	1,746
73.20 Total outlays (gross)	-1,495	-1,718	-1,735
73.40 Adjustments in expired accounts (net)	-8	.....	.....
74.40 Obligated balance, end of year	201	215	226
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,301	1,502	1,520
86.93 Outlays from discretionary balances	194	215	216
87.00 Total outlays (gross)	1,495	1,718	1,735
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-372	-463	-429
Net budget authority and outlays:			
89.00 Budget authority	1,152	1,255	1,317
90.00 Outlays	1,123	1,255	1,306

¹ The total cost of administering veterans insurance programs is funded through direct appropriations to this account and through reimbursements from the insurance trust fund.

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	1,100	1,199	1,256
90.00 Outlays	1,071	1,199	1,245

Summary of Budget Authority and Outlays

(in millions of dollars)			
Enacted/requested:	2001 actual	2002 est.	2003 est.
Budget Authority	1,152	1,255	1,317
Outlays	1,123	1,254	1,307
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	20
Outlays .....	.....	.....	20
Total:			
Budget Authority	1,152	1,255	1,337
Outlays	1,123	1,254	1,327

This appropriation provides for the administration of non-medical veterans benefits through the Veterans Benefits Administration (VBA) and the Department's top management direction and administrative support, including data processing, fiscal, personnel, and legal services.

Veterans benefits.—Determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards. A summary of VBA's program objectives and anticipated workload is included in the following paragraphs. Workload data for this program is shown below. Specific performance goals relating to the processing of veterans benefits are contained in VA's annual performance plan.

Compensation and pensions.—Provides processing of claims for veterans and dependents relating to compensation and pension benefits under the various laws enacted by Congress.

WORKLOAD

(Claims completed in thousands)

	2001 actual	2002 est.	2003 est.
Compensation:			
Rating-Related Actions ¹	398	656	682
Non Rating Actions ²	264	337	346
Pension:			
Rating-Related Actions ¹	84	144	150
Non Rating Actions ²	418	550	564

¹ Rating related actions include original compensation claims (EP 010/110), original DIC claims (EP 140), original pensions claims (EP 180), reopened compensation claims (EP 020), reopened pension claims (EP 120), routine examinations (EP 310), and reviews due to hospitalizations (EP 320).

² Non Rating actions include dependency issues (EP 130), income issues (EP 150), IVM (EP 154), EVR (EP 155), burial/plot claims (EP 160), claims for accrued benefits (EP 165), original death pension claims (EP 190), and special eligibility determinations (EP 290).

Education.—Provides timely and efficient processing of claims for veterans and dependents relating to education benefits under the various laws enacted by Congress.

WORKLOAD

(In thousands)

	2001 actual	2002 est.	2003 est.
Education:			
Original claims	162	200	218
Adjustments/supplemental claims	843	1,020	1,105

Loan guaranty.—Facilitates the extension of private capital, on more liberal terms than generally available to non-veterans, to assist veterans and servicepersons in obtaining housing credits; provide grants to aid permanently and totally disabled veterans in acquiring specially adapted housing; and assist veterans in retaining their homes during periods of temporary economic difficulty through intensive supplemental mortgage loan servicing.

GENERAL OPERATING EXPENSES—Continued

WORKLOAD

[In thousands]

	2001 actual	2002 est.	2003 est.
Loan guaranty:			
Construction and valuation (number of reviews)	304	319	335
Loan processing (number of loans)	699	734	771
Loan service and claims (number of loans and claims)	287	301	316
Property management (number of properties)	49	51	54

Vocational rehabilitation and employment.—Provides counseling and assistance to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment.

WORKLOAD

[In thousands]

	2001 actual	2002 est.	2003 est.
Vocational rehabilitation and employment:			
Evaluation and planning	53	55	56
Rehabilitation services	61	63	64
Employment services status	14	14	15
Vocational/educational counseling	11	10	10

Insurance.—Provides life insurance protection for servicepersons and veterans. The VA administers six life insurance programs and supervises two others through a contractual agreement with a commercial company.

WORKLOAD

[In thousands]

	2001 actual	2002 est.	2003 est.
Insurance:			
Policy service actions	963	947	917
Collections	2,656	2,497	2,322
Disability claims	11	11	11
Insurance awards	773	479	453

General administration.—Includes Departmental executive direction and supporting offices, the General Counsel, the Board of Veterans Appeals, and the Board of Contract Appeals.

Object Classification (in millions of dollars)

Identification code 36-0151-0-1-705	2001 actual	2002 est.	2003 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	598	662	694
11.5 Other personnel compensation	20	15	15
11.9 Total personnel compensation	618	677	709
12.1 Civilian personnel benefits	190	201	231
13.0 Benefits for former personnel	4	6	4
Travel and transportation of persons:			
21.0 Employee travel	16	16	17
21.0 Travel and transportation of persons	2	2	2
22.0 Transportation of things	1	3	3
23.1 Rental payments to GSA	86	79	87
23.2 Rental payments to others	7	9	9
23.3 Communications, utilities, and miscellaneous charges	24	37	45
24.0 Printing and reproduction	3	3	3
25.2 Other services	141	186	165
25.3 Other purchases of goods and services from Government accounts	3	3	3
26.0 Supplies and materials	11	12	11
31.0 Equipment	36	35	28
99.0 Direct obligations	1,142	1,269	1,317
99.0 Reimbursable obligations	372	463	429
99.9 Total new obligations	1,514	1,732	1,746

Personnel Summary

Identification code 36-0151-0-1-705	2001 actual	2002 est.	2003 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment ¹	11,523	12,581	12,776

Reimbursable:

2001	2002	2003	
Total compensable workyears: Full-time equivalent employment	3,184	3,239	3,229

¹ Reflects FTE treated as reimbursements in all years and the effects of Credit Reform, per P.L. 101-508.

GENERAL OPERATING EXPENSES

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0151-2-1-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
Direct program:			
Veterans benefits:			
00.06 Vocational rehabilitation and counseling			20
01.00 Total Direct Program			20
10.00 Total new obligations			20
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			20
23.95 Total new obligations			-20
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			20
Change in obligated balances:			
73.10 Total new obligations			20
73.20 Total outlays (gross)			-20
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			20
Net budget authority and outlays:			
89.00 Budget authority			20
90.00 Outlays			20

The Administration will transmit legislation that will establish a new competitive grant program in the Department of Veterans Affairs, subject to Congressional authorization, which will enable the Department to assist States in establishing, expanding, or improving employment and training services for veterans. The Department will set clear employment-based outcome measures for these grants and judge grantee performance on this basis. The emphasis will be on serving those veterans who most need employment assistance, including disabled or homeless veterans.

This new competitive grant program will replace a similar set of programs now in the Department of Labor's Veterans Employment and Training Service.

Object Classification (in millions of dollars)

Identification code 36-0151-2-1-705	2001 actual	2002 est.	2003 est.
11.1 Personnel compensation: Full-time permanent			10
12.1 Civilian personnel benefits			2
21.0 Employee travel			1
23.1 Rental payments to GSA			1
23.3 Communications, utilities, and miscellaneous charges			1
25.2 Other services			4
31.0 Equipment			1
99.9 Total new obligations			20

Personnel Summary

Identification code 36-0151-2-1-705	2001 actual	2002 est.	2003 est.
1001 Total compensable workyears: Full-time equivalent employment			199

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, **[\$52,308,000]** \$58,338,000, of which \$2,917,000 shall remain available until September 30, 2004. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.)

Program and Financing (in millions of dollars)

Identification code 36-0170-0-1-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.10 Direct program	48	55	58
09.00 Reimbursable program	2	3	3
10.00 Total new obligations	50	58	61
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	50	58	61
23.95 Total new obligations	-50	-58	-61
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	48	55	58
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	3	3
70.00 Total new budget authority (gross)	50	58	61
Change in obligated balances:			
72.40 Obligated balance, start of year	11	10	5
73.10 Total new obligations	50	58	61
73.20 Total outlays (gross)	-51	-58	-61
73.40 Adjustments in expired accounts (net)	-1	-5	-5
74.40 Obligated balance, end of year	10	5	
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	48	53	56
86.93 Outlays from discretionary balances	3	5	5
87.00 Total outlays (gross)	51	58	61
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-2	-3	-3
Net budget authority and outlays:			
89.00 Budget authority	48	55	58
90.00 Outlays	49	55	58

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	46	52	55
90.00 Outlays	47	52	55

This appropriation provides Department-wide audit, investigation, and essential inspection and support functions to identify and report weaknesses and deficiencies in VA programs and operations that create conditions for existing or potential instances of fraud, waste, and mismanagement. The audit function plans and conducts internal programmatic audits of all facets of VA operations as well as contract audit services for all applicable Department contracts. The investigative function conducts proactive and reactive criminal and administrative investigations of improper and illegal activities involving VA programs, personnel, beneficiaries, and other third parties. The healthcare inspection function performs legislatively mandated medical care quality assurance reviews and oversight. The support function provides normal office administrative support.

Object Classification (in millions of dollars)

Identification code 36-0170-0-1-705	2001 actual	2002 est.	2003 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	27	32	33
12.1 Civilian personnel benefits	9	11	11
21.0 Travel and transportation of persons	2	3	3
23.1 Rental payments to GSA	2	2	3
25.2 Other services	8	7	8
99.0 Direct obligations	48	55	58
99.0 Reimbursable obligations	2	3	3
99.9 Total new obligations	50	58	61

Personnel Summary

Identification code 36-0170-0-1-705	2001 actual	2002 est.	2003 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	350	405	402
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	20	24	24

NATIONAL CEMETERY ADMINISTRATION

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; and hire of passenger motor vehicles, **[\$121,169,000]** \$138,323,000, of which \$6,912,000 shall be available until September 30, 2004. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002; additional authorizing legislation required.)

Program and Financing (in millions of dollars)

Identification code 36-0129-0-1-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
00.10 Direct obligations	113	126	138
10.00 Total new obligations	113	126	138
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	113	126	138
23.95 Total new obligations	-113	-126	-138
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	114	126	138
41.00 Transferred to other accounts	-1		
43.00 Appropriation (total discretionary)	113	126	138
Change in obligated balances:			
72.40 Obligated balance, start of year	16	21	22
73.10 Total new obligations	113	126	138
73.20 Total outlays (gross)	-108	-125	-137
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	21	22	23
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	95	114	125
86.93 Outlays from discretionary balances	13	11	12
87.00 Total outlays (gross)	108	125	137
Net budget authority and outlays:			
89.00 Budget authority	113	126	138
90.00 Outlays	107	125	137

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)

	2001 actual	2002 est.	2003 est.
Net budget authority and outlays:			
89.00 Budget authority	109	121	133

NATIONAL CEMETERY ADMINISTRATION—Continued

Budget Authority and Outlays Excluding Full Funding for Federal Retiree Costs (in millions of dollars)—Continued

	2001 actual	2002 est.	2003 est.
90.00 Outlays	103	120	132

Specific performance goals relating to the National Cemetery Administration are contained in VA's annual performance plan.

The mission of the National Cemetery Administration is to honor veterans with a final resting place and lasting memorials that commemorate their service to our Nation. The National Cemetery Administration's vision is to provide a lasting tribute to our Nation's veterans by being mission-driven, results-oriented, and customer-focused. There are four related programs managed by the National Cemetery Administration including: (1) burying eligible veterans and family members in national cemeteries and maintaining the graves and their environs as national shrines; (2) providing aid to States in establishing, expanding, or improving State veteran cemeteries; (3) providing headstones and markers for the graves of eligible persons in national, State, and private cemeteries; and (4) providing presidential memorial certificates to family and friends of deceased veterans, recognizing the veteran's contribution and service to the Nation.

The National Cemetery Administration also reflects budget information for the National Cemetery Gift Fund. Through this Trust Fund, the Secretary is authorized to accept gifts and bequests which are made for the purpose of beautifying national cemeteries or are determined to be beneficial to such cemeteries, or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

Object Classification (in millions of dollars)

Identification code 36-0129-0-1-705	2001 actual	2002 est.	2003 est.
Personnel compensation:			
11.1 Full-time permanent	48	51	55
11.3 Other than full-time permanent	6	7	7
11.9 Total personnel compensation	54	58	62
12.1 Civilian personnel benefits	19	22	23
21.0 Travel and transportation of persons	1	2	2
23.1 Rental payments to GSA	1	1	1
23.3 Communications, utilities, and miscellaneous charges	5	5	6
25.2 Other services	20	25	28
26.0 Supplies and materials	7	7	8
31.0 Equipment	6	6	8
99.9 Total new obligations	113	126	138

Personnel Summary

Identification code 36-0129-0-1-705	2001 actual	2002 est.	2003 est.
1001 Total compensable workyears: Full-time equivalent employment	1,385	1,460	1,519

Intragovernmental funds:

SUPPLY FUND

Program and Financing (in millions of dollars)

Identification code 36-4537-0-4-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Reimbursable program-COGS-Merchandizing	895	934	987
09.02 Reimbursable program-Other-Operations	46	56	58
09.03 Reimbursable program-COGS-Printing and Publications	7	7	7
09.04 Reimbursable program-Other	2	2	2

09.05 Reimbursable program-Equipment-Procurement Services and Distribution	2	3	3
10.00 Total new obligations	952	1,002	1,057

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	188	151	151
22.00 New budget authority (gross)	915	1,002	1,057
23.90 Total budgetary resources available for obligation	1,103	1,153	1,208
23.95 Total new obligations	-952	-1,002	-1,057
24.40 Unobligated balance carried forward, end of year	151	151	151

New budget authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	862	1,002	1,057
69.10 Change in uncollected customer payments from Federal sources (unexpired)	53		
69.90 Spending authority from offsetting collections (total mandatory)	915	1,002	1,057

Change in obligated balances:

72.40 Obligated balance, start of year	32	118	118
73.10 Total new obligations	952	1,002	1,057
73.20 Total outlays (gross)	-813	-1,002	-1,057
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-53		
74.40 Obligated balance, end of year	118	118	118

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	813	1,002	1,057
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Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-862	-1,002	-1,057
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-53		

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-49		

Under the provisions of 38 U.S.C. 8121, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. The Supply Fund is an intragovernmental revolving fund without fiscal year limitations.

Budget program.—The fund provides financial support for: (1) a National Acquisition Center or central contracting office; (2) the maintenance of field station inventories; (3) a service and distribution center; (4) a service and reclamation program; (5) a national prosthetics distribution center; and (6) an asset management service.

Costs for the administration of supply activities at VA field stations are not financed by the Supply Fund. These costs are charged directly to applicable appropriations accounts.

Financing.—Costs of supplies, equipment, and services acquired through the Supply Fund and Supply Fund operating costs are recovered through reimbursements from the VA appropriations and other Government agencies receiving goods and services. For 2003, Supply Fund sales are estimated to reach \$893 million. Average inventory needed to support those sales will be \$40 million.

Operating results.—The Fund operated at a loss of \$7.4 million in 2000. The new total of retained earnings is \$52 million. Operating expense as related to sales was 6 percent.

Object Classification (in millions of dollars)

Identification code 36-4537-0-4-705	2001 actual	2002 est.	2003 est.
Personnel compensation:			
11.1 Full-time permanent	21	23	25
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	22	24	26
12.1 Civilian personnel benefits	7	8	8
21.0 Travel and transportation of persons	3	3	3
23.1 Rental payments to GSA	1	1	1

23.3	Communications, utilities, and miscellaneous charges	3	3	3
24.0	Printing and reproduction	7	7	7
25.1	Advisory and assistance services	316	331	403
26.0	Supplies and materials	287	308	300
31.0	Equipment	306	317	306
99.0	Reimbursable obligations	952	1,002	1,057
99.9	Total new obligations	952	1,002	1,057

Personnel Summary

Identification code 36-4537-0-4-705	2001 actual	2002 est.	2003 est.
2001 Total compensable workyears: Full-time equivalent employment	361	387	391

FRANCHISE FUND

Program and Financing (in millions of dollars)

Identification code 36-4539-0-4-705	2001 actual	2002 est.	2003 est.
Obligations by program activity:			
09.01 Reimbursable program	113	145	146
09.02 Reimbursable program	3	4	4
10.00 Total new obligations	116	149	150

Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year	6	38	44
22.00 New budget authority (gross)	148	155	157
23.90 Total budgetary resources available for obligation	154	193	201
23.95 Total new obligations	-116	-149	-150
24.40 Unobligated balance carried forward, end of year	38	44	51

New budget authority (gross), detail:

Mandatory:			
69.00 Offsetting collections (cash)	144	152	154
69.10 Change in uncollected customer payments from Federal sources (unexpired)	4	3	3
69.90 Spending authority from offsetting collections (total mandatory)	148	155	157

Change in obligated balances:

72.40 Obligated balance, start of year	39	14	11
73.10 Total new obligations	116	149	150
73.20 Total outlays (gross)	-137	-149	-150
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-4	-3	-3
74.40 Obligated balance, end of year	14	11	9

Outlays (gross), detail:

86.97 Outlays from new mandatory authority	137	149	150
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Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-144	-152	-154
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-4	-3	-3

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-7	-3	-4

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. This budget extends through September 30, 2003, the authority under that Act for franchise fund pilots in agencies including VA. Established in 1997, administrative services included in the Franchise Fund were to be financed on a fee-for-service basis rather than through VA's General Operating Expenses appropriation. VA Enterprise Centers are the lines of business within the VA Franchise Fund and are expected to have net billings of about \$156 million and employ 705 people, who were transferred from their parent organizations.

The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality.

Object Classification (in millions of dollars)

Identification code 36-4539-0-4-705	2001 actual	2002 est.	2003 est.
11.1 Personnel compensation: Full-time permanent	35	42	43
12.1 Civilian personnel benefits	11	13	13
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	4	4	4
23.3 Communications, utilities, and miscellaneous charges	24	26	26
24.0 Printing and reproduction	2	1	1
25.2 Other services	29	59	59
26.0 Supplies and materials	2	2	2
31.0 Equipment	8	1	1
99.0 Reimbursable obligations	116	149	150
99.9 Total new obligations	116	149	150

Personnel Summary

Identification code 36-4539-0-4-705	2001 actual	2002 est.	2003 est.
2001 Total compensable workyears: Full-time equivalent employment	636	740	740

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2001 actual	2002 est.	2003 est.
Offsetting receipts from the public:			
36-247300 Contributions from military personnel, Veteran's Educational Assistance Act of 1984	286	192	196
36-273330 GIF direct loans, Downward reestimates of subsidies	1,420	1,795	
36-275130 Native American direct loans, downward re-estimate of subsidies		2	
36-275510 Negative subsidies, Veterans housing benefit program			98
General Fund Offsetting receipts from the public	1,706	1,989	294

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

[SEC. 101. Any appropriation for fiscal year 2002 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.]

SEC. [102] 101. Appropriations available to the Department of Veterans Affairs for fiscal year [2002] 2003 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. [103] 102. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for "Construction, major projects", "Construction, minor projects", and the "Parking revolving fund") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. [104] 103. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901-7904 or 42 U.S.C. 5141-5204), unless reimbursement of cost is made to the "Medical care" account at such rates as may be fixed by the Secretary of Veterans Affairs.

[SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 2002 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 2001.]

SEC. [106] 104. Appropriations accounts available to the Department of Veterans Affairs for fiscal year [2002] 2003 shall be available to pay prior year obligations of corresponding prior year appro-

ADMINISTRATIVE PROVISIONS—Continued
(INCLUDING TRANSFER OF FUNDS)—Continued

priations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100–86, except that if such obligations are from trust fund accounts they shall be payable from “Compensation and pensions”.

SEC. [107] 105. Notwithstanding any other provision of law, during fiscal year [2002] 2003, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans’ Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the “General operating expenses” account for the cost of administration of the insurance programs financed through those accounts: *Provided*, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year [2002] 2003, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: *Provided further*, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: *Provided further*, That the Secretary shall determine the cost of administration for fiscal year [2002] 2003, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. [108] 106. Notwithstanding any other provision of law, the Department of Veterans Affairs shall continue the Franchise Fund pilot program authorized to be established by section 403 of Public Law 103–356 until October 1, [2002] 2003: *Provided*, That the Franchise Fund, established by title I of Public Law 104–204 to finance the operations of the Franchise Fund pilot program, shall continue until October 1, [2002] 2003.

SEC. [109] 107. Amounts deducted from enhanced-use lease proceeds to reimburse an account for expenses incurred by that account during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received.

SEC. [110] 108. Funds available in any Department of Veterans Affairs appropriation for fiscal year [2002] 2003 or funds for salaries and other administrative expenses shall also be available to reimburse the Office of Resolution Management and the Office of Employment Discrimination Complaint Adjudication for all services provided at rates which will recover actual costs but not exceed [\$28,555,000] \$29,318,000 for the Office of Resolution Management and [\$2,383,000] \$3,010,000 for the Office of Employment and Discrimination Complaint Adjudication: *Provided*, That payments may be made in advance for services to be furnished based on estimated costs: *Provided further*, That amounts received shall be credited to “General operating expenses” for use by the office that provided the service.

[SEC. 111. The Secretary of Veterans Affairs shall treat the North Dakota Veterans Cemetery, Mandan, North Dakota, as a veterans cemetery owned by the State of North Dakota for purposes of making grants to States in expanding or improving veterans cemeteries under section 2408 of title 38, United States Code. This section shall take effect on the date of enactment of this Act, and shall apply with respect to grants under section 2408 of title 38, United States Code, that occur on or after that date.] (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.*)

TITLE IV—GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefor in the budget estimates submitted for the appropriations: *Provided*, That this provision does not apply to accounts that do not contain an object classification for travel: *Provided further*, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster

Relief and Emergency Assistance Act; to travel performed by the Offices of Inspector General in connection with audits and investigations; to travel performed by the U.S. Consumer Product Safety Commission in connection with litigations; or to payments to interagency motor pools where separately set forth in the budget schedules: *Provided further*, That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefor set forth in the estimates only to the extent notice of such an increase is [approved by] transmitted to the Committees on Appropriations.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811–1831).

SEC. 404. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 405. No funds appropriated by this Act may be expended—
(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made; or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between the domicile and the place of employment of the officer or employee, with the exception of an officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905.

SEC. 407. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: *Provided*, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 408. None of the funds provided in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 409. None of the funds provided in this Act may be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 410. Except as otherwise provided under existing law, or under an existing Executive order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are: (1) a matter of public record and available for public inspection; and (2) thereafter included in a publicly available list of all contracts entered into within 24 months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly

and shall include a narrative description of the work to be performed under each such contract.

SEC. 411. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), for a contract for services unless such executive agency: (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder; and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analyses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning: (A) the contract pursuant to which the report was prepared; and (B) the contractor who prepared the report pursuant to such contract.

SEC. 412. Except as otherwise provided in section 406, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 413. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 414. None of the funds appropriated in title I of this Act shall be used to enter into any new lease of real property if the estimated annual rental is more than \$300,000 [unless the Secretary submits a report which] *until 30 days after notice thereof is transmitted to the Committees on Appropriations of the Congress* [approve within 30 days following the date on which the report is received].

SEC. 415. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 416. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees for indirect costs, except as published in Office of Management and Budget Circular A-21.

SEC. 417. Such sums as may be necessary for fiscal year [2002] 2003 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 418. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 419. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of such Act as may be necessary in carrying out the programs set forth in the budget for [2002] 2003 for such corporation or agency except as hereinafter provided: *Provided*, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

SEC. 420. Notwithstanding any other provision of law, the term "qualified student loan" with respect to national service education awards shall mean any loan determined by an institution of higher education to be necessary to cover a student's cost of attendance at such institution and made directly to a student by a State agency, in addition to other meanings under section 148(b)(7) of the National and Community Service Act.

[SEC. 421. Unless otherwise provided for in this Act or through a reprogramming of funds, no part of any appropriation for the De-

partment of Housing and Urban Development shall be available for any activity in excess of amounts set forth in the budget estimates submitted to Congress.]

[SEC. 422. None of the funds appropriated or otherwise made available by this Act shall be used to promulgate a final regulation to implement changes in the payment of pesticide tolerance processing fees as proposed at 64 Fed. Reg. 31040, or any similar proposals. The Environmental Protection Agency may proceed with the development of such a rule.]

[SEC. 423. The Environmental Protection Agency may not use any of the funds appropriated or otherwise made available by this Act to implement the Registration Fee system codified at 40 Code of Federal Regulations Subpart U (sections 152.400 et seq.) if its authority to collect maintenance fees pursuant to FIFRA section 4(i)(5) is extended for at least 1 year beyond September 30, 2001.]

SEC. [424] 421. Except in the case of entities that are funded solely with Federal funds or any natural persons that are funded under this Act, none of the funds in this Act shall be used for the planning or execution of any program to pay the expenses of, or otherwise compensate, non-Federal parties to lobby or litigate in respect to adjudicatory proceedings funded in this Act. A chief executive officer of any entity receiving funds under this Act shall certify that none of these funds have been used to engage in the lobbying of the Federal Government or in litigation against the United States unless authorized under existing law.

SEC. [425] 422. No part of any funds appropriated in this Act shall be used by an agency of the executive branch, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, and for the preparation, distribution or use of any kit, pamphlet, booklet, publication, radio, television or film presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress itself.

SEC. 423. *Title 38 of the United States Code is amended by adding the following new section 1722B:*

"Deductible for certain veterans who do not have a service-connected disability and higher incomes

"(a) Subject to subsection (d) of this section, the Secretary may not furnish care or services authorized by this chapter (other than by sections 1708, 1711(a), 1712A, 1712B, 1718, 1720D, 1720E) to a veteran eligible for care under section 1710(a)(3), unless the veteran agrees to pay the United States an amount determined in subsection (b) of this section.

"(b) A veteran who agrees to pay an amount under subsection (a) shall be liable to the United States for an amount equal to forty-five percent of the amount of the reasonable charges, established by the Secretary under section 1729(a)(1) for each specific type of care or service the veteran receives for which the Secretary has established a reasonable charge, up to a maximum of \$1500 in any calendar year.

"(c) A veteran shall not be liable to the United States for any amount under subsections (f) and (g) of section 1710, and subsection (c) of section 1710B for care or services for which the veteran agrees to pay the amount determined under subsection (b).

"(d) Amounts collected under this section shall be deposited in the Department of Veterans Affairs Medical Care Collections Fund."

[SEC. 426. None of the funds provided in title II for technical assistance, training, or management improvements may be obligated or expended unless HUD provides to the Committees on Appropriations a description of each proposed activity and a detailed budget estimate of the costs associated with each activity as part of the Budget Justifications. For fiscal year 2002, HUD shall transmit this information to the Committees by January 8, 2002 for 30 days of review.]

[SEC. 427. All Departments and agencies funded under this Act are encouraged, within the limits of the existing statutory authorities and funding, to expand their use of "E-Commerce" technologies and procedures in the conduct of their business practices and public service activities.]

[SEC. 428. Section 104(n)(4) of the Cerro Grande Fire Assistance Act (Public Law 106-246) is amended by striking "beginning not later than the expiration of the 1-year period beginning on the date of the enactment of this Act." and inserting "within 120 days after the Director issues the report required by subsection (n) in 2002 and 2003.".]

[SEC. 429. None of the funds provided by this Act may be used for the purpose of implementing any administrative proposal that would require military retirees to make an "irrevocable choice" for any specified period of time between Department of Veterans Affairs

or military health care under the new TRICARE for Life plan authorized in the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106-398).]

[SEC. 430. None of the funds appropriated by this Act may be used to delay the national primary drinking water regulation for Arsenic published on January 22, 2001, in the Federal Register (66 Fed. Reg. pages 6976 through 7066, amending parts 141 through 142 of title 40 of the Code of Federal Regulations).]

[SEC. 431. Subtitle B of title VI of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5197-5197g) is amended by adding at the end the following:

“SEC. 629. MINORITY EMERGENCY PREPAREDNESS DEMONSTRATION PROGRAM.

“(a) IN GENERAL.—The Director shall establish a minority emergency preparedness demonstration program to research and promote the capacity of minority communities to provide data, information, and awareness education by providing grants to or executing contracts or cooperative agreements with eligible nonprofit organizations to establish and conduct such programs.

“(b) ACTIVITIES SUPPORTED.—An eligible nonprofit organization may use a grant, contract, or cooperative agreement awarded under this section—

“(1) to conduct research into the status of emergency preparedness and disaster response awareness in African American and Hispanic households located in urban, suburban, and rural communities, particularly in those States and regions most impacted by natural and manmade disasters and emergencies; and

“(2) to develop and promote awareness of emergency preparedness education programs within minority communities, including development and preparation of culturally competent educational and awareness materials that can be used to disseminate information to minority organizations and institutions.

“(c) ELIGIBLE ORGANIZATIONS.—A nonprofit organization is eligible to be awarded a grant, contract, or cooperative agreement under this section with respect to a program if the organization is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) and exempt from tax under section 501(a) of such Code, whose primary mission is to provide services to communities predominately populated by minority citizens, and that can demonstrate a partnership with a minority-owned business enterprise or minority business located in a HUBZone (as defined in section 3(p) of the Small Business Act (15 U.S.C. 632(p))) with respect to the program.

“(d) USE OF FUNDS.—A recipient of a grant, contract, or cooperative agreement awarded under this section may only use the proceeds of the grant, contract, or agreement to—

“(1) acquire expert professional services necessary to conduct research in communities predominately populated by minority citizens, with a primary emphasis on African American and Hispanic communities;

“(2) develop and prepare informational materials to promote awareness among minority communities about emergency preparedness and how to protect their households and communities in advance of disasters;

“(3) establish consortia with minority national organizations, minority institutions of higher education, and faith-based institutions to disseminate information about emergency preparedness to minority communities; and

“(4) implement a joint project with a minority serving institution, including a part B institution (as defined in section 322(2) of the Higher Education Act of 1965 (20 U.S.C. 1061(2))), an institution described in subparagraph (A), (B), or (C) of section 326 of that Act (20 U.S.C. 1063b(e)(1)(A), (B), or (C)), and a Hispanic-serving

institution (as defined in section 502(a)(5) of that Act (20 U.S.C. 1101a(a)(5))).

“(e) APPLICATION AND REVIEW PROCEDURE.—To be eligible to receive a grant, contract, or cooperative agreement under this section, an organization must submit an application to the Director at such time, in such manner, and accompanied by such information as the Director may reasonably require. The Director shall establish a procedure by which to accept such applications.

“(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section \$1,500,000 for fiscal year 2002 and such funds as may be necessary for fiscal years 2003 through 2007. Such sums shall remain available until expended.”.]

[SEC. 432. None of the funds made available by this Act may be used to implement or enforce the requirement under section 12(c) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437j(c)) relating to community service, except with respect to any resident of a public housing project funded with any amounts provided under section 24 of the United States Housing Act of 1937, as amended, or any predecessor program for the revitalization of severely distressed public housing (HOPE VI).]

[SEC. 433. Section 1301 of title XIII of division B of H.R. 5666, as enacted by section 1(a)(4) of Public Law 106-554, is amended by striking “facilities” and inserting in lieu thereof “facilities, including the design and construction of such facilities.”.]

[SEC. 434. The amounts subject to the fifth proviso under the heading, “Emergency Response Fund”, in Public Law 107-38, which are available for transfer to the Department of Housing and Urban Development 15 days after the Director of the Office of Management and Budget has submitted to the House and Senate Committees on Appropriations a proposed allocation and plan for use of the funds for the Department, may be used for purposes of “Community Development Block Grants”, as authorized by title I of the Housing and Community Development Act of 1974, as amended: *Provided*, That such funds may be awarded to the State of New York for assistance for properties and businesses damaged by, and for economic revitalization related to, the September 11, 2001 terrorist attacks on New York City, for the affected area of New York City, and for reimbursement to the State and City of New York for expenditures incurred from the regular Community Development Block Grant formula allocation used to achieve these same purposes: *Provided further*, That the State of New York is authorized to provide such assistance to the City of New York: *Provided further*, That in administering these funds and funds under section 108 of such Act used for economic revitalization activities in New York City, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds or guarantees (except for requirements related to fair housing, non-discrimination, labor standards, and the environment), upon a finding that such waiver is required to facilitate the use of such funds or guarantees, and would not be inconsistent with the overall purpose of the statute or regulation: *Provided further*, That such funds shall not adversely affect the amount of any formula assistance received by the State of New York, New York City, or any categorical application for other Federal assistance: *Provided further*, That the Secretary shall publish in the Federal Register any waiver of any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974, as amended, no later than 5 days before the effective date of such waiver: *Provided further*, That the Secretary shall notify the Committees on Appropriations on the proposed allocation of any funds and any related waivers pursuant to this section no later than 5 days before such allocation.】
(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002.)