

## DEPARTMENT OF VETERANS AFFAIRS

The 2004 budget provides \$28,057 million in discretionary funding for veterans health, benefits, and other services, including \$30,199 million in gross discretionary budget authority and \$2,141 million in anticipated discretionary medical collections.

VA is submitting its 2004 budget request using a new account structure that focuses on nine major programs—medical care, research, compensation, pension, education, housing, vocational rehabilitation and employment, insurance and burial. The new budget account structure will better position VA to more readily determine the full cost of each of our programs. This will allow the Department to more effectively evaluate the program results we achieve with the total resources associated with each program. A feature of the revised budget structure is requesting both mandatory and discretionary funding within each program while ensuring the Department fully complies with all provisions of the Budget Enforcement Act.

### MEDICAL PROGRAMS

#### 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; furnishing recreational facilities, supplies, equipment, and information technology hardware and software; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; aid to State homes as authorized by 38 U.S.C. 1741; reimbursements as authorized by 41 U.S.C. 612 for claims paid for contract disputes; 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., \$25,406,024,000, plus reimbursements, of which not to exceed \$900,000,000 shall be available until September 30, 2005. Amounts appropriated herein shall be available as follows:

(1) For construction, alteration and improvement of any facility under the jurisdiction or for the use of the Department for the provision of health-care services, or for any of the purposes set forth in 38 U.S.C. sections 8102–8103, 8106, 8108–8110, 8122 and 8162, including advance planning and design activities, offsite utility and storm drainage system construction costs, and site acquisition and disposition, \$422,300,000, to remain available until expended, of which no less than \$225,000,000 shall be for Capital Asset Realignment for Enhanced Services activities;

(2) 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, not to exceed \$102,100,000, to remain available until expended;

(3) For Central Office executive direction, administration, and supervision of Department medical and construction programs, including development and implementation of policies, plans, and program objectives, not to exceed \$87,459,000, of which \$4,373,000 shall be available until September 30, 2005: Provided further, That technical and consulting services offered by the Facilities Management Field Service shall be provided to Department components only on a reimbursable basis.

The Secretary 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, such sums as may be deposited to the Medical Care Collection 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.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107–229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

#### Unavailable Collections (in millions of dollars)

Identification code 36–0160–0–1–703	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	62	104	103
Receipts:			
02.21 MCCF first party collections .....	295	131	130
02.22 MCCF third party collections .....	690	760	1,109
02.23 Pharmaceutical copayments .....	190	651	609
02.24 Enhanced-use lease proceeds .....		1	1
02.25 Enrollment Fees .....			230
02.26 Compensated work therapy .....		36	37
02.27 Long-term care copayments .....		33	21
02.28 Parking fees .....		3	3
02.42 Payments from compensation and pension .....		1	1
02.99 Total receipts and collections .....	1,175	1,616	2,141
04.00 Total: Balances and collections .....	1,237	1,720	2,244
Appropriations:			
05.00 Medical care .....	–1,133	–1,617	–2,141
05.99 Total appropriations .....	–1,133	–1,617	–2,141
07.99 Balance, end of year .....	104	103	103

#### Program and Financing (in millions of dollars)

Identification code 36–0160–0–1–703	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
Direct program:			
Operating expenses:			
Provision of veterans health care:			
00.01 Acute hospital care .....	5,122	5,476	5,835
00.02 Rehabilitative care .....	453	477	509
00.03 Psychiatric care .....	1,119	1,216	1,317
00.04 Nursing home care .....	2,076	1,986	1,800
00.05 Subacute care .....	324	310	303
00.06 Residential care .....	415	445	486
00.07 Outpatient care .....	10,541	11,917	14,114
00.08 Miscellaneous benefits and services .....	1,263	1,358	1,476
00.09 National Program Administration (NPA-MAMOE) .....	65	68	86
00.10 CHAMPVA .....	211	366	529
00.91 Total operating expenses .....	21,589	23,619	26,455
Capital investment:			
Provision of veterans health care:			
01.01 Acute hospital care .....	257	269	217
01.02 Rehabilitative care .....	29	30	24
01.03 Psychiatric care .....	52	54	43
01.04 Nursing home care .....	58	60	48
01.05 Subacute care .....	12	13	10
01.06 Residential care .....	17	18	15
01.07 Outpatient care .....	495	519	415
01.08 Miscellaneous benefits and services .....	29	30	24
01.09 National Program Administration (NPA-MAMOE) .....			
01.11 Construction, major projects .....	38	128	225

## 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	2002 actual	2003 est.	2004 est.
01.12 Construction, minor projects .....	154	175	190
01.13 CHAMPVA .....	4	4	3
01.91 Total capital investment .....	1,147	1,302	1,215
Grant Program:			
02.01 Grants to States .....	102	211	102
02.93 Total direct program .....	22,838	25,132	27,772
09.01 Reimbursable program .....	182	150	151
10.00 Total new obligations .....	23,020	25,282	27,923
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	1,617	1,424	726
22.00 New budget authority (gross) .....	22,829	24,581	27,698
22.10 Resources available from recoveries of prior year obligations .....		3	3
23.90 Total budgetary resources available for obligation	24,446	26,008	28,427
23.95 Total new obligations .....	-23,020	-25,282	-27,923
23.98 Unobligated balance expiring or withdrawn .....	-1		
24.40 Unobligated balance carried forward, end of year .....	1,424	726	505
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	21,528	22,811	25,406
40.20 Appropriation (special fund) .....	971	1,617	2,141
40.76 Reduction pursuant to P.L. 107-206 .....	-16		
41.00 Transferred to other accounts .....	-1		
42.00 Transferred from other accounts .....	3	3	
43.00 Appropriation (total discretionary) .....	22,485	24,431	27,547
Mandatory:			
60.20 Appropriation (special fund) .....	162		
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash) .....	134	150	151
68.10 Change in uncollected customer payments from Federal sources (unexpired) .....	12		
68.90 Spending authority from offsetting collections (total discretionary) .....	146	150	151
Mandatory:			
69.00 Offsetting collections (cash) .....	36		
70.00 Total new budget authority (gross) .....	22,829	24,581	27,698
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	3,073	3,192	4,123
73.10 Total new obligations .....	23,020	25,282	27,923
73.20 Total outlays (gross) .....	-22,828	-24,348	-27,498
73.40 Adjustments in expired accounts (net) .....	-74		
73.45 Recoveries of prior year obligations .....		-3	-3
74.00 Change in uncollected customer payments from Federal sources (unexpired) .....	-12		
74.10 Change in uncollected customer payments from Federal sources (expired) .....	12		
74.40 Obligated balance, end of year .....	3,192	4,123	4,544
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	18,993	20,538	23,465
86.93 Outlays from discretionary balances .....	3,799	3,810	4,033
86.97 Outlays from new mandatory authority .....	36		
87.00 Total outlays (gross) .....	22,828	24,348	27,498
<b>Offsets:</b>			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources .....	-53	-55	-59
88.40 Non-Federal sources .....	-123	-87	-92
88.45 Offsetting governmental collections (from non-Federal sources) .....	-8	-8	
88.90 Total, offsetting collections (cash) .....	-184	-150	-151
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired) .....	-12		

88.96	Portion of offsetting collections (cash) credited to expired accounts .....	14		
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	22,647	24,431	27,547
90.00	Outlays .....	22,644	24,198	27,347
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>				
99.00	Budget authority .....	681	687	821
99.01	Outlays .....	681	687	821

For 2004, the budget requests total resources for the VA Medical Care Business Line of \$27.5 billion, an increase of \$3.1 billion (\$2.6 billion in appropriation and \$0.5 billion in collections) over the 2003 level. This includes \$25.4 billion in appropriated budget authority, \$2.1 billion to be collected in the Medical Care Collections Fund.

The budget request also includes a comprehensive set of legislative and regulatory proposals that will refocus the VA health care system to better meet the needs of our highest priority core veterans—those with service-connected conditions, those with lower incomes, and veterans with special health care needs. These proposals are 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. To address the rapid growth in the number of health care users and ensure that VA continues to provide timely, high-quality health care to our core population, the proposals focus primarily on nonservice-connected veterans with comparatively higher incomes.

There are several major components to the set of proposals. First, stop enrollment of new priority level 8 veterans. Second, establish an annual enrollment fee for nonservice-connected priority level 7 veterans and all priority level 8 veterans. Third, increase co-payments for outpatient care and pharmacy benefits for priority level 7 and 8 veterans. Fourth, restrict institutional long-term care to veterans with service-connected conditions of 70 percent or greater and to veterans who require transitional, post-acute care. Fifth, reduce the pharmacy co-payment burden for priority level 2-5 veterans by raising the income threshold from the pension level of \$9,690 to the aid and attendance level of \$16,169. Sixth, require veterans to provide VA with health insurance information. The legislative proposals associated with these policy proposals are included in the general provisions of the appropriation request. Resource request estimates in this section reflect the net cost and revenue associated with these policy proposals.

The Medical Care Business Line appropriation finances the maintenance, administration, construction, alteration, and operation of a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans.

**Medical Care.**—Provides for the health care system that supports eligible veterans; a national academic education and training program to enhance veterans' quality of care; responsibilities for assistance in natural emergencies and backup to the Department of Defense health care system; and administrative support for capital facilities.

**National Program Administration.**—Provides corporate leadership and support to VA's comprehensive and integrated health care system with a Headquarters' staff that includes a capital facilities management and development process.

**Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund).**—This program provides a transition-working environment for veterans living in community assisted living arrangements under VA psychiatric care to help them become self-sufficient.

**Capital Investments.**—Provides for capital investments, necessary to ensure VA's infrastructure is adequate to support the delivery of quality health care. The capital investment program finances the following activities:

(1) **Major and Minor Construction.**—Provides for constructing, altering, extending, and improving any VA facil-

ity. This includes planning, architectural and engineering services, Capital Asset Realignment for Enhanced Services (CARES) activities, assessments, and site acquisition where the estimated cost of a project is \$4,000,000 or over for major construction and less than \$4,000,000 for minor construction.

(2) *Grants for Construction of State Extended Care Facilities.*—Provides 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.

*Medical Care Collections Fund (MCCF).*—VA estimates collections of more than \$2.1 billion, representing 8 percent of available resources. The objective of consolidating all collections into the MCCF is to improve planning, simplify systems, enhance the recovery of funds, and focus on accountability for medical collections. This fund will consist of revenue derived from the following sources:

(1) *Medical Care Collections Fund.*—VA has the authority to collect inpatient and outpatient co-payments, medication co-payments, and nursing home co-payments; authority for certain income verification; and authority to recover third-party insurance payments from veterans for nonservice-connected conditions.

(2) *Health Services Improvement Fund.*—VA collects funds as a result of any increase in pharmacy co-payments; enhanced use lease authority; and VA's agreements with the Department of Defense for the proposed provision of care to eligible military retirees.

(3) *Long-Term Care Co-payments (formerly Veterans Extended Revolving Fund).*—Long-term co-payments of \$97 a day are collected from non-service connected veterans receiving extended care services such as geriatric evaluation; nursing home care; domiciliary services; adult day health care; other noninstitutional alternatives to nursing home care; and respite care.

(4) *Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund).*—These funds are derived from actual work performed by patients and members in VA health care facilities under contracts developed with private industry, non-profit organizations, and state and federal entities and are used to support the program.

(5) *Compensation and Pension Living Expenses Program (formerly Medical Facilities Revolving Fund).*—Veterans who do not have either a spouse or child may have their monthly pension payments reduced to \$90. The difference between the veteran's regular monthly pension payment and the \$90 is transferred from the Compensation and Pension account to the Compensation and Pension Living Expenses Program.

(6) *Parking Program (formerly Parking Revolving Fund).*—VA collects parking fees for the use of parking facilities at VA facilities.

(7) *Sale of Assets (formerly the Nursing Home Revolving Fund).*—Provides for construction, alteration, and acquisition (including site acquisition) of medical care facilities through collections that may be realized from the transfer of any interest in real property that is owned by the United States and administered by the Department of Veterans Affairs.

**WORKLOAD**

*Provision of Veterans Health Care—*

*Acute hospital care.*—Costs for 2004 are estimated to increase by \$307 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:

	2002 actual	2003 est.	2004 est.
Patients treated .....	461,307	493,991	533,805
Average daily census .....	8,099	8,185	8,284
Average employment .....	48,807	48,363	47,998

*Rehabilitative care.*—An increase of \$26 million in 2004 is estimated for the provision of rehabilitative care, including spinal cord injury care.

Estimated operating levels are:

	2002 actual	2003 est.	2004 est.
Patients treated .....	15,174	15,629	16,098
Average daily census .....	1,200	1,229	1,258
Average employment .....	5,155	5,593	6,096

*Psychiatric care.*—An increase of \$90 million is estimated in 2004 for the inpatient care of veterans with problems related to mental illness, including alcohol and drug problems.

Estimated operating levels are:

	2002 actual	2003 est.	2004 est.
Patients treated .....	113,770	123,327	133,193
Average daily census .....	4,863	5,349	5,884
Average employment .....	13,535	13,129	12,997

*Nursing home care.*—In 2004, a decrease of \$198 million is estimated for the care of residents in VA nursing homes, contract nursing homes and State nursing homes.

Estimated operating levels are:

	2002 actual	2003 est.	2004 est.
Patients treated .....	83,801	81,319	78,048
Average daily census .....	31,636	32,429	29,981
Average employment .....	21,324	19,441	18,551

*Noninstitutional extended care.*—Included in outpatient estimates in 2004 is an increase of \$77 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:

	2002 actual	2003 est.	2004 est.
Average daily census .....	24,126	28,129	32,694

*Subacute care.*—A decrease of \$10 million is estimated in 2004 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:

	2002 actual	2003 est.	2004 est.
Patients treated .....	27,162	23,088	20,779
Average daily census .....	1,122	956	860
Average employment .....	4,049	3,533	3,250

*Residential care.*—An increase of \$38 million is estimated in 2004 for the care of veterans in locations other than their own homes, such as residential rehabilitation and domiciliary care programs.

Estimated operating levels are:

	2002 actual	2003 est.	2004 est.
Patients treated .....	44,598	45,102	45,405
Average daily census .....	10,605	11,329	11,569
Average employment .....	4,976	5,167	5,479

*Outpatient care.*—An increase of \$2,093 million is estimated in 2004 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**

Medical visits (in thousands):	2002 actual	2003 est.	2004 est.
Staff visits .....	43,684	47,114	50,647
Fee visits .....	2,734	2,972	3,233
Readjustment counseling .....	974	975	980
<b>Total .....</b>	<b>47,392</b>	<b>51,061</b>	<b>54,860</b>
<b>Dental:</b>			
Staff:			
Examinations .....	514,860	500,000	500,000
Treatments .....	134,808	140,000	140,000

General and special funds—Continued

MEDICAL CARE—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

NUMBER OF MEDICAL VISITS AND DENTAL WORKLOADS—Continued

	2002 actual	2003 est.	2004 est.
Total .....	649,668	640,000	640,000
Fee: Cases completed .....	12,460	13,000	13,000
Average employment .....	77,982	80,745	86,559

*Miscellaneous benefits and services.*—An increase of \$112 million is estimated in 2004 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.

	2002 actual	2003 est.	2004 est.
Average employment .....	7,589	7,518	7,449

*National program administration (NPA).*—In 2004, an increase of \$17 million reflects two major changes. First, there is a realignment of \$8 million from direct medical care to NPA, which was previously reimbursed to NPA. As a result of the budget restructure, this \$8 million is reflected as direct appropriation for NPA. Second, an increase of \$9 million is estimated to fund the Reorganization of the Office of the Under Secretary for Health to allow greater oversight of the Veterans Integrated Service Networks.

	2002 actual	2003 est.	2004 est.
Average employment .....	534	545	588

*Construction, major.*—In 2004, an increase of \$97 million is estimated for the implementation of the Capital Asset Re-alignment for Enhanced Services (CARES) program that will right-size the health care infrastructure. CARES will assess veterans' health care needs across the country and guide the reallocation of capital assets to support the delivery of quality health care.

*Construction, minor.*—In 2004, an increase of \$15 million is estimated for construction projects costing less than \$4 million. These projects will reduce risks to patient life and safety, correct code deficiencies, improve inpatient care and ambulatory care settings, and implement CARES. CARES funding is \$42 million, an increase of \$7 million over the 2003 budget.

*Civilian health and medical program of the Department of Veterans Affairs (CHAMPVA).*—An increase of \$162 million is estimated in 2004 for private hospital and outpatient care for dependents and survivors of certain veterans.

Estimated operating levels are:

*Grants to States.*—In 2004, a decrease of \$109 million is estimated for grants for construction of State extended care facilities. This decrease was due to an increase in obligations in 2003 because of a decrease in obligations funds in 2002. In 2003, VA will award additional grants to states to reduce the current inventory of grant request by using appropriated funds and drawing down unobligated balances. This is a very-cost effective program that helps meet veterans' nursing home care needs by providing grants to assist States in acquiring or construction State home facilities.

	2002 actual	2003 est.	2004 est.
Average daily hospital census .....	170	334	358
Outpatient (in thousands) .....	1,807	3,631	4,018
Average employment .....	295	311	321

PERFORMANCE MEASURES

*Provide High Quality Health Care.*—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. VHA's strategy to monitor satisfaction through patient surveys will identify areas of improvement in all medical services.

	2002 actual	2003 est.	2004 est.
Chronic Disease Care Index II .....	80%	78%	78%
Prevention Index II .....	82%	80%	80%
Percent of patients rating VA health care service as very good or excellent: .....			
Inpatient .....	70%	68%	68%
Outpatient .....	71%	70%	70%

*Access to Medical Care.*—VA's strategy is to improve access and timeliness of service by reducing waiting times in specialty and primary care clinics in medical centers nationwide, and nursing home and other alternative long term care.

	2002 actual	2003 est.	2004 est.
Average waiting time for new patients seeking primary care clinic appointment (in days) .....	Baseline	TBD <sup>1</sup>	TBD <sup>1</sup>
Average waiting time for new patients seeking specialty care clinic appointment (in days) .....	Baseline	TBD <sup>1</sup>	TBD <sup>1</sup>
Increase the aggregate of VHA and community nursing home and home-based care as expressed by average daily census: .....			
Institutional .....	31,891	32,429	29,981
Non-institutional .....	24,126	28,124	32,694

<sup>1</sup> To be determined pending final enactment of FY 2003 appropriations level.

*Providing Specialized Services.*—VA will focus on improving functioning and enhancing outcomes for veterans with special needs and special disabilities.

	2002 actual	2003 est.	2004 est.
Percent of veterans discharged from a Domiciliary Care for Veterans program, Health Care for Homeless Veterans Community-based Residential Care Program, or Grant Per Diem Program to an independent or a secure institutional living arrangement .....	Baseline	65%	67%

*VA DoD Sharing.*—VA's strategy is to improve collaboration and exchange with DoD. There are two performance measures that VA developed to measure progress.

	2002 actual	2003 est.	2004 est.
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons .....	0%	50%	90%
Dollar value of sharing agreements with DoD (\$ in millions) .....	83.1M	\$100M	\$100M

*Revenue Cycle Improvement.*—VHA is seeking to improve its performance in the area of medical care collections. The revenue cycle improvement plan includes initiatives that will improve efficiency and accuracy.

	2002 actual	2003 est.	2004 est.
Ratio of collections to billings .....	37%	40%	40%

Object Classification (in millions of dollars)

Identification code 36-0160-0-1-703	2002 actual	2003 est.	2004 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent .....	7,338	7,992	8,272
11.3 Other than full-time permanent .....	787	884	889
11.5 Other personnel compensation .....	1,520	1,629	1,713
Total personnel compensation .....	9,645	10,505	10,874
12.1 Civilian personnel benefits .....	2,480	2,674	2,915
13.0 Benefits for former personnel .....	23	35	37
Travel and transportation of persons:			
21.0 Employee travel .....	49	50	50
21.0 Beneficiary travel .....	145	101	115
21.0 Interagency motor pool payments .....	18	20	20
21.0 All other .....	32	55	55
22.0 Transportation of things .....	30	40	47
23.1 Rental payments to GSA .....	13	15	18

23.2	Rental payments to others .....	68	76	83
23.3	Communications, utilities, and miscellaneous charges .....	600	630	742
24.0	Printing and reproduction .....	11	12	13
	Other services:			
25.2	Other contractual services .....	2,256	2,013	2,206
25.2	Other construction services .....	8	5	5
	Medical care:			
25.6	Outpatient dental fees .....	15	17	17
25.6	Medical and nursing fees .....	492	566	679
25.6	Community nursing homes .....	238	323	209
25.6	Contract hospitalization .....	321	336	349
25.6	Civilian Health and Medical Program of the Department of Veterans Affairs .....	182	327	479
	Supplies and materials:			
26.0	Medical supplies and materials .....	4,524	5,276	6,923
26.0	Provisions .....	75	76	80
31.0	Equipment .....	665	643	430
	Land and structures:			
32.0	Medical land and structures .....	290	365	395
32.0	Construction, major projects, land and structures .....	37	128	210
32.0	Construction, minor projects, land and structures .....	144	168	178
	Grants, subsidies, and contributions:			
41.0	Medical grants, subsidies, and contributions .....	345	408	470
41.0	Medical Grants to private organizations .....	29	56	69
41.0	Grants, subsidies, and contributions for construction of State extended care facilities .....	102	211	102
43.0	Interest and dividends .....	1	1	2
99.0	Direct obligations .....	22,838	25,132	27,772
99.0	Reimbursable obligations .....	182	150	151
99.9	Total new obligations .....	23,020	25,282	27,923

**Personnel Summary**

Identification code 36-0160-0-1-703		2002 actual	2003 est.	2004 est.
	Direct:			
	Total compensable workyears:			
1001	Civilian full-time equivalent employment .....	179,775	179,547	184,369
	Reimbursable:			
	Total compensable workyears:			
2001	Civilian full-time equivalent employment .....	1,153	1,354	1,561

**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, 2005, \$822,202,000, plus reimbursements, of which no more than \$6,000,000 shall be available until expended for the construction, alteration, and improvement of any facility under the jurisdiction or for the use of the Department for the provision of medical research, or for any of the purposes set forth in sections 8102, 8103, 8106, 8108, 8110, 8122 and 8162 of title 38, United States Code, including advance planning and design activities, offsite utility and storm drainage system construction costs, and site acquisition and disposition.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing (in millions of dollars)**

Identification code 36-0161-0-1-703		2002 actual	2003 est.	2004 est.
	Obligations by program activity:			
	Direct program:			
	Operating expenses:			
00.01	Medical research .....	469	487	497
00.02	Rehabilitation research .....	77	80	83
00.03	Health services research .....	100	104	109
00.04	Cooperative studies research .....	89	92	97
00.91	Total operating expenses .....	735	763	786
	Capital investment:			
01.01	Medical research .....	21	17	21
01.02	Rehabilitation research .....	7	7	7
01.03	Health services research .....	3	3	3
01.04	Cooperative studies research .....	5	4	5

01.91	Total capital investment .....	36	31	36
01.92	Total direct program .....	771	794	822
09.01	Reimbursable program .....	21	44	33
10.00	Total new obligations .....	792	838	855
	<b>Budgetary resources available for obligation:</b>			
21.40	Unobligated balance carried forward, start of year	37	22	22
22.00	New budget authority (gross) .....	778	838	855
23.90	Total budgetary resources available for obligation	815	860	877
23.95	Total new obligations .....	-792	-838	-855
23.98	Unobligated balance expiring or withdrawn .....	-1		
24.40	Unobligated balance carried forward, end of year .....	22	22	22
	<b>New budget authority (gross), detail:</b>			
	Discretionary:			
40.00	Appropriation .....	759	797	822
41.00	Transferred to other accounts .....	-3	-3	
43.00	Appropriation (total discretionary) .....	756	794	822
68.00	Spending authority from offsetting collections: Offsetting collections (cash) .....	22	44	33
70.00	Total new budget authority (gross) .....	778	838	855
	<b>Change in obligated balances:</b>			
72.40	Obligated balance, start of year .....	98	119	123
73.10	Total new obligations .....	792	838	855
73.20	Total outlays (gross) .....	-770	-834	-851
73.40	Adjustments in expired accounts (net) .....	-2		
74.40	Obligated balance, end of year .....	119	123	127
	<b>Outlays (gross), detail:</b>			
86.90	Outlays from new discretionary authority .....	574	615	628
86.93	Outlays from discretionary balances .....	196	219	223
87.00	Total outlays (gross) .....	770	834	851
	<b>Offsets:</b>			
	Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources	-22	-44	-33
	<b>Net budget authority and outlays:</b>			
89.00	Budget authority .....	756	794	822
90.00	Outlays .....	748	790	818
	<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00	Budget authority .....	24	30	31
99.01	Outlays .....	24	30	31

For 2004, the budget process provides total resources for the VA Medical and Prosthetic Research Business Line of \$822.2 million, an increase of \$28 million over the 2003 level. This appropriation represents 54 percent of the total \$1.5 billion research effort with the balance of \$206 million provided from private contributions and \$483 million provided from federal programs support.

The 2004 budget request reflects a new account structure that will better position VA to more readily determine the full cost of a comprehensive research program leading the Nation's efforts to promote the health care of veterans. The Medical and Prosthetic Research Business Line includes the consolidation of what was the Medical and Prosthetic Research appropriation and the medical care research support funding formerly appropriated in the Medical Care appropriation.

This 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 and the medical care research support required for these programs:

**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 cen-

General and special funds—Continued

MEDICAL AND PROSTHETIC RESEARCH—Continued

ters 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.

**Medical Research Support.**—Provides the indirect costs of the VA Research and Development program which includes such costs as the facility utility costs associated with laboratory space; administrative costs of human resources support, fiscal service, and supply service attributable to research; research's portions of a medical center's hazardous waste disposal and nuclear medicine licenses; and, most importantly, the funding for the time clinicians devote to their research activities.

**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 population 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.

**Focus Medical Research Programs.**—Designated Research Areas are focused on prevalent conditions within the veteran patient population. VA maintains this focus by monitoring and ensuring that the vast majority of resources are directed to these research areas.

	2002 actual	2003 est.	2004 est.
Percent of research projects devoted to the Designated Research Areas .....	99%	99%	99%

SUMMARY OF BUDGETARY RESOURCES

[In millions of dollars]

	2002 actual	2003 est.	2004 est.
Medical and prosthetic research appropriation .....	756	794	822
Federal grants (NIH) .....	396	460	483
Other grants (voluntary agencies, private proprietary) .....	245	196	206
<b>Total budgetary resources .....</b>	<b>1,397</b>	<b>1,450</b>	<b>1,511</b>

Object Classification (in millions of dollars)

Identification code 36-0161-0-1-703	2002 actual	2003 est.	2004 est.
<b>Direct obligations:</b>			
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	262	274	275
11.3 Other than full-time permanent .....	86	93	91
11.5 Other personnel compensation .....	43	47	48
11.9 Total personnel compensation .....	391	414	414
12.1 Civilian personnel benefits .....	100	106	107
13.0 Benefits for former personnel .....	1	1	1
21.0 Employee travel .....	5	7	8
22.0 Transportation of things .....	1	1	1
23.3 Communications, utilities, and miscellaneous charges .....	2	2	2
24.0 Printing and reproduction .....	1	1	1
25.5 Research and development contracts .....	172	176	192
26.0 Supplies and materials .....	57	55	60
31.0 Equipment .....	41	31	36
32.0 Land and structures .....	1		
99.0 Direct obligations .....	771	794	822
99.0 Reimbursable obligations .....	21	44	33
99.9 Total new obligations .....	792	838	855

Personnel Summary

Identification code 36-0161-0-1-703	2002 actual	2003 est.	2004 est.
<b>Direct:</b>			
<b>Total compensable workyears:</b>			
1001 Civilian full-time equivalent employment .....	6,310	6,341	6,268
<b>Reimbursable:</b>			
<b>Total compensable workyears:</b>			
2001 Civilian full-time equivalent employment .....	160	260	260

CANTEEN SERVICE REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4014-0-3-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Reimbursable operating expenses .....	133	140	147
09.02 Reimbursable direct operations .....	89	93	98
09.10 Reimbursable capital investment: Sales program: Purchase of equipment and leasehold .....	5	5	5
10.00 Total new obligations .....	227	238	250
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	16	16	10
22.00 New budget authority (gross) .....	227	231	239
23.90 Total budgetary resources available for obligation .....	243	247	249
23.95 Total new obligations .....	-227	-238	-250
24.40 Unobligated balance carried forward, end of year .....	16	10	
<b>New budget authority (gross), detail:</b>			
<b>Mandatory:</b>			
69.00 Offsetting collections (cash) .....	227	231	239
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	19	14	19
73.10 Total new obligations .....	227	238	250
73.20 Total outlays (gross) .....	-232	-231	-239
74.40 Obligated balance, end of year .....	14	19	30
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	229	230	238
86.98 Outlays from mandatory balances .....	3	1	1
87.00 Total outlays (gross) .....	232	231	239
<b>Offsets:</b>			
<b>Against gross budget authority and outlays:</b>			
<b>Offsetting collections (cash) from:</b>			
88.00 Federal sources .....		-1	-1
88.20 Interest on Federal securities .....	-2	-2	-2
88.40 Non-Federal sources .....	-225	-228	-236

88.90	Total, offsetting collections (cash) .....	-227	-231	-239
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....			
90.00	Outlays .....	5		
<b>Memorandum (non-add) entries:</b>				
92.01	Total investments, start of year: Federal securities: Par value .....	32	29	31
92.02	Total investments, end of year: Federal securities: Par value .....	29	31	29
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>				
99.00	Budget authority .....	6	7	7
99.01	Outlays .....	6	7	7

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	2002 actual	2003 est.	2004 est.
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	39	42	44
11.3 Other than full-time permanent .....	32	34	36
11.9 Total personnel compensation .....	71	76	80
12.1 Civilian personnel benefits .....	18	19	20
21.0 Travel and transportation of persons .....	1	1	1
23.3 Communications, utilities, and miscellaneous charges .....	1		
25.2 Other services .....	3	2	2
26.0 Supplies and materials .....	128	135	142
31.0 Equipment .....	5	5	5
99.9 Total new obligations .....	227	238	250

**Personnel Summary**

Identification code 36-4014-0-3-705	2002 actual	2003 est.	2004 est.
<b>Reimbursable:</b>			
<b>Total compensable workyears:</b>			
2001 Civilian full-time equivalent employment .....	2,899	2,930	2,930

**MEDICAL CENTER RESEARCH ORGANIZATIONS**

**Program and Financing** (in millions of dollars)

Identification code 36-4026-0-3-703	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Operating expenses .....	153	156	159
09.02 Capital investments .....	18	19	19
10.00 Total new obligations .....	171	175	178
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	16	16	16
22.00 New budget authority (gross) .....	171	175	178
23.90 Total budgetary resources available for obligation .....	187	191	194
23.95 Total new obligations .....	-171	-175	-178
24.40 Unobligated balance carried forward, end of year .....	16	16	16
<b>New budget authority (gross), detail:</b>			
<b>Mandatory:</b>			
69.00 Offsetting collections (cash) .....	171	175	178
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....	171	175	178
73.20 Total outlays (gross) .....	-171	-175	-178
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	171	175	178

**Offsets:**

Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources .....	-171	-175	-178

**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	2002 actual	2003 est.	2004 est.
21.0 Travel and transportation of persons .....	2	2	2
25.2 Other services .....	107	109	111
26.0 Supplies and materials .....	44	45	46
31.0 Equipment .....	18	19	19
99.9 Total new obligations .....	171	175	178

**Trust Funds**

**GENERAL POST FUND, NATIONAL HOMES**  
(INCLUDING TRANSFER OF FUNDS)

**Unavailable Collections** (in millions of dollars)

Identification code 36-8180-0-7-705	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....		1	2
<b>Receipts:</b>			
02.00 General post fund, national homes, deposits .....	34	34	34
02.40 General post fund, national homes, interest on investments .....	2	3	3
02.99 Total receipts and collections .....	36	37	37
04.00 Total: Balances and collections .....	36	38	39
<b>Appropriations:</b>			
05.00 General post fund, national homes .....	-35	-36	-37
07.99 Balance, end of year .....	1	2	2

**Program and Financing** (in millions of dollars)

Identification code 36-8180-0-7-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Religious, recreational, and entertainment activities .....	28	29	29
00.02 Research activities .....	2	2	2
00.03 Therapeutic residence maintenance .....	1	1	2
10.00 Total new obligations .....	31	32	33
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	54	58	63
22.00 New budget authority (gross) .....	35	36	37
23.90 Total budgetary resources available for obligation .....	89	94	100
23.95 Total new obligations .....	-31	-32	-33
24.40 Unobligated balance carried forward, end of year .....	58	63	67
<b>New budget authority (gross), detail:</b>			
<b>Mandatory:</b>			
60.26 Appropriation (trust fund) .....	35	36	37
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	5	5	5
73.10 Total new obligations .....	31	32	33
73.20 Total outlays (gross) .....	-31	-32	-34
74.40 Obligated balance, end of year .....	5	5	5
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	28	29	31

GENERAL POST FUND, NATIONAL HOMES—Continued  
(INCLUDING TRANSFER OF FUNDS)—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-8180-0-7-705	2002 actual	2003 est.	2004 est.
86.98 Outlays from mandatory balances .....	3	3	3
87.00 Total outlays (gross) .....	31	32	34
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	35	36	37
90.00 Outlays .....	31	32	34
<b>Memorandum (non-add) entries:</b>			
92.01 Total investments, start of year: Federal securities: Par value .....	57	47	55
92.02 Total investments, end of year: Federal securities: Par value .....	47	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, non-profit 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	2002 actual	2003 est.	2004 est.
21.0 Travel and transportation of persons .....	1	2	2
25.2 Other services .....	14	14	15
26.0 Supplies and materials .....	12	12	12
31.0 Equipment .....	3	3	3
32.0 Land and structures .....	1	1	1
99.9 Total new obligations .....	31	32	33

**BENEFITS PROGRAMS**

**Federal Funds**

**General and special funds:**

COMPENSATION

(INCLUDING TRANSFER OF FUNDS)

For the compensation program administered by the Department of Veterans Affairs, \$26,956,797,000 which shall be available as follows:

(1) For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies and for other benefits as authorized by law \$26,335,358,000; of which, not to exceed \$1,179,000 of the amount appropriated for the compensation benefit programs shall be for the administrative expenses authorized by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. In addition, for making payments after June 30 for the compensation program administered by the Department, such sums as may be necessary;

(2) For operating expenses associated with the provision of compensation benefits; reimbursement of the Department of Defense for the cost of overseas employee mail; and purchase of two passenger motor vehicles for use by the Veterans Benefits Administration in Manila, Philippines, \$621,439,000, including no more than \$11,775,000 for construction.

(38 U.S.C. 107, 1312, 1977, and 2106, chapters 11, 13, 18, 23, 39, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198).

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 36-0102-0-1-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 Veterans .....	18,546	21,121	22,830
01.02 Survivors .....	3,795	3,948	4,059
01.91 Direct Program by Activities—Subtotal (1 level) .....	22,341	25,069	26,889
02.93 Total compensation .....	22,341	25,069	26,889
03.01 Chapter 18 .....	17	18	19
03.02 Clothing allowance .....	45	50	53
03.03 Automobiles, adaptive equipment .....	39	38	39
03.04 Equal access to justice .....	2	3	3
03.05 Medical exam pilot program .....	37	50	51
03.06 OBRA payment to VBA .....	1	1	1
03.07 Return of REPS overpayments .....	5		
03.91 Total other compensation expenses .....	141	165	166
04.03 Administrative expenses .....	592	606	609
04.05 Construction, minor projects .....	9	12	12
04.91 Total other direct expenses .....	601	618	621
09.02 Reinstated Entitlement for Survivors .....	10	9	9
09.03 Administrative expense .....	3	3	3
09.99 Total reimbursable program .....	13	12	12
10.00 Total new obligations .....	23,096	25,864	27,688
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	142	438	727
22.00 New budget authority (gross) .....	23,393	26,152	26,968
23.90 Total budgetary resources available for obligation .....	23,535	26,590	27,695
23.95 Total new obligations .....	-23,096	-25,864	-27,688
23.98 Unobligated balance expiring or withdrawn .....	-2		
24.40 Unobligated balance carried forward, end of year .....	438	727	7
<b>New budget authority (gross), detail:</b>			
<b>Discretionary:</b>			
40.00 Appropriation .....	604	610	621
40.73 Reduction pursuant to P.L. 107-206 .....	-1		
43.00 Appropriation (total discretionary) .....	603	610	621
<b>Mandatory:</b>			
<b>Appropriation:</b>			
60.00 Appropriation .....	22,772	25,530	25,980
60.00 Appropriation [COLA] .....			355
62.50 Appropriation (total mandatory) .....	22,772	25,530	26,335
<b>Discretionary:</b>			
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	3	3	3
<b>Mandatory:</b>			
69.00 Offsetting collections (cash) REPS .....	15	9	9
70.00 Total new budget authority (gross) .....	23,393	26,152	26,968
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	1,861	1,951	2,189
73.10 Total new obligations .....	23,096	25,864	27,688
73.20 Total outlays (gross) .....	-22,999	-25,626	-27,534
73.40 Adjustments in expired accounts (net) .....	-7		
74.40 Obligated balance, end of year .....	1,951	2,189	2,343
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	472	492	502
86.93 Outlays from discretionary balances .....	94	112	117
86.97 Outlays from new mandatory authority .....	20,661	23,181	24,863
86.98 Outlays from mandatory balances .....	1,772	1,841	2,052
87.00 Total outlays (gross) .....	22,999	25,626	27,534
<b>Offsets:</b>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources .....	-18	-12	-12

<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	23,375	26,140	26,956
90.00	Outlays .....	22,982	25,614	27,522

<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>				
99.00	Budget authority .....	31	31	34
99.01	Outlays .....	31	31	34

**Summary of Budget Authority and Outlays**

(in millions of dollars)

Enacted/requested:	2002 actual	2003 est.	2004 est.
Budget Authority .....	23,375	26,140	26,956
Outlays .....	22,981	25,614	27,522
Legislative proposal, subject to PAYGO:			
Budget Authority .....			-124
Outlays .....			-124
<b>Total:</b>			
Budget Authority .....	23,375	26,140	26,832
Outlays .....	22,981	25,614	27,398

The mandatory request in this appropriation provides for the payment of compensation 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 servicepersons 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 certain birth defects. 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.

In addition, certain disabled veterans are provided with automobile grants with the associated approved adaptive equipment. 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. Miscellaneous benefits provided for are:

(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.

The mandatory request also includes a pilot program authorizing VA to contract out medical examinations to determine service-connected disabilities of veterans who are potential applicants of compensation benefits and a program to allow VA to perform income matches for certain compensation recipients.

In accordance with Public Law 97-377, the Reinstated Entitlement Program for Survivors (REPS) 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.

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's Compensation business line. Additionally, funding is provided for capital asset investments.

Legislation is proposed to provide a cost-of-living adjustment comparable to the annual social security increase to recipients of disability compensation, dependency and indemnity compensation, and clothing allowances. The increase, effective with payments made on January 1, 2004, is expected to be 2.0 percent.

Legislation is proposed to authorize the regional benefits office in Manila, Philippines for an additional five years. Under current law, the authority to maintain and operate this facility expires on December 31, 2003. VA administers programs that provide compensation, pension, education, and burial benefits to veterans living in the Philippines.

**AVERAGE NUMBER OF COMPENSATION CASES AND PAYMENTS**

	2002 actual	2003 est.	2004 est.
<b>Veterans:</b>			
Cases .....	2,356,592	2,466,212	2,543,600
Average payment per case, per year .....	\$7,870	\$8,564	\$8,975
<b>Total obligations (in millions) .....</b>	<b>\$18,546</b>	<b>\$21,121</b>	<b>\$22,830</b>
<b>Survivors:</b>			
Total .....	308,024	312,109	316,747
Average payment per case, per year .....	\$12,320	\$12,647	\$12,819
<b>Total obligations (in millions) .....</b>	<b>\$3,795</b>	<b>\$3,947</b>	<b>\$4,060</b>
<b>Chapter 18:</b>			
Children .....	1,035	1,088	1,115
Average payment per case, per year .....	\$16,330	\$16,928	\$17,189
<b>Total obligations (in millions) .....</b>	<b>\$17</b>	<b>\$18</b>	<b>\$19</b>
<b>Clothing allowance:</b>			
Number of veterans .....	81,738	84,409	86,681
Average payment per case, per year .....	\$546	\$588	\$611
<b>Total obligations (in millions) .....</b>	<b>\$45</b>	<b>\$50</b>	<b>\$53</b>
<b>Automobiles or other conveyances:</b>			
Number of conveyances .....	1,093	1,093	1,093
Average benefit .....	\$8,609	\$8,995	\$8,995
<b>Obligations (in millions) .....</b>	<b>\$9</b>	<b>\$10</b>	<b>\$10</b>
<b>Adaptive equipment (including maintenance, repair and installation for automobiles):</b>			
Number of items .....	8,539	8,700	8,700
Average benefit .....	\$3,506	\$3,713	\$3,900
<b>Obligations (in millions) .....</b>	<b>\$30</b>	<b>\$32</b>	<b>\$34</b>
<b>Other compensation caseload:</b>			
Retired Officers .....	1	1	1
Special allowance dependents .....	94	90	80
Equal Access to Justice payments .....	519	715	715
<b>REPS:</b>			
Spouses .....	91	91	75
Average benefit .....	\$12,879	\$18,533	\$18,928
<b>Obligations (in millions) .....</b>	<b>\$2</b>	<b>\$2</b>	<b>\$1</b>
Children .....	525	520	466
Average benefit .....	\$16,840	\$13,878	\$14,183
<b>Obligations (in millions) .....</b>	<b>\$9</b>	<b>\$7</b>	<b>\$7</b>

The Veterans Benefits Administration determines eligibility and adjudicates all claims for compensation awards. Workload data for this program are shown below. Specific performance goals relating to the processing of veterans benefits are contained in VA's annual performance plan. The Compensation business line provides processing of claims for veterans and dependents relating to compensation benefits under the various laws enacted by Congress.

**General and special funds—Continued**

**COMPENSATION—Continued**

(INCLUDING TRANSFER OF FUNDS)—Continued

**WORKLOAD**

(Claims completed in thousands)

	2002 actual	2003 est.	2004 est.
Compensation:			
Rating-Related Actions .....	693	697	653
Non Rating Actions .....	141	151	130

**Object Classification (in millions of dollars)**

Identification code 36-0102-0-1-701	2002 actual	2003 est.	2004 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent .....	300	350	362
11.5 Other personnel compensation .....	12	10	10
11.9 Total personnel compensation .....	312	360	372
12.1 Civilian personnel benefits .....	79	82	83
21.0 Travel and transportation of persons .....	5	6	6
22.0 Transportation of things .....	1	2	2
23.2 Rental payments to others .....	5	3	3
23.3 Communications, utilities, and miscellaneous charges .....	62	69	70
24.0 Printing and reproduction .....	2	1	1
25.2 Other services .....	104	64	53
26.0 Supplies and materials .....	5	5	5
31.0 Equipment .....	17	15	13
32.0 Land and structures .....	9	12	13
42.0 Insurance claims and indemnities .....	22,482	25,233	27,056
99.0 Direct obligations .....	23,083	25,852	27,677
99.0 Reimbursable obligations .....	13	12	11
99.9 Total new obligations .....	23,096	25,864	27,688

**Personnel Summary**

Identification code 36-0102-0-1-701	2002 actual	2003 est.	2004 est.
Direct:			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	6,909	6,759	6,759
Reimbursable:			
Total compensable workyears:			
2001 Civilian full-time equivalent employment .....	76	75	75

**COMPENSATION**

(Legislative proposal, subject to PAYGO)

Legislation is proposed to restore the original interpretation of section 1110 of title 38 USC prohibiting the granting of service-connected disability arising secondarily from alcohol or drug-abuse. In February 2001, a three-judge panel of the US Court of Appeals interpreted section 1110 as not precluding compensation for an alcohol or drug-abuse-related disability arising secondarily from a service-connected disability. Enactment of this provision is estimated to save \$127 million in 2004.

Legislation is proposed to provide payment at the full rate of authorized benefits for World War II veterans of the New Philippine Scouts and for survivors of Filipino veterans, who reside in the United States. Enactment of this proposal will result in additional cost of \$3 million in 2004.

**Program and Financing (in millions of dollars)**

Identification code 36-0102-4-1-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 New Philippine Scouts and DIC .....			3
01.02 Allen reversal .....			-127
02.93 Total compensation .....			-124
10.00 Total new obligations (object class 42.0) .....			-124

**Budgetary resources available for obligation:**

22.00 New budget authority (gross) .....			-124
23.95 Total new obligations .....			124

**New budget authority (gross), detail:**

Mandatory:			
60.00 Appropriation .....			-124

**Change in obligated balances:**

73.10 Total new obligations .....			-124
73.20 Total outlays (gross) .....			124

**Outlays (gross), detail:**

86.97 Outlays from new mandatory authority .....			-124
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**Net budget authority and outlays:**

89.00 Budget authority .....			-124
90.00 Outlays .....			-124

**EDUCATION**

For the education program administered by the Department of Veterans Affairs, \$2,003,188, which shall be available as follows:

(1) For the payment of education and training benefits to or on behalf of veterans as authorized by law including any payment for associated activities authorized by 38 U.S.C. 3034(e), 3674, 3684(C), and 3697, \$1,904,665. In addition, for making payments after June 30 for the education program administered by the Department, such sums as may be necessary;

(2) For operating expenses associated with the provision of education and training benefits; and reimbursement of the Department of Defense for the cost of overseas employee mail, \$98,523,000, including no more than \$757,000 for construction.

(38 U.S.C. chapters 30, 31, 34, 35, 36, 51, 53, 55, and 61).

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing (in millions of dollars)**

Identification code 36-0137-0-1-702	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
Direct program:			
01.01 Peacetime veterans/servicepersons .....	1,150	1,592	1,749
01.03 Dependents .....	234	249	267
01.04 Tuition Assistance .....	25	59	69
01.05 Licensing and Certification .....	1	3	5
01.06 Work study .....	21	31	31
01.07 Payments to states .....	14	14	18
01.08 Reporting fees .....	3	3	3
01.91 Total special assistance to disabled veterans .....	1,448	1,951	2,142
Other direct expenses:			
03.01 Administrative expenses .....	73	100	99
03.03 Construction, minor construction .....	1	1	1
03.91 Total other direct expenses .....	74	101	100
05.00 Total Direct Program .....	1,522	2,052	2,242
Reimbursable education program:			
09.01 Veterans' basic benefits .....	9	11	12
09.02 Veterans' supplementary benefits .....	77	95	174
09.03 Reservists benefits .....	117	127	134
09.04 Reservists supplementary benefits .....	32	35	37
09.05 Reimbursement to GOE .....		1	1
09.09 Reimbursable program—subtotal line .....	235	269	358
10.00 Total new obligations .....	1,757	2,321	2,600

**Budgetary resources available for obligation:**

21.40 Unobligated balance carried forward, start of year .....	385	522	239
22.00 New budget authority (gross) .....	1,894	2,037	2,362
23.90 Total budgetary resources available for obligation .....	2,279	2,559	2,601
23.95 Total new obligations .....	-1,757	-2,321	-2,600
24.40 Unobligated balance carried forward, end of year .....	522	239	

**New budget authority (gross), detail:**

Discretionary:			
Discretionary:			
40.00 Appropriation .....	75	97	99

60.00	Mandatory: Appropriation .....	1,584	1,672	1,905
	Discretionary:			
68.00	Spending authority from offsetting collections: Offsetting collections (cash) .....		1	1
	Mandatory:			
69.00	Offsetting collections (cash) .....	235	267	357
70.00	Total new budget authority (gross) .....	1,894	2,037	2,362
<b>Change in obligated balances:</b>				
72.40	Obligated balance, start of year .....	50	62	64
73.10	Total new obligations .....	1,757	2,321	2,600
73.20	Total outlays (gross) .....	-1,745	-2,318	-2,600
73.40	Adjustments in expired accounts (net) .....	1		
74.40	Obligated balance, end of year .....	62	64	65
<b>Outlays (gross), detail:</b>				
86.90	Outlays from new discretionary authority .....	60	81	83
86.93	Outlays from discretionary balances .....	10	13	17
86.97	Outlays from new mandatory authority .....	1,635	1,939	2,262
86.98	Outlays from mandatory balances .....	40	285	238
87.00	Total outlays (gross) .....	1,745	2,318	2,600
<b>Offsets:</b>				
88.00	Against gross budget authority and outlays: Offsetting collections (cash) from: Federal sources .....	-235	-268	-358
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	1,659	1,769	2,004
90.00	Outlays .....	1,509	2,050	2,242
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>				
99.00	Budget authority .....	4	5	5
99.01	Outlays .....	4	5	5

**Summary of Budget Authority and Outlays**

(in millions of dollars)

Enacted/requested:	2002 actual	2003 est.	2004 est.
Budget Authority .....	1,659	1,769	2,004
Outlays .....	1,510	2,050	2,242
Legislative proposal, subject to PAYGO:			
Budget Authority .....			1
Outlays .....			1
Total:			
Budget Authority .....	1,659	1,769	2,005
Outlays .....	1,510	2,050	2,243

The mandatory request in 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. Voluntary contributions by eligible servicepersons and matching contributions provided by the Department of Defense are included in the Post-Vietnam Era Veterans Education Account.

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's Education business line. Additionally, funding is provided for capital asset investments.

In compliance with the Federal Credit Reform Act of 1990, the Education Loan Fund Program account is reported separately under the Vocational Rehabilitation and Education Loans Program account. 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.

*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 Education appropria-

tion 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**

	2002 actual	2003 est.	2004 est.
<b>Veterans/Service members:</b>			
Number of trainees .....	289,701	328,244	332,026
Average cost per trainee .....	\$4,266	\$5,180	\$5,831
Total cost (in millions) .....	\$1,236	\$1,700	\$1,936
<b>Reservists:</b>			
Number of trainees .....	85,934	91,090	94,734
Average cost per trainee .....	\$1,734	\$1,770	\$1,804
Total cost (in millions) .....	\$149	\$161	\$171

*Dependents' education and training.*—This program provides benefits to children and spouses of veterans who died of a service-connected disability or whose service-connected disability is rated permanent and total. In addition, dependents of servicepersons missing in action or interned by a hostile foreign government for more than 90 days are also eligible. The following table provides a comparison of trainees and costs for the Dependents Educational Assistance program.

**NUMBER OF TRAINEES AND COST**

	2002 actual	2003 est.	2004 est.
<b>Sons and daughters:</b>			
Number of trainees .....	46,714	48,880	51,346
Average cost per trainee (in dollars) .....	\$4,458	\$4,548	\$4,639
Total cost (in millions) .....	\$208	\$222	\$238
<b>Spouses and widow(ers):</b>			
Number of trainees .....	7,265	7,434	7,781
Average cost per trainee (in dollars) .....	\$3,517	\$3,587	\$3,659
Total cost (in millions) .....	\$26	\$27	\$29

*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, 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**

	2002 actual	2003 est.	2004 est.
<b>Tuition Assistance:</b>			
Number of trainees .....	60,264	120,000	140,000
Average cost per trainee .....	\$416	\$494	\$494
Total cost (in millions) .....	\$25	\$59	\$69
<b>Licensing and Certification:</b>			
Number of individuals .....	5,111	7,500	15,000
Average cost per trainee .....	\$277	\$305	\$336
Total cost (in millions) .....	\$1	\$3	\$5

General and special funds—Continued

EDUCATION—Continued

*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.

	2002 actual	2003 est.	2004 est.
Number of contracts .....	16,977	17,000	17,000
Total cost (in millions) .....	\$21	\$31	\$31

*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.*—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.

WORKLOAD

(In thousands)

	2002 actual	2003 est.	2004 est.
Original claims .....	188	201	213
Adjustments/supplemental claims .....	1,034	1,211	1,286

Object Classification (in millions of dollars)

Identification code 36-0137-0-1-702	2002 actual	2003 est.	2004 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent .....	46	46	48
11.5 Other personnel compensation .....	1	2	2
11.9 Total personnel compensation .....	47	48	50
12.1 Civilian personnel benefits .....	14	11	11
21.0 Travel and transportation of persons .....		2	2
23.3 Communications, utilities, and miscellaneous charges .....	6	13	13
24.0 Printing and reproduction .....		1	1
25.2 Other services .....	7	20	17
25.3 Other purchases of goods and services from Government accounts .....		2	2
26.0 Supplies and materials .....		2	2
32.0 Land and structures .....	1	1	1
41.0 Grants, subsidies, and contributions .....	1,447	1,952	2,143
99.0 Direct obligations .....	1,522	2,052	2,242
99.0 Reimbursable obligations .....	235	269	358
99.9 Total new obligations .....	1,757	2,321	2,600

Personnel Summary

Identification code 36-0137-0-1-702	2002 actual	2003 est.	2004 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment .....	864	952	969

EDUCATION

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0137-4-1-702	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
Direct program:			
01.01 MGIB Revision for OJT in Self-Employment .....			1
01.03 National Guard Delimiting Date Extension .....			
01.05 Extension of the Education Advisory Committee .....			
05.00 Total Direct Program .....			1

10.00 Total new obligations .....			1
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			1
23.95 Total new obligations .....			-1
<b>New budget authority (gross), detail:</b>			
Mandatory:			
60.00 Appropriation .....			1
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....			1
73.20 Total outlays (gross) .....			-1
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....			1
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			1
90.00 Outlays .....			1

The Administration will transmit legislation to extend the time for using education benefit for members of the National Guard activated after September 11, 2001, who qualify for chapter 35, regardless of whether they were called to active duty under title 10 or title 32 of the United States Code. The estimated cost in 2004 is \$150,000 with an estimated ten year cost of \$5 million.

The Administration will transmit legislation to modify the Montgomery G.I. Bill to enable veterans to be reimbursed for certain self-employment training programs. The estimated cost in 2004 is \$360,000 with an estimated ten year cost of \$4 million.

Legislation is required to extend the Department of Veterans Affairs Education Advisory Committee. Under current law, authority to maintain the committee expires December 31, 2003.

The Education Loan program has not issued a loan in over ten years. Since there is no longer a demand for the program, the Administration will transmit legislation to eliminate the program and waive all outstanding balances.

Object Classification (in millions of dollars)

Identification code 36-0137-4-1-702	2002 actual	2003 est.	2004 est.
Grants, subsidies, and contributions:			
41.0 Grants, subsidies, and contributions .....			1
41.0 Grants, subsidies, and contributions .....			
99.9 Total new obligations .....			1

VOCATIONAL REHABILITATION AND EMPLOYMENT

For the vocational rehabilitation and employment program administered by the Department of Veterans Affairs, \$696,728,000, which shall be available as follows:

(1) For the provision of vocational rehabilitation and employment benefits (including independent living services and assistance) to or on behalf of veterans as authorized by law, \$561,337,000. In addition, for making payments after June 30 for the vocational rehabilitation and employment program administered by the Department, such sums as may be necessary;

(2) For operating expenses associated with the provision of vocational rehabilitation and employment benefits (including administrative expenses incurred under section 3104(a) (1), (2), (5), and (11) of title 38, United States Code); and reimbursement of the Department of Defense for the cost of overseas employee mail, \$135,391,000, including no more than \$1,841,000 for construction;

(3) For the cost of direct loans, \$52,000, as authorized by 38 U.S.C. chapter 31, as amended: Provided further, 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 \$3,938,000. (38 U.S.C. chapters 31, 36, 51, 53, 55, and 61).

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution

(P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing** (in millions of dollars)

Identification code 36-0135-0-1-702	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 Vocational rehabilitation training .....	269	293	319
01.02 Subsistence allowance .....	207	216	226
01.04 Work study .....	11	16	16
01.91 Direct Program by Activities—Subtotal (1 level)	487	525	561
03.01 Administrative expenses .....	118	132	134
03.03 Construction, minor projects .....	1	2	2
03.91 Direct Program by Activities—Subtotal (1 level)	119	134	136
04.93 Total direct program .....	119	134	136
10.00 Total new obligations .....	606	659	697
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	2	2	.....
22.00 New budget authority (gross) .....	607	657	696
23.90 Total budgetary resources available for obligation	609	659	696
23.95 Total new obligations .....	-606	-659	-697
24.40 Unobligated balance carried forward, end of year .....	2	.....	.....
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	120	132	135
Mandatory:			
60.00 Appropriation .....	487	525	561
70.00 Total new budget authority (gross) .....	607	657	696
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	29	39	39
73.10 Total new obligations .....	606	659	697
73.20 Total outlays (gross) .....	-597	-657	-695
73.40 Adjustments in expired accounts (net) .....	-1	.....	.....
74.40 Obligated balance, end of year .....	39	39	39
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	97	108	110
86.93 Outlays from discretionary balances .....	16	20	24
86.97 Outlays from new mandatory authority .....	471	514	550
86.98 Outlays from mandatory balances .....	13	15	11
87.00 Total outlays (gross) .....	597	657	695
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	607	657	696
90.00 Outlays .....	596	657	695
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....	5	6	6
99.01 Outlays .....	5	6	6

The mandatory request in this appropriation finances assistance allowances for certain disabled veterans who are provided with vocational rehabilitation and employment services.

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's VR&E business line as well as direct services. Additionally, funding is provided for capital asset investments.

In compliance with the Federal Credit Reform Act of 1990, the Vocational Rehabilitation Loan Fund Program account is reported separately under the Vocational Rehabilitation and Educational Loans Program Account. The Vocational Rehabilitation Loans program provides loans (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.

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

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

**CASELOAD AND AVERAGE COST DATA**

	2002 actual	2003 est.	2004 est.
Total number of participants .....	69,634	71,549	73,517
Average cost .....	\$6,994	\$7,338	\$7,630
Total cost (in millions) .....	\$487	\$525	\$561

The VBA VR&E service 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**

	2002 actual	2003 est.	2004 est.
(in thousands)			
Evaluation and planning .....	61	62	63
Rehabilitation services .....	64	66	67
Employment services status .....	14	14	15
Vocational/educational counseling .....	9	9	9

**Object Classification** (in millions of dollars)

Identification code 36-0135-0-1-702	2002 actual	2003 est.	2004 est.
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	82	70	73
11.5 Other personnel compensation .....	3	.....	.....
11.9 Total personnel compensation .....	85	70	73
12.1 Civilian personnel benefits .....	20	16	16
21.0 Employee Travel .....	1	2	2
22.0 Transportation of things .....	.....	1	1
23.3 Communications, utilities, and miscellaneous charges .....	.....	11	11
25.2 Other services .....	11	28	27
26.0 Supplies and materials .....	.....	1	1
31.0 Equipment .....	1	3	3
32.0 Land and structures .....	1	2	2
41.0 Grants, subsidies, and contributions .....	487	525	561
99.9 Total new obligations .....	606	659	697

**Personnel Summary**

Identification code 36-0135-0-1-702	2002 actual	2003 est.	2004 est.
<b>Direct:</b>			
1001 Total compensable workyears: Civilian full-time equivalent employment .....	1,057	1,205	1,204

**INSURANCE**

*For the insurance program administered by the Department of Veterans Affairs, \$33,011,000, which shall be available as follows:*

(1) *For the payment of military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by law, \$29,017,000, to remain available until expended. In addition, for making payments after June 30 for the insurance programs administered by the Department, such sums as may be necessary;*

(2) *For operating expenses associated with the provision of insurance programs; and reimbursement of the Department of Defense for the cost of overseas employee mail, \$3,994,000, including no more than \$206,000 for construction.*

(38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487).

*Note.*—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**General and special funds—Continued**

**INSURANCE—Continued**

**Program and Financing (in millions of dollars)**

Identification code 36-0120-0-1-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Payment to NSLI .....	1	1	1
00.10 VMLI death claims .....	8	9	9
00.12 Payment to service-disabled veterans insurance .....	19	21	21
00.13 Administrative Expenses .....	3	4	4
00.15 Minor Construction .....	1		
01.00 Total direct expenses .....	32	35	35
09.01 Administrative expenses .....	36	36	36
09.99 Total reimbursable program .....	36	36	36
10.00 Total new obligations .....	68	71	71
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	1	1	
22.00 New budget authority (gross) .....	68	70	71
23.90 Total budgetary resources available for obligation	69	71	71
23.95 Total new obligations .....	-68	-71	-71
24.40 Unobligated balance carried forward, end of year	1		
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	4	4	4
Mandatory:			
60.00 Appropriation .....	26	28	29
Offsetting collections (cash):			
69.00 Offsetting collections (cash) .....	36	36	36
69.00 Offsetting collections (cash) .....	2	2	2
69.90 Spending authority from offsetting collections (total mandatory) .....	38	38	38
70.00 Total new budget authority (gross) .....	68	70	71
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	6	6	5
73.10 Total new obligations .....	68	71	71
73.20 Total outlays (gross) .....	-68	-71	-72
74.40 Obligated balance, end of year .....	6	5	5
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	4	3	3
86.93 Outlays from discretionary balances .....		1	1
86.97 Outlays from new mandatory authority .....	59	61	63
86.98 Outlays from mandatory balances .....	5	6	5
87.00 Total outlays (gross) .....	68	71	72
<b>Offsets:</b>			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources [Administrative expenses] .....	-36	-36	-36
88.40 VMLI premiums .....	-2	-2	-2
88.90 Total, offsetting collections (cash) .....	-38	-38	-38
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	30	32	33
90.00 Outlays .....	29	33	34

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.

The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veteran's Mortgage Life Insurance (VMLI), and supervises two additional programs for the benefit of servicepersons, veterans, and their beneficiaries through contracts with a commercial company. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. The Insurance appropriation is the funding mechanism for the following administration of the Government life insurance activities: U.S. Government Life Insurance Fund (USGLI); National

Service Life Insurance (NSLI); Service-Disabled Veterans Insurance Fund (S-DVI); and Veterans Mortgage Life Insurance (VMLI).

*Military and naval insurance.*—Payments are made to the USGLI 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 (NSLI).*—Payments are made to the NSLI 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.

*Payment to service-disabled veterans insurance fund (S-DVI).*—Payments are made to the S-DVI 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.

*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 2004 as indicated in the following table.

**POLICIES AND INSURANCE IN FORCE**

	2002 actual	2003 est.	2004 est.
VMLI policies:			
Number of policies .....	3,060	2,940	2,810
Amount of insurance (dollars in millions) .....	\$186	\$183	\$178

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's insurance line. Additionally, funding is provided for capital asset investments.

**WORKLOAD**

(In thousands)

	2002 actual	2003 est.	2004 est.
Policy service actions .....	867	846	825
Collections .....	2,509	2,369	2,221
Disability claims .....	16	16	16
Insurance awards .....	493	496	499

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.

**Object Classification (in millions of dollars)**

Identification code 36-0120-0-1-701	2002 actual	2003 est.	2004 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent .....	3	3	3
32.0 Land and structures .....	1	1	1
42.0 Insurance claims and indemnities .....	28	31	31
99.0 Direct obligations .....	32	35	35
99.0 Reimbursable obligations .....	36	36	36
99.9 Total new obligations .....	68	71	71

**Personnel Summary**

Identification code 36-0120-0-1-701	2002 actual	2003 est.	2004 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment .....	36	39	45
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment .....	443	480	470

PENSIONS

(INCLUDING TRANSFER OF FUNDS)

For the pension programs administered by the Department of Veterans Affairs, \$3,542,742,000, which shall be available as follows:

(1) For the payment of pension benefits to or on behalf of veterans, payment of premiums due on commercial life insurance policies, and for other benefits as authorized by law, \$3,391,048,000; of which not to exceed \$16,438,000 of the amount for pension benefits shall be for necessary expenses in implementing those provisions authorized by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992, the funding source for which is specifically provided as the "Pensions" appropriation: Provided, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical Care" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized. In addition, for making payments after June 30 for the pension programs administered by the Department, such sums as may be necessary;

(2) For operating expenses associated with the provision of pension benefits and reimbursement of the Department of Defense for the cost of overseas employee mail, \$151,694,000, including no more than \$3,265,000 for construction.

(38 U.S.C. chapters 15, 23, 51, 53, 55, 61, 107, 1312, 1977, and 2106, 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198; 92 Stat. 2508).

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

Program and Financing (in millions of dollars)

Identification code 36-0154-0-1-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.03 Improved law .....	2,433	2,541	2,620
01.04 Prior law .....	31	27	23
01.91 Total veterans .....	2,464	2,568	2,643
02.01 Improved law .....	632	654	676
02.02 Prior law .....	67	61	55
02.03 Old law .....	1	1	1
02.91 Total survivors .....	700	716	732
02.92 Total pensions .....	3,164	3,284	3,375
03.01 OBRA payment to VBA .....	13	16	16
03.02 Administrative expenses .....	153	154	148
03.04 Construction, minor projects .....	2	3	3
03.91 Total direct program .....	168	173	167
10.00 Total new obligations .....	3,332	3,457	3,542
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	2	3	1
22.00 New budget authority (gross) .....	3,333	3,455	3,543
23.90 Total budgetary resources available for obligation	3,335	3,458	3,544
23.95 Total new obligations .....	-3,332	-3,457	-3,542
24.40 Unobligated balance carried forward, end of year .....	3	1	2
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	156	155	152
Mandatory:			
60.00 Appropriation .....	3,177	3,300	3,391
70.00 Total new budget authority (gross) .....	3,333	3,455	3,543
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	270	288	296
73.10 Total new obligations .....	3,332	3,457	3,542
73.20 Total outlays (gross) .....	-3,312	-3,450	-3,534
73.40 Adjustments in expired accounts (net) .....	-2		
74.40 Obligated balance, end of year .....	288	296	304
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	123	138	135
86.93 Outlays from discretionary balances .....	23	22	16
86.97 Outlays from new mandatory authority .....	2,919	3,032	3,115
86.98 Outlays from mandatory balances .....	247	258	268

87.00	Total outlays (gross) .....	3,312	3,450	3,534
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	3,333	3,455	3,543
90.00	Outlays .....	3,312	3,450	3,534
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>				
99.00	Budget authority .....	8	8	9
99.01	Outlays .....	8	8	9

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2002 actual	2003 est.	2004 est.
Budget Authority .....	3,333	3,455	3,543
Outlays .....	3,312	3,450	3,534
Legislative proposal, subject to PAYGO:			
Budget Authority .....			1
Outlays .....			1
Total:			
Budget Authority .....	3,333	3,455	3,544
Outlays .....	3,312	3,450	3,535

The mandatory request in this appropriation provides for the payment of pensions 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, 2004, is expected to be 2.0 percent.

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's Pension business line. Additionally, funding is provided for capital asset investments.

AVERAGE NUMBER OF PENSION CASES AND PAYMENTS

	2002 actual	2003 est.	2004 est.
<b>Veterans:</b>			
Improved law .....	328,052	327,105	326,505
Prior law .....	18,196	15,494	13,209
Old law and service .....	246	216	191
Total .....	346,494	342,815	339,905
Average payment per case, per year (in dollars) .....	\$7,111	\$7,491	\$7,776
Total obligations (in millions) .....	\$2,464	\$2,568	\$2,643
<b>Survivors:</b>			
Improved law .....	169,828	165,292	161,274
Prior law .....	63,983	57,514	51,769
Old law and service .....	944	754	605
Total .....	234,755	223,560	213,648
Average payment per case, per year (in dollars) .....	\$2,982	\$3,200	\$3,424
Total obligations (in millions) .....	\$700	\$715	\$732

The Veterans Benefits Administration determines eligibility and adjudicates all claims for pensions awards. Workload data for this program are shown below. Specific performance goals relating to the processing of veterans benefits are contained in VA's annual performance plan. The Pension business line provides processing of claims for veterans and dependents relating to pension benefits under the various laws enacted by Congress.

**General and special funds—Continued**

**PENSIONS—Continued**  
(INCLUDING TRANSFER OF FUNDS)—Continued

**WORKLOAD**

[Claims completed in thousands]

	2002 actual	2003 est.	2004 est.
Pension:			
Rating-Related Actions .....	104	104	97
Non Rating Actions .....	490	525	450

Legislation is proposed to make death pension effective the first day of the month in which the death occurred if the claim is received within one year, eliminating the current 45-day rule for death pension. This proposal is anticipated to increase pension costs \$649 thousand in 2004.

**Object Classification (in millions of dollars)**

Identification code 36-0154-0-1-701	2002 actual	2003 est.	2004 est.
Personnel compensation:			
11.1 Full-time permanent .....	79	86	87
11.5 Other personnel compensation .....	3	2	2
11.9 Total personnel compensation .....	82	88	89
12.1 Civilian personnel benefits .....	20	19	19
21.0 Travel and transportation of persons .....	1	2	2
23.2 Rental payments to others .....	1	1	1
23.3 Communications, utilities, and miscellaneous charges .....	16	17	17
24.0 Printing and reproduction .....	1		
25.2 Other services .....	26	22	16
26.0 Supplies and materials .....	2	2	1
31.0 Equipment .....	4	3	3
32.0 Land and structures .....	2	3	3
42.0 Insurance claims and indemnities .....	3,177	3,300	3,391
99.9 Total new obligations .....	3,332	3,457	3,542

**Personnel Summary**

Identification code 36-0154-0-1-701	2002 actual	2003 est.	2004 est.
Direct:			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	1,791	1,752	1,752

**PENSIONS**

(Legislative proposal, subject to PAYGO)

**Program and Financing (in millions of dollars)**

Identification code 36-0154-4-1-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 Eliminate 45 day rule .....			1
02.92 Total pensions .....			1
10.00 Total new obligations (object class 42.0) .....			1
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			1
23.95 Total new obligations .....			-1
<b>New budget authority (gross), detail:</b>			
Mandatory:			
60.00 Appropriation .....			1
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....			1
73.20 Total outlays (gross) .....			-1
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....			1
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			1
90.00 Outlays .....			1

**BURIAL BENEFITS**

For the burial benefits program administered by the Department of Veterans Affairs, \$422,172,000, which shall be available as follows:

(1) For the provision of burial benefits and payments as authorized by law, \$157,253,000. In addition, for making payments after June 30 for the burial benefits program administered by the Department, such sums as may be necessary;

(2) For operating expenses for the provision of burial benefits, for administrative expenses of the National Cemetery Administration, and for cemeterial expenses, including purchase of eight passenger motor vehicles, \$264,919,000; of which no more than \$32,000,000, to remain available until expended, is for grants to aid States in establishing, expanding, or improving State veterans cemeteries, as authorized by 38 U.S.C. 2408; and of which no more than \$76,857,000 for construction.

(38 U.S.C. 107, chapters 23, 51, 53 55, and 61).

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing (in millions of dollars)**

Identification code 36-0129-0-1-700	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 Burial allowance .....	35	35	36
01.02 Burial plots .....	15	20	20
01.03 Service-connected deaths .....	17	21	21
01.04 Burial flags .....	20	20	21
01.05 Headstones and markers .....	32	34	35
01.06 Graveliners .....	11	10	10
01.07 Pre-placed crypts .....	4	17	14
01.91 Total burial benefits .....	134	157	157
02.01 Administrative expenses .....	137	145	156
02.02 Construction, major projects .....	42	68	55
02.03 Construction, minor projects .....	19	25	16
02.04 Grants to states .....	41	32	33
02.91 Total other direct expenses .....	239	270	260
10.00 Total new obligations .....	373	427	417
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	116	129	112
22.00 New budget authority (gross) .....	386	410	422
23.90 Total budgetary resources available for obligation .....	502	539	534
23.95 Total new obligations .....	-373	-427	-417
24.40 Unobligated balance carried forward, end of year .....	129	112	117
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	252	253	265
Mandatory:			
60.00 Appropriation .....	134	157	157
70.00 Total new budget authority (gross) .....	386	410	422
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	110	132	171
73.10 Total new obligations .....	373	427	417
73.20 Total outlays (gross) .....	-348	-388	-414
73.40 Adjustments in expired accounts (net) .....	-2		
74.40 Obligated balance, end of year .....	132	171	175
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	120	127	137
86.93 Outlays from discretionary balances .....	94	104	120
86.97 Outlays from new mandatory authority .....	134	157	157
87.00 Total outlays (gross) .....	348	388	414
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	386	410	422
90.00 Outlays .....	349	388	414
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....		5	5
99.01 Outlays .....		5	5

**Summary of Budget Authority and Outlays**

(in millions of dollars)

Enacted/requested:	2002 actual	2003 est.	2004 est.
Budget Authority .....	386	410	422
Outlays .....	348	388	414
Legislative proposal, subject to PAYGO:			
Budget Authority .....			5
Outlays .....			5
<b>Total:</b>			
Budget Authority .....	386	410	427
Outlays .....	348	388	419

The Department of Veterans Affairs administers a range of burial programs to benefit eligible veterans and family members. The responsibility for these programs is divided between two VA organizations. Most monetary benefits and the burial flags program are administered by the Veterans Benefits Administration (VBA). Cemetery programs and other in-kind benefits are administered by the National Cemetery Administration (NCA). Funding for the provision of burial benefits and services in VA is provided from the Burial Appropriation and the National Cemetery Gift Fund.

The mandatory request in this appropriation provides burial benefits 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 Administration.

The discretionary request in this appropriation provides for the corporate leadership and support to VA's Burial business line and for 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 veterans 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. Additionally, funding is provided for capital asset investments.

**NUMBER OF BURIAL BENEFITS**

	2002 actual	2003 est.	2004 est.
Burial allowance .....	82,798	83,713	84,346
Burial plot .....	67,027	67,768	68,281
Service-connected death .....	11,978	10,425	10,631
Burial flags .....	560,466	545,818	559,463
Headstone markers .....	365,981	322,100	323,000
Graveliners .....	50,958	49,041	48,571
Preplaced crypts .....	10,097	57,100	45,600

Specific performance goals relating to the Burial business line 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. 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 de-

termined 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 36-0129-0-1-700	2002 actual	2003 est.	2004 est.
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	55	59	64
11.3 Other than full-time permanent .....	5	5	5
11.9 Total personnel compensation .....	60	64	69
12.1 Civilian personnel benefits .....	16	17	18
13.0 Benefits for former personnel .....	2	2	2
21.0 Travel and transportation of persons .....	2	2	2
22.0 Transportation of things .....	1	1	1
23.1 Rental payments to GSA .....	1	1	1
23.3 Communications, utilities, and miscellaneous charges .....	5	6	6
25.2 Other services .....	42	38	41
26.0 Supplies and materials .....	6	7	8
31.0 Equipment .....	3	9	13
32.0 Land and structures .....	60	91	66
41.0 Grants, subsidies, and contributions .....	41	32	33
42.0 Insurance claims and indemnities .....	134	157	157
99.9 Total new obligations .....	373	427	417

**Personnel Summary**

Identification code 36-0129-0-1-700	2002 actual	2003 est.	2004 est.
<b>Direct:</b>			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	1,633	1,694	1,765

**BURIAL BENEFITS**

(Legislative proposal, subject to PAYGO)

**Program and Financing (in millions of dollars)**

Identification code 36-0129-4-1-700	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.05 Headstones and markers .....			5
10.00 Total new obligations (object class 42.0) .....			5
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			5
23.95 Total new obligations .....			-5
<b>New budget authority (gross), detail:</b>			
Mandatory:			
60.00 Appropriation .....			5
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....			5
73.20 Total outlays (gross) .....			-5
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....			5
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			5
90.00 Outlays .....			5

The Administration will transmit legislation that would amend the effective date of eligibility for receiving a Government headstone or marker for a veteran's grave in a private cemetery regardless of whether or not it is already marked from September 11, 2001 to November 1, 1990.

The Administration will transmit legislation that would allow states to receive a burial plot allowance for all veterans buried at no cost in a state veterans cemetery.

**Public enterprise funds:****SERVICE-DISABLED VETERANS INSURANCE FUND****Unavailable Collections** (in millions of dollars)

Identification code 36-4012-0-3-701	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	19	15	10
Appropriations:			
05.00 Service-disabled veterans insurance fund .....	-4	-5	-6
07.99 Balance, end of year .....	15	10	4

**Program and Financing** (in millions of dollars)

Identification code 36-4012-0-3-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Capital investment .....	11	11	11
09.02 Death Claims .....	44	45	47
09.03 All Other .....	8	9	8
10.00 Total new obligations .....	63	65	66

**Budgetary resources available for obligation:**

22.00 New budget authority (gross) .....	63	65	66
23.95 Total new obligations .....	-63	-65	-66

**New budget authority (gross), detail:**

<b>Mandatory:</b>			
69.00 Offsetting collections (cash) .....	58	60	61
69.26 From offsetting collections (unavailable balances) .....	4	5	6
69.90 Spending authority from offsetting collections (total mandatory) .....	63	65	66

**Change in obligated balances:**

72.40 Obligated balance, start of year .....	7	8	7
73.10 Total new obligations .....	63	65	66
73.20 Total outlays (gross) .....	-62	-65	-66
74.40 Obligated balance, end of year .....	8	7	7

**Outlays (gross), detail:**

86.97 Outlays from new mandatory authority .....	58	60	61
86.98 Outlays from mandatory balances .....	4	5	5
87.00 Total outlays (gross) .....	62	65	66

**Offsets:**

<b>Against gross budget authority and outlays:</b>			
<b>Offsetting collections (cash) from:</b>			
88.00 Federal sources: Insurance account .....	-19	-21	-21
<b>Non-Federal sources:</b>			
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) .....	-58	-60	-61

**Net budget authority and outlays:**

89.00 Budget authority .....	4	5	6
90.00 Outlays .....	3	6	6

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.

**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**

	2002 actual	2003 est.	2004 est.
Number of policies .....	148,913	145,953	142,190
Insurance in force (dollars in millions) .....	\$1,414	\$1,385	\$1,355

**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 \$463 million by September 30, 2004.

**Object Classification** (in millions of dollars)

Identification code 36-4012-0-3-701	2002 actual	2003 est.	2004 est.
33.0 Investments and loans .....	11	11	11
42.0 Insurance claims and indemnities .....	52	54	55
99.9 Total new obligations .....	63	65	66

**VETERANS REOPENED INSURANCE FUND****Unavailable Collections** (in millions of dollars)

Identification code 36-4010-0-3-701	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	440	425	407
Appropriations:			
05.00 Veterans reopened insurance fund .....	-15	-18	-21
07.99 Balance, end of year .....	425	407	386

**Program and Financing** (in millions of dollars)

Identification code 36-4010-0-3-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Death claims .....	38	39	40
09.02 Dividends .....	19	17	15
09.03 All other .....	9	9	8
09.04 Capital investment: policy loans .....	2	2	3
10.00 Total new obligations .....	68	67	66

**Budgetary resources available for obligation:**

22.00 New budget authority (gross) .....	68	67	66
23.95 Total new obligations .....	-68	-67	-66

**New budget authority (gross), detail:**

<b>Mandatory:</b>			
69.00 Offsetting collections (cash) .....	53	49	45
69.26 From offsetting collections (unavailable balances) .....	15	18	21
69.90 Spending authority from offsetting collections (total mandatory) .....	68	67	66

**Change in obligated balances:**

72.40 Obligated balance, start of year .....	48	50	51
73.10 Total new obligations .....	68	67	66
73.20 Total outlays (gross) .....	-66	-67	-66
74.40 Obligated balance, end of year .....	50	51	53

**Outlays (gross), detail:**

86.97 Outlays from new mandatory authority .....	45	49	45
86.98 Outlays from mandatory balances .....	21	18	21
87.00 Total outlays (gross) .....	66	67	66

**Offsets:**

<b>Against gross budget authority and outlays:</b>			
<b>Offsetting collections (cash) from:</b>			
88.00 Federal sources: interest on U.S. securities .....	-35	-32	-30
<b>Non-Federal sources:</b>			
88.40 Interest on loans .....	-1	-1	-1
88.40 Insurance premiums earned .....	-11	-11	-10
88.40 Repayments of loans .....	-6	-5	-4
88.90 Total, offsetting collections (cash) .....	-53	-49	-45

<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	15	18	21
90.00	Outlays .....	13	18	21

<b>Memorandum (non-add) entries:</b>				
92.01	Total investments, start of year: Federal securities:			
	Par value .....	488	475	450
92.02	Total investments, end of year: Federal securities:			
	Par value .....	475	450	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.

**Budget program—**

**Death claims.**—Represents payments to designated beneficiaries.

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

**All other.**—This represents resources 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**

	2002 actual	2003 est.	2004 est.
Number of policies .....	67,531	62,500	57,450
Insurance in force (dollars in millions) .....	\$587	\$556	\$519

**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	2002 actual	2003 est.	2004 est.
33.0 Investments and loans .....	4	4	4
42.0 Insurance claims and indemnities .....	40	41	40
43.0 Interest and dividends .....	24	22	22
99.9 Total new obligations .....	68	67	66

**SERVICEMEMBERS' GROUP LIFE INSURANCE FUND**

**Program and Financing** (in millions of dollars)

Identification code 36-4009-0-3-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Premium payments .....	638	634	532
09.02 Reimbursable program .....	1	1	1
10.00 Total new obligations (object class 41.0) .....	639	635	533

**Budgetary resources available for obligation:**

21.40 Unobligated balance carried forward, start of year	1	1	1
22.00 New budget authority (gross) .....	639	634	532
23.90 Total budgetary resources available for obligation	640	635	533
23.95 Total new obligations .....	-639	-635	-533

24.40 Unobligated balance carried forward, end of year .....	1	1	.....
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**New budget authority (gross), detail:**

<b>Mandatory:</b>				
69.00	Offsetting collections (cash) .....	639	634	532

**Change in obligated balances:**

72.40	Obligated balance, start of year .....	5	5	5
73.10	Total new obligations .....	639	635	533
73.20	Total outlays (gross) .....	-639	-634	-532
74.40	Obligated balance, end of year .....	5	5	5

**Outlays (gross), detail:**

86.97	Outlays from new mandatory authority .....	634	629	527
86.98	Outlays from mandatory balances .....	5	5	5
87.00	Total outlays (gross) .....	639	634	532

**Offsets:**

<b>Against gross budget authority and outlays:</b>				
88.40	Offsetting collections (cash) from: Non-Federal sources: Withholdings from serviceman's pay .....	-639	-634	-532

**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:**

**HOUSING 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, subchapters I-III, 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 2004, not to exceed \$300,000 in gross obligations for direct loans for specially adapted housing loans, 38 U.S.C 3711(i).

For the cost of the benefits authorized by 38 U.S.C. 2101, such sums as may be necessary.

For operating expenses associated with the housing program as authorized by 38 U.S.C., chapters 21 and 37, \$158,541,000 to carry out the grant program and direct and guaranteed loan programs, of which \$4,746,000 may be transferred to and merged with the appropriation, "General Administration"; and of which no more than \$1,728,000 is available for construction: Provided, That of the amount provided for housing operating expenses, (1) \$1,400,000 is for administering the Transitional Housing program as authorized by 38 U.S.C. chapter 20, subchapter VI; and (2) \$563,000 is for administering the Native American Housing program as authorized by 38 U.S.C. chapter 37, subchapter V, as amended.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**General Fund Credit Receipt Accounts** (in millions of dollars)

Identification code 36-1119-0-1-704	2002 actual	2003 est.	2004 est.
0101 GIF direct loans, downward reestimate of subsidies	1,798	878	.....
0102 Negative subsidies/subsidy reestimates .....		5	.....

Credit accounts—Continued

HOUSING PROGRAM ACCOUNT—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

Program and Financing (in millions of dollars)

Identification code 36-1119-0-1-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loan subsidy	10	10	40
00.02 Guaranteed loan subsidy	194	306	275
00.05 Reestimates of direct loan subsidy	17	277	
00.06 Interest on reestimates of the direct loan subsidy	3	229	
00.07 Reestimates of guaranteed loan subsidy	417	218	
00.08 Interest on reestimates of the guaranteed loan subsidy	114	27	
00.09 Specialty Adapted Housing Grant Program	25	25	25
00.10 Administrative expenses	165	169	157
00.91 Direct Program by Activities—Subtotal (1 level)	945	1,261	497
01.12 Construction, minor projects	2	2	2
10.00 Total new obligations	947	1,263	499
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	52	51	41
22.00 New budget authority (gross)	947	1,253	490
23.90 Total budgetary resources available for obligation	999	1,304	531
23.95 Total new obligations	-947	-1,263	-499
24.40 Unobligated balance carried forward, end of year	51	41	32
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation	168	171	159
Mandatory:			
60.00 Appropriation	779	1,082	331
70.00 Total new budget authority (gross)	947	1,253	490
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year	22	3	40
73.10 Total new obligations	947	1,263	499
73.20 Total outlays (gross)	-966	-1,227	-502
74.40 Obligated balance, end of year	3	40	38
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority	165	140	130
86.93 Outlays from discretionary balances	22		31
86.97 Outlays from new mandatory authority	779	1,082	331
86.98 Outlays from mandatory balances		5	10
87.00 Total outlays (gross)	966	1,227	502
<b>Net budget authority and outlays:</b>			
89.00 Budget authority	947	1,253	490
90.00 Outlays	967	1,227	502
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority	8	8	8
99.01 Outlays	8	8	8

Summary of Budget Authority and Outlays

(in millions of dollars)

	2002 actual	2003 est.	2004 est.
<b>Enacted/requested:</b>			
Budget Authority	947	1,253	490
Outlays	966	1,227	502
<b>Legislative proposal, not subject to PAYGO:</b>			
Budget Authority			48
Outlays			10
<b>Legislative proposal, subject to PAYGO:</b>			
Budget Authority			
Outlays			-5
<b>Total:</b>			
Budget Authority	947	1,253	538
Outlays	966	1,227	507

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

Identification code 36-1119-0-1-704	2002 actual	2003 est.	2004 est.
<b>Direct loan levels supportable by subsidy budget authority:</b>			
115001 Acquired and Vendee Loans	1,051	311	284
115002 Native American Direct Loan Levels	5	3	3
115003 Transitional Housing Direct Loan Levels		20	20
115901 Total direct loan levels	1,056	334	307
<b>Direct loan subsidy (in percent):</b>			
132001 Acquired and Vendee Loans	0.86	-1.39	10.88
132002 Native American Direct Loan Levels	-6.72	-8.96	0.28
132003 Transitional Housing Direct Loan Levels	0.00	48.25	48.25
132901 Weighted average subsidy rate	0.85	1.80	13.36
<b>Direct loan subsidy budget authority:</b>			
133001 Acquired and Vendee Loans	9	-4	31
133002 Native American Direct Loan Levels			
133003 Transitional Housing Direct Loan Levels		10	10
133901 Total subsidy budget authority	9	6	41
<b>Direct loan subsidy outlays:</b>			
134001 Acquired and Vendee Loans	10	-4	31
134002 Native American Direct Loan Levels			
134003 Transitional Housing Direct Loan Levels		5	10
134901 Total subsidy outlays	10	1	41
<b>Direct loan upward reestimate subsidy budget authority:</b>			
135001 Acquired and Vendee Loans	20	506	
135901 Total upward reestimate budget authority	20	506	
<b>Direct loan upward reestimate subsidy outlays:</b>			
136001 Acquired and Vendee Loans	20	506	
136901 Total upward reestimate outlays	20	506	
<b>Direct loan downward reestimate subsidy budget authority:</b>			
137001 Acquired and Vendee Loans	-1,068	-308	
137002 Native American Direct Loan Levels	-2	-4	
137901 Total downward reestimate budget authority	-1,070	-312	
<b>Direct loan downward reestimate subsidy outlays:</b>			
138001 Acquired and Vendee Loans	-1,068	-308	
138002 Native American Direct Loan Levels	-2	-4	
138901 Total downward reestimate subsidy outlays	-1,070	-312	
<b>Guaranteed loan levels supportable by subsidy budget authority:</b>			
215001 Veterans Housing Benefit Program	37,071	34,800	35,248
215002 Guaranteed Loan Sale Securities	967	471	
215901 Total loan guarantee levels	38,038	35,271	35,248
<b>Guaranteed loan subsidy (in percent):</b>			
232001 Veterans Housing Benefit Program	0.39	0.81	0.78
232002 Guaranteed Loan Sale Securities	5.05	5.06	0.00
232901 Weighted average subsidy rate	0.51	0.87	0.78
<b>Guaranteed loan subsidy budget authority:</b>			
233001 Veterans Housing Benefit Program	145	282	275
233002 Guaranteed Loan Sale Securities	49	24	
233901 Total subsidy budget authority	194	306	275
<b>Guaranteed loan subsidy outlays:</b>			
234001 Veterans Housing Benefit Program	145	282	275
234002 Guaranteed Loan Sale Securities	49	24	
234901 Total subsidy outlays	194	306	275
<b>Guaranteed loan upward reestimate subsidy budget authority:</b>			
235001 Veterans Housing Benefit Program	532	245	
235901 Total upward reestimate budget authority	532	245	
<b>Guaranteed loan upward reestimate subsidy outlays:</b>			
236001 Veterans Housing Benefit Program	532	245	
236901 Total upward reestimate subsidy outlays	532	245	
<b>Guaranteed loan downward reestimate subsidy budget authority:</b>			
237001 Veterans Housing Benefit Program	-727	-568	
237901 Total downward reestimate subsidy budget authority	-727	-568	
<b>Guaranteed loan downward reestimate subsidy outlays:</b>			
238001 Veterans Housing Benefit Program	-727	-568	
238901 Total downward reestimate subsidy outlays	-727	-568	

Administrative expense data:			
351001 Budget authority .....	168	171	159
359001 Outlays from new authority .....	168	171	159

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 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.

**Veterans housing benefit program fund program account.**—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.

**Native American veterans housing loan program account.**—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.

**Guaranteed transitional housing loans for homeless veterans program account.**—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. 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. The Administration will transmit legislation that will convert the program from a mandatory loan program to a discretionary grant program in order to improve service to veterans subject to Congressional authorization.

**Specially adapted housing grants.**—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. The following table shows caseload for this program. Specific performance goals are contained in VA's annual performance plan.

Legislation is proposed to extend VA's authority to sell and/or lease acquired properties to government agencies, nonprofit organizations and veteran service organizations to use in providing services primarily to homeless veterans. The provision allowing VA to sell and/or lease these properties expires December 31, 2003.

**CASELOAD AND AVERAGE COST DATA**

	2002 actual	2003 est.	2004 est.
Housing grants:			
Number of housing grants .....	575	600	600
Average cost per grant .....	\$42,000	\$42,000	\$42,000
Total cost (in millions) .....	\$24	\$25	\$25

The discretionary request in this appropriation provides for the corporate leadership and operational support to VA's housing business line. Additionally, funding is provided for capital asset investments.

The Housing program facilitates the extension of private capital, on more liberal terms than generally available to nonveterans, 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.

**WORKLOAD**

(In thousands)

	2002 actual	2003 est.	2004 est.
Construction and valuation .....	267	310	320
Loan processing .....	832	750	750
Loan service and claims .....	328	340	340
Property management .....	39	41	42

**Object Classification (in millions of dollars)**

Identification code 36-1119-0-1-704	2002 actual	2003 est.	2004 est.
Personnel compensation:			
11.1 Full-time permanent .....	89	81	81
11.5 Other personnel compensation .....	1	1	1
11.9 Total personnel compensation .....	90	82	82
12.1 Civilian personnel benefits .....	24	20	20
21.0 Travel and transportation of persons .....	2	3	2
23.1 Rental payments to GSA .....	6		
23.2 Rental payments to others .....	1	3	3
23.3 Communications, utilities, and miscellaneous charges .....	3	15	16
24.0 Printing and reproduction .....		1	
25.2 Other services .....	35	40	30
26.0 Supplies and materials .....	1	1	1
31.0 Equipment .....	3	4	3
32.0 Land and structures .....	2	2	2
41.0 Grants, subsidies, and contributions .....	780	1,092	340
99.9 Total new obligations .....	947	1,263	499

**Personnel Summary**

Identification code 36-1119-0-1-704	2002 actual	2003 est.	2004 est.
Direct:			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	1,718	1,519	1,446
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment .....			

**HOUSING PROGRAM ACCOUNT**

(Legislative proposal, not subject to PAYGO)

**Program and Financing (in millions of dollars)**

Identification code 36-1119-2-1-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
08.89 Grants .....			48
10.00 Total new obligations (object class 41.0) .....			48
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....			48
23.95 Total new obligations .....			-48
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....			48
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....			48
73.20 Total outlays (gross) .....			-10
74.40 Obligated balance, end of year .....			38
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....			10
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			48

## Credit accounts—Continued

## HOUSING PROGRAM ACCOUNT—Continued

## Program and Financing (in millions of dollars)—Continued

Identification code 36-1119-2-1-704	2002 actual	2003 est.	2004 est.
90.00 Outlays .....			10
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....			
99.01 Outlays .....			

## HOUSING PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

## Program and Financing (in millions of dollars)

Identification code 36-1119-4-1-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loan subsidy .....			-10
10.00 Total new obligations (object class 41.0) .....			-10

## Budgetary resources available for obligation:

23.95 Total new obligations .....			10
24.40 Unobligated balance carried forward, end of year .....			10

## Change in obligated balances:

73.10 Total new obligations .....			-10
73.20 Total outlays (gross) .....			5
74.40 Obligated balance, end of year .....			-5

## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....			-5
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## Net budget authority and outlays:

89.00 Budget authority .....			
90.00 Outlays .....			-5

## Additional net budget authority and outlays to cover cost of fully accruing retirement:

99.00 Budget authority .....			
99.01 Outlays .....			

The administration will transmit legislation that will convert the guaranteed transitional housing loans for homeless veterans program from a mandatory loan program to a discretionary grant program in order to improve service to veterans subject to Congressional authorization.

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

Identification code 36-1119-4-1-704	2002 actual	2003 est.	2004 est.
Direct loan levels supportable by subsidy budget authority:			
115003 Transitional Housing for Homeless Veterans Direct Loans .....			-20
115901 Total direct loan levels .....			-20
Direct loan subsidy (in percent):			
132003 Transitional Housing for Homeless Veterans Direct Loans .....			-48.25
132901 Weighted average subsidy rate .....			-48.25
Direct loan subsidy budget authority:			
133003 Transitional Housing for Homeless Veterans Direct Loans .....			-10
133901 Total subsidy budget authority .....			-10
Direct loan subsidy outlays:			
134003 Transitional Housing for Homeless Veterans Direct Loans .....			-5
134901 Total subsidy outlays .....			-5

## HOUSING DIRECT LOAN FINANCING ACCOUNT

## Program and Financing (in millions of dollars)

Identification code 36-4127-0-3-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans .....	1,051	311	284
00.02 Interest on Treasury borrowing .....	331	175	175
00.03 Property sales expense .....	3	3	3
00.04 Property management/other expense .....	-7	1	3
00.05 Property improvement expense .....	1	2	2
00.91 Direct Program by Activities—Subtotal (1 level) .....	1,379	492	467
08.01 Payment of negative subsidy to receipt account .....		4	
08.02 Payment of downward reestimate to receipt account .....	714	260	
08.04 Payment of excess interest earned to receipt account .....	355	47	
08.91 Direct Program by Activities—Subtotal (1 level) .....	1,069	311	
10.00 Total new obligations .....	2,448	803	467

## Budgetary resources available for obligation:

21.40 Unobligated balance carried forward, start of year .....	45	227	742
22.00 New financing authority (gross) .....	2,630	1,319	505
23.90 Total budgetary resources available for obligation .....	2,675	1,546	1,247
23.95 Total new obligations .....	-2,448	-803	-467
24.40 Unobligated balance carried forward, end of year .....	227	742	780

## New financing authority (gross), detail:

Mandatory:			
67.10 Authority to borrow .....	3,738	628	292
69.00 Offsetting collections (cash) .....	1,524	1,368	378
69.47 Portion applied to repay debt .....	-2,632	-677	-165
69.90 Spending authority from offsetting collections (total mandatory) .....	-1,108	691	213
70.00 Total new financing authority (gross) .....	2,630	1,319	505

## Change in obligated balances:

72.40 Obligated balance, start of year .....	52	78	27
73.10 Total new obligations .....	2,448	803	467
73.20 Total financing disbursements (gross) .....	-2,421	-855	-478
74.40 Obligated balance, end of year .....	78	27	16
87.00 Total financing disbursements (gross) .....	2,421	855	478

## Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Federal sources: Payments from program account .....	-29	-506	-31
88.00 Transfer of loan sales from LSSA .....	-968	-470	
Non-Federal sources:			
Non-Federal sources:			
88.40 Repayments of principal .....	-172	-223	-203
88.40 Interest received on loans .....	-95	-150	-127
88.40 Fees .....	-16	-1	
88.40 Downpayment on Vendee loan/other .....	-26		
88.40 Cash sale of properties .....	-21	-18	-17
88.40 Interest income—Treasury .....	-197		
88.90 Total, offsetting collections (cash) .....	-1,524	-1,368	-378

## Net financing authority and financing disbursements:

89.00 Financing authority .....	1,106	-49	127
90.00 Financing disbursements .....	897	-513	100

## Status of Direct Loans (in millions of dollars)

Identification code 36-4127-0-3-704	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....			
1131 Direct loan obligations exempt from limitation .....	1,051	311	284
1150 Total direct loan obligations .....	1,051	311	284
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	1,782	1,601	1,217
1231 Disbursements: Direct loan disbursements .....	1,051	311	284
Repayments:			
1251 Repayments and prepayments .....	-172	-223	-204

1253	Proceeds from loan asset sales to the public with recourse .....	- 968	- 471	.....
	Write-offs for default:			
1263	Direct loans .....	- 5	- 1	- 1
1264	Other adjustments, net .....	- 87	.....	.....
1290	Outstanding, end of year .....	1,601	1,217	1,296

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	2001 actual	2002 actual	2003 est.	2004 est.	
<b>ASSETS:</b>					
Federal assets:					
1101	Fund balances with Treasury .....	133	305	270	292
	Investments in US securities:				
1106	Receivables, net .....	506	140	.....	.....
	Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross .....	1,782	1,601	1,217	1,296
1402	Interest receivable .....	48	36	38	.....
1403	Accounts receivable from foreclosed property .....	1	1	.....	.....
1404	Foreclosed property .....	64	.....	.....	.....
1405	Other assets .....	1,102	847	432	519
1499	Net present value of assets related to direct loans .....	2,885	2,561	1,685	1,853
1999	Total assets .....	3,018	3,372	2,095	2,145
<b>LIABILITIES:</b>					
Federal liabilities:					
2101	Accounts payable .....	.....	.....	.....	.....
2103	Debt .....	1,878	2,984	2,095	2,145
2104	Resources payable to Treasury .....	.....	.....	.....	.....
2105	Other .....	1,140	388	.....	.....
2204	Non-Federal liabilities: Liabilities for loan guarantees .....	.....	.....	.....	.....
2999	Total liabilities .....	3,018	3,372	2,095	2,145
4999	Total liabilities and net position .....	3,018	3,372	2,095	2,145

**HOUSING GUARANTEED LOAN FINANCING ACCOUNT**

**Program and Financing (in millions of dollars)**

Identification code 36-4129-0-3-704	2002 actual	2003 est.	2004 est.	
<b>Obligations by program activity:</b>				
00.01	Acquisition of homes .....	1,144	2,482	2,509
00.02	Losses on defaulted loans .....	299	356	398
00.03	Interest on Treasury borrowing .....	1	1	1
00.04	Reimburse DLFA for loan sales .....	970	471	.....
00.05	Payment to trustee reserve .....	48	3	.....
00.06	Reimburse Liquidating for subordination certificate .....	33	30	25
00.07	Loan Sale Closing Costs .....	2	1	.....
00.09	Property sales expense .....	79	188	192
00.10	Property management expense .....	60	135	138
00.11	Property improvement expense .....	16	72	74
00.12	Loans acquired .....	272	270	273
00.91	Direct Program by Activities—Subtotal (1 level) .....	2,924	4,009	3,610
08.02	Payment of downward reestimate to receipt account .....	580	401	.....
08.04	Payment of excess interest to receipt account .....	147	166	.....
08.91	Direct Program by Activities—Subtotal (1 level) .....	727	567	.....
10.00	Total new obligations .....	3,651	4,576	3,610
<b>Budgetary resources available for obligation:</b>				
21.40	Unobligated balance carried forward, start of year .....	4,634	5,090	5,356
22.00	New financing authority (gross) .....	4,107	4,842	4,166
23.90	Total budgetary resources available for obligation .....	8,741	9,932	9,522

23.95	Total new obligations .....	- 3,651	- 4,576	- 3,610
24.40	Unobligated balance carried forward, end of year .....	5,090	5,356	5,912

**New financing authority (gross), detail:**

<b>Mandatory:</b>				
69.00	Offsetting collections (cash) .....	4,107	4,842	4,166

**Change in obligated balances:**

72.40	Obligated balance, start of year .....	62	25	85
73.10	Total new obligations .....	3,651	4,576	3,610
73.20	Total financing disbursements (gross) .....	- 3,688	- 4,516	- 3,539
74.40	Obligated balance, end of year .....	25	85	156
87.00	Total financing disbursements (gross) .....	3,688	4,516	3,539

**Offsets:**

Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Federal sources:				
Federal sources:				
88.00	Payments from program account .....	- 724	- 551	- 275
88.00	Recoveries from DLFA .....	- 945	- 270	- 295
88.25	Interest on uninvested funds .....	- 295	- 269	- 300
Non-Federal sources:				
Non-Federal sources:				
88.40	Funding fees .....	- 512	- 589	- 593
88.40	Cash sale of properties .....	- 536	- 2,638	- 2,679
88.40	Redemption of properties and other .....	- 18	.....	.....
88.40	Refunds from Trust .....	- 37	.....	.....
88.40	Subordinate certificate deposits .....	- 33	- 30	- 24
88.45	Loan sale proceeds .....	- 1,007	- 495	.....
88.90	Total, offsetting collections (cash) .....	- 4,107	- 4,842	- 4,166

**Net financing authority and financing disbursements:**

89.00	Financing authority .....	.....	.....	.....
90.00	Financing disbursements .....	- 419	- 326	- 627

**Status of Guaranteed Loans (in millions of dollars)**

Identification code 36-4129-0-3-704	2002 actual	2003 est.	2004 est.	
<b>Position with respect to appropriations act limitation on commitments:</b>				
2111	Limitation on guaranteed loans made by private lenders .....	.....	.....	.....
2131	Guaranteed loan commitments exempt from limitation .....	37,071	34,800	35,248
2132	Guaranteed loan commitments for loan asset sales with recourse .....	970	471	.....
2150	Total guaranteed loan commitments .....	38,041	35,271	35,248
2199	Guaranteed amount of guaranteed loan commitments .....	12,868	11,640	11,312
<b>Cumulative balance of guaranteed loans outstanding:</b>				
2210	Outstanding, start of year .....	227,705	257,828	284,664
2231	Disbursements of new guaranteed loans .....	37,071	34,800	35,247
2232	Guarantees of loans sold to the public with recourse .....	970	471	.....
2251	Repayments and prepayments .....	- 6,153	- 5,596	- 6,152
<b>Adjustments:</b>				
2261	Terminations for default that result in loans receivable .....	- 296	- 355	- 396
2262	Terminations for default that result in acquisition of property .....	- 1,144	- 2,482	- 2,509
2263	Terminations for default that result in claim payments .....	- 52	- 2	- 4
2264	Other adjustments, net .....	- 273	.....	.....
2290	Outstanding, end of year .....	257,828	284,664	310,850
<b>Memorandum:</b>				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	87,734	96,580	104,895
<b>Addendum:</b>				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	344	872	1,087
2331	Disbursements for guaranteed loan claims .....	296	355	396
2351	Repayments of loans receivable .....	- 21	- 54	- 67
2361	Write-offs of loans receivable .....	- 45	- 86	- 104
2364	Other adjustments, net .....	298	.....	.....
2390	Outstanding, end of year .....	872	1,087	1,312

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from

**Credit accounts—Continued****HOUSING GUARANTEED LOAN FINANCING ACCOUNT—Continued**

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	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Federal assets:				
1101 Fund balances with Treasury .....	4,696	5,113	5,355	5,973
Investments in US securities:				
1106 Receivables, net .....	594	255	272	301
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross .....	344	872	1,086	1,310
1502 Interest receivable .....	9			
1504 Accounts receivable from foreclosed property .....	830	9	10	11
1505 Other assets .....	43	34	26	35
1599 Net present value of assets related to defaulted guaranteed loans .....	1,226	915	1,122	1,356
1999 Total assets .....	6,516	6,283	6,749	7,630
<b>LIABILITIES:</b>				
Federal liabilities:				
2101 Federal liabilities: Debt .....	26	19		
2105 Other liabilities .....		410	384	389
Non-Federal liabilities:				
2201 Accounts payable .....	1,129	14	16	18
2204 Non-federal liabilities .....	5,361	5,840	6,349	7,223
2999 Total liabilities .....	6,516	6,283	6,749	7,630
4999 Total liabilities and net position .....	6,516	6,283	6,749	7,630

**HOUSING LIQUIDATING ACCOUNT****Program and Financing** (in millions of dollars)

Identification code 36-4025-0-3-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
Capital investments:			
00.01 Acquisition of homes .....	53	42	38
00.02 Property improvements .....	3	3	3
00.03 Cash advances .....	2	2	2
00.04 Acquisition of defaulted guaranteed loans .....	12	14	11
00.05 Repurchase of loans sold .....	7		
00.91 Total capital investments .....	77	61	54
01.00 Total capital investments .....	77	61	54
Operating expenses:			
01.02 Property management expense .....	9	8	7
01.03 Sales expense .....	9	8	7
01.04 Claims processed .....		26	23
01.05 Other operating expenses .....	-1		
01.91 Total operating expenses .....	17	42	37
10.00 Total new obligations (object class 33.0) .....	94	103	91
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	115	26	
22.00 New budget authority (gross) .....	194	174	134
22.40 Capital transfer to general fund .....	-189	-96	-42
23.90 Total budgetary resources available for obligation .....	120	104	92
23.95 Total new obligations .....	-94	-103	-91
24.40 Unobligated balance carried forward, end of year .....	26		
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	224	174	134

69.10 Change in uncollected customer payments from Federal sources (unexpired) .....	-30		
69.90 Spending authority from offsetting collections (total mandatory) .....	194	174	134
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	-23	4	
73.10 Total new obligations .....	94	103	91
73.20 Total outlays (gross) .....	-97	-107	-91
74.00 Change in uncollected customer payments from Federal sources (unexpired) .....	30		
74.40 Obligated balance, end of year .....	4		

<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	97	107	91

<b>Offsets:</b>			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Federal sources: Payments from direct loan financing account .....			
88.00	-55	-40	-11
Non-Federal sources:			
Non-Federal sources:			
88.40	-34	-30	-27
88.40	-52	-47	-42
88.40	-29	-26	-24
88.40	-7	-2	-2
88.40	-54	-24	-28
88.90 Total, offsetting collections (cash) .....	-224	-174	-134
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired) .....	30		

<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			
90.00 Outlays .....	-127	-67	-43

**Status of Direct Loans** (in millions of dollars)

Identification code 36-4025-0-3-704	2002 actual	2003 est.	2004 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	128	149	119
1232 Disbursements: Purchase of loans assets from the public .....	7		
1251 Repayments: Repayments and prepayments .....	-34	-30	-27
1264 Write-offs for default: Other adjustments, net .....	48		
1290 Outstanding, end of year .....	149	119	92

**Status of Guaranteed Loans** (in millions of dollars)

Identification code 36-4025-0-3-704	2002 actual	2003 est.	2004 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	9,182	6,704	4,859
2251 Repayments and prepayments .....	-2,413	-1,762	-1,277
Adjustments:			
2261 Terminations for default that result in loans receivable .....	-12	-14	-11
2262 Terminations for default that result in acquisition of property .....	-53	-43	-38
2263 Terminations for default that result in claim payments .....		-26	-24
2264 Other adjustments, net .....			
2290 Outstanding, end of year .....	6,704	4,859	3,509

<b>Memorandum:</b>			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	3,012	2,155	1,526

<b>Addendum:</b>			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year .....	274	282	286
2331 Disbursements for guaranteed loan claims .....	12	14	11
2361 Write-offs of loans receivable .....	-4	-10	-8
2364 Other adjustments, net .....			
2390 Outstanding, end of year .....	282	286	289

Statement of Operations (in millions of dollars)

Identification code 36-4025-0-3-704	2001 actual	2002 actual	2003 est.	2004 est.
0101 Revenue	140	112	89	72
0102 Expense	-140	-82	-90	-87
0105 Net income or loss (-)		30	-1	-15

Balance Sheet (in millions of dollars)

Identification code 36-4025-0-3-704	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Federal assets:				
1101 Fund balances with Treasury		29	26	24
Investments in US securities:				
1106 Receivables, net	128	6	5	4
1201 Non-Federal assets: Investments in non-Federal securities, net	452	203	182	164
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		149	119	92
1402 Interest receivable		92	83	75
1499 Net present value of assets related to direct loans		241	202	167
1901 Other Federal assets: Other assets		-3	13	26
1999 Total assets	580	476	428	385
<b>LIABILITIES:</b>				
2103 Federal liabilities: Debt	567	466	419	377
2207 Non-Federal liabilities: Other	13	10	9	8
2999 Total liabilities	580	476	428	385
4999 Total liabilities and net position	580	476	428	385

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.

NATIVE AMERICAN AND TRANSITIONAL HOUSING DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4130-0-3-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans	6	13	23
00.03 Interest on Treasury borrowing	1	1	2
00.91 Direct Program by Activities—Subtotal (1 level)	7	14	25
08.02 Payment of downward reestimate to receipt account	2	4	
10.00 Total new obligations	9	18	25
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year		2	
22.00 New financing authority (gross)	11	16	25
23.90 Total budgetary resources available for obligation	11	18	25
23.95 Total new obligations	-9	-18	-25
24.40 Unobligated balance carried forward, end of year	2		
<b>New financing authority (gross), detail:</b>			
Mandatory:			
67.10 Authority to borrow	9	10	13
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)	6	8	15
68.47 Portion applied to repay debt	-4	-2	-3
68.90 Spending authority from offsetting collections (total discretionary)	2	6	12
70.00 Total new financing authority (gross)	11	16	25
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year			1

73.10 Total new obligations	9	18	25
73.20 Total financing disbursements (gross)	-9	-17	-24
74.40 Obligated balance, end of year		1	2
87.00 Total financing disbursements (gross)	9	17	24

Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources		-5	-10
88.25 Interest on uninvested funds	-1		
Non-Federal sources:			
88.40 Non-federal sources—Repayments and prepayments of principal		-1	-1
88.40 Non-Federal sources—Interest received on loans	-1	-2	-4
88.40 Non-Federal sources—Fees			
88.40 Non-Federal sources—Other income	-4		
88.90 Total, offsetting collections (cash)	-6	-8	-15

Net financing authority and financing disbursements:

89.00 Financing authority	5	8	10
90.00 Financing disbursements	3	9	9

Status of Direct Loans (in millions of dollars)

Identification code 36-4130-0-3-704	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1121 Limitation available from carry-forward	100	100	90
1131 Direct loan obligations exempt from limitation	6	3	3
1143 Unobligated limitation carried forward (P.L. 105-368)	-100	-90	-70
1150 Total direct loan obligations	6	13	23
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	19	18	30
1231 Disbursements: Direct loan disbursements	6	13	23
1251 Repayments: Repayments and prepayments	-1	-1	-2
1264 Write-offs for default: Other adjustments, net	-6		
1290 Outstanding, end of year	18	30	51

Balance Sheet (in millions of dollars)

Identification code 36-4130-0-3-704	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Federal assets:				
Investments in US securities:				
1106 Receivables, net			1	2
1107 Advances and prepayments	2		1	1
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	19	18	30	51
1402 Interest receivable		5	6	7
1499 Net present value of assets related to direct loans	19	23	36	58
1999 Total assets	19	25	38	61
<b>LIABILITIES:</b>				
Federal liabilities:				
2101 Accounts payable				
2103 Federal liabilities debt	19	21	29	41
2105 Other liabilities	4		9	20
2999 Total liabilities	19	25	38	61
4999 Total liabilities and net position	19	25	38	61

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

Credit accounts—Continued

NATIVE AMERICAN AND TRANSITIONAL HOUSING DIRECT LOAN  
FINANCING ACCOUNT—Continued

and beyond. The amounts in the account are means of financing and are not included in the budget totals.

NATIVE AMERICAN AND TRANSITIONAL HOUSING DIRECT LOAN  
FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-4130-4-3-704	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans			-10
10.00 Total new obligations			-10
<b>Budgetary resources available for obligation:</b>			
22.00 New financing authority (gross)			-10
23.95 Total new obligations			10
<b>New financing authority (gross), detail:</b>			
Mandatory:			
67.10 Authority to borrow			-5
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)			-5
70.00 Total new financing authority (gross)			-10
<b>Change in obligated balances:</b>			
73.10 Total new obligations			-10
73.20 Total financing disbursements (gross)			9
74.40 Obligated balance, end of year			-1
87.00 Total financing disbursements (gross)			-9
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from: Federal sources			5
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority			-5
90.00 Financing disbursements			-4

The administration will transmit legislation that will convert the guaranteed transitional housing loans for homeless veterans program from a mandatory loan program to a discretionary grant program in order to improve service to veterans subject to Congressional authorization.

Status of Direct Loans (in millions of dollars)

Identification code 36-4130-4-3-704	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1121 Limitation available from carry-forward			
1131 Direct loan obligations exempt from limitation			
1143 Unobligated limitation carried forward (P.L. 105-368)			-10
1150 Total direct loan obligations			-10
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1231 Disbursements: Direct loan disbursements			-10
1251 Repayments: Repayments and prepayments			
Write-offs for default:			
1263 Direct loans			
1264 Other adjustments, net			
1290 Outstanding, end of year			-10

Balance Sheet (in millions of dollars)

Identification code 36-4130-4-3-704	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Federal assets:				
Investments in US securities:				
1106 Receivables, net				-1
1107 Advances and prepayments				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross				-10
1402 Interest receivable				
1499 Net present value of assets related to direct loans				-10
1999 Total assets				-11
<b>LIABILITIES:</b>				
Federal liabilities:				
2101 Accounts payable				-5
2103 Federal liabilities debt				-6
2105 Other liabilities				
2999 Total liabilities				-11
4999 Total liabilities and net position				-11

VOCATIONAL REHABILITATION AND EDUCATION LOANS PROGRAM  
ACCOUNT

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

Identification code 36-0140-0-1-702	2002 actual	2003 est.	2004 est.
Direct loan levels supportable by subsidy budget authority:			
115001 Vocational Rehabilitation	3	3	4
115002 Education Loans			
115901 Total direct loan levels	3	3	4
Direct loan subsidy (in percent):			
132001 Vocational Rehabilitation	2.18	1.50	1.33
132002 Education Loans	0.00	6.49	0.00
132901 Weighted average subsidy rate	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 Vocational Rehabilitation			
133002 Education Loans			
133901 Total subsidy budget authority			
Direct loan subsidy outlays:			
134001 Vocational Rehabilitation			
134002 Education Loans			
134901 Total subsidy outlays			
Administrative expense data:			
351001 Budget authority			
358001 Outlays from balances			

The Vocational Rehabilitation Loan program's administrative and subsidy costs are appropriated under "Vocational Rehabilitation and Employment." The Education Loan program's administrative and subsidy costs are appropriated under "Education."

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.

VOCATIONAL REHABILITATION AND EDUCATION DIRECT LOAN  
FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4259-0-3-702	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans .....	3	3	4
10.00 Total new obligations (object class 33.0) .....	3	3	4
<b>Budgetary resources available for obligation:</b>			
22.00 New financing authority (gross) .....	3	3	4
23.95 Total new obligations .....	-3	-3	-4
<b>New financing authority (gross), detail:</b>			
Mandatory:			
67.10 Authority to borrow (indefinite) .....	3	3	4
Spending authority from offsetting collections:			
Discretionary:			
68.00 Spending Authority from Offsetting collections (cash) .....	3	3	4
68.47 Portion applied to repay debt (-) .....	-3	-3	-4
68.90 Spending authority from offsetting collections (total discretionary) .....			
70.00 Total new financing authority (gross) .....	3	3	4
<b>Change in obligated balances:</b>			
73.10 Total new obligations .....	3	3	4
73.20 Total financing disbursements (gross) .....	-3	-3	-4
87.00 Total financing disbursements (gross) .....	3	3	4
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments and prepayments of principal .....			
88.40 Repayments and prepayments of principal .....	-3	-3	-4
88.90 Total, offsetting collections (cash) .....	-3	-3	-4
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority .....			
90.00 Financing disbursements .....			

Status of Direct Loans (in millions of dollars)

Identification code 36-4259-0-3-702	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....	3	3	4
1150 Total direct loan obligations .....	3	3	4
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	1	1	1
1231 Disbursements: Direct loan disbursements .....	3	3	4
1251 Repayments: Repayments and prepayments (-) .....	-3	-3	-4
1290 Outstanding, end of year .....	1	1	1

Balance Sheet (in millions of dollars)

Identification code 36-4259-0-3-702	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross .....		1	1	1
1499 Net present value of assets related to direct loans .....		1	1	1
1999 Total assets .....		1	1	1
<b>LIABILITIES:</b>				
2103 Federal liabilities: Debt .....		1	1	1
2999 Total liabilities .....		1	1	1
4999 Total liabilities and net position .....		1	1	1

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

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	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....			
Receipts:			
02.20 Deductions from military pay .....	1	1	1
02.40 Contributions .....	1	2	1
02.99 Total receipts and collections .....	2	3	2
Appropriations:			
05.00 Post-Vietnam era veterans education account .....	-2	-3	-2
07.99 Balance, end of year .....			

Program and Financing (in millions of dollars)

Identification code 36-8133-0-7-702	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
00.01 Payment to post-Vietnam era trainees .....	2	3	2
00.03 Participant disenrollments .....	7	9	9
10.00 Total new obligations .....	9	12	11
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	86	79	70
22.00 New budget authority (gross) .....	2	3	2
23.90 Total budgetary resources available for obligation .....	88	82	72
23.95 Total new obligations .....	-9	-12	-11
24.40 Unobligated balance carried forward, end of year .....	79	70	62
<b>New budget authority (gross), detail:</b>			
Mandatory:			
60.26 Appropriation (trust fund) .....	2	3	2
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	2	1	2
73.10 Total new obligations .....	9	12	11
73.20 Total outlays (gross) .....	-8	-12	-11
74.40 Obligated balance, end of year .....	1	2	2
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	2	3	2
86.98 Outlays from mandatory balances .....	6	9	9
87.00 Total outlays (gross) .....	8	12	11
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	2	3	2
90.00 Outlays .....	9	12	11

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:

## POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT—Continued

## CONTRIBUTIONS, PARTICIPANTS, DISENROLLMENTS, REFUNDS AND TRAINEES

(In millions of dollars)

	2002 actual	2003 est.	2004 est.
Total budget authority .....	\$2	\$3	\$2
Servicepersons .....	\$1	\$1	\$1
Transferred from Department of Defense (bonus) .....	\$1	\$1	\$1
Transferred from Department of Defense (matching) .....	\$0	\$1	\$1
Transferred from Department of Defense (section 901) .....	\$0	\$0	\$0
Total participants (end of year) .....	202,909	192,909	183,109
Total contributors (end of year) .....	912	800	800
Average contribution per contributor (actual dollars) .....	\$923	\$923	\$923
Number of disenrollments .....	10,700	10,800	10,600
Total refunds .....	\$6	\$9	\$9
Total trainees .....	1,145	980	880
Total trainee cost .....	\$2	\$3	\$2
Average cost per trainee (actual dollars) .....	\$1,772	\$3,122	\$2,375
Section 901 trainees .....	34	20	20

## Object Classification (in millions of dollars)

Identification code 36-8133-0-7-702	2002 actual	2003 est.	2004 est.
41.0 Grants, subsidies, and contributions .....	2	3	2
44.0 Refunds .....	7	9	9
99.9 Total new obligations .....	9	12	11

## NATIONAL SERVICE LIFE INSURANCE FUND

## Unavailable Collections (in millions of dollars)

Identification code 36-8132-0-7-701	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	10,237	10,027	9,741
Receipts:			
02.20 Premium and other receipts .....	185	183	171
02.40 Interest .....	823	766	719
02.41 Payments from general and special funds .....	1	1	1
02.80 National Service Life Insurance fund, offsetting collections .....	475	450	423
02.99 Total receipts and collections .....	1,484	1,400	1,314
04.00 Total: Balances and collections .....	11,721	11,427	11,055
Appropriations:			
05.00 National Service Life Insurance fund .....	-1,694	-1,686	-1,658
05.99 Total appropriations .....	-1,694	-1,686	-1,658
07.99 Balance, end of year .....	10,027	9,741	9,397

## Program and Financing (in millions of dollars)

Identification code 36-8132-0-7-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
Direct:			
Operating expenses:			
00.01 Death claims .....	621	635	652
00.02 Disability claims .....	13	12	11
00.03 Matured endowments .....	5	7	9
00.04 Cash surrenders .....	31	32	32
00.05 Dividends .....	346	323	286
00.06 Interest paid on dividend credits and deposits .....	58	57	56
00.07 Payment to Insurance account .....	20	22	22
00.91 Total operating expenses .....	1,094	1,088	1,068
02.01 Capital investment: Policy loans .....	85	83	85
02.93 Total direct obligations .....	1,179	1,171	1,153
Reimbursable program:			
09.01 Death claims .....	293	301	309
09.02 Disability Claims .....	6	6	5
09.03 Matured Endowments .....	3	3	4
09.04 Cash Surrenders .....	14	15	15
09.05 Dividends .....	163	153	136
09.06 Interest paid on dividend credits and deposits .....	27	27	26
09.07 Payment to Insurance account .....	9	10	10
09.09 Reimbursable program .....	515	515	505
10.00 Total new obligations .....	1,694	1,686	1,658

## Budgetary resources available for obligation:

22.00 New budget authority (gross) .....	1,694	1,686	1,658
23.95 Total new obligations .....	-1,694	-1,686	-1,658

## New budget authority (gross), detail:

Mandatory:			
60.26 Appropriation (trust fund) .....	1,008	950	892
69.00 Offsetting collections (cash) .....	475	450	423
69.26 From offsetting collections (unavailable balances) .....	211	286	343
69.90 Spending authority from offsetting collections (total mandatory) .....	686	736	766
70.00 Total new budget authority (gross) .....	1,694	1,686	1,658

## Change in obligated balances:

72.40 Obligated balance, start of year .....	1,403	1,446	1,488
73.10 Total new obligations .....	1,694	1,686	1,658
73.20 Total outlays (gross) .....	-1,651	-1,644	-1,620
74.40 Obligated balance, end of year .....	1,446	1,488	1,526

## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	1,483	1,400	1,315
86.98 Outlays from mandatory balances .....	168	244	305
87.00 Total outlays (gross) .....	1,651	1,644	1,620

## Offsets:

Against gross budget authority and outlays:

Offsetting collections (cash) from:

Non-Federal sources:			
88.40 Repayments of loans .....	-131	-122	-114
88.40 Optional settlements .....	-1	-1	-1
88.40 Net income offsets adjustments .....	-343	-327	-308
88.90 Total, offsetting collections (cash) .....	-475	-450	-423

## Net budget authority and outlays:

89.00 Budget authority .....	1,219	1,236	1,235
90.00 Outlays .....	1,176	1,194	1,197

## Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value .....	11,639	11,465	11,229
92.02 Total investments, end of year: Federal securities:			
Par value .....	11,465	11,229	10,923

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

	2002 actual	2003 est.	2004 est.
Number of policies .....	1,502,463	1,396,960	1,291,620
Insurance in force (dollars in millions) .....	\$15,550	\$14,809	\$14,005

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 \$11,991 million as of September 30, 2003 to \$11,587 million as of September 30, 2004. The actuarial estimate of policy obligations as of September 30, 2003, total \$11,315 million, leaving a balance of \$272 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	2002 actual	2003 est.	2004 est.
<b>Unexpended balance, start of year:</b>			
0100 Uninvested balance [unavailable collections] .....	1	8	
0101 Federal securities: Par value .....	11,639	11,465	11,229
0199 Total balance, start of year .....	11,640	11,473	11,229
<b>Cash income during the year:</b>			
<b>Current law:</b>			
<b>Offsetting receipts (proprietary):</b>			
1220 NSLI fund, premium and other receipts .....	185	183	171
<b>Offsetting receipts (intragovernmental):</b>			
1240 NSLI fund, interest .....	823	766	719
1241 NSLI fund, payments from general and special funds .....	1	1	1
<b>Offsetting collections:</b>			
1280 NSLI fund, offsetting collections .....	475	450	423
1299 Income under present law .....	1,484	1,400	1,314
<b>Cash outgo during year:</b>			
<b>Current law:</b>			
4500 National service life insurance fund .....	-1,651	-1,644	-1,620
<b>Unexpended balance, end of year:</b>			
8700 Uninvested balance .....	8		
8701 Federal securities: Par value .....	11,465	11,229	10,923
8799 Total balance, end of year .....	11,473	11,229	10,923

**Object Classification** (in millions of dollars)

Identification code 36-8132-0-7-701	2002 actual	2003 est.	2004 est.
<b>Direct obligations:</b>			
33.0 Investments and loans .....	85	83	85
42.0 Insurance claims and indemnities .....	670	686	704
43.0 Interest and dividends .....	425	401	364
99.0 Direct obligations .....	1,180	1,170	1,153
99.0 Reimbursable obligations .....	514	516	505
99.9 Total new obligations .....	1,694	1,686	1,658

Legislation will be proposed to authorize payment of NSLI and USGLI proceeds to an alternate beneficiary when the proceeds have not been claimed by the named beneficiary within two years following the death of the policyholder or within two years of enactment, whichever is later. There are no anticipated costs in 2004, since the first payment would not be made until two years after enactment.

**UNITED STATES GOVERNMENT LIFE INSURANCE FUND**

**Unavailable Collections** (in millions of dollars)

Identification code 36-8150-0-7-701	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	50	44	39
<b>Receipts:</b>			
02.40 Interest and profits on investments in public debt securities .....	4	4	3
02.80 United States government life insurance fund, offsetting collections .....	1	1	1
02.99 Total receipts and collections .....	5	5	4
04.00 Total: Balances and collections .....	55	49	43
<b>Appropriations:</b>			
05.00 United States government life insurance fund .....	-11	-10	-9
05.99 Total appropriations .....	-11	-10	-9
07.99 Balance, end of year .....	44	39	34

**Program and Financing** (in millions of dollars)

Identification code 36-8150-0-7-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
<b>Operating expenses:</b>			
00.01 Death claims .....	2	2	1
00.05 Dividends .....	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	10	9

**Budgetary resources available for obligation:**

22.00 New budget authority (gross) .....	11	10	9
23.95 Total new obligations .....	-11	-10	-9

**New budget authority (gross), detail:**

<b>Mandatory:</b>			
60.26 Appropriation (trust fund) .....	5	4	3
69.00 Offsetting collections (cash) .....	1	1	1
69.26 From offsetting collections (unavailable balances) .....	5	5	5
69.90 Spending authority from offsetting collections (total mandatory) .....	6	6	6
70.00 Total new budget authority (gross) .....	11	10	9

**Change in obligated balances:**

72.40 Obligated balance, start of year .....	19	18	17
73.10 Total new obligations .....	11	10	9
73.20 Total outlays (gross) .....	-11	-11	-11
74.40 Obligated balance, end of year .....	18	17	15

**Outlays (gross), detail:**

86.97 Outlays from new mandatory authority .....	5	4	4
86.98 Outlays from mandatory balances .....	6	7	7
87.00 Total outlays (gross) .....	11	11	11

**Offsets:**

<b>Against gross budget authority and outlays:</b>			
88.40 Offsetting collections (cash) from: Repayments of loans .....	-1	-1	-1

**Net budget authority and outlays:**

89.00 Budget authority .....	10	9	9
90.00 Outlays .....	10	11	10

**Memorandum (non-add) entries:**

92.01 Total investments, start of year: Federal securities: Par value .....	67	62	55
92.02 Total investments, end of year: Federal securities: Par value .....	62	55	48

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**

	2002 actual	2003 est.	2004 est.
Number of policies .....	13,217	11,700	10,240
Insurance in force (dollars in millions) .....	\$42	\$37	\$32

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 \$59 million as of September 30, 2003, to \$52 million as of September 30, 2004, as an increasing number of policies mature through death or disability. The actuarial evaluation of policy obligations as of September 30, 2004, totals \$51 million, leaving a balance of \$1 million for contingency reserves.

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

## UNITED STATES GOVERNMENT LIFE INSURANCE FUND—Continued

## Status of Funds (in millions of dollars)

Identification code 36-8150-0-7-701	2002 actual	2003 est.	2004 est.
Unexpended balance, start of year:			
0101 Federal securities: Par value .....	67	62	55
0199 Total balance, start of year .....	69	62	56
Cash income during the year:			
Current law:			
Offsetting receipts (intragovernmental):			
1240 Interest and profits on investments in public debt securities, USGLI, VA .....	4	4	3
Offsetting collections:			
1280 Offsetting collections, USGLI .....	1	1	1
1299 Income under present law .....	5	5	4
Cash outgo during year:			
Current law:			
4500 United States government life insurance fund .....	-11	-11	-11
Unexpended balance, end of year:			
8701 Federal securities: Par value .....	62	55	48
8799 Total balance, end of year .....	62	56	49

## Object Classification (in millions of dollars)

Identification code 36-8150-0-7-701	2002 actual	2003 est.	2004 est.
Direct obligations:			
42.0 Insurance claims and indemnities .....	2	2	1
43.0 Interest and dividends .....	3	2	2
99.0 Direct obligations .....	5	4	3
99.0 Reimbursable obligations .....	6	6	6
99.9 Total new obligations .....	11	10	9

## VETERANS SPECIAL LIFE INSURANCE FUND

## Unavailable Collections (in millions of dollars)

Identification code 36-8455-0-8-701	2002 actual	2003 est.	2004 est.
01.99 Balance, start of year .....	1,488	1,516	1,530
Receipts:			
02.80 Veterans special life insurance fund, offsetting collections .....	236	231	226
04.00 Total: Balances and collections .....	1,724	1,747	1,756
Appropriations:			
05.00 Veterans special life insurance fund .....	-208	-217	-219
05.99 Total appropriations .....	-208	-217	-219
07.99 Balance, end of year .....	1,516	1,530	1,537

## Program and Financing (in millions of dollars)

Identification code 36-8455-0-8-701	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Death claims .....	59	65	71
09.02 Cash surrenders .....	4	5	5
09.03 Dividends .....	93	88	85
09.04 All other .....	31	38	37
09.05 Payments to Insurance account .....	5	5	5
09.06 Capital investment .....	16	16	16
10.00 Total new obligations .....	208	217	219
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	208	217	219
23.95 Total new obligations .....	-208	-217	-219
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	236	231	226
69.26 From offsetting collections (unavailable balances) .....	-28	-14	-7
69.90 Spending authority from offsetting collections (total mandatory) .....	208	217	219

## Change in obligated balances:

72.40 Obligated balance, start of year .....	269	292	315
73.10 Total new obligations .....	208	217	219
73.20 Total outlays (gross) .....	-184	-194	-198
74.40 Obligated balance, end of year .....	292	315	336

## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	20	21	21
86.98 Outlays from mandatory balances .....	164	173	177
87.00 Total outlays (gross) .....	184	194	198

## Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.20 Interest on Federal securities .....	-143	-141	-139
Non-Federal sources:			
88.40 Interest on loans .....	-6	-6	-6
88.40 Insurance premiums earned .....	-69	-66	-64
88.40 Repayments of loans .....	-18	-18	-17
88.90 Total, offsetting collections (cash) .....	-236	-231	-226

## Net budget authority and outlays:

89.00 Budget authority .....	-28	-14	-7
90.00 Outlays .....	-52	-37	-28

## Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities:			
Par value .....	1,756	1,807	1,816
92.02 Total investments, end of year: Federal securities:			
Par value .....	1,807	1,816	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

	2002 actual	2003 est.	2004 est.
Number of policies .....	227,341	220,340	212,650
Insurance in force (dollars in millions) .....	\$2,604	\$2,564	\$2,514

**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	2002 actual	2003 est.	2004 est.
33.0 Investments and loans .....	17	18	19
42.0 Insurance claims and indemnities .....	84	93	93
43.0 Interest and dividends .....	107	106	107

99.9	Total new obligations .....	208	217	219
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<sup>1</sup>The total cost of administering veterans insurance programs is funded through direct appropriations to this account and through reimbursements from the insurance trust fund.

This appropriation provides for the Department's top management direction and administrative support, including data processing, fiscal, personnel, and legal services.

**DEPARTMENTAL ADMINISTRATION**

GENERAL ADMINISTRATION

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, not to exceed \$25,000 for official reception and representation expenses, and reimbursement of the General Services Administration for security guard services, \$283,973,000, including no more than \$5,405,000 for construction.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing (in millions of dollars)**

Identification code 36-0151-0-1-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
Direct program:			
00.11 General administration .....	235	274	279
00.12 Major Construction .....	4	1	3
00.30 Minor Construction .....	3	10	4
01.00 Total Direct Program .....	242	285	286
Reimbursable program:			
09.01 Administration of housing credit programs .....	4	4	4
09.04 Other reimbursable programs .....	180	154	136
09.99 Total reimbursable program .....	184	158	140
10.00 Total new obligations .....	426	443	426
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year	9	16	3
22.00 New budget authority (gross) .....	436	429	424
23.90 Total budgetary resources available for obligation	445	445	427
23.95 Total new obligations .....	-426	-443	-426
23.98 Unobligated balance expiring or withdrawn .....	-2		
24.40 Unobligated balance carried forward, end of year .....	16	3	1
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	251	271	284
42.00 Transferred from other accounts .....	1		
43.00 Appropriation (total discretionary) .....	252	271	284
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	184	158	140
70.00 Total new budget authority (gross) .....	436	429	424
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	59	59	70
73.10 Total new obligations .....	426	443	426
73.20 Total outlays (gross) .....	-419	-432	-423
73.40 Adjustments in expired accounts (net) .....	-7		
74.40 Obligated balance, end of year .....	59	70	74
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	363	376	369
86.93 Outlays from discretionary balances .....	56	56	54
87.00 Total outlays (gross) .....	419	432	423
<b>Offsets:</b>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-184	-158	-140
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	252	271	284
90.00 Outlays .....	235	274	283
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....	11	12	14
99.01 Outlays .....	11	12	14

**Object Classification (in millions of dollars)**

Identification code 36-0151-0-1-705	2002 actual	2003 est.	2004 est.
<b>Direct obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	136	152	159
11.5 Other personnel compensation .....	5	5	5
11.9 Total personnel compensation .....	141	157	164
12.1 Civilian personnel benefits .....	33	45	48
21.0 Employee travel .....	3	4	4
23.1 Rental payments to GSA .....	17	18	19
23.2 Rental payments to others .....	1	1	1
23.3 Communications, utilities, and miscellaneous charges .....	3	4	4
24.0 Printing and reproduction .....	1	1	1
25.2 Other services .....	28	40	33
26.0 Supplies and materials .....	3	2	3
31.0 Equipment .....	6	2	2
32.0 Land and structures .....	6	11	7
99.0 Direct obligations .....	242	285	286
99.0 Reimbursable obligations .....	184	158	140
99.9 Total new obligations .....	426	443	426

**Personnel Summary**

Identification code 36-0151-0-1-705	2002 actual	2003 est.	2004 est.
<b>Direct:</b>			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	1,863	1,980	2,031
<b>Reimbursable:</b>			
Total compensable workyears:			
2001 Civilian full-time equivalent employment <sup>1</sup> .....	740	499	450

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

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$62,450,000, including no more than \$700,000 for construction.

Note.—A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

**Program and Financing (in millions of dollars)**

Identification code 36-0170-0-1-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
01.01 Direct program .....	52	55	61
01.03 Construction, minor projects .....	1	2	1
01.92 Total direct program .....	53	57	62
09.01 Reimbursable program .....	3	3	3
10.00 Total new obligations .....	56	60	65

OFFICE OF INSPECTOR GENERAL—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0170-0-1-705	2002 actual	2003 est.	2004 est.
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....		1	
22.00 New budget authority (gross) .....	57	59	65
23.90 Total budgetary resources available for obligation .....	57	60	65
23.95 Total new obligations .....	-56	-60	-65
24.40 Unobligated balance carried forward, end of year .....	1		
<b>New budget authority (gross), detail:</b>			
Discretionary:			
40.00 Appropriation .....	54	56	62
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	3	3	3
70.00 Total new budget authority (gross) .....	57	59	65
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	11	10	12
73.10 Total new obligations .....	56	60	65
73.20 Total outlays (gross) .....	-56	-58	-64
73.40 Adjustments in expired accounts (net) .....	-1		
74.40 Obligated balance, end of year .....	10	12	12
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new discretionary authority .....	46	55	61
86.93 Outlays from discretionary balances .....	10	3	3
87.00 Total outlays (gross) .....	56	58	64
<b>Offsets:</b>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources .....	-3	-3	-3
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....	54	56	62
90.00 Outlays .....	53	55	61
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....	2	3	3
99.01 Outlays .....	2	3	3

This appropriation provides Department-wide audit, investigation, and healthcare 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 criminal activity, 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 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 office administration.

Additionally, funding is provided for capital asset investments.

Object Classification (in millions of dollars)

Identification code 36-0170-0-1-705	2002 actual	2003 est.	2004 est.
<b>Direct obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	30	31	34
11.5 Other personnel compensation .....	2	2	2
11.9 Total personnel compensation .....	32	33	36
12.1 Civilian personnel benefits .....	8	8	10
21.0 Employee Travel .....	3	3	3
23.1 Rental payments to GSA .....	2	3	3
25.2 Other services .....	6	7	8
31.0 Equipment .....	1	1	1
32.0 Land and structures .....	1	2	1

99.0 Direct obligations .....	53	57	62
99.0 Reimbursable obligations .....	3	3	3
99.9 Total new obligations .....	56	60	65

Personnel Summary

Identification code 36-0170-0-1-705	2002 actual	2003 est.	2004 est.
<b>Direct:</b>			
Total compensable workyears:			
1001 Civilian full-time equivalent employment .....	370	386	417
<b>Reimbursable:</b>			
Total compensable workyears:			
2001 Civilian full-time equivalent employment .....	23	25	25

Intragovernmental funds:

SUPPLY FUND

Program and Financing (in millions of dollars)

Identification code 36-4537-0-4-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Reimbursable program-COGS-Merchandizing .....	1,020	1,196	1,243
09.02 Reimbursable program-Other-Operations .....	56	65	65
09.03 Reimbursable program-COGS-Printing and Publications .....	6	5	5
09.04 Reimbursable program-Other .....	2	2	2
09.05 Reimbursable program-Equipment-Procurement Services and Distribution .....	1	2	3
10.00 Total new obligations .....	1,085	1,270	1,318
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	151	274	274
22.00 New budget authority (gross) .....	1,208	1,270	1,318
23.90 Total budgetary resources available for obligation .....	1,359	1,544	1,592
23.95 Total new obligations .....	-1,085	-1,270	-1,318
24.40 Unobligated balance carried forward, end of year .....	274	274	274
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	1,213	1,270	1,318
69.10 Change in uncollected customer payments from Federal sources (unexpired) .....	-5		
69.90 Spending authority from offsetting collections (total mandatory) .....	1,208	1,270	1,318
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	118	188	188
73.10 Total new obligations .....	1,085	1,270	1,318
73.20 Total outlays (gross) .....	-1,020	-1,270	-1,318
74.00 Change in uncollected customer payments from Federal sources (unexpired) .....	5		
74.40 Obligated balance, end of year .....	188	188	188
<b>Outlays (gross), detail:</b>			
86.97 Outlays from new mandatory authority .....	1,020	1,270	1,318
<b>Offsets:</b>			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources .....	-1,213	-1,270	-1,318
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired) .....	5		
<b>Net budget authority and outlays:</b>			
89.00 Budget authority .....			
90.00 Outlays .....	-193		
<b>Additional net budget authority and outlays to cover cost of fully accruing retirement:</b>			
99.00 Budget authority .....	2	2	2
99.01 Outlays .....	2	2	2

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 2004, Supply Fund sales are estimated to reach \$1.26 billion. Average inventory needed to support those sales will be \$34 million.

**Operating results.**—The Fund operated at a profit of \$25 million in 2002. The new total of retained earnings is \$77 million. Operating expense as related to sales was 6 percent.

**Object Classification** (in millions of dollars)

Identification code 36-4537-0-4-705	2002 actual	2003 est.	2004 est.
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	24	29	30
11.5 Other personnel compensation .....	1	1	1
11.9 Total personnel compensation .....	25	30	31
12.1 Civilian personnel benefits .....	6	6	6
21.0 Travel and transportation of persons .....	3	3	3
22.0 Transportation of things .....	3	5	6
23.1 Rental payments to GSA .....	2	2	2
23.3 Communications, utilities, and miscellaneous charges .....	2	3	2
24.0 Printing and reproduction .....	6	6	6
25.1 Advisory and assistance services .....	468	431	437
26.0 Supplies and materials .....	287	406	428
31.0 Equipment .....	283	378	397
99.9 Total new obligations .....	1,085	1,270	1,318

**Personnel Summary**

Identification code 36-4537-0-4-705	2002 actual	2003 est.	2004 est.
<b>Reimbursable:</b>			
2001 Total compensable workyears: Civilian full-time equivalent employment .....	382	436	440

**FRANCHISE FUND**

**Program and Financing** (in millions of dollars)

Identification code 36-4539-0-4-705	2002 actual	2003 est.	2004 est.
<b>Obligations by program activity:</b>			
09.01 Reimbursable program .....	130	152	163
10.00 Total new obligations .....	130	152	163
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance carried forward, start of year .....	38	53	54
22.00 New budget authority (gross) .....	145	152	163
23.90 Total budgetary resources available for obligation .....	183	205	217
23.95 Total new obligations .....	-130	-152	-163
24.40 Unobligated balance carried forward, end of year .....	53	54	54

**New budget authority (gross), detail:**

<b>Mandatory:</b>			
69.00 Offsetting collections (cash) .....	149	150	150
69.10 Change in uncollected customer payments from Federal sources (unexpired) .....	-4	2	13
69.90 Spending authority from offsetting collections (total mandatory) .....	145	152	163
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	14	20	24

73.10 Total new obligations .....	130	152	163
73.20 Total outlays (gross) .....	-128	-146	-163
74.00 Change in uncollected customer payments from Federal sources (unexpired) .....	4	-2	-13
74.40 Obligated balance, end of year .....	20	24	11

**Outlays (gross), detail:**

86.97 Outlays from new mandatory authority .....	128	146	163
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**Offsets:**

<b>Against gross budget authority and outlays:</b>			
88.00 Offsetting collections (cash) from: Federal sources .....	-149	-150	-150
<b>Against gross budget authority only:</b>			
88.95 Change in uncollected customer payments from Federal sources (unexpired) .....	4	-2	-13

**Net budget authority and outlays:**

89.00 Budget authority .....			
90.00 Outlays .....	-21	-4	13

**Additional net budget authority and outlays to cover cost of fully accruing retirement:**

99.00 Budget authority .....			
99.01 Outlays .....			

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. This budget's general provisions extends the authority under that Act. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. VA Enterprise Centers are the lines of business within the VA Franchise Fund and are expected to have net billings of about \$164 million and employ 762 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	2002 actual	2003 est.	2004 est.
11.1 Personnel compensation: Full-time permanent .....	38	47	50
12.1 Civilian personnel benefits .....	9	10	11
21.0 Travel and transportation of persons .....	1	2	2
23.1 Rental payments to GSA .....	4	6	6
23.3 Communications, utilities, and miscellaneous charges .....	24	32	34
24.0 Printing and reproduction .....	2	2	2
25.2 Other services .....	35	38	43
26.0 Supplies and materials .....	2	2	2
31.0 Equipment .....	15	10	10
32.0 Land and structures .....		3	3
99.9 Total new obligations .....	130	152	163

**Personnel Summary**

Identification code 36-4539-0-4-705	2002 actual	2003 est.	2004 est.
<b>Reimbursable:</b>			
2001 Total compensable workyears: Civilian full-time equivalent employment .....	670	740	762

**GENERAL FUND RECEIPT ACCOUNTS**

(in millions of dollars)

	2002 actual	2003 est.	2004 est.
<b>Offsetting receipts from the public:</b>			
36-247300 Contributions from military personnel, Veteran's Educational Assistance Act of 1984 .....	233	267	357
36-273330 Housing downward reestimates .....	1,798	878	
36-275510 Housing negative subsidies .....		5	
General Fund Offsetting receipts from the public .....	2,031	1,150	357

ADMINISTRATIVE PROVISIONS  
(INCLUDING TRANSFER OF FUNDS)

SEC. 101. (a) Appropriations available for fiscal years 2004 and 2005 for operating expenses in the Compensation, Pension, Burial, Insurance, Education, and Vocational Rehabilitation and Employment accounts may be transferred to any other of the mentioned accounts for operating expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for operating expenses may not exceed the schedule in subsection (c).

(b) Appropriations available for fiscal years 2004 and 2005 for purposes of construction (non-grants) in the Compensation, Pension, Insurance, Education, Vocational Rehabilitation and Employment, and Housing accounts may be transferred to any other of the mentioned accounts for construction expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for construction may not exceed the schedule in subsection (c).

(c) The limitation on transfers is ten percent in 2004, five percent in 2005, and zero percent thereafter.

(d) Appropriations available for operating expenses in the Medical Care and Medical and Prosthetic Research accounts may be transferred to each other for operating expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for operating expenses may not exceed ten percent in 2004, two-and-a-half percent in 2005, and zero percent thereafter.

(e) Transfers pursuant to this section shall be effective five days after notice thereof is transmitted to the appropriations committees of the House and Senate.

SEC. 102. Of the amounts provided for operating expenses in the Department's appropriations accounts, except for the Medical Care and Medical and Prosthetic Research accounts, five percent is available until September 30, 2005.

SEC. 103. Appropriations available to the Department of Veterans Affairs for construction are available until expended.

SEC. 104. Appropriations available to the Department of Veterans Affairs for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109 hire of passenger motor vehicles; lease of a facility or land or both; and uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902.

SEC. 105. Construction funds (non-grants) provided in several of the accounts are available 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 (excluding lease of a facility or land or both), 8103, 8106, 8108, 8109, 8110, 8122, and 8162 of title 38, United States Code, as appropriate to each account, 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.

Such construction funds are also 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.

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, design of projects funded through the design fund, and planning and design activities funded through the design fund and CARES fund, including needs assessments which may or may not lead to capital investments; none of the funds appropriated for construction shall be used for any project where the estimated cost is \$4,000,000 or more, unless the project has been approved by the Congress in the budgetary process. Construction funds provided in each account for fiscal year 2004 for projects where the estimated cost is \$4,000,000 or more, shall be obligated: (1) by the awarding of a construction documents contract by September 30, 2004; and (2) by the awarding of a design-build or construction contract by September 30, 2005. The Secretary shall promptly report in writing to the Committees on Appropriations any approved construction project of \$4,000,000 or more in which obligations are not incurred within the time limitations established above.

SEC. 106. 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. 107. Appropriations accounts available to the Department of Veterans Affairs shall be available to pay prior year obligations of corresponding prior year appropriations 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" accounts.

SEC. 108. Notwithstanding any other provision of law, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veteran's Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the "Insurance" and "General Administration" accounts on a pro-rata basis 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 2004 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 2004 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. 109. 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. Funds available in any Department of Veterans Affairs appropriation 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 \$29,318,000 for the Office of Resolution Management and \$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 Administration" for use by the office that provided the service.

SEC. 111. (a) Receipts that would otherwise be credited to the accounts listed in subsection (c) shall be deposited into the Medical Care Collections Fund, and shall be transferred to the Medical Care account, to remain available until expended, to carry out the purposes of the Medical Care account.

(b) The unobligated balances in the accounts listed in subsection (c), plus those in the Grants for Construction of State Extended Care Facilities account, shall be transferred to and merged with the Medical Care account and remain available until expended, to carry out the purposes of the Medical Care account: Provided, That the obligated balances in these accounts may be transferred to and merged with the Medical Care account at the discretion of the Secretary of Veterans Affairs and shall remain available until expended.

(c) Veterans Extended Care Revolving Fund; Medical Facilities Revolving Fund; Special Therapeutic and Rehabilitation Fund; Nursing Home Revolving Fund; Veterans Health Services Improvement Fund; and Parking Revolving Fund.

SEC. 112. Notwithstanding any other provision of law, the unobligated balances in the Construction, Major Projects and Construction, Minor Projects shall be transferred to and merged with each appropriation provided in this Act as appropriate, and shall remain available under the terms under which originally appropriated.

SEC. 113. The Department of Veterans Affairs is authorized to continue the Franchise Fund pilot authorized by section 403 of P.L. 103-356 and title 1 of P.L. 104-204 until October 1, 2004.

## 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 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 Officer 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 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 2004 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 2004 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. 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. 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. Section 312 of the National Aeronautics and Space Administration of 1958, as amended, is further amended by—

(a) Striking the second Sec. “312” and inserting “313”;

(b) inserting the title, “Full Cost Appropriations Account Structure”, before Sec. 313;

(c) in subsection (a)

(1) striking “Human space flight” and inserting “Space flight capabilities”;

(2) striking “technology” and inserting “exploration”; and

(3) striking “2002” and inserting “2004”;

(d) striking subsection (c), and inserting the following new subsection: “(c) The unexpired balances of prior appropriations to the Administration for activities authorized under this Act may be transferred to the new account established for such activity in subsection (a). Balances so transferred may be merged with funds in the newly established account and thereafter may be accounted for as one fund under the same terms and conditions”.

SEC. 424. Chapter 17 of title 38, United States Code, is amended—

(1) in section 1705 by adding at the end the following new subsection:

“(d) The Secretary may not enroll a veteran under paragraph (a)(7) (Except for a veteran with a service-connected disability) or under paragraph (a)(8) unless the veteran pays to the United States an annual enrollment fee of \$250.”

(2) in section 1729A(b) by redesignating paragraphs (1) through (8) as paragraphs (2) through (9) and by adding at the beginning the following new paragraph (1):

“(1) Section 1705(d) of this title.”.

SEC. 425. Notwithstanding 38 U.S.C. 1722A, the Secretary shall require a veteran enrolled in priority category 7 or 8 to pay the United States \$15 for each 30-day supply of medication furnished such veteran under chapter 17 of title 38, United States Code, on an outpatient basis for the treatment of a non-service-connected disability or condition.

SEC. 426. Section 1710B(b) of title 38, United States Code, is amended to read as follows:

“(b) The Secretary shall ensure that the average daily census in nursing homes, domiciliaries, home care programs, and noninstitutional extended care services programs over which the Secretary has direct jurisdiction and for which the Secretary contracts, plus the average daily census of veterans for which the Secretary pays per diem to States for services in State homes, is not less in total than in fiscal year 1998.”

SEC. 427. Section 1722A of title 38, United States Code, is amended by striking subsection (d).

SEC. 428. No funds of the Department of Veterans Affairs shall be available for hospital care or nursing home care or medical services provided to any person under chapter 17 of title 38, United States Code, for a non-service-connected disability described in section 1729(a)(2) of such title, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require, current, accurate third-party reimbursement information for purposes of section 1729 of such title; Provided, That the Secretary may recover, in the same manner as any other debt due the United States, the reasonable charges for such care or services from any person who does not make such disclosure as required; Provided further, That any amounts so recovered for care or services provided in a prior fiscal year may be obligated by the Secretary during the fiscal year in which amounts is received.

SEC. 429. Section 1722A(a)(3)(B) of title 38, United States Code, is amended by striking out “such veteran if such veteran were eligible for pension under section 1521” and inserting in lieu thereof “a veteran with no dependents under section 1521(d)”.