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## *2004 Departmental Performance Plan*

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With the 2004 Performance Plan, we continue our efforts to raise the level of confidence of America's veterans in the Department of Veterans Affairs' (VA) ability to sharpen focus of our health care system to achieve primary care access standards that compliment our quality standards to improve the timeliness and accuracy of claims processing, to ensure the burial needs of veterans are met, and to maintain national cemeteries as shrines.

This plan describes how we will achieve our strategic goals, objectives, and performance goals with the funds we request in the 2004 Budget. Along with the budget submissions covering each VA program, this plan provides information to Congress, veterans service organizations, and the general public concerning not only what we do, but more importantly, how we intend to meet our commitments to the Nation's veterans and their families.

### *Executive Summary*

By the end of 2004, the Department will have made significant progress toward achieving our long-term strategic goals, objectives, and performance targets. This plan describes how we will accomplish it.

The Performance Plan covers several areas. We begin by describing improvements to our performance management system, particularly our increased leadership involvement and deployment of performance management concepts. We briefly discuss our mission, vision, core values, resource requirements, and how our Department benefits the public. Next, we discuss performance relative to our strategic and enabling goals including discussions of key measures. For each objective key measures are discussed in the context of linkage to a strategic goal; current situation; means and strategies; crosscutting activities; external factors; major management challenges; and data sources and validation. Following the strategic goals is a discussion of efforts in support of the Department's Enabling Goal. Enabling activities support the creation of an environment that fosters the delivery of world-class service to veterans and their families through effective management of people, communications, technology, and governance.

The performance plan also includes discussions of the President's Management Agenda, major management challenges identified by VA's

Inspector General and the General Accounting Office, and an assessment of the quality of our data. Finally, data tables are presented that display our performance measures by Departmental goals, objectives, and programs.

### *Introduction*

VA directly touches the lives of millions of veterans every day through its health care, benefits, and burial programs. The 2004 Performance Plan describes how VA will fulfill its obligations to provide high-quality service, to deliver benefits to veterans in a way that satisfies the American public's commitment to honor veterans' service, and to compensate them for their sacrifices. This document presents the performance targets VA is striving to achieve as a means of moving us closer to accomplishing our strategic goals and objectives. This Plan supports the Department's objectives:

- Provide specialized health care services;
- Improve the timeliness and accuracy of compensation claims;
- Focus vocational rehabilitation resources;
- Improve the standard of living of eligible survivors of service-disabled veterans;
- Increase awareness of benefits for new veterans;
- Provide timely education assistance;
- Meet community standards for home loan guaranty benefits;
- Provide high-quality and timely health care;
- Improve timeliness and accuracy of pension claims processing;
- Maintain high level of service to insurance policy holders;
- Ensure burial needs are met;
- Provide symbolic expressions of remembrance;
- Improve preparedness for response to war, terrorism, National emergencies, and natural disasters;
- Focus VA medical research and development programs;
- Sustain partnerships with academic community that enhance the quality of health care;
- Enhance socio-economic well-being of veterans;
- Maintain national cemeteries as shrines;
- Recruit, develop, and retain a committed and diverse workforce;
- Improve communications with veterans, employees, and stakeholders;
- Implement a *One VA* information technology framework;
- Apply sound business principles and ensure accountability.

By the end of 2004, we will improve the timeliness of claims processing so that we complete cases in an average of 100 days, while continuing to improve the quality of our decision-making. Veterans will be able to schedule primary care and specialty appointments at VA health care facilities in an average of 30

days each. Over 81 percent of veterans will have reasonable access to a burial option at a national cemetery or state veterans cemetery. The overall appearance of national cemeteries will continue to provide a dignified and respectful setting for deceased veterans and for those who visit these national shrines.

At VA, we will conduct our operations using sound business principles. The plan describes a number of performance enablers and management reforms, including the President's Management Agenda initiatives, which will allow us to achieve our goals while managing public resources with prudence.

This document provides a synopsis of the more detailed planning, performance, and resource information presented in an integrated fashion throughout Volume 1 (Benefit Programs), Volume 2 (Medical Programs), and Volume 3 (Departmental Management) of our budget submission. Taken together, the Performance Plan and the individual budget volumes present a comprehensive picture of what VA is striving to achieve, how we propose to measure our progress, and the resources required to accomplish our strategic goals and objectives.

## *Summary of Departmental Performance*

### **Participation in VA Programs**

The Department carries out its responsibilities through the following programs:

Medical Care	Pension	Housing
Medical Research	Education	Insurance
Compensation	Vocational Rehabilitation	Burial
	and Employment	

<b>Projected Number of Veterans and Dependents Who Will Participate in VA Programs, 2004</b>			
<b>Program</b>	<b>Participants</b>	<b>Program</b>	<b>Participants</b>
Medical Care:		Vocational Rehabilitation:	
Unique Patients	4,836,298	Veterans Receiving	
Veterans	4,361,710	Services/Subsistence	73,517
Non-Veterans	474,588		
Compensation:		Housing:	
Veterans	2,543,600	Loans Guaranteed	270,000
Survivors/Children	316,747		
Pension:		Insurance:	
Veterans	339,905	Lives Insured	
Survivors	213,648	Veterans	1,889,800
		Servicemembers	2,394,000
		Spouses/Children	3,007,000
Education:		Burial:	
Veterans and		Interments	99,100
Servicepersons	332,026	Graves Maintained	2,652,300
Reservists	94,734	Headstone and	
Survivors/Dependents	59,128	Marker Applications	370,700

## VA's Key Performance Goals for 2004

Performance Measure	1999	2000	2001	2002	2003	2004	Strategic Target
<b>Strategic Goal 1: Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.</b>							
Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program, or (HCHV) Community-based Contract Residential Care Program to an independent or a secured institutional living arrangement	N/A	N/A	N/A	65%	65%	67%	75%
National accuracy rate (core rating work)	N/A	N/A	78%	80%	88%	90%	96%
Compensation and pension rating-related actions - average days to process	166	173	181	223	165	100	90
Compensation and pension rating-related actions - Average days pending	144	138	182	174	100	80	78
Percent of Claimants who are Benefits Delivery at Discharge (BDD) participants	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Average number of days to obtain service medical records	N/A	N/A	N/A	N/A	TBD	TBD	TBD
Vocational Rehabilitation and Employment Rehabilitation rate	53%	65%	65%	62%	65%	67%	70%
<b>Strategic Goal 2: Ensure a smooth transition for veterans from active military service to civilian life.</b>							
Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons	N/A	N/A	N/A	0%	50%	90%	100%
Average days to complete original education claims	26	36	50	34	29	27	10
Average days to complete supplemental education claims	16	22	24	16	15	12	7
Foreclosure avoidance through servicing (FATS) ratio	38%	30%	40%	43%	44%	45%	45%

## VA's Key Performance Goals for 2004

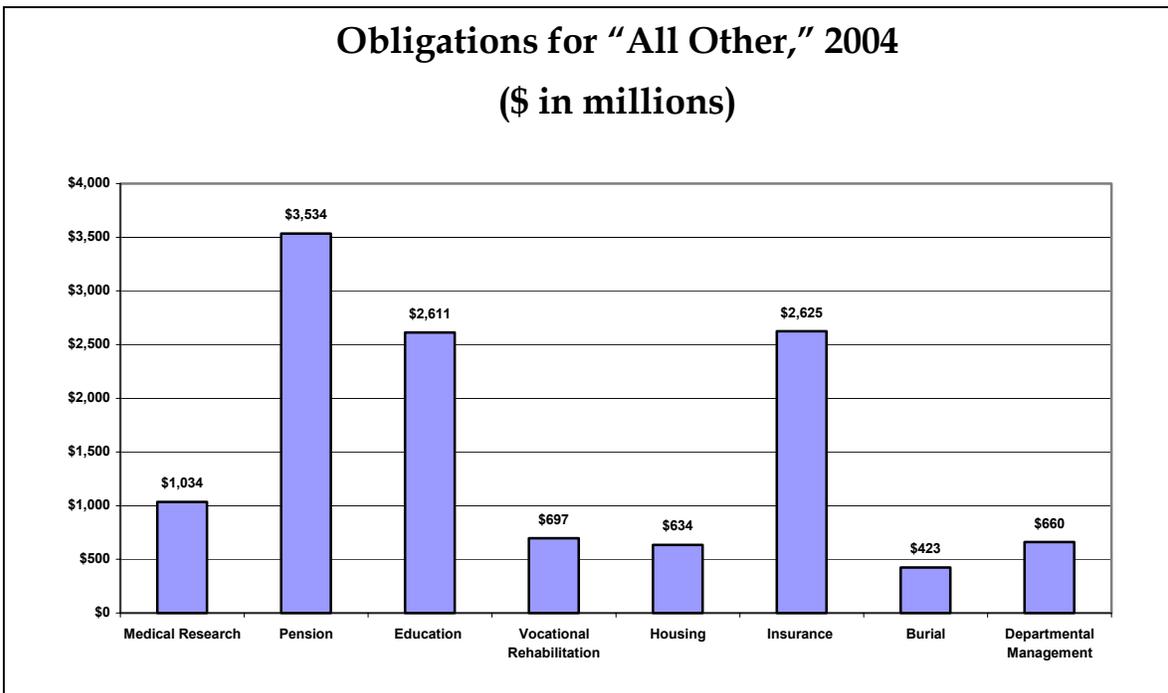
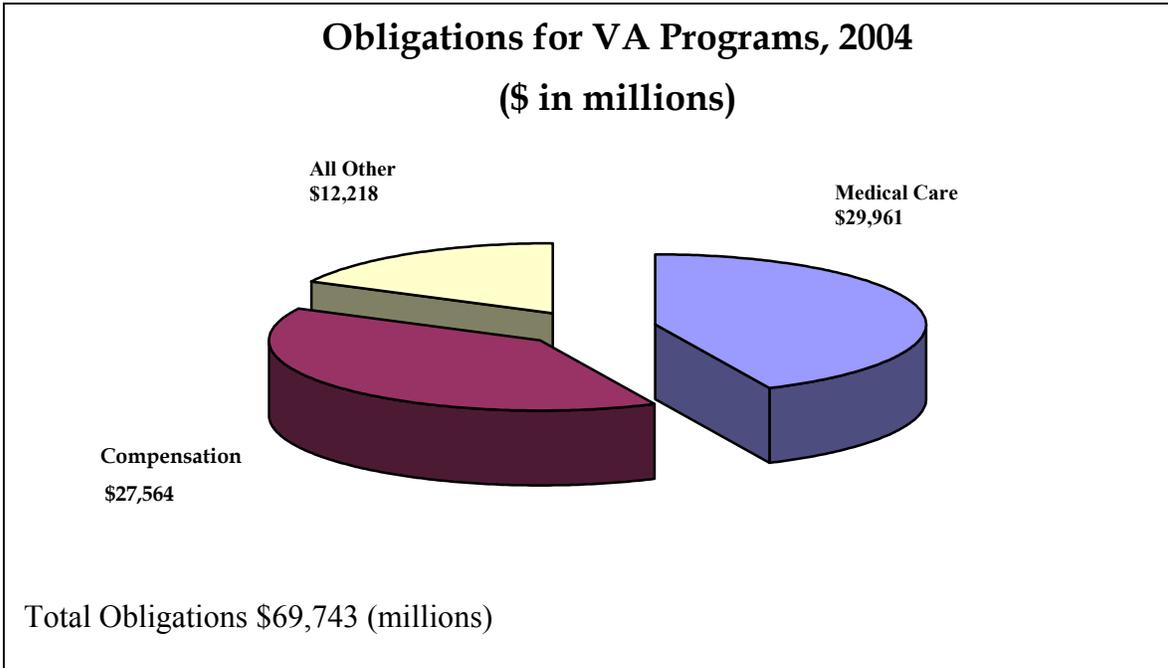
Performance Measure	1999	2000	2001	2002	2003	2004	Strategic Target
<b>Strategic Goal 3: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.</b>							
Percent of patients rating VA health care service as very good or excellent:							
Inpatient	65%	66%	64%	70%	70%	<b>70%</b>	72%
Outpatient	65%	64%	65%	71%	71%	<b>71%</b>	72%
Average waiting time for new patients seeking primary care clinic appointments (in days)	N/A	N/A	N/A	Baseline 51	45	<b>30</b>	30
Average waiting time for next available appointment in specialty clinic (in days)	N/A	N/A	N/A	Baseline	60	<b>30</b>	30
Chronic Disease Care Index II	N/A	N/A	77%	80%	78%	<b>79%</b>	82%
Prevention Index II	N/A	N/A	80%	82%	80%	<b>82%</b>	85%
Increase the aggregate of VA, state, and community nursing home and non-institutional long term care as expressed by average daily census:							
Institutional	N/A	N/A	N/A	31,636	32,429	<b>29,981</b>	TBD
Non-Institutional	N/A	N/A	N/A	24,126	28,129	<b>32,694</b>	42,600
Average days to process insurance disbursements	3.2	3.2	2.8	2.6	2.8	<b>2.7</b>	2.7
Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence	67.0%	72.6%	72.6%	73.9%	74.4%	<b>81.6%</b>	85.2%
Percent of graves in national cemeteries marked within 60 days of interment	N/A	N/A	N/A	49%	70%	<b>75%</b>	90%
Percent of respondents who rate the quality of service provided by the national cemeteries as excellent	84%	88%	92%	91%	95%	<b>97%</b>	100%

## VA's Key Performance Goals for 2004

Performance Measure	1999	2000	2001	2002	2003	2004	Strategic Target
<b>Strategic Goal 4: Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.</b>							
Percent of research projects devoted to the Designated Research Areas	99%	99%	99%	99%	99%	99%	99%
Percent of respondents who rate national cemetery appearance as excellent	79%	82%	96%	97%	98%	98%	100%
<b>Enabling Goal: Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance.</b>							
Ratio of collections to billings	35%	28%	31%	37%	40%	40%	40%
Dollar value of sharing agreements with DoD (Joint Measure with VBA) (\$ in millions)	N/A	N/A	\$58	\$83	\$100	\$100	\$100

## 2004 Obligations

During 2004, VA obligations are projected to total over \$69.7 billion for these programs. Approximately 95 percent of this sum will go directly to veterans in the form of monthly payments of benefits or for direct services, such as medical care.



## *Improvements to the Strategic Plan and Performance Plan*

### **Strategic Plan Improvements**

VA is currently in the process of revising its strategic plan, which should be published in early calendar year 2003. Only minor changes to VA's strategic goals are anticipated. Those changes are incorporated into this performance plan.

The revised strategic plan will cover the period 2003 to 2008. The objectives have been revised to reflect the Secretary's priorities, and in particular, his strong commitment to reducing the pending backlog of veterans' compensation claims, improving access to health care for our highest priority veterans, and ensuring access to burial benefits.

The revised plan will also demonstrate VA's strong commitment to, and progress in, implementing the President's Management Agenda.

### **Strategic Management Improvements**

Last year, VA initiated a new governance process to provide a systematic approach for developing recommendations for the Secretary and the VA Executive Board regarding policy, planning, and management issues. The Strategic Management Council meets regularly and has demonstrated its effectiveness in assessing policy options and management issues, and providing accountability for meeting VA's key performance targets. In July 2002, the Secretary established the VA Business Oversight Board to review and oversee the performance, efficiency, and effectiveness of Departmental business processes. These processes include procurement, collections, capital portfolio management, and business revolving funds. Through a series of senior-level joint VA/DoD strategic planning meetings, VA and DoD are addressing crosscutting issues of mutual concern, including sharing of medical information and records and easing the transition from active duty to veteran status.

### **Performance Plan Improvements**

- Much greater focus has been placed on linking key performance measures to strategic goals and objectives, benefits to veterans (our customers), and resource requirements.
- We continue to structure the plan around strategic goals and objectives. Key performance measures are those that directly support the objectives. This places the focus of the plan on issues most important to veterans, Congress, and our stakeholders.
- Topics within each major section of the plan have been given standard titles. For example, the title "Discussion of Current Situation" is used throughout the plan. Standardizing subtitles helps to clarify discussions.

## *Performance Measurement*

Each year, we evaluate performance from the previous year, and set new annual performance targets that demonstrate our commitment to continuous improvement. In many instances, the performance improvements we project from one year to the next, as well as the performance advancements we actually achieve, are dramatic. In other cases, the improvement is necessarily more limited. The degree of improvement is due to a variety of factors, such as the availability of resources for each program, the timing associated with implementing initiatives and new strategies, and the priorities established by the Department. Nevertheless, we continuously strive to improve our performance in all programs every year.

As evidence to our ongoing commitment to continuous improvement, the Department achieved 17 of 22 (77 percent) key performance goals for which we had FY 2002 targets, compared with 58 percent achievement in FY 2001. For two of the five performance goals not met, actual performance in FY 2002 was better than reported in FY 2001. We did not set performance goals for one measure but collected baseline data during the year.

While the vast majority of performance measures remain the same from year to year, our list of measures is evaluated annually and does change in response to changing business needs and revisions to program priorities.

### *How We Choose Measures*

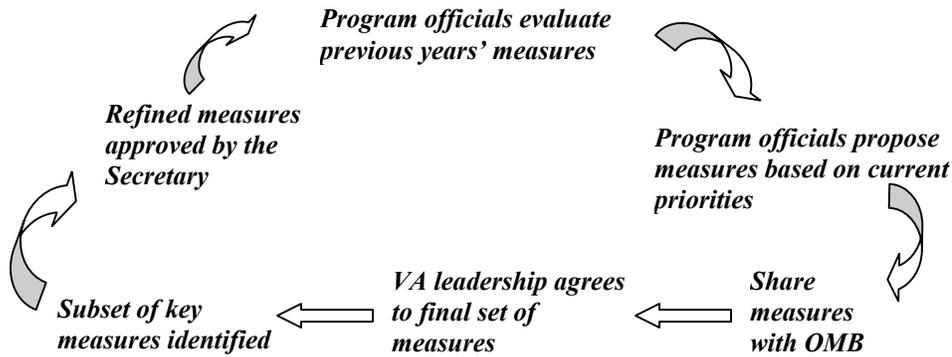
This year the Department utilized a new, more rigorous, process for selecting measures to validate, revise, delete, and develop measures for the FY 2004 budget. Initially, each Administration and Staff office reviewed the measures that were used the previous year in light of the current business focus, operating environment, and overall direction of the organization. This evaluation was conducted using a “top-down” approach beginning with the Department level and progressing down to the operational level.

The process for identifying and approving Departmental measures followed several general steps:

- The set of measures used in the FY 2003 budget was the starting point for Staff offices and Administrations.
- Program officials in each organization reviewed, revised, deleted, and added measures based on priorities set by the Secretary.
- The initial proposed measures were shared with OMB for review and comment.
- VA leadership agreed to a final set of measures.

- Administrations recommended a subset of measures within the list of performance measures to be identified as key.
- Based on discussion by the Strategic Management Council, these measures were refined then approved by the Secretary.

These general steps form a cycle as illustrated below.



## *Mission*

Dating back to the earliest days of our country, support for veterans and their families has been a national priority. Since 1636, when the Plymouth Colony passed a law to provide lifetime support for any soldier who returned from battle with an injury, our Nation has responded to the needs of veterans. Veterans' programs have evolved to the comprehensive set of health care, benefits and services VA provides today. Veterans' programs have four broad purposes:

- To restore the capability of those who suffered harm during their service;
- To ensure a smooth transition as veterans return to civilian life in their communities;
- To honor and serve all veterans for the sacrifices they made on behalf of the Nation;
- To contribute to the public health, socioeconomic well-being, and history of the Nation.

Just as the history of VA has evolved, we can expect that the needs of veterans and the VA will continue to transform. Whatever veterans' needs are, VA will be ready. Today, there are over 25 million living men and women who served in the armed forces. VA currently provides health care, benefits and memorial services to millions of veterans, as well as eligible survivors and dependents of veterans. Veterans count on VA, and VA will be there for veterans.

Our mission is:

*“To care for him who shall have borne the battle, and for his widow and his orphan ...”*

These words, spoken by Abraham Lincoln during his Second Inaugural Address, reflect the philosophy and principles that guide VA in everything we do in our efforts to serve our Nation’s veterans and their families.

President Lincoln’s words reflect VA’s enduring commitment and responsibility to treat America’s veterans and their families with profound respect and compassion; to be their principal advocate in promoting the health, welfare, and dignity of all veterans; and to ensure they receive the medical care, benefits, social support, and lasting memorials they deserve in recognition of their service to America.

The statutory mission authority for VA defines our organizational commitment to America’s veterans: “to administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans.” (38 U.S.C. 301(b)) VA exists to give meaning, purpose, and reality to that commitment. The needs, preferences, and expectations of veterans directly shape the benefits and services we provide.

### *Vision*

Veterans and the Nation recognize VA as the leader in the delivery of health care, benefits, and memorial services as a result of our commitment to excellence and the dedication of our workforce.

### *Core Values*

To implement our mission and achieve our strategic goals, we strive to uphold a set of core values representing the basic fabric of our organizational culture. These values transcend all organizational boundaries and apply to everything we do as a Department. Each member of the VA team endeavors to practice the following values when serving veterans and working with others:

#### **Commitment**

- Veterans have earned our respect and commitment and their health care, benefits, and memorial services needs drive our actions.

#### **Excellence**

- We strive to exceed the service delivery expectations of veterans and their families.
- We perform at the highest level of competence with pride in our accomplishments.

## **People**

- We are committed to a highly skilled, diverse, and compassionate workforce.
- We foster a culture of respect, equal opportunity, innovation, and accountability.

## **Communication**

- We practice open, accurate, and timely communication with veterans, employees, and external stakeholders, and seek continuous improvement in our programs and services by carefully listening to their concerns.

## **Stewardship**

- We will ensure responsible stewardship of the human, financial, information, and natural resources entrusted to us.
- We will improve performance through the use of innovative technologies, evidence-based medical practices, and sound business principles.

## ***Program Descriptions***

VA directly touches the lives of millions of veterans every day through its health care, benefits, and burial programs. With facilities in all 50 states, Puerto Rico, the territories, and the District of Columbia, we provide benefits and services through our 163 medical centers, 137 nursing homes, 43 domiciliaries, 880 outpatient clinics, 206 Vietnam Veteran Outreach Centers (Vet Centers), 57 regional offices, and 120 national cemeteries.

Each of the three VA administrations has a field structure to enable it to provide efficient, accessible service to veterans throughout the country. The Veterans Health Administration (VHA) has 21 Veterans Integrated Service Networks (VISNs), integrated networks of health care facilities that provide coordinated services to veterans to facilitate continuity through all phases of health care. The Veterans Benefits Administration (VBA) has 57 regional offices (VAROs) for receiving and processing claims for VA benefits. The National Cemetery Administration (NCA) has five Memorial Service Networks (MSNs), which provide direction, operational oversight, and engineering assistance to the cemeteries located in a specific geographic area.

The Department accomplishes its mission through partnerships among VHA, VBA, NCA, the Board of Veterans' Appeals (BVA), and the Departmental staff organizations by integrating the related activities and functions of the following major programs:

### **Medical Care**

VA meets the health care needs of America's veterans by providing primary care, specialized care, and related medical and social support services. Also included are health care education and training programs designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

### **Medical Research**

The medical research program contributes to the Nation's knowledge about disease and disability.

### **Compensation**

The compensation program provides monthly payments and ancillary benefits to veterans, in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability, disease, or death incurred in, or aggravated during, active military service. This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents, in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

### **Pension**

The pension program provides monthly payments, as specified by law, to needy wartime veterans who are over 65 years old or who are permanently and totally disabled. This program also provides monthly payments, as specified by law, to needy surviving spouses and dependent children of wartime veterans who die as a result of a disability not related to military service.

### **Education**

The education program assists eligible veterans, service members, reservists, survivors and dependents in achieving their educational or vocational goals.

### **Vocational Rehabilitation and Employment**

The vocational rehabilitation and employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities. It provides the support and assistance necessary to enable service-disabled veterans to become employable, and to obtain and maintain suitable employment.

### **Housing**

The housing program helps eligible veterans, active duty personnel, surviving spouses, and selected reservists to purchase and retain homes.

## **Insurance**

The insurance program provides veterans, service members, and family members with life insurance benefits, some of which are not available from the commercial insurance industry, due to lost or impaired insurability resulting from military service. Insurance coverage will be available in reasonable amounts and at competitive premium rates comparable to those offered by commercial companies. A competitive, secure rate of return will be ensured on investments held on behalf of the insured.

## **Burial**

Primarily through the National Cemetery Administration, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.

## ***Public Benefits of Veterans Affairs***

VA's inherent responsibility is to serve America's veterans and their families with dignity and compassion, and to be their principal advocate for medical care, benefits, social support, and lasting memorials. VA promotes the health, welfare, and dignity of all veterans in recognition of their service to the Nation. VA positively impacts the lives of veterans and their families, as well as the Nation as a whole. Employees at VA embody our commitment to veterans and, as stewards for the government, we strive to improve the efficiency, effectiveness, and management of all of our benefit programs. The following illustrations are just a few examples of VA innovation and our desire to improve.

### *Medical Care*

In fulfilling our mission to serve the health care needs of veterans, we are an integral part of the Nation's health care system. With the resources we are requesting for 2004, our network of hospitals, outpatient clinics, nursing homes, and domiciliaries will serve over 4.8 million unique patients. We are the Nation's leader in treating spinal cord injuries, patient safety, and have led the industry in developing quality of care measurements.

The 2002 Institute of Medicine (IOM) report entitled *Leadership by Example*, lauded VA's use of performance measures to improve quality in clinical disciplines and in ambulatory, hospital and long-term care. "VA's integrated health care information system, including its framework for using performance measures to improve quality, is considered one of the best in the nation," according to the IOM.

The IOM report also cited VA's National Surgical Quality Improvement Program (NSQIP), which uses performance measurements, reports, self-assessment tools, site visits, and best practices. It develops risk-adjusted

information on surgical outcomes in VA's medical centers. From 1991, when NSQIP data were first collected, to 2000, the impact on the outcomes of major surgeries was dramatic: 30-day post-operative deaths decreased by 27 percent.

Innovation comes in many forms. For a VA nurse in Topeka, Kansas, it sprang from the most unexpected of places, a rental car company. Her idea resulted in the development of a cutting-edge program that received the Pinnacle Award in the health system category in June 2002, a top honor by the American Pharmaceutical Association Foundation. Her inspiration evolved into Bar Code Medication Administration, a program designed to eliminate a host of problems like poor handwriting and lost paper prescriptions. According to the Department of Health and Human Services, medication errors in the Nation's hospitals can be cut by more than two-thirds if doctors enter prescriptions into a computer rather than scribbling on paper. Before dispensing medication at a VA hospital, a nurse scans a patient's wristband with a hand-held device similar to price scanners used in stores-or rental car companies-and then scans a label on the medicine to make sure the proper patient is getting the correct medication in the appropriate dose and at the right time. The Pinnacle Award comes to VA in no small measure because of a VA nurse's foresight and passion more than 10 years ago. This technology is now available in health care facilities across the Nation.

Also in 2002, VA's National Center for Patient Safety received the John E. Eisenberg Award in Patient Safety for System Innovation. The Eisenberg awards are given by the Joint Commission on the Accreditation of Healthcare Organizations and the National Forum for Healthcare Quality and Reporting.

Over 17,000 veterans successfully completed VA's blind rehabilitation program in 2002. As a result of their participation, these veterans became more self-sufficient in their daily activities and achieved a higher level of independence.

VHA emphasizes health promotion and disease prevention to improve the health of the veteran population, and systematically measures and communicates quality of care and patient outcomes. One of two primary quality measures is the Chronic Disease Care Index II (CDCI II), a composite of the evidence and outcomes-based measures for high-prevalence and high-risk diseases. The individual indicators within the index are based on sound evidence-based medicine, a process that identifies specific processes of care, which in turn impact the overall outcomes for individual patients. For example, 85 percent of veterans with chronic lung disease received a pneumococcal vaccine in 2001, a targeted intervention in the CDCI II. (The Centers for Disease Control and Prevention reported 50 percent of high-risk Americans received this vaccine in 1999.) VA estimates that this measure has reduced the number of veteran deaths by 4,000 nationally over the last five years and reduced the number of admissions for pneumonia by 8,000 from 1999 to 2001, which equates

to about 9,500 fewer bed days of care. Health care providers have readily accessible information regarding their patients through the use of the Computerized Patient Record System (CPRS). The CPRS automatically reminds the provider at the point of patient contact about the interventions and screening indicators that need to be addressed during the veteran's visit. This technology has led to an increase in interventions and improved health for veterans and serves as a benchmark for the healthcare industry.

Veterans make up nearly 25 percent of the homeless population. Many more veterans who live in poverty are at risk of becoming homeless. VA offers a wide array of special programs and initiatives specifically designed to help homeless veterans live as self-sufficiently and independently as possible. In fact, VA is the only Federal agency that provides substantial hands-on assistance directly to homeless persons. Although limited to veterans and their dependents, VA's major homeless-specific programs constitute the largest integrated network of homeless treatment and assistance services in the country. The following are a few examples of our activities:

During 2002, more than 20,000 homeless and at-risk veterans received medical care from VA.

VA's Homeless Providers Grant and Per Diem Program, offered annually as funding permits by VA's Health Care for Homeless Veterans (HCHV) Programs, funds community agencies providing services to homeless veterans. In 2002, VA identified \$13.5 million in homeless per diem grants.

#### *Medical Research*

VA is the premier research organization leading the Nation's efforts to promote the health and care of veterans. VA seeks to advance medical research and development programs in ways that support veterans' needs and contribute to the Nation's medical and scientific knowledge base. Our budget request for the medical research program will support 2,770 high priority research projects to expand knowledge in areas critical to veterans' health care needs: Gulf War illnesses; diabetes; heart disease, chronic viral diseases; Parkinson's disease, spinal cord injury; prostate cancer; depression; environmental hazards; women's health concerns; and rehabilitation programs. The results of these research projects will benefit not only veterans, but will contribute to improved health outcomes for the nation as a whole. Here are some specific examples of research accomplishments in 2002 and focus areas for the future:

- Two Centers of Excellence were established in 2002 to develop new therapies for veterans with spinal cord injuries. The center at the Bronx VAMC will explore the use of pharmaceuticals to treat the secondary disabilities of spinal cord injury, and the center at the Miami VAMC will

study pain management, recovery of motor and sensory function, and other related issues.

- Maintain an active and growing portfolio in research directed toward understanding the incidence, cost and outcomes of comparative treatments for chronic diseases.
- Establish a “virtual” neuroimaging center from a pool of existing programs. The initial three participating sites will conduct a coordinated research program to investigate deployment health issues, including Gulf War Illnesses.
- Emerging Pathogens Research: The most important clinical advance is the identification of new agents capable of causing human disease such as hantavirus or West Nile virus. The mechanism by which hantavirus cause disease remains unknown. Further research will help elucidate the mechanism of disease production, identify potential targets for prevention and therapy, and increase the nation’s ability to respond to bioterrorist attacks.

#### *Benefits Programs*

The compensation, insurance, education and training benefits, pension, and housing benefits we provide not only enrich the lives of our Nation’s veterans, they also return substantial benefits to the communities in which the veterans live.

VA recognizes that certain veteran populations have unique needs or disabilities based on the circumstances of their service, and the compensation program specifically addresses these populations. Regulations that provide for presumptive service connection ease their burden of showing that certain medical conditions are related to service; these veterans include prisoners of war, those exposed to radiation in service or exposed to herbicides in Vietnam, and Gulf War veterans. As a result, disabled veterans are able to more fully participate in the economic life of their communities.

In addition, the compensation program provides additional allowances for a veteran’s dependents if the veteran is at least 30 percent disabled from a service-connected condition. It also provides for the veterans’ survivors in its Dependency and Indemnity Compensation (DIC) program, making benefit payments to the eligible parents, unmarried surviving spouses, and children under 18 years of age of veterans who either died of a service-connected disability, or died from a disease or injury incurred or aggravated while on active duty for training, or died from an injury incurred while on inactive training. In certain circumstances, DIC payments may also be authorized for survivors of veterans who were totally disabled from a service-connected disability when they died, even though this disability did not cause their deaths.

The Philadelphia VA Regional Office and Insurance Center was named the recipient of the Department's 2002 Robert W. Carey Quality Award. The award is made to the VA organization that best exemplifies quality service to veterans, dependents and beneficiaries. In FY 2004 we expect to insure the lives of 1,889,800 veterans, 2,394,000 servicemembers, and 3,007,000 spouses/children. The insurance program conducts several outreach efforts to all separating servicemembers, especially severely disabled veterans. These efforts are designed to assist veterans in making an educated choice regarding their life insurance needs. VA hopes that these efforts will ensure the retention of a valuable benefit for those most in need and also raise all veterans' awareness of their earned insurance benefits.

Since its beginning in World War II, VA's education program has been the springboard for improving the economic opportunities for veterans. VA projections indicate that more than 330,000 veterans and servicepersons will be participants in this program. VA's education programs offer veterans who are readjusting to civilian life, the opportunity to obtain affordable higher education. These programs enhance the Nation's competitiveness through the development of a more highly educated and productive workforce. VA's program evaluation demonstrated a positive return on investment of 2 to 1 in the form of increased income taxes for every program dollar spent.

The principal objective of the loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families. The program operates by substituting the Federal Government's guaranty for the down-payment that would otherwise be required when a veteran or reservist purchases a home. Eligible individuals are thus able to finance home purchases even though they may not have the resources to qualify for conventional loans. Another critical function of the loan guaranty program is to assist veterans after they receive their benefit. Lenders report to VA when veterans are seriously delinquent on their mortgages. It is VA's responsibility to contact the veteran and offer assistance to help the veteran retain his/her home or resolve the issue at the lowest possible cost to the veteran and VA.

VA's benefits programs also address other quality of life issues for service-connected veterans by providing for specially adapted home grants to eligible veterans. This includes remodeling a home to accommodate special needs arising as a result of certain service-connected disabilities, such as loss of use of lower extremities, or blindness. Grants for adaptive equipment for an automobile are available to qualified veterans, as well as clothing allowances for qualified veterans who use prosthetic or orthopedic appliances as a result of a service-connected disability.

Of critical importance to many low-income veterans is a pension benefit. It is available to veterans with qualifying wartime service who are permanently and totally disabled, and to their survivors. In 2002, VA began paying this income-based benefit to qualifying veterans age 65 or older, regardless of whether they are permanently and totally disabled.

#### *Memorial Affairs*

VA provides headstones and markers for the graves of eligible persons in national, state, other public and private cemeteries. Delivery of this benefit is not dependent on interment in a national cemetery. In 2004, we expect to process about 371,000 applications for headstones and markers for the graves of eligible persons in national, state, other public and private cemeteries. We project that we will issue approximately 324,000 Presidential Memorial Certificates, conveying the Nation's gratitude for the veteran's service and bearing the signature of the President of the United States, to veterans' next of kin and loved ones.

Each national cemetery exists as a national shrine and as such serves as an expression of the appreciation and respect of a grateful Nation for the service and sacrifice of her veterans. Each national shrine provides an enduring memorial to their service, as well as a dignified and respectful setting for their final rest. Our Nation is committed to create and maintain these sites as national shrines, transcending the provision of benefits to an individual. As national shrines, VA's cemeteries serve a purpose that continues long after burials have ceased and visits of families and loved ones have ended.

In 2002, NCA initiated its first comprehensive inventory of an estimated 300 memorials located in more than 100 national cemetery properties across the country. Since national cemeteries were established in 1862, they have become the sites of memorials erected to recall distinctive heroics, group burials, and related commemorations. These memorials range from modest blocks of stone, sundials, and tablets affixed to boulders to more sophisticated obelisks and single soldiers on granite pedestals. To complete this inventory, VA is partnering with Save Outdoor Sculpture! (SOS!), a non-profit organization with more than ten years of experience using volunteers to survey public outdoor sculpture nationwide. In addition to gathering historical information about the memorial, volunteers will document materials, dimensions, appearance, evidence of damage, and setting. The inventory will help NCA prioritize conservation needs as well as develop a maintenance plan for all its memorials. When the project is complete, the inventory data will reside at VA as well as being publicly accessible online through another SOS! partner, the Smithsonian American Art Museum.

***Resource Requirements by Strategic Goal and Program***

The following table estimates the total resources devoted to each strategic goal by program.

<b>Strategic Goal Resources by Responsible Program</b>						
<b>Responsible Program and Goal</b>	<b>Total Obligations (\$ in millions)</b>	<b>Restore Disabled Veterans</b>	<b>Ensure a Smooth Transition</b>	<b>Honor and Serve Veterans</b>	<b>Support National Goals</b>	<b>Enabling Goal</b>
<b>Medical Care</b>	\$29,961	\$15,589	\$87	\$13,666	\$469	\$150
<b>Medical Research</b>	\$1,034	\$558			\$476	
<b>Compensation</b>	\$27,564	\$27,564				
<b>Pension</b>	\$3,534			\$3,534		
<b>Education</b>	\$2,611	\$261	\$2,350			
<b>Vocational Rehabilitation</b>	\$697	\$697				
<b>Housing</b>	\$634		\$634			
<b>Insurance</b>	\$2,625	\$100	\$545	\$1,980		
<b>Burial</b>	\$423			\$339	\$84	
<b>Departmental Management</b>	\$660	\$45		\$5	\$1	\$609
<b>Total (\$ in millions)</b>	\$69,743	\$44,814	\$3,616	\$19,524	\$1,030	\$759