

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Heritage Assets

Heritage assets are properties that possess one or more of the following characteristics: historical or natural significance; cultural; educational or aesthetic value or significant architectural characteristics. The monetary value of heritage assets is often not estimable or relevant. By nature they are expected to be maintained in perpetuity.

VA has properties at medical centers and national cemeteries that meet the criteria for a heritage asset. During the reporting period, all maintenance

expenses were recorded as incurred. Heritage assets are reported in terms of physical units. Generally, additions to VA's Heritage Asset inventory result from field station surveys, which identify items such as new collections or newly designated assets. Items are generally donated or existing VA assets designated as heritage. Most heritage assets are used for mission purpose and maintained in working order. Remaining items are mothballed. Five items were added and sixty items were subtracted from the inventory during FY 2002.

HERITAGE ASSETS IN UNITS AS OF SEPTEMBER 30,

	2002	2001
Art Collections	33	34
Buildings and Structures	1,820	1,875
Monuments/Historic Flag Poles	245	247
Other Non-Structure Items	71	68
Archaeological	11	11
Cemeteries	157	157
Total Heritage Assets in Units	2,337	2,392

Non-Federal Physical Property

The VA Extended Care Facilities Grant Program assists states in acquiring facilities to provide domiciliary or nursing home care to veterans, and to expand, remodel, or alter existing buildings to provide domiciliary, nursing home, or hospital care

to veterans in state homes. Currently, these grants may not exceed 65 percent of the total project cost.

VA's State Cemetery Grants Program is authorized to pay up to 100 percent of the cost of constructing and equipping state veterans cemeteries. States provide the land and agree to operate the cemeteries.

GRANT PROGRAM COSTS YEAR ENDED SEPTEMBER 30,

	2002	2001
State Extended Care Facilities	\$ 96	\$ 122
State Veterans Cemeteries	28	24
Total Grant Program Costs	\$ 124	\$ 146

Human Capital

Investment in human capital comprises those expenses for education and training programs for the general public that are intended to increase or maintain national economic productive capacity. It does not include expenses for internal Federal education and training of civilian employees. Educational programs assist active duty and reservist veterans, eligible under the MGIB or the

Veterans Educational Assistance Program, as well as dependents of veterans who died of service-connected disabilities or whose service-connected disabilities were rated permanent and total. The Vocational Rehabilitation Program provides veterans, having a 10 percent or greater service-connected disability rating with evaluation services, counseling, and training necessary to assist them in becoming employable and maintaining employment to the extent possible.

VETERANS AND DEPENDENTS EDUCATION		
YEAR ENDED SEPTEMBER 30,	2002	2001
Program Expenses		
Education and Training-Dependents of Veterans	\$ 234	\$ 175
Vocational Rehabilitation and Education Assistance	1,894	1,644
Administrative Program Costs	229	172
Total Program Expenses	\$ 2,357	\$ 1,991
Program Outputs (Participants)		
Dependent Education	53,888	46,917
Veterans Rehabilitation	69,634	64,235
Veterans Education	375,013	372,054

Health Professions Education

Title 38 U.S.C. mandates that VA assist in the training of health professionals for its own needs and for those of the Nation. By means of its partnerships with affiliated academic institutions, VA conducts the largest education and training effort for health professionals in the Nation. Each year, approximately 80,000 medical and other

students receive some or all of their clinical training in VA facilities through affiliations with over 1,200 educational institutions including 107 medical schools. Many of these trainees have their health professional degrees and contribute substantially to VA's ability to deliver cost-effective and high-quality patient care during their advanced clinical training at VA.

HEALTH PROFESSIONS EDUCATION YEAR ENDED SEPTEMBER 30,

	2002	2001
Program Expenses		
Physician Residents and Fellows	\$ 383	\$ 371
Associated Health Residents and Students	46	48
Instructional and Administrative Support	349	348
Total Program Expenses	\$ 778	\$ 767
Program Outputs		
Health Professions Rotating Through VA:		
Physician Residents and Fellows	28,006	28,493
Medical Students	15,982	17,582
Nursing Students	17,288	16,687
Associated Health Residents and Students	14,816	18,353
Total Program Outcomes	76,092	81,115

Research and Development

Investments in research and development (R&D) comprise those expenses for basic research, applied research, and development that are intended to increase or maintain national economic productive capacity or yield other benefits. For FY 2002, VA's R&D general goal related to stewardship was to ensure that VA medical research programs met the needs of the veteran population and contributed to the Nation's knowledge about disease and disability. Target levels were established for the: (1) percent of funded research projects relevant to

VA's health-care mission in designated research areas and (2) number of research and development projects. Strategies were developed in order to ensure that performance targets would be achieved. In addition, VHA researchers received grants from the National Institutes of Health in the amount of \$396 million and \$245 million in other grants during FY 2002. These grants were given directly to the researchers and are not considered part of the VA entity. They are being disclosed here as Required Supplementary Stewardship Information, but are not accounted for in the financial statements.

PROGRAM EXPENSE YEAR ENDED SEPTEMBER 30,				2002
	Basic	Applied	Development	Total
Medical Research Service	\$ 139	\$ 70	\$ -	\$ 209
Rehabilitative Research and Development	3	24	15	42
Health Services Research and Development		52		52
Cooperative Studies Research Service		26		26
Medical Research Support		377		377
Prosthetic Research Support		4		4
Total Program Expenses	\$ 142	\$ 553	\$ 15	\$ 710

PROGRAM EXPENSE YEAR ENDED SEPTEMBER 30,				2001
	Basic	Applied	Development	Total
Medical Research Service	\$ 163	\$ 55	\$ -	\$ 218
Rehabilitative Research and Development	3	19	7	29
Health Services Research and Development		43		43
Cooperative Studies Research Service		47		47
Medical Research Support		387		387
Prosthetic Research Support		4		4
Total Program Expenses	\$ 166	\$ 555	\$ 7	\$ 728

RESEARCH AND DEVELOPMENT MEASURES-ACTUAL	2002	2001
YEAR ENDED SEPTEMBER 30,		
Percent of Funded Research Projects Relevant to VA's Health-Care Mission	88%	91%
Number of Research and Development Projects	2,133	2,197