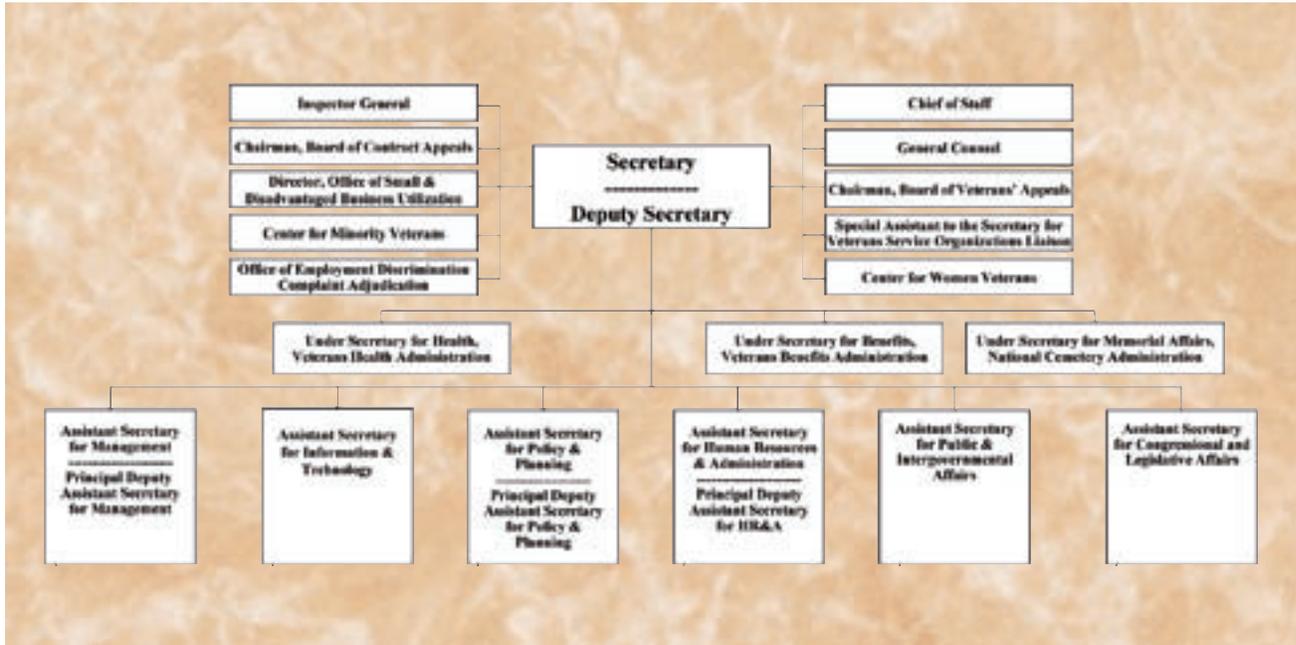


WHO WE ARE



This report documents VA's progress in providing high-quality, timely benefits and services to the men and women who have served our country in the armed forces. It also identifies the achievements VA recorded during 2002 that have contributed to attaining the goals and objectives in the VA strategic plan and annual performance plan. In so doing, we are providing detailed performance and financial information that will enable the President, Congress, and the public to assess VA's performance relative to our mission and show that our management is accountable for the Department's actions, outcomes, and resources.

Dating back to the earliest days of our country, support for veterans and their families has been a national priority. Veterans' programs have evolved to the comprehensive set of health care, benefits, and memorial services VA provides today. Veterans' programs have four broad purposes, which form the basis for VA's four strategic goals:

- 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, socio-economic well-being, and history of the Nation.

VA also plays a substantial role in ensuring national emergency medical preparedness and providing medical support to the Department of Defense. VA's enabling goal helps ensure continuous focus on providing world-class service to veterans and their families through responsible resource stewardship and effective governance. The enabling goal also provides measures to assess performance in the strategic management of human capital, information technology, capital asset management, and governance.

Just as the history of VA has evolved, we expect the needs of veterans to change; how VA responds will continue to transform as well. 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 them.

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 175 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 overall 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 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 deceased wartime veterans who die as a result of a disability not related to military service.

Education

The education program assists eligible veterans, servicemembers, 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, servicemembers, and family members with life insurance benefits, some of which are not available from other providers such as 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. The program ensures a competitive, secure rate of return 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.

Program Participants

VA serves a significant portion of the veteran population. In 2002, more than 4.6 million patients used VA health care, over 2.7 million veterans and survivors received monthly VA disability compensation payments, and more than

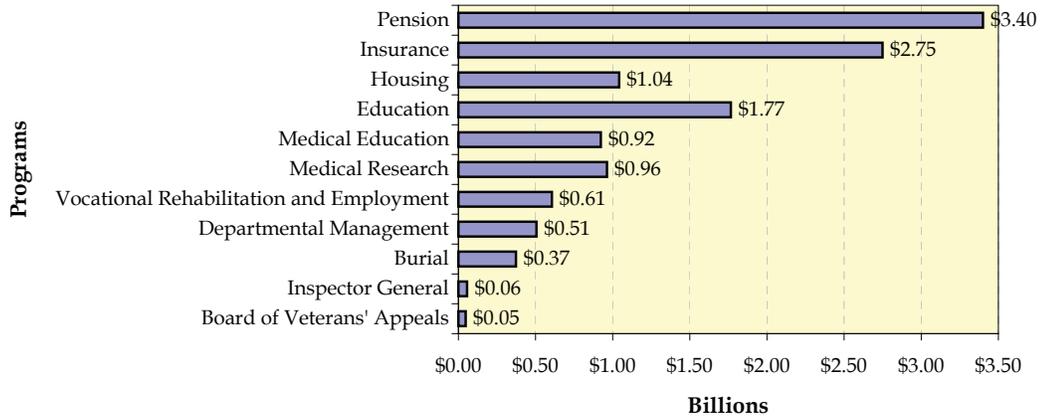
2.5 million graves of deceased veterans and eligible family members were maintained at our national cemeteries. The following table summarizes the number of veterans or dependents who received benefits or services in each of our major programs during 2002.

Program	Number of Participants
Medical Care	
Unique patients	4,671,000
Compensation	
Veterans	2,398,300
Survivors/children	332,600
Pension	
Veterans	346,600
Survivors	238,600
Education	
Veterans and service persons	325,000
Reservists	86,000
Survivors/dependents	54,000
Vocational Rehabilitation	
Veterans receiving services	69,600
Housing	
Loans guaranteed	317,300
Insurance	
Administered policies (veterans)	2,099,800
Supervised Policies (SGLI)	2,406,500
Supervised Policies (VGLI)	390,900
Burial	
Interments	89,300
Graves maintained	2,509,300
Headstones and markers	360,300



In 2002, VA resources totaled \$58.9 billion in obligations and nearly 209,000 FTE employees. Over 95 percent of total obligations went directly to veterans in the form of monthly payments of benefits or for direct services such as medical care. The following charts show (1) how VA spent the taxpayer funds with which we were entrusted and (2) the distribution of FTE.

"All Other" VA Obligations for FY 2002



Full-Time Equivalent Employees, FY 2002



Total FTE = 208,871

"All Other" (Non-Medical Care) FTE, FY 2002

