

DEPARTMENT OF VETERANS AFFAIRS

The 1998 Budget provides \$18,705 million in discretionary budget authority for veterans' health, benefits, and other services.

DEPARTMENT OF VETERANS AFFAIRS IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act (GPRA) of 1993 represents the primary vehicle through which VA is developing more complete and refined performance information to better determine how well its programs are meeting their intended objectives.

During FY 1996, VA made significant advancements toward the effective implementation of GPRA by reinvigorating the Department's strategic management process; enhancing the performance measures for all three of the major program offices; developing an initial set of goals, objectives, and performance measures for each of the staff offices; continuing its participation as a pilot agency in reports streamlining so as to consolidate various reporting requirements into two primary documents; and restructuring the annual budget submission so that it serves to satisfy the performance planning requirements of GPRA.

Future GPRA efforts will focus on enhancing the relationship between goals of individual programs and goals of the Department; developing improved measures of program efficiency (unit cost) and program outcomes; modifying information systems to ensure that data are available on each measure; developing benchmark levels of performance that the organization is ultimately striving to achieve; and better linking organizational goals and performance with individual employee goals and performance. The ultimate aim is to develop and use a single set of performance goals and measures throughout the program planning, budget formulation, budget execution, and accountability processes.

NEW RESOURCES FOR VETERANS MEDICAL CARE

The request in 1998 establishes a new course for veterans' health care that emphasizes and supports an emerging dynamic, business-like, healthcare system that is innovative and cost effective, and will improve the health and well-being of veterans throughout the Nation. The VA healthcare system will expand and improve with future budget increases provided by the proposed retention of all medical collections and user fees. The net total of these is an estimated \$468 million in FY 1998 (\$591 million less \$123 million in administrative expenses).

The budget schedule includes a legislative proposal to retain earnings from Medical Care Cost Recovery (MCCR) program third party and user fee collections as reimbursements to Medical Care starting on October 1, 1997. VA also plans to begin a demonstration program in 1998 to test the feasibility of "Medicare subvention", i.e. billing Medicare for healthcare provided to Medicare eligible Category C veterans. By 2002, assuming that Congress authorizes a Medicare subvention demonstration, and it is successful, and that Congress decides to allow VA to expand it nationwide, the combination of the Medicare reimbursements and allowing VA to retain medical collections and user fees would support a 30 percent lower unit cost and 20 percent more veterans served with 10 percent of the VA healthcare budget from non-appropriated revenues. It would also give veterans more healthcare provider choices.

The schedule also includes appropriation adjustments to have Compensation and Pension exams directly funded from Veterans Benefit Administration (VBA) resources (\$68 million reduced from Medical Care in 1998), and to allow two-year spending availability for up to 8.3 percent (one month) of resources made available.

Proposal to Supplement Budget Authority with Medical Care Receipts

	[Dollars in millions]		
	1996 actual	1997 est.	1998 est.
Budget Authority (BA)	16,551	17,013	16,959
Proposal to keep MCCR receipts:			
Gross collections			591
Administration cost			-123
Net Supplement to BA			468
Total	16,551	17,013	17,427

VETERANS HEALTH ADMINISTRATION

Federal Funds

General and special funds:

MEDICAL CARE

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; aid to State homes as authorized by 38 U.S.C. 1741; and not to exceed \$8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); **[\$17,008,447,000.] \$16,958,846,000**, plus reimbursements: *Provided*, That **[of the funds made available under this heading, \$700,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1997, and shall remain available until September 30, 1998.] not to exceed 8.3 percent of amounts made available herein shall remain available until September 30, 1999: Provided further, That funds under this heading shall be available for medical examinations required for benefits claims under title 38, United States Code. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)**

Note: In addition to resources requested here, \$468 million in net resources would be provided by an accompanying legislative proposal.

Program and Financing (in millions of dollars)

	1996 actual	1997 est.	1998 est.
Identification code 36-0160-0-1-703			
Obligations by program activity:			
Direct program:			
Operating expenses:			
Provision of veterans health care:			
00.01	Acute hospital care	5,225	5,038
00.02	Rehabilitative care	377	375
00.03	Psychiatric care	1,535	1,558
00.04	Nursing home care	1,594	1,767
		4,663	343
		1,428	1,831

General and special funds—Continued

MEDICAL CARE—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0160-0-1-703	1996 actual	1997 est.	1998 est.
00.05 Subacute care	544	495	453
00.06 Residential care	245	269	271
00.07 Outpatient care	5,184	5,939	6,426
00.08 Miscellaneous benefits and services	692	699	727
00.09 CHAMPVA	91	92	92
00.91 Total operating expenses	15,487	16,232	16,234
Capital investment:			
Provision of veterans health care:			
01.01 Acute hospital care	335	354	329
01.02 Rehabilitative care	21	22	21
01.03 Psychiatric care	59	62	58
01.04 Nursing home care	45	47	44
01.05 Subacute care	21	22	21
01.06 Residential care	14	15	14
01.07 Outpatient care	298	314	293
01.08 Miscellaneous benefits and services	26	27	26
01.09 CHAMPVA	1		
01.91 Total capital investment	820	863	806
01.92 Total direct program	16,307	17,095	17,040
02.01 Reimbursable program	66	75	146
10.00 Total obligations	16,373	17,170	17,186
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	501	731	650
22.00 New budget authority (gross)	16,617	17,088	17,105
22.30 Unobligated balance expiring	-14		
23.90 Total budgetary resources available for obligation	17,104	17,819	17,755
23.95 New obligations	-16,373	-17,170	-17,186
24.40 Unobligated balance available, end of year:			
Uninvested balance	731	650	569
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	16,564	17,013	16,959
40.75 Reduction pursuant to P.L. 104-134	-21		
43.00 Appropriation (total)	16,543	17,013	16,959
Permanent:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	66	75	146
68.26 Offsetting collections (unavailable balances)	8		
68.90 Spending authority from offsetting collections (total)	74	75	146
70.00 Total new budget authority (gross)	16,617	17,088	17,105
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	2,179	2,394	2,460
73.10 New obligations	16,373	17,170	17,186
73.20 Total outlays (gross)	-16,114	-17,103	-16,848
73.40 Adjustments in expired accounts	-44		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	2,394	2,460	2,798
Outlays (gross), detail:			
86.90 Outlays from new current authority	14,131	14,526	14,192
86.93 Outlays from current balances	1,917	2,502	2,510
86.97 Outlays from new permanent authority	66	75	146
87.00 Total outlays (gross)	16,114	17,103	16,848
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-47	-53	-123
88.40 Non-Federal sources	-19	-22	-23
88.90 Total, offsetting collections (cash)	-66	-75	-146
Net budget authority and outlays:			
89.00 Budget authority	16,551	17,013	16,959

90.00 Outlays	16,048	17,028	16,702
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Summary of Budget Authority and Outlays

(in millions of dollars)

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	16,551	17,013	16,959
Outlays	16,048	17,028	16,702
Legislative proposal, not subject to PAYGO:			
Budget Authority			591
Outlays			591
Total:			
Budget Authority	16,551	17,013	17,550
Outlays	16,048	17,028	17,293

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Medical Care Summary:					
Unique users (in millions)	2.811	2.890	2.937	2.937	3.072
Chronic disease index	N/A	N/A	0.46	0.92	0.95
Prevention index	N/A	N/A	0.34	0.68	0.95
Percentage of inpatients receiving care in accordance with externally set and accepted standards	98	96	96	97	98
Percentage of patients reporting their care as very good or excellent:					
Inpatient	N/A	60	65	70	75
Outpatient	N/A	60	61	70	75
Percentage of networks improving performance on two-thirds of customer service standards	N/A	N/A	86	91	95
Bed-days of care per 1,000 unique users	3,523	3,183	2,525	2,275	2,025
Percentage of appropriate surgical and invasive diagnostic procedures performed on ambulatory basis	35	39	52	58	65
Percentage of patients enrolled in primary care	20	66	72	75	80
Percentage of medical care residents trained in primary care	34.0	37.5	38.5	41.0	43.5

The performance measures and workloads reported in this schedule represent the total estimated workloads for fiscal years 1996-1998. Fiscal year 1998 estimated performance measures and workload levels can only be fully accomplished with: (1) approval of resources in this schedule; (2) passage of proposed legislation referenced in the following schedule; and (3) achieving receipts estimated. The short narrative descriptions of net change by program sub-activity that introduces these workload levels also include obligations and the average employment estimates in total, the aggregate of both regular and proposed legislation schedules.

Provision of Veterans Health Care—

Acute hospital care.—Costs for 1998 are estimated to decrease by \$194 million for operating medical, neurology, surgical, contract and State home hospital beds, reflecting the shift to increased use of ambulatory care.

Estimated operating levels are:

	1996 actual	1997 est.	1998 est.
Patients treated	621,495	575,334	560,377
Average daily census	13,948	12,266	11,364
Average employment	67,902	61,175	57,364

Rehabilitative care.—A decrease of \$18 million in 1998 is estimated for providing rehabilitative care, including spinal cord injury care.

Estimated operating levels are:

	1996 actual	1997 est.	1998 est.
Patients treated	18,625	18,021	17,537
Average daily census	1,642	1,516	1,399
Average employment	5,724	5,344	4,998

Psychiatric care.—A decrease of \$71 million is estimated in 1998 for the inpatient care of veterans with problems related to mental illness, including alcohol and drug problems.

	1996 actual	1997 est.	1998 est.
Patients treated	177,287	172,624	167,985

Average daily census	11,037	10,357	9,558
Average employment	25,162	23,944	22,474

Nursing home care.—In 1998, an increase of \$116 million is estimated for the care of residents in VA nursing homes, contract nursing homes and State nursing homes.

Estimated operating levels are:

	1996 actual	1997 est.	1998 est.
Patients treated	82,390	86,091	87,446
Average daily census	33,733	35,182	35,876
Average employment	19,567	20,494	20,806

Subacute care.—A decrease of \$22 million is estimated in 1998 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.

	1996 actual	1997 est.	1998 est.
Patients treated	32,691	28,605	27,836
Average daily census	5,085	4,369	4,032
Average employment	9,634	8,399	7,832

Residential care.—An increase of \$12 million is estimated in 1998 for the care of veterans in locations other than their own homes, such as residential rehabilitation and domiciliary care programs.

	1996 actual	1997 est.	1998 est.
Patients treated	28,036	29,142	29,674
Average daily census	9,319	9,612	9,905
Average employment	3,700	3,864	3,932

Outpatient care.—An increase of \$758 million is estimated in 1998 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.

NUMBER OF MEDICAL VISITS AND DENTAL WORKLOADS

	1996 actual	1997 est.	1998 est.
Medical visits (in thousands):			
Outpatient clinic visits	28,360	29,209	31,504
Community based visits	935	935	935
Readjustment counseling	760	767	774
Total	30,055	30,911	33,213
Dental:			
Staff:			
Examinations	234,968	235,000	235,000
Treatments	152,373	150,000	150,000
Total	387,341	385,000	385,000
Fee: Cases completed	16,647	16,500	16,500
Average employment	56,906	59,653	63,911

Miscellaneous benefits and services.—This covers such items of nondirect medical care and treatment 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. An increase of \$27 million is estimated for 1998.

	1996 actual	1997 est.	1998 est.
Average employment	6,416	5,985	5,858

Civilian health and medical program of the Department of Veterans Affairs (CHAMPVA).—No change is estimated in 1998 for private hospital and outpatient care for dependents and survivors of certain veterans.

	1996 actual	1997 est.	1998 est.
Average daily hospital census	150	150	150
Outpatient (in thousands)	822,637	822,637	822,637
Average employment	142	142	142

Object Classification (in millions of dollars)

Identification code 36-0160-0-1-703	1996 actual	1997 est.	1998 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	6,506	6,689	6,548

11.3 Other than full-time permanent	863	717	704
11.5 Other personnel compensation	783	801	763
11.9 Total personnel compensation	8,152	8,207	8,015
12.1 Civilian personnel benefits	1,900	1,935	1,914
13.0 Benefits for former personnel	11	148	15
Travel and transportation of persons:			
21.0 Employee travel	31	51	52
21.0 Beneficiary travel	108	118	123
21.0 Interagency motor pool payments	12	12	12
21.0 All other	31	34	32
22.0 Transportation of things	25	30	30
23.1 Rental payments to GSA	23	25	26
23.2 Rental payments to others	55	63	66
23.3 Communications, utilities, and miscellaneous charges	430	464	465
24.0 Printing and reproduction	13	15	14
25.2 Other contractual services	1,221	1,363	1,528
Medical care:			
25.6 Outpatient dental fees	12	13	14
25.6 Medical and nursing fees	275	289	303
25.6 Community nursing homes	338	325	364
25.6 Contract hospitalization	143	150	158
25.6 Civilian Health and Medical Program of the Department of Veterans Affairs	85	85	85
Supplies and materials:			
26.0 Supplies and materials	2,317	2,608	2,673
26.0 Provisions	92	95	94
31.0 Equipment	632	567	545
32.0 Land and structures	187	256	258
Grants, subsidies, and contributions:			
41.0 Grants, subsidies, and contributions	207	232	245
41.0 Grants to private organizations	6	8	7
43.0 Interest and dividends	1	2	2
99.0 Subtotal, direct obligations	16,307	17,095	17,040
99.0 Reimbursable obligations	66	75	146
99.9 Total obligations	16,373	17,170	17,186

Personnel Summary

Identification code 36-0160-0-1-703	1996 actual	1997 est.	1998 est.
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	194,364	188,143	177,987
1005 Full-time equivalent of overtime and holiday hours	3,470	3,395	3,141
Reimbursable:			
Total compensable workyears:			
2001 Full-time equivalent employment	789	857	1,666
2005 Full-time equivalent of overtime and holiday hours	14	15	29

Note: An additional 7,664 FTE are funded through the legislative proposal authorizing Medical Care to retain medical collections and user fees.

MEDICAL CARE

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0160-2-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Reimbursements:			
Operating expenses:			
Provision of veterans health care:			
00.01 Acute hospital care			172
00.02 Rehabilitative care			13
00.03 Psychiatric care			55
00.04 Nursing home care			46
00.05 Subacute care			17
00.06 Residential care			9
00.07 Outpatient care			246
00.91 Total operating expenses			558
Capital investment:			
Provision of veterans health care:			
01.01 Acute hospital care			14
01.02 Rehabilitative care			1
01.03 Psychiatric care			2
01.04 Nursing home care			2
01.05 Subacute care			1
01.06 Residential care			1
01.07 Outpatient care			12
01.91 Total capital investment			33

General and special funds—Continued

MEDICAL CARE—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0160-2-1-703	1996 actual	1997 est.	1998 est.
01.92 Total reimbursement program			591
10.00 Total obligations			591
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			591
23.95 New obligations			-591
New budget authority (gross), detail:			
40.00 Appropriation			591
Change in unpaid obligations:			
73.10 New obligations			591
73.20 Total outlays (gross)			-591
Outlays (gross), detail:			
86.90 Outlays from new current authority			591
Net budget authority and outlays:			
89.00 Budget authority			591
90.00 Outlays			591

The request in 1998 establishes a new course for veterans' health care that emphasizes and supports an emerging dynamic, business-like healthcare system that is innovative and cost effective, and will improve the health and well being of veterans throughout the Nation. The VA healthcare system will expand and improve with future budget increases provided by the proposed retention of all medical collections and user fees. The net total of these is an estimated \$468 million in FY 1998 (\$591 million less \$123 million in administrative expenses).

The budget schedule includes a legislative proposal to retain earnings from Medical Care Cost Recovery (MCCR) program third party and user fee collections as reimbursements to Medical Care starting on October 1, 1997. VA also plans to begin a demonstration program in 1998 to test the feasibility of "Medicare subvention", i.e.—billing Medicare for healthcare provided to Medicare eligible Category C veterans. By FY 2002, assuming that the Congress authorizes a Medicare subvention demonstration and it is successful, and that Congress decides to allow VA to expand it nationwide, the combination of the Medicare reimbursements and allowing VA to retain medical collections and user fees would support a 30 percent lower unit cost and 20 percent more veterans served with 10 percent of the VA healthcare budget from non-appropriated revenues. It would also give veterans more healthcare provider choices.

The MCCR legislation proposed for FY 1998 repeals Section 1729(g) of title 38, United States Code, and inserts language requiring all amounts recovered or collected (third party, medical fees and other receipts) for medical care and other services furnished to be deposited in the Department of Veterans Affairs' Medical Care account and be available until expended. At the same time, the existing Medical Care Cost Recovery (MCCR) Fund is proposed for termination. These additional expenditures within this discretionary account are being funded through offsetting receipts as the result of the merger of the MCCR activities with the Medical Care account.

This is one of several proposals in the budget to charge fees to users directly availing themselves of, or subject to, a government service, program, or activity, in order to cover the government's costs. Legislation will be proposed to authorize the fees and, upon enactment of the authorization, a budget amendment to the current appropriations language will be proposed to make the fees available for expenditure. Because the current requirements of the Budget Enforcement

Act of 1990 make it difficult to fund discretionary programs with receipts that are not authorized in appropriations acts, the Administration is proposing a change in the requirements to facilitate the enactment of proposals such as this one.

The additional expenditures described below include the administrative costs of collecting receipts and user fees for the medical services provided.

Provision of Veterans Health Care—

*Acute hospital care—*Medical collections and user fees provide an estimated \$186 million in 1998 for operating medical, neurology, and surgical hospital beds.

	1998 est.
Patients treated	15,835
Average daily census	315
Average employment	2,390

*Rehabilitative care—*Medical collections and user fees provide an estimated \$14 million in 1998 for rehabilitative care, including spinal cord injury care.

	1998 est.
Patients treated	513
Average daily census	41
Average employment	208

*Psychiatric care—*Medical collections and user fees provide an estimated \$57 million in 1998 for inpatient care of veterans with problems related to mental illness, including alcohol and drug problems.

	1998 est.
Patients treated	4,911
Average daily census	279
Average employment	938

*Nursing home care—*Medical collections and user fees provide an estimated \$48 million in 1998 for the care of residents in VA nursing homes.

	1998 est.
Patients treated	1,128
Average daily census	409
Average employment	839

*Subacute care—*Medical collections and user fees provide an estimated \$18 million in 1998 for the treatment of veterans who require a level of care between acute and long-term care, as provided in VA hospital immediate bed sections.

	1998 est.
Patients treated	814
Average daily census	118
Average employment	327

*Residential care—*Medical collections and user fees provide an estimated \$10 million in 1998 for the care of veterans in locations other than their own homes, such as residential rehabilitation and domiciliary care programs.

	1998 est.
Patients treated	657
Average daily census	174
Average employment	163

*Outpatient care—*Medical collections and user fees provide an estimated \$258 million in 1998 for the cost of outpatient medical care provided by VA staff and other health professionals participating under a fee basis arrangement for certain eligible veterans.

NUMBER OF MEDICAL VISITS

	1998 est.
Medical visits (in thousands)	
Staff	921
Fee	27
Total	948
Average employment	2,799

Object Classification (in millions of dollars)

Identification code 36-0160-2-1-703	1996 actual	1997 est.	1998 est.
99.0 Reimbursable obligations: Subtotal, reimbursable obligations			591
99.9 Total obligations			591

Personnel Summary

Identification code 36-0160-2-1-703	1996 actual	1997 est.	1998 est.
Total compensable workyears:			
2001 Full-time equivalent employment			7,664
2005 Full-time equivalent of overtime and holiday hours			73

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, [1998, \$262,000,000] 1999, \$234,374,000, plus reimbursements. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0161-0-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct program:			
Operating expenses:			
00.01 Medical research	192	210	178
00.02 Rehabilitation research	23	24	22
00.03 Health services research	30	32	33
00.91 Total operating expenses	245	266	233
Capital investment:			
01.01 Medical research	8	7	5
01.02 Rehabilitation research	1	1	1
01.03 Health services research	2	2	1
01.91 Total capital investment	11	10	7
01.92 Total direct program	256	276	240
02.01 Reimbursable program	51	45	46
10.00 Total obligations	307	321	286
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	20	20	6
22.00 New budget authority (gross)	308	307	280
22.30 Unobligated balance expiring	-1		
23.90 Total budgetary resources available for obligation	327	327	286
23.95 New obligations	-307	-321	-286
24.40 Unobligated balance available, end of year:			
Uninvested balance	20	6	
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	257	262	234
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	51	45	46
70.00 Total new budget authority (gross)	308	307	280
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	52	79	94
73.10 New obligations	307	321	286
73.20 Total outlays (gross)	-283	-305	-288
73.40 Adjustments in expired accounts	2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	79	94	93
Outlays (gross), detail:			
86.90 Outlays from new current authority	178	192	172
86.93 Outlays from current balances	54	68	70
86.97 Outlays from new permanent authority	51	45	46
87.00 Total outlays (gross)	283	305	288
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-51	-45	-46
Net budget authority and outlays:			
89.00 Budget authority	257	262	234
90.00 Outlays	232	260	242

The Medical and Prosthetic Research account is comprised of the following three programs:

Medical research.—This program is comprised of investigator-initiated and special research. In addition to the broad spectrum of biomedical research projects, priority is given to research Acquired Immune Deficiency Syndrome and conditions that frequently occur among veterans such as aging, alcoholism, schizophrenia, delayed stress disorders and other mental illness, and spinal cord injury and tissue regeneration. Cooperative studies include surgical treatment of angina pectoris, adjunct treatment of diabetes, and relative potency and side-effect liability of new and marketed sedatives.

Rehabilitation research.—This program is dedicated to the development and application of science and technology to improve the care of physically disabled veterans through prostheses for the amputee, improved wheelchairs for the paralyzed, and better joint functions for the arthritic. It also includes care for those with visual, hearing, and speech disorders.

Health services research.—This program provides support for health services projects at Department of Veterans Affairs medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

In support of the research activities of these three programs, VA applies a variety of budgetary resources including appropriations from the Medical Care account and reimbursements from the Department of Defense, grants from the National Institutes of Health, private proprietary sources, and voluntary agencies which provide additional support for VA's researchers. The first table summarizes all budgetary resources for the Medical and Prosthetic Research account. The second table shows the total number of projects.

SUMMARY OF BUDGETARY RESOURCES

	[In millions of dollars]		
	1996 actual	1997 est.	1998 est.
Medical and prosthetic research appropriation	257	262	234
Medical care appropriation	335	328	325
Federal grants (NIH)	209	217	224
Other grants (voluntary agencies, private proprietary)	106	110	113
DOD reimbursements	16	20	*
Total budgetary resources	923	937	896

*DoD reimbursements for FY 1998 are unknown.

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Research Summary:					
Total number of projects funded	1,870	1,771	1,666	1,644	1,469
Total number of new projects funded	261	334	192	200	120
Number of cooperative studies	28	31	35	37	37
Number of VA-funded studies involving VA patients or VA data bases	972	854	786	786	786
Percentage of projects receiving total or partial funding from extra-VA sources	58	58	57	59	64
Percentage of funds coming from extra-mural sources	54	54	59	61	64

Object Classification (in millions of dollars)

Identification code 36-0161-0-1-703	1996 actual	1997 est.	1998 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	34	41	39
11.3 Other than full-time permanent	68	76	71
11.5 Other personnel compensation	4	4	4
11.9 Total personnel compensation	106	121	114
12.1 Civilian personnel benefits	27	28	24
21.0 Employee travel	2	2	2
23.3 Communications, utilities, and miscellaneous charges	1	1	1
24.0 Printing and reproduction	1	1	1
25.5 Research and development contracts	73	80	69
26.0 Supplies and materials	22	32	22

General and special funds—Continued

MEDICAL AND PROSTHETIC RESEARCH—Continued

Object Classification (in millions of dollars)—Continued

Identification code 36-0161-0-1-703	1996 actual	1997 est.	1998 est.
31.0 Equipment	11	11	7
41.0 Grants, subsidies, and contributions	13		
99.0 Subtotal, direct obligations	256	276	240
99.0 Reimbursable obligations	51	45	46
99.9 Total obligations	307	321	286

Personnel Summary

Identification code 36-0161-0-1-703	1996 actual	1997 est.	1998 est.
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	2,595	2,833	2,522
1005 Full-time equivalent of overtime and holiday hours	17	17	17
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	655	527	431

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; **[\$61,207,000]** \$60,160,000, plus reimbursements. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0152-0-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Operating expenses: Integrated health care system administration	63	61	60
10.00 Total obligations	63	61	60
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	63	61	60
23.95 New obligations	-63	-61	-60
New budget authority (gross), detail:			
40.00 Appropriation	63	61	60
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Appropriation	6	13	6
73.10 New obligations	63	61	60
73.20 Total outlays (gross)	-57	-68	-60
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation	13	6	6
Outlays (gross), detail:			
86.90 Outlays from new current authority	53	56	55
86.93 Outlays from current balances	4	12	5
87.00 Total outlays (gross)	57	68	60
Net budget authority and outlays:			
89.00 Budget authority	63	61	60
90.00 Outlays	57	68	60

Supervision and administration of VA's comprehensive and integrated healthcare system.—Central office staff elements provide executive direction for all Department medical and

construction programs through program development, implementation, and the administration of policies, plans, and objectives.

Object Classification (in millions of dollars)

Identification code 36-0152-0-1-703	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent	40	40	39
11.3 Other than full-time permanent	1	2	2
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	43	44	43
12.1 Civilian personnel benefits	6	7	6
13.0 Benefits for former personnel	1		
21.0 Travel and transportation of persons: employee travel		1	1
23.1 Rental payments to GSA	5	5	5
23.3 Communications, utilities, and miscellaneous charges	1		
25.2 Other services	3	3	3
26.0 Supplies and materials	1	1	1
31.0 Equipment	3		1
99.9 Total obligations	63	61	60

Personnel Summary

Identification code 36-0152-0-1-703	1996 actual	1997 est.	1998 est.
Total compensable workyears:			
1001 Full-time equivalent employment	635	610	565
1005 Full-time equivalent of overtime and holiday hours	1	1	1

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

Program and Financing (in millions of dollars)

Identification code 36-0163-0-1-703	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Appropriation	10	4	4
73.20 Total outlays (gross)	-6		
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation	4	4	4
Outlays (gross), detail:			
86.93 Outlays from current balances	6		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	6		

Health professional scholarship.—To assist in the recruitment and retention of staff, this program provided grants for tuition, stipend, and other educational expenses for eligible students in programs leading to a degree in nursing or other allied health disciplines.

No appropriation for this account was requested in FY 1997 and none is requested for FY 1998.

MEDICAL CARE COST RECOVERY FUND

Unavailable Collections (in millions of dollars)

Identification code 36-5014-0-2-703	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year	1,101	1,060	1,038
Receipts:			
02.01 Medical cost recovery	93	97	176
02.02 Medical cost recovery, legislative proposal, not subject to PAYGO			176
02.03 Medical cost recovery, legislative proposal, subject to PAYGO			-176
04.00 Total: Balances and collections	1,194	1,157	1,214
Appropriation:			
05.01 Medical care cost recovery fund	-126	-119	-123
05.03 Medical care cost recovery fund, legislative proposal subject to PAYGO			123

05.04	Medical care	-8		
05.99	Subtotal appropriation	-134	-119	
07.99	Total balance, end of year	1,060	1,038	1,214

Program and Financing (in millions of dollars)

Identification code 36-5014-0-2-703	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.09	Operating expenses	103	114	118
00.10	Capital investment	16	5	5
10.00	Total obligations	119	119	123
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	6	14	13
22.00	New budget authority (gross)	126	119	123
23.90	Total budgetary resources available for obligation	132	133	136
23.95	New obligations	-119	-119	-123
24.40	Unobligated balance available, end of year:			
	Uninvested balance	14	13	13
New budget authority (gross), detail:				
60.25	Appropriation (special fund, indefinite)	126	119	123
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	14	23	23
73.10	New obligations	119	119	123
73.20	Total outlays (gross)	-109	-119	-123
73.40	Adjustments in expired accounts	-1		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	23	23	24
Outlays (gross), detail:				
86.97	Outlays from new permanent authority	109	119	123
Net budget authority and outlays:				
89.00	Budget authority	126	119	123
90.00	Outlays	109	119	123

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	1996 actual	1997 est.	1998 est.
Budget Authority	126	119	123
Outlays	109	119	123
Legislative proposal, subject to PAYGO:			
Budget Authority			-123
Outlays			-123
Total:			
Budget Authority	126	119	
Outlays	109	119	

The Medical Care Cost Recovery (MCCR) Fund was established by the Omnibus Budget Reconciliation Act of 1990, P.L. 100-508. This Fund serves as a depository for all third-party insurance collections. A portion of these monies will be utilized to provide for FTE and other administrative costs associated with medical care cost recovery efforts. After providing for the estimated cost of operations for the ensuing year, remaining funds are transferred to the Department of Treasury before January of the next year.

While the MCCR Fund reflects the program costs of both third-party and copayment activities, the receipts only reflect third-party recoveries. The table below presents the complete relationship between the costs of MCCR activities and the total collections, regardless of source, resulting from these activities.

In 1998, the Administration will propose legislation to permanently extend current legal provisions due to expire in 1998. These provisions provide for the collection of third party health insurance payments for care provided by the VA for service-connected veterans with nonservice-connected conditions, including copayments and income verification provisions.

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Program activity			
Third-party recoveries	495	471	523
Copayments and other collections	62	62	68
Total collections	557	533	591
Total program costs	119	120	123
Ratio of costs to collections	21.3%	22.4%	20.8%

Object Classification (in millions of dollars)

Identification code 36-5014-0-2-703	1996 actual	1997 est.	1998 est.	
Personnel compensation:				
11.1	Full-time permanent	57	59	61
11.5	Other personnel compensation	15	16	16
11.9	Total personnel compensation	72	75	77
12.1	Civilian personnel benefits	16	17	17
21.0	Travel and transportation of persons	3	3	3
23.3	Communications, utilities, and miscellaneous charges	4	5	5
25.2	Other services	4	7	8
26.0	Supplies and materials	4	7	8
31.0	Equipment	16	5	5
99.9	Total obligations	119	119	123

Personnel Summary

Identification code 36-5014-0-2-703	1996 actual	1997 est.	1998 est.	
Total compensable workyears:				
1005	Full-time equivalent of overtime and holiday hours	46	46	46
1011	Exempt Full-time equivalent employment	2,269	2,295	2,295

**MEDICAL CARE COST RECOVERY FUND
(Legislative proposal, subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 36-5014-4-2-703	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.09	Operating expenses			-118
00.10	Capital investment			-5
10.00	Total obligations			-123
Budgetary resources available for obligation:				
22.00	New budget authority (gross)			-123
23.95	New obligations			123
New budget authority (gross), detail:				
60.25	Appropriation (special fund, indefinite)			-123
Change in unpaid obligations:				
73.10	New obligations			-123
73.20	Total outlays (gross)			123
Outlays (gross), detail:				
86.97	Outlays from new permanent authority			-123
Net budget authority and outlays:				
89.00	Budget authority			-123
90.00	Outlays			-123

Language is being proposed that would merge all medical related collections with the Medical Care account. VA is expected to receive a net increase of \$468 million in funds to support the medical care of veterans through this concept.

Object Classification (in millions of dollars)

Identification code 36-5014-4-2-703	1996 actual	1997 est.	1998 est.	
Personnel compensation:				
11.1	Full-time permanent			-61
11.5	Other personnel compensation			-16
11.9	Total personnel compensation			-77

General and special funds—Continued

MEDICAL CARE COST RECOVERY FUND—Continued

Object Classification (in millions of dollars)—Continued

Identification code 36-5014-4-2-703	1996 actual	1997 est.	1998 est.
12.1 Civilian personnel benefits			-17
21.0 Travel and transportation of persons			-3
23.3 Communications, utilities, and miscellaneous charges			-5
25.2 Other services			-8
26.0 Supplies and materials			-8
31.0 Equipment			-5
99.9 Total obligations			-123

Personnel Summary

Identification code 36-5014-4-2-703	1996 actual	1997 est.	1998 est.
Total compensable workyears:			
1005 Full-time equivalent of overtime and holiday hours			-46
1011 Exempt Full-time equivalent employment			-2,295

Public enterprise funds:

MEDICAL FACILITIES REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4138-0-3-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Operating expenses		1	1
00.02 Capital investment	1	1	1
10.00 Total obligations	1	2	2
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	17	6	6
22.00 New budget authority (gross)	2	2	2
22.21 Unobligated balance transferred to other accounts	-12		
23.90 Total budgetary resources available for obligation	7	8	8
23.95 New obligations	-1	-2	-2
24.40 Unobligated balance available, end of year:			
Uninvested balance	6	6	5
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	2	2	2
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1		
73.10 New obligations	1	2	2
73.20 Total outlays (gross)	-1	-4	-4
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	1	2	2
86.98 Outlays from permanent balances		2	2
87.00 Total outlays (gross)	1	4	4
Offsets:			
88.00 Against gross budget authority and outlays:			
Offsetting collections (cash) from: Federal sources	-2	-2	-2
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-1	2	2

This account provides funds for the operating expenses of VA medical facilities furnishing nursing home care to certain veterans in receipt of pensions. Title 38 provides that a veteran with no spouse or child will only receive \$90 per month in pension beginning the third full month following the month of admission to VA furnished nursing home care. The dif-

ference between the \$90 the veteran receives and the amount otherwise authorized is transferred to this fund for spending expenses at the facility furnishing the nursing care.

Object Classification (in millions of dollars)

Identification code 36-4138-0-3-703	1996 actual	1997 est.	1998 est.
26.0 Supplies and materials		1	1
31.0 Equipment	1	1	1
99.0 Subtotal, reimbursable obligations	1	2	2
99.9 Total obligations	1	2	2

CANTEEN SERVICE REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4014-0-3-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.01 Acquisitions	117	131	132
00.02 Direct operations	78	87	86
00.91 Total operating expenses	195	218	218
01.01 Capital investment: Sales program: Purchase of equipment and leasehold	7	7	7
10.00 Total obligations	202	225	225
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
21.90 Fund balance	-12	-14	-15
21.91 U.S. Securities: Par value	38	42	42
21.99 Total unobligated balance, start of year	26	28	27
22.00 New budget authority (gross)	204	225	226
23.90 Total budgetary resources available for obligation	230	253	253
23.95 New obligations	-202	-225	-225
Unobligated balance available, end of year:			
24.90 Fund balance	-14	-15	-14
24.91 U.S. Securities: Par value	42	42	42
24.99 Total unobligated balance, end of year	28	27	28
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	204	225	226
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance:			
Fund balance	15	14	15
73.10 New obligations	202	225	225
73.20 Total outlays (gross)	-204	-225	-226
74.90 Unpaid obligations, end of year: Obligated balance:			
Fund balance	14	15	15
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	202	225	226
86.98 Outlays from permanent balances	2		
87.00 Total outlays (gross)	204	225	226
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-2	-2	-1
88.40 Non-Federal sources	-202	-223	-225
88.90 Total, offsetting collections (cash)	-204	-225	-226
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-2		

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

Financing.—Operations will be financed from current revenues.

Statement of Operations (in millions of dollars)

Identification code 36-4014-0-3-705	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	209	209	225	225
0102 Expense	-206	-206	-221	-222
0109 Net income or loss (-)	3	3	4	3

Balance Sheet (in millions of dollars)

Identification code 36-4014-0-3-705	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	3		2	4
Investments in US securities:				
1102 Treasury securities, par	38	40	41	42
1106 Receivables, net	2	1	2	2
1107 Advances and prepayments	2	2	2	1
1206 Non-Federal assets: Receivables, net				1
Other Federal assets:				
1802 Inventories and related properties	27	24	25	26
1803 Property, plant and equipment, net	25	28	28	28
1999 Total assets	97	95	100	104
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	2		1	
2104 Resources payable to Treasury	1	1	2	2
Non-Federal liabilities:				
2201 Accounts payable	10	9	8	9
2207 Other	5	8	8	8
2999 Total liabilities	18	18	19	19
NET POSITION:				
3200 Invested capital	44	42	47	46
3600 Other	34	35	34	39
3999 Total net position	78	77	81	85
4999 Total liabilities and net position	96	95	100	104

Object Classification (in millions of dollars)

Identification code 36-4014-0-3-705	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent	40	41	40
11.3 Other than full-time permanent	14	18	18
11.9 Total personnel compensation	54	59	58
12.1 Civilian personnel benefits	15	18	18
21.0 Travel and transportation of persons	1	3	3
22.0 Transportation of things		1	1
23.3 Communications, utilities, and miscellaneous charges		1	1
24.0 Printing and reproduction		1	1
25.2 Other services	3	6	6
26.0 Supplies and materials	123	128	129
31.0 Equipment	6	8	8
99.0 Subtotal, reimbursable obligations	202	225	225
99.9 Total obligations	202	225	225

Personnel Summary

Identification code 36-4014-0-3-705	1996 actual	1997 est.	1998 est.
2011 Total compensable workyears: Exempt Full-time equivalent employment	3,065	3,200	3,200

SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND

Program and Financing (in millions of dollars)

Identification code 36-4048-0-3-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Reimbursable Program:			
00.01 Contracts	18	22	23
00.02 Education and training	1	1	2
00.03 Operating expenses	10	12	12
10.00 Total obligations	29	35	37

Budgetary resources available for obligation:

21.90 Unobligated balance available, start of year: Fund balance	5	8	8
22.00 New budget authority (gross)	32	35	37
23.90 Total budgetary resources available for obligation	37	43	45
23.95 New obligations	-29	-35	-37
24.90 Unobligated balance available, end of year: Fund balance	8	8	8

New budget authority (gross), detail:

68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)	32	35	37
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Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	2	1	4
73.10 New obligations	29	35	37
73.20 Total outlays (gross)	-29	-32	-33
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1	4	8

Outlays (gross), detail:

86.97 Outlays from new permanent authority	29	32	33
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Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-32	-35	-37

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-3	-3	-3

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

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

Statement of Operations (in millions of dollars)

Identification code 36-4048-0-3-703	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	27	32	35	37
0102 Expense	-23	-27	-35	-37
0109 Net income or loss (-)	4	5		

Balance Sheet (in millions of dollars)

Identification code 36-4048-0-3-703	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	7	10	13	16
Investments in US securities:				
1106 Receivables, net	2	1	1	1
1206 Non-Federal assets: Receivables, net	1	1	1	1
1803 Other Federal assets: Property, plant and equipment, net		1	1	1
1999 Total assets	10	13	16	19
LIABILITIES:				
2101 Federal liabilities: Accounts payable	1	1	4	7
2999 Total liabilities	1	1	4	7
NET POSITION:				
3200 Invested capital		1		
3300 Cumulative results of operations	8	11	11	11
3999 Total net position	8	12	11	11

Public enterprise funds—Continued**SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND—
Continued****Balance Sheet (in millions of dollars)—Continued**

Identification code 36-4048-0-3-703	1995 actual	1996 actual	1997 est.	1998 est.
4999 Total liabilities and net position	9	13	15	18

Object Classification (in millions of dollars)

Identification code 36-4048-0-3-703	1996 actual	1997 est.	1998 est.
25.2 Other services	26	31	33
26.0 Supplies and materials	2	3	3
31.0 Equipment	1	1	1
99.9 Total obligations	29	35	37

MEDICAL CENTER RESEARCH ORGANIZATIONS**Program and Financing (in millions of dollars)**

Identification code 36-4026-0-3-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Operating expenses	25	26	26
00.02 Capital investment	3	3	3
10.00 Total obligations	28	29	29
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	18	18	18
22.00 New budget authority (gross)	28	29	29
23.90 Total budgetary resources available for obligation	46	47	47
23.95 New obligations	-28	-29	-29
24.90 Unobligated balance available, end of year: Fund balance	18	18	18
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)	28	29	29
Change in unpaid obligations:			
73.10 New obligations	28	29	29
73.20 Total outlays (gross)	-28	-29	-29
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	28	29	29
Offsets:			
Against gross budget authority and outlays: Offsetting collections (cash) from:			
88.00 Federal sources	-1	-1	-1
88.40 Non-Federal sources	-27	-28	-28
88.90 Total, offsetting collections (cash)	-28	-29	-29
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	1996 actual	1997 est.	1998 est.
25.2 Other services	17	18	18
26.0 Supplies and materials	8	8	8
31.0 Equipment	3	3	3
99.9 Total obligations	28	29	29

Trust Funds**[TRANSITIONAL HOUSING LOAN PROGRAM] GENERAL POST FUND,
NATIONAL HOMES**

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$7,000, as authorized by Public Law 102-54, section 8, which shall be transferred from the "General post fund": *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$70,000.

In addition, for administrative expenses to carry out the direct loan programs, \$54,000, which shall be transferred from the "General post fund", as authorized by Public Law 102-54, section 8. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Unavailable Collections (in millions of dollars)

Identification code 36-8180-0-7-705	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year	2	2	5
Receipts:			
02.01 General post fund, national homes, deposits	24	28	29
02.02 General post fund, national homes, interest on investments	3	3	3
02.99 Total receipts	27	31	32
04.00 Total: Balances and collections	29	33	37
Appropriation:			
05.01 General post fund, national homes	-27	-28	-29
07.99 Total balance, end of year	2	5	8

Program and Financing (in millions of dollars)

Identification code 36-8180-0-7-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Religious, recreational, and entertainment activities	21	21	22
00.02 Research activities	3	3	4
00.03 Therapeutic residence maintenance	1	1	1
00.04 Therapeutic residence purchase and renovation	1	1	
10.00 Total obligations	25	26	27
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
21.40 Uninvested balance	-1	-3	-1
21.41 U.S. Securities: Par value	36	40	40
21.99 Total unobligated balance, start of year	35	37	39
22.00 New budget authority (gross)	27	28	29
23.90 Total budgetary resources available for obligation	62	65	68
23.95 New obligations	-25	-26	-27
Unobligated balance available, end of year:			
24.40 Uninvested balance	-3	-1	-1
24.41 U.S. Securities: Par value	40	40	42
24.99 Total unobligated balance, end of year	37	39	41
New budget authority (gross), detail:			
60.27 Appropriation (trust fund, indefinite)	27	28	29
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	3	5	6
73.10 New obligations	25	26	27
73.20 Total outlays (gross)	-24	-25	-25
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	5	6	7
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	22	23	23
86.98 Outlays from permanent balances	2	2	2
87.00 Total outlays (gross)	24	25	25
Net budget authority and outlays:			
89.00 Budget authority	27	28	29
90.00 Outlays	24	25	25

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.)

Also under this heading are the activities of the Transitional housing loan program. This program provides loans to nonprofit organizations to assist them in leasing housing units exclusively for use as a transitional group residence for veterans who are in (or who have recently been in) a program for the treatment of substance abuse. The amount of the loan cannot exceed \$4,500 for any single residential unit and each loan must be repaid within two years through monthly installments. The total amount of loans outstanding at any time may not exceed \$100,000.

Object Classification (in millions of dollars)

Identification code 36-8180-0-7-705	1996 actual	1997 est.	1998 est.
21.0 Travel and transportation of persons	1	1	1
25.2 Other services	11	12	12
26.0 Supplies and materials	6	6	6
31.0 Equipment	4	4	4
32.0 Land and structures	3	3	4
99.9 Total obligations	25	26	27

VETERANS BENEFITS ADMINISTRATION

Federal Funds

General and special funds:

[COMPENSATION AND PENSIONS]

[For the payment of compensation benefits to or on behalf of veterans as authorized by law (38 U.S.C. 107, chapters 11, 13, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); \$18,671,259,000, to remain available until expended: *Provided*, That not to exceed \$26,417,000 of the amount appropriated shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: *Provided further*, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992 (38 U.S.C. chapter 55).

For an additional amount for "Compensation and Pensions", \$100,000,000, to be made available upon enactment of this Act, to remain available until expended.]

Activities formerly included in this account are proposed to be financed by three separate appropriation accounts in 1998 and are presented below in the "Compensation", "Pensions", and "Burial benefits and miscellaneous assistance" ac-

counts. Amounts for 1996, 1997, and 1998 are shown on a comparable basis. The following table shows the distribution of the amounts (dollars in millions) appropriated in 1996 and 1997 and requested in 1998.

Distribution of budget authority by account:	1996 actual	1997 est.	1998 est.
Compensation	15,415	16,163	16,438
Pensions	3,074	3,145	3,184
Burial benefits	114	117	119
Distribution of outlays by account:			
Compensation	14,222	16,160	16,436
Pensions	2,834	3,141	3,177
Burial benefits	114	117	119

COMPENSATION

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law, \$16,437,688,000, to remain available until expended, of which not to exceed \$2,083,000 shall be reimbursed to "General operating expenses" for necessary expenses as authorized by chapters 11, 13, 18, 51, 53, 55 and 61 of title 38, United States Code.

For the payment, after June 30 of the current fiscal year, of compensation benefits to or on behalf of veterans as authorized by law, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary. (38 U.S.C. 107, and chapters 11, 13, and 61.)

Program and Financing (in millions of dollars)

Identification code 36-0153-0-1-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Compensation:			
Veterans:			
00.02 World War I	3	2	2
00.03 World War II	3,421	3,201	3,168
00.04 Korean conflict	1,160	1,128	1,166
00.05 Vietnam era	4,722	4,846	5,286
00.06 Peacetime service	2,479	2,534	2,773
00.07 Persian Gulf conflict	467	569	708
00.91 Total veterans	12,252	12,280	13,103
Survivors:			
01.04 World War I	63	52	46
01.05 World War II	1,279	1,232	1,274
01.06 Korean conflict	382	374	393
01.07 Vietnam era	928	951	1,043
01.08 Peacetime service	452	432	442
01.09 Persian Gulf conflict	45	51	60
01.91 Total survivors	3,149	3,092	3,258
02.01 Clothing allowance	37	36	38
02.93 Total compensation	15,437	15,409	16,399
Children:			
03.02 Vietnam Era			18
03.03 Ch 18 Voc Rehab			3
03.91 Total Children			21
09.01 Payment to general operating expenses	2	2	2
09.02 Medical Exam Pilot Program		8	16
09.91 Total other	2	10	18
10.00 Total obligations (object class 42.0)	15,440	15,418	16,438
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	33	8	
22.00 New budget authority (gross)	15,415	15,410	16,438
23.90 Total budgetary resources available for obligation	15,448	15,418	16,438
23.95 New obligations	-15,440	-15,418	-16,438
24.40 Unobligated balance available, end of year:			
Uninvested balance	8		
New budget authority (gross), detail:			
40.00 Appropriation	15,275	15,564	16,438
41.00 Transferred to other accounts		-154	
42.00 Transferred from other accounts	140		
43.00 Appropriation (total)	15,415	15,410	16,438
70.00 Total new budget authority (gross)	15,415	15,410	16,438

General and special funds—Continued

COMPENSATION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0153-0-1-701	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	13	1,232	1,243
73.10 New obligations	15,440	15,418	16,438
73.20 Total outlays (gross)	-14,222	-15,407	-16,436
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1,232	1,243	1,245
Outlays (gross), detail:			
86.90 Outlays from new current authority	14,176	14,175	15,193
86.93 Outlays from current balances	46	1,232	1,243
87.00 Total outlays (gross)	14,222	15,407	16,436
Net budget authority and outlays:			
89.00 Budget authority	15,415	15,410	16,438
90.00 Outlays	14,222	15,407	16,436

Summary of Budget Authority and Outlays

(in millions of dollars)

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	15,415	15,410	16,438
Outlays	14,222	15,407	16,436
Supplemental proposal:			
Budget Authority		753	
Outlays		753	
Legislative proposal, not subject to PAYGO:			
Budget Authority			331
Outlays			298
Legislative proposal, subject to PAYGO:			
Budget Authority			-17
Outlays			-17
Total:			
Budget Authority	15,415	16,163	16,752
Outlays	14,222	16,160	16,717

This appropriation would provide for the payment of compensation benefits to veterans and survivors. Compensation is paid to veterans for disabilities incurred in or aggravated during active military service. Dependency and Indemnity Compensation is paid to survivors of 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 the birth defect spina bifida.

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

Caseload and cost tables shown below do not include proposed legislation.

AVERAGE NUMBER OF COMPENSATION CASES AND PAYMENTS

	1996 actual	1997 est.	1998 est.
Veterans:			
Mexican border period	11	11	9
World War I	483	330	230
World War II	671,110	634,900	595,700
Korean conflict	188,427	184,700	180,700
Vietnam era	709,079	719,659	729,461
Peacetime service	522,233	539,300	558,800
Persian Gulf conflict	151,764	184,600	217,200
Total	2,243,107	2,263,500	2,282,100
Average payment per case, per year	\$5,462	\$5,692	\$5,741
Total obligations (in millions)	\$12,252	\$12,883	\$13,102
Children of Vietnam era veterans:			
Children			2,000
Average payment per case, per year			\$9,219
Total obligations (in millions)			\$18
Chapter 18 Vocational rehabilitations:			
Rehabilitations			860

Average payment per case, per year			\$3,095
Total obligations (in millions)			\$3
Survivors:			
Prior to Spanish-American War	1	1	1
Spanish-American War	19	14	10
Mexican border period	2	2	2
World War I	6,232	5,254	4,431
World War II	124,731	122,057	119,530
Korean conflict	37,250	37,093	36,967
Vietnam era	89,636	93,182	96,812
Peacetime service	44,766	43,677	42,620
Persian Gulf conflict	3,604	4,120	4,627
Total	306,241	305,400	305,000
Average payment per case, per year	\$10,286	10,609	10,683
Total obligations (in millions)	\$3,150	3,240	3,258
Clothing allowance:			
Number of veterans	73,102	73,700	74,300
Average payment per case, per year	\$503	518	518
Total obligations (in millions)	\$37	\$37	\$38

COMPENSATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0153-2-1-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Compensation:			
Veterans:			
00.03 World War II			63
00.04 Korean conflict			23
00.05 Vietnam era			106
00.06 Peacetime service			56
00.07 Persian Gulf conflict			14
00.91 Total veterans			262
Survivors:			
01.04 World War I			1
01.05 World War II			27
01.06 Korean conflict			8
01.07 Vietnam era			22
01.08 Peacetime service			9
01.09 Persian Gulf conflict			1
01.91 Total survivors			68
02.01 Clothing allowance			1
02.93 Total compensation			331
10.00 Total obligations (object class 42.0)			331
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			331
23.95 New obligations			-331
New budget authority (gross), detail:			
40.00 Appropriation			331
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			
73.10 New obligations			331
73.20 Total outlays (gross)			-298
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			33
Outlays (gross), detail:			
86.90 Outlays from new current authority			298
86.93 Outlays from current balances			
87.00 Total outlays (gross)			298
Net budget authority and outlays:			
89.00 Budget authority			331
90.00 Outlays			298

Legislation will be proposed to provide a cost-of-living adjustment (COLA) to all compensation beneficiaries including spouses and children. This increase, effective December 1,

1997, is expected to be 2.7 percent and cost \$331 million in fiscal year 1998.

COMPENSATION

(Legislative proposal, subject to PAYGO)

Identification code 36-0153-4-1-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Compensation:			
Veterans:			
00.03 COLA Round down			-17
02.93 Total compensation			-17
10.00 Total obligations (object class 42.0)			-17
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-17
23.95 New obligations			17
New budget authority (gross), detail:			
40.00 Appropriation			-17
Change in unpaid obligations:			
73.10 New obligations			-17
73.20 Total outlays (gross)			17
Outlays (gross), detail:			
86.90 Outlays from new current authority			-17
Net budget authority and outlays:			
89.00 Budget authority			-17
90.00 Outlays			-17

This legislative proposal would provide for a permanent round down of the annual COLA increase.

Legislation will also be proposed to deny service connection for disability or death due to an injury or disease resulting from tobacco use while on active duty which becomes manifest after service discharge and beyond any applicable presumptive period.

PENSIONS

For the payment of pension benefits to or on behalf of veterans as authorized by law, \$3,178,055,000, to remain available until expended; of which not to exceed \$24,297,000 shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses as authorized by chapters 51, 53, 55, and 61 of title 38, United States Code; and of which such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized by chapter 55.

For the payment, after June 30 of the current fiscal year, of pension benefits to or on behalf of veterans as authorized by law, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary. (38 U.S.C. chapters 15 and 61.)

Program and Financing (in millions of dollars)

Identification code 36-0154-0-1-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct program:			
Pensions:			
Veterans:			
04.01 Improved law	2,184	2,268	2,331
04.02 Prior law	78	66	56
04.03 Old law	1	1	
04.91 Total veterans	2,263	2,335	2,387
Survivors:			
05.01 Improved law	673	666	659
05.02 Prior law	127	115	104
05.03 Old law	2	2	2

05.91 Total survivors	802	783	765
06.93 Total pensions	3,065	3,118	3,152
Other expenses:			
07.01 Medical facility expenses	2	2	2
07.02 Reimbursement to GOE and VHA	19	24	24
07.91 Total other expenses	21	26	26
08.00 Total direct program	3,086	3,144	3,178
Reimbursable program:			
09.01 Minimum income for widows program		1	6
10.00 Total obligations	3,086	3,145	3,184

Budgetary resources available for obligation:

22.00 New budget authority (gross)	3,074	3,145	3,184
22.22 Unobligated balance transferred from other accounts	12		
23.90 Total budgetary resources available for obligation	3,086	3,145	3,184
23.95 New obligations	-3,086	-3,145	-3,184
24.40 Unobligated balance available, end of year:			
Uninvested balance			

New budget authority (gross), detail:

Current:			
40.00 Appropriation	3,044	2,989	3,178
41.00 Transferred to other accounts	-160		
42.00 Transferred from other accounts	190	155	
43.00 Appropriation (total)	3,074	3,144	3,178
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)		1	6
70.00 Total new budget authority (gross)	3,074	3,145	3,184

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	3	254	258
73.10 New obligations	3,086	3,145	3,184
73.20 Total outlays (gross)	-2,834	-3,141	-3,183
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	254	258	260

Outlays (gross), detail:

86.90 Outlays from new current authority	2,831	2,886	2,919
86.93 Outlays from current balances	3	254	258
86.97 Outlays from new permanent authority	9	1	6
86.98 Outlays from permanent balances			
87.00 Total outlays (gross)	2,834	3,141	3,183

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources		-1	-6

Net budget authority and outlays:

89.00 Budget authority	3,074	3,144	3,178
90.00 Outlays	2,834	3,140	3,177

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

Veterans who are under the age of 45 and are in receipt of a disability pension will be evaluated to determine whether a vocational goal is reasonably feasible. Those for whom a vocational goal is feasible are eligible for a program of vocational training.

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, 1998, is expected to be 2.7 percent.

General and special funds—Continued

PENSIONS—Continued

AVERAGE NUMBER OF PENSION CASES AND PAYMENTS

	1996 actual	1997 est.	1998 est.
Veterans:			
Improved law	373,947	373,577	373,693
Prior law	49,134	41,892	35,758
Old law and service	636	531	449
Total	423,717	416,000	409,900
Average payment per case, per year	\$5,338	\$5,610	\$5,821
Total obligations (in millions)	\$2,262	\$2,334	\$2,386
Survivors:			
Improved law	209,467	203,349	197,865
Prior law	128,367	115,169	103,504
Old law and service	3,855	3,182	2,631
Total	341,689	321,700	304,000
Average payment per case, per year	\$2,349	\$2,434	\$2,517
Total obligations (in millions)	803	783	765
Minimum Income for Widows Program:			
Widows		800	793
Average benefit per case, per year		\$1,736	\$1,133
Total obligations (in millions)		\$1	\$6
Vocational training:			
Trainees	136	110	85
Average benefit per year	\$2,625	\$2,700	\$2,776
Total obligations (in millions) ¹			

¹ Amounts round to less than \$1 million.

Object Classification (in millions of dollars)

Identification code 36-0154-0-1-701	1996 actual	1997 est.	1998 est.
42.0 Direct obligations: Insurance claims and indemnities	3,086	3,144	3,178
99.0 Reimbursable obligations: Subtotal, reimbursable obligations		1	6
99.9 Total obligations	3,086	3,145	3,184

The Administration is proposing legislation which will make permanent two provisions of the Omnibus Budget Reconciliation Act of 1993 due to expire at the end of 1998: (1) authorization of VA access to certain Internal Revenue Service data for determining eligibility for veterans pension benefits; and (2) limiting pension benefits to Medicaid-eligible beneficiaries in nursing homes.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

For the payment of burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law, \$119,300,000, to remain available until expended. (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; Stat. 76 Stat. 1198.) (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0155-0-1-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Burial benefits:			
07.01 Burial allowances	35	35	35
07.02 Burial plots	12	12	11
07.03 Service-connected deaths	12	12	12
07.04 Burial flags	16	17	18
07.05 Headstones and markers	29	30	31
07.07 Outer burial receptacles	8	9	10

07.91 Total burial benefits	112	115	117
08.03 Special allowance dependents	1	1	1
08.04 Equal access to justice	1	1	1
08.91 Total miscellaneous assistance	2	2	2
10.00 Total obligations (object class 42.0)	114	117	119

Budgetary resources available for obligation:

22.00 New budget authority (gross)	114	117	119
23.95 New obligations	-114	-117	-119

New budget authority (gross), detail:

40.00 Appropriation	112	118	119
41.00 Transferred to other accounts		-1	
42.00 Transferred from other accounts	2		
43.00 Appropriation (total)	114	117	119
70.00 Total new budget authority (gross)	114	117	119

Change in unpaid obligations:

73.10 New obligations	114	117	119
73.20 Total outlays (gross)	-114	-117	-119

Outlays (gross), detail:

86.90 Outlays from new current authority	114	117	119
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Net budget authority and outlays:

89.00 Budget authority	114	117	119
90.00 Outlays	114	117	119

Burial benefits.—Provides for: (a) the payment of an allowance of \$300 (plus transportation charges where death occurs under VA care) to reimburse, in part, the burial and funeral expense of an eligible deceased veteran; (b) the payment of \$150 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 \$1,500 when a veteran dies as the result of service-connected disability; (d) furnishing a flag to drape the casket of each deceased veteran entitled thereto; (e) furnishing a headstone or marker for the grave of a veteran and, in certain cases, eligible dependents; and (f) authority to provide outer burial receptacles in the National Cemetery System.

NUMBER OF BURIAL BENEFITS

	1996 actual	1997 est.	1998 est.
Burial allowance	90,775	88,400	88,200
Burial plot	80,715	77,000	73,500
Service-connected death	9,262	9,400	9,500
Burial flags	439,752	448,800	457,200
Headstone markers	319,758	326,000	332,000
Headstone allowance	14	10	
Outer burial receptacles	47,220	51,734	52,354

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

MISCELLANEOUS ASSISTANCE CASELOAD

	1996 actual	1997 est.	1998 est.
Retired Officers	4	3	2
Adjusted service and dependence pay			
Special allowance dependents	152	152	152
Equal Access to Justice payments	206	220	220

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21,

30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, **[\$1,377,000,000]** \$1,366,000,000, to remain available until expended: *Provided*, That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98-77, as amended. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-0137-0-1-702 1996 actual 1997 est. 1998 est.

Obligations by program activity:				
Direct program:				
Education and training:				
00.01	Sons and daughters	91	94	96
00.02	Spouses	10	11	12
00.91	Total education and training	101	105	108
Special assistance to disabled veterans:				
01.01	Vocational rehabilitation	355	358	341
01.02	Housing grants	14	14	14
01.03	Automobiles, adaptive equipment, maintenance and repair	27	27	28
01.91	Total special assistance to disabled veterans	396	399	383
02.01	Work study	26	26	28
02.02	Payments to states	13	13	13
02.03	All-volunteer assistance: Veterans' basic benefits	689	805	880
02.91	All-volunteer assistance and other	728	844	921
02.93	Total direct program	1,225	1,348	1,412
Reimbursable program:				
03.01	Veterans' basic benefits	14	14	11
03.02	Veterans' supplementary benefits	74	72	70
03.03	Reservists benefits	95	98	99
03.91	Total reimbursables	183	184	180
10.00	Total obligations	1,408	1,532	1,592

Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	93	27	46
22.00	New budget authority (gross)	1,338	1,561	1,546
22.10	Resources available from recoveries of prior year obligations	9	10	
22.30	Unobligated balance expiring	-5	-21	
23.90	Total budgetary resources available for obligation	1,435	1,577	1,592
23.95	New obligations	-1,408	-1,532	-1,592
24.40	Unobligated balance available, end of year:			
	Uninvested balance	27	46	

New budget authority (gross), detail:				
Current:				
40.00	Appropriation	1,345	1,377	1,366
41.00	Transferred to other accounts	-190		
43.00	Appropriation (total)	1,155	1,377	1,366
Permanent:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	183	184	180
70.00	Total new budget authority (gross)	1,338	1,561	1,546

Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	51	54	50
73.10	New obligations	1,408	1,532	1,592
73.20	Total outlays (gross)	-1,396	-1,526	-1,589
73.45	Adjustments in unexpired accounts	-9	-10	
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	54	50	53

Outlays (gross), detail:				
86.90	Outlays from new current authority	1,104	1,342	1,366
86.93	Outlays from current balances			43
86.97	Outlays from new permanent authority	183	184	180
86.98	Outlays from permanent balances	109		
87.00	Total outlays (gross)	1,396	1,526	1,589

Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-183	-184	-180
88.40	Non-Federal sources			
88.90	Total, offsetting collections (cash)	-183	-184	-180

Net budget authority and outlays:				
89.00	Budget authority	1,155	1,377	1,366
90.00	Outlays	1,212	1,342	1,409

This appropriation finances educational assistance allowances for certain peacetime veterans and for eligible dependents of those veterans: (a) who died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were captured or missing in action. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with the associated approved adaptive equipment. The funding level in 1998 will consist of appropriated funds of \$1,366 million and available funds from 1997 of \$46 million.

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

NUMBER OF TRAINEES AND COST

	1996 actual	1997 est.	1998 est.
Sons and daughters:			
Number of trainees	35,685	36,609	37,558
Average cost per trainee	\$2,559	\$2,560	\$2,560
Total cost (in millions)	\$91	\$94	\$96
Spouses and widow(ers):			
Number of trainees	4,969	5,273	5,597
Average cost per trainee	\$2,067	\$2,068	\$2,069
Total cost (in millions)	\$10	\$11	\$12

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

Specially adapted housing grants, up to a maximum of \$38,000, 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 \$6,500.

An allowance, up to a maximum of \$5,500, 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.

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

CASELOAD AND AVERAGE COST DATA

	1996 actual	1997 est.	1998 est.
Vocational Rehabilitation:			
Number of trainees:			
10% rated disabled	3,987	3,919	3,635
rehabilitated	787	905	1,081
20% rated disabled	15,056	14,800	13,728
rehabilitated	2,182	2,508	2,995
30% rated disabled	12,055	11,849	10,992
rehabilitated	1,784	2,051	2,449
40% rated disabled	7,270	7,146	6,630
rehabilitated	1,102	1,267	1,513
50% rated disabled	3,845	3,779	3,506
rehabilitated	586	674	804
60% rated disabled	2,746	2,699	2,504
rehabilitated	404	465	555
70% rated disabled	1,051	1,033	958
rehabilitated	173	199	238
80% rated disabled	485	477	442
rehabilitated	97	111	133
90% rated disabled	154	151	140

General and special funds—Continued

READJUSTMENT BENEFITS—Continued

CASELOAD AND AVERAGE COST DATA—Continued

	1996 actual	1997 est.	1998 est.
rehabilitated	38	42	50
100% rated disabled	5,072	4,986	4,625
rehabilitated	242	278	332
Total number of trainees	51,721	50,839	47,160
Total number rehabilitated	7,395	8,500	10,150
Percent of total rehabilitated	14.30	16.72	21.52
Average cost per trainee	\$6,856	\$7,045	\$7,238
Total cost (in millions)	\$355	\$358	\$341
Housing grants:			
Number of housing grants	429	429	429
Average cost per grant	\$33,535	\$33,535	\$33,535
Total cost (in millions)	\$14	\$14	\$14
Automobiles or other conveyances:			
Number of conveyances	843	843	843
Average cost per conveyance	\$5,496	\$5,496	\$5,496
Total cost (in millions)	\$5	\$5	\$5
Adaptive equipment (including maintenance, repair and installation for automobiles):			
Number of items	6,734	6,593	6,455
Average cost	\$3,318	\$3,411	\$3,500
Total cost (in millions)	\$22	\$22	\$23

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 and receive a maximum of \$1,187.50 per semester, paid at the rate of the Federal (\$5.15 on 9/1/97) or State minimum wage, whichever is higher.

	1996 actual	1997 est.	1998 est.
Number of contracts	30,887	27,864	28,687

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.

All Volunteer Force educational assistance (Montgomery GI Bill).—Public Law 98–525, enacted October 19, 1984, established two new peacetime educational programs: an assistance program for veterans who enter active duty during the period beginning July 1, 1985; and an assistance program for certain members of the Selected Reserve. The Readjustment benefits appropriation pays the basic benefit allowance for the peacetime veterans. Supplementary educational assistance for peacetime veterans and the basic benefit allowance for 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

	1996 actual	1997 est.	1998 est.
Veterans:			
Number of trainees	296,353	323,400	345,300
Average cost per trainee	\$2,623	\$2,755	\$2,784
Total cost (in millions)	\$777	\$891	\$961
Reservists:			
Number of trainees	86,196	82,400	80,300
Average cost per trainee	\$1,101	\$1,187	\$1,235
Total cost (in millions)	\$95	\$98	\$99

¹Includes \$689 million of basic benefits (VA funded), \$14 million of basic benefits (DOD funded), and \$74 million of supplemental benefits (DOD funded).

²Includes \$805 million of basic benefits (VA funded), \$14 million of basic benefits, (DOD funded) and \$72 million of supplemental benefits (DOD funded).

³Includes \$880 million of basic benefits (VA funded), \$11 million of basic benefits (DOD funded) and \$70 million of supplemental benefits (DOD funded).

Object Classification (in millions of dollars)

Identification code 36–0137–0–1–702	1996 actual	1997 est.	1998 est.
41.0 Direct obligations: Grants, subsidies, and contributions	1,225	1,348	1,412
99.0 Reimbursable obligations: Subtotal, reimbursable obligations	183	184	180
99.9 Total obligations	1,408	1,532	1,592

REINSTATED ENTITLEMENT PROGRAM FOR SURVIVORS UNDER PUBLIC LAW 97–377

Program and Financing (in millions of dollars)

Identification code 36–0200–0–1–701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct program:			
00.01 Benefit payments	21	19	18
00.02 Administrative expenses, VA	1	1	1
00.03 Cole v. Brown payments	1		
00.91 Total direct program	23	20	19
10.00 Total obligations	23	20	19
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	22	20	19
23.95 New obligations	–23	–20	–19
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	22	20	19
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	11	12	12
73.10 New obligations	23	20	19
73.20 Total outlays (gross)	–20	–20	–19
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	12	12	12
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	10	8	7
86.98 Outlays from permanent balances	10	12	12
87.00 Total outlays (gross)	20	20	19
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	–22	–20	–19
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	–2		

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

CASELOAD AND AVERAGE COST DATA

	1996 actual	1997 est.	1998 est.
Spouses	432	380	340
Average benefit	\$10,334	\$10,759	\$11,190
Obligations (in millions)	\$4,464	\$4,089	\$3,805
Children	1,729	1,580	1,440
Average benefit	\$9,299	\$9,543	\$9,966
Obligations (in millions)	\$16,078	\$15,078	\$14,350

Object Classification (in millions of dollars)

Identification code 36–0200–0–1–701	1996 actual	1997 est.	1998 est.
99.0 Reimbursable obligations: Subtotal, reimbursable obligations	23	20	19

99.9	Total obligations	23	20	19
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VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, [\$38,970,000] \$51,360,000, to remain available until expended. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0120-0-1-701	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.04	Payment to National service life insurance fund	2	2	2
00.05	Payment to Service-disabled veterans insurance fund	34	31	43
00.06	Total operating expenses	9	9	9
10.00	Total obligations	45	42	54
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	45	41	54
23.95	New obligations	-45	-42	-54
New budget authority (gross), detail:				
Current:				
40.00	Appropriation	25	39	51
42.00	Transferred from other accounts	18		
43.00	Appropriation (total)	43	39	51
Permanent:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	2	2	2
70.00	Total new budget authority (gross)	45	41	53
Change in unpaid obligations:				
73.10	New obligations	45	42	54
73.20	Total outlays (gross)	-45	-41	-53
Outlays (gross), detail:				
86.90	Outlays from new current authority	43	39	51
86.97	Outlays from new permanent authority	2	2	2
87.00	Total outlays (gross)	45	41	53
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: VMLI premiums	-2	-2	-2
Net budget authority and outlays:				
89.00	Budget authority	43	39	53
90.00	Outlays	43	39	53

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

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

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

Payments are also made to policyholders and beneficiaries on nonparticipating national service life insurance policies issued to World War II 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 re-

ceived 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 1998 as indicated in the following table (dollars in thousands).

National service life insurance policies:	1996 actual	1997 est.	1998 est.
Number of policies	1,514	1,383	1,260
Amount of insurance	\$7,692	\$7,000	\$6,350
VMLI policies:			
Number of policies	3,890	3,740	3,590
Amount of insurance	\$229,115	\$228,400	\$230,000

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

Object Classification (in millions of dollars)

Identification code 36-0120-0-1-701	1996 actual	1997 est.	1998 est.	
41.0	Grants, subsidies, and contributions	36	33	45
42.0	Insurance claims and indemnities	9	9	9
99.9	Total obligations	45	42	54

Public enterprise funds:

SERVICE-DISABLED VETERANS INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 36-4012-0-3-701	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
Operating expenses:				
00.01	Death claims	39	43	48
00.02	All other	13	13	13
00.91	Total operating expenses	52	56	61
01.01	Capital investment	14	14	14
10.00	Total obligations	66	70	75
Budgetary resources available for obligation:				
21.90	Unobligated balance available, start of year: Fund balance	3	6	3
22.00	New budget authority (gross)	69	66	77
23.90	Total budgetary resources available for obligation	72	72	80
23.95	New obligations	-66	-70	-75
24.90	Unobligated balance available, end of year: Fund balance	6	3	3
New budget authority (gross), detail:				
68.00	Spending authority from offsetting collections (gross):			
	Offsetting collections (cash)	69	66	77
Change in unpaid obligations:				
72.90	Unpaid obligations, start of year: Obligated balance:			
	Fund balance	5	5	4
73.10	New obligations	66	70	75
73.20	Total outlays (gross)	-66	-71	-74
74.90	Unpaid obligations, end of year: Obligated balance:			
	Fund balance	5	4	4
Outlays (gross), detail:				
86.97	Outlays from new permanent authority	61	66	70
86.98	Outlays from permanent balances	5	5	4
87.00	Total outlays (gross)	66	71	74
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources: Payments from VI and I	-34	-31	-43
Non-Federal sources:				
88.40	Interest on loans	-3	-2	-2
88.40	Insurance premiums earned	-23	-23	-22
88.40	Optional settlements	-1	-1	-1
88.40	Repayments of loans	-8	-9	-9

Public enterprise funds—Continued

SERVICE-DISABLED VETERANS INSURANCE FUND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-4012-0-3-701	1996 actual	1997 est.	1998 est.
88.90 Total, offsetting collections (cash)	-69	-66	-77
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-3	5	-3

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

Operating costs—

Death claims.—Represents payments to designated beneficiaries.

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

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

The trend in the number and amount of policies in force is indicated in the following table (dollars in thousands):

	1996 actual	1997 est.	1998 est.
Number of policies	163,053	158,833	156,723
Insurance in force	\$1,492,311	\$1,464,200	\$1,436,300

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 \$451 million by September 30, 1998.

Statement of Operations (in millions of dollars)

Identification code 36-4012-0-3-701	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	64	72	68	79
0102 Expense	-66	-67	-69	-71
0109 Net income or loss (-)	-2	5	-1	8

Balance Sheet (in millions of dollars)

Identification code 36-4012-0-3-701	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	8	11	7	9
1206 Non-Federal assets: Receivables, net	1	1	3	2
1601 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Direct loans, gross	49	55	59	65
1999 Total assets	58	67	69	76
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	4	4	5	5
2206 Pension and other actuarial liabilities	516	520	522	522
2207 Other	1	1	1	1
2999 Total liabilities	521	525	528	528
NET POSITION:				
3100 Appropriated capital	3	6	3	5
3200 Invested capital	-466	-463	-462	-456
3999 Total net position	-463	-457	-459	-451
4999 Total liabilities and net position	58	68	69	77

Object Classification (in millions of dollars)

Identification code 36-4012-0-3-701	1996 actual	1997 est.	1998 est.
33.0 Investments and loans	14	14	14
42.0 Insurance claims and indemnities	52	56	61
99.9 Total obligations	66	70	75

VETERANS REOPENED INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 36-4010-0-3-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.01 Death claims	31	36	39
00.02 Dividends	30	31	27
00.03 All other	9	9	8
00.91 Total operating expenses	71	76	74
01.01 Capital investment: Policy loans	7	7	7
10.00 Total obligations	78	83	81

Budgetary resources available for obligation:

Identification code 36-4010-0-3-701	1996 actual	1997 est.	1998 est.
Unobligated balance available, start of year:			
21.90 Fund balance		1	1
21.91 U.S. Securities: Par value	498	492	480
21.99 Total unobligated balance, start of year	498	493	481
22.00 New budget authority (gross)	72	71	66
23.90 Total budgetary resources available for obligation	570	564	547
23.95 New obligations	-78	-83	-81
Unobligated balance available, end of year:			
24.90 Fund balance	1	1	1
24.91 U.S. Securities: Par value	492	480	465
24.99 Total unobligated balance, end of year	493	481	466

New budget authority (gross), detail:

68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	72	71	66

Change in unpaid obligations:

72.91 Unpaid obligations, start of year: Obligated balance:			
U.S. Securities: Par value	28	33	36
73.10 New obligations	78	83	81
73.20 Total outlays (gross)	-73	-79	-78
74.91 Unpaid obligations, end of year: Obligated balance:			
U.S. Securities: Par value	33	36	39

Outlays (gross), detail:

86.97 Outlays from new permanent authority	69	71	66
86.98 Outlays from permanent balances	4	8	12
87.00 Total outlays (gross)	73	79	78

Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources: Interest on U.S. securities	-48	-46	-43
Non-Federal sources:			
88.40 Interest on loans	-1	-2	-2
88.40 Insurance premiums earned	-17	-17	-15
88.40 Repayments of loans	-6	-6	-6
88.90 Total, offsetting collections (cash)	-72	-71	-66

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	1	9	12

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 insur-

ance 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 payments to the General operating expenses appropriation 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 (dollars in thousands):

	1996 actual	1997 est.	1998 est.
Number of policies	97,502	92,782	87,852
Insurance in force	\$750,079	\$730,000	\$706,800

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.

Statement of Operations (in millions of dollars)

Identification code 36-4010-0-3-701	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	69	68	65	61
0102 Expense	-78	-62	-66	-62
0109 Net income or loss (-)	-9	6	-1	-1

Balance Sheet (in millions of dollars)

Identification code 36-4010-0-3-701	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
Investments in US securities:				
1102 Treasury securities, par	526	525	516	504
1106 Receivables, net	12	12	11	10
1206 Non-Federal assets: Receivables, net			1	1
1601 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Direct loans, gross	26	28	29	30
1999 Total assets	565	565	557	545
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	38	41	45	48
2206 Pension and other actuarial liabilities	516	508	496	482
2207 Other	2	2	2	2
2999 Total liabilities	557	551	543	532
NET POSITION:				
3100 Appropriated capital	498	492	481	465
3200 Invested capital	-489	-478	-467	-452
3999 Total net position	9	14	14	13
4999 Total liabilities and net position	566	565	557	545

Object Classification (in millions of dollars)

Identification code 36-4010-0-3-701	1996 actual	1997 est.	1998 est.
33.0 Investments and loans	7	7	7
42.0 Insurance claims and indemnities	37	42	44
43.0 Interest and dividends	34	34	30
99.9 Total obligations	78	83	81

SERVICEMEMBERS' GROUP LIFE INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 36-4009-0-3-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Premium payments	474	509	492
00.03 Payment to GOE account		1	1
10.00 Total obligations (object class 41.0)	474	510	493
Budgetary resources available for obligation:			
21.91 Unobligated balance available, start of year: U.S. Securities: Par value	15	7	1
22.00 New budget authority (gross)	467	504	492
23.90 Total budgetary resources available for obligation	482	511	493
23.95 New obligations	-474	-510	-493
24.91 Unobligated balance available, end of year: U.S. Securities: Par value	7	1	1
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	467	504	492
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
offsetting collections	4	3	3
73.10 New obligations	474	510	493
73.20 Total outlays (gross)	-476	-510	-492
74.40 Unpaid obligations, end of year: Obligated balance:			
offsetting collections	3	3	3
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	461	503	491
86.98 Outlays from permanent balances	15	7	1
87.00 Total outlays (gross)	476	510	492
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources: Withholdings from serviceman's pay	-467	-504	-492
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	8	6	

Budget program.—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.

Statement of Operations (in millions of dollars)

Identification code 36-4009-0-3-701	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	461	467	504	493
0102 Expense	-489	-475	-510	-493
0109 Net income or loss (-)	-28	-8	-6	

Credit accounts:

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

[GUARANTY AND INDEMNITY PROGRAM ACCOUNT]

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That during fiscal year 1998, within the resources available, not to exceed \$300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, [\$105,226,000] \$160,437,000, which may be transferred to and merged with the appropriation for "General

Credit accounts—Continued

[GUARANTY AND INDEMNITY PROGRAM ACCOUNT]—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

operating expenses". (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Unavailable Collections (in millions of dollars)

Identification code 36-0138-0-1-704	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year	263	169	918
Receipts:			
02.01 Guaranteed loan downward subsidy reestimate		789	
02.02 Direct loan downward subsidy reestimate		157	
02.99 Total receipts		946	
03.00 Offsetting Collections	169		
04.00 Total: Balances and collections	432	1,115	918
Appropriation:			
05.01 Veterans housing benefit fund	-263	-197	-192
05.99 Subtotal appropriation	-263	-197	-192
07.99 Total balance, end of year	169	918	726

Program and Financing (in millions of dollars)

Identification code 36-0138-0-1-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loan subsidy	30	49	50
00.02 Guaranteed loan subsidy	447	148	142
00.05 Reestimates of direct loan subsidy	63	73	
00.06 Interest on reestimates of the direct loan subsidy	13	12	
00.07 Reestimates of the guaranteed loan subsidy	238	74	
00.08 Interest on reestimates of the guaranteed loan subsidy	11	9	
00.09 Administrative expenses	118	139	160
10.00 Total obligations	920	504	352
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	920	504	352
23.95 New obligations	-920	-504	-352
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	118	139	160
40.25 Appropriation (special fund, indefinite)		197	192
43.00 Appropriation (total)	118	336	352
Permanent:			
60.05 Appropriation (indefinite)		168	
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) Total downward re-estimate	708		
68.26 Offsetting collections (unavailable balances)	263		
68.45 Portion not available for obligation (limitation on obligations)	-169		
68.90 Spending authority from offsetting collections (total)	802		
70.00 Total new budget authority (gross)	920	504	352
Change in unpaid obligations:			
73.10 New obligations	920	504	352
73.20 Total outlays (gross)	-920	-504	-352
Outlays (gross), detail:			
86.90 Outlays from new current authority	118	336	352
86.97 Outlays from new permanent authority	802	168	
87.00 Total outlays (gross)	920	504	352
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-708		
Net budget authority and outlays:			
89.00 Budget authority	212	504	352
90.00 Outlays	211	504	352

Summary of Budget Authority and Outlays

(in millions of dollars)

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	212	504	352
Outlays	212	504	352
Legislative proposal, subject to PAYGO:			
Budget Authority			-29
Outlays			-29
Total:			
Budget Authority	212	504	323
Outlays	212	504	323

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

Identification code 36-0138-0-1-704	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels	1,336	1,887	2,144
1159 Total direct loan levels	1,336	1,887	2,144
Direct loan subsidy (in percent):			
1320 Subsidy rate	1.76	2.61	2.36
1329 Weighted average subsidy rate	1.76	2.61	2.36
Direct loan subsidy budget authority:			
1330 Subsidy budget authority	29	49	50
1339 Total subsidy budget authority	29	49	50
Direct loan subsidy outlays:			
1340 Subsidy outlays	105	134	50
1349 Total subsidy outlays	105	134	50
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Loan guarantee levels	28,676	30,230	28,945
2159 Total loan guarantee levels	28,676	30,230	28,945
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	0.42	0.49	0.49
2329 Weighted average subsidy rate	0.42	0.49	0.49
Guaranteed loan subsidy budget authority:			
2330 Subsidy budget authority	697	231	142
2339 Total subsidy budget authority	697	231	142
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays	120	148	142
2349 Total subsidy outlays	120	148	142
Administrative expense data:			
3510 Budget authority	118	139	160
3590 Outlays	118	139	160

The Administration is proposing to consolidate all information on Loan Guaranty, Guaranty and Indemnity, and Direct Loan housing programs into a single housing fund called the Veterans Housing Benefit Program Fund (VHBPF). All current year and prior year data are presented on a comparable basis to the budget year in the single account. A legislative proposal is being submitted with this budget that supports this budget presentation. Beginning October 1, 1997, all appropriations and income received from Loan Guaranty, Guaranty and Indemnity, and Direct Loan housing accounts would be deposited in this new fund (except the portion specifically designated for the Native American Pilot Program). No program changes result as an effect of this presentation.

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

The following Federal guaranty protects lenders against 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 \$50,750 or 25 percent of the loan.

The Administration is proposing legislation which will make permanent three provisions of the Omnibus Budget Reconciliation Act of 1993 due to expire in 1998: (1) the loan origination fee increase of .75 percent; (2) the three-percent fee for multiple home loans with less than five percent down; and (3) the current law on resale losses on loans.

Object Classification (in millions of dollars)			
Identification code 36-0138-0-1-704	1996 actual	1997 est.	1998 est.
25.3 Purchases of goods and services from Government accounts	118	139	160
41.0 Grants, subsidies, and contributions	802	365	192
99.9 Total obligations	920	504	352

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-0138-4-1-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loan subsidy			-29
10.00 Total obligations (object class 41.0)			-29
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-29
23.95 New obligations			29
New budget authority (gross), detail:			
40.05 Appropriation (indefinite)			-29
Change in unpaid obligations:			
73.10 New obligations			-29
73.20 Total outlays (gross)			29
Outlays (gross), detail:			
86.90 Outlays from new current authority			-29
Net budget authority and outlays:			
89.00 Budget authority			-29
90.00 Outlays			-29

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

Identification code 36-0138-4-1-704	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1159 Total direct loan levels			
Direct loan subsidy (in percent):			
1320 Subsidy rate			-1.36
1329 Weighted average subsidy rate			-1.36
Direct loan subsidy budget authority:			
1330 Subsidy budget authority			-29
1339 Total subsidy budget authority			-29
Direct loan subsidy outlays:			
1340 Subsidy outlays			-29
1349 Total subsidy outlays			-29

Legislation will be proposed to increase the funding fees in the vendee loan program to 2.25 percent, matching the FHA fee structure. This program offers financing of VA real estate obtained as a result of property foreclosures and is available to both veteran and non-veteran purchasers.

Legislation will also be introduced to permanently extend loan asset sales enhancement authority. This allows VA to guarantee the certificates which securitize VA vendee loan sales. VA can then obtain the best pricing for these loans and receive a greater cash yield without any additional risk over previous loan sale procedures.

VETERANS HOUSING BENEFIT PROGRAM FUND DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4256-0-3-704	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.01 Direct loans	1,336	1,887	2,144	
00.02 Interest on Treasury borrowing	238	87	121	
00.04 Property sales expense	1	1	2	
00.05 Property improvement expense		1	1	
00.06 Property management/other expense	3	2		
00.07 Payment of downward reestimate to program account	113	120		
00.08 Payment of excess interest earned to program account	12	37		
10.00 Total obligations	1,703	2,135	2,268	
Budgetary resources available for obligation:				
22.00 New financing authority (gross)	1,703	2,135	2,268	
23.95 New obligations	-1,703	-2,135	-2,268	
New financing authority (gross), detail:				
67.15 Authority to borrow (indefinite)	1,356	1,911	2,093	
Spending authority from offsetting collections:				
68.00 Offsetting collections (cash)	1,512	1,449	1,860	
68.47 Portion applied to debt reduction	-1,165	-1,225	-1,685	
68.90 Spending authority from offsetting collections (total)	347	224	175	
70.00 Total new financing authority (gross)	1,703	2,135	2,268	
Change in unpaid obligations:				
72.90 Unpaid obligations, start of year: Obligated balance:				
	Obligated balance	7	5	6
73.10 New obligations	1,703	2,135	2,268	
73.20 Total financing disbursements (gross)	-1,705	-2,134	-2,268	
74.90 Unpaid obligations, end of year: Obligated balance:				
	Obligated balance	5	6	6
87.00 Total financing disbursements (gross)	1,705	2,134	2,268	
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.00 Federal sources: Payments from program account	-105	-134	-51	
Non-Federal sources:				
88.40 Repayments of principal	-17	-28	-37	
88.40 Interest received on loans	-48	-88	-115	
88.40 Fees	-11	-17	-20	
88.40 Interest from Treasury	-126			
88.40 Loan sale proceeds, net	-1,196	-1,110	-1,548	
88.40 Cash sale of properties	-2	-18	-27	
88.40 Other revenue	-7	-54	-62	
88.90 Total, offsetting collections (cash)	-1,512	-1,449	-1,860	
Net financing authority and financing disbursements:				
89.00 Financing authority	191	686	408	
90.00 Financing disbursements	193	685	408	

Status of Direct Loans (in millions of dollars)

Identification code 36-4256-0-3-704	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	1,336	1,887	2,144
1150 Total direct loan obligations	1,336	1,887	2,144
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	722	723	1,398

Credit accounts—Continued

**VETERANS HOUSING BENEFIT PROGRAM FUND DIRECT LOAN
FINANCING ACCOUNT—Continued**

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

Identification code 36-4256-0-3-704	1996 actual	1997 est.	1998 est.
1231 Disbursements: Direct loan disbursements	1,396	1,887	2,144
Repayments:			
1251 Repayments and prepayments	-62	-27	-37
1253 Proceeds from loan asset sales to the public with recourse	-1,196	-1,111	-1,549
1262 Adjustments: Discount on loan asset sales to the public or discounted	-38	-65	-92
Write-offs for default:			
1263 Direct loans	-9	-9	-17
1264 Other adjustments, net	-90		
1290 Outstanding, end of year	723	1,398	1,847

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 36-4256-0-3-704	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	1,018	954		
1206 Non-Federal assets: Receivables, net	18	29		
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	540	723	1,398	1,847
1404 Foreclosed property	6	58		
1499 Net present value of assets related to direct loans	546	781	1,398	1,847
1603 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Allowance for estimated uncollectible loans and interest (-)		15	28	38
1999 Total assets	1,582	1,779	1,426	1,885
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	7	5		
2104 Resources payable to Treasury	1,575	1,768	1,413	1,868
Non-Federal liabilities:				
2201 Accounts payable	7	7	13	17
2204 Liabilities for loan guarantees	-7	-1		
2999 Total liabilities	1,582	1,779	1,426	1,885
4999 Total liabilities and net position	1,582	1,779	1,426	1,885

**VETERANS HOUSING BENEFIT PROGRAM FUND DIRECT LOAN
FINANCING ACCOUNT**

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-4256-4-3-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.02 Interest on Treasury borrowing			-1
00.06 Payment to liquidating account for debt collection			126
10.00 Total obligations			125
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			125
23.95 New obligations			-125

New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)			156
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)			-42
68.47 Portion applied to debt reduction			11
68.90 Spending authority from offsetting collections (total)			-31
70.00 Total new financing authority (gross)			125

Change in unpaid obligations:			
73.10 New obligations			125
73.20 Total financing disbursements (gross)			-125
87.00 Total financing disbursements (gross)			125

Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Federal sources: Payments from program account			-29
88.00 Repayment from liquidating account for debt collection			43
Non-Federal sources:			
88.40 Fees			25
88.40 Loan sale proceeds, net			3
88.90 Total, offsetting collections (cash)			42

Net financing authority and financing disbursements:			
89.00 Financing authority			167
90.00 Financing disbursements			167

This schedule shows the effects of the Administration's proposal to repeal restrictions on collection of loan guaranty debts by Federal salary offset or Federal income tax refund offset.

Legislation will be proposed to increase the funding fees in the vendee loan program to 2.25 percent, matching the FHA fee structure. This program offers financing of VA real estate obtained as a result of property foreclosures and is available to both veteran and non-veteran purchasers.

Legislation will also be proposed to permanently extend loan asset sales enhancement authority. This allows VA to guarantee the certificates which securitize VA vendee loan sales. VA can then obtain the best pricing for these loans and receive a greater cash yield without any additional risk over previous loan sale procedures.

**VETERANS HOUSING BENEFIT PROGRAM FUND GUARANTEED LOAN
FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 36-4257-0-3-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Acquisition of homes	737	1,412	1,682
00.02 Losses on defaulted loans	215	309	385
00.03 Property sales expense	31	75	102
00.04 Property management expense	19	27	36
00.05 Property improvement expense	16	27	33
00.06 Loans acquired	84	86	88
00.07 Payment of downward reestimate to program account	462	684	
00.08 Payment of excess interest to program account	121	105	
10.00 Total obligations	1,685	2,725	2,326

Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	3,428	3,744	3,170
22.00 New financing authority (gross)	2,001	2,151	2,400
23.90 Total budgetary resources available for obligation	5,429	5,895	5,570
23.95 New obligations	-1,685	-2,725	-2,326
24.90 Unobligated balance available, end of year: Fund balance	3,744	3,170	3,244

New financing authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross):		
	Offsetting collections (cash)	2,001	2,151 2,400
Change in unpaid obligations:			
72.90	Unpaid obligations, start of year: Obligated balance:		
	Obligated balance	18	40 65
73.10	New obligations	1,685	2,725 2,326
73.20	Total financing disbursements (gross)	-1,663	-2,700 -2,336
74.90	Unpaid obligations, end of year: Obligated balance:		
	Obligated balance	40	65 56
87.00	Total financing disbursements (gross)	1,663	2,700 2,336
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00	Payments from program account	-697	-231 -142
88.00	Recoveries from direct loans conveyed to the direct loan financing account	-453	-958 -1,264
88.25	Interest on uninvested funds	-238	-173 -159
Non-Federal sources:			
88.40	Funding fees	-516	-572 -550
88.40	Cash sale of properties	-74	-205 -271
88.40	Other collections	-23	-12 -14
88.90	Total, offsetting collections (cash)	-2,001	-2,151 -2,400
Net financing authority and financing disbursements:			
89.00	Financing authority		
90.00	Financing disbursements	-338	549 -64

Status of Guaranteed Loans (in millions of dollars)

Identification code 36-4257-0-3-704	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111	Limitation on guaranteed loans made by private lenders		
2131	Guaranteed loan commitments exempt from limitation	28,676	30,230 28,948
2150	Total guaranteed loan commitments	28,676	30,230 28,948
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	121,310	130,031 138,044
2231	Disbursements of new guaranteed loans	28,676	30,230 28,948
2232	Guarantees of loans sold to the public with recourse	1,234	820 1,074
2251	Repayments and prepayments	-20,239	-21,694 -23,031
Adjustments:			
2261	Terminations for default that result in loans receivable	-84	309 385
2262	Terminations for default that result in acquisition of property	-737	-1,412 -109
2263	Terminations for default that result in claim payments	-214	-240 -269
2264	Other adjustments, net	85	
2290	Outstanding, end of year	130,031	138,044 145,042
Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	42,289	53,415 56,335
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	37	61 82
2331	Disbursements for guaranteed loan claims	237	309 385
2351	Repayments of loans receivable	-5	-8 -11
2361	Write-offs of loans receivable	-208	-280 -353
2390	Outstanding, end of year	61	82 103

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of guaranteed loans that resulted from commitments in any year). 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 36-4257-0-3-704	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	4,004	3,785 3,235	3,300
1206	Non-Federal assets: Receivables, net	38	61 52	53
Net value of assets related to post-1991 direct loans receivable:				
1403	Accounts receivable from foreclosed property	14		
1499	Net present value of assets related to direct loans	14		
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1504	Foreclosed property	194	415 445	472
1599	Net present value of assets related to defaulted guaranteed loans	194	415 445	472
1999	Total assets	4,250	4,261 3,732	3,825
LIABILITIES:				
2101	Federal liabilities: Accounts payable	33		
2204	Non-Federal liabilities: Liabilities for loan guarantees	4,217	4,261 3,732	3,825
2999	Total liabilities	4,250	4,261 3,732	3,825
4999	Total liabilities and net position	4,250	4,261 3,732	3,825

VETERANS HOUSING BENEFIT PROGRAM FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4258-0-3-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Capital investment:			
00.01	Acquisition of homes	608	675 565
00.02	Property improvements	24	26 21
00.04	Cash advances	12	9 7
00.05	Acquisition of defaulted guaranteed loans	66	64 62
00.91	Total capital investment	710	774 655
Operating expenses:			
01.01	Property management expense	39	39 36
01.02	Sales expense	52	54 50
01.03	Claims-Individual homes	216	203 170
01.04	Other expenses	33	32 31
01.91	Total operating expenses	340	328 287
02.93	Claims-Individual homes	1,050	1,102 942
10.00	Total obligations (object class 33.0)	1,050	1,102 942
Budgetary resources available for obligation:			
21.90	Unobligated balance available, start of year: Fund balance	842	192
22.00	New budget authority (gross)	1,204	1,174 1,078
22.40	Capital transfer to general fund	-804	-264 -136
23.90	Total budgetary resources available for obligation	1,242	1,102 942
23.95	New obligations	-1,050	-1,102 -942
24.90	Unobligated balance available, end of year: Fund balance	192	
New budget authority (gross), detail:			
68.00	Spending authority from offsetting collections (gross):		
	Offsetting collections (cash)	1,204	1,174 1,078
Change in unpaid obligations:			
72.90	Unpaid obligations, start of year: Obligated balance:		
	Fund balance	76	67 71
73.10	New obligations	1,050	1,102 942
73.20	Total outlays (gross)	-1,058	-1,099 -952
74.90	Unpaid obligations, end of year: Obligated balance:		
	Fund balance	67	71 60
Outlays (gross), detail:			
86.97	Outlays from new permanent authority	1,050	1,096 942

Credit accounts—Continued

VETERANS HOUSING BENEFIT PROGRAM FUND LIQUIDATING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-4258-0-3-704	1996 actual	1997 est.	1998 est.
86.98 Outlays from permanent balances	8	3	10
87.00 Total outlays (gross)	1,058	1,099	952
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal Sources: Payments from Direct Loan Financing Account	-873	-929	-870
Non-Federal sources:			
88.40 Loan and other repayments	-64	-51	-41
88.40 Loan sale proceeds, net	-31		
88.40 Sale of homes, cash	-121	-104	-97
88.40 Interest on loans	-63	-51	-41
88.40 Collection of claims (veteran indebtedness)	-48	-36	-27
88.40 Other revenue	-4	-3	-2
88.90 Total, offsetting collections (cash)	-1,204	-1,174	-1,078
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-146	-75	-126

Summary of Budget Authority and Outlays

(in millions of dollars)

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority			
Outlays	-146	-75	-126
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			-127
Total:			
Budget Authority			
Outlays	-146	-75	-253

Status of Direct Loans (in millions of dollars)

Identification code 36-4258-0-3-704	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	555	449	413
1231 Disbursements: Direct loan disbursements	38	31	28
Repayments:			
1251 Repayments and prepayments	-49	-40	-36
1253 Proceeds from loan asset sales to the public with recourse	-30	-24	-22
Adjustments:			
1261 Capitalized interest	5		
1262 Discount on loan asset sales to the public or discounted	-2	-1	-1
Write-offs for default:			
1263 Direct loans	-2	-2	-2
1264 Other adjustments, net	-66		
1290 Outstanding, end of year	449	413	380

Status of Guaranteed Loans (in millions of dollars)

Identification code 36-4258-0-3-704	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	32,345	24,731	18,659
2251 Repayments and prepayments	-6,793	-5,194	-3,919
Adjustments:			
2262 Terminations for default that result in acquisition of property	-608	-675	-565
2263 Terminations for default that result in claim payments	-216	-203	-170
2264 Other adjustments, net	3		
2290 Outstanding, end of year	24,731	18,659	14,005
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	13,886	10,476	7,864

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,518	1,350	1,206
2331 Disbursements for guaranteed loan claims	258	220	187
2351 Repayments of loans receivable	-87	-36	-27
2361 Write-offs of loans receivable	-339	-328	-141
2390 Outstanding, end of year	1,350	1,206	1,225

Statement of Operations (in millions of dollars)

Identification code 36-4258-0-3-704	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	563	869	695	556
0102 Expense	-446	-441	-353	-282
0109 Net income or loss (-)	117	428	342	274

Balance Sheet (in millions of dollars)

Identification code 36-4258-0-3-704	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	914	238	264	137
1207 Non-Federal assets: Advances and prepayments		1		
Net value of assets related to post-1991 direct loans receivable:				
1402 Interest receivable		7	51	41
1403 Accounts receivable from foreclosed property	890	463	203	170
1499 Net present value of assets related to direct loans	890	470	254	211
1706 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Foreclosed property	40			
Other Federal assets:				
1803 Property, plant and equipment, net	444	643	655	530
1901 Other assets	-84			
1999 Total assets	2,204	1,352	1,173	878
LIABILITIES:				
2101 Federal liabilities: Accounts payable	93	293	249	211
2207 Non-Federal liabilities: Other	747	76	66	50
2999 Total liabilities	840	369	315	261
NET POSITION:				
3200 Invested capital	1,284	1,106	941	799
3300 Cumulative results of operations	827	169	-83	-183
3500 Future funding requirements	-747	-292		
3999 Total net position	1,364	983	858	616
4999 Total liabilities and net position	2,204	1,352	1,173	877

VETERANS HOUSING BENEFIT PROGRAM FUND LIQUIDATING ACCOUNT

(Legislative proposals, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 36-4258-4-3-704	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Capital investment:			
00.04 Payment to DLFA due to debt collection			43
02.93 Claims-Individual Homes			43
10.00 Total obligations (object class 33.0)			43
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			170
22.40 Capital transfer to general fund			-126
23.90 Total budgetary resources available for obligation			44
23.95 New obligations			-43

New budget authority (gross), detail:

68.00	Spending authority from offsetting collections (gross):	
	Offsetting collections (cash)	170
<hr/>		
Change in unpaid obligations:		
72.90	Unpaid obligations, start of year: Obligated balance:	
	Fund balance	
73.10	New obligations	43
73.20	Total outlays (gross)	-43
74.90	Unpaid obligations, end of year: Obligated balance:	
	Fund balance	2
<hr/>		
Outlays (gross), detail:		
86.97	Outlays from new permanent authority	43
86.98	Outlays from permanent balances	
87.00	Total outlays (gross)	43
<hr/>		
Offsets:		
Against gross budget authority and outlays:		
Offsetting collections (cash) from:		
Non-Federal sources:		
88.40	Payment from DLFA due to debt collection	-127
88.40	Collection of claims (veteran indebtedness)	-43
88.90	Total, offsetting collections (cash)	-170
<hr/>		
Net budget authority and outlays:		
89.00	Budget authority	
90.00	Outlays	-127

This schedule shows the effects of the Administration's proposal to repeal restrictions on collection of loan guaranty debts. VA would be permitted to collect all loan guaranty debts by Federal salary offset or Federal income tax refund offset.

【LOAN GUARANTY PROGRAM ACCOUNT】

【(INCLUDING TRANSFER OF FUNDS)】

【For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.】

【In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$33,810,000, which may be transferred to and merged with the appropriation for "General operating expenses".】 (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

【LOAN GUARANTY DIRECT LOAN FINANCING ACCOUNT】

【DIRECT LOAN PROGRAM ACCOUNT】

【(INCLUDING TRANSFER OF FUNDS)】

【For the cost of direct loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended; *Provided further*, That during 1997, within the resources available, not to exceed \$300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.】

【In addition, for administrative expenses to carry out the direct loan program, \$80,000, which may be transferred to and merged with the appropriation for "General operating expenses".】 (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

MISCELLANEOUS VETERANS PROGRAMS LOAN FUND PROGRAM ACCOUNT

【NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT】

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, [\$205,000] \$515,000, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

【VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT】

【(INCLUDING TRANSFER OF FUNDS)】

For the cost of direct loans, [\$49,000] \$44,000, as authorized by 38 U.S.C. chapter 31, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed [\$2,822,000] \$2,278,000.

In addition, for administrative expenses necessary to carry out the direct loan program, [\$377,000] \$388,000, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

【EDUCATION LOAN FUND PROGRAM ACCOUNT】

【(INCLUDING TRANSFER OF FUNDS)】

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

In addition, for administrative expenses necessary to carry out the direct loan program, [\$195,000] \$200,000, which may be transferred to and merged with the appropriation for "General operating expenses". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-0140-0-3-702	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loan subsidy	1	1	1
00.09 Administrative expenses	1	1	1
10.00 Total obligations	2	2	2
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	4	3	2
22.00 New budget authority (gross)	1	1	1
23.90 Total budgetary resources available for obligation	5	4	3
23.95 New obligations	-2	-2	-2
24.40 Unobligated balance available, end of year:			
Uninvested balance	3	2	
New budget authority (gross), detail:			
40.00 Appropriation	1	1	1
Change in unpaid obligations:			
73.10 New obligations	2	2	2
73.20 Total outlays (gross)	-2	-2	-2
Outlays (gross), detail:			
86.90 Outlays from new current authority	1	1	1
86.93 Outlays from current balances	1	1	1
87.00 Total outlays (gross)	2	2	2
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays	1	2	2

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

Identification code 36-0140-0-3-702	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels, Vocational Rehabilitation	2	3	3
1150 Direct loan levels, Native American Housing	6	12	14
1159 Total direct loan levels	8	15	17
Direct loan subsidy (in percent):			
1320 Voc. Rehab. Loan Subsidy rate	2.78	2.03	1.94

Credit accounts—Continued

[EDUCATION LOAN FUND PROGRAM ACCOUNT]—Continued

[(INCLUDING TRANSFER OF FUNDS)]—Continued

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

Identification code 36-0140-0-3-702	1996 actual	1997 est.	1998 est.
1320 Education Loan Subsidy rate	0.00	42.94	34.11
1320 Native American Subsidy rate	7.72	7.72	7.72
1329 Weighted average subsidy rate	6.62	6.78	6.99
Direct loan subsidy budget authority:			
1330 Subsidy budget authority, Native American	1	1	1
1339 Total subsidy budget authority	1	1	1
Direct loan subsidy outlays:			
1340 Subsidy outlays, Native American	1	1	1
1349 Total subsidy outlays	1	1	1
Administrative expense data:			
3510 Budget authority	1	1	1
3590 Outlays	1	1	1

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

The Native American Veterans Housing Loan program provides direct loans to veterans living on trust lands under 38 U.S.C. chapter 37, section 3761. These loans are available to purchase, construct or improve homes to be occupied as the veteran's residence. The principal amount of a loan under this authority is generally limited to \$80,000, except in areas where housing costs are significantly higher than average costs nationwide. The Native American Veterans Housing Loan Program is a five-year pilot program beginning in 1993. This submission assumes the enactment of the proposal to extend the Native American Program for two additional years through 1999.

The Vocational Rehabilitation Loan Fund provides loans of up to \$815 (based on indexed Chapter 31 Subsistence allowance rate) to veterans enrolled in a program of vocational rehabilitation who are temporarily in need of additional funds to meet their expenses.

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

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

Object Classification (in millions of dollars)

Identification code 36-0140-0-3-702	1996 actual	1997 est.	1998 est.
25.3 Purchases of goods and services from Government accounts	1	1	1
41.0 Grants, subsidies, and contributions	1	1	1
99.9 Total obligations	2	2	2

MISCELLANEOUS VETERANS PROGRAMS LOAN FUND DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 36-4259-0-3-702	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans	8	15	17
00.02 Interest on Treasury borrowing	2	1	1
10.00 Total obligations	10	16	18
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	1	2	
22.00 New financing authority (gross)	11	16	19
23.90 Total budgetary resources available for obligation	12	18	19
23.95 New obligations	-10	-16	-18
24.40 Unobligated balance available, end of year:			
Uninvested balance	2		
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)	8	14	16
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	5	6	6
68.47 Portion applied to debt reduction	-2	-4	-4
68.90 Spending authority from offsetting collections (total)	3	2	2
70.00 Total new financing authority (gross)	11	16	18
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1	1	1
73.10 New obligations	10	16	18
73.20 Total financing disbursements (gross)	-10	-16	-19
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1	1	
87.00 Total financing disbursements (gross)	10	16	19
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources	-1	-1	-1
Non-Federal sources:			
88.40 Non-Federal sources	-2	-3	-2
88.40 Interest on loans	-1	-2	-3
88.40 Interest on uninvested funds	-1		
88.90 Total, offsetting collections (cash)	-5	-6	-6
Net financing authority and financing disbursements:			
89.00 Financing authority	6	10	13
90.00 Financing disbursements	5	10	13

Status of Direct Loans (in millions of dollars)

Identification code 36-4259-0-3-702	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	8	15	17
1150 Total direct loan obligations	8	15	17
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	7	13	26
1231 Disbursements: Direct loan disbursements	8	15	17
1251 Repayments: Repayments and prepayments	-3	-3	-2
1264 Write-offs for default: Other adjustments, net	1	1	
1290 Outstanding, end of year	13	26	41

Balance Sheet (in millions of dollars)

Identification code 36-4259-0-3-702	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	4	3	1	1
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	1	13	26	41
1499 Net present value of assets related to direct loans	1	13	26	41
1999 Total assets	5	16	27	42
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable				
2103 Debt	2	3	2	2
2104 Resources payable to Treasury			10	23
2203 Non-Federal liabilities: Debt	1	13		
2999 Total liabilities	3	16	12	25
NET POSITION:				
3100 Appropriated capital			14	17
3999 Total net position			14	17
4999 Total liabilities and net position	3	16	26	42

This account contains all information on the Native American Veterans Home Loan Fund, Vocational Rehabilitation Loan Program Education Loan Fund, and Transitional Housing Financing Account.

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.

MISCELLANEOUS VETERANS PROGRAMS LOAN FUND LIQUIDATING ACCOUNT

Status of Direct Loans (in millions of dollars)

Identification code 36-4260-0-3-702	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	3	3	2
1290 Outstanding, end of year	3	2	2

Balance Sheet (in millions of dollars)

Identification code 36-4260-0-3-702	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury		1		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	3	3	2	2
1603 Allowance for estimated uncollectible loans and interest (-)	-2	-2	-1	
1604 Direct loans and interest receivable, net	1	1	1	2
1699 Value of assets related to direct loans	1	1	1	2
1999 Total assets	1	2	1	2
NET POSITION:				
3100 Appropriated capital	8	1		
3300 Cumulative results of operations	-7	1	1	2
3999 Total net position	1	1	1	
4999 Total liabilities and net position	1	2	1	2

This account contains all information on the Vocational Rehabilitation Loan Program and Education Loan Fund on loans prior to 1992.

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 prior to 1992. All new activity in this program in 1992 and beyond is recorded in corresponding program and financing accounts.

WORKLOAD, AMOUNT LOANED AND REPAID

	1996 actual	1997 est.	1998 est.
Number of loans outstanding	3,142	2,700	2,340
Average amount per loan outstanding	\$831	\$849	\$855

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT

Unavailable Collections (in millions of dollars)

Identification code 36-8133-0-7-702	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year	64	64	64
Receipts:			
02.01 Deductions from military pay	4	4	
02.02 Contributions	12	15	11
02.99 Total receipts	16	19	11
04.00 Total: Balances and collections	80	83	75
Appropriation:			
05.01 Post-Vietnam era veterans education account	-16	-19	-11
05.99 Subtotal appropriation	-16	-19	-11
07.99 Total balance, end of year	64	64	64

Program and Financing (in millions of dollars)

Identification code 36-8133-0-7-702	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Payment to post-Vietnam era trainees	28	18	14
00.02 Payment to section 901 trainees	1	1	
00.03 Participant disenrollments	24	81	28
10.00 Total obligations	53	100	42

Budgetary resources available for obligation:

21.40 Unobligated balance available, start of year:			
Uninvested balance	226	189	108
22.00 New budget authority (gross)	16	19	11
23.90 Total budgetary resources available for obligation	242	208	108
23.95 New obligations	-53	-100	-42
24.40 Unobligated balance available, end of year:			
Uninvested balance	189	108	77

New budget authority (gross), detail:

60.27 Appropriation (trust fund, indefinite)	20	23	11
60.45 Portion precluded from obligation	-4	-4	
63.00 Appropriation (total)	16	19	11
70.00 Total new budget authority (gross)	16	19	11

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	-6	4	5
73.10 New obligations	53	100	42
73.20 Total outlays (gross)	-43	-99	-44
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	4	5	3

Outlays (gross), detail:

86.97 Outlays from new permanent authority	16	19	11
86.98 Outlays from permanent balances	27	80	33
87.00 Total outlays (gross)	43	99	44

Net budget authority and outlays:

89.00 Budget authority	16	19	11
90.00 Outlays	43	99	44

This account consists of voluntary contributions by eligible servicepersons and matching contributions provided by the

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT—Continued

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. The estimated activity in the fund follows:

CONTRIBUTIONS, PARTICIPANTS, DISENROLLMENTS, REFUNDS AND TRAINEES

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Total budget authority	\$15	\$19	\$11
Servicepersons	\$4	\$4	
Transferred from Department of Defense (bonus)		7	5
Transferred from Department of Defense (matching)	10	8	6
Transferred from Department of Defense (Section 901)	1	1	
Transferred from Department of Defense (Section 903)			
Total participants (end of year)	341,439	223,442	164,342
Total contributors (end of year)	3,611	4,300	
Average contribution per contributor (actual dollars)	\$1,028	\$1,028	
Number of disenrollments	14,150	117,997	59,100
Total refunds	\$24	\$81	\$28
Total trainees	14,002	9,154	6,778
Total trainee cost	\$28	\$18	\$14
Average cost per trainee (actual dollars)	\$1,994	\$1,994	\$1,994
Section 901 trainees	183	144	113
Section 901 trainee cost	\$1	\$1	

Object Classification (in millions of dollars)

Identification code 36-8133-0-7-702	1996 actual	1997 est.	1998 est.
41.0 Grants, subsidies, and contributions	29	19	14
44.0 Refunds	24	81	28
99.9 Total obligations	53	100	42

NATIONAL SERVICE LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-8132-0-7-701	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			30
Receipts:			
02.01 Premium and other receipts	236	256	216
02.02 Interest	1,050	1,002	965
02.03 Payments from general and special funds	2	2	2
02.99 Total receipts	1,288	1,260	1,183
04.00 Total: Balances and collections	1,288	1,260	1,213
Appropriation:			
05.01 National Service Life Insurance fund	-1,288	-1,230	-1,182
07.99 Total balance, end of year		30	31

Program and Financing (in millions of dollars)

Identification code 36-8132-0-7-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct:			
Operating expenses:			
00.01 Death claims	546	591	622
00.02 Disability claims	20	20	21
00.03 Matured endowments	25	20	13
00.04 Cash surrenders	24	15	20
00.05 Dividends	535	509	493
00.06 Interest paid on dividend credits and deposits	55	57	59
00.07 Payment to general operating expenses	19	20	22
00.91 Total operating expenses	1,224	1,232	1,250
Capital investment:			
02.01 Policy loans	132	128	131
02.93 Total direct obligations	1,356	1,360	1,381
Reimbursable program:			
03.01 Death claims	245	253	254

03.02 Disability claims	9	9	8
03.03 Matured endowments	11	9	6
03.04 Cash surrenders	11	7	8
03.05 Dividends	240	218	202
03.06 Interest paid on dividend credits and deposits	25	24	24
03.07 Payment to general operating expenses	9	8	9
03.91 Total reimbursable	550	528	511
10.00 Total obligations	1,906	1,888	1,892

Budgetary resources available for obligation:

21.91 Unobligated balance available, start of year: U.S. Securities: Par value	10,854	10,824	10,729
22.00 New budget authority (gross)	1,877	1,794	1,727
23.90 Total budgetary resources available for obligation	12,731	12,618	12,456
23.95 New obligations	-1,906	-1,888	-1,892
24.91 Unobligated balance available, end of year: U.S. Securities: Par value	10,824	10,729	10,564

New budget authority (gross), detail:

60.27 Appropriation (trust fund, indefinite)	1,288	1,230	1,182
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	589	564	545
70.00 Total new budget authority (gross)	1,877	1,794	1,727

Change in unpaid obligations:

Unpaid obligations, start of year:			
Obligated balance:			
72.40 Appropriation	10	5	5
72.41 U.S. Securities: Par value	1,101	1,183	1,185
72.99 Total unpaid obligations, start of year	1,111	1,188	1,190
73.10 New obligations	1,906	1,888	1,892
73.20 Total outlays (gross)	-1,829	-1,887	-1,849
Unpaid obligations, end of year:			
Obligated balance:			
74.40 Appropriation	5	5	5
74.41 U.S. Securities: Par value	1,183	1,185	1,228
74.99 Total unpaid obligations, end of year	1,188	1,190	1,233

Outlays (gross), detail:

86.97 Outlays from new permanent authority	589	564	545
86.98 Outlays from permanent balances	1,240	1,323	1,304
87.00 Total outlays (gross)	1,829	1,887	1,849

Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of loans	-126	-120	-122
88.40 Optional settlements	-7	-6	-5
88.40 Net income offsets adjustments	-456	-438	-418
88.90 Total, offsetting collections (cash)	-589	-564	-545

Net budget authority and outlays:

89.00 Budget authority	1,288	1,230	1,182
90.00 Outlays	1,240	1,323	1,304

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 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 (dollars in millions):

	1995 actual	1996 est.	1997 est.
Number of policies	2,120,348	2,019,328	1,913,028
Insurance in force	\$19,365	\$18,851	\$18,299

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 Treasury interest-bearing securities and in policy loans, are

expected to decrease from \$12,947 million as of September 30, 1997 to \$12,823 million as of September 30, 1998. The actuarial estimate of policy obligations as of September 30, 1998, total \$12,730 million, leaving a balance of \$93 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows (in millions of dollars):

Status of Funds (in millions of dollars)

Identification code 36-8132-0-7-701	1996 actual	1997 est.	1998 est.
Unexpended balance, start of year:			
0100 Uninvested balance [unavailable collections]	10	5	35
0101 U.S. Securities: Par value	11,954	12,007	11,914
0199 Total balance, start of year	11,964	12,012	11,949
Cash income during the year:			
Proprietary receipts:			
0220 NSLI fund, Premium and other receipts	236	256	216
Intragovernmental transactions:			
0240 NSLI fund, Interest	1,050	1,002	965
0241 NSLI fund, Payments from general and special funds	2	2	2
Offsetting collections:			
0289 Offsetting Collections	589	564	545
0299 Total cash income	1,877	1,824	1,728
Cash outgo during year:			
0500 National Service Life Insurance fund	-1,829	-1,887	-1,849
Unexpended balance, end of year:			
Uninvested balance:			
0700 Uninvested balance	5	5	5
0700 Unavailable Collections		30	31
0701 U.S. Securities: Par value	12,007	11,914	11,792
0799 Total balance, end of year	12,012	11,949	11,828

Object Classification (in millions of dollars)

Identification code 36-8132-0-7-701	1996 actual	1997 est.	1998 est.
Direct obligations:			
33.0 Investments and loans	91	90	93
42.0 Insurance claims and indemnities	616	648	677
43.0 Interest and dividends	610	586	577
99.0 Subtotal, direct obligations	1,317	1,324	1,347
99.0 Reimbursable obligations	589	564	545
99.9 Total obligations	1,906	1,888	1,892

UNITED STATES GOVERNMENT LIFE INSURANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 36-8150-0-7-701	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			
Receipts:			
02.01 Interest and profits on investments in public debt securities	7	7	6
Appropriation:			
05.01 United States government life insurance fund	-7	-7	-6
07.99 Total balance, end of year			

Program and Financing (in millions of dollars)

Identification code 36-8150-0-7-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.01 Death claims	8	7	7
00.03 Matured endowments	1	1	
00.05 Dividends	6	5	4
00.06 Interest paid on dividend credits and deposits	1	1	1
00.91 Total operating expenses	16	14	12
10.00 Total obligations	16	14	12

Budgetary resources available for obligation:

21.91 Unobligated balance available, start of year: U.S. Securities: Par value	87	79	72
22.00 New budget authority (gross)	9	8	7
23.90 Total budgetary resources available for obligation	96	87	79
23.95 New obligations	-16	-14	-12
24.91 Unobligated balance available, end of year: U.S. Securities: Par value	79	72	66

New budget authority (gross), detail:

60.27 Appropriation (trust fund, indefinite)	7	7	6
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	2	1	1
70.00 Total new budget authority (gross)	9	8	7

Change in unpaid obligations:

72.41 Unpaid obligations, start of year: Obligated balance: U.S. Securities: Par value	19	20	19
73.10 New obligations	16	14	12
73.20 Total outlays (gross)	-17	-15	-14
74.41 Unpaid obligations, end of year: Obligated balance: U.S. Securities: Par value	20	19	19

Outlays (gross), detail:

86.97 Outlays from new permanent authority	2	1	1
86.98 Outlays from permanent balances	15	14	13
87.00 Total outlays (gross)	17	15	14

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Repayments of loans	-2	-1	-1

Net budget authority and outlays:

89.00 Budget authority	7	7	6
90.00 Outlays	15	14	12

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 (dollars in millions):

	1996 actual	1997 est.	1998 est.
Number of policies	23,130	21,424	19,838
Insurance in force	\$77	\$71	\$65

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 since 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 \$98 million as of September 30, 1997, to \$91 million as of September 30, 1998, as an increasing number of policies mature through death or disability. The actuarial evaluation of policy obligations as of September 30, 1998, totals \$89 million, leaving a balance of \$2 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows (in millions of dollars):

Status of Funds (in millions of dollars)

Identification code 36-8150-0-7-701	1996 actual	1997 est.	1998 est.
Unexpended balance, start of year:			
0101 U.S. Securities: Par value	106	99	92
Cash income during the year:			
Intragovernmental transactions:			
0240 Interest and profits on investments in public debt securities, USGLI, VA	7	7	6
Offsetting collections:			
0289 Offsetting Collections	2	1	1

UNITED STATES GOVERNMENT LIFE INSURANCE FUND—Continued

Status of Funds (in millions of dollars)—Continued

Identification code 36-8150-0-7-701	1996 actual	1997 est.	1998 est.
0299 Total cash income	9	8	7
Cash outgo during year:			
0500 United States government life insurance fund	-17	-15	-14
Unexpended balance, end of year:			
0701 U.S. Securities: Par value	99	92	85

Object Classification (in millions of dollars)

Identification code 36-8150-0-7-701	1996 actual	1997 est.	1998 est.
42.0 Insurance claims and indemnities	10	9	8
43.0 Interest and dividends	6	5	4
99.9 Total obligations	16	14	12

VETERANS SPECIAL LIFE INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 36-8455-0-8-701	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.01 Death claims	43	49	53
00.02 Cash surrenders	5	5	4
00.03 Dividends	105	99	98
00.04 All other	48	58	61
00.05 Payment to general operating expenses account	4	4	5
00.91 Total operating expenses	205	215	221
01.01 Capital investment	24	25	25
10.00 Total obligations	229	240	246
Budgetary resources available for obligation:			
21.91 Unobligated balance available, start of year: U.S. Securities: Par value	1,397	1,412	1,415
22.00 New budget authority (gross)	244	243	241
23.90 Total budgetary resources available for obligation	1,641	1,655	1,656
23.95 New obligations	-229	-240	-246
24.91 Unobligated balance available, end of year: U.S. Securities: Par value	1,412	1,415	1,410
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	244	243	241
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
72.90 Fund balance	1	1	1
72.91 U.S. Securities: Par value	150	168	179
72.99 Total unpaid obligations, start of year	151	169	180
73.10 New obligations	229	240	246
73.20 Total outlays (gross)	-210	-229	-233
Unpaid obligations, end of year:			
Obligated balance:			
74.90 Fund balance	1	1	1
74.91 U.S. Securities: Par value	168	179	192
74.99 Total unpaid obligations, end of year	169	180	193
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	75	68	40
86.98 Outlays from permanent balances	135	161	193
87.00 Total outlays (gross)	210	229	233
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.20 Interest on U.S. securities	-147	-145	-144
Non-Federal sources:			
88.40 Interest on loans	-5	-6	-6
88.40 Insurance premiums earned	-75	-73	-71
88.40 Optional settlements	-2	-2	-2

88.40 Repayments of loans	-15	-17	-18
88.90 Total, offsetting collections (cash)	-244	-243	-241

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-34	-14	-8

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 (dollars in millions):

	1996 actual	1997 est.	1998 est.
Number of policies	256,330	249,600	242,870
Insurance in force	\$2,825	\$2,789	\$2,760

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

Operating results and financial condition.—Favorable mortality experience 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.

Statement of Operations (in millions of dollars)

Identification code 36-8455-0-8-701	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	228	231	229	225
0102 Expense	-226	-223	-229	-225
0109 Net income or loss (-)	2	8		

Balance Sheet (in millions of dollars)

Identification code 36-8455-0-8-701	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1	1	1	1
Investments in US securities:				
1102 Treasury securities, par	1,546	1,580	1,594	1,602
1106 Receivables, net	94	37	37	36
1206 Non-Federal assets: Receivables, net			3	3
1601 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Direct loans, gross	37	102	109	117
1999 Total assets	1,678	1,720	1,744	1,759
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	168	187	201	214
2206 Pension and other actuarial liabilities	1,465	1,481	1,491	1,493
2207 Other	20	19	19	18
2999 Total liabilities	1,652	1,687	1,711	1,725
NET POSITION:				
3100 Appropriated capital	1,397	1,412	1,415	1,410

3200	Invested capital	-1,370	-1,378	-1,382	-1,378
3999	Total net position	27	34	33	32
4999	Total liabilities and net position	1,680	1,721	1,744	1,757

Object Classification (in millions of dollars)

Identification code 36-8455-0-8-701	1996 actual	1997 est.	1998 est.
33.0 Investments and loans	24	25	25
42.0 Insurance claims and indemnities	85	100	105
43.0 Interest and dividends	120	115	116
99.9 Total obligations	229	240	246

CONSTRUCTION

Federal Funds

General and special funds:

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is [\$3,000,000] \$5,000,000 or more or where funds for a project were made available in a previous major project appropriation, [\$250,858,000, of which \$32,100,000 shall be for the replacement hospital at Travis Air Force Base, Fairfield, California, and shall not be released for obligation prior to January 1, 1998, unless action is taken by the Congress specifically making such funds available, and all funds appropriated under the above heading are] \$79,500,000, to remain available until expended: *Provided*, That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: *Provided further*, That funds provided in this appropriation for fiscal year [1997] 1998, for each approved project shall be obligated (1) by the awarding of a construction documents contract by September 30, [1997] 1998, and (2) by the awarding of a construction contract by September 30, [1998] 1999: *Provided further*, That the Secretary shall promptly report in writing to the Comptroller General and to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above; and the Comptroller General shall review the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93-344): *Provided further*, That no funds from any other account except the "Parking revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-0110-0-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Replacement and modernization	102	39	61
00.02 Nursing home care	1	1	.....
00.04 Research and education .....	.....	28	1
00.05 Outpatient improvements	123	96	49
00.06 Other improvements	72	135	88
00.07 National cemeteries	3	50	16
00.08 Replacement or renovation of regional offices	1	.....	.....
10.00 Total obligations	302	349	215

Budgetary resources available for obligation:

21.40	Unobligated balance available, start of year:			
	Uninvested balance	768	595	465
22.00	New budget authority (gross)	136	219	112
22.21	Unobligated balance transferred to other accounts	-7	.....	.....
23.90	Total budgetary resources available for obligation	897	814	577
23.95	New obligations	-302	-349	-215
24.40	Unobligated balance available, end of year:			
	Uninvested balance	595	465	362

New budget authority (gross), detail:

Current:				
40.00	Appropriation	136	219	80
Permanent:				
65.00	Advance appropriation (definite) .....	.....	.....	32
70.00	Total new budget authority (gross)	136	219	112

Change in unpaid obligations:

72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	826	650	681
73.10	New obligations	302	349	215
73.20	Total outlays (gross)	-478	-318	-238
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	650	681	656

Outlays (gross), detail:

86.90	Outlays from new current authority	2	10	3
86.93	Outlays from current balances	476	308	235
87.00	Total outlays (gross)	478	318	238

Net budget authority and outlays:

89.00	Budget authority	136	219	112
90.00	Outlays	478	318	238

The major construction request improves access to VA health care for thousands of veterans and expands VA's national cemetery system. Funds are requested for one seismic project at Memphis, TN. One new cemetery will be constructed at Cleveland, OH, with two existing cemeteries (Fort Sam Houston, TX, and the National Memorial Cemetery of Arizona) expanding their gravesites. Additional funds are provided to remove asbestos from Department-owned buildings, and to support advanced planning and design activities.

Budget Authority by Program Activity

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Replacement and modernization	33	.....	35
Research and Education .....	.....	16	.....
Outpatient and improvements	33	64	.....
Safety deficiencies	18	11	6
Patient environment	20	38	.....
General	28	44	11
Other departments	9	49	31
Advance appropriation provided under P.L. 104-208 .....	.....	.....	32
Design fund offset	-5	-3	-3
Total budget authority	136	219	112

Object Classification (in millions of dollars)

Identification code 36-0110-0-1-703	1996 actual	1997 est.	1998 est.
11.3 Personnel compensation: Other than full-time permanent	1	2	1
25.2 Other services	23	25	14
26.0 Supplies and materials	2	2	2
31.0 Equipment	3	4	3
32.0 Land and structures	273	316	195
99.9 Total obligations	302	349	215

Personnel Summary

Identification code 36-0110-0-1-703	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment	25	50	50

General and special funds—Continued

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, where the estimated cost of a project is less than **[\$3,000,000; \$175,000,000] \$5,000,000; \$166,300,000**, to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than **[\$3,000,000] \$5,000,000: Provided**, That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe, **[and]** (2) temporary measures necessary to prevent or to minimize further loss by such causes, **and** (3) *capital contribution payments under enhanced-use leases, authorized by subchapter V of Chapter 81 of title 38, United States Code. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*

Program and Financing (in millions of dollars)

Identification code 36-0111-0-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Nursing home care	14	4	12
00.02 Research and education	4	1	4
00.04 Other improvements	123	152	128
00.06 National cemeteries	12	19	14
00.07 Computer centers, additions and alterations	4	7	5
00.08 Replacement or renovation of regional offices	3	14	10
10.00 Total obligations	160	197	173
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	30	59	37
22.00 New budget authority (gross)	190	175	166
23.90 Total budgetary resources available for obligation	220	234	203
23.95 New obligations	-160	-197	-173
24.40 Unobligated balance available, end of year:			
Uninvested balance	59	37	30
New budget authority (gross), detail:			
40.00 Appropriation	190	175	166
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	157	171	195
73.10 New obligations	160	197	173
73.20 Total outlays (gross)	-147	-173	-175
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	171	195	193
Outlays (gross), detail:			
86.90 Outlays from new current authority	33	46	43
86.93 Outlays from current balances	114	127	132
87.00 Total outlays (gross)	147	173	175
Net budget authority and outlays:			
89.00 Budget authority	190	175	166
90.00 Outlays	147	173	175

The Construction, Minor Projects appropriation, which funds construction projects costing less than \$3 million, is used to reduce risks to patient life and safety, correct code deficiencies, and improve ambulatory care settings. Legislation is being proposed to increase the limit on minor construction projects from \$3 million to \$5 million.

Object Classification (in millions of dollars)

Identification code 36-0111-0-1-703	1996 actual	1997 est.	1998 est.
11.3 Personnel compensation: Other than full-time permanent	5	5	5
25.2 Other services	32	40	37
26.0 Supplies and materials	2	3	2
31.0 Equipment	2	5	4
32.0 Land and structures	119	144	125
99.9 Total obligations	160	197	173

Personnel Summary

Identification code 36-0111-0-1-703	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment	85	80	80

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131-8137, **[\$47,397,000] \$41,000,000**, to remain available until expended. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*

Program and Financing (in millions of dollars)

Identification code 36-0181-0-1-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Grants to States	47	47	41
10.00 Total obligations (object class 41.0)	47	47	41
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	47	47	41
23.95 New obligations	-47	-47	-41
New budget authority (gross), detail:			
40.00 Appropriation	47	47	41
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	134	124	127
73.10 New obligations	47	47	41
73.20 Total outlays (gross)	-57	-44	-47
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	124	127	121
Outlays (gross), detail:			
86.93 Outlays from current balances	57	44	47
Net budget authority and outlays:			
89.00 Budget authority	47	47	41
90.00 Outlays	57	44	47

In 1997, the Department plans to obligate \$47.4 million to assist seven States to acquire or construct State home facilities for furnishing domiciliary or nursing home care to veterans, and expand, remodel, or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, **[\$1,000,000] \$10,000,000**, to remain available until expended. *(Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*

Program and Financing (in millions of dollars)

Identification code 36-0183-0-1-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Grants to States	8	5	10
10.00 Total obligations (object class 41.0)	8	5	10
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	10	4	
22.00 New budget authority (gross)	1	1	10
23.90 Total budgetary resources available for obligation	11	5	10
23.95 New obligations	-8	-5	-10
24.40 Unobligated balance available, end of year:			
Uninvested balance	4		
New budget authority (gross), detail:			
40.00 Appropriation	1	1	10
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	9	14	16
73.10 New obligations	8	5	10
73.20 Total outlays (gross)	-2	-3	-2
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	14	16	24
Outlays (gross), detail:			
86.93 Outlays from current balances	2	3	2
Net budget authority and outlays:			
89.00 Budget authority	1	1	10
90.00 Outlays	2	3	2

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

Public enterprise funds:

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, [S12,300,000 together with] income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from "Medical care". (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-4538-0-3-703	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Operating expenses: Parking leases		2	2
01.01 Capital investment: parking construction program		14	
10.00 Total obligations		16	2
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	26	35	34
22.00 New budget authority (gross)	2	15	3
22.22 Unobligated balance transferred from other accounts	7		
23.90 Total budgetary resources available for obligation	35	50	37
23.95 New obligations		-16	-2
24.40 Unobligated balance available, end of year:			
Uninvested balance	35	34	35
New budget authority (gross), detail:			
Current:			
40.00 Appropriation		12	
Permanent:			
68.00 Spending authority from offsetting collections: Off-			
setting collections (cash)	2	3	3
70.00 Total new budget authority (gross)	2	15	3

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	24	8	9
73.10 New obligations		16	2
73.20 Total outlays (gross)	-16	-15	-12
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	8	9	

Outlays (gross), detail:

86.90 Outlays from new current authority			
86.93 Outlays from current balances	14	12	9
86.97 Outlays from new permanent authority	2	3	3
86.98 Outlays from permanent balances			
87.00 Total outlays (gross)	16	15	12

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal			
sources	-2	-3	-3

Net budget authority and outlays:

89.00 Budget authority		12	
90.00 Outlays	14	12	9

The Parking Revolving Fund provides funding for the construction and lease of parking facilities at various medical centers. Income from fees collected will be used for leases.

Object Classification (in millions of dollars)

Identification code 36-4538-0-3-703	1996 actual	1997 est.	1998 est.
23.2 Rental payments to others		2	2
32.0 Land and structures		14	
99.0 Subtotal, reimbursable obligations		16	2
99.9 Total obligations		16	2

PERSHING HALL REVOLVING FUND

Program and Financing (in millions of dollars)

Identification code 36-4018-0-3-705	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	1	1	1
23.95 New obligations			
24.40 Unobligated balance available, end of year:			
Uninvested balance	1	1	1
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1	1	1
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1	1	1
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

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

To facilitate account restructuring and consolidation, the Pershing Hall Revolving Fund also reflects budget information for the Nursing Home Revolving Fund and Grants to the Republic of the Philippines. The Nursing Home Revolving Fund provides for the construction, alteration, and acquisition (including site acquisition) of nursing home facilities and is available only as provided in appropriations acts. The Grants to the Republic of the Philippines previously provided for the effective care and treatment of U.S. veterans in the Veterans Memorial Medical Center (VMMC). However, with the

Public enterprise funds—Continued

PERSHING HALL REVOLVING FUND—Continued

suspension of U.S. veteran admission to the VMMC, the continuing appropriation of U.S. funds to maintain and upgrade the physical plant at this facility was discontinued.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; [\$827,584,000: *Provided*, That during fiscal year 1997, notwithstanding any other provision of law, the number of individuals employed by the Department of Veterans Affairs (1) in other than "career appointee" positions in the Senior Executive Service shall not exceed 6, and (2) in schedule C positions shall not exceed 11:] \$846,385,000: *Provided [further]*, That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act: *Provided further*, That funds under this heading shall be available for the conduct of medical examinations requested by the Veterans Benefits Administration in connection with claims for benefits under title 38, United States Code. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-0151-0-1-705	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
Direct program:				
Veterans benefits:				
00.02	Veterans assistance	56		
00.04	Compensation and Pensions	193	233	521
00.05	Education	25	43	69
00.06	Vocational rehabilitation and counseling	39	47	69
00.07	Support services	227	199	
00.08	Information Resources Management	117	103	
00.09	Insurance ¹	1	2	3
00.11	General administration	210	201	186
00.91	Subtotal, direct program ²	868	828	848
Reimbursable program:				
01.01	Administration of housing programs	80	134	160
01.02	Administration of insurance programs ¹	32	32	36
01.03	Other	130	105	116
01.91	Subtotal, reimbursable program	242	271	312
10.00	Total obligations	1,110	1,099	1,160
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	26		
22.00	New budget authority (gross)	1,091	1,099	1,160
22.30	Unobligated balance expiring ³	-7		
23.90	Total budgetary resources available for obligation	1,110	1,099	1,160
23.95	New obligations	-1,110	-1,099	-1,160
24.40	Unobligated balance available, end of year:			
	Uninvested balance			
New budget authority (gross), detail:				
Current:				
40.00	Appropriation	847	828	847
Permanent:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash) ⁴	244	271	313
70.00	Total new budget authority (gross)	1,091	1,099	1,160
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	125	128	83
73.10	New obligations	1,110	1,099	1,160
73.20	Total outlays (gross)	-1,105	-1,144	-1,158

73.40	Adjustments in expired accounts	-2		
74.00	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	128	83	85
Outlays (gross), detail:				
86.90	Outlays from new current authority	736	745	762
86.93	Outlays from current balances	125	128	83
86.97	Outlays from new permanent authority	244	271	313
86.98	Outlays from permanent balances			
87.00	Total outlays (gross)	1,105	1,144	1,158
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-244	-271	-313
Net budget authority and outlays:				
89.00	Budget authority	847	828	847
90.00	Outlays	861	873	845

¹ The total cost of administering veterans insurance programs is funded through direct appropriations and reimbursements from the insurance trust fund.
² The program activity distribution beginning in 1996 reflects the first phase of an initiative to shift all VBA administrative and support costs to the five business lines (Compensation and Pensions, Education, Loan Guaranty, Vocational Rehabilitation and Insurance). The complete initiative is reflected in the 1998 budget numbers.
³ After VA closed and reported its financial data for Fiscal Year 1996, it was determined that reimbursements to the General Operating Expenses account were overstated by \$5.4 million in Fiscal Year 1996. As a result, the \$6.7 million end of year unobligated balance reported as expiring is overstated. The true lapse of budgetary resources is approximately \$1.3 million. This accounting error will be corrected in Fiscal Year 1997.
⁴ Due to the \$5.4 million in overstated reimbursements explained in footnote 2, \$2.7 million was recorded above the actual spending authority from collections in FY 1996. This was recorded as over-collected and unavailable for obligation on the VA's year end financial reports.

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

Veterans benefits.—Determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards. A summary of VBA's program objectives and anticipated workload is included in the following paragraphs along with additional performance information for the compensation and pensions and loan guaranty programs. The measures for these programs address performance in the areas of: timeliness and accuracy.

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

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Compensation and Pension Summary:					
Average days to complete claim:					
Original compensation	213	161	144	118	106
Original pension	123	98	85	71	71
Original death pension	65	50	45	24	20
Original survivor compensation	111	92	75	66	73
Accuracy rate for:					
Original claims	N/A	N/A	90%	91%	92%
Reopened from disallowance and new compensation claims	N/A	N/A	93%	94%	95%
Appeals and hearings	N/A	N/A	97%	97%	97%
Original and reopened/new pension claims	N/A	N/A	92%	93%	94%

WORKLOAD

	[in thousands]				
	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Compensation and Pension:					
Original and reopened compensation	438	518	497	481	473
Original and reopened pension	253	196	172	167	171

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

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Education Summary:					
Montgomery GI Bill usage rate *	34.1%	34.7%	36.7%	37.3%	41.9%
Payment accuracy	93.3%	92.8%	94.0%	94.0%	94.0%
Service accuracy	82.7%	79.7%	82.0%	82.0%	82.5%
Average days to complete	14	15	20	24	33

* Veterans have 10 years to use education benefits. The low usage rate may reflect a delay in beginning the program.

WORKLOAD

[In thousands]

	1996 actual	1997 est.	1998 est.
Education:			
Original claims	152	154	161
Adjustments/supplemental claims	1,061	1,086	1,132

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

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Loan Guaranty Summary:					
Property inventory level	10,973	9,319	8,624	12,866	13,644
Loan guaranties issued	602,244	263,125	320,776	300,000	280,000
Service to veterans:					
Customer satisfaction	93%	94%	96%	93%	92%
Loan processing expectations	83%	87%	85%	87%	85%
Service to lenders:					
Lender satisfaction	N/A	68%	67%	69%	68%
Foreclosure avoidance through servicing (FATS) ratio	33.1	37.3	42.8	39.0	37.0
Cost per loan guaranty issued	N/A	\$147	\$108	\$248	\$289

OTHER WORKLOAD

[In thousands]

	1996 actual	1997 est.	1998 est.
Loan guaranty:			
Construction and valuation	387	359	334
Loan processing	847	787	732
Loan service and claims	438	462	530
Property management	48	53	58

Vocational rehabilitation and counseling.—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.

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
Vocational Rehabilitation and Counseling Summary:					
Percent not participating in or completing an evaluation	40%	35%	29%	31%	34%
Rehabilitation effectiveness rate	78%	85%	87%	87%	86%

WORKLOAD

[In thousands]

	1996 actual	1997 est.	1998 est.
Vocational rehabilitation and counseling:			
Evaluation and planning	54	53	51
Rehabilitation services	52	51	47
Employment services status	9	9	9
Interrupted status	17	17	18
Vocational/educational counseling	16	16	14

Insurance.—Provides life insurance protection for servicepersons and veterans. The VA administers five life insurance programs and supervises three others through contractual agreements with commercial companies.

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
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Insurance Summary:

	1994	1995	1996	1997	1998
Average days to pay disbursements	4.4	4.1	4.2	4.2	4.2
Percentage of disbursements paid accurately	99.3%	99.1%	99.0%	98.8%	98.8%

WORKLOAD

[In thousands]

	1996 actual	1997 est.	1998 est.
Insurance:			
Policy service actions	1,532	1,486	1,429
Collections	3,893	3,716	3,542
Disability claims	45	42	39
Insurance awards	538	631	637

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

Object Classification (in millions of dollars)

Identification code 36-0151-0-1-705	1996 actual	1997 est.	1998 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	482	466	444
11.5 Other personnel compensation	10	7	13
11.9 Total personnel compensation	492	473	457
12.1 Civilian personnel benefits	101	102	95
13.0 Benefits for former personnel	1	15	
Travel and transportation of persons:			
21.0 Employee travel	7	9	8
21.0 Interagency motor pool payments	2	2	2
22.0 Transportation of things	2	2	2
23.1 Rental payments to GSA	80	82	77
23.2 Rental payments to others	8	6	7
23.3 Communications, utilities, and miscellaneous charges	36	38	34
24.0 Printing and reproduction	4	5	5
25.2 Other services	72	73	149
26.0 Supplies and materials	18	8	8
31.0 Equipment	45	13	3
99.0 Subtotal, direct obligations	868	828	847
99.0 Reimbursable obligations	242	271	313
99.9 Total obligations	1,110	1,099	1,160

Personnel Summary

Identification code 36-0151-0-1-705	1996 actual	1997 est.	1998 est.
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	11,797	11,088	10,207
1005 Full-time equivalent of overtime and holiday hours	143	37	61
Reimbursable:			
Total compensable workyears:¹			
2001 Full-time equivalent employment	3,547	3,245	3,488
2005 Full-time equivalent of overtime and holiday hours	142	43	36

¹ 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, [\$30,900,000] \$31,013,000. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0170-0-1-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.10 Direct program	31	31	31
01.01 Reimbursable program	1	1	1
10.00 Total obligations	32	32	32
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	32	32	32

OFFICE OF INSPECTOR GENERAL—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 36-0170-0-1-705	1996 actual	1997 est.	1998 est.
23.95 New obligations	-32	-32	-32
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	31	31	31
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	1	1
70.00 Total new budget authority (gross)	32	32	32
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	3	5	3
73.10 New obligations	32	32	32
73.20 Total outlays (gross)	-30	-35	-32
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	5	3	3
Outlays (gross), detail:			
86.90 Outlays from new current authority	26	29	29
86.93 Outlays from current balances	3	5	2
86.97 Outlays from new permanent authority	1	1	1
87.00 Total outlays (gross)	30	35	32
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-1	-1	-1
Net budget authority and outlays:			
89.00 Budget authority	31	31	31
90.00 Outlays	29	34	31

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

Object Classification (in millions of dollars)

Identification code 36-0170-0-1-705	1996 actual	1997 est.	1998 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	22	22	22
12.1 Civilian personnel benefits	4	5	4
21.0 Travel and transportation of persons	2	1	2
23.1 Rental payments to GSA	2	2	2
25.2 Other services	1	1	1
99.0 Subtotal, direct obligations	31	31	31
99.0 Reimbursable obligations	1	1	1
99.9 Total obligations	32	32	32

Personnel Summary

Identification code 36-0170-0-1-705	1996 actual	1997 est.	1998 est.
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	348	332	318
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	17	17	17

NATIONAL CEMETERY SYSTEM

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of [two] three passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, [\$76,864,000] \$84,183,000. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 36-0129-0-1-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.10 Direct obligations	73	77	84
10.00 Total obligations	73	77	84
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	73	77	84
23.95 New obligations	-73	-77	-84
New budget authority (gross), detail:			
40.00 Appropriation	73	77	84
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	10	12	13
73.10 New obligations	73	77	84
73.20 Total outlays (gross)	-71	-76	-84
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	12	13	14
Outlays (gross), detail:			
86.90 Outlays from new current authority	63	69	76
86.93 Outlays from current balances	8	7	8
87.00 Total outlays (gross)	71	76	84
Net budget authority and outlays:			
89.00 Budget authority	73	77	84
90.00 Outlays	71	76	84

PERFORMANCE MEASURES

	1994 actual	1995 actual	1996 actual	1997 projected	1998 projected
National Cemetery System Summary:					
Veteran population served by the existence of a burial option within a reasonable distance of place of residence					
	65.2	65.2	65.4	66.8	69.2
Percentage of survey respondents who rate the quality of service provided by the national cemeteries as excellent					
	N/A	N/A	81	84	87
Percentage of survey respondents who rate cemetery appearance as excellent					
	N/A	N/A	73	75	80
Interments performed:					
Full-casket	68,636	70,557	71,786	73,600	76,900
In-ground cremain	50,354	50,758	51,552	51,700	53,100
Columbaria niches	16,782	16,703	16,720	18,400	20,000
Requests for interment taken by hub cemeteries on weekends	1,500	3,096	3,514	3,500	3,800
Requests for interment taken on weekends that result in final arrangements in the ensuing week	5,528	5,755	5,239	5,650	5,700
Headstone/marker applications processed	90.0%	90.0%	92.5%	90.0%	90.0%
New headstones/markers ordered	315,383	301,657	327,284	345,000	351,000
Occupied graves maintained:	300,754	284,786	319,758	326,000	332,000
In-ground	2,039,379	2,091,683	2,147,739	2,199,100	2,255,400
Columbaria niches	2,020,946	2,070,673	2,123,573	2,173,100	2,226,600
Developed acres maintained	18,433	21,010	24,166	26,000	28,800
	5,355	5,410	5,630	5,819	6,064

The vision of the National Cemetery System is to provide a lasting tribute to our Nation's veterans. Its mission is to serve the Nation's veterans by meeting their final needs with compassion and dignity. There are four related programs managed by the National Cemetery System including: to bury eligible veterans and family members in national cemeteries

and maintain the graves and their environs as national shrines; to provide aid to States in establishing, expanding, or improving State veteran cemeteries; to provide headstones and markers for the graves of eligible persons in national, State, and private cemeteries; and to provide certificates to family and friends of deceased veterans, recognizing the veteran's contribution and service to the Nation.

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

Object Classification (in millions of dollars)

Identification code 36-0129-0-1-705	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent	36	38	40
11.3 Other than full-time permanent	6	6	7
11.9 Total personnel compensation	42	44	47
12.1 Civilian personnel benefits	11	12	13
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA	1	1	1
23.3 Communications, utilities, and miscellaneous charges	4	4	4
25.2 Other services	6	7	8
26.0 Supplies and materials	5	5	6
31.0 Equipment	3	3	4
99.9 Total obligations	73	77	84

Personnel Summary

Identification code 36-0129-0-1-705	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment	1,287	1,323	1,375

Intragovernmental funds:

SUPPLY FUND

Program and Financing (in millions of dollars)

Identification code 36-4537-0-4-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
Procurement, distribution, and services program:			
00.01 Cost of goods sold	418	530	553
00.02 Other	36	41	44
Publication and reproduction program:			
00.03 Cost of goods sold	5	8	9
00.04 Other	5	1	2
00.91 Total operating expenses	464	580	608
Capital investment:			
01.01 Procurement, distribution, and services program: Purchase of equipment	53	3	2
10.00 Total obligations	517	583	610
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	62	58	58
22.00 New budget authority (gross)	513	583	607
23.90 Total budgetary resources available for obligation	575	641	665
23.95 New obligations	-517	-583	-610
24.90 Unobligated balance available, end of year: Fund balance	58	58	55
New budget authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	488	583	610
68.10 Change in orders on hand from Federal sources	25		-3

68.90	Spending authority from offsetting collections (total)	513	583	607
70.00	Total new budget authority (gross)	513	583	607
Change in unpaid obligations:				
Unpaid obligations, start of year:				
72.90	Obligated balance: Fund balance	40	57	57
72.95	Orders on hand from Federal sources	179	204	204
72.99	Total unpaid obligations, start of year	219	261	261
73.10	New obligations	517	583	610
73.20	Total outlays (gross)	-474	-583	-610
Unpaid obligations, end of year:				
74.90	Obligated balance: Fund balance	57	57	59
74.95	Orders on hand from Federal sources	204	204	201
74.99	Total unpaid obligations, end of year	261	261	260
Outlays (gross), detail:				
86.97	Outlays from new permanent authority	513	583	607
86.98	Outlays from permanent balances	-39		3
87.00	Total outlays (gross)	474	583	610
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-488	-583	-610
88.95	Change in orders on hand from Federal sources	-25		3
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	-14		

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 publications depot; (5) a service and reclamation program; (6) a national prosthetics distribution center; and (7) 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.

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 1998, Supply Fund sales are estimated to reach \$560.0 million. Average inventory needed to support those sales will be \$35.0 million.

Operating results.—The Fund operated at a profit of \$16.0 million in 1996. The new total of retained earnings is \$50.0 million, which has been used to finance inventory growth. Operating expense as related to sales was 11.2 percent.

Object Classification (in millions of dollars)

Identification code 36-4537-0-4-705	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent	18	20	20
11.5 Other personnel compensation	1	1	1
11.9 Total personnel compensation	19	21	21
12.1 Civilian personnel benefits	3	4	4
21.0 Travel and transportation of persons	2	2	2
22.0 Transportation of things	2	2	2
23.1 Rental payments to GSA	2	1	1
23.3 Communications, utilities, and miscellaneous charges	1	2	2
24.0 Printing and reproduction	5	8	9
25.1 Advisory and assistance services	7	7	9
26.0 Supplies and materials	257	295	309
31.0 Equipment	218	240	251
99.0 Subtotal, reimbursable obligations	516	582	610
99.5 Below reporting threshold	1	1	
99.9 Total obligations	517	583	610

Intragovernmental funds—Continued
SUPPLY FUND—Continued

Personnel Summary

Identification code 36-4537-0-4-705	1996 actual	1997 est.	1998 est.
Total compensable workyears:			
2001 Full-time equivalent employment	378	406	399
2005 Full-time equivalent of overtime and holiday hours	5	5	5

FRANCHISE FUND
 (INCLUDING TRANSFER OF FUNDS)

[There is hereby established in the Treasury a franchise fund pilot, as authorized by section 403 of Public Law 103-356, to be available as provided in such section for expenses and equipment necessary for the maintenance and operation of such administrative services as the Secretary determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment and other assets pertaining to the services to be provided by the franchise fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize the franchise fund: *Provided further*, That the franchise fund may be paid in advance from funds available to the Department and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: *Provided further*, That the franchise fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed four percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Departmental financial management, ADP, and other support systems: *Provided further*, That no later than thirty days after the end of each fiscal year amounts in excess of this reserve limitation shall be transferred to the Treasury: *Provided further*, That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103-356.] (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 36-4539-0-4-705	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations		50	64
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		50	64
23.95 New obligations		-50	-64
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)		50	64
Change in unpaid obligations:			
73.10 New obligations		50	64
73.20 Total outlays (gross)		-50	-64
Outlays (gross), detail:			
86.97 Outlays from new permanent authority		50	64
Offsets:			
88.00 Against gross budget authority and outlays:			
Offsetting collections (cash) from: Federal sources		-50	-64
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

The VA was chosen as a pilot Franchise Fund agency under P.L. 103-356, the Government Management and Reform Act

of 1994. Established in FY 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Operating Expenses Appropriation. The VA's Franchise Fund is a revolving fund used to supply common administrative services on the basis of services supplied. Service Activities are expected to have net billings of about \$63.5 million and employ 659 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	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Full-time permanent		21	27
12.1 Civilian personnel benefits		3	4
21.0 Travel and transportation of persons		2	3
23.1 Rental payments to GSA		2	3
23.3 Communications, utilities, and miscellaneous charges		18	22
25.2 Other services		3	4
26.0 Supplies and materials		1	1
99.0 Subtotal, reimbursable obligations		50	64
99.9 Total obligations		50	64

Personnel Summary

Identification code 36-4539-0-4-705	1996 actual	1997 est.	1998 est.
2001 Total compensable workyears: Full-time equivalent employment		453	659

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	1996 actual	1997 est.	1998 est.
Offsetting receipts from the public:			
36-243100 Fees and other charges for medical services, VA	465	437	415
Legislative proposal, not subject to PAYGO			415
Legislative proposal, subject to PAYGO			-415
36-247300 Contributions from military personnel, Veteran's Educational Assistance Act of 1984	148	326	247
General Fund Offsetting receipts from the public	613	763	662

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for [1997] 1998 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for [1997] 1998 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

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

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

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year [1997] 1998 for ["Compensation and pensions"], "Compensation," "Pensions," "Burial Benefits and Miscellaneous Assistance," "Readjustment benefits", and "Veterans insurance and indemnities" shall be available for payment of prior year accrued

obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year [1996] 1997.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year [1997] 1998 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".

SEC. 107. Notwithstanding any other provision of law, during fiscal year [1997] 1998, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the "General operating expenses" account for the cost of administration of the insurance programs financed through those accounts: *Provided*, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year [1997] 1998, 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 [1997] 1998, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

[SEC. 108. (a) The Secretary of Veterans Affairs may convey, without consideration, to the City of Tuscaloosa, Alabama (in this section referred to as the "City"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the northwest quarter of section 28, township 21 south, range 9 west, of Tuscaloosa County, Alabama, comprising a portion of the grounds of the Department of Veterans Affairs medical center, Tuscaloosa, Alabama, and consisting of approximately 9.42 acres, more or less.

(b) The conveyance under subsection (a) shall be subject to the condition that the City use the real property conveyed under that subsection in perpetuity solely for public park or recreational purposes.

(c) The exact acreage and legal description of the real property to be conveyed pursuant to this section shall be determined by a survey satisfactory to the Secretary of Veterans Affairs. The cost of such survey shall be borne by the City.

(d) The Secretary of Veterans Affairs may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.] (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

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 therefore 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; 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 therefore set forth in the estimates in the same proportion.

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 Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1831).

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

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

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

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

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

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any 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 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 shall 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 twenty-four 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, in writing, a report to the Committees on Appropriations of the Congress and a period of 30 days has expired following the date on which the report is received by the Committees on Appropriations.

SEC. 415. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—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) NOTICE REQUIREMENT.—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 [1997] 1998 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. Such funds as may be necessary to carry out the orderly termination of the Office of Consumer Affairs shall be made available from funds appropriated to the Department of Health and Human Services for fiscal year 1997.]

SEC. [420] 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 the Act as may be necessary in carrying out the programs set forth in the budget for [1997] 1998 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. 421. (a) The purpose of this section is to provide for the special needs of certain children of Vietnam veterans who were born with the birth defect spina bifida, possibly as the result of the exposure of one or both parents to herbicides during active service in the Republic of Vietnam during the Vietnam era, through the provision of health care and monetary benefits.

(b)(1) Part II of title 38, United States Code, is amended by inserting after chapter 17 the following new chapter:

“CHAPTER 18—BENEFITS FOR CHILDREN OF VIETNAM VETERANS WHO ARE BORN WITH SPINA BIFIDA

“SEC.

“1801. DEFINITIONS.

“1802. SPINA BIFIDA CONDITIONS COVERED.

“1803. HEALTH CARE.

“1804. VOCATIONAL TRAINING AND REHABILITATION.

“1805. MONETARY ALLOWANCE.

“1806. EFFECTIVE DATE OF AWARDS.

“SEC. 1801. DEFINITIONS

“For the purposes of this chapter—

“(1) The term ‘child’, with respect to a Vietnam veteran, means a natural child of the Vietnam veteran, regardless of age or marital status, who was conceived after the date on which the veteran first entered the Republic of Vietnam during the Vietnam era.

“(2) The term ‘Vietnam veteran’ means a veteran who performed active military, naval, or air service in the Republic of Vietnam during the Vietnam era.

“SEC. 1802. SPINA BIFIDA CONDITIONS COVERED

“This chapter applies with respect to all forms and manifestations of spina bifida except spina bifida occulta.

“SEC. 1803. HEALTH CARE

“(a) In accordance with regulations which the Secretary shall prescribe, the Secretary shall provide a child of a Vietnam veteran who is suffering from spina bifida with such health care as the Secretary determines is needed by the child for the spina bifida or any disability that is associated with such condition.

“(b) The Secretary may provide health care under this section directly or by contract or other arrangement with any health care provider.

“(c) For the purposes of this section—

“(1) The term ‘health care’—

“(A) means home care, hospital care, nursing home care, outpatient care, preventive care, habilitative and rehabilitative care, case management, and respite care; and

“(B) includes—

“(i) the training of appropriate members of a child’s family or household in the care of the child; and

“(ii) the provision of such pharmaceuticals, supplies, equipment, devices, appliances, assistive technology, direct transportation costs to and from approved sources of health care, and other materials as the Secretary determines necessary.

“(2) The term ‘health care provider’ includes specialized spina bifida clinics, health care plans, insurers, organizations, institutions, and any other entity or individual who furnishes health care that the Secretary determines authorized under this section.

“(3) The term ‘home care’ means outpatient care, habilitative and rehabilitative care, preventive health services, and health-related services furnished to an individual in the individual’s home or other place of residence.

“(4) The term ‘hospital care’ means care and treatment for a disability furnished to an individual who has been admitted to a hospital as a patient.

“(5) The term ‘nursing home care’ means care and treatment for a disability furnished to an individual who has been admitted to a nursing home as a resident.

“(6) The term ‘outpatient care’ means care and treatment of a disability, and preventive health services, furnished to an individual other than hospital care or nursing home care.

“(7) The term ‘preventive care’ means care and treatment furnished to prevent disability or illness, including periodic examinations, immunizations, patient health education, and such other services as the Secretary determines necessary to provide effective and economical preventive health care.

“(8) The term ‘habilitative and rehabilitative care’ means such professional, counseling, and guidance services and treatment programs (other than vocational training under section 1804 of this title) as are necessary to develop, maintain, or restore, to the maximum extent practicable, the functioning of a disabled person.

“(9) The term ‘respite care’ means care furnished on an intermittent basis for a limited period to an individual who resides primarily in a private residence when such care will help the individual to continue residing in such private residence.

“SEC. 1804. VOCATIONAL TRAINING AND REHABILITATION

“(a) Pursuant to such regulations as the Secretary may prescribe, the Secretary may provide vocational training under this section to a child of a Vietnam veteran who is suffering from spina bifida if the Secretary determines that the achievement of a vocational goal by such child is reasonably feasible.

“(b) Any program of vocational training for a child under this section shall be designed in consultation with the child in order to meet the child’s individual needs and shall be set forth in an individualized written plan of vocational rehabilitation.

“(c)(1) A vocational training program for a child under this section—

“(A) shall consist of such vocationally oriented services and assistance, including such placement and post-placement services and personal and work adjustment training, as the Secretary determines are necessary to enable the child to prepare for and participate in vocational training or employment; and

“(B) may include a program of education at an institution of higher education if the Secretary determines that the program of education is predominantly vocational in content.

“(2) A vocational training program under this subsection may not include the provision of any loan or subsistence allowance or any automobile adaptive equipment.

“(d)(1) Except as provided in paragraph (2) and subject to subsection (e)(2), a vocational training program under this section may not exceed 24 months.

“(2) The Secretary may grant an extension of a vocational training program for a child under this section for up to 24 additional months if the Secretary determines that the extension is necessary in order for the child to achieve a vocational goal identified (before the end of the first 24 months of such program) in the written plan of vocational rehabilitation formulated for the child pursuant to subsection (b).

“(e)(1) A child who is pursuing a program of vocational training under this section and is also eligible for assistance under a program under chapter 35 of this title may not receive assistance under both such programs concurrently. The child shall elect (in such form and manner as the Secretary may prescribe) the program under which the child is to receive assistance.

“(2) The aggregate period for which a child may receive assistance under this section and chapter 35 of this title may not exceed 48 months (or the part-time equivalent thereof).

“SEC. 1805. MONETARY ALLOWANCE

“(a) The Secretary shall pay a monthly allowance under this chapter to any child of a Vietnam veteran for any disability resulting from spina bifida suffered by such child.

“(b)(1) The amount of the allowance paid to a child under this section shall be based on the degree of disability suffered by the child, as determined in accordance with such schedule for rating disabilities resulting from spina bifida as the Secretary may prescribe.

“(2) The Secretary shall, in prescribing the rating schedule for the purposes of this section, establish three levels of disability upon which the amount of the allowance provided by this section shall be based.

“(3) The amounts of the allowance shall be \$200 per month for the lowest level of disability prescribed, \$700 per month for the intermediate level of disability prescribed, and \$1,200 per month for the highest level of disability prescribed. Such amounts are subject to adjustment under section 5312 of this title.

“(c) Notwithstanding any other provision of law, receipt by a child of an allowance under this section shall not impair, infringe, or otherwise affect the right of the child to receive any other benefit to which the child may otherwise be entitled under any law administered by the Secretary, nor shall receipt of such an allowance impair, infringe, or otherwise affect the right of any individual to receive any benefit to which the individual is entitled under any law administered by the Secretary that is based on the child’s relationship to the individual.

“(d) Notwithstanding any other provision of law, the allowance paid to a child under this section shall not be considered income or resources in determining eligibility for or the amount of benefits under any Federal or federally assisted program.

“SEC. 1806. EFFECTIVE DATE OF AWARDS

“The effective date for an award of benefits under this chapter shall be fixed in accordance with the facts found, but shall not be earlier than the date of receipt of application for the benefits.”.

(2) The tables of chapters before part I and at the beginning of part II of such title are each amended by inserting after the item referring to chapter 17 the following new item:

“18. Benefits for Children of Vietnam Veterans Who Are

Born With Spina Bifida 1801”.

(c) Section 5312 of title 38, United States Code, is amended—
(1) in subsection (a)—

(A) by striking out “and the rate of increased pension” and inserting in lieu thereof “, the rate of increased pension”; and

(B) by inserting after “on account of children,” the following: “and each rate of monthly allowance paid under section 1805 of this title.”; and

(2) in subsection (c)(1), by striking out “and 1542” and inserting in lieu thereof “1542, and 1805”.

(d) This section and the amendments made by this section shall take effect on January 1, 1997.】

【SEC. 422. (a) Section 1151 of title 38, United States Code, is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following:

“(a) Compensation under this chapter and dependency and indemnity compensation under chapter 13 of this title shall be awarded for a qualifying additional disability or a qualifying death of a veteran in the same manner as if such additional disability or death were service-connected. For purposes of this section, a disability or death is a qualifying additional disability or qualifying death if the disability or death was not the result of the veteran’s willful misconduct and—

“(1) the disability or death was caused by hospital care, medical or surgical treatment, or examination furnished the veteran under any law administered by the Secretary, either by a Department employee or in a Department facility as defined in section 1701(3)(A) of this title, and the proximate cause of the disability or death was—

“(A) carelessness, negligence, lack of proper skill, error in judgment, or similar instance of fault on the part of the Department in furnishing the hospital care, medical or surgical treatment, or examination; or

“(B) an event not reasonably foreseeable; or “(2) the disability or death was proximately caused by the provision of training and rehabilitation services by the Secretary (including by a service-provider used by the Secretary for such purpose under section 3115 of this title) as part of an approved rehabilitation program under chapter 31 of this title.”; and

(2) in the second sentence—

(A) by redesignating that sentence as subsection (b);

(B) by striking out “, aggravation,” both places it appears; and

(C) by striking out “sentence” and substituting in lieu thereof “subsection”.

(b)(1) The amendments made by subsection (a) shall take effect on October 1, 1996.

(2) Section 1151 of title 38, United States Code (as amended by subsection (a)), shall govern all administrative and judicial determinations of eligibility for benefits under such section that are made with respect to claims filed on or after the effective date set forth in paragraph (1), including those based on original applications and applications seeking to reopen, revise, reconsider, or otherwise readjudicate on any basis claims for benefits under such section 1151 or any provision of law that is a predecessor of such section.

(c) Notwithstanding subsection (b)(1), section 421(d), or any other provision of this Act, section 421 and this section shall not take effect until October 1, 1997, unless legislation other than this Act is enacted to provide for an earlier effective date.】

【SEC. 423. The amount provided in title I for “Veterans Health Administration—Medical Care” is hereby increased by \$5,000,000.】

【SEC. 424. FHA MORTGAGE INSURANCE PREMIUMS.—Section 203(c)(2)(A) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)) is amended by inserting after the first sentence the following new sentence: “In the case of a mortgage for which the mortgagor is a first-time homebuyer who completes a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary, the premium payment under this subparagraph shall not exceed 2.0 percent of the amount of the original insured principal obligation of the mortgage.”.】

【SEC. 425. (a) AUTHORITY TO USE AMOUNTS BORROWED FROM FAMILY MEMBERS FOR DOWNPAYMENTS ON FHA-INSURED LOANS.—Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by inserting before the period at the end the following: “: Provided further, That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of

such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage.”.]

[(b) DEFINITION OF FAMILY MEMBER.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsections:

“(e) The term ‘family member’ means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor’s spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual’s household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

“(f) The term ‘child’ means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.”.]

[SEC. 426. CALCULATION OF DOWNPAYMENT.—Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end the following new paragraph:

“(10) ALASKA AND HAWAII.—

“(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage originated in the State of Alaska or the State of Hawaii and endorsed for insurance in fiscal year 1997, involving a principal obligation not in excess of the sum of—

“(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

“(ii)(I) in the case of a mortgage for a property with an appraised value equal to or less than \$50,000, 98.75 percent of the appraised value of the property;

“(II) in the case of a mortgage for a property with an appraised value in excess of \$50,000 but not in excess of \$125,000, 97.65 percent of the appraised value of the property;

“(III) in the case of a mortgage for a property with an appraised value in excess of \$125,000, 97.15 percent of the appraised value of the property; or

“(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of \$50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.

“(B) AVERAGE CLOSING COST.—For purposes of this paragraph, the term ‘average closing cost’ means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages.”.]

[SEC. 427. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.—Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

“DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

“SEC. 256.(a) AUTHORITY.—The Secretary may delegate, to one or more mortgagees approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

“(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee compared to the default rate of all insured mortgages in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

“(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

“(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period

specified by the Secretary, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss.

“(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss regardless of when an insurance claim is paid.

“(d) TERMINATION OF MORTGAGEE’S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

“(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the mortgagee.”.]

SEC. [428] 420. IMPLEMENTATION OF COMPREHENSIVE CONSERVATION AND MANAGEMENT PLANS.—Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year [1997] 1998 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

[SEC. 429. (a) PLAN.—(1) The Secretary of Veterans Affairs shall develop a plan for the allocation of health care resources (including personnel and funds) of the Department of Veterans Affairs among the health care Networks of the Department so as to ensure that veterans who have similar economic status and eligibility priority and who are eligible for medical care have similar access to such care regardless of the region of the United States in which such veterans reside.

(2) The plan shall—

(A) reflect, to the maximum extent possible, the Veterans Integrated Service Network developed by the Department to account for forecasts in expected workload and to ensure fairness to facilities that provide cost-efficient health care; and

(B) include—

(i) procedures to identify reasons for variations in operating costs among similar facilities where Network allocations are based on similar unit costs for similar services and workload;

(ii) ways to improve the allocation of resources so as to promote efficient use of resources and provision of quality health care;

(iii) adjustments to unit costs in subsection (a) to reflect factors which directly influence the cost of health care delivery within each Network and where such factors are not under the control of Network or Department management; and

(iv) include forecasts in expected workload and consideration of the demand for Veterans Administration health care that may not be reflected in current workload projections.

(3) The Secretary shall prepare the plan in consultation with the Under Secretary of Health of the Department of Veterans Affairs.

(b) PLAN ELEMENTS.—The plan under subsection (a) shall set forth—

(1) milestones for achieving the goal referred to in paragraph (1) of that subsection; and

(2) a means of evaluating the success of the Secretary in meeting the goal.

(c) SUBMITTAL TO CONGRESS.—The Secretary shall submit to Congress the plan developed under subsection (a) not later than 180 days after the date of the enactment of this Act.

(d) IMPLEMENTATION.—The Secretary shall implement the plan developed under subsection (a) not later than 60 days after submitting the plan to Congress under subsection (c), unless within that time the Secretary notifies Congress that the plan will not be implemented in that time and includes with the notification an explanation why the plan will not be implemented in that time.”.]

[SEC. 430. GAO AUDIT ON STAFFING AND CONTRACTING.—The Comptroller General shall audit the operations of the Office of Federal Housing Enterprise Oversight concerning staff organization, expertise, capacity, and contracting authority to ensure that the office resources and contract authority are adequate and that they are being used appropriately to ensure that the Federal National Mort-

gage Association and the Federal Home Loan Mortgage Corporation are adequately capitalized and operating safely.】

【SEC. 431. None of the funds appropriated or otherwise made available to the National Aeronautics and Space Administration by this Act, or any other Act enacted before the date of enactment of this Act, may be used by the Administrator of the National Aeronautics and Space Administration to relocate aircraft of the National Aeronautics and Space Administration based east of the Mississippi River to the Dryden Flight Research Center in California for the purpose of the consolidation of such aircraft.】

【SEC. 432. TO PROMOTE AND SUPPORT MANAGEMENT REORGANIZATION OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION.—

(a) SHORT TITLE.—This section may be cited as the “National Aeronautics and Space Administration Federal Employment Reduction Assistance Act of 1996.”

(b) DEFINITIONS.—For the purpose of this section—

(1) the term “Administrator” means the Administrator of the National Aeronautics and Space Administration; and

(2) the term “employee” means an employee of the National Aeronautics and Space Administration serving under an appointment without time limitation, who has been currently employed with NASA for a continuous period of at least twelve months, except that such term does not include—

(A) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government;

(B) an employee who is in receipt of a specific notice of involuntary separation for misconduct or unacceptable performance;

(C) an employee who, upon completing an additional period of service as referred to in section 3(b)(2)(B)(ii) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 108 Stat. 111), would qualify for a voluntary separation incentive payment under section 3 of such Act; or

(D) an employee who has previously received any voluntary separation incentive payment by the Federal Government under this Act or any other authority and has not repaid such payment.

(c) INCENTIVE PAYMENT PROGRAM.—In order to avoid or minimize the need for involuntary separations due to a reduction in force, installation closure, reorganization, transfer of function, or other similar action affecting the National Aeronautics and Space Administration, the Administrator shall establish a program under which separation pay, subject to the availability of appropriated funds, may be offered to encourage eligible employees to separate from service voluntarily (whether by retirement or resignation).

(d) INCENTIVE PAYMENTS.—In order to receive a voluntary separation incentive payment, an employee must separate voluntarily (whether by retirement or resignation) during the period of time for which the payment of incentives has been authorized for the employee under the agency plan. Such separation payments—

(1) shall be paid in a lump sum after the employee’s separation, and

(2) shall be equal to the lesser of—

(A) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code, if the employee were entitled to payment under such section; or

(B) an amount that shall not exceed \$25,000;

(3) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit;

(4) shall not be taken into account for purposes of determining the amount of any severance pay to which an individual may be entitled under section 5595 of title 5, United States Code, based on any other separation;

(5) shall be considered payment for a voluntary separation; and

(6) shall be paid from the appropriations or funds available for payment of the basic pay of the employee.

(e) EFFECT OF SUBSEQUENT EMPLOYMENT WITH THE GOVERNMENT.—

(1) An individual who has received a voluntary separation incentive payment under this section and accepts any employment with the Government of the United States within five years after the date of the separation on which the payment is based shall be required to repay, prior to the individual’s first day of employment, the entire amount of the incentive payment to NASA.

(2) If the employment under paragraph (1) above is with an executive agency (as defined by section 105 of title 5, United States Code), the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may,

at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) If the employment under paragraph (1) above is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(4) If the employment under paragraph (1) above is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(5) For the purpose of this section, the term “employment”—

(A) includes employment of any length or under any type of appointment, but does not include employment that is without compensation; and

(B) includes employment under a personal services contract.

(f) EFFECT OF SUBSEQUENT DISABILITY RETIREMENT.—An employee who has received an incentive payment is ineligible to receive an annuity for reasons of disability under applicable regulations, unless the incentive payment is repaid.

(g) ADDITIONAL AGENCY CONTRIBUTIONS TO THE RETIREMENT FUND.—

(1) In addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, NASA shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this Act.

(2) For the purpose of this section, the term “final basic pay”, with respect to an employee, means the total amount of basic pay which would be payable for a year of service by such employee, computed using the employee’s final rate of basic pay, and, if last serving on other than a full-time basis, with appropriate adjustment therefor.

(h) REDUCTION OF AGENCY EMPLOYMENT LEVELS.—

(1) Total full-time-equivalent employment in NASA shall be reduced by one for each separation of an employee who receives a voluntary separation incentive payment under this Act. The reduction will be calculated by comparing the agency’s full-time-equivalent employment for the fiscal year in which the voluntary separation payments are made with the authorized full-time-equivalent employment for the prior fiscal year.

(2) The Office of Management and Budget shall monitor and take appropriate action necessary to ensure that the requirements of this section are met.

(3) The President shall take appropriate action to ensure that functions involving more than 10 full time equivalent employees are not converted to contracts by reason of the enactment of this section, except in cases in which a cost comparison demonstrates such contracts would be to the advantage of the Government.

(4) The provisions of subsections (1) and (3) of this section may be waived upon a determination by the President that—

(A) the existence of a state of war or other national emergency so requires; or

(B) the existence of an extraordinary emergency which threatens life, health, safety, property, or the environment so requires.

(i) REPORTS.—No later than March 31 of each fiscal year, NASA shall submit to the Office of Personnel Management, who will subsequently report to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform and Oversight of the House of Representatives a report which, with respect to the preceding fiscal year, shall include—

(1) the number of employees who received voluntary separation incentives;

(2) the average amount of such incentives; and

(3) the average grade or pay level of the employees who received incentives.

(j) EFFECTIVE DATE.—

(1) The provisions of this section shall take effect on the date of enactment of this Act.

(2) No voluntary separation incentive under this section may be paid based on the separation of an employee after September 30, 2000.】

【SEC. 433. (a) Subject to the concurrence of the Administrator of the General Services Administration (GSA) and notwithstanding section 707 of Public Law 103-433, the Administrator of the National Aeronautics and Space Administration may convey to the city of Downey, California, all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, consisting of approximately 60 acres and known as Parcels III, IV, V, and VI of the NASA Industrial Plant, Downey, California.

(b)(1) DELAY IN PAYMENT OF CONSIDERATION.—After the end of the 20-year period beginning on the date on which the conveyance under subsection (a) is completed, the City of Downey shall pay to the United States an amount equal to fair market value of the conveyed property as of the date of the Federal conveyance.

(2) EFFECT OF RECONVEYANCE BY THE CITY.—If the City of Downey reconveys all or any part of the conveyed property during such 20-year period, the City shall pay to the United States an amount equal to the fair market value of the reconveyed property as of the time of the reconveyance, excluding the value of any improvements made to the property by the City.

(3) DETERMINATION OF FAIR MARKET VALUE.—The Administrator of GSA shall determine fair market value in accordance with Federal appraisal standards and procedures.

(4) TREATMENT OF LEASES.—The Administrator of GSA may treat a lease of the property within such 20-year period as a reconveyance

if the Administrator determines that the lease is being used to avoid application of paragraph (b)(2).

(5) DEPOSIT OF PROCEEDS.—The Administrator of GSA shall deposit any proceeds received under this subsection in the special account established pursuant to section 204(h)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)(2)).

(c) The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Administrator of GSA. The cost of the survey shall be borne by the City of Downey, California.

(d) The Administrator of GSA may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Administrator of GSA considers appropriate to protect the interests of the United States.

(e) If the City at any time after the conveyance of the property under subsection (a) notifies the Administrator of GSA that the City no longer wishes to retain the property, it may convey the property under the terms of subsection (b), or, it may revert all right, title, and interest in and to the property (including any facilities, equipment, or fixtures conveyed, but excluding the value of any improvements made to the property by the City) to the United States, and the United States shall have the right of immediate entry onto the property.】 (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)